



**AUDIT REPORT
ON
THE ACCOUNTS OF
CLIMATE CHANGE, ENVIRONMENT AND
DISASTER MANAGEMENT ORGANIZATIONS
OF THE GOVERNMENT OF SINDH
AUDIT YEAR 2022-23**

AUDITOR GENERAL OF PAKISTAN

PREFACE

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

This report is based on audit of the accounts of Climate Change, Environment and Disaster Management organizations of the Government of Sindh for the Financial Year 2021-22 and accounts of some formations for previous years. The Directorate General Audit (Climate Change & Environment), Islamabad conducted audit during the Audit Year 2022-23 on test check basis with a view to report significant findings to the relevant stakeholders. Audit Report includes systemic issues and audit findings having value of Rupees one million or more in most of the cases. Relatively less significant issues are listed in the Annexure-I of the Audit Report. The audit observations listed in Annexure-I shall be pursued with the Principal Accounting Officers at the DAC level. In all cases where the PAOs do not initiate appropriate action, the audit observations will be brought to the notice of the Public Accounts Committee in next year's Audit Report. Sectoral analysis has been added in this report covering strategic review and overall perspective of audit results.

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

Most of the observations included in this report have been finalized in the light of the management responses and discussions in the DAC meetings.

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

Islamabad

Dated: February, 2023

Muhammad Ajmal Gondal
Auditor-General of Pakistan

TABLE OF CONTENTS

ABBREVIATIONS & ACRONYMS.....	i
EXECUTIVE SUMMARY	iii
Chapter-1	1
<i>Provincial Disaster Management Authority Sindh and Directorate of Mobile Diagnostic & Emergency Services under Rehabilitation Department, Sindh</i>	1
1.1 Introduction.....	1
1.2 Classified Summary of Audit Observations	6
1.3 Brief Comments on the Status of Compliance with PAC Directives	7
1.4 AUDIT PARAS	8
Chapter-2	46
<i>Sindh Environmental Protection Agency under Environment Department, Sindh....</i>	46
2.1 Introduction.....	46
2.2 Classified Summary of Audit Observations	50
2.3 Brief Comments on the Status of Compliance with PAC Directives	51
2.4 AUDIT PARAS	52
Annexures	82

ABBREVIATIONS & ACRONYMS

AD	Assistant Director
ADP	Annual Development Programme
CC&E	Climate Change and Environment
Co.	Company
DC	Deputy Commissioner
DAC	Departmental Accounts Committee
DDMA	District Disaster Management Authority
DDO	Drawing & Disbursing Officer
DG	Director General
DRR	Disaster Risk Reduction
EC	Environmental Checklist
EIA	Environmental Impact Assessment
EPA	Environmental Protection Agency
EMP	Environmental Management Plan
EPO	Environmental Protection Order
EPT	Environmental Protection Tribunal
ERRA	Earthquake Reconstruction and Rehabilitation Authority
FAM	Financial Audit Manual
FAP	Foreign Aided Project
FBR	Federal Board of Revenue
FTR	Federal Treasury Rules
FY	Financial Year
GFR	General Financial Rules
GCC	General Clauses of the Contract
GST	General Sales Tax
IEE	Initial Environmental Examination
ISSAIs	International Standards of Supreme Audit Institutions
ITB	Instruction to Bidders
JV	Joint Venture
LD	Liquidated Damages
MD&EHS	Mobile Diagnostic & Emergency Healthcare Services
MDSBC	Mobile Diagnostic Services for Breast Cancer

MEHCU	Mobile Emergency Health Care Units
NBP	National Bank of Pakistan
NDMA	National Disaster Management Authority
NDSC	National Database Surveillance Centre
NEQS	National Environmental Quality Standards
NGO	Non-governmental Organization
NHA	National Highway Authority
NOC	No Objection Certificate
NOL	No Objection Letter
NO2	Nitrous Dioxide
PAC	Public Accounts Committee
PAO	Principal Accounting Officer
PDM	Provincial Disaster Management
PDMA	Provincial Disaster Management Authority
PDMF	Provincial Disaster Management Fund
PM	Particulate Matter
PO	Purchase Order
ROH	Regional Office Hyderabad
ROK	Regional Office Karachi
SCDA	Sindh Coastal Development Authority
SEPA	Sindh Environmental Protection Agency
SEQS	Sindh Environmental Quality Standards
SFR	Sindh Financial Rules
SIR	Site Inspection Report
SO2	Sulfur Dioxide
SOP	Standard Operating Procedure
SPPRA	Sindh Public Procurement Regulatory Authority
SPSC	Sindh Public Service Commission
SRB	Sindh Revenue Board
SRO	Statutory Regulatory Order
SRP	Sindh Resilience Project
SST	Sindh Sales Tax
WHT	Withholding Tax

EXECUTIVE SUMMARY

The Directorate General Audit (Climate Change & Environment) conducts the audit of expenditure and receipts of the Environment and Disaster related entities at the Federal, Provincial and District levels. The audit mandate includes Compliance with Authority Audit, Financial Attest Audit and Performance Audit along with special audit and special studies of entities like Ministry of Climate Change, Earthquake Reconstruction and Rehabilitation Authority (ERRA), National Disaster Management Authority (NDMA), Provincial and District Disaster Management Authorities, Rescue 1122, Directorate of Civil Defence and Environmental Protection Agencies (EPAs).

The office has a human resource of 27 personnel with 56,160 person-hours available during Audit Year 2022-23. The annual budget of the Directorate General for the Financial Year 2022-23 is Rs. 67.171 million.

This report covers the audit of Provincial Disaster Management Authority Sindh, including the Sindh Resilience Project (SRP) managed by PDMA. The report also covers audit of Sindh Environmental Protection Agency's regional offices at Karachi, Hyderabad and Sukkur. The report also includes audit of Directorate of Mobile Diagnostic & Emergency Healthcare Services under Rehabilitation Department Sindh.

According to the Audit Plan both expenditure and receipts (where applicable) of these formations were audited on test check basis by selecting main entities under audit jurisdiction.

As a result of audit, a number of issues have been noticed and presented in the following chapters for the consideration of the management.

a. Scope of Audit

The audit universe of the Directorate General consists 57 formations of the Government of the Sindh working under five (05) PAOs/ Departments. Total expenditure of these formations was Rs. 7.095 billion for the financial year 2021-22.

This Report relates to audit of seven (07) main formations under three (03) PAOs having a total expenditure of Rs. 3.690 billion for the financial year 2021-22. In

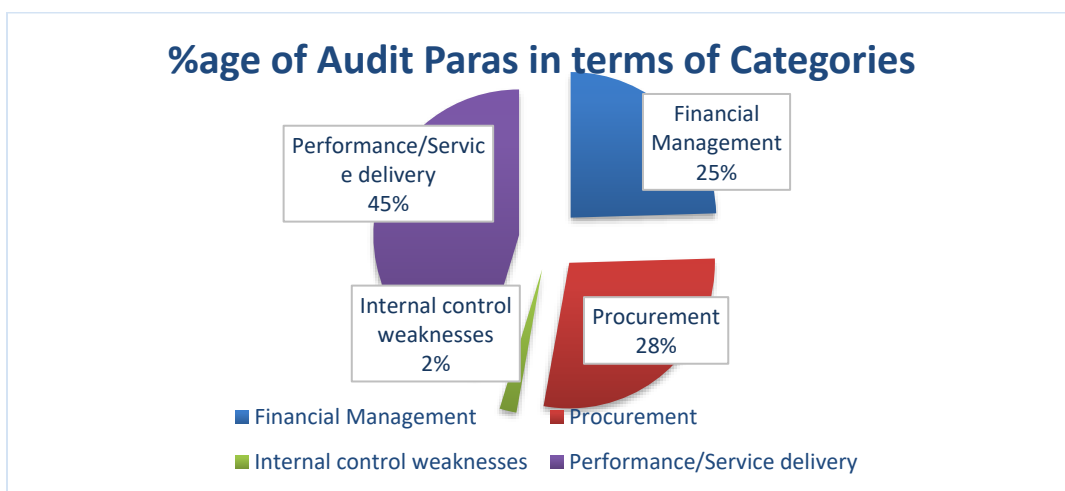
terms of percentage, the audit coverage for expenditure is 52% of auditable expenditure.

In addition to this compliance audit report, the Directorate General Audit also conducted certification audit of PDMA Sindh and audit of one (01) Foreign Aided Project (FAP) titled ‘Sindh Resilience Project’. The Certification and FAP Audit Reports have been prepared separately and submitted to the management as well as donor agency.

b. Overview of the Audit Report

(Rs. in million)

SUMMARY OF AUDIT REPORT										
No. of observations in the report	Total amount placed under audit observations	Recoveries pointed out in the report	Categorization of observations							
			Financial Management		Procurement		Internal Control Weaknesses		Public Service Delivery / Performance	
			No. of Paras	Amount	No. of Paras	Amount	No. of Paras	Amount	No. of Paras	Amount
53	1,842.000	402.722	13	912.780	15	843.717	1	-	24	85.506



c. Recoveries at the Instance of Audit

Recovery of Rs. 402.722 million has been pointed out in this report.

d. Audit Methodology

At the planning stage, this office employed intensive application of desk audit techniques which included examining permanent files, computer generated data and other relevant documents along with the review of regulatory framework, policies and procedures applicable to the Auditee entities. Risk assessment was carried out by performing analytical procedures and reviewing internal controls. Desk review helped auditors in understanding the systems, procedures and environment of the audited entity and identification of risk areas.

The audit was conducted in accordance with Financial Audit Manual (FAM) of the Department of the Auditor General of Pakistan which is in line with the International Standards of Supreme Audit Institutions (ISSAIs). The overall objective of the audit was to assess compliance with law, rules and policies and evaluate the adequacy of internal controls. The evidence was primarily gathered by applying procedures like inquiries from the management; review of policy documents and monitoring reports; examination of payment vouchers; and collection, interpretation and analysis of primary, secondary and own sources data.

e. Audit Impact

Major issues pointed out during audit were admitted by the management and the entities agreed to review the pointed out issues and take necessary corrective actions. The strengthening of internal control in the audited entities were well taken by the management.

The most significant examples of review of rules and regulations and introduction of new initiative and policies as a result of audit are as under:

- i. Provincial Disaster Management Authority (PDMA) Sindh agreed to deposit its receipts including tender fee in Provincial Disaster Management Fund (PDMF) Account as required under the rules.
- ii. PDMA Sindh agreed to deposit all donation amounts received by the Authority in the Provincial Disaster Management Fund.

- iii. PDMA Sindh accepted the contention of audit and agreed to launch inventory management software in the department for better handling of stock leading to improved readiness for future disasters.
- iv. Upon persistent observation by audit in last three financial years, the management of Sindh Resilience Project agreed to carry out internal audit of the project through a committee comprising of 03 officers as per World Bank guidelines.
- v. The Directorate of Mobile Diagnostic & Emergency Healthcare Services under Rehabilitation Department Sindh agreed to improve monitoring mechanism of mobile hospitals working in different districts of the Sindh province by constituting monitoring teams.

f. Comments on Internal Controls and Internal Audit

Internal controls can be defined as the ‘the policies, processes, tasks, behaviors and other aspects of an organization that taken together facilitate effective operation by enabling it to respond in an appropriate manner to significant business, operational, financial, compliance and other risks to achieve its objectives. This includes safeguarding of assets and ensuring that liabilities are identified and managed.

The audit team extensively studied and evaluated the internal controls in the audited entities so as to obtain an adequate understanding of the internal control systems. The objective was to identify the material and significant internal control weaknesses and report to management for taking corrective measures. Although the entities have put in place internal controls, however there is a strong need for a periodic review of the internal control structures. Moreover, the system of internal audit was not found in place in most of the audited entities which requires the attention of the management.

g. Key Audit Findings of the Report

- i. Recoveries amounting to Rs. 402.722 million were pointed out in 8 cases¹.
- ii. Issues of financial management were observed in 13 cases involving Rs. 912.780 million².
- iii. Irregularity / Non-compliance were observed in 16 cases involving Rs. 843.717 million³.
- iv. Public service delivery / Performance were observed in 24 cases involving Rs. 85.506 million⁴.

h. Audit recommendations

Recommendations included in this audit report highlight actions that are expected to improve the financial management and overall governance of the audited entities. Appropriate and timely implementation of audit recommendations is an important part to realize full benefit of the audit activity.

Based on the findings of this audit report contained in the respective chapters, the following major recommendations are placed before the management of the audited entities and other stakeholders:

- i. Recoveries from the suppliers/vendors as pointed out in the audit observations may be made and deposited in the government treasury.
- ii. Organizations may recover Income Tax and Sales Tax as pointed out in the audit observations and deposit the same to the concerned government agencies.
- iii. Reconciliation of accounts may be regularly carried out and cash books be maintained as prescribed in the rules.
- iv. Provincial Disaster Management Authority (PDMA) Sindh may establish Disaster Risk Reduction (DRR) Wing for taking up the pre-disaster activities in an organized manner.

¹ Para 1.4.3, 1.4.4, 1.4.13, 1.4.14, 1.4.15, 1.4.21, 1.4.22, 1.4.23

² Para 1.4.1 to 1.4.10 & 2.4.21 to 2.4.23

³ Para 1.4.11 to 1.4.21 & 2.4.19 to 2.4.20

⁴ Para 1.4.25 to 1.4.30 & 2.4.1 to 2.4.18

- v. All receipts of PDMA Sindh from any source whatsoever including donations may be deposited in the Provincial Disaster Management Fund as per rules.
- vi. Relief items may be taken on charge and properly issued/distributed to the end users by PDMA Sindh as per the procedure provided in the rules by introducing dedicated inventory management system.
- vii. PDMA Sindh may carry out a detailed physical verification of stores, stocks and relief items at all warehouses within one month and share the report with audit authorities for review.
- viii. Sindh Environmental Protection Agency (Sindh EPA) may carry out a detailed survey to register all the industrial units operating in industrial areas / zones of Karachi and prepare and maintain complete database of the units.
- ix. Any future approvals related to change in land use in Karachi and commercialization may only be issued after undertaking strategic environmental assessment and cumulative impact assessment by EPA Sindh.
- x. Sindh EPA may consider imposition of 'Pollution Charges' on the industries causing pollution and may frame and notify necessary rules in this regard.
- xi. Sindh EPA may strengthen air quality monitoring by establishing a reliable air quality monitoring network. The air quality network may focus on pollutants such as PM10, PM2.5, SO2, NO2, lead and other toxic substances.
- xii. Annual Sindh Environment Report may be prepared and published by Sindh EPA enabling the stakeholders to review the policies related to environment in the province.

Chapter-1

Provincial Disaster Management Authority Sindh and Directorate of Mobile Diagnostic & Emergency Services under Rehabilitation Department, Sindh

1.1 Introduction

A. Rehabilitation Department of Government of Sindh is the concerned department dealing with the issues of relief, rehabilitation and disaster management in the province. The lead agency working under the department is Provincial Disaster Management Authority (PDMA) Sindh. The Directorate of Mobile Diagnostic & Emergency Healthcare Services (MD&EHS) is also under the administrative control of Rehabilitation Department.

The Provincial Disaster Management Authority (PDMA) Sindh was constituted under the National Disaster Management Act 2010. The PDMA aims towards mitigation, preparedness and an organized response to the disasters. PDMA also acts as the coordinating authority which articulates the coordination mechanism between key provincial departments. In case of emergencies, PDMA works closely with District Governments to organize initial and subsequent assessment of disaster affected areas and determine the course of action to ensure long-term rehabilitation of the affected population.

The Government of Sindh established Directorate of Mobile Diagnostic & Emergency Healthcare Services (MD&EHS), Karachi in 2016 as a pilot project namely “Mobile Emergency Health Care Units” (MEHCU) under the administrative control of Special Initiative Department, Government of Sindh. Later on, the Directorate was transferred to Rehabilitation Department, Government of Sindh. The project was included in ADP 2014-15 with an allocation of Rs. 1,200.000 million.

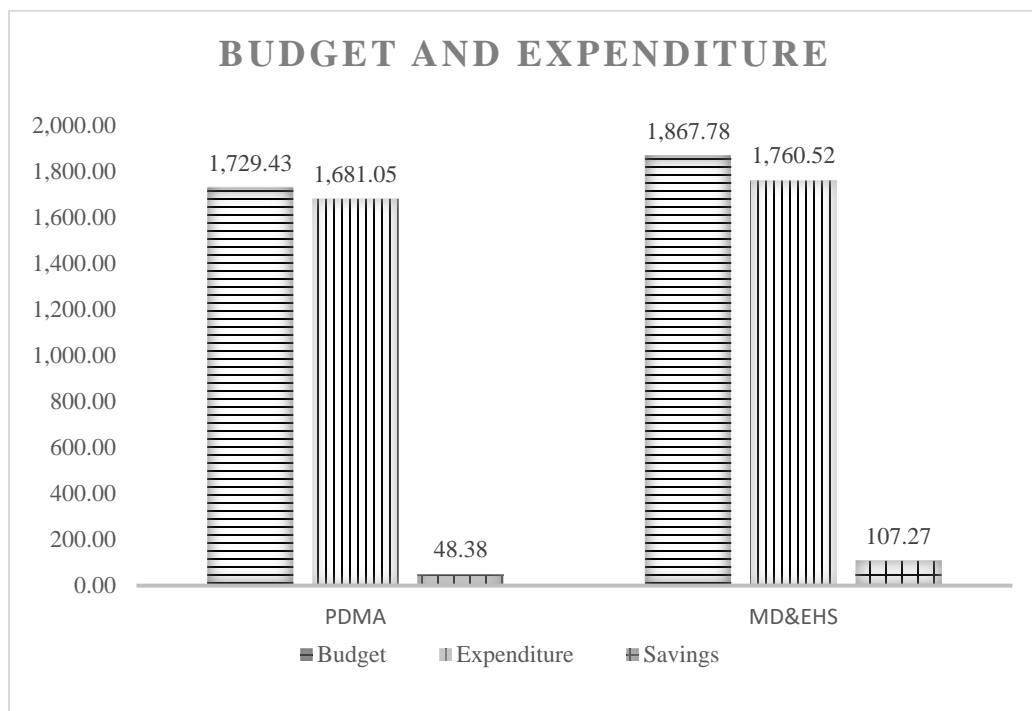
The pilot project for Mobile Emergency Health Care Units (MEHCU) was meant to provide basic health care facilities to the rural and remote areas in normal conditions as well as in disaster struck areas where such facilities are not available. The mobile units stationed at Divisional/District headquarters quickly move to the designated areas as per the medical emergency requirements.

B. Comments on Budget & Accounts of audited entities (Variance Analysis)**(Rs. in million)**

Sr. No.	Financial Year	Formations	Funds Released	Expenditure	Savings
1.	2021-22	PDMA-Sindh	1,729.428	1,681.051	48.377
2.	2019-22	Directorate of Mobile Diagnostic & Emergency Healthcare Services - Sindh	1,867.780	1,760.515	107.265
Total			3,597.218	3,441.566	155.642

Source: budget and expenditure statements

The comparison of expenditure vis-a-vis funds released to the PDMA Sindh and MD&EHCS, graphically illustrated is as under:

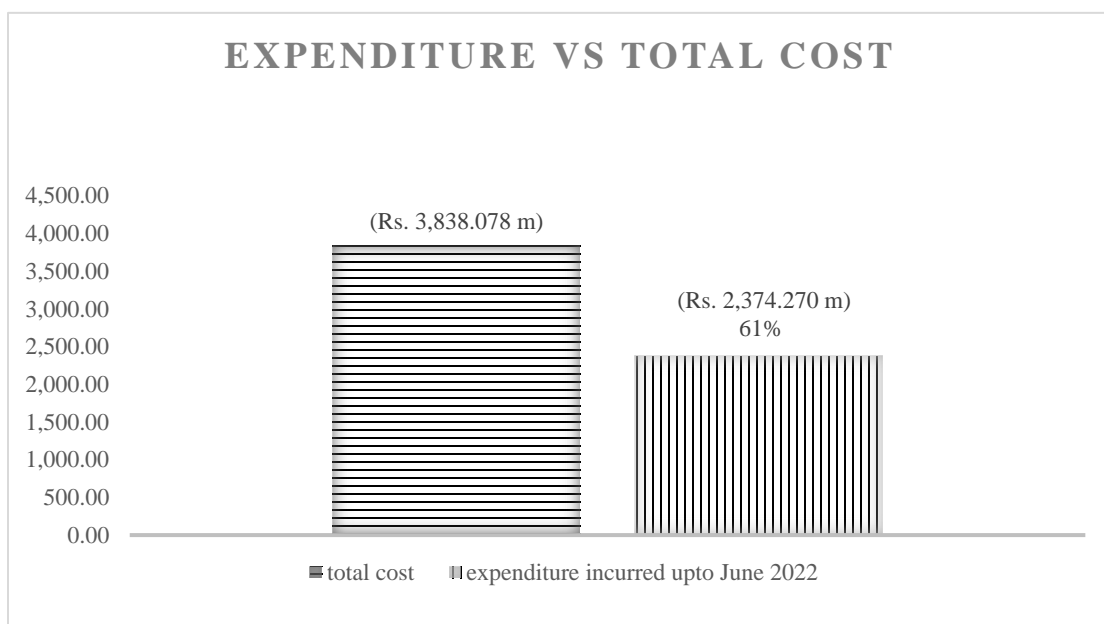


C. Sectoral Analysis

There are four ongoing schemes of Rehabilitation Department as under:

- i. 'Sindh Resilience Project' (World Bank funded)
- ii. 'Establishment of Regional Offices of PDMA (Larkana, Shaheed Benazirabad & Mirpur Khas) by PDMA, Sindh'.
- iii. 'Mobile Health Care Unit Project'
- iv. 'Strengthening Tsunami and Earthquake Preparedness in Coastal Area of Sindh Province'.

The total cost of schemes is Rs. 3,838.078 million, while expenditure incurred upto 30th June 2022 was Rs. 2,374.270 million, which was 61% of the approved cost. The graphical illustration is as under:



The above illustration indicates that the progress of work was slow as compared to the funds released and the management is required to speed up its activities for timely completion of the schemes.

Rehabilitation department is managing a project titled Sindh Resilience Project funded by the World Bank. The project was initiated in 2016 and was due for completion by 2021. However, due to non-completion, the project has been extended

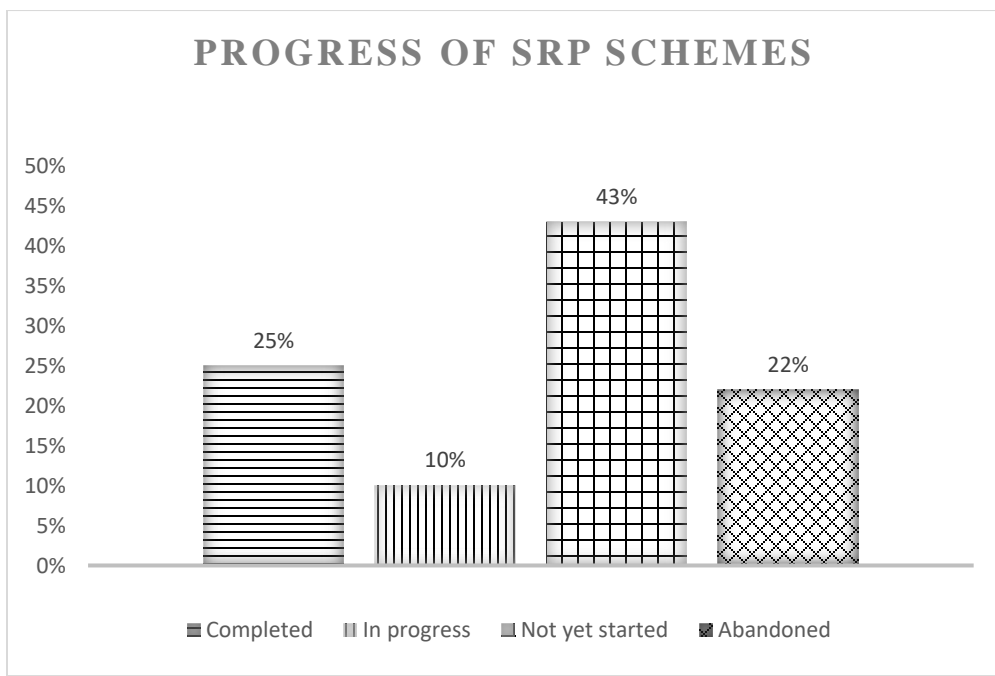
till 2024. The primary objectives of the project includes strengthening disaster and climate risk management along with improvement in infrastructure and systems of resilience. Current progress on major schemes under Sindh Resilience Project is given as under:

(Rs. in million)

Sr. No.	Progress of Schemes	No. of Schemes	Status of Schemes	
			Budget	Progress in terms of (%) of total cost
1.	Completed	10	494.000	25.23%
2.	In progress	04	190.000	9.70%
3.	Not yet started	13	839.025	42.85%
4.	Abandoned	02	435.000	22.22%
Total		29	1,958.025	

Source: data compiled by audit team

The progress of schemes is graphically illustrated as under:



The above data indicates that there was a considerable delay in completion of schemes conceived under the project. The delay in execution of schemes has led to non-completion of the project by the deadline i.e. 2021 resulting in extension in the completion date by 2024. This shows lack of proper planning and execution which needs to be looked into by the project management as well as the controlling department.

The Directorate of Mobile Diagnostic & Emergency Healthcare Services (MD&EHS), Karachi is working under the administrative control of Secretary Rehabilitation. The mobile healthcare service aims to provide medical services in distant and far-flung areas. During FY 2021-22, the service was extended to 2,231 villages, while medical care was provided to 463,875 individuals. Moreover, 75,021 medical/lab tests were conducted at the door step. District wise details of the services provided are as under:

Sr.No.	District	No. of Villages	Patients Treated	Lab Tests
1.	Tharparkar	248	53,429	12,070
2.	Dadu	201	43,465	5,593
3.	Thatta	242	52,043	8,965
4.	Badin	253	46,308	8,041
5.	Jamshoro	165	41,641	5,500
6.	Shikarpur	251	54,029	8,513
7.	Umerkot	309	44,663	8,302
8.	Sujawal	119	29,543	2,940
9.	Sanghar	163	44,292	3,453
10.	Larkana	110	24,602	4,122
11.	Jacobabad	170	29,860	7,522
	Total	2,231	463,875	75,021

Source: data compiled by audit team

An overview of the activities of Rehabilitation department and PDMA, Sindh indicates that the disaster related agencies mainly concentrate on post disaster activities once the disaster occurs. The focus on mitigation and disaster risk reduction measures to reduce the impact of disasters in the province was rather on a lower side. District Disaster Management Authorities are functioning in all district of Sindh headed by

Deputy Commissioner, however no separate organizational setup of DDMA have been established in the province. No separate accounts of the funds received from PDMA are being maintained by Deputy Commissioners/DDMAs and it was not possible for audit to segregate the relief related expenditure incurred by Deputy Commissioners in the capacity of head of respective DDMA.

Table I: Audit profile of Rehabilitation Department, Government of Sindh

(Rs. in million)

Sr. No	Description	Total Nos.	Audited	Expenditure audited FY 2021-22
1.	Formations	3	2	3,441.570
2.	<ul style="list-style-type: none"> • Assignment Account • SDAs • PDMA Fund A/C (Excluding FAP) 	<div>1</div> <div>Nil</div> <div>1</div>	<div>1</div> <div>Nil</div> <div>1</div>	-
3.	Authorities /Autonomous bodies etc under the PAO	1	1	-
4.	Foreign Aided Project (FAP)	1	1	5,261.042

1.2 Classified Summary of Audit Observations

Audit observations amounting to Rs. 1,829.291 million have been raised in this report pertaining to PDMA, Sindh Resilience Project and Mobile Diagnostic & Emergency Healthcare Services Sindh. Recovery amounting to Rs. 402.722 million has been pointed out in the audit observations. Summary of the audit observations classified by nature is as under:

Table II: Overview of Audit Observations**(Rs. in million)**

Sr. No.	Classification	Amount
1.	Financial Management	903.560
2.	Irregularities	840.225
A	Procurement	840.225
B	Internal Control Weaknesses	-
3.	Public Service Delivery / Performance	85.506

1.3 Brief Comments on the Status of Compliance with PAC Directives

This Directorate General Audit (CC&E) started auditing and reporting Disaster Management departments of the Government of Sindh since FY 2016-17. No Audit Report has been discussed in the PAC and no directives were issued.

1.4 AUDIT PARAS

Financial Management

1.4.1. Non-reconciliation of expenditure - Rs. 543.913 million

According to Rule 38 (V-b) of Conduct of Business Rules 2016 of PDMA Sindh, the bank reconciliation statements shall be prepared for all bank accounts by Assistant Director (Finance) and checked by Deputy Director (Finance) within ten days after the end of every month.

Provincial Disaster Management Authority (PDMA) Sindh was requested to provide the monthly reconciliation statements for the financial year 2021-22, but the department was not able to produce the statements for audit scrutiny.

During audit of PDMA Sindh for the financial year 2021-22, it was observed that no reconciliation statement of bank accounts was prepared on monthly/annual basis and same were not reconciled in violation of rules. Details are as under:

(Rs. in million)		
Sr. No.	Accounts	Expenditure during the Financial Year 2021-22
1.	Sindh Bank A/c 0333-143334-6100	195.313
2.	National Bank of Pakistan A/c 4095949574	348.600
Total non-reconciled amount (Rs.)		543.913

Audit held that in absence of reconciliation statement the difference in the figures could not be identified. Moreover, due to non-reconciliation, the authentic figures of expenditure could not be given leading to chances of misuse and leakage of government funds.

Initial audit observation was issued on 20.10.2022, but no response was received from the management.

The PAO was requested to convene DAC meeting vide letters dated 04.10.2022, 11.11.2022 and 01.02.2023, however, the meeting was not convened till finalization of this report.

Audit recommends that matter may be looked into for corrective actions. Besides, monthly reconciliation statement may be prepared regularly in accordance with the prescribed rules.

(Para No.8 of AIR 2021-22 PDMA, Sindh)

1.4.2. Less deduction of Income Tax from supplier – Rs. 110.129 million

According to Section 153 sub-section (1) of Income Tax Ordinance, 2001, every person making a payment in full or part including a payment by way of advance to a resident person shall at the time of making the payment deduct income tax from the gross amount payable at the rate specified in Division III of Part III of the First Schedule.

Further, according to Para 2 of Division III of Part III of the First Schedule, the rate of tax to be deducted from a payment referred to in clause (b) of sub-section (1) of section 153 shall be 8% of the gross amount payable in case of rendering of or providing of services.

Directorate of Mobile Diagnostic & Emergency Healthcare Services (MD&EHS) Karachi under Rehabilitation Department Sindh made payment amounting to Rs. 1,497.412 million to M/s Neotec (Pvt) Limited on account of services provided under the contract agreement titled “ Mobile Emergency Health Care Unit (MECHU)” signed on March 2015 and “Mobile Diagnostic Services for Breast Cancer (MDSBC)” signed on May 2017.

During audit of the Directorate of MD&EHS Karachi for the financial year 2019-2022, it was observed that withholding Income Tax amounting to Rs. 7.545 million was deducted instead of Rs. 84.306 million from M/s Neotec (Pvt) Limited on account of services provided under the contract agreement titled “Mobile Emergency Health Care Unit (MECHU)”.

It was also observed that the department deducted Income Tax of Rs. 2.982 million on account of services provided against contract agreement “Mobile Diagnostic Services for Breast Cancer (MDSBC)” instead of Rs. 36.350 million. Details are as under:

(Rs. in million)

Project	F.Y.	Gross Amount	I.T. Deducted	IT to be deducted	Amount to be recovered
Mobile Emergency Health Care Unit	2019-20	301.515	2.281	24.121	21.840
	2020-21	396.740	2.885	31.739	28.854
	2021-22	355.568	2.379	28.446	26.067
Total (A)		1053.823	7.545	84.306	76.761
Project	F.Y.	Gross Amount	I.T. Deducted	IT to be deducted	Amount to be recovered
Mobile Diagnostic Services for Breast Cancer	2020-21	253.286	1.626	20.263	18.637
	2021-22	201.086	1.356	16.087	14.731
Total (B)		454.372	2.982	36.350	33.368
Grand Total (A+B)		1,508.195	10.527	120.656	110.129

Audit held that that less deduction of Income Tax was a serious lapse on the part of the management and resulted in a loss to government revenues.

Initial audit observation was issued on 16.09.2022. In response the management replied that M/s Neotec Pvt. Ltd. had submitted the letter of FBR bearing No. CIR/Zone-V/888 dated 19.12.2019 issued by the Commissioner inland revenue, Zone-V, Lahore. Since a categorical ruling had already been issued by the Federal Board of Revenue, therefore, the Directorate did not deduct the Income tax on gross amount.

Para was discussed in DAC meeting held on 19.12.2022. DAC directed the management to obtain necessary documents from the M/s Neotec Pvt. Ltd. i.e. (1) M/s Medi Urge request Letter to FBR. (2) M/s Medi Urge contract agreement with Government of Punjab. (3) M/s Neotec Pvt. Ltd. Letter to FBR to ascertain the factual position.

No record was produced by the department in compliance of DAC decision till finalization of the report.

Audit recommends that the due taxes may be recovered and deposited into Government treasury.

(Para No.2 of AIR 2019-22 MD&EHS)

1.4.3. Non-deduction of Sindh Sales Tax on Services - Rs. 86.065 million

According to Sindh Sales Tax on Services Act, 2011 Second Schedule (Taxable Services), contractor of building (including water supply, gas supply and sanitary works), electrical and mechanical works (including air conditioning, multi-disciplinary work including turnkey projects) and similar other works shall pay tax @ 13%.

Provincial Disaster Management Authority (PDMA) Sindh paid an amount of Rs. 485.580 million to M/s K.K Construction and Rs. 176.458 million to M/s Muhammad Hasni Builder Raza Muhammad & Co (JV) for establishment of PDMA regional offices at Larkana, Mirpur Khas and Shaheed Benazirabad.

During audit of PDMA Sindh for the financial year 2021-22, it was observed that an amount of Rs. 662.038 million was paid to both the contractors i.e. M/s K.K Construction and M/s Muhammad Hasni Builder Raza Muhammad & Co (JV) without deduction of Sindh Sales Tax @13% in-line with the above-mentioned rules. Details are as under:

(Rs. in million)				
Sr. No.	Name of contractor	District	Payment	SST @13%
1.	M/s K.K Constructions	Larkana	355.024	46.153
2.	M/s K.K Constructions	Mirpur Khas	130.556	16.972
3.	M/s Muhammad Hasni Builders Raza Muhammad & Co. (JV)	Shaheed Benazirabad	176.458	22.940
Total amount of Project			662.038	86.065

Audit held that non-deduction of sales tax on services was a lapse on the part of the management which resulted in loss amounting to Rs. 86.065 million to government revenues.

Initial audit observation was issued on 20.10.2022, but no response was received from the management.

The PAO was requested to convene DAC meeting vide letters dated 04.10.2022, 11.11.2022 and 01.02.2023, however, the meeting was not convened till finalization of this report.

Audit recommends that Sales Tax Rs. 86.065 million may be recovered and deposited into Govt. treasury.

(Para No.2 of AIR 2021-22 PDMA, Sindh)

1.4.4. Non-deduction of Sindh Sales Tax resulting in loss to government – Rs. 79.219 million

According to Section 8 (1) of Sindh Sales Tax on Services Act, 2011, there shall be charged, levied and collected a tax known as sales tax on the value of a taxable service at the rate specified in the Schedule in which the taxable service is listed. The rate of tax for ‘Other services not specified elsewhere’ was specified @ 13%.

Directorate of Mobile Diagnostic & Emergency Healthcare Services (MD&EHS) Karachi under Rehabilitation Department Sindh made payment amounting to Rs. 1,497.412 million to M/s Neotec (Pvt) Limited on account of services provided under the contract agreement titled “Mobile Emergency Health Care Units (MECHU)” signed on March 2015 and “Mobile Diagnostic Services for Breast Cancer (MDSBC)” signed on May 2017.

During audit of Directorate of MD&EHS Karachi for the financial years 2019-2022, it was observed that the contractor had included and claimed 13% Sindh Sales Tax i.e. Rs. 100.753 million in the invoices for payment of services provided under the contract agreement titled “Mobile Emergency Health Care Unit (MECHU)” however, the department did not deduct 1/5th of the Sales Tax amounting to Rs. 20.151 million as withholding agent.

It was also observed that the department failed to deduct Sindh Sales Tax @ 13% of the gross amount Rs. 59.068 million from the bills on account of services provided under contract agreement of “Mobile Diagnostic Services for Breast Cancer (MDSBC)” at the time of payment which resulted in a loss of Rs. 79.219 million. Details are as under:

(Rs. in million)

Project	F.Y.	Gross amount	Amount of SST@13% claimed	SST(1/5 th) to be deducted	Amount to be recovered
Mobile Emergency Health Care Unit	2019-20	301.515	27.408	5.482	5.482
	2020-21	396.740	41.001	8.200	8.200
	2021-22	355.568	32.343	6.469	6.469
Total (A)		1,053.823	100.752	20.151	20.151
Project	F.Y.	Gross amount	SST Amount not claimed separately in bill	SST(@ 13%) to be deducted	Amount to be recovered
Mobile Diagnostic Services for Breast Cancer	2020-21	253.286	-	32.927	32.927
	2021-22	201.086	-	26.141	26.141
Total (B)		454.372		59.068	59.068
Grand Total (A + B)		1,508.195	-	79.219	79.219

Audit held that non-deduction of Sindh Sales Tax was a serious lapse on the part of the management and resulted in a loss to government revenues.

Initial audit observation was issued on 16.09.2022. In response the management replied that the tariff heading 98.13 clearly mentioned the financial services which did not include the health services. Moreover, it was clearly mentioned in the Section 8 (1) that only services which were listed in the schedule at the rate specified would be charged with sales tax and the health services were not listed anywhere in the second schedule of Sindh Sales Tax. The M/s Neotec Pvt. Ltd. is registered company with the Sindh Revenue Board and submitted its return on monthly basis

Para was discussed in DAC meeting held on 19.12.2022. DAC directed the management to write letter to Sindh Revenue Board for exemption certificate and submit the same to Audit authorities.

No record was produced by the department in compliance of DAC decision till finalization of the report.

Audit recommends that due taxes may be recovered and deposited into Government treasury.

1.4.5. Non-maintenance of bank account in Sindh Bank Limited – Rs 42.710 million

According to Finance Department, Government of Sindh letter No. FD/FS/113/2011 dated 15.08.2011, current/PLS/daily product accounts as being maintained may be moved to Sindh Bank Limited.

Further, according to Finance Department Government of Sindh letter No. FD-SO (RES-IV) 2(72)/2011(Prov) dated 05.12.2013, all kinds of funds under DDO Account would be maintained in Sindh Bank Limited instead of maintaining in other commercial banks.

Provincial Disaster Management Authority (PDMA) Sindh opened and was operating a DDO bank account No. 4095949574 in National Bank of Pakistan.

During audit of PDMA Sindh for the financial year 2021-22, it was observed that PDMA Sindh was maintaining bank account in National Bank of Pakistan and after issuance of directive from Finance Department the same was not transferred to Sindh Bank. The bank accounts in NBP had a balance of Rs. 42,709,969 as on 30.06.2022.

Audit held that non-operating of bank account in Sindh Bank was violation of instructions of the Finance Department, Sindh.

The audit observation was issued on 17.10.2022. In response the management replied that the PDMA Sindh was operating the Bank account in National Bank of Pakistan, Account No. 4095949574 (Old # 3596-1) for keeping security deposits, caution money, tender fees etc. However, as pointed out by audit, PDMA would open new account at Sindh Bank with the permission of Finance Department, Government of Sindh for keeping security deposits, caution money and available funds at NBP account No. 3596-1 would be transferred into new account at Sindh Bank.

Para was discussed in DAC meeting held on 19.12.2022. DAC directed to take up the matter with finance department regarding opening of Bank account in Sindh Bank.

No record was produced by the department in compliance of DAC decision till finalization of the report.

Audit recommends implementation of the DAC decision.

1.4.6. Non-deduction of 1/5th GST from suppliers – Rs. 22.286 million

According to SRO No. 660(1)/2007 dated 30.06.2007, a withholding agent shall deduct an amount equal to one fifth of total Sales Tax shown in the sale tax invoice.

Sindh Resilience project (SRP) under PDMA-Sindh procured different items and made payments to the vendors during the financial year 2021-22. (**Annexure-II**)

During audit of SRP it was observed that while making payment, the amount of GST amounting to Rs. 22.286 million equal to one fifth of total Sales Tax was not deducted at source.

Audit held that non-deduction of 1/5th of GST was violation of the Sales Tax rules resulting in loss to government revenues.

Initial audit observation was issued on 04.10.2022. In response, the management submitted point wise detailed reply in line with audit observation with clarification/ segregation of payment regarding mobilization advance and other payments where GST was not shown as applicable.

Para was discussed in DAC meeting held on 19.12.2022. DAC directed that the relevant record be got verified to ascertain the applicability of GST on the transaction or otherwise.

No record was produced by the department in compliance of DAC decision till finalization of the report.

Audit recommends that amount of GST may be recovered and deposited into government treasury.

(OS No. 20 of Financial Attest Audit report of SRP, PDMA Sindh, FY 2021-22)

1.4.7. Non-obtaining of vouched accounts rendering payment unverifiable -Rs. 13.241 million

According to Rule 213 (5) of GFR Vol-I, advances made for public expenditure will be held under objection until a detailed account duly supported by vouchers is furnished in adjustment of them.

Provincial Disaster Management Authority (PDMA) Sindh transferred/released funds amounting to Rs. 13.241 million to various entities during Financial Year 2021-22 as detailed under:

(Rs. in million)

Cheque No.	Date	Released to	Amount
326973	24.08.2021	Headquarters Engineer 5 Corps Karachi	2.962
326974	24.08.2021	PN 32ND Creeks Bn Improvement Fn Ac	1.029
349466	14.06.2022	Headquarters Engineer 5 Corps Karachi	9.250
Total			13.241

During audit of PDMA Sindh for the financial year 2021-22, it was observed that vouched accounts and details of the payment were not obtained from the concerned entities and the amount was not adjusted after proper verification of the expenditure.

Audit held that release of funds in lump sum and non-obtaining of the vouched account was not justified resulting in unverifiable and unadjusted expenditure.

Initial audit observation was issued on 20.10.2022, but no response was received from the management.

The PAO was requested to convene DAC meeting vide letters dated 04.10.2022, 11.11.2022 and 01.02.2023, however, the meeting was not convened till finalization of this report.

Audit recommends that the vouched accounts may be obtained, expenditure be verified by PDMA and accordingly adjusted. Moreover, unspent amount if any may also be retrieved.

(Para No.19 of AIR 2021-22 PDMA, Sindh)

1.4.8. Non-deduction of Sindh Sales Tax from United Insurance Company –Rs. 3.874 million

According to Section 8 (1) of Sindh Sales Tax on Services Act, 2011 there shall be charged, levied and collected a tax known as sales tax on the value of a taxable service at the rate specified in the Schedule in which the taxable service is listed. The rate of tax for ‘Other services not specified elsewhere’ was specified @ 13%.

Directorate of Mobile Diagnostic & Emergency Health Care Unit Services (MD&EHS) Karachi under Rehabilitation Department Sindh made payment amounting to Rs. 152.242 million to the United Insurance Co. of Pakistan Ltd on account of Private Car Comprehensive Policy in respect of insurance coverage of vehicles.

During audit of the Directorate of MD&EHS for the financial year 2019-2022, it was observed that the United Insurance Company had included and claimed 13% Sindh Sales Tax i.e. Rs. 19.370 million in their invoices, however the department did not deduct 1/5th of Sales Tax amounting to Rs. 3.874 million at the time of payment as required under the rules. **(Annexure-III)**

Audit held that non-deduction of Sindh Sales Tax was a serious lapse on the part of the management and resulted in a loss to government revenues.

Initial audit observation was issued on 16.09.2022. In response the management replied that Sindh Sales Tax Special Procedure (Withholding) Rules, 2014 provided that the withholding agent would not be responsible to deduct or withhold such amount of tax as were compulsorily collected against the invoices or bills issued by a SRB-registered service provider in respect of the services of telecommunication, banking company, financial institution, insurance company (other than a re-insurance company), port operator etc.

Para was discussed in DAC meeting held on 19.12.2022. The DAC directed the management to verify from the United Insurance Company that they had paid the Sindh Sales Tax to SRB regarding the payment of Mobile Hospitals.

No record was produced by the department in compliance of DAC decision till finalization of the report.

Audit recommends that due amount may be recovered and deposited into Government Treasury.

(Para No.4 of AIR 2019-22 MD&EHS)

1.4.9. Non-deduction of Sindh Sales Tax on Services from Consultant - Rs. 1.274 million

According to Sindh Sales Tax on Services Act, 2011 Second Schedule (Taxable Services), tax will charge on Services provided by management, technical, scientific and engineering consultants @ 13%.

Provincial Disaster Management Authority (PDMA) Sindh hired M/s Shahzad Associates as a consultant for consultancy services required under the project establishment of PDMA regional offices at Larkana, Mirpur Khas and Benazirabad and incurred an expenditure amounting to Rs. 9.802 million till 30.06.2022.

During audit of PDMA Sindh for the financial year 2021-22, it was observed that amount of Rs. 9.802 million was paid to M/s Shahzad Associates for consultancy services without deduction of Sindh Sales Tax @ 13% in-line with the above mentioned rules. Details are as under:

(Rs. in million)		
Name of Consultant	Payment	SST @13%
M/s Shahzad Associates	9.802	1.274

Audit held that non deduction of sales tax on services was a lapse on the part of the management which resulted in loss of Rs. 1.274 million to public exchequer.

Initial audit observation was issued on 20.10.2022, but no response was received from the management.

The PAO was requested to convene DAC meeting vide letters dated 04.10.2022, 11.11.2022 and 01.02.2023, however, the meeting was not convened till finalization of this report.

Audit recommends that tax may be recovered and deposited into Govt. treasury.

(Para No.3 of AIR 2021-22 PDMA, Sindh)

1.4.10. Non-deposit of donation money in Provincial Disaster Management Fund – Rs. 280,000

According to Section 38(1) of Provincial Disaster Management Authority Sindh (Conduct of Business) Rules 2016, there shall be a Fund called the Provincial Disaster Management Fund and it shall vest in the Authority with powers to manage and operate it.

Further, according to Section 38(6)(I) of Provincial Disaster Management Authority Sindh (Conduct of Business) Rules 2016, the fund shall be financed from the following sources:-

- (a) Grants made by the Federal Government, Provincial Government and Local Government.
- (b) Loan, aid and donations from the registered or international agencies.
- (c) Donations received from any other source.
- (d) Incomes from interest or deposits, if any, received from bank accounts or any other source.

Provincial Disaster Management Authority (PDMA) Sindh received donation money amounting to Rs. 280,000 from different NGO's. Detail is given as under:

Date	Donations received by	Amount (Rs.)	Remarks
01.10.2021	donation by M/s Muslim Hands Sindh	100,000	returned back on 22.10.2021
01.10.2021	donation by M/s Kingdom Pakistan	100,000	returned back on 22.10.2021
01.10.2021	donation by M/s Matteser International	80,000	Returned back on 13.01.2022

During audit of PDMA Sindh for the financial year 2021-22, it was observed that the donation money which was received from different NGO's for World Resilient Day was deposited in the DDO account instead of PDMF and was subsequently returned back to the donor NGO's.

Audit held that deposit of donation money into DDO account instead of PDMF and its return back to NGO's was not justified.

The audit observation was issued on 17.10.2022. In response the management replied that PDMA received amount of Rs. 280,000 from three different NGO's for the specific purpose of National Disaster / Resilience Day to be observed on 8th October 2021. Due to COVID restrictions, the Disaster day was observed with austerity and no expenditure was made from the said donation, therefore the said un-utilized funds were returned to the NGOs.

The reply of the department was not acceptable as donations were part of the Provincial Disaster Management Fund and the same were required to be deposited and retained therein.

Para was discussed in DAC meeting held on 19.12.2022. DAC directed the department to deposit all the donations in the PDMF Fund account.

No record was produced by the department in compliance of DAC decision till finalization of the report.

Audit recommends that all donations received by PDMA may be deposited in the Provincial Disaster Management Fund.

(OS No.3 of Financial Attest Audit Report of PDMA Sindh FY 2021-22)

Procurement

1.4.11. Irregular award of contract on higher rates – Rs. 249.000 million

According to clause 3.1 “Qualification Criteria” laid down in Section II of the contract, the purchaser shall carry out the post-qualification of the bidder in accordance with ITB 37 using only the requirements specified. According to Evaluation sheet the qualification criteria was as under:

- Must be registered with the relevant authorities of the Government of Pakistan (FBR/SRB)
- Valid registration with income tax department
- Manufacturer Authorization
- Average annual turnover must be equal or more than the quoted price of lots as per audited accounts of the last financial years
- Three years audited balance sheet
- Completed 05 contracts of similar nature in last three years
- Bid security

Sindh Resilience project (SRP) under PDMA-Sindh awarded a contract to M/s T.K. Medical Instruments for supply of kitchen sets at a cost of Rs. 249.000 million.

During audit of SRP for the financial year 2021-22, it was observed that the bids were opened on 21.03.2022 and out of 05 bids, only one bid of M/s T.K. Medical Instrument was declared responsive and work was accordingly awarded to the supplier. Following shortcomings were observed in the evaluation of bids by the management:

- i. M/s Alizeh Enterprises quoted lowest rate of Rs. 130.410 million, however the contract was awarded to M/s T.K. Medical which quoted Rs. 209.554 million for the procurement which resulted in loss of Rs. 79.144 million.
- ii. The bidder was required to complete 05 contracts of similar nature in last three years, whereas the bidder to whom the contract was awarded i.e. M/s T.K. Medical Instrument had given proof of only 04 works in shape of award letter/completion certificate with the bid.

Audit held that technical evaluation was not made properly as the bid of M/s T.K. Medical International was also non-responsive and the bidder did not qualify the eligibility criteria given in the bidding document.

Initial audit observation was issued on 04.10.2022. In response the management replied that M/S T.K Medical Instrument took manufacturer authorization from M/s MM Cookware who were manufacturers of Kitchen set and House Hold items having factory at Gujranwala. Moreover, copies of five required contracts were available on record for verification.

Para was discussed in DAC meeting held on 19.12.2022. DAC directed that para will be discussed in the next DAC meeting after verification of the email correspondence with M/s Alizeh Enterprises.

No record was produced by the department in compliance of DAC decision till finalization of the report.

Audit recommends that matter may be inquired, besides the contract management and procurement processes may be improved and internal controls be strengthened.

(OS No. 10 of Financial Attest Audit report of SRP, PDMA Sindh, FY 2021-22)

1.4.12. Non-obtaining of performance security from contractors – Rs. 209.554 million

According to Conditions of Contracts of Standard Bidding Documents of Sindh Resilience Project, performance security @ 10% of contract price was to be provided by the contractor.

Sindh Resilience project (SRP) under PDMA-Sindh awarded different procurement contracts amounting to Rs. 2,095.536 million to various vendors during Financial Year 2021-22.

During audit of Sindh Resilience Project (PDMA-component) for Financial Year 2021-22, it was observed that performance security @ 10% amounting to Rs. 209.554 million was not obtained from the contractors/ firms. **(Annexure-IV)**

Audit held that non-obtaining of performance securities was violation of contract clauses resulting in non-securing of the government interests in case of non-performance of the contract by suppliers.

Initial audit observation was issued on 04.10.2022. In response, the management replied that as per contract the performance security was obtained from all the mentioned firms.

Para was discussed in DAC meeting held on 19.12.2022. DAC directed to get the record verified in line with the audit observation.

No record was produced by the department in compliance of DAC decision till finalization of the report.

Audit recommends that matter may be looked into for corrective actions. Besides, performance securities may be obtained in all contracts to ensure safeguarding the government interest.

(OS No. 5 of Financial Attest Audit report of SRP, PDMA Sindh, FY 2021-22)

1.4.13. Payment to suppliers without confirmation of required specifications of relief items - Rs. 198.753 million

According to Special Condition of Contract No. 9 of the bidding document, 100% of the contract price in Pakistan Rupees will be paid on complete successful delivery of relief item as per their destinations mentioned in the work orders within stipulated time on submission of claim supported by the an acceptance certificate / receiving with stamp from the authorized person at delivering point / agency declaring that the goods have been delivered as per specifications and that all other contracted services have been performed.

Provincial Disaster Management Authority (PDMA) Sindh procured relief items during the financial year 2021-22 and the suppliers were directed to supply the items as per the destinations mentioned in the respective work orders.

During the audit of PDMA Sindh for the financial year 2021-22, it was observed that no samples were taken for testing of specifications of the supplies delivered at PDMA warehouse Sukkur. The payment was made to supplier without ascertaining that the material supplied at warehouse Sukkur was according to the required specifications or otherwise. Details of supplies made at warehouse Sukkur are as under:

(Rs. in million)					
Sr. #	Supplier Name	Item name	Qty.	Rate	Total
1.	M/s A Y Capital	Tarpaulin sheet	5,000	959	4.795
2.	M/s M Siddique & Co	Livestock Mosquito net	5,000	2,220	11.100
3.	M/s Al Hamra Associates	Jerry Can	15,000	198	2.970
4.	M/s Al Farooq Enterprises	Tents	18,450	9,750	179.888
Total					198.753

Audit held that payment of relief items without proper lab testing for confirmation of specifications was not justified and chances of delivery of items without the required specifications could not be ruled out.

Initial audit observation was issued on 20.10.2022, but no response was received from the management.

The PAO was requested to convene DAC meeting vide letters dated 04.10.2022, 11.11.2022 and 01.02.2023, however, the meeting was not convened till finalization of this report.

Audit recommends that confirmation of the specifications may be made and outcome be shared with Audit authorities.

(Para No.13 of AIR 2021-22 PDMA, Sindh)

1.4.14. Mis-procurement of medical and rescue supplies – Rs. 68.527 million

According to Operational Manual of Sindh Resilience project (SRP), an evaluation committee of the Project will be appointed by the Project Director. The procurement specialist would initiate the process and undertake preliminary examination to identify and reject bids that are incomplete, invalid or substantially non-responsive to the parameters defined in bidding documents and therefore not to be admitted for detailed technical evaluation. The representative of evaluation committee would inspect the bids to determine “substantial technical responsiveness” and to identify major deviations from the mandatory technical specifications.

Further, according to laid down procedure in Operational Manual, method of procurement for procurement of goods direct contracting may be used for any urgently required goods after prior concurrence of the Bank.

Sindh Resilience project (SRP) under PDMA-Sindh awarded a contract at a cost of Rs. 74.055 million to M/s Diamond Star International for supply of emergency response medical and rescue supplies. The detail of payment is as under:

(Rs. in million)

Sr. No	Cheque No.	Cheque date	Cheque Amount
1.	60653937	18.03.2022	21.217
2.	72300057	30.05.2022	28.618
3.	77522801	16.06.2022	18.692
Total			68.527

During audit of SRP for the financial year 2021-22, it was observed that the contract was awarded to M/s Diamond Star International through direct contracting by obtaining a single quotation. It was also observed that:

- i. The case was not placed before the procurement committee for evaluation of the bid submitted by the supplier.

- ii. The NOL of the Bank was not available on record.
- iii. The inspection reports were also not available on record.
- iv. Performance security was not obtained.
- v. Stamp duty of Rs. 185,137 was not recovered.

Audit held that award of contract in violation of rules was irregular.

Initial audit observation was issued on 04.10.2022. In response the management replied that emergency response medical and rescue supplies were approved by World Bank. Single Quotation was obtained from firm under direct contracting method of World Bank.

Para was discussed in DAC meeting held on 19.12.2022. DAC directed SRP-PDMA to provide a detailed brief on the procurement of emergency medical and rescue supplies through World Bank procurement guidelines.

No record was produced by the department in compliance of DAC decision till finalization of the report.

Audit recommends that matter may be looked into for necessary corrective measures. Besides, stamp duty may be recovered and deposited into government treasury.

(OS No. 11 of Financial Attest Audit report of SRP, PDMA Sindh, FY 2021-22)

1.4.15. Payment for transportation of relief items without fulfilling codal requirements – Rs. 29.132 million

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

Provincial Disaster Management Authority (PDMA) Sindh awarded a contract for transportation of relief goods to M/s Bukhari Group of Company during financial year 2020-21 and paid an amount of Rs. 29.132 million.

During audit of PDMA Sindh for the financial year 2021-22, it was observed that payment made to M/s Bukhari Group of Company on account of transportation of relief goods contained following discrepancies:

- i. Bills were submitted without complete details of all the transported items.
- ii. Bills were not got verified from the concerned warehouse in-charge.

- iii. The delivery/shipment notes were not signed by authorized officials to whom the relief goods were dispatched.
- iv. The record showed that 5,000 surgical masks were transported to Commissioner Karachi vide shipment receipt number 411 in Truck number JX-5130 and vide shipment receipt number 410 in Truck number TKX-178). The engagement of two trucks for transportation of 5,000 surgical masks was not justified.
- v. Delivery of the de-watering pumps was not verified from authorized representatives of DC offices concerned.

Audit held that payment of transportation of relief goods without observing codal formalities was not justified and the payment remained unverifiable.

Initial audit observation was issued on 20.10.2022, but no response was received from the management.

The PAO was requested to convene DAC meeting vide letters dated 04.10.2022, 11.11.2022 and 01.02.2023, however, the meeting was not convened till finalization of this report.

Audit recommends that matter may be looked into for taking corrective measure. Besides, the record may be completed and provided to audit authorities for verification.

(Para No.18 of AIR 2021-22 PDMA, Sindh)

1.4.16. Irregular award of contract to non-qualified firm for procurement of mosquito nets – Rs. 22.200 million

According to Instructions to Bidders (ITB) 13.3 (d) “Qualification Requirements” of bidding document, the bidder must have at least 5 years of experience in manufacturing or supplying of similar nature items. The bidder must submit manufacturer / supplier authorization on the format provided in Section VI of the bidding documents with the bid. Since un-branded equipment’s have no authorization, therefore, specified authorization having brands therein must be accompanied. The evaluation of the bidder will have to be made on the basis of (i) Financial data (bank statements, audit reports, company financial position, etc.) and (ii) past experience.

Further, according to ITB 24.5 of bidding document, if a bid is not substantially responsive, it will be rejected by the Procuring Agency and may not subsequently be made responsive by the Bidder by correction of the non-conformity.

Provincial Disaster Management Authority (PDMA) Sindh awarded a contract to M/s M. Siddique & Co. for purchase of 10,000 livestock mosquito nets @ Rs. 2,220 per net vide letter No. PDMA (S)/5 (7) / 2021/761 dated 03.09.2021.

During audit of PDMA Sindh for the financial year 2021-22, it was observed that tenders were invited on 06.07.2021 for purchase of relief items. M/s M. Siddique & Co. offered lowest rate and the contract was awarded to M/s M. Siddique & Co. for purchase of 10,000 livestock mosquito nets. Audit observed following irregularities in technical evaluation and award of contract to M/s M. Siddique & Co.:

- i. Audited Financial Statements were not provided with the bid by the qualified bidder M/s M. Siddique & Co.
- ii. Manufacturer authorization certificate was also not provided with the bid.
- iii. The proof provided by M/s M. Siddique & Co. showing past experience of similar nature items was not relevant as the past experience of the bidder was related to supply of uniform, whereas experience required for the contract was for supply of animal/livestock mosquito nets.

Audit held that non-conducting of bid evaluation according to the criteria prescribed in the bidding documents was not justified and led to mis-procurement.

Initial audit observation was issued on 20.10.2022, but no response was received from the management.

The PAO was requested to convene DAC meeting vide letters dated 04.10.2022, 11.11.2022 and 01.02.2023, however, the meeting was not convened till finalization of this report.

Audit recommends that matter may be inquired to ascertain transparency and fairness in the award of contract.

(Para No.14 of AIR 2021-22 PDMA, Sindh)

1.4.17. Irregular procurement without bid evaluation – Rs. 17.360 million

According to Operational Manual of Sindh Resilience project (SRP), an evaluation committee of the Project will be appointed by the Project Director. The

procurement specialist would initiate the process and undertake preliminary examination to identify and reject bids that are incomplete, invalid or substantially non-responsive to the parameters defined in bidding documents and therefore not to be admitted for detailed technical evaluation. The representative of evaluation committee would inspect the bids to determine “substantial technical responsiveness” and to identify major deviations from the mandatory technical specifications.

Sindh Resilience project (SRP) under PDMA-Sindh incurred an expenditure amounting to Rs. 17.360 million on supply of Laboratory equipment through M/s Rising Star Traders. Details are as under:

(Rs. in million)

Supplier Name	Cheque # / date	Gross Amount	Income Tax	Net Amount
M/s Rising Star Trader	72300010 dated 10.05.2022	17.360	0.781	16.579

During audit of SRP for the financial year 2021-22, it was observed that the contract was awarded to the supplier without evaluation by the procurement committee as required under the operational manual of the project.

Further, it was also observed that payment was made without inspection. Moreover, no acknowledgement or stock entry of the items was available on record.

Audit held that award of contract without technical evaluation and payment without inspection of supplies was not justified.

Initial audit observation was issued on 04.10.2022. In response the management replied that the signed quotations by the notified procurement committee were available on record for verification.

Para was discussed in DAC meeting held on 19.12.2022. DAC directed that the Evaluation sheet should be provided by the management.

No record was produced by the department in compliance of DAC decision till finalization of the report.

Audit recommends that matter may be inquired and outcome be shared with Audit authorities.

(OS No. 12 of Financial Attest Audit report of SRP, PDMA Sindh, FY 2021-22)

1.4.18. Irregular payment for purchase of tents without conformity to the required quality standards - Rs. 15.054 million

According to regulation 1.3 of World Bank Procurement Regulations, while in practice the specific procurement rules and procedures to be followed in the implementation of a project depend on the circumstances of the particular case, the Bank's Core Procurement Principles generally guide Bank decisions under these Procurement Regulations which are value for money, economy, integrity, fit for purpose, efficiency, transparency and fairness.

Further, according to the instructions contained in the purchase order, the technical officer of procurement committee SRP (PDM-Component) / Third Party Quality assurance firm shall inspect and test goods to confirm their conformity to the specifications mentioned in purchase order.

Sindh Resilience project (SRP) under PDMA-Sindh awarded contract amounting to Rs. 15.054 million to M/s Zahra Industries Pvt. (Ltd) for purchase of tents and issued purchase order on 17.06.2021 with a delivery period 60-90 days.

During audit of SRP for Financial Year 2021-22, it was observed that the payment was made to the supplier without confirmation of quality and required specifications of the goods.

It was also observed from third party inspection conducted by M/s SGS on 17.09.2021 that the items were not conforming to the required standards, however the payment was released for the supplies.

Audit held that payment made without confirmation of the required standard and specification was irregular. Moreover, the inspection report of M/s SGS was ignored and payment was released to the supplier which was not justified.

Initial audit observation was issued on 04.10.2022. In response the management replied that overall Inspection conclusion "Not Conform" was submitted by the Third-Party M/S SGS for the following two reasons. (1). Iron Pin not found (as per the remark No. 3 by SGS iron pins were received at the end of inspection by the supplier and later an email was sent to the warehouse incharge for confirmation of receipt of iron pins. Annexure "G")(2). PO logo size required (1x1) but found (17x14 ½). As the size was not smaller than the size mentioned in the Purchase Order, hence it was certified as conform.

Para was discussed in DAC meeting held on 19.12.2022. DAC directed to provide documentary evidence regarding third party satisfactory confirmation inspection report for verification.

No record was produced by the department in compliance of DAC decision till finalization of the report.

Audit recommends implementation of the DAC decision

(OS No. 8 of Financial Attest Audit report of SRP, PDMA Sindh, FY 2021-22)

1.4.19. Loss due to non-imposition of liquidated damages on supplier – Rs. 13.799 million

According to Special Condition of Contract 19, the supplier will provide the supplies on or before due date and the maximum deduction of liquidated damages will be 0.5% per week up to 10% of the maximum.

Further, according to GCC 34.1, if any time during performance of the contract, the supplier or its subcontractors should encounter conditions impeding timely delivery of the goods or completion of related services pursuant to GCC Clause 13, the supplier shall promptly notify the purchaser in writing of the delay, its likely duration, and its cause. As soon as practicable after receipt of the supplier's notice, the purchaser shall evaluate the situation and may at its discretion extend the supplier's time for performance, in which case the extension shall be ratified by the parties by amendment of the contract. In addition to GCC 34.2, in case of Force Majeure, as provided under GCC Clause 32, a delay by the supplier in the performance of its delivery and completion obligations shall render the supplier liable to the imposition of liquidated damages unless an extension of time is agreed upon.

Sindh Resilience project (SRP) under PDMA-Sindh issued a Purchase Order bearing No. PK-PDMA-SINDH-236230-GO-DIR dated 07.07.2021 to M/s BIOS for supply of mortuary equipment and Hydraulic Trolley. The delivery was to be made within 150 days from issuance of purchase order. The supplier failed to supply the equipment and also did not notify the delay event to the purchaser. The SRP thereafter granted extension of time of 60 days to the supplier vide letter dated 17.12.2022. However, EOT expired on 26.01.2022, but the delivery was still not made. The delivery was finally made on 25.03.2022 vide delivery challan No. 1204/H dated 25.03.2022.

During audit of SRP, it was observed that liquidated damages amounting to Rs. 13.799 were not imposed and recovered from the supplier while making remaining 60% payment. Detail is as under:

(Rs. in million)					
Due date	Delivery Date	Delay period	Rate of LD	Contract Cost	LD Amount
26.01.2022	25.03.2022	9 weeks	0.5% per week	306.652	13.799

Audit held that despite late delivery, the liquidated damages were not imposed and recovered from the contractor which resulted in loss of Rs. 13.799 million to the government.

Initial audit observation was issued on 04.10.2022. In response, the management replied that in pursuance of letter by M/s BIOS dated 26.01.2022, the contract was extended for another 60 days i.e. 25.03.2022 and as per the force majeure clause 25.2 of the contract.

Para was discussed in DAC meeting held on 19.12.2022. DAC directed that the relevant record be verified to ascertain the reasons due to which extension was given under the force majeure clause of the contract.

No record was produced by the department in compliance of DAC decision till finalization of the report.

Audit recommends that the amount of liquidated damages may be recovered from the supplier.

(OS No. 14 of Financial Attest Audit report of SRP, PDMA Sindh, FY 2021-22)

1.4.20. Irregular expenditure without open tendering - Rs. 8.505 million

According to Rule 12 of the Sindh Public Procurement Rules 2010, the procuring agency shall not split or package a procurement plan with the intention to shorten or facilitate the procurement process and approval mechanism.

Further, according to Rule 17(1), procurements over three hundred thousand rupees and up to two million rupees shall be advertised by timely notifications on the Authority's website and may in print media in the manner and format prescribed in these rules.

Provincial Disaster Management Authority (PDMA) Sindh incurred an expenditure amounting to Rs. 8.505 million on procurement of stationary, furniture & fixture etc. and repair & maintenance of office vehicles through M/s DK Enterprises and M/s JK Enterprises.

During audit of PDMA Sindh for the financial year 2021-22, it was observed that the procurement was made through quotations by splitting the expenditure thereby avoiding open tender and proper competition for economical rates. (**Annexure-V**)

Audit held that procurement made throughout the year without any planning and by way of splitting of expenditure was a serious lapse on the part of the management which deprived the government from competitive rates.

Initial audit observation was issued on 20.10.2022, but no response was received from the management.

The PAO was requested to convene DAC meeting vide letters dated 04.10.2022, 11.11.2022 and 01.02.2023, however, the meeting was not convened till finalization of this report.

Audit recommends that the matter may be inquired and responsibility be fixed on the person(s) at fault for procurements in clear violation of Sindh Public Procurement Rules.

(Para No.5 of AIR 2021-22 PDMA, Sindh)

1.4.21. Irregular award of contract to non-qualified firm– Rs. 5.940 million

According to Instruction to Bidders (ITB) 13.3 (d) “Qualification Requirements” of bidding documents, the bidder must have at least 5 years of experience in manufacturing or supplying of similar nature items. The bidder must submit manufacturer / supplier authorization on the format provided in Section VI of the bidding documents with the bid. Since un-branded equipment’s have no authorization, therefore, specified authorization having brands therein must be accompanied. The evaluation of the bidder will have to be made on the basis of (i) Financial data (bank statements, audit reports, company financial position, etc.) and (ii) past experience.

Further, according to ITB 24.5, if a bid is not substantially responsive, it will be rejected by the Procuring Agency and may not subsequently be made responsive by the Bidder by correction of the non-conformity.

Provincial Disaster Management Authority (PDMA) Sindh awarded a contract to M/s Al Hamra Associates for supply of 30,000 Jerry Cans @ of Rs. 198 per Can vide letter No. PDMA (S)/5 (7) / 2021/764 dated 03.09.2021.

During audit of PDMA Sindh for the financial year 2021-22, it was observed that tenders for purchase of relief items were invited on 06.07.2021. M/s Al Hamra offered lowest rate and accordingly PDMA Sindh awarded the contract to M/s Al Hamra Associates for supply of 30,000 Jerry Cans. Audit observed that the bidder did not provide required documents with the bid, however he was declared technically responsive and his financial bid was opened and contract was awarded. Following deficiencies were found in the bid evaluation process:

- i. The financial position of the qualified bidder M/s Al Hamra Associates was not checked and Audited Financial Statements were not provided with the bid.
- ii. Manufacturer authorization certificate was also not provided by the bidder.
- iii. The proof provided by M/s Al Hamra Associates showing past experience of similar nature items was not relevant as the past experience of the bidder related to supply of uniform, whereas experience required for the contract was for supply of Jerry Cans.

Audit held that non-conducting of bid evaluation according to the criteria prescribed in the bidding documents was not justified and led to mis-procurement.

Initial audit observation was issued on 20.10.2022, but no response was received from the management.

The PAO was requested to convene DAC meeting vide letters dated 04.10.2022, 11.11.2022 and 01.02.2023, however, the meeting was not convened till finalization of this report.

Audit recommends that the matter may be inquired to ascertain transparency and fairness in the award of contract.

(Para No.15 of AIR 2021-22 PDMA, Sindh)

1.4.22. Unauthentic expenditure on procurement - Rs. 2.401 million

According to para 2.3.2.2 of Accounting Policies and Procedure Manual (APPM), the information in the accounts and the supporting subsidiary records shall be accurate, representing the actual substance of past events, without undue errors or omission. This shall include correct and consistent classification of transactions and the recognition of revenues and expenditures in the correct time period.

Further, according to Delegation of Financial Powers 2019, the Principal Accounting Officer is responsible for ensuring that the expenditure is not incurred in excess of the budget allocation. He shall ensure that payments are correctly classified under the appropriate heads of accounts and that departmental accounts are regularly reconciled every month.

Provincial Disaster Management Authority (PDMA) Sindh incurred an expenditure amounting to Rs. 2.401 million on procurement of stationary, furniture & fixture etc. and repair & maintenance of official vehicles. Details are as under:

S. No.	Description	Work order date	Bill date	Bill amount (Rs.)
1.	Provision of 120w solar battery/backup/ installation	14.03.2022	16.03.2022	94,840
2.	Repair and maintenance of fire extinguishers and refilling	-	-	297,648
3.	Procurement of office furniture	02.01.2022	25.01.2022	284,661
4.	Repair of vehicles GS-9469	28.02.2022	01.03.2022	20,943
5.	Repair of vehicles GS-9469	28.2.2022	01.03.2022	51,539
6.	Repair and maintenance of photo copier & printer	25.02.2022	25.02.2022	294,372
7.	Repair/Maint. of air compressor tank and transport to Sukkur	28.02.2022	01.03.2022	292,500
8.	Repair/Maint. of generator	28.02.2022	02.03.2022	156,078
9.	Repair/Maint. of generator 8.8 kva	21.02.2022	25.01.2022	298,175
10.	Procurement of office furniture	25.01.2022	28.01.2022	296,595
		Total		2,287,351

During audit of PDMA Sindh for the financial year 2021-22, it was observed that the payment was made to M/s DK Enterprises vide combined Cheque No. 338779 dated 01.03.2022. Following irregularities were observed:

- i. Procurement was not planned at the start of the year.
- ii. All procurements were made through General Order Suppliers.
- iii. Procurement committee was not involved and did not sign the comparative statements to authenticate the transparency of the procurement process.
- iv. In all cases, comparative statements were signed by AD admin. only.
- v. Cheque issued to M/s DK was of Rs. 2.401 million, however, vouchers attached with the bill were of Rs. 2.287 million.
- vi. Cheque was issued on 01.03.2022, however the bill entered at Sr. No.1 was dated 16.03.2022 and work order was also issued subsequent to payment on 14.03.2022.
- vii. Regarding bill at Sr. No. 7, work order was issued to M/s Al-Jadded & Co, but cheque was issued in the name of M/s DK Enterprises.
- viii. Procurements were not taken on stock and no entry on the bills was made against each procurement.
- ix. Work completion certificate was not available on record.
- x. Delivery challan was not found in the record.

Audit held that expenditure incurred in haste without any procurement planning and without fulfilling the codal requirements resulted in doubtful expenditure which was not verifiable.

Initial audit observation was issued on 20.10.2022, but no response was received from the management.

The PAO was requested to convene DAC meeting vide letters dated 04.10.2022, 11.11.2022 and 01.02.2023, however, the meeting was not convened till finalization of this report.

Audit recommends that matter may be probed and outcome be shared with Audit authorities. Moreover, responsibility be fixed on the person(s) at fault for non-fulfilling the codal requirements while processing the payments.

(Para No.4 of AIR 2021-22 PDMA, Sindh)

1.4.23. Insurance of project assets from private company instead of Sindh Insurance Company Ltd.

According to Section 3 of Sindh Insurance of Public Property Act, 2015, all insurance business related to any public property, or to any risk or liability with respect to any public property, shall be placed with and procured from the Company only, and shall not be placed with or procured from any other insurer.

Further, according to Section 6, any person who insures public property contravenes the provisions of Section 3, shall be punishable with fine which may extend to one percent of the sum assured or an amount not exceeding two million rupees, whichever is lower.

Directorate of Mobile Diagnostic & Emergency Health Care Services (MD&EHS) Karachi under Rehabilitation Department Sindh incurred an expenditure amounting to Rs. 169.060 million on insurance of project assets.

During audit of Directorate of MD&EHS Karachi, for the financial year 2019-20 to 2021-22, it was observed that the insurance coverage of Mobile Emergency Healthcare Unit was obtained from M/s United Co. Pakistan Ltd. instead of Sindh Insurance Limited as required under the law. Details are as under:

(Rs. in million)

Sr. No.	Head of Account	Expenditure			Total Expenditure
		2019-20	2020-21	2021-22	
1.	A03602-Insurance	98.340	35.760	34.960	169.060
Total					169.060

Audit held that the expenditure incurred on insurance from M/s United Insurance Company was against the Sindh Insurance of Public Property Act, 2015 and was likely to result in penalty of Rs. 2.00 million.

Initial audit observation was issued on 16.09.2022. In response the management replied that the Sindh Insurance Act was passed in March 2015, whereas, the tender document for purchase of Mobile Units was issued in February 2015. It was clearly mentioned in bid documents that the successful bidder shall have to get all the procured items insured from any recognized insurance company. This clause was added to have timely insurance of the Government assets to avoid any kind of loss. The Mobile

Hospitals were insured by the contractor as per contract agreement signed in March 2015 which was extended from time to time as per contract agreement till 2022.

Para was discussed in DAC meeting held on 19.12.2022. DAC directed to probe the matter and directed the management to revise the response and submit to Audit authorities.

No record was produced by the department in compliance of DAC decision till finalization of the report.

Audit recommends that the management may look into the matter for necessary corrective measures. Besides, compliance of Sindh Insurance of Public Property Act, 2015 may be ensured.

(Para No.9 of AIR 2019-22 MD&EHS)

Internal Control Weaknesses

1.4.24. Non-retrieval of costly dewatering pumps by PDMA from borrowing agencies

According to Rule 40-B of Sindh Financial Rules Volume-I, every government servant realize fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part, and that he will also be held personally responsible for any loss arising from fraud or negligence on the part of any other Government servant to the extent to which it may be shown that he contributed to the loss by his own action or culpable negligence.

Provincial Disaster Management Authority (PDMA) Sindh provided de-watering pumps to the Deputy Commissioners during the monsoon seasons for rescue and relief operations with the direction that the de-watering pumps along-with accessories be returned after the flood/monsoon situation is over.

During the audit of PDMA Sindh for the financial year 2021-22, it was observed that 108 dewatering pumps were not retrieved from the Deputy Commissioners. Detail of dewatering pumps issued in different years is as under:

S. No.	Warehouse Name	Number of Dewatering Pumps not retrieved
1.	Jamshoro	108
2.	Sukkur	41
Total		149

Audit held that non-retrieval of de-watering pumps was not justified as the same were required to be held by PDMA to deal with disaster situations as per policy of the Authority.

Initial audit observation was issued on 20.10.2022, but no response was received from the management.

The PAO was requested to convene DAC meeting vide letters dated 04.10.2022, 11.11.2022 and 01.02.2023, however, the meeting was not convened till finalization of this report.

Audit recommends that matter may be looked into by the management and efforts be made for early return of dewatering pumps from the departments concerned. Moreover, a proper inventory of the dewatering pumps and other items may be maintained by the PDMA.

(Para No.16 of AIR 2021-22 PDMA, Sindh)

Public Service Delivery /Performance

1.4.25. Time overrun due to slow pace of work and non-imposition of liquidated damages charges –Rs. 85.506 million

According to Clause 43.1 of the condition of the contract, time for completion of the project was 02 years and 06 months after the receipt of Engineer's notice to commence.

Further, according to the Clause 47.1 of the contract, one tenth of one percentage (0.10%) for each day of delay in completion of the works subject to maximum of 10% of contract price stated in letter of acceptance was agreed as liquidated damages charges.

Provincial Disaster Management Authority (PDMA) Sindh signed three contract agreements amounting to Rs. 870.038 million on 05.06.2018 with M/s K.K Construction and M/s Muhammad Hasni Builder Raza Muhammad & Co (JV) for

establishment of PDMA regional offices at Larkana, MirpurKhas and Benazirabad. The completion period of the project was two years and six months, which was subsequently extended up to June-2022. Payment amounting to Rs. 662.037 million was made to both contractors up to 30th June, 2022.

During audit of PDMA Sindh for the financial year 2021-22, it was observed as under:

- i. The work was not completed by the contractor even in the extended period i.e. by June, 2022.
- ii. The progress reports of the work revealed that the overall progress for structural work was 71% and finishing work was 40% as in June 2022.
- iii. PDMA did not impose any penalty on the contractor for delay in execution of the project, despite the fact that one tenth of one percentage (0.10%) for each day of delay in completion of the works subject to maximum of 10% of contract price was required to be imposed upon the contractor as liquidated damages charges. Details are as under:

(Rs. in million)

Sr. No.	Name of contractor	District	Work award amount	Payment	Status of Progress			LD Charges
					Expenditure (%)	Structuring work	Finishing work	
1.	M/s K.K Construction	Larkana	347.107	355.024	102%	74.91%	35.91%	34.710
2.	M/s K.K Construction	Mirpur Khas	169.748	130.555	77%	85.71%	51.43%	16.974
3.	M/s Muhammad Hasni Builders Raza Muhammad & Co. (JV)	Benazir abad	338.212	176.457	52%	71.36%	39.57%	33.821
Total amount (Rs) in million			855.067	662.037				85.506

Audit held that slow pace of work resulted in time overrun and non-achievement of the contract agreement.

Initial audit observation was issued on 20.10.2022, but no response was received from the management.

The PAO was requested to convene DAC meeting vide letters dated 04.10.2022, 11.11.2022 and 01.02.2023, however, the meeting was not convened till finalization of this report.

Audit recommends that department may look into the matter for corrective actions and ensure to complete the work. Besides LD Charges may be worked out and recovered from the two contractors as per the contract clauses.

(Para No. 01 of AIR 2021-22 PDMA, Sindh)

1.4.26. Physical verification of assets/stocks and relief items not carried out by PDMA, Sindh despite persistent pointation in previous Audit & Inspection Reports

According to the Sindh Delegation of Financial Powers and Financial Control Rules, 2019 issued by Finance Department vide No. FD (B&E-1)-FR-1 /2018-19 dated 10.05.2019, the Principal Accounting Officer shall get the Annual Internal Audit of Departments, Attached Departments and Sub-ordinate Offices conducted and get the result of these inspections incorporated in the form of Internal Audit Report, for taking appropriate action.

Further, according to Rule 116 of Sindh Financial Rules, the balance in stock should be examined yearly to see whether the balance in hand represent the quantities. Any discrepancy discovered in the verification should be fully explained.

Provincial Disaster Management Authority (PDMA) Sindh was requested to provide annual physical asset verification reports for the financial year 2021-22, however the department was not able to produce the reports.

During audit of PDMA Sindh for the financial year 2021-22, it was observed that the Authority failed to undertake the physical verification of stock, store and costly relief items to ascertain and verify the receipt, proper storage and issuance of the item and identify theft, misplacement and misuse of items, if any.

Audit held that non-conducting of physical verification of relief items and stocks was not justified as physical verification of stocks was extremely important for an organization like PDMA which was constantly engaged in procurement, storing and distribution of relief and other item to multiple agencies and users.

The observation on non-conducting of physical verification of stocks was raised persistently in the previous audit reports, however, PDMA had not carried out the necessary verification of stocks and in this way had put at risk the government assets comprising relief and rehabilitation items meant for disaster hit areas in the province.

Initial audit observation was issued on 20.10.2022, but no response was received from the management.

The PAO was requested to convene DAC meeting vide letters dated 04.10.2022, 11.11.2022 and 01.02.2023, however, the meeting was not convened till finalization of this report.

Audit recommends that physical verification of assets and all relief items may be carried out as provided in rules and report of the same be produced to Audit authorities for scrutiny and review.

(Para No. 7 of AIR 2021-22 PDMA, Sindh)

1.4.27. Inadequate monitoring of Mobile Hospital Units established in various districts of Sindh

According to SoP regarding provision of supervisory staff, the Project Management Unit will monitor all the activities of Mobile Emergency Health Care Units (MEHCU) and Mobile Diagnostic Services for Breast Cancer (MDSBC) hospitals regularly and shall keep the record of their visits in their office for perusal of project officers.

Directorate of Mobile Diagnostic & Emergency Healthcare Services (MD&EHS) Karachi under Rehabilitation Department Sindh designed a performa to monitor the activities of its ongoing project i.e. Mobile Diagnostic and Emergency Health Care Services (MD&EHS) and Mobile Diagnostic Services for Breast Cancer (MDSBC) hospitals units for smooth functioning of the mobile units. Accordingly, field visits were carried out to various districts for monitoring of the mobile hospitals. Summary of field visit reports is at **Annexure-VI**.

During audit of the Directorate of MD&EHS Karachi for the financial year 2019-2022, it was observed as under:

- i. The field visit reports mentioned at Sr. No. 1 to 22 of Annexure-VI were not submitted by Director/Deputy Director, however, the status of visit reports was shown as “**satisfactory**” without any supporting evidence and approval.

- ii. The visits reports mentioned at Sr. No. 24 to 25 were submitted with the remarks “**un-satisfactory**” but the contractor was neither penalized nor any action was taken for smooth functioning of the projects in future.
- iii. No penalty clause was included in the contract agreement to impose penalty on the contractor for not fulfilling the contractual obligations.
- iv. In response to field visit report for the month of January, 2022 and February, 2022, M/s Neotec (the outsourced contractor) submitted the justification on the observation raised by the department, but the department failed to categorize how much compliance was to be done in line with the observation raised by the department and what was further required.
- v. The reply submitted by the M/s Neotec was not signed by any responsible person.

Audit held that improper supervision and monitoring of the mobile hospital units working in the far-flung areas was a lapse on the part of the management and indicated poor service delivery.

Initial audit observation was issued on 16.09.2022. In response the management replied that the Director office had been doing the monitoring and supervision of the Mobile Units in many ways. The Medical officer of every unit was bound to send daily morning SMS which contained the location, taluka and village name, the timing of leaving the residency, starting timing of the units and the time of first patient seen along with attendance and live location of the units on whatsapp group created to monitor the units.

Para was discussed in DAC meeting held on 19.12.2022. The DAC directed to constitute a monitoring team comprising of officers from the controlling department and the Directorate to visit the Mobile Units and submit report to Audit authorities.

No record was produced by the department in compliance of DAC decision till finalization of the report.

Audit recommends that the management may look into the matter and take necessary corrective measures for proper supervision and monitoring of the Mobile Hospitals Units.

(Para No. 7 of AIR 2019-22 MD&EHS)

1.4.28. Non-establishment of Disaster Risk Reduction (DRR) wing by PDMA

According to Rule 29 of the Provincial Disaster Management Authority Sindh (Conduct of Business) Rules 2016, the Authority may constitute such wings as may be expedient for carrying out the purpose of these rules as under:

- a) Finance & Administration Wing
- b) Operation & Planning Wing
- c) Disaster Risk Reduction Wing

Provincial Disaster Management Authority (PDMA) Sindh organogram showed a Wing titled “Disaster Risk Reduction” Wing headed by a Director.

During the audit of PDMA Sindh for the financial year 2021-22 it was observed that Disaster Risk Reduction Wing was not established despite having provision in the PDMA Rules of Business, 2016. The Disaster Risk Reduction Wing was essential for pre-disaster activities like mitigation and planning for future disasters and minimizing the risks and damages arising thereof. (**Annexure-VII**)

Audit held that DRR wing was essential for taking mitigatory measures and to help reducing the risk of disasters in future.

Initial audit observation was issued on 20.10.2022, but no response was received from the management.

The PAO was requested to convene DAC meeting vide letters dated 04.10.2022, 11.11.2022 and 01.02.2023, however, the meeting was not convened till finalization of this report.

Audit recommends that PDMA Sindh may establish the DRR Wing for taking up the pre-disaster activities in an organized manner.

(Para No. 10 of AIR 2021-22 PDMA, Sindh)

1.4.29. Non-holding of PDMA Board meetings as required under the rules

According to Section 3(5) of the Provincial Disaster Management Authority Sindh (Conduct of Business) Rules 2016, if an ex-officio member is unable to attend a Board meeting, he shall authorize an officer not below the rank of the Additional Secretary or equivalent to attend the meeting and take decision on his behalf.

Further, according to Section 7, the meeting of the Board shall be proposed by the Director General of the Authority. The Chairman shall convene the meetings of the Board, which shall meet twice in a Calendar year.

Provincial Disaster Management Authority (PDMA) Sindh convened 16th Board meeting on 17.11.2021 and minutes of the meeting were issued vide PDMA Sindh letter No. PDMA(S)/1491/2021/959 dated 23.12.2021.

During the audit of PDMA Sindh for the financial year 2021-22, it was observed that 16th Board meeting of PDMA was held on 17.11.2021, however, the composition of the Board as defined under Section 4 was not observed. **(Annexure-VIII)**

It was also observed that the required number of meetings were not held and only one meeting was held during the year 2021.

Audit held that the general direction and administration of the Authority and its affairs vested in the Board. The Board exercised all powers, perform functions and do all acts and things which may be exercised, performed or done by the Authority. Hence, meetings of Board without participation of the required officers and approval of the agenda items were not justified. Moreover, non-holding of Board meeting twice in a year was also a clear violation of rules.

Initial audit observation was issued on 20.10.2022, but no response was received from the management.

The PAO was requested to convene DAC meeting vide letters dated 04.10.2022, 11.11.2022 and 01.02.2023, however, the meeting was not convened till finalization of this report.

Audit recommends that PDMA Board meetings may be convened as per rules to ensure effectiveness of the sensitive organization dealing with disaster related activities.

(Para No. 11 of AIR 2021-22 PDMA, Sindh)

1.4.30. Improper management of relief items at PDMA warehouses

According to Rule 113 of Sindh Financial Rules, all material received should be examined, counted, measured or weighted as the case may be when delivery is taken and they should be kept in charge of a responsible Government servant who should be required to give a certificate that he actually received the materials and recorded them in his appropriate Stock Register.

Further, according to Rule 114 of Sindh Financial Rules, prescribes a detailed procedure for issuance of stock from the stores and necessary record keeping by the management.

Provincial Disaster Management Authority (PDMA) Sindh was maintaining two warehouses at Maripur Karachi for stockpiling of relief items. Posts of Deputy Director (Headquarter), Assistant Director (Admin), warehouse supervisor and Assistant Storekeeper were created to manage and to run the affairs of the warehouses smoothly.

During audit of PDMA Sindh for the financial year 2021-22, several shortcomings and discrepancies were observed in the record of relief items of the PDMA warehouses as detailed under:

- i. Stock register were not maintained in proper form depicting the entire relief items and held stock.
- ii. Initials of the staff receiving and issuing relief items were not found against the entries in stock registers.
- iii. The record of receipt (GRN/delivery challan) and issuance i.e. delivery notes, gate passes were not available on record.
- iv. No periodic stock checking and stock inspection was carried out.
- v. Details of staff deployed and segregation of duties was also not available.

Audit held that non-maintenance of stock registers of the relief items and poor warehouse management is likely to cause loss to the costly assets and items.

Initial audit observation was issued on 20.10.2022, but no response was received from the management.

The PAO was requested to convene DAC meeting vide letters dated 04.10.2022, 11.11.2022 and 01.02.2023, however, the meeting was not convened till finalization of this report.

Audit recommends that the management may maintain proper record of the relief items received and issued from the warehouses and improve upon the management of the PDMA warehouses.

(Para No. 17 of AIR 2021-22 PDMA, Sindh)

Chapter-2

Sindh Environmental Protection Agency under Environment Department, Sindh

2.1 Introduction

A. Environment, Climate Change & Coastal Development Department of Government of Sindh is the concerned department dealing with subject of environment and climate change in the province. The main agencies under the department include Sindh Environmental Protection Agency (SEPA) and Sindh Coastal Development Authority (SCDA).

The Sindh Environmental Protection Agency (SEPA) was established in 1989 having its Headquarters at Karachi and Regional Offices in Karachi, Hyderabad, Sukkur, MirpurKhas and Larkana. The major functions of EPA include protection, conservation, rehabilitation and improvement of the Environment; prevention and control of pollution; and promotion of sustainable development through enforcement of Environmental Laws.

Environmental Protection was a Federal subject, enacted through Pakistan Environmental Protection Act, 1997. However, after 18th Amendment in the Constitution of Islamic Republic of Pakistan, the subject of Environment was devolved to the provinces. Consequently, Sindh Province enacted the Sindh Environmental Protection Act, 2014 and developed rules and regulations for carrying the purposes of the Act.

The Sindh Coastal Development Authority (SCDA) was created through an Act of Sindh Provincial Assembly in 1994 for improvement, beautification and development of the coastal areas.

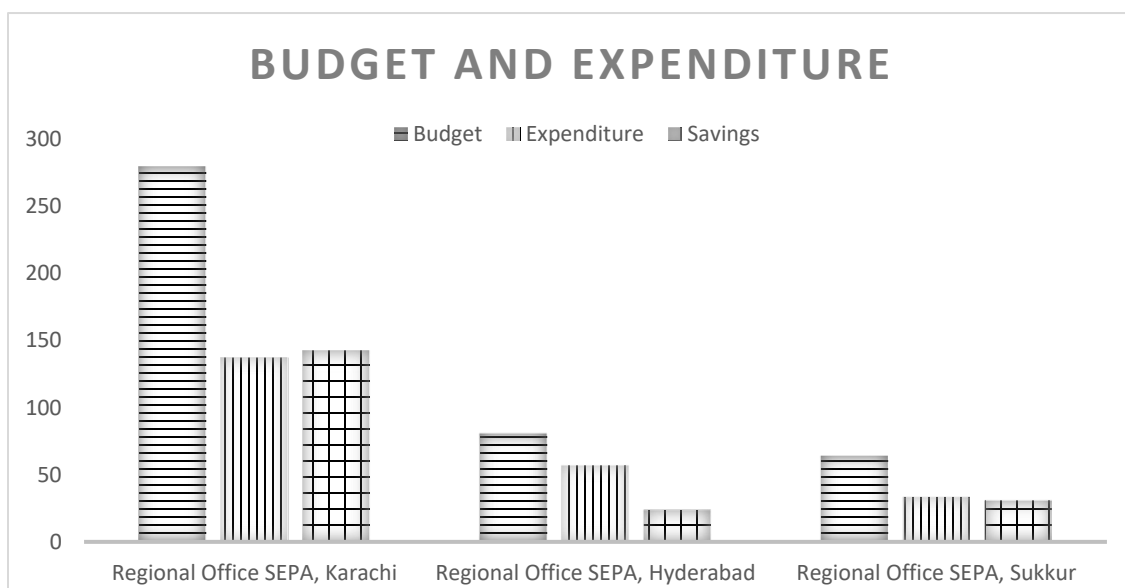
B. Comments on Budget & Accounts of audited entities (Variance Analysis)

(Rs. in million)

Sr. No.	Financial Year	Formations	Funds Released	Expenditure	Savings
1.	2021-22	Regional Office SEPA, Karachi	279.489	137.065	142.424
2.	2021-22	Regional Office SEPA, Hyderabad	80.700	56.865	23.835
3.	2021-22	Regional Office SEPA, Sukkur	64.277	33.463	30.814
Total			424.466	227.393	197.073

Source: expenditure and budget statements

The comparison of expenditure incurred vis-à-vis funds released to the regional offices of Environmental Protection Agency (SEPA) Sindh, graphically illustrated is as under:



C. Sectoral Analysis

The major functions of Sindh Environmental Protection Agency (SEPA) include protection, conservation, rehabilitation and improvement of the environment; prevention and control of pollution; and promotion of sustainable development through enforcement of environmental laws.

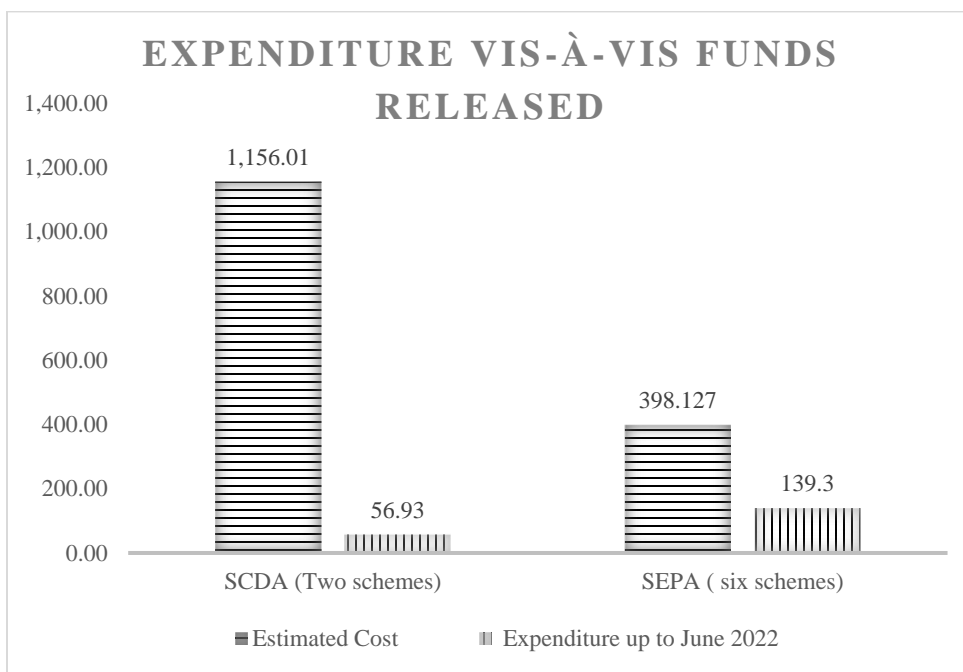
Sindh Coastal Development Authority (SCDA) is responsible for development projects on coastal areas of Sindh and the Authority has played a vital role for development of vast area of more than 15,000 square kilometers along 300 km long coast in Sindh. The Authority works under the administrative control of Secretary Environment, Climate Change and Coastal Development Authority, Government of Sindh.

Currently SEPA is executing Six ADP schemes, having an estimated cost of Rs. 398.127 million, while an expenditure amounting to Rs. 139.3 million was incurred upto 30th June 2022. The details of the schemes are as under;

- i. Study of Environmental & Health Impacts of Pesticides and Chemical Fertilizer in Sindh Province.
- ii. Strengthening of Environmental Monitoring System in EPA.
- iii. Environmental Awareness & Education for Conservation and Protection of Natural and Ecological Resources of Sindh.
- iv. Study of Ambient Air Quality in Major Urban Areas of Sindh.
- v. Construction of Additional Floor, Renovation and Rehabilitation of EPA Building at Hyderabad.
- vi. Construction of Additional Block, Renovation and Rehabilitation of EPA Building at Sukkur.

In case of SCDA, currently two schemes are in progress with an estimated cost of Rs. 1,156.01 million with an expenditure amounting to Rs. 56.93 million incurred upto 30th June 2022.

The financial progress of the development schemes of SEPA and SCDA is graphically illustrated as under:



Slow progress on the schemes related to environment as indicated above is mainly due to non-release of ADP funds by the Provincial Government in a timely manner. Therefore, it is essential that sufficient funds are provided by the Government for the ongoing ADP schemes to complete them as per the target dates.

Based on the audit findings of this report and previous audit reports it appears that Sindh Environmental Protection Agency (SEPA) and its regional offices, were not able to fully achieve their objectives as were conceived in the SEPA Act. SEPA laboratory was established in the province, however, the lab is not performing up to its full potential. The equipment is mostly outdated / out of order due to which the necessary testing cannot be performed properly resulting in weak enforcement of environmental laws in the province. Moreover, Regional Environmental Offices were established at Karachi, Hyderabad, Sukkur, Mirpur Khas and Larkana, however, these are not working properly due to non-appointment of staff and lack of proper infrastructure.

SEPA is required to take concrete steps and improve its monitoring mechanism and strengthen the existing enforcement regime. Further, lack of coordination between SEPA (Hqs) and its regional offices has also led to increased cases of non-compliance of environmental laws. SEPA is required to put in place a proper

coordination/mechanism between the Hqs and the regional offices for smooth functioning and implementation of SEPA Act and Regulations in letter and spirit for the betterment of the environment in the province.

Similarly, the SCDA is also lacking in taking up the environmental and coastal issues /challenges effectively. The Authority is required to adopt research-based strategies to understand and minimize environmental hazards and natural threats in the province.

Table I: Audit profile of Environment, Climate Change & Coastal Development Department of Government of Sindh

(Rs. in million)				
Sr. No	Description	Total Nos.	Audited	Expenditure audited FY 2020-21
1.	Formations	6	3	227.393
2.	<ul style="list-style-type: none"> • Assignment Account • SDAs • Sustainable Development Fund Account • Etc.(excluding FAP) 	1 Nil 1	Nil Nil Nil	-
3.	Authorities /Autonomous bodies etc. under the PAO	1	1	-
4.	Foreign Aided project (FAP)	Nil	-	-

2.2 Classified Summary of Audit Observations

Audit observations amounting to Rs. 12.712 million have been raised in this report pertaining to Sindh Environmental Protection Agency. Summary of the audit observations classified by nature is as under:

Table II: Overview of Audit Observations**(Rs. in million)**

Sr. No	Classification	Amount
1.	Public Service Delivery / Performance	-
2.	Irregularities	12.712
A	Procurement	3.492
3.	Financial Management	9.220

2.3 Brief Comments on the Status of Compliance with PAC Directives

This Directorate General Audit (CC&E) started auditing and reporting Environment related departments of the Government of Sindh since FY 2016-17. No Audit Report has been discussed in the PAC and no directives were issued.

2.4 AUDIT PARAS

Public Service delivery / Performance

2.4.1. Inordinate delay in finalization of environmental approval cases by Sindh EPA

According to Section 1 of Sindh Environmental Protection Agency Regulations 2014, the Agency shall make every effort to carry out its review of the environmental checklist within thirty days, IEE within sixty days and of the EIA within four months of issue of confirmation of completeness.

Further, according to Section 12 of Sindh Environmental Protection Agency Regulations 2021, the Agency shall make every effort to conclude its review process of the EA, EMP or environmental checklist within fifteen days, of the IEE within thirty days, and of the EIA within sixty days after receiving of complete case.

Regional Office Sindh Environmental Protection Agency, Karachi received cases of Environmental Impact Assessment (EIA) submitted by different proponents for approval of establishment and operationalization of new business/ economic ventures / units.

During audit of Regional Office Sindh Environmental Protection Agency, Karachi for the financial year 2019-2022, it was observed that the Agency had not finalized the cases of Environmental approvals (EIAs) as per timelines prescribed in the regulations. Details are as under:

S#.	Name of the proponent	Case submission date	Required period as per regulations	Status
1.	Reheela Enterprises	21.11.2019	4 month	Under process/ Not finalized
2.	Trans Asia Refinery Ltd	31.12.2019		
3.	MRK Developers	20.02.2020		
4.	OGDC	03.06.2020		
5.	ASF Foundation Secretariat	05.05.2020		
6.	Nabeel corporation	30.09.2020		
7.	Burj Al-Jannat	16.12.2020		

Audit held that non-finalization of EIA cases in time as required under the regulations was a serious lapse on part of the management which led to unchecked

activities by the proponents of the projects and resultant adverse implications on the environment.

Initial audit observation was issued on 05.08.2022, but no response was received from the management.

The PAO was requested to convene DAC meeting vide letters dated 19.09.2022, 26.10.2022, 08.11.2022, 17.11.2022 and 01.02.2023, however, the meeting was not convened till finalization of this report.

Audit recommends that all the submitted cases of environmental approvals i.e. IEE and EIA may be disposed strictly as per the timelines provided in the regulations.

(Para No.4 of AIR 2021-22 ROK, SEPA)

2.4.2. Non-renewal of license issued for handling and storage of hazardous chemicals and operation of certified labs

According to Rule 14(1) & 13(1) of the Hazardous Substance Rules, 2014, an application for renewal of license shall be submitted at least 30 days before the date of its expiry and accompanied by a brief update of the original environmental impact assessment, unless changes in circumstance require submission of a fresh copy of environmental impact assessment. A license should under Rule 7 be valid for a period of one year from the date of issue.

Further, according to Rule 13(2) & Rule 10(1) of the Sindh Environmental Quality Standards (Certification of Environmental Laboratories) Regulations, 2014 an application for renewal of certification shall be submitted at least 30 days before the date of its expiry and accompanied by a copy of the annual report of the activities including Environmental Audit report of environmental laboratory by third party. A certificate should under Regulation 8, unless suspended or revoked be valid for a period of two year from the date of issue.

Regional Office Sindh Environmental Protection Agency, Karachi issued 42 licenses to different proponents for handling of hazardous substance and 20 certificates were issued to private environmental labs for conducting testing and running their business in line with Sindh Environmental Protection Act.

During audit of Regional Office Sindh Environmental Protection Agency, Karachi for the financial year 2019-22, it was observed that the Agency did not took

cognizance of the expiry of the licenses and certificates issued in respect of hazardous substances and the proponents were running their activities with expired approvals.

It was further observed that neither the proponent submitted renewal application at least 30 days before the date of its expiry along with current compliance status nor the department imposed any penalty against the violators in line with the EPA Act 2014. Details are as under:

S#.	Name of the proponent	Detail	Validity period	Date of approval	Validity period date
1.	Noor Garments	HSMP	1 year	13.10.2020	12.10.2021
2.	M/s curro box	HSMP		23.12.2020	22.12.2021
3.	M/s Sardar Hosiery Processor (Pvt) Ltd.	HSMF		27.01.2021	26.1.2022
4.	M/s Archoroma Pakistan Ltd.	HSMF		18.02.2021	17.02.2022
5.	M/s Pak Petro chemical industries (Pvt) Ltd.	HSMF		28.04.2021	27.04.2022
6.	SGS Environmental Lab	LAB	2 years	26.07.2020	25.07.2022
7.	Global Environmental Lab	LAB		26.07.2020	25.07.2022
8.	HSE services	LAB		19.06.2020	18.06.2022
9.	ENVITECAL	LAB		10.06.2020	09.06.2022
10.	PERAC Research & Development Foundation	LAB		28.04.2020	27.04.2022

Audit held that non- submission of renewal application at least 30 days before the date of expiry and running the business unlawfully was a serious lapse resulting in poor monitoring, control and weak implementation of EPA rules.

Initial audit observation was issued on 05.08.2022, but no response was received from the management.

The PAO was requested to convene DAC meeting vide letters dated 19.09.2022, 26.10.2022, 08.11.2022, 17.11.2022 and 01.02.2023, however, the meeting was not convened till finalization of this report.

Audit recommends that matter may be looked into for remedial measures and action be taken against person(s) at fault. Besides, scrutiny and review of all approvals issued in respect of hazardous substances and Environmental lab may be made by the Agency.

(Para No.5 of AIR 2021-22 ROK, SEPA)

2.4.3. Operation/running of industries after expiry of NOCs

The NOC issued by Sindh Environmental Protection Agency (SEPA) in respect of Environment Management Plan (EMP) was valid for one year only.

Further, according to Section 14 (1) of SEPA Regulations 2021, every approval of an Environmental checklist (EC), Initial Environmental Examination (IEE) or Environmental Impact Assessment (EIA) or Environmental Management Plan (EMP) shall, in addition to such conditions as may be imposed by the Agency, be subject to the condition that the project shall be designed, constructed or operated and mitigatory and other measures adopted, strictly in accordance with the EC or IEE or EIA or EMP or EA, unless any variations thereto have been specified in the approval by the Agency.

Regional Office Sindh Environmental Protection Agency, Karachi issued approvals of Environmental Management Plans (EMP) to different stakeholder to adopt mitigation, monitoring and institutional measures during implementation and operation to eliminate adverse environmental and social impact or reduce them to acceptable levels.

During audit of Regional Office Sindh Environmental Protection Agency, Karachi for the financial year 2019-22, it was observed that the Agency did not took cognizance of the expiry of the validity period of NOCs issued in respect of EMP and the proponent were running the industries with expired NOCs.

It was further observed that neither the proponents submitted renewal cases along with current compliance status nor the department imposed any penalty against the violators in line with SEPA Act 2014. Details of some randomly selected cases are as under:

S No.	Name of the Proponent	Validity	NOC issued on	NoC expired on	Remarks
1.	M/s Hiranis Pharma Pvt. Ltd	1 year	09.11.2020	08.11.2021	Not renewed
2.	M/s Hudson Pharma Pvt. Ltd	1 year	04.01.2021	03.01.2022	
3.	M/s Artistic Milliner Pvt. Ltd	1 year	18.02.2021	17.02.2022	
4.	M/s National refinery	1 year	07.09.2020	06.09.2021	
5.	M/s Indus dying Co ltd	1 year	26.06.2020	25.06.2021	
6.	M/s Pak petro chemicals industries	1 year	07.09.2020	06.09.2020	
7.	M/s Jaffar Agro Serviced Pvt. Ltd	1 year	02.12.2020	01.12.2021	
8.	M/s Shaheen Mining Co.	1 year	13.01.2021	12.01.2022	

Audit held that operation of activities after expiry of NOC and inaction by the EPA was violation of Act and not justified.

Initial audit observation was issued on 05.08.2022, but no response was received from the management.

The PAO was requested to convene DAC meeting vide letters dated 19.09.2022, 26.10.2022, 08.11.2022, 17.11.2022 and 01.02.2023, however, the meeting was not convened till finalization of this report.

Audit recommends that the management may look into the matter of non-observance of EMP NOCs validity period. Besides, the department may revisit all the approval issued in respect of EMP and strict actions be taken against the violators.

(Para No. 6 of AIR 2021-22 ROK, SEPA)

2.4.4. Construction and operation of commercial/industrial units without obtaining environmental approvals

According to Section 17(1) of Sindh Environmental Protection Act 2014, no proponent of a project shall commence construction or operation unless he has filed with the Sindh Environmental Protection Agency an initial environmental examination or environmental impact assessment, and has obtained from the Sindh Environmental Protection Agency approval in respect thereof.

Further, according to Section 22(1), whoever contravenes or fails to comply with the provisions of Sections 11, 17, 18 and 21 or any order issued there under shall be punishable with a fine which may extend to five million rupees, for the damage caused to environment and in the case of a continuing contravention or failure, with an additional fine which may extend to one hundred thousand rupees for every day during which such contravention or failure continues.

Sindh Environmental Protection Agency received several cases for grant of approval of Environmental Impact Assessments (EIAs) the details of which are as under:

Sr. No.	Proponent Name	Date of submission of EIA	Date of Site Visit	Date of approval of EIA	Remarks
1.	NHA	28.09.2018	Nil	Nil	Project started without obtaining EIA and completed on 31.12.2019
2.	M/s Lacasa Builders	08.08.2018	10.09.2018	19.02.2020	Construction was started before obtaining EIA.
3.	M/s King Group Developers & Contractors	19.04.2021	27.05.2021	Nil	Construction started without grant of EIA.
4.	M/s Pakarab Fertilizers Limited	30.10.2018	Nil	Nil	NGO namely “SAT Foundation” lodged complaint that Construction started without obtaining EIA.
5.	M/s Zam Zam Arcade	Nil	14.11.2019	N.A.	In the public participation meeting, M/s EMC the consultant of the Proponent apprised in response to a question that only 20% of the high-rise buildings that are operating right now have submitted an EIA report to Sindh EPA.

During performance audit of Sindh Environmental Protection Agency related to approvals & clearances of IEEs / EIAs and post clearance monitoring during FY 2018-19 to 2020-21, it was observed that National Highway Authority (NHA) submitted EIA on 28.09.2018 (Sr. No. 1), however EPA did not follow up the case after submission of EIA and the project was completed on 31.12.2019 without obtaining EIA.

Similarly, construction of projects indicated at Sr. No. 2 & 3 was started without obtaining EIA. Further, an NGO lodged a complaint that the construction of project at Sr. No. 4 was started without EIA. Moreover, in a public hearing conducted on 14.11.2019, the representative of M/s EMC (consultant) apprised SEPA that only 20% of the operational high-rise buildings submitted EIA (Sr. No. 5).

Audit held that commencement of projects and non-imposition of penalty upon the violators was not justified having serious implications for the environment in the province.

The observation was issued to the management on 25.03.2022, however, no response was received.

DAC meeting was not convened by the PAO till finalization of this report despite repeated requests. Last reminder was issued on 01.02.2023.

Audit recommends that EPA may improve upon its processes and initiate necessary penal action against the units and projects operating without necessary environmental approval and causing damage to the environment.

(Para No. 5.6 of Performance Audit Report on approvals & clearances of IEE/ EIA and post clearance monitoring during last three years by Sindh EPA AY 2021-2022)

2.4.5. Non-obtaining Environmental Monitoring Reports from Industrial Units

According to Section (11)(2) of Sindh Environmental Protection Act 2014, all persons, in industrial or commercial or other operations, shall maintain monitoring records for such compliances; shall make available these records to the authorized person for inspection; and shall report or communicate the record to the Agency as required under any directions issued, notified or required under any rules and regulations.

During special study of Sindh Environmental Protection Agency related to reduction of industrial pollution in Karachi for the Audit Year 2021-22, it was observed that EPA had approved Environmental Management Plans (EMP) of various industrial units. However, the environmental monitoring reports as a part of EMPs to be provided by the industrial units were neither obtained nor cross examined through field visits. **(Annexure-IX)**

Audit held that non-availability of environmental monitoring reports of the industrial undertakings and absence of any cross examination and review by EPA of such reports had serious implications towards overall environmental conservation in the province.

The observation was issued to the management on 05.04.2022, however, no response was received.

DAC meeting was not convened by the PAO till finalization of this report despite repeated requests. Last reminder was issued on 01.02.2023.

Audit recommends that monitoring reports of all industrial units may be obtained, reviewed and cross verified for effective environmental control and follow-up measures.

(Para No. 5.15 of Special Study on regulatory framework, monitoring and implementation mechanism for reduction of industrial pollution in Karachi AY 2021-2022)

2.4.6. Non framing of rules for imposition of ‘pollution charges’ on industrial units causing pollution

According to Section 6(1)(l) of Sindh Environmental Protection Act 2014, the Agency shall identify the needs for and initiate legislation in various sectors of the environment.

The Federal Government had notified the Pollution Charges of Industry (Calculation and Collection) Rules, 2001 which provides guidelines for determination, calculation and collection of fines on industries for violating the National Environmental Quality Standards (NEQS).

During special study of Sindh Environmental Protection Agency related to reduction of industrial pollution in Karachi for the Audit Year 2021-22, it was observed that Sindh EPA had neither prepared nor notified rules regarding imposition of ‘Pollution Charges’ in the province.

Audit held that non-framing of rules resulted into non-imposition of pollution charges on the industries causing pollution and adversely affecting the enforcement of environmental laws and regulations in Sindh province.

The observation was issued to the management on 05.04.2022, however, no response was received.

DAC meeting was not convened by the PAO till finalization of this report despite repeated requests. Last reminder was issued on 01.02.2023.

Audit recommends that necessary rules regarding imposition of Pollution Charges on the industries may be framed, notified and enforced.

(Para No. 5.19 of Special Study on regulatory framework, monitoring and implementation mechanism for reduction of industrial pollution in Karachi AY 2021-2022)

2.4.7. Inaction by EPA for non-availability of Waste Water Treatment Plants in Sugar Mills

According to Section (17) of Sindh Environmental Protection Act 2014, no proponent of a project shall commence construction and operation unless he has filed with the agency an initial environmental examination or where the project is likely to cause an adverse environmental effect, an environmental impact assessment, and has obtained environmental approval from the agency. Environmental approvals are granted after examination and field visits besides continuing monitoring to ensure the compliance of EPA laws/rules etc.

Further, according to Section 22(1) of the Act, whoever contravenes or fails to comply with the provisions of sections 11, 17, 18 and 21 or any order issued there under shall be punishable with a fine which may extend to five million rupees, to the damage caused to environment and in the case of a continuing contravention or failure, with an additional fine which may extend to one hundred thousand rupees for every day during which such contravention or failure continues.

Regional Office Sindh Environmental Protection Agency, Hyderabad provided a list of 14 Sugar mills operating in the jurisdiction of Regional Office Hyderabad.

During the audit of Regional Office Sindh Environmental Protection Agency, Hyderabad for the financial year 2020-22, it was observed that waste water treatment plants were not available in 09 sugar mills out of 14 mills in the region. The department neither initiated any action nor imposed penalty upon the violators. Details are as under:

S. No	Name of Sugar Mill	Status of Treatment Plant	Remarks
1.	M/s. Ansari, Sugar Mill	Non-available	No action taken against the violators /no EPO issued against the violators
2.	M/s. Sindh Abadagar, Sugar Mill	Available/Functional	
3.	M/s. Faran, Sugar Mill	Available/Functional	
4.	M/s. Matyari, Sugar Mill	Available/Functional	
5.	M/s. Bhawany, Sugar Mill	Non-available	
6.	M/s. Army, Sugar Mill	Non-available	
7.	M/s. Khoshki, Sugar Mill	Non-available	
8.	M/s. Mehran, Sugar Mill	Available/Functional	
9.	M/s. Tando Allahyar, Sugar Mill	Non-available	
10.	M/s. Chamber, Sugar Mill	Non-available	
11.	M/s. Shah Murad, Sugar Mill	Available/Functional	
12.	M/s. Dewan, Sugar Mill	Non-available	
13.	M/s. Laar, Sugar Mill	Non-available	
14.	M/s. Dadu, Sugar Mill	Non-available	

Audit held that non-availability of waste water treatment plants in the mills was not justified leading to environmental degradation as wastewater contributed towards contamination and destruction of natural habitats and wildlife exposing them to harmful chemicals.

Initial audit observation was issued on 22.07.2022, but no response was received from the management.

The PAO was requested to convene DAC meeting vide letters dated 19.09.2022, 26.10.2022, 08.11.2022, 17.11.2022 and 01.02.2023, however, the meeting was not convened till finalization of this report.

Audit recommends that EPA may take remedial measures by initiating strict action against the violators / polluters in line with Sindh EPA Act.

(Para No.13 of AIR 2021-22 ROH, SEPA)

2.4.8. Non-publication of Annual Environmental Report on the state of environment in the province

According to Section 6(1)(d) of Sindh Environmental Protection Act 2014, the Agency shall prepare and publish an Annual Sindh Environmental Report on the state of the environment in the province.

The Sindh Environmental Protection Agency was required to prepare its annual environmental report each year as required under the Act.

During performance audit of Sindh Environmental Protection Agency related to approvals & clearances of IEEs / EIAs and post clearance monitoring during FY 2018-19 to 2020-21, it was observed that Sindh EPA did not prepare and publish annual Environment Report.

Audit held that due to non-preparation and non-publication of Annual Sindh Environmental Report, the state of the environment in the province could not be assessed and reviewed for any corrective measures and introduction of new initiatives.

The observation was issued to the management on 25.03.2022, however, no response was received.

DAC meeting was not convened by the PAO till finalization of this report despite repeated requests. Last reminder was issued on 01.02.2023.

Audit recommends that annual Sindh Environmental Report may be prepared and published by Sindh EPA enabling the stakeholders to review the policies related to environment in the province.

(Para No. 5.1 of Performance Audit Report on approvals & clearances of IEE/ EIA and post clearance monitoring during last three years by Sindh EPA AY 2021-2022)

2.4.9. Change in land use in Karachi without undertaking EIA and Cumulative Impact Assessment by EPA Sindh

According to Rule 4(1) of the Sindh Environmental Protection Agency (Strategic Environmental Assessment) Rules 2015, all policies, plans or programs developed by Government Departments shall undergo strategic environmental assessment.

Further, according to Rule 4(6), the Agency or relevant government department may undertake cumulative environmental assessment studies in cases where two or more proposed or existing projects within a specific region may have potentially adverse cumulative impacts on the environment and human health. Moreover, Rule 5 provides that the Agency shall develop and issue guidelines and methodologies for undertaking strategic environmental assessment and cumulative impact assessment.

The Sindh Environmental Protection Agency communicated its concerns to the Sindh Building Control Authority; Karachi Development Authority; Defence Housing Authority and all Cantonments of Karachi on 03.03.2017 and 26.03.2019 regarding chaotic condition on roads of Karachi due to road commercialization and land use change policy whereby a number of roads were commercialized without conducting Environmental Impact Assessment.

During performance audit of Sindh Environmental Protection Agency related to approvals & clearances of IEEs / EIAs and post clearance monitoring during FY 2018-19 to 2020-21, it was observed that no action was taken by Sindh EPA after issuance of the said communication to the relevant departments. Besides, approval of EIA of different projects were granted in violation of EPA Act and without considering the issues raised by EPA on 03.03.2017 and 26.03.2019.

Audit held that the non-conducting of environmental review on account of land use change policy and roads commercialization and approval of the projects without evaluation of cumulative impact of all alteration in land use had serious consequences for the environment.

The observation was issued to the management on 25.03.2022, however, no response was received.

DAC meeting was not convened by the PAO till finalization of this report despite repeated requests. Last reminder was issued on 01.02.2023.

Audit recommends that any future approvals related to change in land use in Karachi and commercialization may only be issued after undertaking strategic environmental assessment and cumulative impact assessment by EPA.

(Para No. 5.4 of Performance Audit Report on approvals & clearances of IEE/ EIA and post clearance monitoring during last three years by Sindh EPA AY 2021-2022)

2.4.10. Non-declaration of ‘environmentally sensitive areas’ in the province by Sindh EPA

According to Rule 23 (1) of Sindh Environmental Protection Agency (Review of Initial Environmental Examination and Environmental Impact Assessment) Regulations, 2014, the Agency may, by notification in the official Gazette, designate an area to be an environmentally sensitive area. Further, Rule 23 (2) provides that the Agency may from time to time issue guidelines to assist proponents and other persons

involved in the environmental assessment process to plan and prepare projects located in environmentally sensitive areas.

The Sindh Environment Protection Agency was required to notify the environmentally sensitive areas in the province in pursuance of the regulations.

During performance audit of Sindh Environmental Protection Agency related to approvals & clearances of IEEs / EIAs and post clearance monitoring during FY 2018-19 to 2020-21, it was observed that the Agency neither notified environmentally sensitive areas nor issued any guidelines to assist toward planning and preparation of projects located in environmentally sensitive areas.

Audit held that non-declaration of environmentally sensitive areas in the province by Sindh EPA was violation of the regulations resulting in lack of required planning and due diligence required in initiating projects in such areas.

The observation was issued to the management on 25.03.2022, however, no response was received.

DAC meeting was not convened by the PAO till finalization of this report despite repeated requests. Last reminder was issued on 01.02.2023.

Audit recommends that the environmentally sensitive areas may be notified by the Agency and guidelines may be issued accordingly to regulate projects in such areas.

(Para No. 5.5 of Performance Audit Report on approvals & clearances of IEE/ EIA and post clearance monitoring during last three years by Sindh EPA AY 2021-2022)

2.4.11. Non-implementation of directions of Judicial Commission (Water) on installation of treatment plants and septic tanks in industries of Karachi

According to Final Report of the Judicial Commission (Water) dated 07.02.2019, water/wastewater treatments plants were required to be installed by the industries.

According to survey of industrial zones at Karachi conducted by Sindh EPA, it was pointed out that a number of industries required installation of waste water treatment plants and pre-treatment / septic tanks for the treatment of waste water. Accordingly, Commission directed the owners / concerned industrial association and EPA to install waste water treatment plants and septic tanks within a period of four (04) and two (02) months' time respectively. Details are as under:

Name of Industrial Area	Date of visit of Judicial Commission	Total No. of industries	No. of WW treatment plants required to be installed	Industrial units required to install pretreatment / septic tanks	Remarks
SITE Industrial Area	--	2,397	654	1,743	Judicial commission granted 4 months' time to install the waste water treatment plant and pretreatment / septic tanks.
Federal B Area	04.09.2018	117	31	71	4 months' time to install waste water treatment plant and 2 month time to install septic tanks.
Ibrahim Haidari Industrial Area	03.09.2018	68	02	66	4 months' time to install waste water treatment plant and 2-month time to install pre-treatment / septic tank, in case of failure the factory shall be sealed.
Port Qasim Industrial Area	25.06.2018 09.07.2018	285	31	38	4 months' time for water treatment plant and 2-month time for septic tank.
North Karachi Industrial Area	04.09.2018	175	34	115	
Total		3,042	752	2,033	

During special study of Sindh Environmental Protection Agency related to reduction of industrial pollution in Karachi for the Audit Year 2021-22, the Sindh EPA was requested to provide compliance of the directions of Judicial Commission i.e. status of installation of wastewater treatment plants and pre-treatment / septic tanks. However, no update regarding compliance to directives of Judicial Commission was produced and available on record.

Audit held that operation of industrial units without wastewater treatment plants and pre-treatment / septic tanks caused discharge of untreated industrial waste water

into sewerage system resulting in environmental hazard and violation of recommendations of Judicial Commission (water).

The observation was issued to the management on 05.04.2022, however, no response was received.

DAC meeting was not convened by the PAO till finalization of this report despite repeated requests. Last reminder was issued on 01.02.2023.

Audit recommends that wastewater treatment plants and pre-treatment / septic tanks may be installed by the defaulting industries for control over industrial pollution and compliance to the directions of judicial commission.

(Para No. 5.17 of Special Study on regulatory framework, monitoring and implementation mechanism for reduction of industrial pollution in Karachi AY 2021-2022)

2.4.12. Unlawful construction of high rise buildings without environmental approval and running of stone crushing plants in Hyderabad region

According to Section (17) of Sindh Environmental Protection Act 2014, no proponent of a project shall commence construction and operation unless he has filed with the agency an initial environmental examination or where the project is likely to cause an adverse environmental effect, an environmental impact assessment, and has obtained environmental approval from the agency.

Further, according to Section 22(1) of Sindh Environmental Protection Act 2014, whoever contravenes or fails to comply with the provisions of sections 11, 17, 18 and 21 or any order issued there under shall be punishable with a fine which may extend to five million rupees, to the damage caused to environment.

Regional Office Sindh Environmental Protection Agency, Hyderabad, provided a list of 41 builders and 48 stone crushers falling under the jurisdiction of Hyderabad region. The proponents were running their businesses without necessary environmental approval by EPA. The teams of the Agency visited the projects and issued Environment Protection Orders (EPOs) against the violators on 24.02.2022.

During audit of Regional Office Sindh Environmental Protection Agency Hyderabad for the financial year 2020-22, it was observed that in case of high rise buildings, the builders/proponents were continuously running their business in violation of Section 17 of Sindh EPA Act 2014 and neither sought approval/NOC nor applied for seeking mandatory approval from the Agency.

It was also observed that Environmental Management Plan (EMP) was also not submitted by proponents within the given time lines. Similarly, the stone crushing plants were also operating in the region unchecked.

Audit held that operation of businesses without environmental approval and non-submission of EMP was a violation of Sindh EPA Act, 2014 resulting into unchecked activities leading to environmental degradation.

Moreover, the continuous discharge of environmental pollutant from stone crushing plant in shape of gaseous emission, dust particles and particulate matter (PM) into the ambient air was a major cause of pollution. Inaction by EPA on this account was not justified.

Initial audit observation was issued on 22.07.2022, but no response was received from the management.

The PAO was requested to convene DAC meeting vide letters dated 19.09.2022, 26.10.2022, 08.11.2022, 17.11.2022 and 01.02.2023, however, the meeting was not convened till finalization of this report.

Audit recommends that strict action may be taken against the violator of EPA Act and penalty may be imposed. Besides, the cases may be submitted to Environmental Protection Tribunal (EPT) for necessary penal action.

(Para No.12 of AIR 2021-22 ROH, SEPA)

2.4.13. Issuance of environmental approvals without due diligence in public hearings and expert committee meetings

According to Rule 11(5) of Sindh Environmental Protection Agency (Review of Initial Environmental Examination and Environmental Impact Assessment) Regulations 2014, all comments received by the Agency from the public or any Government Agency shall be collated, tabulated and duly considered by it before decision on the EIA.

Further, according to Rule 12(2), the Agency shall consult such Committee of Experts be constituted for the purpose by the Director General.

Sindh Environmental Protection Agency (SEPA) granted environmental approvals to different proponents on account of Environmental Impact Assessment (EIA) during the financial years 2018-21.

During performance audit of Sindh Environmental Protection Agency related to approvals & clearances of IEEs / EIAs and post clearance monitoring during FY 2018-19 to 2020-21, it was observed that public hearing meetings were convened during the financial years 2018-21, but the minutes of the public hearing meetings were not signed. Similarly, the minutes of Expert Committee meetings were placed in the files but these were not signed by the members of the committee.

It was also observed that in some cases, the minutes of public hearing and expert committee meetings were not prepared and were missing in EIA/IEE files. { **Annexure-X (A & B)** }.

Audit held that without availability of signed minutes of the public hearing and Expert Committee meetings, approvals granted were unauthentic.

The observation was issued to the management on 25.03.2022, however, no response was received.

DAC meeting was not convened by the PAO till finalization of this report despite repeated requests. Last reminder was issued on 01.02.2023.

Audit recommends that the Agency may ensure to properly record the proceedings of public hearings and Expert Committee meetings in future so as to ensure transparency of the proceedings.

(Para No. 5.8 of Performance Audit Report on approvals & clearances of IEE/ EIA and post clearance monitoring during last three years by Sindh EPA AY 2021-2022)

2.4.14. Grant of environmental approvals for hazardous waste disposal and treatment without Environmental Impact Assessment (EIA)

According to Rule 5(1) of Hazardous Substance Rule 2014, an application for grant of license shall be accompanied by an environmental impact assessment of the project or industrial activity involving generation, collection, storage, handling or import of a hazardous substance in respect of which the license is sought.

Further, according to Schedule-II of Rule 4 of IEE/EIA Regulations 2014, projects of waste disposal and treatment need EIA.

Sindh Environmental Protection Agency issued environmental approvals on account of generation, collection, storage, handling or import of a hazardous substance

and waste disposal and treatment. Detail of some environmental approvals issued by SEPA is as under:

Sr. No.	Firm Name	Tracking Number	Date
1.	M/s Global Environmental Lab Pvt Limited	ROK/GE-116/274/19	04.03.2019
2.	M/s. BSN Medical (Pvt) Ltd	Nil	02.04. 2019
3.	M/s Ali Co. Waste Experts	ROK/GF-01/1324/2016	Nil
4.	M/s MIND Waste Management Company.	ROK/GF-329/590-17	Nil
5.	M/s Waste Land Private Ltd.	ROK/GF-23/1981/19	Nil
6.	M/s. Denim International Garment Division	Nil	02.04.2019
7.	M/s Unique Plastic Disposal	ROK/GF-40/65/19	16.01.2019
8.	M/s. MHS Enterprises	ROK/GF-719/954/19	09.08.2019
9.	M/s. Crystal Processing	Nil	07.03.2019
10.	M/s Green Land Waste Solution	ROK/GF-734/1034/19	17.09.2019
11.	M/s. RAJBY Textiles (Pvt) Limited	Nil	02.04.2019
12.	M/s D-Tech Waste Solution	LAB/GF-382/589/19	09.05.2019
13.	M/s. TNB Liberty Power Limited	Nil	25.04.2019

During performance audit of Sindh Environmental Protection Agency related to approvals & clearances of IEEs / EIAs and post clearance monitoring during FY 2018-19 to 2020-21, it was observed that while issuing NOC/approval for disposal of waste, Environmental Impact Assessments (EIA) were not carried by SEPA and NOCs were granted without observing provision of SEPA Act and the rules made there under.

Audit held that the issuance of environmental approvals without EIA was undue favour to the proponents having serious implications for environment.

The observation was issued to the management on 25.03.2022, however, no response was received.

DAC meeting was not convened by the PAO till finalization of this report despite repeated requests. Last reminder was issued on 01.02.2023.

Audit recommends that matter of violation of prescribed procedure and mandatory requirement of EIA may be probed through a fact finding inquiry. Moreover, EIA may be carried out in respect of all cases as prescribed in the rules.

(Para No. 5.11 of Performance Audit Report on approvals & clearances of IEE/ EIA and post clearance monitoring during last three years by Sindh EPA AY 2021-2022)

2.4.15. Non-availability of complete database of industrial units with Sindh EPA

According to Rule 4 of Sindh Environmental Quality Standards (Self-Monitoring and Reporting by Industry) Rules 2014, on the basis of pollution level of

an industrial unit, the Director General shall classify the industrial units into category “A”, “B”, or “C” for liquid effluents, and category “A” or “B” for gaseous emissions.

Further, according to the Judicial Commission (Water) Report dated 07.02.2019, SEPA was directed to carry out complete survey of all industrial areas, categorize the units and prepare a data-base for effective monitoring and control. The task was required to be completed by June 2019.

Sindh Environmental Protection Agency (SEPA) Karachi, on the directions of Judicial Commission (Water), carried out a survey and registered industrial units in different industrial area / zones of Karachi. The industrial units registered by SEPA are as under:

Sr. No.	Name of Industrial estate / zone	Number of industrial units
1.	SITE Industrial Area Karachi	2,397
2.	Korangi Industrial Area	600
3.	Port Qasim Industrial Area	285
4.	Site Super Highway	275
5.	Export Processing Zone	253
6.	North Karachi Industrial Area	175
7.	Federal B. Industrial Area	117
8.	Landhi Industrial Area	102
9.	Ibrahim Haidari	68
10.	Fish Processing Unit (Karachi Fish Harbour)	34
11.	Fish Processing Unit (Korangi Fish Harbour)	06
Total		4,312

During special study of Sindh Environmental Protection Agency related to reduction of industrial pollution in Karachi for the Audit Year 2021-22, it was observed as under:

- i. The database of SEPA was incomplete. SEPA had registered 4,312 industries / industrial units in different industrial estates of Karachi. However, different reports / surveys showed the number of industries / industrial units in Karachi ranging from 6,000 to 14,000.
- ii. The industrial units registered with SEPA were not classified and categorized into category “A”, “B”, or “C” as provided in Rule 4 ibid.
- iii. No data / record of industrial units operating / established in residential areas of Karachi was available on record.

Audit held that non-maintenance of complete database of industrial units in Karachi resulted into non-implementation of the directions of the Judicial Commission (water). Further, in absence of complete database and categorization, effective monitoring of industries and control over pollution was not possible.

The observation was issued to the management on 05.04.2022, however, no response was received.

DAC meeting was not convened by the PAO till finalization of this report despite repeated requests. Last reminder was issued on 01.02.2023.

Audit recommends that a detailed survey may be carried out to register all industrial units operating in industrial areas / zones of Karachi. Moreover, proper categorization of industrial units may be made for effective monitoring of environmental pollution by Sindh EPA.

(Para No. 5.2 of Special Study on regulatory framework, monitoring and implementation mechanism for reduction of industrial pollution in Karachi AY 2021-2022)

2.4.16. Non monitoring of air pollution by Sindh EPA due to non-functional Air Monitoring Stations

Pakistan Environmental Protection Agency (Pak-EPA) established Mobile Air Monitoring Stations in five major cities of Pakistan i.e. Islamabad, Karachi, Quetta, Lahore and Peshawar during 2007. A National Database Surveillance Center (NDSC) was established at the Central Laboratory for Environmental Analysis and Networking (CLEAN) at Pak-EPA. Functions of NDSC were to calculate the average data for each parameter received from stations and compare these with the ambient air quality standards.

Further, two (02) fixed air monitoring units were also installed at Karachi (One at SEPA Head Office building at Korangi industrial area and 2nd at DC office Central Karachi). These monitoring stations had two functions:

- i. To collect and carry samples to an analytical laboratory, and
- ii. To analyze the basic parameters and necessary treatment of samples before carrying these to a laboratory for detailed analysis.

During special study of Sindh Environmental Protection Agency related to reduction of industrial pollution in Karachi for the Audit Year 2021-22, it was observed

that the air monitoring stations in Karachi, (both fixed and mobile) were found non-functional resulting in non-monitoring of air pollution.

Audit further observed that:

- i. Both the fixed air monitoring stations were not non-functional since 2018 and as such no air monitoring was being carried out at all.
- ii. Mobile air monitoring station received from Pak-EPA was also non-functional and parked in the premises of SEPA Head office in run-down condition.
- iii. Another Air Quality Monitoring Unit (mobile van) was also found parked in rundown condition. However, no detail of this mobile air monitoring station was available on record.
- iv. The status of data collection and analysis equipment whether functional or non-functional was not maintained.

Audit held that due to non-functional equipment, the air pollution of industrial units was not being monitored by Sindh EPA resulting in inaction against the polluters leading to environmental degradation.

The observation was issued to the management on 05.04.2022, however, no response was received.

DAC meeting was not convened by the PAO till finalization of this report despite repeated requests. Last reminder was issued on 01.02.2023.

Audit recommends that necessary corrective measures may be taken to bring the fixed and mobiles air monitoring units in working condition. Further, the record of all equipment provided may be maintained/ updated and their functionality for air pollution monitoring may be ensured.

(Para No. 5.8 of Special Study on regulatory framework, monitoring and implementation mechanism for reduction of industrial pollution in Karachi AY 2021-2022)

2.4.17. Non conducting of post monitoring of environmental approvals issued to industrial and commercial concerns

According to Section 19(1) of Sindh Environmental Protection Act 2014, the Agency shall carry out or arrange environmental monitoring of all projects in respect

of which it has approved an initial environmental examination or environmental impact assessment to determine whether the actual environmental impact exceeds the level predicted in the assessment and whether the conditions of the approval are being complied with.

Regional Office Sindh Environmental Protection Agency, Karachi granted approvals of Initial Environmental Examination (IEE) and Environmental Impact Assessment (EIA) of industrial and commercial units for establishment and operationalization of new business / economic ventures. The approvals granted to the proponents was subject to certain conditions to be complied during construction and operational phases i.e. the proponent were required to ensure compliance with the Sindh Environmental Quality Standards (SEQS) and adopt mitigation measures suggested in the EIA/IEE report and Environmental Management Plan (EMP).

During audit of Regional Office Sindh Environmental Protection Agency, Karachi for the financial year 2019-22, it was observed that the Regional Office did not carried out post monitoring to check compliance of the conditional approvals.

It was further observed that Sindh EPA did not frame any regulations, SOPs or guidelines to monitor whether the proponents were complying with the conditions of approvals and Environmental Quality Standards for ambient air, drinking water, noise etc. Further, it was also observed that it was solely at the discretion of the District Officer concerned to select the units for monitoring and when to monitor and whether to forward the Site Inspection Report (SIR) to EPA Hqs or not.

Audit held that without any documented regulations / SOPs and monitoring system in place, the whole process of submission of IEE and EIA and grant of approvals was ineffective resulting in non-implementation of the conditions laid down at the time of the grant of environmental approvals.

Initial audit observation was issued on 05.08.2022, but no response was received from the management.

The PAO was requested to convene DAC meeting vide letters dated 19.09.2022, 26.10.2022, 08.11.2022, 17.11.2022 and 01.02.2023, however, the meeting was not convened till finalization of this report.

Audit recommends that regulations / SOPs/ guidelines and a proper mechanism may be developed to monitor that proponents are complying with the conditions of

environmental approvals. Moreover, regular site visits and monitoring may be carried out to ensure compliance of Environmental Laws and condition contained in the respective environmental approvals.

(Para No.1 of AIR 2021-22R0K, SEPA)

2.4.18. Lack of optimal functioning of Sindh EPA Lab

According to Rule 2(g) of the Sindh Environmental Quality Standards (certification of environmental laboratories) Regulations, 2014, Laboratories means any premises equipped to conduct scientific and technical experiments, tests, analysis, studies, investigation.

Further, according to Rule 3(d), the function of an environmental laboratory shall be to carry out such experiments, studies and investigations as may be required by the Agency to monitor and enforce and where necessary to propose revision of the Sindh Environmental Quality Standards.

Regional Office Sindh Environmental Protection Agency, Karachi established a laboratory in EPA complex, Karachi being operated by Deputy Director Lab along with one Lab supervisor, one Lab technician and three junior clerks.

During audit of Regional Office Sindh Environmental Protection Agency, Karachi for the financial year 2019-22, it was observed that the Agency was not able to properly run the environmental laboratory. The lab conducted nominal testing for drinking and waste water during 2019-21, while no testing was carried out at all during 2022. Similarly, neither any research and development work was being carried out nor sampling testing and analysis of effluents, gaseous emission, air quality and waste was carried out in accordance with the EPA rules and regulations. The details of testing carried out by the lab in last four (04) are as under:

S. No.	Description	No. of tests carried out			
		2019	2020	2021	2022
1.	Drinking water	10	42	04	Nil
2.	Waste water	06	06	09	
3.	Air quality	0	0	0	

Audit held that expenditure incurred for establishment of Sindh EPA environmental laboratory and also recurring expenditure was not justified due to non-fulfillment of its assigned tasks and objectives as conceived in the 2014 Regulations.

The observation was issued on 05.08.2022, but no response was received from the management.

The PAO was requested to convene DAC meeting vide letters dated 19.09.2022, 26.10.2022, 08.11.2022, 17.11.2022 and 01.02.2023, however, the meeting was not convened till finalization of this report.

Audit recommends that Sindh EPA may take concrete steps to fully operationalize the lab for conducting scientific and technical experiments, tests, analysis, studies and investigations as conceived.

(Para No.8 of AIR 2021-22 ROK, SEPA)

Procurement

2.4.19. Irregular expenditure without open tendering - Rs. 2.307 million

According to Rule 12 of the Sindh Public Procurement Rules 2010, the procuring agency shall not split or package a procurement plan with the intention to shorten or facilitate the procurement process or approval mechanism.

Further, according to Rule 17(1), procurements over three hundred thousand rupees and up to two million rupees shall be advertised by timely notifications on the Authority's website and may in print media in the manner and format prescribed in these rules.

Regional Office Sindh Environmental Protection Agency, Karachi incurred an expenditure amounting to Rs. 2.307 million on account of purchase of machinery & equipment, hardware, furniture & fixture and medical stores.

During audit of Regional Office Sindh Environmental Protection Agency, Karachi, for the financial year 2019-22, it was observed that, the department incurred expenditure through quotations without open tendering in violation of rules. **(Annexure-XI)**

It was further observed that:

- i. The said items were procured without any demand/ need assessment.
- ii. Supply orders were not issued.
- iii. Delivery challans were not available on record.
- iv. Items were neither taken on stock register / stock book nor issuance / distribution record was prepared.

Audit held that procurement of items in violation of public procurement rules was a serious lapse on the part of the management.

Initial audit observation was issued on 05.08.2022, but no response was received from the management.

The PAO was requested to convene DAC meeting vide letters dated 19.09.2022, 26.10.2022, 08.11.2022, 17.11.2022 and 01.02.2023, however, the meeting was not convened till finalization of this report.

Audit recommends that the Agency may strictly adhere to Sindh Public Procurement Rules 2010 while making procurements.

(Para No.10 of AIR 2021-22 ROK, SEPA)

2.4.20. Purchase of furniture without requirement through quotations - Rs. 1.185 million

According to Rule 12 of the Sindh Public Procurement Rules 2010, the procuring agency shall not split or package a procurement plan with the intention to shorten or facilitate the procurement process or approval mechanism.

Further, according to Rule 17(1), procurements over three hundred thousand rupees and up to two million rupees shall be advertised by timely notifications on the Authority's website and may in print media in the manner and format prescribed in these rules.

Regional Office Sindh Environmental Protection Agency, Hyderabad, incurred an expenditure amounting to Rs. 1.185 million on account of purchase of furniture and fixture.

During the audit of Regional Office Sindh Environmental Protection Agency Hyderabad for the financial year 2020-22, it was observed that department incurred expenditure on procurement of office furniture without open tender in violation of procurement rules.

It was further observed that the said furniture was purchased without any demand / need assessment and the same was dumped at Regional Office Hyderabad and was not distributed in the districts till date of audit i.e. October, 2022. **(Annexure-XII)**

Audit held that the procurement of furniture without need assessment and in violation of public procurement rules was a serious lapse on the part of the management which deprived the department of competitive rates.

Initial audit observation was issued on 22.07.2022. In response management replied that the office furniture of EPA Regional Office, Hyderabad had become old and mostly was irreparable. Keeping in view the urgency of work and dire need of office furniture from time to time, it was essential to provide furniture to officers and officials for smooth working of the office. Besides this, maximum efforts were made to procure the office furniture after obtaining quotations from different suppliers as prescribed in the Rules. Furthermore, officers would also be appointed through SPSC in near future as the interviews had been conducted and the remaining furniture was safely kept in store that would be provided to the appointed staff.

The PAO was requested to convene DAC meeting vide letters dated 19.09.2022, 26.10.2022, 08.11.2022, 17.11.2022 and 01.02.2023, however, the meeting was not convened till finalization of this report.

Audit recommends that the matter may be probed through a fact-finding inquiry for fixing responsibility for the lapse.

(Para No.2 of AIR 2021-22 ROH, SEPA)

Financial Management

2.4.21. Non-maintenance of Cash book - Rs. 4.249 million

According to Rule 77 of FTR Vol-I, a Cash Book must be maintained in proper form which is used for the purpose. All monetary transaction should be entered by authorized Gazetted Officer. At the end of the month, the cash balance should be verified by the head of the office and a signed and dated certificate recorded to that effect in the cash book.

Regional Office Sindh Environmental Protection Agency, Karachi paid an amount of Rs. 4.249 million to various vendors under miscellaneous heads of accounts during financial year 2020-21.

During audit of the Regional Office Sindh Environmental Protection Agency Karachi for the financial year 2019-22, it was observed that the transactions were made from various heads of accounts, however cash book for the FY 2020-21 was not maintained. Detail of expenditure is as under:

(Amount in Rs.)			
FY	Code	HOA	Amount paid
2020-21	A01274	Medical Charges	570,390
	A03201	Postage & Telegram	79,808
	A03202	Telephone & Truck Calls	75,170
	A03805	Travelling Allowance	70,720
	A03807	POL	482,605
	A03808	Conveyance Charges	10,100
	A03901	Stationery	129,950
	A03902	Printing & Publication	74,290
	A03905	News Paper & Periodical	54,850
	A03970	Others	74,820
	A09201	Hardware	450,000
	A09401	Medical Store	587,224
	A09601	Plant & Machinery	369,940
	A09701	Furniture & Fixture	899,950
	A13001	Repair of Transport	121,980
	A13101	Repair of Machinery & Equipment	159,870
	A13201	Repair of Furniture & Fixture	37,450
	Total		4,249,117

Audit held that due to non-maintenance of cash book the expenditure could not be verified and chance of misappropriation and misuse of funds could not be ruled out.

Initial audit observation was issued on 05.08.2022, but no response was received from the management.

The PAO was requested to convene DAC meeting vide letters dated 19.09.2022, 26.10.2022, 08.11.2022, 17.11.2022 and 01.02.2023, however, the meeting was not convened till finalization of this report.

Audit recommends that the Agency may properly prepare and maintain cash books for recording of transactions as prescribed in the rules.

(Para No.14 of AIR 2021-22 ROK, SEPA)

2.4.22. Non-maintenance of stock registers - Rs. 2.659 million

According to Rule 113 of the Sindh 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 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 his appropriate Stock Registers.

Further, according to Rule 114 of Sindh Financial Rules, prescribes a detailed procedure for issuance of stock from the stores and necessary record keeping by the management.

Regional Office Sindh Environmental Protection Agency, Hyderabad, incurred an expenditure amounting to Rs. 2.659 million on purchase of various items during Financial Year 2020-22.

During audit of Regional Office Sindh Environmental Protection Agency Hyderabad for the financial year 2020-22, it was observed that different items like stationery, furniture, cleanliness items postage stamps, uniforms etc. were purchased during FY 2020-22 and were not properly entered in stock register. **(Annexure-XIII)**

Audit held that in absence of stock register the receipt and usage of the items remained unverified.

Initial audit observation was issued on 22.07.2022. The management replied that the detail of received and issued items had been entered into stock register. Further, a committee was being proposed for the annual physical verification of store.

The PAO was requested to convene DAC meeting vide letters dated 19.09.2022, 26.10.2022, 08.11.2022, 17.11.2022 and 01.02.2023, however, the meeting was not convened till finalization of this report.

Audit recommends that management may prepare and maintain stock registers as per the procedure provided in rules.

(Para No.7 of AIR 2021-22 ROH, SEPA)

2.4.23. Irregular expenditure without sanction - Rs. 2.312 million

According to Sr. No. 4(b)(xi)(ii) of the Sindh Delegation of Financial Powers and Financial Control Rules 2019, an officer of Category-1 has full powers to sanction expenditure on purchase of uniforms.

Further, according to Sr. No. 4(b)ii(v) of the Sindh Delegation of Financial Powers and Financial Control Rules 2019, officer in Category-1 has the power to sanction expenditure up to Rs. 300,000 during financial year for one article / item or class of similar article of store / commodities and according to Sr No. 4(b)(xxiv)(a)(v), officer in category-iv has the power to sanction expenditure non-recurring expenditure up to Rs. 0.050 million in each case.

Regional Office Sindh Environmental Protection Agency, Karachi incurred an expenditure amounting to Rs. 2.312 million on purchase of uniforms, machinery & equipment, furniture & fixture and medical stores.

During the audit of Regional Office Sindh Environmental Protection Agency, Karachi for the financial year 2019-22, it was observed that the expenditure was sanctioned under various heads of accounts which was beyond the sanctioning power of the officer / DDO concerned.

Detail of expenditure is as under:

(Rs.)		
F.Y	Head of Account	Amount
2019-21	Uniforms	54,940
	Machinery & Equipment	499,950
	Hardware	270,000
	Furniture	899,950
	Medical Store	587,232
	Total	2,312,072

Audit held that sanction of expenditure beyond the delegated financial powers was irregular and unauthorized.

Initial audit observation was issued on 05.08.2022, but no response was received from the management.

The PAO was requested to convene DAC meeting vide letters dated 19.09.2022, 26.10.2022, 08.11.2022, 17.11.2022 and 01.02.2023, however, the meeting was not convened till finalization of this report.

Audit recommends that management may look into the matter and take necessary corrective action.

(Para No. 11 of AIR 2021-22 ROK, SEPA)

Annexures

Annexure-I (MFDAC)

S. No	AIR Para No.	F.Y	Name of formation	Subject
1.	6	2021-22	Provincial Disaster Management Authority (PDMA) Sindh	Improper maintenance of important office record
2.	9			Irregular expenditure on uniform & protective clothing - Rs. 0.787 million
3.	12			Loss on account of post supply inspection test of relief items – Rs. 486,249
4.	20			Issuance of stock items without obtaining acknowledgements
5.	3	2021-22	Mobile Diagnostic and Emergency Health Care Services	Irregular payment to United Insurance Company on account of non-installation of trackers in the mobile hospital trucks - Rs. 87.179 million
6.	5			Discrepancies in procurement of miscellaneous items-Rs. 274,212
7.	6			Non-conducting of Internal Audit and physical verification of store, stocks and assets
8.	8			Expenditure incurred in piecemeal thereby avoiding open tendering process -Rs. 3.218 million
9.	10			Non-maintenance of stock register – Rs. 796,586
10.	11			Expenditure without maintenance of log book -Rs. 6.130 million
11.	12			Irregular expenditure on insurance without supporting documents - Rs. 8.940 Million
12.	2	2018-22	R/o EPA Karachi Sindh Environment Protection Agency (SEPA)	Non-preparation of Environment Management Plan (EMP) and Sectoral Guidelines
13.	3			Non-obtaining / availability of undertaking in line with SEPA regulation
14.	7			Delay in processing of the Environmental approvals
15.	9			Lack of proper monitoring of EAs due to limited resources for monitoring activities
16.	12			Non-surrendering of fund - Rs. 76.168 million
17.	13			Irregular expenditure without observing codal formalities-Rs. 1.492 million
18.	15			Non-maintenance of inventory register
19.	16			Unjustified expenditure on repair amounting to -Rs. 0.238 million
20.	17			Non-reconciliation of Sustainable Fund Account on monthly basis
21.	18			a- Non- conducting of Internal Audit b- Non-conducting physical verification of Store /Stocks/ Assets
22.	1	2021-22	R/o EPA Hyderabad Sindh Environment Protection Agency (SEPA)	Non-surrendering of savings - Rs. 20.456 million
23.	3			Non-availability of record of approval of check list in respect of Base Transceiver Station (BTS) for Hyderabad Region.
24.	4			Lack of post monitoring of environmental approvals due to limited resources
25.	5			Improper maintenance of IEE, and Environmental Check list registers
26.	6			Non-deduction of government taxes - Rs. 342,992

27.	8			Irregular expenditure without maintenance of Log Book and Repair History - Rs. 1.391 million
28.	9			Non-conversion of conventional bricks kilns to Zigzag Technology.
29.	10			Non- obtaining of undertaking from the proponent for acceptance of stipulated conditions of the approvals
30.	11			Delay in processing the Environmental approval of IEE and Check list
31.	14			a- Non- conducting of Internal Audit b- Non-conducting physical verification of Store /Stocks/ Assets
32.	1	2020-21	R/o EPA Sukkur Sindh Environment Protection Agency (SEPA)	Splitting of expenditure - Rs. 1.355 million
33.	2			Non-surrender of Savings - Rs. 23.947 million
34.	3			Irregular expenditure without maintenance of log book and repair / maintenance history - Rs.2.098 million
35.	4			Irregular expenditure without observing codal formalities - Rs. 0.449 million
36.	5			Non-maintenance of stock register
37.	6			Lack of post monitoring of environmental approvals due to limited resources
38.	7			Improper maintenance of IEE and Environmental Check list register
39.	8			Non-conversion of conventional bricks kilns to Zig-Zag Technology.
40.	9			Non-obtaining of undertaking in lines with SEPA regulations
41.	10			Delay in processing the Environmental approval of IEE and Check list
42.	11			Non-preparation of Guidelines (Protocols) for Cotton Ginners and Oil Mills
43.	12			Wastage of resources due to non-functional of laboratory
44.	13			a- Non- conducting of Internal Audit b- Non-conducting physical verification of Store /Stocks/ Assets

Annexures (Related to Paras)

Annexure-II (Para No. 1.4.6)

Non-deduction of 1/5th GST from suppliers – Rs. 22.286 million

Cash Book Entry	Vendor	Item purchased	Cheque #	Cheque date	Gross Amount (Rs.)	GST (Rs.)	1/5th GST (Rs.)
36	Muhammad Ali	Office Misc. items	60653912	01.03.22	64,172	9,324	1,865
63	Muhammad Ali	Electric Works & R&M Furniture	60653940	22.03.22	46,150	6,706	1,341

92	M/s. Zahir Enterprises	Supply of Medical Equipment (Diagnostic)	60653968	15.04.22	39,230,633	5,700,177	1,140,035
96	M/s. T.K Medical Instruments Co.	Supply of Kitchen Sets	60653973	19.04.22	99,600,000	14,471,795	2,894,359
97	M/s. T.K Medical Instruments Co.	Supply of Medical Equipment	60653974	19.04.22	49,568,000	7,202,188	1,440,438
98	M/s. Paramount Tarpaulin Industries	Supply of Tents (30,000 nos.)	60653975	20.04.22	210,100,000	30,527,350	6,105,470
99	M/s. RO Plant. Pk	Supply of Mobile Water Filter	72299976	22.04.22	96,000,000	13,948,718	2,789,744
132	M/s. Global Traders	Supply of Generator	72300011	10.05.22	17,959,500	2,609,500	521,900
145	M/s. GCS Pvt Ltd	Control Room Equipment (Rescue 1122)	72300024	16.05.22	59,169,326	8,597,252	1,719,450
149	M/s. CGD Consulting	Sandwich Panel	72300029	16.05.22	130,429,728	18,951,328	3,790,266
173	M/s. Diamond Star International	supply of medical equipment	72300057	30.05.22	30,087,355	4,371,667	874,333
195	M/s. Diamond Star International		77522801	06.06.22	19,498,244	2,833,078	566,616
196	M/s. Ever Green Company	Medical Furniture	77522802	06.06.22	15,139,514	2,199,758	439,952
						111,428,843	22,285,769

Annexure-III
(Para No. 1.4.8)

Non-deduction of Sindh Sales Tax from United Insurance Company—Rs. 3.874 million

Financial Year 2019-20											
S. No.	Comp any Name	period of Insurance	Receipt No.	Receipt Date	Invoice Amount	Sale tax on services, Claim by Insurance Co.	1/5th of SST	Ch.#./- Date.	Cheque issue to		
1.	M/s United Insurance Company	07.10.17 to 06.10.18	1485425	06.12.17	17,880,000	2,038,942	407,788	3745182 /04.06.2020	M/s United Insurance Company		
		01.07.17 to 30.06.18	1485426	08.12.17	8,940,000	1,019,468	203,894				
		15.02.18 to 14.02.19	1499383	05.07.18	8,940,000	1,019,468	203,894				
		01.07.18 to 30.06.19	1634642	09.07.18	8,940,000	1,019,468	203,894				
		07.10.18 to 06.10.19	1634641	19.10.18	17,880,000	2,038,942	407,788				
2.		15.02.19 to 14.02.20	1695499	25.02.19	8,940,000	1,019,468	203,894	3681489/ 09.03.2020			
		01,07.19	1634604	22.11.19	8,940,000	1,019,468	203,894				
		to 30.06.20									
		07.10.19 to 06.10.20	1634603	22.11.19	17,880,000	2,038,942	407,788				
Total (A)					98,340,000	11,214,166	2,242,833				
Financial Year 2020-21											
Sr. No.	Comp any Name	period of Insurance	Receipt No.	Receipt Date	Invoice Amount	Sale tax on services, Claim by Insurance Co.	1/5th of SST	Cheque No.	cheque issue to		
1.	M/s Neotec	01.07.20 to 30.06.21	NTP-551-MEHCU	27.11.20	8,940,000	1,019,468	203,894	3799877/ 09.12.20	MS Neotec		
		15.02.20 to 14.02.21	NTP-550-MEHCU	27.11.20	8,940,000	1,019,468	203,894				
2.		07.10.20 to 06.10.21	NTP-568-MEHCU	03.05.21	17,880,000	2,038,942	407,788	4033662/ 05.05.21			
Total (B)					35,760,000	4,077,878	815,576				
Financial Year 2021-22											

Sr. No.	Comp any Name	period of Insurance	Receipt No./Refer ence No	Receipt Date /Invoice date	Invoice Amount	Sale tax on services, Claim by Insurance Co.	1/5th of SST	Cheque No.	cheque issue to
1.	M/s Neotec	01.07.21 to 30.06.22	NTP-598-MEHCUC	15.02.2022	8,940,000	1,019,468	203,894	4338893/08.02.22	M/s Neotec
2.		01.07.21 to 30.06.22	NTP-599-MEHCUC	15.02.2022	8,940,000	1,019,468	203,894	4338894/08.02.22	
3.		07.10.21 to 06.10.22	NTP-597-MEHCUC	15.02.2022	17,880,000	2,038,942	407,788	4338892/08.02.22	
Total (c)				35,760,000	4,077,878	815,576			
Grand Total (A+B+C)				169,860,000	19,369,922	3,873,984			

Annexure-IV
(Para No. 1.4.12)

Non-obtaining of performance security from contractors– Rs. 209.554 million

S. No.	Firm Name	Description	Date of contract award	Contract Amount	performance Security @10%
1.	Zahir Enterprises	Medical Equipment (Diagnostic)	06.04.2022	98,076,583	9,807,658
2.	Deneb Corp	Medical Equipment (Diagnostic)	12.05.2022	11,724,272	1,172,427
3.	Lab Link	Oxygen Supply Equipment and System for Medical Facilities	07.04.2022	41,400,000	4,140,000
4.	Zahra Industries	Procurement of Mosquitos Net	21.04.2022	44,565,500	4,456,550
5.	NPI Construction	Refurbishment of Existing Public Health Facilities	05.04.2022	260,273,125	26,027,313
6.	Meraj Limited	Procurement of urban flood response equipment (Dewatering pumps)	05.04.2022	183,750,000	18,375,000
7.	CGD	Procurement of Sandwich panels for Rescue HQ and Stations	06.05.2022	326,074,320	32,607,432
8.	Diamond Star International	Oxygen Gas Supply for Existing Medical Facility	18.05.2022	39,999,000	3,999,900
9.	Paramount Tarpaulin Indust.	Procurement of Tents (Relief Camps)	06.04.2022	525,250,000	52,525,000
10.	RO PLANT .PK	Procurement of Mobile Water Filter Plant	05.04.2022	240,000,000	24,000,000

11.	GCS	Control Room equipment for Sindh Emergency Service Rescue 1122	06.05.2022	147,923,352	14,792,335
12.	Sanaullah Textile Mills	Procurement of Blankets	27.04.2022	40,891,500	4,089,150
13.	SSL Construction	Upgradation/Refurbishment of Existing Medical Facilities	08.04.2022	135,610,000	13,561,000
Total (Rs) In million				2,095,537,652	209,553,765

Annexure-V
(Para No.1.4.20)

Irregular expenditure without open tendering -Rs. 8.505 million

Sr. No.	Ch. No.	Date	Vendor Name	Description	work order	WO/bill amount	Bill date	Net amount
1.	349494	16.06.22	M/s JK Enterprises	purchase of LED Flood lights 400W	10.06.2022	298,350	13.06.2022	276,254
				purchase of electric wire coil	10.06.2022	287,586	13.06.2022	266,288
				repair of vehicle GS-9470	10.06.2022	82,485	13.06.2022	76,376
				repair of vehicle GA-735	00.05.2022	297,711	03.06.2022	272,885
				repair & maintenance Generator	10.06.2022	213,174	13.06.2022	197,386
				purchase of sofa cum bed	10.06.2022	291,330	13.06.2022	269,754
2.	349468	14.06.22	M/s JK Enterprises	provision of wall paper roll head office	10.06.2022	294,840	13.06.2022	273,004
				Purchase of rain coat	10.06.2022	292,500	14.06.2022	270,837
				Purchase of electric wire	missing	197,145	10.06.2022	182,544
				provision of wall paper roll head office	08.06.2022	293,202	10.06.2022	271,488
				provision of wall paper roll head office	08.06.2022	279,396	10.06.2022	258,704
				provision of wall paper roll head office	08.06.2022	297,180	10.06.2022	275,171
				purchase of copper wire AC	08.06.2022	296,595	10.06.2022	274,629
				purchase of AC	08.06.2022	299,169	missing	277,212
3.	349467	14.06.22	M/s DK Enterprises	supply of empty propylene plastics bag	08.06.2022	296,595	10.06.2022	274,629
				repair of vehicle GS-9522	08.06.2022	291,447	10.06.2022	269,863

				repair of vehicle GS-6746	08.06.2022	264,537	10.06.2022	244,946
				repair door glass and partition	08.06.2022	291,096	missing	269,538
				purchase of office furniture	08.06.2022	277,524	10.06.2022	256,970
				purchase mineral water	11.05.2022	292,500	10.06.2022	270,837
				purchase of Pana flexing board	11.05.2022	287,352	10.06.2022	266,071
				purchase mineral water	11.05.2022	280,800	10.06.2022	260,004
				purchase for tents	10.05.2022	294,840	10.06.2022	273,004
				purchase of solar lights	08.06.2022	294,840	10.06.2022	252,000
				repair of vehicle GS-7789 & 7790	08.06.2022	294,255	10.06.2022	272,463
4.	349492	16.06.22	M/s DK Enterprises	purchase of safety helmet with LED	10.06.2022	291,330	13.06.2022	269,754
				repair of vehicle GSA-735	00.05.2022	233,938	10.06.2022	207,353
				repair of vehicle GSA-735	26.05.2022	298,467	10.06.2022	276,363
				provision of uniform	08.06.2022	198,900	10.06.2022	198,900
				provision of uniform	08.06.2022	297,180	10.06.2022	275,171
				purchase of tubular and solar battery	08.06.2022	298,350	10.06.2022	276,254
Total Amount (Rs)						8,504,614		7,856,652

Annexure-VI
(Para No. 1.4.27)

Inadequate monitoring of Mobile Hospital Units established in various districts of Sindh

Sr.	Month of Visit	Visited by	Visit Report	Status of Visit
1.	August 2019	Director alongwith Secretary, Rehab	Not submitted	Satisfactory
2.	September, 2019	Director with team	Not submitted	Satisfactory
3.	November, 2019	Director with team	Not submitted	Satisfactory
4.	December, 2019	Director with team	Not submitted	Satisfactory
5.	January, 2020	Director with team	Not submitted	Satisfactory
6.	February, 2020	Director with team	Not submitted	Satisfactory
7.	April, 2020	Director with team	Not submitted	Satisfactory
8.	July, 2020	Director with team	Not submitted	Satisfactory
9.	August, 2020	Director with team	Not submitted	Satisfactory

10.	September, 2020	Director with team	Not submitted	Satisfactory
11.	October, 2020	Director with team	Not submitted	Satisfactory
12.	November, 2020	Director with team	Not submitted	Satisfactory
13.	December, 2020	Director with team	Not submitted	Satisfactory
14.	January, 2021	Director with team	Not submitted	Satisfactory
15.	March, 2021	Director & Deputy Director	Not submitted	Satisfactory
16.	April, 2021	Director & Deputy Director	Not submitted	Satisfactory
17.	May, 2021	Director & Deputy Director	Not submitted	Satisfactory
18.	July, 2021	Director & Deputy Director	Not submitted	Satisfactory
19.	August, 2021	Director & Deputy Director	Not submitted	Satisfactory
20.	September, 2021	Director & Deputy Director	Not submitted	Satisfactory
21.	October, 2021	Deputy Director	Not submitted	Satisfactory
22.	November, 2021	Deputy Director	Not submitted	Satisfactory
23.	December, 2021	Director, Deputy Director	Submitted	Satisfactory
24.	January, 2022	Deputy Director & Clerk	Submitted	Unsatisfactory
25.	February, 2022	Director & Clerk	Submitted	Unsatisfactory
26.	March, 2022	Director & Clerk	Submitted	Satisfactory
27.	April, 2022	Director & Clerk	Submitted	Satisfactory
28.	May, 2022	Director & Clerk	Submitted	Satisfactory

Annexure-VII
(Para No. 1.4.28)

Non-establishment of Disaster Risk Reduction (DRR) wing by PDMA

Rule	Functions
34(1)(C)(i)	Inclusion of disaster risk reduction in the Provincial Plan
34(1)(C)(ii)	Issuance of set of sectoral guidelines on mainstreaming disaster risk reduction and criteria on assessment of development projects from a risk reduction perspective available for the use of Provincial departments
34(1)(C)(iii)	Enhancing technical capacity of selected provincial departments for integrating risk reduction into development plans and programs
34(1)(C)(iv)	Developing the emergency response system under the management of Authority to organize effective disaster response at provincial district levels
34(1)(C)(v)	Developing standard operating procedures to define rules of provincial, district and local agencies for their involvement in emergency response
34(1)(C)(vi)	Developing a methodology and system for common post disaster damage, loss and needs assessment for collaborative action by multiple stakeholders; including a framework for data collection. It would include SOPs for activation, deployment, reporting and de-activation of assessment teams.
34(1)(C)(vii)	Developing a database to record disaster response resources available with different departments at local, district and provincial levels which will be made available on the website so the stake holders may have easy access to the data

34(1)(C)(viii)	Establishing research and rescue teams at districts and provincial levels on need basis with capacity to respond to all kind of disasters
34(1)(C)(ix)	Involving Civil Defence in development and management of search and rescue teams in industrial cities
34(1)(C)(x)	Encouraging the relevant provincial, district and local agencies to establish Godowns for stockpiling essential relief items for timely provision of relief to the disaster affected people

Annexure-VIII
(Para No. 1.4.29)

Non-holding of PDMA Board meetings as required under the rules

Sr. #	Composition of Board	Position	Attendance	Officers present
1.	Minister Rehabilitation Department	Chairman	Yes	Advisor / Minister Rehabilitation Department
2.	Chairman Zakat Council Sindh	Member	No	No officer attended the meeting
3.	Senior Member Board of Revenue	Member	Yes	SMBR
4.	Secretary Zakat Department Sindh	Member	No	Deputy Secretary, Zakat Department
5.	Secretary Finance Department	Member	No	No officer attended the meeting
6.	Secretary Rehabilitation Department	Member	Yes	Secretary Rehabilitation Department
7.	Secretary Irrigation Department	Member	No	Director FERP, Irrigation Department
8.	Secretary Local Government Department	Member	No	Deputy Secretary, Local Government Department
9.	Secretary Health Department	Member	No	Chief Technical Officer, Health Department
10.	Director General, PDMA	Member	Yes	Director General, PDMA
11.	Director (Operations) PDMA	Member	Yes	Director (Operations) PDMA
12.	Director (Finance & Admn) PDMA	Member	Yes	Director (Finance & Admn) PDMA

Annexure-IX
(Para No. 2.4.5)

Non-obtaining Environmental Monitoring Reports from Industrial Units

Sr. No.	Particulars	Location	Industry Type	Date of environmental approval	EMR frequency	
					Liquid	Gas
1.	M/s Indus Motor Company Ltd.	Port Qasim, Karachi	Automotive	01.12.2020	Quarterly	--
2.	M/s Maple Leaf Cement Ltd (Marshalling Yard)	Port Qasim, Karachi	Cement	18.02.2021	Bi-annually	Monthly

3.	M/s Fajby Textiles Ltd.	Landi, Karachi	Textile	15.12.2021	Monthly	Quarterly
4.	M/s Afroze Textile Ltd.	S.I.T.E Karachi	Textile	03.02.2021	Do	Do
5.	M/s AGP (Plant-II) Ltd.	S.I.T.E Karachi	Pharmaceutical	10.12.2020	Bi-annually	N/A
6.	M/s AGP (Plant-I) Ltd.	S.I.T.E Karachi	Pharmaceutical	11.12.2020	Bi-annually	N/A
7.	M/s Martin Dow Ltd.	S.I.T.E Karachi	Pharmaceutical	19.10.2020	Do	N/A
8.	M/s Pakistan Lubricant Ltd.	Kenmare, Karachi	Petrochemical	09.09.2020	Monthly	N/A
9.	M/s ICI Ltd.	Port Qasim, Karachi	Paint, varnishes etc.	09.07.2020	Monthly	N/A
10.	M/s Feroze 1888 Mills Ltd.	Landhi, Karachi	Textile	30.03.2020	Monthly	Quarterly

Annexure-X(A&B)

(Para No. 2.4.13)

Issuance of environmental approvals without due diligence in public hearings and expert committee meetings

Table (A)

Sr. No.	Tracking Number	Name and Address of the Proponent	Subject	Date of Submission of EIA	Date of Public Hearing	Remarks
1.	S/EPA/2021/02/12/EIA/281/555	M/s Shayan Builders and Developers, Plot No.01, Office # M-11, Dada Terrace, BMCHS Karachi	EIA of construction of Shayan Iconic Residency, Gulshan-e-Iqbal, Karachi	12.02.21	30.03.21	Minutes of public hearing were not prepared.
2.	S/EPA/2018/08/08/EIA/145/92/20	M/S La Casa Builders & Developers, Plot # L-1/A, Block 21, KDA Scheme 16, Federal B Area Karachi	EIA Report for La Casa One Residential Cum Commercial Development	08.08.18	18.01.19	Minutes were not signed and certified by SEPA.
3.	S/EPA/2020/12/22/EIA/239/288/2021	M/s Dynasty Properties, Plot#162, Sector 40, Opposite MalirCantt. Karachi	EIA of Falaknaz Excellency, Residential cum Commercial	22.12.20	03.2.21	Minutes were not signed and certified by SEPA.

			Building Project			
4.	S/EPA/2019/03/27/EIA/162/186/20	M/s ENERGAS Terminal (Pvt.) Limited, 6-A, Muhammad Ali Housing Society, Karachi	EIA of Construction of Private Sector LNG Receiving and Regasification Terminal Port Qasim Karachi	27.03.19	24.10.19	Minutes were not signed and certified by SEPA.
5.	SEPA/2019/02/12/EIA/158/1009/19	M/s Karachi Electric (Pvt.) Ltd. House # 40/A/6, PECHS Block:6, Karachi	132 KV, Underground Single Circuit, XLPE Cable from Jacob Line Grid Station to Baloch Grid Station Karachi	12.02.19	04.7.19	Minutes of public hearing were not prepared.

Table (B)

Sr. No.	Tracking Number	Name and Address of the Proponent	Subject	Date of Notification of expert committee meeting	Remarks
1.	S/EPA/2018/08/08/EIA/145/92/20	M/S La Casa Builders & Developers, Plot # L-1/A, Block 21, KDA Scheme 16, Federal B Area Karachi	EIA Report for La Casa One Residential Cum Commercial Development	22.11.2019	Minutes of Expert Committee meeting were missing in the EIA File.
2.	S/EPA/2021/02/12/EIA/281/555	M/s Shayan Builders and Developers, Plot No.01, Office # M-11, Dada Terrace, BMCHS Karachi	EIA of construction of Shayan Iconic Residency, Gulshan-e-Iqbal, Karachi	07.04.2021	Minutes of Expert Committee meeting were missing in the EIA File.
3	S/EPA/2019/05/06/EIA/166/1962/2020	M/s Grey stone Developers, Plot # D-16, Block-cheme-5, Clifton, Karachi	M/s Address Tower, Plot # D-16, Block-cheme-5, Clifton, Karachi	13.11.2020	Minutes of Expert Committee meeting were missing in the EIA File.
4.	S/EPA/2021/01/08/EIA/245/662/21	M/s Roshan Builders and Developers, Plot No.29, Modern	Roshan Towers project, Plot No.29, Modern	31.05.2021	Minutes of Expert Committee meeting were missing in the EIA File.

		CHS, Tipu Sultan Road Karachi	CHS, Tipu Sultan Road Karachi		
5.	S/EPA/2020/1 1/27/EIA/222/ 176/2021	M/s Baseline Developers & Builders, Plot No. N-131, Muslim Commercial Area, Khauaban-e-Muslim, Phase-VI, DHA, Karachi	Grey Star, Residential cum commercial development project, Plot # COM-I, Sector-29, Deh Songal Tappo Gujro KDA, Scheme-33, Karachi	15.1.2021	Signed minutes were not available

Annexure-XI
(Para No.2.4.19)

Irregular expenditure without open tendering -Rs. 2.307 million

HOD	Bill No	Dated	Vendor Name	Items	Qty	Sanction Dated	Amount (Rs.)
Purchase of Machinery & Equipment	944	08.04.2021	Buraq Enterprises	Digital Camera	1	17.04.21	59,950
	949	14.04.2021	Buraq Enterprises	Water Dispenser	1	17.04.21	15,000
	1026	10.06.2021	Buraq Enterprises	A.C 1.5 ton	1	10.06.21	90,000
	950	-	Buraq Enterprises	A.C 1.5 ton	1	-	90,000
	959	16.04.2021	Buraq Enterprises	A.C 1.5 ton	1	17.04.21	80,000
	958	-	Buraq Enterprises	A.C 1.5 ton	1	-	90,000
	1168	21.05.2021	Buraq Enterprises	A.C 1.5 ton	1	21.05.21	90,000
	945	13.04.2021	Buraq Enterprises	Fax Machine	1	17.04.21	34,990
Total (A)							549,940
Purchase of Hardware	981	26.04.2021	Buraq Enterprises	Computer Dell	1	27.04.21	90,000
	989	26.04.2021	Buraq Enterprises	Computer Dell	1	27.04.21	90,000
	2831	31.05.2021	Z. Enterprises	Computer Dell	1	31.05.21	90,000
	Total (B)						270,000
	1166	20.05.2021	Z. Enterprises	Executive Table 7X3.5	2	20.05.21	65,000

Purchase of Furniture& Fixture				Executive Chair	2		34,600
	1015	06.05.2021	Buraq Enterprises	Steel Made Chair	20	06.05.21	97,000
	1167	19.05.2021	Z. Enterprises	Seven Seater Sofa	2	19.05.21	99,600
	2503	24.05.2021	Al Samad Enter	Almirah 18 Gauge	3	24.05.21	79,500
	2822	31.05.2021	Z. Enterprises	Wooden Chair	12	31.05.21	26,400
				Computer Table	3		20,400
				Computer Revolving Chair	3		19,500
				Almirah	1		28,500
	608	-	Buraq Enterprises	Computer Revolving Chair	5	-	19,500
				Almirah Steel 18 Gauge	3		73,500
	607	-	Buraq Enterprises	Steel Made Chair	18	-	78,300
				Computer Table	3		17,550
	1037	03.06.2021	Buraq Enterprises	File Cabinet Wooden	4	03.06.21	71,200
				File Cabinet Steel	2		28,400
	1025	04.06.2021	Buraq Enterprises	Office Table	5	04.06.21	34,900
				Revolving Chair	5		31,250
				Almirah	1		28,750
	1180	04.06.2021	Buraq Enterprises	Steel File Rack	2	10.06.21	35,600
				Office Chair	3		10,500
		Total (C)					
Purchase of Medical Store	2601	31.05.2021	Z. Enterprises	0.450 Gridded	450	31.05.21	27,900
	2604	25.05.2021	Z. Enterprises	Glass Pairs	88	25.05.21	28,688
	2605	21.05.2021	Z. Enterprises	Microfil Funnal	150	21.05.21	79,500
	1183	07.06.2021	Z. Enterprises	0.450 Gridded	450	07.06.21	27,900
				Media Bottle	112		34,048
				Glass Pile Dish	88		28,688
	1185	02.06.2021	Buraq Enterprises	Microfil Funnal	150	02.06.21	79,500
	-	10.06.2021	Buraq Enterprises	3M Petril Film E.Col	400	10.06.21	52,000
	1186	03.06.2021	Buraq Enterprises	3 Propenal Analysis	16	03.06.21	88,960
	-	11.06.2021	Z. Enterprises	3M Petril Film E.Col	400	11.06.21	54,000
	2603	31.05.2021	Z. Enterprises	Media Bottle	112	31.05.21	34,048
	-	09.06.2021	Al Smad Enterprises	3M Petril Film E.Col	400	09.06.21	52,000

	Total (D)	587,232
Grand Total Rs(A+B+C+D) .		2,307,122

Annexure-XII

(Para No. 2.4.20)

Purchase of furniture without requirement through quotations- Rs. 1.185 million

Dated	Supplier Name	Name of Item	Qty	Rate (Rs.)	Amount (Rs.)
16.03.2021	Umair Raza	Executive Chairs	3	26,000	78,000
16.03.2021	Mughal	Computer Table	2	10,000	20,000
05.04.2021	Enterprises	Executive Table	3	33,000	99,000
14.04.2021		Revolving Chairs	5	8,000	40,000
14.04.2021		Computer Table	1	10,000	10,000
14.04.2021		Closet	3	30,000	90,000
25.05.2021		Executive Chairs	2	26,000	52,000
25.05.2021		Executive Table	1	33,000	33,000
25.05.2021		File Cabinet	1	12,500	12,500
27.04.2021		Side Table	3	15,000	45,000
27.04.2021		Computer Table	2	10,000	20,000
27.04.2021		Side Rack	3	11,500	34,500
30.04.2021		Book Shelf	2	17,500	35,000
30.04.2021		Wooden Table	3	20,000	60,000
04.05.2021		Window Blinder	4	15,000	60,000
04.05.2021		Wooden Chair Net	7	5,500	38,500
19.05.2021		Sofa Set	3	30,000	0,000
14.06.2021		Executive Table	1	33,000	3,000
14.06.2021		Side Rack	3	11,500	4,500
Total (A)					885,000
Dated	Supplier Name	Name of Item	Qty	Rate	Amount
2021-22		Visiting Chair Foam	6	3500	21,000
		File Cabinet	1	12000	12,000
		File Cabinet	2	12000	24,000
		Almirah	2	20500	41,000
		Computer Table	1	13500	13,500
		Glass Table	2	20000	40,000
		Revolving Chair	3	8000	24,000
		L Shape Executive Chair	1	41000	41,000
		High Back Executive Chair	1	22000	22,000
		Table Wood	3	12500	37,500
		Revolving Chair	3	8000	24,000
Total (B)					300,000
G. Total Rs. (A+B)				1,185,000	

Annexure-XIII**(Para No. 2.4.22)****Non-maintenance of stock registers -Rs. 2.659 million**

HOA	Bill Dated	Supplier Name	Item Name	Qty	Rate	Amount (Rs.)
Stationery	13.08.2021	Ayaz Ali & Brothers	Register Inward and Outward	6	750	4,500
	05.08.2021		Colour Papers	2	800	1,600
	05.08.2021		Rim Papers	4	700	2,800
	16.08.2021		Table Set	2	2,500	5,000
	21.08.2021		A4 Paper Rim	7	700	4,900
	26.08.2021		Stapler Small / Large	3	500/100	5,000
	08.07.2021	Umair Raza Mughal Enterprises	Stapler	4	1,200	4,800
	06.08.2021		File Cover	500	18	9,000
	02.09.2021		File Cover	500	18	9,000
	20.07.2021		Letter Pad	6	365	2,190
	06.01.2021	Ayaz Ali & Brothers	Dead Stock register	2	750	1,500
	04.01.2021		Stock Register	2	750	1,500
	06.01.2021		Piano Ball Point	10	125	1,250
	06.01.2021		Colour Maps	4	450	1,800
	19.01.2021		Calculator	2	1,500	3,000
	19.01.2021		Lazor Point	2	650	1,300
	03.02.2021		A4 Paper Rim	7	600	4,200
	03.02.2021		Stapler Large	1	1,100	1,100
	03.02.2021		Stapler Small	6	650	3,900
	12.10.2021		Powder paper	8	600	4,800
	23.09.2021		File Cover	500	10	5,000
	09.09.2021		Table Cover	1	5,000	5,000
Uniform	02.07.2021	Umair Raza Mughal Enterprises	Shalwar Kameez	2	3,500	7,000
	05.08.2021	Umair Raza Mughal Enterprises		4	2,000	8,000
	03.09.2021	Ayaz Ali & Brothers	Shalwar Kameez Suits	2	2,500	5,000
	10.09.2021		Shalwar Kameez Suits	2	2,500	5,000
	29.09.2021		Shalwar Kameez	2	2,500	5,000
	01.02.2021		Shalwar Kameez	2	2,500	5,000
	08.02.2021		Shalwar Kameez	2	2,500	5,000
	16.02.2021		Shalwar Kameez	2	2,500	5,000
Purchase of Hardware	10.03.2021	Umair Raza Mughal Enterprises	Purchase of Computer with All Accessories	1	90,000	90,000
	05.04.2021		LED-19" Mouse	1	90,000	90,000
	28.05.2021		Keyboard, Printer	1	90,000	90,000
	09.06.2021			1	90,000	90,000

Purchase of Furniture	16.03.2021	Umair Raza Mughal Enterprises	Executive Chairs	3	26,000	8,000		
	16.03.2021		Computer Table	2	10,000	20,000		
	05.04.2021		Executive Table	3	33,000	99,000		
	14.04.2021		Revolving Chairs	5	8,000	40,000		
	14.04.2021		Computer Table	1	10,000	10,000		
	14.04.2021		Closet	3	30,000	90,000		
	25.05.2021		Executive Chairs	2	26,000	52,000		
	25.05.2021		Executive Table	1	33,000	33,000		
	25.05.2021		File Cabinet	1	12,500	12,500		
	27.04.2021		Side Table	3	15,000	45,000		
	27.04.2021		Computer Table	2	10,000	20,000		
	27.04.2021		Side Rack	3	11,500	34,500		
	30.04.2021		Book Shelf	2	17,500	35,000		
	30.04.2021		Wooden Table	3	20,000	60,000		
	04.05.2021		Window Blinder	4	15,000	60,000		
	04.05.2021		Wooden Chair Net	7	5,500	38,500		
	19.05.2021		Sofa Set	3	30,000	90,000		
	14.06.2021		Executive Table	1	33,000	33,000		
	14.06.2021		Side Rack	3	11,500	34,500		
	Purchase of Plant & Machinery		24.03.2021	Ayaz Ali & Brothers	Photocopiers	1	150,000	150,000
			01.04.2021		fax Machine	1	35,000	35,000
			17.04.2021		Multimedia Projector	1	150,000	150,000
29.04.2021		Water Dispenser	1		15,000	15,000		
07.05.2021		5 kv Generator	1		220,000	220,000		
20.05.2021		1.5 Air Conditioner	2		79,750	159,500		
2021-22						0		
Purchase of Furniture		Umair Raza Mughal Enterprises	Visiting Chair Foam	6	3,500	21,000		
			File Cabinet	1	12,000	12,000		
			File Cabinet	2	12,000	24,000		
			Almirah	2	20,500	41,000		
			Computer Table	1	13,500	13,500		
			Glass Table	2	20,000	40,000		
			Revolving Chair	3	8,,000	24,000		
			L Shape Executive Chair	1	41,000	41,000		
			High Back Executive Chair	1	22000	22,000		
			Table Wood	3	12,500	37,500		
			Revolving Chair	3	8,000	24,000		
	Purchase of Hardware			Ayaz Ali & Brothers	One Computer with All Accessories	1	130,000	130,000
	15.02.2022		Shalwar Kameez	3	2,750	8,250		

Purchase of Uniform	21.02.2022	Ayaz Ali & Brothers	Stitching	3	2,500	7,500
	04.11.2021		Shalwar Kameez	2	4,125	8,250
	01.02.2022		Shalwar Kameez	2	3,750	7,500
	05.07.2021		Dress Naib Qasid	2	3,875	7,750
	06.07.2021		Dress Chowkidar	2	4,000	8,000
Stationery	01.07.2021	Ayaz Ali & Brothers	Stationery items			26,250
						26,250
	10.08.2021					26,250
Total						2,658,640