AUDITOR-GENERAL OF PAKISTAN

AUDIT REPORT ON
Karachi Port Trust, Karachi

Report No: DGA(FG)-02/2025-26

Audit Year 2025-26
Financial Year 2024-25

PREFACE

Articles 169 and 170 of the Constitution of the Islamic Republic of Pakistan, 1973, read with Sections 8 and 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 the receipts and expenditure of the Federation and the Provinces, as well as the accounts of any authority or body established by, or under the control of, the Federal or a Provincial Government.

This report is based on the audit of Karachi Port Trust (KPT) for the financial year 2024-25. The Directorate General Audit, Federal Government conducted the audit during Audit Year 2025-26 on a test-check basis, with a view to independently assess the performance of the system and provide reliable information to stakeholders for informed decision-making. The audit also aims at evaluating the adequacy and effectiveness of internal controls, enabling management to take corrective actions and improve operational efficiency.

The Audit Report includes key facts about the entity, audit snapshot, findings on systemic issues, conclusion and recommendation for executive action. Audit findings indicate a number of matters related to stated roles & responsibilities of the entity, financial management, human resource management, procurement, operational processes, achievements of targets/KPI and digitization.

The report was shared with the entity as well as the Principal Accounting Officer (PAO) and executive response were evaluated before finalization this report. The report was discussed with the PAO in Departmental Accounts Committee (DAC) meeting held on and the outcome of the meeting has been incorporated in the report.

The Audit Report is submitted to the President of Pakistan in pursuance of Article 171 of the Constitution of the Islamic Republic of Pakistan 1973, for causing it to be laid before both houses of Majlis-e-Shoora (Parliament).

Islamabad
Dated: *February, 2026*

(Maqbool Ahmad Gondal)
Auditor-General of Pakistan

Department of the Auditor-General of Pakistan

Department of the Auditor-General of Pakistan is the Supreme Audit Institution of the country

Vision: A model supreme audit institution adding value to national resources

Mission: Promoting accountability, transparency and good governance in stewardship of public resources.

Core Values:

- Integrity
- Independence
- Excellence
- Public Trust

The Auditor-General of Pakistan is appointed under Article 168 of the Constitution of Islamic Republic of Pakistan. The reports of the Auditor-General are laid before the legislature and are discussed by the Public Accounts Committees of the respective Assemblies. The constitutional mandate enables the Auditor-General to strengthen legislative oversight by providing an independent, reliable and objective assessment of the process of governance at the federal, provincial and district level.

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ABBREVIATIONS

AGP	Auditor General of Pakistan
BI	Business Intelligence
BoD	Board of Directors
CAGR	Compounded Annual Growth Rate
CTO	Chief Technology Officer
DLI	Disbursement Linked Indicator
DLR	Disbursement Linked Result
DSS	Decision Support System
EOI	Expression of Interest
EPADS	E-Pak Acquisition & Disposal System
ERP	Enterprise Resource Planning
ETSS	Encrypted Tender Submission System
FY	Financial Year
GIS	Geographic Information System
GRC	Grievance Redressal Committee
HR	Human Resource
JV	Joint Venture
KGTL	Karachi Gateway Terminal Company Limited
KGTML	Karachi Gateway Terminal MultiPurpose Limited
KPIs	Key Performance Indicators
KRA	Key Result Area
MIS	Management Information System
PAC	Public Accounts Committee
PC-I	Planning Commission Form-I (Project Approval Document)
PFM	Public Financial Management
PforR	Program for Results
PIMU	Project Implementation & Management Unit
PMU	Project Management Unit

PPP	Public Private Partnership
PPR	Public Procurement Rules
PPRA	Public Procurement Regulatory Authority
QA	Quality Assurance
RFP	Request for Proposal
SBD	Standard Bidding Document
SRS	Software Requirements Specification

AUDIT SNAPSHOT

Why did we conduct this Audit?

The audit was conducted to: -

- Assess management of public funds, assets, and revenues
- Check for compliance with applicable laws and financial regulations
- Evaluate economy, efficiency, and effectiveness in operations of KPT
- Review procurement and contract management practices
- Examine revenue collection and recovery mechanisms
- Assess compliance with Public Financial Management framework
- Check the measures for safeguarding of public assets and financial integrity
- Strengthen the governance, accountability, and financial discipline

What did we find?

- Significant control and governance deficiencies
- Weak financial discipline and regulatory compliance
- Instances of non-adherence to procurement rules
- HR mismanagement and irregular compensation practices
- Weak land and estate management controls
- Revenue leakages and poor receivables recovery
- Fragmented banking arrangements and inadequate tax compliance mechanisms
- Weak monitoring of operational and development activities

Key Assessments

- Strong operational capacity but weak financial governance framework
- Delayed financial reporting
- Repeated non-recovery of dues and non-enforcement of contractual penalties
- Revenue leakages and deficiencies in tax and lease administration
- Room for revenue enhancement by taking administrative measures
- Non-alignment with Treasury Single Account and federal fiduciary requirements
- Fragmented internal controls and weak oversight mechanisms

What do we Recommend?

- Strict enforcement of contractual and statutory provisions
- Timely preparation and auditing of financial statements
- Strengthening of receivables management practices and revenue monitoring systems
- Improvement in financial controls and expenditure verification processes
- Full alignment with Public Financial Management and treasury frameworks
- Modernization of estate, asset, and lease management practices Strengthened internal audit, risk management, and accountability mechanisms

ENTITY SUMMARY SHEET — KPT

Description	Details (Figures in Rs million, as on 30.06.2025)			
Disclaimer	**Financial Statements of KPT for the year 2023-24 and 2024-25 are not audited**			
Legal Framework of Entity	• KPT Act, 1886 • Digest of Pay, Allowances & Leave Rules • KPT Board of Trustees Resolutions			
Key Responsibilities / Mandate & Objectives	Management and regulation of all port activities (navigational channels, port dues and tariffs, oversight of private terminal operators, strategic development of port infrastructure).			
Financials	**Assets (Rs. in million)**		**Liabilities & Equity (Rs. in million)**	
	Current Assets	59,272.398	Current Liabilities	47,439.335
	Non-Current Assets	133,054.708	Non-Current Liabilities	24,924.785
			Equity	119,962.988
	Total	**192,327.106**	**Total**	**192,327.106**
Income / Revenue	Total Income: Rs. 46,475.352 million			
Expenditure	Cost of Sales: Rs. 35,128.211 million Other Operating Expenses: Rs. 6,504.271 million Finance Cost: Rs. 2,040.000 million Total Expenditure: Rs. 43,672.482 million			
Net Surplus	Rs. 2,802.870 million for the FY 2024-25			
Receipts	Receipts consist of port dues, berth hire, pilotage, mooring, cargo handling charges, property lease rents, revenue share from terminals, investment income, and miscellaneous receipts.			
Cash Balances	Rs. 7,363.554 million			
Funding Sources	Self-financed through internally generated revenues from port operations, tariffs, property leases, marine services, and revenue share from private terminal operators.			
Total Allocations	KPT does not receive budgetary grants from the Federal Consolidated Fund.			
Accounting Policy	IFRS-compliant financial statements prepared in accordance with the Companies Act, 2017 and KPT Act, 1886.			
Composite Risk Rating	High Risk (D) - due to delay in preparation of financial statements, weak financial controls, large receivables, procurement irregularities, non-compliance with PFM Act and PPRA Rules.			
Compliance Status of Audit Recommendations	Partial Compliance / Weak Implementation - recurring financial irregularities, delayed recoveries, and incomplete implementation of past audit directives persist.			

1. Overview of the Entity

The Karachi Port Trust is a statutory autonomous body established under the Karachi Port Trust Act, 1886, responsible for the administration, management, operation, and development of the Port of Karachi. It operates under the administrative control of the Ministry of Maritime Affairs, Government of Pakistan, and is governed by a Board of Trustees. The Board provides policy direction, strategic oversight, and financial supervision, while the Chairman KPT functions as the Chief Executive Officer responsible for day-to-day administration and execution of Board decisions.

KPT's primary mandate includes management of port operations, safe navigation, vessel traffic control, cargo handling regulation, maintenance of port infrastructure, and facilitation of maritime trade. The Port of Karachi remains Pakistan's principal seaport, handling a significant portion of the country's international trade, including containerized cargo, dry bulk, liquid bulk, oil, and general cargo. KPT is also responsible for dredging and channel maintenance, marine services (pilotage, towage, mooring), estate management, leasing of port lands, and implementation of capital infrastructure projects.

Operationally, KPT manages terminals, berths, oil piers, and port facilities through a hybrid model of direct operations and concession agreements with private terminal operators. Its functional responsibilities include vessel traffic management, dredging operations, estate administration, cargo storage oversight, infrastructure expansion, and supervision of contractual arrangements with terminal operators and shipyard facilities.

Human Resource: Employee-related costs (wages and pension provisions) amounted to Rs. 26,459.771 million in FY 2024–25, for around 3,500 employees, forming the largest expenditure component and reflecting a significant structural cost base.

Import and Export Handled: The Port of Karachi handles a major share of Pakistan's seaborne trade, including containerized cargo, dry bulk commodities, petroleum products, and general cargo, thereby playing a central role in national trade logistics and supply chain management.

KPT operates on a self-financing commercial model. Revenues are generated through cargo handling, ship movement services, port dues, storage charges, estate rentals, revenue share from terminal operators, investment returns, and other port services. These revenues fund operational expenses, capital development, pension liabilities, debt servicing, and infrastructure expansion. Although operationally autonomous, KPT remains subject to federal financial legislation, treasury regulations, and oversight by the Ministry of Maritime Affairs and relevant federal authorities.

Oversight mechanisms include Board supervision, internal control systems, internal audit functions, and external audit by the Auditor-General of Pakistan, followed by scrutiny by the Public Accounts Committee (PAC). Recent audit observations have highlighted weaknesses in contract management, recovery of dues, enforcement of liquidated damages, estate controls, treasury compliance, tax recovery mechanisms, and internal financial discipline.

As a strategic national maritime institution,

KPT plays a critical role in trade facilitation and economic activity. However, sustainable fulfillment of its mandate requires strengthened financial governance, effective contract enforcement, disciplined pension management, improved receivable recovery mechanisms, modernization of estate administration systems, and enhanced internal audit independence to ensure transparency, accountability, and value for money in the management of public resources.

Financial Highlights – Karachi Port Trust

The Income Statement Snapshot of the Karachi Port Trust indicates total revenue exceeding PKR 46 billion, primarily driven by ship movement and services (PKR 15.52 billion) and cargo handling (PKR 11.13 billion), confirming that core port operations remain the main income generators. Additional contributions from property management and other income streams show some diversification but are secondary to operational revenue. On the expenditure side, staff-related costs dominate, with provision for staff pension fund (PKR 13.55 billion) and wages and employee benefits (PKR 12.91 billion) forming the largest expense components, reflecting a heavy fixed-cost structure typical of public sector entities. A significant retranslation loss on foreign currency loans (PKR 6.90 billion) indicates material exposure to exchange rate volatility, which directly compresses profitability. Despite generating a profit of approximately PKR 2.8 billion, the margin remains relatively tight compared to total revenue, suggesting that profitability is highly sensitive to cost escalation and currency movements. Overall, while operational performance appears stable, financial sustainability depends on controlling employee-related liabilities and mitigating foreign exchange risks.

Some important liquidity and profitability ratios are discussed here to provide a brief overview of the financial performance of the entity.

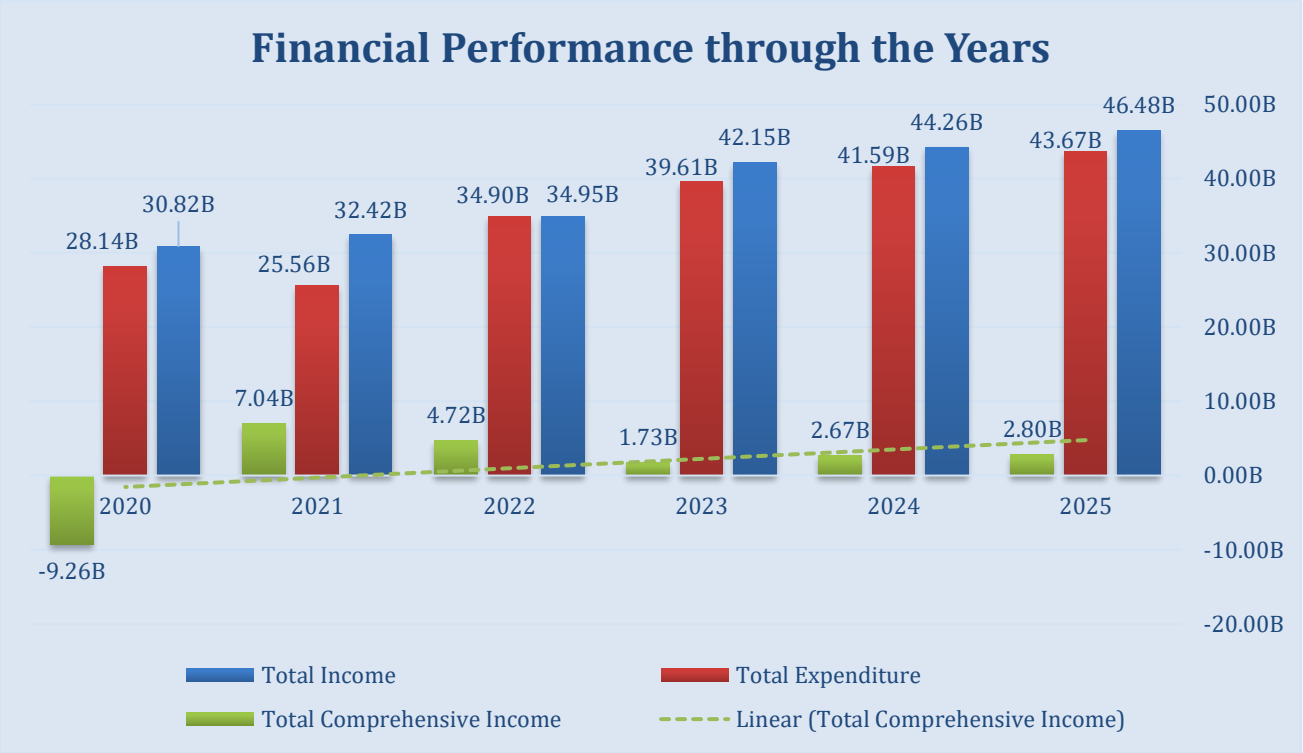
Financial Performance

The overall financial performance of KPT has been robust over the last 5 financial years and it has been consistently profitable since the year 2020, with profit ranging between PKR 7 Billion in 2021 to 2.80 Billion at the most recent close of the financial year.

The income and expenditure are both showing an increasing trend in the last 5 years. However, the growth in revenue could not be translated into a growth in net comprehensive income. The revenue has seen a Compounded Annual Growth Rate (CAGR) of 8.5% from 2019 to 2025 while the expenses have seen a growth of 9.19% in the same period. However, the net surplus has seen a meager 0.90% growth in the same period. It can thus be said that the management has not been able to take actions to generate surplus at the same rate. Despite increase in revenue, profitability could not be increased due to a corresponding increase in the expenditures. The growth in the income, expenses and the profitability is shown below in the chart.

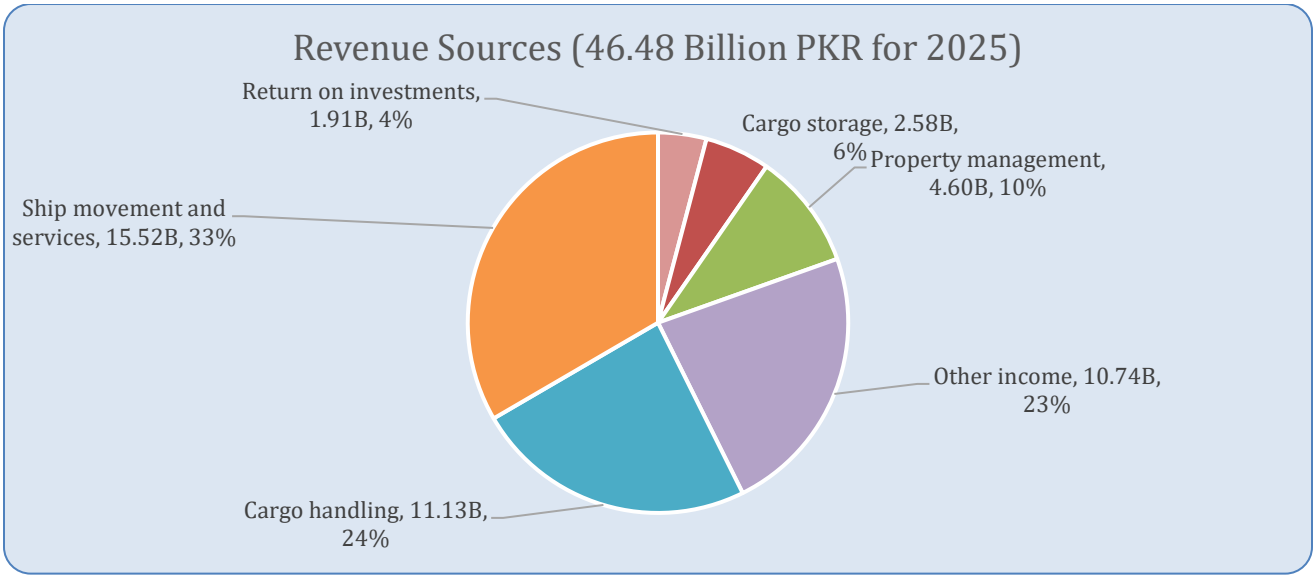
It is important to indicate that for the year closing on 30.06.2020, the abnormal net loss is the result of remeasurement loss on defined benefit obligations for the employees. Otherwise, the

KPT had operational profitability for the year.



Major Sources of Revenue

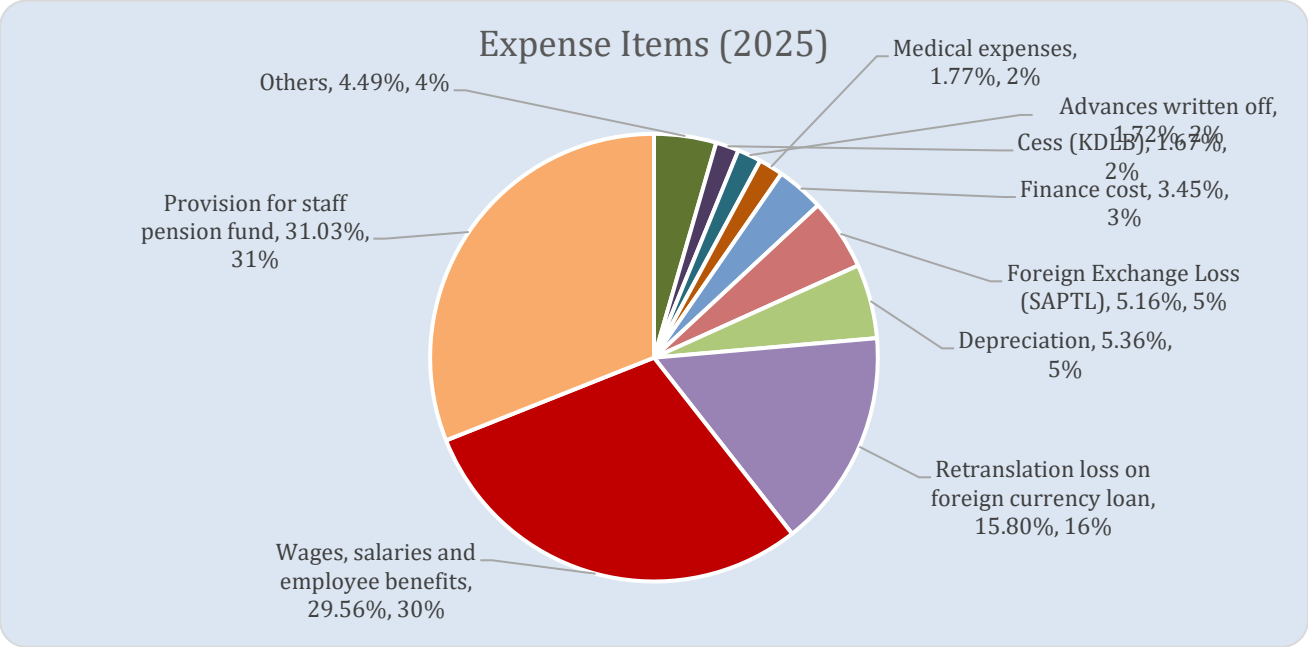
For the financial year ending 30th June 2025, the main sources of income are as below:



It can be seen that the two categories, i.e., ship movement and services and cargo handling together account for more than 57% of the total income.

Major Expenses

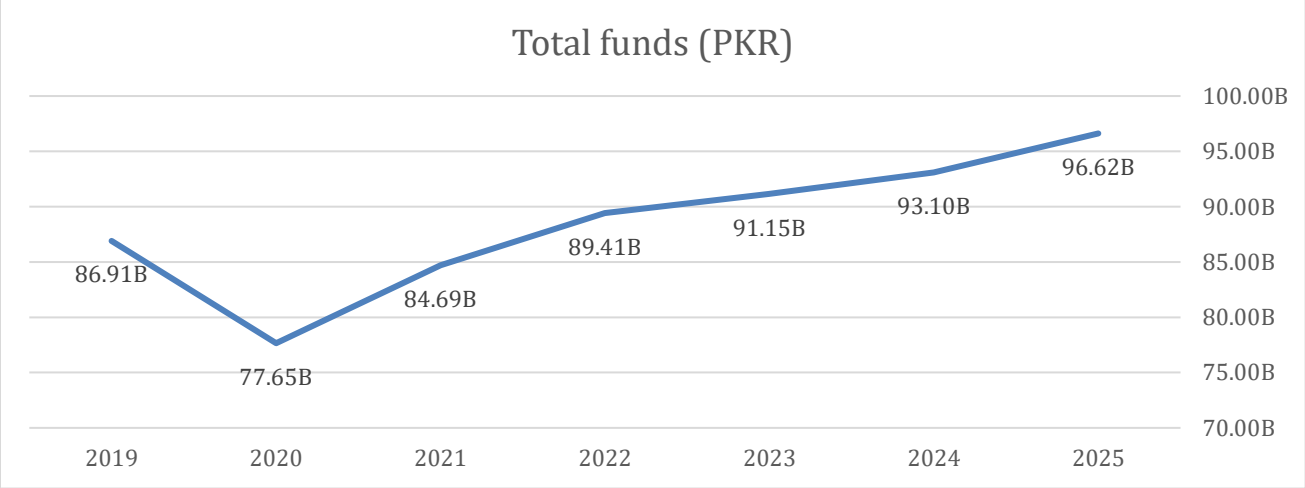
For the financial year ending 30th June 2025, the main cost drivers are as below: -



The HR cost is the most dominant cost driver (**staff pension fund being the highest cost item**) and together with wages makes up more than 60% of the total expenses, leaving little for upkeep of port and investment in its operations. It underscores the need for immediate steps for managing the burgeoning pension expense.

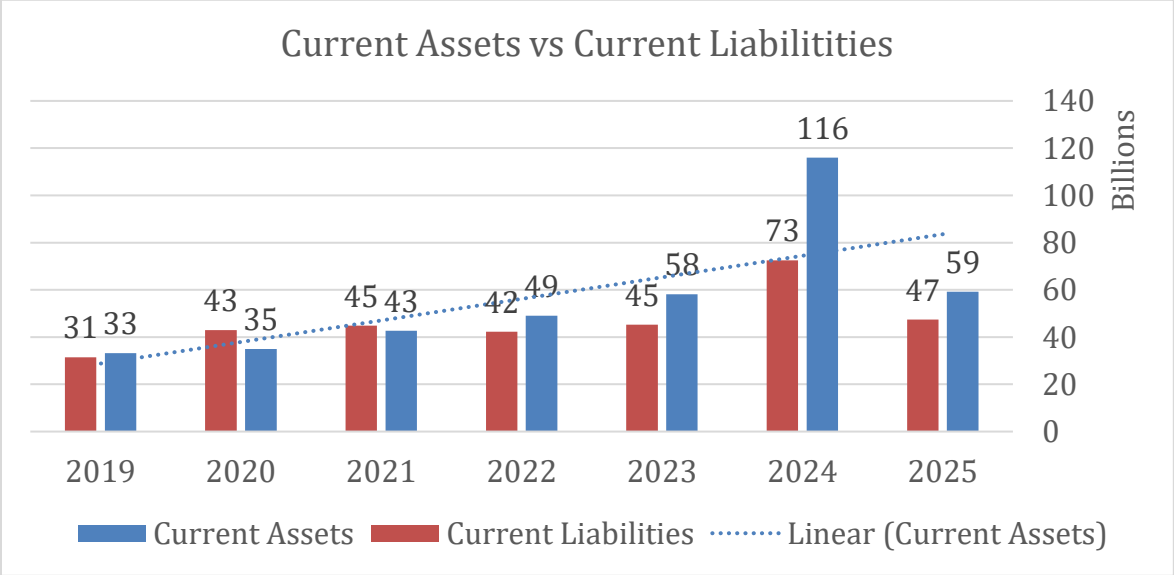
Funds and reserves

The total funds (excluding revaluation reserves which are a non-cash asset) have seen a modest growth from 2019 to 2025, showing a CAGR of just 1.78% in the last 6 years, which is far below the discount rate maintained by SBP during the years. While the reserves have been maintained, their growth has not kept pace with the risk-free investments.



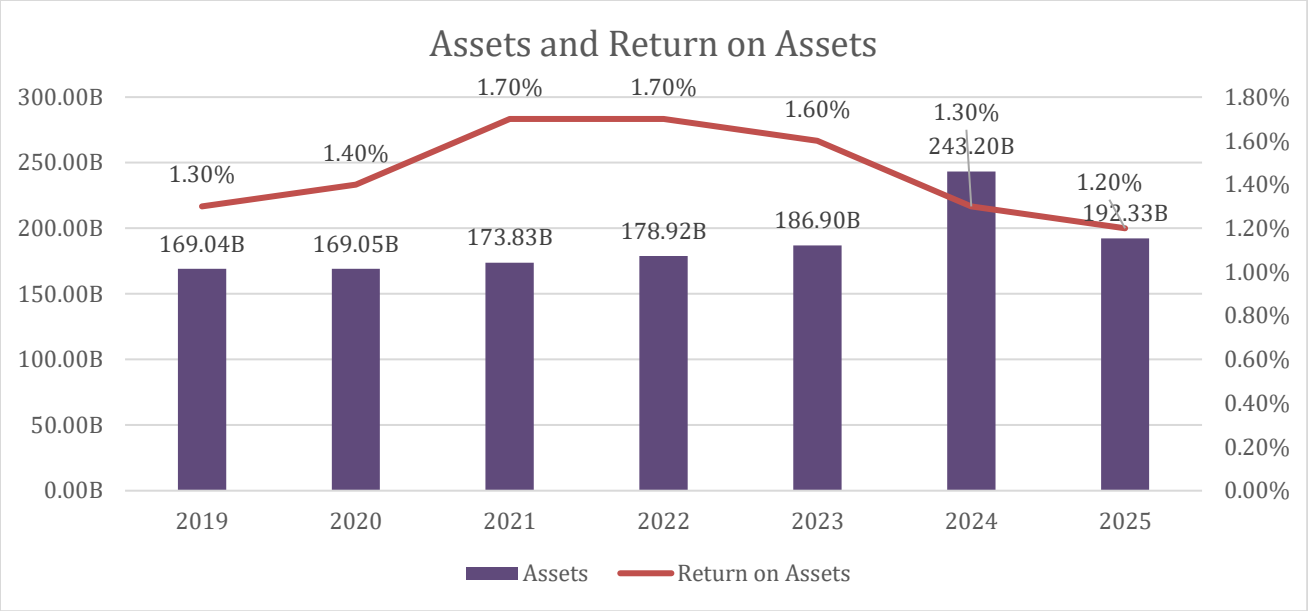
Current Assets vs Current Liabilities

The comparison of current assets and current liabilities of the Karachi Port Trust shows that liquidity was relatively tight during 2020–2021, when current liabilities were close to or exceeded current assets, indicating short-term financial pressure. From 2022 onward, the position improved as current assets consistently exceeded current liabilities, reflecting better working capital management. The most notable expansion occurred in 2024, where current assets increased sharply, creating a strong liquidity buffer; however, this appears partly temporary as the gap narrowed in 2025. Overall, the trend indicates a transition from strained liquidity to a more stable and controlled short-term financial position in recent years.



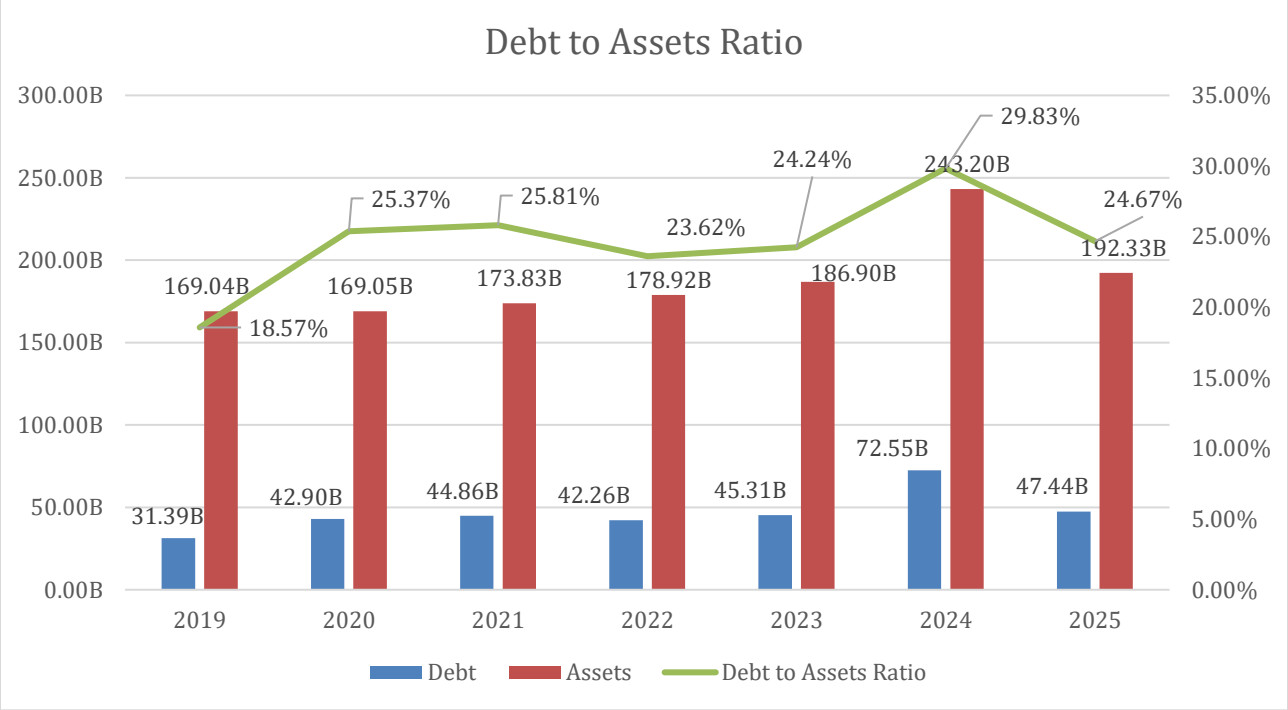
Return on Assets Ratio

The **Return on Assets** Ratio remained considerably low between 1.20% and 1.70% for the period, indicating poor management performance, low profit margins, or underutilized, idle assets. A noticeable decline has been seen in the last two years, indicating further deterioration in use of large asset base to generate revenues and profits.



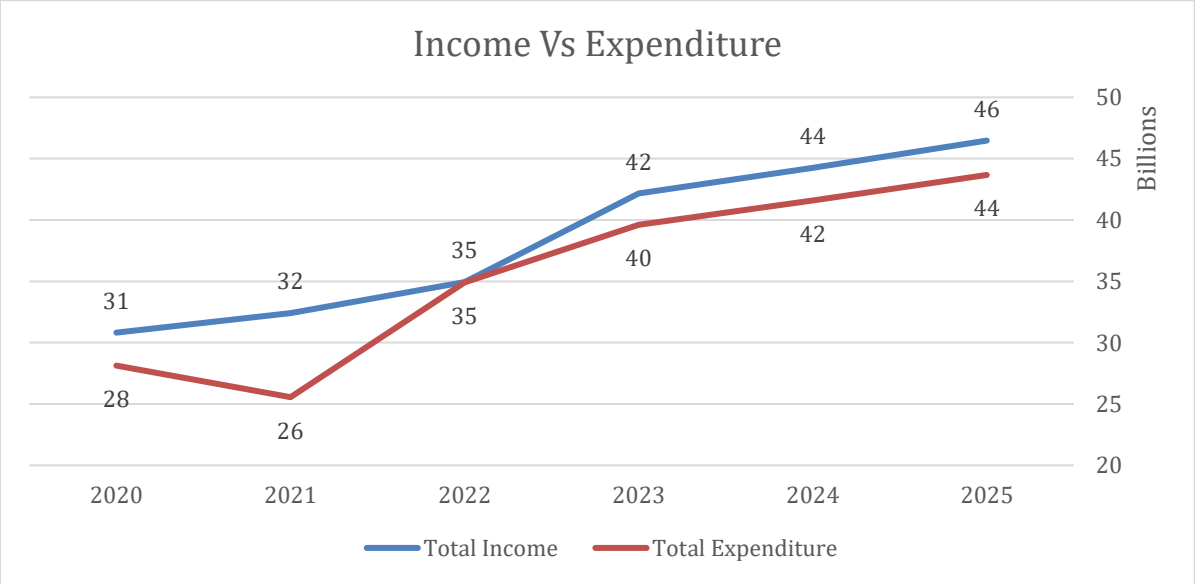
Debt to Assets Ratio

The debt ratio, or debt-to-assets ratio is a leverage ratio that defines how much debt a company carries compared to the value of the assets it owns. The debt to asset ratio in the recent years has remained between 25% and 30%, which shows that the debt is only a small portion of the overall assets and there is no immediate financial threat if proper liquidity is maintained. This is typically seen as a **low-risk** level by creditors and investors.



Income vs Expenditure

The Income vs Expenditure trend of the Karachi Port Trust shows steady revenue growth across the period, with income increasing from PKR 30.8 billion in 2020 to PKR 46.5 billion in 2025. Expenditure has also risen in parallel, moving from PKR 28.1 billion in 2020 to PKR 43.7 billion in 2025. The surplus margin was strongest in 2021, where expenditure was significantly lower relative to income, resulting in a wide gap and high surplus. However, 2022 reflects a near break-even position, with expenditure almost equal to income, indicating cost pressure during that year. From 2023 onward, income and expenditure both increased at a similar pace, maintaining a modest but stable surplus. Overall, while revenue growth is consistent, expenditure growth closely tracks income, leaving limited margin expansion and indicating that profitability remains sensitive to cost escalation and external financial pressures.



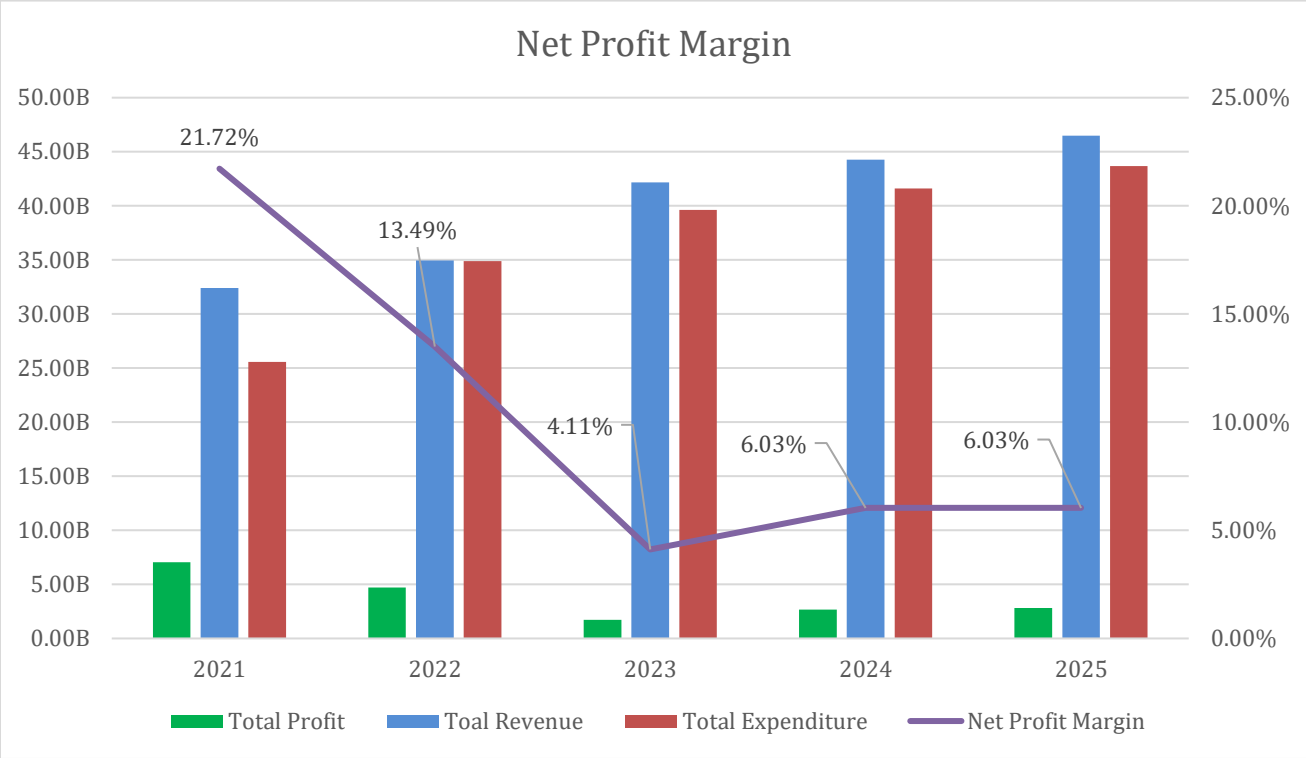
Net Profit Margin

The Net Profit Margin shows a clear and significant deterioration over the five-year period. In 2021, the margin stood at a strong 21.72%, indicating healthy operational efficiency and controlled expenditure relative to revenue. However, the margin dropped sharply to 13.49% in 2022, reflecting rising cost pressures or reduced operating efficiency.

The situation worsened in 2023, where the margin declined dramatically to 4.11%, suggesting substantial cost escalation, foreign exchange losses, pension impacts, or other non-operating pressures that significantly eroded profitability despite revenue growth. Although there was a partial recovery to 6.03% in both 2024 and 2025, profitability remains materially below the 2021 level.

Overall, the trend indicates that while revenue has grown consistently, profit generation has weakened considerably. The stabilization at around 6% suggests cost pressures remain structurally embedded, and unless major cost

drivers (pension, FX exposure, finance cost) are controlled, margin recovery to earlier levels appears unlikely in the near term. Any external shock can push the profit margin further lower, or even into negative territory.



Audit Objectives, Scope and Methodology

Audit Objectives

The audit aimed to evaluate the financial management, governance framework, operational efficiency, and regulatory compliance of Karachi Port Trust (KPT) in accordance with the KPT Act, 1886, the Public Finance Management Act, 2019, applicable federal financial rules, and contractual obligations.

The audit assessed whether KPT effectively safeguarded public funds and assets, enforced contractual provisions, ensured timely recovery of dues, and maintained proper internal controls over revenue collection, expenditure, project execution, and treasury operations. Particular emphasis was placed on evaluating compliance with contract conditions, imposition and recovery of liquidated damages, mobilization advances, consultancy fees, lease management, tax compliance, asset utilization, and adherence to Treasury Single Account requirements.

The audit further sought to identify systemic weaknesses in governance, financial oversight, contract administration, estate management, internal audit arrangements, and statutory compliance that may expose KPT to financial loss, operational inefficiencies, or reputational risk.

Audit Scope

The audit covered the financial and operational activities of Karachi Port Trust for FY 2024–25, with multi-year analysis spanning FY 2020–21 to FY 2024–25 to assess trends in revenue generation, recoveries, contract execution, asset management, and compliance practices.

The scope included examination of:

- Revenue assessment, billing, reconciliation, and recovery mechanisms;
- Contract administration, including price adjustment, liquidated damages, mobilization advance recovery, consultancy fee deductions, and performance guarantees;
- Project execution and capital works management;
- Estate management, lease renewals, and recovery of rental dues;
  Treasury operations, maintenance of bank accounts, and compliance with Treasury Single Account framework;
- Transfer of surplus and deposit of revenues in accordance with PFM Act and Finance Division directives;
  Tax compliance, including levy and collection of Sindh Sales Tax on Services;
  Internal control systems, documentation, and internal audit effectiveness;
  Asset safeguarding, insurance coverage, and operational utilization of port facilities.

The audit was conducted on a risk-based and selective test-check basis, focusing on high-value contracts, major infrastructure projects, recoverable amounts, statutory compliance areas, and sensitive financial transactions.

Audit Methodology

The audit was conducted in accordance with ISSAI 1700 and adopted a risk-based audit approach.

Audit procedures included:

- Examination and analysis of financial statements, ledgers, and revenue data;
- Contract review, including terms, escalation formulas, variations, and payment certifications
- Verification of recoveries, deductions, and outstanding receivables;
- Analytical review of revenue trends and comparison across multiple financial years;
- Examination of Board Resolutions, approvals, and delegation of financial powers;
- Review of lease records, estate files, and recovery correspondence;
- Assessment of treasury practices, bank account maintenance, and compliance with PFM Act and TSA Rules;
- Evaluation of internal audit coverage and internal control effectiveness.

Walkthroughs and discussions were held with relevant officials of Accounts, Engineering, Estate, Traffic, and Administration Departments. Compliance was assessed against applicable laws, contractual provisions, financial rules, and federal directives.

Analytical procedures focused on identifying financial exposure, non-recoveries, contract enforcement gaps, governance weaknesses, and control deficiencies affecting public funds and asset management.

Audit findings have been structured in the prescribed format, focusing on factual evidence, management response, and objective assessment of compliance and control effectiveness.

2. Stated Mandate, Role and Responsibilities

- Established as Pakistan's principal seaport and major trade gateway
- Operational hub for containerized cargo since 1973
- Three major container terminals operating under public-private partnership model (KICT, KGTL, SAPTL)
- Port area spanning approximately 33 square kilometers
- East Wharf (17 berths), West Wharf (13 berths), and South Wharf (4 berths)
- Dedicated container terminals with deep-draft berthing facilities
- Three specialized oil piers for liquid cargo handling (POL and non-POL)
- Equipped with modern cargo handling equipment and infrastructure
- Advanced vessel monitoring systems including radar and navigational buoys
- 24/7 security through Port Security Force, technical units, pollution control, and firefighting services
- Dedicated dredger fleet to maintain channel depth and counter siltation
- Warehousing, transit, and customs clearance facilities at berths
- Facilities for dangerous cargo, bulk cargo, oil tankage, and container freight stations
- Manora Dry Dock facility for vessel repairs
- Access to large-scale ship repair through Karachi Shipyard & Engineering Works
- Integrated maritime logistics, safety, and infrastructure management system

AUDIT FINDINGS

SUMMARY

The audit of Karachi Port Trust revealed significant deficiencies in governance, financial oversight, contract enforcement, and compliance with statutory financial regulations. Multiple instances were observed where contractual provisions were not enforced, including non-imposition of liquidated damages, non-recovery of certified deductions, deferment of mobilization advance recovery, and non-deduction of consultancy fees. In several projects, payments were processed despite delays, variation in quantities lacked adequate justification, escalation formulas were altered without documented approval, and internal verification mechanisms were weak. Large outstanding receivables from contractors, terminal operators, estate tenants, and Customs authorities remained unrealized for extended periods, reflecting ineffective revenue enforcement and weak financial discipline. These systemic lapses exposed substantial public funds to risk and raised serious concerns regarding value for money, contract management integrity, and accountability.

Operationally, KPT demonstrated weaknesses in asset utilization, estate management, and project execution. Expired lease agreements covering significant land area were not renewed or repossessed, resulting in prolonged unauthorized occupation and revenue leakage. Key infrastructure such as Manora Dry Dock remained underutilized despite capital expenditure, while repair and maintenance expenditures overlapped with major refit contracts without adequate technical reconciliation. Non-insurance of port assets and vessels exposed the Authority to financial risk, and unsupported expenditures lacked adequate documentation. Internal control systems were insufficient to prevent splitting of expenditures, unauthorized advance payments, and excess payments, indicating deficiencies in preventive and detective controls.

From a fiscal compliance perspective, the audit identified non-alignment with federal financial legislation, including retention of revenues outside the Treasury Single Account, non-transfer of surplus funds to the Federal Consolidated Fund, and maintenance of multiple bank accounts without Finance Division approval. Statutory tax obligations, including levy and collection of Sindh Sales Tax on revenue share, were not effectively integrated into billing systems, resulting in avoidable financial exposure. The absence of harmonized treasury controls, weak internal audit coverage, and inadequate enforcement of statutory provisions undermined transparency and fiscal discipline. Without comprehensive corrective measures to strengthen governance structures, enforce contractual obligations, modernize revenue controls, and align financial operations with federal public finance frameworks, KPT remains exposed to recurring financial irregularities and institutional inefficiencies.

3. Financial Management

Audit review of Financial Management at Karachi Port Trust indicates systemic weaknesses in statutory reporting, revenue assurance, investment prudence, contract enforcement, asset management, tax compliance, and treasury discipline. Significant lapses were observed in budgeting transparency, financial reporting accuracy, reconciliation of receipts, enforcement of recoveries, investment decision-making, and compliance with federal financial laws. These deficiencies collectively reflect weak internal controls, inadequate oversight, and non-adherence to statutory and contractual obligations, exposing KPT to revenue loss, opportunity cost, financial misstatement, and governance risk.

3.1 Investments

Investment decisions lacked documented comparative analysis, duration assessment, and risk-adjusted return evaluation. Funds were locked in long-tenor or lower-yield instruments without clear prudential justification. Opportunity losses were incurred due to absence of structured financial vetting. Investment governance framework requires strengthening.

3.1.1 Loss to Government due to Investment in Zero-Coupon Pakistan Investment Bond (PIB)

Audit scrutiny revealed that KPT invested Rs. 6,657.352 million in a zero-coupon Pakistan Investment Bond maturing in September 2026, yielding Rs. 1,342.648 million over the investment period. Comparative analysis indicated that alternate term deposit options could have yielded higher returns, reflecting a potential opportunity difference of Rs. 197.863 million.

The management stated that the PIB is a sovereign-backed instrument offering capital protection and that alternate term deposit reinvestment assumptions would reduce comparative gains.

The reply was not convincing because no documented comparative yield analysis, risk–return assessment, or Board-approved financial evaluation was produced prior to investment. The decision reflects absence of documented financial vetting and comparative market assessment.

3.1.2 Investment in Long-Term HBL PIB without Financial Due Diligence

Karachi Port Trust (KPT) invested Rs. 9.499 billion in a long-term 10-year Pakistan Investment Bond (PIB) of Habib Bank Limited (HBL) carrying a 14% coupon rate and 12.31% yield, without conducting comparative financial due diligence. Analysis of returns shows that a 5-year UBL PIB, with a 12% coupon rate and 12.21% yield, offered a higher effective average annual return of 11.80% compared to 11.02% under the HBL PIB, along with significantly lower duration and reinvestment risk.

Further comparison revealed that after five years, the UBL PIB would yield an overall profit of Rs. 4.981 billion with liquidity at maturity, while the HBL PIB, although showing Rs. 5.235 billion nominal gain, would still be under lock-in for another 3.7

years, exposing KPT funds to long-term interest rate risk and premium erosion. This indicates that the investment decision was not based on optimal yield-to-maturity analysis or duration-adjusted return evaluation. Details are as under:

Parameter	HBL PIB (14%)	UBL PIB (12%)
Investment (Cost)	9.50 billion	8.44 billion
Face Value	8.39 billion	8.39 billion
Coupon Rate	14%	12%
Tenor	8.69 years	5 years
Annual Coupon Income	1.174 billion	1.007 billion
Total Coupon (5 yrs)	5.873 billion	5.034 billion
Total Return After 5 Yrs	**14.735 billion**	**13.425 billion**
Profit Over 5 Yrs	**5.235 billion**	**4.981 billion**
Avg. Annual Return (approx.)	11.02%	11.80%

Audit is of the view that investing Rs. 9.499 billion in a long-tenor PIB without proper comparative analysis or approval of a financial feasibility study reflects weak financial prudence and non-compliance with the principles of economy and efficiency prescribed in PPRA and GFR.

The management stated that the investment decision was based on yield-to-maturity analysis and long-term surplus profile considerations, and that interest rate reduction validated the decision.

The reply was not accepted because no formal comparative duration analysis, risk-adjusted return assessment, or documented Board-level feasibility study was produced. The absence of documented prudential evaluation indicates weaknesses in investment governance oversight.

3.1.3 Loss Due to Investment at Lower Fixed Rate

Audit review revealed that Rs. 9.5 billion was invested at a fixed rate of 12.31% for ten years, while alternate floating-rate options offered 12.77% during the same period, resulting in a potential opportunity difference of Rs. 43.67 million.

The management stated that fixed-rate investment ensured income certainty and protected against rate volatility and that opportunity cost does not constitute actual loss.

The reply was not accepted because no documented comparative market analysis, sensitivity study, or Board-approved investment rationale was produced to substantiate the prudence of selecting the lower fixed rate. The absence of structured financial evaluation indicates weaknesses in investment decision-making processes.

3.2 Receipts

Revenue collection systems show major reconciliation failures between operational and accounts departments. Concession revenue share was accepted without verification of gross revenue base. Non-deposit of port charges and outstanding rental dues indicate weak enforcement. Receipts monitoring lacks validation and cross-verification controls.

3.2.1 Unauthenticated 15% Share of Gross Revenues Paid by Terminal Operating Company (TOC)

Clause 7.1.10 of the Concession Agreement between Karachi Port Trust (KPT) and Karachi Gateway Multipurpose Terminal Limited (KGTML) stipulates that the gross revenue share shall, if required by the KPT, be certified by the independent auditor once a year following the finalization of the audited financial statements referred to in clause 7.1.9

Audit review revealed that Karachi Gateway Multipurpose Terminal Limited (KGTML) reported gross revenue of Rs. 12,424.611 million during FY 2024–25 and paid Rs. 1,863.692 million to KPT as 15% revenue share. However, Schedule 6 of the Concession Agreement, which should specify cargo-handling rates, was not finalized or provided. The gross revenue figure was therefore based on self-reported management accounts without independent verification.

The management stated that revenue share payments were deposited into KPT's bank account and that letters were issued requesting Schedule 6 details. It further stated that an audit firm was being engaged to reconcile revenue.

The reply was not accepted because reconciliation against audited financial statements and independent certification was not performed. The absence of finalized rate schedules and verified cargo data indicates weaknesses in revenue validation and contract enforcement controls.

3.2.2 Non-deposit of KPT charges by KGTML

Audit scrutiny revealed that KPT charges collected by the concessionaire were not reported or deposited into KPT's designated account as required. No reconciliation statements, collection records, or deposit confirmations were available for verification.

The management referred to receipt of Rs. 1,863.692 million as revenue share and stated that Schedule 6 details were awaited and that reconciliation audit was under process.

The reply was not accepted because it did not address the specific issue of non-deposit of statutory KPT charges distinct from the 15% revenue share. The absence of collection records and rate validation indicates inadequate monitoring and enforcement of concession terms.

3.3 Recoveries

Large recoverable amounts remain unrealized due to non-imposition of liquidated damages, non-recovery of advances, non-enforcement of certified deductions, and weak estate recovery mechanisms. Litigation and administrative delays were used as justification for inaction. Failure to pursue recoveries reflects serious contract administration lapses.

3.3.1 Non-Imposition of Liquidated Damages Due to Delay in Completion

Karachi Port Trust awarded a contract for "Dredging and Reclamation Works" to M/s China International Water and Electric Corporation (CWE) on 27.12.2008 with a completion period of 107 weeks, i.e. up to 15.01.2011, at a total contract value of Rs. 16,432.000 million. The completion period was extended up to 08.06.2011. As per Engineer, M/s Royal HaskoningDHV letter dated 20.10.2021 the work was substantially completed on 21.03.2015.

Audit observed that the work was not completed within the stipulated time. Further, no valid time-extension approval was granted to the contractor. As of 24.11.2025, the project remains incomplete and the expenditure continues to be reflected as Capital Work-in-Progress instead of a completed asset. This resulted in a delay of nearly five months. Despite the delay, liquidated damages at 10 % of the contract price, i.e. Rs. 1,643.200 million, were neither imposed nor recovered from the contractor.

Audit is of the view that due to ineffective project monitoring and unjustified leniency towards the contractor, public funds were exposed to loss and accountability provisions were ignored.

Management stated that the matter was under litigation and that bank guarantees totaling Rs. 3,253 million were available. It further explained that encashment attempts were stayed by court order.

The reply was not accepted because determination of LD liability was clear under contract provisions. Litigation does not prevent recognition and enforcement of recoverable amounts. The non-imposition of LD reflects weak contract enforcement.

3.3.2 Non-Recovery from Contractor

Karachi Port Trust awarded a contract for "Dredging and Reclamation Works" to M/s China International Water and Electric Corporation (CWE) on 27.12.2008 with a completion period of 107 weeks, i.e. up to 15.01.2011, at a total contract value of Rs. 16,432.000 million. The completion period was extended up to 08.06.2011. As per the Engineer, M/s Royal HaskoningDHV, vide letter dated 20.10.2021, the work was declared substantially completed on 21.03.2015.

Audit observed that several deductions determined by the Engineer under various items were not recovered from the contractor. These included costs related to unprovided facilities, short dumping, re-excavation, and siltation around KPT's basin. The total recoverable amount stood at Rs. 2,170.545 million, as detailed below:

No.	Deduction	Amount (Rs)
1	Engineer's Boat not provided for 1 year	2,870,507
2	Capping of Temporary Stockpile Area	32,017,771
3	Short Dumping at Sea by Barges	24,624,000
4	Contra-Charge for Excavation, Placement of Geotextile and Backfilling on Keamari Revetmenit (Work Carried out by MPW Contractor)	199,800,000
5	Siltation of Basin Around KPT's Fountain & Oyster Rocks	1,887,532,916
6	Deduction for Dredged Arising lost into the Sea from the Additional Disposal	23,699,520
Total		**2,170,544,714**

Audit is of the view that failure to recover certified deductions indicated weak contract administration and negligence in financial management, resulting in an unrecovered amount of Rs. 2,170.545 million from the contractor.

Management referred to litigation and stated that recoveries would be processed after court decision.

The reply was not accepted because the Engineer's final determination dated 20.10.2021 confirmed recoverable liabilities. Delay in recovery despite certified deductions reflects weak financial discipline.

3.3.3 Non-Recovery of Mobilization Advance

Karachi Port Trust (KPT) awarded a contract for "Construction of Bridge between East and West Wharves at Karachi Port" to M/s CCECC–Usmani JV vide Award Letter No. P&D-G(658)/2020/3/1022 dated 22.10.2021, at a total contract cost of Rs. 2,319.884 million with a completion period of 15 months. The management paid an amount of Rs. 231.588 million as 10% mobilization advance to the contractor.

Audit observed that only Rs. 46.815 million was recovered up to IPC No. 13 dated 30.06.2025, leaving a balance of Rs. 184.770 million still outstanding. The project's stipulated completion period has already lapsed, yet no recovery action has been initiated, nor has the advance been adjusted against pending liabilities. This constitutes clear violation of PEC guidelines and weak contract management, resulting in blocking of public funds.

Audit is of the view that non-recovery of mobilization advance despite expiry of contract period reflects serious negligence in financial oversight and non-compliance with PEC contractual provisions.

Management stated that recovery was deferred by Board resolutions to facilitate progress and that guarantees were available as security.

The reply was not accepted because contractual provisions require systematic recovery irrespective of Board deferment. The outstanding advance represents blocked public funds.

3.3.4 Non-Imposition of Liquidated Damages Due to Delay in Completion

Karachi Port Trust (KPT) awarded a contract for "Construction of Bridge between East and West Wharves at Karachi Port" to M/s CCECC–Usmani JV vide Award Letter No. P&D-G(658)/2020/3/1022 dated 22.10.2021, at a total contract value of Rs. 2,319.884 million, with a stipulated completion period of 15 months commencing from 26.01.2022. Accordingly, the project was required to be completed by 25.04.2023.

Audit observed that as of November 2025, the work had not been completed, and the project remains under execution without valid time-extension approval. Despite a delay of more than 30 months, the management did not impose or recover liquidated damages as required under the contract. Based on the contract provision of 10% LD, an amount of Rs. 231.988 million was recoverable from the contractor. The omission to enforce LD resulted in an undue financial benefit to the contractor and loss to KPT.

Audit is of the view that due to weak project monitoring, lack of contract enforcement, and non-observance of financial discipline, KPT failed to safeguard public funds.

Management stated that Board resolutions deferred LD and that adequate guarantees were available.

The reply was not accepted because contractual LD provisions are mandatory and cannot be waived through administrative deferment. Delay exceeded 30 months without valid time extension approval.

3.3.5 Non-Recovery of Consultancy Fee

The management of Karachi Port Trust (KPT) awarded a contract for "Construction of Bridge between East and West Wharves at Karachi Port" to M/s CCECC–Usmani JV vide Award Letter No. P&D-G(658)/2020/3/1022 dated 22.10.2021, at a total contract value of Rs. 2,319.884 million, with a completion period of 15 months commencing from 26.01.2022.

Audit observed that under Clause 47.4, consultancy fee @ Rs. 5,000,000 per month was required to be deducted from each IPC. However, examination of project payment records revealed that no deduction was made from 22.08.2023 to 30.06.2025, covering a period of 34 months. As a result, a total consultancy fee of Rs. 173.325 million (Rs. 5,000,000 × 34.665 months) remained unrecovered from the contractor. The failure to apply this contractual provision deprived KPT of significant recoverable revenue and reflected weak financial controls.

Audit is of the view that non-deduction of consultancy fee in violation of Clause 47.4 indicates poor contract management, lack of oversight, and non-compliance with agreed payment terms, resulting in non-recovery of Rs. 173.325 million.

Management stated that recovery was deferred by Board resolution and remains secured through guarantees.

The reply was not accepted because consultancy deduction is a contractual obligation and cannot be suspended through internal resolutions.

3.3.6 Non-imposition of liquidated damages

The management of Karachi Port Trust (KPT) awarded a contract for "Reconstruction of Boat Basin Jetties at Keamari Phase II" to M/s Iqbal and Sons on 13.10.2021 at a cost of Rs. 625.086 million. The Extension of Time was subsequently granted up to 31.12.2024. As per the Engineer's letter dated 05.07.2025, the total payable escalation was assessed at Rs. 326.557 million, out of which Rs. 294.907 million had been paid up to IPC No. 11, leaving a balance of Rs. 31.160 million.

Audit observed that the contractor was failed to complete the work up to 31.12.2024 and the management neither imposed liquidated damages @ 10% of the work amounting to Rs. 93.700 million nor any extension of time was granted.

Audit is of the view that non-imposition of liquidated damages was violation of rules and favour to the contractor.

3.3.7 Non-Imposition of liquidated Damages and non-utilization of Manora Dry Dock

The Karachi Port Trust (KPT) awarded the work "Repair and Rehabilitation of Manora Dry Dock" to M/s Mohammad Ayub & Brothers at a cost of Rs. 202.790 million on 24.02.2010, with a completion time of 364 days (up to 05.04.2011). The completion period was later extended up to 31.10.2013 through Board Resolution (B.R.) No. 303 dated 09.05.2013. Due to deficiencies in the project design, the KPT Board vide B.R. No. 09 dated 24.07.2014 terminated the consultant's services, directing that the remaining work be jointly supervised by the P&D Division and CM&EE Department.

Audit scrutiny revealed that the project was substantially completed on 31.07.2015, which indicates a delay of nearly four years from the original completion schedule. Despite this delay, liquidated damages of Rs. 20.279 million (10% of the contract value) were not imposed on the contractor. The omission resulted in a direct financial loss to KPT and contravention of contractual provisions.

Moreover, audit noted that since completion, the Manora Dry Dock has not been operational; no small craft or vessel (up to 64 meters in length, 16.45 meters breadth, and 3.02 meters draft) has been docked to date. Instead, all repair and docking work continues to be outsourced to Karachi Shipyard, despite KPT having its own Engineering Department and an operational dock. This pattern suggests possible collusion between KPT officials and Karachi Shipyard management, a concern earlier highlighted in the Prime Minister's Inspection Commission's report, which observed a nexus between both entities to divert docking work for external payment advantage.

Audit is of the view that:

i. Failure to impose LD for delayed completion caused a loss of Rs. 20.279 million.

ii. Continued non-utilization of the completed dry dock resulted in avoidable financial outflows toward Karachi Shipyard for docking services.

The management replied that the contractor obtained stay order from High Court to

restrain KPT from encashing his performance bank guarantee.

The management reply was not accepted as the grant of time extension and subsequent litigation do not justify non-imposition of liquidated damages when the project was delayed by nearly four years without valid contractual justification. The cited stay order pertained to encashment of the performance guarantee, not to the levy of LD, which remained within KPT's authority. Moreover, the continued non-utilization of the dry dock even after completion reflects serious administrative inefficiency and supports the audit concern of possible collusion between KPT officials and Karachi Shipyard management.

3.3.8 Loss Due to Non-Recovery of Dues from Properties

Karachi Port Trust (KPT), Karachi, which owns numerous properties leased to various tenants, failed to recover outstanding rental dues amounting to Rs. 1,199.637 million under different property categories as detailed below:

Sr. No.	Type of Properties	Amount (Rs.)
1	Welfare / Welfare Commercial	3,992,757
2	Warehouses	121,816,418
3	Storage of POL	18,254,677
4	Storage of Non-POL	47,355,640
5	Shops / Stalls / Flats / Rooms / Plots	57,281,481
6	Petrol Pump	13,860,604
7	Residential / Recreational / Residential Cum Commercial	190,129,017
8	Industrial	204,113,810
9	Commercial	542,832,666
	Total	**1,199,637,070**

Audit is of the view that the management failed to enforce recovery provisions of the KPT Act and Estate Department Manual, resulting in accumulated outstanding dues of Rs. 1.199 billion, reflecting weak internal controls, ineffective monitoring, and financial negligence.

Audit recommends that immediate recovery action be initiated under Section 84 of the KPT Act, including adjustment or cancellation of leases of persistent defaulters, and responsibility be fixed on officials responsible for non-recovery and weak enforcement of estate recovery mechanisms.

3.3.9 Excess Payment during Construction of Road at West Wharf

Audit scrutiny of records of the Repair & Maintenance (R&M) Department, Karachi Port Trust (KPT) revealed that a contract amounting to Rs. 303.780 million was awarded to M/s Deen Muhammad for the rehabilitation of a road at M.I. Yard West Wharf, Karachi.

Audit observed as under:

i. The sub-engineers prepared cost estimates using non-scheduled rates instead of approved Schedule of Rates (SOR), inflating the overall project cost.

ii. The quantity of Tucking/Chipping/Chiseling increased from 22,800 Sq. M in the Bill of Quantities (BOQ) to 46,814 Sq. M at the rate of Rs. 646 per Sq. M, resulting in excess payment of Rs. 15,512,805.

iii. The original financial bid of the contractor was not available for audit verification.

iv. No approval of variation orders or justification for increased quantities was found on record, showing non-compliance with prescribed procedures.

v. According to the 2nd running bill, 80% of the work was reportedly completed; however, physical verification revealed that only about 67% of the work had been executed.

Audit is of the view that the use of non-scheduled rates, overestimation of quantities, and unauthorized variations resulted in excess and irregular payment of Rs. 15.512 million, indicating weak internal controls and possible undue financial favor to the contractor.

Management stated that rates were based on market conditions and that variations were approved by Chief Engineer.

The reply was not accepted because prior approval and justification for significant variation were not substantiated with complete documentation.

3.3.10 Irregular Award of Contract and Advance Payment to KS&EW in Violation of Board Resolution – USD 3.84 Million

Karachi Port Trust awarded a contract for procurement of 2 x mooring boats at a cost of Rs. 3.84 million (1USD = Rs. 278) on 12.02.202. A letter was written to KS&EW on 13.02.2025 from Project Manager (M), KPT for determination of cost and other associated details for construction of following harbor crafts approved by the KPT Board for construction at KS&EW:

i. 02 x Mooring Boats (already issued award of contract on 12.02.2025).

ii. 02 x Pilot Boats.

iii. 01 x Multicat Anchor Hoist Vessel.

iv. 02 x Self Propelled Split Type Hopper Barges each Hopper Capacity 1000m3

v. 01 x Grap Dredger.

Audit observed that despite the clear instructions of Board Resolution No. 94 dated 15.01.2025, the contract was awarded without determination of agreed profit margins, local construction cost components (HR, services, materials), and without conducting joint tendering for KOM. Furthermore, the management released 30% advance payment to M/s KS&EW without the fulfillment of mandatory preconditions laid down by the Board.

Audit is of the view that the award of contract and release of 30% advance payment without compliance with the

Board's approved methodology was unauthorized, non-transparent, and in violation of KPT Board directives, resulting in undue favor to M/s KS&EW and exposing the authority to financial and contractual risks.

3.3.11 Non-Imposition of Liquidated Damages due to Delay

The Karachi Port Trust (KPT) awarded a contract to M/s Karachi Shipyard & Engineering Works (KS&EW) for the dry docking and major refit of TSHD Abul vide Work Order dated 28.01.2025, at a total cost of Rs. 1,517.250 million, with a stipulated completion period of 120 days in dry dock/SLTS and 40 days at quay wall, subject to review after 60 days based on actual progress.

Audit observed that despite exceeding the prescribed completion period, no record of extension approval or LD imposition was available. The contractor continued to receive payments, and the management did not enforce the penalty clause. The inaction resulted in non-recovery of liquidated damages @10% of the contract value amounting to Rs. 151.725 million.

Audit further observed that 25% rent was also not deducted from the payment made to KS&EW.

Further, the Prime Minister Inspection Commission in its inquiry states that "the corrupt nexus between KPT, Karachi Shipyard and private partners needs to be broken by conducting forensic audit of maintenance carried out on KPT dredger namely Abul from time to time.

Audit is of the view that the failure to impose LD indicated weak contract administration and undue favor to the contractor, causing financial loss to KPT.

Management stated that cumulative dock utilization remained within approved limits and that ground rent would be deducted at final settlement.

The reply was not accepted because no formal extension order was produced and timeline calculations did not align with contract schedule.

3.3.12 Non-Recovery of Outstanding Dues from Customs House, Karachi

Audit scrutiny of Karachi Port Trust (KPT) records revealed that Customs House, Karachi auctioned imported goods between 17.05.1987 to 07.12.2024.

Audit observed that KPT share amounting to Rs. 649.759 million was not deposited by the Custom House, Karachi even after lapse of many decades. Details are as under:

S. No.	Location	Amount (Rs.)
1.	Custom Collectorate West	591,513,739
2.	Custom collectorate East	58,245,589
	Total	**649,759,328**

Audit is of the view that failure to recover the outstanding share of Rs. 649.759 million over such a prolonged period reflects gross negligence, weak internal controls, and financial indiscipline. It also indicates ineffective coordination between KPT and Customs authorities, resulting in loss to the KPT.

Management stated that joint efforts were ongoing and that facilitation benefitted both

parties.

The reply was not accepted because no recovery evidence or timeline was provided. Outstanding revenue remains unrealized.

3.3.13 Non-Recovery of Temporary Storage Charges from Terminal Operating Company (TOC)

KPT allotted temporary storage facilities to various Terminal Operating Companies (TOCs) for container storage during the financial year 2023–24. It was noted that an amount of Rs. 288.727 million remained outstanding against M/s Karachi Gateway Terminal Company (KGTL) (ex-PICT) for the period from 23.06.2023 to 16.04.2024, whereas dues from other TOCs such as M/s Karachi International Container Terminal (KICT) amounting to Rs. 1,586.918 million had already been settled.

Audit is of the view that the failure to recover temporary storage charges from KGTL constitutes weak revenue monitoring, poor follow-up, and non-enforcement of recovery provisions under Section 84 of the KPT Act, resulting in loss to the Authority.

Management stated that joint efforts were ongoing and that facilitation benefitted both parties.

The reply was not accepted because no recovery evidence or timeline was provided. Outstanding revenue remains unrealized.

3.4 Payments

Contract payments reflect non-enforcement of escalation limits, doubtful repair expenditures, advance releases without due compliance, and excess payments. Weak verification before certification and processing of bills was observed. Splitting of expenditures to avoid approval limits undermines financial propriety. Payment controls require strict oversight and compliance enforcement.

3.4.1 Change in fixed portion of price adjustment clause causing overpayment

Karachi Port Trust (KPT) awarded a contract for "Reconstruction of Boat Basin Jetties at Keamari Phase II" to M/s Iqbal and Sons on 13.10.2021 at a cost of Rs. 625.086 million. The Extension of Time was subsequently granted up to 31.12.2024. As per the Engineer's letter dated 05.07.2025, the total payable escalation was assessed at Rs. 326.557 million, out of which Rs. 294.907 million had been paid up to IPC No. 11, leaving a balance of Rs. 31.160 million.

Audit observed that, contrary to the signed agreement, the fixed portion used in the escalation formula was reduced from 45% to 30% without any lawful authority. This unauthorized change increased the adjustable portion of the contract and thereby inflated the escalation amount. Due to this manipulation, an excess amount of Rs. 114.144 million was certified by the Engineer and paid to the contractor. The actual escalation, when computed using the original fixed portion of 45%, should have been Rs. 212.413 million instead of the Rs. 326.557 million approved and processed. The management failed to verify the accuracy of the Engineer's computation, reflecting weak internal checks and possible collusion between the contractor, the Engineer, and KPT officials to extend undue financial benefit. The detail of change of rate is as under:

S. No	Item	Rate as	Changed

		per Contract	Rate
1	Fixed Portion	45%	30%
2	Labour	20%	15%
3	Cement	10%	5%
4	Steel	15%	21%
5	Diesal	5%	21%
6	Steel Structur	5%	9%
		100%	**100%**

Audit is of the view that alteration of contractual terms without approval and the resultant overpayment of Rs. 114.144 million constitutes gross negligence and potential misuse of authority.

The management stated that the fixed portion in the signed contract was 40% (not 45%) as per addendum issued during bidding and that subsequent revision to 30% was in line with PEC criteria issued later. It further stated that payments made up to IPC-10 amounted to Rs. 225.838 million and that amendment approval was under process.

The reply was not accepted because no duly approved contract amendment authorizing revision of escalation coefficients was produced. Subsequent PEC guidelines cannot be applied retrospectively without formal contractual modification. The difference of Rs. 114.144 million therefore remains unsubstantiated.

3.4.2 Excess payment of dry dock charges to Karachi Shipyard

According to the Revised Ship Repair Tariff effective from 15.07.2022, the Ship Lift and Transfer System (SLTS) charges for vessels up to 60 meters in length were fixed at Rs. 800,000 for lowering and Rs. 400,000 for lifting, totaling Rs. 1,200,000 per vessel.

Audit scrutiny of records of Karachi Port Trust (KPT) revealed that dry dock services for vessels DT Mazdoor, FB Arfa Karim, SHB Ahsan and SHB Ahad were handled by Ship Lift and Transfer System (SLTS). However, Karachi Shipyard was paid Rs. 83.052 million on account of Dry Dock and Cleaning Charges, against the payable SLTS tariff of only Rs. 4,800,000 (Rs. 1,200,000 × 4 vessels), resulting in an excess payment of Rs. 78.252 million. Details are as under:

Description	Rate (Rs.)	No. of Days DT Mazdoor	No. of Days FB-Arfa Karim	No. of Days SHB Ahad	No. of Days SHB Ahsan	Total Days Charged	Actual Dry Dock Days	Difference (Days)	Payment Made (Rs.)
1st Day	364,511	1	1	1	1	4	0	4	1,458,044
2nd Day	291,607	1	1	1	1	4	0	4	1,166,428
3rd Day	235,169	48	48	93	93	282	0	282	66,317,658
Dry Dock Cleaning & Preparation @ Rs. 2,351,687 for each vessel									14,110,122
								Total Paid	**83,052,252**
								SLTS Charges (As per Tariff)	**4,800,000**
								Excess Payment	**78,252,252**

Audit is of the view that the payment of dry dock charges to Karachi Shipyard, despite the vessels being serviced under Ship Lift Transfer Service (SLTS), was unauthorized

and irregular, resulting in double payment for the same service. This reflects poor financial control, non-adherence to the approved tariff, and failure to verify actual work performed prior to payment.

3.4.3 Doubtful Repair and Maintenance Expenditure on TSHD Abul During Major Refit at Karachi Shipyard

Karachi Port Trust (KPT) incurred a total expenditure of Rs. 4.609 million on account of repair and maintenance works of TSHD Abul during the period August 2024 to February 2025, when the vessel was already under major refit and overhaul at Karachi Shipyard & Engineering Works (KS&EW).

The works executed through multiple contractors, including M/s Al-Meena Marine Engineers, M/s Dreams Unlimited, M/s Lahore Marine, M/s Adil Trading Corporation, M/s Rizwan Brothers Enterprise, M/s Star Marine Services, and others, covered a wide range of jobs such as refurbishment of pumps, alternators, clutch systems, bilge sensors, hydraulic fittings, and miscellaneous electrical items. However, these works overlapped with the scope of refit contract already awarded to M/s KS&EW at a cost of over Rs. 1.5 billion, which included complete mechanical, electrical, and structural overhauling of the dredger.

Audit observed that:

i. The repairs claimed were undertaken when the vessel was not operational and physically stationed at KS&EW.

ii. The same nature of works (electrical, mechanical, hydraulic) was already included in the KS&EW refit contract.

iii. No inspection or joint verification reports were available to establish that these additional jobs were separately required or executed on-site.

iv. Payments were processed through multiple small work orders, suggesting work-splitting and lack of oversight.

Audit is of the view that the expenditure of Rs. 4.609 million incurred on repairs of TSHD Abul during its major refit period was doubtful, irregular, and indicative of weak financial controls. The possibility of duplicate payments for overlapping work cannot be ruled out.

3.5 Budgeting and Cost Control

Budgeting and cost control mechanisms at KPT show weaknesses in statutory reporting, and expenditure authorization. Mandatory half-yearly financial disclosures were not submitted as required. These practices undermine fiscal discipline and distort budgetary transparency.

3.5.1 Unsustainability of pension expenditure

The financial analysis indicates that pension-related expenditure of the Karachi Port Trust has grown to a structurally significant level, posing long-term sustainability concerns. Provision for staff pension fund has increased steadily, forming one of the largest components of total expenditure and, in recent years, consuming nearly one-third of the total expense base. When combined with wages and employee benefits, staff-related costs account for more than half of total annual expenditure, thereby constraining fiscal flexibility and reducing the entity's capacity to absorb operational shocks. Additionally, recurring actuarial remeasurement adjustments reflected in other comprehensive income demonstrate volatility and exposure to long-term defined benefit obligations. Given the modest surplus margins in recent years, continued growth in pension liabilities without structural reform—such as funding discipline, actuarial reassessment, or transition toward contributory schemes—may adversely affect financial sustainability, liquidity stability, and future capital investment capacity.

3.5.2 Non-Submission of Accounts of Receipt and Expenditure Before Government

Audit scrutiny revealed that the management of Karachi Port Trust did not prepare and lay before the Federal Government the half-yearly accounts of receipts and expenditure as required under Clause 68 of the Karachi Port Trust Act, 1886. The statutory provision requires that such accounts be laid before Government twice in every year; however, no evidence of submission of biannual financial statements was produced during audit.

The management responded that statutory audit of annual financial statements has been initiated, with FY 2022–23 completed and FY 2023–24 and FY 2024–25 under process. Management further stated that upon completion of audits, annual financial information would be formally placed before the Federal Government and that copies of annual financial statements are submitted to the Central Monitoring Unit, Finance Division on a yearly basis.

The reply was not accepted because the statutory requirement under Clause 68 specifically mandates submission of half-yearly accounts, which is independent of the annual statutory audit process. The explanation provided by management conflates annual financial statement audit with the distinct legal obligation of biannual reporting. Submission of annual statements to the Finance Division does not satisfy the requirement of laying half-yearly accounts before the Federal Government. The absence of interim financial reporting over multiple years indicates continued non-compliance with the governing Act and reflects weaknesses in statutory reporting discipline and financial oversight mechanisms.

3.6 Financial Reporting

Financial reporting suffers from revenue discrepancies between departments, unverified balances, under-reporting concerns, and inconsistent accounting treatment. Absence of reconciliation mechanisms and weak documentation compromises reliability of financial statements. Material differences in assessed versus recorded revenues raise integrity concerns. Reporting practices do not fully reflect transparency and accountability standards.

3.6.1 Non-preparation of financial statements for the years 2023-24 to 2024-25

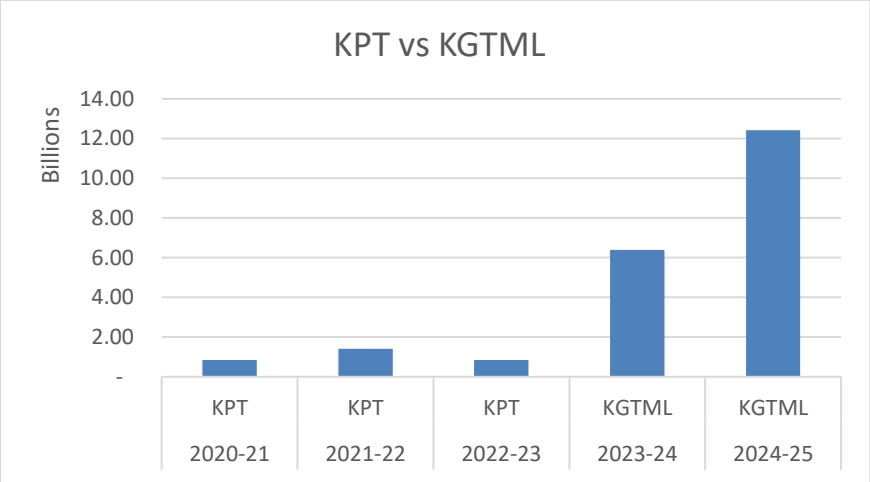
Audit examination revealed that financial statements for FYs 2023–24 and 2024–25 were neither prepared nor audited during the audit period. No draft statements, engagement letters with auditors, or evidence of audit progress were provided.

Management stated that the preparation and audit process had been initiated and was expected to be completed by January 2026. It was further submitted that procedural delays had occurred but corrective measures were underway to ensure timely preparation in future.

The reply was not accepted because no verifiable documentation evidencing progress, timelines, or auditor engagement was produced. The response relied on projected completion rather than demonstrated compliance. The non-preparation and non-audit of financial statements for consecutive years reflects a lapse in statutory reporting processes.

3.6.2 Under-Reporting of Revenue at Berths 11–17 Prior to KGTML Takeover – Loss of Potential Revenue in Billions of Rupees

Audit scrutiny of berth-wise revenue data revealed a significant increase in revenue from Berths 11–17 following their transfer to Karachi Gateway Multipurpose Terminal Limited (KGTML) on 03.02.2024 under a 25-year concession arrangement. During FY 2020–21 to FY 2022–23, when these berths were operated directly by KPT, annual revenue ranged between Rs. 843.40 million and Rs. 1,413.56 million. After transfer, revenue increased to Rs. 6,390.04 million in FY 2023–24 and further to Rs. 12,424.61 million in FY 2024–25. Audit verification indicated that no substantial infrastructure development, equipment enhancement, or major operational expansion was undertaken during the transition period that could independently justify such a sharp escalation.



The management replied that revenue was collected in accordance with KPT Tariff (SRO) 2003 and reconciled daily with the bank. It further stated that tariff revision in May 2023, after approximately twenty years, contributed to the increase in revenue.

The reply was not accepted because the explanation of tariff revision does not adequately justify the extraordinary increase in revenue following concession transfer. No vessel-wise cargo handling records, billing registers, or reconciliation statements were produced for the years when KPT operated the berths directly. The absence of verifiable primary operational documentation raises serious concerns regarding completeness and accuracy of previously reported revenue. The post-transfer revenue pattern indicates material weaknesses in internal revenue monitoring and financial oversight during earlier years of direct operation.

3.6.3 Difference in revenue between DC and Accounts Departments

Audit examination of data for FY 2024–25 identified a difference of Rs. 457,478,122 between receivables assessed by the Deputy Conservator (DC) Department and receipts recorded by the Accounts Department. Total revenue assessed by DC amounted to Rs. 27,121,617,881 whereas Accounts recorded Rs. 26,664,139,759. Differences were noted across multiple heads including Port Dues, Berth Hire, Tug/Launch, and Pilotage charges.

The management stated that port dues are assessed based on pilot reports and processed through an online system, after which Accounts reconcile receipts daily with the bank. It further stated that Accounts data is reconciled and authentic, and that the difference amount was not understood.

The reply was not accepted because no reconciliation statement, documentary evidence, or system-generated verification was provided to explain the material difference. The statement that the variance is "not understood" reflects weak inter-departmental coordination and insufficient internal verification mechanisms. The absence of documented monthly reconciliation between operational and accounting units raises concerns regarding accuracy, completeness, and reliability of reported revenue figures.

3.6.4 Discrepancy in Vessel Arrival Records at KPT – 125 Vessels Unaccounted

Audit review of vessel arrival data for FY 2024–25 revealed a discrepancy of 125 vessels between records maintained by the Marine Pollution Control Department (1,844 vessels) and the Traffic Department (1,969 vessels). Supporting documentation for arrival logs, inspection details, pollution monitoring, and associated fee assessments for the difference of 125 vessels was not substantiated.

The management did not provide a reconciliation statement or documented explanation resolving the discrepancy between departmental records.

The absence of coordinated reconciliation between operational departments indicates weaknesses in record management, monitoring controls, and verification procedures. The discrepancy raises concerns regarding completeness of vessel-related revenue assessment, environmental monitoring compliance, and reliability of operational data maintained within the port management system.

3.6.5 Shortfall in Revenue from Import and Export Cargo Handling at Karachi Port – Rs. 165.428 million (Import) and Rs. 136.283 million (Export)

Audit scrutiny of import and export cargo handling data for FY 2024–25 identified discrepancies between revenue assessed by the Traffic Department and amounts recorded by the Accounts Department. For imports, Traffic assessed Rs. 4,795,609,886 while Accounts recorded Rs. 4,630,182,243, resulting in a difference of Rs. 165,427,643. For exports, Traffic assessed Rs. 1,773,310,403 while Accounts recorded Rs. 1,909,593,521, resulting in a variance of Rs. 136,283,118.

The management stated that Accounts receives and reconciles income daily with the bank and that differences arise because Traffic data reflects cargo handled while Accounts data reflects payment receipts. It asserted that Accounts data is reconciled and authentic.

The reply was not accepted because no documentary reconciliation, ledger comparison, or certified verification was produced to substantiate the explanation. The management did not demonstrate how assessment and receipt figures were aligned or adjusted. The significant discrepancies indicate weaknesses in reconciliation procedures, monitoring controls, and reliability of cargo revenue reporting mechanisms.

3.6.6 Unverified Balance under Netherlands Technical Assistance and UNDP Projects

Audit scrutiny of Note 4 of the FY 2024–25 financial statements disclosed an amount of Rs. 7.702 million under the head “Services under Netherlands Technical Assistance and United Nations Development Projects (UNDP).”

No subsidiary ledger, reconciliation statement, funding agreement, memorandum of understanding, or supporting documentation was provided to substantiate the balance. The purpose, utilization, and corresponding transactions

relating to this amount were not traceable in the general ledger or project accounts.

The absence of supporting documentation and reconciled records indicates weaknesses in financial documentation, project accounting controls, and financial reporting accuracy. The presence of an unverified balance in the financial statements affects reliability and transparency of disclosed financial information.

3.7 Working Capital Management

Working capital controls are weakened by non-revaluation of fixed assets, accumulation of idle CWIP, and ineffective asset utilization. Significant public funds remain locked in incomplete or underutilized projects. Asset values are materially understated due to outdated revaluations. These practices distort financial position and reduce capital efficiency.

3.7.1 Non-Revaluation of KPT Land

Audit examination revealed that Karachi Port Trust has not revalued its land and fixed assets since 1993. The revaluation reserve remains recorded at Rs. 23.360 billion despite substantial appreciation in market value of port properties located at West Wharf, Keamari, East Wharf, and Manora. The prolonged absence of revaluation has resulted in material understatement of asset values and distortion in depreciation expense and return-on-asset indicators.

The management did not provide evidence of any recent professional valuation exercise or Board-approved revaluation plan.

The continued non-revaluation of land and fixed assets for over three decades indicates weaknesses in asset management practices and affects fair presentation of financial position in the financial statements.

3.7.2 Idle Capital Work-in-Progress

Audit scrutiny revealed that Capital Work-in-Progress (CWIP) increased from Rs. 72.797 billion in FY 2024 to Rs. 77.882 billion in FY 2025. No project-wise breakup, completion schedule, or capitalization records were provided. Several projects remained under implementation for extended periods without transfer to fixed assets, resulting in Rs. 9.39 billion remaining idle during the year.

The management stated that the accounts presented were unaudited draft accounts and that capitalization was under process, with audited accounts to be presented later.

The reply was not accepted as no project-wise CWIP registers, capitalization schedules, or supporting documentation were produced to substantiate the claim. The continued accumulation of CWIP without capitalization reflects weak monitoring and ineffective project financial control.

3.8 Risk management & Forecasting

Risk management systems lack formalized financial risk assessment, treasury safeguards, and internal verification controls. Unauthorized retention of financial instruments in official custody indicates breakdown of cash control. Investment decisions were made without comprehensive risk-return analysis. Exposure to operational and financial risks remains inadequately mitigated.

3.8.1 Retention of Prize Bonds and Prepaid Cards in Official Chest

During physical verification of the official cash chest, financial instruments including prize bonds and prepaid cards amounting to Rs. 23,442,600 were found retained within official custody. The instruments included prize bonds of Rs. 372,000 and Rs. 70,600 and prepaid cards totaling Rs. 23,000,000.

The Head Cashier stated that the prize bonds were personal assets and that prepaid cards were printed denominations issued to clearing agents after recharge. Management reported that the concerned employee was warned and directed to remove personal items from the official chest.

The reply was not accepted because no verifiable documentation, issuance register, recharge records, or third-party confirmations were produced to validate ownership and purpose of the instruments. The presence of high-value financial instruments in an official government chest indicates serious weaknesses in cash custody controls and internal financial oversight.

3.9 Taxation

Sindh Sales Tax on revenue share was not levied despite contractual obligation. Tax compliance mechanisms were not integrated into billing procedures. Recovery burden shifted retrospectively to KPT due to non-collection at source. This reflects weak statutory tax compliance controls.

3.9.1 Non-Levy of Sindh Sales Tax on Services on Gross Revenue Share

KPT allotted Berths 11–17, along with the associated backup area, to KGTML for a 25-year period w.e.f. 03.02.2024. During FY 2024-25, KPT issued invoices amounting to Rs. 1,863.692 million representing its 15% share of the terminal's gross revenue; however, no Sindh Sales Tax on Services at the prescribed rate of 13% was charged or recovered, contrary to Clause 7.1.8 of the Agreement and the provisions of the Sindh Sales Tax on Services Act, 2011. Details are as under:

Month	Revenue	KPT share@15%	SST
July-24	881,687,967	132,253,195	17,192,915
August-24	1,124,214,267	168,632,140	21,922,178
September-24	1,207,285,718	181,092,858	23,542,071
October-24	1,035,384,250	155,307,637	20,189,992
November-24	1,035,384,250	155,307,637	20,189,992
December-24	1,035,384,250	155,307,637	20,189,992
January-25	1,035,384,250	155,307,637	20,189,992
February-25	906,152,095	135,922,814	17,669,965
March-25	881,242,008	132,186,301	17,184,219
April-25	1,048,941,798	157,341,270	20,454,365

May-25	1,195,802,243	179,370,336	23,318,143
June-25	1,037,747,900	155,662,185	20,236,084
Total	**12,424,610,994**	**1,863,691,649**	**242,279,914**

Audit is of the view that omission to levy and collect the applicable sales tax resulted in an unauthorized financial favor to KGTML and loss of Rs. 242.279 million (13% of Rs. 1,863.692 million) to the government exchequer, reflecting weak internal financial controls and non-compliance with contractual and statutory requirements.

Management stated that SRB had adjusted Rs. 800 million and that recovery from terminal was under process.

The reply was not accepted because contractual obligation required KPT to invoice and collect SST. Further, payment of SST on behalf of KGTML without charging SST was undue favor to KGTML.

3.10 Internal Controls

Expired leases, uninsured assets, unsupported expenditures, and unauthorized bank accounts indicate breakdown of internal governance systems. Lease monitoring, documentation control, asset safeguarding, and treasury discipline are materially deficient. Financial supervision lacks preventive and detective controls.

3.10.1 Expiry of lease agreements and non-renewal of 774 KPT properties covering 1,088,745 square meters

Audit scrutiny of property records of Karachi Port Trust (KPT) revealed serious lapses in the management of leased properties. Out of a total of 1,156 properties covering 6,215,174 square meters, 774 properties with a total area of 1,088,745 square meters had their lease terms expired, some dating back to 1982, without renewal, recovery action, or reassessment of lease rentals.

Audit observed the following:

i. The earliest lease expiry dates back to 1982, indicating over four decades of inaction on lease renewals.

ii. The largest cluster of expiries occurred in 2023, where 254 leases lapsed without formal extension or repossession.

iii. Significant lease expiries were also noted during 2001–2005 (a total of 120 leases) and 2018–2021 (121 leases).

iv. There is no evidence of revised lease agreements, government approval, or updated valuation of land rates despite long-term occupation.

v. Expired properties continued under unauthorized possession, causing recurring loss of rental revenue and potential encroachment risk on high-value KPT land.

vi. The management failed to maintain a centralized lease-monitoring system to track expiry dates, renewal status, and rent recovery.

Audit is of the view that non-renewal of leases for 774 properties covering 1.09 million square meters represents serious

neglect in asset management, loss of recurring rental income, and exposure of valuable government land to encroachment and misuse.

3.10.2 Non-Insurance of Port Assets, Vessels, and Staff – Karachi Port Trust (KPT)

Karachi Port Trust (KPT) had not obtained insurance coverage for its port assets, vessels, equipment, and staff. Major operational assets such as tugboats, dredgers, oil tankers, cranes, port infrastructure, warehouses, and administrative buildings remained uninsured, exposing the organization to significant operational and financial risk.

Audit is of the view that non-insurance of valuable port assets and non-coverage of employees exposed to hazardous operations reflect serious lapses in financial prudence and corporate governance. This omission exposes public assets and human resources to potential loss or liability in case of accident, fire, theft, or natural disaster.

The management replied that the matter regarding insurance coverage of port assets, vessels, equipment, and operational staff is being referred to the competent authority for evaluation and approval.

The management has accepted the audit observation.

3.11 Compliance with PFM Act

Retention of revenues outside the Treasury Single Account and non-transfer of surplus to the Federal Consolidated Fund represent direct non-compliance with federal financial legislation. Multiple unauthorized bank accounts were maintained without Finance Division approval. Statutory financial harmonization with federal fiscal framework has not been ensured.

3.11.1 Non-Deposit of Revenues in the Government Treasury

Karachi Port Trust (KPT), Karachi collected an amount of Rs. 50,390 million under various revenue heads, including cargo handling, ship movement services, cargo storage, revenue share from bulk terminal, property management, investment profits, and other income, as detailed below:

(Rs. Million)

S. No.	Source of income heads	Amount
1.	Cargo handling	6,100
2.	Ship movement service	26,980
3.	Cargo Storage	550
4.	Revenue share from bulk terminal	1,550
5.	Property management	3,543
6.	Investment profit	11,117
7.	Other income	550
	TOTAL	**50,390**

Audit observed that the above revenues were deposited into various KPT-operated bank accounts instead of being credited to the Federal Government Treasury through the Treasury Single Account (TSA) mechanism as required under the Public Finance Management Act, 2019 and relevant instructions issued by the Finance Division.

Audit is of the view that the retention of revenues in multiple bank accounts outside the Government Treasury constitutes non-compliance with statutory financial procedures, reduces transparency, and weakens fiscal control over public funds, thereby violating Sections 37(1) and 37(2) of the PFM Act, 2019.

The management replied that the revenues were retained in bank accounts for legitimate operational purposes, including

port operations, pension and provident fund obligations, debt servicing, capital development, and reinvestment of surplus funds. No revenue has been diverted or misutilized, and all receipts remain fully accounted for, reconciled, and subject to audit.

The reply was not accepted because Finance Division Notification explicitly expanded the scope of the Treasury Single Account (TSA) to include the Karachi Port Trust.

3.11.2 Non-transfer of surplus revenue to Federal Consolidated Fund

Karachi Port Trust (KPT) reported a surplus balance of Rs. 16,659 million during the financial year 2024-25, as per its profit and loss statement. However, this surplus was not deposited into the Federal Consolidated Fund (FCF), in violation of the above-cited provisions of the Finance Division's directives and the Public Finance Management Act, 2019.

Audit is of the view that the non-transfer of surplus funds to the Federal Consolidated Fund constitutes non-compliance with statutory financial directives, undermines transparency and reflects weak financial discipline in the management of public sector funds.

The management replied that the surplus does not necessarily constitute free cash available for transfer, as a substantial portion is either earmarked, committed, or required to meet future liabilities and approved development plans.

The reply was not accepted because Finance Division's O.M. No. 4(3)R-4/2011 dated 23.01.2024, explicitly requires all autonomous bodies and self-financing entities to deposit annual surpluses into the Federal Consolidated Fund (FCF) after meeting authorized expenditures.

The management's argument that the KPT Act, 1886 allows retention of surplus funds is not tenable, as the PFM Act, being a later and overriding federal statute governing all public financial management, prevails in cases of inconsistency.

3.11.3 Unauthorized maintenance of fourteen (14) bank accounts

The management of KPT, Karachi was maintaining Thirteen bank accounts having closing balance of Rs. 25,215.075 million on 30.06.2025. further, a foreign currency account having balance of USD 1,006,729 (Rs. 281.881 million). Details are as under:

(Rs.)

Sr. No.	Account No.	Bank	Account title	Balance as on 30.06.2025
1.	0016-79000633-01	Habib Bank Limited	Daily progress Account	3,243,728,771
2.	0016-00142240-03	Habib Bank Limited	D&R Account	9,062,280
3.	0016-00000139-03	Habib Bank Limited	Payment Account	00
4.	0016-00000391-03	Habib Bank Limited	KPT Project Account	2,700,668
5.	0016-70000351-03	Habib Bank Limited	Collection Account	00
6.	0016-00129713-03	Habib Bank Limited	Pension Account	00
7.	0016-00001101-03	Habib Bank Limited	Unpaid Salary	00
8.	0016-79000676-03	Habib Bank Limited	GP Fund Account	00
9.	0016-790000027-03	Habib Bank Limited	KPT LPD Account	1,010,457,591
10.	0000008700452901	Standard Chartered Bank	Saving Account	201,113,653

11.	0000008700452902	Standard Chartered Bank	Saving Account	00
12.	290-4000284317	National Bank of Pakistan	Current Account	585,554,072
13.	290-3000284265	National Bank of Pakistan	National Income Daily Account	20,162,457,593
Total				**25,215,074,628**
1.	0786-079000774-10	Habib Bank Limited	KPT Foreign Currency Account (USD)	USD 1,006,727.39

Audit observed as under:

i. The bank accounts were maintained without the approval of the Finance Division.

ii. The quarterly basis information i.e. complete list of bank accounts, balances, purpose, signatories and the legal instrument or approval for operating these accounts was not provided to the Finance Division.

iii. The bank account was neither jointly reviewed by the Finance Division and Division concerned nor were the closing balances transferred to the Federal Consolidated Fund.

Audit is of the view that maintaining fourteen bank accounts, including a foreign currency account, outside the Treasury Single Account framework constitutes unauthorized banking operations, non-compliance with the PFM Act and TSA Rules, and weak financial control, exposing KPT to risks of fund diversion and lack of transparency in cash management.

The management replied that the bank accounts were opened and maintained over different periods to meet specific operational, pension, provident fund, project, collection, and investment requirements of KPT. The foreign currency account referred to in the audit para is maintained to facilitate port-related international transactions and payments for imports, where required under contractual or operational arrangements, and its continuation shall also be reviewed in consultation with the Finance Division in light of prevailing regulations.

The reply was not accepted because maintaining fourteen bank accounts without prior approval of the Finance Division is a clear violation Cash Management & Treasury Single Account Rules, 2024, and inconsistent with the PFM Act, 2019.

3.12 Recommendations

Karachi Port Trust must immediately strengthen its financial governance framework by enforcing strict compliance with statutory reporting requirements, implementing mandatory inter-departmental reconciliations, and ensuring transparent financial disclosures. A comprehensive revenue assurance mechanism should be introduced, including forensic audits where revenue suppression or discrepancies are suspected. All concession agreements must be enforced rigorously with verified revenue bases, mandatory tax invoicing, and independent certification of revenue share. Contract administration must be strengthened through strict enforcement of liquidated damages, recovery of mobilization advances, deduction of consultancy fees, and immediate recovery of certified deductions. Estate dues, customs share, and temporary storage charges should be pursued through legal recovery mechanisms without further delay.

Additionally, KPT must establish a formal investment policy requiring documented comparative analysis, risk assessment, and Board-approved financial evaluation before committing surplus funds. Idle capital work-in-progress must be reviewed and capitalized promptly, while all assets should undergo professional revaluation. Treasury operations must be aligned with the PFM Act and Treasury Single Account framework, unauthorized bank accounts closed, and surplus funds transferred as required by federal directives. Internal controls should be institutionalized through automated lease monitoring, asset insurance coverage, system-based revenue reconciliation, and strengthened audit trails. Responsibility should be determined for major lapses, and a structured internal audit and compliance monitoring unit must be empowered to prevent recurrence of financial irregularities.

4. Procurement

Audit review of procurement activities at Karachi Port Trust reveals systemic non-compliance with the Public Procurement Rules, 2004, contract provisions, and General Financial Rules. The observations indicate deliberate avoidance of open competitive bidding, post-award financial manipulations, weak cost scrutiny, irregular variation orders, unauthorized procurements, non-transparent auctions, improper escalation payments, weak contract management, and serious lapses in inventory control. The recurring pattern reflects fragmented planning, inadequate oversight, and circumvention of statutory procurement principles of transparency, fairness, economy, and value for money.

4.1 Payments

Financial controls over payments (Paras 85, 86, 77, 74, 75) were materially weak. Escalation calculations were altered without authority, escalation was applied to foreign currency portions contrary to contract provisions, unauthorized post-auction waivers were granted, bid securities were not forfeited, auction proceeds were not recovered, and inter-contractor financial adjustments were accepted without verification. These irregular payments reflect misinterpretation of contract clauses, absence of financial concurrence, and weak internal audit scrutiny.

4.1.1 Overpayment of Escalation amount in violation of the rules

Audit observed that under the contract for "Reconstruction of Berths 10 to 14 on East Wharves" awarded to M/s Ssangyong–Usmani Joint Venture, the Schedule D – Basic Prices of Specified Materials and Labour Wages fixed the base rates as Rs. 4,000 per month for unskilled labour and Rs. 8,000 per month for skilled labour. The contract further stipulated that the labour component constituted 15 percent of the contract price, distributed as 40 percent unskilled and 60 percent skilled labour.

Audit noted that while processing escalation claims, the management changed the base rate of skilled labour from Rs. 8,000 to Rs. 6,000 and Rs. 7,000 per month. This adjustment altered the calculation formula and resulted in overpayment of Rs. 249.116 million to the contractor out of total escalation disbursements of Rs. 320.293 million on the labour component. Details are at Annexure-I:

Audit is of the view that due to unauthorized alteration of base rates and weak internal check, the contractor was unduly benefited and KPT suffered a financial loss of Rs. 249 million.

The management replied that during execution when IPCs were being processed, dispute arose between the contractor and KPT regarding the source and quantum of price used in ascertaining the base prices. After the disagreement, KPT held extensive consultations with the consultant and contractor and signed an amendment to the contract thereby agreeing to use the base price of unskilled labour for skilled labor as well as per procedure in vogue.

The explanation provided does not justify why the approved labour composition of 40 percent unskilled and 60 percent skilled labour was ignored. The change in calculation basis was irregular, financially

detrimental to KPT, and reflected weak internal controls.

4.1.2 Overpayment of Escalation in Violation of Contract Provisions

A contract for "Dredging and Reclamation Works" was awarded to M/s China International Water and Electric Corporation (CWE) on 27.12.2008 with completion time period of 107 weeks, i.e. 15.01.2011. The completion time was extended up to 08.06.2011.

The management of Karachi Port Trust required to calculate escalation strictly on the local (Pak Rupee) portion of contract payments and exclude the foreign-currency component from the escalation formula since dollar-based payments already reflect exchange-rate adjustments borne by KPT.

As per contract terms, 60 percent of payments were to be made in Pakistani Rupees and 40 percent in U.S. Dollars. The exchange rate was fixed at Rs. 60.9 per U.S. Dollar at the time of contract signing, and KPT was responsible for any fluctuation in dollar parity and paid an amount of Rs. 1,868 million in this regard as difference of price fluctuation. Despite this arrangement, management paid escalation on 100 percent of the work value, including the 40 percent portion already paid in foreign currency.

As per contract provisions, escalation allowable amounted to Rs. 1,661,628,091, whereas escalation actually paid totaled Rs. 2,768,644,622.85, resulting in an excess payment of Rs. 1,107,016,531. This excess payment represented escalation wrongly applied to the foreign-currency component, effectively compensating the contractor twice, once through dollar exchange variation and again through price escalation. Details are at Annexure-II:

Audit is of the view that due to misinterpretation of contract provisions and weak financial scrutiny, KPT suffered a loss of Rs. 1,107.016 million, unduly benefiting the contractor.

The management replied that the paid escalation of Rs. 2,768,644,622.85 was calculated based on the full certified work value, in line with the contract's escalation formula. All escalation payments were verified and certified by the Engineer in accordance with the provision of Contract Agreement. Further, the closing of account is under litigation.

The management reply was not accepted the contract clearly stipulates that escalation is applicable only on the local currency portion of the contract, whereas the foreign currency portion is to remain fixed and immune from local inflationary variations since it is already protected under the exchange rate mechanism.

4.1.3 Wasteful Expenditure on Non-Functional Manora Dry Dock

Audit scrutiny revealed that a contract for rehabilitation of Manora Dry Dock was awarded at Rs. 202.790 million, of which approximately Rs. 180 million was paid to the contractor. Despite issuance of a substantial completion certificate in 2015, the dry dock has remained non-operational for over a decade. No vessel has been docked, and KPT vessels continue to utilize external facilities for repairs.

Management explained that the project encountered litigation, consultant termination,

contractual disputes, and court stay orders relating to encashment of bank guarantees. It was stated that the matter remains sub judice and that rectification works cannot proceed pending court resolution.

The reply was not accepted because the cited litigation pertained to contractual matters and did not sufficiently explain the prolonged non-utilization of the completed asset. The continued non-operational status indicates deficiencies in project planning, supervision, and post-completion asset management.

4.1.4 Prolonged Auction Process of Dredger Mehmood-ul-Hassan and Sale of Its Spares Separately

Audit scrutiny revealed that Karachi Port Trust (KPT) initiated the disposal process for its obsolete dredger Mehmood-ul-Hassan in 2023, through public auction at a bid price of Rs. 400 million. However, the auction was cancelled without documented justification, and the asset was re-auctioned in August 2024 at a reduced bid of Rs. 370 million, resulting in an immediate loss of Rs. 30 million despite a rise in scrap market rates during the intervening period.

Audit further noted that the successful bidder deposited only 10% earnest money (Rs. 37.100 million) but failed to pay the remaining bid amount and the 10% income tax, even after the lapse of more than one year (as of December 2025). The management did not forfeit the 10% advance, nor did it reinitiate auction proceedings to safeguard government revenue.

Additionally, valuable spare parts and accessories of the dredger were sold separately, contrary to standard disposal procedures requiring the sale of complete assets through a unified auction process.

Audit is of the view that the non-forfeiture of bidder's earnest money, coupled with the reduction in bid value and fragmented disposal of spares, reflects gross negligence, weak internal controls, and financial mismanagement, causing a potential loss of Rs. 67.100 million to the public exchequer.

4.1.5 Irregular procurement and installation of rubber fenders at East Wharf

According to the tender notice/advertisement dated 27.08.2023, "The intended bidder must be registered with the Pakistan Engineering Council in category C-5 and above with the specialized code."

The Engineering Department of Karachi Port Trust (KPT) awarded the work "Providing & Fixing of Missing Rubber Fenders at Berth No. 01, 02 and 03, East Wharf" to M/s Iqbal & Sons vide B.R No. 725 (Item-V) dated 25.03.2024, amounting to Rs. 61.890 million. The stipulated completion period was seven months, comprising 150 calendar days for import of material and 90 days for installation. The work commenced on 01.01.2025 and was scheduled for completion on 31.03.2025.

Audit observed the following:

i. The fender manufacturer, M/s Nanjing Jier Marine Co., Ltd, issued Guarantee Certificate No. JQC24101706 dated 17.10.2024 allowing only five (05) years warranty from the date of On-Board Bill of Lading, in violation of the

contractually required ten (10) years guarantee period.

ii. The fenders were imported from China; however, the contractor failed to provide the Goods Declaration (GD) documents, raising concerns regarding the authenticity of the import, correctness of assessed duties/taxes, and traceability of the material used in the project.

iii. The Pakistan Engineering Council (PEC) registration certificate submitted by M/s Iqbal & Sons was valid only up to 30.06.2024, whereas the work commenced on 01.01.2025. No updated or renewed PEC certificate was provided to verify that the contractor was eligible and legally authorized to execute the work at the time of commencement.

Audit is of the view that the award of work to a non-eligible contractor, acceptance of non-compliant guarantee, and failure to verify import authenticity constitute serious lapses in procurement management and a violation of contractual and regulatory requirements.

The management replied that copy of corrected Certification in respect of warranty for the period of 10 years was provided to the auditors during the Audit.

The reply was not accepted as the provision of a revised warranty and later PEC renewal does not rectify the initial contractual and regulatory violations.

4.1.6 Irregular Engagement of Private Hospitals without Open Tendering

The management of KPT hired the services of the following private hospitals and laboratories and placed them on the KPT medical panel. Payments amounting to Rs. 596.782 million were made to these institutions during the financial year 2024-25, as detailed below:

(Rs.)

Sr. No.	Name of Private Hospital	Amount
1	M/S Liaquat National Hospital	197,520,643
2	M/S Patel Hospital	13,197,830
3	M/S Orthopedic &n Medical Institute Pvt. Ltd.	155,022,645
4	M/S Altamash General Hospital	74,100,653
5	M/S Doctor Ziauddin Hospital	135,237,325
6	M/S Karachi Adventis Hospital	170,266
7	M/S Hashmani's Hospital	14,836,372
8	M/S NICVD, Karachi	308,717
9	M/S PN Shifa Hospital	459,150
10	M/S Dr. Essa's Lab	5,897,447
11	M/S TMC Diagnostic Center	31,000
Total		**596,782,048**

Audit observed that the selection and empanelment of these private hospitals were made without following open competitive bidding procedures as required under the Public Procurement Rules, 2004.

Audit is of the view that engagement of private hospitals without open competition constitutes a violation of procurement rules, compromising the principles of transparency, fairness, and value for money.

The management reply that KPT has consistently made efforts to enlist and empanel hospitals through open competitive bidding in compliance with the Public Procurement Rules, 2004.

The management has accepted that audit observation.

4.1.7 Irregular award of GRP Boat Construction Work

The management of Karachi Port Trust (KPT), Karachi awarded the construction of Glass Reinforced Plastic (GRP) Boats to M/s Bahria Foundation at a total contract price of Rs. 577.728 million.

Audit scrutiny of the procurement process revealed several irregularities and non-transparent practices, summarized below:

i. During technical evaluation, all bidders except M/s Bahria Foundation were rejected without detailed justification or documentation of evaluation criteria. Only the financial bid of M/s Bahria Foundation was opened and considered for award, effectively converting a competitive process into a single-source procurement.

ii. Market analysis and independent verification indicated that M/s BET, the authorized dealer of Boats and sole distributor of Yamaha engines in Pakistan, had submitted a quotation of Rs. 460 million for the same scope of work with 3 years warranty, Rs. 117.728 million lower than the bid accepted from M/s Bahria Foundation.

iii. No evidence was available to show that KPT management conducted a cost reasonableness analysis or obtained approval from the competent authority for accepting a higher bid, despite the existence of a technically capable and authorized manufacturer offering substantially lower rates.

iv. Further, M/s Bahria Foundation does not have Bahria Boat Building Yard ISO Certificate No. 9001:2015 and 14001:2015 at the time of tendering or at the time of technical qualification rather they obtained these certification on 14.10.2025 and at the time of technical evaluation the provided certificate was already expired on 14.06.2024.

v. During pre-bid meeting another bidder was present but the management could not provide any document to authenticate that the bidder downloaded/purchased the bidding document on the basis of which he was allowed in the pre-bid meeting, which transpire that the whole procurement was compromised.

Audit is of the view that rejection of other bidders, acceptance of a single financial offer, and award of contract at inflated rates, demonstrating lack of transparency, competition and economy in the procurement process. This resulted in avoidable excess expenditure of Rs. 136 million and reflects undue favoritism toward M/s Bahria Foundation.

The management replied that

The technical bid of M/s Bahria Foundation was evaluated by the Technical Evaluation Committee and subsequently endorsed by

the Departmental Tender Committee, in accordance with the approved evaluation criteria. After being declared technically responsive and upon approval of the Competent Authority, the financial bid of the responsive firm, i.e., M/s Bahria Foundation, was opened.

The procurement cannot be construed as single-source, as the process remained open, competitive, and transparent. Participation by only one bidder does not invalidate the tender under PPRA Rule 38(b). During technical evaluation, it was observed that the classification society certificates (Bureau Veritas) of Bahria Boat Building Yard had expired. Accordingly, clarification was sought from M/s Bahria Foundation.

In response, M/s Bahria Foundation submitted a clarification supported by a letter from Bureau Veritas dated 07.11.2024, confirming that the certification renewal process was under audit and review, and issuance of renewed certificates was pending completion of the audit cycle. The clarification provided by an internationally recognized certification body was considered acceptable by the Technical Evaluation Committee, and no misrepresentation was involved.

Out of these, two firms, M/s Build Con and M/s Bahria Foundation, attended the pre-bid meeting. Attendance at the pre-bid meeting does not require mandatory bid submission, and participation was allowed based on downloaded tender documents. The relevant record has been maintained and is enclosed.

Conclusion: The procurement process was conducted in accordance with PPRA Rules, 2004, with due approvals, documented evaluations, and compliance with technical and operational requirements.

The audit's assertion of undue favoritism, inflated rates, and excess expenditure of Rs. 136 million is based on an inappropriate comparison of non-equivalent technical specification and is therefore not sustainable.

The reply was not accepted because the justification does not address the core audit concern—lack of genuine competition and acceptance of an overpriced single bid. Despite being processed under Rule 36(b) (Single Stage Two Envelope Procedure), only one bidder, M/s Bahria Foundation, participated and was awarded the contract at Rs. 577.728 million, without any cost reasonableness analysis or re-tendering, contrary to the spirit of Rule 4 of the PPRA Rules, 2004, which emphasizes transparency, competition, and economy. The argument that technical differences justified the price gap is unsubstantiated, as KPT failed to conduct an independent cost verification or seek market benchmarking for comparable inboard systems. Moreover, acceptance of an expired ISO certification at the time of technical qualification further invalidates the evaluation process. Audit maintains that the procurement was non-transparent, lacked fair competition, and resulted in potential excess expenditure of approximately Rs. 136 million. Responsibility should be fixed on officials who processed and approved the irregular award.

4.2 Award of work

Audit findings reveal unauthorized award of substantial works through variation orders, illegal bidding formulas, post-award price enhancement, non-transparent technical evaluation, and acceptance of single bids without cost benchmarking. The Customs Building awarded under VO-1, illegal "% above highest bid" hut allotment method, revised contract prices after award, GRP boat contract at inflated rates, and award of fountain work without Board approval collectively indicate misuse of authority and circumvention of PPRA. Competitive integrity was compromised in multiple instances.

4.2.1 Unauthorized award of work without open competition

The management of Karachi Port Trust (KPT) awarded a contract for "Construction of Bridge between East and West Wharves at Karachi Port" to M/s CCECC–Usmani JV vide Award Letter No. P&D-G(658)/2020/3/1022 dated 22.10.2021, at a total cost of Rs. 2,319.884 million with a completion period of 15 months.

Audit observed that a new work (Design and Construction of Custom Building) amounting to Rs. 207.567 million was awarded to the contractor on his request through Variation Order No. 1 (VO-1), representing activities that were beyond the scope of the original project. This variation effectively constituted a separate work that should have been tendered through open competitive bidding under Rule 20 of the PPRA Rules. By processing it as a variation order instead, management circumvented open competition and awarded substantial new work directly to the existing contractor, violating procurement principles.

Audit further observed that the contractor M/s CCECC-Usmani JV itself prepare the drawing/design and BOQ of the new Building.

Audit is of the view that award of a whole new work without fresh tendering was a deliberate avoidance of open competition and favour to the existing contractor.

The management replied that open competitive bidding for the construction of the new building was not carried out for a number of reasons. Firstly, tendering process for a new contract would have taken an additional 10 to 12 months causing unnecessary delays. Further, awarding the work of construction of new building to the same contractor was a financially viable option as the cost of the additional work was within the 15% variation of additional work. The area at the East Wharf where project site is situated is extremely constricted and two separate contractors working in such close proximity would have cause serious hindrance in execution.

The management has accepted that the work was awarded without open competition.

4.2.2 Allotment of huts through illegal bidding procedure

The Karachi Port Trust (KPT) awarded 10-year leases of 14 huts located at Sandspit Beach to various bidders, involving a total value of Rs. 78.098 million. Examination of the bidding documents revealed that KPT adopted an irregular and non-transparent bidding method, whereby the winning bidder offered a rate as a percentage above the highest bid (e.g., 5% or 15%), instead of submitting sealed, independent financial

offers as required under normal competitive procedures.

Audit observed that in each case, only one bidder submitted an offer expressed as a percentage above the "highest bid", meaning that all other bids were first scrutinized and disclosed to identify the highest offer, after which a subsequent bidder was allowed to offer 5% or 15% above that disclosed bid. This process nullified the principle of sealed bidding, violated confidentiality, and ensured that the "percentage bidder" would automatically win. Such manipulation represents a clear case of collusion and corruption between bidders and the management of KPT. Details are as under:

(Rupees)

S. No.	Hunt & Plot No	Name of Bidder	Amount of lease money	Amount of Premium (Bid)	Total
1	47-N (209 Sq.m)	Saima Korai, Subzain Marine	303,030	**5% above the highest bid** i.e Rs. 6999900 x 1.05 = Rs. 7,349,895 Rs. 6,999,900/-	7,652,925
2	120-N (209 Sq.m)	Usman Zahid S/o Zahid akhtar, Mohsin ali Khan	303,030	Rs. 2,500,000 & **2.5 % above the highest bid** i.e Rs. 7,005,000 x 1.025 = Rs. 9,680,125	9,983,155
3	3-S (209 sq.M)	Shahid Abdul Rehman ,Muhammad Aqeel	303,030	**5% above the highest bid** i.e Rs 1,303,030 x 1.05 = 1,050,000	1,353,030
4	4-S (209 Sq.m)	Farasat Shah ,Shaikh Tanveer Ahmed	303,030	**5% above the highest bid** i.e. Rs. 1,500,000 x 1.05 = 1,575,000	1,878,030
5	32-S (209 sq.m)	Khalil Memon, shoaib Bobby	303,030	**5% above the highest bid** i.e Rs 1,935,789 x 1.05 = 2,032,575	2,335,605
6	44-S (209 sq.m)	Muhammad Junaid, Yasmeen Jawaid	303,030	**15% above the highest bid** i.e. Rs. 3,000,000 x 1.5 = 3,450,000	3,753,030
7	45-S (209 sq.m)	Abdul Basit Jawaid, Iqbal Batla	303,030	**15% above the highest bid** i.e. Rs. 3,000,000 x 1.5 = 3,450,000	3,753,030
8	56-S (209 sq.m)	Shahid Abdul Rehman, Aaqib Hussain , Muhammad Ahad shadab	303,030	**5% above the highest bid** i.e Rs 2,500,000 x 1.05 = Rs. 2,625,000	2,928,030
9	57-S (209 sq.m)	Farasat Shah, Junaid Nizam (Nizzamudin Shaikh & Co)	303,030	**5% above the highest bid** i.e. Rs. 2,100,000 x 1.05 = 2,205,000	2,508,030
10	58-S (209 sq.m)	adeel Abbas, Syed Jamaluddin Umair	303,030	**5% above the highest bid** i.e Rs . 700,000 x 1.05 = Rs. 735,000	1,038,030
11	59-S (209 sq.m)	Adeel Abbas, Eiwan (pvt) Ltd	303,030	**5% above the highest bid** i.e. Rs. 300,000 x 1.05 = 315,000	618,030
12	60-S (209 sq.m)	Farasat Shah , M/s Shamsi Builders Ltd	303,030	**5% above the highest bid** i.e Rs. 5,100,000 x 1.05 = Rs. 5,355,000	5,658,030
13	79-S (209 sq.m)	Qazi Ubaid ul samad, Ibrahim Khalid Tawab	303,030	**5% above the highest bid** i.e. Rs. 5,100,000 x 1.05 = Rs. 5,355,000	5,658,030
14	09 (258 sq.m) Plot	Waleed naeem , Asmat Khan	2,980,608	Rs. 5,000,000 and **5% above the highest bid** i.e. Rs. 20,000,000 x 1.05 = Rs. 21,000,000	28,980,608
				Total	**78,097,593**

Audit is of the view that the adoption of an unlawful bidding formula "% above the

highest bid" by KPT constitutes a serious breach of procurement regulations and demonstrates collusion and manipulation of the tender process. This irregular procedure deprived other potential bidders of equal opportunity and led to non-transparent and potentially inflated allotments.

4.2.3 Irregular waiver of auction amount and tax resulting in loss to KPT

During an open auction conducted on 19 and 20.08.2024, the management of Karachi Port Trust (KPT) offered Cargo Barge 820-A for sale through public auction. The barge had a book value of Rs. 1.950 million and a reserve price of Rs. 1.000 million. The highest bid of Rs. 18.000 million was received from M/s Pioneer Steel, which also deposited Rs. 2.000 million as 10% of the bid amount.

Audit observed that, instead of recovering the remaining Rs. 16.000 million of bid amount and Rs. 1.800 million as tax, the auctioneer M/s Adnan & Company (the Auctioner), vide letter dated 15.09.2025, informed the bidder that KPT management had allowed the barge to be taken away upon payment of only Rs. 5.918 million as the balance amount, thereby waiving Rs. 10.082 million of the bid value. In addition, 10% tax on the auction amount, amounting to Rs. 1.800 million, was also waived. Moreover, the 2nd highest bid was not considered before granting this post-auction waiver to the highest bidder, which deprived KPT of the opportunity to obtain a fair market value through competitive evaluation.

As a result, KPT received only Rs. 7.918 million against the auctioned value of Rs. 18.000 million, causing a total loss of Rs. 12.818 million.

Audit is of the view that the post-auction concession and tax waiver were made without lawful authority and reflect collusion between the bidder, auctioneer and KPT officials, resulting in undue financial benefit to the bidder and loss to the exchequer.

4.2.4 Non-Transparent Auction Process Causing Loss to KPT

The management of Karachi Port Trust (KPT) conducted an open auction involving 37 lots with a total auction value of Rs. 661.450 million. However, scrutiny of auction records revealed multiple irregularities indicating non-transparent conduct of the auction and weak financial controls.

Audit observed the following:

i. Against the total auction value of Rs. 661.450 million, only Rs. 66.145 million was actually received by KPT, indicating that the balance proceeds were neither recovered nor forfeited.

ii. Income tax @ 10% of the total auction amount, i.e. Rs. 66.145 million, was not deposited into the government treasury, violating statutory tax deduction and deposit requirements.

iii. Auctions amounting to Rs. 616.175 million were not completed, and no action was taken to either finalize the sales or cancel and re-auction the uncompleted lots.

iv. The bid security amounting to Rs. 61.617 million (10% of uncompleted auction value) was not forfeited, even though bidders failed to honor their

commitments, resulting in direct loss to KPT and violation of auction conditions.

v. Further, auction sheet of each participated bidder was not available in the record.

Audit is of the view that the auction process lacked transparency, proper documentation, and post-auction enforcement, resulting in financial irregularities and potential collusion between bidders and KPT officials/auctioneer.

4.2.5 Change in bid value after award of work – M/s Pegasus Consultants

The Ministry of Maritime Affairs (MoMA), in collaboration with Karachi Port Trust (KPT), planned to organize a Maritime Exhibition and Conference in the second week of September 2024. KPT floated the tender on 22.04.2024, in which three firms participated.

Audit observed that the technical bids of M/s Badar Expo Solutions and M/s Pegasus Consultants (Pvt.) Ltd were found qualified. The financial bids submitted by the firms were as follows:

The Board of KPT awarded the contract to M/s Pegasus Consultants (Pvt.) Ltd at Rs. 16,675,000 inclusive of tax, as per noting sheet approval. However, upon issuance of the work order dated 06.08.2024, M/s Pegasus Consultants informed the management that the quoted price included only income tax and excluded other statutory charges. The firm demanded inclusion of Sindh Sales Tax (SST) @ 15% amounting to Rs. 2,626,313 and contingent needs @ 5% amounting to Rs. 833,750, increasing the total cost to Rs. 20,135,063. The revised amount was subsequently approved by the Secretary KPT, after award of the work.

Audit observed the following:

i. The post-award enhancement of the contract cost by Rs. 3.460 million violated the principle of competitive bidding and transparency.

ii. Lack of verification of statutory obligations (taxes and contingencies) during bid evaluation led to post-award escalation.

iii. Approval of revised cost by the management after the award indicates departure from prescribed procurement principles.

Audit is of the view that the post-award increase in bid value reflects poor evaluation of bid inclusiveness and lack of clarity in tender documentation, resulting in non-transparent financial management.

4.2.6 Irregular Financial Adjustment and Suspected Misappropriation in Event Management Contract

Audit scrutiny of records relating to the Maritime Exhibition and Conference organized jointly by the Ministry of Maritime Affairs (MoMA) and the Karachi Port Trust (KPT) in September 2024 revealed that KPT awarded a contract amounting to Rs. 18,992,640 to M/s RG Blue Communication (Pvt.) Ltd. for the event held on 13.09.2024 at KPT Head Office Building, Karachi.

It was further observed that M/s Pegasus Consultancy (Pvt.) Ltd. transferred an amount of Rs. 11,000,000 to M/s RG Blue

Communication (Pvt.) Ltd., which was subsequently adjusted in the final invoice submitted to KPT. Despite this inter-contractor payment, KPT released Rs. 18,274,000 to M/s RG Blue Communication from public funds. No evidence or justification was found on record to explain why one private contractor made a payment to another or why KPT made the full payment without adjusting the earlier Rs. 5 million transferred by M/s Pegasus.

This irregular arrangement indicates that the amount of Rs. 5 million was potentially misappropriated, as it was neither refunded to the government nor transparently accounted for in the official financial record. The unexplained inter-company transfer and subsequent adjustment within the same procurement cycle reflect serious lapses in financial control, absence of verification of contractor payments, and non-compliance with PPRA Rule 4 relating to fairness and transparency.

Audit is of the view that the payment structure adopted by KPT and the contractors involved was non-transparent, financially irregular, and contrary to public procurement and financial management principles.

4.2.7 Irregular procurement of diesel from unauthorized source

In compliance with the Board Resolution No. 178 (Item-III) dated 28.01.2022, the Procurement Department finalized and awarded the contract for supply of High-Speed Diesel (HSD) to M/s Pakistan State Oil (PSO) for the financial year 2024-25, at a discounted rate approved through the prescribed tendering process.

Audit scrutiny, however, revealed that the Deputy Conservator Department procured diesel worth Rs. 91,529,723 during FY 2024-25 from sources other than M/s PSO, i.e. M/s Caspian Oil, bypassing the approved contract and procurement procedure. No record of approval for deviation from the existing arrangement or justification for emergency procurement was found on file.

Audit is of the view that the procurement of diesel from unauthorized sources, in violation of Board Resolution No. 178 (Item-III) dated 28.01.2022 and without competitive bidding, was irregular and unauthorized, undermining transparency and proper contract management.

4.2.8 Irregular hiring of services of two pilot boats without open competition

The management of KPT incurred an expenditure of Rs. 73.000 million on account of hiring of services of two Pilot Boats during the financial year 2024-25. Detail is as under:

Sr. No.	Name of firm	Amount (Rs.)
1	M/s Seamax Marine Services	36,500,000
2	M/s Ocean world	36,500,000
TOTAL		73,000,000

Audit observed as under:

i. The services were hired without open competition and without any contract agreement.

ii. The record of issuance of POL and its consumption was not available.

iii. The log books and movement registers of the pilot boats were not available.

iv. The boats were not shown in the fleet of KPT boats.

Audit is of the view that hiring of service without open competition was a violation of the Public Procurement Rules, 2004. Moreover, in the absence of fuel consumption record, the authenticity of expenditure could not be ascertained.

The management replied that Port Department working round the clock to provide safe and uninterrupted shipping operation to the Port users at Karachi Port. The KPT Board vide its Resolution No.685 (Item-I) dated 20.02.2024 sanctioned enhancement of hiring rates for each Pilot boat @ Rs.100,000/- per day excluding SST and fuel with effect from 01.01.2024. In this regard, advertisement has been published in local newspaper on 26.11.2025 at KPT & PPRA website regarding hiring of two pilots boat The record of POL is available. The log books and movement register are enclosed for review and record. There are two private boats working in KPT.

The reply was not accepted because the hiring of pilot boats amounting to Rs. 73.000 million was carried out without open competitive bidding. Audit maintains that the case warrants a detailed inquiry to fix responsibility and ensure compliance with procurement procedures in future.

4.3 Comments on E-Procurement/E-PADS

Audit observations demonstrate that procurement were repeatedly executed through quotations, direct awards, or limited participation without genuine competition. High-value works and procurements were processed outside open competitive bidding despite exceeding statutory thresholds. Splitting of works to remain below approval limits reflect ineffective use of competitive procurement mechanisms. The spirit of e-procurement and transparency was defeated by procedural manipulation and selective compliance.

4.3.1 Irregular Execution of Repair and Maintenance Works Without Open Competition

Audit examination of the records of the Engineering Department, Karachi Port Trust (KPT) for FY 2024–25 revealed that repair and maintenance works amounting to Rs. 53.848 million were executed through multiple quotation-based work orders instead of open competitive bidding. The works were distributed among various contractors, including M/s Al-Meena Marine Engineers (Rs. 13.637 million through 118 transactions), M/s R.S. Engineering Works (Rs. 9.129 million through 106 transactions), and M/s Star Marine Services (Rs. 8.569 million through 97 transactions), among others. The pattern of repetitive small-value transactions indicated segmentation of works below competitive thresholds.

Audit further noted that no tender notices, bid evaluation reports, or comparative statements were available on record. Payments were processed based on local quotations or direct work orders, and certain contractors repeatedly received assignments during the year.

Management stated that quotation-based procurement was adopted for routine and urgent maintenance works and was considered permissible under applicable procurement provisions. It was further submitted that quotations were invited from multiple firms and processed in accordance with internal procedures.

Audit analysis indicates that while quotations may be permissible for limited-

value or urgent works, the cumulative value and frequency of transactions suggest that open competitive bidding procedures were not applied despite the aggregate expenditure crossing prescribed limits. The absence of documented tendering and evaluation records limits assurance regarding competitiveness and value realization.

4.3.2 Irregular Execution of Civil Work on Quotation to Avoid Tender

Audit scrutiny of civil works executed during FY 2024–25 revealed that the Civil Engineering Division of Karachi Port Trust (KPT) carried out various "Outside Repair & Maintenance Works" at residential and administrative locations, with total expenditure amounting to Rs. 157.860 million. The works were executed through quotation-based procurement rather than open competitive bidding.

Audit observed that no approved Annual Repair & Maintenance (R&M) Plan for FY 2024–25 was available on record. In the absence of a structured and pre-approved plan, works were initiated on an as-required basis without documented prioritization, consolidated planning, or financial forecasting. All identified works were processed individually below Rs. 1.000 million and awarded through quotations. The distribution pattern indicates fragmentation of works into smaller packages rather than consolidation for competitive tendering.

Management stated that quotations are a recognized procurement method for routine and urgent maintenance works and were invited from multiple bidders in compliance with PPRA Rules 42(b) and 36(a). It was further submitted that annual budget allocations were prepared and approved through the Finance Department, and works were initiated based on genuine user requirements arising during the year.

Audit analysis indicates that while quotation procedures may be applicable for limited-value works, the aggregate annual expenditure of Rs. 157.860 million reflects recurring and predictable maintenance requirements that warranted structured planning and open competitive bidding. The absence of a formally approved R&M plan and the systematic execution of works below approval thresholds reduce transparency, limit competition, and weaken procurement planning discipline.

4.3.3 Irregular foreign procurements on quotation

Audit examination of procurement records for FY 2024–25 revealed that Karachi Port Trust (KPT) carried out foreign procurements amounting to Rs. 479.316 million for spare parts, electrical components, fuel control systems, engines, PLC units, and other marine equipment for vessels and tugs. The procurements were processed through quotations on the basis that the respective vendors were sole suppliers.

Audit observed that the procurements were of high value and involved foreign suppliers; however, no evidence of open competitive bidding, international competitive bidding, or limited tendering was available on record. No tender advertisements, bid evaluation reports, or documented

justification establishing exclusive proprietary rights were produced. The purchases were instead supported by vendor quotations without documented market survey, cost benchmarking, or verification of sole-source claims through independent validation.

Management maintained that the items were technical in nature and sourced from original manufacturers or authorized suppliers to ensure compatibility with marine equipment. However, no complete documentation establishing exclusivity, alternative supplier unavailability, or formal exemption from competitive bidding was provided.

Audit analysis indicates that the magnitude and recurring nature of such procurements required structured competitive procedures under the applicable procurement framework. Reliance on quotation-based methods for aggregate procurements of Rs. 479.316 million reduces transparency, limits competition, and weakens assurance regarding price reasonableness and value realization.

4.3.4 Irregular procurement on paint without open competition

Karachi Port Trust (KPT), Karachi procured Marine International Paints amounting to Rs. 22,487,850 from M/s AkzoNobel, the principal manufacturer, through its local supplier M/s Abyss, without observing prescribed procurement procedures. The details of procurement are as under:

Paints	Color	Pack Size Liters	Quantity	Price/Liter	Total Rs.
Inter swift 6800 HS	Brown/Red	20	880	16,500	14,520,000
Inter sheild 300	Aluminum/Bronze	17.5	525	6700	3,517,500
Inter tuf 262	Red/Gray	20	200	5100	1,020,000
Total					**19,057,500**
GST 18%					**3,430,350**
Grand Total					**22,487,850**

Audit scrutiny revealed the following irregularities:

i. No Sole Proprietorship Certificate or authorization letter from the Principal Accounting Officer (Ministry of Maritime Affairs) was obtained to validate M/s AkzoNobel as the exclusive supplier of Marine International Paints in Pakistan.

ii. Procurement was made on the basis of a single quotation without floating open tender,

iii. No cost estimates of the paints were prepared by the concerned technical department prior to procurement.

iv. Completion certificate from the concerned department confirming the utilization and quality of paints was not available on record.

v. Vendor did not provide any Bill of Lading or Goods Declaration (GD) to substantiate that the paints were

actually imported from the manufacturer.

vi. 100% payment was released to the supplier upon delivery of goods without deduction of performance security for the defect liability period of 36 months.

Audit holds that the procurement was made in violation of PPRA Rules, without ensuring transparency, competition, and due diligence, which rendered the expenditure of Rs. 22.487 million as irregular and unauthentic.

4.3.5 Inflated estimates and excess payment due to wrong estimation of quantities

Audit scrutiny of records of the Repair & Maintenance (R&M) Department, Karachi Port Trust (KPT) revealed that a contract amounting to Rs. 303.780 million was awarded to M/s Deen Muhammad for the construction of a road at West Wharf, Karachi. The audit aimed to verify the accuracy of cost estimates, quantity assessments, and compliance with prescribed financial and technical controls.

Audit observed that the quantities of major items were inflated in the engineer's estimates and BOQ, which resulted in unjustified escalation of the project cost. Details are as under:

Item Description	Quantity as per BOQ	Quantity as per Engineer Estimates	Rate (Rs.)	Difference (Qty)	Excess Amount (Rs.)
Providing and laying 2½" thick consolidated asphalt macadam (hot mix)	90,000	84,779	2,100	5,221	10,964,100
Providing and laying bituminous wearing coat 1½" using crushed stone aggregate	30,000	20,303.9	1,500	9,696.1	14,544,150
Total Excess					**25,508,250**

Audit noted that the engineer's estimates were not based on actual field requirements or technical justification, and the enhancement of quantities was not supported by approved variation orders or proper measurement records.

Audit is of the view that inflation of quantities in the estimates and BOQ led to an artificial increase in project cost and resulted in excess estimate of Rs. 25.508 million, indicating weak internal controls and misrepresentation of actual work requirements.

The management reply that the Engineer's Estimates were prepared for the purpose of inviting tenders, and all the quantities are tentatively calculated on the basis of the initial site measurements. The payment made to contractor was on the basis of actual work executed at site and not on lump-sum basis.

The reply was not accepted because the claim that payments were made strictly on executed quantities is inconsistent with inflated approved estimates that led to excessive budget allocation and potential overpayment.

4.3.6 Non-Recovery of Rent and encroachment – Nagina Cinema (Plot No. 05, Bandar Road, Kemari

Audit review revealed that Plot No. 05, Bandar Road, Kemari, measuring 2,146 square meters, remained under occupation after conversion of land use. The lessee discontinued rent payments after 2010, and no effective recovery or repossession action was evidenced. The property remained occupied without substantiated rental recovery.

The management did not produce documentary evidence demonstrating effective legal recovery or enforcement proceedings.

The prolonged non-recovery of rent and continued occupation indicate weaknesses in estate management, lease monitoring, and protection of public property interests.

4.3.7 Irregular Execution of Civil Work on Behalf of Karachi Club

Audit examination of records of the Civil Works Division revealed that a work titled "Repair and Rehabilitation of Road Damaged due to Sewerage Water Flow from Karachi Club" was awarded to M/s Noor Builders & Developers at a total cost of Rs. 20.469 million, including Rs. 11.625 million for asphalt works. The administrative approval noted deterioration of roads aggravated by improper sewerage flow from Karachi Club.

Audit observed that the damage originated from the defective sewerage system of Karachi Club, which under the lease agreement was responsible for maintaining approach infrastructure at its own cost. Despite this, the entire rehabilitation work was executed at the expense of KPT. Furthermore, a substantial portion of the expenditure related to asphalt works that were not directly connected with rectification of sewerage defects. This indicates that public funds were utilized for work primarily attributable to the lessee's responsibility.

Management stated that the work was part of broader maintenance of Lalazar Area, including official accommodations and common drainage systems, and that tenders were invited through proper channels. Management further maintained that the disposal system of the area was interconnected and that upgradation was required following torrential rains.

The reply was not accepted because the underlying cause of the damage was attributable to Karachi Club's sewerage system, making it contractually responsible for rectification. The broader maintenance argument does not negate the origin of liability.

4.4 Contracting

Contract management deficiencies include unjustified quantity escalation, excessive dry dock extensions, undervaluation of auctioned assets, non-forfeiture of bid securities, fragmented disposal of assets, acceptance of reduced warranty periods, and engagement of ineligible contractors. Variation approvals lacked technical substantiation, valuation mechanisms were inconsistent, and post-award monitoring was weak. Contract enforcement mechanisms were either absent or not exercised, resulting in financial exposure and operational inefficiencies.

4.4.1 Unjustified Enhancement of Steel Renewal Work and Dry Dock Duration

Audit scrutiny of records relating to the dry docking and major refit of TSHD Abdul revealed that M/s Karachi Shipyard & Engineering Works (KS&EW) initially submitted a cost estimate of Rs. 1,321.265 million on 08.04.2024, which included 73 dry dock days and 20,000 kg of steel renewal (labour and material). Subsequently, on 31.05.2024, KS&EW submitted a revised cost estimate of Rs. 1,517.250 million, reflecting an increase of Rs. 196.00 million due to:

i. Enhancement of dry dock period from 73 to 118 days without any technical justification or record of additional work.

ii. Escalation of steel renewal quantity from 20,000 kg to 60,000 kg (↑ 200%) without documented inspection reports or Board-approved variation.

iii. No supporting evidence such as surveyor's assessment, progress inspection reports, or revised Bill of Quantities (BoQ) was available to justify the increased scope or cost.

iv. Further, as per Letter No. WS/Dock/TSHD Abdul/25/27 dated 26.05.2025 issued by Deputy Chief Mechanical Engineer, KPT addressed to General Manager (Ship Repairs), KS&EW, it was stated that:

"Despite the fact that advance payment against this contract has already been released by KPT, it may be highlighted that till to date five months have been passed but exact completion date is not known to KPT. Due to operational commitments, KPT cannot wait for an indefinite time period for repairs of the vessel. Hence it is recommended that efforts may be made to complete the project within 100 days at quay wall and 60 dock days as agreed by KS&EW vide para 3 of their letter No. SRD/P&C/CSR-10281/2024/258 dated 31.05.2024."

The above correspondence indicates continued delay and non-compliance with the mutually agreed completion timelines despite full advance release, further reinforcing that the enhancement of steel quantities and dry dock duration lacked justification.

Audit is of the view that the revision of quantities and duration without technical verification was unjustified and irregular, reflecting weak internal control, poor cost scrutiny, and possible overpayment to the contractor.

4.4.2 Under-Valuation and Irregular Auction of Old and Unserviceable Batteries

Audit scrutiny of records revealed that the Management of Karachi Port Trust (KPT), during an auction conducted through a hired auctioneer, set the reserved price for Lot No. 14 comprising 548 old and unserviceable batteries of the Electric Engineer (Workshop Manora) at an unreasonably low level. The following irregularities were observed:

i. The book value of 548 batteries was left blank in the Stores Department's documents and later arbitrarily recorded as Rs. 2.7 million, without any supporting calculation or verification.

ii. This value was further reduced to Rs. 0.55 million, valuing each heavy-duty battery at around Rs. 1,100 only, with no justification or approval recorded for this downward revision.

iii. The highest bid received was Rs. 12.7 million, showing an increase of 2,218% over the reduced reserved price, clearly proving that the lot had been grossly undervalued.

iv. As per the inventory record, the Stores Department maintains over 30 types of batteries, including heavy-duty 12V, 200 Amp (31 plate) models commonly used by the Electric Engineer (Workshop Manora). However, the Stores Department failed to record the correct specification and quantity of such batteries while preparing the auction list, resulting in misclassification and deliberate under-valuation.

v. This undervaluation deprived KPT of substantial revenue and compromised the transparency and competitiveness of the auction process.

Audit is of the view that the arbitrary fixation and subsequent reduction of reserved price without justification or valuation mechanism reflect serious procedural irregularity, lack of internal controls, and possible collusion in the disposal process.

4.5 Inventory management & inspections

Audit observations reveal serious lapses in asset protection and inventory control. Large-scale land encroachment remains undisclosed in financial statements. Auction reserve prices were arbitrarily reduced without valuation basis. Uniform inventory registers contained negative stock entries, violating GFR provisions. Physical verification, stock reconciliation, valuation discipline, and asset safeguarding mechanisms are inadequate. The failure to quantify land encroachment and asset impairment materially distorts financial reporting.

4.5.1 Negative Stock Entries and Mismanagement of Uniform Inventory – Personnel Support Facility (PSF), Karachi Port Trust (KPT)

Audit scrutiny of records maintained by the Personnel Support Facility (PSF), Karachi Port Trust (KPT) revealed serious irregularities in the Uniform Main Register during the financial year 2024–25. The register showed an opening balance of 9 T-shirts and receipt of 200 T-shirts from the store section. However, the same register recorded issuance of 397 T-shirts, resulting in negative stock entries, which is impossible under proper inventory management practices.

Further cross-verification with the receiving register revealed that only 214 T-shirts were actually received by staff, which did not reconcile with the quantities recorded in the main stock register. This indicates non-reconciliation of stock records, possible over-issuance, and weak store verification controls.

Audit is of the view that negative stock balances, incorrect entries, and discrepancies between issue and receipt registers reflect serious lapses in inventory control and potential misappropriation or misuse of uniform stock.

The management replied that the record was maintained as per the directions of the then Fed. Audit Inspection Team, for the firsttime with Negative Entry in Stock Register.

The reply was not accepted because maintaining negative stock entries is a violation and against basic inventory accounting principles.

4.5.2 Non conducting of physical verification

The management of KPT is possessing physical assets having and maintaining record thereof.

Audit observed that the physical verification of the assets, store items was not conducted.

Audit is of the view that management did not conduct physical verification and violated General Financial Rules.

4.6 Recommendations

Karachi Port Trust must immediately institutionalize a centralized procurement governance framework aligned strictly with PPRA Rules, 2004, GFR provisions, and contract conditions. All procurements exceeding statutory thresholds must mandatorily follow open competitive bidding without artificial splitting or quotation-based circumvention. Variation orders should be limited strictly to incidental scope changes and must not be used to award new projects. Any post-award price revision must be prohibited unless explicitly permitted under contract and approved by the competent authority with documented justification.

Cost estimates must undergo independent technical verification and financial vetting before approval. Escalation payments must strictly adhere to base rates and contract formulas without amendment unless lawfully authorized. All auctions must follow transparent sealed bidding procedures, with proper valuation reports, mandatory forfeiture of defaulted bid securities, and immediate recovery of government dues. Unauthorized waivers or concessions should be treated as financial misconduct.

A Procurement Compliance Cell reporting directly to the Board should be established to review high-value tenders, variation orders, escalation claims, and auction disposals before approval. Internal audit must conduct concurrent audit of procurement and contract payments rather than post-factum review.

Inventory management should be digitized through ERP-based stock control with mandatory physical verification, reconciliation protocols, and prohibition of negative stock entries. All land assets must be GIS-mapped, encroachments quantified, disclosed in financial statements, and legally pursued for recovery.

Where financial loss has been identified, recovery proceedings and departmental inquiries should be initiated without delay. Responsibility must be fixed on officers who authorized irregular awards, altered escalation formulas, approved non-competitive contracts, or failed to enforce auction terms. Preventive controls, not corrective justifications, must become the standard operating culture.

5. Operational Processes, Targets and KPIs

Audit analysis of operational activities at Karachi Port Trust demonstrates serious weaknesses in process governance, financial targeting, compliance enforcement, and performance monitoring. High-value land was leased at rates significantly below DC valuation benchmarks, dangerous cargo handling was reported as zero without documented verification, 745 court cases remained pending due to weak legal management, medicines were issued without mandatory laboratory testing, and annual physical verification of assets was not conducted. These findings indicate that operational KPIs relating to revenue protection, regulatory compliance, litigation management, safety oversight, and asset control were either not formally defined, not monitored, or not enforced. Discretionary decisions appear to have overridden statutory safeguards, resulting in financial exposure, compliance risk, and operational inefficiencies.

5.1 Value for Money

Audit findings reveal that prime KPT land in West Wharf, M.T. Khan Road, Mai Kolachi Road, Keamari, Manora, and Mauripur was leased at rates ranging from Rs. 0.18 to Rs. 1,200 per sq. meter, substantially below notified DC rates. Major commercial, industrial, warehousing, and petroleum entities were granted leases at nominal rates inconsistent with official valuation tables. In the case of the DHA lease (Plot No. 71, Clifton), 3,565,322.12 sq. meters were leased for 99 years at Rs. 0.18 per sq. meter per year, despite DC valuation of Rs. 42,000 per sq. yard, resulting in an estimated loss of Rs. 6,774.112 million. These transactions demonstrate absence of valuation benchmarking, weak financial targeting, and failure to protect revenue potential of high-value public assets.

5.1.1 Large-Scale Land Encroachment and Loss of Revenue – Over 1,004 Acres

Audit scrutiny and media reports revealed that over 1,153 acres of KPT land had been encroached upon over time, whereas only 149 acres had been reclaimed as of December 2025 through limited anti-encroachment efforts. Despite these large-scale encroachments, KPT's financial statements fail to quantify the total encroached land area, its estimated market value, or any corresponding provisions/disclosures of contingent losses.

Audit observed that:

i. The absence of encroachment data or financial impact assessment in the balance sheet or notes to accounts indicates non-recognition of material asset losses.

ii. The revaluation reserve remained static while advances and receivables increased, implying possible concealment of losses arising from unrecorded land diminution.

iii. Due to prolonged encroachments, KPT not only lost control of immovable property but also suffered recurring loss of rental revenue and lease income from illegally occupied areas.

iv. Further, it was also reported that Nagina Cinema at Kemari was converted in residential apartments

by the encroachers and 56 flats were given on monthly rental basis

Audit is of the view that non-disclosure and non-valuation of encroached assets materially distort KPT's financial position and reflect weak internal controls over asset protection. The failure to record probable financial exposure or recovery plans undermines transparency and accountability in the management of public land.

5.1.2 Disposal of High-Value KPT Land Below DC Rates Resulting in Loss to Authority

According to the Deputy Commissioner (DC) Karachi Valuation Table (SRO 120(I)/2019), the notified land rates for Karachi are as follows:

Category	Land Type	DC Rate (per sq. yard)
A-I	Commercial (Clifton, M.T. Khan Road, Mai Kolachi Road, West Wharf)	Rs. 120,000
I	Commercial / Industrial (Port Corridors, Central Karachi)	Rs. 90,000
II–IV	Warehouse / Oil Installation (Keamari, Mauripur, Manora)	Rs. 22,800 – Rs. 72,000

Audit scrutiny of Karachi Port Trust (KPT) records revealed that 111 leases were granted in West Wharf, M.T. Khan Road / Mai Kolachi Road, Keamari, Manora, and Mauripur areas at rates ranging between Rs. 0.18 and Rs. 1,200 per sq. meter which are substantially below as compared with the notified DC valuation.

Audit observed that:

i. Major industrial entities such as Karachi Shipyard & Engineering Works Ltd., Pakistan Oxygen Ltd., Pfizer Laboratories Ltd., Sindh Engineering (Pvt.) Ltd., Chevron Lubricants, and ICI Pakistan Ltd. were leased tracts of land ranging from 8,000 to 266,000 sq. meters at Rs. 15–375 per sq. meter, whereas the land value as DC rate is Rs. 120,000 per sq. yard.

ii. Prime commercial properties along Karachi's coastal belt were leased to PNSC, Karachi Reinsurance Company Ltd., KESC, and Avari Group at rates between Rs. 0.4 and Rs. 300 per sq. meter, against land value as per DC rates of Rs. 90,000–120,000 per sq. yard.

iii. Warehousing and storage plots leased to Unilever Pakistan Ltd., Lipton (Pakistan) Ltd., PIDC, Karachi Dock Labour Board, and Ebrahim Alibhai Trust were granted at Rs. 1–17 per sq. meter, despite land value as per DC rates of Rs. 120,000 per sq. yard.

iv. Petroleum storage sites leased to PSO, Shell Pakistan Ltd., Total Parco, National Refinery Ltd., and PARCO were leased at Rs. 6.88–110 per sq. meter against DC value of Rs. 22,800 per sq. yard.

Audit is of the view that the leasing of prime KPT land at nominal rates reflects gross under-assessment of rental/leasing value, lack of transparency, and weak financial management, causing a cumulative loss to the public exchequer.

5.1.3 Loss Due to leasing of Valuable KPT Land to DHA at Nominal Rate

As per Deputy Commissioner (DC), Karachi Valuation Table 2025, the value of residential land in Clifton area is Rs. 42,000 per sq. yard.

Audit scrutiny revealed that Karachi Port Trust (KPT), Karachi leased out Plot No. 71, Clifton Miscellaneous Area, M.T. Khan Road / Mai Kolachi Road, measuring 3,565,322.12 sq. meters to M/s Defence Officers Housing Authority (DHA) for a period of 99 years on 07.07.2006 at a nominal lease rate of Rs. 0.18 per sq. meter per year.

Audit observed that, according to DC Karachi rates, the market value of the land is Rs. 42,000 per sq. yard, making its total worth approximately Rs. 179.00 billion, whereas KPT leased it for only Rs. 0.64 million, causing an estimated loss of Rs. 6,774,112,028 (3,565,322.12 x Rs. 100 per year x 19 years) annually to the public exchequer.

Audit is of the view that the leasing of high-value KPT land to DHA at an unreasonably nominal rate, without applying the prevailing market rate reflects gross negligence, lack of due diligence, and failure to safeguard public assets, resulting in a colossal loss to the national exchequer.

5.2 Internal Control

Audit findings highlight breakdowns in documentation control, regulatory verification, and compliance monitoring. Land leases were approved at nominal rates without alignment to DC valuation or clear evidence of prior Government sanction. Dangerous and hazardous cargo was reported as zero handled during FY 2024-25, despite routine port operations involving such cargo, and no IMDG declarations, verification records, or revenue assessments were maintained. Further, mandatory annual physical verification of assets and stores was not conducted, violating Para 159 of GFR Vol-I. These deficiencies reflect absence of preventive controls, weak monitoring mechanisms, and inadequate compliance enforcement.

5.2.1 Non-Reporting of Dangerous and Hazardous Cargo at Karachi Port

According to the International Maritime Dangerous Goods (IMDG) Code, "All dangerous and hazardous cargo must be declared by shipping lines, properly recorded and verified by port authorities, and monitored to ensure safety, environmental compliance, and collection of applicable revenue."

IMDG-classified dangerous and hazardous goods include the following nine categories:

Class 1 – Explosives (e.g., fireworks, ammunition, detonators)
Class 2 – Gases (LPG, LNG, oxygen cylinders, refrigerant gases)
Class 3 – Flammable Liquids (petrol, diesel, paints, solvents, alcohols)
Class 4 – Flammable Solids/Substances (sulphur, magnesium, calcium carbide)
Class 5 – Oxidizing Substances & Organic Peroxides (hydrogen peroxide, ammonium nitrate)
Class 6 – Toxic & Infectious Substances (pesticides, cyanides, medical waste)
Class 7 – Radioactive Materials (medical isotopes, industrial radiographic sources)
Class 8 – Corrosive Substances (acids, alkalis, battery chemicals)
Class 9 – Miscellaneous Dangerous Goods (lithium batteries, dry ice, asbestos)

Audit scrutiny of the Cargo Handling

Department of Karachi Port Trust (KPT), Karachi for the year 2024-25 revealed that the department reported zero handling of dangerous or hazardous cargo, despite Karachi Port routinely managing flammable liquids, corrosives, gases, and other hazardous materials under its commercial operations.

Audit observed that:

i. No declarations of IMDG-classified cargo were obtained from shipping lines during the year.

ii. No cargo verification, segregation, or safety documentation was maintained by KPT.

iii. Revenue from hazardous cargo surcharges, inspection fees, and storage charges was not assessed or collected.

Audit is of the view that the non-reporting and non-documentation of dangerous and hazardous cargo constitutes serious negligence and non-compliance with the International Maritime Dangerous Goods Code, exposing port operations to severe safety, environmental, legal, and financial risks.

The management replied The DG Cargo (if any) is handled in accordance with the guide lines of IMDG Code of International Maritime Organization both by KPT and its private terminal operators. Audit's concern relating to recovery of hazardous cargo does not bears any financial repercussion as it is an operational case. Relevant precautions are taken while handling of all DG Cargo in accordance with the guide lines of IMDG Code of International Maritime Organization.

The reply was not accepted because it fails to address the core audit concern that no record, declaration, or verification of dangerous and hazardous cargo was maintained by Karachi Port Trust (KPT) during FY 2024–25, despite routine port operations involving such cargo types. The management's claim that the matter is "operational" and has "no financial implication" is factually incorrect and misleading, since the absence of IMDG cargo declarations directly results in loss of revenue from hazardous cargo surcharges, inspection fees, and storage charges, all legitimate and recoverable income under port safety regulations.

5.3 Resource Allocation

This section reflects ineffective allocation and oversight of legal resources. With 745 pending court cases, including land, lease, service, contractor, and recovery matters, litigation management remained weak and unstructured. The absence of a structured litigation monitoring framework indicates misallocation of legal resources and lack of performance oversight in dispute management.

5.3.1 Unauthorized Engagement of Private Audit Firm Without AGP's Approval

Audit examination revealed that financial statements for FYs 2023–24 and 2024–25 were neither prepared nor audited during the audit period. No draft statements, engagement letters with auditors, or evidence of audit progress were provided.

Management stated that the preparation and audit process had been initiated and was

expected to be completed by January 2026. It was further submitted that procedural delays had occurred but corrective measures were underway to ensure timely preparation in future.

The reply was not accepted because no verifiable documentation evidencing progress, timelines, or auditor engagement was produced. The response relied on projected completion rather than demonstrated compliance. The non-preparation and non-audit of financial statements for consecutive years reflects a lapse in statutory reporting processes.

5.3.2 Huge Pendency of Court Cases and Irregular Engagement of Legal Counsels – 745 Cases

Audit scrutiny of legal records of Karachi Port Trust (KPT) revealed that 745 court cases were pending before various lower and higher courts, including land disputes, lease matters, service cases, contractor claims, and recovery suits. Many cases have remained unresolved for years due to weak legal follow-up, absence of timely responses, and frequent adjournments.

Audit further observed that KPT engaged legal counsels and advocates without obtaining prior concurrence from the Ministry of Law and Justice, as required under the above-mentioned guidelines. This non-observance of mandatory procedure resulted in unauthorized appointments of legal counsels, irregular payment of professional fees, and poor litigation management. Consequently, legal proceedings remained slow and ineffective, leading to huge pendency of 745 cases and exposure of KPT to potential financial and reputational risks.

Audit is of the view that the failure to follow the prescribed legal engagement policy caused ineffective representation in courts and accumulation of pending cases, reflecting serious lapses in legal and administrative oversight.

5.4 Service Delivery

Serious lapses in healthcare service delivery controls. Medicines valuing Rs. 212.649 million were procured and issued without obtaining mandatory Drug Testing Laboratory reports as required under Section 22(2) of the Drugs Act, 1976.

5.4.1 Non-Conduct of Mandatory Seawater Quality Testing

Audit review of the Marine Pollution Control Department (MPCD) activities revealed that no regular seawater sampling or testing was conducted during the audit period. No laboratory reports, certified analysis sheets, or environmental monitoring records were available. Baseline data regarding oil traces, turbidity, chemical pollutants, or biological contaminants was not maintained. No quarterly or annual environmental reports were prepared, and no documented coordination with EPA Sindh or accredited laboratories was found.

The absence of structured monitoring prevented verification of environmental conditions within port waters and limited the ability to assess pollution trends or regulatory compliance.

No formal documented response addressing the absence of testing records, laboratory reports, or monitoring schedules was produced to substantiate compliance.

The audit analysis indicates that environmental monitoring responsibilities were not supported by documentary evidence during the period under review.

5.4.2 Issuance of Medicines Without Drug Testing Laboratory Report

Audit scrutiny of the accounts of Karachi Port Trust (KPT), Karachi for the financial year 2024–25 revealed that medicines valuing Rs. 212.649 million were purchased, received, and subsequently issued to patients without obtaining mandatory drug testing laboratory reports from any government-approved or authorized laboratory as required under the Drugs Act, 1976.

Audit further noted that no record of drug sample collection, testing, or quality verification was available, no evidence of correspondence with any Drug Testing Laboratory or Provincial Quality Control Board was found, and the entire stock of medicines was taken on charge and issued for use without quality clearance, thereby exposing hospital patients and staff to potential health risks and contravening statutory safety requirements.

Audit is of the view that the issuance and use of medicines without prior laboratory testing represent a serious violation of Section 22(2) of the Drugs Act, 1976, reflecting gross negligence, weak internal controls, and disregard for pharmaceutical safety protocols.

5.5 Recommendations

Karachi Port Trust should immediately review all land leases granted below DC valuation rates, obtain necessary Federal Government approvals where required under Sections 29(A) and 34 of the KPT Act, and initiate revaluation or recovery proceedings in cases involving financial loss, including the DHA lease. A uniform land valuation framework aligned with DC/FBR notified rates must be implemented, and no future lease should be approved without independent valuation and documented sanction. A mandatory IMDG cargo declaration and verification system should be established across all terminals to ensure proper documentation, safety compliance, and recovery of applicable hazardous cargo revenues.

KPT should establish a centralized litigation monitoring cell to review all 745 pending court cases, regularize engagement of legal counsels strictly in accordance with Ministry of Law policy guidelines, and implement a case-tracking mechanism with defined resolution targets. In the healthcare domain, no medicine should be issued without prior laboratory testing and documented quality clearance in compliance with the Drugs Act, 1976. Responsibility should be fixed in cases involving unauthorized leases, non-reporting of hazardous cargo, irregular legal engagements, issuance of untested medicines, and failure to conduct physical verification, to strengthen operational accountability and ensure compliance with statutory requirements.

6. Human Resource Management

Audit review of Human Resource Management at Karachi Port Trust indicates structural weaknesses in policy implementation, workforce planning, recruitment transparency, and compensation governance. Observations reflect gaps in documented HR frameworks, irregularities in appointments and postings, lack of performance-based accountability, and inconsistencies in allowances and benefits administration. These deficiencies affect operational efficiency, increase financial burden, and expose the organization to governance and reputational risks. HR management appears reactive rather than strategically aligned with institutional mandate, resulting in uneven resource utilization and weak control over payroll and administrative expenditures.

6.1 HR Policy

The HR policy framework lacks a comprehensive, updated, and uniformly implemented manual governing recruitment, promotions, transfers, deputations, and disciplinary actions. Several HR decisions appear to have been taken without clear reference to codified rules or Board-approved policies. Absence of structured manpower planning, competency mapping, and succession planning indicates weak strategic HR governance. Performance evaluation mechanisms are either inconsistently applied or not effectively linked to promotions and incentives. The lack of standardized HR documentation and digital recordkeeping further undermines transparency and institutional continuity.

6.1.1 Engagement of Legal Advisors Without Mandatory Concurrence of Law Division

Audit scrutiny of records of Karachi Port Trust (KPT), Karachi for the financial year 2024-25 revealed that a total amount of Rs. 85.630 million was paid on account of legal services to various law firms and advocates, as summarized below:

S. No.	Name of Lawer	Amount Paid
1	M/S.HAFEEZ PIRZADA LAW ASSOCIATES	23,036,911
2	M/S.NASIMA	9,992,250
3	M/S. AQIB HUSSAIN, ADVOCATE	7,265,000
4	M/S.MUHAMMAD ASGHAR	6,500,000
5	M/S.FARHATULLAH YASEEN KALWAR , ADVOCATE	5,530,000
6	M/S.ABDUR RAZZAQ	4,672,500
7	M/S.FAZLE GHANI ADVOCATES	3,200,000
8	M/S.SHAUKAT ALI SHAIKH	2,847,500
9	M/S.SHAUKAT ALI SHAIKH	2,847,500
10	M/S.RIAZ AHMAD & COMPANY	2,800,000
11	M/S.MUHAMMAD ZEESHAN NAEEM	1,955,000
12	M/S.KMS LAW ASSOCIATES	1,950,000
13	M/S.SYED MUHAMMAD NASEER NIHAL HASHMI	1,950,000
14	M/S.IQBAL & ASIM, ADVOCATES	1,653,593
15	M/S.BASHIR AHMED,ADVOCATE	1,646,000
16	M/S.M.S. MANGRIO & CO.	1,582,500
17	M/S.SAAD UR RASHEED ABBASI	1,187,500
18	M/S.MANSOOR AHMAD KHAN & CO	750,000

19	M/S.MUHAMMAD SARFARAZ ALI METLO	711,500
20	M/S.ASAD KARIM, ADVOCATE	660,000
21	M/S.SHAHAB IMAM LAW ASSOCIATES	575,000
22	M/S.KHALID HIDAYAT KHAN, ADVOCATE	562,500
23	M/S.H.KHAIRI LAW ASSOCIATES	550,000
24	MR.HASSAN SABIR, MANAGER LEGAL	500,000
25	M/S.AGA ZAFAR AHMED,ADVOCATE	355,000
26	M/S.UMAR FAROOQ, ADVOCATE	350,000
	Total	**85,630,254**

Audit observed the following:

i. The appointment of law firms and advocates was made without obtaining mandatory concurrence from the Law, Justice and Human Rightsk Divisiokn, contrary to the instructions cited above.

ii. Examination of litigation records revealed that approximately 64% of court cases have remained pending for over 10 to 20 years, indicating ineffective follow-up, poor performance, and weak case management by the Legal Section, despite incurring substantial legal expenditure.

Audit is of the view that failure to obtain mandatory concurrence from the competent authority and the long pendency of litigation cases reflect weak internal control, non-compliance with government policy, and financial indiscipline on the part of KPT management.

6.1.2 Unlawful payment of monetization allowance to BPS-19 officers of KPT

Karachi Port Trust paid Rs. 75.77 million as monetization allowance to the BPS-19 officers of KPT during the financial year 2024-25. Details are at Annexure-III:

Audit observed as under:

i. The monetization allowance was paid without concurrence of the Finance Division

ii. The KPT Service Regulation, 2011 were approved by the Federal Government, therefore, any amendment in KPT Service Regulations, 2011 could only be made with the prior approval of the Federal Government instead of the KPT Board. Hence, the payment of monetization allowance, to BPS-19 officers of KPT, without approval of the Federal Government was unauthorized.

iii. The terms and conditions of the Civil Servants Act, 1973 were applicable on KPT employees where KPT Service Regulations, 2011 were silent. Thus, payment of monetization allowance to BPS-19 officers of KPT was inadmissible as per Federal Government Rules, the Civil Servants of BPS-19 were not entitled for monetization allowance.

6.1.3 Irregular Payment of Electricity Bills for Chairman's Residence and Officers' Flats

Karachi Port Trust (KPT) made payments amounting to Rs. 3.235 million to M/s K-Electric during FY 2024–25 on account of electricity bills for:

i. Chairman KPT's residence (46/B Port House and Plot No. 60-B, Lalazar, Karachi) — Rs. 1.46 million;

ii. KPT Officers' Flats at Bath Island, Clifton — Rs. 1.84 million; and

iii. CK-2 Bungalow, Hydrographic Office — Rs. 0.13 million.

Audit observed that:

i. The above premises were being used as residential accommodations, and utility charges were paid from KPT's operational funds instead of being recovered from the personal occupants, contrary to government financial rules.

ii. No policy or Board approval was available authorizing the use of Trust funds for private residential utility expenses.

iii. The expenditure was neither covered under any sanctioned allowance nor linked to official use of the premises.

Audit is of the view that payment of private electricity bills from public funds was unauthorized and a misuse of KPT resources, reflecting weak financial controls and non-compliance with established government procedures.

The management replied that the expenditure incurred on the said premises was made in accordance with approved arrangements and does not confer any personal or private benefit upon any individual. The premises are officially notified, approved by the Chairman / KPT Board, and utilized strictly for office and institutional purposes.

The reply was not accepted because the management failed to substantiate with verifiable evidence that the premises were used for official purposes.

6.2 Recruitment

The HR policy framework lacks a comprehensive, updated, and uniformly implemented manual governing recruitment, promotions, transfers, deputations, and disciplinary actions. Several HR decisions appear to have been taken without clear reference to codified rules or Board-approved policies. Absence of structured manpower planning, competency mapping, and succession planning indicates weak strategic HR governance. Performance evaluation mechanisms are either inconsistently applied or not effectively linked to promotions and incentives. The lack of standardized HR documentation and digital recordkeeping further undermines transparency and institutional continuity.

6.2.1 Unauthorized Hiring of Consultant on Behalf of Ministry of Maritime Affairs

Karachi Port Trust (KPT) hired Mr. Gul Zamir Hussain, Ex–Joint Secretary (A&P), Ministry of Maritime Affairs, as a consultant for seven (07) months at a remuneration of Rs. 350,000 per month, amounting to Rs. 2.450 million in total. The hiring was made on the request of the Ministry of Maritime Affairs vide letter No. 8(2)/2023-KPT dated

09.10.2024, which stated that the consultant's services were required for finalization of the report of the Task Force on Revamping of Pakistan Maritime Sector, constituted by the Prime Minister's Office.

Audit observed that:

i. The consultant was engaged without open competition and without Board approval, in violation of the prescribed KPT Service Regulations.

ii. The assignment was for the Ministry of Maritime Affairs, not for KPT's operational or administrative needs, thereby constituting use of Trust funds for external Ministry work.

iii. The individual was a retired government officer already drawing a monthly pension, and thus ineligible for full contractual pay under standard government rules without necessary deductions or approvals.

Audit is of the view that the hiring of the consultant was unauthorized, irregular, and beyond the mandate of KPT, resulting in misuse of Trust funds and violation of prescribed recruitment and financial procedures.

6.2.2 Hiring of tax consultancy services without open competition

Karachi Port Trust (KPT), Karachi hired the services of tax consultant M/s. A.F. Ferguson & Co for the financial year 2024-25 at a cost of Rs. 21,355,488.

Audit noted that the engagement of consultant was made without inviting open tenders or adopting a competitive bidding process.

Audit is of the view that the deviation from mandatory procurement rules resulted in irregular expenditure and also compromised transparency and fairness, potentially leading to favoritism and inefficient use of public resources.

The management replied that payments were made on case-to-case basis in respect of various tax matters relating to different tax years starting from Tax Year 2015 to date.

The reply was not accepted because the firm was hired without open competition.

6.3 Compensation & Benefits

Compensation management reflects inconsistencies in allowances, utility payments, vehicle privileges, and residential facility provisions. Payments made without clear policy backing or outside statutory mandate indicate weaknesses in payroll governance. Certain benefits appear to have been extended without documented approval from the competent authority. Lack of periodic payroll audits and independent verification increases risk of overpayments, irregular allowances, and unapproved financial privileges. Moreover, compensation structure does not appear fully linked with performance outcomes or measurable productivity indicators, reducing accountability and financial prudence.

6.3.1 Irregular Payment of Pilotage/Attendance/Dredging Allowance to CM&E.E. Employees

As per the approved entitlement framework of Karachi Port Trust, Pilotage and Attendance Allowances are admissible only to Port Officers directly engaged in pilotage

operations, including Pilots, Harbour Master, Dock Master, Deputy Harbour Master and other operational port staff performing pilotage-related duties. No rule, notification or Board approval exists authorizing the extension of Pilotage, Attendance, or Dredging-related allowances to employees of the C.M. & E.E. Department.

The management paid Pilotage/Attendance Allowance during July 2024 to February, 2025 strictly to Port Officers. However, from January 2025 onward, the allowance description was modified to "Pilotage/Attendance/Dredging," and payments were extended to additional categories of employees.

Audit reviewed the allowance records for FY 2024-25 and found that in July 2024, the Pilotage/Attendance Allowance was paid only to Port Officers as per entitlement. From January 2025 onward, the allowance description was changed to "Pilotage/Attendance/Dredging", and payments were unlawfully extended to employees of the C.M. & E.E. Department, who have no operational role in pilotage or attendance functions. This unauthorized expansion of scope resulted in irregular disbursement of Rs. 12,544,730 to 20 CM&E.E. employees, as shown in the consolidated table below:

NAME	DESG	DEPT	Amount
ABDUL RASHEED	ASSTT. ELEC. ENGINEER	C.M. & E.E	442,560
AMANULLAH	DREDGER ENGINEER	C.M. & E.E	913,300
ASADULLAH	2ND ENGINEER	C.M. & E.E	633,600
FIDA HUSSAIN	IST OFFICER	C.M. & E.E	651,600
GHULAM HABIB	DREDGING CAPTAIN	C.M. & E.E	764,400
HANIF SHAH	1ST ENGINEER	C.M. & E.E	916,130
JAWAID AHMED	IST OFFICER	C.M. & E.E	657,600
MUHAMMAD ARSALAN	JR. ASSTT.ELECT. ENGINEER	C.M. & E.E	614,340
MUHAMMAD NOMAN KHAN	ASSTT. ELEC. ENGINEER	C.M. & E.E	643,880
MUHAMMAD SHOBAN	2ND ENGINEER	C.M. & E.E	635,960
MUHAMMAD TAUS SHAH	DREDGING CAPTAIN	C.M. & E.E	743,320
MUHAMMAD WAHAJ	ASSTT. MECH. ENGINEER	C.M. & E.E	541,300
RIZWAN ELLAHI	DREGER ELEC. ENGINEER	C.M. & E.E	583,380
S. AHMED ABBAS RIZVI	ELECTRICAL ENGINEER	C.M. & E.E	507,470
SIBGHAT ULLAH MAUDOOD	2ND ENGINEER	C.M. & E.E	597,600
SOHAIL AHMED	2ND ENGINEER	C.M. & E.E	645,600
YASIR AZIZ	ASSTT. ELEC. ENGINEER	C.M. & E.E	621,600
YOUSUF KAMAL	ELECTRICAL ENGINEER	C.M. & E.E	442,720
ZAHEER AHMED	IST OFFICER	C.M. & E.E	734,570
ZEESHAN KHAN HAIDER	3RD ENGINEER	C.M. & E.E	253,800
		Grand Total	**12,544,730**

Audit is of the view that extending Pilotage/Attendance/Dredging Allowance to CM&E.E. personnel is unauthorized, beyond approved entitlement, and constitutes irregular expenditure. The modification of allowance nomenclature to include "Dredging" without approval was used to justify payments to non-entitled employees, which is a clear violation of financial discipline.

6.3.2 Irregular payment of GM Allowance

As per KPT, Karachi pay and packages, GM allowance is admissible only to officers formally appointed/promoted to the position of General Manager. Officers holding additional charge or acting capacity are not entitled to this allowance.

Karachi Port Trust (KPT) paid General Manager (GM) of Rs. 50,000 per month to GMs of KPT, Karachi.

Audit observed that the allowance amounting to Rs. 2.400 million was extended to officers holding additional charge of GM positions or acting in the capacity of GM, who were neither formally promoted nor appointed to the post.

Audit is of the view that the payment of GM allowance to such additional charge holders was irregular and unauthorized, resulting in expenditure of Rs. 2.400 during the financial year 2024-25.

6.3.3 Irregular Payment of Bonus to General Managers and Secretary, KPT

Examination of records of Karachi Port Trust (KPT), Karachi revealed that the General Manager (Finance), KPT initiated a note and requested for payment of bonus equal to five basic pay to following officers:

S. No.	Name	Designation	Joining Date	Bonus (Rs)
1.	Rear Admiral Ateeq ur Rehman Abid SI(M)	General Manager (O)	26.11.2024	1,523,858
2.	Brig. Muhammad Younis	General Manager (A)	01.12.2024	1,373,885
3.	Mr. Mohammad Qasim Khokhar	Secretary, KPT (Board)	15.10.2024	818,353
			Total	**3,716,096**

Audit observed that KPT Board vide B.R. No. 435 dated 07.04.2023 approved the grant of one bonus of an amount equal to five basic pay, to be disbursed on the occasion of Eid-ul-Fitr to officers and servants of the Port, wo have completed at least 180 days service in KPT on 1st Ramazan. But above-mentioned officers have not completed 180 days service in KPT on 1st Ramazan. The management justified the payment on the basis of their services in previous organizations, rather than actual service rendered within KPT.

Audit is of the view that granting bonus of Rs. 3.716 million, based on service in other departments rather than within KPT constitutes an irregular and unauthorized payment, violating the clear provisions of the Ministry of Finance's instructions.

6.3.4 Irregular Payment in Cash to Daily Wagers and Petty Purchases by Chief Accounts Office

Audit scrutiny revealed that the Chief Accounts Office, Karachi Port Trust (KPT) withdrew an amount of Rs. 216,788,133 during the financial year 2024–25 in cash, purportedly for payments to daily wagers, petty purchases, and miscellaneous expenditures.

Audit observed that all payments were disbursed directly in cash, rather than through crossed cheques or direct bank transfers, in violation of prescribed financial procedures. No record of proper acknowledgments, receipts, or supporting documentation was produced to substantiate individual cash payments.

Audit is of the view that the practice of cash withdrawals and payments of such large amounts outside the banking channel is highly irregular and reflects weak financial discipline, non-compliance with GFR and Treasury Rules, and increased risk of misappropriation, fraudulent withdrawals, or unauthorized expenditure.

The management replied Karachi Port Trust is in the process of preparing a comprehensive proposal for the opening of individual bank accounts for daily wagers, in coordination with banks. Upon approval by the competent authority and subject legal opinion from Legal Department of KPT, payments to daily wagers shall be transitioned to bank-based disbursement mechanisms, including crossed cheques or electronic fund transfers, thereby ensuring full compliance with applicable financial rules and strengthening internal controls.

The reply was not accepted because the justification of cash payments to daily wagers does not override the explicit provisions of Treasury Rules.

6.3.5 Unauthorized and Irregular Payment of Overtime to Ineligible KPT Employees

Audit scrutiny of records of Karachi Port Trust (KPT), Karachi revealed that an amount of Rs. 1,511.586 million was paid on account of overtime to employees of various departments during the financial year 2024–25. Details are as under:

Department	Total no of persons	Total Rs.
Accounts	15	18,703,446
Anti-encroachment	6	2,140,881
Audit	6	7,573,431
C.M. & E.E	127	582,518,865
Co-ordination	2	91,102
Education	4	1,622,307
Engineering	40	55,872,239
Estate	17	8,277,890
Finance	6	1,981,132
General managers	13	7,774,112
Human resources	12	9,124,844
Hydrographic	1	202,995
I. R. And w	8	2,766,879
Legal	8	5,186,808
MIS	13	5,276,074

Marine Pollution control	10	3,896,314
Medical	46	34,809,397
Organizational development	5	2,348,852
P & D	15	10,225,792
Procurement	10	6,335,019
Public relation office	6	1,852,082
Secretariat	19	17,679,921
Sports	5	1,757,367
Stores	19	12,404,087
Traffic	32	154,494,658
Grand total	**445**	**1,511,585,936**

Audit observed that overtime payments were made to officers and staff of several non-operational and administrative departments, such as Accounts, Audit, Human Resources, Legal, Secretariat, and Coordination, which are neither engaged in essential round-the-clock operations nor authorized to claim overtime. No approval of the Finance Division was available to justify extension of overtime benefits to these categories of employees.

Audit is of the view that the payment of overtime without prior approval of the Finance Division, and grant of such payments to ineligible staff of non-operational departments, constitute unauthorized, irregular, and imprudent expenditure, in violation of Finance Division O.M. No. 4(3)R-4/2011 and government financial rules.

6.3.6 Non-Recovery of Increments Paid to Ex-Secretary

Audit scrutiny revealed that Mr. Ikramullah Khan, former Secretary, Karachi Port Trust (KPT), was granted 10 advance increments equivalent to his basic pay of Rs. 178,400 per month, totaling Rs. 1,784,000, vide Board Resolution (B.R.) No. 738 dated 25.03.2024.

Audit noted that the said Board Resolution was subsequently cancelled/withdrawn vide B.R. No. 15 dated 10.10.2025. However, despite the cancellation, no recovery of the irregularly drawn amount was made from the officer concerned.

Audit is of the view that the grant of 10 advance increments was unauthorized and irregular, and the failure to recover the amount after withdrawal of the sanction reflects gross negligence, weak financial controls, and violation of the Fundamental Rules and GFR provisions, resulting in an undue financial benefit of Rs. 1.784 million to an individual.

6.3.7 Irregular Payment of Operational and Attendance Allowances to Officers of Non-Functional Dredger TSHD Abul

Audit scrutiny of payroll and allowance records for FY 2024–25 revealed that an amount of Rs. 13.526 million was paid to officers and engineers of Dredger TSHD Abul, although the dredger remained non-operational throughout the year due to dry docking and refit activities. The following allowances were paid without any evidence of operational deployment, sea duty, or dredging activity:

Name	Designation	Nature of Allowances	Amount (Rs.)
Asadullah	2nd Engineer	Dredging Allowance, Extra Attendance, Extra Duty, Maintenance Allowance, Night/Sunday/Holiday, TSHD Allowance	1,354,730
Fida Hussain	1st Officer	Dredging Allowance, Extra Attendance, Extra Duty, Maintenance Allowance, Night/Sunday/Holiday, TSHD Allowance	1,328,160
Ghulam Habib	Dredging Captain	Dredging Allowance, Extra Attendance, Extra Duty, Maintenance Allowance, Night/Sunday/Holiday, TSHD Allowance	1,604,200
Jawaid Ahmed	1st Officer	Dredging Allowance, Extra Attendance, Extra Duty, Maintenance Allowance, Night/Sunday/Holiday, TSHD Allowance	1,357,810
Muhammad Shoban	2nd Engineer	Dredging Allowance, Extra Attendance, Extra Duty, Maintenance Allowance, Night/Sunday/Holiday, TSHD Allowance	1,032,840
Muhammad Wahaj	Asstt. Mech. Engineer	Dredging Allowance, Extra Attendance, Extra Duty, Maintenance Allowance, Night/Sunday/Holiday, TSHD Allowance	972,840
Sibghat Ullah Maudood	2nd Engineer	Dredging Allowance, Extra Duty, Maintenance Allowance, TSHD Allowance	699,250
Sohail Ahmed	2nd Engineer	Dredging Allowance, Extra Attendance, Extra Duty, Maintenance Allowance, Night/Sunday/Holiday, TSHD Allowance	1,369,810
Yasir Aziz	Asstt. Elec. Engineer	Dredging Allowance, Extra Attendance, Extra Duty, Maintenance Allowance, Night/Sunday/Holiday, TSHD Allowance	1,298,210
Yousuf Kamal	Electrical Engineer	Dredging Allowance, Extra Attendance, Extra Duty, Maintenance Allowance, Night/Sunday/Holiday, TSHD Allowance	757,050
Zaheer Ahmed	1st Officer	Dredging Allowance, Extra Attendance, Extra Duty, Maintenance Allowance, Night/Sunday/Holiday, TSHD Allowance	1,329,420
Zeeshan Khan Haider	3rd Engineer	Extra Attendance, Extra Duty, Maintenance Allowance, TSHD Allowance	421,680
Total			**13,526,000**

Audit observed that the allowances were paid even though the dredger TSHD Abul remained under repair/dry dock and no dredging logs, sea movement reports, or operational certificates were available to substantiate eligibility. The payment of extra attendance, extra duty, maintenance, and dredging allowances under such circumstances was therefore unjustified and irregular.

Audit is of the view that such payments, made without operational activity, reflect serious financial irregularity, weak oversight, and possible misuse of funds.

6.3.8 Irregular Posting on Deputation Without the Approval of the Establishment Division

Audit scrutiny of records revealed that the Ministry of Maritime Affairs, through its Office Order No. 1(8)/2024-KPT dated 15.01.2025, placed the services of Mr.

Muhammad Qasim Khokhar, a BPS-19 Officer of Pakistan Customs Service, at Karachi Port Trust (KPT) on deputation for a period of three years with effect from 15.10.2024, on standard terms and conditions. However, no approval of the Establishment Division was obtained prior to his placement, as required under the above provisions.

Audit is of the view that the deputation of a BPS-19 officer without the mandatory approval of the Establishment Division was irregular, unauthorized, and in violation of the prescribed deputation policy, undermining the control and oversight functions of the competent authority.

6.3.9 Irregular Payment of Harbour (Officers – 40%) Allowance to Non-Harbour Staff

Audit scrutiny of payroll data for the month of May 2025 revealed that Harbour (Officers – 40%) Allowance was paid to a large number of officers across non-operational departments, including Accounts, Audit, Legal, Education, Medical, Human Resources, MIS, Public Relations, Finance, and Administration, who were posted in office-based roles and not performing harbour duties.

Audit observed that the Harbour Allowance was released indiscriminately, including to officers in departments not related to port operations. The payment of allowance to personnel performing purely office-based functions is not justified.

Audit is of the view that the payment of Harbour (Officers – 40%) Allowance to non-harbour staff is unauthorized, irregular, and constitutes misuse of public funds.

6.3.10 Irregular payment of honorarium to Officers/Officials of Ministry of Maritime Affairs

Audit scrutiny of Karachi Port Trust (KPT) records revealed that during the financial year 2024–25, KPT paid honorarium to various officers and officials of the Ministry of Maritime Affairs including Secretary, Additional Secretary, Joint Secretary, Directors, Section Officers, etc. amounting to Rs. 19.791 million.

Audit holds that the payment of honorarium to the officers and officials of Ministry of Maritime Affairs was a violation of the KPT Act and Finance Division's instructions.

The management replied the honorarium paid pertained to officers and officials of the Ministry of Maritime Affairs who were involved in official assignments, oversight, coordination, and policy-related work directly connected with KPT's statutory operations and governance.

With regard to the Finance Division's Office Memoranda dated 25.04.1995 and 13.06.2025, management submits that these instructions are primarily applicable to Ministries, Divisions, and Attached Departments drawing expenditure from the Federal Consolidated Fund.

The reply was not accepted because the payment as honorarium to officers and officials of the Ministry of Maritime Affairs was made without prior approval of the Finance Division, Audit maintains that the entire amount of Rs. 19.791 million should be recovered from the recipients, and responsibility fixed on KPT officials who

sanctioned and processed the payments without the mandatory Finance Division approval.

6.3.11 Irregular Payment of Medical Allowance and Medical Risk Allowances

Audit scrutiny of the records of Karachi Port Trust (KPT) revealed that during the period from July 2024 to June 2025, KPT incurred an expenditure of Rs. 205,745,430 on account of Medical Allowance/OPD Allowance amounting to Rs. 175.698 million and Medical Risk Allowance amounting to Rs. 30.047 million.

Audit observed that KPT employees already receive free medical treatment, medicines, and diagnostic facilities at KPT Hospital and panel hospitals. The payment of additional medical and medical risk allowances therefore constitutes double financial benefit, having no legal or administrative justification.

Audit is of the view that these payments were irregular, unauthorized, and contrary to financial propriety, resulting in avoidable expenditure of Rs. 205.745 million.

6.4 Recommendations

Karachi Port Trust should undertake a comprehensive review and codification of its Human Resource framework to ensure full alignment with statutory requirements, approved service rules, and principles of transparency and merit. A consolidated HR Manual approved by the Board should clearly define recruitment procedures, promotion criteria, disciplinary mechanisms, deputation rules, and performance management systems. Workforce planning must be institutionalized through periodic manpower needs assessments, competency mapping, and succession planning to eliminate both overstaffing and skill shortages. All recruitment should strictly follow competitive processes with documented evaluation criteria, interview scoring sheets, and verification of credentials.

In addition, compensation and benefits administration must be standardized through a formal policy framework clearly defining allowances, residential utilities, transport entitlements, and other benefits. Payroll systems should be digitized and subjected to periodic internal and external audits to ensure accuracy and prevent irregular payments. Any benefit not expressly authorized under approved rules should be discontinued or regularized through proper authority. Performance appraisal systems should be linked to measurable KPIs to ensure that compensation growth reflects productivity and institutional contribution. Responsibility should be fixed in cases of irregular appointments or unauthorized benefits, and preventive HR compliance controls should be strengthened to avoid recurrence of such lapses.

7. Internal Audit

Internal audit serves as a fundamental component of financial governance and institutional accountability, designed to provide independent assurance that financial transactions, operational activities, and administrative controls are functioning in accordance with prescribed rules and procedures. In the case of Karachi Port Trust, the absence of a structured and regularly conducted internal audit mechanism indicates a significant gap in oversight, weakening the system of internal checks required to prevent errors, detect irregularities, and safeguard public resources.

7.1.1. Non conducting of internal audit

The management of Karachi Port Trust has its own receipts and incurs expenditure there from.

Audit observed that the Ministry has neither conducted internal audit on the accounts of Karachi Port Trust nor reported that when was last internal audit conducted.

Audit is of the view that non-conducting of internal audit is violation of the General Financial Rules.

7.1.2. Internal Audit Reports

Audit observed that the Ministry has neither conducted internal audit on the accounts of Karachi Port Trust nor reported that when was last internal audit conducted.

Audit is of the view that non-conducting of internal audit is violation of the General Financial Rules.

The Karachi Port Trust operates on self-generated revenues and incurs substantial expenditure from its own receipts; however, it was observed that no formal internal audit of its accounts has been conducted by the Ministry, nor was any evidence provided indicating when the last internal audit was performed. No internal audit reports were placed before the Board of Trustees or submitted to the Ministry. Furthermore, an approved Internal Audit Manual was not available. Although an internal audit section exists with eight personnel, the charge of Chief Internal Auditor is assigned to an Audit Officer, raising concerns regarding independence, capacity, and organizational hierarchy.

Audit is of the view that non-conducting of internal audit and absence of a structured internal audit framework constitute a violation of the General Financial Rules and weaken internal control mechanisms. The absence of periodic internal audit reporting and independent oversight significantly increases the risk of financial irregularities, control lapses, and non-compliance with statutory and financial management requirements.

7.2 Recommendations

Karachi Port Trust immediately institutionalize a formal internal audit framework with defined scope, annual audit planning, independent reporting lines, and documented follow-up mechanisms to ensure timely corrective action and strengthen financial discipline across all operational units.

8. Conclusion

The audit of Karachi Port Trust (KPT) revealed systemic weaknesses in governance, financial management, internal controls, revenue assurance, asset management, and investment decision-making, which collectively undermined the statutory objectives of financial prudence, transparency, operational efficiency, and accountability envisaged under the Karachi Port Trust Act, 1886, Public Finance Management Act, 2019, and applicable financial rules. Although KPT operates as a strategic national maritime gateway with substantial asset base and revenue potential, the audit observed that key institutional functions, statutory reporting, revenue reconciliation, contract enforcement, environmental monitoring, asset utilization, and investment governance, were not exercised with the level of diligence expected from a public sector entity entrusted with critical infrastructure and public funds. Several instances reflected weak oversight over concession agreements, non-verification of revenue shares, failure to deposit or reconcile port charges, non-submission of mandatory accounts to Government, and irregular financial transactions outside the Trust's core mandate.

The audit further identified material deficiencies in financial discipline and internal control mechanisms, including accumulation of idle Capital Work-in-Progress, prolonged non-functional assets, non-revaluation of land for decades, discrepancies between operational and accounts data, weak treasury controls, and investment decisions made without documented comparative financial analysis or risk–return evaluation. Revenue monitoring systems lacked structured reconciliation between operational and accounting departments, exposing the Trust to risks of under-reporting and revenue leakage. Governance weaknesses were also evident in inadequate contract enforcement, ineffective estate management, weak monitoring of lease compliance, and insufficient segregation between Ministry-level and Trust-level expenditures. These issues reflect structural control gaps rather than isolated irregularities.

Overall, the audit concludes that while KPT continues to generate significant income and maintain operational capacity, its governance and financial management framework requires comprehensive strengthening to ensure statutory compliance, revenue integrity, capital efficiency, and sustainable service delivery. Without decisive corrective measures—strengthening internal audit, enforcing statutory reporting, institutionalizing revenue validation mechanisms, improving project monitoring and capitalization controls, formalizing investment governance, and enhancing Board-level oversight, the Trust remains exposed to financial inefficiencies, control failures, and erosion of public accountability. Sustained reform in governance discipline, financial transparency, and risk management is essential to safeguard public assets and restore institutional credibility.

9. Appendices

Annexure-I

IPC	Work Done	15% of Work Done	Base Price		Current Price		Difference		Escalation/Deescalataion	Amount Paid	Difference
		0.15	Skilled	Unskilled	Skilled	Unskilled	Skilled	Unskilled			
							0.6	0.4			
1	179,097,912	26,864,687	8,000	4,000	6,000	6,000	-15%	20%	1,343,234.34	13,432,344	12,089,109.66
2	122,740,161	18,411,024	8,000	4,000	6,000	6,000	-15%	20%	920,551.21	925,512	4,960.79
3	118,711,675	17,806,751	8,000	4,000	6,000	6,000	-15%	20%	890,337.56	8,903,376	8,013,038.44
4	245,236,498	36,785,475	8,000	4,000	6,000	6,000	-15%	20%	1,839,273.74	18,392,738	16,553,464.27
5	97,306,760	14,596,014	8,000	4,000	6,000	6,000	-15%	20%	729,800.70	7,298,007	6,568,206.30
6	214,669,223	32,200,383	8,000	4,000	6,000	6,000	-15%	20%	1,610,019.17	16,100,192	14,490,172.83
7	133,847,520	20,077,128	8,000	4,000	6,000	6,000	-15%	20%	1,003,856.40	10,038,564	9,034,707.60
8	238,960,675	35,844,101	8,000	4,000	6,000	6,000	-15%	20%	1,792,205.06	17,922,051	16,129,845.94
9	146,338,977	21,950,847	8,000	4,000	6,000	6,000	-15%	20%	1,097,542.33	10,975,424	9,877,881.67
10	94,836,087	14,225,413	8,000	4,000	6,000	6,000	-15%	20%	711,270.65	7,112,707	6,401,436.35
11	119,395,404	17,909,311	8,000	4,000	6,000	6,000	-15%	20%	895,465.53	8,954,656	8,059,190.47
12	92,805,735	13,920,860	8,000	4,000	6,000	6,000	-15%	20%	696,043.01	6,960,430	6,264,386.99
13	202,567,511	30,385,127	8,000	4,000	6,000	6,000	-15%	20%	1,519,256.33	15,192,564	13,673,307.67
14	80,460,860	12,069,129	8,000	4,000	6,000	6,000	-15%	20%	603,456.45	6,034,565	5,431,108.55
15	21,514,162	3,227,124	8,000	4,000	6,000	6,000	-15%	20%	161,356.22	1,613,562	1,452,205.79
16	96,581,902	14,487,285	8,000	4,000	6,000	6,000	-15%	20%	724,364.27	7,243,643	6,519,278.74
17	53,180,151	7,977,023	8,000	4,000	6,000	6,000	-15%	20%	398,851.13	3,988,512	3,589,660.87
18	73,551,239	11,032,686	8,000	4,000	6,000	6,000	-15%	20%	551,634.29	5,516,343	4,964,708.71
19	76,591,166	11,488,675	8,000	4,000	6,000	6,000	-15%	20%	574,433.75	5,744,338	5,169,904.26
20	59,837,408	8,975,611	8,000	4,000	6,000	6,000	-15%	20%	448,780.56	4,487,806	4,039,025.44
21	116,448,505	17,467,276	8,000	4,000	6,000	6,000	-15%	20%	873,363.79	8,733,638	7,860,274.21
22	134,925,777	20,238,867	8,000	4,000	6,000	6,000	-15%	20%	1,011,943.33	10,119,434	9,107,490.67
23	58,410,609	8,761,591	8,000	4,000	7,000	7,000	-8%	30%	1,971,358.05	6,571,193	4,599,834.95
24	104,318,362	15,647,754	8,000	4,000	7,000	7,000	-8%	30%	3,520,744.72	11,735,816	8,215,071.28
25	105,154,728	15,773,209	8,000	4,000	7,000	7,000	-8%	30%	3,548,972.07	11,829,907	8,280,934.93
26	86,844,132	13,026,620	8,000	4,000	7,000	7,000	-8%	30%	2,930,989.46	9,769,965	6,838,975.55
27	95,837,062	14,375,559	8,000	4,000	7,000	7,000	-8%	30%	3,234,500.84	10,781,669	7,547,168.16
28	74,085,986	11,112,898	8,000	4,000	7,000	7,000	-8%	30%	2,500,402.03	8,334,674	5,834,271.97
29	96,674,004	14,501,101	8,000	4,000	7,000	7,000	-8%	30%	3,262,747.64	10,875,826	7,613,078.37
30	30,944,654	4,641,698	8,000	4,000	7,000	7,000	-8%	30%	1,044,382.07	3,481,274	2,436,891.93
31	83,474,811	12,521,222	8,000	4,000	7,000	7,000	-8%	30%	2,817,274.87	9,390,917	6,573,642.13
32	36,525,158	5,478,774	8,000	4,000	7,000	7,000	-8%	30%	1,232,724.08	4,109,081	2,876,356.92
33	75,088,976	11,263,346	8,000	4,000	7,000	7,000	-8%	30%	2,534,252.94	844,510	(1,689,742.94)
34	106,046,430	15,906,965	8,000	4,000	7,000	7,000	-8%	30%	3,579,067.01	11,930,224	8,351,156.99
35	80,578,769	12,086,815	8,000	4,000	7,000	7,000	-8%	30%	2,719,533.45	9,065,111	6,345,577.55
	3,753,588,989	**563,038,348**	**8,000**	**4,000**	**7,000**	**7,000**	**-8%**	**30%**	**126,683,628.38**	**304,410,573**	**249,116,583.96**

Annexure-II

IPC No.	Work Done Local Currency	Work Done USD	A= Fixxed Portion	B=0.15 Labor			E=0.2090 HSD			Total	Factor (Pn-1)	Eslcation Allowed on Local Currency	Esclation Paid	Excess Paid
			0.7	Skilled	Unskilled	0.15	0.15							
1	343,990,680.00	229,327,120.00	0.7	587.50	350	0.1813	57.25	37.81	0.2271	1.1084	0.1084	37,301,745.24	62,169,575	24,867,830.16
2	571,564,133.52	381,042,755.68	0.7	587.50	350	0.1813	57.25	37.81	0.2271	1.108438244	0.1084	61,979,410.89	103,299,018	41,319,607.26
3	282,913,573.40	188,609,048.93	0.7	587.50	350	0.1813	55.87	37.81	0.2216	1.102963502	0.1030	29,129,772.20	48,549,620	19,419,848.13
4	429,288,126.65	286,192,084.44	0.7	612.50	375	0.1911	62.81	37.81	0.2492	1.140232743	0.1402	60,200,251.39	100,333,752	40,133,500.93
5	87,012,750.24	58,008,500.16	0.7	612.50	375	0.1911	66.15	37.81	0.2624	1.153483206	0.1535	13,354,995.83	22,258,326	8,903,330.55
7	511,103,814.60	340,735,876.40	0.7	612.50	375	0.1911	64.94	37.81	0.2576	1.148682888	0.1487	75,992,391.29	126,653,985	50,661,594.19
8	167,702,609.74	111,801,739.82	0.7	612.50	375	0.1911	70.71	37.81	0.2805	1.171573658	0.1716	28,773,350.17	47,955,584	19,182,233.45
9	457,698,557.66	305,132,371.78	0.7	612.50	375	0.1911	68.76	37.81	0.2728	1.163837609	0.1638	74,988,237.38	124,980,396	49,992,158.25
10	93,199,730.05	62,133,153.37	0.7	612.50	375	0.1911	73.732	37.81	0.2925	1.18356255	0.1836	17,107,980.07	28,513,300	11,405,320.05
11	-	-	0.7	612.50	375	0.1911	0	37.81	0	0.891052632	(0.1089)	-	-	-
12	641,097,303.76	427,398,202.51	0.7	612.50	375	0.1911	75.654	37.81	0.3001	1.191187517	0.1912	122,569,801.36	204,283,002	81,713,200.91
13	285,123,069.23	190,082,046.15	0.7	612.50	375	0.1911	78.55	37.81	0.3116	1.202676541	0.2027	57,787,757.32	96,312,929	38,525,171.54
14	203,529,864.00	135,686,576.00	0.7	612.50	375	0.1911	78.55	37.81	0.3116	1.202676541	0.2027	41,250,728.74	68,751,215	27,500,485.83
15	383,997,126.48	255,998,084.32	0.7	612.50	375	0.1911	87.78	37.81	0.3482	1.239293838	0.2393	91,888,146.03	153,146,910	61,258,764.02
16	195,074,441.05	130,049,627.37	0.7	612.50	375	0.1911	97.52	37.81	0.3869	1.277934409	0.2779	54,217,899.46	90,363,166	36,145,266.31
17	110,093,004.91	73,395,336.61	0.7	643.80	425	0.2070	92.99	37.81	0.3689	1.275893499	0.2759	30,373,944.35	50,623,241	20,249,296.23
18	25,272,252.32	16,848,168.22	0.7	660.10	425	0.2101	94.38	37.81	0.3744	1.284496334	0.2845	7,189,863.15	11,983,105	4,793,242.10
19	112,173,542.30	74,782,361.54	0.7	643.80	425	0.2070	94.38	37.81	0.3744	1.281407913	0.2814	31,566,522.46	52,610,871	21,044,348.31
20	153,449,392.00	102,299,594.66	0.7	643.80	425	0.2070	94.38	37.81	0.3744	1.281407913	0.2814	43,181,873.19	71,969,789	28,787,915.46
21	133,663,875.44	89,109,250.30	0.7	643.80	425	0.2070	94.38	37.81	0.3744	1.281407913	0.2814	37,614,072.27	62,690,120	25,076,048.18
22	272,601,626.04	181,734,417.36	0.7	643.80	425	0.2070	94.38	37.81	0.3744	1.281407913	0.2814	76,712,254.73	127,853,758	51,141,503.16
23	183,877,793.33	122,585,195.55	0.7	643.80	425	0.2070	94.38	37.81	0.3744	1.281407913	0.2814	51,744,666.11	86,241,110	34,496,444.08
24	78,815,638.75	52,543,759.17	0.7	643.80	425	0.2070	94.38	37.81	0.3744	1.281407913	0.2814	22,179,344.43	36,965,574	14,786,229.62
25	158,063,469.26	105,375,646.18	0.7	643.80	425	0.2070	94.38	37.81	0.3744	1.281407913	0.2814	44,480,311.05	74,133,852	29,653,540.70
26	108,592,551.55	72,395,034.37	0.7	643.80	425	0.2070	94.38	37.81	0.3744	1.281407913	0.2814	30,558,803.33	50,931,339	20,372,535.55
27	139,503,844.42	93,002,562.94	0.7	643.80	425	0.2070	94.38	37.81	0.3744	1.281407913	0.2814	39,257,485.75	65,429,143	26,171,657.17
28	73,346,855.28	48,897,903.52	0.7	643.80	425	0.2070	94.38	37.81	0.3744	1.281407913	0.2814	20,640,385.49	34,400,642	13,760,256.99
29	475,782,333.70	317,188,222.46	0.7	643.80	425	0.2070	94.38	37.81	0.3744	1.281407913	0.2814	133,888,913.69	223,148,189	89,259,275.79
30	63,060,201.46	42,040,134.30	0.7	643.80	425	0.2070	94.38	37.81	0.3744	1.281407913	0.2814	17,745,639.70	29,576,066	11,830,426.47
31	52,132,305.41	34,754,870.27	0.7	643.80	425	0.2070	94.38	37.81	0.3744	1.281407913	0.2814	14,670,443.28	24,450,739	9,780,295.52
32	99,225,948.67	66,150,632.45	0.7	643.80	425	0.2070	94.38	37.81	0.3744	1.281407913	0.2814	27,922,967.16	46,538,279	18,615,311.44
33	271,742,641.07	181,161,760.71	0.7	643.80	425	0.2070	94.38	37.81	0.3744	1.281407913	0.2814	76,470,529.56	127,450,883	50,980,353.04
34	201,015,926.26	134,010,617.50	0.7	643.80	425	0.2070	94.38	37.81	0.3744	1.281407913	0.2814	56,567,472.34	94,279,121	37,711,648.23
35	116,064,287.81	77,376,191.87	0.7	643.80	425	0.2070	94.38	37.81	0.3744	1.281407913	0.2814	32,661,409.03	54,435,682	21,774,272.69
36	354,143,284.51	236,095,523.01	0.7	643.80	425	0.2070	94.38	37.81	0.3744	1.281407913	0.2814	99,658,722.69	166,097,871	66,439,148.46
Total	**7,835,916,554.87**	**5,223,944,369.92**											2,769,380,152	1,107,752,060.73

Annexure-III

Personal No	Name	Department	Designation	Amount RS
5309	SOHAIL	TRAFFIC	DEPUTY TRAFFIC MANAGER	283,975
6208	MOHAMMAD AZAM MEMON	TRAFFIC	DEPUTY TRAFFIC MANAGER	1,249,490
6454	MOHTASHIM SHAHID	AUDIT	DY. CHIEF AUDITOR	1,249,490
6475	MOHAMMAD SHAKEEL QURESHI	ACCOUNTS	DY.CHIEF ACCOUNTS OFFICER	1,249,490
6810	HASSAN ASKARI	C.M. & E.E	DY.CHIEF TECHNICAL OFFICER	1,249,490
6935	ASHIQUE HUSSAIN MALLAH	C.M. & E.E	DY.CHIEF ELEC. ENGINEER	1,249,490
7222	LAJBAR KHAN	C.M. & E.E	DY.CHIFE MECH. ENGINEER	340,770
7620	ZIA AHMED SIDDIQUI	P & D	PROJECT ENGINEER	1,249,490
7683	SYED FAISAL AIJAZ	EDUCATION	MANAGER/ ORGANIZATIONAL DEVELOPMENT	1,249,490
7944	DR. GHAZALA JAWED	MEDICAL	DY. CHIEF MEDICAL OFFICER	1,249,490
7950	DR. ROZI ZAHID	MEDICAL	SNR. MEDICAL OFFICER (CLINIC)	1,249,490
8080	SAFIA MURTAZA	HUMAN RESOURCES	MANAGER	1,249,490
8294	ISMAIL SOOMRO	ENGINEERING	DEPUTY CHIEF ENGINEER	1,249,490
8309	ARIF BADAR ANSARI	ENGINEERING	DEPUTY CHIEF ENGINEER	1,249,490
8315	AHMED SAMI AHMED	ENGINEERING	DEPUTY CHIEF ENGINEER	1,249,490
8378	SYED SAGHIR HUSSAIN	M.I.S	MANAGER (I R & W)/ MANAGER COORD/MANAGER (MIS)	1,249,490
8508	SHAFIQ AHMED FARIDI	CO-ORDINATION	MANAGER/ EDUCATION	1,249,490
8561	JOUHAR IZHAR KHAN	I. R. AND W.	MANAGER/ORGANIZATIONAL DEVELOPMENT	1,249,490
8754	MUHAMMAD IKRAM ULLAH KHAN	SECRETERIAT	SECRETARY	1,249,490
9559	FAYYAZ RASOOL	MARINE POLUTION CONTROL	MANAGER	1,249,490
9680	ATIF IFTIKHAR NIAEK	P & D	PROJECT ENGINEER	1,249,490
9825	SYED JAMIL AKHTAR	ENGINEERING	DEPUTY CHIEF ENGINEER	1,249,490
9895	SYED IMTIAZ HUSSAIN SHAH	LEGAL	MANAGER LEGAL AFFAIRS	1,249,490
9941	AJAZ AHMED	C.M. & E.E	DREDGER ENGINEER	545,965
10196	MUHAMMAD IMRAN KHAN	PORT	TUG COMMANDER	113,590
10441	CAPT ABRAR ARIF	PORT	HARBOUR MASTER	1,249,490
10854	CAPT. BABAR SALEEM	PORT	DOCK MASTER	1,249,490
10896	CAPT. HAMID KHAN JADOON	PORT	DEPUTY HARBOUR MASTER	1,249,490

10901	CAPT. SHADMAN AKHTAR	PORT	PILOT	1,249,490
11005	ASHHAD RIAZ RAJPUT	PORT SAFETY	MANAGER(PORT SAFETY)	1,249,490
11053	DR. GUL	MEDICAL	CHEST SPECIALIST	1,249,490
11329	MUNAWER IQBAL	PORT	MARINE ENGINEER	1,249,490
11638	NOORUL AYEN HASAN	P & D	PROJECT ENGINEER	1,249,490
12255	MUSHTAQUE ALI	PORT	PILOT	1,249,490
12605	MUHAMMAD TANVEER KAUSAR	PORT	MARINE ENGINEER	1,249,490
12799	SHAKEEL AHMED	PORT	PILOT	1,249,490
12804	ABID MAHMOOD	PORT	PILOT	1,249,490
12819	CAPT.SYED AFAQ AHMED	PORT	PILOT	1,249,490
12826	KHALID HAMID	PORT	PILOT	1,249,490
12929	GHULAM HABIB	C.M. & E.E	DREDGING CAPTAIN	1,249,490
12961	DR. SEHRAN MEHMOOD BHATTI	MEDICAL	CARDIOLOGIST	1,249,490
12976	SHOUKAT KHAN	PORT	MARINE ENGINEER	1,249,490
12997	CAPT.RIAZ AHMAD TI(M) PN	HYDROGRAPHIC	CHIEF HYDROGRAPHER	1,249,490
13127	DR. NADIA SHAMS SOOMRO	MEDICAL	DERMATOLOGIST	1,249,490
13133	CAPT SHAFI ULLAH	PORT	PILOT	1,249,490
13237	DR RAJA GURDUTT	MEDICAL	MEDICAL SPECIALIST	1,249,490
13682	CAPT SHAH NAWAZ AKRAM	PORT	PILOT	1,249,490
13698	ABDUL HAFEEZ	PORT	MARINE ENGINEER	1,249,490
13702	CAPT. MUHAMMAD SALEEM SHAHZAD	PORT	PILOT	1,249,490
13718	ASLAM MUSHTAQ	PORT	MARINE ENGINEER	1,249,490
13723	CAPT SALEEM RAZA MALIK	PORT	PILOT	1,249,490
13739	AMANULLAH	C.M. & E.E	DREDGER ENGINEER	1,249,490
13744	CAPT. BADI UZ ZAMAN	PORT	PILOT	1,249,490
13750	MAJOR (R) MUHAMMAD IMRAN	ANTI ENCROACHMENT	MANAGER	1,249,490
13765	SHAHID ALI	PORT	TUG COMMANDER	1,249,490
14094	CAPT SYED HANAN HAIDER NAQVI	PORT	PILOT	1,249,490
14272	SANDEEP KUMAR TALIB	FINANCE	DY. MANAGER FINANCE	1,249,490
14471	DR.SANA	MEDICAL	PAEDIATRICIAN	795,130
14533	DOST ALI BALOCH	LEGAL	GENERAL MANAGER	313,444
14691	CAPT. FARRUKH MUKADDAM	PORT	PILOT	1,249,490
14706	MUHAMMAD MUZAMMIL SALEEM	PORT	TUG COMMANDER	1,249,490
14732	MUHAMMAD ALI	PORT	PILOT	1,249,490
14769	MUHAMMAD ALI QURESHI	PORT SECURITY FORCE	COMMANDANT PSF	1,249,490
14774	MUHAMMAD ZUBAIR	PORT	TUG COMMANDER	1,249,490

15005	MUHAMMAD QASIM KHOKHAR	PROCUREMENT	MANAGER/SECRETERIAT	908,720
Total				**75,772,014**