



**AUDIT REPORT
ON THE ACCOUNTS OF
SECRETARY LOCAL GOVERNMENT,
SECRETARY PUBLIC HEALTH
ENGINEERING AND RURAL
DEVELOPMENT, KARACHI MUNICIPAL
CORPORATION, KARACHI WATER &
SEWERAGE BOARD, DISTRICT COUNCILS,
MUNICIPAL CORPORATION/ COMMITTEES
& TOWN COMMITTEES OF SINDH
AUDIT YEAR 2016-17**

AUDITOR-GENERAL OF PAKISTAN

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ABBREVIATIONS AND ACRONYMS

AIR	Audit & Inspection Report
A.A.	Administrative Approval
APT	Appointment Promotion & Transfer
ABL	Allied Bank Limited
APPM	Accounting Policies & Procedure Manual
BPS	Basic Pay Scale
BISP	Benazir Income Support Programme
BOQ	Bill of Quantity
CDGK	City District Government Karachi
CDWP	Central Development Working Party
CDD	Community Development Department
CE	Chief Engineer
Cft	Cubic feet
CPWA Code	Central Public Works Accounts Code
CPWD Code	Central Public Works Department Code
CTR	Central Treasury Rules
CSR	Composite Schedule of Rates
CMO	Chief Municipal Officer
CODC	Chief Officer District Council
CNIC	Computerised National Identity Card
DAC	Departmental Accounts Committee
DDO	Drawing & Disbursing Officer
DO	District Officer
DG	Director General
DC	Deputy Commissioner
DMD	Deputy Managing Director
DMC	District Municipal Corporation
DDWP	Departmental Development Working Party
DDWC	District Development Working Committee
DLFA	Director Local Fund Audit
DPC	Departmental Promotion Committee
DAO	District Accounts Office / Officer
E&M	Electrical & Mechanical
EOI	Expression of Interest
ECNEC	Executive Committee for National Economic Council
F.A	Financial Advisor
FAO	Field Audit Office
F&A	Finance & Accounts
FBR	Federal Board of Revenue

FD	Finance Division / Department
F&P	Finance and Planning
FY	Financial Year
FTN	Free Tax Number
GoS	Government of Sindh
GPF	General Provident Fund
GST	General Sales Tax
HBA	House Building Advance
H.R	Hot rolled
HRD&A	Human Resource Development and Administration
HRA	House Rent Allowance
HRM	Human Resource Management
HS&TO	Hydrant Service & Tanker Operation
HMC	Hyderabad Municipal Corporation
HESCO	Hyderabad Electric Supply Corporation
HBL	Habib Bank Limited
HDA	Hyderabad Development Authority
HTP	Housing & Town Planning
IPC'S	Interim Payment Certificate
IPSAS	International Public Sector Accounting Standards
ITO	Income Tax Officer
ID	Identifier
KIHD	Karachi Institute of Heart Diseases
KMC	Karachi Municipal Corporation
KMDC	Karachi Medical & Dental College
KW&SB	Karachi Water & Sewerage Board
KIBOR	Karachi Interbank Offered Rate
K.N.S	Khairpur Nathan Shah
KDA	Karachi Development Authority
LG	Local Government
LGB	Local Government Board
LGD	Local Government Department
LPR	Leave Preparatory to Retirement
LPC	Last Pay Certificate
LMC	Larkana Municipal Corporation
LERP	Lyari Expressway Resettlement Project
MC	Municipal Committee
MDA	Malir Development Authority
MD	Managing Director
MFDAC	Memorandum for Departmental Accounts Committee
M&I	Monitoring & Inspection
MS	Medical Superintendent/Services

MT&RI	Municipal Training & Research Institute
NAM	New Accounting Model
NBP	National Bank of Pakistan
NEK	North East Karachi
NSUSC	North Sindh Urban Services Corporation
NADRA	National Database and Registration Authority
NTN	National Tax Number
NIT	Notice Inviting Tender
NOC	No Objection Certificate
OPS	Own Pay Scale
PAC	Public Accounts Committee
PAO	Principal Accounting Officer
PDWP	Provincial Development Working Party
PS	Personal Secretary
PC-I	Planning Commission Proforma-I
PD	Project Director
P&F	Pumping & Filter
P/L	Providing& Laying
P/F	Providing & Fixing
POL	Petroleum, Oil & Lubricants
PWD	Public Works Department
PA	Procuring Agencies
PHE	Public Health Engineering
PEC	Pakistan Engineering Council
PTA	Permanent Traveling Allowance
PHED	Public Health Engineering Department
RA	Running Account
R.E	Resident Engineer
Rft	Running feet
RO&DP	Reverse Osmosis & Desalination Plant
RRG	Revenue Resource Generation
R&T	Road & Transport
RCC	Reinforce Cement Concrete
RDD	Rural Development Department
R&M	Repair & maintenance
RTS	Revised Technical Santion
RTO	Regional Tax Office
SE	Superintendent Engineer
S.S (HTP)	Special Secretary for Housing & Town Planning
SCS&LGTA	Sindh Civil Services & Local Government Training Academy
S/F	Supplying & Fitting

SFR	Sindh Financial Rules
Sft	Square Feet
SLG	Secretary Local Government
SLGB	Sindh Local Government Board
SMH	Sobhraj Maternity Hospital
SO	Section Officer
SPPRA	Sindh Public Procurement Regularity Authority
SR	Supplementary Rule
SRC	Standing Rates Committee
SUV	Sports Utility Vehicle
SNE	Schedule of new entry
SEPCO	Sukkur Electric Power Company
SCIP	Sindh Cities Improvement Investment Program
SBCA	Sindh Building Control Authority
SDA	Sehwan Development Authority
SPPR	Sindh Public Procurement Rules
SCUG	Sindh Council Unified Grade
SRB	Sindh Revenue Board
STRN	Standard Technical Report Number
TMA	Town Municipal Administration
T&C	Transport & Communication
TR	Treasury Rules
TS	Technical Sanction/Services
TO	Town Officer
TC	Town Committee
VOL	Volume
WD	Water Distribution
XEN	Executive Engineer

PREFACE

Articles 169 & 170 (2) of the Constitution of the Islamic Republic of Pakistan, 1973, read with Sections 8 and 12 of the Auditor General (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001, require the Auditor General of Pakistan to conduct audit of the receipts and expenditure of the Secretary Local Government Department, Secretary Public Health Engineering and Rural Development, Development authorities of Sindh, Karachi Metropolitan Corporation, Karachi Water & Sewerage Board, District Councils/District Municipal Corporations, Municipal Committees, Town Committees and Union Councils of Sindh.

This report is based on audit of the accounts of various offices of the Secretary Local Government Department, Secretary Public Health Engineering and Rural Development, Development authorities of Sindh, Karachi Metropolitan Corporation, Karachi Water & Sewerage Board, District Councils/District Municipal Corporations, Municipal Committees, Town Committees, for the financial years 2015-16. The Directorate General Audit, Local Councils Sindh, Karachi conducted audit during 2016-17 on test check basis with a view to reporting significant findings to the relevant stakeholders. The main body of the Audit Report includes only the systemic issues and audit findings having value of Rs 1 million or more. Relatively less significant issues are listed in the MFDAC of the Audit Report. The audit observation listed in MFDAC shall be pursued with the Principal Accounting Officer at the Departmental Accounts Committee level and in all the cases where the PAO does not initiate appropriate action, the audit observation will be brought to the notice of the Public Accounts Committee through the next year's Audit Report.

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

Some of the observations included in this Report have been finalized in the light of written responses and discussion with the managements. PAO, Secretary, Local Government had convened DAC meeting for the audit year 2015-16 & 2016-17 on 16-18 December 2016, however, the whole exercise remained futile due to absence of working papers by the management concerned.

The Audit Report is submitted to Governor of Sindh in pursuance of Article 171 of the Constitution of the Islamic Republic of Pakistan, 1973 read with Section 116 of the Sindh Local Government Act 2013, for causing it to be laid before the Provincial Assembly of Sindh.

Islamabad
Dated:

Rana Assad Amin
Auditor General of Pakistan

EXECUTIVE SUMMARY

The Director General Audit, Local Councils, Sindh, Karachi is responsible to carry out the audit of 1,506 entities under the administrative control of Secretary Local Government Department, Secretary Public Health Engineering & Rural Development, including all Development Authorities, Karachi Metropolitan Corporation, Karachi Water & Sewerage Board, District Councils/District Municipal Corporations, Municipal Committees, Town Committees. This Directorate General has a human resource of 41 officers and staff for the purpose of conducting audit, which comprise 10,291 man days. The annual budget (Salaries, TA/DA, and Printing) allocated to this office for the financial year 2016-17 is Rs 64.402 million. The office has a mandate to conduct regularity audit (compliance with authority audit) on test check basis with a view to reporting significant findings to the stakeholders. This office also conducts performance audit of programmes / projects and Special studies/Special Audits.

The Province of Sindh consists of six Divisions namely, Karachi, Hyderabad, Shaheed Benazirabad, Sukkur, Mirpurkhas, and Larkana.

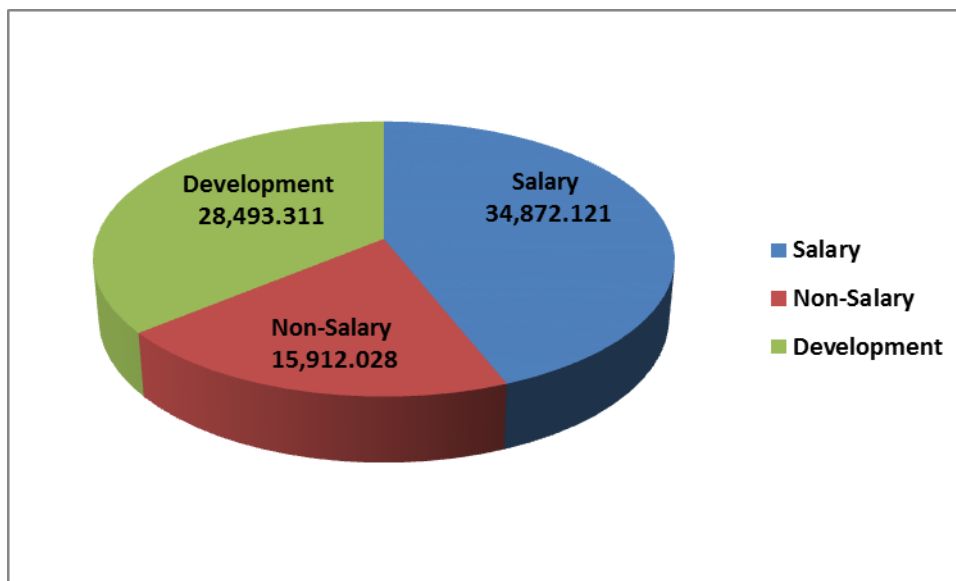
Sr.	Divisions	Name of Districts
1	Karachi	East, West, South, Central, Korangi, Malir
2	Hyderabad	Hyderabad, Badin, Dadu, Thatta, Jamshoro, Sujawal, Matiari, Tando Allahyar, Tando Muhammad Khan
3	Shaheed Benazirabad	Shaheed Benazirabad, Sanghar, Naushahro Feroze
4	Sukkur	Sukkur, Ghotki, Khairpur
5	Mirpurkhas	Mirpurkhas, Umerkot, Tharparkar
6	Larkana	Larkana, Shikarpur, Jacobabad, Kamber, Kashmore

a. Scope of Audit

The combined expenditure of the Secretary Local Government Department, Secretary Public Health Engineering & Rural Development, all Development Authorities, Karachi Metropolitan Corporation, Karachi Water & Sewerage Board, District Councils/District Municipal Corporations, Municipal Committees, and Town Committees of Province of Sindh for the financial year 2015-16, was Rs 79,277.461 million against budget of Rs 122,439.345 million covering 465 formations under 02 Principal Accounting Officers (PAOs). Out of this, DG Audit, Local Councils Sindh, audited an expenditure of Rs 63,421.969 million, which in terms of percentage is 80%

for the financial year 2015-16. Annex-II (Audit Impact Summary) provides additional information regarding the audit impact.

Expenditure 2015-16



Total budgeted receipts of the Secretary Local Government Department, Secretary Public Health Engineering & Rural Development, all Development Authorities, Karachi Metropolitan Corporation, Karachi Water & Sewerage Board, District Councils/District Municipal Corporations, Municipal Committees, Town Committees for the financial year 2015-16 were Rs 104,465.256 million. Out of this, DG Audit, Local Councils, Sindh, audited receipts of Rs 62,679.154 million, in terms of percentage is 60%.

The audited formations i.e. Drawing & Disbursing Officer (DDO) wise were selected keeping in view the significance and risk assessment. The samples were selected after prioritizing risk areas by determining significance and risk associated with identified key controls.

b. Recoveries at the instance of audit

Recoveries of Rs 74,145.354 million were pointed out during the audit. However, recoveries of Rs 8.729 million were effected during 2016-17. The Less recoveries were due to non-holding of DAC meetings.

c. Audit Methodology

Audit was performed through understanding the business process with respect to functions, control structure, prioritization of risk areas by determining their significance and identification of key controls. This helped auditors in understanding the systems, procedures, environment, and the audited entity before starting field audit activity. Audit used desk audit techniques for analysis of compiled data and review of permanent files / record. Desk Audit greatly facilitated identification of high risk areas for substantive testing in the field. The selection of audited formations was carried out on the basis of materiality / significance & risk assessment. Selections of samples were made on the basis like financial outlay, weaknesses in internal controls, non-compliance of laws, rules, regulations, failure to achieve economy, efficiency & effectiveness and prescribed procedures and then reporting and follow up.

d. Audit Impact

On the pointation of audit, KW&SB has stopped the sanction of Petroleum, Oil and Lubricants (POL) to the employees for their private vehicles. Besides, the Authority has started deduction of house rent and electricity charges on fixed rates from the salaries of employees residing in official accommodations. Moreover, KW&SB has issued directives for preparation of Log Books, History Sheets, and Petrol Consumption Accounts of each vehicle to justify the expenditure. TMAs have started to post NITs on SPPRA website.

e. Comment on Internal Controls and Internal Audit Department

Several loopholes in the internal control system noticed during the course of audit, have been included in the audit report for the year 2016-17. However, other less significant observations regarding internal control weaknesses have been incorporated in MFDAC.

Of all departments audited by DG Audit, Local Councils Sindh, internal audit departments exist in KMC and KW&SB only, but are not functioning effectively, whereas, Pre-Audit/Internal Audit of TMAs is being conducted by Local Fund Audit, Government of Sindh.

f. The key audit findings of the report

- i. Misappropriation/Fraud amounting to Rs 919.044 million was pointed out in 43 cases.
- ii. Non-Production of Record amounting to Rs 17,096.130 million was pointed out in 08 cases.
- iii. Non-Compliance/Violation of Rules amounting to Rs 39,670.826 million was pointed out in 314 cases.
- iv. Internal Control weakness amounting to Rs 94,411.822 million was pointed out in 56 cases.
- v. Key Audit findings of Special Study related to “Issuance of Trade License in District Municipal Corporations, Karachi”.

g. DAC meetings

Despite numerous correspondences with Secretary, Local Government Department, GoS, Chief Secretary, Government of Sindh and Minister, Local Government, GoS, the administrative units didn't care to submit their working papers or replies to audit.

A schedule of DAC meetings was issued on 16-18 December, 2016 to discuss audit observations, but the whole exercise remained futile. On the instance of Secretary, Local Government a verification schedule was issued from December 2016 to January 2017; however, the response remained lukewarm. Most of entities didn't reply or produce their record for verification. The few replies, which were furnished, were without valid justification and necessary record.

Audit paras for the audit years 2016-17 involving procedural violations including internal control weakness and irregularities. Besides, MFDAC for the audit year

2015-16 has also been reproduced since paras were not discussed in DAC meeting and no replies were submitted by auditee departments.

Year	No. of MFDAC Para (LG, District Governments /TMA/UCs)	Amount involved	No. of DAC meetings conducted on MFDACs Reports	No. of Paras settled in DACs	Amount involved in settled Paras (Rs in million)
2015-16	2,368	62,906.36	-Nil-	-Nil-	-Nil-
2014-15	2,745	79,696.62	-Nil-	-Nil-	-Nil-
2013-14	9,723	82,095.84	-Nil-	-Nil-	-Nil-

h. Non Pursuance to audit observations of fraud, embezzlement and recoveries by Principal Accounting Officers (PAO) / Controlling Officers

This office is under legal obligation to report suspected cases of fraud, embezzlement to investigation agencies. In this connection the suspected cases / paras to the tune of Rs 270 million have already been communicated to Secretary, Local Government (LG), GoS for financial year 2014-15. However, the Secretary, LG / Principal Accounting Officer (PAO) has neglected the gross discrepancies in the financial transactions despite pointation of audit.

i. Recommendations

- i. The formatons under Secretary Local Government Department and Secretary Public Health Engineering & Rural Development, should comply with the SPPRA Rules 2010 for procurement of goods and services.
- ii. Recovery should be effected and disciplinary action be taken against the officials involved in cases of embezzlement of public money, violation of rules and regulations.
- iii. Inquiries should be held to fix responsibility for losses and wasteful expenditure.
- iv. There is need to strengthen internal controls to ensure that reported lapses may not be repeated in future and fair value for money is obtained from public spending.
- v. Audit has recommended to Secretary, Local Government Department for issuance of directives against compulsory pre-audit before releasing / processing financial transaction. Moreover, there is need of uniform guidelines for a sound and efficient

pre-audit and certification of accounts.

- vi. It is recommended to work in liaison with DAGP to formulate a proper accounting code and chart of accounts for TMAs / MCs / DMCs /UCs and Local Government Departments. For instance there is no head of account for remittance of birth / death / marriage / divorce certificates in the prevailing chart of account for Local Government Departments.

SUMMARY TABLES & CHARTS

Table 1: Audit Work Statistics

[Rupees in Million]

Sr.	Description	No.	Budget	
			Expenditure	Revenue
1	Total Entities (PAOs)in Audit Jurisdiction	02	122,439.345	122,439.345
2	Total formations in Audit Jurisdiction	465	122,439.345	122,439.345
3	Total formations Audited	180	63,421.969	62,679.154
4	Audit & Inspection Reports	180	63,421.969	62,679.154
5	Special Audit Reports	-	0	0
6	Performance Audit Reports	-	0	0
7	Other Reports (Relating to Local Councils)	-	0	0

Table 2: Audit observation Classified by Categories

[Rupees in Million]

S. No.	Description	Amount under audit observation
1	Asset Management	50.734
2	Financial Management	3,215.716
3	Internal controls	94,410.793
4	Violation of rules	36,405.405
5	Others	18,015.174
Total		152,097.822

Table 3: Outcome Statistics

[Rupees in Million]

Sr.	Description	Expenditure on Acquiring Physical Assets (Procurement)	Salary	Non-Salary	Civil Works	Receipts (Revenue Targets)	Others	Total Current Year	Total Last Year (2015-16)
1	Outlays Audited (FY 2015-16)	33.754	28,506.132	15,855.492	19,026.591	62,679.154	-	126,101.123	113,083.113
2	Amount Placed under Audit Observation	31.475	3,623.543	12,552.992	30,667.538*	87,982.863*	17,239.411	152,097.822	127,683.839
3	Recoveries Pointed Out at the instance of Audit	-	515.727	105.235	395.122	73,105.556	23.714	74,145.354	90,153.817
4	Recoveries Accepted /Established at the instance of Audit	-	-	-	-	-	-	-	-
5	Recoveries Realized at the instance of Audit	-	2.182	3.492	-	3.055	-	8.729	0.274

*The amount placed under observation is more than the outlays audited for the current year because the audit observations include observations pertaining to previous year's also.

Table 4: Table of Irregularities pointed out

[Rupees in Million]

Sr.	Description	Amount Placed under Audit Observation
1	Violation of Rules and regulations and violation of principle of propriety and probity in public operations.	39,670.826
2	Reported cases of fraud, embezzlement, thefts and misuse of public resources.	919.044
3	Accounting Errors (accounting policy departure from NAM ^[1] , misclassification, over or understatement of account balances) that are significant but are not material enough to result in the qualification of audit opinions on the financial statements.	-
4	Quantification of weaknesses of internal control systems.	94,411.822
5	Recoveries and overpayments, representing cases of establishment overpayment or misappropriations of public monies	-
6	Non-production of record.	17,096.130
7	Others, including cases of accidents, negligence etc.	-
Total		152,097.822

Table 5: Cost Benefit

[Rupees in Million]

S. No.	Description	Amount
1	Outlays Audited	126,101.123
2	Expenditure on Audit	64.402
3	Recoveries realized at the instance of Audit	8.729
Cost-Benefit Ratio		1:0.14

¹The Accounting Policies and Procedures prescribed by the Auditor General of Pakistan which are IPSAS (Cash) compliant.

CHAPTER-I

**SECRETARY, LOCAL GOVERNMENT DEPARTMENT,
ALL DEVELOPMENT AUTHORITIES,
SINDH BUILDING CONTROL AUTHORITY,
KARACHI METROPOLITAN CORPORATION &
KARACHI WATER & SEWERAGE BOARD**

1.1 INTRODUCTION/PROFILE OF THE ENTITIES

1.1.1 Secretary Local Government

Secretary, Local Government Department (LGD), Sindh, being the PAO is the overall administrative head of all development authorities, KMC / Municipal Corporations, KW&SB, Chief Officer, District Councils, defunct Town / Taluka Municipal Administrations (TMAs) and Union Councils (UCs) etc.

1.1.2 Karachi Metropolitan Corporation

Activities of KMC are managed through offices of Administrator and Senior Directors under Sindh Local Government Act, 2013. Each group of Office consists of a Senior Director. The Senior Director, by means of a standing order, distributes the work among the officers, branches, or sections of each office. Following is the list of departments which manage the activities of KMC.

- | | |
|-------------------------------------|-------------------------------|
| 1. Administrator | 2. Senior Director (F&P) |
| 3. Senior Director (Law) | 4. Senior Director (IT) |
| 5. Directors (Education, LBW) | 6. Senior Director (Literacy) |
| 7. Senior Director (E&IP) | 8. Senior Director (MS) |
| 9. Senior Director, Health Services | 10. Director General (KMTC) |
| 11. Director General (P&H) | 12. Senior Director (T&C) |

1.1.3 Karachi Water & Sewerage Board

The office of Chairman / Managing Director, Water & Sewerage Board, Karachi, comprises of five departments headed by Deputy Managing Directors. Besides, different projects are executed under Project Directors. Following is the list of departments which manage activities of KW&SB.

1. Deputy Managing Director, Planning,
2. Deputy Managing Director, Technical Services
3. Deputy Managing Director, Finance
4. Deputy Managing Director, Revenue Resource Generation
5. Deputy Managing Director, Human Resource Development and Administration

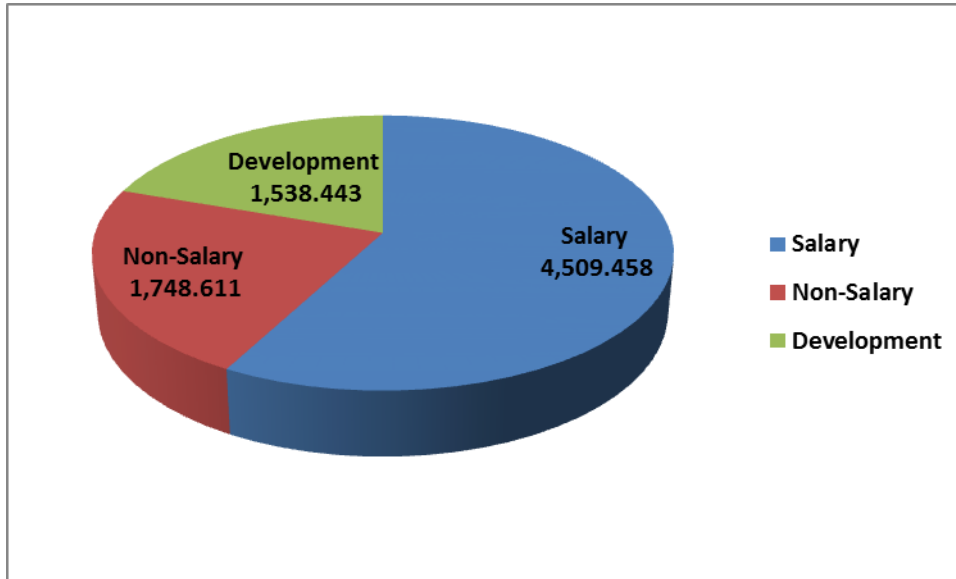
1.1.4 Comments on Budget and Accounts (Variance Analysis)

i. Budget of 2015-16 of Entities of Secretary Local Government Audited

(Rupees in Million)

S. No.	Formation	Particulars	Budget	Expenditure / Revenue	Excess (+) Savings (-)
1	Secretary Local Government Department	Salary	754.774	641.558	(113.216)
		Non-Salary	416.852	291.796	(125.055)
		Development	-	-	-
		Revenue	-	-	-
2	Hyderabad Development Authority	Salary	940.934	804.950	(135.984)
		Non-Salary	1,196.749	109.282	(1,087.467)
		Development	7,159.400	490.037	(6,669.363)
3	Sindh Building Control Authority	Salary	1,936.754	2,741.242	804.488
		Non-Salary	5,877.050	1,253.111	(4,623.939)
		Development	-	-	-
		Revenue	11,301.650	6,563.669	(4,737.981)
4	Karachi Development Authority	Salary	44.739	26.217	(18.522)
		Non-Salary	17.930	2.091	(15.839)
		Development	-	-	-
		Revenue	-	-	-
5	Director General, Lyari Development Authority	Salary	164.145	14.884	(149.261)
		Non-Salary	44.304	43.884	(0.420)
		Development	285.395	6.720	(278.675)
		Revenue	-	-	-
6	Director General, Malir Development Authority	Salary	41.199	34.333	(6.867)
		Non-Salary	19.226	13.733	(5.493)
		Development	32.959	20.600	(12.360)
		Revenue	-	-	-
7	Director General, Larkana Development Authority	Salary	92.567	77.139	(15.428)
		Non-Salary	9.337	6.669	(2.668)
		Development	-	-	-
		Revenue	-	-	-
8	Director General, Sehwan Development Authority	Salary	198.984	169.136	(29.848)
		Non-Salary	40.065	28.046	(12.020)
		Development	1,701.811	1,021.087	(680.724)
		Revenue	2,440.022	1,084.318	(1,355.704)
Salary			4,174.095	4,509.458	335.363
Non-Salary			7,621.513	1,748.611	(5,872.901)
Development			9,179.565	1,538.443	(7,641.122)
Grand Total			20,975.173	7,796.513	(13,178.660)
Revenue			13,741.672	7,647.987	(6,093.685)

Expenditure 2015-16



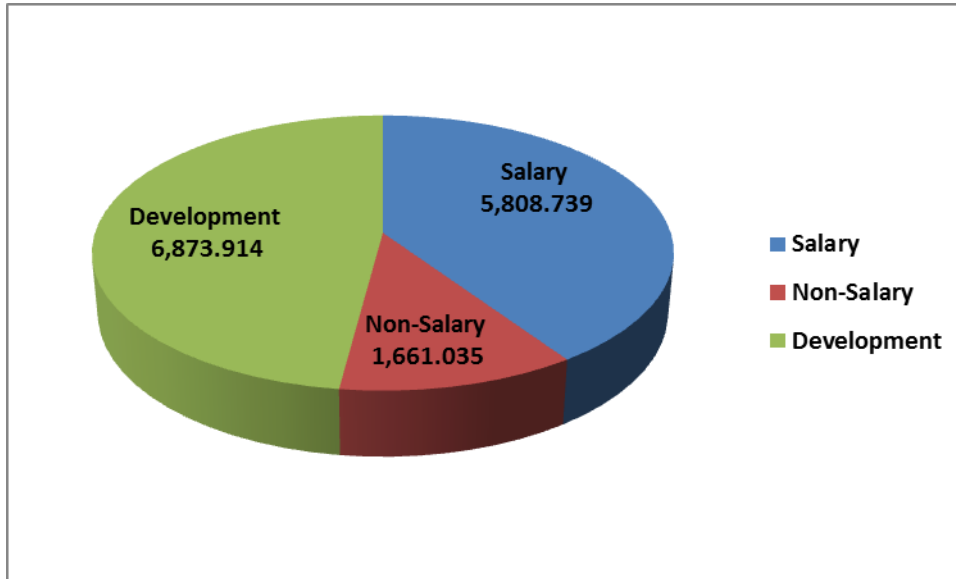
The original budget of Secretary, Local Government Department and development authorities, during financial year 2015-16, was Rs 20,975.173 million, against which the total expenditure incurred was Rs 7,796.513 million, resulting in overall savings of Rs 13,178.660 million, which was 62.830% of total budget.

ii. Budget of Karachi Metropolitan Corporation

(Rupees in Millions)

Formation	Particulars	Budget	Expenditure / Revenue	Excess (+) Savings (-)
Karachi Metropolitan Corporation	Salary	6,833.811	5,808.739	(1,025.072)
	Non-Salary	2,372.907	1,661.035	(711.872)
	Development	11,456.523	6,873.914	(4,582.609)
	Total	20,663.240	14,343.688	(6,319.553)
	Revenue	20,521.443	8,208.577	(12,312.866)

Expenditure 2015-16



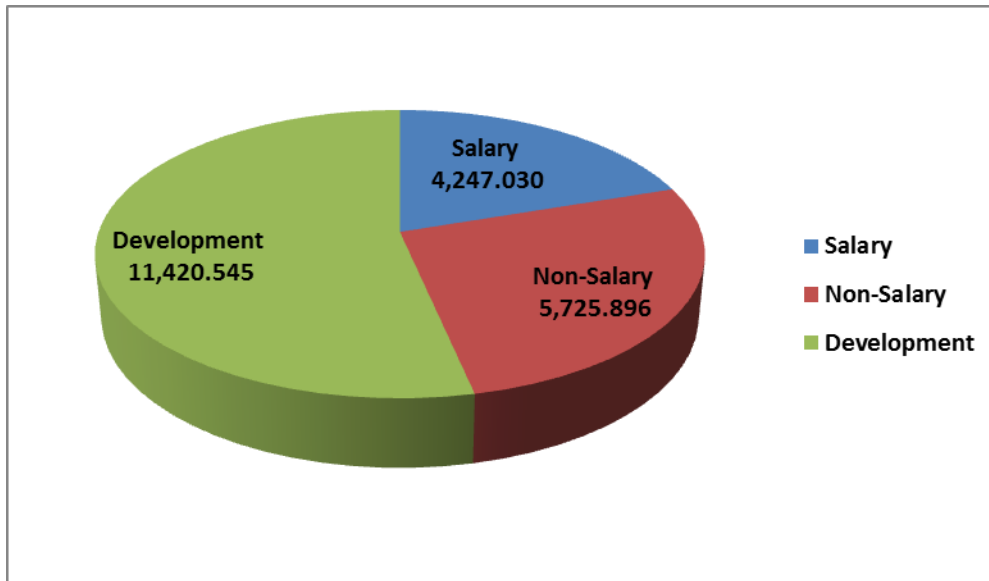
The original budget of Karachi Metropolitan Corporation, during financial year 2015-16 was Rs 20,663.240 million. The total expenditure incurred was Rs 14,343.688 million, resulting into overall savings of Rs 6,319.553 million, which was 30.584% of total budget.

iii. Budget of Karachi Water & Sewerage Board 2015-16

[Rupees in Million]

Formation	Particulars	Budget	Expenditure / Revenue	Excess (+) Savings (-)
Karachi Water & Sewerage Board	Salary	4,996.506	4,247.030	(749.476)
	Non-Salary	8,179.851	5,725.896	(2,453.955)
	Development	19,034.241	11,420.545	(7,613.696)
	Total	32,210.598	21,393.470	(10,817.128)
	Revenue	32,210.598	17,715.829	(14,494.769)

Expenditure 2015-16



The total budget of Karachi Water & Sewerage Board, during financial year 2015-16, was Rs 32,210.598 million against the expenditure incurred was Rs 21,393.470 million. However, there were overall savings of Rs 10,817.128 million, which was 33.583% of total budget.

1.1.5 Brief comments on the status of compliance with PAC Directives

The audit reports pertaining to audit year 2011-12, 2012-13, 2013-14, 2014-15 and 2015-16 have been submitted to Governor of Sindh. Detail of PAC meetings is given below:

Sr.	Audit Year	No. of Paras	Status of PAC Meetings
1.	2011-12	44	Held on 13-05-2016
2.	2012-13	39	Nil
3.	2013-14	43	Nil
4.	2014-15	58	Nil
5.	2015-16	59	Nil

As indicated in the above table, no PAC meeting was convened to discuss the audit report of SLG, KMC and KW&SB for the audit years 2012-13, 2013-14, 2014-15 & 2015-16.

1.2 AUDIT PARAS

1.2.1 Fraud / Embezzlement / Misappropriation

1.2.1.1 Fraudulent allotment of plots - Rs 399.238 Million

According to Para 23 of GFR, “Every Government officer should realize fully and clearly that he would be held personally responsible for any loss sustained by Government through fraud or negligence on his part and that he will also be held personally responsible for any loss arising from fraud or negligence on the part of any other Government officer to the extent to which it may be shown that he contributed to the loss by his own action or negligence.”

Ex-Project Director Lines Area Re-Development Project allotted 227 commercial plots of 32 square yards by illegally carving out one large plot measuring 7264 square yards at the throw away price of Rs 200 per Sq. Yard. The plot was earmarked to be auctioned at the minimum reserve price of Rs 50,000 per Sq. Yard. This was done by forging and fabricating the note sheet through forged signature of Ex-DCO, Karachi Mr. Roshan Shaikh to seek change in approved auction process.

Audit is of the view that due to this fraudulent allotment of plots, Government sustained a loss of Rs 399.238 million.

The matter was reported to management during December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on account of fraudulent allotment of plots.

[AIR Para: 35]

1.2.1.2 Doubtful Expenditure without Supporting Vouchers Rs 114.587 Million

As per Rule-23 of Sindh Financial Rules, “Every Payment including repayment of money previously lodged with Government for whatever purpose, must be supported by a voucher setting forth full and clear particulars of the claim”.

Further, as per Section(I) of Appendix 18-A of SFR Vol-I, "Means should be devised to ensure that every Government servant realizes fully and clearly that he will be

held personally responsible for any loss sustained by Government through fraud or negligence on his part, and that he will also be held personally responsible for any loss arising from fraud or negligence on the part of any other Government servant to the extent to which it may be shown that he contributed to the loss by his own action or culpable negligence”.

Various formations working under Secretary (LGD), KMC & KW&SB, during financial year 2015-16, paid an amount of Rs 114.587 million without supporting vouchers/record to justify the expenditure, in violation of above rules. Details are provided at Annex-SLG1.

Audit is of the view that due to non-availability of relevant supporting vouchers/details, audit could not verify the authenticity of the expenditure incurred from public money. Besides, chances of misappropriation of public money cannot be ruled out.

Violation of prescribed rule was due to weak internal control system.

The matter was reported to managements during August to December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on account of doubtful expenditure without availability of supporting vouchers/details. Besides, same be produced to audit for scrutiny and verification.

[AIR Paras: 4, 31, 9, 11, 11, 23]

1.2.1.3 Loss to Government due to Illegal Water Connections 19.246 Million

According to Section 7 (Chapter-V, “Powers & Functions of the Board”) of the Karachi Water & Sewerage Board Act, 1996, the board shall;

- ii. Levy, collect or recover rates, charges of fees for water supply and sewerage services, including arrears thereof;
- iii. Have the power to reduce, suspend or disconnect the water supply in the event of contravention of the provisions of this Act or regulation;
- iv. Have the power to impose surcharge, not exceeding double the amount due, if rates, charges of fees for water supply or sewerage services or the arrears thereof are not paid within the fixed time by the Board”.

During audit of office of the Deputy Managing Director Revenue Resource Generation (RRG) KW&SB, for the Financial Year 2015-16, it was observed that office failed to take effective punitive action against 80 illegal water connections, which resulted into loss of revenue in violation of above rules.

Audit is of the view Government sustained loss due to illegal water connections which constituted weak financial management.

Deviation from prescribed rules & procedures constituted weak internal control system.

The matter was reported to management during December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on management for not taking appropriate action against illegal water connections, under intimation to audit

[AIR Para: 1]

1.2.1.4 Misuse of Public Fund - Rs 8.802 Million

As per Section 5.2.2.1 and 5.2.2.2 of Accounting Policies and Procedure Manual issued by the Auditor General of Pakistan, “All monies received as revenue of the Government, must be banked in the name of the Government without delay and included in the Consolidated Fund of the respective Federal or Provincial Government and Public Account receipts, other than revenue, must be banked in the name of the Government without delay and included in the Public Account of the respective Federal or Provincial Government”.

Further, as per Section 5.2.2.11 of Accounting Policies and Procedure Manual issued by the Department of Auditor General of Pakistan, “Any public monies received by a Government office, where permitted under the above direction are not revenues on the part of the collecting entity. No public monies received by a Government office will be retained to meet departmental or other forms of expenditure unless otherwise permitted by the Government”.

In violation of above rules Regional Director Town Planning (SBCA) Hyderabad, during financial year 2015-16, has drawn an amount of Rs 4.706 million from SBCA account NBP CD4002734907. The said amount was deposited by sponsors of various housing schemes against scrutiny / approval fee. The department has not

deposited the said amount in the consolidated fund of the Province and Rs 4.706 million has been drawn illegally, without any approval. On the pretext of meeting out contingencies, an amount of Rs 4.706 million was misappropriated. Audit observed following discrepancies in the withdrawal of said amount.

- i. The office of Director, Town Planning has drawn money without necessary pre audit either from the Accountant General Sindh or Local Fund Audit, GoS.
- ii. The transactions were neither shown in the main cash book nor in reconciled expenditure statement (from Treasury / DAO).
- iii. The expenditure was incurred in gross violation of General Financial Rule, Treasury Rule and DDO handbook.

Moreover, PD, Lines Area Re-Development Project, KDA, had incurred an amount of Rs 4.096 million, during financial year 2014-15 on account of payment of pay of staff from budget allocated for development works, in violation of above rules.

Audit is of the view that withdrawal of public money constituted misappropriation of public money.

Violation of prescribed rules was due to weak internal control which constituted weak financial management.

The matter was reported to management during December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends holding inquiry to fix responsibility on person(s) at fault, besides; recovery may be initiated for audit verification.

[AIR Paras: 8, 24]

1.2.1.5 Doubtful Withdrawal of Cash from the Accounts of Housing Schemes Rs 4.625 Million

As per Rule-23 of Sindh Financial Rules, “Every Payment including repayment of money previously lodged with Government for whatever purpose must be supported by a voucher setting forth full and clear particulars of the claim”.

Further, as per Rule 9.2.1.1 of APPM, “Each self-accounting entity is responsible for all aspects of its own financial transactions from budgetary control,

approval, certification, authorization through to recording, reconciliation reporting and monitoring of transactions”.

Director General, Shwan Development Authority withdrew public funds amounting to Rs 4.625 million, during financial years 2014-16, in cash from the bank accounts of different housing schemes. However, no vouchers, bills or supporting vouchers were found against the transactions. Moreover, the counterfoils of the chequebooks showed that the crossed cheques were issued, but the bank statements revealed that transaction were made in cash, in violation of rules. Details are provided at Annex-SLG2.

Audit is of the view that management withdrew cash from bank account which should have been paid through cross cheque, so that money trail could be established, resulted into fraudulent withdrawal of cash and weak financial management.

Withdrawal of cash from the bank was due to weak internal control system.

The matter was reported to management during December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on management on account of fraudulent withdrawal of cash from the accounts of housing schemes. Moreover, amount be recovered from the person(s), under intimation to audit.

[AIR Para: 21]

1.2.1.6 Doubtful Payment on Earth Work - Rs 3.000 Million

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

Further, as per Rules (11) (1), *ibid*, “All procuring agencies shall devise a mechanism for planning in detail for all proposed procurements, determining the requirement of the procuring agency, within its available resources, and prepare an annual or a longer term rolling plan, detailing the procurement methods applicable for specific procurements (12) (1) all proposed procurements for each financial year and shall proceed accordingly without any splitting or regrouping”.

Director General, Sehwan Development Authority, made payment of Rs 3.000 million, during financial year 2015-16, by preparing thirty identical quotations of earth work embankment in deserted area through two cheques issued on the same dates. Audit observed that the said payments were made without work estimates as well as non-inviting open tender. Moreover, neither sales tax registration was provided nor PEC category of contractor was available in the record, in violation of above rules.

Audit is of the view that payments made without recording measurement dates on bills/payment vouchers resulted into fraudulent payment through bogus bills and was due to weak financial management.

Deviation from prescribed rules and procedures resulted into weak internal control system.

The matter was reported to management during December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on management on account of fraudulent payment on earth work embankment carried out through identical quotations, under intimation to audit.

[AIR Para: 14]

1.2.1.7 Illegal purchase of Toyota Corolla GLI Car - Rs 2.100 Million

According to Notification issued by Finance Department, Government of Sindh with the directives of Chief Minister, Sindh vide no. FD/B&E-1/2(360)/Ban/2012-13 dated 17-5-2013, “the ban was imposed by the Chief Minister for a. Procurement of vehicles of all categories and luxury items like air conditioners, furniture, computer etc from non-development budget”.

As per Finance Division (Expenditure wing), Government of Pakistan, office memorandum No.F7(1) Exp.IV/2011, 18th march 2011, “Total ban on purchase of physical assets including all vehicles was imposed”.

The Director General, Malir Development Authority, Karachi executed development work Construction of water reservoir in sector 81 in Taiser town scheme 45 MDA. The contract was awarded to M/s Glamour Engineering by adding the provision of purchase of luxury car in work order, amounting to Rs 2.100 million without lawful authority and having provision in PC-I in violation of above rule.

Audit is of the view that the management did not observe the prescribed procedure laid down for the financial discipline in the department that shows lack of internal controls in the department, which constituted weak financial management.

Non-compliance of rules may lead to misuse of public funds and loss of Government.

The matter was reported to managements during October, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends that responsibility may be fixed upon the person(s) at fault for misuse of public funds and purchase of car.

[AIR Para: 6]

1.2.1.8 Misuse of Funds on Private Rest House - Rs 1.500 Million

As per Rule 274 of SFR Vol-I, “the superintendent engineer, works department will keep of register of all buildings within a circle”.

Further according to Rule 272 of SFR Vol-I, “as no suitable Government building available, private may be hired for public purposes, the rent being paid by the public office or department of occupying. When the building is entity used for office accommodation, the rent is wholly chargeable to Government, while, when it is partially for office purposes and partially for the residential purposes and the share of the rent payable by the Government will be proportionate to the amount of building set aside solely for office use but will not exceed half rent of the house”.

Director General, Sehwan Development Authority incurred expenditure of Rs 1.500 million, during financial years 2014-16, on acquiring of a private bungalow from Mr. Burhan Memon. The entity had its own rest house worth Rs 8.000 million, which was constructed in 2009, but not utilized. Despite this fact another rented building was hired without approval and technical vetting from Works Department, Government of Sindh. Moreover, the detail of official usage and accommodation of Government servant for residential purposes was not mentioned in payment, in violation of above rule.

Audit is of the view that the wastage of public funds on rent of rest house resulted into financial indiscipline when the authority was already facing difficulties to pay salaries to the employees.

Deviation from prescribed rules resulted into loss of public money and was due to weak financial management and internal controls.

The matter was reported to management during December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on management, under intimation to audit.

[AIR Para: 3]

1.2.1.9 Illegal Approval of Layout Plans of Housing Societies

As per Circular by Director of Settlement, Survey And Land Records, Sindh, Hyderabad vide No GM/MISC/449 DTD 03/03/2016, stating that henceforth no agriculture land/housing scheme shall be approved without proper verification from this Directorate, also the land record produced for approval of various schemes may also be sent to this office for verification and updating of record as directed by the Honorable Supreme Court Of Pakistan and to avoid above mentioned obligations and litigations.

According to Karachi Building & Town Planning Regulations-2002 adopted by Sindh Building Control Authority vide office memorandum No.SO(L&C)HTP/SBCA/12-17/12 dated: 13 March, 2012 following pre-requisites are required by Director, Town Planning, Sindh Building Control Authority for approval of layout plan.

- NOC from concerned Taluka Municipal Administration. (TMA).
- NOC from Utility Service Departments (where applicable).
- Applicant`s ownership, lease deed (99 years), Form VII-B, Sale deed and General Power of Attorney (if applicable).
- Field Book Otaras, Deh Map of involved Rupees and Survey numbers. on which the schemes exists, Roop kari duly signed by the concerned Mukhtiarkar.
- The applicant on demand will produce non-Encumbrance certificate duly signed by the Sub Registrar Concerned.
- Sponsor shall submit undertaking on Stamp-paper of Rs 100/- denomination that: No Government dues are outstanding against the proposed land of scheme.

- The Development of infrastructure i.e. metaled roads; water supply, sewerage disposal etc. shall be completed by the Sponsors or concerned Taluka Municipal Administration under a mutual agreement.
- Sponsor of the scheme shall be responsible for demarcation of plots, and handing over the physical possession of amenity plots shown in Layout Plan to the concerned Taluka Municipal Administration within three months under intimation to the Town Planning Department.
- Sponsor/Developer/Builder shall also be responsible for measurement and dimension of plots, ownership and any type of litigations etc. if arises at any stage.
- The owner has liability to complete the entire development within three years of approval
- The Owner or Sponsor is bound to furnish quarterly development progress report to department without fail which shall lead to cancellation of schemes, if in case of non-compliance.
- The owner is bound to provide schedule of development and there is binding on master plan office to ensure that no addition or alteration shall be made in approved layout plan.

The Regional Director, Town Planning (SBCA, Hyderabad Region) illegally approved layout of different housing schemes, which got approved during financial year 2015-16. Audit selected cases on test case basis however the sample represented a serious violation of procedures and rules. Detail is provided at Annex-SLG3.

Audit is of the view that the whole exercise of approving layout of housing schemes in presence of all mentioned discrepancies has no provision in established rules and regulations. It constituted irregular transactions where the authority exceeded its legal domain.

Deviation from prescribed rules instruction resulted into weak internal control system which constituted weak financial management.

The matter was reported to managements during December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on management for illegal approval of layout of housing schemes, under intimation to audit.

1.2.1.10 Illegal Sale of Bahria Town 1,165 Acres

As per Circular by Director of Settlement, Survey and Land Records, Sindh, Hyderabad vide No GM/MISC/449 DTD 03/03/2016, henceforth no agriculture land/housing scheme shall be approved without proper verification from this Directorate, also the land record produced for approval of various schemes may also be sent to this office for verification and updating of record of this record as directed by the Honorable Supreme Court Of Pakistan and to avoid above mentioned obligations and litigations.

As per Notification No.SO(Dev)/HTP/102/2000 dated 26-06-2001 and Circular No.SO(L&C)/HTP/3/119/2007 dated 07-07-2007, “No private housing scheme can be launched unless its layout plan and building plan has been got approved from Town Planning Department, Government of Sindh.

According to Sindh Disposal of Urban Land Ordinance, 2002 Section (11) Conversion of plot, “No residential plot shall be converted for any other purpose except with the prior approval of the prescribed authority and on the prescribed conditions. The competent authority for change of plan/plot is regularization committee under Sindh Board of Revenue”.

As per Section 7A of Sindh Building Control Ordinance, 1979, “[7-A. Violation of certain provisions.- Where the provisions of sub-section (1) of Section 6 are violated the building may without prejudice to any other action including sealing of the building or ejection of the occupants be ordered by the Authority or any officer of the Authority authorized in this behalf to be demolished, at the cost of the builder in the case of public buildings and the owner in other cases”.

In the Office of Regional Director, Town Planning, (SBCA), Hyderabad, the sponsors of Bahria Town have submitted their layout plan for approval and scrutiny of proposed Bahria Town, Qazi Ahmed, District Shaheed Benazirabad. Following discrepancies were noted in the said scheme.

- i. The sponsors of Bahria Town have already sold their scheme to General public, even before legally acquiring the land.
- ii. The acquisition of land has mutation as agricultural land. Any proposal of a Housing Scheme on agricultural land is illegal in accordance with the Colonization of Government Lands Act, 1912 and Sindh Urban Disposal of Land Ordinance 2002.

- iii. Instead of informing the General Public and relevant Authorities of this fraudulent transaction and initiating necessary legal proceeding, the department has started the process of legalization of the said scheme.

Audit is of the view that in-action on the part of management will create Public nuisance in future.

Deviation from prescribed rules instruction resulted into weak internal control system prevailing in the department.

The matter was reported to the management during December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on management for not taking timely and appropriate action, under intimation to audit.

[AIR Para: 15]

1.2.1.11 Illegal Conversion of Residential Plots into Commercial Plots

According to Sindh Disposal of Urban Land Ordinance, 2002 Section (11) Conversion of plot, “No residential plot shall be converted for any other purpose except with the prior approval of the prescribed authority and on the prescribed conditions. The competent authority for change of plan/plot is regularization committee under Sindh Board of Revenue”.

Further, as per Section 4 of Sindh Urban Land Ordinance 2002, “Assessment of Loss. — (1) Government may appoint a committee for carrying out the purposes of this Ordinance. (2) Where the committee, after making such enquiry as deemed fit, is satisfied that the allotments, conversions or exchanges of Government land are obtained or granted for residential, commercial or industrial purposes at the rates lower than the market value in violation of law or ban, it shall determine the amount of loss caused to Government and call upon the person concerned to pay such amount within the specified period. 5. Regularization of allotments, conversions and exchanges.—The allotments, conversions or exchanges made at the market value or in respect of which the amount determined”.

Regional Director, Town Planning (SBCA), Hyderabad, has illegally converted 64,621 Square yards of land from residential housing schemes to commercial schemes and granted illegal approval from 2013 to 2016, in violation of rules. The conversion of said land was in violation of authority of High Powered Regularization Committee / Land Committee constituted by Sindh Board of Revenue.

Audit is of the view that the whole exercise of conversion of a category of an already approved layout plan has no provision in establish rules and regulations regarding disposal of urban land. It constituted fraudulent transactions where the authority exceeded its legal domain.

Deviation from prescribed rules / instructions resulted into unauthorized conversion of category of plots. Moreover, the public was deprived of benefits of amenity plots, which created hindering in provision of civic amenities.

The matter was reported to managements during December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on management for illegally converting residential plots to commercial plots while also violating the 63:37 formula of residential + commercial / amenity plots), under intimation to audit.

[AIR Para: 2]

1.2.1.12 Misleading of General Public by Re-Launching Same Schemes with Different Names

According to joint venture agreement reached between SDA and M/s Hussain (Private) Limited on 5th August and 27th June 2009, the name of Highway town was changed to Kohistan Valley and Mehran Bungalows-II was changed to Mehran Dream City.

Further according to Para 11.2 of standard bidding documents for large works issued by SPPRA “Bids submitted by a joint venture of two (2) or more firms shall comply with the following requirements: (a) one of the joint venture partners shall be nominated as being in charge; and (11) this authorization shall be evidenced by submitting a power of attorney signed by legally authorized signatories of all the joint venture partners; (b) the bid, and in case of a successful bid, the Form of Contract Agreement shall be signed by the authorized partner so as to be legally binding on all partners”.

Director General, Shwan Development Authority (SDA), executed joint venture agreement with M/s Hussain (Private) Limited to launch Highway Town in 1989. However, the project was incomplete since both the parties failed to fulfill their obligations. The same scheme was re-launched under the name Kohistan Valley in 2009, but the composition of Joint Venture was not changed.

Similarly, another scheme i.e. Mehran Bungalows-II scheme was launched in 1998 which was a joint venture project of SDA and M/s Hussain (Private) Limited, but bungalows were not handed over to the allottee's in due course of time. The same scheme was re-launched with the Mehran Dream City in 2009 but the composition of Joint Venture was not changed, hence, by design the investors were deceived which shattered confidence of general public over Government sponsored housing schemes.

Audit is of the view that the joint venture failed to complete the schemes in reasonable time frame and instead of completing the original scheme, the same projects were re-launched with different names resulted into fraudulent activities committed by management of SDA.

Non adherence to joint venture agreement was due to weak internal control system.

The matter was reported to management during December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on management for fraudulent practices due to changing of schemes name to deceive general public, under intimation to audit.

[AIR Para: 5]

1.2.1.13 Illegal Absorption & Out-of-Turn Promotion of Official

As per Para 2 of the Service & General Administration Department, GoS Notification No.SOIX-REG(S&GAD)-2/D/1-74(Pt.II) (Vol-II) Dated 20-04-1976, "The position has now changed as every regular appointment or promotion now made is to be on the recommendation of a Statutory Selection Authority. Every appointment made otherwise than in prescribed manner i.e. without getting clearance of the Selection Authority concerned, will be adhoc appointment and that service will not count towards seniority. It is therefore necessary that every appointment or promotion order or notification should clearly point out that appointment or promotion, as the case may be is regular or has been made on adhoc basis".

In office of Director General, SBCA, Karachi, during financial years 2009-2016, the officials on detailment were awarded out-of-turn promotions through up-gradation of post without approval of Finance Department, GoS and recommendation of the Provincial Selection Board. Latter on the officials were absorbed in SBCA and further

promoted to BPS 20. The officials were not repatriated to their parent department, in violation of Supreme Court of Pakistan’s order. Further, the service book/personal files of the concerned officials were not produced to verify the record further. Detail is as under:

Sr.	Name of Employee	Promotion				Promotion Order No.	Promoted by
		From	To	Criteria	Date of Promotion		
1	Mr. Shahid Jamil-ud-Din	Director (Legal Affairs) & Provincial Law Officer BPS-19	Director (Legal Affairs) & Provincial Law Officer BPS-20	Promotion without DPC	27-05-2015	SBCA/DD(Admn-P-I)2015/1430/92/579 dated 27-05-2015	GoS (Absorbed)
2	Syed Muhammad Ali Naqvi	A.D (Public Relation) BPS-17	D.D (Admn) BPS-18	-do-	03-01-2012	-	Department (Absorbed)

Audit is of the view that the official were illegally absorbed, promoted & up-graded, in violation of rules which constituted weak internal control and financial management.

The matter was reported to the management during December 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on management for irregular absorption, out-of-turn promotion & up-gradation of officer, besides the same be repatriated to parental department, under intimation to audit.

[AIR Para: 30]

1.2.1.14 Illegal Reinstatement of Officer in Violation of the Orders of Sindh High Court

According to the order of High Court Circuit Court Hyderabad in Constitutional Petition No.D-558 of 2009 dated 17-12-2009 “We in order to save the public money from further embezzlement dislodge the DG (SDA) so that it should start smooth functioning. We have inquired from Secretary Local Government in this regard who in the given circumstances concedes to this. Mr. Munir Ahmed Soomro, DG (SDA) will hand over the charge to Mr. Khawaja Shafiq today”.

Management of Sehwan Development Authority Jamshoro, during financial years 2014-16, allowed joining to Munir Ahmed Soomro again as DG, SDA in July 2014 despite the fact that he was earlier dislodged on the charges of embezzlement by Sindh High Court. However, the Management allowed posting in violation of Apex court orders. Subsequently the issue was brought into the notice of Supreme Court, when in short order issued by Mr. Justice Amir Hani Muslim of Supreme Court on 26-02-2015, the following comments were accorded.

“We are shocked to see that now the officer who has been appointed as DG, SDA was removed earlier by the Government on serious allegation in SDA”.

It is pertinent to mention that no disciplinary or legal proceedings were taken against the management, who was responsible for posting the said official.

Audit is of the view that Secretary Local Government reinstated the officer, who was removed, on the charges for embezzlement, in violation of Court orders.

Non-observance of Court orders constituted contempt of court.

The matter was reported to the management during December 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends inquiry into the matter for fixing of responsibility on person(s) at fault, under intimation to audit.

[AIR Para: 2]

1.2.2 Non-Production of Record

1.2.2.1 Non-Production of Record – Rs 12,549.164 Million

As per Section 14 (1) (b) of the Auditor General (Functions, Powers & Terms and Conditions of Service) Ordinance, 2001, The Auditor-General shall, in connection with the performance of his duties under this Ordinance, have authority to require that any accounts, books, papers and other documents which deal with, or form, the basis of or otherwise relevant to the transactions to which his duties in respect of audit extend, shall be sent to such place as he may direct for his inspection.

Moreover, “Chief Secretary vide letter No.DO.NO.SO(C-II)/SGA&CD/1-73/2012 dated 25th October, 2013 duly endorsed by Secretary of LGD vide letter No. SOA/(LG)LG/4/(77)2013, dated 21.11.2013 was pleased to direct to all Municipal organizations / Local Councils for immediately providing record to audit, so that, financial discipline may be restored to respective organizations. In case of failure to provide record to audit by auditee organizations, the cases may be taken up under disciplinary proceedings against officers concerned that may include suspension of officers”.

Various formations working under Secretary, Local Government Department (LGD), KMC & KW&SB, incurred an expenditure of Rs 12,444.440 million, but failed to provide record, for the financial years 2014-16, to audit, in violation of the above rule and instructions. Details are provided at Annex-SLG4.

Moreover, various formations working under Secretary, LGD, have not provided any Log Books, Vehicle Maintenance Record, History Sheets and Petrol account registers against POL expenditure amounting to Rs 104.724 million, during financial year 2015-16.

Audit is of the view that due to non-provision of record authenticity of expenditure cannot be ascertained by audit.

The matter was reported to managements during August to December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on the managements for non-provision of record in accordance with rules and regulations and same be produced to audit for verification.

[AIR Paras: 1, 2, 1,9, 1, 9, 1, 1, 7, 1, 1, 3, 12, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 8, 1, 11, 1+27, 10, 11, 8, 14, 1, 6, 3, 12, 7, 7, 7, 5, 7, 2, 5, 3, 5, 4, 4, 2, 12, 5, 6, 19, 3, 6, 3]

1.2.3 Irregularity / Non-Compliance

A. Recovery, Targeted receipts/Outstanding dues

1.2.3.1 Non-Recovery of Outstanding Dues - Rs 70,705.601 Million

According to Section 7 (Chapter-V, “Powers & Functions of the Board”) of the Karachi Water & Sewerage Board Act, 1996, the board shall; (ii) Levy, collect or recover rates, charges of fees for water supply and sewerage services, including arrears thereof; (iii) Have the power to reduce, suspend or disconnect the water supply in the event of contravention of the provisions of this Act or regulation; (iv) Have the power to impose surcharge, not exceeding double the amount due, if rates, charges of fees for water supply or sewerage services or the arrears thereof are not paid within the fixed time by the Board;

Further, as per Rule 41 (a) of SFR Vol-I, “The departmental Controlling Officer should see that all sums due to Government are regularly received and checked against demands and that they are paid into treasury claiming credit for so much paid into the treasury and compare with the figures in the statements supplied by the comptroller”.

Various formations working under LGD, KMC & KW&SB, during financial years 2014-16, failed to recover outstanding dues amounting to Rs 70,705.601 million on account of Sale of Plots, Transfer of Property, Ballot, Water and sewerage charges, long outstanding dues from retail consumers (defaulters) and water supply through private water tanker service to various Government functionaries/dignitaries and departments, in violation of above rules. Details are provided at Annex-SLG5.

Audit is of the view that due to inaction by the managements of LGD, KW&SB and KMC could not recover the outstanding revenue that also contributed towards poor financial health of these entities.

Failure to implement prescribed rules resulted in non-recovery of Government Revenue that is a reflection of weak financial management and internal control system.

The matter was reported to the managements during August to December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on the managements for non-recovery of longstanding dues, besides, effecting recovery of the Government Revenue without any further delay.

[AIR Paras: 17, 3, 2, 1, 6, 6, 2, 4, 7, 8, 1, 10, 18]

1.2.3.2 Non-Achievement of Targeted Receipt - Rs 10,816.848 Million

As per Section 96 (1) of Sindh Local Government Act 2013, “A council may levy, in the prescribed manner all or any taxes, rates, tolls, and fees mentioned in Schedule V”.

Further, as per Rule 41 (a) of SFR Vol-I, “The departmental Controlling Officer should see that all sums due to Government are regularly received and checked against demands and that they are paid into treasury claiming credit for so much paid into the treasury and compare with the figures in the statements supplied by the comptroller”.

Various formations working under LGD, KMC & KW&SB, failed to recover the targeted receipts amounting to Rs 10,816.848 million during financial years 2013-16, in violation of the above rule. Details are provided at Annex-SLG6.

Audit is of the view that management failed to take necessary steps and enforce the prescribed procedures for recovery of arrears/achievement of targeted revenue.

Weak internal control system had resulted into non-compliance of prescribed rules and procedures.

The matter was reported to the managements during August to December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on the concerned official(s), besides, effecting recoveries against the Government dues/targeted receipts.

[AIR Paras: 2, 2, 4, 5, 3, 2, 1, 9, 4, 3, 6]

1.2.3.3 Non-Recovery from Defaulters - Rs 643.494 Million

According to Section 7 (Chapter-V, “Powers & Functions of the Board”) of the Karachi Water & Sewerage Board Act, 1996, “the board shall; (ii) Levy, collect or recover rates, charges of fees for water supply and sewerage services, including arrears thereof; (iii) Have the power to reduce, suspend or disconnect the water supply in the event of contravention of the provisions of this Act or regulation; (iv) Have the power to impose surcharge, not exceeding double the amount due, if rates, charges of fees for water supply or sewerage services or the arrears thereof are not paid within the fixed time by the Board”.

Further, as per Rule 41 (a) of SFR Vol-I, “The departmental Controlling Officer should see that all sums due to Government are regularly received and checked against

demands and that they are paid into treasury claiming credit for so much paid into the treasury and compare with the figures in the statements supplied by the comptroller”.

Various formations working under LGD & KW&SB, during financial year 2015-16, failed to fulfil their responsibility by taking effective measures to recover dues from defaulters, resultantly Government sustained loss of Rs 643.494 million, in violation of above rules. Details are provided at Annex-SLG7.

Audit is of the view that Government sustained loss of revenue due to weak financial management.

Deviation from prescribed rules & procedures constituted weak internal control system.

The matter was reported to the management during September to December 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on management for non-regularization of illegal water connections. Besides, same may be regularized and recovery to-date may be effected and deposited into treasury, under intimation to audit.

[AIR Paras: 2, 2, 12, 2, 6, 2]

1.2.3.4 Non-Deduction of Sales Tax - Rs 574.204 Million

According to Sindh Sales Tax on Services Act, 2011 Amended upto 1st July, 2014, Section-3(1) “taxable services a services listed in Second Schedule to this Act, which is provided (a) by a registered person from his registered office or place of business in Sindh. Section-3(2) “ services that is not provided by a registered persons shall be treated as a taxable service if the service is listed in the Second Schedule to this Act (a) is provided to a resident person; (b). Section-8(1) Subject to the provisions of this Act, there shall be charged, levied and collected a tax known as sales tax on the value of a taxable service at the rate specified in the Schedule in which the taxable service is listed.

Tariff Heading	Description	Rate of Tax
9809.0000	Services provided or rendered by persons engaged in contractual execution of work or furnishing supplies	14%
98013.8000	services provided as bank to an issue	16%
9815.2000	Legal Practitioners & Consultants	15%

SST net w.e.f. 01.07.2015 vide No.SRB-3-4/TP/01/2015/86554 Dated: 13th June 2015

Further, as per Section 2 and 3 of the Sindh Sales Tax Special Procedure (Withholding) Rules, 2014, federal and provincial Government including local and district Government, department and offices have been prescribed as Withholding Agent for the purpose of deduction and deposit of Sales Tax at applicable rate from unregistered persons and one fifth of applicable rate from registered persons.

Various formations working under LGD, KMC & KW&SB, made payments to service providers and suppliers on procurement of goods etc., but failed to deduct sales tax amounting to Rs 574.204 million, during financial years 2009-16, in violation of above rules. Details are provided at Annex-SLG8.

Audit is of the view that Government sustained loss due to non-deduction of sales tax on services and resulted into weak financial management.

Non-observance of prescribed rules was due to weak internal control system.

The matter was reported to the managements during September to December 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on person(s) at fault for non-deduction of sales tax. Besides, same be recovered under intimation to audit.

[AIR Paras: 26, 28, 2, 6, 1, 10, 6, 17, 11]

1.2.3.5 Non-Recovery of Overpaid House Rent/Other Allowances Rs 209.267 Million

As per Para 07 of Finance Division Office O. M. No.F.1/7/IMP.II/87 dated 01-07-1987, "All employees not provided with Government accommodation shall continue to be entitled to house rent allowance @ 45% of the minimum of the relevant Basic Pay Scale".

Various formations working under LGD, KMC & KW&SB, paid excess house rent/other allowances amounting to Rs 209.267 million to employees, during financial years 2009-16, in violation of above rules. Details are provided at Annex-SLG9.

Audit is of the view that over payment of house rent allowance to employees resulted into loss to public exchequer.

Deviation from prescribed rules & procedures constituted weak internal control system.

The matter was reported to the management during September to December 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on managements for overpayment to employees, besides, recovery be effected without further delay.

[AIR Paras: 5, 7, 4, 2, 1, 6, 5, 6, 3, 1, 6, 3, 10, 1+8, 11, 5, 1, 2, 2+6, 6, 4, 4, 7, 6, 1, 2, 5]

1.2.3.6 Non-Deposit of Government Receipts into Treasury Rs 190.488 Million

According to Treasury Rules T.O. Section III, “Moneys standing in the public account must be either retained in a treasury or deposited in the Bank. The conditions under which they are deposited in the Bank are governed by the provisions of the State Bank of Pakistan Act 1934.”

According to section 153 of the Income Tax Ordinance 2001 and Income Tax Rules 2002 payment on account of supply of goods and rendering of services are subject to deduction of income tax at source @ 4.5% and 7.5% respectively. Moreover, according to section 160 (chapter X, part V) of the Income Tax Ordinance 2001, “Any tax that has been collected or purported to be collected under division II of this part or deducted or collected or purported to be deducted or collected under chapter XII, shall be paid to the Commissioner by the person making the collection or deduction within the time and manner as may be prescribed (i.e. within 7 days of deduction or collection).

Various formations working under LGD and KW&SB, during financial years 2011-16, deducted income tax from the bills of contractors’ suppliers etc. and scrutiny fee / approval fee for layout plans of various housing schemes amounting to Rs 190.484 million, but same was not deposited into Government treasury, in violation of rules. Further, PD, Lines Areas, have failed to remit the contribution of pension, provident fund, and group insurance into relevant public accounts and failed to intimate to treasury about said deduction. Details are as follow:

[Rupees in Million]

FY	Name of Formation	AIR Para	Amount
2011-16	Regional Director, Town Planning (SBCA), Hyderabad	9	118.555
2015-16	XEN, Canal Maintenance Division (Civil) under ADP/PSDP Schemes	04	1.412
2015-16		08	0.375
2015-16	River Osmosis Water Desalination Plants Keamari & Lyari Towns	02	62.661
2014-15	PD, Lines Area Resettlement Project	13	7.300
2014-15	Chairman Secretariat, KW&SB	3	0.185
Total			190.488

Audit is of the view that non-deposit of Government revenue is a serious violation of Government standing order and has caused a loss of hundreds of millions of rupees to national exchequer.

Deviation from prescribed rules instruction resulted into weak internal control system, which constituted weak financial management.

The matter was reported to the management during December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on management for incurring of unauthorized & unjustified expenditure, under intimation to audit.

[AIR Paras: 9, 4, 8, 2, 13, 3]

1.2.3.7 Non-Deduction of Income Tax - Rs 96.008 Million

According to Income Tax Ordinance, 2001 (Amended up-to 30th June, 2015) vide Finance Act, 2014 to Section 153. Payment for goods and services (1) “Every prescribed person making a payment in full or part including payment by way of advance to a resident person or (a) for the sale of goods; (b) for the rendering or providing of services; (c) on the execution a contract for the sale of goods or the rendering of or providing services, shall , at the time of making the payment, deduct tax from the gross amount payable (including sales tax, if any) at the rate specified in Division III of Part-III of the First Schedule.

Description		Filler	Non-Filer
For sale of goods other than sale of rice , cotton , seed of edible oil, referred to clause (a) of Section – 153(1)	Companies	4%	6%
	Other	4.5%	6.5%
For rendering or providing services other than transport services referred to clause (b) of section -153(1)	Companies	8%	12%
	Other	10%	15%
On execution of contracts referred to clause (c) of section - 153(1)	Companies	7%	10%
	Other	7.5%	10%

(Division III, Part-III of the First Schedule amended w.e.f. 01-07-2015)

Further, Income Tax Ordinance 2001- Section 161, “Failure to pay tax collected or deducted- Where a person (1) (b) having collected tax under Division II of this Part 1[or Chapter XII] or deducted tax under Division III of this Part 2[or Chapter XII] fails to pay the tax to the Commissioner as required under section 160”.

Various formations working under LGD, KMC & KW&SB, during financial year 2015-16, failed to recover/deduct income tax amounting to Rs 96.008 million from

the payments made to contractors and salaries of staff etc., in violation of rules. Details are provided at Annex-SLG10.

Audit is of the view that due to non-deduction of income tax, Government sustained financial loss resulted into weak financial management.

Non observance of prescribed procedure was due to weak internal control system.

The matter was reported to the managements during September to December 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on person at fault for non-deduction of income tax from the payments made to contractors and salaries of staff. Besides, recovery of income tax may be effected, under intimation to audit.

[AIR Paras: 5, 5, 13, 5, 1, 5, 13, 1, 5, 6, 1, 5, 11, 14, 12, 11]

1.2.3.8 Non-Recovery of Salary Paid to Staff Appointed on Fake Degrees Rs 69.909 Million

As per Rule-28 of G.F.R. Vol-I, “No amount should be left out standing without sufficient reasons, and where any dues appear to be irrecoverable the orders of the competent authority for their adjustment must be sought”.

Further, as per Rule 214 of TR Volume-I, “When an Accountant General disallows a payment as unauthorized, the disbursing officer is bound not only to recover the amount disallowed without listening to any objection or protest but to refuse to pay it in future till the Accountant General authorizes the payment to be resumed”.

Director General, SBCA, Karachi, during financial years 2009-16, appointed 51 employees on fake degrees, but failed to recover salaries of Rs 69.909 million paid, in violation of above rules.

Audit is of the view that due to failure of management to safeguard public interest on account of recoverable amount of salaries paid to the fraudulent candidates.

Violation of prescribed rules was due to weak internal control system.

The matter was reported to the management during December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on management for its inaction against person(s) appointed on fake degrees, under intimation to audit.

[AIR Para: 1]

1.2.3.9 Non-Recovery of Mobilization Advance and Interest Rs 45.278 Million

As per Serial No. 2(B)(IV) of Procurement Regulation (Works) by SPPRA, Advance Payments: “Contractor shall pay interest on the mobilization advance at the rate of 10% per annum on the advance as prescribed in Sindh Financial Rules. The rates may vary and are subject to change from time to time as per instructions issued by the Government”.

Following offices failed to recover mobilization advance and interest amounting to Rs 45.278 million from contractors on account of mobilization advance, in violation of above rules. Details are as under:

[Rupees in Million]			
Sr.	Name of Offices	Description	Amount
1	Executive Engineer, Canal Maintenance Division (Civil) under ADP/PSDP Schemes	Interest on mobilization advance	2.680
2	Project Director, S-III Project	-do-	37.733
3	DG, Sehwan Development Authority	Mobilization advance	4.865
Total			45.278

Audit is of the view that non-recovery of mobilization advance/interest on mobilization advances resulted into loss to public exchequer and weak financial management.

Deviation from prescribed rule resulted into undue favor to contractor and weak internal controls.

The matter was reported to the managements during September to December 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing the responsibility for non-recovery of mobilization advance/interest on mobilization advances. Besides, the same may be recovered, under intimation to audit.

[AIR Paras: 14, 4, 15]

1.2.3.10 Non-Recovery of House Rent, Maintenance Charges and Electric Charges - Rs 27.475 Million

According to para 07 of Finance Division Office O.M No.F.1/7/IMP-II/87, dated 01.07.1987, “All employees not provided with Government accommodation shall continue to be entitled to house rent allowance at 45% of the minimum of the relevant basic pay scales”.

Further, as per Para 09 of GOP, Finance Division (regulation wing) O.M No.F.1(5) IMP/2011-419, dated 04.07.2011, “All special pay, special allowances or allowances admissible as percentage of pay (excluding those which are capped by fixing maximum limit) including House rent allowance and the allowances / special allowances equal to one month basic pay granted to Federal Government /FBR/ Police employees irrespective of his / her posting in ministry /division / department / FBR including civil employees in BPS 1-22 of Judiciary shall stand frozen at level of its admissibility as on 30-06-2011”.

Various formations working under LGD and KW&SB, failed to recover house rent allowance & maintenance charges/electric charges as per rules from the staff availing/allotted Government accommodation amounting to Rs 27.475 million, in violation of above rules. Details are as under:

[Rupees in Million]

Department	Year	Name of Formation	AIR Para	Amount
LGD	2009-16	D.G. Sindh Building Control Authority	4	24.940
	2015-16	M.D, WASA (HDA)	10	0.431
			11	0.288
KW&SB	2015-16	RE, Pipri	08	1.585
	2015-16	Chief Engineer, E&M	05	0.150
	2015-16	Chairman Secretariat	1	0.081
TOTAL				27.475

Audit is of the view that non-recovery of house rent allowance, electric charges and maintenance charges, as per rules resulted into loss to public exchequer and weak financial management.

Less recovery of house rent allowance & electric charges resulted into weak internal control system.

The matter was reported to the management during September to December 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on the managements for non-recovery of house rent allowance and electric charges as per rules. Besides, loss to public exchequer may be recovered, under intimation to audit.

[AIR Paras: 4, 10, 11, 8, 5, 1]

1.2.3.11 Less Recovery of Commercial Charges from Sponsors of Housing Schemes – Rs 13.890 Million

As per Notification No.SO (L&C)/HTP/5-291/2009 amended dated 11-07-2012, the scrutiny fee / charges for layout plan shall be Rs 300 per Sq Yd for commercial plots”.

Regional Director, Town Planning (SBCA) Hyderabad, during financial years 2013-16, had performed the scrutiny of layout plan of commercial plots and had charged commercial fee @ Rs 85 per sq yd instead of the approved rate of Rs 300 sq yd, hence, causing a loss to national exchequer to the tune of Rs 13.89 million by converting 64,620 square yard of land into commercial plots, in violation of above notification.

Audit is of the view that management failed to recover the amount as per approved from the owners / sponsors.

Deviation from prescribed rules instruction resulted into weak internal control system which constituted weak financial management.

The matter was reported to the management during December 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on management for violating clear and explicit provision of SBCA Ordinance 1979.

[AIR Para: 7]

1.2.3.12 Non-Recovery of Conveyance Allowance - Rs 10.126 Million

According to Rule 13.5 of DDO handbook, “No conveyance allowance is allowed to the employees, who are entitled to draw the same due to their posting in big cities, while on leave of any kind, except casual leave.”

Further, according to letter No.F.1 (1) Imp/2008 dated 30-06-2008 (7) (b), “Conveyance allowance shall be admissible to officers who are not sanctioned official vehicle”.

Different formations, working under SLG and KMC, during financial year 2015-16, paid conveyance allowance amounting to Rs 10.126 million during leave period. Moreover, conveyance allowance was also paid to officials, who were allotted official vehicles, in violation of above rules. Details are as under:

[Rupees in Million]

Department	Year	Name of Formation	AIR Para	Particulars	Amount
SLGD	2009-16	D.G. Sindh Building Control Authority	20	Conveyance Allowance paid despite having official vehicles	0.185
KMC	2015-16	Director, Media Management	9	Excess conveyance allowance paid	0.190
		Karachi Medical & Dental College	7	Conveyance paid during leaves	9.552
		Chief City Wardens	3		0.199
TOTAL					10.126

Audit is of the view that payment of conveyance allowance during leave and to those officials, who were allotted official vehicles, resulted into undue favor to employees and weak financial management.

Deviation from prescribed was due to weak internal control system.

The matter was reported to the management during September-November, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on management on account of unauthorized payment of conveyance allowance. Besides, recovery may be effected under intimation to audit.

[AIR Paras: 20, 9, 7, 3]

1.2.3.13 Irregular Payment of Leave Encashment - Rs 2.754 Million

As per Rule 18-A of Revised Leave Rules 1980, duly adopted by GoS, “A civil servant may fifteen month before the date of superannuation or thirty years qualifying service on or after the 1st July, 1983, at his option, be allowed to en-cash his leave

preparatory to retirement if he undertakes in writing to perform duty in lieu of the whole period of three hundred and sixty five days or lesser period which is due and admissible”.

Various formations working under KW&SB, paid an amount of Rs 2.754 million, during financial year 2015-16, to officials on account of leave encashment on yearly basis, in violation of the above rule. Details are as under:

[Rupees in Million]		
Sr.	Name of Formation	Amount
1	RE, Pipri	2.288
2	DMD Finance	0.466
Total		2.754

Audit is of the view that undue benefit was extended to employees on account of leave encashment on yearly basis. Violation of prescribed rule constituted weak financial management.

Deviation from prescribed rules & procedures constituted weak internal control system.

The matter was reported to the management during September to December 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on managements for unauthorized payments on account of leave encashment, besides, the practice may be discontinued in future.

[AIR Paras: 1, 2]

1.2.3.14 Non-Charging of Stamp Duty on Contractors - Rs 2.404 Million

According to Stamp Act, 1899, Article-15(b), amended time to time, “Purchase Order” that is to say, to supply or to undertake cortege of stores and material, proper stamp duty is thirty five paisa for every hundred rupees or part thereof the amount of the purchase order.

The management of Reserve Osmosis Water Desalination Plants Keamari & Lyari, KW&SB, during financial year 2015-16, awarded work worth Rs 868.100 million but failed to impose/ receive stamp duty on prescribed rates, resultantly Government sustained loss amounting to Rs 2.404 million, in violation of rules. Details are as under:

[Rupees in Million]

Bill No. & date	Particular	Contractor	Cost	S. Duty affixed	Less S. Duty
Nil	Operation & Maintenance of Reverse Osmosis Water Desalination Plants at Keamari and Lyari Towns	M/s Pak Oasis Industries Ltd	868.100	0.200	2.404

Audit is of the view that undue favor was extended by management resulted into loss to Government and weak financial management.

Deviation from prescribed rule was due to weak internal control system.

The matter was reported to the managements during September to December 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility upon the person(s) at fault. Beside same be recovered under intimation to audit.

[AIR Para: 5]

1.2.3.15 Unauthorized Allowances Paid to KDA staff - Rs 0.906 Million

As per Rule 4.3 of DDO Handbook, “Generally public moneys should not be utilized for the benefit of a particular person or section of the community. The amount of allowances should be so regulated that it is not, on the whole, a source of profit to the recipients.”

Further, according to para 188 of Sindh Financial Rules Volume-1, “No payment should be made without the budget provision or prior permission be obtained from Finance department in order to incur such expenditure”.

Director, Recoveries Department, KDA, Karachi, during financial years 2011 to 2015, incurred expenditure amounting to Rs 0.906 million on account of Special Audit Allowance, Technical Allowance and Integrated Allowances in the monthly salaries of the staff without any justification, in violation of rules. Details are as under:

[Amount in Rupees]

Sr.	Allowance	Monthly Expenditure	Annual Expenditure	Expenditure F.Ys 2011-15
1	Special Audit Allowance	11,854	142,248	568,992
2	Technical Allowance	1,020	12,240	48,960
3	Integrated Allowance	6,000	72,000	288,000
Total		18,874	226,488	905,952
Total in Million		0.019	0.226	0.906

Non-observance of Government rules & procedures while making payments of allowances in monthly salaries to the staff reflected weak internal control system in the department.

The matter was reported to the management during December 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on account of unauthorized payment of allowances to the staff. Besides, same may be recovered under intimation to audit.

[AIR Para: 8]

B. Violation of Rules

1.2.3.16 Non-Revision of PC-I - Rs 9,421.000 Million

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

Sr.	Competent Forum	Cost of Scheme up to
1	District Development Working Committee (DDWC)	Rs. 20 million
2	Departmental Development Working Party (DDWP)	Rs. 40 million
3	Provincial Development Working Party (PDWP)	Rs. Five billion
4	Central Development Working Party (CDWP)	Rs. One billion
5	Executive Committee of the National Economic Council (ECNEC). After clearance from CDWP	Above Rs. One billion

Further, according to SPPRA Rule 11.1.3, “administrative approval of PC-I of the scheme is required to be revised when expenditure excess 15% of total cost”.

Moreover, according to rule 3.4 of planning commission’s manual for development projects, “PC-11 to PC 1V are required to be prepared in large development projects”.

PD, Shaheed Muhtarman Benazir Bhutto Township working under LGD, executed project costing Rs 5,000 million without PC-II and cost was escalated to Rs 9,421 million. The management failed to get PC-I revised from Planning Commission

and to obtain technical and administrative approval from the competent forum i.e. the Planning Commission, in violation of above rules.

Audit is of the view that management did not observe the prescribed procedure laid down for the financial discipline in the department that resulted into financial mismanagement.

Non-observance of prescribed procedure was due to weak internal control system.

The matter was reported to the management during December 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility for not obtaining revised technical and administrative approval from the competent forum, under intimation to audit.

[AIR Paras: 12, 4]

1.2.3.17 Non-Completion of Lyari Expressway Resettlement Project Rs 5,849.000 Million

As per Rule 2.4.1 of Planning Commission Manual, “For sustainability, all the cost and benefits under varying conditions are vetted properly and project guarantees acceptable level of financial and economic return”.

As per original PC-1, Lyari Expressway Resettlement Project was approved on 23-04-2002 by ECNEC. The project was to be completed in 36 months with an estimated cost of Rs 2,871.652 million. However, even after (10) additional years and consuming additional funds of Rs 5,848.728 million, the project is still incomplete. Moreover, during the proceedings of Sindh High Court regarding inordinate delay in completion of project, the Secretary, Finance, GoS, had admitted gross irregularities in expenditure, in violation of above rule.

Audit is of the view that the non-completion of the project resulted into excess expenditure of Rs 5,848.728 million. Deviation from prescribed rules resulted into weak internal controls.

The matter was reported to the management during December 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on person (s) at fault for delay in completion of project. Besides, all out efforts be taken to complete the project, under intimation to audit.

[AIR Para: 5]

1.2.3.18 Un-Authorized Approval of Development Schemes Rs 4,322.188 Million

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

Sr.	Competent Forum	Cost of Scheme up to
1	District Development Working Committee (DDWC)	Rs 20 million
2	Departmental Development Working Party (DDWP)	Rs 40 million
3	Provincial Development Working Party (PDWP)	Rs Five billion
4	Central Development Working Party (CDWP)	Rs One billion
5	Executive Committee of the National Economic Council (ECNEC). After clearance from CDWP	Above Rs One billion

Director General, Technical Services, KMC, Karachi approved 07 development schemes costing Rs 4,322.188 million, during financial year 2015-16, without referring to the competent forum, i.e, Provincial Development Working Party (PDWP), in violation of above rule.

Audit is of the view that approval of the development schemes by Administrator resulted into weak financial management.

Deviation from prescribed rule resulted into non-observance of delegated financial powers and weak internal controls.

The matter was reported to the management during December, 2016 but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on official(s) at fault for non-obtaining approval of development schemes from competent authority, under, intimation to audit.

[AIR Para: 6]

1.2.3.19 Unauthorized Appointments - Rs 2,450.614 Million

As per Notification issued from Local Government Department, Government of Sindh vide No.SOA/(LG)1(27)/2011 dated 6-6-2011, no appointment in any grade shall be made henceforth without consolidated advertisement and fresh Approval of the Government. Earlier notification issued in this regard may be treated cancelled / withdrawn.

Further, as per Para 1 (1) of the Law Department, Government of Sindh Notification No.S.GENL:5-217/78 (N) 33 dated 26-07-1980, “Whenever any vacancy in the legal Adviser’s post is required to be filled, the concerned Department/Council or organization shall send such requisition to the Law Department specifying therein the relevant data as to nature of assignment, financial and other fringe benefits it carries and the tenure for which the appointment is to be made” and in continuation of above letter No.S.GENL:5-22/2011/712 dated 18-04-2011.

Moreover, according to Rule-59 of SPPRA 2010, “Small consultancies are consultancies with a value under Rs 0.5 million for Individual Consultants and Rs 2.0 million for Consulting Firms. The duration of an assignment for an individual consultant shall not exceed six months. According to SPPRA 2010, Rule-61 “The selection shall be guided by the following considerations: (1) Best quality of services available; (2) Need for economy and efficiency;(3) Need to give all qualified consultants an equal opportunity to compete; (4) Encouragement of local consultants without any unfair competitive advantage;(5) Transparency in the selection process

Various formations under LGD & KMC, made 3,413 appointments, during financial years 2009-16, without going through prescribed procedures for appointment and making unauthorized payment of salaries amounting to Rs 2,454.399 million, in violation of the above rules. Details are provided at Annex-SLG11.

Moreover, Director General, SBCA, Karachi, during financial years 2009-16, appointed 04 overage candidates without age relaxation certificate from the competent authority and fulfillment of other codal formalities, in violation of above rule.

Audit is of the view that irregular appointments were made in violation of the above rules.

Violation from prescribed rules was due to weak internal control.

The matter was reported to the management during September to December 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on managements for irregular appointments and expenditure on employees’ salaries, under intimation to audit.

[AIR Paras: 2, 3, 11, 7, 8, 9, 11, 12, 5, 8, 5, 4, 22, 8+11, 9]

1.2.3.20 Non-Payment of Pensions and Salaries– Rs 2,361.633 Million

As per Para 289 of Treasury Rules (TR) Vol-I & II , “all charges incurred must be paid and drawn at once and under no circumstances may be allowed to stand over to be paid from grant of another financial year.

Further, as per FD, GoS O.M No.FD/B&E –I/51/2007 dated 02-07-2007, “liability of previous years shall not be allowed to be cleared unless concurrence is given by Finance Department (FD)”.

Various formations working under LGD and KMC, did not paid Pension emoluments and Salaries of Employees on time and created liabilities worth Rs 2,361.633 million, during financial year 2015-16, in violation of the above rules. Details are as under:

[Rupees in Million]

Department	Year	Name of Formation	AIR Para	Amount
LGD	2015-16	Secretary Local Govt: Board	13	156.443
	2014-16	DG Sehwan Development Authority	10	200.000
KMC	2015-16	Senior Director Finance/Financial Advisor, KMC	09	2005.190
TOTAL				2361.633

Audit is of the view that non-payment of salaries, pension and commutation and creation of liabilities was due to weak financial management.

Deviation from prescribed rules was due to weak internal control system.

The matter was reported to the management during September to December 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on managements

[AIR Paras: 13, 10, 09]

1.2.3.21 Non-Maintenance of Cash Book - Rs 1,109.966 Million

According to Rule-65(1) of Local Government Accounts Manual, “After the several subsidiary registers have been written up and completed in respect cash and transfer items, the daily total of each register shall be carried out into the cash book”.

Further, as per Rule 34 (b) of SFR Vol-I, “The cash book should be closed and balanced each day and the balance of each column at the end of the month, should be verified with balance of cash in hand and a certificate to that effect recorded in the cash book under the signature of the Government servant responsible for the money”.

Various formations working under LGD, KMC & KW&SB, incurred expenditure amounting to Rs 1,109.966 million, during financial year 2015-16, but failed to maintain Cash Book, in violation of above rules. Details are provided at Annex-SLG12.

Audit is of the view that due to non-maintenance of Cash Book, audit did not verify the authenticity of expenditure.

Violation from prescribed rule was due to weak internal controls.

The matter was reported to the management during September to December 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility for incurring expenditure without maintenance of Cash Book.

[AIR Paras: 14, 5, 11, 6, 3, 8, 15, 2, 9, 1]

1.2.3.22 Procurement in Violation of SPPRA Rules Rs 813.904 Million

According to Rule 10 of SPPRA 2010, “The procuring agency shall, immediately upon award of contract, make the evaluation report of the bid, and the contract agreement to public through hoisting on the Authority’s website as well as on procuring agency’s website, if the procuring agency has such a website.”

Various formations working under LGD and KMC awarded different works costing 463.977 million through notice inviting tender (NIT), during financial year 2015-16, but did not hoist bid evaluation reports on the SPPRA website, in violation of above rule. Details are as under:

[Rupees in Million]

Year	Name of Formation	AIR Para	No. of works	Amount
2015-16	PD Housing II, HDA	1	04	61.174
2015-16	PD Shaheed Muhtarma Benazir Bhutto Township	3	19	303.250
2015-16	Director Safari Park/Aladin Park	2	02	52.670
2015-16	Director Charged Parking	2	40	41.883
2015-16	KM&DC	3	05	5.000
Total				463.977

Further, the formations under LGD and KMC during financial year 2015-16 uploaded their tenders on SPPRA website; however, due to certain deficiencies the SPPRA withheld the IDs / NITs. The managements were required to remove the deficiencies and to get ID released. However, the managements awarded the works costing Rs 349.927 million, in violation of above rules. Details are as follows:

[Rupees in Million]

Sr.	Name of Formation	AIR Para	Amount
1	PD Shaheed Muhtarma Benazir Bhutto Township	1	314.927
2	DG SBCA	10	0
3	Senior Director Information Technology, KMC	3	35.00
Total			349.927

Audit is of the view that violation of SPPRA rule resulted into non-transparency in award of contracts.

Violation of prescribed rule was due to weak internal controls.

The matter was reported to the management during September to December 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on managements for non-hoisting of evaluation reports on SPPRA website, under intimation to audit.

[AIR Paras: 1, 3, 2, 2, 3, 1, 10, 3]

1.2.3.23 Irregular Execution of Work Beyond 15% of Estimates Rs 697.290 Million

According to Rule 16 (e) of SPPR 2010, Alternate Methods of Procurements: Repeat Orders means procurement of additional quantities of the item(s) from the original contractor or supplier, where, after the items originally envisaged for the project or scheme have been procured through open competitive bidding, and such additional

quantities of the same item(s) of goods or works are needed to meet the requirements of the project or scheme; Provided that;

- (i) The cost of additional quantities of item(s) shall not exceed 15% of the original contract amount;

Director General, Technical Services and Parks & Horticulture, KMC, allowed additional quantities of various works over and above the original contract amount beyond permissible limit of 15%, amounting to Rs. 697.290 million, during financial year 2015-16, in violation of rule. Details are as under:

[Rupees in Million]			
Sr.	Name of Formation	AIR Para	Amount
1	D.G Technical Services	05	285.083
2	D.G Technical Services	08	402.765
3	D.G Technical Services	11	2.795
4	D.G Parks & Horticulture	07	6.647
Total			697.290

Audit is of the view that authorization of additional quantities to execute beyond permissible limit of 15% of the original contract amount resulted into weak financial management.

Deviation of prescribed rules of SPPRA resulted into weak internal control.

The matter was reported to the management during September-November, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends that irregular additional quantities executed beyond permissible limit may be justified and responsibility be fixed on person(s) at fault, under intimation to audit.

[AIR Paras: 5, 8, 11, 7]

1.2.3.24 Non-Reconciliation of Revenue Collection - Rs 691.958 Million

As per Section 100 of the Sindh Budget Manual, “The consolidated accounts of the controlling officer have as pointed out in the paragraph 98, to be reconciled monthly with the accounts of comptroller. The object of this procedure is to ensure the accuracy of departmental control really effective and to prevent classification or other errors in account”.

According to Rule-83 of Part-XIII of the Sindh District Government & Taluka /Town Municipal Administration (Budget) Rules 2002, “(1) the controlling officers shall reconcile his figures with the record maintained by the Accounts officer by the 10th day of the month following the month to which the statement relates. (2) In order to enable the Head of offices concerned to verify whether the amounts shown as realized in the statements have actually been realized and credited to the proper head of account, the Accounts Officer concerned shall provide the Head of Offices with statements confirming the actual amounts credited under the relevant receipt heads”.

Various formations working under LGD, KMC and KW&SB, during financial year 2015-16, collected an amount of Rs 691.958 million in respect of various receipts but failed to reconcile the same with Treasury / Finance Department, thus, rendering the authenticity of financial transactions as doubtful, in violation of above rules. Details are as under:

[Rupees in Million]			
S. No.	Name of Formation	AIR Para	Amount
1	Director, Planning & Development Control (HDA)	3	138.617
2	Incharge Hydrant Services & Tanker Operation	3	233.010
3	MS Sobhraj Maternity Hospital, KMC	5	0.968
4	Executive Director, Karachi Institute of Heart Diseases	4	47.958
5	MS Gizri Maternity Home & Hospital	6	2.292
6	Director Estate , KMC	5	99.733
7	PD, Lines Area, Karachi	4	38.576
8	Director, Land Enforcement	7	130.804
Total			691.958

Audit is of the view that due to non-reconciliation of collection/receipts resulted into non-authentication of receipts and weak financial management.

Non-observance of prescribed procedure resulted into weak internal control system.

The matter was reported to the management during September to December 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends that collection may be reconciled the same with Treasury / Finance Department, under intimation to audit.

[AIR Paras: 3, 3, 5, 4, 6, 5, 4, 7]

1.2.3.25 Unauthorized Payments on Blank Agreements - Rs 690.234 Million

According to Para 89(c) of CPWD Code, “The agreement with the contractors selected must be in writing and should be precisely and definitely expressed; it should state the quantity and quality of the work to be done, the specifications to be complied with, the time within which the work is to be completed”.

Various formations working under LGD and KMC, during financial years 2011-16, paid an amount of Rs 690.234 million to various contractors on blank agreements of 34 works, in violation of the above rule. Details are as under:

[Rupees in Million]			
Sr.	Name of Formation	No. of Works	Amount
1	D.G Rural Development Department	23	265.415
2	P.D. Housing-I, HDA	4	107.700
3	Chief Medical Officer, KDA	7	317.119
TOTAL			690.234

Audit is of the view that management misused its authority at the cost of public interest and Government interest was not safeguard. Violation of prescribed rules was due to weak internal controls.

The matter was reported to the management during September to December 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility for execution of schemes and making payments without execution of contract agreement, under intimation to audit.

[AIR Paras: 1, 5, 4]

1.2.3.26 Undue Favor to Contractors Due to Non/Less Obtaining of Bid Security - Rs 417.843 Million

According to Rule 37 (1) of SPPRA 2010, “the procuring agency shall require the bidders to furnish a bid security not below one percent and not exceeding five percent of the bid price, which shall remain valid for a period of 28 days beyond the validity period for bids, in order to provide the procuring agency reasonable time to act, if the security is to be called”.

Following formations working under LGD, KMC & KW&SB, during financial year 2015-16, awarded various works to contractors without obtaining bid security/bank guarantee worth Rs 417.843 million, in violation of above rule. Details are as under:

[Rupees in Million]

Year	Name of Formation	AIR Para	Amount	Remarks
2015-16	DG Rural Development Department	8	203.915	Less bid security
2015-16	DG, Technical Services	14	183.849	Bid security
	DG, Parks & Horticulture	11	3.19	Less bank guarantee
	Solid Waste Management	7	10.343	Bank Guarantee
	Medical & Health Services	7	15.506	Bank Guarantee
2015-16	Executive Engineer, Canal Maintenance Division (Civil) under ADP/PSDP Schemes	02	0.700	Bid Security
		07	0.340	
TOTAL			417.843	

Audit is of the view that bid security was mandatory for participating in contract and any contract could not be awarded without depositing bid security but management failed to observe SPPRA Rules-2010 in letter & spirit resulted into weak administrative & financial management.

Deviation from SPPRA Rules-2010 resulted into weak internal control system.

The matter was reported to the management during September to December 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility for willful deviation from SPPRA rules, under intimation to audit.

[AIR Paras: 8, 14, 11, 7, 7, 2, 7]

1.2.3.27 Non-Imposition of Penalty - Rs 219.081 Million

As per Clause 2 of the Contract Agreement, “Quantity of work is to be done within the particular time as specified and within the proportionate time, such as 1/4th of work in 1/4th of the time, and contractor will abide by the program of detailed progress laid down by the executive engineer. In the event of the contractor failing to comply with this condition, he shall be liable to pay as compensation not exceeding 10% of the estimated cost of the work as shown in the tender”.

Further, as per Chief Engineer, Highways Sindh, Hyderabad’s circular No. PA/CE(R)/116 dated 21-02-1976, “The Executive Engineer is not competent to grant extensions to the contractors for delay in completion of works without imposing penalty”.

Various formations working under LGD & KW&SB, awarded different works to contractors, during financial year 2015-16, but they failed to complete the same works

within stipulated time period, but penalty of Rs 219.081 million @10% was not imposed on contractors, in violation of rules. Details are as follows:

[Rupees in Million]				
S. No.	Name of Formation	AIR Para	No. of works	Amount
1	DG Rural Development Department	16	15	145.722
2	PD (Housing -I) HDA	4	2	8.338
3	PD (Housing -II) HDA	2	3	2.689
4	PD Shaheed Mohtarma Benazir Bhutto Township	2	3	21.509
5	Project Director, S-III Project	8	2	40.823
Total				219.081

Audit is of the view that undue favor was extended to the contractors resulted into weak administrative & financial management.

Deviation from prescribed procedure rules resulted into weak internal control system.

The matter was reported to the management during September to December 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on account of non-imposing penalty on contractors. Besides, the same may be recovered under intimation to audit.

[AIR Paras: 16, 4, 2, 2, 11, 8]

1.2.3.28 Award of Works without Open Tenders - Rs 193.950 Million

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

Further, Rules (11)(1), *ibid*, “All procuring agencies shall devise a mechanism for planning in detail for all proposed procurements, determining the requirement of the procuring agency, within its available resources, and prepare an annual or a longer term rolling plan, detailing the procurement methods applicable for specific procurements (12)(1) all proposed procurements for each financial year and shall proceed accordingly without any splitting or regrouping”.

Various formations working under LGD (PD Housing-I, HDA) & KMC, incurred expenditure of Rs 193.950 million without calling open tender, during financial year 2015-16, in violation of above rules. Details are as under:

[Rupees in Million]

Department	Year	Name of Formation	AIR Para	Amount
LGD	2015-16	PD Housing-I, HDA	3	82.124
KMC	2015-16	Director General, Technical Services	4	106.48
	2015-16	Karachi Institute of Heart Disease	9	3.879
	2015-16	Senior Director Finance/Financial Advisor	2	1.467
TOTAL				193.950

Audit is of the view that managements did not invite tenders which resulted in award of contracts in a non-transparent manner. Violation from prescribed rules resulted into unauthorized expenditure and was due to weak internal controls.

The matter was reported to the managements during September to December 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on managements on account of procurements/execution of works without tenders under intimation to audit.

[AIR Paras: 3, 4, 9, 2]

1.2.3.29 Acquisition of Land at Exorbitant Rates – Rs 179.072 Million

According to Rule 110(iii) of Sindh Financial Rules, Volume-I, “(land acquired by negotiation) the Officer who settles the price should draw up Form-A in Appendix 5 Prescribed for use in the case of an award and this should be made the basis of subsequent payment”.

Further, according to Sub Section (2) of Section 4 of the Sindh Financial Management and Accountability Act, 2011, “The rules shall be consistent with the following principles:-

- a) All financial transactions shall be duly authorized;
- b) All financial transactions shall be recorded promptly, clearly, accurately, logically and coherently.

Project Director, Lyari Expressway Resettlement Project (PD, LERP), Karachi, during financial years 2012-15, acquired land and audit noticed the following irregularities in the acquisition of land:

- i) No substantial / tenable evidence was provided to the audit to support the fair value of land acquired
- ii) Copies of Lease documents of land acquired was not found attached with the payment documents
- iii) Assessment Report of Chief Engineer of KMC to assess the value of construction was also not found

In addition to above irregularities, audit also observed that same payment was made to the occupants of leased and un-leased land. Furthermore, since amount of compensation paid was not for the cost of land but was assessed and valued on construction only, hence, the amount paid to the occupants on account of construction is treated as exorbitant and over-valued.

[Rupees in Million]

Sr.	Area Acquired (Sq.Yds)	Rate (Rs/Sq.Yds)	Amount	Land Acquisition Officer	Remarks
1	4,157	13,000	98,351,828	D.C. Central, Karachi	49 constructed houses, Liaquatabad "A" area
2	1,551	6,000	24,416,679	-do-	27 constructed houses, Angara Goth area
3	471	13,000	11,350,356	-do-	02 constructed houses, Lalukhet, Liaquatabad area
4	711	10,000	27,972,300	A.C Nazimabad, Karachi	09 constructed houses, Qureshi Cooperative Society, Gulbahar
5	990	10,000	16,981,200	-do-	11 open plots, Qureshi Cooperative Society, Gulbahar
Total	7,880		179,072,363		
Total in Million			179.072		

Audit is of the view that due to acquisitions of land on exorbitant rates Government sustained loss which resulted into weak financial management.

Deviation from prescribed rules was due to weak internal control system.

The matter was reported to the management during September to December 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit desires that the departmental point of view on the above irregularity as observed be explained along with supporting documents.

[AIR Para: 10]

1.2.3.30 Unauthorized Clearance of Liabilities - Rs 168.496 Million

As per Para 289 of Treasury Rules (TR) Vol-I & II, “all charges incurred must be paid and drawn at once and under no circumstances may be allowed to stand over to be paid from grant of another financial year.

Further, as per FD, GoS O.M No.FD/B&E –I/51/2007 dated 02-07-2007, “liability of previous years shall not be allowed to be cleared unless concurrence is given by Finance Department (FD)”.

Following formations under LGD & KMC, during financial year 2015-16, incurred expenditure amounting to Rs 168.496 million on account of clearance of liabilities of previous years from the budget grant of current financial year without concurrence/approval from Finance Department, in violation of above rules. Details are as under:

[Rupees in Million]				
S. No.	Year	Name of Formation	AIR Para	Amount
1	2015-16	Director General Lyari Development Authority	02	5.256
2	2015-16	Director General (Parks & Horticulture)	08	58.857
3	2015-16	Director, Media Management	04	13.964
4	2011-15	Chief Medical Officer, KDA	9	90.419
TOTAL				168.496

Audit is of the view that management failed to observe procedures of financial discipline which constituted weak financial management.

Deviation from prescribed rules & procedures constituted weak internal control system.

The matter was reported to management during August to December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility for payment of liabilities without concurrence of Finance Department, under intimation to audit.

[AIR Paras: 2, 8, 4, 9]

1.2.3.31 Award of Work by Transgression of Financial Power - Rs 163.076 Million

As per Director General (Technical) Local Government Department, Government of Sindh Hyderabad letter No. DB/ 329/ 2005 Hyderabad Dated 16-08-2005, officers of grade-18 and above have the powers as under:

Sr.	Category	Delegated Financial Power
1	Assistant Engineer/ TO (I&S) (BPS-17)	No Power
2	Executive Engineer/ TO (I&S) (BPS-18)	The work having A.A cost of Rs. 0.6 million
3	Superintending Engineer (BPS-19)	The work having A.A cost of Rs. 3.00 million
4	Director General/ Chief Engineer (BPS-20)	Full Powers

Director, Solid Waste Management, KMC, during financial years 2013-14, obtained technical sanction of two schemes worth Rs 163.076 million from Executive Engineer beyond his delegated financial powers, in violation of above rule. Detail is as under:

[Rupees in Million]

W. O No.	Date	Name of Work	M/S	Addendum Work Order (for another 12 months)	Amount of Technical Sanction
582	06/08/2013	Operation and Maintenance of landfill site Deh, Jam Chakro, Surjani Town, Karachi	M/S Astro Tech International	12/12-01-2015	97,969,515
583	06/08/2013	Operation and Maintenance of landfill site Deh, Gond Pass, Hub river road, Karachi	M/S Sanco Technologies	11/12-01-2015	65,106,944
Total					163,076,459
Total in Million					163.076

Audit is of the view that the technical sanction obtained from officer without delegation of powers was unauthorized which constituted weak financial management.

Non observance of prescribed procedure constituted weak internal control

The matter was reported to the management during November 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility for not obtaining technical sanction from competent authority and the same may be regularized, under intimation to audit.

[AIR Para: 2]

1.2.3.32 Payment of Utility Allowance – Rs 141.704 Million

According to FD/(SR-III)5-145/2012 dated 26-02-2015, “the benefit of Utility Allowance is extended to all regular employees of Secretariat side, who are posted by SGA&CD in CM’s Inspection, Enquiries & Implementation Team.”

Director General, SBCA and SLGB Karachi, paid an amount of Rs 141.704 million as utility allowance, during financial years 2009-2016, to its staff who were serving other than Secretariat, in violation of above rule. Details are as under:

[Rupees in Million]				
S. No.	Year	Name of Formation	AIR Para	Amount
1	2015-16	Secretary, Local Government Board, Sindh	2	44.992
2	2009-16	Director General, SBCA, Karachi	6	96.712
TOTAL				141.704

Audit is of the view that expenditure incurred on Utility Allowance beyond entitlement constituted weak financial management.

Payment of utility allowance without any legal justification was due to weak internal controls.

The matter was reported to the management during September to December 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility for payment of utility allowance without entitlement and justification. Besides, recover the amount, under intimation to audit.

[AIR Paras: 2, 6]

1.2.3.33 Irregular Mutation without Maintaining Land Register Rs. 127.519 Million

As per Section 26 (Mutation of Names) of The Sindh People’s Local Councils (Land) Rules, 1975, “The Council shall keep land register showing the names of the lessees, transferees or other persons who may acquire any right over the land or plot under these rules”.

Director Land Management-II, KMC, Karachi, during financial year 2014-15, collected an amount of Rs 127.519 million as Mutation Fee & Land Rent on account of Transfers of Land/Plots but the department failed to produce duly maintained and updated “Land Register”, without maintaining the names of original allottee and

acknowledgement of transferee in accordance with provision of land register, in violation of above rule.

[Rupees in Million]

S. No	Head	Amount
1	Transfer Fee (Mutation)	65.887
2	Land Rent	61.632
Total		127.519

Transfer of Lands (Mutations) & Land Rent without first verifying the original owner from the KMC record i.e. from the Land Register is a serious irregularity and chances of fraudulent transfer of lands cannot be ruled out.

This shows weak internal control on part of the management and Government may sustain losses on account of litigations and court cases from the genuine owners of the land.

The matter was reported to the management during December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends that relevant record be maintained and produced to audit for verification.

[AIR Para: 4]

1.2.3.34 Irregular Award of Works- Rs 124.113 Million

According to Rule-50 of SPPRA 2010, “Within seven days of the award of contract procuring agency shall publish on the website of the Authority and on its own website, if such a website exists, the results of the bidding process, identifying the bid through procurement identifying number, if any, and the following information”.

As per SPPRA Notification No. Dir (A&F)/SPPRA/1-3(GEN)/13-14/087 dated 03-07-2013 “IDs of the NIT/EOI are released after receipt of the Bid Evaluation Report in terms of Rule-45 of SPP Rules, 2010. (2). SPPRA will release ‘SPPRA-ID’ to the procuring agencies (PAs), once PAs submit the following documents, complete in all respect, as required under the rules: -

- i. Annual Procurement Plan as required under Rule-11 of SPP Rules, 2010;
- ii. Notice Inviting Tender, Expression of Interest (EOI) and Pre-qualification Notice (Requirement of Rule 17);

- iii. Bid Evaluation Reports (Prescribed by Rule 45);
- iv. Contract Evaluation Form along with Letter of Award, Form of Contract (Agreement) and Bill of Quantities (Requirement of Rule 50); and
- v. Integrity Pact (where applicable) (Requirement of Rule 89).

Following formations working under LGD and KMC, during financial year 2015-16, awarded work amounting to Rs 124.113 million to Contractors without fulfillment of following codal formalities:

1. Contract agreements were not executed,
2. Call deposits were not accounted for,
3. Date of measurements were not shown to audit,
4. Integrity pact not executed,
5. Performance security was not obtained,
6. The work awarded before opening date of bids.

[Rupees in Million]

S. No.	Name of Formation	AIR Para	No. of Works	Amount
1	D.G. RDD Hyderabad	10	09	60.696
2	D.G Technical Service KMC	12	01	63.417
TOTAL				124.113

Audit is of the view that management awarded work without fulfillment of codal formalities resulted into non-transparency in the award of work and weak financial management.

Non-observance of prescribed rules and procedures was due to weak internal control system.

The matter was reported to the management during September to December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on account of non-transparency in the award of work due to non-fulfillment of codal formalities, under intimation to audit.

[AIR Paras: 10, 12]

1.2.3.35 Non-Certification of Accounts - Rs 102.930 Million

According to Rule 55(1 to 3) of Larkana Development Authority Act, 1994, "The accounts of Authority and an Agency shall be maintained in such form and in such

manner as may be prescribed. The accounts maintained under sub-section (1) shall be audited by not less than two Chartered Accountants. A statement of accounts duly audited by the auditors under sub-section (2), shall be furnished to Government, as soon as may be, after the end of every financial year”.

Director General’s, Larkana Development Authority & Sehwan Development Authority, incurred expenditure Rs 102.930 million, during financial year 2015-16, but failed to get accounts audited through Chartered Accountants firms, in violation of the above rule. The accounts are incomplete, non-transparent and are not kept in accordance with Generally Accepted Accounting Principle. Details are as follows:

[Rupees in Million]

S. No.	Year	Name of Formation	AIR Para	Amount
1	2015-16	Director General, LDA	1	83.807
2	2014-16	Director General, SDA	6	19.123
Total				102.930

Audit is of the view that management failed to get accounts of the authority audited by the Chartered Accountants firms and gets them certified from DG Audit which resulted into non-authenticity of expenditure incurred from public funds which constituted weak financial management.

Deviation from prescribed rules constituted weak internal control.

The matter was reported to the management during September to December 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility for not getting accounts of the authority audited by Chartered Accountants firms, under intimation to audit.

[AIR Paras: 1, 6]

1.2.3.36 Irregular Expenditure on Account of Secured Advance Rs 97.793 Million

According to SPPRA Procurement Regulations (Works) 9.3, “Payments (2-Advance Payment) Secured Advance on the written request of the contractor whose contract is for finished work is allowed to a contractor on the basis of non-perishable/non-combustible materials brought and properly stocked/stored to site of work. Secured advance as a good practice is avoided/discouraged. However, wherever allowed, it should be strictly in conformity with the rules and procedure in addition to the condition mentioned below:-

(i) on verification and certification of quality, quantity and market rates of the material by the Assistant Engineer/Engineer's representative; (ii) contractor has to furnish the "Indenture Bond" (Annexure I); (iii) secured advance shall be paid to the contractor on the quantities brought and properly stored at site of work. Full quantities of materials for entire work /contract should not be advanced; (iv) recoveries of advances so made should be made from his bills for work done as the materials are used, the necessary deductions be made whenever the items of work in which are used are billed for, or shall be recovered in full within 90 days, even if unutilized".

The Project Director, S-III Project, KW&SB, paid an amount of Rs 97.793 million, during financial year 2015-16, to contractors on account of secured advance without observing codal formalities, in violation of above rules. Following discrepancies noticed;

- i. Request of Contractor for grant of secured advance not provided to audit.
- ii. Nature of materials/items not provided to audit further entries in stock register for which secured advance granted not found.
- iii. Certificate regarding market value of material on which secured advance granted not produced to audit.
- iv. Indenture Bond required from contractor not provided to audit.
- v. Site account was not maintained

Audit is of the view that expenditure on account of secured advance without observing codal formalities resulted into weak financial management.

Non-observance of prescribed rules was due to weak internal control system.

The matter was reported to the managements during September to December 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on person(s) at fault for irregular expenditure on account of secured advances, under intimation to audit.

[AIR Para: 3]

1.2.3.37 Payment of Bills without Pre-Audit – Rs 96.559 Million

As per Sub-Para 32(2) of the Local Government Accounts Manual, "Every bill shall be pre-audited by the Accounts Office. The pre-audit shall ensure that the bill has been sanctioned and that funds are available to make payment. The pre-audit shall also involve scrutinizing the bill to identify possible fraud and irregularities".

Further, as per Rule 111(4) & (5) of Sindh Local Government Act 2013, “the Provincial Director, Local Fund Audit shall pre-audit all the payments from the Local Funds of the Councils and a Council shall not with draw or disburse money from the Local Fund unless it is pre-audited in the prescribed manner”.

Various formations working under SLGB, incurred expenditure of Rs 96.559 million, during financial year 2015-16, on account of payments to contractors without Pre-Audit by the Local Fund Audit, in violation of the above rules. Detail is as under:

[Rupees in Million]			
Sr.	Name of Formation	AIR Para	Amount
1	Secretary Local Government Board	12	68.897
2	PD SMBB Township	13	27.662
Total			96.559

Audit is of the view that payments without pre-audit of bills resulted into non-transparency in public spending and weak financial management.

Deviation from prescribed rules was due to weak internal controls.

The matter was reported to the management during September to December 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility against the official(s) at fault for incurring expenditure without pre-audit, under intimation to audit.

[AIR Paras: 12, 13]

1.2.3.38 Non-Protection of Government Interest by Obtaining Bank Guarantee - Rs 86.810 Million

As per SPPRA 2010, Rule 39(1) Procuring Agency shall, in all procurement of goods, works and services, carried out through open competitive bidding, require security in the form of pay order or demand draft or bank guarantee, an amount sufficient to protect the procuring agency in case of breach of contract by the contractor or supplier or consultant, provided that the amount shall not be more than 10% of contract price;

Project Director, Reverse Osmosis Water Desalination Plants, Lyari & Keamari (KW&SB), during financial year 2015-16, awarded work worth Rs 868.100 million to contractor without obtaining bank guarantee amounting to Rs 86.810 million to protect department from unforeseen losses/breach of contract, in violation of above rules. Detail is as under:

[Rupees in Million]			
Name of work	Contractor	Cost of Work	B. Guarantee 10%
Operation & Maintenance of Reverse Osmosis Water Desalination Plants at Keamari and Lyari Towns	MS Pak Ovais Industries Ltd	868.100	86.810
Total			86.810

Audit is of the view that Government interest was not safeguard and undue favour was given to contractors resulted into non-transparency in the award of contract and weak financial management.

Deviation from prescribed procedure was due to weak internal control system.

The matter was reported to the management during December 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility against person(s) at fault for not safeguarding Government interest by obtaining bank guarantee from contractor, under intimation to audit.

[AIR Para: 6]

1.2.3.39 Unauthorized Advertisements – Rs 63.619 Million

As per Para No. 08 (f) of the Advertisement Policy-2011, “All classified Aids i.e. Notice Inviting Tenders, Gallop Tender Notices, Expression of Interest, Vacancies in Government Departments and such other Ads shall be issued/ released directly to the print media through Information Department, Government of Sindh and not through any Advertising Agency what so ever”.

Further, as per Para No. 09 (iii) of ibid, “If any client Department wants any advertisement agency (ies) for the advertising purpose, it can only recommend and not appoint the same. Eventually, the agency (ies) has to follow the same procedure of observance of all codal formalities. The final decision again rests with Information Department for the purpose”.

Director General, SBCA, Karachi, during financial years 2009-2016, made payment of Rs 63.619 million, directly to advertising agency without approval of Press Information Department, GoS, in violation of above rules.

Audit is of the view that direct release of ads through an advertising agency without approval of Information Department, GoS, resulted into unauthorized expenditure and weak financial management.

Deviation from prescribed rules was due to weak internal control system.

The matter was reported to the management during December 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on official (s) for direct release of ads through an advertising agency without approval of Information Department, GoS, under intimation to audit.

[AIR Para: 27]

1.2.3.40 Undue favour to Contractors on Escalation prices Rs 49.059 Million

As per Clause 70.1 of Part II-B of contract agreement, “the Adjustment in respect of change in cost (escalation in price) shall be determined by adjustment formulas mentioned in this clause and the base cost indices or prices shall be those applying 28 days prior to the latest day for submission of bid & current indices shall be those applying 28 days prior to the last day of the billing period”.

Further, according to Rule-23 of Sindh Financial Rules, “Every Payment including repayment of money previously lodged with Government for whatever purpose must be supported by a voucher setting forth full and clear particulars of the claim”.

Following formations working under KW&SB, paid of Rs 49.059 million during financial year 2015-16, to contractors & consultants due to change in price (escalation in price) in absence of inputs regarding Monthly Statistical Bulletin of Federal Bureau of Statistics in support of base cost indices, in violation of rules. Details are as follows:

[Rupees in Million]			
S. No.	Name of Formation	AIR Para	Amount
1	Project Director, Clifton Pumping Station (Sewerage) KW&SB under ADP/PSDP Schemes	12	5.553
2	Project Director, S-III Project	07	43.505
Total			49.059

Audit is of the view that payment of escalation without following proper procedure resulted into undue favour allowed to contractor and resulted into weak financial management.

Deviation from prescribed procedure rules was due to weak internal control system.

The matter was reported to the managements during September to December 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on management(s) for unauthorized payment of escalation to contractors, under intimation to audit.

[AIR Paras: 12, 7]

1.2.3.41 Award of Contract without Inviting Fresh Auction Rs 45.720 Million

According to Government of Sindh, Local Government Department's Letter NO.SOA/(LG)/I(102)/2010 dated: 24th may, 2012, " Pursuant to the provision of section 45(1) of Sindh Local Government Ordinance, 1979 read with Sindh Council (Contract) Rules, 1980, the following guidelines are prescribed for award of contracts for collection of various fees / rates / levy / taxes during the year 2012-13:

- i) All Local Councils are required to start the process for award of contracts through open auction immediately in light of practice in vague.
- ii) All contracts shall be leased out for one year through public auction which will be visualized under the supervision of auction committee, composition for KMC/DMC/Municipal Corporation is (a) Administrator (Chairman), (b) Municipal Committee (Member), (c) A.O (Member), (d) Director Taxes/TO (Member), (e) Respective DLFA (Member), (f) Director Local Government (Member)."

The Incharge, Hydrant Services/Tanker Operation, KW&SB, lease out right of "Water supplying through tanker at German school, Orangi Hydrant" to M/s Engineering Group of Construction at Rs 45.720 million (@ Rs 80 per 1,000 Gallons) during financial years 2010-11 and continued the same contract upto 2015-16 instead of inviting fresh auction every year as per auction policy, in violation of above rules. Detail is as under:

[Rupees in Million]			
Description of Work	Contractor	Sanction Order	Amount
German school, Orangi Hydrant @Rs.80 per 1,000 Gallons	M/s Engineering Group of Construction	No. EE(H.S)/KW&SB/2011/25 dated 28-06-2011	45.720

Audit is of the view that contractor was provided undue favor resulted into misuse of powers and weak administrative management.

Non-observance of prescribed procedure/policy of Governments resulted into weak internal control system.

The matter was reported to the managements during September to December 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on person(s) at fault for irregular & unjustified award of contract without inviting fresh auction, under intimation to audit.

[AIR Para: 4]

1.2.3.42 Irregular Expenditure on POL due to defective Millage Meter Rs 42.686 Million

As per Rule 20 of the Staff Car Rules 1980, as amended in 2001, duly adopted by GoS, "The log book, History Sheet, and Petrol Account Register shall be maintained for each official vehicle".

Further, according to Rule 88 of Sindh Financial Rules, "Every public officer should exercise the same vigilance in respect of expenditure incurred from Government revenues, as a person of ordinary prudence would exercise in spending his own money".

Senior Director, Municipal Services, KMC incurred expenditure amounting to Rs 42.686 million, during financial year 2015-16, on purchase of POL for firefighting department but the millage meter was shown as defective in the log book in absence which the authenticity of the claim cannot be verified.

Audit is of the view that expenditure incurred on POL without mentioning actual running of vehicle resulted into non-transparency in spending from public funds and weak financial management.

Deviation from prescribed rule resulted into unauthorized expenditure and weak internal control.

The matter was reported to the management during November 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on management at fault and incurring expenditure without justification/authentication, under intimation to audit.

[AIR Para: 15]

1.2.3.43 Expenditure without Revised Technical Sanction Rs 41.630 Million

According to Para 532 of PWD Manual Volume-I, duly adopted by GoS, “A revised estimate must be submitted duly approved by the competent authority when a sanctioned estimate is likely to exceed by more than 5% either due to rate being found insufficient or for any other reason”.

Further, as per SPPRA guidelines 11.2.2, “Revised Technical Sanction (RTS): - Detailed Estimate needs revision when during execution it is anticipated that cost of completion is to exceed beyond the permissible limit (5%). Revised detailed estimate is timely prepared incorporating the work done and required to be done along with deviation statement for submission to competent authority”.

Moreover, as per SPPRA 2010, Rule 39(1), Procuring Agency shall, in all procurement of goods, works and services, carried out through open competitive bidding, require security in the form of pay order or demand draft or bank guarantee, an amount sufficient to protect the procuring agency in case of breach of contract by the contractor or supplier or consultant, provided that the amount shall not be more than 10% of contract price”.

Project Director, Housing-I, HDA and DG, MDA, during financial year 2015-16, paid an amount of Rs 41.630 million on account of extra items without revision of estimates / technical sanction and approval of competent authority, in violation of above rules. Detail is as under:

[Rupees in Million]			
Sr.	Name of Formation	AIR Para	Amount
1	PD, Housing-I, HDA	2	38.039
2	DG, Malir Development Authority	8	3.591
Total			41.630

Audit is of the view that the managements did not observe the laid down procedures and violate Sindh Public Procurement Rules, 2010.

Non-compliance of rules was due to weak internal controls.

The matter was reported to the managements during September to December 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends that responsibility be fixed upon the person(s) at fault for execution of extra items of work without approval, under intimation to audit.

[AIR Paras: 2, 8]

1.2.3.44 Unauthorized Operation of Account in Private Bank Rs 40.351 Million

According to Finance Department, Government of Sindh letter No.FD/PS/85/2010-11 dated 18th May, 2011 and followed by other letters No.FD(RES.IV)/Misc/2011-12 dated 30th March, 2012, No.FD-SO(RES.IV)/2(72)/2011(Prov) dated 5th December, 2013, 21st May, 2014, “it has been desired by the Honorable Chief Minister that different Departments/Projects/ Programs / Companies/ Endowment funds/Employees’ benefits & Charitable funds/ Autonomous & Semi-autonomous Bodies are directed that all bank Accounts dealing with the public money, other than Assignment Accounts, would be maintained in Sindh Bank Limited instead of other Commercial banks.

Director General, Larkana Development Authority, Larkana, during financial year 2015-16, operated bank account in United Bank Limited with an amount of Rs 40.351 million, in violation of above directions. Detail is as under;

[Rupees in Million]

Name of Bank	A/c No.	Balance
UBL- Bunder Road Branch, Larkana	000215937843	40.351

Audit is of the view that management failed to deposit the Government funds in Sindh Bank which constituted weak financial management.

Deviation from prescribed rule constituted weak internal control system.

The matter was reported to the management during December 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility for maintaining the Government account with Private bank. Besides, available balance be deposited into Sindh Bank Limited, under intimation to audit.

[AIR Para: 4]

1.2.3.45 Irregular Payment on Account of Cost of Bitumen- Rs 27.890 Million

As per Notification No. H/MIS/295-(i) dated 13-04-2009 issued by Chief Engineer Highway Department Government of Sindh, Hyderabad, “The contractor would only use bitumen from the National Refinery Ltd and that the invoice from National Refinery Ltd would be provided to the department in support of procurement of bitumen”.

The Director General, Malir Development Authority, Karachi paid an amount of Rs 27.890 million on account of cost of bitumen without obtaining purchase invoice of bitumen from the National Refinery Ltd to ensure the quality of bitumen used. Thus the quality of bitumen used was not monitored by the department, in violation of above rule.

[Rupees in million]

Description	Rate	Qty	Payments
Providing and laying hot mix asphalt wearing course of compacted thickness in single layer	8,274.73	337050	27.890

Audit is of the view that the management did not observe the prescribed procedure laid down for the financial discipline in the department that shows lack of internal controls in the department, which constituted weak financial management.

Non-compliance of rules may lead to misuse of public funds and loss of Government

The matter was reported to managements during October, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility for the irregularity, under intimation to audit.

[AIR Para: 9]

1.2.3.46 Payment on Open Cheques - Rs 20.206 Million

As per Rule 157 (1) & (2) of CTR, “The cheques for more than Rs 200/- drawn in favor of Corporate or Local Bodies, firms, private persons or Government servants (in respect of their personal claims) shall always be crossed”.

Following formations of Local Government Department made payments amounting to Rs 20.206 million, through open cheques instead of cross cheque, in violation of rules. Details are as follows:

[Rupees in Million]			
Year	Name of Formation	AIR Para	Amount
2015-16	DG, Larkana Development Authority	5	6.829
2009-16	DG, Sindh Building Control Authority	12	2.104
2014-15	PD, Lines Area Re-Development Project	25	11.273
TOTAL			20.206

Audit is of the view that payments made through open cheques rendered the transactions doubtful and chances of misappropriation cannot be ruled out. Deviation from prescribed rule was due to weak internal controls.

The matter was reported to managements during August to December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on official(s) at fault on account of withdrawal of public funds through open cheques, under intimation to audit.

[AIR Paras: 5, 12, 25]

1.2.3.47 Un-Authorized Payment of Compensation – Rs 19.964 Million

According to Rule 3 of the Powers-Of-Attorney Act, 1882, “Payment by attorney under power, without notice of death, etc., good.— Any person making or doing any payment or act in good faith, in pursuance of a power-of-attorney, shall not be liable in respect of the payment or act by reason that, before the payment or act, the donor of the power had died or become lunatic, of unsound mind, or bankrupt, or insolvent, or had revoked the power, if the fact of death, lunacy, unsoundness of mind, bankruptcy, insolvency or revocation was not, at the time of the payment or act, known to the person making or doing the same. But this section shall not affect any right against the payee of any person interested in any money so paid; and that persons shall have the like remedy against the payee as he would have had against the payer, if the payment had not been

made by him. This section applies only to payments and acts made or done after this Act comes into force”.

Project Director, Lyari Expressway Resettlement Project (PD, LERP), Karachi for F.Ys 2012-15, paid compensation amount of Rs19.965 million to Mr. Nand Kumar, advocate to affectees, instead of paying directly to affectees, as per directives of Sindh High Court (C.P No.D-1843/2013).

Audit is of the view that unauthorized payment to Advocate has made whole transaction as doubtful.

Deviation from prescribed rules resulted into weak internal controls.

The matter was reported to the management during December 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on person (s) at fault, under intimation to audit.

[AIR Para: 4]

1.2.3.48 Irregular Acceptance of Bid without Comparing the Rates with Market Prices - Rs 19.800 Million

According to Rule 48 of SPPRA 2010, “Acceptance of Bids - Even when only one bid is submitted, the bidding process may be considered valid, if the bid was advertised in accordance with rules, and prices are comparable to the prices or rates of the last awarded contract or the market prices”.

During audit of Senior Director, Municipal Services, KMC, it was revealed that single bid submitted by FRC against the work “installation /modification/renovation of 40 feet high rise hydraulic units for 25 fire tenders amounting to Rs 19.800 million was technically qualified and was accepted without comparing offered rates with the market rates. It was also mentioned in the PC-1 that the estimate was prepared on market rates but the market survey report was also not produced, in violation of above rule.

Audit is of the view that in absence of market survey, actual prices of the items cannot be ascertained.

Non-observance of prescribed rules constituted weak internal control.

The matter was reported to the management during September, 2015, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on officer(s) at fault, under intimation to audit.

[AIR Para: 2]

1.2.3.49 Splitting of Various Works to Avoid Tender - Rs 18.144 Million

As per Rule 12 (1) of SPPR 2010, “Limitation on Splitting or Regrouping of Proposed Procurement: Save as otherwise provided and subject to the regulations made by the Authority, a procuring agency shall prepare, in accordance with Rule 11 above, all proposed procurements for each financial year and shall proceed accordingly without any splitting or regrouping of the procurements already grouped, allocated and scheduled in the Procurement Plan (Rule – 11);”

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

Various offices of LGD, awarded works costing Rs 18.144 million by splitting up works into parts to avoid open tender, in violation of above rules. Details are provided at Annex-SLG13.

Audit is of the view that splitting of work of same nature in various components deprived the Government from achieving best competitive rates.

Non-observance of prescribed rules and procedures was due to weak internal control system.

The matter was reported to the management during September to December 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on person(s) at fault on account of splitting work into parts to avoid tender, under intimation to audit.

[AIR Paras: 11, 2]

1.2.3.50 Expenditure on POL Without Entitlement- Rs 17.326 Million

According to Finance Department, Government of Sindh, O.M No.FD-B (15)/99-2000(POL) dated 12-01-2000, “the petrol ceiling for head of subordinates office have been fixed at 180 liters per month”.

Various formations working under LGD, KMC & KW&SB, incurred expenditure amounting to Rs 17.326 million on account of POL beyond prescribed ceiling and without entitlement, in violation of the above rules. Details are provided at Annex-SLG14.

Audit is of the view that managements allowed POL beyond prescribed limit, without entitlement and even officers working in other departments, which resulted into misappropriation of POL and weak administrative management.

Deviation from prescribed procedure rules was due to weak internal control system.

The matter was reported to the management during September to December 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on management (s) for un-authorized expenditure on account of POL beyond prescribed ceiling as well as POL to officials without entitlement/outside department. Besides, amount be recovered without further delay, under intimation to audit.

[AIR Paras: 7, 3, 12, 8, 2, 8, 10, 7, 3, 9]

1.2.3.51 Irregular Procurement without Integrity Pact - Rs 16.920 Million

According to Rule-89 of SPPRA-2010, “Integrity Pact - Procurements exceeding Rs 10 million for goods and works, and Rs 2.5 million for services shall be subject to an integrity pact, as specified by regulations, between the procuring agency and the suppliers or contractors or consultants.”

As per Sindh Local Councils (Accounts) Rules, 1983, Rule10(a), “same vigilance should be exercised in respect of expenditure incurred from Local Fund as a person of ordinary prudence would exercise in respect of expenditure of his own money”.

Director General, Parks & Horticulture (KMC), awarded development scheme worth Rs 16.920 million, during financial year 2012-13, and paid upto 2015-16 without

executing Integrity Pact with contractor to safeguard Government interest, in violation of rules. Detail is as under:

(Rupees in Million)

Source	NIT #	SPPRA I.D	Description of Work	Estimate	Contractors	Work Order	Amount of Work
ADP-387	556/2011 07-02-2011	Nil	Supply of decorative plants different types for different areas	19,999	M/S King ARP Link	320 05-01-12	16,920

Audit is of the view that department failed to safeguard departmental interests by executing integrity pact with contractor resulted into undue favor and weak administrative & financial management.

Non-observance of SPPRA Rules resulted into weak internal controls.

The matter was reported to the management during November, 2016 but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on person (s) at fault and procurement without executing integrity pact, under intimation to audit.

[AIR Para: 6]

1.2.3.52 Irregular withdrawal of Funds - Rs 12.850 Million

According to Addendum to joint venture agreement reached between SDA and M/s Hussain (private) limited on 9th June 2013, “that it is mutually agreed that the SDA will be entitled to withdraw from the funds of the said Mehran Dream City schemes an amount of Rs 4.0 million per month for maximum period of 12 month adjustable to its share towards the cost of land. The said arrangement was allowed because of financial constraints by SDA. According to Clause 3 of Addendum to Joint Venture Agreement executed on 09-01-2013, the SDA shall be bound to submit / reimburse the amount @ 50% of recovery made from all other sources i.e. auction of commercial plots, disposal of amenity plots etc. The said fund was established solely for clearing running bills on the accounts of construction, management consultancy and internal development of Mehran Dream City in accordance with Clause 2 of Addendum to Joint Venture Agreement”.

Director General, Shwan Development Authority, withdrew an amount of Rs 12.850 million which was over and above the permissible limit of Rs 4.00 million per month during period November 2014 to June 2015 from amount collected from Mehran

Dream City Project. Moreover, no detail is provided to the audit team for clearance of contingencies bills against the capital work in project. It is pertinent to mention that said project is at a halt since the bills of contractors were not cleared. The authority had neither reimbursed the said amount from its other recoveries nor provided the details of expenditure, in violation of above agreement clause. Detail is as under:

[Rupees in Million]			
Month	Permissible Limit	Amount Withdrawn	Excess
November 2014	4.00	7.45	3.45
December 2014	4.00	5.50	1.50
January 2015	4.00	4.30	0.30
April 2015	4.00	5.50	1.50
May 2015	4.00	6.40	1.40
June 2015	4.00	8.70	4.70
Total			12.850

Audit is of the view that the due to excess withdrawal of money from the Mehran Dream City Project was due to weak financial management and as a result the progress of work/scheme suffered badly and delay in completion shattered confidence of the general public over Government schemes.

Violation of agreement was due to weak internal control system.

The matter was reported to management during December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on person(s) at fault for withdrawal of excess amount from collection, under intimation to audit.

[AIR Para: 4]

1.2.3.53 Posting / Transfers of Staffs without Sanctioned Strength Rs 12.491 Million

According to SFR, Rule 68, “When the entertainment of a new establishment or a change, temporary or permanent, is proposed in an office, a letter fully explaining the proposal and the conditions which have given rise to them, together with the proposition statement, if necessary under Para . III, should be submitted to the competent authority. In this letter should be set out inter alia:-

- i. The present cost, either the section or sections effected of the total establishment as the circumstances of the case may indicate to be necessary;

- ii. Details of the pay of the post or posts and the number of posts which it is proposed to add or modify.”

Further, according to Government of Sindh Services and General Administration Department letter No.SO-I(S&GAD)/92, dated: 26-05-1992, addressed to all departments, the staff should be posted at the places for which the posts have been sanctioned as in no case any officer / official be allowed to work on detailment basis to place other than original place of posting otherwise the post will be abolished under the orders of the Finance Department, Government of Sindh.

Various formations working under LGD, KMC & KW&SB, during financial years 2013-16, posted various staff without sanctioned posts/strength, in violation of above rules. Details are provided at Annex-SLG15.

Audit is of the view that management failed to observe Government rules and regulations resulted into weak administrative & financial management.

Non-compliance of rules & regulations was due to weak internal controls system.

The matter was reported to the management during September to December 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on management(s) on account of unauthorized posting/adjustment of staff without sanctioned strength, under intimation to audit.

[AIR Paras: 18, 8, 7, 12]

1.2.3.54 Payment of Salary to Staff Posted on Detailment Rs 11.951 Million

According to Government of Sindh Services and General Administration Department letter No.SO-I(S&GAD)/92, dated: 26-05-1992, addressed to all departments, the staff should be posted at the places for which the posts have been sanctioned as in no case any officer / official be allowed to work on detailment basis to place other than original place of posting otherwise the post will be abolished under the orders of the Finance Department, Government of Sindh.

Medical Superintendent, Landhi Medical Complex, incurred expenditure of Rs 11.951 million, during financial year 2015-16, on account of payment of salaries to 27 employees posted in other departments on detailment basis, in violation of the above directives.

Audit is of the view that posting of staff on detailment resulted into violation of prescribed rules.

Violation of prescribed procedure was due to weak internal controls.

The matter was reported to the management during October, 2016 but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility for illegal detailment of staff and payment of salaries.

[AIR Para: 02]

1.2.3.55 Irregular Bidding- Rs 9.979 Million

According to Rule 47 of SPPRA 2010, “Conditions for Use of Various Procedures (1) Single Stage One Envelope Bidding Procedure shall be used as the standard bidding procedure for procurement of goods, works and services of simple and routine nature and where no technical complexity or innovation is involved; (2) Single Stage Two Envelope Bidding Procedure shall be used where the bids are to be evaluated on technical and financial grounds and price is taken into account after technical evaluation”.

Senior Director, Municipal Services, KMC during financial year 2015-16, awarded work of “refurbishment of wheel loader model liegong-856” to J.Z associates amounting to Rs 9.979 million. The work involved technical complexity and innovation but single stage one envelope bidding procedure was used for procurement of goods, works and services which involve simple and routine nature. Instead, the single stage two envelope bidding procedure is usually adopted for technical works of similar nature, in violation of above rule.

Audit is of the view that inappropriate bid procedure was selected for the award of work involving technical complexity and innovation.

Deviation from prescribed rules constituted weak internal control.

The matter was reported to the management during November, 2016 but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on officials at fault for irregular award of work by using Single Stage One Envelope Bidding Procedure involving technical complexity, under intimation to audit.

[AIR Para: 10]

1.2.3.56 Joint Venture Without Contract Agreement - Rs 9.970 Million

According to para 11.2 of standard bidding documents for large works issued by SPPRA, “Bids submitted by a joint venture of two (2) or more firms shall comply with the following requirements: (a) one of the joint venture partners shall be nominated as being in charge; and (11) this authorization shall be evidenced by submitting a power of attorney signed by legally authorized signatories of all the joint venture partners; (b) the bid, and in case of a successful bid, the Form of Contract Agreement shall be signed by the authorized partner so as to be legally binding on all partners”.

Senior Director, Municipal Services, KMC, during financial year 2015-16, awarded work namely “modification of grab crane increase of boom with hydraulically operated” to joint venture of J.Z associate and FRC without executing contract agreement. Furthermore authorization letter from signatory was also not obtained from the joint venture of J.Z associate and FRC.

Audit is of the view that expenditure on said project without executing power of attorney resulted in irregular expenditure which constituted weak financial management.

Deviation from prescribed rules constituted weak internal control.

The matter was reported to the management during November, 2016 but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on official(s) at fault, under intimation to audit.

[AIR Para: 6]

1.2.3.57 Irregular Purchase of Items from 2nd Lowest Bidder Rs 9.720 Million

As per Rule 46(2)(i) of SPPRA, “bid found to be the lowest evaluated or best evaluated bid shall be accepted.”

Further, as per Section(I) of Appendix 18-A of SFR Vol-I, "Means should be devised to ensure that every Government servant realizes fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part, and that he will also be held personally responsible for any loss arising from fraud or negligence on the part of any other Government servant to the extent to which it may be shown that he contributed to the loss by his own action or culpable negligence”.

Senior Director, Medical & Health Services, KMC, during financial year 2015-16, purchased 51,750 treatments “Dialyzer with Blood Tubing Line, AV Fistula Needles & Dialysis Solution” from two suppliers i.e. (1) 31,750 from Jafco International & (2) 20,000 from Meditrade General, 1st and 2nd lowest, respectively. It was observed that the said office paid an excess amount Rs 9.720 million to 2nd lowest M/s Meditrade General Traders despite the fact that the same items were also purchased on low price from the 1st lowest, in violation of rules. Detail is as under:

[Amount in Rupees]

Item Description	M/S	Quoted Rate	Remarks
Dialyzer with Blood Tubing Line, AV Fistula Needles & Dialysis Solution (A&B)	Jafco International	Rs 1,513 per treatment (31,750 treatments purchased)	1st lowest
	Meditrade General Traders	Rs 1,999 per treatment (20,000 treatments purchases)	2nd Lowest
Total Excess for 20,000 treatments@ Rs 486/-		9,720,000	

Audit is of the view that the purchases from the second lowest bidder constituted weak financial management.

Deviation from prescribed rules resulted into loss to public revenue which constituted weak internal control.

The matter was reported to the management during November 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends that responsibility be fixed against the person(s).

[AIR Para: 02]

1.2.3.58 Irregular Payment of Advances - Rs 7.953 Million

According to Para-10 (i) of GFR Vol-I, “every public officer is expected to exercise the same vigilance in respect of expenditure incurred from public money as a person of ordinary prudence would exercise in respect of expenditure of his own money”.

As per Rule 668 of TR Vol-I, “Advances granted under special orders of competent Authority to Government Officers for departmental or allied purposes may be drawn on the responsibility and receipt of the officers for whom they are sanctioned, subject to adjustment by submission of detailed accounts supported by vouchers or by refund, as may be necessary”.

Director General, Hyderabad Development Authority, Main Secretariat, Hyderabad, during financial year 2015-16, made different payments of advance salaries amounting to Rs 7.953 million to various employees despite facing financial constraints. Moreover, the adjustment of advances was not timely made from the salaries of concerned employees, in violation of rules.

Moreover, Chief Medical Officer, KDA, paid an amount of Rs 4.065 million to different hospitals as Advance Payments for Hospitalization of K.D.A employees during financial years 2011-15, but this amount is still lying unadjusted, in violation of above rules.

Audit is of the view that irregular advances were paid resulting into weak financial management.

Payment of advance salaries to various employees constituted weak internal control.

The matter was reported to management during August to December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on account of unauthorized advances and the amount be recovered and adjusted, under intimation to audit.

[AIR Paras: 4, 10]

1.2.3.59 Award of Tender on Blank Estimates - Rs 6.725 Million

According to Para 11.2 of Guidelines / Regulations For Procurement of Works issued by SPPRA, “The detailed estimate prepared by the executing agency keeping in view its technical feasibility and provisions in the PC-I, is submitted to competent authority for the sanction is known as the Technical Sanction (TS) to the estimate. The competent authority while giving technical sanction to the detailed estimate shall give proper consideration to various details worked out from the drawings and specifications of the work, as well as stability and economy in the execution. Financial Review showing the comparison between provisions in the RCE and amount of technical sanction of same items is also attached also to check whether the excess is within allowable limit or not”.

Senior Director Municipal Services, KMC, during financial year 2015-16, awarded tenders of Rs 6.725 million against estimates signed by Team leader (USAR) MS, KMC, but column for rates was left blank. Detail is as under:

[Rupees in Million]

Sr.	Name of Work	Work order No & date	Amount
1	Services of experienced search Dog’s trainers/Dog handlers for USAR academy KMC.2015-16	No.C.E/(CM)/MS/KMC/30 6/15 Dated:28-10-2015	2.964
2	Provision of diet, medicines and medical treatment for Dogs/Pups of urban search and rescue (USAR) TEAM KMC.	No.C.E/(CM)/MS/KMC/30 7/15. Dated:28-10-2015	3.760
Total			6.725

Audit is of the view that management extended undue favour to contractor which constituted weak financial management.

Non-observance of prescribed rule constituted weak internal control system.

The matter was reported to the management during November 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on officers at fault for award of tender on blank estimates, under intimation to audit.

[AIR Para:8]

1.2.3.60 Unauthorized Posting against out of Cadre Posts - Rs 6.140 Million

According to Para 2 of letter issued by LGD vide No. B&A(LG)4(21)/2014 dated: 16.3.2015, on the subject compliance of orders of Honorable Supreme Court of Pakistan dated: 5.1.2015 passed in civil appeal No.404/2011 and civil review petition No.193/2013, “It is therefore once again requested to kindly comply the above instructions regarding relieving of officers/officials who were on OPS, posted against out of cadre posts and still holding the post on out of turn promotion passed by Honorable Supreme Court of Pakistan in letter and spirit and furnish implementation status/progress report to this department immediately for onward transmission to the SG&CD and in case of non-compliance, the heads of attached department/wing will be held responsible and exposed to contempt of court”.

Medical Superintendent, Landhi Medical Complex, incurred expenditure Rs 6.141 million against the payment of salaries, during financial year 2015-16, of officer(s) posted against out of cadre posts in violation of orders of Honorable Supreme Court of Pakistan and above orders.

Audit is of the view that management failed to comply with the orders of Honorable Supreme Court of Pakistan and competent authority/administrative department (LGD) concerned on the subject which indicated the absence of systematic internal control which constituted weak financial and administrative management.

Non-observance of rules constituted weak internal control.

The matter was reported to the management during November, 2016 but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on persons responsible for non-compliance of Supreme Court of Pakistan and action in the light of above referred letter be taken, under intimation to audit.

[AIR Para: 1]

1.2.3.61 Un-authorized Expenditure on Non-Scheduled Items Rs 5.223 Million

According to Serial No. 4 of the Schedule of Rate (Composite) for finished items of works, 2004, the non-schedule item costing upto Rs 1000 should be got

sanctioned by the concerned Superintending Engineer and the items exceeding Rs1000 must be got approved and sanctioned by the Chief Engineer.

The Director General (Malir Development Authority) Karachi, incurred an expenditure of Rs 5.223 million, during financial year 2015-16, on items (including luxury cars) other than the items shown in the schedule-B for work, without approval from competent authority. The rates of these items were required to be obtained from market and to be analyzed after adding contractor's profit. Further, payment on non-scheduled items without preparation of rate analysis and approval of competent authority occurred, in violation of above stated rule. Detail is as under:

[Amount in Rupees]

Sr.	Description	Rate	Qty	Payments
1	Providing and fixing the performed expansion joint filter	74	126	9,324
2	Drilling the holes in stone or brick	1035	150	155,250
3	Provided Brand new latest model Toyota Hiace	Provisional Sum		4,818,000
4	Maintenance of Brand new latest model Toyota Hiace	6	40000	240,000
Total				5,222,574

Audit is of the view that the management did not observe the prescribed procedure laid down for the financial discipline in the department that shows lack of internal controls in the department, which constituted weak financial management.

Non-compliance of rules may lead to misuse of public funds and loss of Government

The matter was reported to managements during October, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends that responsibility may be fixed upon the person(s) at fault for work without rate analysis from market under intimation to audit.

[AIR Para: 7]

1.2.3.62 Un-Authorized Transfer from Receipts Accounts - Rs 5.000 Million

According to Rule 4.5.18.2 and 4.5.18.3 of APPM, issued by the department of Auditor General of Pakistan The delegated officer in the Account Section of the DAO/AG/AGPR office shall reconcile expenditure with each DDO on a monthly basis, based on the cheque register. The Bank will send the "Bank Return" (along with paid cheques) to the Account Section, where a delegated officer shall check the Bank Return

(and paid cheque) with the copy of the Daily Advice Note. The officer shall investigate any item which is on Bank Return but not on Daily Advice Note and vice versa.

Further, as per Para-10 (iv) of GFR Volume-I, “public money should not be utilized for the benefit of a particular person or section of community and also according to rule all the claims must be supported with full detail & documents”.

Moreover, as per Treasury Orders and the Subsidiary Rules (T.O.7), “Except as provided in order 8, all moneys received by Government servants in their official capacity, other than moneys withdrawn from the public account under the provisions of section VIII below, shall without undue delay be paid in full into a treasury or into the Bank and shall be included in the general balances of Government. Departmental receipts shall not be appropriated to meet departmental expenditure except with the sanction of the Governor-General in Council”.

Regional Director Town Planning (SBCA), Hyderabad, has been illegally operating bank account No.4002734907, NBP, Shahbaz Building, Hyderabad. It is pertinent to mention that the Director Planning SBCA is receiving funds from the cost center HD-480. All their bills are processed via AG Sindh. Despite budget allocation both for salaries and contingencies, the management is illegally transferring millions of rupees in the said account without any justification. Only in financial year 2015-16, an amount of Rs 5.000 million were transferred from the receipt account without any approval or authority.

Audit is of the view that transferring of funds from receipts accounts to another account is unjustified and illegal.

Deviation from prescribed rules instruction resulted into weak internal control system prevailing in the department.

The matter was reported to the management during December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on management for operating illegal bank account which may immediately be closed to avoid further discrepancies, under intimation to audit.

(AIR Para: 11)

1.2.3.63 Payment of Interest Due to Late Payments - Rs 4.765 Million

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

Project Director, Lyari Expressway Resettlement Project (PD, LERP), Karachi, for F.Ys 2012-15, paid an amount of Rs 4,764 million to the affectees of Lyari Expressway on account of late payment of compensation charges. Due to Financial mismanagement, Government sustained financial losses of Rs 4.765 million on account of interest charges.

Deviation from prescribed rules resulted into weak internal controls.

The matter was reported to the management during December 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on person (s) at fault, under intimation to audit.

[AIR Para: 7]

1.2.3.64 Irregular Procurement without Constitution of Procurement Committee - Rs 3.093 Million

As per Rule 7 of SPPRA 2010, “The procuring agency shall, with approval of its Head of the Department, Constitute as many procuring committees, as it deems fit, each comprising odd number of persons and headed by the gazetted officer not below the rank of BPS-18, or if not available, the officer of the highest grade, and shall ensure that at least one third of the members of a procurement committee are from the agencies or departments other than the procuring agency”.

DG, Larkana Development Authority, during financial year 2015-16, procured various materials amounting to Rs 3.093 million without constitution of procurement committee, in violation of above rule.

Audit is of the view that violation of SPPRA rules resulted into non-transparency in the award of contracts. Violation of laid down procedures of SPPRA was due to weak internal controls.

The matter was reported to the management during December 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on the management for procurement without constitution of procurement committee, under intimation to audit.

[AIR Para: 7]

1.2.3.65 Irregular Expenditure on Treatment of Employees Rs 2.009 Million

As per directives of City Nazim, CDGK mentioned in note sheet of the department, “all angiographies and angioplasties will be carried out at Karachi Institute of Heart Diseases”.

As per Rule 10 (iv) of GFR Vol-I, “Public money should not be utilized for the benefit of a particular person or section of the community”.

Chief Medical Officer, Health, KDA Wing paid an amount of Rs 2.009 million, during financial years 2011-15 to different non-panel hospitals on account treatment facility provided to their employees by violating of above directives/rule. As a result government interest was not safeguarded. Audit observed following discrepancies:

- i. Agreements of hospitals were not provided.
- ii. The circumstances on which payment was made without inclusion in the panel, needs to be justified.
- iii. Terms & conditions were also not provided.
- iv. Approval / Permission of competent authority were not provided.

Audit is of the view that management did not observe the prescribed procedure laid down for the financial discipline in the department that shows lack of internal controls in the department.

Non-observance of prescribed procedure constituted weak financial management.

The matter was reported to managements during October, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends that the responsibility may be fixed upon the person (s) at fault, under intimation to audit.

[AIR Para: 12]

1.2.3.66 Procurement of Laboratory Equipment's without Provision in PC-IRs 1.974 Million

According to Planning Commission Manual Part 'C' deals with "Project Requirements", "It stipulates that the information sought in this part includes: (i) manpower requirements during implementation, (ii) physical and other facilities required and (iii) materials, supplies and equipment. Part 'D' deals with environmental aspects. It includes information required in respect of (i) impact assessment undertaken separately in case of water, sewerage and solid waste and (ii) recommendations along-with the measures to be taken to control environmental pollution".

Executive Engineer, Canal Maintenance Division (Civil), during financial year 2015-16, incurred an amount of Rs 1.974 million for Procurement of Laboratory Equipments when there was no provision of the same in PC-I, in violation of above rule. Detail is as under:

[Amount in Rupees]				
Name of Work	Name of Contractor	Work Order No.	PC-I Cost	Vehicle Cost
Establishment/Construction of water testing Laboratory at Chillya.	M/s Malik & Company	No.EE/CMD/KW&SB/2015/183 dated 27/04/2015.	30.740 Million	1,974,000

Audit is of the view that misappropriation of funds reflects the absence of systematic control and financial discipline in the department.

Deviation from PC-I was due to weak internal controls.

The matter was reported to the management during September to December 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility for incurring expenditure without inclusion in PC-I, under intimation to audit.

[AIR Para: 3]

1.2.3.67 Unauthorized Retention of Government Vehicles Rs 1.029 Million

As per Section(I) of Appendix 18-A of SFR Vol-I, "Means should be devised to ensure that every Government servant realizes fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part, and that he will also be held personally responsible for any loss arising from fraud or negligence on the part of any other Government servant to the extent to which it may be shown that he contributed to the loss by his own action or culpable negligence".

Further, as per Rule II (I) of Appendix 18, *ibid*, "all losses must be reported forthwith by the officer concerned, not only to the Audit Officer, but also to his own immediate official superior. Reports must be submitted as soon as reasonable ground exists for believing that a loss has occurred; they must not be delayed while detailed enquiries are made".

Various formations under LGD, during financial year 2015-16, did not recover official vehicles retained un-authorizedly by transferred officers and un-entitled persons, in violation of above rule. Details are provided at Annex-SLG16.

Audit is of the view that unauthorized retention of official vehicles by transferred officers and unauthorized persons resulted into misuse of official vehicles at the cost of public exchequer. Violation from prescribed rule was due to weak internal controls and lack of accountability.

The matter was reported to the management during September to December 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on managements for not recovering official vehicles against un-authorized retention by ex-officers. Moreover, all out efforts may be made to recover vehicles without further delay, under intimation to audit.

[AIR Paras: 8, 9, 8, 23, 24, 13, 8, 4, 10, 23]

1.2.3.68 Non-Installation of Meters at KW&SB Hydrants

According to work component WSS-15 of revised PC-I of K-III, 80 No. flow meters were to be installed to measure output from treatment works and reservoir at key points in the system.

Incharge, Hydrant Services/Tankers Operation working under KW&SB, during financial year 2015-16, it was observed that 24 hydrants are being operated under KW&SB, but flow meters have not been installed at 15 hydrants, in violation of above rule.

Audit is of the view that due to non-installation of meters, chances of revenue loss in terms of quantity of water distributed and charges collected and same cannot be reconciled / authenticated, which constituted weak financial management and lack of interest of department.

Non installation of meters at hydrants constituted weak internal controls.

The matter was reported to the management during December 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends that meters be installed at all hydrants, under intimation to audit.

[AIR Para: 6]

1.2.3.69 Non-Setting up of Performance Benchmarks to Judge Quality / Quantity of Water Supplied

According to Para No. 09 of the Summary for Chief Minister, Sindh on subject “Completion of Operation & Maintenance Period” September 2013, “The contract shall be for one year initially and may be extended on the terms based on SPPRA Rules provision and performance of the contractor/company. The cost for one year shall be worked out by the Administrative Department based on some comparable benchmarks and the payments during this one year period shall be linked with some performance indicators like amount of water supplied per unit per day and some benchmarks to judge the quality of water supplied”.

During audit of Reverse Osmosis Water Desalination Plants, Lyari & Keamari working under KW&SB, during financial year 2015-16, it was revealed that Additional Chief Secretary, P&D desired during the approval of summary to set benchmarks and performance indicators to judge the quality/quantity of water supplied to public. But management took no step in this regard.

The management did not observe the prescribed procedure laid down for the financial discipline in the department that shows lack of internal controls in the department.

Non-observance of prescribed procedure constituted weak financial management.

The matter was reported to the management during December 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends that position may be justified and setting up of benchmarks and performance indicators to judge the quality/quantity of water supplied to public, under intimation to audit.

[AIR Para: 9]

1.2.3.70 Un-authorized Promotion of Staff on Detailment

As per Rule 6-A of the Sindh Civil Servants (Appointment, Promotion & Transfer) Rules, 1974, "Pay Scale fixed by the Government for Drivers is BPS-04 and they are to be promoted to BPS-05 after 07 years, BPS-06 after 10 years and BPS-07 after 15 years of service vide Finance Department Circular No. FD (SR-IV) 2-102/79(Part-III) dated 13-09-1981 and even No. dated 13-06-1981 and the advice issued vide No.DF (SR-IV) 2-102/79 (Part-II) dated 10-02-1993".

Director General, SBCA and KMC, during financial years 2009-10 to 2015-16, promoted various officials including drivers and engineers etc. on detailment, without recalling them for consideration for promotion. The pay was fixed in higher scale without recommendation of DPC, availability of sanctioned post and without completion of prescribed length of service, in violation of above rule.

Audit is of the view that staff was promoted in higher scale without fulfillment of prescribed codal formalities which resulted into weak financial management.

Deviation from the rule constituted weak internal control.

The matter was reported to the management during September to December 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on management for un-authorized promotion of staff without fulfillment of prescribed codal formalities, under intimation to audit.

[AIR Paras: 29, 16]

1.2.3.71 Failure to Take Punitive Action against Illegal Housing Schemes

According to Regulation No.2-105 of the Karachi Building and Town Planning Regulations 2002, “Public Sale Project means a project designed with the intention of transferring to the public on ownership basis by way of Public Sale and for which sale NOC is obtained from the Authority”.

Director General, SBCA, Karachi, during financial years 2009-16, failed to take action against illegal Sale of different housing schemes, which were launched by the different Builders & Developers in Karachi without obtaining NOC from the Authority. Detail is as under:

Sr.	Name of Scheme	Location
1	Qadri River View	Near NADRA Office, Rohri
2	Al- Naik Bungalows	Atta Hussain College , Rohri
3	Qadri Housing Scheme	Near Engro Food, Rohri
4	Sachal Model Town Housing Scheme	Sukkur Bypass
5	Crystal Bungalows	Sukkur Bypass
6	King Crystal Model Town, Phase-II	Sukkur Bypass
7	King Crystal Model Town, Phase-I	Sukkur Bypass
8	Doctor Villas, Housing Scheme	Sukkur Bypass
9	Green Sukkur Model Town	Sukkur Bypass
10	Bismillah Township	Lal Mashaikh near Sabzi Mandi
11	Hafizabad Town Scheme	Sarhad District Ghotki

Audit is of the view that Authority failed to stop the Illegal Projects/schemes, which constituted weak financial management.

Deviation from prescribed rules resulted into weak internal control.

The matter was reported to the management during September to December 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on management for not taking any action against illegal Public Sale Projects, under intimation to audit.

[AIR Para: 13]

1.2.3.72 Non-Implementation of Seismic Provisions by Authority on Constructions in Seismic Zones

As per Para No.1.2.1 of the Building Code (Seismic Provisions-2007), “Requirements of these provisions shall be applicable to reinforced concrete, steel and masonry buildings and building-like structures”, read with Para No.7.3.1.3 of ibid, “In regions of moderate seismic risk (Seismic Zones 2A, 2B) or for structures assigned to intermediate seismic performance or design categories, intermediate or special moment frames, or ordinary, intermediate, or special structural walls, shall be used to resist forces induced by earthquake motions. Where the design seismic loads are computed using provisions for special concrete system, the requirements of Chapter-7 for special system shall be satisfied”.

Further, as per Regulation No.11-2 of Karachi Building and Town Planning Regulations 2002, “Seismic Risk Zone for Karachi will be zone-2B (with reference to UBC-97) which is equivalent to Peak Ground Acceleration (PGA) of 16% g to 24% g., read with Regulation No.11-3 “In view of the structural design in Seismic hazard zone, type of Sub-Soil for foundation should be thoroughly ascertained by geo-technical investigation under the direct supervision of qualified and experienced geo-technical engineers The Soil Report should correlate the sub-soil type with UBC- 97 (or current) Sub-Soil list”.

Director General, SBCA, Karachi, during financial years 2009-16, issued 538 NOCs for Public Sale Projects in Seismic Zones of Karachi but failed to implement Seismic Provisions on construction work in these areas which threatened the lives of public, in violation of the above rules. Detail is as under:

Sr.	Name of Area Mentioned in Table 2.2 of Seismic Provisions-2007	Seismic Zone under Table 2.1 of Seismic Provisions-2007	Total NOCs issued after 2007
01	Karachi Central	2B	538
02	Karachi East	2B	
03	Karachi South	2B	
04	Karachi West	2B	
05	Karachi Malir	2B	

Audit is of the view that Authority failed to implement Seismic Provisions-2007 on construction in Seismic Zones of Karachi which resulted lives of public residing in these areas into danger.

Deviation from prescribed rules resulted into unauthorized construction work in Seismic Zones of Karachi and was due to weak internal control system.

The matter was reported to the management during December 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on management for unauthorized construction work in Seismic Zones of Karachi, under intimation to audit.

[AIR Para: 15]

1.2.3.73 Non-Demolition of Dangerous Buildings in Sukkur City and Karachi

Supreme Court had ordered SBCA, in Suo moto case No. 08/2011 and HRC no 22896-S/ 2010 dated 21/12/2011, for legal proceeding against builder mafia in Sukkur city, that have constructed high rise building in seismic zone 2 A. The court has directed to demolish the 59 buildings.

As per Section 7A of Sindh Building Control Ordinance, 1979, “[7-A. Violation of certain provisions.- Where the provisions of sub-section (1) of Section 6 are violated the building may without prejudice to any other action including sealing of the building or ejection of the occupants be ordered by the Authority or any officer of the Authority authorized in this behalf to be demolished, at the cost of the builder in the case of public buildings and the owner in other cases”.

Further, as per Section 14 (1) of The Sind Building Control Ordinance, 1979, “If it comes to the notice of the authority that a building is likely to collapse, the authority may, after such enquiry as it deems fit order for carrying out the specific repairs or demolition of the whole or part of the building. Provided that no action shall be taken under this section unless the Person who is likely to be effected thereby is given an opportunity of being heard”.

The Regional Director, Town Planning (SBCA, Hyderabad Region) has not taken necessary proceeding after Supreme Court direction. The management has neither contacted the Law Enforcing Agencies, nor informed the Supreme Court either to have an excuse or rational for not demolishing these 59 high-rise buildings, even if the plea of Law and Order situation would be considered.

Similarly, Director General, SBCA, Karachi during financial years 2009-2016, failed to demolish 416 dangerous buildings declared by the Technical Committee as Hazardous for living, out of which 296 schemes are located in Seismic Zones, in violation of the above rules.

Deviation from prescribed rules instruction resulted into weak internal control system prevailing in the department.

The matter was reported to managements during December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on management on their in-action, under intimation to audit.

[AIR Paras: 16, 15]

1.2.3.74 Irregular Allotment of Plots to Affectees of Lyari Expressway

According to allotment order issued by Lyari Expressway Resettlement Project, “The allottee will enter into lease agreement with LERP for 99 years subsequently at later stage, which will be executed entirely at the expenses of the allottee”.

Further, according to allotment order issued by Lyari Expressway Resettlement Project:

- i) The Allotment Order is non-transferable for 5 years
- ii) If possession of the plot is not taken within 15 days of the receipt of this allotment order, the above order will be cancelled
- iii) The allottee is bound to start construction of the allotted plot within 4 weeks’ time from the date of issuance of allotment order upon completion of requisite formalities of handing / taking over of physical possession of the plot. If the allottee fails to comply with the above mentioned condition, his / her plot will be transferred to another area that is / may not yet developed.
- iv) The plot allotted will not be used for commercial or any other purpose in any way except for the specific residential purposes for which it has been allotted as mentioned in the allotment order.
- v) The officials of LERP will have free access to the allotted plot premises for inspection upon prior intimation to the allottee.

During annual audit of Project Director, Lyari Expressway Resettlement Project (PD, LERP), Karachi for financial years 2012-15, it was noticed that the allotment of

plots to the affectees was made without observance of aforesaid conditions and signing of lease agreement.

Due to non-observance of the above, the department failed to comply the instructions / conditions as laid down for allotment of plots.

Deviation from prescribed rules resulted into weak internal controls.

The matter was reported to the management during December 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on person (s) at fault. Besides, supporting documents be produced to audit for verification.

[AIR Paras: 1, 3]

1.2.3.75 Non-Compliance of Master Plan

According to Section 7-B and 7-C of Sindh Building Control (Amendment) ACT, 2014, dated 20th March, 2015, “**7-B. Town Planning.** The Authority shall draw up a Master plan for all Districts of the Province which shall, among other matters provide for – (a) a survey of the District including its history, statistics, public services and other prescribed particulars; (b) development, expansion and improvement of any part of the District; (c) restrictions, regulations and prohibitions to be imposed with regard to the development of sites, and erection and re-erection of buildings within the district; (d) Earmarking of land for mosques where necessary: Provided that the Master Plan shall be presented to Government for its consideration and shall be given effect after approval by Government: 7-C. -Site Development Scheme. (1) Where a master plan has been drawn up and has been approved by Government with or without any modifications, no owner of land exceeding such areas as may be specified in this behalf in the master plan shall develop the site or erect or re-erect a building on any plot or land covered by the master plan, except in conformity with the provisions of a site development scheme sanctioned for the area in the prescribed manner.

Regional Director Town Planning (SBCA) Hyderabad, during financial year 2015-16, have approved layouts of housing schemes in 12 districts of Sindh without following the drawn up Master Plans made by Town Planning Department of SBCA, Hyderabad.

Audit is of the view that the process of approving layout plan without following drawn up master plan is violation of mandate of SBCA.

Deviation from prescribed rules instruction resulted into weak internal control system prevailing in the department.

Audit recommends fixing of responsibility on management, under intimation to audit.

[AIR Para: 3]

CHAPTER-II

SECRETARY

**PUBLIC HEALTH ENGINEERING & RURAL
DEVELOPMENT**

2.1 INTRODUCTION/PROFILE OF THE ENTITY

SECRETARY PUBLIC HEALTH ENGINEERING & RURAL DEVELOPMENT

Public Health Engineering Department has been designing, planning & executing water supply & drainage schemes in urban & rural areas; excluding Karachi and Hyderabad cities.

Scope & Function:

Over the years, O&M function of rural based schemes kept on shifting from one agency to another and finally SLGO 2001 stipulated O&M of all schemes to respective TMA. Presently urban based schemes are operated and maintained by concerned Local Councils whereas completed Rural Water Supply and Draining schemes are being looked-after by PHED. PHED had been a part of Local Government Department and was given an independent status, having its own Minister and a Secretariat in 2008; but in 2013, the department was again merged in Local Government Department. As of recent, PHED and RDD have been separated from Local Government under a separate Ministry.

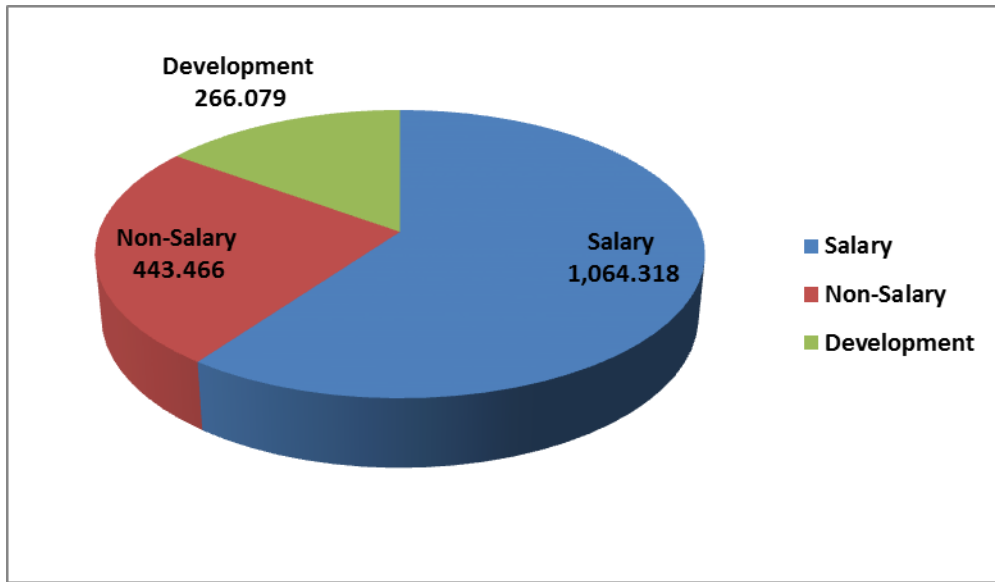
2.2 Comments on Budget and Accounts (Variance Analysis)

i. Budget of 2015-16 of Entities of Secretary Public Health Engineering & Rural Development Department

[Rupees in Million]

Formation	Particulars	Budget	Expenditure / Revenue	Excess (+) Savings (-)
Public Health Engineering & Rural Development	Salary	1,174.843	1,064.318	(110.525)
	Non-Salary	489.518	443.466	(46.052)
	Development	293.711	266.079	(27.631)
	Total	1,958.071	1,773.863	(184.208)

Expenditure 2015-16



The original budget of Secretary, Public Health Engineering & Rural Development Department, during financial year 2015-16, was Rs 1,958.071 million, against which the total expenditure incurred was Rs 1,773.863 million, resulting in overall savings of Rs 184.208 million, which was 9.048% of total budget.

2.3 AUDIT PARAS

2.3.1 Fraud/Embezzlement/Misappropriation

2.3.1.1 Doubtful Payment on Various Works - Rs 8.723 Million

According to Rule 2(q)(iv) of SPPRA Rules 2010, “Fraudulent Practice” means any act or omission, including a misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party to obtain a financial or other benefit or to avoid an obligation”.

Further, as per Government of Sindh Finance Department letter No.FD(TR)1(4)/2016 (PT-I) dated 7th June 2016, “17th June, 2016, “fixed as cut-off date for receipt of fresh bills, sanctions and for endorsement of Assignment Accounts cheques, after which no fresh bill, claim or sanction will be entertained”.

The Public Health Engineering Department, District Tando Mohammad Khan during financial year 2015-16 awarded 07 different works on 15-6-2016 amounting to Rs 12.086 million and bills for Rs 8.723 million were passed on 17-06-2016. The MBs were recorded without mentioning the date of measurement and maintenance of token register.

Audit is of the view that management prepared bogus bills as it is impossible to execute RCC work of drains, collecting tanks and screening chamber within one day after the award of work.

Deviation from prescribed rules resulted into weak internal control system.

The matter was reported to management during August to December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on officials at fault, under intimation to audit.

[AIR Para: 1]

2.3.1.2 Doubtful Execution of Scheme - Rs 4.042 Million

As per clause 2 of General Rules and Directions for the Guidance of contractors, “Form B-I of Public Works”, status that, ”the time allowed for caring out the work as entered in the trend shall be strictly observed by the contractor and shall reckoned from

the date on which the order to commence work is given to the contractor. And further to ensure good progress during the execution of the work, the contractor shall be bound, in all cases in which the time allowed for completion of any work exceed is one month to complete and abide the programme of detailed progress laid down by the Executive Engineer. The following proportions will usually be found suitable: In $\frac{1}{4}$ $\frac{1}{2}$ $\frac{3}{4}$ of the time, reasonable progress of earth work $\frac{1}{6}$ $\frac{1}{2}$ $\frac{3}{4}$ of the total value of work to be done.”

The Executive Engineer, Public Health Engineering Department, District Matiyari, during financial year 2015-16 incurred expenditure of Rs 4.042 million against a scheme on RCC work. The scheme was completed in five days despite the fact that its completion period was nine months, in violation of above rule. Detail is as under:

[Amount in Rupees]

Sr.	Name of Work	Name of contractor	Stipulated date of start	Actual date of start	Vr. No. & Date	Time period	Payment made during 2015-16
1	Construction of Collecting Tank 10” Dia Screening Chamber (8’x5’) pump house i/c pumping machinery 7.50 BHP, Diesel engine 12.0 & PVC Raising Main 6” Dia R/D Scheme	M/S Muhammad Hanif Rajput	01-06-16	26-05-16	2 / 02-06-16	09 Months	2,303,381
2		-do-	01-06-16	26-05-16	16 / 19-06-16	09 Months	1,738,193
Total							4,041,574

Audit is of the view that the execution of work in five days is impossible thus casting serious doubts on the payment.

Deviation from prescribed rules resulted into weak internal control.

The matter was reported to management during August to December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

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

[AIR Para: 5]

2.3.2 Non-Production of Record

2.3.2.1 Non-Production of Record - Rs 394.049 Million

As per Section 14 (1) (b) of the Auditor General (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001, The Auditor-General shall, in connection with the performance of his duties under this Ordinance, have authority to require that any accounts, books, papers and other documents which deal with, or form, the basis of or otherwise relevant to the transactions to which his duties in respect of audit extend, shall be sent to such place as he may direct for his inspection.

Moreover, “Chief Secretary vide letter No.DO.NO.SO(C-II)/SGA&CD/1-73/2012 dated 25th October, 2013 duly endorsed by Secretary of LGD vide letter No. SOA/(LG)LG/4/(77)2013, dated 21.11.2013 was pleased to direct to all Municipal organizations / Local Councils for immediately providing record to audit, so that, financial discipline may be restored to respective organizations. In case of failure to provide record to audit by auditee organizations, the cases may be taken up under disciplinary proceedings against officers concerned that may include suspension of officers”.

Various offices of PHEs, incurred an expenditure of Rs 394.049 million, during financial year 2015-16, but failed to provide record to audit, in violation of the above rule and instructions. Details are provided at Annex-PHE1.

Moreover, Various offices of PHED, incurred an expenditure amounting to Rs 4.628 million, during financial year 2015-16, on purchase of POL for official vehicles but failed to provide Log Books, History Sheets and Petrol account Registers to audit, in violation of above rule. Details are provided at Annex-PHE1.

Audit is of the view that non-provision of record resulted into non-authenticity / non-transparency in public spending and weak financial management.

Deviation from prescribed rules resulted into weak internal control.

The matter was reported to management during August to December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on the managements for non-provision of record in accordance with rules and regulations.

[AIR Paras: 1, 1, 1, 1, 1, 1, 19, 1, 1, 1, 2, 4, 4, 5, 16, 19, 17, 13]

2.3.3 Irregularity / Non-Compliance

A. Recovery, Targeted receipts/Outstanding dues

2.3.3.1 Loss due to Non-Deposit of Receipts – Rs 148.935 Million

According to Rule 77 of CTR Vol-I, “All money received on behalf of Government should be without undue delay be credited into Government account”.

Further, according to Rule 41 of SFR Vol-I, “The departmental Controlling Officer should see that all sums due to Government are regularly received and checked again demands and that they are paid into the treasury”.

Various offices of Public Health Engineering Department (PHED) collected an amount of Rs 148.935 million, during financial year 2015-16, on account of various taxes but failed to deposit the same into Government treasury, in violation of above rules. Detail is as under:

[Amount in Rupees]		
Sr.	Name of Offices	Amount
1	XEN, PHE, Dadu	51,497,923
2	XEN, PHE, Khairpur Div-II	5,175,522
3	XEN, PHE, Jamshoro	48,391,732
4	XEN, PHE, Karachi	11,194,810
5	XEN, PHE, Larkana	113,500
6	XEN, PHE, Tando Allahyar	3,709,000
7	XEN, PHE, Naushahro Feroze	28,853,000
Total		148,935,487

Audit is of the view that non-deposit of collected fee, taxes, and rates resulted into loss of revenue, besides, chances of misappropriation of public revenue cannot be ruled out.

Violation of prescribed rules was due to weak internal controls and resulted into weak financial management.

The matter was reported to management during August to December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on person (s) at fault. Besides, collected Government revenue be deposited into Government treasury, under intimation to audit.

[AIR Paras: 10+12, 11, 10+15, 3, 5, 8, 2]

2.3.3.2 Non-Deduction of Taxes / Duty – Rs 42.617 Million

According to Sindh Sales Tax on Services Act, 2011 Amended upto 1st July, 2014, Section-3(1), “taxable services a services listed in Second Schedule to this Act, which is provided (a) by a registered person from his registered office or place of business in Sindh. Section-3(2) “ services that is not provided by a registered persons shall be treated as a taxable service if the service is listed in the Second Schedule to this Act (a) is provided to a resident person; (b). Section-8(1) Subject to the provisions of this Act, there shall be charged, levied and collected a tax known as sales tax on the value of a taxable service at the rate specified in the Schedule in which the taxable service is listed”.

Further, as per Income Tax Ordinance 2001- Section 160, “Payment of tax collected or deducted.-Any tax that has been collected or purported to be collected under Division II of this Part or deducted or purported to be deducted under Division III of this Part 5[or deducted or collected, collected, or purported to be deducted or collected under Chapter XII] shall be paid to the Commissioner by the person making the collection or deduction within the time and in the manner as may be prescribed”.

Moreover, According to Para-22-A of Stamp Act, “it was the duty of the competent authority to recover the stamp duty and affix the same, while execution of agreement @ 0.35 paisa/100 rupees of the value of the agreement or against tender cost.”

Various offices of PHED, during financial year 2015-16, made payments to various contractors/suppliers on the purchase of taxable articles but failed to deduct taxes / duty amounting to Rs 42.617 million, in violation of above rules. Details are provided at Annex-PHE2.

Audit is of the view that due to non-deduction of income/sales tax from payments resulting into loss to Government revenue and weak financial management.

Non-observance of prescribed procedure constituted weak internal control.

The matter was reported to management during August to December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on person(s) at fault for non-deduction of taxes / duties. Besides, recovers the amount without further delay, under intimation to audit.

[AIR Paras: 8, 9, 11, 7, 2, 2, 3, 14, 4, 2, 9, 3, 8, 4, 4, 3]

B. Violation of Rules

2.3.3.3 Irregular Award of Work to Unregistered Contractors Rs 617.866 Million

As per Pakistan Engineering Council letter No. PEC/Consult/EF/1900017 dated 01-09-2005, “No engineering work shall be constructed except by a constructor or operated except by an operator licensed as such by the Council (PEC). All consulting engineering services in Pakistan shall be entrusted only to consulting engineering duly registered as such with the Council (PEC)”. Further, as per Planning and Development Department Government of Pakistan letter No. 1(693-A)/PP&H/PD/2005, dated 14th September 2005, “all respective Provincial Departments, City/ District Governments, Tehsil Municipal Administrations, Union Council Administrations, Housing, Water Supply & Sanitation Agencies must ensure compliance of the instructions given in PEC Bye-Laws 1986 and 1987 are fully implemented in all engineering contracts and procurement of engineering services and works, in order to restrain from pre-qualifying all such local and foreign firms, which do not abide by P.E.C. laws and rules.” Furthermore, as per Sindh Government order, every Contractor is to be required to get itself registered with Sindh Revenue Board, GoS”.

Various offices of PHED awarded different development schemes costing Rs 617.866 million, during financial year 2015-16, to various contractors which were not registered with PEC and Sindh Revenue Board. Details are provided as under:

[Rupees in Million]		
Sr.	Name of Offices	Amount
1	XEN, Public Health Engineering, Division-II, Khairpur	69.439
2	XEN, Public Health Engineering, Division-I, Khairpur	217.741
3	XEN, Public Health Engineering, Naushahro Feroze	62.500
4	XEN, Public Health Engineering, Shaheed Benazirabad	268.186
Total		617.866

Audit is of the view that management ignored rules and procedures set forth by the Government that constituted weak financial management.

Violation of laid down procedures was due to weak internal control system.

The matter was reported to managements during August to December, 2015, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on persons at fault for award of works to unregistered contractors.

[AIR Paras: 2, 3, 11, 10]

2.3.3.4 Irregular Award of Work Orders - Rs 373.395 Million

As per Notification No. E&A(LG)4(53)/2007/6579, dated.31.10.2007, issued from Finance Department, Government of Sindh, Karachi that following officers/Authorities are empowered to accord Technical Sanction up to limit as detailed below:

- Administrative Department Works up to Rs 50,000,000
- Chief Engineer up to Rs 10,000,000
- Superintendent Engineer up to Rs 5,000,000
- Executive Engineer up to Rs 1,000,000

The Executive Engineer, Public Health Engineering Division, Ghotki @ Mirpur Mathelo, during financial years 2014-16, awarded 33 development works costing Rs 373.395 million, through transgression of financial powers beyond competency, in violation of above rule.

Audit is of the view that unauthorized sanctions made through transgression of delegated financial powers resulted into unauthorized payment and weak financial management.

Deviation from prescribed rule resulted into weak internal control.

The matter was reported to management during August to December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility against the person(s) at fault. Besides, approval of competent authority be produced to audit for verification.

[AIR Para: 3]

2.3.3.5 Irregular Award of Work without Integrity Pact Rs 241.690 Million

According to Rule-89 of SPPRA-2010, "Integrity Pact - Procurements exceeding Rs 10 million for goods & works, and Rs 2.5 million for services shall be subject to an integrity pact, as specified by regulations, between the procuring agency and

the suppliers or contractors or consultants.”

Various offices of PHED awarded various development schemes amounting to Rs 241.690 million, during financial year 2015-16, but Integrity Pact with contractors was not executed to safeguard Government interest, in violation of above rules. Details are as under:

[Rupees in Million]

Sr.	Name of Offices	No. of Works	Amount
1	XEN, Public Health Engineering, Division-II, Khairpur	5	88.208
2	XEN, Public Health Engineering, Division-I, Khairpur	7	118.897
3	XEN, Public Health Engineering, Shikarpur	2	34.585
Total			241.690

Audit is of the view that department failed to safeguard Government interest by not executing integrity pact with contractors resulting into weak financial management.

The matter was reported to management during August to December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on the management for non-execution of integrity pact with contractors.

[AIR Paras: 4, 7, 12]

2.3.3.6 Execution of Work without Approval – Rs 239.508 Million

As per Notification No. B.S.E.1/2(18)/75-95/Pt-VIII, dated.3.10.2007, issued from Finance Department, Government of Sindh that following officers are empowered to accord Technical Sanction up to limit as detailed below:

1. Chief Officers up to: Rs 10,000,000
2. Superintendent Engineer up to: Rs 5,000,000
3. Executive Engineer up to : Rs 1,000,000

Further, according to Paragraph 766 of Bombay Public Works Department Manual Volume-I, “Technical Sanction” amounts to nothing more than a guarantee that the proposals are structurally sound and meet the requirements of the indenting department and that the estimates are accurately calculated and based on adequate data”.

Various offices of PHED executed works worth Rs 239.508 million, during financial year 2015-16, without obtaining technical sanction from competent authority, in

violation of the above rules. Details are as under:

[Rupees in Million]

Sr.	Name of Offices	No. of Works	Amount
1	XEN, Public Health Engineering, Division-II, Khairpur	4	13.412
2	XEN, Public Health Engineering, Division-I, Khairpur	6	37.196
3	XEN, Public Health Engineering, Sanghar	-	30.731
4	XEN, PHE, Naushahro Feroze	17	94.220
5	XEN, PHE, Shaheed Benazirabad	14	63.949
Total			239.508

Audit is of the view that award of work without sanction of detailed design and estimate from competent authority resulted into unauthorized expenditure.

Violation of laid down procedures was due to weak internal control system.

The matter was reported to management during August to December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on the management for execution of works without obtaining technical sanction from competent authority.

[AIR Paras: 1, 2, 2, 7, 5]

2.3.3.7 Unjustified Expenditure on Urban Drainage Scheme Rs 202.000 Million

According to Para 11.1.3 (ii) of SPPRA Regulations of Procurement (works), “when the expenditure on a work/scheme exceeds, or is found likely to exceed the administratively approved amount by more than 15 percent. Timely submission of revised rough cost estimate is required for revised administrative approval to maintain un-interrupted continuity in execution, and same should be obtained from the authority, competent to approve the enhanced cost. No excess can be allowed over the revised cost”.

The Executive Engineer, Public Health Engineering Department, District Tando Mohammad Khan approved PC-1 for scheme “improvement & extension of urban drainage scheme Tando Mohammad Khan city” on an estimated cost of 202.00 million. An amount of Rs 24.00 million reserved for operation and maintenance the scheme was divided into five zones A, B, C, D and E comprising different areas of the city. The work

on the scheme started in January 2012 and was scheduled to be complete in June 2015 but according to the progress report of 2015-16 work was carried out on two zones A and B only with expenditure of 172.00 million which is 85% of estimated cost of the project and the remaining three zones were neglected.

Audit is of the view that management incurred unjustified 80% expenditure on only two out of five components. Moreover, the management also failed to submit revised PC-1 for approval.

Due to non-completion of drainage scheme in Zone C, D and E population living in these areas face sever drainage problems was due to weak internal control system.

The matter was reported to management during August to December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

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

[AIR Para: 8]

2.3.3.8 Award of Work Without Fulfillment of Prequalification Criteria Rs 186.930 Million

According to Regulation for Procurement of Works, SPPRA Notification No.Dir(A&F)/SPPRA/Bod/12-13/9316 Dated: 22nd March, 2013, Para-2.15, “The basic aim of the pre-qualification is to eliminate unrealistic, unqualified or disreputable contractors that are not suitably qualified to perform the contract. Pre-qualification is made on tender to tender basis and is valid for such project/scheme only”.

Further, According to Regulation for Procurement of Works, SPPRA Notification No.Dir(A&F)/SPPRA/Bod/12-13/9316 Dated: 22nd March, 2013, Para-2.6 Eligibility (Rule 29), “The procuring agency shall carry out due diligence on the technical and financial qualifications of bidders to be assured of their capabilities in relation to the specific project which may include (i) General Experience, (ii) Similar Experience,(iii) Personnel Capabilities, (iv) Equipment Capabilities. (v) Financial Position, (vi) Litigation History and (vii) Any other information”.

The Executive Engineer, Public Health Engineering Department Hyderabad, awarded schemes worth Rs 186.930 million, during financial year 2015-16, to contractors

without valid PEC registration certificates and fulfillment of pre-qualification, in violation of rules. Detail is as under:

[Rupees in Million]

Sr.	Name of Work	Contractor	Est.Cost
1	Const. of Storage Tank , Sump Well, Inter connection & compound Wall for Ultra Filtration Water Supply Scheme, Tando Jam	M/s Meesam Const. Co.	98.880
2	Providing Laying & Fixing P.E Pipe 18 “ dia, Pump House (2 Nos) & Sump Well for Ultra Filtration Water Supply Scheme, Tando Jam Taluka Hyderabad (Rural) District Hyderabad	M/s Jawed Const. Co.	88.050
Total			186.930

Audit is of the view that undue favor was extended towards contractors by not following procedure of prequalification and eligibility which resulted into irregular award of work and weak financial management.

Non-observance of prescribed procedure of SPPRA-2010 resulted into weak internal controls.

The matter was reported to management during August to December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility for award of work without fulfillment of pre-qualification criteria as in notice inviting tender, under intimation to audit.

[AIR Para: 1]

2.3.3.9 Non-Publication of Tender in Leading Newspapers Rs 114.645 Million

According to Sindh Public Procurement Rules 2010, “Procurements over Rupees one hundred thousand and up to Rupees one million shall be advertised by timely notifications on the Authority’s website and may in print media in the manner and format specified by regulations issued by the Authority from time to time, or If no such formats have been specified by the authority, in the manner and format, which conforms most closely to the principles of procurements i.e. openness of competition, fairness, transparency etc. and to procedural requirements given in these rules and regulations, issued in pursuance of these rules”.

(2) The advertisement in the newspapers shall appear in at least three widely

circulated leading dailies of English, Urdu and Sindhi languages.

The Executive Engineer, Public Health Engineering, Mirpurkhas, invited tender for various development works amounting to Rs 114.645 million, during financial year 2015-16, but failed to publish it in three widely circulated leading dailies of English, Urdu and Sindhi languages, in violation of above rules. Detail is as under:

[Rupees in Million]

Sr.	NIT #	Date	Amount
1	205	31-03-2016	90.322
2	333	10-05-2016	24.323
Total			114.645

Audit is of the view that non-observance of the SPPRA rules resulted into non-obtaining of competitive rates and non-transparency in public spending.

Non-observance of prescribed rules constituted weak internal control system.

The matter was reported to management during August to December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on person(s) at fault, under intimation to audit.

[AIR Para: 13]

2.3.3.10 Non-Imposition of Penalty - Rs 100.001 Million

As per agreement made between contractor & Government that the time frame given for the completion of work is required to be observed and in case of failure/ delay, the penalty at the rate of 10% of sanctioned cost may be imposed & deducted from the bill of contractor.

Various offices of PHED, during financial year 2015-16, executed belated development works but the penalty @ 10% of total cost amounting to Rs 100.001 million was not recovered from the contractors, in violation of above rule. Details are as under:

[Rupees in Million]

Sr.	Head	Cost of Works	Penalty @ 10%
1	XEN, PHE, Shikarpur	51.519	5.152
2	XEN, PHE, Dadu	735.330	73.533
3	XEN, PHE, Jamshoro	27.560	2.756
4	XEN, PHE, Badin	60.030	6.003
5	XEN, PHE, Hyderabad	13.731	1.373

[Rupees in Million]			
Sr.	Head	Cost of Works	Penalty @ 10%
6	XEN, PHE, Tharparkar @ Mithi	50.397	5.040
7	XEN, PHE, Umerkot	6.931	0.693
8	XEN, PHE, Karachi	10.833	1.083
9	XEN, PHE, Larkana	22.860	2.286
10	XEN, PHE, Tando Allahyar	20.820	2.082
Total			100.001

Audit is of the view that undue favour was extended to contractors which resulted into weak financial management.

Non-compliance of rules reflects absence of internal control system in the department.

The matter was reported to management during August to December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility for non-recovery of penalty amount from the contractors, under intimation to audit.

[AIR Paras: 17, 2+11, 7, 10, 5, 10, 6, 2, 8, 4]

2.3.3.11 Unauthorized Award of Contracts - Rs 74.115 Million

According to Rule 17(1) of Sindh Public Procurement Rules 2010, "Procurements over one hundred thousand rupees and up to one million rupees shall be advertised by timely notifications on the Authority's website and in print media in the manner and format prescribed in these rules".

Various offices of PHED awarded various works to contractors amounting to Rs 74.115 million, during financial year 2015-16, without inviting open tender, in violation of above rule. Details are as under:

[Rupees in Million]			
Sr.	Name of Offices	No. of Works	Amount
1	XEN, PHE, Shikarpur	3	51.519
2	XEN, PHE, Badin	17	4.680
3	XEN, PHE, Badin	5	17.916
Total			74.115

Audit is of the view that management failed to invite open tenders resulting into non-transparency in award of contracts which constituted weak financial management.

Non-inviting of open tenders by deviating SPPRA Rules resulted into weak

internal control.

The matter was reported to management during August to December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility for not hoisting open tenders on the Authority's website to avoid wide publicity, under intimation to audit.

[AIR Paras: 10, 3, 5]

2.3.3.12 Irregular payment to Contractor without Check Measurement Rs 65.907 Million

According to Rule-209 (d) of Central Public Works Accounts Code, "As all payments for work or supplies are based on the quantities recorded in the measurement book, it is incumbent upon the person taking the measurements to record the quantities clearly and accurately".

Various offices of PHED paid an amount of Rs 65.907 million, during 2015-16, against various works / schemes without recording in the measurement book, in violation of above rule. Details are provided as under:

[Rupees in Million]

Sr.	Name of Offices	Amount
1	XEN, Public Health Engineering, Division-II, Khairpur	9.254
2	XEN, Public Health Engineering, Dadu	34.836
3	XEN, Public Health Engineering, Jamshoro	21.817
Total		65.907

Audit is of the view that payment without checking/recording measurement resulted into irregular payment.

Violation of laid down procedures was due to weak internal control system.

The matter was reported to management during August to December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

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

[AIR Paras: 3, 8, 5]

2.3.3.13 Irregular Payment to Contractors on Supply without Obtaining Invoices - Rs 54.720 Million

According to Sub-section (2) of Section 4 of Sindh Financial Management and Accountability Act, 2011, “The rules shall be consistent with the following principles:-

- (a) All financial transactions shall be duly authorized;
- (b) All financial transactions shall be recorded promptly, clearly, accurately, logically and coherently.

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

Executive Engineer, Public Health Engineering Division, Naushahro Feroze & Shaheed Benazirabad, paid an amount of Rs 54.720 million, during financial year 2015-16, to contractors on various items without obtaining invoices from the contractors for its useful life, guarantee, quantity certificates etc. Moreover, it was also noticed that no any rate analysis for these material/items were attached in the bills/estimates and these supplied items (e.g. machinery, Engines, Generator, Pipes etc.) were also found not accounted for in monthly stock account of the department, in violation of above rules. Details are as under:

[Rupees in Million]

Sr.	Name of Offices	Purchases	Amount
1	XEN, PHE, Naushahro Feroze	Pumping Machinery, Diesel Engine & Generators	23.430
2	XEN, PHE, Shaheed Benazirabad	Pumping Machineries, Diesel Engines & Generators	31.290
Total			54.720

Audit is of the view that unauthorized payment was made without invoices and other relevant documents resulting into department failed to safe guard Government interest.

Non-observing of Government instruction constituted weak internal control system.

The matter was reported to management during August to December, 2016, but

they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends that responsibility may be fixed upon person(s) at fault for payment without obtaining invoice and other relevant documents, under intimation to audit.

[AIR Paras: 12, 6]

2.3.3.14 Irregular Expenditure without Constitution of Procurement Committee - Rs 51.300 Million

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

The Executive Engineer, Public Health Engineering, Division-II, Khairpur executed 08 schemes through NIT’s costing Rs 51.300 million, during financial year 2015-16, without constitution of procurement committee, in violation of above rule.

Audit is of the view that NITs without constitution of procurement committee resulted into irregular expenditure, which constituted weak financial management.

Deviation from prescribed rules & procedures constituted weak internal controls.

The matter was reported to management during August to December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on account of irregular expenditure on account of procurement of materials without constitution of procurement committee, under intimation to audit.

[AIR Para: 5]

2.3.3.15 Unauthorized Payments without Pre-Audit - Rs 50.554 Million

According to Sub Para (2) of Para-32 of Local Government Accounts Manual, “Every bill shall be pre-audited by the Accounts Office. The pre-audit shall ensure that the bill has been sanctioned and that funds are available to make payment. The pre-audit shall also involve scrutinizing the bill to identify possible fraud and irregularities”.

Further according to Rule 111(4) &(5) of Sindh Local Government Act 2013, "the Provincial Director, Local Fund Audit shall pre-audit all the payments from the Local Funds of the Councils and a Council shall not with draw or disburse money from the Local Fund unless it is pre-audited in the prescribed manner”.

The Executive Engineer, Public Health Engineering Division-I, Khairpur paid an amount of Rs 50.554 million, during financial year 2015-16, to staff & contractors without pre-audit from concerned Local Fund Audit office, in violation of above rules.

Audit is of the view that payments without pre-audited bills resulted into unauthorized expenditure.

Non-observance of prescribed control procedures was due to weak internal control system.

The matter was reported to management during August to December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on management for making payments without pre-audit.

[AIR Para: 5]

2.3.3.16 Irregular Expenditure on Execution of Schemes - Rs 49.824 Million

According to Para 28 of GFR Vol-I, “No amount due to Government should be left outstanding without sufficient reason and where any dues appear to be irrecoverable orders of the competent authority for their adjustment must be sought”.

Further, according to Para-23 of General Financial Rules Vol-I, “every Government officer should realize fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part and that he will also be held personally responsible for any loss arising from fraud or negligence on the part of any other Government officer to the extent to which it may be

shown that he contributed to the loss by his own action or negligence”.

The Executive Engineer, Public Health Engineering Division, Ghotki @ Mirpur Mathelo, during financial year 2015-16, paid an amount of Rs 49.824 million, in excess to the contractors on account of 36 different works.

Audit is of the view that undue favour was given to contractors resulting into unauthorized payment and weak financial management.

Deviation from prescribed rule resulted into weak internal control.

The matter was reported to management during August to December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility against the person(s) at fault. Besides, amount of excess payment be recovered, under intimation to audit.

[AIR Para: 1]

2.3.3.17 Non-Utilization of Services of Staff - Rs 48.993 Million

As per Para 10(1) of GFR Vol-I, “Every public officer is expected to exercise same vigilance in respect of expenditure incurred from public moneys as a person of ordinary prudence would exercise in respect of expenditure of his own money”.

Various Offices of Rural Development Department incurred expenditure of Rs 48.993 million, during financial year 2015-16, on account of salaries of employees whose services were not utilized due to their non-functioning since many years, in violation of above rule.

[Rupees in Million]		
Sr.	Name of Offices	Amount
1	XEN, PHE, Badin	14.183
2	XEN, PHE, Dadu	19.421
3	XEN, PHE, Thatta	15.389
Total		48.993

Audit is of the view that to non-utilization of services of employees resulted into wastage of public funds.

Deviation of prescribed rules was due to weak internal controls.

The matter was reported to management during August to December, 2016, but

they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility against management(s) for non-utilization of human resource, under intimation to audit.

[AIR Paras: 2, 2, 2]

2.3.3.18 Irregular Payments on Reduced Rates - Rs 45.308 Million

According to Clause-17 of the agreement, if at any time before the security deposit is refunded to the contractor, it shall appear to the Engineer-in-Charge or his subordinate in charge of the work, that any work executed with unsound, imperfect or unskillful workmanship or with materials of inferior quality or that any materials or articles provided by him for the execution of work are unsound, or quality inferior to that contracted for or are otherwise not in accordance with the contract, it shall be lawful for the Engineer-in-charge to intimate this fact in writing to the contractor and then notwithstanding ,the fact that the work materials or articles complained of, may have been inadvertently passed, certified and paid for, the contractor shall bound forthwith to rectify or remove and reconstruct the work so specified in, whole or part, as the case may require.

Following Offices of PHED, during financial years 2014-16, paid an amount of Rs 45.308 million, during 2014-16, to contractors on supply for various works, in violation of above rule. Further, the payment was made by reducing the actual rates to conceal the quality, usefulness & substandard of the equipment/material. Moreover, rate analyses of the supplied items were also not found on the record. Audit is of the view that execution of items on part/ reduced rate in a huge quantity implies that:

- a) Either works were of inferior quality
- b) Defective work was carried without rectification.
- c) Execution of work was not as per specification.
- d) Advance payment was made without completion of work.

[Rupees in Million]

Sr.	Name of Offices	Amount
1	XEN, PHE, Ghotki @ Mirpur Mathelo	1.601
2	XEN, PHE, Naushahro Ferzoe	1.639
3	XEN, PHE, Shaheed Benazirabad	7.059
4	XEN, PHE, Dadu	19.462
5	XEN, PHE, Jamshoro	15.547
Total		45.308

Audit is of the view that unauthorized payment on reduced rates was made without justification. The chances of wastage of funds cannot be ruled out as payment has been made on the defective work.

Deviation from prescribed rule was due to weak internal control system.

The matter was reported to management during August to December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on person (s) at fault for payment against defective works, under intimation to audit.

[AIR Paras: 6, 2, 13, 18, 9]

2.3.3.19 Payment on Non-Schedule Items without Approval Rs 44.223 Million

According to Sr # 4 of the Schedule of Rate (Composite) for finished items of works, 2004, the non-schedule item costing upto Rs1000 should be got sanctioned by the concerned Superintending Engineer and the items exceeding Rs1000 must be got approved and sanctioned by the Chief Engineer.

Various offices of PHED incurred an expenditure of Rs 44.223 million, during financial year 2015-16, on non-scheduled items without market rate analysis and obtaining sanction of competent authority. The rate analysis duly sanctioned by the competent authority in support of the above expenditure was not made available to audit. Details are as under:

[Rupees in Million]

Sr.	Name of Offices	Amount
1	XEN, Public Health Engineering, Division-II, Khairpur	6.412
2	XEN, Public Health Engineering, Dadu	19.462
3	XEN, Public Health Engineering, Hyderabad	1.537
4	XEN, Public Health Engineering, Jamshoro	16.812
Total		44.223

Audit is of the view that expenditure was incurred on non-scheduled items beyond delegation of financial powers resulted into unauthorized expenditure and weak financial management.

Due to the weak internal controls Governmental rules and regulations were

violated.

The matter was reported to management during August to December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends that responsibility be fixed upon the person (s) at fault for payment against non-schedule items without carrying out rate analysis and approval by the Competent Authority, under intimation to audit.

[AIR Paras: 9, 3, 4, 12]

2.3.3.20 Refund of Security Deposit without Valid Proof-Rs 43.422 Million

According to General Financial Rules, “call deposits @ 2% of estimated cost & Security Deposits @ 8% of gross amount should be deducted from the bills of contractors /suppliers & same may be deposited in Government accounts without delay. Moreover, same may be refunded after completion of satisfactory work & fulfillment of codal formalities”.

The various offices of PHED, during financial years 2014-16, refunded security deposits amounting to Rs 43.422 million, to the contractors/suppliers without fulfillment of codal formalities. Neither date of completion of works was recorded nor were requests of the contractors found available in the record, in violation of above rule. Thus the authenticity of payment could not be verified by the audit. Details are as under:

[Amount in Rupees]			
Sr.	Name of Office	No. of Works	Amount
1	XEN, Public Health Engineering, Jamshoro,	10	2.478
2	XEN, Public Health Engineering, Ghotki @ Mirpur Mathelo	21	6.168
3	XEN, Public Health Engineering, Naushahro Feroze	45	21.365
4	XEN, Public Health Engineering, Shaheed Benazirabad	18	13.411
Total			43.422

Audit is of the view that refund of security deposit without fulfillment of codal formalities resulted into unauthorized payment and weak financial management.

Non-observance of rules and procedures constituted weak internal control.

The matter was reported to management during August to December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility against the person(s) at fault for refund of deposits without any supporting documents.

[AIR Paras: 3, 11, 13, 12]

2.3.3.21 Procurements in violation of SPPRA - Rs 37.744 Million

According to Rule 45 of SPPRA 2010, “Procuring agencies shall announce the results of bid evaluation in the form of a report giving reasons for acceptance or rejection of bids. The report shall be hoisted on website of the Authority and that of the procuring agency if its website exists and intimated to all the bidders at least seven (07) days prior to the award of contract”.

Further, according to Rule 10 of Sindh Public Procurement Rules 2010, “The procuring agency shall, immediately upon award of contract, make the evaluation report of the bid, and the contract agreement to public through hoisting on the Authority’s website as well as on procuring agency’s website, if the procuring agency has such a website.”

Moreover, as per Rule 41 (09) of SPPRA Rule 2010, “The procurement committee shall issue the minutes of the opening of the tenders and shall also mention over writing or cutting, if any”.

Executive Engineer, Public Health Engineering Division Tharparkar @ Mithi, during financial year 2015-16, awarded development schemes amounting to Rs 25.758 million to contractors, but failed to hoist bid evaluation reports of on the SPPRA website, in violation of above rules. Detail is as under:

[Amount in Rupees]

Sr.	NIT #	Description of Work	Estimate	Contractors	Work Order	Amount of Work
1	197 04-04-16	Replacement of Submersible Pump with Motor and Diesel Generator Set for operation and Maintenance of Rural Water Supply Scheme Chachi & Ameen-Ji-Dhani District Tharparkar	2,015,260	M/S Nevat Mal	325 02-06-16	2,015,260
2	222 14-04-16	Providing , Lying Jointing & Testing Extension of distribution system of Mithi for Construction of RCC underground Reservoir for R.O Plant Imp: Ext: of Distribution Network for Mithi and Islamkot Town District Tharparkar	23,742,500	M/S Malani Construction Co	349 06-06-16	23,742,500
Total						25,757,760

Moreover, The Executive Engineer, Public Health Engineering, Umerkot, during financial year 2015-16 uploaded their tender on SPPRA website. Due to certain deficiencies, the SPPRA withheld the ID in order to remove the deficiencies but the management awarded the work for Rs 11.986 million, on withheld ID, in violation of above rule.

Audit is of the view that violation of SPPRA rules resulted into non-transparency in the award of contracts and weak financial management.

Deviation from prescribed rule resulted into weak internal control system prevail in the department.

The matter was reported to management during August to December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on management for award of work on withheld ID and without issuance & hoisting minutes of opening of bids and non-hoisting of bid evaluation report on SPPRA website, under intimation to audit.

[AIR Paras: 6, 7]

2.3.3.22 Splitting of works to avoid Approval from Competent Forum Rs 35.389 Million

As per Rule 12 (1) of SPPR 2010, “Limitation on Splitting or Regrouping of Proposed Procurement: Save as otherwise provided and subject to the regulations made by the Authority, a procuring agency shall prepare, in accordance with Rule 11 above, all proposed procurements for each financial year and shall proceed accordingly without any splitting or regrouping of the procurements already grouped, allocated and scheduled in the Procurement Plan (Rule-11);”

Further, competent forum to sanction schemes as per Planning Commission Manual:

S No.	Competent Forum	Cost of Scheme up to
1	District Development Working Committee (DDWC)	Rs. 20 million
2	Departmental Development Working Party (DDWP)	Rs. 40 million
3	Provincial Development Working Party (PDWP)	Rs. Five billion
4	Central Development Working Party (CDWP)	Rs. One billion
5	Executive Committee of the National Economic Council (ECNEC). After clearance from CDWP	Above Rs. One billion

The Executive Engineer, Public Health Engineering Division, District Dadu, during financial year 2015-16, awarded schemes amounting to Rs 35.389 million by splitting in three parts to avoid approval from next higher authority, in violation of rules.

Audit is of the view that splitting of work of same nature in various components deprived the Government from achieving best competitive rates and resulting into weak financial management.

Deviated prescribed rules & guidelines of SPPRA purposely resulted into weak internal control.

The matter was reported to management during August to December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on person(s) at fault for splitting of work and award of work without approval of competent authority, under intimation to audit.

[AIR Para: 7]

2.3.3.23 Non-Adjustment of Advances - Rs 35.234 Million

According to Para 360 of Central Public Works Account Code, “Items in the Miscellaneous Public Works Advance accounts are cleared either by actual recovery or by transfer, under proper sanction or authority to some other head of account items or balances which may become irrecoverable should not be transferred until ordered to be written off.”

The offices of PHE, Khairpur and Shikarpur paid Miscellaneous Public Works Advances amounting to Rs 14.334 million, during financial year 2015-16, which were not adjusted till the close of financial year. Details are as under:

[Rupees in Million]		
Sr.	Name of Offices	Amount
1	XEN, Public Health Engineering, Division-I, Khairpur	12.598
2	Executive Engineer, Public Health Engineering, Shikarpur	1.736
Total		14.334

Moreover, the Executive Engineer, Public Health Engineering Department Hyderabad, during financial year 2015-16, paid an amount of Rs 20.900 million, to Assistant Commissioner/ Land Acquisition Officer Hyderabad on account of Land Acquisition for “Ultra Filtration Water Supply Scheme Tando Jam” but Land Award

Statement as well as registration certificate was not obtained, in violation of above rule.

Non-adjustment of Advances was due to weak financial discipline due to which the chances of loss to Government cannot be ruled out.

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

The matter was reported to management during August to December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

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

[AIR Paras: 8, 2, 11]

2.3.3.24 Un-authorized Execution of Work without Fresh Tendering Rs 32.361 Million

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

Further, as per Rules (16)(1)(e) of SPPRA 2010, “Repeat Orders means procurement of additional quantities of the item(s) from the original contractor or supplier, where, after the items originally envisaged for the project or scheme have been procured through open competitive bidding, and such additional quantities of the same item(s) of goods or works are needed to meet the requirements of the project or scheme; Provided that: - (i) the cost of additional quantities of item(s) shall not exceed 15% of the original contract amount”.

Executive Engineer, Public Health Engineering Division Badin, awarded works costing Rs 16.627 million during financial year 2015-16 to different contractors. The schemes were unauthorizedly revised upto Rs 32.361 million, 83% and 100% over and above the original estimate, but the management allowed contractors to continue works without fresh tender, in violation of above rules.

Audit is of the view that the revision of schemes beyond 15% permissible limit constituted weak financial management.

Deviation from prescribed rules was due to internal control system.

The matter was reported to managements during October, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility for unauthorized revision of work without fresh tender, under intimation to audit.

[AIR Para: 9]

2.3.3.25 Unauthorized Award of Work to Unqualified Contractors Rs 26.584 Million

According to Serial 7.6 (B) (i) of SPPRA Regulations for Procurement (works), “Substantial Responsiveness: Responsiveness of the bidder and bid is to be determined by the Eligibility and the fact that bid has no Major deviations as mentioned below: (1) Eligibility:

- The bidder is of valid license holder from the PEC and fall within the category and discipline allowed to participate;
- The bidder is registered with tax authorities.
- The bidder is not black listed by any Procuring Agency.
- In case of electrical works, the bidder is in possession of electrical license from the Electrical Inspector of Sindh.

The Executive Engineer, Public Health Engineering Department, District Tando Mohammad Khan, during financial year 2015-16, awarded 03 different works to various contractors amounting to Rs 26.584 million, and allowed the unqualified contractors to participate in the tender process.

Moreover, the following discrepancies were also observed:

- Integrity Pact for specified work was not found in record.
- Improper bidding documents were issued to bidders
- Bids were not hoisted on authority’s website.

Audit is of the view that management accepted bids of unqualified bidders and ignored eligibility criteria by giving undue favor.

Non-compliance of rules constituted weak internal controls.

The matter was reported to management during August to December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC

meeting despite pursuance by audit.

Audit recommends fixing of responsibility on person(s) at fault, under intimation to audit.

[AIR Para: 4]

2.3.3.26 Irregular Payment of Land without Obtaining Ownership Rs 19.701 Million

According to Rule 110(iii) of Sindh Financial Rules, Vol-I, “(land acquired by negotiation) the Officer who settles the price should draw up Form-A in Appendix 5 Prescribed for use in the case of an award and this should be made the basis of subsequent payment”.

Further, according to Sub Section (2) of Section 4 of the Sindh Financial Management and Accountability Act, 2011, “The rules shall be consistent with the following principles:-

(a) All financial transactions shall be duly authorized;

(b) All financial transactions shall be recorded promptly, clearly, accurately, logically and coherently.

The Executive Engineer, Public Health Engineering Division, Ghotki @ Mirpur Mathelo, paid an amount of Rs 19.701 million, during financial years 2014-16, to Assistant Commissioner/ Land Acquisition Officers, Mirpur Mathelo & Daharki for purchase of Land for “Disposal of various drainage schemes” but failed to obtain Land ownership documents from the concerned department. Detail is provided at Annex-PHE3.

Audit is of the view that management failed to safeguard its property resulting into unjustified payment without obtaining ownership of land.

Non-observance of prescribed rules constituted weak internal control.

The matter was reported to management during August to December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends that responsibility may be fixed on person(s) at fault. Besides, ownership documents be obtained from concerned department, under intimation to audit.

[AIR Para: 14]

2.3.3.27 Unauthorized Subletting of Development Works Rs 19.114 Million

According to Para-10 (i) of GFR Volume-I, “every public officer is expected to exercise the same vigilance in respect of expenditure incurred from public money as a person of ordinary prudence would exercise in respect of expenditure of his own money”.

Further, according to Para-10 (iv) of GFR Volume-I, “public money should not be utilized for the benefit of a particular person or section of community”.

The Executive Engineer, Public Health Engineering Division, Naushahro Feroze, awarded development works/schemes of Rs 19.114 million, during financial years 2012-15, but sub-letted to other contractors without any justification, in violation of Rule.

Audit is of the view that management unauthorizedly sub-letting the development works without any justification.

Non-observing of Government instruction constituted weak internal control system.

The matter was reported to management during August to December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends that responsibility may be fixed upon person(s) at, under intimation to audit.

[AIR Para: 14]

2.3.3.28 Execution of Works without Revision - Rs 17.357 Million

According to Para 532 of PWD Manual Volume-I, duly adopted by GoS, “A revised estimate must be submitted duly approved by the competent authority when a sanctioned estimate is likely to exceed by more than 5% either due to rate being found insufficient or for any other reason”.

Further, as per SPPRA guidelines 11.2.2 Revised Technical Sanction (RTS), “Detailed Estimate needs revision when during execution it is anticipated that cost of completion is to exceed beyond the permissible limit (5%). Revised detailed estimate is timely prepared incorporating the work done and required to be done along with deviation statement for submission to competent authority”.

The various offices of PHED, during financial years 2014-16, incurred expenditure of Rs 17.357 million, during 2015-16, on the execution of works in excess of prescribed limit of 5% over the technical sanction without revising the estimates. Details are as under:

[Rupees in Million]			
Sr.	Name of offices	Name of Works	Amount
1	XEN, PHE, Dadu		0.672
2	XEN, PHE, Ghotki @ Mirpur Mathelo	Rehabilitation of Disposal Work for R/D/S Matar Kot Ubauro	4.969
3	XEN, PHE, Larkana	Construction of various disposal works comprising on collecting Tanks, Screening chambers, pump houses, machinery rising mains and RCC nalas for extension and improvement of existing sewerage system of Larkana city.	11.716
Total			17.357

Audit is of the view that unauthorized expenditure was incurred over and above the estimates.

Deviation from prescribed rule resulted into weak internal controls.

The matter was reported to management during August to December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on person (s) at fault on account of excess payment to contractor without the approval of revised estimate.

[AIR Paras: 5, 18, 4]

2.3.3.29 Irregular Award of Works after Expiry of Bid Validity Rs 16.934 Million

As per Rule 38(1) of Sindh Public Procurement Rules, 2010, Bid Validity “A procuring agency, keeping in view nature of procurement, shall subject the bid to a validity period, which shall be specified in the bidding document and shall not be more than 90 days in case of National Competitive Bidding”.

Further, as per Rule-10(a) of Sindh Local Councils (Accounts) Rules, 1983, “same vigilance shall be exercised in respect of expenditure incurred from Local Fund as a person of ordinary prudence would exercise in respect of expenditure of his own money”.

The Executive Engineer, Public Health Engineering, Shikarpur, during financial

year 2015-16 awarded various works amounting to Rs 16.934 million, to contractors after expiry of bid validity period instead of re-tendering, in violation of above rule. Detail is as under:

[Amount in Rupees]

W.No. & Date	Name of Contractor	Date of N.I.T	Actual date of start	Estimate Amount	Exceed of Period
634/07-05-2011	Mr. Waliullah Bhutto	17/09/2010	25/04/2012	16,934,382	496 days

Audit is of the view that award of contracts after expiry of bid validity period was a serious violation of laid down rules and procedures.

Deviation from prescribed rules constituted weak internal control.

The matter was reported to managements during October, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on managements for irregular award of work and violation of laid down rules and regulation.

[AIR Para: 7]

2.3.3.30 Unauthorized Clearance of Liabilities – Rs 15.387 Million

As per Para 289 of Treasury Rules (TR) Vol-I & II, “all charges incurred must be paid and drawn at once and under no circumstances may be allowed to stand over to be paid from grant of another financial year”.

Further, as per FD, GoS O.M No.FD/B&E –I/51/2007 dated 02-07-2007, “liability of previous years shall not be allowed to be cleared unless concurrence is given by Finance Department (FD)”.

The Executive Engineer, Public Health Engineering, Dadu incurred expenditure amounting to Rs 15.387 million, during financial year 2015-16, on various accounts for clearing liabilities of previous years from budget grant of current financial year without concurrence of FD, in violation of above rules.

Audit is of the view that payment of liabilities of previous year from budget grant of current financial year adversely effected budget availability of current year resulted into weak financial management.

Deviation from prescribed rule resulted into weak internal controls.

The matter was reported to management during August to December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on managements for payment of previous year liabilities without concurrence of FD, under intimation to audit.

[AIR Para: 4]

2.3.3.31 Unjustified Detailment of Staff– Rs 14.336 Million

According to Government of Sindh Services and General Administration Department letter No.SO-I(S&GAD)/92, dated: 26-05-1992, addressed to all departments, “the staff should be posted at the places for which the posts have been sanctioned as in no case any officer / official be allowed to work on detailment basis to place other than original place of posting otherwise the post will be abolished under the orders of the Finance Department, Government of Sindh”.

Various Offices of Rural Development department, Hyderabad, during financial year 2015-16, paid salaries of Rs 14.336 million, to employees who were working on detailment in other offices, in violation of rule. Details are as under:

[Rupees in Million]		
Sr.	Offices / Zones	Expenditure
1	Assistant Director (Development) Rural Development department, Hyderabad	12.605
2	Director (Development) Rural Development department, Hyderabad	0.520
3	XEN, Public Health Engineering, Research Laboratory, Hyderabad	1.211
Total		14.336

Audit is of the view that salaries were being paid to staff on detailment resulted into unjustified expenditure.

Deviation from prescribed directives was due to weak internal controls.

The matter was reported to management during August to December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on person(s) at fault, under intimation to audit.

[AIR Paras: 1, 1, 1]

2.3.3.32 Irregular Execution of Scheme - Rs 11.830 Million

According to official website of Public Health Engineering Department, Government of Sindh, where in an Introduction of PHED Sindh is given which, “Public Health Engineering Department has been designing, planning & executing water supply & drainage scheme in urban & rural areas, excluding Karachi & Hyderabad cities. Further, Scope & Function, “O&M function of rural based schemes kept on shifting from one agency to another finally SLGO 2001 stipulated O&M of all schemes to respective TMA. Presently urban based schemes are operated and maintained by concerned Local Councils whereas completed Rural W/S and Drainage Schemes are being looked-after by PHED. PHED has been a part of Local Government Department and given an independent status, having its own Minister and Secretariat in 2008; but in 2013, the department was again merged in Local Government Department. As of recent, PHED and RDD have been separated from Local Government under separate Ministry”.

The Executive Engineer, Public Health Engineering Division Tharparkar @ Mithi, during financial year 2015-16, executed work on account of “Construction of Office Block Taluka Municipal Administration Islamkot District Tharparkar” amounting to Rs 11.830 million, which was out of its purview. The agency responsible to execute said work is Building & Works Department Mithi / Taluka Municipal Administration, in violation of rules. Detail is as under:

[Amount in Rupees]

Scheme #	Description of Work	Estimate	Contractors	Work Order	Amount of Work
P-22 June-16	Construction of Office Block Taluka Municipal Administration Islamkot District Tharparkar	12,876,348	M/S S-A Construction Company	2506 05-05-4014	11,830,291

Audit is of the view that undertaken of work outside the purview resulted into misuse of authority and weak financial management.

Deviation from prescribed rules was due to weak internal controls.

The matter was reported to management during August to December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on the management for irregular execution of scheme, under intimation to audit.

[AIR Para: 3]

2.3.3.33 Belated execution of Schemes - Rs 8.447 Million

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

The Executive Engineer, Public Health Engineering Department, District Tando Mohammad Khan, during financial year 2015-16, paid an amount of Rs 8.447 million against schemes which were started in 2012 with completion period of six months, in violation of above rule. Detail is as under:

[Amount in Rupees]

Sr.	Name of Work	Name of contractor	Actual date of start	Stipulated date of completion	Actual date of completion	Payment made during 2015-16
1	Construction of RCC storm water drain for Hyderabad Badin Road disposal work soomro para	M/S Mohammad Bux	07-10-2012	28-03-2013	WIP	5,050,432
2	Construction of CC Blocks in various streets of UC-03 for imp and extension of urban drainage scheme TMK	M/S Mohammad Bux	14-09-2012	19-03-2012	WIP	2,340,244
3	Construction of storm water drain for Zone “A” for urban Drainage Scheme TMK	M/S Saghar Enterprises	10-12-12	07-06-2012	WIP	1,056,211
Total						8,446,887

Audit is of the view that the payment against the incomplete schemes of 2012, without justification resulted into weak financial management.

Deviation from prescribed rule was due to weak internal control system.

The matter was reported to management during August to December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

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

[AIR Para: 6]

2.3.3.34 Execution of Extra Items of Work - Rs 8.066 Million

As per Para-711 of Public Works Department Manual, Volume-I, "The officer competent to sanction tender can also accord sanction to the execution of extra items of work not provided in the tender, subject to the condition that the amount of the extra items together with the amount of the tender does not exceed amount of sanctioned estimate plus such excess as the officers concerned is competent to sanction."

Further, as per SPPRA guidelines 11.2.2 Revised Technical Sanction (RTS), "Detailed Estimate needs revision when during execution it is anticipated that cost of completion is to exceed beyond the permissible limit (5%). Revised detailed estimate is timely prepared incorporating the work done and required to be done along with deviation statement for submission to competent authority".

The Executive Engineer (Public Health Engineering) Division Larkana, during financial year 2015-16, paid an amount of Rs 8.066 million to contractors on account of extra items of works without obtaining the sanction of competent authority, in violation of above rule. Detail is provided as under:

[Amount in Rupees]

Name of work	Items of work	Total
Construction of various disposal works comprising on collecting tanks, screening chambers, pump houses, pumping machinery, rising main RCC nalas for extension and improvement for existing sewerage system of Larkana city.	36' dia /5144, Extra item	8,065,792

Audit is of the view that the management did not observe the prescribed procedure laid down for the financial discipline which constituted weak financial management.

The matter was reported to management during August to December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends that responsibility may be fixed upon the person(s) at fault for payment against extra items of work, under intimation to audit.

[AIR Para: 6]

2.3.3.35 Unauthorized Payment to Contractor - Rs 4.428 Million

According to Sub Section (2) of Section 4 of the Sindh Financial Management and Accountability Act, 2011, “The rules shall be consistent with the following principles:-

- (a) All financial transactions shall be duly authorized;
- (b) All financial transactions shall be recorded promptly, clearly, accurately, logically and coherently”.

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

The Executive Engineer, Public Health Engineering Division, Naushahro Feroze, during financial year 2015-16, paid an amount of Rs 4.428 million, to contractor M/s Muhammad Aslam Rajput on execution of development work but the documents revealed that the work was not started yet due to non-possession of land. Department failed to justify the payment to contractor without execution of work. Detail is as under:

[Amount in Rupees]

Work Order No & Dt	Name of Contractor	Scheme	Total Expenditure incurred	Remarks
AB/TC/70 Dt.30.9.2013	M/s Md. Aslam Rajput & Co.	Construction of Surface Drains i/c CC Topping for Rural Drainage Scheme Moosa Khan Rajper	4,427,776	When Work/scheme was suspended, why payment made to contractor & also Drains & CC Topping work not matched with such Drainage Scheme etc.

Audit is of the view that the management did not observe the prescribed procedure laid down for the financial discipline which constituted weak financial management.

Unjustified payment was made to contractor which resulted weak financial management.

The matter was reported to management during December, 2016, but they did

not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends that responsibility may be fixed upon the person(s) at fault for payment without execution of work, under intimation to audit.

[AIR Para: 15]

2.3.3.36 Inefficiency in Execution of Works - Rs 4.012 Million

As per Rule-28 of GFR Vol-I, “No amount due to Government should be left outstanding without sufficient reason, and where any dues appear to be irrecoverable the orders of competent authority for their adjustment must be sought”.

The Executive Engineer, Public Health Engineering Department Hyderabad, during financial year 2015-16 awarded different works to various contractors amounting to Rs 4.012 million, but the works were started after seventeen months of the issuance of work orders, in violation of above rule. Details are as under:

[Amount in Rupees]

Sr.	CV No & Date	Particular	Contractor	W.O No. & Date	Date of Start	Amount Paid
1	D-1/08-01-16	Const. of C.C Road/Street from vill. Manthar toward Rev. Colony Qasimabad	M/s M.Akram Qureshi	832/ 24-06-13	28-11-14	1,349,090
2	D-2/12-02-16	Const. of C.C Drain C.C Road @ vill. Dasya Barg Mughal U.C Hatri	M/s Royal Entp.	813/ 19-06-13	28-11-14	929,105
3	D-7/25-01-16	Const. of C.C Street at Ali abad Colony	M/s M.R Co.	812/ 19-06-13	22-11-14	914,859
4	D-8/25-01-16	Const. of C.C Road/Street #3, Citizen Colony Qasimabad	M/s Sarfaraz Shah	829/ 20-06-13	22-11-14	819,132
Total						4,012,186

Audit is of the view that undue favour was given to contractors by non-imposition of penalty.

Non-observance of rules and procedures constituted weak internal control and weak financial management.

The matter was reported to management during August to December, 2016, but

they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on person(s) at fault, under intimation to audit.

[AIR Para: 3]

2.3.3.37 Irregular Expenditure by way of Splitting to Avoid Tender Rs 3.503 Million

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

Moreover, according to Rule 146 of GFR, Vol-I, “Purchases orders should not be split up to avoid the necessity for obtaining the sanction of higher authority required with reference to the amount of the order.

Following offices of PHED Shikarpur and Hyderabad incurred an expenditure of Rs 3.503 million, during financial year 2015-16, by way of splitting to avoid inviting open tenders, in violation of above rules. Detail is as under:

[Rupees in Million]

Sr.	Name of Offices	Amount
1	XEN, Public Health Engineering, Shikarpur	0.994
2	XEN, Public Health Engineering, Hyderabad	2.509
Total		3.503

Audit is of the view that non-observance of the SPPRA rules resulted into non-obtaining of competitive rates and non-transparency in public spending which constituted weak financial management.

Deviation from prescribed rules constituted weak internal control.

The matter was reported to managements during October, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on managements on account of expenditure by way of splitting and without tenders.

[AIR Paras: 4, 9]

2.3.3.38 Non-Obtaining of Performance Security - Rs 3.459 Million

According to Rule-39(1) of SPPRA-2010, "Procuring Agency shall, in all procurement of goods, works and services, carried out through open competitive bidding, require security in the form of pay order or demand draft or bank guarantee, an amount sufficient to protect the procuring agency in case of breach of contract by the contractor or supplier or consultant, provided that the amount shall not be more than 10% of contract price".

Executive Engineer, Public Health Engineering, Shikarpur, during financial year 2015-16, awarded various development schemes, at the cost of Rs 34.585 million, but no bank guarantee was obtained from contractors as performance security Rs 3.459 million, in violation of above rule. Detail is as under:

[Amount in Rupees]

Sr.	Description of Work	M/S	W.O No & Date	Amount of Contract	Bank Guarantee @ 10%	Remarks
1	Providing, Laying, Jointing & Testing M.S Black steel pipe 16" Dia delivery Main for water Supply scheme Lakhi, District Shikarpur	M/S Saleem Iqbal & Brothers	810/ 19-04-2012	17,851,860	1,785,186	W.I.P (7-06-2016)
2	Construction of 500000 Gallons RCC Clear water Tank 100 ft Dia for Improvement & Extension of water supply scheme Lakhi, District Shikarpur	Mr. Soomar Khan Mahar	782/ 22-05-2013	16,733,210	1,673,321	W.I.P (7-06-2016)
Total				34,585,070	3,458,507	

Audit is of the view that the management did not observe the laid down procedures and violated Sindh Public Procurement Rules, 2010.

Deviation from prescribed rules of SPPRA resulted into weak internal control.

The matter was reported to managements during October, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends that responsibility be fixed on person(s) at fault, under intimation to audit.

[AIR Para: 18]

2.3.3.39 Irregular Payment against Third Party Validation Rs 3.360 Million

According to Sub Section (2) of Section 4 of the Sindh Financial Management and Accountability Act, 2011, “The rules shall be consistent with the following principles:-

- (a) All financial transactions shall be duly authorized;
- (b) All financial transactions shall be recorded promptly, clearly, accurately, logically and coherently.

Further, according to Para-10 (iv) of GFR Vol-I, “public money should not be utilized for the benefit of a particular person or section of community”.

The Executive Engineer, Public Health Engineering Division, Ghotki @ Mirpur Mathelo, made payment of Rs 3.360 million, during financial years 2014-16, to Deputy Director, Monitoring & Evaluation Cell, P&D Department, Government of Sindh, Karachi without any proper justification & proper monitoring report on the schemes. Detail is provided at Annex-PHE4.

Audit is of the view that payment was made without any justification resulting into irregular expenditure and weak financial management.

Non-observance of prescribed rules constituted weak internal control.

The matter was reported to management during December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends that responsibility may be fixed on person(s) at fault, under intimation to audit.

[AIR Para: 16]

2.3.3.40 Award of Works to Higher Bidder - Rs 2.941 Million

According to section(I) of Appendix 18-A of SFR Vol-I, "Means should be devised to ensure that every Government servant realizes fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part, and that he will also be held personally responsible for any loss arising from fraud or negligence on the part of any other Government servant to the extent to which it may be shown that he contributed to the loss by his own action or

culpable negligence”.

Furthermore, as per SPPRA Rule 46(2)(i), “bid found to be the lowest evaluated or best evaluated bid shall be accepted.”

Executive Engineer, Public Health Engineering, Shikarpur awarded two works valuing Rs 2.941 million, during financial year 2015-16, to 3rd and 5th lowest bidders instead of 1st and 4th lowest bidders respectively, by manipulating the qualifying NIT eligibility criteria. Further, it was observed that the 1st and 4th lowest bidder rejected earlier by the procurement committee were also awarded the other works on the same criteria, in violation of above rules. Details are provided at Annex-PHE5.

Audit is of the view that management failed to award contracts to 1st and 4th lowest bidders, respectively, resulting into fraudulent practice and loss to public exchequer which constituted weak financial management.

Deviation from prescribed rules resulted into loss to public revenue which constituted weak internal control.

The matter was reported to management during December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends that responsibility be fixed against the person(s) at fault, under intimation to audit.

[AIR Para: 3]

2.3.3.41 Irregular Allowing Premium on Scheduled Rate-Rs 2.837 Million

According to Para 532 of PWD Manual Volume-I, duly adopted by GoS, “A revised estimate must be submitted duly approved by the competent authority when a sanctioned estimate is likely to exceed by more than 5% either due to rate being found insufficient or for any other reason”.

Further, as per SPPRA guidelines 11.2.2 Revised Technical Sanction (RTS), “Detailed Estimate needs revision when during execution it is anticipated that cost of completion is to exceed beyond the permissible limit (5%). Revised detailed estimate is timely prepared incorporating the work done and required to be done along with deviation statement for submission to competent authority”.

The Executive Engineer (Public Health Engineering) Division, during financial

year 2015-16, awarded development works amounting to Rs 4.859 million, to MS Jameel Akhtar Junejo. The contractor was allowed 39.50% premium over and above the scheduled rates amounting to Rs 2.837 million, in violation of above rule.

Audit is of the view that the management did not observe the prescribed procedure laid down for the financial discipline which constituted weak financial management.

Non-compliance of rules may lead to misuse of public funds and loss of Government

The matter was reported to management during December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends that responsibility may be fixed upon the person(s) at fault for allowing premium over and above the schedule rates.

[AIR Para: 2]

2.3.3.42 Unjustified Payments to SEPCO & HESCO - Rs 2.690 Million

As per Rule-28 of GFR Vol-I, “No amount due to Government should be left outstanding without sufficient reason, and where any dues appear to be irrecoverable the orders of competent authority for their adjustment must be sought”.

Then Executive Engineer, Public Health Engineering Department Hyderabad, made irregular payment of Rs 2.690 million, during financial year 2015-16, to Executive Engineer, Operation Electrical Division, SEPCO, Jacobabad and Revenue Officer, HESCO, Tando Allahyar, in cash. Moreover, no detail of such expenditure was provided, in violation of above rule. Detail is as under.

[Amount in Rupees]			
Sr.	CV No & Date	Particular	Amount
1	D-69/26-05-16	Paid to XEN Operation SEPCO Jacobabad through Hand Receipt	2,453,866
2	D-23/11-05-16	Paid to Revenue Officer HESCO Tando Allahyar through Hand Receipt	211,264
3	D-4/22-06-16	-do-	24,543
Total			2,689,673

Audit is of the view that payments on hand receipts and without

details/justification resulted into weak financial management. Moreover, chances of misappropriation of public funds cannot be ruled out.

Deviation from prescribed rule resulted into weak internal control.

The matter was reported to management during August to December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on person(s) at fault. Besides, relevant details be provided to audit for verification.

[AIR Para: 6]

2.3.3.43 Un-justified Release of Withheld Amount - Rs 2.500 Million

According to Sub Section (2) of Section 4 of the Sindh Financial Management and Accountability Act, 2011, “The rules shall be consistent with the following principles:-

(a) All financial transactions shall be duly authorized;

(b) All financial transactions shall be recorded promptly, clearly, accurately, logically and coherently.

Further, according to Para-10 (iv) of GFR Vol-I, “that public money should not be utilized for the benefit of a particular person or section of community”.

The Executive Engineer, Public Health Engineering Division, Ghotki @ Mirpur Mathelo, released withheld amount of Rs 2.500 million, during financial years 2014-15, to contractors without fulfillment of codal formalities.

Audit is of the view that release of withheld amount without justification resulted into irregular expenditure and weak financial management.

Non-observance of prescribed rules constituted weak internal control.

The matter was reported to management during December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends that responsibility may be fixed upon person(s) at fault for payment without fulfilment of codal formalities, under intimation to audit.

[AIR Para: 17]

2.3.3.44 Non-Execution of Surface Drains Works - Rs 2.328 Million

According to contract agreement between the contractor & Government, “the work will be furnished by the contractor as per PWD specification and no payment will be made by the Government if the work remained incomplete”.

Further, according to Para-10 (iv) of GFR Vol-I, “public money should not be utilized for the benefit of a particular person or section of community”.

The Executive Engineer, Public Health Engineering Division, Naushahro Feroze, during financial year 2015-16, showed an expenditure of Rs 2.328 million incurred, on surface drains work but no work was done in this regard, in violation of above rule..

Audit is of the view that management failed to comply with the orders of the Government, which indicate the absence of systematic internal control and lack of financial discipline prevailing.

Non-observing of Government instruction constituted weak internal control system.

The matter was reported to management during August to December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends that responsibility may be fixed upon person(s) at, under intimation to audit.

[AIR Para: 16]

2.3.3.45 Excess Payment of Schedule Items of Work - Rs 1.695 Million

According to Para 532 of PWD Manual Volume-I, duly adopted by GoS, “A revised estimate must be submitted duly approved by the competent authority when a sanctioned estimate is likely to exceed by more than 5% either due to rate being found insufficient or for any other reason”.

Further, as per SPPRA guidelines 11.2.2 Revised Technical Sanction (RTS), “detailed Estimate needs revision when during execution it is anticipated that cost of completion is to exceed beyond the permissible limit (5%). Revised detailed estimate is timely prepared incorporating the work done and required to be done along with

deviation statement for submission to competent authority”.

The Executive Engineer, Public Health Engineering, Karachi, during financial year 2015-16, paid an amount of Rs 1.695 million, excess over the schedule of rate to different contractors against various works. Neither the rate analysis nor specification was provided to audit, in violation of the above rule. Detail is as under:

[Amount in Rupees]

Contractor	Description	Name of Work	Rate applied	Actual Rate	Excess
Jan & Co.	Externally bitumen (asphalt) coating 3 layers to black steel M.S pipe of 4.8 mm, 5.6 mm, 6.4 mm, 7.1 mm, 8.7 mm, 9.5 mm, 10.3 mm, 11.1mm, 12.7 mm & 14.3 mm thickness etc. complete (S.M.I. No. 1P-23)	Providing laying jointing and testing 16' dia M.S 4.8 pipe for bulk water supply scheme	901* 4450 =4,009,450/-	520	381*4450 =1,695,450

Audit is of the view that unjustified excess rates were allowed to contractors resulting into weak financial management.

Non-observing of Government instruction constituted weak internal control system.

The matter was reported to management during August to December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

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

[AIR Para: 1]

2.3.3.46 Drawl of Funds through Blank / Fake Voucher - Rs 1.054 Million

According to Sub Section (2) of Section 4 of the Sindh Financial Management and Accountability Act, 2011 “The rules shall be consistent with the following principles:-

- (a) All financial transactions shall be duly authorized;
- (b) All financial transactions shall be recorded promptly, clearly, accurately, logically and coherently.

Further, according to Para-10 (iv) of GFR Vol-I, “public money should not be utilized for the benefit of a particular person or section of community”.

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

The Executive Engineer, Public Health Engineering Division, Naushahro Feroze, during financial year 2015-16, paid an amount of Rs 1.054 million to the contractor M/s Sadullah Kalhoro vide cheque No. 2281878 dated 4.5.2016 against a blank voucher No. D-1 dated 4.5.2016. The same voucher was pre-audited & passed by the DAO. Detail is as under:

[Amount in Rupees]

VR. NO & Date	Cheq. No & Date	Bill No	Scheme	Contractor	Wo No & Date	Current Bill	Remarks
D-1 Dt.4.5.16	2281878 Dt.4.5.16	12th RA	Construction of Covered Open Drain Nala From Dadu Laliya Chowk to Sehar Disposal (From Sethal Khad to Kalhora School Building) for Drainage Scheme Noro	M/s Sadullah Kalhoro	AB/TC/547 Dt.29.5.12	1,054,010	Current Bill was paid without measurement of quantity executed, rate & gross amount paid, Blank voucher passed & paid, No MB was Provided

Audit is of the view that the management did not observe the prescribed procedure laid down for the financial discipline which constituted weak financial management.

Unauthorized payment was made on blank voucher resulted into weak financial management

The matter was reported to management during August to December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends that matter be investigated regarding payment on blank vouchers and responsibility be fixed upon person (s) at fault, under intimation to audit.

[AIR Para: 5]

2.3.3.47 Non-Functional Water Supply Schemes

According to Rule 10 (iv) of GFR Vol-I, “Every officer incurring or authorizing expenditure from public funds should be guided by high standards of financial propriety among the principles on which emphasis is generally laid are the following:

Public moneys should not be utilized for the benefit of a particular person or section of the community”.

The Executive Engineer, Public Health Engineering Department, Matiari, during financial year 2015-16, completed twenty five (25) water supply schemes, but schemes still remain non-functional, in violation of above rule. Detail is as under:

Sr.	Sub-division	Total Water Supply Schemes	Functional	Non-functional
1.	Hala	17	0	17
2.	Matiari	08	0	08
Total		25	25	25

Audit is of the view that the non-functioning of these schemes constitute weak financial management.

The matter was reported to management during August to December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends that then water supply schemes may be made functional, under intimation to audit.

[AIR Para: 4]

CHAPTER-III
DISTRICT MUNICIPAL CORPORATIONS
KARACHI DIVISION

3.1 KARACHI DIVISION

3.1.1 INTRODUCTION

Karachi Division has been divided into 6 District Municipal Corporations, namely, Karachi East, West, South, Central, Malir and Korangi. Business of Municipal Corporation is run through the Administrator / Municipal Commissioner, Director, Deputy Director and officers namely TO (I&S), TO (Finance), TO (P&C) and TO (Regulations) under Sindh Local Government Ordinance, 1979. The functions of Municipal Corporation are as following:

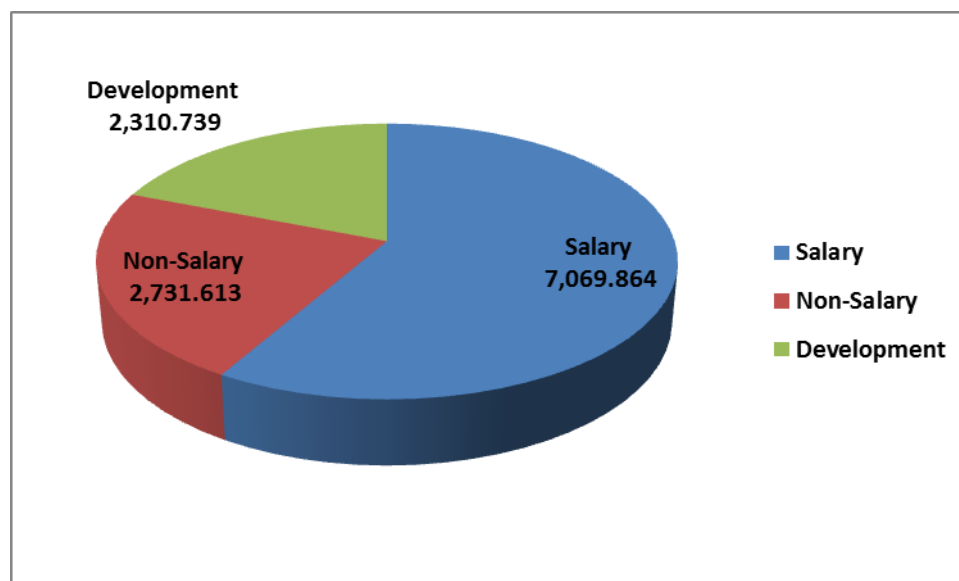
1. Prepare spatial plans for the Town including plans for land use, zoning and functions for which Municipal Corporation is responsible.
2. Exercise control over land-use, land-subdivision, land development and zoning by public and private sectors for any purpose, including agriculture, industry, commerce markets, shopping and other employment centers, residential, recreation, parks, entertainment, passenger and transport freight and transit stations.
3. Enforce all municipal laws, rules and bye-laws governing Municipal Corporations functioning.
4. Prepare budget, long term and annual municipal development programmes in collaboration with the Union Councils.
5. Collect approved taxes, cesses, user fees, rates, rents, tolls, charges, fines and penalties.
6. Manage properties, assets and funds vested in the Municipal Corporations.
7. Develop and manage schemes, including site development in collaboration with Union Administration.
8. Issue notice for committing any municipal offence by any person and initiate legal proceedings for commission of such offence or failure to comply with the directions contained in such notice.
9. Prosecute, sue and follow up criminal, civil and recovery proceedings against violators of Municipal Laws in the courts of competent jurisdiction.
10. Maintain municipal records and archives.

3.1.2 Comments on Budget and Accounts (Variance Analysis)

(Rupees in Million)

Sr.	Formation	Particulars	Budget	Expenditure / Revenue	Excess (+)
					Savings/Shortfall (-)
Karachi Division					
1	DMC Central Karachi	Salary	2,174.342	1,811.952	(362.390)
		Non-Salary	757.940	541.386	(216.554)
		Development	524.076	349.384	(174.692)
		Revenue	3,525.533	2,820.426	(705.107)
2	DMC South Karachi	Salary	1,519.724	1,380.803	(138.921)
		Non-Salary	761.581	471.147	(290.434)
		Development	301.700	19.013	(282.687)
		Revenue	2,694.157	1,901.232	(792.925)
3	DMC West Karachi	Salary	2,765.982	1,031.337	(243.431)
		Non-Salary	1,152.493	429.724	(117.488)
		Development	691.496	257.834	(1,044.769)
		Revenue	4,611.204	2,062.212	(1,493.091)
4	DMC East Karachi	Salary	1,067.980	1,133.236	65.256
		Non-Salary	377.269	335.470	(41.799)
		Development	1,181.150	726.300	(454.850)
		Revenue	876.700	406.400	(470.300)
5	DMC Malir Karachi	Salary	699.964	860.896	160.932
		Non-Salary	326.370	410.710	84.340
		Development	969.200	646.200	(323.000)
		Revenue	2,757.664	2,280.214	(477.450)
6	DMC Korangi Karachi	Salary	1,181.304	851.640	(329.664)
		Non-Salary	661.264	543.176	(118.088)
		Development	693.350	312.007	(381.342)
		Revenue	1,896.510	853.430	(1,043.081)
		Salary	9,409.297	7,069.864	(2,339.433)
		Non-Salary	4,036.917	2,731.613	(1,305.304)
		Development	4,360.971	2,310.739	(2,050.233)
		Grand Total	17,807.185	12,112.215	(5,694.969)
		Revenue	16,361.768	10,323.914	(6,037.854)

Expenditure 2015-16



Original budget of Rs 17,807.185 million was allocated to Municipal Corporations of Karachi Division under various grants. Variance Analysis of the Revised/Final Grant and Actual Expenditure for the Financial Year 2015-16 for the audited entities depicted that there was a savings of Rs 5,694.969 million.

3.1.3 Brief Comments on the Status of Compliance with PAC Directives

The audit reports pertaining to following years have been submitted to Governor of Sindh. Detail of PAC meetings is given below:

Audit Year	No. of Paras	Status of PAC Meetings
2012-13	08	Nil
2013-14	07	Nil
2014-15	70	Nil
2015-16	33	Nil

As indicated in the above table, no PAC meeting was convened to discuss the audit reports of DMCs Karachi.

3.2 AUDIT PARAS

3.2.1 Fraud / Misappropriation

3.2.1.1 Doubtful Expenditure on account of Overtime Allowance Rs 27.833 Million

According to Rule 5 of Chapter 1 of SFR Vol-I, “the amount of allowance granted to meet expenditure of particular type should be so regulated that allowances are not on the whole source of profit of the recipient.

Further, according to Finance Department, GoS Letter No. FD(SR-III)5/21/85/Part file/482 dated 01.04.2013 “Government of Sindh, Finance Department has decided to enhance the overtime allowance admissible to staff car drivers and dispatch riders working in Sindh Government from @ Rs. 20/- per hour to Rs. 25/- per hour subject to maximum limit of Rs 150/ per day w.e.f. 01.08.2012. It is further clarified that the existing condition of the overtime allowance to staff car drivers/dispatch rider regarding verification by the concerned officer will continue to apply.

Administrators, DMCs, West (Keamari Zone), (Baldia Zone) and (Orangi Zone), incurred expenditure amounting to Rs 27.833 million, during financial year 2015-16, on account of overtime allowance paid to employees but no record/details found in relevant files to justify the expenditure, in violation of above rule. Detail is as under.

[Rupees in Million]

Sr.	DMCs	Offices / Zones	Overtime Expenditure
1.	West	Keamari Zone	12.912
2.		Baldia Zone	14.630
3.		Orangi Zone	0.291
Total			27.833

Audit is of the view that expenditure on account of overtime allowance without maintaining related record/details resulted into doubtful expenditure which constituted weak financial management.

Non-observance of prescribed rules constituted weak internal control system.

The matter was reported to management during November, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility for unjustified expenditure on account of overtime allowance, under intimation to audit.

[AIR Paras: 10, 29, 40]

3.2.2 Non-Production of Record

3.2.2.1 Non-Production of Record - Rs 1,174.955 Million

As per Section 14 (1) (b) of the Auditor General (Functions, Powers & Terms and Conditions of Service) Ordinance, 2001, The Auditor-General shall, in connection with the performance of his duties under this Ordinance, have authority to require that any accounts, books, papers and other documents which deal with, or form, the basis of or otherwise relevant to the transactions to which his duties in respect of audit extend, shall be sent to such place as he may direct for his inspection.

Moreover, “Chief Secretary vide letter No.DO.NO.SO(C-II)/SGA&CD/1-73/2012 dated 25th October, 2013 duly endorsed by Secretary of LGD vide letter No. SOA/(LG)LG/4/(77)2013, dated 21.11.2013 was pleased to direct to all Municipal organizations / Local Councils for immediately providing record to audit, so that, financial discipline may be restored to respective organizations. In case of failure to provide record to audit by auditee organizations, the cases may be taken up under disciplinary proceedings against officers concerned that may include suspension of officers”.

Various DMCs of Karachi incurred an expenditure of Rs 392.734 million, during financial year 2015-16, from different heads of accounts, but failed to produce auditable record to audit parties deputed for the purpose, in violation of the above rule. Detail is as under:

[Rupees in Million]

Sr.	Name of Office	Amount
1.	Keamari Zone, DMC West	0
2.	SITE Zone, DMC West	0
3.	Baldia Zone, DMC West	0
4.	Orangi Zone, DMC West	0
5.	DMC Central	2.387
6.	DMC, Korangi	0
7.	DMC, East	330.200
8.	DMC, South	59.009
9.	DMC, Malir	1.138
Total		392.734

Further, Administrators, DMCs, West, Central, Korangi, East, South and Malir incurred an expenditure amounting to Rs 782.221 million, during financial year 2015-16,

on purchase of POL for official vehicles but failed to produce Log Books, History Sheets and Petrol account Registers, in violation of above rule. Detail is as under:

[Rupees in Million]		
Sr.	Offices	POL Expenditure
1.	DMC, West	235.699
2.	DMC Central	11.376
3.	DMC East	184.536
4.	DMC, Korangi	11.418
5.	DMC, South	133.352
6.	DMC, Malir	205.840
Total		782.221

Audit is of the view that non-provision of record resulted into non-authenticity / non-transparency in public spending and weak financial management.

Deviation from prescribed rules resulted into weak internal control.

The matter was reported to management during August to December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on managements for non-provision of record and take action in accordance with clear instructions of Chief Secretary, GoS, in this regard.

[AIR Paras: 1, 15, 27, 38, 17, 1, 1, 1, 1, 2, 9, 16, 28, 39, 4, 15, 1+17, 8, 13]

3.2.3 Irregularity / Non-Compliance

A. Recovery, Targeted receipts/Outstanding dues

3.2.3.1 Non-Achievement of Targeted Receipts – Rs 3,028.844 Million

As per Section 96 (1) of Sindh Local Government Act 2013, “A council may levy, in the prescribed manner all or any taxes, rates, tolls, and fees mentioned in Schedule V”.

Further, as per Rule 41 (a) of SFR Vol-I, “The departmental controlling officer should see that all sums due to Government are regularly received and checked against demands and that they are paid into treasury claiming credit for so much paid into the treasury and compare with the figures in the statements supplied by the comptroller”.

Administrators, DMC East, West, South and Malir estimated revenue receipts amounting to Rs 6,306.55 million, during financial year 2015-16, in the budget, but failed to realize estimated revenue targets resulting into short recovery of Rs 3,028.84 million, in violation of above rules. Details are as under:

(Amount in Rupees)

S. No.	DMC	Description	Targeted	Achieved	Short Realization
1	West	Revenue for own resources	4,584,153,000	2,062,214,023	2,521,938,977
2	East		474,550,000	361,900,000	112,650,000
3	South		272,800,000	105,494,541	167,305,459
4	Malir		975,046,800	748,096,800	226,950,000
Total			6,306,549,800	3,277,705,364	3,028,844,436

Audit is of the view that management failed to take all out measures to realize huge amount of targeted receipts that has resulted into weak financial management.

Lack of vigilance and deviation from prescribed rule resulted into less collection of revenue and weak internal control.

The matter was reported to management during August to December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on management for laxity to realize targeted revenues, under intimation to audit.

[AIR Paras: 5, 18, 30, 43, 3, 18, 18]

3.2.3.2 Non-Deduction / Deposit of Taxes – Rs 72.294 Million

According to Section 2 and 3 of the Sindh Sales Tax Special Procedure (Withholding) Rules, 2011, “Federal and Provincial Government including local and district Government, department and offices have been prescribed as withholding agent for the purpose of deduction and deposit of Sales Tax at applicable rate from un-registered persons and one fifth of applicable rate from registered persons”.

Further, as per Part-B of second schedule annexed to Sindh Sales Tax on services Act 2011, “Prescribed applicable rate of sales tax at 16% against services provided or rendered by persons engaged in contractual execution of work or furnishing supplies”.

Moreover, as per Sindh Finance Bill, 2014, “the rate of Sindh Sales Tax on service reduced from 16% to 15%, w.e.f. 01-07-2014”.

Administrators of different District Municipal Corporations, during financial years 2015-16, failed to deduct/deposit deducted taxes including sales tax and income tax amounting to Rs 72.294 million, in violation of above rules. Details are provided at Annex-DMC1.

Audit is of the view that non-deduction/non-deposit of deducted taxes resulted into loss to Government exchequer and weak financial management.

Deviation from prescribed rules resulted into weak internal control.

The matter was reported to managements during August to December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on management for non-deduction/non-deposit of taxes. Besides, same be recovered/deposited, under intimation to audit.

[AIR Paras: 7, 3, 8, 10, 15, 8, 1, 4, 16, 16, 17, 5]

3.2.3.3 Non-Recovery of Outstanding Dues - Rs 30.728 Million

As per Rule 39(1) of the Sindh Local Council (Accounts) Rules, 1983, “A demand and collection register in form 28 shall be maintained for every tax separately for

every year in conformity with and the order of the assessment indicated in the Tax register, and the arrears of the tax shall be brought forward from the previous year.”

Further, as per Rule 41 (a) of SFR Vol-I, “The departmental Controlling Officer should see that all sums due to Government are regularly received and checked against demands and that they are paid into treasury claiming credit for so much paid into the treasury and compare with the figures in the statements supplied by the comptroller”.

Administrator, District Municipal Corporation, East, during financial year 2015-16, failed to recover outstanding Government dues amounting to Rs 30.728 million, from 194 defaulters on account of Advertisement, in violation of above rules. Details are provided at Annex-DMC2.

Audit is of the view that due to non-recovery of outstanding govt dues resulting into loss to public exchequer which constituted weak financial management.

Non-recovery of Government revenue constituted weak internal control system.

The matter was reported to management during December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on person(s) at fault on account of non-recovery of outstanding Government dues. Besides, same be recovered and deposited into Government treasury under intimation to audit.

[AIR Para: 24]

3.2.3.4 Non-Recovery of Water Charges - Rs 6.360 Million

As per Clause 6 of Additional Terms and Conditions of Agreement made between Works and Services Department and Contractors, “Water supply will be allowed by the department to the contractors. The contractors shall pay the cost of water to the department @ 1% of the total cost of work”.

Administrator, DMC Malir, during financial year 2015-16, executed development schemes amounting to Rs 636.00 million but failed to deduct water charges Rs 6.360 million @ 1 % from the different contractors, in violation of the above rule. Details are as under:

[Amount in Rupees]

Sr.	Head	Description	Expenditure	Water Charges
1	DED(i)	On-going schemes	164,000,000	1,640,000
2	DED(ii)	Water Supply schemes	96,000,000	960,000
3	DED(iii)	Communication	145,000,000	1,450,000
4	DED(iv)	Sewerage system and drains	195,000,000	1,950,000
5	DED(v)	Building Engineering Dept.	11,000,000	110,000
6	DED(vi)	B and R Dept.	25,000,000	250,000
Total			636,000,000	6,360,000

Audit is of the view that due to lack of seriousness on part of management huge amount of water charges was not deducted from the contractors resulting into short receipt of revenue which constituted weak financial management.

Deviation from prescribed rules constituted weak internal control system.

The matter was reported to management during December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on account of laxity of management and recovery of water charges be effected without delay, under intimation to audit.

[AIR Para: 14]

B. Violation of Rules

3.2.3.5 Procurement in Violation of SPPRA Rules - Rs 186.517 Million

As per Para 17 sub section (1) of Sindh Public Procurement Rules 2010, “Procurements over one hundred thousand rupees and up to one million rupees shall be advertised by timely notifications on the Authority’s website and may in print media in the manner and format prescribed in these rules. (2) The advertisement in the newspapers shall appear in at least three widely circulated leading dailies of English, Urdu and Sindhi languages”.

Further, as per Rule 10 of the Sindh Public Procurement Rules, 2010, “The procuring agency shall, immediately upon award of contract, make the evaluation report

of the bid, and the contract agreement public through hoisting on the Authority’s website as well as on procuring agency’s website, if the procuring agency has such a website”.

Administrators, DMCs, Central, East and South, during financial year 2015-16, awarded various development works amounting to Rs 114.403 million, to different contractors but failed to hoist bid evaluation reports on authority’s website, in violation of the above rule.

Further, Administrators, DMCs, West (Keamari Zone), (SITE Zone) and (Orangi Zone), awarded work Rs 72.114 million, during financial year 2015-16, on withheld NITs/IDs, in violation of the above rules. Details are as under:

(Rupees in Million)

Sr.	DMCs	Offices / Zones	SPPRA IDs	Amount
1.	West	Keamari Zone	27159, 25029, 29168, 28841, 27161, 25169	15.184
2.		SITE Zone	ID-1575220542 and 1575220543	14.000
3.		Orangi Zone	ID-2147483647	42.930
Total				72.114

Audit is of the view that violation of SPPRA rule resulted into non-transparency in the award of contracts and weak financial management.

Deviation from prescribed rule resulted into weak internal control.

The matter was reported to management during August to December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on management for procurements in violation of SPPRA Rules, under intimation to audit.

[AIR Paras: 19, 11, 7, 8, 17, 41]

3.2.3.6 Award of Contracts without Approval from Competent Authority Rs 156.435 Million

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

Sr.	Competent Forum	Cost of Scheme up to
1	District Development Working Committee (DDWC)	Rs. 20 million
2	Departmental Development Working Party (DDWP)	Rs. 40 million
3	Provincial Development Working Party (PDWP)	Rs. Five billion
4	Central Development Working Party (CDWP)	Rs. One billion
5	Executive Committee of the National Economic Council (ECNEC). After clearance from CDWP	Above Rs. One billion

Further, as per to Section- 3(2) of Sind Councils (Contract) Rules, 1980 states “No contract exceeding the value specified in column 2 of the First Schedule against the Council specified in column-1 there of shall be made without the prior approval of the Council”.

“Value of amount of contract which can be entered into by Mayor or Chairman on his own authority” First Schedule [See rule 3(2)]		
II	Class of Council (1)	Amount of contract 2)
(1)	Hyderabad and Sukkur Municipal Corporation and Zonal Municipal Committee	250,000

Municipal Commissioner, DMC East, during financial years 2014-16, awarded various contracts amounting to Rs 156.435 million, without approval from competent forum DDWP/PDWP, in violation of the above rules. Detail is as under;

[Amount in Rupees]

Sr.	Name of Work	M/S	Date of Agreement	W.O No. and Date	Amount of Contract
1	Lifting/Transportation of solid waste through Mechanical Transport from Gulshan-e-Iqbal Zone Garbage Transfer Station to Landfill site Jam Chakro	M/S Sanco Technologies	01/12/2014	826/2014 Dated 1-12-2014	87,250,000
2	Hiring of Sweeping Labours UC-09 Gulshan-e-Iqbal Zone, DMC(East)	Astrotech International	15/10/2015	385/2015 dated 15-10-2015	8,465,400
3	Lifting of Garbage from GTS, Jamsheed Zone and dispose off at Landfill area Jam Chakro	Task Associates	30/11/2015	32/02-12-2015	60,720,000
Total					156,435,400

Audit is of the view that award of contracts without delegated financial powers resulted into transgression of financial powers which constituted weak financial management.

Deviation from prescribed rules constituted weak internal control.

The matter was reported to management during December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility for exercising powers beyond delegated financial powers and approval from competent forum.

[AIR Para: 5]

3.2.3.7 Award of work to Unregistered Contractors - Rs 122.514 Million

According to the Section 24 of Sindh Sales Tax on Services Act 2011, “Registrations, (1) Registration will be required for all persons who: (a) are residents; (b) provide any of the services listed in the Second Schedule from their registered office or place of business in Sindh; and (c) fulfil any other criteria or requirements which the Board may prescribe under sub-section (2)”.

Administrators, DMCs Central and South, awarded different contracts valuing Rs 122.514 million, during financial year 2015-16, to various contractors, who were not registered with Sindh Revenue Board, in violation of above rule.

Audit is of the view that award of contract to unregistered contractors constituted weak financial management.

Deviation from prescribed rule resulted into weak internal controls.

The matter was reported to management during August to December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on account of award of work to unqualified contractor, under intimation to audit.

[AIR Paras: 10, 14]

3.2.3.8 Irregular Award of Contract - Rs 109.500 Million

According to the Notification No. SRO/5681/1/87 dated. 8-7-1987, issued by the Federal Government of Pakistan, “Pakistan Engineering Council is authority to issue certificate to contractor Government who execute the work of exceeding cost of Rs 4 million and each year it is renewed”.

Further, according to Pakistan Engineering Council letter No. PEC/Consult/EF/1900017 dated 01-09-2005 Council (PEC), “All consulting engineering services in Pakistan shall be entrusted only to consulting engineering duly registered”.

Administrator, District Municipal Corporation, East, during financial year 2014-16, awarded the contract amounting to Rs 87.250 million and extended contract upto Rs 174.500 million for “Lifting/ Transportation of Solid Waste through Mechanical Transport from Gulshan-e-Iqbal, Transfer station to land fill site Jam Chakro” to M/s Sanco Technologies with a maximum license limit of Rs 65.000 million made over and above the prescribed limit approved by PEC. Details are as under:

[Rupees in Million]

Name of Work	M/S	Category of PEC license / Limit	W.O no and Date	Amount of work awarded	Amount exceeding license limit
Lifting/ Transportation of Solid Waste through Mechanical Transport from Gulshan-e-Iqbal Transfer station to land fill site Jam Chakro	Sanco Technologies	C-5/ 65 million	826/1-12-2014 Revised vide dated 18-11-15	174.500	109.500

Audit is of the view that work was award to contractor made over and above the prescribed limit approved by PEC that constituted violation of laid down rules and procedures.

Violation from prescribed rule was due to weak internal controls.

The matter was reported to management during December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on management for irregular award of work to unqualified contractor, under intimation to audit.

[AIR Para: 09]

3.2.3.9 Unauthorized Clearance of Liabilities - Rs 80.823 Million

As per Para 289 of Treasury Rules (TR) Vol-I and II, “all charges incurred must be paid and drawn at once and under no circumstances may be allowed to stand over to be paid from grant of another financial year”.

Further, as per FD, GoS O.M No.FD/BandE –I/51/2007 dated 02-07-2007, “liability of previous years shall not be allowed to be cleared unless concurrence is given by Finance Department (FD)”.

Administrator, DMC, Central, incurred expenditure amounting to Rs 80.823 million, during 2015-16, on various accounts for clearing liabilities of previous years from budget grant of current financial year without concurrence of FD, in violation of above rules. Details are as under:

[Rupees in Million]

Sr.	Name of office	Amount
1	DMC, Central	56.754
2	DMC, South	24.069
Total		80.823

Audit is of the view that payment of liabilities of previous year from budget grant of current financial year adversely effected budget availability of current year and resulted into weak financial management.

Deviation from prescribed rule resulted into weak internal controls.

The matter was reported to management during August to December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on managements for payment of previous year liabilities without concurrence of FD, under intimation to audit.

[AIR Paras: 12, 10]

3.2.3.10 Splitting of Work Orders to Avoid Tender – Rs 32.457 Million

As per Rule-17(1) of SPPRA Rules 2010, “Procurements over one hundred thousand rupees and up to one million rupees shall be advertised by timely notifications

on the Authority’s website and in print media in the manner and format prescribed in these rules”.

Further, as per Rules (11)(1), *ibid*, “All procuring agencies shall devise a mechanism for planning in detail for all proposed procurements, determining the requirement of the procuring agency, within its available resources, and prepare an annual or a longer term rolling plan, detailing the procurement methods applicable for specific procurements (12)(1) all proposed procurements for each financial year and shall proceed accordingly without any splitting or regrouping”.

Administrators, DMCs Central and South, incurred an expenditure of Rs 32.457 million, during financial year 2015-16, by way of splitting up different works into 334 parts on the same date to avoid tender and approval from competent authority, in violation of above rules. Details are as under:

(Amount in Rupees)

S. No.	DMC	Splitted Parts	Amount
1	Central	235	22,921,528
2	South	99	9,535,749
Total			32,457,277

Audit is of the view that managements failed to invite tenders and splitted work orders resulting into non-achievement of competitive rates and weak financial management.

Deviation from prescribed rules resulted into unauthorized expenditure and weak internal control.

The matter was reported to management during August to December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on managements on account of execution of works by way of splitting to avoid tender, under intimation to audit.

[AIR Paras: 6, 3]

3.2.3.11 Execution of Works without Recording Measurement Books Rs 29.148 Million

As per Government of Sindh, Communication and Works Department notification No. C/9-60/77 dated 26th May 1977, “it is the responsibility of the DO to check 10% measurements before making payment of the bills for the works done by the contractors”.

Further, as per Rule 113(1) of the Sindh Local Council (Accounts) Rules, 1983, “The measurement book must be looked upon as a most important record since it is the basis of all accounts of quantities, whether of work done by labour or piece or by contract or of materials received which have to be counted or measured. The description of the work must be lucid, so as to admit easy identification and check. Details of every work executed departmentally shall be entered in the Measurement Book”.

Administrator, DMC Central, during 2015-16, executed 10 different development schemes amounting to Rs 29.148 million, without recording in measurement book, in violation of the above rules.

Audit is of the view that execution of work without recording Measurement Book (MBs) resulted into irregular execution of work which constituted weak financial management.

Deviation from prescribed rule resulted into weak internal controls.

The matter was reported to management during December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on management for execution of work without recording Measurement Book (MBs), under intimation to audit.

[AIR Para: 18]

3.2.3.12 Unauthorized Technical Sanction - Rs 27.348 Million

In pursuance of the provisions contained in Article 119 of the constitution of the Islamic Republic of Pakistan, the Governor of Sindh is pleased to make following amendments in the Sindh Delegation of Powers under the Financial Rules and the Powers

of Re-appropriation Rules, 1962, vide Notification No.B&E-I/2(18)/75-94/Pt-IX Dated 5th January, 2009, that:-

S.No.	Nature of Power	To whom delegated	Extent
01	“Technical Sanction: In the case of original works	(iv) Superintending Engineer	In Roads Department Works upto Rs.20,000,000/-
		(v) Executive Engineers	In Roads Department Works upto Rs.2,500,000/-
02	“Technical Sanction: (iv) In the case of Ordinary and special repairs to roads	(ii) Superintending Engineer	Upto Rs.1,000,000/-
		(iii) Executive Engineers	Upto Rs.200,000/-

Administrator, District Municipal Corporation, East, during financial year 2015-16, awarded repair works worth Rs 27.348 million, without obtaining technical sanction by authorized officer i.e. Chief Engineer, in violation of rules. Detail is as under;

[Amount in Rupees]

Name of Work	M/S	W.O No and Date	Amount	T.S Given by
Rehabilitation Maintenance of Road at Lal Shahbaz Qalandar Road, Mehmoodabad Gate and Surrounding Areas in Jamsheed Zone, DMC (East)	K.Khan and Co.	09/ 29- 09-2015	15,122,057	XEN (Design)
Repair / Maintenance and Improvement of Electrical Accessories in various Parks in Gulshan-e-Iqbal Zone, D.M.C. (East)	M/s. PLG Investment (SMC Pvt. Ltd)	731/2014 Dated 02/07/2014	12,226,009	XEN
Total			27,348,066	-

Audit is of the view that award of work against unauthorized technical sanction of rates resulted into unauthorized award of work and weak financial management.

Deviation from delegated financial powers resulted into weak internal control.

The matter was reported to management during December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends that award of works by transgressing financial power of technical sanction be justified and responsibility be fixed on person(s) at fault, under intimation to audit.

[AIR Paras: 16+21]

3.2.3.13 Irregular Execution of Work without PC-I - Rs 19.527 Million

According to SPPRA's Guidelines Section 2.21 Pre-requisite conditions: Procuring Agency/ Committee shall not invite bids for development works, unless following conditions are fulfilled:

- i. Approval of PC-I/PC-II from Competent Forum;
- ii. Issuance of Administrative Approval (A.A) for development schemes;
- iii. Technical Sanction (TS) of a detailed estimate is obtained;
- iv. Funds are either released or anticipated to be released before award of contract.

Administrator, DMC Central, during financial year 2015-16, executed 10 development works / schemes amounting to Rs 19.527 million, without preparation and approval of PC-1 from CDWP, in violation of the above rules.

Audit is of the view that award of development work without preparation and approval of PC-I resulted into irregular execution of work which constituted weak financial management.

Deviation from prescribed rule constituted weak internal control.

The matter was reported to management during December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on person(s) at fault for irregular execution of works without PC-I, under intimation to audit.

[AIR Para: 7]

3.2.3.14 Unauthorized Change in NIT/Scope of Work - Rs 14.192 Million

According to Rule 17(1) of Sindh Public Procurement Rules 2010, "Procurements over one hundred thousand rupees and up to one million rupees shall be advertised by timely notifications on the Authority's website and in print media in the manner and format prescribed in these rules".

Further, as per Amendment Rule 18, "Provided that the Notice Inviting Tender (NIT) shall be hoisted on Authority's website in case of procurement upto rupees one million and published in newspapers in case of over rupees one million on or before the

date of issuance of bidding documents” vide SORI(SGA&CD)2-30/2010 Dated: 8th October, 2013.

Administrator, District Municipal Corporation, East, during financial year 2015-16, executed two development schemes worth Rs 14.192 million, at different locations against the schemes advertised on SPPRA Website (I.D-24914) as well as in Newspapers. Work Orders were issued for original locations but works were executed on another site without calling fresh tender and intimation to SPPRA, in violation of above rules. Detail is as under:

[Amount in Rupees]

Sr.	Site of work advertised and awarded work order	Contractor	W.O No and Date	Amount paid	After Change of Site location
1	Repairing of Roads from Mehmoodabad Police Station towards KMC flats, from Alfalah Masjid towards corporation gates and from Quetta Rangeen Hotel Toward Marwat Park, Jamsheed Zone, DMC (East)	M/S K. Khan and Co.	07/2015 Dated 29-09-2015	4,193,841	Repair of roads in the area of UC-10 and UC-12, Jamsheed Zone, DMC, East
2	Rehabilitation / Maintenance of Road at Workshop, Parsi Gate, Chanesar Goth and Surrounding Areas in Jamsheed Zone, DMC (East)	M/S Deen Mohammad	10/2015 Dated 29-09-2015	9,998,462	Rehabilitation / Maintenance of Roads in different areas of UC-1, 2, 3, 4, and UC-5, Jamsheed Zone, DMC, East.
Total				14,192,303	

Audit is of the view that execution of development schemes without calling fresh tender by timely notifications on the Authority’s website and in print media resulted into collusive and fraudulent practices and weak financial management.

Deviation of SPPRA Rules resulted into weak internal control.

The matter was reported to management during December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends that irregularities in award of works may be justified and responsibility be fixed on person(s) at fault, under intimation to audit.

[AIR Para: 06]

3.2.3.15 Execution of Work without Technical Sanction - Rs 13.406 Million

As per Para 56 of CPW departmental code, “For each individual work proposed to be carried out, except petty works petty repairs and repairs for which a lump sum provision has been sanctioned under paragraph 106, a properly detailed estimate must be prepared for sanction of competent authority this sanction is known as the technical sanction to the estimate”.

Further, as per Para-527 of PWD Manual, Vol-I, “no work shall begin unless proper detailed design and estimate have been sanctioned, allotment of funds made and order for its commencement issued by the competent authority”.

Administrator, DMC Central, executed 08 schemes / works through various contractors amounting to Rs 13.406 million, during financial year 2015-16, without obtaining technical sanction from competent authority, in violation of the above rules.

Audit is of the view that award of work without sanction of detailed design and estimate from competent authority resulted into unauthorized expenditure and weak financial management.

Deviation from prescribed rules resulted into unauthorized expenditure and weak internal control.

The matter was reported to management during December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on the department for execution of works without obtaining technical sanction from competent authority, under intimation to audit.

[AIR Para: 8]

3.2.3.16 Unauthorized Operation of Government Account in Commercial Banks - Rs 10.380 Million

According to Finance Department, Government of Sindh letter No.FD/PS/85/2010-11 dated 18th May, 2011 and followed by other letters No.FD(RES.IV)/Misc/2011-12 dated 30th March, 2012, No.FD-

SO(RES.IV)/2(72)/2011(Prov) dated 5th December, 2013, 21st May, 2014, “it has been desired by the Honourable Chief Minister that different Departments/Projects/ Programs / Companies/ Endowment funds/Employees’ benefits and Charitable funds/ Autonomous and Semi-autonomous Bodies are directed that all bank Accounts dealing with the public money, other than Assignment Accounts, would be maintained in Sindh Bank Limited instead of other Commercial banks”.

Administrator, District Municipal Corporation, East, during financial year 2015-16, operated 04 bank accounts in Commercial Banks instead of maintaining the same with Sindh Bank Limited, in violation of above direction. Details are as under;

(Amount in Rupees)

S.No.	Name of Bank	A/c No.	Balance	Remarks
1	HBL, KDA Branch	0014-00364587-01	609,502	30/06/2016
2	HBL, KDA Branch	0014-00368025-01	5,530,960	31/05/2016
3	Firs Women Bank, PECHS Branch	0028-00347722-0001	2,097,325	30/06/2016
4	Firs Women Bank, PECHS Branch	0028-00339432-0001	2,142,659	27/05/2016
Total			10,380,446	

Audit is of the view that management failed to deposit the Government funds in designated Branch of Sindh Bank, which constituted weak financial management.

Deviation from prescribed rule constituted weak internal control system.

The matter was reported to management during December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility for maintaining the Government accounts with private banks instead of Sindh Bank Limited, under intimation to audit.

[AIR Para: 22]

3.2.3.17 Irregular Award of Works without Availability of Funds Rs 9.901 Million

According to SPPRA’s Guidelines Section 2.21 Pre-requisite conditions: Procuring Agency/ Committee shall not invite bids for development works, unless following conditions are fulfilled:

- (i) Approval of PC-I/PC-II from Competent Forum;

- (ii) Issuance of Administrative Approval (A.A) for development schemes;
- (iii) Technical Sanction (TS) of a detailed estimate is obtained;
- (iv) Funds are either released or anticipated to be released before award of contract.

Further, according to para-527 of PWD Manual, Vol-I, “no work shall begin unless proper detailed design and estimate have been sanctioned, allotment of funds made and order for its commencement issued by the competent authority”.

Administrator, District Municipal Corporation, South (Saddar and Lyari Zone), during financial year 2015-16, awarded 10 works amounting to Rs 9.901 million, to different contractors but the payment was not made to contractors due to non-availability of funds, in violation of above rules.

Audit is of the view that execution of works without funds and creation of liabilities resulted into weak financial management.

Violation of prescribed procedures was due to weak internal control.

The matter was reported to management during December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

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

[AIR Para: 6]

3.2.3.18 Award of Contracts without Tender - Rs 9.453 Million

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

Further, as per Rules (11)(1), *ibid*, “All procuring agencies shall devise a mechanism for planning in detail for all proposed procurements, determining the requirement of the procuring agency, within its available resources, and prepare an annual or a longer term rolling plan, detailing the procurement methods applicable for specific procurements (12)(1) all proposed procurements for each financial year and shall proceed accordingly without any splitting or regrouping”.

Administrator, District Municipal Corporation, South (Saddar and Lyari Zone) and Malir, during financial year 2015-16, incurred expenditure Rs 9.453 million, without calling open tender, in violation of above rules. Detail is as under:

[Amount in Rupees]

Sr.	Name of office	Amount
1	DMC, Malir	8,311,550
2	DMC, South	1,141,940
Total		9,453,490

Audit is of the view that managements did not invite tenders which resulted in award of contracts in a non-transparent manner.

Violation from prescribed rules was due to weak internal controls.

The matter was reported to management during August to December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on managements on account of procurements/execution of works without tenders.

[AIR Paras: 2, 15]

3.2.3.19 Irregular Payment of POL without Entitlement - Rs 9.418 Million

As per GFR 10 Every officer incurring or authorizing expenditure from public funds should be guided by high standards of financial propriety among the principles on which emphasis is generally laid are the following.

(i) Every public officer is expected to exercise the same vigilance in respect of expenditure incurred from public moneys as a person of ordinary prudence would exercise in respect of expenditure of his own money.

Administrator, DMC, Malir, incurred expenditure amounting to Rs 9.418 million, during 2015-16, on account of POL without entitlement in contravention to the POL ceiling allowed/fixed by Sindh Government. Further, POL was allowed on private vehicles, in violation of above rules.

Audit is of the view that expenditure on account of POL to officials without entitlement resulted into un-authorized expenditure which constituted weak financial management.

Deviation from prescribed rules constituted weak internal controls.

The matter was reported to management during December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on official(s) for un-authorized POL allowed to officials without entitlement. Besides, recovery of amount paid to date be effected from concerned officials, under intimation to audit.

[AIR Paras: 11,12]

3.2.3.20 Irregular Refund of Security Deposit - Rs 5.660 Million

According to Section(I) of Appendix 18-A of SFR Vol-I, "Means should be devised to ensure that every Government servant realizes fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part, and that he will also be held personally responsible for any loss arising from fraud or negligence on the part of any other Government servant to the extent to which it may be shown that he contributed to the loss by his own action or culpable negligence".

Administrator, DMC Korangi, paid an amount of Rs 5.660 million, during financial year 2015-16, on account of refund of security deposit to contractor without completion report/ impact and effect report, in violation of above rule.

[Amount in Rupees]

Particulars	Name of Contractor	Voucher No/Date	Amount
Refund of security deposit for waste management w.e.f June, 2013 to May, 2014	M/S Al-Khalil Agencies	163 / 24.08.2015	5,659,698

Audit is of the view that payment of security deposit without non-availability of necessary documents/reports resulted into irregular payment which constituted weak financial management.

Non-observance of prescribed rules was due to weak internal control.

The matter was reported to management during December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on person(s) at fault for irregular refund of security deposit, under intimation to audit.

[AIR Para: 14]

3.2.3.21 Un-authorized Procurement - Rs 1.990 Million

As per Rule 13 (1) of the Sindh Public Procurement Rules, 2010, “Specifications shall allow the widest possible competition and shall not favour any single contractor or supplier nor put others at a disadvantage. Specifications shall be generic and shall not include references to brand names, model numbers, catalogue numbers or similar classifications. However, if the procuring agency is convinced that the use of a reference to a brand name or a catalogue number is essential to complete an otherwise incomplete specification, such use or reference shall be qualified with the words “or equivalent”.

Administrator, DMC South, during financial year 2015-16, procured goods of Rs 1.990 million, with specific brand name, in violation of above rule. Details are provided as under:

[Amount in Rupees]

Sr.	Zone	Voucher # and Date	Work Order # Date	Bill #	Cheque # Dated	Payee/ Contractor	Name of Scheme/Work	Gross Amount
1	Saddar	1	204/ 11-12-15	102	16842333/ 1-6-16	Samsui International Co.	Supply of Street lights Samsui brand	990,000
2	Saddar	2	205/ 11-12-15	101	16842333/ 1-6-16			1,000,000
Total								1,990,000

Audit is of the view that procurement without open competition resulted into unauthorized award of contract thus depriving the Government of competitive rates.

Deviation from prescribed rules was due to weak internal controls.

The matter was reported to management during December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility for procurements without open competition, under intimation to audit.

[AIR Para: 11]

3.2.3.22 Non-Disposal of Unserviceable/Condemned Vehicles, Machinery and Old Parts - Rs 1.050 Million

As per Para 167 of General Financial Rules Vol-I, “Stores which are reported to be obsolete, surplus or unserviceable may be disposed-off by sale or otherwise under the orders of competent authority to sanction the writing off of a loss caused by deficiencies and depreciation equivalent to their value”.

Administrator DMC (Central), during financial year 2015-16, failed to dispose off 06 unserviceable vehicles worth Rs 1.050 million. Vehicles of various models dumped in the workshop/store, in violation of above rule.

Audit is of the view that non-disposed-off unserviceable vehicles resulted into loss to Government and weak financial management.

Deviation from prescribed rule resulted into weak internal controls.

The matter was reported to management during December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends for fixing of responsibility on person (s) at fault for non-auction of unserviceable vehicles.

[AIR Para: 11]

3.2.3.23 Irregular Payment to Legal Advisor - Rs 0.772 Million

According to Section(I) of Appendix 18-A of SFR Vol-I, "Means should be devised to ensure that every Government servant realizes fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part, and that he will also be held personally responsible for any loss arising from fraud or negligence on the part of any other Government servant to the extent to which it may be shown that he contributed to the loss by his own action or culpable negligence”.

Administrator, DMC Korangi, during financial year 2015-16, incurred expenditure amounting to Rs 0.772 million, on account of payment made to legal advisor without observing codal formalities, in violation of above rule. Detail is as under:

- i. Details of cases
- ii. Contracts Agreements
- iii. Receipt Acknowledgment

Audit is of the view that payment made to legal advisor without observing codal formalities resulted into irregular expenditure which constituted weak financial management

Non-observance of prescribed rules was due to weak internal control.

The matter was reported to management during December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on person(s) at fault for irregular expenditure, under intimation to audit.

[AIR Para: 8]

3.2.3.24 Improper System for Functioning and Issuance of Trade License

According to Section 60 (1) of Sindh Local Government Ordinance (SLGO 1979) as amended Section 96 (1) of Sindh Local Government Act 2013, “A council may levy, in the prescribed manner all or any taxes, rates, tolls, and fees mentioned in Schedule V”.

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

Administrators, DMCs West (Keamari Zone), (SITE Zone), (Baldia Zone) and (Orangi Zone), during financial year 2015-16, issued trade licenses without maintaining proper check, control and standard operating procedure, in violation of above rules.

The following discrepancies were witnessed by audit:

- i. Trade Licenses were issued without proper planning and standard operating procedures.
- ii. Trade Licenses were issued without proper survey, physical verification of trade location
- iii. Trade Licenses were issued without obtaining proper documentation from traders and verification of documents. i.e. Trade Licenses were issued only on payment of fees of trade licensee.
- iv. Trade Licensees were issued without obtaining details of trades, business from traders.
- v. No polices were adopted to regulate the business of trade license.
- vi. No polices were adopted for renewal of already issued trade license

Audit is of the view that trade licenses were issued without maintaining proper check, control and standard operating procedure resulted into non-transparency in functioning and issuance of trade license which constituted weak financial management.

Deviation from prescribed procedures and rules constituted weak internal control system.

The matter was reported to management during August to December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on officers/officials responsible for issuance of trade license without maintaining proper check, control and standard operating procedure, under intimation to audit.

[AIR Paras: 14, 23, 34, 45]

3.2.3.25 Non-Maintenance of Cash Book

According to Rule-65(1) of Local Government Accounts Manual, “After the several subsidiary registers have been written up and completed in respect cash and transfer items, the daily total of each register shall be carried out into the cash book”.

As per Rule 34 (b) of SFR Vol-I, “The cash book should be closed and balanced each day and the balance of each column at the end of the month, should be verified with

balance of cash in hand and a certificate to that effect recorded in the cash book under the signature of the Government servant responsible for the money”.

Administrator, DMC Korangi, failed to maintain Cash Book during financial year 2015-16, in violation of above rules.

Audit is of the view that due to non-maintenance of cash book the authenticity of expenditure cannot be verified which reflects weak financial management.

Deviation from prescribed rule was due to weak internal control.

The matter was reported to management during December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing responsibility for incurring expenditure without maintenance of cash book. Besides, cash book be prepared and produced to audit for verification.

[AIR Para: 2]

3.2.3.26 Unauthorized Appointment of 170 Contract Employees

According to Government of Sindh, Appointment, Promotion and Transfer Rules 1974 (11), “Initial appointment to the post in BPS-3 to 15 shall be made on the recommendation of the Departmental Selection Committee after the vacancies in these BPSs have been advertised in the newspaper. (16) Posts in BPS-1 and 2 shall ordinarily be filled on local basis”.

Further, according to Local Government Department letter vide No. SOA/(LG)1(27)/2011 Dated: 6.6.2011, by SO Admn, In continuation to this department’s letter of even number dated: 27.5.2011 and 28.5.2011, “I am directed to convey that no appointment in any grade shall be made henceforth without consolidated advertisement and fresh approval of Government. Approval, if any, earlier issued in this regard may be treated cancelled/withdrawn. In view of the above, you are directed to strictly adhere to the above instructions of competent authority. Any deviation from above will render the defaulter(s) liable for disciplinary action”.

Administrator, District Municipal Corporation, East, appointed 170 contract employees in sanitation department, during financial year 2015-16, without going through prescribed procedure/codal formalities, in violation of the above rules.

Audit is of the view that appointments made without going through prescribed procedure constituted non-transparency in recruitment process and weak financial management.

Deviation from prescribed rules on recruitments constituted weak internal control.

The matter was reported to management during December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on unauthorized appointments without following prescribed procedure, under intimation to audit.

[AIR Para: 12]

3.2.3.27 Un-authorized Use of Government Vehicles beyond Entitlement

According to GOS, S&GAD, Karachi, No.CTC(S&GAD)5(238)/97 Dated: 05-04-1997, All officers in BPS 19 ad 20 like head of attached dept / Regional Head or equivalent in autonomous bodies / corporations and Deputy Commissioners to use 1000cc locally manufactured car”.

Further, according to GOS, S&GAD, Karachi, No.CTC(S&GAD)5(238)/97 Dated: 05-04-1997, “All officers performing field duties in BPS:17 and 18 are entitled to Government vehicles to use 800cc cars / Suzuki jeeps”.

Administrator, DMC Malir, during financial year 2015-16, allotted Government Vehicles to officers beyond their entitlement, in violation of above rules. Detail is as under:

Sr #	Name of officer	Designation	BPS	Reg #	Vehicle Make	Engine capacity	Remarks
1	Not provided	Municipal Commissioner	19	GL6390	Toyota Corolla XLI	1300 cc	Beyond entitlement.
2	Not provided	Director Information	17	GL-5462	Suzuki Pickup	800 cc	Do not have field duties.

Audit is of the view that allotment of vehicles beyond/without entitlement resulted into mis-utilization of Government vehicles and weak financial management.

Deviation from prescribed rule resulted into weak internal control.

The matter was reported to management during December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing responsibility on management on account of allotment of vehicles beyond entitlement, under intimation to audit.

[AIR Para: 4]

**ISSUANCE OF TRADE LICENSE IN
DISTRICT MUNICIPAL CORPORATIONS,
KARACHI**

1. KEY FINDINGS DURING STUDY

1.1 Non-Production of Record / Limitation of Scope

As per Article 170(2) of the Constitution of the Islamic Republic of Pakistan, inserted vide Constitutional (Eighteenth Amendment) Act, 2010 w.e.f. April 20, 2010, “The audit of accounts of the Federal and of the Provincial Government and the accounts of any authority or body established by, or under the control of, the Federal or Provincial Government shall be conducted by the Auditor General, who shall determine the nature and extent of such audit”.

During course of special study, managements of concerned District Municipal Corporations (DMCs) failed to provide complete requisite record/details to audit team. Detail is as under:

Sr.	Particulars of record/Details not Produced to Audit	Remarks
01	Complete Non-Production of record.	DMC west , central , Malir, Korangi
02	Requisite record and details including Standard Operating Procedure (SOP) for issuance and regulation of trade license, total number of trade license issued, renewed, rejected, total targeted amount of recovery being realized from issuance/renewal/fines, reasons for non-achievement of targeted recoveries, Bank accounts including financial statements, areas of trade likeness included and areas not included with reasons, expenditure incurred for issuance and function of trade license etc.	Requisite Record/ Details not Provided (DMC East , South)

Only DMCs South and East had provided some record, while the remaining four DMCs refused.

The non-production of record limited the scope of audit and curtailed / hampered audit findings. Moreover, non-production of record despite pursuance by audit, raised suspicion over transparency in functioning/issuance of trade license by District Municipal Corporations (DMCs).

Non-Provision of record to statutory audit constituted serious act of commission on the part of managements.

Audit recommends fixing of responsibility on officers/official(s) at fault and disciplinary action against concerned officers/official(s) may be initiated under intimation to audit.

1.2 Improper System for Functioning and issuance of Trade License

As per GFR 10 Every officer incurring or authorizing expenditure from public funds should be guided by high standards of financial propriety among the principles on which emphasis is generally laid are the following.

(i) Every public officer is expected to exercise the same vigilance in respect of expenditure incurred from public moneys as a person of ordinary prudence would exercise in respect of expenditure of his own money.

Trade licenses were issued without ensuring the safety of citizens and businesses like selling of chemicals, explosives or even eateries were operating without regulation / inspection by concerned DMCs officials. The general state of affairs was appalling. The DMCs staffs failed to regulate traders without the pre-requisite safety requirements as prescribed by law.

The trade licenses were issued without proper survey and physical verification / inspection of trade establishment. The DMCs issued trade license without even obtaining the detail and nature of businesses. No site plans of business premises, medical certificates of business staff and NOC from Chief Fire Officer for dangerous/offensive/article trade were in existence on record.

Deviation from prescribed rules resulted into weak internal control.

Non-observance of prescribed procedure resulted into weak internal control system prevails in the department.

1.3 Variation in Fees / Rates / Fines in Issuance and Renewal of Trade Licenses

As per GFR 10 Every officer incurring or authorizing expenditure from public funds should be guided by high standards of financial propriety among the principles on which emphasis is generally laid are the following.

(i) Every public officer is expected to exercise the same vigilance in respect of expenditure incurred from public moneys as a person of ordinary prudence would exercise in respect of expenditure of his own money.

The DMCs failed to collect trade license fee in accordance with the scheduled rates.

Trade license were issued by payment of a paltry trade license fee. The renewal of trade licenses was also done without following the standard operating procedure.

Further, it was also observed that even rates charged from a particular trade also varied within District Municipal Corporation, East (Between two Zones i.e. Jamsheed Town and Gulshan-e-Iqbal Town).

Deviation from prescribed rules resulted into weak internal control.

Non-observance of prescribed procedure resulted into weak internal control system prevails in the department.

1.4 Non-conducting of Survey for Issuance and Functioning of Trade Licenses

As per GFR 10 Every officer incurring or authorizing expenditure from public funds should be guided by high standards of financial propriety among the principles on which emphasis is generally laid are the following.

(i) Every public officer is expected to exercise the same vigilance in respect of expenditure incurred from public moneys as a person of ordinary prudence would exercise in respect of expenditure of his own money.

The management of concerned DMCs had no data / record of traders operating in their jurisdiction. District Municipal Corporations (DMCs) failed to conduct survey of area to work out total number of traders operating in jurisdiction of each District Municipal Corporation. The managements of DMC were even unaware of existence of mega shopping plazas functioning in their jurisdiction.

The lackadaisical attitude of DMCs towards the registering and issuance of licenses to existing and new business, traders was causing the expansion of informal economy with mushroom growth of lucrative but unneeded clustering of business activities e.g., general provision stores, puncher shops, barber shops, tea kiosks, pan stalls etc. Moreover, the avoidance of registration was also causing the loss of huge revenues to the Government.

Deviation from prescribed rules resulted into weak internal control.

Non-observance of prescribed procedure resulted into weak internal control system prevails in the department.

1.5 Non-Reconciliation of Challans

As per section 100 of the Sindh Budget Manual, “The consolidated accounts of the controlling officer have as pointed out in the paragraph 98, to be reconciled monthly with the accounts of comptroller. The object of this procedure is to ensure the accuracy of departmental control really effective and to prevent classification or other errors in account”.

According to Rule-83 of Part-XIII of the Sindh District Government & Taluka Town Municipal Administration (Budget) Rules 2002, (1) The controlling officers shall reconcile his figures with the record maintained by the Accounts officer by the 10TH day of the month following the month to which the statement relates. (2) In order to enable the Head of offices concerned to verify whether the amounts shown as realized in the statements have actually been realized and credited to the proper head of account, the Accounts Officer concerned shall provide the Head of Offices with statements confirming the actual amounts credited under the relevant receipt heads.

Management also failed to produce the bank reconciliation statement in regard to the revenue collected and deposited into the banks.

Audit is of view that due to non-reconciliation of collection/receipts resulted into non-authentication of collection figure and weak financial management.

Non-observance of prescribed procedure resulted into weak internal control system prevails in the department.

Audit recommends that collection may be reconciled the same with Treasury / Finance Department and Local Fund Department, GoS, under intimation to audit.

CHAPTER-IV
HYDERABAD DIVISION

4.1 HYDERABAD DIVISION

4.1.1 INTRODUCTION

Hyderabad Division consists of 09 Districts namely Hyderabad, Badin, Dadu, Thatta, Matiari, Jamshoro, Sujawal, Tando Allah Yar and Tando Muhammad Khan. Each Corporation / District Council / Municipal Committee / Town Committee in Hyderabad Division is headed by an Administrator/ Municipal Commissioner /Chief Officer / Chief Municipal Officer/ Town officer who carries out operations as per Sindh Local Government Ordinance, 1979.

The functions of Municipal Corporation/Committees are as following:

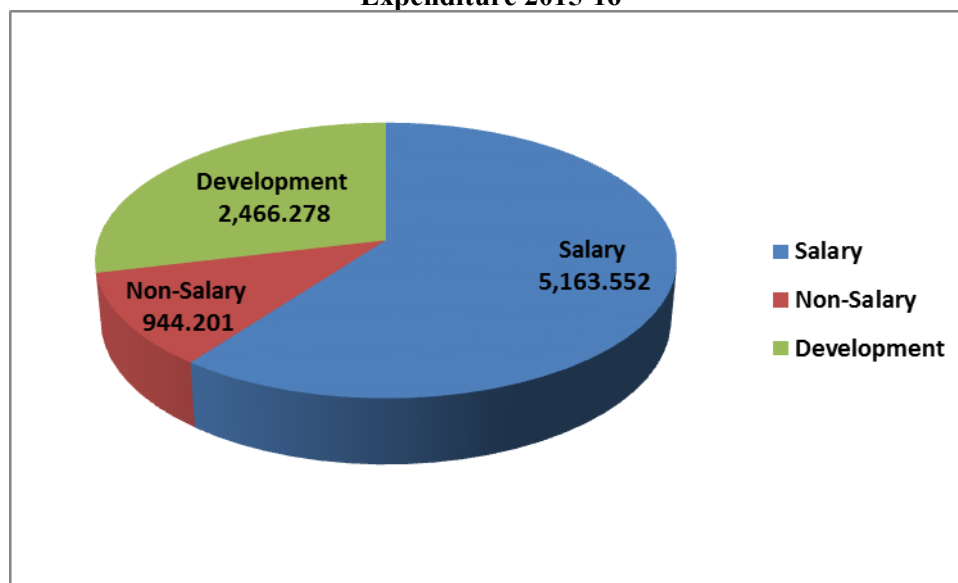
1. Prepare spatial plans for the Town including plans for land use, zoning and functions for which Municipal Corporation/Committees is responsible.
2. Exercise control over land-use, land-subdivision, land development and zoning by public and private sectors for any purpose, including agriculture, industry, commerce markets, shopping and other employment centers, residential, recreation, parks, entertainment, passenger and transport freight and transit stations.
3. Enforce all municipal laws, rules and bye-laws governing Municipal Corporation/Committees functioning.
4. Prepare budget, long term and annual municipal development programmes in collaboration with the Union Councils.
5. Collect approved taxes, cesses, user fees, rates, rents, tolls, charges, fines and penalties.
6. Manage properties, assets and funds vested in the Municipal Corporation/Committees.
7. Develop and manage schemes, including site development in collaboration with Union Administration.
8. Issue notice for committing any municipal offence by any person and initiate legal proceedings for commission of such offence or failure to comply with the directions contained in such notice.
9. Prosecute, sue and follow up criminal, civil and recovery proceedings against violators of Municipal Laws in the courts of competent jurisdiction.
10. Maintain municipal records and archives.

4.1.2 Comments on Budget and Accounts (Variance Analysis)

(Rupees in Million)

S. No.	Formation	Particulars	Budget	Expenditure / Revenue	Excess (+) Savings (-)
1	Hyderabad	Salary	1,723.336	1,464.836	(258.500)
		Non-Salary	529.552	370.686	(158.866)
		Development	990.586	643.881	(346.705)
		Revenue	1,997.527	799.011	(1,198.516)
2	Badin	Salary	587.951	499.758	(88.193)
		Non-Salary	154.218	107.952	(46.265)
		Development	584.289	379.788	(204.501)
		Revenue	969.003	387.601	(581.402)
3	Dadu	Salary	741.585	630.347	(111.238)
		Non-Salary	150.090	105.063	(45.027)
		Development	494.302	321.296	(173.006)
		Revenue	1,148.992	459.597	(689.395)
4	Thatta	Salary	625.812	531.940	(93.872)
		Non-Salary	104.302	73.011	(31.291)
		Development	312.906	203.389	(109.517)
		Revenue	906.956	362.782	(544.173)
5	Matiari	Salary	478.306	406.560	(71.746)
		Non-Salary	92.015	64.411	(27.605)
		Development	353.557	229.812	(123.745)
		Revenue	757.771	303.109	(454.663)
6	Jamshoro	Salary	956.117	812.699	(143.418)
		Non-Salary	158.406	110.884	(47.522)
		Development	577.804	375.572	(202.231)
		Revenue	1,056.308	422.523	(633.785)
7	Sujawal	Salary	24.875	21.144	(3.731)
		Non-Salary	4.146	2.902	(1.244)
		Development	12.438	8.085	(4.353)
		Revenue	452.678	181.071	(271.607)
8	Tando Allahyar	Salary	569.721	484.263	(85.458)
		Non-Salary	94.953	66.467	(28.486)
		Development	284.860	185.159	(99.701)
		Revenue	668.898	267.559	(401.339)
9	Tando Muhammad Khan	Salary	367.065	312.005	(55.060)
		Non-Salary	61.178	42.824	(18.353)
		Development	183.533	119.296	(64.236)
		Revenue	1,223.096	489.238	(733.857)
Salary			6,074.768	5,163.552	(911.215)
Non-Salary			1,348.859	944.201	(404.658)
Development			3,794.274	2,466.278	(1,327.996)
Grand Total			10,198.089	6,895.382	(3,302.707)
Revenue			9,181.228	3,672.491	(5,508.737)

Expenditure 2015-16



Original budget of Rs 10,198.089 million was allocated to District Councils, Municipal Corporations and Town Committees of Hyderabad Division under various grants. Variance analysis of the revised/final grant and actual expenditure for the financial year 2015-16 for the audited entities depicted that there was non-utilization / savings of Rs 3,302.707 million. This budget and expenditure exclude the figures of entities not provided record for audit.

4.1.3 Brief Comments on the Status of Compliance with PAC Directives

The audit reports pertaining to following years have been submitted to Governor of Sindh. Detail of PAC meetings is given below:

Audit Year	No. of Paras	Status of PAC Meetings
2012-13	81	Nil
2013-14	39	Nil
2014-15	80	Nil
2015-16	47	Nil

As indicated in the above table, no PAC meeting was convened to discuss the audit report of TMAs of Hyderabad Division.

4.2 AUDIT PARAS

4.2.1 Fraud/Embezzlement/Misappropriation

4.2.1.1 Doubtful Payments from Public Money - Rs 91.643 Million

According to Para-10 (iv) of GFR Volume-I, “public money should not be utilized for the benefit of a particular person or section of community and also according to rule all the claims must be supported with full detail and documents”.

Further, as per Section (I) of Appendix 18-A of SFR Vol-I, "Means should be devised to ensure that every Government servant realizes fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part, and that he will also be held personally responsible for any loss arising from fraud or negligence on the part of any other Government servant to the extent to which it may be shown that he contributed to the loss by his own action or culpable negligence”.

Various formations of Hyderabad Division made payments of Rs 91.643 million, during financial years 2014-16, without proper details to authenticate the veracity of the expenditure i.e. valid supporting vouchers, valid invoices, delivery challans and entry in stock register/measurement books, in violation of above rules. Details are provided at Annex-Hyd1.

Audit is of the view that dubious withdrawal of huge amount by management resulted into illegal withdrawal of public funds.

Violation of laid down procedures was due to weak internal control system.

The matter was reported to management during August to December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility for illegal withdrawal of public money besides, recovering the amount from person(s) at fault.

[AIR Paras: 3, 8, 8, 13, 6, 11, 8, 4, 16, 3+6+7, 7, 5, 6+9, 12, 14, 8, 14]

4.2.1.2 Embezzlement of Funds in Development Scheme - Rs 4.484 Million

According to Rule 2 (1) (q) (3) of SPPR 2010, “Fraudulent Practice: means any act or omission, including a misrepresentation, that knowingly or recklessly misleads, or

attempts to mislead, a party to obtain a financial or other benefit or to avoid an obligation;”

Further, according to Rule 2 (1) (d) of SPPR 2010, “Bid: means a tender, or an offer by a person, consultant, firm, company or an organization expressing willingness to undertake a specified task at a price, in response to an invitation by a Procuring Agency;”

Further, according to Rule 45 of SPPR 2010, “Announcement of evaluation reports - Procuring agencies shall announce the results of bid evaluation in the form of a report giving reasons for acceptance or rejection of bids. The report shall be hoisted on website of the Authority and that of the procuring agency if its website exists and intimated to all the bidders at least seven (07) days prior to the award of contract.”

Administrator/Municipal Commissioner, Hyderabad Municipal Corporation, during financial year 2015-16, incurred an expenditure amounting Rs 4,484 million, against execution of schemes at Hazrat Ayesha Park at Latifabad No. 8, Hyderabad. However, on physical verification of the site no signs of execution of development scheme were noticed.

Audit is of the view that management made suspicious payments against execution of said schemes.

Non-observance of prescribed rules and procedures was due to weak internal control.

The matter was reported to the management during November, 2016 but they did not respond to audit observation. The PAO failed to convene DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on account of doubtful execution of scheme, under intimation to audit.

[AIR Para: 15]

4.2.1.3 Doubtful Expenditure on POL - Rs 4.062 Million

According to Rule 2 (1) (q) (3) SPPR 2010, “Fraudulent Practice: means any act or omission, including a misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party to obtain a financial or other benefit or to avoid an obligation.”

Following Offices of District Dadu, during financial year 2014-15, incurred an expenditure on POL of Fire Brigade vehicles amounting to Rs 4.062 million but failed to justify the expenditure by providing record of reported fire and emergency cases, in violation of rules.

[Rupees in Million]			
Sr.	Name of formations	Particulars	Amount
1	CMO, Municipal Committee, Dadu	Doubtful expenditure on POL of fire brigade without reported fire/emergency cases	0.973
2	Municipal Committee Mehar, Dadu		3.089
Total			4.062

Audit is of the view that expenditure on POL of Fire Brigade without reported emergency cases resulted into misappropriation of public funds and weak financial management.

Non-observance of diligence resulted into non-transparency in spending from public account and weak internal control.

The matter was reported to the management during November, 2015 but they did not respond to audit observation. The PAO failed to convene DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on person(s) on account of unjustified and doubtful expenditure on POL for fire brigade without reported fire/emergency cases, under intimation to audit.

[AIR Paras: 19, 17]

4.2.1.4 Doubtful Works of Repair and Maintenance - Rs 3.168 Million

According to Rule 2 (1) (d) of SPPR 2010, “Bid: means a tender, or an offer by a person, consultant, firm, company or an organization expressing willingness to undertake a specified task at a price, in response to an invitation by a Procuring Agency;”

Further, according to Rule 45 of SPPR 2010, “Announcement of evaluation reports - Procuring agencies shall announce the results of bid evaluation in the form of a report giving reasons for acceptance or rejection of bids. The report shall be hoisted on website of the Authority and that of the procuring agency if its website exists and intimated to all the bidders at least seven (07) days prior to the award of contract.”

HMC, Hyderabad, during financial year 2015-2016, incurred expenditure amounting to Rs 3.168 million on Repair & Maintenance of vehicles on blank and unsigned tender forms, with no comparative statements. Details are as under:

(Amount in Rupees)

Sr.	Name of Work	Name of Contractor	W.O No. and Date	Est. Amount	Bill Date	Amount
01.	Repair and overhauling Master Green with back dalla/lift repair	M/S Kamran Engineering	67/ 27-08-15	448,350	10-09-15	260,925
					13-10-15	187,425
02.	Repair and overhauling Vehicle No. Old Hino – 1	M/S Anwar Engineering	64/ 27-08-15	802,645	-	404,395
					13-10-15	398,250
03.	Repair / maintenance and overhauling of engine Balarus Tractor GS – 7449 with complete accessories	M/S SBH Enterprises	55/ 29-05-15	620,445	20-10-15	605,115
04.	Repair and Overhauling Massy 290 Tractor No 46	M/S Sand Corporation	66/ 27-08-15	662,600	03-09-15	662,600
05.	Repair and Overhauling Vehicle No. NL – 02 Bellarus Tractor	M/S Muhammad Adnan	65/ 27-08-15	649,702	-	649,702
TOTAL						3,168,412

Audit is of the view that management executed repair and maintenance of vehicles unauthorizedly resulted into unauthorized payments.

Non-observance of prescribed rules and procedures was due to weak internal control.

The matter was reported to the management during November, 2016 but they did not respond to audit observation. The PAO failed to convene DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on account of doubtful execution of repair and maintenance without following proper procedures.

[AIR Para: 17]

4.2.2 Non-Production of Record

4.2.2.1 Non-Production of Record – Rs 605.472 Million

As per Section 14 (1) (b) of the Auditor General (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001, The Auditor-General shall, in connection with the performance of his duties under this Ordinance, have authority to require that any accounts, books, papers and other documents which deal with, or form, the basis of or otherwise relevant to the transactions to which his duties in respect of audit extend, shall be sent to such place as he may direct for his inspection.

Further, “Chief Secretary vide letter No.DO.NO.SO(C-II)/SGA&CD/1-73/2012 dated 25th October, 2013 duly endorsed by Secretary of LGD vide letter No. SOA/(LG)LG/4/(77)2013, dated 21.11.2013 was pleased to direct to all Municipal organizations / Local Councils for immediately providing record to audit, so that, financial discipline may be restored to respective organizations. In case of failure to provide record to audit by auditee organizations, the cases may be taken up under disciplinary proceedings against officers concerned that may include suspension of officers”.

Different formations of Hyderabad Division incurred an expenditure of Rs 428.136 million but failed to provide record to audit, during financial years 2014-16, in violation of the above rule and instructions. Details are provided at Annex-Hyd2.

Further, various formations of Hyderabad Division incurred expenditure amounting to Rs 177.336 million, during financial years 2013-15, on purchase of POL for official vehicles but did not produce Log Books, Vehicle Maintenance Record, History Sheets and Petrol Account Registers, in violation of above rule. Details are provided at Annex-Hyd2.

Audit is of the view that non-provision of record the authenticity of expenditure cannot be ascertained by audit.

The matter was reported to managements during September to December 2015 and August to December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on the managements for non-provision of record in accordance with rules and regulations.

[AIR Paras:1,19,1,1,1,1,1,1,1,9,1,1,1,5,30,1,1, 2,1,1,1, 40, 14, 18, 11, 08, 12, 13, 18, 17, 15, 11, 04, 9, 21, 04, 12, 05, 12, 16, 14, 10, 14, 09, 15, 2, 3, 8, 14]

4.2.3 Irregularity / Non-Compliance

A. Recovery, Targeted receipts/Outstanding dues

4.2.3.1 Non-Achievement of Targeted Receipts - Rs 151.919 Million

As per Rule 41 (a) of SFR Vol-I, “The departmental Controlling Officer should see that all sums due to Government are regularly received and checked against demands and that they are paid into treasury claiming credit for so much paid into the treasury and compare with the figures in the statements supplied by the comptroller”.

Further, as per Section 96 (1) of Sindh Local Government Act 2013, “A council may levy, in the prescribed manner all or any taxes, rates, tolls, and fees mentioned in Schedule V”.

Various formations of Hyderabad Division, during financial years 2015-16, failed to recover the targeted receipts amounting to Rs 151.919 million, in violation of the above rules. Details are provided at Annex-Hyd3.

Audit is of the view that management failed to take necessary steps and enforce the prescribed procedures for achievement of targeted revenue.

Violation of prescribed rules and procedures was due to weak internal control.

The matter was reported to the management during October-December, 2016 but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

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

[AIR Paras: 47,19,20,6,7,12,3,3,19,27,05,25,27,16,3,5,3,13, 3, 4, 15, 31, 24, 26]

4.2.3.2 Irregular Payment of Income Tax - Rs 96.248 Million

According to Section 165 (1) of the Income Tax Ordinance, 2001, “Statements. - Every person collecting tax under Division II of this Part 9[or Chapter XII] or deducting tax from a payment under Division III of this Part 10[or Chapter XII] shall, 11[] furnish to the Commissioner a statement in the prescribed form setting out—”.

(a) the name and address of each person from whom tax has been collected under Division II of this Part 1[or Chapter XII] or to whom payments have been made from which tax has been deducted under Division III of this Part 2[or Chapter XII] in in 3[each quarter];

(b) the total amount of payments made to a person from which tax has been deducted under Division III of this Part 4[or Chapter XII] in 5[each quarter];

(c) the total amount of tax collected from a person under Division II of this Part 6[or Chapter XII] or deducted from payments made to a person under Division III of this Part 7[or Chapter XII] in 8[each quarter].

Various formations of Hyderabad Division, during financial years 2014-16, made payment of Rs 96.248 million on account of income tax without preparation of statement of deducted amount, in violation of above rule. Detail is as under:

[Amount in Rupees]			
Sr.	Name of Offices	Para	Amount
1	MC, K.N.Shah, District Dadu 2014-15	21	5,687,102
2	MC, Mehar, District Dadu 2014-15	23	1,000,000
3	MC, Thatta, District Thatta 2015-16	8	64,453,346
4	TC, Ghora Bari, District Thatta 2015-16	11	20,248,339
5	MC, Hala, District Matiari 2014-15	2	4,859,000
Total			96,247,787

Audit is of the view that management failed to observe the Government rules and procedures, which reflects the absence of systematic control and financial indiscipline.

Violation of prescribed rules and procedures was due to weak internal control system.

The matter was reported to managements during September to December 2015 and August to December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends justification of payments and reconciliation with FBR, under intimation to audit.

[AIR Paras: 21, 23, 8, 11, 2]

4.2.3.3 Non-Deduction of Sales Tax - Rs 64.869 Million

As per Rule 2 (3) of the Sales Tax Special Procedure (Withholding) Rules, 2007, “a withholding agent having free tax number (FTN) and falling under clause (a) (b) and (c) of sub-rule (2) of Rule-1, shall on purchase of taxable goods from unregistered persons, deduct sales tax at the applicable rate (17%) of the value of taxable supplies made to him from the payment due to the supplier and unless otherwise specified in the

contract between the buyer and the supplier, the amount of sales tax for the purpose of this rule shall be worked out on the basis of gross value of taxable supply”.

Further, as per Part-B of second schedule annexed to Sindh Sales Tax on services Act 2011, “Prescribed applicable rate of sales tax at 16% against services provided or rendered by persons engaged in contractual execution of work or furnishing supplies”.

Moreover, according to Sindh Finance Bill, 2014, “the rate of Sindh sales tax on service reduced from 16% to 15%, w.e.f. 01-07-2014”.

Various formations of Hyderabad Division, during financial year 2015-16, paid Rs 424.711 million, to different suppliers and contractors but failed to deduct sales tax amounting to Rs 64.869 million, in violation of above rules. Detail is provided in Annex-Hyd4.

Audit is of the view that Government sustained loss due to non-deduction of sales tax resulting into weak financial management.

Non-observance of prescribed rules was due to weak internal control.

The matter was reported to the management during November-December, 2016 but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on person(s) at fault for non-deduction of sales tax, under intimation to audit.

[AIR Paras: 30, 22, 7, 7, 8, 10, 13, 14, 1, 2, 2, 9, 4, 2, 3, 15, 10, 6, 7, 2, 1, 3, 27, 2, 21, 6]

4.2.3.4 Non-Deposits of Income Tax into Treasury – Rs 46.862 Million

According to section 160 (chapter X, part V) of the Income Tax Ordinance 2001, “Any tax that has been collected or purported to be collected under division II of this part or deducted or collected or purported to be deducted or collected under chapter XII, shall be paid to the Commissioner by the person making the collection or deduction within the time and manner as may be prescribed (i.e. within 7 days of deduction or collection)”.

According to Rule 205 (3) of Income Tax Ordinance 2001, “A person who fails to pay an amount of tax collected or deducted as required under section 160 on or before the due date for payment shall be liable for additional tax at a rate equal to 9[KIBOR plus

three per cent per quarter] on the amount unpaid computed for the period commencing on the date the amount was required to be collected or deducted and ending on the date on which it was paid to the Commissioner”.

Various formations of Hyderabad Division, during financial year 2015-16, incurred expenditure on account of payment of salary, POL / Utilities Bills, and deducted/collected income tax amounting to Rs 46.862 million but failed to deposit the same into Regional Tax Office (Inland Revenue, FBR), in violation of above rules. Detail is provided at Annex-Hyd5.

Audit is of the view that management failed to deposit income tax and subsequent default surcharge into Government exchequer in due time which constituted weak financial management.

Violation of prescribed rules was due to weak internal controls.

The matter was reported to the management during October-December, 2016 but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing responsibility on person(s) at fault. Besides, income tax may be deposited into Government account, under intimation to audit.

[AIR Paras: 28, 4, 4, 3, 9]

4.2.3.5 Non-Recovery of Outstanding Dues - Rs 12.047 Million

As per Rule 41 (a) of SFR Vol-I, “The departmental Controlling Officer should see that all sums due to Government are regularly received and checked against demands and that they are paid into treasury claiming credit for so much paid into the treasury and compare with the figures in the statements supplied by the comptroller”.

Various formations of Hyderabad Division, during financial year 2014-15, failed to recover outstanding rent of shops and fees amounting to Rs 12.047 million from defaulters, in violation of above rules. Details are provided at Annex-Hyd6.

Audit is of the view that due to inaction by the management, they could not recover the outstanding revenue that also contributed towards poor financial health of these entities.

Failure to implement prescribed rules resulted into non-recovery of Government Revenue that is a reflection of weak internal control.

The matter was reported to management during August to December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on the managements for non-recovery of longstanding dues. Besides, amount be recovered without further delay, under intimation to audit.

[AIR Paras: 33, 17, 17, 5, 11, 14, 3, 28, 21]

4.2.3.6 Loss Due to Non-Revision of Rent - Rs 5.355 Million

As per Rule 9(1) of Sindh Rental Premises Ordinance 1979, “where the fair rent of any premises has been fixed, no further increase thereof shall be effected unless a period of three years has elapsed from the date of such fixation or commencement of this ordinance whichever is later”.

Further, as per Rule 9(2) *ibid*, “the increase is allowed @ 10% per annum on the existing rent”.

Various formations of Hyderabad Division, failed to revise rent of shops allotted to tenants since 2000-2001, in violation of the above rules, resulting into loss to public revenue of Rs 5.355 million till 2015-16. Details are as under:

(Rupees in Million)			
Sr.	Name of Offices	AIR Para	Amount
1	Chief Municipal Officer, Matili, District Badin	14	3.067
2	Town Committee, Shaheed Fazil Rahu (Golarchi) District Badin	6	1.328
3	Administrator/CMO, Municipal Committee Tando Allahyar	2	0.96
Total			5.355

Audit is of the view that non-revision of rent as per provisions of rental act, has resulted into loss to public revenue.

Non-compliance of prescribed rules resulted into less realization of public revenue and due to weak internal controls.

The matter was reported to the management during October-December, 2016 but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on managements for non-enhancement of rent, besides, same be revised as per provisions of rental act.

[AIR Paras: 14, 6, 2]

4.2.3.7 Non-Deduction of Income Tax – Rs 4.015 Million

As per Section of 153 (1) of the Income Tax Ordinance, 2001, “Every prescribed person making a payment in full or part including a payment by way of advance to a resident person, for the sale of goods, for the rendering of or providing of services, on the execution of a contract, other than a contract for the sale of goods or the rendering of or providing services, shall, at the time of making the payment”.

Further, as per Clause-3 of Contractual Agreement for “various auctions” executed on between Municipal Committee Qasimabad and Auctioneer/ Contractors, “that is under Section 236A of Income Tax @ 10% of contractual amount shall be paid by the contractor before the work order to the Income Tax Authorities.”

Following Offices of Hyderabad Division, during financial years 2014-16, incurred expenditure of Rs 39.760 million, but failed to deduct income tax of Rs 4.015 million, in violation of above rules.

[Amount in Rupees]		
Sr.	Name of Offices	Amount
1	CMO, MC, Qasimabad	2,387,410
2	CMO, MC, Kotri, District Jamshoro	30,000
3	CMO, MC, Kotri, District Jamshoro	215,202
4	TO, TC, Tando Ghulam Hyder, District TMK	181,991
5	CMO, MC, Dadu, District Dadu	32,358
6	CODC, District Dadu	53,165
7	CODC, District Dadu	104,318
8	CMO, MC, K.N.S, District Dadu	219,746
9	CMO, MC, K.N.S, District Dadu	13,588
10	CMO, MC, Mehar, , District Dadu	22,101
11	CMO, MC, Mehar, District Dadu	35,975
12	TO, TC, Johi, District Dadu	15,372
13	CMO, MC, Hala, District Matiari	66,758
14	TO, TC, New Saeedabad, District Matiari	74,004
15	CMO, MC, Hala, District Matiari	161,780
16	CMO, MC, Hala, District Matiari	401,060
Total		4,014,828

Audit is of the view that due to non-deduction of income tax Government sustained loss of revenue.

Non-observance of prescribed rules and procedures was due to weak internal controls.

The matter was reported to the management during October-December, 2016 but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends recovery of income tax and surcharge from defaulters and same be deposited into Government treasury, under intimation to audit.

[AIR Paras: 8, 2, 3, 16, 24, 1, 4, 14, 23, 14, 22, 12, 11, 19]

4.2.3.8 Non-Deductions from Pay of Staff – Rs 2.198 Million

As per Government of Pakistan Finance Division (Regulations Wing) Office Memorandum No.F.1(5)-Reg.7/87-482 dated 12th August, 2008 of Uniform rates of subscription towards General Provident Fund, “There shall be no option to postpone the subscription to above fund”.

Further, as per Rule 82 of the Sindh Local Councils (Accounts) Rules, 1983, “Only the following classes of recoveries shall be made by deduction from pay bills: -

- iv. Recoveries on account of Provident Fund subscriptions;
- vi. Income tax;
- vii. Benevolent Fund and
- ix. Pension Contribution”.

Different offices of Hyderabad Division, during financial year 2015-16, failed to recover an amount of Rs 2.198 million on account of Benevolent Fund, General Provident Fund and Group Insurance from staff, in violation of the above rules. Detail is as under:

(Amount in Rupees)

Sr.	Formation	Para	Months	Benevolent Fund	Provident Fund	G.I	Amount
1.	MC, Kotri	13	2015-16	4,206	20,876	5,808	370,680
2.	TC, Manjhand	6	2015-16	8,294	48,980	16,470	884,928
3.	TC, Sehwan Sharif	14	2015-16	3,028	12,467	3,669	233,280
4.	TC, Thana Bula Khan	12	2015-16	9,669	39,028	10,428	709,500
Total				25,197	121,351	36,375	2,198,388

Audit is of the view that non-deduction of Benevolent Fund, General Provident Fund and Group Insurance from pay of Staff resulted into weak financial management.

Violation of prescribed rules was due to weak internal control system.

The matter was reported to management during August to December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on management for non-deduction of Benevolent Fund, General Provident Fund and Group Insurance from pay of staff. Besides, initiate recoveries of the same from staff, under intimation to audit.

[AIR Paras: 13, 6, 14, 12]

4.2.3.9 Overpayment On Account of LPR and Daily Wages Rs 1.816 Million

According to Rule-16 of Revised Leave Rules 1980, “Leave preparatory to retirement. (1) The maximum period up to which a civil servant may be granted leave preparatory to retirement shall be three hundred and sixty-five days. (2) Such leave may be taken, subject to availability, either on full pay, or partly on full pay and partly on half pay, or entirely on half pay, at the discretion of the civil servant”.

According to SRO.11(KE)/2013 Dated: 18th February, 2013, amendment shall be made in the Revised Rules, 1980 and shall be deemed to have been so made from first day of July, 2012 namely in the said Rules, in Rule 19, Sub-Rule (1),, “for the words “one hundred and eighty”, the words “three hundred and sixty-five” shall be substituted”.

Administrator, Town Committee, Bulri Shah Karim and Matiari, during financial year 2015-16, incurred an excess expenditure of Rs 1.816 million on account of LPR and daily wages of various officials, in violation of rules. Detail is as under:

(Rupees in Million)

Sr.	Formation	Particulars	Amount
1	TO, TC, Bulri Shah Karim, District T.M. Khan	Encashment of leave preparatory to retirement	0.307
2	TO, TC, Matiari District Matiari	Overpayment of salaries to daily wage staff	1.590
Total			1.897

Audit is of the view that excess payment of leave preparatory to retirement and wages resulted into irregular payments and weak financial management.

Non-observance of prescribed rules resulted into weak internal control system.

The matter was reported to the management during October-December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on account of overpayment(s). Besides, same be recovered without further delay, under intimation to audit.

[AIR Paras: 16, 18]

4.2.3.10 Recovery of Special Conveyance Allowance from Chief Fire Officer Rs 0.864 Million

According to Rule 13.5 of DDO handbook, “No conveyance allowance is allowed to the employees, who are entitled to draw the same due to their posting in big cities, while on leave of any kind, except casual leave.”

Further, according to letter No.F.1 (1) Imp/2008 dated 30-06-2008 (7) (b), “Conveyance allowance shall be admissible to officers who are not sanctioned official vehicle”.

Administrator, Hyderabad Municipal Corporation (HMC), Sub-division Latifabad allowed “Special Conveyance Allowance” to Chief Fire Officer of Sub-division Latifabad by office order ADM/TMA/(L)/82/2011 Dated 23-05-2011 with effect from July 2010,. Detail is as under:

(Amount in Rupees)

Name of Scheme	Desig./BS	Special CA Amount	Total Period Allowed	Amount	Remark
Muhammad Younus Qureshi	Chief Fire Officer	12,000	Since July 2010 to June 2016 (Total 72 months)	864,000	Special CA allowed since July 2010

Audit is of the view that undue favour was granted to employee against Government rules resulting into weak financial management.

Deviation from prescribed rules and procedures resulted into weak internal control system.

The matter was reported to the management during November, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on account of unjustified payment. Besides, same be recovered under intimation to audit.

[AIR Para: 34]

B. Violation of Rules

4.2.3.11 Non-Reconciliation of Electricity Dues - Rs 5,687.176 Million

As per Notification No. DLG/93/2013 Dated: 5-9-2013 issued from Directorate of Local Government Department vide Para Nos.:-

- Electricity may not be consumed without meters;
- The reading of meters may be compared with bills being issued from electric company, in case of any difference correspondence may be carried out with Electric Company;
- Reading of all Connections may be noted on daily basis;
- A cell may be established in every council especially in Engineering wing; and
- No Reconciliation form may be signed without proper verification by Assistant Engineer / Engineer and Municipal Commissioner, Chief Officer, Town Officer etc. as the case may be”.

Further, According to Finance Department, GoS letter No. FD/CW&M-I)(26) 91-92(P.T.II) dated 24-6-1993, “all charges incurred must be paid at once and under no circumstances may be allowed to stand over to be paid from the grant of subsequent year”.

Different formations of Hyderabad Division, during financial year 2015-16, failed to reconcile electricity dues of Rs 5,687.176 million with HESCO and created huge liabilities, in violation of above rules. Detail is provided at Annex-Hyd7.

Audit is of the view that non-reconciliation of electricity dues created huge liabilities, besides loss of public revenue which constituted weak financial management.

Deviation from prescribed rule was due to weak internal controls.

The matter was reported to the management during October-December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on management for non-reconciliation of electricity dues with HESCO and creation of liabilities, under intimation to audit.

[AIR Paras: 8, 10, 6, 4, 3]

4.2.3.12 Unauthorized Award of Works - Rs 1,306.492 Million

As per SPPRA Notification No.Dir (A&F)/SPPRA/1-3(GEN)/13-14/087 dated 03-07-2013 “IDs of the NIT/EOI are released after receipt of the Bid Evaluation Report in terms of Rule-45 of SPP Rules, 2010.

2. SPPRA will release ‘SPPRA-ID’ to the Procuring Agencies (PAs), once PAs submit the following documents, complete in all respect, as required under the rules: -

- i. Annual Procurement Plan as required under Rule-11 of SPPRA Rules, 2010;
- ii. Notice Inviting Tender, Expression of Interest (EOI) and Pre-Qualification Notice (Requirement of Rule 17);
- iii. Bid Evaluation Reports (Prescribed by Rule 45);
- iv. Contract Evaluation Form along with Letter of Award, Form of Contract (Agreement) and Bill of Quantities (Requirement of Rule 50); and
- v. Integrity Pact (where applicable) (Requirement of Rule 89).

Further, as per Rule 10 of SPPRA 2010, “The procuring agency shall, immediately upon award of contract, make the evaluation report of the bid, and the contract agreement to public through hoisting on the Authority’s website as well as on procuring agency’s website, if the procuring agency has such a website.”

Following Offices of Hyderabad Division, during financial years 2014-16, uploaded/posted their tenders on SPPRA website. Due to certain deficiencies the SPPRA withheld the IDs of each such tender. The managements were required to remove the deficiencies and to get ID release in each case before proceeding further. However, the managements awarded the works for Rs 1,306.492 million, in respect of the tenders against which SPPRA did not release the IDs. Further, bid evaluation reports and NITs on the SPPRA website did not hoist, in violation of above rules.

[Amount in Rupees]			
Sr.	Name of offices	Para	Amount
1	TO, Town Committee, Sehwan Sharif	4	324,000,000
2	Municipal Committee Badin, District Badin	10	158,200,000
3	TO, Town Committee, Talhar, Badin	4	193,394,600
4	TO, Town Committee, Tando Bago, Badin	1	29,886,400
5	Town Officer, Town Committee, Bulri Shah Karim	3	5,800,000
6	Town Officer, Town Committee, Tando Ghulam Hyder	2	2,530,581
7	Town Officer, Town Committee, Juhi	6	12,100,000
8	CMO, Municipal Committee, Badin	17	44,900,000
9	Town Officer, Town Committee, Talhar	8	193,394,600
10	Town Office, Town Committee, Jati	-	65,030,000

[Amount in Rupees]

Sr.	Name of offices	Para	Amount
11	Town Committee, Sehwan Sharif, District Jamshoro	8	180,000,000
12	Town Committee Bulri Shah Karim, District Tando Muhammad Khan	5	78,757,000
13	Town Committee Jhando Mari, District Tando Allahyar	19	18,499,195
Total			1,306,492,376

Audit is of the view that work was awarded without release of withheld tender IDs, without uploading/hoisting of minutes of bids, on the SPPRA website. The violation of prescribed rules has rendered unauthorized award of contract.

Violation from prescribed rule was due to weak internal controls and financial management.

The matter was reported to managements during September to December 2015 and August to December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on managements for award of work in withheld NIT and without issuing and hoisting minutes of opening of bids on SPPRA.

[AIR Paras: 04, 10, 07, 01, 3, 2, 6, 17, 8, 2, 8, 5, 19]

4.2.3.13 Irregular Execution of Work without PC-I and Technical Sanction Rs 165.685 Million

According to Planning Commission Manual Para 1.52, “A separate PC-I form for the small development projects costing upto Rs 1.00 million (non-recurring) should be used in respect of all the sectors, instead of comprehensive PC-I form for each sector.”

Further, According to SPPRA’s Guidelines Section 2.21 Pre-requisite conditions: Procuring Agency/ Committee shall not invite bids for development works, in violation of above. Audit observed that following conditions are fulfilled:

- (i) Approval of PC-I/PC-II from Competent Forum;
- (ii) Issuance of Administrative Approval (A.A) for development schemes;
- (iii) Technical Sanction (TS) of a detailed estimate is obtained;
- (iv) Funds are either released or anticipated to be released before award of contract.

Different formations of Hyderabad Division, during financial years 2014-16, executed development schemes costing Rs 165.685 million without the following conditions:

1. Preparation of PC-I
2. Obtaining approval from CDWP being the competent forum
3. Acquiring Technical Sanction, in violation of the above rules.

[Amount in Rupees]

Sr.	Name of Offices	Amount
1.	Administrator/CMO, Municipal Committee Qasimabad[AIR Para: 4]	99,965,174
2.	Administrator/CMO, Municipal Committee Tando Jam[AIR Para: 2]	56,460,000
3.	Administrator/TO, Thana Bula Khan [AIR Para: 4]	3,234,215
4.	Administrator/CMO, Municipal Committee Tando Allahyar [AIR Para: 10]	2,459,000
5.	Administrator/TO, Jhando Mari [AIR Para: 13]	3,566,218
Total		165,684,607

Audit is of the view that award of development work without preparation and approval of PC-I constituted flagrant violation of rules and procedures.

Violation from prescribed rule was due to weak internal controls and defective oversight mechanism being practiced by Planning & Development Department.

The matter was reported to managements during September to December 2015 and August to December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on management for irregular award and execution of works without PC-I.

[AIR Paras: 4, 2, 4, 10, 13]

4.2.3.14 Unauthorized Execution of Work without Administrative Approval Rs 91.577 Million

According to Para 26(i) of SLG (Local Fund Budget) Rules 2001, “No original work shall be included in the estimate unless such work has been administratively approved by the competent authority.”

Further, as per Serial 2.22 of SPPRA Guidelines / Regulations for Procurement of Works 2010, “PC-I/II of schemes/projects prepared by the administrative department is required to be placed before the Development Working Party /committee according to the cost /competency of the forum as enumerate below:

Sr.	Competent Forum	Cost of Scheme Up to
1	District Development Working Committee (DDWC)	20 million
2	Departmental Development Working Party (DDWP)	40 million
3	Provincial Development Working Party (PDWP)	50 million
4	Central Development Working Party (CDWP)	One Billion
5	Executive Committee of the National Economic Council (ECNEC) after Clearance from CDWP	Above One Billion

Administrators, Town Committee, New Saeedabad and Jati, during financial years 2014-16, executed development schemes costing Rs 91.577 million without obtaining administrative approval from competent forum, in violation of the above rules. Detail is as under:

[Rupees in Million]					
Sr.	Name of Offices	Para	Year	Estimated Amount	AA Amount
1.	Town Committee, New Saeedabad, District Matiari,	29	2014-15	22.547	22.547
2.	Town Committee, Jati, District Sujawal	01	2014-15	69.030	64.500
Total				91.577	87.047

Audit is of the view that management failed to obtain Administrative Approval of schemes resulting into unauthorized execution of schemes.

Violation of mechanism set forth by the Government resulting into weak internal controls.

The matter was reported to managements during September to December 2015 and August to December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

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

[AIR Paras: 29, 1]

4.2.3.15 Unjustified Payment to Contractor without Check measurement Rs 65.134 Million

According to the Article 5 of Agreement made of 31st day of October 2013 between HMC and M/S Al-Khalid Agencies for waste management, “the first party shall make payments to the second party as per the following approved rates:

Garbage	@ Rs. 690 per ton
Debris/Construction Material	@ Rs. 400 per ton
Consumption of Diesel	@ 3 Ltr per ton
Distance of landfill site from sub-division Latifabad	- 23Kms

According to the Clause 2.1 of Agreement made of 14th day of January 2015 between HMC and M/S Al-Khalid Agencies for waste management, “Contract Sum”

Monthly	Rs. 5,400,000
Yearly	Rs. 64,800,000 (Sixty four million and eight hundred thousand only)
Yearly Increment	10%

Hyderabad Municipal Corporation (HMC), Sub-division Latifabad, during financial year 2015-16, awarded contract for Lifting and Transportation of Solid waste to M/S Al-Khalid Agencies in November 2013. It was agreed that management will pay Rs 690/- per ton (Article 5) for lifting the garbage from the sub division Latifabad. The agreement was renewed in February 2015 and the condition of payment method was altered to lump sum monthly payments without measuring the quantum of services rendered. Furthermore, it was revealed from payment bills that the number of trips varied on monthly basis but there was no change in the payment and fixed monthly amount of Rs 5,400,000 paid throughout the year.

Audit is of the view that alteration in condition of payment of contract without inviting fresh tender was unjustified, which made ambiguity in fairness.

Deviation from prescribed procedures resulted into non-transparency in expenditure from public funds and weak internal control.

The matter was reported to the management during November, 2016 but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on person (s) at fault and initiating inquiry to unveil factual position, under intimation to audit.

[AIR Para: 03]

4.2.3.16 Tenders Called before Approval of Estimates - Rs 59.552 Million

According to Section 2.10 (1) and (3) of SPPRA Guidelines, “Commencement of work in anticipation of detailed estimates of the complete project: For each such work or component part there must be a fully prepared detailed estimate and, in the administrative approval as a whole, there must be a clear and specific amount corresponding to the work or component part in question. The sanctioning authority must be satisfied, before according sanction, that the amount of technical sanction for the whole project is not likely to exceed the amount of the administrative approval and then work or component part in the question can be appropriately commenced without affecting, or being affected by, any other part of the project, financially or otherwise.

Further, according to Rule 2 (1) (q) (3) of SPPR 2010, “Fraudulent Practice: means any act or omission, including a misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party to obtain a financial or other benefit or to avoid an obligation;”

Various formations of Hyderabad Division, during financial years 2014-16, incurred expenditure on development schemes amounting to Rs 59.552 million, however, the estimates were found without names of schemes and other details as per schedule of items. Subsequently on these incomplete estimates, technical sanctions were endorsed by the Director General Rural Development Sindh, in violation of above rule. Detail is as under:

[Amount in Rupees]			
Sr.	Formation	Para	Amount
1.	HMC, Hyderabad	8	16,900,000
2.	Town Committee, Mirpur Bathoro, District Sujawal	3	22,117,500
3.	Town Committee, Sujawal, District Sujawal	2	20,534,000
Total			59,551,500

Violation of the prescribed rules resulted in non-transparent utilization of public money and weak financial management.

Deviation from prescribed procedures resulted into non-transparency in expenditure from public funds and weak internal control.

The matter was reported to managements during September to December 2015 and August to December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on person (s) at fault, under intimation to audit.

[AIR Para: 3]

4.2.3.17 Unauthorized Payments made During Ban Period Rs 56.748 Million

According to letter issued by LGD vide No.SOI/LG/MISC/10-7/2013 dated: 30-01-2014 on the subject Ban on payment(s) of Development works on quotation basis, state that, "I am directed to refer to the subject noted above and to inform that the honorable Minister to LGD has been pleased to impose ban on payments of all types of expenditure excluding salary and pension components in all local councils and other subordinate offices of LGD. No other payment shall be made till issuance of such orders/instructions by the competent authority."

Further, according to Letter No.SOA/LG/4(820)/2013 Dated 29-04-2013, Local Government Department, GoS, "It has been observed that in past, the sanctity of the

works carried out on quotation basis has not been reliable. Therefore, for the maintenance of financial discipline, you are advised to avoid from carrying out the works through quotations except it is unavoidable”.

Following offices of Hyderabad Division incurred an expenditure of Rs 56.748 million, during financial years 2014-16, on account of development works through Quotations during ban on such payments, in violation of above rules.

[Amount in Rupees]		
Sr.	Name of Offices	Amount
1.	Administrator, HMC, Hyderabad	13,817,301
2.	Administrator, Municipal Committee, Tando Jam	4,591,198
3.	Administrator, Municipal Committee, Matiari	6,668,811
4.	Administrator, Town Committee, New Saeedabad	3,735,970
5.	Chief Officer, District Council, Sujawal	3,337,999
6.	Administrator, Town Committee, Jati, District Sujawal	24,596,554
7.	Total	56,747,833

Audit is of the view that development expenditure through quotations during the ban period resulted into failure of management to abide by instructions/orders issued by the competent authority and weak administrative management.

Non-observance of prescribed rules was due to weak internal control.

The matter was reported to managements during September to December 2015 and August to December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing responsibility on account of failure of management to abide by the instructions/orders of competent authority.

[AIR Paras: 6, 7, 3, 7, 5, 1, 3]

4.2.3.18 Award of Work without Approval of Bid Evaluation Committee Rs 56.672 Million

According to Rule 7 of SPPRA 2010, “The procuring agency shall, with approval of its Head of the Department, Constitute as many procuring committees, as it deems fit, each comprising odd number of persons and headed by the gazetted officer not below the rank of BPS-18, or if not available, the officer of the highest grade, and shall ensure that at least one third of the members of a procurement committee are from the agencies or departments other than the procuring agency”. Further, as per Rule-8 ibid, “Procurement committee(s) shall be responsible for (1) Preparing bidding documents; (2) Carrying out technical as well as financial evaluation of the bids; (3) Preparing evaluation

report as provided in Rule 45; (4) Making recommendations for the award of contract to the competent authority; and (5) perform any other function ancillary and incidental to the above.”

Following offices of Hyderabad Division, during financial years 2013-15 awarded development schemes costing Rs 56.672 million, without constitution and approval of bid evaluating committee, in violation of above rule.

[Amount in Rupees]

Sr.	Name of Offices	Para	Year	Amount
1.	Town Committee, Juhi	5	2014-15	30,125,406
2.	Town Committee, New Saeedabad	1	2014-15	22,547,340
3.	Town Committee, Jati District Sujawal	5	2014-15	4,000,000
Total				56,672,746

Audit is of the view that award of works without constitution bid evaluating committee resulted into unauthorized and unjustified award of work and weak financial management.

Non-observance of rules resulted into misuse of power and weak internal control.

The matter was reported to managements during September to December 2015 and August to December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing responsibility on management for non-constitution of bid evaluation committee, under intimation to audit.

[AIR Paras: 5, 1, 5]

4.2.3.19 Award of Works without Tender - Rs 54.671 Million

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

Further, as per Rules (11)(1), *ibid*, “All procuring agencies shall devise a mechanism for planning in detail for all proposed procurements, determining the requirement of the procuring agency, within its available resources, and prepare an annual or a longer term rolling plan, detailing the procurement methods applicable for

specific procurements (12)(1) all proposed procurements for each financial year and shall proceed accordingly without any splitting or regrouping”.

Various formations of Hyderabad Division, during financial years 2014-16, incurred Rs 54.671 million without calling tender and by splitting to avoid tender, in violation of above rules. Details are provided at Annex-Hyd8.

Audit is of the view that managements did not invite tenders in award of contracts and Government was deprived of most economical rates.

Violation from prescribed rules resulted into unauthorized expenditure and weak internal controls.

The matter was reported to managements during September to December 2015 and August to December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on managements on account of procurements/execution of works without tenders and by splitting.

[AIR Paras:5,9,12,5, 6+7,10,9,14,7+13,10+11,6,11,6+7,12,5,6,13]

4.2.3.20 Wasteful Expenditure on Outsourcing of Sanitation Work Rs 43.142 Million

As per Rule No.10 (a) of the Sindh Local Councils (Accounts) Rules, 1983, “the same vigilance shall be exercised in respect of expenditure from the Local Fund as a person of ordinary prudence would exercise in respect of his own money”.

Further, according to Rule-88 of SFR Vol-I, “every Government Officer is expected to exercise same vigilance in respect of expenditure incurred from public money, as a person of ordinary prudence would exercise in respect of expenditure of his own money”.

Following formations of Hyderabad Division, during financial years 2014-16, incurred expenditure on the salaries of sanitation staff, during year, but failed to utilize their services, as the sanitation work regarding “Lifting of Garbage, Desilting of Nallahs etc.” was outsourced to contractors and payment of Rs 43.142 was made on this account during the year. Detail is as under:

(Amount in Rupees)

Sr.	Formation	Amount
1	Administrator, Municipal Committee, Tando Jam, District Hyderabad	16,360,000
2	Administrator, Municipal Committee, Mehar, District Dadu	16,170,947
3	Administrator, Town Committee, Shaheed Fazil Rahu, District Badin	2,936,396
4	Administrator, Town Committee, Tando Bago, District Badin	6,644,656
5	Administrator, Town Committee, Jhando Mari, District Tando Allahyar	1,029,860
Total		43,141,859

Audit is of the view that management failed to utilize services of sanitary workers, resultantly public funds were wasted on outsourcing of sanitation work.

Non-observing of prescribed procedure was due to weak internal control system.

The matter was reported to managements during September to December 2015 and August to December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on the managements on account of non-utilization of services of staff and wastage of public funds through outsourcing.

[AIR Paras: 13, 6, 8, 5, 9]

4.2.3.21 Execution of Ten Schemes on Identical Estimate without Specifying Exact Location – Rs 40.050 Million

According to serial 11.2.1 of Regulations for Procurement of Works issued by SPPRA, “Documents and Data: - Detailed estimate to be sanctioned by competent authority requires relevant information to be attached in form of data, documents, detailed measurements worked out from drawings and cost abstract of items based on the specifications and rates provided in CSR or rate analysis prepared on market rates. Documents and data attached depend on the nature of project/scheme and comprise the following: -

- (i) Lay out/site and location plan/index map showing the alignment of road/lines of main and distributary piping;

According to Para 23 of GFR Vol-I, “Every Government officer should realize fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part and that he will be also be held personally responsible for any loss arising from fraud or negligence on the part of any other Government officer to the extent to which it may be shown that contribution to the loss by his own action or negligence”.

Administrator/CMO, Municipal Committee (Defunct Hyderabad Rural) Tando Jam, during financial year 2015-16, prepared identical estimates for ten different schemes with estimated cost of Rs 40.050 million, without relevant information in form of data, documents, detailed measurements worked out from drawings and cost abstract of items based on the specifications and rates provided in CSR or rate analysis prepared on market rates, in violation of above rules.

Audit is of the view that management executed schemes without details and exact location resulting into weak financial management. Moreover, chances of misappropriation cannot be ruled out.

Deviation from prescribed rules was due to weak internal controls.

The matter was reported to the management during December, 2016 but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

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

[AIR Para: 6]

4.2.3.22 Irregular Award of Work to Unregistered Contractors Rs 37.329 Million

As per Section 24(1) of Sindh Sales Tax on Services Act 2011, “Registration will be required for all persons who: (a) are residents; (b) provide any of the services listed in the Second Schedule from their registered office or place of business in Sindh”.

Various formations of Hyderabad Division, during financial years 2014-16 awarded various works amounting to Rs 37.329 million, to contractors who were not registered with Sindh Revenue Board, in violation of above rule.

[Amount in Rupees]		
Sr.	Name of Offices	Amount
1.	Town Committee, Ghora Bari, District Sujawal	22,246,206
2.	Municipal Committee, Tando Allahyar, District Tando Allahyar	5,500,000
3.	Town Committee, Jhando Mari, District Tando Allahyar	4,759,576
4.	Municipal Committee, TBK District Jamshoro	4,824,000
Total		37,329,782

Audit is of the view that management awarded contracts to unregistered contractors resulting into undue favour and weak financial management.

Violation of prescribed procedure was due to weak internal control.

The matter was reported to managements during September to December 2015 and August to December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on management for awarding work to contractors not registered with SRB.

[AIR Paras: 4, 13, 16, 5, 4]

4.2.3.23 Non-Transparent Procurement in Violation of SPPRA Rules Rs 35.888 Million

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

Town Officer, Town Committee, Mirpur Bathoro, District Sujawal, during financial years 2014-16, invited NIT on 1st February 2015 for various development schemes costing Rs 35.888 million without following SPPRA Rules. Detail is as under: Following discrepancies were also observed:

- i. Valid Procurement committee was not constituted (all members were found of TC Officers)
- ii. Procurement plan was not prepared (Locations were not identified in NIT)
- iii. Bid Evaluation Reports were not prepared and submitted to the authority.
- iv. Minutes of Bid opening were not found in record.
- v. Integrity Pact was not executed for works exceeding 10 million.
- vi. NIT was published in only one newspaper namely Jeejal (not found widely circulated).

[Amount in Rupees]			
Sr.	Formation	Para	Amount
1.	Town Officer, Town Committee, Mirpur Bathoro, District Sujawal	2	32,100,000
2.	Town Officer, Town Committee, Mirpur Bathoro, District Sujawal	10	3,788,102
Total			35,888,102

Audit is of the view that management failed to comply SPPRA Rules thus procurements were not made in fair and transparent manner and Government failed to achieve most economical rates.

Violation of prescribed procedure was due to weak internal control system.

The matter was reported to managements during September to December 2015 and August to December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on person(s) at fault, under intimation to audit.

[AIR Paras: 2, 10]

4.2.3.24 Hiring of Staff on Daily Wages without Approval-Rs 35.148 Million

As per GoS, Finance Department office letter No.SOA-II-55/62-1701/64 Dated 20th December 1964, “Powers of creation of temporary posts have been delegated to the Administrative Department etc. under the West Pakistan Delegation of Powers under the Financial Rules and the Powers of Re-appropriation Rules, 1962 subject to the conditions already prescribed therein but there appears some confusion whether temporary posts created in exercise of the Delegated Powers can be treated as continuous scheme in the next financial year. The matter has now been examined and it is now clarified that the post cannot be created spreading over to two different financial years and that creation of post under the delegations should be restricted up to the end of the financial year and the post so created, must not be considered as continuous scheme in the next financial year as it has been treated by certain Departments”.

Various formations of Hyderabad Division, during financial year 2015-2016, incurred an expenditure of Rs 35.148 million, on salaries of staff working on Daily Wages without obtaining approval from the competent forum, in violation of the above rules. Detail is as under:

[Amount in Rupees]

Sr.	Name of Offices	Para	No. of employees	Pay P.M	Months	Amount
1.	Municipal Committee, Sehwan District Jamshoro 2014-15	7	202	10,000	12	24,240,000
2.	Municipal Committee, Matiari District Matiari 2014-15	15	54	7,000	12	4,536,000
3.	Municipal Committee, Tando Allahyar District Allahyar 2015-16	4	59	9,000	12	6,372,000
Total						35,148,000

Audit is of the view that staff on Daily Wages was hired without approval of prescribed competent forum which resulted into unauthorized expenditure and weak financial management.

Deviation from prescribed rules resulted into unauthorized payment and weak internal control.

Audit recommends fixing of responsibility for hiring of employees on daily wages without approval, under intimation to audit.

[AIR Paras: 7, 15, 4]

4.2.3.25 Unauthorized Appointments – Rs 32.089 Million

As per Local Government Department letter No. SOA/(LG)1(27)/2011 Dated: 6.6.2011, in continuation of letters dated: 27.5.2011 and 28.5.2011, “no appointment in any grade shall be made henceforth without consolidated advertisement and fresh approval of Government. Approval, if any, earlier issued in this regard may be treated cancelled/withdrawn”.

Further, as per Rule 2 of APT Rules 1974, “In these rules, unless there is any, thing repugnant in the subject or context: (a) "Appointing authority", in relation to a post, means the person authorized under rule 6 to make appointment to that post; 2[(aa) “Basic Scale” means a basic scale of pay sanctioned by Government in which a post or group of posts is placed”.

Various formations of Hyderabad Division, during financial year 2015-16, made appointments without going through prescribed procedures for appointment, and incurred expenditure of Rs 32.089 million on account of their salaries, in violation of the above rules. Details are provided at Annex-Hyd9.

Audit is of the view that irregular appointments were made in violation of the rules and in non-transparent manner.

Violation from prescribed rules was due to weak internal control.

The matter was reported to the management during October-December, 2016 but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on managements for appointments without following prescribed procedures.

[AIR Paras: 13, 18]

4.2.3.26 Un-Authorized Payment of Mobilization Advance Rs 26.988 Million

As per Para 9.3.2 (b) of the SPPRA, Procurement Regulations (Works), “Mobilization advance is extended to the contractors, up to 10% of contract cost stated in the letter of acceptance, usually for the projects worth Rs 2.5 million and above to enable them to make initial arrangements for starting work. Mobilization advance is allowed on the contracts where contract conditions provide for same, or the authority competent to accepting tender can allow the mobilization advance on the works subject to following conditions: (j) contractor has signed the contract, (ii) contractor has provided the performance security; (iii) contractor has furnished the irrevocable bank guarantee of amount equal to mobilization advance specified form from a scheduled bank in Pakistan to the procuring agency (Annexure-J)”.

Administrator, Town Committee, Sehwan Sharif, District Jamshoro, during financial year 2015-2016, paid mobilization advance of Rs 26.988 million to the contractor without obtaining performance security, irrevocable bank guarantee of amount equal to mobilization advance. Moreover, mobilization advance was paid @ 15% instead of 10% of the contract cost, in violation of above rule. Detail is as under:

[Amount in Rupees]

Name of Work	Name of Contractor	Contract Amount	Mobilization Advance		
			Admissible (10%)	Allowed (15%)	Difference
Construction/ Rehabilitation of Water Supply and Drainage of Talty, Karampur, Murad Ali Shah and adjoining villages	M/s Ameen Construction and Co.	179,918,511	17,991,851	26,987,700	8,995,849
Total		179,918,511	17,991,851	26,987,700	8,995,849

Audit is of the view that mobilization advance was allowed to the contractor without safeguarding Government interest resulting into undue favour and weak financial management.

Deviation from prescribed rule resulted into weak internal control.

The matter was reported to the management during October-December, 2016 but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing responsibility on management for un-authorized and excess payment of mobilization advance, under intimation to audit.

[AIR Para: 6]

4.2.3.27 Unauthorized Payments without Pre-Audit – Rs 24.250 Million

According to Sub Para (2) of Para-32 of the Local Government Accounts Manual, “Every bill shall be pre-audited by the Accounts Office. The pre-audit shall ensure that the bill has been sanctioned and that funds are available to make payment. The pre-audit shall also involve scrutinizing the bill to identify possible fraud and irregularities”.

Further, according to rule 111(4) and(5) of Sindh Local Government Act 2013, "the Provincial Director, Local Fund Audit shall pre-audit all the payments from the Local Funds of the Councils and a Council shall not with draw or disburse money from the Local Fund unless it is pre-audited in the prescribed manner”.

Following Offices of Hyderabad Division, during financial years 2014-16, paid an amount of Rs 24.250 million to staff and contractors without pre-audit from concerned Local Fund Audit Departments, in violation of above rules.

(Amount in Rupees)

Sr.	Formation	Amount
1	Municipal Committee, Thatta, District Thatta	12,698,009
2	Town Committee Mirpur Bathoro, District Sujawal	8,253,013
3	Municipal Committee, Matiari,	3,298,573
Total		24,249,595

Audit is of the view that payments without pre-audit resulted into unauthorized expenditure.

Non-observance of prescribed control procedures was due to weak internal control system.

The matter was reported to managements during September to December 2015 and August to December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on management for making payments without pre-audit.

[AIR Paras: 2, 6, 15]

4.2.3.28 Irregular Payment of Pension without Obtaining Life Certificate Rs 24.002 Million

As per Rule 350 of Treasury Rules of the Federal Government Regarding Pension Payments (Vol- I, Part-V, Chapter-VI), “A life certificate must a company every

claim which is not personally presented except in the cases specified in rules 345 and 346. When payment is made on life certificate it can be made only for periods completed on or before the date of certificate. Life certificate must be signed by a person authorized under these rules to sign such certificate”.

Following offices of Hyderabad Division, during financial year 2015-16 paid Rs 24.002 million, to retired employees on account of pension without obtaining their Life Certificates, in violation of above rule. Detail is as under:

Sr.	Name of Offices	[Amount in Rupees]	
		Para	Amount
1.	CMO, MC, Hyderabad Rural (F.Y 2015-2016)	17	3,088,769
2.	CMO, MC, Qasimabad (F.Y 2015-2016)	12	20,913,492
Total			24,002,261

Audit is of the view that due to non-obtaining of life certificates, chances of payment to deceased pensioners cannot be ruled out which constituted weak financial management.

Non-observance of prescribed control procedures was due to weak internal control system.

The matter was reported to the management during October-December, 2016 but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

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

[AIR Paras: 17, 12]

4.2.3.29 Unauthorized Revalidation of Scheme - Rs 20.000 Million

As per Clause 2 of the Contract Agreement, “Quantity of work is to be done within the particular time as specified and within the proportionate time, such as 1/4th of work in 1/4th of the time, and contractor will abide by the program of detailed progress laid down by the executive engineer. In the event of the contractor failing to comply with this condition, he shall be liable to pay as compensation not exceeding 10% of the estimated cost of the work as shown in the tender”. Further, as per Chief Engineer, Highways Sindh, Hyderabad’s circular No.PA/CE(R)/116 dated 21-02-1976, “The Executive Engineer is not competent to grant extensions to the contractors for delay in completion of works without imposing penalty”.

Further, As per Serial 10.3 (b) (c) of SPPRA Guidelines/Regulations for Procurement of Works 2010, “if the contractor fails to complete the work to the satisfaction of the client even within the time extended free of the penalty, then he is bound to pay liquidity damages for the delay; Liquidities damages shall be deducted from the contract amount for every day or part of a day, which will elapse between the dates on which the prescribed time expired and the date the work is completed at the rate specified in the contract agreement. The amount of the liquidated damages for each day of delay in completion of the whole of the works, or if applicable for any section thereof, shall be a sum equal to 5 to 10 % (it is to be mentioned in the agreement) of the estimated cost of the works divided by one fourth of the number of days specified as completion time”.

HMC, Sub-division Latifabad, during financial year 2015-16, revalidated scheme costing Rs 20.000 million, after more than 03 years of stipulated completion period. The act tantamount to undue favour to contractor to avoid penalty @ 10%, in violation of above rules. Detail is as under:

(Amount in Rupees)

Description of Scheme	N/Contractor	Actual date of start	Stipulated date of completion	Extension On	Amount of Scheme
Construction of Park and Jogging track including playground Food street @ Plot No. 61 and 62	M/S M.M.M Enterprises	08-07-2011	6 months 07-01-2012	157/B 27/05/15	20,000,000

Audit is of the view that revision of completion time period resulted into undue favor towards contractor and weak financial management.

Non-observance of prescribed rules and regulation resulted into weak internal control.

The matter was reported to the management during November, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends that fixing of responsibility on management for not completing the scheme in five years and non-imposition of penalty as per rule, under intimation to audit.

[AIR Para: 4]

4.2.3.30 Irregular Administrative Approval without Availability of Funds Rs 20.357 Million

As per Para-527 of PWD Manual, Volume-I and Sindh Local Councils (Accounts) Rule, 1983 Rule-109, “no work shall begin unless proper detailed design and estimate have been sanctioned, allotment of funds made and order for its commencement issued by the competent authority”.

Further, According to Finance Department, GoS letter No. FD/CW&M-I)(26) 91-92(P.T.II) dated 24-6-1993, “all charges incurred must be paid at once and under no circumstances may be allowed to stand over to be paid from the grant of subsequent year”.

Chief Municipal Officer, Municipal Committee Dadu and Mehar, District Dadu, awarded irregular administrative approval of development schemes worth Rs 20.357 million without availability of funds. The schemes were executed during 2010-12 but payment amounting to Rs 11.231 million still remained outstanding till 30-06-2015, in violation of rules.

[Amount in Rupees]

Sr.	Name of Offices	Para	Amount
1	Administrator, Municipal Committee, Dadu, District Dadu	7	9,126,300
2	Administrator, Municipal Committee, Mehar, District Dadu	13	11,231,098
Total			20,357,398

Audit is of the view that irregular administrative approval was accorded without availability of funds resulting into weak financial management.

Deviation from prescribed rules resulted extra burden over subsequent year’s budget resulted into weak internal control.

The matter was reported to management during August to December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility for irregular and unjustified Administrative Approval and execution without allotment of funds, under intimation to audit.

[AIR Paras: 7, 13]

4.2.3.31 Non-Reconciliation of Revenue Collected on Transfer of Immovable Property – Rs 18.165 Million

According to Rule 3 of West Pakistan District Councils (Tax on Transfer of Immovable Property) Rules, 1963, “(1) - A District Council may levy a tax on transfer of immovable property situate within the local limits jurisdiction, except the urban areas. (2) - The rate of tax shall not exceed one percent of the considerable of such transfer.

Further, according to Rule 89 (3) viii of GFR, “The head of the department and the Accountant General will be jointly responsible for the reconciliation of the figures given in the accounts maintained by head of the department with those that appear in the Accountant Generals books. 2- That the main object of the reconciliation is to ensure that the departmental accounts are sufficiently accurate to render possible an efficient departmental control of expenditure”.

HMC, Hyderabad, during financial year 2015-16, received an amount of Rs 11.166 million on account of property tax from Sub-Registrar, Revenue Department Sindh on lump sum basis but no effort was made to obtain detail of property transferred to reconcile it with actual collection transferred by revenue department. Detail of payment is as under:

(Amount in Rupees)

Sr.	Budget Head	Amount	Remarks
HMC, Hyderabad, 2015-16[AIR Para:42]			
1	Transfer fee 1% for property on account of mutation – Sub-division City	5,457,173	Figure taken from expenditure statement
2	Transfer fee 1% for property on account of mutation – Sub-division Latifabad	5,558,583	-do-
Sub-total		11,015,756	
Municipal Committee, Qasimabad, 2015-16[AIR Para:15]			
1	Transfer fee 1% for property on account of mutation – Sub-division Qasimabad	7,149,835	Figure taken from expenditure statement
Total		18,165,591	-

Audit is of the view that management failed to reconcile the collection of tax on transfer of immovable property from the revenue department Sindh resulting into weak financial management.

Deviation from prescribed rules resulted into weak internal control.

The matter was reported to the management during October-December 2016 but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on person (s) at fault, under intimation to audit.

[AIR Paras: 6, 5]

4.2.3.32 Non-Provision of 10% Share for the Maintenance of Immovable Property - Rs 17.180 Million

According to the Sub Rule (4) Rule 4 of the Sindh Local Government (Property) Rules 2001, “A council shall provide at least 10% of its development budget for the maintenance and repairs of its immovable property regularly”.

Administrator, Municipal Committee Mehar, District Dadu, allocated of Rs 171.800 million, during financial year 2014-15, for development works/schemes without reserving 10% share amounting to Rs 17.180 million for the repair and maintenance of immovable property like Shops, Public Parks, Play Grounds, Graveyards, Community Hall etc., in violation of above rule. Detail as under:

(Amount in Rupees)				
Particular	Budget 2014-15	Share @ 10%	Expenditure	R/M Immovable Property
Development	171,800,000	17,180,000	45,272,848	Nil

Audit is of the view that due to non-provision of 10% share for the maintenance of immovable property resulting into demolition of valuable Government property and weak administrative management.

Deviation from prescribed rules resulted into weak internal control system.

The matter was reported to management during August to December, 2015, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing responsibility on the management for non-provision and repair of immovable property to safeguard Government assets, under intimation to audit.

[AIR Para: 03]

4.2.3.33 Irregular Creation of Liabilities – Rs 14.962 Million

As per Para-527 of PWD Manual, Vol-I, “no work shall begin unless proper detailed design and estimate have been sanctioned, allotment of funds made and order for its commencement issued by the competent authority”.

Further, According to Finance Department, GoS letter No. FD/CW&M-I)(26) 91-92(P.T.II) dated 24-6-1993, “all charges incurred must be paid at once and under no circumstances may be allowed to stand over to be paid from the grant of subsequent year”.

Moreover, According to FD, GoS letter No. FD/B&E –I/51/2007 dated 2-7-2007, “liability of previous years shall not be allowed to be cleared unless concurrence is given by FD”.

Administrator, Sub-division Latifabad, (HMC), failed to pay dues of year 2013 to 2016 and created liabilities amounting to Rs 14.962 million, in violation of above rule.

Audit is of the view that expenditure was incurred without availability of budget resulted into creation of liabilities and weak financial management.

Deviation from prescribed rules was due to weak internal controls.

The matter was reported to the management during December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility for creation of liabilities, under intimation to audit.

[AIR Para: 28]

4.2.3.34 Unauthorized Revision of Estimates without Calling Fresh Tenders Rs 14.429 Million

According to Section 11.2.2 of SPPRA Guidelines, “Revised Technical Sanction (RTS): - Detailed Estimate needs revision when during execution it is anticipated that cost of completion is to exceed beyond the permissible limit (5%). Revised detailed estimate is timely prepared incorporating the work done and required to be done along with deviation statement for submission to competent authority to accord Revised Technical Sanction (RTS), provided that overall cost of the scheme continues to be within the permissible excess of 15% over the Administrative Approval Cost. No excess is allowed over the cost of revised technical sanction”.

Further, according to Rule 16(1)(e) of SPPRA 2010, “Repeat Orders – means procurement of additional quantities of the item(s) from the original contractor or supplier, where, after the items originally envisaged for the project or scheme have been procured through open competitive bidding, and such additional quantities of the same item(s) of goods or works are needed to meet the requirements of the project or scheme; Provided that; (i) the cost of additional quantities of item(s) shall not exceed 15% of the original contract amount”.

Town Officer, Town Committee, New Saeedabad and Sub-division Hyderabad City (HMC), during financial year 2015-16 initiated different development schemes with estimated cost of Rs 5.516 million which were revised to Rs 10.933 million resulting into excess revision of Rs 5.417 million and made expenditure of (50% to 200%) over and above the original estimate without calling fresh tenders, in violation of above rule. Detail is provided in Annex-Hyd10.

Audit is of the view that unauthorized expenditure was incurred over and above the original estimate without calling fresh tenders.

Violation of laid down procedures was due to weak internal control system.

The matter was reported to management during August to December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

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

[AIR Paras: 2, 14, 2]

4.2.3.35 Expenditure Over and Above Budget Estimates - Rs 12.325 Million

According to Rule-88 of Sindh Financial Rule Vol-I, “it is the responsibility of every Drawing and Disbursing officer to keep the expenditure within the available budget grant of the year. In case the expenditure was likely to be exceeded additional funds should have been obtained much earlier before the close of the financial year”. Moreover, under Rule-89 of SFR it is the duty of controlling officer to see that appropriation has not been exceeded”.

Various formations of Hyderabad Division, during financial year 2014-16, incurred development expenditure over and above budgetary provision by Rs 12.325 million, in violation of above rule. Detail is as under:

(Amount in Rupees)

F.Y	Head of Account	Contractor	Budget	Expenditure	Excess
Administrator/CMO, Municipal Committee Tando Jam [AIR Para: 5]					
2015-16	New and Original Schemes – ADP 2015-16	Nil	40,000,000	44,038,297	4,034,297
Administrator/CMO, Municipal Committee Sujawal [AIR Para: 3]					
2014-15	“Paving Block Main Bazar Park from Mamoo Ladho Chowk to main bus stand including CC in different streets and wards of Sujawal”	M/s Agha Anwar Ayub	10,000,000	18,290,919	8,290,919
Total			50,000,000	62,329,216	12,325,216

Audit is of the view that management failed to watch the Government interest and ignored rules and procedures set forth by the Government resulting into weak financial management.

The matter was reported to managements during September to December 2015 and August to December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

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

[AIR Paras: 3, 5]

4.2.3.36 Payment of Salary through Cash – Rs 12.296 Million

As per Rule 157 of CTR, duly adopted by GOS, “The cheques for more than Rs 200/- drawn in favour of Corporate of Local Bodies, firms, private persons or Government servants (in respect of their personal claims) shall always be crossed”

Following Offices of Hyderabad Division, during financial year 2014-15, incurred expenditure of Rs 12.269 million, against wages of daily wages staff through cash, in violation of above rule.

[Amount in Rupees]

Sr.	Name of Offices	Para	Amount
1	Town Committee Mirpur Bathoro	17	3,517,000
2	Administrator/CMO, Municipal Committee Sujawal	7	3,600,000
3	Administrator/TO, Committee Jati District Sujawal	11	5,179,413
Total			12,296,413

Audit is of the view that cheques drawn in favor of staff members without justification resulted in non-transparency in public spending, besides, chances of misappropriation of public money cannot be ruled out.

Violation of prescribed rules was due to weak internal controls.

The matter was reported to management during August to December, 2015, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on managements on account of unauthorized withdrawal of public funds through cash.

[AIR Paras: 17,7,11]

4.2.3.37 Unauthorized Payments through Open Cheques -Rs 14.288 Million

As per Rule 157 (1) and (2) of CTR, “The cheques for more than Rs 200/- drawn in favor of Corporate or Local Bodies, firms, private persons or Government servants (in respect of their personal claims) shall always be crossed”.

Following Officers of Hyderabad Division made payments of Rs 14.288 million, during financial years 2014-16, to various suppliers through open cheques, in violation of rule.

(Rupees in Million)

AIR Para	Formation	Amount
16	Administrator/CMO, Municipal Committee Tando Jam, District Hyderabad	1.754
13	Administrator/TO, Town Committee Sehwan, District Jamshoro	8.956
24	Administrator/TO, Town Committee Mehar, District Dadu	1.251
14	Administrator/TO, Town Committee Juhi, District Dadu	0.140
5	Administrator/TO, Town Committee Jhando Mari, District Tando Allahyar	0.612
10	Administrator/CMO, Municipal Committee Sujawal, District Sujawal	1.171
10	Town Officer, Town Committee Hala	0.404
Total		14.288

Audit is of the view that payments made through open cheques rendered the transactions doubtful. Besides, chances of misappropriation cannot be ruled out.

Deviation from prescribed rule was due to weak internal controls.

The matter was reported to managements during September to December 2015 and August to December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on official(s) at fault on account of payments through open cheques.

[AIR Paras: 16, 13, 24, 14, 5, 10]

4.2.3.38 Non-Imposition of Penalty - Rs 11.029 Million

As per agreement made between contractor and Government, “the time frame given for the completion of work is required to be observed and in case of failure/ delay, the penalty at the rate of 10% of sanctioned cost may be imposed and deducted from the bill of contractor”.

Following Offices of Hyderabad Division, during financial year 2015-16, executed development works amounting Rs 110.290 million, but the contractors failed to complete the same within stipulated time. The penalty @ 10% of total cost amounting to Rs 11.029 million was not imposed / recovered from the contractors, in violation of above rule.

(Rupees in Million)			
Sr.	Name of Formations	Para	Amount
1	Hyderabad Municipal Corporation	4	2.000
2	Hyderabad Municipal Corporation	19	6.970
3	Administrator, Municipal Committee, Tando Jam	12	0.909
4	Administrator, Municipal Committee, Matli	4	1.150
Total			11.029

Audit is of the view that undue favour was extended to contractors resulting into weak financial management.

Deviation from prescribed rules was due to weak internal control.

The matter was reported to management during August to December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility for non-imposing penalty on contractors. Besides, the amount be recovered without further delay, under intimation to audit.

[AIR Paras: 4, 19, 12, 4]

4.2.3.39 Unauthorized Payment Made on Blank Estimates RS 10.671 Million

According to Section 2.10 (1) and (3) of SPPRA Guidelines, “Commencement of work in anticipation of detailed estimates of the complete project: For each such work or component part there must be a fully prepared detailed estimate and, in the administrative approval as a whole, there must be a clear and specific amount corresponding to the work or component part in question. The sanctioning authority must be satisfied, before according sanction, that the amount of technical sanction for the whole project is not likely to exceed the amount of the administrative approval and then work or component part in the question can be appropriately commenced without affecting, or being affected by, any other part of the project, financially or otherwise. Further, according to Rule 2 (1) (q) (3) of SPPR 2010, “Fraudulent Practice: means any act or omission, including a misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party to obtain a financial or other benefit or to avoid an obligation;”

Following Offices of Hyderabad Division, during financial year 2014-15, incurred expenditure on development schemes amounting to Rs 10.671 million, however, the estimates were found without names of schemes and other details as per schedule of items, in violation of above rule.

Sr.	Name of offices	[Amount in Rupees]	
		Para	Amount
1	Town Officer, Town Committee Mirpur Bathoro	9	9,586,669
2	Town Officer, Town Committee Sujawal	5	1,084,146
Total			10,670,815

Audit is of the view that payments on blank estimates resulted into non-transparent utilization of public money.

Deviation from prescribed rules was due to weak internal control.

The matter was reported to the management during October-December, 2015 but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on person (s) at fault, under intimation to audit.

[AIR Paras: 9, 5]

4.2.3.40 Payment of Liabilities without Concurrence of Finance Department - Rs 10.463 Million

According to instructions issued by the Finance Department Government of Sindh vide letter No. FD-B12 (48)/1996-97 dated 21-10-1996, the expenditure of the previous year's cannot be met from the allocation of the current financial year. Moreover, as per Para 6 (k) of the Finance Department, Government of Sindh, O.M No.FD(B&E-I/4)-I/51/2009 dated 01-07-2009, "Liability of previous years may not be allowed to be cleared unless concurrence is given by the Finance Department".

Chief Municipal Officer, Municipal Committee, Kotri, during financial year 2015-16 paid an amount of Rs 10.463 million, against the liabilities of previous years without concurrence of Finance Department, in violation of above rules. Detail is as under:

(Amount in Rupees)

Sr.	Head of Accounts	Amount paid
1	Liabilities	6,324,618
2	Arrears of Pay	4,138,070
Total		10,462,688

Audit is of the view that management failed to observe procedures of financial discipline.

Violation from prescribed rule was due to weak internal controls.

The matter was reported to management during August to December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility for payment of liabilities without concurrence of Finance Department.

[AIR Para: 11]

4.2.3.41 Un-Authorized Payment to Staff Working Over and Above the Sanctioned Strength – Rs 9.972 Million

According to Rule 68 of SFR Vol-I, "When the entertainment of a new establishment or a change, temporary or permanent, is proposed in an office, a letter fully explaining the proposal and the conditions which have given rise to them, together with

the proposition statement, if necessary under Para-III, should be submitted to the competent authority. In this letter should be set out inter alia:-

- i. the present cost, either the section or sections affected of the total establishment as the circumstances of the case may indicate to be necessary;
- ii. details of the pay of the post or posts and the number of posts which it is proposed to add or modify.”

Town Committee Jati, District Sujawal, during financial year 2014-15, made payment of Rs 9.972 million on account of salaries to (58) excess staff working over and above the sanctioned strength, in violation of the above rule.

Audit is of the view that appointments over and above the sanctioned strength resulting into weak financial management.

Non observance of prescribed procedure resulted into weak internal control.

The matter was reported to the management during December, 2015 but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on management for unauthorized appointments over and above the sanctioned strength.

[AIR Para: 8]

4.2.3.42 Unjustified Expenditure on Development Works Rs 9.871 Million

According to Para 23 of GFR Vol-I, “Every Government officer should realize fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part and that he will be also be held personally responsible for any loss arising from fraud or negligence on the part of any other Government officer to the extent to which it may be shown that contribution to the loss by his own action or negligence”.

Town Officer, Town Committee, New Saeedabad, during financial year 2014-15 withdrew an amount of Rs 9.871 million in one stroke and expenditure was booked against different development schemes. Furthermore, the following discrepancies were also found:

- i. Measurements of various works were recorded in one day.
- ii. Columns for outward numbers and dates were found blank.
- iii. Some bills were prepared after payment date.

Audit is of the view that management made expenditure in hastily manner without fulfilling codal formalities thus the chances of embezzlement of funds cannot be ruled out.

Non observance of prescribed procedure resulted into weak internal control.

The matter was reported to management during August to December, 2015, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

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

[AIR Para: 3]

4.2.3.43 Irregular Award of Work – Rs 8.350 Million

According to Rule 38 of SPPRA 2010, “Bid Validity: (1) A procuring agency, keeping in view nature of procurement, shall subject the bid to a validity period, which shall be specified in the bidding document and shall not be more than 90 days in case of National Competitive Bidding and 120 days in case of International Competitive Bidding”.

Following formations of Hyderabad Division, during financial year 2015-16, awarded various development works amounting to Rs 8.350 million to contractors after expiry of bid validity period instead of re-tendering, in violation of above rule. Detail is as under:

[Amount in Rupees]			
Sr.	Name of offices	Para	Amount
1	Administrator, Town Committee, Bulri Shah Karim, District T.M. Khan	6	900,000
2	Administrator, Municipal Committee, Matli, District Badin	5	7,450,000
Total			8,350,000

Audit is of the view that award of contracts after expiry of bid validity period was a serious violation of laid down rules and procedures.

Violation of the prescribed rules was due to weak internal control.

The matter was reported to management during August to December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on managements for irregular award of work and violation of laid down rules and regulation.

[AIR Paras: 6, 5]

4.2.3.44 Illegal Expenditure from Public Fund – Rs 9.855 Million

According to Treasury Rules, T. O. 13, “Unless in any case the Governor with the concurrence of the Auditor General, otherwise direct, moneys may not be withdrawn from the public account without the written permission of the Treasury Officer or of a Government servant of the Pakistan Audit Department authorized in this behalf by the Auditor General.”

Further, as per Treasury Rules T.O. Section III, “Moneys standing in the public account must be either retained in a treasury or deposited in the Bank. The conditions under which they are deposited in the Bank are governed by the provisions of the State Bank of Pakistan Act 1934.”

The management of Municipal Committee, Tando Jam and Town Committee New Saeedabad, during financial year 2015-16, incurred unauthorized expenditure Rs 9.855 million from realized deposits, in violation of above rules. Detail is as under:

(Amount in Rupees)

Sr.	Description	IT and SD collected during 2015-16	Closing Balance on 30-06-2016	Expenditure
Hyderabad Municipal Corporation [AIR Para:03]				
1	HMC Cashbook Balances	7,421,165	2,265,738	5,155,427
Town Committee New Saeedabad [AIR Para:13]				
Sr.	Description	Cheque No.	Date	Amount
1	Loan taken from deposit account 2863-4	93809	2/10/2014	500,000
2	Loan taken from deposit account 2863-4 to general account 3327-2 NBP	93813	7/11/2014	1,600,000
3	Loan taken from deposit account 2863-4 to general account 3327-2 NBP	93814	10/11/2014	2,600,000
Sub-total				4,700,000
Total				9,855,427

Audit is of the view that withdrawal of security deposit and deducted income tax resulted into unauthorized spending of public funds and weak financial management.

Deviation from prescribed rules was due to weak internal controls.

The matter was reported to management during August to December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on incurrence of expenditure in violation of rules, under intimation to audit.

[AIR Paras: 3, 13]

4.2.3.45 Undue Favour to Contractor by Revising Schemes (712%) Rs 7.126 Million

As per Rules 2010 (16)(1)(e) of SPPRA, “Repeat Orders means procurement of additional quantities of the item(s) from the original contractor or supplier, where, after the items originally envisaged for the project or scheme have been procured through open competitive bidding, and such additional quantities of the same item(s) of goods or works are needed to meet the requirements of the project or scheme; Provided that: - (i) the cost of additional quantities of item(s) shall not exceed 15% of the original contract amount”.

Chief Municipal Officer, Municipal Committee Dadu, District Dadu, revised scheme of Original estimate of Rs 1.000 million to Rs 8.126 million (upto 712%) by extending undue favour to contractor, in violation of rules. Detail is as under:

(Amount in Rupees)

Description	A.A Dated	Estimate (Original)	Original T.S By	Estimate (Revised)	R.T.S By	Excess Amount	Excess (%)
Construction of Cafeteria at District Courts, Dadu	Administrator (TMA Dadu) Resoulution-02 24-05-11	1,000,000	EDO (Works & Services) Dadu 4238 18-06-11	8,126,300	EDO (Works & Services) Dadu 4799 29-10-11	7,126,300	712.63

Audit is of the view that cost of additional quantities/work exceeded 712% of the original contract amount but tender was not re-invited resulting into unauthorized extension in contract resulting into weak financial management.

Extending undue favour to contractor by deviating rules resulted into weak internal control.

The matter was reported to the management during November, 2016 but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on person(s) responsible for unauthorized revision of work without retender, under intimation to audit.

[AIR Para: 06]

4.2.3.46 Execution of Work without Technical Sanction - Rs 7.009 Million

As per Para 56 of CPW departmental code, “For each individual work proposed to be carried out, except petty works petty repairs and repairs for which a lump sum provision has been sanctioned under paragraph 106, a properly detailed estimate must be prepared for sanction of competent authority this sanction is known as the technical sanction to the estimate”.

Further, as per Para-527 of PWD Manual, Vol-I, “no work shall begin unless proper detailed design and estimate have been sanctioned, allotment of funds made and order for its commencement issued by the competent authority”.

Various formations of Hyderabad Division, executed works worth Rs 7.009 million, during financial year 2015-16, without obtaining technical sanction from competent authority, in violation of the above rules. Detail is as under:

[Amount in Rupees]			
Sr.	Name of Offices	Para	Amount
1	Municipal Committee Tando Allah Yar 2015-16	11	2,600,000
2	Town Committee (Jhando Mari) District Tando Allahyar	14	4,408,707
Total			7,008,707

Audit is of the view that award of work without sanction of detailed design and estimate from competent authority resulted into unauthorized expenditure.

Violation of laid down procedures was due to weak internal control system.

The matter was reported to management during August to December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on the management for execution of works without obtaining technical sanction from competent authority.

[AIR Para: 11, 14]

4.2.3.47 Award of Work without Administrative and Technical Sanction Rs 5.000 Million

As per Rule 02(1)(x) of the Sindh Public Procurement Rules, 2010, “Misprocurement means public procurement in contravention of any provision of Sindh Public Procurement Act, 2010, any rule, regulation, order or instruction made there under or any other law in respect thereof, or relating to, public procurement”.

CMO, Badin, during financial year 2015-16, awarded development work of Rs 5.000 million to contractors but failed to obtain approval of procurement plan, administrative approval and technical sanction from the competent authority, in violation of above rule. Detail is as under:

(Amount in Rupees)

Sr.	Detail	No of works	Amount	Excess Amount
1	Procurement Plan	106	153,200,000	5,000,000
2	Administrative Approval	106	153,200,000	
3	Technical Sanction	106	153,200,000	
4	NIT	110	158,200,000	
5	Progress Report	110	158,200,000	
	Difference	110-106 =4	158,200,000 -153,200,000 <u>5,000,000</u>	

Audit is of the view that award of contracts without obtaining approval of procurement plan, administrative approval and technical sanction from the competent authority constituted weak internal control.

The matter was reported to management during August to December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on managements for irregular award of works and violation of laid down rules and regulation.

[AIR Para: 9]

4.2.3.48 Irregular Payment without Check Measurement – Rs 4.771 Million

As per Communication and Works Department, Government of Sindh, O.M No.C/9-60/77 dated 26th May 1977, “it is the responsibility of the DO to check 10% measurements before making payment of the bills for the works done by the contractors”.

Following offices of Hyderabad Division, during financial year 2015-16, paid an amount of Rs 4.771 million to contractors against development works, without 10% check of measurement by the concerned S.E, in violation of above rule.

[Amount in Rupees]			
Sr.	Name of Office	Para	Amount
1	CMO, MC, Tando Allahyar	15	2,200,000
2	TO, TC, Jhando Mari, District Tando Allahyar	18	2,570,526
Total			4,770,526

Audit is of the view that management failed to comply with the rules set forth by the Government that reflects absence of systematic control in local office.

Non-compliance of prescribed rules resulted into weak internal controls.

The matter was reported to the management during September 2016 but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility for payment without 10% check measurement.

[AIR Paras: 15, 18]

4.2.3.49 Unauthorized Execution of Development Works without Purview Rs 3.776 Million

As per Section-72 Schedule-II (part-II) rule 1-16 of Sindh Local Government Act.2013, “Compulsory functions to be performed by corporations, municipal committees and town committees, council shall be responsible for water, sewerage, drainage, sanitation, roads, other than Provincial and district roads, streets and street lighting; firefighting, park services. 2. Sanitation, A Corporation, Municipal Committee or Town Committee shall be responsible for the sanitation, and may for that purpose cause such measures to be taken as are required by or under this Act. 3. Removal, Collection and Disposal of Refuse: A Corporation, Municipal Committee or Town Committee shall make adequate arrangements for the removal of refuse from all public streets, public latrines, urinals, drains and all buildings and lands vested in the Council concerned and for the collection and proper disposal of such refuse”.

Further, as per Para 23 of GFR Vol-I, “Every Government officer should realize fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part and that he will also be held

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

Town Officer, Town Committee, Ghorabari, District Thatta, during financial year 2015-16, incurred expenditure of Rs 3.776 million on Repair/Stone Pitching of Bachao Bund which comes within purview of “Irrigation Department, GoS”, in violation of above rule.

Audit is of the view that execution of works out of purview of the office resulted into unauthorized expenditure which constituted weak financial management.

Non-observance of prescribed rules and procedures was due to weak internal controls.

The matter was reported to the management during October-December, 2016 but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility for execution of works out of purview of the local councils, under intimation to audit.

[AIR Para: 2]

4.2.3.50 Splitting of Works to Avoid Approval from Competent Forum Rs 3.642 Million

As per Rule 12 (1) of SPPR 2010, “Limitation on Splitting or Regrouping of Proposed Procurement: Save as otherwise provided and subject to the regulations made by the Authority, a procuring agency shall prepare, in accordance with Rule 11 above, all proposed procurements for each financial year and shall proceed accordingly without any splitting or regrouping of the procurements already grouped, allocated and scheduled in the Procurement Plan (Rule – 11).

Further, competent forum to sanction schemes as per Planning Commission Manual:

Sr.	Competent Forum	Cost of Scheme up to
1	District Development Working Committee (DDWC)	Rs. 20 million
2	Departmental Development Working Party (DDWP)	Rs. 40 million
3	Provincial Development Working Party (PDWP)	Rs. Five billion
4	Central Development Working Party (CDWP)	Rs. One billion
5	Executive Committee of the National Economic Council (ECNEC). After clearance from CDWP	Above Rs. One billion

Town Officer, Town Committee, Saeedabad, District Matiari, during financial year 2014-15, splitted work of same nature costing Rs 3.642 million, to avoid approval from higher competent forum, in violation of above rule.

Audit is of opinion that splitting of work of same nature in various components deprived the Government from achieving best competitive rates.

Non-observance of prescribed rules and procedures was due to weak internal control system.

The matter was reported to management during August to December, 2015, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

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

[AIR Para: 6]

4.2.3.51 Excess Payment of Overtime beyond Permissible Limit Rs 3.158 Million

As per Rule 4 of Hyderabad Municipal Committee Fire Brigade overtime Rules 1974, “out of 12 hours duty eight hours shall be normal duty hours and the remaining 4 hours shall be treated as overtime duty for which overtime allowance at rate of 50% of pay of the fire brigade shall be payable”.

Further, as per Rule 5 of SFR Vol-I, “the amount of allowance granted to meet expenditure of particular type should be so regulated that allowances are not on the whole source of profit of the recipient”

Furthermore, according to Para-10 (iv) of GFR Vol-I, “public money should not be utilized for the benefit of a particular person or section of community and also according to rule all the claims must be supported with full detail and documents”.

Municipal Commissioner, HMC, during financial year 2015-16 paid an amount of Rs 6.316 million on account of overtime of firefighting department staff, hence paying an excess amount of Rs 3.158 million, in violation of above rules. Detail is as under:

[Amount in Rupees]		
Drawn	Due	Difference
6,316,072	3,158,036	3,158,036

Audit is of the view that excess payment was made beyond permissible limit on account of overtime allowance.

Violation of prescribed rules was due to weak internal controls.

The matter was reported to management during December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility for unjustified expenditure on account of overtime allowance. Besides, excess payment of overtime be recovered, under intimation to audit.

[AIR Para: 31]

4.2.3.52 Execution of Work through Un-Registered Contractors Rs 3.095 Million

As per Rule 48 of the Electricity Rules 1973, “All Government and semi Government departments are bound to award contracts of electric installation works to electrical contractors holding valid Government Electrical contractor license”.

Further, as required under Rule 39 of Licensing Rules, “copy of work order issued to the Government licensed Electrical contractor is to be endorsed to Government of Sindh Electric Inspectorate Hyderabad”.

Municipal Commissioner, HMC, during financial year 2015-2016, executed electrical work of Rs 3.095 million, without checking valid Electrical Contractor License issued by the Electric Inspectorate Hyderabad, Government of Sindh, in violation of rules.

Audit is of the view that award of work without valid electric contractor license was irregular which reflects weak financial management.

Violation of prescribed rules was due to weak internal controls.

The matter was reported to the management during October-December, 2016 but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing responsibility on the management for irregular award to un-registered contractors.

[AIR Para: 11]

4.2.3.53 Un-authorized Award of Auctions without Approval Rs 2.768 Million

As per Para 3 of the Government of Sindh, Local Government, PHE, Rural Development & HTP Department Notification No.SOA/LG/4(82)/2013 Dated 27th May, 2015, “The auction papers of the taxes, rates and fees etc. as provided in Schedule-V (Part-I, Part-II and Part-III) appended to the Sindh Local Government Act, 2013, should be submitted to this department for approval latest by 15th June, 2015, so that the menace of litigation is avoided failing which the delinquent officers/officials will be held responsible for loss inflicted to Government exchequer till confirmation of auction by Government, possession shall not be handed over contractor”.

Every attempt should be made to let out contracts through open auction in case of failure after three attempts the offer shall be forwarded to Local Government with for consideration.

As soon as contract/offer is approved by Government necessary agreement shall be executed on the lines/analogy of model agreement and possession shall be handed over after completing all requirement/terms and conditions prescribed in auction notice.

All contracts shall be leased out for one year through public auction which will be visualized under the supervision of auction committees”.

Administrator, MC, Kotri, District Jamshoro, during financial year 2015-2016, awarded auctions of Rs 2.768 million, , but failed to obtain approval of the same from the Local Government, PHE, Rural Development & HTP Department, Government of Sindh within due course of time, in violation of the above rule. Detail is as under:

(Amount in Rupees)

Sr.	Name of Auction	Name of Contractor	Date of Start	Amount
1	Cattle Piri Fee	M/s Ghulam Shah	01-07-2015	1,422,019
2	Sign Boards/Advertisements	M/s Ashfaque Ahmed	01-07-2015	730,000
3	Katcha Piri	-	-	615,954
Total				2,767,973

Audit is of the view that award of Auctions without obtaining approval of the same from the Government within due course of time constituted weak financial management.

Violation of prescribed rules was due to weak internal controls.

The matter was reported to the management during October-December, 2016 but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on management for award of auctions without obtaining approval of the same from the Government, under intimation to audit.

[AIR Para: 10]

4.2.3.54 Un-Justified Payment of Arrears without Supporting Vouchers - Rs 2.142 Million

As per Rule 276 of Treasury Rules of Federal Government, “Arrears of pay, fixed allowances or leave salary shall be drawn, not in ordinary monthly bill, but in a separate bill, the amount claimed for each month being entered separately, with quotation of the bill from which the charge was omitted or withheld, or on which it was refunded by, deduction, or of any special order of competent authority granting a new allowance or an increase in pay. A note of the arrear bill shall invariably be made in the office copy of the bills for the period to which the claim pertains, over the dated initials of the drawer of the arrear bill, in order to avoid the risk of arrears being claimed over again.”

TO, TC, Matiari, during financial year 2014-2015, paid amount of Rs 2.142 million, to staff on account of difference of salary bills without supporting vouchers, in violation of above rule.

Audit is of the view that management paid arrears of salary to staff without supporting vouchers of withheld salary period which constituted weak internal control and financial management.

Violation of prescribed rules was due to weak internal control system.

The matter was reported to the management during December, 2015 but they did not respond to audit observation. The PAO failed to convene DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on management for payments without supporting vouchers, besides same be produced to audit for verification.

[AIR Para: 16]

4.2.3.55 Un-authorized Payment on Completed Scheme – Rs 1.515 Million

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

Town Officer, Town Committee, New Saeedabad, District Matiari incurred expenditure of Rs 1.515 million on a completed scheme namely “Const. of CC block House of Asghar Shah to Yaqoob Channa, Newsaeedabad”, 01-07-2014 . However, four running bills were paid to M/S Fayaz Muhammad Dahri against completed scheme through overwriting in MB. The scheme was shown as work in progress and final bill as running bill. Furthermore, the date of completion on bills (prepared in December) showed 01-07-2014 as the date of completion but date of completion in MB was 12-12-2014.

Audit is of the view that management made possible bogus payment against the completed scheme (through four bills paid in a single day) resulting into weak financial management.

Non-observance of prescribed rules resulted into weak internal control system.

The matter was reported to the management during December, 2016 but they did not respond to audit observation. The PAO failed to convene DAC meeting despite pursuance by audit.

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

[AIR Para: 4]

4.2.3.56 Irregular Commencement of Work without Availability of Funds Rs 1.472 Million

As per Para-527 of PWD Manual, Volume-I and Sindh Local Councils (Accounts) Rule, 1983 Rule-109, “no work shall begin unless proper detailed design and estimate have been sanctioned; allotment of funds made and order for its commencement issued by the competent authority”.

Further, According to Finance Department, GoS letter no. FD/CW&M-I)(26) 91-92(P.T.II) dated 24-6-1993, “all charges incurred must be paid at once and under no

circumstances may be allowed to stand over to be paid from the grant of subsequent year”.

Moreover, According to FD, GoS letter No.FD/B&E –I/51/2007 dated 2-7-2007, “liability of previous years shall not be allowed to be cleared unless concurrence is given by FD”.

Town Officer, Town Committee, New Saeedabad, during financial year 2015-16, awarded and executed scheme worth Rs 6.626 million without availability of enough funds, in violation of above rules.

Audit is of the view that management failed to clear payment within budgetary allocation of respective years resulted into irregular payment and weak financial management.

Deviation from prescribed rules resulted extra burden over subsequent year’s budget and weak internal controls.

The matter was reported to the management during December, 2016 but they did not respond to audit observation. The PAO failed to convene DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on account of irregular commencement of work without availability of enough funds, under intimation to audit

[AIR Para: 2]

4.2.3.57 Unauthorized Payment of Excess Salary - Rs 1.325 Million

As letter No.SOIII(SGA&CD)POL-7-43/2013 Karachi dated the 20th August 2014, “issued by Government of Sindh transfer and posting of the officers vide Sr. No.7 Qamar-ud-din Shaikh was repatriated to HMC Hyderabad as Deputy Taluka Officer BPS-18”.

Municipal Commissioner, HMC, during financial year 2015-2016, paid unauthorized salary of Rs 1.325 million to Mr. Qamar-ud-din Shaikh, against the post of Senior Director Land (BPS-19) but the officer is actually a grade 18 officer. Further, management failed to produce personal file and service record of the employee concerned, in violation of above rule.

Audit is of the view that payment of salary against the post of BPS-19 instead of BPS-18 resulted into financial miss-management.

Non-observance of prescribed rules resulted into weak internal control system.

The matter was reported to the management during December, 2016 but they did not respond to audit observation. The PAO failed to convene DAC meeting despite pursuance by audit.

Audit recommends that fixing of responsibility on person (s) at fault and recovery be effected, under intimation to audit.

[AIR Para: 25]

4.2.3.58 Irregular Expenditure without Constitution of Valid Procurement Committee - Rs 1.324 Million

As per Rule 7 of SPPRA Rules, 2010, “The procuring agency shall, with approval of its Head of the Department, constitute as many procuring committees, as it deems fit, each comprising odd number of persons and headed by a gazette officer not below the rank of BS-18, or if not available, the officer of the highest grade, and shall ensure that at least one third of the members of a procurement committee are from the agencies or departments other than the procuring agency”.

Chief Municipal Officer, MC, Badin, during financial year 2015-16, incurred expenditure of Rs 1.324 million, without constitution of valid procurement committee, in violation of above rules. Detail is as under:

(Amount in Rupees)

Sr.	Date	H.O.E	Name of Vender	Particular	Amount
1	04.08.2015	Disaster Management	Saim & Co	Purchased 6 inch Dia delivery pipe	96,000
2	04.08.2015	Disaster Management	Saim & Co	Purchased of Diesel Machine Material	80,000
3	04.08.2015	Disaster Management	Saim & Co	Purchased of Diesel Machine Material	80,000
4	29.06.2016	Disaster Management	Mughal Autos & Repair Center	Purchased new engines and pipe	1067,953
Total					1,323,953

Audit is of the view that award of work without constitution of procurement committee resulted into unauthorized and unjustified award of work.

Violation of the laid down rules and procedures was due to weak internal controls.

The matter was reported to the management during December 2016 but they did not respond to audit observation. The PAO also failed to convene DAC meeting despite pursuance by audit.

Audit recommends fixing responsibility on management for violation of rules and procedures in award of works.

[AIR Para: 8]

4.2.3.59 Unauthorized Over Strength Union Council Staff Appointed/Adjusted

As per Government of Sindh, Local Government Department, vide letter No.E&A(LG)4(2)/2012(Misci) dated: 26th July, 2013, Para-01, “In compliance to of Judgment dated 12-06-13 passed by the Honorable Supreme Court of Pakistan in Criminal Petition No.89/2011 etc., has cancelled and withdrawn all absorption, out of turn promotion, OPS and deputations officers/officials. Further, Para-2 “You are, therefore, requested to relieve all such officers and officials immediately and furnish compliance report through special messenger/fax to this department otherwise, you personally will be held responsible for contempt of Honorable Supreme Court of Pakistan”.

Further, according to Rule-15 of Sindh Civil Servants (APT) Rules, 1974, “Posts in BS-3 to 15 in offices, which serve only a particular region or district shall be filled by appointment of person domiciled in the region or district concerned”.

Moreover, according to Rule (4) of Sindh Councils Unified Grades Services Rules 1982, “Member of one branch or sub branch shall not be eligible for transfer to a post in another branch or sub branch”.

Administrator, Municipal Committee Mehar, District Dadu, appointed/absorbed various staff in Union Council Office, over and above the sanctioned strength. Detail is as under:

Sanctioned Posts in Budget Book			
S.No.	Branch	Sanctioned Strength	Working Strength
1	Naib Qasid	2	3
2	Chowkidar	2	3
3	Dispatch Rider	2	1
4	Malhi	2	1
5	Junior Clerk	0	2

Audit is of the view that appointment/adjustment of Union Council staff over and above the sanctioned strength resulted into unauthorized expenditure on the salaries

and weak financial management. Besides, chances of bogus appointments/adjustment cannot be ruled out.

Deviation from prescribed rules and sanctioned strength resulted into weak internal control.

The matter was reported to the management during October, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

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

[AIR Para: 25]

4.2.3.60 Unauthorized Payment without Preparation of Estimate Rs 1.169 Million

According to paragraph 54 Central Public Works Departmental code, “Subject to the provisions of paragraph 102, for each individual work proposed to be carried out, except petty works, petty repairs, and repairs for which a lump sum provision has been sanctioned under paragraph 106, a properly detailed estimate must be prepared for the sanction of competent authority”.

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

Town Officer, Town Committee, during financial year 2014-15, Matiari paid Rs 1.169 million to contractor on lump sum basis against De-silting and Earth work without preparing detailed estimate on schedule rates.

Audit is of the view that management failed to safeguard Government interest by using higher rates charged on account of desilting and earth work.

Violation of the laid down rules and procedures was due to weak internal controls.

The matter was reported to the management during December 2015 but they did not respond to audit observation. The PAO also failed to convene DAC meeting despite pursuance by audit.

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

[AIR Para: 4]

4.2.3.61 Unauthorized Appointment and Provisional Payment Against Non-Existing Post

According to Rule 2 of APT Rules 1974 “In these rules, unless there is any, thing repugnant in the subject or context:

(a) "Appointing authority", in relation to a post, means the person authorized under rule 6 to make appointment to that post;

2[(aa) “Basic Scale” means a basic scale of pay sanctioned by Government in which a post or group of posts is placed;

As per Letter No.SOV(SGA&CD)X-15/2013 dated 4th June 2013 issued by Services and General Administration and Coordination Department Government of Sindh, “the Honourable Chief Minister, Sindh has been pleased to impose complete ban on all kinds of recruitment henceforth. All Administrative Departments / Autonomous Bodies are requested to adhere to the directives in letter and spirit.”

Town Officer, Town Committee, Matiari, during financial year 2014-15, Mr. Abdul Hameed Shaikh was appointed as Town Officer (BPS-16) in the absence of vacant, in violation of above rule.

Furthermore, the following discrepancies were also offered.

- Appointment was made during the ban period in violation of above mentioned letter.
- Payment of arrears of salary of Rs 200,802 without proper LPC (Irrelevant LPC attached with claim).
- Certificate of non-payment of arrear of salary from Town Committee Lakh District Shikarpur was not found.

(Amount in Rupees)

Sr.	Name of officer	Cheque no.	Month	Period	Salary	Amount
1	Abdul Hameed Shaikh, TO (BPS-16)	3206960/13-08-14	Aug. 2013 24 Days	24 days	24,666	19,096
2	-DO-		Sep'13 to May'14	9 months	24,666	221,994
3	-DO-		June 2014 11 Days	11 days	24,666	9,044
TOTAL						250,134

Audit is of the view that unauthorized provisional payment was made to under trainee town officer.

Deviation from prescribed rules and sanctioned strength resulted into weak internal control.

The matter was reported to the management during October, 2015, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

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

[AIR Para: 3]

4.2.3.62 Un-authorized Use of Vehicles without Registration

“No person shall drive any motor vehicle and no owner of a motor vehicle shall cause or permit the vehicle to be driven in any place unless the vehicle is registered in accordance with this ordinance and the vehicle carries a registration mark displayed in the prescribed manner” vide Section 23 of Provincial Motor Vehicle Ordinance, 1965 (West Pakistan Ordinance XIX of 1965. Further It any owner of a motor vehicle, imported into the country or purchased from any authorized manufacturer in the country, fails to register it within sixty days of its import, or purchase, as the case may be, he shall, beside the registration fee prescribed under the rules, be liable to a penalty as per Tax Receipt Rate 2010-11 with effect from 1st day of August 2009 at the following rates:

Where the default does not exceed six months	5,000
Where the default exceeds six months but does not exceed one year	10,000
Where the default exceeds one year but does not exceed two years	20,000
Where the default exceeds two years but does not exceed three years	30,000
Where the default exceeds three years but does not exceed four years	40,000
Where the default exceeds four years but does not exceed five years	50,000
Where the default exceeds more than five years	100,000

Various formations of Hyderabad Division, during financial year 2015-2016, failed to register vehicles with Excise and Taxation Department, GoS, within prescribed time period, in violation of above rule. Detail is provided at Annex-Hyd11.

Audit is of the view that use of vehicles without Registration constituted weak financial management.

Deviation from prescribed rule resulted into weak internal control.

The matter was reported to the management during October-December, 2016 but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on managements for use of vehicles without Registration, besides the same be registered, under intimation to audit.

[AIR Paras: 11, 14, 21, 19, 18, 16]

4.2.3.63 Non-Constitution of Enquiry Committee to Investigate the Matter of Payment to Fake Employees

According to Rule 20(1) of GFR, “With the exceptions noted below, any loss of public money, departmental revenue or receipts, stamps, opium, stores or other property held by or on behalf of Government, caused by defalcation or otherwise, which is discovered in a treasury or other office or department, should be immediately reported by the officer concerned to his immediate official superior as well as to the Accountant General, even when such loss; has been made good by the party responsible for it. Such reports must be submitted as soon as a suspicion arises that there has been a loss; they must not be delayed while detailed enquiries are made. When the matter has been fully investigated a further and complete report should be submitted of the nature and extent of the loss, showing the errors or neglect of rules by which such loss was rendered possible, and the prospects of effecting a recovery”.

In Office of Municipal Committee Qasimabad, during financial year 2015-16, it was observed that services of 135 employees were terminated after their appointment orders were found fake. Moreover, these employees were getting the salary for the past many years before the termination. No enquiry was conducted to ascertain the extent of the loss, errors or neglect of rules, and the prospects of effecting a recovery.

Audit is of the view that non-conducting of enquiry resulting into undue favour to person (s) involved in making payments to fake employees.

Non-conducting of enquiry for fake appointments, constituted weak internal controls.

The matter was reported to the management during November, 2016 but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

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

[AIR Para: 6]

4.2.3.64 Non-Maintenance of Record

According to Para-4 of Sindh Local Government (Property) Rules 2001, “All the local Government shall take such steps as may be necessary to ensure that the property vested in its managed and maintained in the best interest of the public.

Further, as per Para-6(a) and (b) of the Sindh Local Government (property) Rules 2001, “Particular as the property vested in a council shall be in case of movable property in the register in Form-I and in case of immovable form-III”.

Various formations of Hyderabad Division, during financial year 2015-16, failed to maintain record of Government property, in violation of above rule. The audit has found that in many formations, there are reports of Government property being encroached.

Sr.	Name of Formation	AIR Para
1	HMC, Hyderabad	21
2	Administrator/CMO, Municipal Committee Qasimabad	23
3	Town Committee New Saeedabad	32
4	Town Committee, Mirpur Sakro	36

Similarly, Town Officer, Town Committee Mirpur Sakro, district Thatta, during 2015-16, incurred an expenditure of Rs 74.918 million, on account of salary and non-salary heads but failed to maintain cash book properly, in violation of rules.

Audit is of the view that the absence of property record/cash book reflects poor asset management and incomplete financial transactions. Further, encroachment cannot be defended in court of law.

Violation of prescribed procedure was due to weak internal control system.

The matter was reported to the management during October-December, 2016 but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on management for non-maintenance of property record. Besides, same prepared without further delay and produced to audit for verification.

[AIR Paras: 21, 23, 32, 36]

4.2.3.65 Irregular Out of Turn Promotions

According to Notification issued by SGA&CD vide No. SOIII(SGA&CD)POL-7-43/2013 dated: 2.7.2013, “In pursuance of judgment dated: 12.6.2011 passed by the Honorable Supreme Court of Pakistan in criminal original petition 89/2011 and other cases and with the approval of competent authority, the absorption/appointments by transfer of the following officers in the Local Government Department are here by withdrawn ab-initio and they stand relieved to report to their parent department/organizations”.

Further, according to Para 2 of letter issued by LGD vide No. B&A(LG)4(21)/2014 dated: 16.3.2015, on the subject compliance of orders of Honorable Supreme Court of Pakistan dated: 5.1.2015 passed in civil appeal No.404/2011 and civil review petition No.193/2013, “ It is therefore once again requested to kindly comply the above instructions regarding relieving of officers/officials who were on OPS, posted against out of cadre posts and still holding the post on out of turn promotion passed by Honorable Supreme Court of Pakistan in letter and spirit and furnish implementation status/progress report to this department immediately for onward transmission to the SG&CD and in case of non-compliance, the heads of attached department/wing will be held responsible and exposed to contempt of court”.

Town Officer, Town Committee, Mirpur Sakro, District Thatta, during financial year 2015-16, made out of turn and rapid promotions of an official in contravention to above referred orders of Honorable Supreme Court of Pakistan. Further, personal file and service book of the said official and details of promotions were not produced. Moreover, during scrutiny of record an application addressed to Administrator Town Committee, Mirpur Sakro by another staff member M. Saleem Katchi regarding such irregular out of turn promotion was also found on record. Detail is as under:

Name	Details
Mr. Abdullah Memon	Appointed as Junior Clerk BS-05
	Promoted as Deputy Accountant BS-10 on 1.7.2007
	Promoted as Deputy Accountant BS-15 on 30.6.2011
	Promoted as Deputy Taluka Officer (Finance) BS-16 in February 2012

Audit is of the view that management failed to comply with the orders of Honorable Supreme Court of Pakistan on the subject which indicate the absence of systematic internal control and constituted weak financial and administrative management.

Non-observance of rules constituted weak internal control.

The matter was reported to the management during November, 2016 but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on person(s) responsible for non-compliance of Supreme Court of Pakistan and appropriate remedy/action be taken in the light of decision of apex court and above referred letter(s), under intimation to audit.

[AIR Para: 04]

4.2.3.66 Non-Compliance of Honourable Supreme Court

According to the Notification issued by Local Government Department, Government of Sindh vide No. SOA/LG/4(32)/2011 Karachi, dated the 3rd July 2013 on subject matter; "Relieving of all absorbed and out of turn promotion officers and officials in compliance of judgment of Honourable Supreme Court of Pakistan – Judgment (No. 89/2011 dated 12.06.2013) has cancelled and withdrawn all absorptions and out of turn promotions of officers with effect from 1994" and relived all such officers and officials immediately and furnish compliance report through special messenger to this department otherwise you, personally will be held responsible for contempt of Hon'ble Supreme Court of Pakistan.

According to the letter issued by Municipal Commissioner, HMC vide No. G/69/2016 dated 09-02-2016, scrutiny committee is hereby constituted to check and verify the cases of promotions, up-gradation and Absorption within 15 days.

Municipal Commissioner, HMC, Hyderabad, during financial year 2015-16, failed to implement decision of Honorable Supreme Court and orders of SLGB, in violation of above decision and orders. Details are as under

Sr.	AIR Para	Particulars
1	2	Mr. Zahid Hussain Khamtio as Municipal Commissioner, Government of Sindh issued a preliminary report on 27th April 2016 (No. G/115/2016) and failed to complete scrutiny of cases since 1994
2	9	Scrutiny committee constituted by Municipal Commissioner HMC was given task to scrutinized the case of promotions, up-gradation and Absorption and submit report within fifteen (15) days but the committee failed to submit its report
3	26	Mr. Shabir Ali Khan, AEE (E&M) was mechanical Engineer and working against the post of Civil Engineer (against non-cadre post).
4	27	Management failed to relieve Mr. Usman Khalid (BS-18/SCUG) (Accts Br.) and violated the order of SLGB

Audit is of the view that HMC management violated Honorable Supreme Court and SLGB Orders and allowed employees to work on their current positions.

Non-compliance honorable court and competent authority orders were due to weak internal control system.

The matter was reported to the management during November, 2016 but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends that prompt enquiry may be initiated and fixing of responsibility on person (s) at fault.

[AIR Paras: 2, 9, 26, 27]

4.2.3.67 Unauthorized Retention of Council Accommodation

According to Rule-15 of Accommodation Allocation Rules, 2002, “Retention of Accommodation. - (1) In case of death of allottee: (a) the family of the allottee shall be entitled to retain the accommodation under their occupation for a period not exceeding one year on payment of normal rent”.

Further, according to Rule-15(2) of Accommodation Allocation Rules, 2002, “An allottee, on his retirement or expiry of contract period shall be entitled to retain the accommodation under his occupation for a period not exceeding six months, on payment of normal rent and this facility will be available to FGS once only”.

Moreover, according to Rule-15(6) of Accommodation Allocation Rules, 2002, “An allottee or his family shall be served a notice of cancellation along with permission of retention of the house in case of retirement from service or resignation etc., from the date of occurrence of the event. This shall be treated as final notice and no further notice shall be served upon him for vacation of the accommodation”.

Administrator, HMC failed to vacate the Government residence from retired employees who retired from 2011 to 2016 and still were occupying Government .Detail of unauthorized retention of council accommodation beyond admissibility is as under:

Sr.	Name of Allottee	Possession by	HR Deduction/ Recovered	Retirement in	Remarks
01.	Jameel Ahmed Zai	Qaim Hussain	Nil	2012	Fire Brigade
02.	Muhammad Ashraf	Wife	Nil	-	-
03.	Rafiq Khan	Rafiq Khan	Nil	April 2016	-
04.	Iqbal Muhammad	Ansar-ul-Aslam	Yes but evidence not provided	2011	-
05.	Mazhar Abbas	Wife	Nil	2012	-
06.	Muhammad Akhtar	Muhammad Akhtar	Nil	2012	-

Audit is of the view that management failed to vacate the Government residence and entitled employees are deprived. Retention of Government accommodation without payment of rent resulted into financial loss.

Non-observance of rules constituted weak internal control.

The matter was reported to the management during November, 2015 but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on management for vacation and recovery, under intimation to audit.

[AIR Para: 52]

CHAPTER-V
MIRPURKHAS DIVISION

5.1 MIRPURKHAS DIVISION

5.1.1 INTRODUCTION

Mirpurkhas Division comprises of 03 Districts namely Mirpurkhas, Tharparkar and Umerkot. Each Corporation / District Council / Municipal Committee / Town Committee in Mirpurkhas Division is headed by an Administrator/ Municipal Commissioner /Chief Officer / Chief Municipal Officer/ Town officer who carries out operations as per Sindh Local Government Ordinance, 1979. The functions of Municipal Committees are as following:

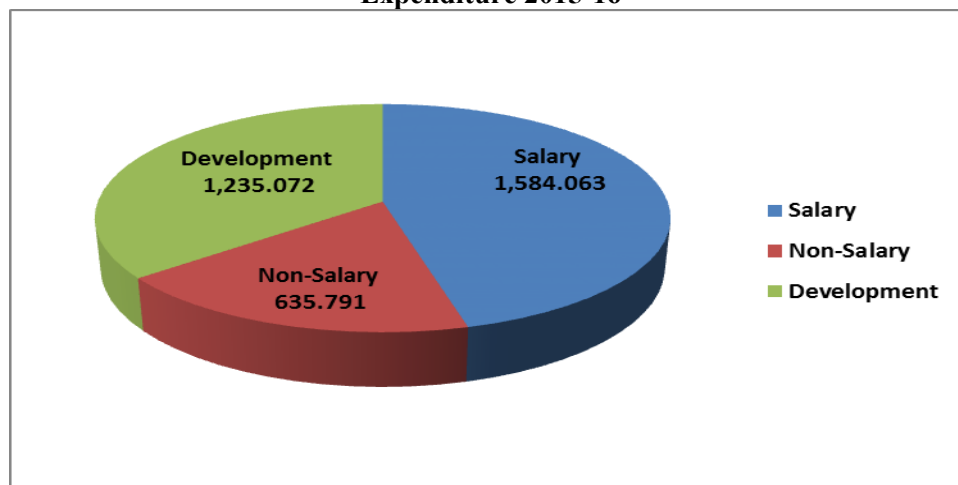
1. Prepare spatial plans for the Town including plans for land use, zoning and functions for which Municipal Committees is responsible.
2. Exercise control over land-use, land-subdivision, land development and zoning by public and private sectors for any purpose, including agriculture, industry, commerce markets, shopping and other employment centers, residential, recreation, parks, entertainment, passenger and transport freight and transit stations.
3. Enforce all municipal laws, rules and bye-laws governing Municipal Committees functioning.
4. Prepare budget, long term and annual municipal development programs in collaboration with the Union Councils.
5. Collect approved taxes, cesses, user fees, rates, rents, tolls, charges, fines and penalties.
6. Manage properties, assets and funds vested in the Municipal Corporation/Committees.
7. Develop and manage schemes, including site development in collaboration with Union Administration.
8. Issue notice for committing any municipal offence by any person and initiate legal proceedings for commission of such offence or failure to comply with the directions contained in such notice.
9. Prosecute, sue and follow up criminal, civil and recovery proceedings against violators of Municipal Laws in the courts of competent jurisdiction.
10. Maintain municipal records and archives.

5.1.2 Comments on Budget and Accounts (Variance Analysis)

(Rupees in Million)

Sr.	Formation	Particulars	Budget	Expenditure / Revenue	Excess (+) Savings (-)
1	Mirpurkhas	Salary	721.907	613.621	(108.286)
		Non-Salary	266.397	186.478	(79.919)
		Development	699.837	454.894	(244.943)
		Revenue	1,715.684	686.274	(1,029.411)
2	Tharparkar	Salary	735.071	624.810	(110.261)
		Non-Salary	118.641	83.048	(35.592)
		Development	353.346	229.675	(123.671)
		Revenue	1,079.696	431.878	(647.818)
3	Umerkot	Salary	406.626	345.632	(60.994)
		Non-Salary	523.235	366.264	(156.970)
		Development	846.927	550.503	(296.425)
		Revenue	902.220	360.888	(541.332)
Salary			1,863.604	1,584.063	(279.541)
Non-Salary			908.272	635.791	(272.482)
Development			1,900.110	1,235.072	(665.039)
Grand Total			4,671.986	3,454.925	(1,217.061)
Revenue			3,697.601	1,479.040	(2,218.560)

Expenditure 2015-16



Original budget of Rs 4,671.986 million was allocated to District Councils, Municipal Corporation and Town Committees of Mirpurkhas Division under various grants. Variance Analysis of the Revised/Final Grant and Actual Expenditure for the Financial Year 2015-16 for the audited entities depicted that there was a saving of Rs 1,217.061 million.

5.1.3 Brief Comments on the Status of Compliance with PAC Directives

The audit reports pertaining to following years have been submitted to Governor of Sindh. Detail of PAC meetings is given below:

Audit Year	No. of Paras	Status of PAC Meetings
2012-13	31	Nil
2013-14	11	Nil
2014-15	41	Nil
2015-16	34	Nil

As indicated in the above table, no PAC meeting was convened to discuss the audit reports of Mirpurkhas Division.

5.2 AUDIT PARAS

5.2.1 Misappropriation / Fraud

5.2.1.1 Doubtful Technical Sanction of Development Works Rs 24.217 Million

According to Para 56 of CPW departmental code, “for each individual work proposed to be carried out, except petty works petty repairs and repairs for which a lump sum provision has been sanctioned under paragraph 106, a properly detailed estimate must be prepared for sanction of competent authority this sanction is known as the technical sanction to the estimate”.

Further, according to para-527 of PWD Manual, Vol-I, “no work shall begin unless proper detailed design and estimate have been sanctioned; allotment of funds made and order for its commencement issued by the competent authority”.

Town Officer, Town Committee, Kunri, District Umerkot, during financial year 2014-15, awarded several works of Rs 24.217 million. The technical sanction of the said schemes was dubious since it was found without covering letter of the authority and proper inward/outward number. The office couldn't provide any proof to authenticate the veracity of Technical sanction by competent authority, in violation of above rules. Detail is provided at Annex-MPK1.

Audit is of the view that the doubtful technical sanction constituted doubtful transaction which constituted weak financial management.

Non-observance of rules constituted weak internal control system.

The matter was reported to managements during September to December 2015, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends an inquiry on the subject matter to ascertain the facts, under intimation to audit.

[AIR Para: 3]

5.2.1.2 Doubtful Payment Made on account of POL - Rs 5.711 Million

According to Para 23 of GFR Vol-I, “Every government officer should realize fully and clearly that he will be held personally responsible for any loss sustained by

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

Further, according to Rule-23 of SFR, Vol-I, “Every payment including repayment of money previously lodged with Government for whatever purpose, must be supported by a voucher setting forth full and clear particulars of the claim.”

Town Officer, Town Committee, Kunri, District Umerkot, during financial year 2014-15, incurred doubtful expenditure Rs 5.711 million on accounts of POL charges, in violation of above rules. Detail is provided at Annex-MPK2. Audit has observed following discrepancies in the expenditure:

- POL slips for daily consumption were not attached with voucher/bill.
- Same hand writing on POL bill and voucher raised suspicion on the authenticity of claim.
- The bills were claimed without any details of POL consumed and lump sum payments were paid.
- POL Bill didn't showing details of consumption against vehicle no.
- No history sheet, logbooks of car and tour program was available to confirm the authenticity of expenditure.
- The POL payment was made on cash
- Acknowledgement of POL dealer.

Audit is of the view that payment made without setting forth full details resulted into doubtful expenditure which constituted weak financial management.

Deviation from prescribed rules constituted weak internal control.

The matter was reported to managements during December 2015, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility for doubtful payments made and justify the expenditure to audit.

[AIR Para: 15]

5.2.1.3 Doubtful Payment through First and Final Bill – Rs 4.887 Million

According to Clause-2 of the Contract Agreement, “the quantity of the work is to be done within particular time as specified within the proportionate limit of time, such as 1/4th work in 1/4th of the time”.

Further, according to Rule-88 of SFR Vol-I, “every government Administration is expected to exercise same vigilance in respect of expenditure incurred from public money, as a person of ordinary prudence would exercise in respect of expenditure of his own money”.

Town Officer, Town Committee, Samaro, District Umerkot, during financial years 2014-16, executed various development works and made payment to contractors Rs 4.887 million in 1st RA bill, in violation of above rules. The payment was doubtful since.

- The payments were made without proper measurement books and work register.
- The NTN and PEC category of contractor was not found
- 10 percent check measurement by concerned XEN was not done.

[Amount in Rupees]			
Sr.	Name of office	FY	Amount
1	T.C Samaro	2014-15	1,932,032
2	-do-	2015-16	2,955,000
Total			4,887,032

Audit is of the view that management failed to observe Government rules and procedures, which reflects extra ordinary favor was extended to contractors which constituted weak financial management.

Non observance of rules constituted weak internal control.

The matter was reported to managements during September to December 2015 and August to December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on person(s) at fault, under intimation to this office.

[AIR Paras: 3, 3]

5.2.1.4 Doubtful expenditure on Pay of Temporary Employees and Labour Charges -Rs 4.635 Million

According to Rule-88 of SFR Vol-I, “every government officer is expected to exercise same vigilance in respect of expenditure incurred from public money, as a person of ordinary prudence would exercise in respect of expenditure of his own money”.

Town Committee Jhuddo, District Mirpurkhas, during financial year 2015-16, made payment of Rs 4.635 million against the salary of temporary employees and labour charges by transferring the funds into the accounts of Deputy Accountant and Incharge Sanitation Jhudo and Naukot and then disbursed it in cash. No acknowledgement, receiving as well as muster roll was available to authenticate the expenditure. Detail is provided vide Annex-MPK3.

Audit is of the view that transferring of funds in to the accounts of employees may lead to suspicious embezzlement of funds which constituted weak administrative and financial management.

Deviation from prescribed rules constituted weak internal control.

The matter was reported to the management during September to December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends an enquiry in to the matter and fixing of responsibility at the persons at fault, under intimation to audit.

[AIR Para: 2]

5.2.1.5 Fraudulent Payment of Liabilities - Rs 2.054 Million

As per FD, GoS O.M No.FD/B&E –I/51/2007 dated 02-07-2007, “liability of previous years shall not be allowed to be cleared unless concurrence is given by Finance Department (FD)”.

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

Town Officer, Town Committee Kot Ghulam Muhammad, District Mirpurkhas, during financial year 2015-16, paid an amount of Rs 2.054 million, without any record of previous year's bills of suppliers / contractors. Audit also observed that in majority of the claims the signatures of erst-while Administrator was not matching. Besides, the payments were made without approval of Finance Department. Details are provided at Annex-MPK4.

Audit is of the view that payments of previous year bills without supporting documents and approved of FD constituted weak financial management.

Non-observance of prescribed procedure constituted weak internal control.

The matter was reported to the management during September to December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on account payments without supporting vouchers and approval of FD, under intimation to audit.

[AIR Para: 17]

5.2.1.6 Unjustified Expenditure - Rs 1.545 Million

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

Town Officer, Town Committee Jhuddo, District Mirpurkhas, during financial year 2015-16, made payment of Rs 1.545 million against two development works. Audit could not find any supporting record against the authenticity of work i.e. MBs, Work Registers, STRN/NTN of contractors, PEC licenses and acknowledgment of general public of locality etc. During the physical verification, the PVC pipes were found lying in a hall situated near the chairman office town committee Jhuddo. Management failed to justify the expenditure without any use. Detail is as under:

[Amount in Rupees]

NIT	Name of Schemes	Estimate Cost	Name of Contractor	Fund Utilized	Due payment
46	P.V.C pipe 3"4" pipe line Ward No.01 to 07 city Jhuddo	1,050,000	Mr.Shehbaz	1,050,000	-
50	P.V.C pipe 3" 4" and 6" Dia Piyala Hotel to Ghulam Hussain Colony and Ward No.01 to 07 Jhuddo	1,000,000	Mr.M.S Anas	495,000	505,000
Total		2,050,000		1,545,000	505,000

Audit is of the view that expenditure without any use resulting into unjustified expenditure and weak financial management.

Deviation from prescribed rules constituted weak internal control.

The matter was reported to the management during November, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

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

[AIR Para: 30]

5.2.1.7 Suspected Embezzlement through Fake Vouchers - Rs 1.271 Million

As per Rule 134 of SFR, “No detailed bills need be submitted to a higher authority for contingent charges, which are not classed as countersigned contingencies, each bill presented at a treasury should, therefore, contain full details of the expenditure, supported by necessary sub-vouchers for individual payments included in the bill.”

As per Section(I) of Appendix 18-A of SFR Vol-I, "Means should be devised to ensure that every government servant realizes fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part, and that he will also be held personally responsible for any loss arising from fraud or negligence on the part of any other Government servant to the extent to which it may be shown that he contributed to the loss by his own action or culpable negligence”.

M.C, Tharparkar Division, during financial year 2014-15, paid Rs 1.271 million on various accounts. Audit observed following deficiencies were also found:

- i. Payments were made on computer generated bills without invoice Nos.
- ii. Contractor Address was not available on bills.
- iii. Contact Nos and S.Tax/I.Tax Nos were not mentioned on bills.
- iv. Measurement books and relevant stock entry was not made.

Audit is of the view that huge amount was withdrawn and misappropriated by management resulting into loss to government and weak financial management.

Violation of prescribed rules resulted into embezzlement of public funds and was due to weak internal control system.

The matter was reported to the management during December, 2015, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility for embezzlement of public money, besides, recovering the amount from official(s) / person(s) under intimation to audit.

[AIR Para: 29]

5.2.2 Non-Production of Record

5.2.2.1 Non-Production of Record - Rs 535.505 Million

As per Section 14 (1) (b) of the Auditor General (Functions, Powers & Terms and Conditions of Service) Ordinance, 2001, The Auditor-General shall, in connection with the performance of his duties under this Ordinance, have authority to require that any accounts, books, papers and other documents which deal with, or form, the basis of or otherwise relevant to the transactions to which his duties in respect of audit extend, shall be sent to such place as he may direct for his inspection.

Moreover, “Chief Secretary vide letter No.DO.NO.SO(C-II)/SGA&CD/1-73/2012 dated 25th October, 2013 duly endorsed by Secretary of LGD vide letter No. SOA/(LG)LG/4/(77)2013, dated 21.11.2013 was pleased to direct to all Municipal organizations / Local Councils for immediately providing record to audit, so that, financial discipline may be restored to respective organizations. In case of failure to provide record to audit by auditee organizations, the cases may be taken up under disciplinary proceedings against officers concerned that may include suspension of officers”.

Various formations of Mirpurkhas Division, incurred an expenditure of Rs 508.476 million, but failed to provide record, during the financial years 2014-16, to audit, in violation of the above rule and instructions. Details are provided at Annex-MPK5.

Further, following Offices of Mirpurkhas Division, incurred expenditure amounting to Rs 27.029 million, during financial years 2014-16, on purchase of POL for official vehicles but did not produce Log Books, Vehicle Maintenance Record, History Sheets and Petrol account Registers.

[Rupees in Million]				
Sr.	Year	Name of offices	Description	Amount
1	2014-15	D.Council, Umer kot	POL	2.045
2	2015-16	T.C Nangarparkar	POL	5.543
3	2015-16	T.C Samaro	POL	4.315
4	2015-16	T.C Digri	POL	6.703
5	2015-16	T.C Jhuddo	POL	8.423
Total				27.029

Audit is of the view that due to non-provision of record authenticity of expenditure cannot be ascertained by audit.

The matter was reported to managements during September to December 2015 and August to December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on the managements for non-provision of record in accordance with rules and regulations and same be produced to audit for verification.

[AIR Paras: 11, 1, 6, 1, 1, 1, 1, 4, 6, 3, 8]

5.2.3 Irregularity / Non-Compliance

A. Recovery, Targeted receipts/Outstanding dues

5.2.3.1 Non-Recovery of Targeted Receipts – Rs 57.374 Million

As per Rule 41 (a) of SFR Vol-I, “The departmental Controlling Officer should see that all sums due to Government are regularly received and checked against demands and that they are paid into treasury claiming credit for so much paid into the treasury and compare with the figures in the statements supplied by the comptroller”.

Following Offices of Mirpurkhas Division, failed to recover targeted receipts amounting to Rs 57.374 million, during financial year 2015-16, on account of various heads, in violation of above rules.

[Rupees in Million]				
Sr.	Name of offices	Targeted revenue	Actual revenue	Shortfall in revenue
1	T.C Samaro	3,643,800	1,444,415	2,199,385
2	T.C Digri	27,274,590	7,338,994	19,935,596
3	T.C Nangarparkar	171,507,709	136,268,892	35,238,907
Total				57,373,888

Audit is of the view that non-recovery of Government Revenue that is a reflection of weak internal control.

The matter was reported to the management during September to December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on the managements for non-recovery of longstanding dues, besides, effecting recovery of the Government Revenue without further delay.

[AIR Paras: 15, 4, 21]

5.2.3.2 Non- Recovery of Outstanding Dues - Rs 27.709 Million

As per Rule 41 (a) of SFR Vol-I, “The departmental Controlling Officer should see that all sums due to government are regularly received and checked against demands and that they are paid into treasury claiming credit for so much paid into the treasury and compare with the figures in the statements supplied by the comptroller”.

Various Town committees of Mirpurkhas division, failed to recover the arrears from various contractors / tenants, amounting to Rs 27.709 million, during financial year 2015-16, in violation of the above rule.

[Rupees in Million]

Sr.	Name of offices	Amount
1	T.C Digri	15.786
2	T.C Jhuddo	10.011
3	T.C Kot Ghullam Muhammad	1.912
Total		27.709

Audit is of the view that management failed to take necessary steps and enforce the prescribed procedures for recovery of arrears/achievement of targeted revenue.

Violation of prescribed rules and procedures was due to weak internal control.

The matter was reported to the management during September to December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on the concerned official(s), besides, effecting recoveries against the government dues/targeted receipts, under intimation to audit.

[AIR Paras: 3, 5, 3]

5.2.3.3 Loss Due to Non-Revision of Shops Rent - Rs 15.830 Million

As per Rule 9(1) of Sindh Rental Premises Ordinance 1979, “where the fair rent of any premises has been fixed, no further increase thereof shall be effected unless a period of three years has elapsed from the date of such fixation or commencement of this ordinance whichever is later”.

Further, as per ibid, Rule 9(2), “the increase shall not, in any case exceed 10% per annum on the existing rent”.

Different offices of Mirpurkhas Division, during financial years 2014-16, failed to revise the rent rates of shops as per Rent Act resulting into loss to government amounting to Rs 15.830 million, in violation of above rule. Detail is as under:

[Rupees in Million]

Sr.	Year	Name of offices	Amount
1	2014-15	D.C Mirpurkhas	0.129
2	2015-16	T.C Samaro	2.156
3	2015-16	T.C Digri	8.937

[Rupees in Million]

Sr.	Year	Name of offices	Amount
4	2015-16	T.C Jhuddo	3.155
5	2015-16	T.C Kot Ghullam Muhammad	1.453
Total			15.830

Audit is of the view that undue favour was given to tenants resulting into loss to government and weak financial management.

Violation of rules was due to weak internal control system.

The matter was reported to managements during September to December 2015 and August to December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends that rate of rent of shops be revised according to market rate without further delay.

[AIR Paras: 3, 14, 2, 4, 2]

5.2.3.4 Non-Recovery / Non-deposit of Government Taxes-Rs 5.062 Million

As per Income Tax Ordinance 2001- Section 160, “Payment of tax collected or deducted.-Any tax that has been collected or purported to be collected under Division II of this Part or deducted or purported to be deducted under Division III of this Part 5[or deducted or collected, collected, or purported to be deducted or collected under Chapter XII] shall be paid to the Commissioner by the person making the collection or deduction within the time and in the manner as may be prescribed”.

Further, as per Income Tax Ordinance 2001- Section 161, “Failure to pay tax collected or deducted- Where a person (1) (b) having collected tax under Division II of this Part 1[or Chapter XII] or deducted tax under Division III of this Part 2[or Chapter XII] fails to pay the tax to the Commissioner as required under section 160” Moreover, as per Para 41(a) SFR Volume-I,, “All money received on behalf of Government should be without undue delay be credited into Government account”.

According to Seventh Schedule of Sindh Finance Act, 1964 amended vide Schedule-II of Sindh Finance Ordinance, 2000, Professional tax is required to be deducted from the payments made to contractors engaged in construction work or providing services and labour vide Rate / Fee of Tax Receipts:

i.	Upto 0.5 million	500/-
ii.	Exceeding Rs 0.5 million but not exceeding Rs 5 million	1,500/-
iii.	Exceeding Rs 5 million but not exceeding Rs 25 million	2,500/-

iv.	Exceeding Rs 25 million but not exceeding Rs 100 million	5,000/-
v.	Exceeding Rs 100 million but not exceeding Rs 500 million	10,000/-
vi.	Exceeding Rs 500 million but not exceeding Rs 1000 million	30,000/-
vii.	Above 1000 million	100,000/-

According to Circular No.6 Of 2013, Finance Act 2013, vide C.No.4 (36) ITP/2013 dated: 19 July, 2013, 41. "Income tax rates for salaried individuals have been revised. The revised rates are as per the 'TABLE' below:

Sr.	Taxable income.	Rate of tax.
1	0 to Rs 400,000	0%
2	Rs 400,000 to Rs 750,000	5% of the amount exceeding Rs 400,000
3	Rs 750,000 to Rs 1,400,000	10% of the amount exceeding Rs 750,000

Following offices of Mirpurkhas Division, during financial years 2014-16, provided loss to government worth Rs 5.062 million on account of non-deduction / non-deposit of income tax, sales tax from bills of contractor and taxable salaries of staff, professional tax from the bills of contractors as well as non-affixing of stamp duty on contractual agreement with contractors, in violation of rules.

[Rupees in Million]			
Sr.	Name of offices		Amount
1	T.C, Digri	Income Tax	0.035
2	District Council, Umerkot	Income Tax	0.019
3		Income Tax	0.034
4	T.C Samaro	Income Tax	1.324
5		Tender Fees	0.528
6		Income Tax	0.101
7	T.C, Nagarparkar	Sales Tax	0.284
8	Town Committee, Kunri	Professional Tax	0.065
9	T.C Samaro	Stamp duty	0.263
10	District Council, Tharparkar	Income Tax	0.019
11	District Council Umer Kot	Income Tax	0.245
12	T.C, Kot Ghulam Muhammad	Sales Tax	0.800
13	T.C, Jhuddo	Sales Tax	1.291
14	T.C, Pithoro	Tender Fees	0.054
Total			5.062

Audit is of the view that due to non-deduction income tax, professional tax and non-affixing of stamp duty Government sustained loss of revenue.

Non-observance of prescribed rules and procedures was due to weak internal controls.

The matter was reported to managements during September to December 2015 and August to December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on person(s) at fault for non-deduction of government taxes, besides, recovers the amount without further delay.

[AIR Paras: 5, 6, 16, 20, 13, 3, 24, 2, 19, 15, 3, 5, 5, 7, 5]

5.2.3.5 Loss to Government Exchequer – Rs 0.867 Million

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

Further, according to Para-4 of Finance Department O. M. No.FD(SR-I) 1(32)/2008-2011, Karachi the 10th July, 2012, “Revised rate of Conveyance Allowance shall be admissible to civil servants working in BPS 16-19 is Rs 5,000/- per month”.

Moreover, according to Finance Division(Regulation wing) O.M No.F.3(1) Reg5/2010 dated 1st October, 2013, “It has been decided that Conveyance allowance @ Rs 5,000/- per month will be admissible to officers in BPS-20-22 who are neither availing free transport facility nor have been allowed monetization of transport allowance”.

Following Offices of Mirpurkhas Division, during financial years 2014-16, provided financial loss amounting to Rs 0.867 million to government exchequer on account of excess payment of salary to employee, non-recovery of conveyance allowance from the salaries of the officers who were allocated Government vehicles and payment of conveyance allowance beyond permissible entitlement, in violation of above rules.

[Rupees in Million]

Sr.	Year	Name of offices	Amount
1	2014-15	T.C Kureri	0.397
2	2014-15	T.C Samaro	0.120
3	2014-15	T.C Kunri	0.060
4	2015-16	T.C Samaro	0.085
5	2015-16	T.C. Samaro	0.085
6	2015-16	T.C Nangarparkar	0.120
Total			0.867

Audit is of the view that management failed to exercise vigilance resulted into government exchequer sustained financial loss due to weak financial management

Deviation from prescribed rules resulted into weak internal control system prevails in the department.

The matter was reported to managements during September to December 2015 and August to December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on account of Loss to Government Exchequer. Besides amount may immediately be recovered, under intimation to audit

[AIR Paras: 31, 19, 30, 13, 19, 30, 13]

B. Violation of Rules

5.2.3.6 Irregular Execution of Work without PC-I - Rs 212.811 Million

According to SPPRA's Guidelines Section 2.21 Pre-requisite conditions: Procuring Agency/ Committee shall not invite bids for development works, unless following conditions are fulfilled:

- (i) Approval of PC-I/PC-II from Competent Forum;
- (ii) Issuance of Administrative Approval (A.A) for development schemes;
- (iii) Technical Sanction (TS) of a detailed estimate is obtained;
- (iv) Funds are either released or anticipated to be released before award of contract.

Further, according to Planning Commission Manual, competent forum to sanction schemes:

Sr.	Competent Forum	Cost of Scheme up to
1	District Development Working Committee (DDWC)	Rs. 20 million
2	Departmental Development Working Party (DDWP)	Rs. 40 million
3	Provincial Development Working Party (PDWP)	Rs. Five billion
4	Central Development Working Party (CDWP)	Rs. One billion
5	Executive Committee of the National Economic Council (ECNEC). After clearance from CDWP	Above Rs. One billion

Moreover, as per Para 56 of CPW departmental code, "For each individual work proposed to be carried out, except petty works petty repairs and repairs for which a lump sum provision has been sanctioned under paragraph 106, a properly detailed estimate must be prepared for sanction of competent authority this sanction is known as the technical sanction to the estimate".

Following Offices of Mirpurkhas Division, executed contract against development schemes amounting to Rs 212.811 million, during financial year 2015-16, without preparation of PC-I, obtaining approval from PDWP being the competent forum, in violation of the above rules.

[Rupees in Million]		
Sr. No.	Name of Offices	Amount
1	T.C Digri	42.540
2	T.C Jhuddo	70.000
3	T.C Kot Ghulam Muhamamd	100.271
Total		212.811

Audit is of the view that award of development work without preparation and approval of PC-I constituted flagrant violation of rules and procedures.

Violation from prescribed rule was due to weak internal controls and defective oversight mechanism being practiced by Planning and Development Department and Finance Department.

The matter was reported to the management during September to December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on management for irregular award and execution of work without PC-I, under intimation to audit.

[AIR Paras: 10, 22, 21]

5.2.3.7 Procurement in Violation of SPPRA Rules - Rs 212.155 Million

As per SPPRA Notification No.Dir (A&F)/SPPRA/1-3(GEN)/13-14/087 dated 03-07-2013 “IDs of the NIT/EOI are released after receipt of the Bid Evaluation Report in terms of Rule-45 of SPP Rules, 2010.

2. SPPRA will release ‘SPPRA-ID’ to the procuring agencies (Pas), once PAs submit the following documents, complete in all respect, as required under the rules: -

- i. Annual Procurement Plan as required under Rule-11 of SPP Rules, 2010;
- ii. Notice Inviting Tender, Expression of Interest (EOI) and Pre-qualification Notice (Requirement of Rule 17);
- iii. Bid Evaluation Reports (Prescribed by Rule 45);
- iv. Contract Evaluation Form along with Letter of Award, Form of Contract (Agreement) and Bill of Quantities (Requirement of Rule 50); and
- v. Integrity Pact (where applicable) (Requirement of Rule 89).

Following Offices of Mirpurkhas Division uploaded / posted their tenders on SPPRA website. Due to certain deficiencies the SPPRA withheld the IDs of each such tender. The managements were required to remove the deficiencies and to get ID release in each case before proceeding further. However, the managements awarded the work for Rs 136.485 million, during financial year 2014-15, in respect of the tenders against which SPPRA did not release the IDs.

[Rupees in Million]

Sr.	Name of Offices	AIR Para	Amount
1	T.C Nangarparkar	4	23.943
2	T.C Digri	7	42.542
3	T.C Jhuddo	20	70.000
Total			136.485

Further, following Offices of Mirpurkhas Division, awarded different works costing 75.670 million through NIT, during financial year 2015-16, but did not hoist bid evaluation reports on the SPPRA website, in violation of above rule.

[Rupees in Million]

Sr.	Name of Offices	Amount
1	T.C Nangarparkar	5.670
2	T.C Jhuddo	70.000
Total		75.670

Audit is of the view that work was awarded without release of withheld tender IDs by SPPRA and without issuing and uploading/hoisting of minutes of bids opening meeting on the SPPRA website resulted in violation of prescribed rules and unauthorized award of contract.

Violation from prescribed rule was due to weak internal controls.

The matter was reported to the management during September to December, 2015 and October to December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on management for award of work in withheld ID and without issuing and hoisting minutes of opening of bids on SPPRA.

[AIR Paras: 4, 7, 20, 12, 28]

5.2.3.8 Award of Work to Unregistered Contractors – Rs 102.818 Million

According to the Sindh Sales Tax on Services Act 2011 Section 24. Registration.— (1) Registration will be required for all persons who: (a) are residents;

(b) provide any of the services listed in the Second Schedule from their registered office or place of business in Sindh; and (c) fulfill any other criteria or requirements which the Board may prescribe under sub-section (2).

Further, according to notification issued by SGA&CD, GoS, vide No. SORI (SGA&CD) 2-30/2010 dated: 23.10.2014, amendment in rule 46 (I) (iii) of SPPRA, “registration with FBR for income tax, sales tax in case of procurement of goods, registration with Sindh Revenue Board in case of procurement of works and services and registration with PEC where applicable.”

Following Offices of Mirpurkhas Division, during financial years 2014-16, awarded various development works amounting to Rs 102.818 million to various contractors who were not registered with Sindh Revenue Board.

[Rupees in Million]			
Sr.	Year	Name of offices	Amount
1	2014-15	T.C Kunri	24.205
2	2014-15	T.C samara	34.370
3	2015-16	T.C samara	44.243
Total			102.818

Audit is of the view that non-compliance of the prescribed procedure resulted into non-transparency in public spending and constituted weak financial management.

Non-observance of prescribed procedure constituted weak internal control.

The matter was reported to the management during September to December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on account of award of works to contractors not registered with SRB, under intimation to audit.

[AIR Paras: 4, 4, 5]

5.2.3.9 Un-Authorized NIT before Obtaining Approval of Competent Authority - Rs - 100.271 Million

According to the Para 1 and 2 Notification of Government of Sindh, local Government vide No. SOI/LG/10-7/2013 dated 7th January 2014, “Permission for development works with the approval of Local Government Department: I am directed to refer to the subject noted above and all the development works of various local councils

and other subordinate offices of local Government Department, shall be carried-out after the approval / permission of this department. In this regard, PC-I of all development works should be prepared according to the procedure/policy and be forwarded to this department for approval/permission and thereafter necessary action be taken for execution of such works after completion of required codal formalities.

Administrator, Town Committee, Kot Ghulam Muhammad, during financial year 2014-15, floated NIT No.TC/KGM/16/2015 dated 16-3-2105 and published in newspapers on 29-03-2015, for 305 schemes without prior approval of Secretary, Local government Department, Government of Sindh, in violation of above rule.

Audit is of the view that NIT floated without approval resulted into unauthorized award of contract and weak financial management.

Deviation from prescribed rule resulted into weak internal control.

The matter was reported to the management during December, 2015, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on management for floating NIT without approval, under intimation to audit.

[AIR Para: 1]

5.2.3.10 Non-Utilization of Development Funds – Rs 76.000 Million

As per Para No.88 of Sindh Financial Rules Volume-I, “every Government Officer should realize fully and clearly that he will be held personally responsible for any loss sustained by the Government through fraud or negligence on his part and that he will also be held personally responsible for any loss arising from fraud or negligence on the part of any other Government Officer to the extent to which it may be shown that he contributed to the loss by his own action or negligence”.

Further, according to Rule-10 (iv) of General of Financial Rules, “public money should not be utilized for the benefit of a particular person or section of community and also according to rule all the claims must be supported with full details and documents”.

Town Officer, Town Committee Dighri, Mirpurkhas Division, during financial year 2014-15, allocated and reserved funds of Rs 76.000 million for Development schemes but failed to utilize funds, in violation of above rules.

Audit is of the view that due to non-utilization of development funds public deprived of new schemes and resulting into weak financial management.

Non-observance of prescribed rules constituted weak internal control.

The matter was reported to the management during December, 2015, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility upon the person at fault, under intimation to audit.

[AIR Para: 7]

5.2.3.11 Non-Advertisement of NITs in News Papers - Rs 51.000 Million

According to SPPRA 2010, Rule 17(1) Procurements over one hundred thousand rupees and up to one million rupees shall be advertised by timely notifications on the Authority's website and may in print media in the manner and format prescribed in these rules.

Further, according to SPPRA 2010, Rule 17(2).The advertisement in the newspapers shall appear in at least three widely circulated leading dailies of English, Urdu and Sindhi Languages.

Town Officer, Town Committee, Dighri, District Mirpurkhas, during financial year 2015-16, failed to advertise the NITs in newspapers, in respect of works, costing Rs 51.000 million, in violation of above rules.

Audit is of the view that management failed to observe Sindh Public Procurement Rules, 2010 in letter and spirit, which reflects the absence of systematic control and financial discipline in the department.

Such act of negligence predicts lack of transparency in the procedure of awarding of contract.

The matter was reported to the management during November 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

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

[AIR Para: 9]

5.2.3.12 Irregular Expenditure without Measurement Books Rs 26.433 Million

As per Para 3 of CPWD Code, “all the executed quantities should be clearly traced into the documents on which payment are made when the bill is prepared for the work measurement every page containing the detail measurement must be invariably scored out by a Diagonal Red Ink”.

Administrators, Town Committees, Samaro and Kunri, Mirpurkhas Division, during financial year 2014-15, incurred expenditure of Rs 26.433 million on account of execution of works without maintaining proper measurement books.

Audit noticed following discrepancies in measurement books:

- Separate measurement book should be maintained for each work but contrary to this single book was used for various works.
- The quantities of measurement books were not matching with the quantities of bill
- Most of the measurement books were not certified by contractor which rendered measurement as doubtful.

[Rupees in Million]

Sr.	Year	Name of offices	Amount
1	2014-15	Town Committee, Samaro	5.933
2	2014-15	Town Committee, Kunri	20.501
Total			26.434

Audit is of the view that payment to contractors without maintenance of measurement books resulting into unauthorized payment and weak financial management.

Non-observance of rules constituted weak internal control.

The matter was reported to managements during December 2015 but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

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

[AIR Paras: 9, 13]

5.2.3.13 Unauthorized Drawal of Funds by Demand Drafts/Cash/Open Cheques - Rs 20.300 Million

As per Rule 157 (1) and (2) of CTR, “The cheques for more than Rs 200/- drawn in favor of Corporate or Local Bodies, firms, private persons or Government servants (in respect of their personal claims) shall always be crossed”.

Following Offices of Mirpurkhas Division, during financial years 2014-16, drawn an amount of Rs 20.300 million through demand drafts, Cash and open cheques. The management failed to justify the transactions since the requisite record against the beneficiaries was missing. Audit couldn't find any trail of said transaction and hence the whole transaction stands doubtful / unjustified.

[Rupees in Million]

Sr.	Name of offices	Amount
1	District council Tharparkar 2014-15	0.136
2	Town Committee, Jhuddo	0.224
3	Town Committee, Samaro	19.940
Total		20.300

Audit is of the view that drawl of funds by demand drafts, cash and open cheques resulted into unauthorized drawl of public funds without justification, which constituted weak financial management. Besides, chances of misappropriation of public money cannot be ruled out.

Deviation from prescribed procedure constituted weak internal control.

The matter was reported to managements during September to December 2015 and August to December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility for unauthorized drawl of funds, without supporting detail and documents, under intimation to audit.

[AIR Paras: 18, 5, 3]

5.2.3.14 Expenditure incurred without Constitution of Procurement Committee - Rs 15.578 Million

As per Rule 7 of SPPRA 2010, “The procuring agency shall, with approval of its Head of the Department, Constitute as many procuring committees, as it deems fit, each comprising odd number of persons and headed by the gazetted officer not below the rank of BPS-18, or if not available, the officer of the highest grade, and shall ensure that at

least one third of the members of a procurement committee are from the agencies or departments other than the procuring agency”.

Different formations of Mirpurkhas Division, during financial year 2015-16, incurred expenditure of Rs 15.578 million on account of purchase of various materials and different works without constitution of procurement committee, in violation of above rule. Detail is as under:

[Rupees in Million]		
Sr.	Name of offices	Amount
1	T.C Nangarparkar	2.957
2	T.C Jhuddo	4.65
3	T.C Digri	3.000
4	T.C Digri	4.971
Total		15.578

Audit is of the view that purchases were made without constitution of procurement committee which resulted into non-transparency in public spending.

Violation of prescribed rule was due to weak internal controls.

The matter was reported to managements during August to December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on managements on account of expenditure without constitution of procurement committee.

[AIR Paras: 28, 21, 8, 14]

5.2.3.15 Execution of Development Works out of Purview Rs 15.000 Million

As per Section-72 Schedule-II (part-II) rule 1-16 of Sindh Local Government Act.2013, “Compulsory functions to be performed by corporations, municipal committees and town committees, council shall be responsible for water, sewerage, drainage, sanitation, roads, other than Provincial and district roads, streets and street lighting; firefighting, park services. 2. Sanitation, A Corporation, Municipal Committee or Town Committee shall be responsible for the sanitation, and may for that purpose cause such measures to be taken as are required by or under this Act. 3. Removal, Collection and Disposal of Refuse: A Corporation, Municipal Committee or Town Committee shall make adequate arrangements for the removal of refuse from all public

streets, public latrines, urinals, drains and all buildings and lands vested in the Council concerned and for the collection and proper disposal of such refuse”.

Further, according to Para 23 of GFR Volume-I, “Every government officer should realize fully and clearly that he will be held personally responsible for any loss sustained by government through fraud or negligence on his part and that he will also be held personally responsible for any loss arising from fraud on the part of any other government officer to the extent to which it may be shown that he contributed to the loss by his own action or negligence”.

Town Officer, Town Committee, Kunri, Mirpurkhas Division, during financial year 2014-15, executed various works of construction of roads amounting to Rs 15.000 million which comes under the purview of “Roads”. Moreover the said development work was without proper detailed estimates and not vetted by Planning and Development Department, Government of Sindh. Detail is as under:

[Amount in Rupees]

Sr.	Scheme	Name of work	Cost
1	12	Constt/repair of black top road in Kunri Town ward No.316	3,000,000
2	13	Constt/repair of black top road in Kunri Town ward No.317, 318, 320	3,000,000
3	14	Constt/repair of black top road in Kunri Town ward No.319 A	3,000,000
4	15	Constt/repair of black top road in Kunri Town ward No.319 B	3,000,000
5	16	Constt/repair of black top road in Kunri Town ward No.319 B	3,000,000
Total			15,000,000

Audit is of the view that execution of works out of purview resulted into unauthorized expenditure which constituted weak financial management.

Deviation from prescribed rules constituted weak internal control.

The matter was reported to the management during October, 2015 but they did not respond to audit observation. The PAO failed to convene DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility for execution of works out of purview, under intimation to audit.

[AIR Para: 11]

5.2.3.16 Unauthorized Clearance of Liabilities - Rs 7.321 Million

As per Para 289 of Treasury Rules (TR) Vol-I and II, “all charges incurred must be paid and drawn at once and under no circumstances may be allowed to stand over to be paid from grant of another financial year”.

Further, as per FD, GoS O.M No.FD/B&E –I/51/2007 dated 02-07-2007, “liability of previous years shall not be allowed to be cleared unless concurrence is given by Finance Department (FD)”.

Following Offices of Mirpurkhas Divison, during financial year 2014-16, paid an amount Rs 7.321 million against liabilities of development works of previous years without concurrence of Finance Department, in violation of above rules.

[Rupees in Million]

Sr.	Year	Name of offices	Amount
1	2014-15	T.C Digri	5.355
2	2015-16	T.C Jhuddo	1.966
Total			7.321

Audit is of the view that management failed to observe procedures of financial discipline resulting into weak financial management.

Violation from prescribed rule was due to weak internal controls.

The matter was reported to the management during March, 2014 and December, 2016 but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility for payment of liabilities without concurrence of Finance Department.

[AIR Paras: 02, 10]

5.2.3.17 Un-Authorized Operation of Bank Account - Rs 5.800 Million

According to Finance Department, Government of Sindh letter No.FD/PS/85/2010-11 dated 18th May, 2011 and followed by other letters No.FD(RES.IV)/Misc/2011-12 dated 30th March, 2012, No.FD-SO(RES.IV)/2(72)/2011(Prov) dated 5th December, 2013, 21st May, 2014, “it has been desired by the Honorable Chief Minister that different Departments/Projects/ Programs / Companies/ Endowment funds/Employees’ benefits and Charitable funds/ Autonomous and Semi-autonomous Bodies are directed that all bank Accounts dealing with the public money,

other than Assignment Accounts, would be maintained in Sindh Bank Limited instead of other Commercial banks’.

Town Officer, Town Committee Dighri, Mirpurkhas Division, during financial year 2014-15, operated fixed deposit account in HBL without authority with closing balance of Rs 5.800 million, in violation of above rule.

Audit is of the view that management unauthorized maintained bank account in private commercial bank which constituted weak financial management.

Non-observance of rules, policies and procedures in letter and spirit constituted weak internal control.

The matter was reported to the management during October, 2015 but they did not respond to audit observation. The PAO failed to convene DAC meeting despite pursuance by audit.

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

[AIR Para: 1]

5.2.3.18 Development Expenditure in Excess of Budget Grant Rs 4.650 Million

As per Rule 4(3) of Sindh District Government Budget Rules, 2002, “The Head of the office is personally responsible for ensuring that total expenditure is kept within the limits of appropriation. Further, as per Rule 75(I) *ibid*, “In the event that a grant is likely to be exceeded the Head of Office shall take immediate steps to prevent the excess expenditure by adopting prescribed effective measures.

Town Officer, Town Committee, Kot Ghulam Muhammad, District Mirpurkhas, during financial year 2015-16 incurred an expenditure amounting to Rs 4.650 million in excess of budget grant of development works. Detail is provided as under.

[Amount in Rupees]				
Sr.	Head	Budget	Expenditure	Excess
1	Establishment Charges	80,520,962	80,404,962	-
2	Non-Development Expenditure	23,320,085	17,848,834	-
3	Development Expenditure	75,610,714	80,260,969	4,650,255
Total		179,451,761	178,514,765	4,650,255

Audit is of the view that irregular expenditure resulting into weak financial management.

The expenditure in excess of budget grant was due to weak internal control system.

The matter was reported to the management during December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

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

[AIR Para: 27]

5.2.3.19 Unjustified Payment of Pension - Rs 2.395 Million

According to SI No.85 (vii) of Pension Manual 2006, “Personal appearance of pensioners and payment through life certificate, a pensioner must take payment in person after identification by comparison with the Pension Payment Order, at least once a year”.

Chief Officer, District Council, Umer Kot, during financial year 2014-15, paid an amount of Rs 2.395 million to pensioners and families of deceased employees, in violation of above rule. Detail is as under. Following observations were raised in this regard.

- Payment of pension without personal appearance of pensioners.
- Payment without obtaining no-marriage certificates of pensioners issued by notable/gazette officer.
- Variation in number of pensioners and amount of pension paid was noted.
- PPO were not verified from the issuing authority.
- Increases were not verified by the authorised officers/officials.
- Pensioners saving bank accounts were not transferred after proper approval and acknowledgment

[Amount in Rupees]

V. No	Cheque	Date	To whom paid	Details	Amount
254	12226494	29.5.15	retired staff	pension m/o May-15, 15 nos	196,360
216	12226453	2.2.15	Retired employees	pension for m/o 1/15, 14 nos	185,116
231	12226473	2.4.15	Retired employees	Pension m/o 3/15, 15 nos	217,397
Amount for 3 months					598,873
Amount for the year					2,395,492

Audit is of the view that payment of pension to retired employees/families of deceased employees without personal appearance and fulfilling codal formalities constituted weak financial management. Moreover, chances of ghost pensioners cannot be ruled out.

Non-observing of prescribed rules was due to weak internal controls.

The matter was reported to the management during September 2015 but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on person(s) at fault. Besides, management can ensure payments through bank accounts of pensioners.

[AIR Para: 3]

5.2.3.20 Splitting of Expenditure to Avoid Tender - Rs 1.964 Million

As per Rule 12(1) of SPPRA Rules 2010, “Save as otherwise provided and subject to the regulations made by the Authority, a procuring agency shall prepare, in accordance with Rule 11 above, all proposed procurements for each financial year and shall proceed accordingly without any splitting or regrouping of the procurements already grouped, allocated and scheduled in the Procurement Plan;

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

Following Offices of Mirpurkhas Division, during financial year 2015-16, awarded works amounting to Rs 1.964 million to contractors / suppliers by way of splitting to avoid tender, in violation of above rule.

[Rupees in Million]

Sr.	Year	Name of offices	Amount
1	2015-16	T.C, Samaro	0.528
2	2015-16	T.C Jhuddo	1.436
Total			1.964

Audit is of the view that management spilt work orders to avoid tenders resulted into non-achievement of competitive rates and weak financial management.

Deviation from prescribed rules constituted weak internal control.

The matter was reported to managements during September to December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on account of splitting of work orders in procurement(s), under intimation to audit.

[AIR Paras: 10, 9]

5.2.3.21 Non-Imposition of Penalty - Rs 1.740 Million

As per agreement made between contractor and Government, “the time frame given for the completion of work is required to be observed and in case of failure/ delay, the penalty at the rate of 10% of sanctioned cost may be imposed and deducted from the bill of contractor”.

Town Officer, Town Committee, Kot Ghulam Muhammad, Mirpurkhas Division, executed various development works amounting Rs 17.40 million, during financial year 2015-16, but the contractor did not complete the work within stipulated time without any valid justification. The penalty @ 10% of total cost amounting to Rs 1.740 million was not imposed/ recovered from the contractor, in violation of above rule.

Audit is of the view that undue favour was extended to contractors resulting into weak financial management.

Deviation from prescribed rules was due to weak internal control.

The matter was reported to the management during November, 2016 but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility for non-imposing penalty on contractors, besides, effecting recovery without further delay, under intimation to audit.

[AIR Para: 22]

5.2.3.22 Payment without Approval of Competent Authority Rs 1.739 Million

As per PPWD conditions of contract Clause 12-A, “No deviation from specifications stipulated in the contract or additional items of work shall be carried out by the contractor unless the rates of the substituted altered or additional items have been approved in writing by the competent authority; failing which the Government will not be bound to entertain any claim on this account”.

Town Committee Jhuddo, District Mirpurkhas, during financial year 2015-16, made extra payment of Rs 1.739 million on account of payment made against excess execution work without obtaining approval of competent authority, in violation of rules.

Audit is of the view that cost of additional quantities/work without approval was unjustified which resulted into excess payment by extending undue favour to contractor which constituted weak financial management.

Deviation from prescribed rules constituted weak internal control.

The matter was reported to the management during November 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends recovering the unjustified payment and fixing of responsibility on person(s) responsible for excess payment, under intimation to audit.

[AIR Para: 25]

5.2.3.23 Excess Execution of Works without Approval - Rs 1.441 Million

As per clause 38 of Contract Agreement, “Quantities shown in tender are approximate and no claim shall be entertained for quantities of work executed being 30% more or less than those entered in the tender or estimate”.

Further, according to Rule-88 of SFR Volume-I, “every government officer is expected to exercise same vigilance in respect of expenditure incurred from public money, as a person of ordinary prudence would exercise in respect of expenditure of his own money”.

Town Officer, Town Committee Jhuddo, District Mirpurkhas, during financial year 2015-16, made extra payment of Rs 1.441 million without approval on account of excess execution of items of work, beyond the admissible limit of 30% of the estimated quantity of work, in violation of rules. Detail is as under:

Audit is of the view that cost of additional quantities/work exceeded from 30% of the original contract quantity resulting into excess payment by extending undue favour to contractor, which constituted weak financial management.

Deviation from prescribed rules constituted weak internal control.

The matter was reported to the management during December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on person(s) responsible for excess payment from admissible limit, under intimation to audit.

[AIR Para: 23]

5.2.3.24 Unauthorized Provision of Premium – Rs 1.270 Million

As per Notification No. Schedule rates-T (ii) D.S/226, dated 04-05-2006, office of the Chief Engineer Buildings Department, Government of Sindh, Hyderabad, Para-5, “The schedule B of the tender shall not incorporate cartage items, premium quoted by the bidder shall nevertheless be on the basis of rates shown therein including cartage. It must be specified in schedule B that cartage will not be payable separately and that the bid offered is including cost of cartage”.

Further, according to notification issued by Chief Engineer, PHED, Hyderabad vide letter No. DB/4227/2012 dated 25-10-2012 the ceiling of premium fixed by this department is as under:

Name of Work	Premium/Ceiling
Earth work	20 % Below
CC Pavement	10% Below
Pacca/Semi pacca storage tanks	10% Below
Surface drains, brick pavement, masonry feeding channel, catch pit, soak pit	5 % Below
RCC covered Nala	10 % Below
Compound wall, pump house, staff quarters	5 % Below
RCC clear water tank, sump well	10 % Below
RCC collecting tank, screening chamber	5 % Below
Slow sand filter	10 % Below
Shallow tube well (by percussion method), mechanical filters plants, oxidation ponds, katcha storage tanks, deep tube well (through rig),	@ par/No premium
Rapid gravity filters and RCC high service reservoirs	10 % Below
AC/PVC/PE/GI/black steel and RCC ASTM pipes	20 % Above
Repair work of all civil structures	@ par/No premium

Town Officers, Town Committees, Samaro and Kunri, District Umer Kot, during financial year 2014-15, allowed an unauthorized premium of Rs 1.270 million on the works, in violation of above rule.

[Amount in Rupees]

Sr.	Name of office	Actual Expenditure	Premium allowed
1	T.C Samaro	5,183,716	320,630
2	T.C Kunri	17,505,228	157,417
3	T.C Kunri	10,256,371	792,179
Total		32,945,315	1,270,226

Audit is of the view that due to allowing premium over and above the permissible limit, government sustained loss. Undue favor was extended to contractors which constituted weak financial management.

Deviation from prescribed rules constituted weak internal control.

The matter was reported to the management during September to December, 2015, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility for allowing premium to the contractors. Besides, actual amount may be calculated and recovery may be affected, under intimation to audit.

[AIR Paras: 6,7,8]

5.2.3.25 Execution of Work without Technical Sanction - Rs 1.255 Million

As per Para 56 of CPW departmental code, “For each individual work proposed to be carried out, except petty works petty repairs and repairs for which a lump sum provision has been sanctioned under paragraph 106, a properly detailed estimate must be prepared for sanction of competent authority this sanction is known as the technical sanction to the estimate”.

Further, as per Para-527 of PWD Manual, Volume-I, “no work shall begin unless proper detailed design and estimate have been sanctioned, allotment of funds made and order for its commencement issued by the competent authority”.

Town office, Samaro, Mirpurkhas Division executed works worth Rs 1.255 million, during financial year 2015-16, without obtaining technical sanction from competent authority, in violation of the above rules. Details are as under:

[Amount in Rupees]

Sr.	Scheme	WO/date	Contractor	Name of work	Est. Cost
1	99	No.T.C/Samaro/02/of 2014 dt. 24.11.14	M/s M.Hussain Contractor	Constt of industrial room @ vill Hassan K.K Deh Bhanbhra U.C Samaro Road	700,000
2	111	No.T.C/Samaro/118/of 2014 dt. 24.11.14	M/s Sultan Contractor	Const. of Culverts at vill. Pir Baba Jan (4 Nos) Deh Shah Hassan U.C Samaro Road	280,000
3	278	No.T.C/Samaro/175/of 2014 dt. 26.11.14	M/s Ayoub Kalroo Contractor	Constt of CC road at Vill. Lakhano Kalroo Deh 27 Hiral U.C Satriyoon	275,000
Total					1,255,000

Audit is of the view that award of work without sanction of detailed design and estimate from competent authority resulted into unauthorized expenditure. Violation of laid down procedures was due to weak internal control system.

The matter was reported to the management during November, 2016 but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on the management for execution of works without obtaining technical sanction from competent authority.

[AIR Para: 7]

5.2.3.26 Irregular Expenditure on Account of Devi Cutting Rs 1.000 Million

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

Town Officer, Town Committee, Nagarparkar, during financial years 2014-16, incurred an expenditure of Rs 1.000 million against Devi Cutting surrounding the Town. Furthermore, Devi (kikar) doesn't have natural habitat in Nagarparkar. The duty of devi cutting belongs to Roads department and no detailed area was mentioned in the documents. Furthermore, there is no detail of contractor such as NIC etc., in violation of above rule.

Audit is of the view that unjustified expenditure was incurred from public funds which constituted weak financial management. Moreover, chances of misappropriation can not be ruled out.

Non-observance of rules and procedures constituted weak internal control system.

The matter was reported to managements during September 2015 and December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends that the irregularity may be justified to audit. Responsibility may be fixed against the person (s) at fault. Steps should be taken to avoid such irregularities in future.

[AIR Para: 7]

CHAPTER-VI
SHAHEED BENAZIRABAD DIVISION

6.1 SHAHEED BENAZIRABAD DIVISION

6.1.1 INTRODUCTION

Shaheed Benazirabad Division consists of 03 Districts namely Shaheed Benazirabad, Sanghar and Naushahro Feroze. Each Corporation / District Council / Municipal Committee / Town Committee in Shaheed Benazirabad Division is headed by an Administrator/ Municipal Commissioner /Chief Officer / Chief Municipal Officer/ Town officer who carries out operations as per Sindh Local Government Ordinance, 1979.

The functions of Municipal Corporation/Committees are as following:

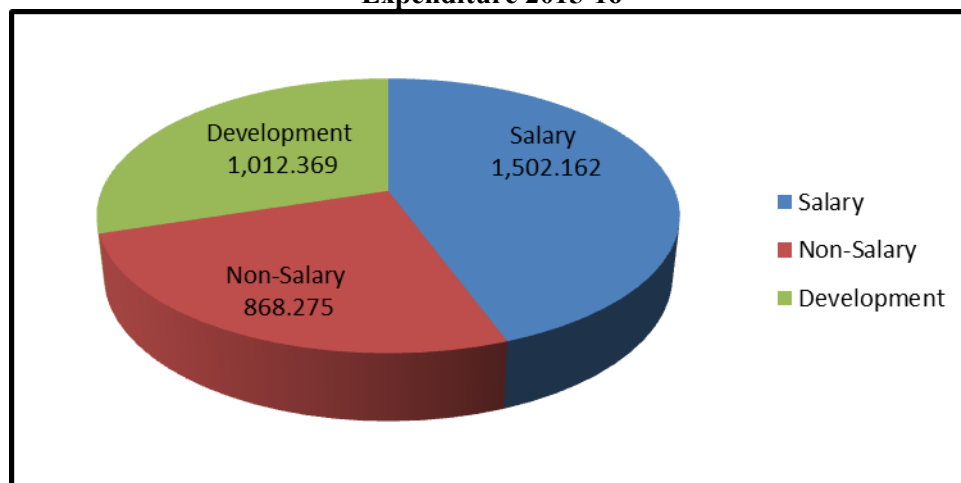
1. Prepare spatial plans for the Town including plans for land use, zoning and functions for which Municipal Corporation/Committees is responsible.
2. Exercise control over land-use, land-subdivision, land development and zoning by public and private sectors for any purpose, including agriculture, industry, commerce markets, shopping and other employment centers, residential, recreation, parks, entertainment, passenger and transport freight and transit stations.
3. Enforce all municipal laws, rules and bye-laws governing Municipal Corporation/Committees functioning.
4. Prepare budget, long term and annual municipal development programs in collaboration with the Union Councils.
5. Collect approved taxes, cesses, user fees, rates, rents, tolls, charges, fines and penalties.
6. Manage properties, assets and funds vested in the Municipal Corporation/Committees.
7. Develop and manage schemes, including site development in collaboration with Union Administration.
8. Issue notice for committing any municipal offence by any person and initiate legal proceedings for commission of such offence or failure to comply with the directions contained in such notice.
9. Prosecute, sue and follow up criminal, civil and recovery proceedings against violators of Municipal Laws in the courts of competent jurisdiction.
10. Maintain municipal records and archives.

6.1.2 Comments on Budget and Accounts (Variance Analysis)

(Rupees in Million)

S. No.	Formation	Particulars	Budget	Expenditure / Revenue	Excess (+) Savings (-)
1	District, Shaheed Benazirabad	Salary	549.054	466.696	(82.358)
		Non-Salary	530.145	371.102	(159.044)
		Development	876.227	569.548	(306.679)
		Revenue	295.669	118.268	(177.401)
2	District, Sanghar	Salary	553.421	470.408	(83.013)
		Non-Salary	272.206	190.544	(81.662)
		Development	343.233	223.101	(120.132)
		Revenue	84.315	33.726	(50.589)
3	District Naushahro Feroze	Salary	664.774	565.058	(99.716)
		Non-Salary	438.042	306.629	(131.413)
		Development	338.030	219.720	(118.311)
		Revenue	1,292.918	517.167	(775.751)
Total		Salary	1,767.249	1,502.162	(265.087)
		Non-Salary	1,240.393	868.275	(372.118)
		Development	1,557.490	1,012.369	(545.122)
		Grand Total	4,565.132	3,382.805	(1,182.327)
		Revenue	1,672.902	669.161	(1,003.741)

Expenditure 2015-16



Original budget of Rs 4,565.132 million was allocated to Chief Officers, Municipal Corporation and Town Committees of Shaheed Benazirabad Division under various grants. Variance Analysis of the Revised/Final Grant and Actual Expenditure for the Financial Year 2015-16 for the audited entities depicted that there was a saving of Rs 1,182.327 million.

6.1.3 Brief Comments on the Status of Compliance with PAC Directives

The audit reports pertaining to following years have been submitted to Governor of Sindh. Detail of PAC meetings is given below:

Audit Year	No. of Paras	Status of PAC Meetings
2012-13	20	Nil
2013-14	06	Nil
2014-15	25	Nil
2015-16	20	Nil

As indicated in the above table, no PAC meeting was convened to discuss the audit reports of TMAs of Shaheed Benazirabad Division.

6.2 AUDIT PARAS

6.2.1 Fraud/Embezzlement/Misappropriation

6.2.1.1 Doubtful/Unjustified Payment of Monthly Pension Rs 59.519 Million

According to SI No.85 (vii) of Pension Manual 2006, “Personal appearance of pensioners and payment through life certificate, a pensioner must take payment in person after identification by comparison with the Pension Payment Order, at least once a year”.

Different Offices of Shaheed Benazirabad Division, during financial year 2015-16, paid pension amounting to Rs 59.516 million to retired employees and families of deceased employees in cash without personal appearance, Copy of CNIC, Life Certificate and No-Marriage Certificate, in violation of above rules. Details are as under:

[Rupees in Million]

Sr.	Formation	Amount
1	Chief Municipal Officer, Municipal Committee, Moro, District Naushahro Feroze	2.263
2	Town Officer, Town Committee, Bhirya, District Naushahro Feroze	6.407
3	Town Officer, Town Committee, Naushahro Feroze, District Naushahro Feroze	0.984
4	Town Committee Kazi Ahmed District Shaheed Benazirabad	6.665
5	Municipal Committee, Nawabshah	43.200
Total		59.519

Audit is of the view that pension payment to retired employees/families of deceased employees without personal appearance and fulfilling codal formalities constituted violation of rules. Moreover, chances of ghost pensioners cannot be ruled out.

Non-observing of prescribed rules was due to weak internal controls.

The matter was reported to the management during September 2016 but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on person(s) at fault. Besides, measures be taken to avoid such practice in future and ensure payments through bank accounts of pensioners.

[AIR Paras: 6, 11, 12, 14, 14]

6.2.1.2 Suspected withdrawal of Public Money- Rs 3.631 Million

As per Rule 23 of SFR, “Every Payment including repayment of money previously lodged with Government for whatever purpose, must be supported by a voucher setting forth full and clear particulars of the claim”.

Further, as per Para 155 of GFR Vo-I read with Para 113 of SFR Vol-I, “A reliable list, inventory or account of all stores in the custody of Government Officers should be maintained in a form prescribed by competent Authority, to enable a ready verification of stores and check of accounts at any time and transactions must be recorded in it as they occur”.

Town Officer, Town Committee, Sakrand, District Shaheed Benazirabad incurred expenditure of Rs 3.631 million, during financial year 2015-16, on “earth filling” at various places / areas. Following observations arise in this regard: Further detail in Annex-SBA1.

- Quotations were not in sealed envelopes.
- CNIC copies of applicants were not shown.
- Copies of CNICs of residents where work done were not available for acknowledgement of work.
- Earth filling was shown frequently in same areas with short intervals as well.
- Work completion certificates from residents were not obtained.
- In most cases phot copy of Quotations, bills of contractors were used instead of printed on letter pad stating address, contact number and full details.
- Huge expenditure incurred on earth filling in city area itself stands unjustified.

Audit is of the view that expenditure was incurred by management without proper justification resulting into weak financial management. Moreover, chances of misappropriation cannot be ruled out.

Weak internal controls resulted into deviation from prescribed rules and loss of public money.

The matter was reported to the management during October-December 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on management on account of suspected misappropriation of public money.

[AIR Para: 8]

6.2.1.3 Doubtful and Unjustified Payments through Open Cheques Rs 0.717 Million

As per Rule 157 of CTR, duly adopted by GOS, “The cheques for more than Rs 200 drawn in favour of Corporate of Local Bodies, firms, private persons or Government servants (in respect of their personal claims), shall always be crossed”.

Town Officer, Town Committee, Bhriya, incurred expenditure of Rs 0.717 million, during financial year 2015-16, under various heads of accounts by issuing open cheques without details, in violation of above rule. Details are as under:

[Amount in Rupees]

Sr.	Date of Transaction	Particulars	Instrument No	Amount Debited
1	4.3.2016	Withdrawal	491257	52,320
2	16.3.2016	Withdrawal	491258	154,725
3	24.3.2016	Withdrawal	491263	50,000
4	24.3.2016	Withdrawal	491264	50,000
5	25.3.2016	Withdrawal	491266	50,000
6	25.3.2016	Withdrawal	491268	200,000
7	26.3.2016	Withdrawal	491262	100,000
8	28.3.2016	Withdrawal	491265	60,149
Total				717,194

Audit is of the view that issuance of open cheques without justification resulted in non-transparency in public spending, besides, chances of misappropriation of public money cannot be ruled out.

Violation of prescribed rules was due to weak internal controls.

The matter was reported to the management during November, 2016 but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on managements at fault.

[AIR Para: 18]

6.2.2 Non-Production of Record

6.2.2.1 Non-Production of Record - Rs 171.032 Million

As per Section 14 (1) (b) of the Auditor General (Functions, Powers & Terms and Conditions of Service) Ordinance, 2001, The Auditor-General shall, in connection with the performance of his duties under this Ordinance, have authority to require that any accounts, books, papers and other documents which deal with, or form, the basis of or otherwise relevant to the transactions to which his duties in respect of audit extend, shall be sent to such place as he may direct for his inspection.

Further, “Chief Secretary vide letter No.DO.NO.SO(C-II)/SGA&CD/1-73/2012 dated 25th October, 2013 duly endorsed by Secretary of LGD vide letter No. SOA/(LG)LG/4/(77)2013, dated 21.11.2013 was pleased to direct to all Municipal organizations / Local Councils for immediately providing record to audit, so that, financial discipline may be restored to respective organizations. In case of failure to provide record to audit by auditee organizations, the cases may be taken up under disciplinary proceedings against officers concerned that may include suspension of officers”.

Various formations of Shaheed Benazirabad Division, incurred an expenditure of Rs 89.792 million, during financial year 2015-16, but failed to provide record to audit, in violation of the above rule and instructions. Details are provided at Annex-SBA2.

Further, different formations of Shaheed Benazirabad Division, incurred expenditure amounting to Rs 81.240 million, during financial year 2015-16, on purchase of POL for official vehicles but did not produce Log Books, Vehicle Maintenance Record, History Sheets and Petrol account Registers. Details are provided at Annex-SBA2.

Audit is of the view that non-provision of record reflects total disregard to the rules, regulations and system of internal controls.

Due to non-provision of record authenticity of expenditure cannot be ascertained by audit.

The matter was reported to the managements during October to December, 2016 but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on the managements for non-provision of record in accordance with rules and regulations.

[AIR Paras: 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 7, 5, 6, 7, 4, 2, 9, 10, 12, 9]

6.2.3 Irregularity / Non-Compliance

A. Recovery, Targeted receipts/Outstanding dues

6.2.3.1 Less-Recovery of Targeted Receipts - Rs 41.372 Million

As per Section 96 (1) of Sindh Local Government Act 2013, “A council may levy, in the prescribed manner all or any taxes, rates, tolls, and fees mentioned in Schedule V”.

Further, as per Rule 41 (a) of SFR Vol-I, “The departmental Controlling Officer should see that all sums due to Government are regularly received and checked against demands and that they are paid into treasury claiming credit for so much paid into the treasury and compare with the figures in the statements supplied by the comptroller”.

Various formations of Shaheed Benazirabad Division, failed to recover the Government dues/targeted receipts amounting to Rs 41.372 million as provided in the budget, during financial year 2015-16, in violation of the above rule. Details are as under:

[Amount in Rupees]

Para No.	Formation	Targeted	Collected	Short Recovery
10	Municipal Committee Moro	9,426,794	326,713	9,100,081
10	Town Committee Bhriya	21,145,000	2,669,414	18,475,586
13	Town Committee Naushahro Feroze	10,630,000	6,345,598	4,284,402
13	Town Committee Sakrand	3,037,500	958,842	2,078,658
14	Town Committee Kazi Ahmed	3,507,000	1,366,577	2,133,394
13	Municipal Committee Nawabshah	12,661,000	9,821,877	2,839,123
22	Municipal Committee Shahdadpur	14,706,180	12,475,291	2,230,889
20	Municipal Committee Tando Adam	1,150,000	920,000	230,000
TOTAL		76,263,474	34,884,312	41,372,133

Audit is of the view that management failed to take necessary steps and enforce the prescribed procedures for recovery of Government dues and achievement of targeted revenue.

Violation of prescribed rules and procedures was due to weak internal control.

The matter was reported to the management during September to December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on the concerned official(s), besides, effecting recoveries against the Government dues/targeted receipts.

[AIR Paras: 10, 10, 13, 13, 14, 3, 22, 20]

6.2.3.2 Non-Recovery of Outstanding Dues - Rs 86.898 Million

As per Section 96 (1) of Sindh Local Government Act 2013, “A council may levy, in the prescribed manner all or any taxes, rates, tolls, and fees mentioned in Schedule V”.

Further, as per Rule 41 (a) of SFR Vol-I, “The departmental Controlling Officer should see that all sums due to Government are regularly received and checked against demands and that they are paid into treasury claiming credit for so much paid into the treasury and compare with the figures in the statements supplied by the comptroller”.

Following formations of Shaheed Benazirabad Division, failed to recover previous arrears/outstanding charges/dues amounting to Rs 86.898 million, on various accounts, during financial year 2015-16, in violation of above rules. Details are as under:

[Rupees in Million]			
Sr.	Name of Formation	AIR Para	Amount
1	Municipal Committee, Moro	3	4.808
2	Town Committee, Naushehro Feroz	4	9.173
3	Town Committee, Sakrand	11,12	2.168
4	Municipal Committee, Nawabshah	2,3	70.749
Total			86.898

Audit is of the view that due to inaction by the managements, recovery of the outstanding revenue could not be effected which also contributed towards poor financial health of these entities.

Failure to implement prescribed rules resulted in non-recovery of Government Revenue that is a reflection of weak internal controls.

The matter was reported to the management during September to December 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on the managements for non-recovery of longstanding dues, besides, effecting recovery of the Government Revenue without any further delay.

[AIR Paras: 3, 4, 11, 12, 2, 3]

6.2.3.3 Non-Deduction of Sales Tax on Services - Rs 23.745 Million

As per Section 8 (1) of the Sindh Sales Tax on Services Act 2011, “Subject to the provision of this Act, there shall be charged, levied and collected a tax known as sales tax on the value of taxable service at the rate of 16% specified in the schedule in which the taxable service is listed”.

Further, as per Rule 2 (3) of the Sales Tax Special Procedure (Withholding) Rules, 2007, “a withholding agent having free tax number (FTN) and falling under clause (a) (b) and (c) of sub-rule (2) of Rule-1, shall on purchase of taxable goods from unregistered persons, deduct sales tax at the applicable rate (17%) of the value of taxable supplies made to him from the payment due to the supplier and unless otherwise specified in the contract between the buyer and the supplier, the amount of sales tax for the purpose of this rule shall be worked out on the basis of gross value of taxable supply”.

Following Offices of Shaheed Benazirabad Division, during financial year 2015-16, paid to different contractors/ suppliers/employees for procurement of goods and services, but failed to provide any proof of deduction/deposit of Sales Tax of Rs 23.745 million, in violation of above rules. Details are as under:

[Rupees in million]		
Sr.	Name of Offices	Amount
1.	Municipal Committee, Moro	2.207
2.	Town Committee, Bhirya	0.956
3.	Town Committee, Naushahro Feroze	2.586
4.	Town Committee, Mehrabpur	0.915
5.	Town Committee, Kandiaro	11.74
6.	Municipal Committee Nawabshah	4.759
7.	Municipal Committee Shahdadpur	0.582
Total		23.745

Audit is of the view that due to non-deduction/deposit of sales tax into Government Treasury the Government sustained loss of revenue.

Non-observance of prescribed rules and procedures was due to weak internal controls.

The matter was reported to the management during October to December 2016 but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on person(s) at fault for non-deduction of sales tax, besides, recovers the amount without further delay.

[AIR Paras: 2, 3, 29, 2, 4, 16]

6.2.3.4 Non-Deposit of Income Tax - Rs 8.331 Million

As per Rule 77 of CTR Volume-I, “All money received on behalf of Government should be without undue delay be credited into Government account”.

Further, as per Para 41(a) of SFR Vol-I, “The departments controlling office should see that all sums due to Government are regularly received and checked against demands and that they are paid into the treasury”.

Town Officer, Town Committee Naushahro Feroze and Kandiyaro paid to contractors for execution of different development works and deducted income tax amounting to Rs 8.331 million at source, during financial year 2015-16, but failed to deposit the same into Government treasury, in violation of the above rules. Details are as under:

[Amount in Rupees]			
Sr.	Name of Offices	Para	Amount
1.	Town Officer Town Committee, Kandiyaro	3	5,655,581
2.	Town Officer Town Committee, Naushehro Feroze	3	2,676,553
Total			8,332,134

Audit is of the view that non-deposit of deducted income tax into Government treasury resulted into loss of public revenue and weak financial management.

Deviation from prescribed rules resulted into weak internal control.

The matter was reported to managements during September to December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on management on account of unauthorized retention of income tax. Besides, same may be deposited into Government treasury, under intimation to audit.

[AIR Paras: 3,3]

6.2.3.5 Non-Recovery of Income Tax from Salaries – Rs 0.789 Million

According to Income Tax Ordinance 2001 (Amended up to June, 2014) Under Section-12, Salary.— (1) Any salary received by an employee in a tax year, other than salary that is exempt from tax under this Ordinance, shall be chargeable to tax in that year under the head “Salary”. (2) Salary means any amount received by an employee from any employment, whether of a revenue or capital nature, including — (a) any pay, wages or

other remuneration provided to an employee, including leave pay, payment in lieu of leave, overtime payment, bonus, commission, fees, gratuity or work condition supplements (such as for unpleasant or dangerous working conditions) (c) the amount of any allowance provided by an employer to an employee including a cost of living, subsistence, rent, utilities, education, entertainment or travel allowance, but shall not include any allowance solely expended in the performance of the employee's duties of employment;

According to Circular No.6 Of 2013, Finance Act 2013, vide C.No.4(36)ITP/2013 dated: 19 July, 2013, 41. "Income tax rates for salaried individuals have been revised. The revised rates are as per the 'TABLE' below:

S. No.	Taxable income.	Rate of tax.
1	0 to Rs. 400,000	0%
2	Rs.400,000 to Rs.750,000	5% of the amount exceeding Rs.400,000
3	Rs. 750,000 to Rs.1,400,000	10% of the amount exceeding Rs.750,000

Administrator, Municipal Committee Shahdadpur, during financial year 2015-16, failed to deduct income tax amounting to Rs 0.789 million on the taxable salaries of employees, in violation of rules.

Audit is of the view that undue favor was extended towards employees resulted into loss to Government and weak financial management.

Deviation from prescribed rules resulted into weak internal control system prevails in the department.

The matter was reported to managements during December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on the management for less deduction of income tax from taxable salaries of staff. Besides, same may be recovered and deposited to income tax department, under intimation to audit.

[AIR Para: 5]

B. Violation of Rules

6.2.3.6 Unauthorized Payments without Pre-Audit - Rs 130.030 Million

According to Sub Para (2) of Para 32 of the Local Government Accounts Manual, "Every bill shall be pre-audited by the Accounts Office. The pre-audit shall ensure that the bill has been sanctioned and that funds are available to make payment. The pre-audit shall also involve scrutinizing the bill to identify possible fraud and irregularities".

Further, according to Rule 111(4) and(5) of Sindh Local Government Act 2013, "the Provincial Director, Local Fund Audit shall pre-audit all the payments from the Local Funds of the Councils and a Council shall not with draw or disburse money from the Local Fund unless it is pre-audited in the prescribed manner".

Following formations of Shaheed Benazirabad Division, during financial year 2015-16, paid an amount of Rs 130.030 million to staff and contractors without pre-auditing bills from concerned Local Fund Audit Departments, in violation of above rules. Details are as under:

[Rupees in Million]			
Sr.	Name of Offices	Para	Amount
1.	Municipal Committee, Moro	6	15.042
2.	Town Committee, Kandiaro	6	31.212
3.	Town Committee, Naushahro Feroze	8	4.855
4.	Town Committee, Mehrabpur	5,13	53.577
5.	Town Committee Sakrand	7	11.542
6.	Town Committee Kazi Ahmed	5	12.647
7.	Municipal Committee Tando Adam	15	1.155
Total			130.030

Audit is of the view that payments without pre-audit resulted into unauthorized expenditure.

Non-observance of prescribed control procedures was due to weak internal control system.

The matter was reported to the management during September to December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on management for making payments without pre-audit.

[AIR Paras: 6, 6, 8, 5, 13, 7, 5, 15]

6.2.3.7 Execution of Work without Technical Sanction - Rs 72.714 Million

As per Para 56 of CPW departmental code, “For each individual work proposed to be carried out, except petty works petty repairs and repairs for which a lump sum provision has been sanctioned under paragraph 106, a properly detailed estimate must be prepared for sanction of competent authority this sanction is known as the technical sanction to the estimate”.

Further, as per Para-527 of PWD Manual, Vol-I, “no work shall begin unless proper detailed design and estimate have been sanctioned, allotment of funds made and order for its commencement issued by the competent authority”.

Chief Municipal Officer, Municipal Committee, Nawabshah and Town Officer, Town Committee, Kandiyaro executed works worth Rs 72.714 million, during financial year 2015-16, without obtaining technical sanction from competent authorities, in violation of the above rules. Details are as under:

[Rupees in Million]		
Sr.	Name of Offices	Amount
1	Municipal Committee Nawabshah	17.066
2	Town Committee Kandiyaro	55.648
Total		72.714

Audit is of the view that award of work without sanction of detailed design and estimate from competent authority resulted into unauthorized expenditure.

Violation of laid down procedures was due to weak internal control system.

The matter was reported to managements during September to December 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on the management for execution of works without obtaining technical sanction from competent authority.

[AIR Paras: 10, 7]

6.2.3.8 Un-Authorized Withdrawal/Transfer of Funds – Rs 54.529 Million

As per Rule 3 (v) of Sindh District Government and Taluka/Town Municipal Administration (Budget) Rules 2002, “TMO is responsible for ensuring that funds allocated are spent on the activities for which the money was provided”.

Further, as per to Treasury Rules-13, “Unless in any case the Governor with the concurrence of the Auditor General. Otherwise direct, money may not be withdrawn from the public account without the written permission of the Treasury Officer or of a Government servant of Pakistan Audit Department authorized in this behalf by the Auditor General.”

Chief Municipal Officer, Municipal Committee, Moro, Town Officer, Town Committee, Bhirya, Mehrabpur, during financial year 2015-16, drawn an amount of Rs 54.529 million from Government account via office staff, but no any detail was provided to audit for justification and authenticity of such drawl of funds, in violation of above rules. Details are as under:

[Amount in Rupees]

Sr.	Name of Formations	AIR Para	Amount
1	Chief Municipal Committee, Moro	9	12,009,926
2	Town Committee, Bhriya	13	9,883,423
3	Town Committee, Meharabpur	11	32,635,899
Total			54,529,248

Audit is of the view that unauthorized transfer of funds resulted into non-transparency in public expenditure.

Violation of prescribed rules was due to weak internal controls.

The matter was reported to managements during September to December 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on management at fault on account of unauthorized transfer of funds.

[AIR Paras: 9, 13, 11]

6.2.3.9 Splitting of Works to Avoid Tender – Rs 53.130 Million

As per Rule 12(1) of SPPRA Rules 2010, “Save as otherwise provided and subject to the regulations made by the Authority, a procuring agency shall prepare, in accordance with Rule 11 above, all proposed procurements for each financial year and shall proceed accordingly without any splitting or regrouping of the procurements already grouped, allocated and scheduled in the Procurement Plan”.

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

Different formations of Shaheed Benazirabad Division, during financial year 2015-16, awarded works amounting to Rs 53.130 million to contractors/suppliers by splitting work orders to avoid tender, in violation of rules. Details are as under:

[Rupees in Million]			
Sr.	Name of Formation	AIR Para	Amount
1	Municipal Committee, Moro, District Naushehro Feroze	5	9.455
2	Town Committee, Kandiaro, District Naushehro Feroze	5	13.243
3	Town Committee, Bhirya, District Naushehro Feroze	4	4.935
4	Town Committee, Naushehro Feroze, District Naushehro Feroze	5	15.106
5	Town Committee, Mehrabpur, District Naushehro Feroze	6	5.550
6	Municipal Committee Shahdadpur	15	2.089
7	Municipal Committee, Tando Adam	5	2.752
Total			53.130

Audit is of the view that splitting of work orders deprived the Government from achieving best competitive rates resulting into weak financial management.

Non-observance of prescribed rules and procedures was due to weak internal control system.

The matter was reported to the management during September to December, 2016. Town Officer, Town Committee, Naushahro Feroze in its reply dated 30-12-2015 stated that works were done on emergency basis after observing all codal formalities and there was no splitting. Reply was not tenable as huge purchases were made on same date by splitting to avoid tender. Other formations did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on managements on account of procurements/execution of works by splitting.

[AIR Paras: 5, 5, 4, 5, 6, 15, 5]

6.2.3.10 Unauthorized Payments without Execution of Contract Agreements Rs 49.466 Million

According to Para 89(c) of CPWD Code, “The agreement with the contractors selected must be in writing and should be precisely and definitely expressed; it should state the quantity and quality of the work to be done, the specifications to be complied with, the time within which the work is to be completed”.

Chief Municipal Officer, Municipal Committee, Nawabshah and Town Officer Town Committee, Sakrand awarded and release payments to various contractors against development works costing Rs 49.466 million, during financial year 2015-16, without execution of contract agreements, in violation of the above rule. Details are as under:

[Rupees in Million]		
Sr.	Name of Offices	Amount
1	Municipal Committee Nawabshah	32.40
2	Town Committee Sakrand	17.066
Total		49.466

Audit is of the view that management mis-used its authority at the cost of public interest and Government interest was not safeguard.

Violation of prescribed rules was due to weak internal controls.

The matter was reported to managements during September to December 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility for execution of schemes and making payment without execution of contract agreement.

[AIR Paras: 16, 9]

6.2.3.11 Withdrawal of Public Money without Supporting Vouchers Rs 40.290 Million

As per Rule 23 of SFR, “Every Payment including repayment of money previously lodged with Government for whatever purpose, must be supported by a voucher setting forth full and clear particulars of the claim”.

Chief Municipal Officer, Municipal Committee Moro and Shahdadpur, Town Officer Town Committee, Bhirya and Mehrabpur, during financial year 2015-16, paid a

huge amount of Rs 40.290 million to the staff and other person(s) without supporting vouchers and justification. Details are as under:

[Amount in Rupees]		
Sr.	Name of Offices	Amount
1	Chief Municipal Committee, Moro	13,654,426
2	Town Committee, Bhirya	13,544,683
3	Town Committee, Mehrabpur	11,113,836
4	Town Committee, Shahdadpur	1,977,000
Total		40,289,945

Audit is of the view that payment to the staff without supporting documents resulted into suspicious withdrawal of funds and weak financial management.

Violation of prescribed rules was due to weak internal control system.

The matter was reported to managements during September to December 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on management for suspicious payments to staff. Besides, inquiry be initiated and recover amount, under intimation to audit.

[AIR Paras: 4, 6, 8, 8]

6.2.3.12 Wasteful Expenditure on Outsourcing of Sanitation Work Rs 32.400 Million

According to SLGO 2001, SECTION 54 (1), “The functions and powers of the Taluka Municipal Administration shall be to - (h) provide, manage, operate, maintain and improve the municipal infrastructure and services, including-

- (i) Sewerage, sewage and sewage treatment and disposal;
- (ii) Storm water drainage;
- (iii) Sanitation and solid waste collection and sanitary disposal of solid, liquid, industrial and hospital wastes;

Administrator / Town Officer, Town Committee, Sakrand incurred expenditure of amounting to Rs 32.400 million, during financial year 2015-16, on account of outsourcing of sanitation work instead of utilizing own sources (Sanitary Worker/Sweepers), in violation of above rule.

Audit is of the view that management failed to utilize services of sanitary workers/sweepers resultantly public funds were wasted on outsourcing of sanitation work.

Non-observing of prescribed procedure was due to weak internal control system.

The matter was reported to managements during September to December 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on the management on account of non-utilization of services of staff and wastage of public funds through outsourcing.

[AIR Para: 2]

6.2.3.13 Non-Revision of Rent of Government Property – Rs 25.320 Million

According to Para 05 of Letter No.SOA/LG/1/(102)/2010 Dated: 24th May, 2012 Government of Sindh, Local Government Departments, “The rent/rates and other recoveries may be reviewed / revised to improve the resources of Local Councils”

Further, according to Sub Section (1) Section 9, “Where the fair of any premises has been fixed, no further increase thereof shall be effected unless a period of three years has elapsed from the date of such fixation or commencement of this ordinance whichever is less. Further, according to Sub Section (2) of Section-9 “the increase shall not, in any case exceed 10% per annum on the existing rent”.

Municipal Officer, Municipal Committee Shaheed Benazirabad and Town Officer Town Committee, Sakrand, failed to revise rent of Government property/shops allotted to tenant and MS Sagar Hotel and restaurant since 2001 resulting into loss to public revenue amounting to Rs 25.320 million, in violation of rules. Details are provided at Annex-SBA3.

Audit is of the view that non-revision of rent resulted into loss of Government revenue and weak financial management.

The failure of management to revise the rent in accordance with provision of Rent Act was due to weak internal control system.

The matter was reported to managements during September to December 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on account of non-enhancement of rent, besides same be revised in accordance with relevant provisions.

[AIR Paras: 17, 7, 8]

6.2.3.14 Award of Contracts without Tender – Rs 18.586 Million

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

Chief Municipal Officer, Municipal Committee, Shadadpur and Town Officer, Town Committee, Sakrand awarded works amounting to Rs 18.586 million, during financial year 2015-16, to various contractors without calling tender, in violation of above rule. Details are as under:

[Amount in Rupees]

Sr.	Name of Offices	Amount
1	Municipal Committee, Shadadpur	13,210,788
2	Town Committee Sakrand	5,374,740
Total		18,585,528

Audit is of the view that managements did not invite tenders which resulted into unauthorized expenditure and award of contracts in a non-transparent manner.

Violation from prescribed rules resulted was due to weak internal controls.

The matter was reported to managements during September to December 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on managements on account of procurements/execution of works without tenders.

[AIR Paras: 4,5,2]

6.2.3.15 Un-Authorized Utilization of Security Deposit - Rs 13.123 Million

As per Treasury Rules, T. O. 13, “Unless in any case the Governor with the concurrence of the Auditor General, otherwise direct, moneys may not be withdrawn from the public account without the written permission of the Treasury Officer or of a

Government servant of the Pakistan Audit Department authorized in this behalf by the Auditor General.”

Further, as per Treasury Rules T.O. Section III, “Moneys standing in the public account must be either retained in a treasury or deposited in the Bank. The conditions under which they are deposited in the Bank are governed by the provisions of the State Bank of Pakistan Act 1934.”

Chief Municipal Officer, Municipal Committee, Nawabshah, during financial year 2015-16, made unauthorized payments amounting to Rs 13.123 million from Security Deposit, in violation of above rules.

Audit is of the view that unauthorized expenditure was incurred from security deposit of contractors resulting into weak financial management.

Deviation from prescribed rules was due to weak internal controls.

The matter was reported to managements during September to December 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility against the official(s) at fault, under intimation to audit.

[AIR Para: 19]

6.2.3.16 Wasteful Expenditure on Salaries of Sanitation Staff Without Performing Duties - Rs 12.007 Million

As per Section-72 Schedule-II (part-II) rule 1-16 of Sindh Local Government Act.2013, “Compulsory functions to be performed by corporations, municipal committees and town committees, council shall be responsible for water, sewerage, drainage, sanitation, roads, other than Provincial and district roads, streets and street lighting; firefighting, park services. 2. Sanitation, A Corporation, Municipal Committee or Town Committee shall be responsible for the sanitation, and may for that purpose cause such measures to be taken as are required by or under this Act. 3. Removal, Collection and Disposal of Refuse: A Corporation, Municipal Committee or Town Committee shall make adequate arrangements for the removal of refuse from all public streets, public latrines, urinals, drains and all buildings and lands vested in the Council concerned and for the collection and proper disposal of such refuse”.

Further, according to Rule 88 of SFR Volume-I, “every Government officer is expected to exercise same vigilance in respect of expenditure incurred from public money, as a person of ordinary prudence would exercise in respect of expenditure of his own money”.

Town Officer, Town Committee, Sakrand, District Shaheed Benazirabad, during financial year 2015-16, incurred an expenditure of Rs 12.007 million on payment of salaries of sanitation branch/sanitation staff without getting work done from them as the sanitation work was awarded to private contractor instead of getting work done from staff, in violation of above rules. Details are as under:

[Rupees in million]			
Cheque/date	Detail	Strength	Monthly salary
359728-29/3.8.15	Sanitation branch salary m/o 7/15	54 Employees	1,000,660
Total for the year			12,007,920

Audit is of the view that sanitation work was awarded to private contractor and management failed to utilize services of sanitation staff to operate as well as maintain sewerage resulted into wasteful expenditure on salaries which constituted weak financial management.

Deviation from prescribed rules constituted weak internal control.

The matter was reported to managements during September to December 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on the management for non-utilizing services of staff, under intimation to audit.

[AIR Para-12]

6.2.3.17 Unauthorized Payment to Staff - Rs 10.061 Million

As per Rule 157(1) and (2) of CTR, “The cheques for more than Rs.200/- drawn in favour of Corporate of Local Bodies, firms, private persons or Government servants (in respect of their personal claims) shall always be crossed”.

Further, as per Rule 04 sub rule (06) of the Local Government Accounts Manual, “Payments on behalf of the local Governments shall be made at the bank or Government treasury”.

Further, as per Rule 88 of SFR Volume-I, “every Government officer is expected to exercise same vigilance in respect of expenditure incurred from public money, as a person of ordinary prudence would exercise in respect of expenditure of his own money”.

Chief Municipal Officer, Municipal Committee, Nawabshah, during financial year 2015-16, has drawn an amount of Rs 10.061 million, from Government account, in the name of CMO and store keeper, instead of direct payment to concerned officials/supplier/contractor, in violation of above rules.

Audit is of the view that Government funds were withdrawn unauthorizedly resulting into weak financial management. Moreover, chances of misappropriation cannot be ruled out.

Deviation from prescribed rules was due to weak internal controls.

The matter was reported to managements during December 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

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

[AIR Paras: 22, 23]

6.2.3.18 Payment of Liabilities without Concurrence of Finance Department Rs 8.584 Million

According to instructions issued by the Finance Department Government of Sindh vide letter No. FD-B12 (48)/1996-97 dated 21-10-1996, the expenditure of the previous years cannot be met from the allocation of the current financial year. Moreover, as per Para 6 (k) of the Government of Sindh Finance Department Letter No. FD(B&E-I/4)-I/51/2009 dated 01-07-2009, “Liability of previous years may not be allowed to be cleared unless concurrence is given by the Finance Department”.

Following Offices of Shaheed Benazirabad Division paid an amount of Rs 8.584 million, during financial year 2015-16, against the liabilities of previous years without concurrence of Finance Department, in violation of above rules. Details are as under:

[Amount in Rupees]		
Sr.	Name of Offices	Amount
1	Municipal Committee, Moro	767,244
2	Town Committee Naushehro Feroz	895,622

[Amount in Rupees]

Sr.	Name of Offices	Amount
3	Town Committee Kazi Ahmed	1,121,769
4	Municipal Committee, Tando Adam	3,112,483
5	Municipal Committee, Nawabshah	3,686,834
Total		9,583,952

Audit is of the view that management failed to observe procedures of financial discipline resulting into weak financial management.

Violation from prescribed rule was due to weak internal controls.

The matter was reported to managements during September to December 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility for payment of liabilities without concurrence of Finance Department.

[AIR Paras: 13,1,15,15,10]

6.2.3.19 Non-Execution of Works by the Contractors - Rs 7.920 Million

As per Clause II of the contract agreement, “The time frame given for completion of the work is required to be observed and in case of failure/delay, penalty at the rate of 10% may be imposed on the total cost of the work”.

Further, as per Para-10 (i) of GFR Volume-I, “every public officer is expected to exercise the same vigilance in respect of expenditure incurred from public money as a person of ordinary prudence would exercise in respect of expenditure of his own money”.

Moreover, as per Para-10 (iv) of GFR Vol-I, “public money should not be utilized for the benefit of a particular person or section of community”.

Chief Municipal Officer, Municipal Committee, Nawabshah, during financial year 2015-16, invited tenders for works/schemes costing to Rs 7.920 million and works were awarded to various contractors during March 2015, but said schemes/works still have not been executed till close of financial year, in violation of above rules.

Non-execution of development schemes/works, Government sustained financial loss on tendering process and NIT, which constituted weak internal control and weak financial management.

The matter was reported to managements during December 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends investigation of the matter and fixing of responsibility against the official(s) at fault, under intimation to audit.

[AIR Para: 17]

6.2.3.20 Irregular Expenditure on Development Work Without Physical Verification - Rs 6.823 Million

As per Government of Sindh, Communication and Works Department Notification No. C/9-60/77 dated 26th May 1977, “it is the responsibility of the DO to check 10% measurements before making payment of the bills for the works done by the contractors”.

Further, As per Para-6.37 of Public Works Department Volume-I, “The procedure of verification outlined in the foregoing rules is suitable primarily for divisions executing ordinary works. In the case of special stores depots or divisions or of construction divisions where there may be large concentration of stores, their physical verification should be the duty of the executive authorities, and should be performed by such agency and in such detail as may be decided by the Government in consultation with the Director, Audit and Accounts (Works)”.

Chief Municipal Officer, Municipal Committee, Nawabshah, during financial year 2015-16, paid an amount of Rs 6.823 million to the contractors on execution of development schemes without verification of development schemes/work by the concerned authorities on the site, in violation of above rules.

Audit is of the view that unauthorized expenditure was incurred without physical verification resulting into weak financial management.

Deviation from prescribed rules constituted weak internal control.

The matter was reported to managements during December 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

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

[AIR Para-12]

6.2.3.21 Purchases without Constitution of Procurement Committee Rs 5.340 Million

As per Rule 7 of SPPRA 2010, “The procuring agency shall, with approval of its Head of the Department, Constitute as many procuring committees, as it deems fit, each comprising odd number of persons and headed by the gazetted officer not below the rank of BPS-18, or if not available, the officer of the highest grade, and shall ensure that at least one third of the members of a procurement committee are from the agencies or departments other than the procuring agency”.

Administrator / Chief Municipal Officer, Municipal Committee, Nawabshah, procured electrical and sanitation material amounting to Rs 5.340 million, during financial year 2015-16 without constitution of procurement committee, in violation of above rule.

Audit is of the view that violation of SPPRA rules resulted into non-transparency in the award of contracts.

Violation of laid down procedures of SPPRA was due to weak internal controls.

The matter was reported to managements during December 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on the management for non-transparency in awarding of contracts.

[AIR Para: 20]

6.2.3.22 Un-authorized Expenditure on Silt Clearance - Rs 4.866 Million

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

Further, as per Para-10 (i) of GFR Volume-I, “every public officer is expected to exercise the same vigilance in respect of expenditure incurred from public money as a person of ordinary prudence would exercise in respect of expenditure of his own money”.

Chief Municipal Officer, Municipal Committee Moro and Town Officer Town Committee, Mehrabpur, during financial year 2015-16, incurred an expenditure amounting to Rs 4.866 million on lifting of silt clearance from various areas of municipal committee without fulfillment of following irregularities. Details are as under:

- No any detail of agreement with contractor and other related documents were provided
- No any number of locations were identified
- No any no of vehicles/Employees/machinery utilized were provided
- Rate analysis was not provided
- Proper detail Planning map was not provided
- No any officer was deputed to monitor the progress of lifting of silt
- When sanitary staff is available why the garbage was got lifted from contractors etc.

[Amount in Rupees]		
Sr.	Name of Offices	Amount
1	Municipal Committee, Moro	1,153,450
2	Town Committee, Bhirya	3,713,404
Total		4,866,854

From the above irregularities it is assumed that suspicious Process for lifting of silt clearance was followed.

Audit is of the view that management failed to comply with the rules set forth by the Government, which constituted weak financial management.

Non-observance of rules and procedures constituted weak internal controls.

The matter was reported to managements during September to December 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends that the matter be investigated and responsibility be fixed on person (s) at fault. Besides, details be provided to audit for verification.

[AIR Paras: 14, 12]

6.2.3.23 Unauthorized Operation of Bank Accounts - Rs 3.589 Million

According to Finance Department, Government of Sindh letter No.FD/PS/85/2010-11 dated 18th May, 2011, "it has been desired by the Honorable Chief Minister that different Departments/Projects/ Programs / Companies/ Endowment funds/Employees' benefits and Charitable funds/ Autonomous and Semi-autonomous

Bodies directly or indirectly under the control of the Government of Sindh now give preference to Sindh Bank Limited in their banking needs”.

Chief Municipal Officer, Municipal Committee, Nawabshah, during financial year 2015-16, management opened bank accounts and maintained financial transactions of Rs 3.589 million in Allied Bank Limited (ABL) and United Bank Limited (UBL) Nawabshah branches instead of National Bank of Pakistan and Sindh Bank, in violation of above rule. Detail is provided at Annex-SBA4.

Audit is of the view that opening and maintaining of bank accounts in private commercial banks without obtaining permission/concurrence from Finance Department was irregular.

Violation of prescribed rules and procedures was due weak internal control system.

The matter was reported to managements during December 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on management for opening and maintaining of bank accounts in private commercial banks.

[AIR Para: 21]

6.2.3.24 Doubtful Payment On Fake/Computer Generated Bills Rs 3.185 Million

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

Municipal Committee Tando Adam and Shahdadpur made payment of Rs 3.185 million, during financial year 2015-16, on computer generated bills without invoice number and NTN number mentioned on the bills, in violation of rules. Details are as under:

[Amount in Rupees]

Sr.	Name of Offices	Amount
1	Municipal Committee, Tando Adam	1,775,915
2	Municipal Committee, Shahdadpur	1,410,750
Total		3,186,665

Audit is of view that management made payment on un-authentic bills resulting into doubtful expenditure and weak financial management.

Deviation from prescribed rules resulted into undue favour and weak internal controls.

The matter was reported to managements during September to December 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

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

[AIR Paras: 1,9]

6.2.3.25 Non-Reconciliation Of Cheques Deposited / Transferred To Income Tax Department - Rs 1.651 Million

According to section 160 (chapter X, part V) of the Income Tax Ordinance 2001, state that, “Any tax that has been collected or purported to be collected under division II of this part or deducted or collected or purported to be deducted or collected under chapter XII, shall be paid to the Commissioner by the person making the collection or deduction within the time and manner as may be prescribed (i.e. within 7 days of deduction or collection)”.

Administrator/CMO, Municipal Committee Moro, during financial year 2015-16, deducted an amount of Rs 1.651 million from various bills of contractors/suppliers and the same were shown as transferred to Officer, Inland Revenue-V, Naushahro Feroze, without providing any proof of payment and mandatory tax statement to audit for authenticity of the claim which show suspicious payment. Detail in provided as under:

[Amount in Rupees]

Sr. No	Vr. No and Date	Cheque No	Cheque Date	Name of Contractor	Amount Paid
1	67/02.15	16029828	11.02.16	Officer I/R Enforcement-V NF	539,410
2	69/02.16	16029828	11.02.16	Officer I/R Enforcement-V NF	539,410
3	38/05.16	17094021	16.05.16	Officer I/R Enforcement-V NF	572,491
Total					1,651,311

Audit is of the view that management failed to comply with rules set out by the Government, which reflects the absence of systematic control and financial discipline prevailing in the department.

Deviation from prescribed rules resulted into weak internal controls.

The matter was reported to managements during December 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on person (s) at fault and to provide proof of payment to audit for verification.

[AIR Para-12]

6.2.3.26 Excess Staff without Approval from Competent Authorities Rs 0.959 Million

As per Government of Sindh, Local Government Department's Letter No.SOA/(LG)1(27)/2011 dated: 6th June, 2011, "no appointment in any grade shall be made henceforth without consolidated advertisement and fresh approval of the Government. Approval, if any, earlier issued in this regard may be treated cancelled/withdrawn".

Further, as per Para 188 of Sindh Financial Rules Volume-I, "no payment should be made without the budget provision or prior permission be obtained from Finance department in order to incur such expenditure".

Moreover, as per Rule 80 (3)(4) of SFR Volume-I, "it is the responsibility of DDO to ensure that no expenditure exceeds the limits of the budget provision and in case the expenditure is exceeded the budget allocation, additional budget grant prior to the close of the financial year should have been obtained".

Administrator/TO, Town Committee, Bhirya, District Naushahro Feroze paid an amount of Rs 0.959 million, during financial year 2015-16, to staff working over and above sanctioned posts. Neither any approval for increase in Posts was obtained from Local Government Department nor SNE was got approved from Finance Department, Government of Sindh, in violation of rule. Details are provided at Annex-SBA5.

Audit is of the view that unauthorized expenditure was incurred against salaries of staff working over and above sanctioned strength resulting into weak financial management.

Deviation from prescribed rules constituted weak internal control.

The matter was reported to management during December 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

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

[AIR Para-14]

6.2.3.27 Loss to Government due to Unauthorized Occupation of Government Property

As per Para 4 of Sindh Local Government (Property) Rules 2001, “All the local Government shall take such steps as may be necessary to ensure that the property vested in it is managed and maintained in the best interest of the public”.

Further, as per Rule II (I) of Appendix 18, *ibid*, “all losses must be reported forthwith by the officer concerned, not only to the Audit Officer, but also to his own immediate official superior. Reports must be submitted as soon as reasonable ground exists for believing that a loss has occurred; they must not be delayed while detailed enquiries are made”.

During the audit of Town Officers, Town Committees, Mehrabpur and Sakrand, during financial year 2015-16, it was observed that Government properties were un-authorizedly occupied which included Driver of Deputy Commissioner, Nawabshah and HESCO department without paying rent, due to which Government sustained huge loss, in violation of above rules. Details are provided at Annex-SBA6.

Audit is of the view that unauthorized occupation of Government property resulted loss of Government property.

Non-compliance of prescribed rules was due to weak internal control system.

The matter was reported to managements during September to December 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on management for not taking efforts to vacate Government property against un-authorized occupation. Besides getting the Government property vacated, financial impact of retention of property may also be worked out from the date of illegal occupation and recovery be effected.

[AIR Para: 7]

CHAPTER-VII
SUKKUR DIVISION

7.1 SUKKUR DIVISION

7.1.1 INTRODUCTION

Sukkur consists of 03 Districts namely Sukkur, Ghotki and Khairpur. Each Corporation / District Council / Municipal Committee / Town Committee in Sukkur Division is headed by an Administrator/ Municipal Commissioner /Chief Officer / Chief Municipal Officer/ Town officer who carries out operations as per Sindh Local Government Ordinance, 1979.

The functions of Municipal Corporation/Committees are as following:

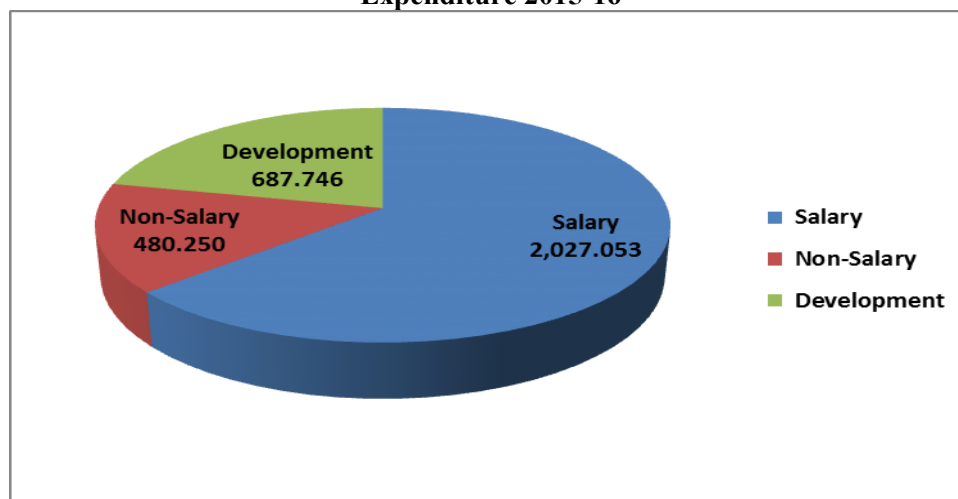
1. Prepare spatial plans for the Town including plans for land use, zoning and functions for which Municipal Corporation/Committees is responsible.
2. Exercise control over land-use, land-subdivision, land development and zoning by public and private sectors for any purpose, including agriculture, industry, commerce markets, shopping and other employment centers, residential, recreation, parks, entertainment, passenger and transport freight and transit stations.
3. Enforce all municipal laws, rules and bye-laws governing Municipal Corporation/Committees functioning.
4. Prepare budget, long term and annual municipal development programs in collaboration with the Union Councils.
5. Collect approved taxes, cesses, user fees, rates, rents, tolls, charges, fines and penalties.
6. Manage properties, assets and funds vested in the Municipal Corporation/Committees.
7. Develop and manage schemes, including site development in collaboration with Union Administration.
8. Issue notice for committing any municipal offence by any person and initiate legal proceedings for commission of such offence or failure to comply with the directions contained in such notice.
9. Prosecute, sue and follow up criminal, civil and recovery proceedings against violators of Municipal Laws in the courts of competent jurisdiction.
10. Maintain municipal records and archives.

7.1.2 Comments on Budget and Accounts (Variance Analysis)

(Rupees in Million)

Sr.	Formation	Particulars	Budget	Expenditure / Revenue	Excess (+) Savings (-)
1	District Sukkur	Salary	795.982	676.584	(119.397)
		Non-Salary	238.150	166.705	(71.445)
		Development	382.563	248.666	(133.897)
		Revenue	1,275.626	510.250	(765.376)
2	District Ghotki	Salary	536.737	456.226	(80.510)
		Non-Salary	276.719	193.703	(83.016)
		Development	224.664	146.032	(78.633)
		Revenue	749.055	299.622	(449.433)
3	District Khairpur	Salary	1,052.050	894.243	(157.808)
		Non-Salary	171.203	119.842	(51.361)
		Development	450.844	293.048	(157.795)
		Revenue	1,706.562	682.625	(1,023.937)
Salary			2,384.768	2,027.053	(357.715)
Non-Salary			686.071	480.250	(205.821)
Development			1,058.071	687.746	(370.325)
Grand Total			4,128.911	3,195.049	(933.862)
Revenue			3,731.243	1,492.497	(2,238.746)

Expenditure 2015-16



Original budget of Rs 4,128.911 million was allocated to Chief Officers, Municipal Corporation and Town Committees of Sukkur Division under various grants. Variance Analysis of the Revised/Final Grant and Actual Expenditure for the Financial Year 2015-16 for the audited entities depicted that there was a saving of Rs 933.862 million.

7.1.3 Brief Comments on the Status of Compliance with PAC Directives

The audit reports pertaining to following years have been submitted to Governor of Sindh. Detail of PAC meetings is given below:

Audit Year	No. of Paras	Status of PAC Meetings
2012-13	29	Nil
2013-14	06	Nil
2014-15	64	Nil
2015-16	24	Nil

As indicated in the above table, no PAC meeting was convened to discuss the audit reports of TMAs of Sukkur Division.

7.2 AUDIT PARAS

7.2.1 Fraud/Embezzlement/Misappropriation

7.2.1.1 Suspicious Cheques Payment without description in Cash Book Rs 19.519 Million

According to Sindh Local Government Bill 2013 Section 116(7), "Every member or Employee of a Council and every person, charged with the administration of the affairs of a council, or acting on behalf of Council shall be personally liable for the loss, waste, misapplication or un authorized application of any moneys or property belonging to the Councils which is a direct consequence of his negligence or misconduct, and the liability of such member, employee or person shall be determined by Government in the prescribed manner".

Furthermore, according to para-10(1) of GFR Volume-I, "Every public officer is expected to exercise the same vigilance in respect of the expenditure incurred from public money as a person of ordinary prudence would exercise in respect of expenditure of his own money".

In the office of the Town Officer, Town committee Kotdiji, District Khairpur, during financial year 2014-15, it was observed that Rs 19.519 million was paid by cheques to various contractors, but without description of payment in cash book. Further the names of a few contractors were missing in cash book rendering the payments as suspicious. Detail is provided at Annex-Suk1.

Audit is of the view that failure of management to comply with the rules reflects weak internal control system prevailing in the department. Besides, chances of embezzlement cannot be ruled out.

The matter was reported during November, 2015 but management failed to provide departmental point of view. The PAO also failed to convene the DAC meeting despite pursuance by audit.

An in-depth inquiry must be conducted to verify the genuineness of payment, under intimation to audit.

[AIR Para: 12]

7.2.1.2 Suspected Misappropriation due to Understating of Credit Receipts Rs 19.095 Million

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

Administrator/Chief Municipal Officer, Municipal Committee, Rohri during financial year 2014-15, it was observed that the MC receipts accounts showed deposit of Rs 22.504 million in cash. However, the actual recovery mentioned in the next year budget was shown as Rs 3.408 million. Audit couldn't find the trail of Rs 19.095 million which was suspected to be drawn out of receipts accounts and misappropriated, in violation of above rule.

Audit is of the view that management failed to exercise the control over the recoveries which indicates that there exists no system of internal control and effective financial management.

Non observance of rules constituted weak internal control.

The matter was reported during November, 2015 but management failed to provide departmental point view. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit therefore desires that the matter may be investigated and justification may be provided for above violation. Furthermore action may be taken against the persons at fault for violating the rules.

[AIR Para: 02]

7.2.1.3 Suspicious Payment by Demand Drafts - Rs 12.054 Million

According to Sindh Local Government Bill 2013 Section 116(7), “Every member or Employee of a Council and every person, charged with the administration of the affairs of a council, or acting on behalf of Council shall be personally liable for the loss, waste, misapplication or un authorized application of any moneys or property belonging to the Councils which is a direct consequence of his negligence or misconduct,

and the liability of such member, employee or person shall be determined by Government in the prescribed manner”.

Further, according to Para-10(1) of GFR Vol-I, "Every public officer is expected to exercise the same vigilance in respect of the expenditure incurred from public money as a person of ordinary prudence would exercise in respect of expenditure of his own money".

In the office of the Town Officer, Town committee Kotdiji, District Khairpur, during financial year 2014-15, bank statement of the entity reveals that Rs 12.054 million were drawn by demand drafts without any details of beneficiaries. The management failed to provide the justification of payment, in violation of above rule.

The failure of management to comply with the rules reflects weak internal control system prevailing in the department.

Chance of embezzlement cannot be ruled out.

The matter was reported during November, 2015 but management did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Genuineness of payment must be justified under intimation to audit.

[AIR Para: 14]

7.2.1.4 Suspicious Embezzlement on account of POL of off Road Vehicles Rs 7.889 Million

According to Sindh Local Government Bill 2013 Section 116(7), “Every member or Employee of a Council and every person, charged with the administration of the affairs of a council, or acting on behalf of Council shall be personally liable for the loss, waste, misapplication or un authorized application of any moneys or property belonging to the Councils which is a direct consequence of his negligence or misconduct, and the liability of such member, employee or person shall be determined by Government in the prescribed manner”.

Further, according to para-10(1) of GFR Volume-I, "every public officer is expected to exercise the same vigilance in respect of the expenditure incurred from public money as a person of ordinary prudence would exercise in respect of expenditure of his own money".

In the office of the Town Officer, Town committee Kotdiji, District Khairpur, for the financial year 2014-15, it was observed by the audit that an expenditure amounting to Rs 6.353 million was incurred on account of POL for Government Vehicles as per expenditure statement. However, the management incurred expenditure on POL without supporting vouchers or pre-audit from Local Fund Department. Moreover the vehicles statement dated: 7.4.14 revealed most of the vehicles are out of order condition. Audit suspected the amount of POL drawn as an act of embezzlement, in violation of above rules.

Moreover, Chief Municipal Officer, Municipal Committee Kingri, during financial year 2015-16, incurred an expenditure of Rs 1.536 million on purchase of POL from different filling stations, which were approximately 25 KM away from Taluka Kingri, Furthermore, audit observed 20 filling stations on road between Taluka Kingri to Khairpur city. However the preference of a particular vendor is unjustified, in violation of above rules.

This was due to the gross negligence, and internal controls leads to failure of management to comply with the rules and procedures.

Non-observance of rules constituted weak internal control prevailing in department. As a result, chances of misappropriation cannot be ruled out.

The matter was reported to the management during October 2015 and November, 2016 but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

The above financial indiscipline needs to be justified and corrective actions be taken against persons(s) at fault. The DDO and head of office should be vigilant to control the expenditure as per rules.

[AIR Paras: 9, 6]

7.2.1.5 Suspected Misappropriation on account of POL - Rs 7.140 Million

According to Sub Section (2) of Section 4 of the Sindh Financial Management and Accountability Act, 2011, “The rules shall be consistent with the following principles:-

- (a) All financial transactions shall be duly authorized;

- (b) All financial transactions shall be recorded promptly, clearly, accurately, logically and coherently.

Further, According to Rule 70 Sub rule (1) of Sindh District Government and Taluka/Town Municipal Administration (Budget) Rules, 2002, “The Heads of Offices shall be responsible for controlling and managing expenditure from the Grants placed at their disposal”.

During the audit of Administrator/Chief Municipal Officer, Municipal Committee, Rohri during financial year 2014-15, it was noticed from “water supply recovery register” and “amount for POL consumed and paid register” that expenditure on account of POL amounting to Rs 5.918 million was incurred. The recovery against water supply was only Rs 0.292 million. Huge POL charges of Rs 5.626 million were incurred without substantial recovery. Furthermore management incurred expenditure amounting to Rs 1.514 million on account of POL for those vehicles which were handed over to NSUSC as per agreement. Detail provided at Annex-Suk2.

Audit is of the view that management such POL funds incurred on unauthorized vehicles were misappropriated.

Non observance of rules constituted weak internal control.

The matter was reported during November, 2015 but management did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit therefore desires that the matter may be investigated and the non-observance of Government rules and procedures by the management may please be explained to audit.

[AIR Paras: 4, 5]

7.2.1.6 Suspicious Payment of Salary Bills – Rs 6.632 Million

According to Sindh Local Government Bill 2013 Section 116(7), “Every member or Employee of a Council and every person, charged with the administration of the affairs of a council, or acting on behalf of Council shall be personally liable for the loss, waste, misapplication or un authorized application of any moneys or property belonging to the Councils which is a direct consequence of his negligence or misconduct, and the liability of such member, employee or person shall be determined by Government in the prescribed manner”.

Further, according to Para-10(1) of GFR Vol-I, "Every public officer is expected to exercise the same vigilance in respect of the expenditure incurred from public money as a person of ordinary prudence would exercise in respect of expenditure of his own money".

In the office of the Town Officer, Town committee Kotdiji, District Khairpur, during financial year 2014-15, it was observed that an amount of Rs 6.532 million was paid on account of salary for the month of February 2015, the audit terms it as suspicious on the following grounds:

- The salary bill was drawn on multiple advices instead of one.
- The whole salary was drawn without pre-audit
- One bill was passed more than the actual claim by RS: 100,000/-
- Some transactions were made to NBP Gambat and NBP Ranipur without recipients / employee details
- Town Officer endorsement on Cheques and Distribution Lists was different. Raising suspicion on authenticity of transaction.

Detail provided at Annex-Suk3.

Similarly, In the office of the Town Officer, Town committee Kotdiji, District Khairpur, during financial year 2014-15, it was observed that Rs 0.100 million were drawn, which was more than the actual salary bill as per detailed below, Further-more the cheque amount was found forged in figures and words. The said entry was also not reflected in cash book either. Detail is as under:

[Amount in Rupees]

Cheque	Date	Bank	Description	Bill amount	Amount Drawn	Embezzled
435239	2.3.2015	Manager NBP Kotdiji	Salary of TC	546,017	646,017	100,000

Audit is of the view that failure of management to comply with the rules and reflects weak internal control system prevailing in the department

Financial loss to public exchequer was due to negligence of the management

The matter was reported during November, 2015 but management did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

An in-depth inquiry must be conducted to verify the genuineness of all employees under intimation to audit and responsibility of fake appointments might be fixed on the person(s) at fault.

[AIR Paras: 11, 10]

7.2.1.7 Suspected Misappropriation in the Head of Liabilities of Development Rs 5.369 Million

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

The Administrator/CMO, MC Rohri, booked an expenditure of Rs 5.369 million in the head “Payment of Liabilities of Development” during financial year 2015-16. The following point has been raised:

- No Voucher/record produced to Audit.
- No on-going scheme is shown in the progress report of Development.
- No demand in Budget book for the payment of Liabilities of Development.

Hence it is clear that such amount is misappropriated and chance of fraud is present in this expenditure.

Audit is of the view that management failed to exercise the control over the recoveries which indicated that there existed no system of internal control and effective financial management. The non-observance of Government rules and procedures by the management deprived the Government with revenue.

Non-compliance of rules reflected absence of internal control system in the department.

The matter was reported to the management during November, 2016 but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends action may be taken against the person (s) at fault.

[AIR Para: 04]

7.2.1.8 Suspected/Double Payment in the Head of Repair of Vehicles and Repair of Water Supply Schemes – Rs 4.636 Million

According to Para-23 of General Financial Rules Volume-I, “every Government officer should realize fully and clearly that he will be held personally responsible for any

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

Further, according to Para-10 (iv) of GFR Volume-I, ”public money should not be utilized for the benefit of a particular person or section of community and also according to rule all the claims must be supported with full detail and documents”.

In the office of Administrator/Chief Municipal Officer, Municipal Committee, Rohri, during financial year 2015-16, it was been observed that the management incurred expenditure of Rs 7.500 million against repair of vehicle and water supply schemes, while simultaneously an expenditure of Rs 4.636 million was shown to be incurred on quotations. The duplicity of single transaction is highly suspicious since no justification, for a same work via contracts and quotations, was provided to audit, in violation of above rule.

Audit is of the view that management failed to comply with the orders of the Government on the subject, which indicate the absence of systematic internal control and lack of financial discipline prevailing in the department.

Due to improper check and balance over the movement of funds, the misappropriation of Government money cannot be ignored.

The matter was reported to the management during November, 2016 but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit therefore recommends that the misappropriated amount may be recovered or clarified to audit at the earliest. Action may be taken against the persons at fault and steps may be taken so that such irregularities are not repeated in future.

[AIR Para: 09]

7.2.1.9 Suspected Mis-appropriation – Rs 3.372 Million

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

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

Further, according to Para-10 (iv) of GFR Volume-I, “public money should not be utilized for the benefit of a particular person or section of community and also according to rule all the claims must be supported with full detail and documents”.

Administrator/Chief Municipal Officer, Municipal Committee, Rohri during financial year 2015-16, has incurred an amount of Rs 6.869 million on Development works, but progress report only showed Rs 3.498 million. The audit was not provided that detail of further expenditure of Rs 3.372 million as the said work was reflected in measurement book nor in work register, in violation of above rule.

Thus, the management failed to comply with the orders of the Government on the subject, which indicate the absence of systematic internal control and lack of financial discipline prevailing in the department.

Due to improper check and balance over the movement of funds, the misappropriation of Government money cannot be ignored.

The matter was reported to the management during November, 2016 but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit therefore recommends that the misappropriated amount may be recovered or clarified to audit at the earliest. Action may be taken against the persons at fault and steps may be taken so that such irregularities are not repeated in future.

[AIR Para: 08]

7.2.1.10 Suspected Misappropriation – Rs 0.180 Million

According to Sub Section (2) of Section 4 of the Sindh Financial Management and Accountability Act, 2011, “The rules shall be consistent with the following principles:-

- (a) all financial transactions shall be duly authorized;
- (b) all financial transactions shall be recorded promptly, clearly, accurately, logically and coherently.

Moreover, According to Para-23 of General Financial Rules Volume-I, “every Government officer should realize fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part

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

Administrator/CMO, MC Rohri, during financial year 2014-2015, an amount of Rs 0.180 million was short credited during the reversal of wrong entry. The management failed to provide any details about the said transaction. Audit is in view that the said amount was misappropriated by Bank officials with collusion of Government staff. Detail is as under:

[Amount in Rupees]

Bank Branch	A/c No	Date	Description	Debited	Credited	Difference
Sindh Bank, Rohri	0120-100263- 1000	05.6.2015	Wrong Entry Reverse	21,428,000	21,248,000	180,000

Audit is of the view that failure of management to comply with the Rules and procedure needs to be explained.

Non observance of rules constituted weak internal control.

The matter was reported during November, 2015 but management did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit therefore desires that the matter may be investigated and the non-observance of Government rules and procedures by the management may please be explained to audit.

[AIR Para: 06]

7.2.2 Non-Production of Record

7.2.2.1 Non-Production of Record – Rs 864.638 Million

As per Section 14 (1) (b) of the Auditor General (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001, The Auditor-General shall, in connection with the performance of his duties under this Ordinance, have authority to require that any accounts, books, papers and other documents which deal with, or form, the basis of or otherwise relevant to the transactions to which his duties in respect of audit extend, shall be sent to such place as he may direct for his inspection.

Further, “Chief Secretary vide letter No.DO.NO.SO(C-II)/SGAandCD/1-73/2012 dated 25th October, 2013 duly endorsed by Secretary of LGD vide letter No. SOA/(LG)LG/4/(77)2013, dated 21.11.2013 was pleased to direct to all Municipal organizations / Local Councils for immediately providing record to audit, so that, financial discipline may be restored to respective organizations. In case of failure to provide record to audit by auditee organizations, the cases may be taken up under disciplinary proceedings against officers concerned that may include suspension of officers”.

Various District Councils, Municipal Corporations, Municipal Committees and Town Committees of Sukkur Division, incurred an expenditure of Rs 806.033 million but failed to provide record, during financial year 2014-15, to audit, in violation of the above rule and instructions. Details are provided at Annex-Suk4.

Further, various formations of Sukkur Division, incurred expenditure amounting to Rs 58.605 million, during financial years 2014-16, on purchase of POL for official vehicles but did not produce Log Books, Vehicle Maintenance Record, History Sheets and Petrol account Registers. Details are provided at Annex-Suk4.

Audit is of the view that non-provision of record was due to non-provision of record authenticity of expenditure cannot be ascertained by audit.

The matter was reported to managements during September to December 2015 and November, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on the managements for non-provision of record in accordance with rules and regulations.

[AIR Paras: 1,1,1,1,1,2,1,2,1,3, 5,3,5,3,4,14,4,8,12]

7.2.3 Irregularity / Non-Compliance

A. Recovery, Targeted receipts/Outstanding dues

7.2.3.1 Non-Deposit of Income Tax in Government Exchequer Rs 11.081 Million

According to section 160 (chapter X, part V) of the Income Tax Ordinance 2001, “Any tax that has been collected or purported to be collected under division II of this part or deducted or collected or purported to be deducted or collected under chapter XII, shall be paid to the Commissioner by the person making the collection or deduction within the time and manner as may be prescribed (i.e. within 7 days of deduction or collection)”.

Following formations of Sukkur Division, during financial years 2014-16, deducted an amount of Rs 11.081 million from various bills of contractors/suppliers and the same were shown to be transferred to Assistant Commissioner, Inland Revenue-II, RTO, Sukkur, but no proof of payment i.e. CPRN or treasury receipt was found on the record. Moreover, the department defaulted on mandatory tax statements, i.e. 165 and 149. Details are as under:

[Rupees in Million]				
Sr.	Name of formation	Para no.	Year	Amount
1	CO DC Ghotki	12	2014-15	0.0820
2	TC Pano Akil	2	2015-16	6.537
3	TC Saleh Pat	3	2015-16	4.462
Total				11.081

Audit is of the view that management failed to comply with rules set out by the Government, which reflects the absence of systematic control and financial discipline prevailing in the department.

Due to failure of providing tax statement /non-deposit of Income Tax, Government was deprived of huge revenue collection.

The matter was reported to managements during December 2015 and November, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit therefore desires that the matter may be investigated and justification for proof of income tax paid duly verified from income tax department may be provided. Furthermore, action may be taken against the persons at fault for violating the rules of causing loss to the Government.

[AIR Paras: 2,3]

7.2.3.2 Less Realization of Targeted Receipts Set Forth in Budget Rs 10.284 Million

As per Section 96 (1) of Sindh Local Government Act 2013, “A council may levy, in the prescribed manner all or any taxes, rates, tolls, and fees mentioned in Schedule V”.

Further, as per Rule 41 (a) of SFR Vol-I, “The departmental Controlling Officer should see that all sums due to Government are regularly received and checked against demands and that they are paid into treasury claiming credit for so much paid into the treasury and compare with the figures in the statements supplied by the comptroller”.

Chief Municipal Officer, Municipal Committee Gambat and Town Officer, Town Committee Pacca Chang (Faiz Ganj), during financial years 2014-16, failed to recover the estimated/targeted receipts of Rs 10.284 million, in violation of above rules. Details are as under:

(Amount in Rupees)

Sr.	Name of Office	Year	Budgeted	Recovery	Shortfall
1	Municipal Committee, Faiz Ganj	2014-15	1,173,000	0	1,173,000
2	-do-	2015-16	2,433,000	0	2,433,000
3	Municipal Committee, Gambat	2015-16	10,762,138	4,084,246	6,677,892
Total			14,368,138	4,084,246	10,283,892

Audit is of the view that management failed to take necessary steps and enforce the prescribed procedures for achievement of targeted revenue.

Violation of prescribed rules and procedures was due to weak internal control.

The matter was reported to managements during December 2015 and August to December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on the concerned official(s), besides, effecting recoveries against the targeted receipts.

[AIR Paras: 6,7]

7.2.3.3 Non-Recovery of Rent Charges – Rs 9.824 Million

As per Section 96 (1) of Sindh Local Government Act 2013, “A council may levy, in the prescribed manner all or any taxes, rates, tolls, and fees mentioned in Schedule V”.

Further, as per Rule 41 (a) of SFR Vol-1, “The departmental Controlling Officer should see that all sums due to Government are regularly received and checked against demands and that they are paid into treasury claiming credit for so much paid into the treasury and compare with the figures in the statements supplied by the comptroller”.

Different formations of Sukkur Division failed to recover Rs 9.824 million, during financial years 2014-16, from various defaulters on account of rent of shops, in violation of above rules. Details are as under:

[Amount in Rupees]

Sr.	Name of Offices	Recoverable amount
1	MC, Gambat	613,577
2	District Council, Sukkur	8,110,000
3	District Council, Ghotki	1,104,453
Total		9,828,030

Audit is of the view that due to inaction by the management, they could not recover the outstanding revenue that also contributed towards poor financial health. Failure to implement prescribed rules resulted in non-recovery of Government Revenue that is a reflection of weak internal control.

The matter was reported to managements during September to December 2015 and August to December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on the managements for non-recovery of dues, besides, effecting recovery of the Government Revenue without any further delay.

[AIR Paras: 3,7,7]

7.2.3.4 Non-Recovery of Electric Charges from the Residents of District Council - Rs 3.233 Million

According to Rule-28 of GFR Volume-I, “no amount due to Government should be left outstanding without sufficient resources and where any dues appear to be irrecoverable the orders of competent authority for their adjustments must be sought. As per Government instructions all the utility charges will be paid by the allottee him / herself”.

During verification of accounts record of office of the Chief Officer, District Council, Sukkur, during financial year 2014-15, it was observed that electricity was

consumed by the offices of NADRA, Benazir Income Support Program (BISP) and various residents of the District Council Colony, from the main electric meter of District Council. Detail of tentative electric recovery of Rs 3.233 million is as under:

(Amount in Rupees)

Sr.	Name of Office	Date of Occupied Council Property	Period (in Months) up to 30.6.2015	Approx. Monthly Electric Charges	Total Electric Recovery Due
1	NADRA	1.8.2005	119	20,000	23,80,000
2	Benazir I/Support Program	1.7.2009	72	10,000	7,20,000
3	Various residents	Nil	Nil	Nil	133,332
Total					3,233,332

The failure of management to comply with the rules reflects weak internal control system prevailing in the department which constituted weak financial management

The matter was reported to the management during September, 2015 but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit therefore recommended that the recovery amounting to Rs 3.233 million be made from the defaulters and deposited into Government account at the earliest. Moreover residents may be directed to get their separate sub meters for their electric consumption.

[AIR Paras: 1,2]

7.2.3.5 Non-Deduction of Taxes - Rs 2.000 Million

According to Rule 2 (3) of the Sales Tax Special Procedure (Withholding) Rules, 2007, “a withholding agent having free tax number (FTN) and falling under clause (a) (b) and (c) of sub-rule (2) of Rule-1, shall on purchase of taxable goods from unregistered persons, deduct sales tax at the applicable rate (17%)of the value of taxable supplies made to him from the payment due to the supplier and unless otherwise specified in the contract between the buyer and the supplier, the amount of sales tax for the purpose of this rule shall be worked out on the basis of gross value of taxable supply”.

Further, Seventh Schedule of Sindh Finance Act, 1964 amended vide Schedule-II of Sindh Finance Ordinance, 2000, “Professional tax is required to be deducted from

the payments made to contractors engaged in construction work or providing services and labour vide Rate / Fee of Tax Receipts”

i.	Upto 0.5 million	Rs 500/-
ii.	Exceeding Rs. 0.5 million but not exceeding Rs. 5 million	Rs. 1,500/-
iii.	Exceeding Rs. 5 million but not exceeding Rs. 25 million	Rs. 2,500/-
iv.	Exceeding Rs. 25 million but not exceeding Rs. 100 million	Rs. 5,000/-
v.	Exceeding Rs. 100 million but not exceeding Rs. 500 million	Rs. 10,000/-
vi.	Exceeding Rs. 500 million but not exceeding Rs. 1000 million	Rs. 30,000/-
vii.	Above 1000 million	Rs. 100,000/-

Moreover, as per Rule II of Sindh Finance Ordinance, 2000, “Professional tax is required to be deducted from the payments made to contractors engaged in construction work as per rates provided in official gazette”.

Various formations of Sukkur Division, during financial years 2014-16, made payments to different contractors/suppliers but failed to provide any proof of deduction/deposit of Sales tax and Professional tax into Government Treasury amounting to Rs 2.000 million, in violation of above rules. Details are as under:

[Rupees in million]

Sr.	Name of formation	Head	Para	Year	Amount
1	MC Khairpur	GST	14	2015-16	1.034
2	TC Pano Akil	-do-	3	2015-16	0.429
3	TC Saleh Pat	-do-	2	2015-16	0.443
4	MC Gambat	P. Tax	11	2015-16	0.024
5	TC Pano Akil	-do-	3	2014-15	0.070
Total					2.000

Audit is of the view that due to non-deduction of sales tax and professional tax the Government sustained loss of revenue.

Non-observance of prescribed rules and procedures was due to weak internal controls.

The matter was reported to managements during September to December 2015 and August to December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on person(s) at fault for non-deduction of sales tax, besides, recovers the amount without further delay.

[AIR Paras: 14, 3, 2, 11,3]

7.2.3.6 Loss to Government due to Un-necessary Advertisement Charges to Journalists – Rs 1.050 Million

According to Para-10 (iv) of GFR Volume-I, “public money should not be utilized for the benefit of a particular person or section of community and also according to rule all the claims must be supported with full detail and documents”.

Further, as per Section (I) of Appendix 18-A of SFR Vol-I, "Means should be devised to ensure that every Government servant realizes fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part, and that he will also be held personally responsible for any loss arising from fraud or negligence on the part of any other Government servant to the extent to which it may be shown that he contributed to the loss by his own action or culpable negligence”.

The Town Officer, Town Committee, Nara, during financial year 2015-16, incurred a huge expenditure of Rs 1.050 million on un-necessary advertisement and grant to press club, without valid justification, in violation of above rules. Detail is as under:

[Amount in Rupees]					
Sr.	Name of Payees	Cheque #	Date	Particulars	Total
1	M/s. Nazeer Ahmed	15201268	2/10/2015	Advertisement bill, Daily Sindh	450,000
2	M/s. Nazeer Ahmed	15201283	14/10/2015	Advertisement bill, 14th August 2015	250,000
3	M/s. Nazeer Ahmed	15201292	29/10/2015	Advertisement bill, 14th August 2015	250,000
4	M/s. Press Club Nara	15401782	11/12/2015	Annual Grant to Press Club	100,000
Total					1,050,000

The failure of management to comply with the rules reflects weak internal control system prevailing in the department which constituted weak financial management

The matter was reported to management during November, 2016 but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

The above financial indiscipline needs to be justified and corrective actions be taken against persons(s) at fault.

[AIR Para: 5]

7.2.3.7 Non-Recovery of House Rent Allowance (HRA), Conveyance and Electricity Charges from Chief Municipal Officer– Rs 0.866 Million

According to Finance Department in the circular No.FD-SR-IV/1(12)77 dated 15-3-1977, “House Rent allowance as fixed by the Government of the Basic pay should be deducted from the Government servants who have been provided the Government accommodation”.

Moreover, in light of Government instructions, no Conveyance Allowance will be allowed to any Government employee who have been provided Government vehicle during his post.

In the office of Chief Municipal Officer, no House rent allowance, house maintenance charges and conveyance allowance (Government vehicle No. GS-9638) were deducted from the salary of concerned CMOs, despite the usage of official residence and vehicle. Further, electricity was also consumed for the CMO Bungalow via Government meter. Audit calculated a tentative recovery for five years on account of HRA, Conveyance and Electricity amounting to Rs 0.866 million. Detail is given below.

[Amount in Rupees]

Location	HRA Dues	Electricity Dues	Conveyance Dues	Total	Period (in Months)	Total Recovery Dues
CMO, Bungalow occupied by CMO	4,433	5,000	5,000	14,433	60	865,980

The failure of management to comply with the rules reflects weak internal control system prevailing in the department which constituted weak financial management

The matter was reported to the management during November, 2015 but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit therefore recommended that the recovery amounting to Rs 0.866 million be made from the defaulters and deposited into Government account at the earliest. Moreover direction may be issued to install separate electric meter for personal electric consumption.

[AIR Para: 11]

B. Violation of Rules

7.2.3.8 Irregular and Un-authorized Creation of Liabilities Rs 250.604 Million

As per Para 289 of Treasury Rules (TR) Vol-I and II, “all charges incurred must be paid and drawn at once and under no circumstances may be allowed to stand over to be paid from grant of another financial year.

Further, as per FD, GoS O.M No.FD/BandE –I/51/2007 dated 02-07-2007, “liability of previous years shall not be allowed to be cleared unless concurrence is given by Finance Department (FD)”.

Following formations of Sukkur Division, created the liabilities on account of different head of account amounting to Rs 250.604 million, during financial years 2014-16, in violation of above rules. Details are as under.

[Rupees in million]

Sr.	Name of Offices	Para	Year	Amount
1	CO DC Khairpur	4	2014-15	30.260
2	CMO Rohri	27	2014-15	2.971
3	CMO Rohri	17	2014-15	196.048
4	MC Khairpur	3	2015-16	21.325
Total				250.604

Audit is of the view that creation of liabilities on account of salaries, pension and commutation was due to lack of internal controls.

The failure of management to comply with the rules reflects weak internal control system prevailing in the department which constituted weak financial management

The matter was reported to managements during September to December 2015 and December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends an effective Internal Control System should be devised to avoid such lapses in future.

[AIR Paras: 4,,27,17,3]

7.2.3.9 Un-authorized Payments - Rs 170.104 Million

According to Para 188 of Sindh Financial Rules Volume-I, “no payment should be made without the budget provision or prior permission be obtained from Finance department in order to incur such expenditure”.

Further, as per Rule 42 (2) and (3) of Sindh Local Government Budget Rules 2001 and under Rule 15(a) of Manual of Contingent Expenditure, “All Expenditure should be made within the specified budget and no expenditure should be incurred from another Head of Account”.

Following Offices of Sukkur Division, during financial years 2014-16, incurred an expenditure of Rs 170.104 million on payments under different heads, without sanctioned of budget from higher authorities, in violation of above rules. Details are as under:

(Rupees in Million)		
Sr.	Name of Offices	Amount
1	TO, TC, Nara	104.833
2	MC, Gambat	6.963
3	TC, Fiaz Ganj	48.782
4	TO, TC, Pacca Chang (Faiz Ganj)	9.526
Total		170.104

Audit is of the view that due to the gross negligence, and internal controls leads to failure of management to comply with the rules and procedures.

Non-observance of rules constituted weak internal control prevailing in department. As a result, chances of misappropriation cannot be ruled out.

The matter was reported to the management November, 2016 but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

The above financial indiscipline needs to be justified and corrective actions be taken against persons(s) at fault. The DDO and head of office should be vigilant to control the expenditure as per rules.

[AIR Paras: 2, 1,1 ,2]

7.2.3.10 Non-Payment of Salaries/ Pension to Employees of District Council Rs 111.500 Million

According to Section 106(2) SLGA 2013, “The moneys credited to the Local Fund shall be applied in the order of the following preference, Firstly, in the payment of salaries and allowances to the employees of the Councils”.

Chief Officer, District Council, Sukkur, during financial year 2014-15, failed to pay salaries/pensions/gratuity/LPR amounting to Rs 111.500 million despite availability of funds in bank account, in violation of above rule. Detail is attached as below:

[Amount in Rupees]

Total Outstanding Dues of Salaries	Total Outstanding Dues of Pension	Total Outstanding Dues
108,000,0000	3,500,000	111,500,000

Audit is of the view that management’s failure to pay salaries/pensions/gratuity/leave to employees on regular basis constituted weak financial management.

Deviation from prescribed rule constituted weak internal control.

The matter was reported to management during September, 2015 but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on account non-payment of salaries/pensions/gratuity/leave to the current and retired employees, under intimation to audit.

[AIR Para: 10]

7.2.3.11 Non-Hoisting of Bid Evaluation Report on SPPRA Website - Rs 110.427 Million

As per Rule 10 of SPPRA 2010, “The procuring agency shall, immediately upon award of contract, make the evaluation report of the bid, and the contract agreement to public through hoisting on the Authority’s website as well as on procuring agency’s website, if the procuring agency has such a website.”

Chief Municipal Officer, Municipal Committee, Khairpur, awarded different works costing Rs 11.427 million through NIT, during financial year 2015-16, but did not hoist bid evaluation reports on the SPPRA website, in violation of above rule.

Audit is of the view that violation of SPPRA rule resulted into non-transparency in the award of contracts.

Violation of prescribed rule was due to weak internal control.

The matter was reported to the management during November, 2016 but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on management for non-hoisting of evaluation report on SPPRA website.

[AIR Para: 18]

7.2.3.12 Wastage of Public Funds - Rs 69.260 Million

According to Para-10 (i) of GFR Volume-I, “every public officer is expected to exercise the same vigilance in respect of expenditure incurred from public money as a person of ordinary prudence would exercise in respect of expenditure of his own money”.

Further, according to Para-10 (iv) of GFR Volume-I, “public money should not be utilized for the benefit of a particular person or section of community and also according to rule all the claims must be supported with full detail and documents”.

In the offices of Chief Officer, District Council Sukkur and Chief Municipal Officer, Municipal Committee, Kahirpur during financial year 2014-16, it was observed that salaries amounting to Rs 69.260 million were being paid to employees of various branches without work detailment. Moreover, it is also worth mentioning that no budget was sanctioned for Government dispensaries/hospitals or for providing some other utility
Details are as under:

(Amount in Rupees)

Sr.	Name of Offices	No of Employees	Year	Para	Period	Amount
1	District Council, Sukkur	126	2014-15	11	12 months	21,946,584
2	MC, Kahirpur	211	2015-16	7	-do-	47,314,380
Total						69,260,964

Audit is of the view that management failed to comply with the orders of the Government on the subject, which indicate the absence of systematic internal control and lack of financial discipline prevailing in the department.

Government sustained loss on their salaries without providing any services and also it is suggested that the Medical staff may be transferred to health department, Government of Sindh and Encroachment staff may be transferred to Municipal committee Sukkur and Rohri for their effective delivery of services.

The matter was reported to the management during September, 2015 and November, 2016 but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit therefore recommended that the irregularity may please be clarified and valid proof for their effective service delivery may be provided to audit. Steps may be taken so that such irregularities are not repeated in future.

[AIR Paras: 11,7]

7.2.3.13 Payment of Pension without Supporting Documents Rs 59.774 Million

According to SI No.85 (vii) of Pension Manual 2006, “Personal appearance of pensioners and payment through life certificate, a pensioner must take payment in person after identification by comparison with the Pension Payment Order, at least once a year”.

As per Rule-23 of Sindh Financial Rules, “Every Payment including repayment of money previously lodged with Government for whatever purpose, must be supported by a voucher setting forth full and clear particulars of the claim”.

Further, According to Section(I) of Appendix 18-A of SFR Vol-I, "Means should be devised to ensure that every Government servant realizes fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part, and that he will also be held personally responsible for any loss arising from fraud or negligence on the part of any other Government servant to the extent to which it may be shown that he contributed to the loss by his own action or culpable negligence”.

In the offices of Chief Municipal Officer, Municipal Committee, Khairpur and Gambat of District Khairpur during financial years 2014-16, it was observed the management incurred expenditure amounting to Rs 59.777 million on payment of pension and commutation without fulfilling the codal formalities, in violation of above rule. The following necessary documents were not found attached. Details are as under:

- Life Certificate
- No-marriage Certificate in case of family pension
- Acknowledgment of the recipient
- Copy of CNIC

[Amount in Rupees]

Sr.	Name of Offices	Year	Para	Amount
1	MC, Khairpur	2014-15	1	45,605,404
2	MC, Gambat	2015-16	4	14,169,249
Total				59,774,653

Audit is of the view that due to non-availability of necessary documents, audit could not verify the authenticity of the expenditure incurred on payments of pension therefore chances of mis-appropriation cannot be ruled out.

Violation of prescribed rule was due to weak internal controls.

The matter was reported to managements during September 2015 and December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility for such lapse and all necessary documents be produced to audit for verification.

[AIR Paras: 1,4]

7.2.3.14 Irregular Expenditure without Physical Verification of Schemes Rs 59.772 Million

As per Government of Sindh, Services, General Administration and Coordination Department (Regulation Wing) Karachi, NO. SORI(SGAandCD)2-30/2010, dated 8th March, 2010, “(1) Except for defect liability or maintenance by the supplier, consultant or contractor, as specified in the conditions of contract, performance of the contract shall be deemed close on the issue of overall delivery certificate, certificate of completion of deliverables, or taking over certificate which shall be issued within thirty days of final taking over of goods or receiving the deliverables or completion of works enabling the supplier or contractor to submit final bill and the procuring agency to carry out any inspection of goods, works or services related thereto, as provided in the contract agreement and auditors to do substantial audit”.

Further, As per Public Works Department Volume-I Para-6.37, “The procedure of verification outlined in the foregoing rules is suitable primarily for divisions executing ordinary works. In the case of special stores depots or divisions or of construction divisions where there may be large concentration of stores, their physical verification should be the duty of the executive authorities, and should be performed by such agency and in such detail as may be decided by the Government in consultation with the Director, Audit and Accounts (Works)”.

Following formations of Sukkur Division, during financial years 2014-16, paid an amount of Rs 59.772 million to various contractors on execution of development schemes without verification of development schemes/work on the site. Progress report and list of sample vouchers are attached with the report. Details are as under:

[Rupees in Million]

Sr.	Name of Offices	Para	Year	Amount
1	CMO Rohri	19	2014-15	21.311
2	CMO Rohri	13	2015-16	6.869
3	TC Pano Akil	7	2014-15	26.763
4	TC Saleh Pat	5	2014-15	4.829
Total				59.772

The failure of management failed to observe Government rules and procedures, which reflects the absence of systematic control and financial discipline prevailing in the department. Furthermore due to improper planning the Government sustained a loss. The entire expenditure stood irregular due to non-observance of the Government rules.

The matter was reported to the management during September, 2015 to November, 2016 but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit therefore recommends that irregularity be justified to audit

[AIR Paras: 13,19,7,5]

7.2.3.15 Irregular Expenditure on Procurement without Constitution of Procurement Committee – Rs 57.351 Million

As per Rule 7 of SPPRA 2010, “The procuring agency shall, with approval of its Head of the Department, Constitute as many procuring committees, as it deems fit, each comprising odd number of persons and headed by the gazetted officer not below the rank of BPS-18, or if not available, the officer of the highest grade, and shall ensure that at least one third of the members of a procurement committee are from the agencies or departments other than the procuring agency”.

Following formations of Sukkur Division procured different material amounting to Rs 48.814 million without constitution of procurement committee, during the year 2014-15, in violation of above rule. Details are as under:

[Rupees in Million]

Sr.	Name of formation	Para no.	Year	Amount
1	CMO Rohri	23	2014-15	20.770
2	CMO Khairpur	18	2014-15	8.537
3	TC Kotdiji	7	2014-15	28.044
Total				57.351

Audit is of the view that violation of SPPRA rules resulted into non-transparency in the award of contracts.

Violation of laid down procedures of SPPRA was due to weak internal controls.

The matter was reported to the management during November, 2015 and January, 2016 but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on the management for non-transparency in awarding of contracts.

[AIR Paras: 23,18,7]

7.2.3.16 Irregular Award of Work to Un-registered Contractors Rs 47.409 Million

As per Section 24(1) of Sindh Sales Tax on Services Act 2011, “Registration will be required for all persons who: (a)are residents; (b)provide any of the services listed in the Second Schedule from their registered office or place of business in Sindh”.

Chief Municipal Officer, Municipal Committee, Kahirpur awarded various works amounting to Rs 47.409 million, during financial year 2015-16, to contractors not registered with Sindh Revenue Board, in violation of above rule.

Audit is of the view that management awarded contracts to unregistered contractors with SRB resulting into non-transparency in award of contracts. Besides, chances of tax evasion cannot be ruled out.

The failure of management to comply with the rules reflects weak internal control system prevailing in the department which constituted weak financial management

The matter was reported to the management during November, 2016 but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on management for awarding work to unregistered contractors with SRB.

[AIR Para: 15]

7.2.3.17 Non-Compliance of Integrity Pact - Rs 38.001 Million

As per Rule 89 of SPPRA 2010, “Procurements exceeding the Rs 10 million for goods works, and Rs 2.5 million for services shall be subject to an integrity pact, as specified by regulations, between the procuring agency and the suppliers or contractors or consultants”.

In the office of Chief Municipal Officer, Municipal Committee, Khairpur during financial year 2015-16, it was observed that the management awarded various schemes of Rs 38.001 million, but failed to execute integrity pact with contractors, in violation of the above rule.

Audit is of the view that department failed to execute integrity pact with contractors and failed to safeguard departmental interests which constituted weak financial management.

Non-securing of integrity pact constituted weak internal control.

The matter was reported to management during November, 2016 but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility for not safeguarding the departmental interests, under intimation to audit.

[AIR Para: 17]

7.2.3.18 Expenditure by Way of Splitting – Rs 23.824 Million

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

Further, as per Rule 12(1) of SPPRA Rules 2010, “Save as otherwise provided and subject to the regulations made by the Authority, a procuring agency shall prepare, in accordance with Rule 11 above, all proposed procurements for each financial year and

shall proceed accordingly without any splitting or regrouping of the procurements already grouped, allocated and scheduled in the Procurement Plan”.

Following formations of Sukkur Division, during financial years 2014-16, incurred expenditure amounting to Rs 23.824 million without calling tender and by splitting to avoid tender and quotations, in violation above rules. Details are as under:

[Rupees in Million]

Sr.	Name of formation	Para no.	Year	Amount
1	MC Gambat	8	2015-16	1.050
2	MC Kingri	11	2015-16	2.707
3	TC Faiz Ganj	8	2015-16	8.626
4	TC Nara	10	2015-16	3.019
5	TC Kotdiji	6	2014-15	2.694
6	TC, Pano Akil	6	2015-16	3.852
7	TC, Saleh Pat	4	2015-16	1.876
Total				23.824

Audit is of the view that splitting of work deprived the Government from achieving best competitive rates.

Non-observance of prescribed rules and procedures deprived Government from achieving economical rates for its procurements.

The matter was reported to the management during November, 2015 and November, 2016 but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends for fixing of responsibility on managements on account of procurements/execution of works without tenders/by splitting.

[AIR Paras: 8,11,8,10,6, 6, 4]

7.2.3.19 Un-authorized Payment of Liabilities – Rs 20.918 Million

As per FD, GoS letter No. FD/CWandM-I)(26) 91-92(P.T.II) dated 24-06-1993, “all charges incurred must be paid at once and under no circumstances may be allowed to stand over to be paid from the grant of subsequent year”.

Further, as per FD, GoS letter No. FD/BandE –I/51/2007 dated 02-07-2007, “liability of previous years shall not allowed to be cleared unless concurrence is given by FD”.

Following formations of Sukkur Division, during financial years 2014-16, paid an amount of Rs 20.918 million to clear previous year liabilities without concurrence of FD, in violation of the above rules. Details are as under:

[Rupees in Million]				
Sr.	Name of formation	Para no.	Year	Amount
1	MC Rohri	2	2015-16	13.689
2	TC Pano Akil	8	2014-15	5.658
3	MC Kingri	3	2015-16	1.571
Total				20.918

Audit is of the view that non-observance of laid down rules resulted into un-authorized expenditure, which constituted weak financial management.

Non-observance of prescribed rules constituted weak internal control.

The matter was reported to the management during October, 2015 and November, 2016 but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on incurring unauthorized expenditure and same may be regularized from competent authority.

[AIR Paras: 2,8,3]

7.2.3.20 Irregular Expenditure on Development without Obtaining Completion Certificate – Rs 18.843 Million

As per Government of Sindh, Services, General Administration and Coordination Department (Regulation Wing) Karachi, NO. SORI(SGAandCD)2-30/2010, dated 8th March, 2010, “(1) Except for defect liability or maintenance by the supplier, consultant or contractor, as specified in the conditions of contract, performance of the contract shall be deemed close on the issue of overall delivery certificate, certificate of completion of deliverables, or taking over certificate which shall be issued within thirty days of final taking over of goods or receiving the deliverables or completion of works enabling the supplier or contractor to submit final bill and the procuring agency to carry out any inspection of goods, works or services related thereto, as provided in the contract agreement and auditors to do substantial audit”.

In the office of Administrator/Town Officer, Town Committee Pano Akil, during financial year 2014-15, it was observed that an amount of Rs 18.843 million was

incurred on development work through final bills, but the completion certificate was not found on the record in violation of Government procedures.

The failure of management failed to observe Government rules and procedures, which reflects the absence of systematic control and financial discipline prevailing in the department. Furthermore due to improper planning the Government sustained a loss. The entire expenditure stood irregular due to non-observance of the Government rules.

Due to non-availability of completion certificate, it is assumed that the work has not been completed which is loss to Government.

The matter was reported to the management during September, 2015 and January 2016 but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit therefore desires that the matter may be looked into and the completion certificates may be obtained from the concerned, under intimation to audit.

[AIR Para: 18]

7.2.3.21 Irregular Expenditure on De-silting – Rs 18.530 Million

According to Section-72 Schedule-II (part-II) Rule 1-16 of Sindh Local Government Act.2013, “Compulsory functions to be performed by corporations, municipal committees and town committees, council shall be responsible for water, sewerage, drainage, sanitation, roads, other than Provincial and district roads, streets and street lighting; firefighting, park services. 2. Sanitation, A Corporation, Municipal Committee or Town Committee shall be responsible for the sanitation, and may for that purpose cause such measures to be taken as are required by or under this Act. 3. Removal, Collection and Disposal of Refuse: A Corporation, Municipal Committee or Town Committee shall make adequate arrangements for the removal of refuse from all public streets, public latrines, urinals, drains and all buildings and lands vested in the Council concerned and for the collection and proper disposal of such refuse”.

Following formations of Sukkur Division, during financial years 2014-16, incurred an expenditure of Rs 18.530 million on de-silting of drains and removal of debris despite having large number of sanitation staff. Moreover, no details of measurements were recorded in measurement books, work registers and vouchers also didn't reflect the necessary details for authenticating the expenditure. Detail is as under:

[Rupees in Million]

Sr.	Name of formation	Para no.	Year	Amount
1	CMO Rohri	25	2014-15	3.830
2	CMO Gambat	5	2014-15	0.524
3	CMO Kingri	6	2014-15	8.193
4	TC Nara	11	2015-16	5.983
Total				18.530

Audit is of the view that management failed to comply with the rules set forth by the Government, which reflects the presence of weak internal controls.

Such act of negligence predicts lack of transparency in the expenditure made.

The matter was reported to the management during November, 2015 and December, 2016 but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on the management for incurring expenditure on desilting, besides having available sanitary staff, under intimation to audit.

[AIR Paras: 25,5,6,11]

7.2.3.22 Unauthorized Transfer of Funds to Various Contractors Rs 15.089 Million

As per Rule 3 (v) of Sindh District Government and Taluka/Town Municipal Administration (Budget) Rules 2002, "TMO is responsible for ensuring that funds allocated are spent on the activities for which the money was provided".

Further, According to Treasury Rules-13, "Unless in any case the Governor with the concurrence of the Auditor General. Otherwise direct, money may not be withdrawn from the public account without the written permission of the Treasury Officer or of a Government servant of Pakistan Audit Department authorized in this behalf by the Auditor General."

Town Officer, Town Committee, Saleh Pat, District Sukkur, during 2014-15, unauthorizedly transferred funds amounting to Rs 15.089 million without justification, in violation of above rules.

Audit is of the view that unauthorized transfer of funds resulted into non-transparency in public expenditure. Violation of prescribed rules was due to weak internal controls.

The matter was reported to the management during October, 2015 but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on management at fault on account of unauthorized transfer of funds.

[AIR Para: 7]

7.2.3.23 Non-Invitation of Tender on account of Development Works Rs 11.732 Million

According to Sindh Public Procurement Rules 2010, “Procurements over Rupees one hundred thousand and up to Rupees one million shall be advertised by timely notifications on the Authority’s website and may in print media in the manner and format specified by regulations issued by the Authority from time to time, or If no such formats have been specified by the authority, in the manner and format, which conforms most closely to the principles of procurements i.e. openness of competition, fairness, transparency etc. and to procedural requirements given in these rules and regulations, issued in pursuance of these rules”.

Further, As per Para 126 of PWD Manual Volume-I, “Nothing in these rules is to be construed into a permission to officers to carry out in portions any group of works or alterations or to make purchase of which the cost in the aggregate would exceed what they are empowered to sanction under the rules”.

In the office of Chief Officer District Council, Ghotki, during financial year 2014-15, it has been observed that an expenditure of Rs 11.732 million was incurred on various development works, carried out without calling open tender. Moreover the following discrepancies were noticed:

- There was non- constitution of procurement committee
- Administrative and technical sanctions were not obtained
- Tender register was not made.
- No work order was made. .
- The NTN and STRN of contractors were not mentioned on the bills. The entity didn’t care to collect proper cash-memos.

- Measurement books were not made.
- No Comparative Statements ,Contractors Ledgers ,Security deposit register or Completion Certificate was maintained
- Multiple payments over one lac have been split
- Payment made to the contractor without any pre-audit by DAO.
- Non deduction of sales tax @ 16 % on supply of mud.
- Amount paid to contractor for mud not found as per schedule of rates.

In absence of all these codal formalities, the whole expenditure is highly irregular and unsubstantiated and audit is of the view that fraudulent payments / embezzlement of funds cannot be ruled out.

The failure of management to comply with the rules reflects weak internal control system prevailing in the department which constituted weak financial management

The matter was reported to the management during September, 2015 but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Non-observance of Government rules and irregularity may be justified to audit, serious action be taken against the person at fault.

[AIR Para: 4]

7.2.3.24 Irregular Award of Work to the Contractors – Rs 11.732 Million

As per PEC letter # PEC/ Consult/ ES/ 1900017 dated 01-09-2005, “non-engineering works shall be constructed except by constructor or operated except by operator licensed as such by the council (PEC). All consulting engineering services in Pakistan shall be entrust only a consulting engineer duly registered as such with the council (PEC)”. Further as per Planning and Development Department, Government of Pakistan’s letter # 1(63-A) PP and H/ PD/ 2005 dated 14-09-2005, “all respective provincial departments, city/ district Government, TMA’s UC Administrations, housing, water supply and sanitation agencies must ensure compliance of the instructions given in Pakistan Engineering Council byelaws 1986 and 1987 are fully implemented in all engineering contracts and procurement of engineering services and works in order to restrain from pre-qualification of all such local and foreign firms, which do not abide by PEC laws and rules”.

Further According to the Sindh Sales Tax on Services Act 2011 Section 24, “Registration.-(1) Registration will be required for all persons who: (a) are residents; (b) provide any of the services listed in the Second Schedule from their registered office or place of business in Sindh; and (c) fulfill any other criteria or requirements which the Board may prescribe under sub-section (2)”.

Chief Officer, District Council, Ghotki, during financial year 2014-15, awarded works costing Rs 11.732 million irregularly to the contractors, following irregularities were found:

- Contractors were not registered with Sindh Revenue Board
- Contractors were not registered with PEC/ in violation of above mentioned directives of Government.
- Sales tax registration certificate and active tax payer list was not obtained as per requirement of NIT.
- Income tax registration certificates of all contractors not obtained as per requirement of NIT.
- Undertaking/affidavit for no litigation from contractor was not obtained.

Audit is of the view that failure of management to comply with the rules reflects weak internal control system prevailing in the department which constituted weak financial management

The matter was reported to the management during September, 2015 but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends that responsibility be fixed on person(s) at fault and it may be ensured that such irregularity will not repeat in future and necessary record may immediately be maintained.

[AIR Para: 6]

7.2.3.25 Irregular Expenditure against Work Charged Salaries Rs 10.472 Million

As per Rule-23 of Sindh Financial Rules, “Every Payment including repayment of money previously lodged with Government for whatever purpose, must be supported by a voucher setting forth full and clear particulars of the claim”.

Further, as per Section(I) of Appendix 18-A of SFR Vol-I, "Means should be devised to ensure that every Government servant realizes fully and clearly that he will be

held personally responsible for any loss sustained by Government through fraud or negligence on his part, and that he will also be held personally responsible for any loss arising from fraud or negligence on the part of any other Government servant to the extent to which it may be shown that he contributed to the loss by his own action or culpable negligence”.

In the office of Chief Municipal Officer, Municipal Committee Kingri and Town officer Town Committee Nara, District Khairpur during financial year 2015-16, it was observed, that amount of Rs 10.472 million was drawn on account of work charged establishment salaries.

Audit observed following discrepancies.

- Payments were made in the name of staff instead of respective employees.
- Payment was disbursed in cash
- Acknowledgement receipts were not obtained from work charged employees.
- Revenue stamps were not affixed.
- CNIC were missing

Audit is of the view that that amount was withdrawn in the name of staff members instead of respective employees resulted into suspected misappropriation by management and reflects weak financial management.

Violation of prescribed rules resulted into doubtful drawl which constituted weak internal control.

The matter was reported to managements during November 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility for doubtful drawl of funds in the name of staff members, under intimation to this office.

[AIR Paras: 9,8]

7.2.3.26 Un-authorized Increase in SNE Approval from Competent Authorities - Rs 10.188 Million

According to Para 188 of Sindh Financial Rules Volume-I, “no payment should be made without the budget provision or prior permission be obtained from Finance department in order to incur such expenditure. Further according to rule 80 (3)(4) of SFR volume-I, it is the responsibility of DDO to ensure that no expenditure exceeds the limits

of the budget provision and in case the expenditure is exceeded the budget allocation, additional budget grant prior to the close of the financial year should have been obtained”.

In the office of Administrator/Town Officer, Town Committee Pano Akil, during 2014-15, it was noticed that in the financial year 2013-14, number of working strength was 562 where as in financial 2014-15 working strength was increased to 592.

The mentioned increase in SNE was without approval from Local Government Department and Finance Department, Government of Sindh, in violation of rule. Detail is attached as below.

[Amount in Rupees]

Financial Year	Total No. of Posts	Expenditure Incurred
2013-14	562	6,958,043
2014-15	592	7,807,084
Difference	30	849,041 x 12 Months = 10,188,492

The failure of management to comply with the rules reflects weak internal control system prevailing in the department which constituted weak financial management

The matter was reported to the management during September, 2015 but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit therefore desires that justification may be provided to audit and the same may be regularized from the competent authority at the earliest and proper measures should be adopted to avoid such lapses in future.

[AIR Para: 5]

7.2.3.27 Un-authorized Purchase of Vehicles – Rs 9.674 Million

According to Notification issued by Finance Department, Government of Sindh with the directives of Chief Minister, Sindh vide No. FD/BandE-1/2(360)/Ban/2012-13 dated 17-5-2013, “the ban was imposed by the chief Minister for a. Procurement of vehicles of all categories from non-development budget. Above ban will be relaxed by the orders of Chief Minister”.

In the offices of Administrator/TO, Town Committee Pano Akil, District Sukkur, Town Officer, Town Committee, Faiz Ganj District Khairpur, during financial year 2014-15, it was noticed that Five vehicles (Fire Brigade HINO 300, Tractor

IMT 549, Electricity Mazda with Stairs, Garbage Mazda and Water Bouzer, Toyota Hilux Vigo) amounting to Rs 9.674 million were purchased for Town Committees without approval from competent authority. Moreover, it was also noticed that the purchased vehicles were not accounted for in dead stock register. Detail is as under:

[Amount in Rupees]

Sr.	Name of Offices	Year	Amount
01	TC, Faiz Ganj	2014-15	3,674,000
02	TC, Pano Akil	2014-15	6,000,000
Total			9,674,000

Audit is of the view that Government orders/rules were violated as the vehicles were purchased during ban period without seeking exemption from competent authority, which constituted violation of Government instructions. The expenditure was incurred in violation of ban.

The failure of management to comply with the rules reflects weak internal control system prevailing in the department which constituted weak financial management

The matter was reported to the management during September, 2015 to November, 2016 but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on management for purchase of vehicle without approval, and all necessary documents be produced to audit for verification.

[AIR Paras: 13, 14]

7.2.3.28 Irregular Purchase Of Electric Material - Rs 8.118 Million

According to Para-10 (i) of GFR Volume-I, “every public officer is expected to exercise the same vigilance in respect of expenditure incurred from public money as a person of ordinary prudence would exercise in respect of expenditure of his own money”.

Further, according to Para-10 (iv) of GFR Volume-I, “public money should not be utilized for the benefit of a particular person or section of community.

In the office of Administrator/Chief Municipal Officer, Municipal Committee, Rohri, during financial year 2014-15, it was observed that an expenditure amounting to

Rs 8.118 million was incurred on purchase of electric material. Audit observed out following irregularities.

- Details of purchased Lights, Poles, Savors, Bulbs, Wires etc was not present
- Location for installing electric material was not indicated
- Purchased material was not accounted for in relevant stock register
- No detail of old electric material was provided
- Detailed estimate and map was not provided
- No proper indent, issue register against electric material was available
- It was noticed that expenditure apprx. Rs 1,300,000 was also incurred on Repair and rewinding of Electric Motors and an approximately amount of Rs 1,000,000 was incurred on rewinding of Electric Transformers without any requisition or nature of repair.

Audit is of the view that management failed to comply with the rules set forth by the Government, which reflects the absence of systematic internal prevailing in the department.

Non-observance of rules and procedures constituted weak internal control and weak financial management.

The matter was reported to the management during November, 2015 but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit therefore desires that the matter may be investigated and the non-observance of Government rules and procedures by the management may please be explained to audit. Furthermore it is suggested that the proper measurement should be adopted to avoid such lapses in future.

[AIR Para: 22]

7.2.3.29 Unauthorized Payments made during Ban on Development Works on Quotation Basis - Rs 7.836 Million

According to letter issued by LGD vide No.SOI/LG/MISC/10-7/2013 on the subject Ban on payment(s) of Development works on Quotation basis, "I am directed to refer to the subject noted above and to inform that the honorable Minister to LGD has been pleased to impose ban on payments of all types of expenditure excluding salary and pension components in all local councils and other sub ordinate offices of LGD. No other

payment shall be made till issuance of such orders/ instructions by the competent authority.”

Following formation of Sukkur Division, during financial years 2014-16, incurred an expenditure of Rs 7.836 million on account of Development works on Quotation basis during the period of ban imposed by Government, in violation of above rule. Details are as under:

[Rupees in Million]				
Sr.	Name of Offices	Para	Year	Amount
1	MC Rohri	3	2015-16	1.366
2	TC Pano Akil	4	2015-16	3.852
3	CMO Kingri	2	2014-15	2.618
Total				7.836

Audit is of the view that expenditure incurred during the period, when the ban was imposed by Government, expenditure has resulted into failure of management to abide by instructions/orders issued by the competent authority and reflects weak administrative and financial management. Besides, misappropriation of public money cannot be ruled out.

Deviation from prescribed rules constituted weak internal control.

The matter was reported to the management January, 2016 and November, 2016 but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on account of failure of management to abide by the instructions/orders of competent authority and initiate action against illegal payments made, under intimation to this office.

[AIR Paras: 3,4,2]

7.2.3.30 Irregular Payments to DC Inland Revenue – Rs 5.607 Million

As per section 100 of the Sindh Budget Manual, “The consolidated accounts of the controlling officer have as pointed out in the paragraph 98, to be reconciled monthly with the accounts of comptroller. The object of this procedure is to ensure the accuracy of departmental accounts, and such accuracy is necessary in order to make departmental control really effective and to prevent misclassification or other errors in accounts.”

Further, As laid down in Para 34(d) of the Sindh Financial Rule Vol-I, “as well as the instruction of the Finance Department, “receipts of Government need to be deposited into the bank and should be reconciled with the treasury”.

In the office of the Town Officer, Town Committee, Nara during financial year 2015-16, it was observed that an amount of Rs 5.607 million was recovered by DC Inland Revenue, Khaipur on account of Income Tax. The department failed to provide any detail of income tax deductions which were made by the office. Furthermore the management didn't care to have the payments reconciled with DC Inland Revenue to avoid double taxation. Detail provided as under:

[Amount in Rupees]

Sr.	Name of Payees	Cheque #	Date	Amount
1	DC Inland Revenue Khaipur	15401759	7/12/2015	600,000
2	DC Inland Revenue Khaipur	PO 350607	31/03/016	1,545,000
3	DC Inland Revenue Khaipur	17426321	30/06/2016	3,462,075
Total				5,607,075

Audit is of the view that management failed to reconcile the amount of income tax, resulted into non-transparency in management of public funds, which constituted weak financial management.

Non-observance of prescribed procedure constituted weak internal control.

The matter was reported to managements during November 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on management for non-reconciliation of payments made to DC Inland Revenue; it may be reconciled, under intimation to audit.

[AIR Para: 16]

7.2.3.31 Irregular Expenditure on account of Quotation Works Rs 4.253 Million

As per Para 155 of GFR Volume-I read with Para 113 of SFR Volume-I, “A reliable list, inventory or account of all stores in the custody of Government officers should be maintained in a form prescribed by competent authority, to enable a ready verification of stores and check of accounts at any time and transactions must be recorded in it as they occur”.

Further, as per Rule 10 of GFR, “Every officer authorized to incur expenditure from the public fund should observe high standards of financial propriety”.

Town Officer, Town Committee Kotdiji District Khairpur, during financial year 2014-15, incurred an expenditure of Rs 4.253 million on quotation basis. Moreover, the bills/vouchers/ supply orders were without cheque numbers, NTN, STRN (contractors) and dates of issuance of cheques, in violation of above rule.

Thus, the management failed to observe Government rules in letter and Spirit, which reflects the absence of systematic control and financial discipline in the department.

The matter was reported to managements during November 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Matter may be inquired in detail by fixing of responsibility against person(s) at fault under intimation to audit.

[AIR Para: 04]

7.2.3.32 Unauthorized Payments – Rs 4.243 Million

According to Para-10 (iv) of GFR Volume-I, “public money should not be utilized for the benefit of a particular person or section of community and also according to rule all the claims must be supported with full detail and documents”.

Further, Section (I) of Appendix 18-A of SFR Vol-I, "Means should be devised to ensure that every Government servant realizes fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part, and that he will also be held personally responsible for any loss arising from fraud or negligence on the part of any other Government servant to the extent to which it may be shown that he contributed to the loss by his own action or culpable negligence”.

Town Officer, Town Committee, Nara during financial year 2015-6 incurred an expenditure of Rs 4.243 on polio campaign, repair and maintenance of press club and to Pakistan Rangers Head Quarter, Taluka Nara.

- i. Audit is of the view that Polio campaign is sole responsibility of Health department for which concerned authorities were provided a heavy budget.
- ii. Whereas Pakistan Rangers is also provided with a handsome budget for subordinate offices.

iii. Whereas the repair and maintenance of Press club is undue favour to journalists.

Non-observance of rules constituted weak internal control prevailing in department. As a result, chances of misappropriation cannot be ruled out.

The matter was reported to the management during November, 2016 but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

The above financial indiscipline needs to be justified and corrective actions be taken against persons(s) at fault. The DDO and head of office should be vigilant to control the expenditure as per rules.

[AIR Para: 13]

7.2.3.33 Irregular and Un-Justified Expenditure on Supply of Drinking Water - Rs 3.848 Million

According to Para-10 (iv) of GFR Volume-I, “public money should not be utilized for the benefit of a particular person or section of community and also according to rule all the claims must be supported with full detail and documents”.

Further, as per Section (I) of Appendix 18-A of SFR Vol-I, "Means should be devised to ensure that every Government servant realizes fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part, and that he will also be held personally responsible for any loss arising from fraud or negligence on the part of any other Government servant to the extent to which it may be shown that he contributed to the loss by his own action or culpable negligence”.

The Town Officer, Town Committee, Nara, during financial year 2015-16, incurred an expenditure of Rs 3.848 on supply of sweet drinking water in different areas of Town Committee, Nara, without getting approval of competent authority. Moreover, no justification was provided to audit for provision of huge expenditure on supply of water to specific areas of Town Committee, Nara.

The failure of management to comply with the rules reflects weak internal control system prevailing in the department.

The matter was reported to the management during November, 2016 but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

The above financial indiscipline needs to be justified and corrective actions be taken against persons(s) at fault. The DDO and head of office should be vigilant to control the expenditure as per rules.

[AIR Para: 17]

7.2.3.34 Non-Utilization of Services of Tax Staff and Paid Salary thereof - Rs 3.091 Million

According to Para-10 (i) of GFR Volume-I, “every public officer is expected to exercise the same vigilance in respect of expenditure incurred from public money as a person of ordinary prudence would exercise in respect of expenditure of his own money”.

Further, according to Para-10 (iv) of GFR Volume-I, “public money should not be utilized for the benefit of a particular person or section of community and also according to rule all the claims must be supported with full detail and documents”.

Administrator/Town Officer, Town Committee Pano Akil, during financial year 2014-15, failed to depute the Octroi staff and utilize their services, in violation of Government rule.

Thus, the management failed to comply with the orders of the Government on the subject, which indicate the absence of systematic internal control and lack of financial discipline prevailing in the department.

Government sustained loss on their salaries without providing any services.

The matter was reported to management during September, 2015 but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit therefore recommended that the irregularity may please be clarified to audit and the steps may be taken so that such irregularities are not repeated in future.

[AIR Para: 6]

7.2.3.35 Irregular Expenditure on Retirement Emoluments without Supporting Documents – Rs 2.858 Million

According to Para-10 (i) of GFR Volume-I, “every public officer is expected to exercise the same vigilance in respect of expenditure incurred from public money as a person of ordinary prudence would exercise in respect of expenditure of his own money” and according to Para-10 (iv) of GFR Volume-I, “public money should not be utilized for the benefit of a particular person or section of community and also according to rule all the claims must be supported with full detail and documents”.

In the office of Chief Officer, District Council, Sukkur, during financial year 2014-15, it was observed that Commutation, Gratuity and Financial Assistances was paid to the staff and widows of employees of District Council without any supporting documents/ evidences for verification.

The failure of management to comply with the rules reflects weak internal control system prevailing in the department which constituted weak financial management

The matter was reported to the management during September, 2015 but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit therefore desires that the matter may be investigated and the non-observance of Government rules and procedures by the management may please be explained to audit. Furthermore it is suggested that the proper measures should be adopted to avoid such lapses in future.

[AIR Para: 7]

7.2.3.36 Irregular Drawl of Over Time – Rs 2.540 Million

As per Rule 5 of Chapter 1 of SFR Volume-1, “the amount of allowance granted to meet expenditure of particular type should be so regulated that allowances are not on the whole source of profit of the recipient”.

Further, according to Para-10 (iv) of GFR Volume-I, “public money should not be utilized for the benefit of a particular person or section of community and also according to rule all the claims must be supported with full detail and documents”.

In the office of the Chief Municipal Officer, Municipal Committee, Khairpur, during financial year 2015-16, it was observed that over time amounting to Rs 2.540 million in addition to their salaries was paid each month to fire brigade staff without any details of work detailment.

Thus, the management failed to comply with the orders of the Government on the subject, which indicate the absence of systematic internal control and lack of financial discipline prevailing in the department.

Government sustained loss on their over time without providing any services.

The matter was reported to the management during November, 2016 but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit therefore recommended that the irregularity may please be clarified to audit and the steps may be taken so that such irregularities are not repeated in future. Moreover, amount may be recovered from the incumbent and in future over time allowance per hour may be allowed in light of Government instructions.

[AIR Para: 10]

7.2.3.37 Irregular Payment to Awaiting for Posting Period Salary Rs 2.386 Million

According to Government of Sindh Finance Department letter No. FD (SR-III)13/5-84 Dated 08TH March, 1999, “The Administrative Departments have, frequently, been referring the cases to Finance Department for treating the intervening period as compulsory waiting for posting. Period of 30 days, for issuing posting orders, has been allowed to Administrative Departments in exceptional cases and that too not being followed in letter and spirit. At the same time initiated disciplinary action against the officer who is found responsible for causing deliberate delay in issuing posting orders beyond 30 days. Further, it has been directed that only those cases with extra ordinary and un-avoidable situation, where compulsory waiting for posting beyond 30 days is involved are be referred to this Department with full justification and documentary proof for consideration”.

Further, According to Para-10 (iv) of GFR Volume-I, “public money should not be utilized for the benefit of a particular person or section of community and also according to rule all the claims must be supported with full detail and documents”.

Town Officer, Town Committee, Pacca Chang (Faiz Ganj) and Nara of District Khairpur, during financial years 2014-16, incurred an expenditure of Rs 2.386 million on payment of salary against the intervening period for waiting for posting, in violation of above orders. Furthermore, complete supporting record like Service book, LPC, Current and Last posting orders, the supporting record were not produced for verification. Details are as under:

[Amount in Rupees]

Sr.	Name of Offices	Para	Year	Amount
1	TC, Faiz Ganj	6	2015-16	1,336,000
2	TC, Nara	7	2015-16	1,050,000
Total				2,386,000

Audit is of the view that failure of management to comply with the rules reflects weak internal control system prevailing in the department which constituted weak financial management

The Government instructions were over looked and thus payment may be suspicious and loss to Government.

The matter was reported to the management November, 2016 but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit therefore desires that the matter may be investigated and the non-observance of Government rules and procedures by the management may be explained to audit and all necessary documents be produced to audit for verification.

[AIR Paras: 6,7]

7.2.3.38 Irregular Payment on Electricity Charges without Detailed Bill Summary - Rs 2.100 Million

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

Further, As per Rule-23 of Sindh Financial Rules Vol-I, “Every Payment including repayment of money previously lodged with Government for whatever purpose, must be supported by a voucher setting forth full and clear particulars of the claim”.

During the course of audit on account record of Chief Municipal Officer, Municipal Committee Kingri, during financial year 2015-16, it has been observed that an amount of Rs 2.100 million was paid to Revenue Officer, SEPCO for payment of electricity without detailed bill summary against consumption of units for official meters.

This was due to the gross negligence, and internal controls leads to failure of management to comply with the rules and procedures.

Violation of prescribed rule was due to weak internal controls.

The matter was reported to the management November, 2016 but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility for such lapse and all necessary documents be produced to audit for verification.

[AIR Para: 14]

7.2.3.39 Unauthorized Award of Auctions – Rs 1.680 Million

According to Notification issued from Local Government Department, Government of Sindh vide No. SO-A/LG/4/(82)/2013 Dated. 27.05.2014, “The auctions papers of the taxes, rates and fees etc as provided in schedule-V (Part-I, Part-II and Part-III) appended to the Sindh Local Government Act,2013 should be submitted to this department for approval latest by 15th June.2014, so that the menace of litigation is avoided failing which the delinquent officer/officials will be held responsible for loss inflicted to Government exchequer till confirmation of auction by Government, possession shall not be handed over to contractor”.

In the office of the Administrator/ Town Officer, Town Committee, Pano Akil, during financial year 2014-2015, it was observed that 4 auctions on account of cattle piri, wallar fee, advertisement fee and parking fee, which comes to total amount of Rs 1.680 million, were awarded to various auctioneers without getting approval from Local Government Department, in violation of above orders. Detail provided as under:

[Amount in Rupees]

Sr.	Type of Auctions	Auctions Allotted to	Auctioned Amount
1	Cattle Piri	M/s Dodo Khan	805,000
2	Wallar Fee	M/s Dodo Khan	605,000
3	Parking Fee	M/s Iran Ali	140,000
4	Advertisement Fee	M/s Meer Muhammad	130,000
Total			1,680,000

The failure of management to comply with the rules reflects weak internal control system prevailing in the department which constituted weak financial management

The matter was reported to the management during September, 2015 but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit therefore desires that irregularity be justified to audit, responsibility be fixed against the person (s) at fault and steps be taken to avoid such irregularities in future.

[AIR Para: 4]

7.2.3.40 Irregular Payment to Contractors without Pre-audit Rs 1.657 Million

As per Sub Para-32 (2) of the Local Government Accounts Manual, “Every bill shall be pre-audited by the Accounts Office. The pre-audit shall ensure that the bill has been sanctioned and that funds are available to make payment. The pre-audit shall also involve scrutinizing the bill to identify possible fraud and irregularities”.

Further, as per Rule 111(4) and (5) of Sindh Local Government Act 2013, "the Provincial Director, Local Fund Audit shall pre-audit all the payments from the Local Funds of the Councils and a Council shall not with draw or disburse money from the Local Fund unless it is pre-audited in the prescribed manner”.

Town Officer, Town Committee, Pacca Chang (Faiz Ganj), incurred expenditure of Rs 1.657 million, during financial year 2014-15, without pre-audit by the Local Fund Audit, in violation of the above rules.

Audit is of the view that payments without pre-audit resulted into unauthorized expenditure. Violation of prescribed rules was due to weak internal controls.

The matter was reported to management during November, 2016 but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility against management for payments made without pre-audit.

[AIR Para: 11]

7.2.3.41 Irregular and Un-justified Payments in the Name of Deputy Commissioner, Khairpur – Rs 1.500 Million

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

As per Section (I) of Appendix 18-A of SFR Vol-I, "Means should be devised to ensure that every Government servant realizes fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part, and that he will also be held personally responsible for any loss arising from fraud or negligence on the part of any other Government servant to the extent to which it may be shown that he contributed to the loss by his own action or culpable negligence”.

During the course of audit of Town Officer, Town Committee Nara, during financial year 2015-16, it has been observed that a huge payment of Rs 1.500 million was transferred directly in the name of Deputy Commissioner, Khairur without any details or nature of expenditure. Furthermore, an amount of Rs 0.500 million for donation to Red Crescent was also made in favour of Deputy Commissioner, Khairpur instead of paying to Red Crescent, directly. Detail is as under:

[Amount in Rupees]

Sr.	Cheque #	Date	Particulars	Amount
1	13877624	17/08/2015	Transfer to Deputy Commissioner Khairpur	500,000
2	16651783	18/03/2016	Donation to Red Crescent	500,000
3	16772014	17/06/2016	Transfer to Deputy Commissioner Khairpur	500,000
Total				1,500,000

The failure of management to comply with the rules reflects weak internal control system prevailing in the department which constituted weak financial management

The matter was reported to the management during November, 2016 but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on doubtful payments in the name of Deputy Commissioner, Khairpur, justification be provide for such type of suspicious payments and the amount under question be recovered from the person at fault, under the intimation to audit.

[AIR Para: 06]

7.2.3.42 Irregular Payments of Legal Fees – Rs 1.500 Million

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

Further, as per Section (I) of Appendix 18-A of SFR Vol-I, "Means should be devised to ensure that every Government servant realizes fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part, and that he will also be held personally responsible for any loss arising from fraud or negligence on the part of any other Government servant to the extent to which it may be shown that he contributed to the loss by his own action or culpable negligence”.

In the office of the Town Officer, Town Committee Nara, during financial year 2015-16, it has been observed that payment of Rs 1.390 was made on account of legal fees to 3 different legal advisors without any justification. The management failed to provide details of any court case in which the management was made a party. Furthermore, the approval of law department was also not sought in appointment of legal advisors. Detail is as under:

[Amount in Rupees]

Sr.	Name of Payees	Cheque #	Date	Total
1	M/s. Qurban Ali Malano	15201240	22/09/2015	400,000
2	M/s. Qurban Ali Malano	15201257	28/09/2015	100,000
3	M/s. Mailk Naeem Iqbal	15201258	28/09/2015	100,000
4	M/s. Noor Muhammad Soomro	15201259	28/09/2015	95,000
5	M/s. Qurban Ali Malano	15401725	6/11/2015	200,000
6	M/s. Noor Muhammad Soomro	15401726	6/11/2015	95,000
7	M/s. Qurban Ali Malano	Nil	14/11/2015	100,000
8	M/s. Qurban Ali Malano	15401756	7/12/2015	100,000
9	M/s. Qurban Ali Malano	16095007	4/1/2016	200,000
Total				1,390,000

Audit is of the view that failure of management to comply with the rules reflects weak internal control system prevailing in the department which constituted weak financial management

Such act of negligence predicts lack of transparency in the expenditure made.

The matter was reported to the management during November, 2016 but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on the management for incurring such a huge expenditure without proper justification, beside record be immediately provided to audit for verification, under intimation to this office.

[AIR Para: 12]

7.2.3.43 Irregular Salaries made to Contingent Paid Staff - Rs 1.364 Million

According Rule-88 of Sindh Financial Rules Volume-1, “Every public officer should exercise the same vigilance in respect of expenditure incurred from Government revenue as a person ordinary prudence would exercise in spending his own money”.

Further, as per Rule -89 of Sindh Financial Rules Volume-1, “it is the duty of countersigning officer to see that the charges made in contingent bills are of obvious necessity and are at fair and reasonable rates.

In the office of the Chief Officer District Council, Ghotki, during financial year 2014-15, it was observed that an expenditure of Rs 1.364 million was incurred on account of payment of salaries of contingent staff.

There were 542 employees are working on permanent basis as per sanction strength provided by the entity. However no rationale was provided for incurrence of expenditure on contingent paid staff. No acquaintance roll was available and the amount was credited to DDO account where the pay is disbursed manually. Audit was unable to authenticate the expenditure since complete record was not available.

The failure of management to comply with the rules reflects weak internal control system prevailing in the department which constituted weak financial management

The matter was reported to the management during September, 2015 but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Matter may be investigated and justified to audit.

[AIR Para: 5]

7.2.3.44 Unauthorized Drawl of Monthly Fixed Travelling Allowance (PTA) Rs 0.715 Million

According to Rule-28 of GFR Vol-I, “no amount due to Government should be left outstanding without sufficient resources and where any dues appear to be irrecoverable the orders of competent authority for their adjustments must be sought”.

Further, no any instructions by the Government are issued to draw the permanent Travelling Allowance (PTA) to any employee.

Moreover, according to Para-10 (iv) of GFR Vol-I, “public money should not be utilized for the benefit of a particular person or section of community”.

In the office of the Administrator/CMO, Municipal Committee Rohri, during financial year 2014-15, it was noticed that management paid Permanent Traveling allowance (PTA) amounting to Rs 0.715million to staff.

The failure of management to comply with the rules reflects weak internal control system prevailing in the department which constituted weak financial management

The matter was reported to the management during November, 2015 but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit, therefore recommended that the recovery be made from the incumbent from date of initial payment and be deposited into Government account

[AIR Para: 12]

7.2.3.45 Irregular Appointments

As per Notification issued from Local Government Department, Government of Sindh vide No.SOA/(LG)1(27)/2011 dated 6-6-2011, “No appointment in any grade shall be made henceforth without consolidated advertisement and fresh approval of the Government. Approval, if any, earlier issued in this regard may be treated cancelled / withdrawn”.

Further, as per Government of Sindh, Services, General Administration and Cooperation Department notification No.SOV(SandGAD)X-15/90-98 dated:12-02-2008, Advertisement should be given for all vacant posts and for Posts in BPS-5 and above,

there shall be a written test followed by interview, whereas, for posts in BPS-1 to BPS-4 only interviews shall be conducted through departmental selection committee.

In the office of the Chief Officer, District council Khairpur, during financial year 2014-15, it was observed that 2 new employees were appointed on permanent basis, without going through prescribed procedure, in violation of the above rules. Detail provided as under:

[Amount in Rupees]

Sr.	Name of Employee	Designation	Gross Pay	Pay Per Year
1	Mr. Ghulam Mujtaba	P.R.O BPS-16	31,877	382,524
2	Mr. Danish Mushtaque	A.A.O BPS-16	26,877	322,524
Total			58,754	705,048

Audit is of the view that recruitments were made without following prescribed procedure resulting into non-transparency in recruitment and weak financial management.

Deviation from prescribed rules was due to weak internal control.

The matter was reported to the management during November, 2015 but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends investigation for fixing of responsibility on official (s) for unauthorized appointments without fulfillment of codal formalities, under intimation to audit.

[AIR Para: 3]

7.2.3.46 Non-Accountal of Security and Call Deposits

According to Government instructions, “all security and call deposits should be kept in charge in responsible Government servant and recorded the same in his appropriate deposit register”.

Further, According to Provision contained in Rule-113 of Sindh Financial Rule Volume-I, “all materials received should be examined, counted, measured or weighed as the case may be, when delivery is taken and they should be kept in charge of a responsible Government servant who should be required to give a certificate that he actually received the materials and recorded them in his appropriate stock register”.

In the office of Administrator/CMO, MC Rohri, during financial year 2014-15, it was observed that the call deposits and security deposits for Rs 0.244 million on account of auctions for Fruit, vegetable fee, Hoarding, Signboard fee and temporary Stall fee were found not accounted for in the relevant register.

The failure of management to comply with the rules reflects weak internal control system prevailing in the department which constituted weak financial management

The matter was reported to management during November, 2015 but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit therefore recommends that the amount of security and call deposits as per detail attached be accounted for in relevant register or deposited into Government accounts and deposited challans may please shown to audit for verification at the earliest.

[AIR Para: 47]

7.2.3.47 Irregular and Unjustified Agreement with North Sindh Urban Services Corporation (NSUSC)

According to agreement made between Municipal Committee and North Sindh Urban Services Corporation (NSUSC) dated 15th October, 2009, “NSUSC will deliver all level of services as indicated in agreement”.

The levels of Services will be monitored by the TMA, with advice from Independent Verifier, a consultant firm hired under the Sindh Cities Improvement Investment Program (SCIP).

In the office of Administrator/CMO, MC Rohri, during the financial year 2014-15, it was observed that management was paying millions of rupee to NSUSC without monitoring satisfactory services by the NSUSC. Moreover, no action or correspondence was made by the TMA with NSUSC over citizens’ complaints. It is pertinent to mention that 346 employees of TMA office were transferred to NSUSC for granting undue benefit to vendor

Thus, the management failed to observe the Government rules and procedures, which reflects the absence of systematic control and financial discipline prevailing in the department.

Government and Public of the City sustained loss in shape of bad delivery of services.

The matter was reported to the management during November, 2015 but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit therefore, recommend that the better service delivery may be enhances and monitoring and evaluation system may be strong. Action may be taken against the persons at fault and it is also suggested that the proper measurement should be adopted to avoid such lapses in future.

[AIR Para: 40]

7.2.3.48 Un-authorized Retention of Government Vehicles

As per Section(I) of Appendix 18-A of SFR Vol-I, "Means should be devised to ensure that every Government servant realizes fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part, and that he will also be held personally responsible for any loss arising from fraud or negligence on the part of any other Government servant to the extent to which it may be shown that he contributed to the loss by his own action or culpable negligence".

Further, as per Rule II (I) of Appendix 18, *ibid*, "all losses must be reported forthwith by the officer concerned, not only to the Audit Officer, but also to his own immediate official superior. Reports must be submitted as soon as reasonable ground exists for believing that a loss has occurred; they must not be delayed while detailed enquiries are made".

In the office of the Administrator/Chief Officer, District Council Khairpur, during financial year 2014-15, it was observed by the audit that Chief Officer failed to recover vehicles under occupation and usage by un-authorized personals.

Audit is of the view that unauthorized retention of vehicles by various officers resulted into unauthorized retention of vehicles and weak financial management.

Deviation from prescribed rule resulted into weak internal control.

The matter was reported to the management during November, 2015 but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on managements for not taking efforts to recover official vehicles from un-authorized retention by ex-officers. Besides, financial impact of retention of vehicles may be worked out from the date of illegal retention and effect recovery. Moreover, all out efforts may be made to recover vehicles, under intimation to audit.

[AIR Para: 6]

7.2.3.49 Un-authorized Appointment / Posting of Staff Above Sanctioned Strength

According to Para 188 of Sindh Financial Rules Volume-I, “no payment should be made without the budget provision or prior permission be obtained from Finance department in order to incur such expenditure”.

Further according to Rule 80 (3)(4) of SFR Volume-I, “it is the responsibility of DDO to ensure that no expenditure exceeds the limits of the budget provision and in case the expenditure is exceeded the budget allocation, additional budget grant prior to the close of the financial year should have been obtained”.

In the office of the Chief Municipal Officer, Municipal Committee Kingri, during financial year 2015-16, it was been observed that un-authorized appointments/postings were made over and above the sanctioned strength. Audit is of the opinion that payment of salaries to 75 officers/officials in excess of sanctioned strength is irregular and un-authorized. Detail is as under:

Sr.	Name of post with BPS.	Sanctioned	Working	Excess
1	Computer Operator BS-07	0	1	1
2	Fire Fighter BS-06	1	2	1
3	Naib Qasid BS-01/02	16	47	31
4	Chowkidar BS-01/02	12	19	7
5	Malhi BS-01	11	46	35
6	Helper Disposal BS-01/02	9	10	1
Total		49	124	75

From the above facts, it becomes obvious that management failed to observe the Government laws and regulations, which reflect poor internal control, lack of drawing and disbursing knowledge and improper financial discipline.

The matter was reported to the management during November, 2016 but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit therefore recommends that justification be provided for un-authorized appointment/posting of staff above approved sanctioned strength, under intimation to audit.

[AIR Para: 18]

7.2.3.50 Un-authorized Occupation of Council Property

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

Further, According to Para-10 (i) of GFR Volume-I, “every public officer is expected to exercise the same vigilance in respect of expenditure incurred from public money as a person of ordinary prudence would exercise in respect of expenditure of his own money”.

Moreover, as per Para-10 (iv) of GFR Volume-I, that public money should not be utilized for the benefit of a particular person or section of community and also according to rule all the claims must be supported with full detail and documents”.

In the offices of Chief Officer, District Council Sukkur and Khairpur, during financial year 2014-15, it was observed that property of District Councils situated in Jurisdiction of District Sukkur and Khairpur were under adverse occupation by NADRA, Benazir Income Support Program (BISP) and private persons without any payment of rent or any legal authority

Audit is of the view that department failed to safe guard its property which indicates that there exists no system of internal control. The non-observance of Government rules and procedures by the management deprived the Government loss and it is apprehended that with the passage of time, this occupation may become non-challengeable.

Audit is of the view that failure of management to comply with the rules reflects weak internal control system prevailing in the department which constituted weak financial management

The matter was reported to the management during September, 2015 and November, 2015 but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit therefore recommended that the un-authorize occupying over Government property may be vacated through legal way or as the competent authority deemed necessary. Responsibility may be fixed on incumbent at fault, needful may be done now, compliance verified from audit and proper measurement should be adopted to avoid such lapses in future.

[AIR Paras: 3,7]

7.2.3.51 Irregular and un-authorized Promotions of Officials

According to ESTA Code Chapter No.II, Para No.8, “For Proper administration of a service, Cadre or Post, the appointing authority shall cause a seniority list of the members for the time of such service, cadre or post”.

Further, as per Government instruction, promotion cases may be made in light of instructions given by the competent authority i-e, Seniority List, Service period, promotion committee, Confidential Reports, Approval from competent authority etc

Moreover, according to Para-10 (iv) of GFR Volume-I, “public money should not be utilized for the benefit of a particular person or section of community and also according to rule all the claims must be supported with full detail and documents”.

In the office of Administrator/CMO, MC Rohri, during financial year 2014-15, the management promoted staff illegally and without fulfillment of codal formalities. Management preferred juniors to be promoted instead of seniors.

The failure of management to comply with the rules reflects weak internal control system prevailing in the department which constituted weak financial management

Due to non-observing of above codal formalities, the promotions of inefficient employees cannot be ignored.

The matter was reported to the management during November, 2015 but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

The irregularity be justified to audit and relevant document may please be provided to audit. Responsibility be fixed against the person (s) at fault and steps be taken to avoid such irregularities in future.

[AIR Para: 38]

CHAPTER-VIII
LARKANA DIVISION

8.1 LARKANA DIVISION

8.1.1 INTRODUCTION

Larkana Division consists of 05 Districts namely Larkana, Shikarpur, Jacobabad, Kamber and Kashmore. Each Corporation / District Council / Municipal Committee / Town Committee in Larkana Division is headed by an Administrator/ Municipal Commissioner /Chief Officer / Chief Municipal Officer/ Town officer who carries out operations as per Sindh Local Government Ordinance, 1979.

The functions of Municipal Corporation/Committees are as following:

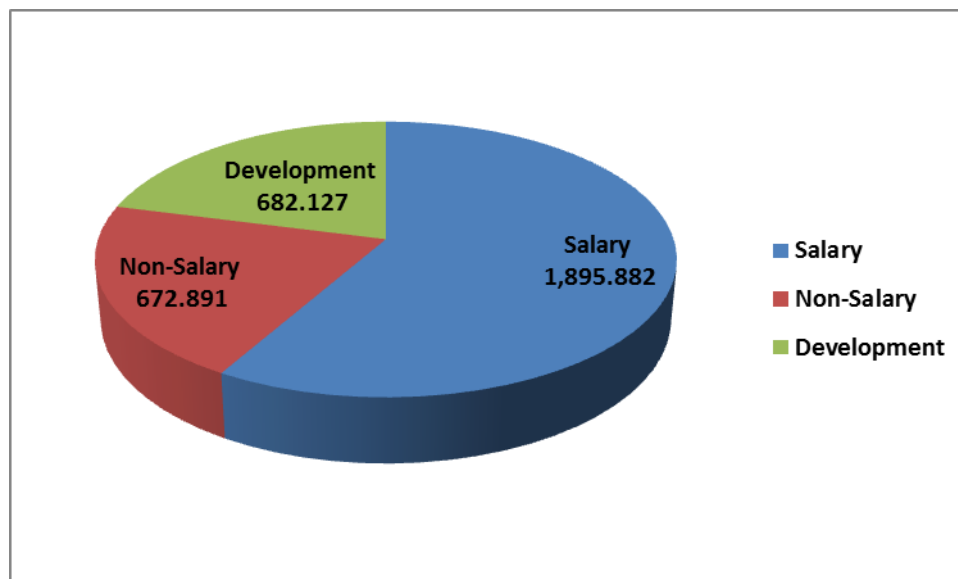
1. Prepare spatial plans for the Town including plans for land use, zoning and functions for which Municipal Corporation/Committees is responsible.
2. Exercise control over land-use, land-subdivision, land development and zoning by public and private sectors for any purpose, including agriculture, industry, commerce markets, shopping and other employment centers, residential, recreation, parks, entertainment, passenger and transport freight and transit stations.
3. Enforce all municipal laws, rules and bye-laws governing Municipal Corporation/Committees functioning.
4. Prepare budget, long term and annual municipal development programs in collaboration with the Union Councils.
5. Collect approved taxes, cesses, user fees, rates, rents, tolls, charges, fines and penalties.
6. Manage properties, assets and funds vested in the Municipal Corporation/Committees.
7. Develop and manage schemes, including site development in collaboration with Union Administration.
8. Issue notice for committing any municipal offence by any person and initiate legal proceedings for commission of such offence or failure to comply with the directions contained in such notice.
9. Prosecute, sue and follow up criminal, civil and recovery proceedings against violators of Municipal Laws in the courts of competent jurisdiction.
10. Maintain municipal records and archives.

8.1.2 Comments on Budget and Accounts (Variance Analysis)

(Rupees in Million)

S. No.	Formation	Particulars	Budget	Expenditure / Revenue	Excess (+)
					Savings (-)
1	Larkana	Salary	557.979	474.282	(83.697)
		Non-Salary	133.990	93.793	(40.197)
		Development	214.655	139.526	(75.129)
		Revenue	974.158	389.663	(584.495)
2	Shikarpur	Salary	389.926	331.437	(58.489)
		Non-Salary	200.048	140.034	(60.014)
		Development	149.741	97.332	(52.409)
		Revenue	498.885	199.554	(299.331)
3	Jacobabad	Salary	275.066	233.806	(41.260)
		Non-Salary	52.650	36.855	(15.795)
		Development	96.656	62.826	(33.830)
		Revenue	334.219	133.687	(200.531)
4	Kamber	Salary	698.214	593.482	(104.732)
		Non-Salary	199.084	139.358	(59.725)
		Development	367.705	239.008	(128.697)
		Revenue	910.704	364.282	(546.423)
5	Kashmore	Salary	309.264	262.874	(46.390)
		Non-Salary	375.502	262.851	(112.650)
		Development	220.670	143.435	(77.234)
		Revenue	628.836	251.534	(377.302)
Total		Salary	2,230.449	1,895.882	(334.567)
		Non-Salary	961.274	672.891	(288.382)
		Development	1,049.426	682.127	(367.299)
		Grand Total	4,241.149	3,250.900	(990.249)
		Revenue	3,346.802	1,338.721	(2,008.081)

Expenditure 2015-16



Original budget of Rs 4,241.149 million was allocated to Chief Officers, Municipal Corporation and Town Committees of Larkana Division under various grants. Variance Analysis of the Revised/Final Grant and Actual Expenditure for the Financial Year 2015-16 for the audited entities depicted that there was a saving of Rs 990.249 million.

8.1.3 Brief Comments on the Status of Compliance with PAC Directives

The audit reports pertaining to following years have been submitted to Governor of Sindh. Detail of PAC meetings is given below:

Audit Year	No. of Paras	Status of PAC Meetings
2012-13	21	Nil
2013-14	03	Nil
2014-15	69	Nil

As indicated in the above table, no PAC meeting was convened to discuss the audit reports of TMAs of Larkana Division.

8.2 AUDIT PARAS

8.2.1 Misappropriation / Fraud

8.2.1.1 Mis-Statement in Outstanding Recovery Position to Conceal Suspected Misappropriation – Rs 25.858 Million

According to Para-10 (i) of GFR Volume-I, “every public officer is expected to exercise the same vigilance in respect of expenditure incurred from public money as a person of ordinary prudence would exercise in respect of expenditure of his own money”.

Further, according to Para 28 of GFR Volume-I, “No amount due to Government should be left outstanding without sufficient reason and where any dues appear to be irrecoverable orders of the competent authority for their adjustment must be sought”.

In the office of the Administrator/Chief Municipal Officer, Municipal Committee, Jacobabad, during financial year 2014-15, there was discrepancy in statements of outstanding dues. One statement indicated an amount of Rs 61.866 million while the other showed Rs 36.008 million. This discrepancy has rendered the whole accounting record dubious.

[Amount in Rupees]

Name of Items	Arrears in First Statement	Arrears .in 2nd Statement	Difference
Shop Rent	10,926,066	10,154,749	771,317
Ground Rent	41,188,842	17,108,486	24,080,356
Water Rent	9,751,420	8,744,920	1,006,500
Total	61,866,328	36,008,155	25,858,173

Audit is of that the management failed to observe the Government rules and procedures, which reflects the absence of systematic control and financial discipline prevailing in the department.

Due to misstatement or concealment of accurate recovery position, the misappropriation in collection of Government dues cannot be ignored.

The matter was reported to management during December, 2015, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit therefore recommends that the matter may be investigated and actions may be taken against the persons at fault and fixing responsibility on the management for

concealment of such data in both statements. The irregularity may be justified to audit at the earliest.

[AIR Para: 28]

8.2.1.2 Suspected Misappropriation on Purchase/Supply of Vehicles, Machinery and Equipments – Rs 25.850 Million

According to Notification issued by Finance Department, Government of Sindh with the directives of Chief Minister, Sindh vide no. FD/B&E-1/2(360)/Ban/2012-13 dated 17-5-2013, “the ban was imposed by the Chief Minister for a. Procurement of vehicles of all categories and luxury items like air conditioners, furniture, computer etc from non-development budget”.

Further, according to Provision contained in Rule-113 of Sindh Financial Rule Volume-I, “all materials received should be examined, counted, measured or weighed as the case may be, when delivery is taken and they should be kept in charge of a responsible Government servant who should be required to give a certificate that he actually received the materials and recorded them in his appropriate stock register”.

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

In the office of Administrator/Chief Municipal Officer, Municipal Committee, Jacobabad, during financial year 2014-15, procured vehicles / machinery and equipment amounting to Rs 25.850 million. Details are provided at Annex-LRK1. Following irregularities were pointed out by the audit.

- i. Purchase was without tender
- ii. No prior approval was taken from competent authority despite ban period.
- iii. The vendor M/s Pacific Enterprises Quetta had invalid NTN / STRN, address, telephone numbers, date, Reference No., Audit found bogus invoices / vouchers in record.
- iv. The purchase was made without budget allocation.
- v. Delivery challan, purchase order, original ownership documents, warranty/Guarantee certificate, purchase orders, sales certificates etc were bogus.

vi. Stock entry was not made.

Audit is of the view that the whole transaction reflects absence of internal control which constituted weak financial management. The expenditure was incurred in contravention of rules.

The matter was reported to managements during December, 2015, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on management for unjustified purchase and supply of vehicles / machinery and equipments, under intimation to audit.

[AIR Para: 8]

8.2.1.3 Suspected Misappropriation on Purchases - Rs 11.502 Million

According to Sub Section (2) of Section 4 of the Sindh Financial Management and Accountability Act, 2011, “The rules shall be consistent with the following principles:-

- (a) All financial transactions shall be duly authorized;
- (b) All financial transactions shall be recorded promptly, clearly, accurately, logically and coherently.

Further, According to Rule 70 Sub rule (1) of Sindh District Government and Taluka/Town Municipal Administration (Budget) Rules, 2002, “The Heads of Offices shall be responsible for controlling and managing expenditure from the Grants placed at their disposal”.

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

Various formations of Larkana Division, during financial years 2014-16, incurred an expenditure of Rs 11.502 million on account of purchase of different materials, but audit pointed out following observations:

- i. The material was purchased without indent received from concerned department / incharge
- ii. Purchase was on quotation basis.
- iii. Purchased material was not accounted for in stock register (on the verification it was also noticed that the fake stock entry and outward no for quotation was found)
- iv. On the verification from the store section, it was noticed that the purchased material for the said department was not actually purchased.
- v. Issue register was not provided to audit.
- vi. Number of purchased materials etc was not provided
- vii. Location for installation of purchased electric material was not indicated
- viii. No detail of old electric material was provided
- ix. Proper detail Planning map was not provided
- x. No officer was deputed to monitor the usage of electric material.

[Rupees in Million]				
Sr.	Name of Offices	Para	Year	Amount
1	Municipal Commissioner, MC Larkana	3	2014-15	3.555
2	Chief Municipal Officer, MC, Jacobabad	5	2014-15	1.955
3	Chief Municipal Officer, MC Jacobabad	2	2015-16	2.052
4	Chief Municipal Officer, MC, Jacobabad	7	2014-15	0.967
5	Chief Municipal Officer, MC, Jacobabad	4	2014-15	0.394
6	Town Officer, Town Committee, Garhi Khero	2	2015-16	2.579
Total				11.502

Audit is of the view that expenditure on account of purchase of different material without observing codal formalities resulted into suspected misappropriation of public funds which constituted weak financial management.

Deviation from prescribed rules and procedures constituted weak internal control system.

The matter was reported to managements during September to December 2015 and August to December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on account of suspected misappropriation of public funds on account of purchase of different materials, under intimation to audit.

[AIR Paras: 3,5,2,2, 7, 4]

8.2.1.4 Suspected Misappropriation on Repair of Vehicles – Rs 5.386 Million

According to Sub Section (2) of Section 4 of the Sindh Financial Management and Accountability Act, 2011, “The rules shall be consistent with the following principles:-

- (a) All financial transactions shall be duly authorized;
- (b) All financial transactions shall be recorded promptly, clearly, accurately, logically and coherently.

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

Furthermore, according to Government of Sindh Transport department letter No. SO (II) 4-32/80 dated 30-3-1986, the repair of Government vehicles should be carried out through Government workshops otherwise NOC should be obtained from Government workshop.

Various formations of Larkana Division, during financial years 2014-16, incurred an expenditure of Rs 5.386 million on repair of different vehicles of Municipal Committee. Audit observed following discrepancies.

- i. The repair of Tractors/trollies, Fire brigade and Car was made without requisition from drivers or sanitation department / incharge.
- ii. Repair work was carried out on quotation basis
- iii. Expenditure on repair of Tractor, Trolley, and Fire Brigade was made without maintaining history sheet, in violation of above rules
- iv. Repair work was claimed to be carried out from Private workshop, without NOC from Government workshop
- v. Old Scrap material was not accounted for in stock register
- vi. Audit noticed that despite the claimed repair the said Tractors/trollies were found standing on the bricks.
- vii. No requisition from drivers found not available on record

[Rupees in million]

Sr.	Name of formation	Para #	Year	Amount
1	Chief Municipal Officer, MC, Jacobabad	6	2014-15	2.015
2	Chief Municipal Officer, MC Jacobabad	3	2015-16	1.981
3	Town Officer, Town Committee, Garhi Khero	6	2015-16	1.390
Total				5.386

Audit is of the view that misappropriation of funds constituted an act of commission on part of management.

Government sustained financial Loss due to absence of internal control and financial management.

The matter was reported to managements during December 2015 and August to December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends that misappropriation of funds may be recovered, under intimation to audit.

[AIR Paras: 6,3,6]

8.2.1.5 Suspected Misappropriation on Execution of Development Schemes Rs 3.218 Million

According to Sub Section (2) of Section 4 of the Sindh Financial Management and Accountability Act, 2011, “The rules shall be consistent with the following principles:-

- (a) All financial transactions shall be duly authorized;
- (b) All financial transactions shall be recorded promptly, clearly, accurately, logically and coherently.

Further, According to Rule 70 Sub rule (1) of Sindh District Government and Taluka/Town Municipal Administration (Budget) Rules, 2002, “The Heads of Offices shall be responsible for controlling and managing expenditure from the Grants placed at their disposal”.

In the office of Administrator/Chief Municipal Officer, Municipal Committee, Jacobabad, during financial year 2014-15, it was noticed that an expenditure of Rs 3.218 million was incurred on execution of development schemes. Audit observed following discrepancies.

- i. The schemes were executed without approval of competent authority

- ii. Tenders were not called and execution was on quotation basis.
- iii. Audit could not find any trail of said expenditure. Measurement books, Tender register and work register etc.
- iv. On the query of audit it was admitted that these schemes were not executed. The statement of concerned official is available with audit.
- v. The misappropriation of funds is an act of commission on part of management.

Audit is of the view that misappropriation of funds indicates the absence of systematic internal control and lack of financial discipline.

Deviation from prescribed procedure constituted weak internal control.

The matter was reported to managements during December, 2015, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit therefore recommends that misappropriated fund may be recovered, under intimation to audit.

[AIR Para: 03]

8.2.1.6 Suspicious Refund of Security and Call Deposits – Rs 2.548 Million

According to Sub Section (2) of Section 4 of the Sindh Financial Management and Accountability Act, 2011, “The rules shall be consistent with the following principles:-

- (a) All financial transactions shall be duly authorized;
- (b) All financial transactions shall be recorded promptly, clearly, accurately, logically and coherently.

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

In the office of Administrator/Chief Municipal Officer, Municipal Committee, Jacobabad, during financial year 2014-15, it was noticed that the security and call

deposits amounting to Rs. 2.548 million were refunded to the contractors/suppliers without completion of schemes. Details are as under:

(Amount in Rupees)

Sr.	Month	Amount	Work	Contractor
1	Aug-14	79,780	Earth Filling Work at Ali Pur Village	M/s Ammer Bux
2	Sep-14	49,303	Earth Filling Work at Juma Khan Dasti Village	M/s Ammer Bux
3	Oct-14	19,773	Construction of CC Block at Sher Shah Street	M/s Ammer Bux
4	Nov-14	600,000	Nil	Nil
5	Dec-14	1,800,000	Nil	Nil
Total		2,548,856		

Audit is of the view that refund of call deposit and security without completion of schemes indicates absence of internal control and effective financial management.

The matter was reported to managements during December, 2015, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends investigation and fixing of responsibility for suspicious refund, under intimation to audit.

[AIR Para: 30]

8.2.1.7 Suspected Misappropriation on account of POL - Rs 0.404 Million

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

In the office of Administrator/Chief Municipal Officer, Municipal Committee, Jacobabad, during financial year 2014-15, it was noticed that the POL amounting to Rs 0.404 million was charged on out of order vehicle. Moreover, the said vehicle was not running in the department and was under custody of Assistant Commissioner, Jacobabad. Further, moreover the claim was beyond the ceiling. Detail is provided at Annex-LRK2.

Audit is of the view that management failed to exercise the control over the expenditure which indicated absence of internal control and effective financial management.

Due to misappropriation funds, Government sustained financial loss.

The matter was reported to management during December, 2015, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit therefore recommends that the matter may be investigated and action may be taken against the persons at fault for violating the rules of causing loss to the Government.

[AIR Para: 9]

8.2.1.8 Fraudulent Drawl of Funds on Account of POL by Fake Signatures of Competent Authority – Rs 0.260 Million

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

Further, according to Para-10 (i) of GFR Volume-I, “every public officer is expected to exercise the same vigilance in respect of expenditure incurred from public money as a person of ordinary prudence would exercise in respect of expenditure of his own money”.

In the office of Administrator/Chief Municipal Officer, Municipal Committee, Jacobabad, during financial year 2014-15, it was noticed that Assistant Commissioner after relinquishment of the charge of Administrator on 12th June 2014, passed POL bills amounting to Rs 0.260 million. Hence the said funds were fraudulently drawn from Government Account and same may be recovered, in violation of above rules.

The department thus, failed to exercise the control over the weak internal control and financial management.

Due to fraudulent withdrawal of funds, Government sustained financial and reputational loss.

The matter was reported to management during December 2015, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit therefore recommends that the matter may be investigated and action may be taken against the persons at fault for violating the rules of causing loss to the Government.

[AIR Para: 2]

8.2.2 Non-Production of Record

8.2.2.1 Non-Production of Record – Rs 801.315 Million

As per Section 14 (1) (b) of the Auditor General (Functions, Powers & Terms and Conditions of Service) Ordinance, 2001, The Auditor-General shall, in connection with the performance of his duties under this Ordinance, have authority to require that any accounts, books, papers and other documents which deal with, or form, the basis of or otherwise relevant to the transactions to which his duties in respect of audit extend, shall be sent to such place as he may direct for his inspection.

Further, “Chief Secretary vide letter No.DO.NO.SO(C-II)/SGA&CD/1-73/2012 dated 25th October, 2013 duly endorsed by Secretary of LGD vide letter No. SOA/(LG)LG/4/(77)2013, dated 21.11.2013 was pleased to direct to all Municipal organizations / Local Councils for immediately providing record to audit, so that, financial discipline may be restored to respective organizations. In case of failure to provide record to audit by auditee organizations, the cases may be taken up under disciplinary proceedings against officers concerned that may include suspension of officers”.

Various Municipal Corporations, Municipal Committees and Town Committees of Larkana Division, incurred an expenditure of Rs 724.490 million, but failed to provide record, during financial years 2014-16, to audit, in violation of the above rule and instructions. Details are provided at Annex-LRK3.

Further, various formations of Larkana Division, incurred an expenditure of Rs 76.825 million, during financial years 2014-16, on purchase of POL for official vehicles, but did not produce Log Books, Vehicle Maintenance Record, History Sheets and Petrol account Registers. Details are provided at Annex-LRK3.

Audit is of the view that due to non-provision of record authenticity of expenditure cannot be ascertained by audit.

The matter was reported to managements during September to December 2015 and August to December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on the managements for non-provision of record in accordance with rules and regulations.

[AIR Paras:1,21,1,1,2,1,2,1,1,1,1,1,1,1, 14,8,23,13,3,6,11,1,6,5,11,4,4]

8.2.3 Irregularity / Non-Compliance

A. Recovery, Targeted receipts/Outstanding dues

8.2.3.1 Non-Recovery from Defaulters – Rs 95.654 Million

According to Para 28 of GFR Volume-I, “No amount due to Government should be left outstanding without sufficient reason and where any dues appear to be irrecoverable orders of the competent authority for their adjustment must be sought”.

Various formations of Larkana Division, during financial years 2014-16, failed to recover rent amounting to Rs 95.654 million from tenants, who defaulted on payment of monthly rent. Detail is as under:

[Rupees in Million]

Sr.	Name of Formation	Para #	Year	Amount
1	Chief Municipal Officer, MC, Kandhkot	14	2014-15	1.048
2	Chief Municipal Officer, MC, Jacobabad	11	2014-15	36.008
3	Chief Municipal Officer, MC Jacobabad	4	2015-16	58.598
Total				95.654

Audit is of the view that due to non-recovery of rent government sustained loss of revenue and constitutes weak financial management.

Due to less efforts of the management, Government sustained financial loss.

The matter was reported to managements during September to December 2015 and December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends that the recovery may be made and got verified by the audit.

[AIR Paras: 14,11,4]

8.2.3.2 Less Realization of Targeted Receipts – Rs 67.746 Million

As per Section 96 (1) of Sindh Local Government Act 2013, “A council may levy, in the prescribed manner all or any taxes, rates, tolls, and fees mentioned in Schedule V”.

Further, Rule 41 (a) of SFR Vol-I, “The departmental Controlling Officer should see that all sums due to Government are regularly received and checked against demands and that they are paid into treasury claiming credit for so much paid into the treasury and compare with the figures in the statements supplied by the comptroller”.

Following formations of Larkana Division, during financial years 2014-16, failed to recover the estimated/targeted receipts of Rs 67.746 million in violation of above rules. Details are as under:

[Rupees in Million]				
Sr.	Name of Formation	Para #	Year	Amount
1	Chief Municipal Officer, MC, Jacobabad	32	2014-15	11.411
2	Chief Municipal Officer, MC, Shahdaskot	3	2014-15	0.326
3	Chief Municipal Officer, MC Shahdaskot	8	2015-16	3.814
4	Chief Municipal Officer, MC Shikarpur	2	2015-16	34.049
5	Chief Municipal Officer, MC Kamber	9	2015-16	8.885
6	Chief Municipal Officer, MC Kandhkot	2	2015-16	3.886
7	Chief Municipal Officer, MC Shikarpur	4	2015-16	5.375
Total				67.746

Audit is of the view that management failed to take necessary steps and enforce the prescribed procedures for achievement of targeted revenue.

Violation of prescribed rules and procedures was due to weak internal control.

The matter was reported to management during September to December, 2015 and August to December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on the concerned official(s), besides, effecting recoveries against the targeted receipts.

[AIR Paras: 32,3,8,2,2,4]

8.2.3.3 Loss to Government due to Non-deduction/Non-deposit of Taxes Rs 15.346 Million

According to section 160 (chapter X, part V) of the Income Tax Ordinance 2001, “Any tax that has been collected or purported to be collected under division II of this part or deducted or collected or purported to be deducted or collected under chapter XII, shall be paid to the Commissioner by the person making the collection or deduction within the time and manner as may be prescribed (i.e. within 7 days of deduction or collection).

Following formations of Larkana Division, during financial years 2014-16, failed to deduct taxes/deposit deducted taxes into Government treasury amounting to Rs 15.346 million, in violation of above rule. Detail is as under:

[Rupees in Million]

Non-Deduction/Deposit of Income Tax				
Sr.	Name of Formation	Para #	Year	Amount
1	Town Officer, Town Committee, Bakrani	11	2014-15	1.03
2	Town Officer, Town Committee, Garhi Yasin	7	2015-16	6.914
	Chief Municipal Officer, MC, Jacobabad	13	2014-15	1.624
Total				9.568
Non-Deduction/Deposit of Sales Tax				
1	Town Officer, Town Committee, Garhi Khoro	9	2015-16	1.334
2	Chief Municipal Officer, MC Jacobabad	9	2015-16	1.578
3	Town Officer, Town Committee, Dokri	13	2014-15	1.093
4	Chief Municipal Officer, MC, Jacobabad	13	2014-15	1.036
	Chief Municipal Officer, MC, Jacobabad	12	2014-15	0.737
Total				5.778
Grand Total				15.346

Audit is of the view that Government sustained loss of revenue due to non-deduction/non-deposit of deducted taxes into Government treasury which resulted into short receipt and constituted weak financial management.

Deviation from prescribed procedure constituted weak internal control.

The matter was reported to managements during September to December 2015 and August to December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit therefore recommends fixing of responsibility on managements for non-deduction/non-deposit of taxes into Government treasury. Besides, amount in question may be recovered and deposited into treasury without further delay.

[AIR Paras: 11,7, 09,13,13,9], 14, 12],

8.2.3.4 Non-Recovery of Government Dues - Rs 4.434 Million

According to Para 28 of GFR Volume-I, “No amount due to Government should be left outstanding without sufficient reason and where any dues appear to be irrecoverable orders of the competent authority for their adjustment must be sought”.

Following formations of Larkana Division, during financial year 2015-16, failed to recover outstanding dues, despite availability of huge recovery staff, in violation of above rule. Detail is as under:

[Rupees in Million]				
Sr.	Name of Formation	Para #	Year	Amount
1	Chief Municipal Officer, MC Thull	2	2015-16	0.635
2	Chief Municipal Officer, MC Shikarpur	3	2015-16	3.799
Total				4.434

Audit is of the view that management failed to observe the Government laws and regulations, which reflects poor internal control, and improper financial discipline.

Government sustained financial loss because of weak financial management.

The matter was reported to management during August to December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends that the recovery may be made, under intimation to audit.

[AIR Paras: 2,3]

8.2.3.5 Poor Performance in Collection – Rs 3.576 Million

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

Further, according to Clause 7.2.(a) 1and2 of Government of Sindh, Local Government Public Health Engineering Rural Development and Katchi Abadies Department, Notification No. SOV/MC-V (25) / 2000 dated 24.6.2002 that (a)(1)“ Reserve or upset price for the auction will be fixed by adding fifteen percent to the average of last three years income” and (2)“If no successful bid is received on this upset price in consecutive three times open auctions, then the matter for reduction in the upset price be preferred to the concerned council for obtaining approval but the revised upset price as a result of such reduction shall not less than the average of last three years income plus ten percent”.

Moreover, according to notification issued from Government of Sindh, Local Government Department, Karachi vide no. SOA/LG/1(102)/2010 dated 24.5.2012 Para No.5, “the rents /rates and other recoveries may be reviewed /revised to improve the resources of the local councils”.

Administrator/Chief Municipal Officer, Municipal Committee, Jacobabad, during financial year 2014-15, failed to achieve the targeted receipts against the target of Rs 4.500 million. It is pertaining to mention that management had rejected the bid offer in recent option by different contractor against Parking fee, Rezki ground fee, Subzi Fruit fee, and Grass fee and failed to achieve even contractors' Offer Rate. The short collection amounts to Rs 3.576 million, as detailed below.

[Amount in Rupees]

Sr.	Name of Contract	Official Bid	Offers Received but Auction Order Not awarded	Recovery made through Department	Loss to Government
1	Cattle Piri	1,268,933	-	581,200	687,733
2	Parking Fee	881,764	923,000	901,710	21,290
3	Rezki Ground Rent	1,001,156	1,755,000	802,156	952,844
4	Sabzi Fruit Fee	1,182,007	2,010,000	146,600	1,863,400
5	Grass Fee	106,119	113,000	70,210	42,790
6	Gara Fee	26,795	-	24,890	1,905
7	Licence Fee	27,231	-	23,160	4,071
8	Slaughter House	9,335	-	7,268	2,067
Total		4,503,340	4,801,000	2,557,194	3,576,100

Audit is of the view that the department's failure to collection of above fees deprived the Government of revenue which resulted into weak internal control. .

Deviation from prescribed rules and procedures constituted weak internal control.

The matter was reported to management during December, 2015, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on the person(s) at fault, besides, outstanding dues/fees may be recovered under intimation to audit.

[AIR Para: 11]

8.2.3.6 Less Recovery of Income Tax – Rs 1.344 Million

As per Section 153 (1) (Payments for goods and services) of Income Tax Ordinance 2001 amended in finance act 2014, income tax rates have been enhanced at following rates”.

Description	Reference
Sale of goods section 153 (1)(a)	No.DC/(I.R)/(WHT)/SGR/RTO-HYD/2014-15/89 dated 24.7.2014 by D.C Inland Revenue, WHT unit-X Sanghar
4% of the gross amount payable in case of companies	
4.5% of the gross amount payable in case of other tax payers	
Rendering of providing of services Section 153 (1)(b)	
8% of the gross amount payable in case of companies	
10% of the gross amount payable in case of other tax payers	
Execution of contract section 153 (1)©	
7% of the gross amount payable in case of companies	
7.5% of the gross amount payable in case of other tax payers	
10% of the gross amount payable in case of sportspersons	

Further, as per Section 160 (Payment of tax collected or deducted) of the same ordinance, “Any tax that has been collected or purported to be collected shall be paid to the Commissioner by the person making the collection or deduction within the time and in the manner as may be prescribed”.

Administrator/Town Officer, Town Committee, Dokri, District Larkana, deducted Rs 4.980 million, during financial year 2015-16, from contractors; however, the bank statement showed credit entry of Rs 3.636 million to FBR, thus less deposit of Rs 1.344 million. The audit also observed absence of reconciliation and default on part of management for submission of mandatory 165 tax statement to FBR. Detail provided as under:

[Amount in Rupees]				
Sr.	Head of account	Expenditure noted	Tax amount due	Tax rate
1	Earth filling	3,900,363	292,527	7.5%
2	De-silting	13,179,335	988,450	7.5%
3	De-watering	14,949,612	1,121,221	7.5%
4	Debris	24,137,707	1,810,328	7.5%
5.	Repair of RCC Nalla	5,051,140	378,836	7.5%
6.	Purchase of street light material	6,430,818	289,387	4.5%
7.	Purchase of DDT powder	1,272,850	54,578	4.5%
8.	Sanitation material	990,456	44,570	4.5%
	Total	69,912,281	4,979,897	

Audit is of the view that non-deposit of deducted income tax into Government treasury constituted weak financial management.

Non-observance of prescribed rules constituted weak internal control system.

The matter was reported to management during December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing responsibility on account of unauthorized retention of income tax. Besides, same may be deposited into Government treasury, under intimation to audit.

[AIR Para: 11]

8.2.3.7 Loss to Government due to Unauthorized Payment of Electric Charges of CMO Bungalow - Rs 0.255 Million

According to Rule-28 of GFR volume-I, “no amount due to Government should be left outstanding without sufficient resources and where any dues appear to be irrecoverable the orders of competent authority for their adjustments must be sought”.

Further, as per Government instructions, “Government officer will also pay all utility bills from his own pocket during the time of using Government accommodation”.

Administrator/Chief Municipal Officer, Municipal Committee, Jacobabad, during financial year 2014-15, paid the bills against Accommodation of Chief Municipal Officer.

[Amount in Rupees]

Reference No	Type of Connection	Address	Tariff	Total Outstanding Dues as on 30.9.2014	Paid Amount
06 38241 0019491	Chief Officer House	Jacobabad	1	15,456,661	254,628

Audit is of the view that department failed to exercise the control over the expenditure which indicates that there exists no system of internal control and effective financial management.

Government instructions were not followed. Hence Government sustained financial loss.

The matter was reported to management during December, 2015, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit therefore recommended that the recovery amounting to Rs 0.255 million be made from the CMOs concerned and deposited into Government account, under intimation to audit.

[AIR Para: 16]

B. Violation of Rules

8.2.3.8 Irregular Award of Work to Contractors not Registered with Sindh Revenue Board – Rs 207.728 Million

According to the Sind Sales Tax on Services Act 2011 Section 24, Registration.— (1) Registration will be required for all persons who: (a) are residents; (b) provide any of the services listed in the Second Schedule from their registered office or place of business in Sindh; and (c) fulfill any other criteria or requirements which the Board may prescribe under sub-section (2).

Chief Municipal Officer, Municipal Committee, Kamber during financial year 2015-16, awarded different contracts amounting to Rs 207.728 million to various contractors who were not registered with Sindh Revenue Board, in violation of above rule.

Audit is of the view that management ignored rules and procedures set forth by the Government that constituted weak financial management.

Violation of rules was due to weak internal controls.

The matter was reported to managements during December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility under intimation to audit.

[AIR Para: 10]

8.2.3.9 Award of Work without Integrity Pact – Rs 123.416 Million

As per Rule 89 of SPPRA 2010, “The highest standard of ethics is required from staff of procuring agency and bidders during pre- qualification, bidding process and the execution of works. In pursuance of this policy, terms of corruption and fraudulent practices are well defined in SPP Rule 2(q). Officials of procuring agency shall not use their authority or office for personal gain and maintain the highest standards of honesty and integrity by developing the highest possible standards of professional competence in using funds and other resources for which they are responsible to provide the maximum benefit to the project and procuring agency. Procurements exceeding Rs 10 million for goods and works, and Rs 2.5 million for consulting services are subject to an integrity pact, as specified by Rules, between the procuring agency and suppliers or contractors or

consultants. Integrity Pact documents as prescribed above can be downloaded from the authority's website".

Chief Municipal Officer, Municipal Committee, Kamber, during financial year 2015-16, awarded various schemes of Rs 123.416 million, but failed to execute integrity pact with contractors, in violation of the above rule. Details are as under:

[Rupees in Million]

Sr.	Name of Scheme	Name of Contractor	Cost
1	Reconditioning of road and rehabilitation of main drain of Kamber	M/s. Streata	104.062
2	Construction of library in Jinnah Bagh, Kamber	M/s. Munir Chandio	19.353
Total			123.415

Audit is of the view that department failed to execute integrity pact with contractors to safeguard departmental interest which constituted weak financial management.

Non-securing of integrity pact constituted weak internal control.

The matter was reported to managements during December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing responsibility for not safeguarding the departmental interests, under intimation to audit.

[AIR Para: 14]

8.2.3.10 Payment of Pension without Supporting Documents Rs 68.702 Million

According to SI No.85 (vii) of Pension Manual 2006, "Personal appearance of pensioners and payment through life certificate, a pensioner must take payment in person after identification by comparison with the Pension Payment Order, at least once a year".

Further, As per Rule-23 of Sindh Financial Rules, "Every Payment including repayment of money previously lodged with Government for whatever purpose, must be supported by a voucher setting forth full and clear particulars of the claim".

Following formations of Larkana Division, during financial years 2014-16, incurred an expenditure amounting to Rs 68.702 million on payment of pension and commutation without fulfilling the codal formalities, in violation of above rule. The following necessary documents were not found attached. Detail is as under:

- Life Certificate
- No-marriage Certificate in case of family pension
- Acknowledgment of the recipient
- Copy of CNIC

[Rupees in Million]

Sr.	Name of Formation	Para #	Year	Amount
1	Chief Municipal Officer, MC Kamber	3	2015-16	11.941
2	Chief Municipal Officer, MC Shahdadkot	3	2015-16	13.763
3	Chief Municipal Officer, MC, Jacobabad	26	2014-15	42.998
Total				68.702

Audit is of the view that due to non-availability of necessary documents, audit could not verify the authenticity of the expenditure incurred on payments of pension therefore chances of mis-appropriation cannot be ruled out.

Violation of prescribed rule was due to weak internal controls.

The matter was reported to managements during December 2015 and August to December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility for such lapse and all necessary documents be produced to audit for verification.

[AIR Paras: 3, 3, 26]

8.2.3.11 Violation of SPPRA – Rs 68.020 Million

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

Following formations of Larkana Division, during financial years 2014-16 awarded various supply/work orders amounting to Rs 68.020 million, through quotations without inviting open tender, in violation of above rule. Details are as under:

[Rupees in Million]

Sr.	Name of Formation	Para	Year	Amount
1	Town Officer, Town Committee, Tangwani	5	2014-15	5.220
2	Chief Municipal Officer, MC, Jacobabad	22	2014-15	16.460
3	Town Officer, Town Committee, Garhi Yasin	9	2015-16	13.965

[Rupees in Million]

Sr.	Name of Formation	Para	Year	Amount
4	Town Officer, Town Committee, Garhi Khero	14	2015-16	18.516
5	Chief Municipal Officer, MC Kandhkot	8	2015-16	5.836
6	Town Officer, Town Committee, Kashmore	6	2015-16	8.023
Total				68.020

Audit is of the view that non-observance of laid down rules resulted into irregular expenditure and non-transparency in award of contract which constituted weak financial management.

Non-observance of prescribed rules was due to weak internal controls.

The matter was reported to managements during September to December 2015 and August to December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing responsibility on account of non-inviting tender, under intimation to audit.

[AIR Paras: 5,22,9,14,8,6]

8.2.3.12 Wasteful Expenditure on Salaries of Staff - Rs 67.003 Million

According to Para-10 (i) of GFR Volume-I, “every public officer is expected to exercise the same vigilance in respect of expenditure incurred from public money as a person of ordinary prudence would exercise in respect of expenditure of his own money”.

Further, according to Para-10 (iv) of GFR Volume-I, “public money should not be utilized for the benefit of a particular person or section of community and also according to rule all the claims must be supported with full detail and documents”.

Following formations of Larkana Division, during financial year 2014-15, paid salaries amounting to Rs 67.003 million to the staff lying idle. Details are as under:

[Rupees in Million]

Sr.	Name of Formation	Para #	Year	Amount
1	Chief Municipal Officer, MC, Shahdadkot	11	2014-15	24.402
2	Chief Municipal Officer, MC, Jacobabad	33	2014-15	20.335
3	Municipal Commissioner, MC Larkana	2	2014-15	22.266
Total				67.003

Audit is of the view that management failed to comply with the orders of the Government on the subject, which indicate the absence of systematic internal control. Thus, Government sustained loss on the salaries without gaining any services.

Deviation from prescribed procedure constituted weak internal control.

The matter was reported to managements during September to December 2015, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommended that fixing of responsibility on person(s) at fault, under intimation to audit.

[AIR Paras: 11, 33, 2]

8.2.3.13 Unauthorized Execution of Development Work without Technical Sanction - Rs 40.304 Million

As per Director General (Technical) Local Government Department, Government of Sindh Hyderabad letter No.DB/ 329/ 2005 Hyderabad Dated 16-08-2005, “officers of grade-18 and above have the powers as under: -

S #	Category	Financial Powers
1	Assistant Engineer/ TO (I&S) (of B-17/ Below)	No Powers
2	Executive Engineer/ TO (I&S) (of B-18)	The work having A.A cost of Rs.0.6 Million.
3	Superintending Engineer (of B-19)	The work having A.A cost of Rs.3.0 Million
4	Director General/ Chief Engineer (of B-20)	No limit (full powers)

Further, as per Para 56 of CPW departmental code, “For each individual work proposed to be carried out, except petty works petty repairs and repairs for which a lump sum provision has been sanctioned under paragraph 106, a properly detailed estimate must be prepared for sanction of competent authority this sanction is known as the technical sanction to the estimate”.

Moreover, as per Para-527 of PWD Manual, Volume-I, “no work shall begin unless proper detailed design and estimate have been sanctioned, allotment of funds made and order for its commencement issued by the competent authority”.

Following formations of Larkana Division, during financial years 2014-16, executed works of Rs 40.304 million without obtaining technical sanction and

administrative approval from competent authority, in violation of the above rules. Details are as under:

[Rupees in Million]

Sr.	Name of Formation	Para #	Year	Amount
1	Chief Municipal Officer, MC, Jacobabad	20	2014-15	5.430
2	Chief Municipal Officer, MC Kamber	15	2015-16	34.874
Total				40.304

Audit is of the view that award of work without technical sanction and approval from competent authority resulted into unauthorized expenditure and weak financial management.

Deviation from prescribed rules resulted into unauthorized expenditure and weak internal control.

The matter was reported to managements during December 2015 and December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on the management for execution of works without obtaining technical sanction from competent authority, under intimation to audit.

[AIR Paras: 20,15]

8.2.3.14 Execution of Contract without Agreement – Rs 40.245 Million

As per Para 89(c) of CPWD Code, "The agreement with the contractors selected must be in writing and should be precisely and definitely expressed; it should state the quantity and quality of the work to be done, the specifications to be complied with, the time within which the work is to be completed".

Following formation of Larkana Division, during financial year 2015-16, it awarded various works/contracts amounting to Rs 34.095 million to contractors without execution of contract agreements. Details are as under:

[Rupees in Million]

Sr.	Name of Formation	Para #	Year	Amount
1	Chief Municipal Officer, MC Kamber	16	2015-16	34.095
2	Town Officer, Town Committee, Garhi Yasin	12	2015-16	6.150
Total				40.245

Audit is of the view that government interest was not safeguard due to the gross negligence and failure of management to comply with the rules and procedures.

Deviation from prescribed rules was due to weak internal controls.

The matter was reported to managements during August to December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit therefore recommends that strict observance of the above rule be realized and responsibility may be fixed on the incumbent at fault and avoid such lapses in future.

[AIR Paras:16,12]

8.2.3.15 Irregular Payment without Pre-audit – Rs 35.764 Million

As per Sub Para-32 (2) of the Local Government Accounts Manual, “Every bill shall be pre-audited by the Accounts Office. The pre-audit shall ensure that the bill has been sanctioned and that funds are available to make payment. The pre-audit shall also involve scrutinizing the bill to identify possible fraud and irregularities”.

Further, as per Rule 111(4) and (5) of Sindh Local Government Act 2013, "the Provincial Director, Local Fund Audit shall pre-audit all the payments from the Local Funds of the Councils and a Council shall not with draw or disburse money from the Local Fund unless it is pre-audited in the prescribed manner”.

Following formations of Larkana Division, during financial years 2014-16, incurred an expenditure of Rs 35.764 million, without pre-audit by the Local Fund Audit, in violation of the above rules. Details are as under:

[Rupees in Million]				
Sr.	Name of Formation	Para #	Year	Amount
1	Chief Municipal Officer, MC Kandhkot	19	2014-15	12.962
2	Town Officer, Town Committee, Tangwani	15	2014-15	0.763
3	Chief Municipal Officer, MC Shabdakot	17	2015-16	5.893
4	Chief Municipal Officer, MC Shikarpur	5	2015-16	7.966
5	Chief Municipal Officer, MC Shikarpur	16	2015-16	0.300
6	Town Officer, Town Committee, Kashmore	2	2015-16	7.880
Total				35.764

Audit is of the view that payments without pre-audit resulted into unauthorized expenditure.

Deviation from prescribed procedure constituted weak internal control.

The matter was reported to managements during September to December 2015 and August to December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility against management for payments made without pre-audit.

[AIR Paras: 19,15,17,5,16,2]

8.2.3.16 Non-Hoisting of Bid Evaluation Reports on SPPRA Web Site Rs 32.212 Million

As per Rule 10 of SPPRA 2010, “The procuring agency shall, immediately upon award of contract, make the evaluation report of the bid, and the contract agreement to public through hoisting on the Authority’s website as well as on procuring agency’s website, if the procuring agency has such a website.”

Following formation of Larkana Division, during financial years 2014-16, awarded different works costing Rs 32.212 million through NIT, but did not hoist bid evaluation reports on the SPPRA website, in violation of above rule. Details are as under:

[Rupees in Million]				
Sr.	Name of Formation	Para #	Year	Amount
1	Town Officer, Town Committee, Garhi Yasin	2	2015-16	30.000
2	Chief Municipal Officer, MC, Jacobabad	21	2014-15	2.212
Total				32.212

Audit is of the view that violation of SPPRA rule resulted into non-transparency in the award of contracts.

Deviation from prescribed procedure constituted weak internal control.

The matter was reported to managements during December 2015 and December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on managements for non-hoisting of evaluation reports on SPPRA website.

[AIR Paras: 2,21]

8.2.3.17 Irregular Payment to Daily Wages Staff – Rs 30.489 Million

According to Local Government Department letter NO.SOA/(LG)1(27)/2011 Dated: 6.6.2011, by SO Admn, In continuation to this department’s letter of even number

dated: 27.5.2011 and 28.5.2011, “I am directed to convey that no appointment in any grade shall be made henceforth without consolidated advertisement and fresh approval of Government. Approval, if any, earlier issued in this regard may be treated cancelled/withdrawn. In view of the above, you are directed to strictly adhere to the above instructions of competent authority. Any deviation from above will render the defaulter(s) liable for disciplinary action”.

Following formations of Larkana Division, during 2014-16, appointed daily wages employees for sanitation work, by ignoring the rules and Government instructions, due to which Government exchequer sustained a financial loss amounting to Rs 30.489 million, in violation of above rule. Details are as under:

[Rupees in Million]				
Sr.	Name of Formation	Para #	Year	Amount
1	Chief Municipal Officer, MC Jacobabad	6	2015-16	0.459
2	Chief Municipal Officer, MC Thull	3	2015-16	16.911
3	Chief Municipal Officer, MC, Shahdadkot	15	2014-15	3.721
4	Town Officer, Town Committee, Bakrani	6	2014-15	5.738
5	Town Officer, TC, Kashmore, District Kashmore @ Kandhkot	3	2015-16	3.660
Total				30.489

Audit is of the view that expenditure incurred in violation of rules resulted into non-transparency in public spending which constituted weak financial management.

Deviation from prescribed procedure constituted weak internal control.

The matter was reported to managements during September to December 2015 and August to December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on managements.

[AIR Paras: 6, 3, 15, 6, 3]

8.2.3.18 Irregular Expenditure on Outsourcing Sanitation Work Rs 27.878 Million

According to Section-72 Schedule-II (part-II) rule 1-16 of Sindh Local Government, Act 2013, “Compulsory functions to be performed by corporations, municipal committees and town committees, council shall be responsible for water, sewerage, drainage, sanitation, roads, other than Provincial and district roads, streets and street lighting; firefighting, park services. 2. Sanitation, A Corporation, Municipal Committee or Town Committee shall be responsible for the sanitation, and may for that

purpose cause such measures to be taken as are required by or under this Act. 3. Removal, Collection and Disposal of Refuse: A Corporation, Municipal Committee or Town Committee shall make adequate arrangements for the removal of refuse from all public streets, public latrines, urinals, drains and all buildings and lands vested in the Council concerned and for the collection and proper disposal of such refuse”.

Following formations of Larkana Division, during financial years 2014-16, incurred unjustified expenditure of Rs 27.878 million to various contractors on outsourcing the desilting of drains and removal of debris. Despite the provision of large number of sanitation staff, such huge payment to contractors is un-justified, in violation of above rule. Details are as under:

[Rupees in Million]

Sr.	Name of Formation	Para #	Year	Amount
1	Town Officer, Town Committee, Dokri	7	2014-15	9.051
2	Chief Municipal Officer, MC Kamber	12	2015-16	5.097
3	Chief Municipal Officer, MC Shahdadkot	11	2015-16	1.853
4	Chief Municipal Officer, MC Thull	4	2015-16	2.978
5	Town Officer, Town Committee, Garhi Yasin	6	2015-16	3.052
6	Chief Municipal Officer, MC Shahdadkot	12	2015-16	5.847
Total				27.878

Audit is of the view that management failed to comply with the rules set forth by the Government, which reflects the presence of weak internal controls.

Deviation from prescribed procedure constituted weak internal control.

The matter was reported to managements during September to December 2015 and August to December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on the management for incurring expenditure on outsourcing desilting and removal of debris, under intimation to audit.

[AIR Paras: 7,12,11,4,6,12]

8.2.3.19 Irregular Expenditure on Procurement without Constitution of Purchase and Inspection Committees – Rs 26.712 million

As per Rule 7 of SPPRA 2010, “The procuring agency shall, with approval of its Head of the Department, Constitute as many procuring committees, as it deems fit, each comprising odd number of persons and headed by the gazetted officer not below the rank of BPS-18, or if not available, the officer of the highest grade, and shall ensure that at

least one third of the members of a procurement committee are from the agencies or departments other than the procuring agency”.

Following formations of Larkana Division, procured different material amounting to Rs 26.712 million without constitution of procurement committee, during financial years 2014-16, in violation of above rule. Details are as under:

[Rupees in Million]

Sr.	Name of Formation	Para #	Year	Amount
1	Town Officer, Town Committee, Dokri	10	2014-15	6.431
2	Town Officer, Town Committee, Bakrani	13	2014-15	7.023
3	Chief Municipal Officer, MC, Jacobabad	26	2014-15	3.731
4	Chief Municipal Officer, MC Kandhkot	5	2015-16	2.948
5	Town Officer, Town Committee Kashmore	10	2015-16	6.579
Total				26.712

Audit is of the view that violation of SPPRA rules resulted into non-transparency in the award of contracts.

Deviation from prescribed procedure constituted weak internal control.

The matter was reported to managements during September to December 2015 and August to December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing responsibility on the managements for non-transparency in awarding of contracts.

[AIR Paras: 10,13,26,5,10]

8.2.3.20 Irregular Purchases – Rs 23.089 Million

As per Para 155 of GFR Volume-I read with Para 113 of SFR Volume-I, “A reliable list, inventory or account of all stores in the custody of Government officers should be maintained in a form prescribed by competent authority, to enable a ready verification of stores and check of accounts at any time and transactions must be recorded in it as they occur”.

Further, as per Rule 10 of GFR, “Every officer authorized to incur expenditure from the public fund should observe high standards of financial propriety”.

Following formations of Larkana Division, during financial years 2014-16, incurred an expenditure of Rs 23.089 on account of purchase of electric material but there was no evidence of purchases entered in stock register as well as record related to distribution of said items hence the expenditure incurred so is doubtful, in violation of the above rules. Details are as under:

[Rupees in Million]

S #	Name of Formation	Para #	Year	Amount
1	Chief Municipal Officer, MC Kandhkot	6	2014-15	4.223
2	Town Officer, Town Committee, Tangwani	4	2014-15	5.925
3	Town Officer, Town Committee, Kashmore	6	2014-15	10.175
4	Chief Municipal Officer, MC Kandhkot	3	2015-16	2.766
Total				23.089

Audit is of the view that improper internal control system and inadequate financial discipline prevailing in the department.

Deviation from prescribed procedure constituted weak internal control.

The matter was reported to managements during September to December 2015 and December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends that matter may be inquired in detail by fixing responsibility against person(s) at fault, under intimation to audit.

[AIR Paras: 6,4,6,3]

8.2.3.21 Unjustified Salaries to Excess Staff – Rs 21.046 Million

As per Para 188 of Sindh Financial Rules Volume-I, “no payment should be made without the budget provision or prior permission be obtained from Finance department in order to incur such expenditure”.

Further, as per Rule 80 (3)(4) of SFR Volume-I, “it is the responsibility of DDO to ensure that no expenditure exceeds the limits of the budget provision and in case the expenditure is exceeded the budget allocation, additional budget grant prior to the close of the financial year should have been obtained”.

In the office of the Administrator/Chief Municipal Officer, Municipal Committee, Jacobabad, the management increased the number of posts from 670 (2009-10) to 795. However, neither any approval for increase in posts was obtained from Local

Government Department nor SNE was approved from Finance Department / S&GAD, Government of Sindh, in violation of rule. Detail is attached as below.

[Amount in Rupees]

SNE in Budget 2009-10	working strength in FY 2014-15	Yearly Pay of Working Strength in FY 2014-15	Difference B/W Col 2 and 1	Monthly Exp of Pay of one Employee	Yearly Excess Expenditure from Previous SNE
1	2	3	4	5	6
670	795	133,857,336	125	14,031	21,046,751

Audit is of the view that management made appointments over and above the SNE without legal authority which constituted weak financial management.

Deviation from prescribed procedure constituted weak internal control.

The matter was reported to management during December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on management for unauthorized appointments, under intimation to audit.

[AIR Para: 32]

8.2.3.22 Expenditure by way of Splitting – Rs 12.260 Million

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

Further, as per Rule 12(1) of SPPRA Rules 2010, “Save as otherwise provided and subject to the regulations made by the Authority, a procuring agency shall prepare, in accordance with Rule 11 above, all proposed procurements for each financial year and shall proceed accordingly without any splitting or regrouping of the procurements already grouped, allocated and scheduled in the Procurement Plan”.

Following formations of Larkana Division, incurred an expenditure amounting to Rs 12.260 million, during financial year 2015-16, without calling tender and by splitting to avoid tender, in violation above rules. Details are as under:

[Rupees in Million]

Sr.	Name of Formation	Para #	Year	Amount
1	Chief Municipal Officer, MC Shahdaskot	10	2015-16	4.328
2	Chief Municipal Officer, MC Shikarpur	7	2015-16	0.946
3	Town Officer, Town Committee, Khanpur	2	2015-16	4.841
4	Chief Municipal Officer, MC Kamber	11	2015-16	2.145
Total				12.260

Audit is of view that that splitting of work deprived the Government from achieving best competitive rates and constitutes weak financial management.

Non-observance of prescribed rules and procedures was due to weak internal control system.

The matter was reported to managements during August to December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends for fixing of responsibility on managements on account of procurements/execution of works without tenders/by splitting.

[AIR Paras: 10, 7, 2, 11]

8.2.3.23 Irregular Payment on Removal of Debris – Rs 11.545 Million

According to Rule 10 (1) of GFR Volume-I, “every Government officer is expected to exercise same vigilance in respect of expenditure incurred from public money, as a person of ordinary prudence would exercise in respect of expenditure of his own money”.

Further, according to Para-10 (iv) of GFR Volume-I, “public money should not be utilized for the benefit of a particular person or section of community”.

Following formations of Larkana Division, during financial year 2014-15, incurred an expenditure of Rs 11.545 million on account of “removal of debris”, in violation of the above. Audit observed following discrepancies in the process. Details are as under:

- The expenditure was incurred without any justification.
- Audit suspected fake quotations since the envelop of the quotations were not found. The quotations were without NTN / STRN and computer generated without genuine invoice number.
- Sales tax was not deducted.

- Work orders were found split up.
- Payment in full was made without completion certificate record.

[Rupees in Million]

Sr.	Name of Formation	Para #	Year	Amount
1	Town Officer, Town Committee, Dokri	8	2014-15	9.262
2	Town Officer, Town Committee, Khanpur	10	2014-15	2.283
Total				11.545

Audit is of the view that management was negligent and irregular expenditure incurred that resulted into non-transparency in public spending, which constituted weak financial management.

Deviation from prescribed procedure constituted weak internal control.

The matter was reported to managements during August to December, 2015, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends detailed inquiry of the matter and fixing of responsibility upon the person(s) at fault. Besides, effective measures are taken to avoid such lapses in future.

[AIR Paras: 8,10]

8.2.3.24 Un-authorized Clearance of Liabilities – Rs 6.723 Million

As per FD, GoS letter No. FD/CW&M-I(26) 91-92(P.T.II) dated 24-6-1993, “all charges incurred must be paid at once and under no circumstances may be allowed to stand over to be paid from the grant of subsequent year”.

Further, as per FD, GoS letter No. FD/B&E –I/51/2007 dated 2-7-2007, “liability of previous years shall not allowed to be cleared unless concurrence is given by FD”.

Following formations of Larkana Division, during financial year 2014-15, paid an amount of Rs 6.723 million to clear previous year liabilities without concurrence of FD, in violation of the above rules. Details are as under:

[Rupees in Million]

Sr.	Name of Formation	Para	Year	Amount
1	Municipal Commissioner, MC Larkana	11	2014-15	1.023
2	Chief Municipal Officer, MC, Jacobabad	27	2014-15	5.700
Total				6.723

Audit is of the view that non-observance of laid down rules resulted into un-authorized expenditure, which constituted weak financial management.

Non-observance of prescribed rules constituted weak internal control.

The matter was reported to managements during August to December, 2015, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing responsibility on incurring unauthorized expenditure.

[AIR Paras: 11, 27]

8.2.3.25 Irregular Expenditure on Development Work without Physical Verification of the Schemes - Rs 5.430 Million

As per Government of Sindh, Services, General Administration and Coordination Department (Regulation Wing) Karachi, NO. SORI(SGA&CD)2-30/2010, dated 8th March, 2010, “(1) Except for defect liability or maintenance by the supplier, consultant or contractor, as specified in the conditions of contract, performance of the contract shall be deemed close on the issue of overall delivery certificate, certificate of completion of deliverables, or taking over certificate which shall be issued within thirty days of final taking over of goods or receiving the deliverables or completion of works enabling the supplier or contractor to submit final bill and the procuring agency to carry out any inspection of goods, works or services related thereto, as provided in the contract agreement and auditors to do substantial audit.

Further, As per Public Works Department Volume-I Para-6.37, “The procedure of verification outlined in the foregoing rules is suitable primarily for divisions executing ordinary works. In the case of special stores depots or divisions or of construction divisions where there may be large concentration of stores, their physical verification should be the duty of the executive authorities, and should be performed by such agency and in such detail as may be decided by the Government in consultation with the Director, Audit and Accounts (Works)”.

Administrator/Chief Municipal Officer, Municipal Committee, Jacobabad during financial year 2014-15, paid an amount of Rs 5.430 million to the contractors on execution of development schemes without verification of development schemes/work on the site by Management, in violation of above rules.

Audit is of the view that management failed to observe Government rules and procedures, which reflects the absence of systematic control and financial discipline prevailing in the department. Huge amount of Public money is at stake due to non-verification of development work. The entire expenditure stood irregular due to non-observance of the Government rules.

Due to non-physically verification of the development work, Government sustained financial loss.

The matter was reported to the management during November, 2015 but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit

Audit therefore recommends that irregularity be justified to audit, responsibility be fixed against the person (s) at fault and steps be taken to avoid such irregularities in future.

[AIR Para: 19]

8.2.3.26 Irregular Auctions - Rs 5.018 Million

According to Government of Sindh, Local Government Department's Letter NO.SOA/(LG)/I(102)/2010(Part), "In order to make the auction process transparent, fair and competitive, certain policy provisions have been modified accordingly and it is therefore, reiterated that all concerned should ensure that while acting upon these guidelines, following instruction should also be adhered to in their true scene/spirit:-

- In order to ensure transparency, the local Governments shall ensure the submission of auction papers to the Local Government Department immediately for confirmation and formal approval.
- As soon As the contracts/offers are approved by the Government, the concerned Local Government shall enter into an agreement on the lines of model draft agreement with the contractor and after observing codal formalities, the possession of the contract will be handed over to the contractor without any delay.

Further, according to Government of Sindh, Local Government. Public Health Engineering, Rural Development and Katchi Abadies Department's Notification No.SOV/MC-V(25)/2000 Dated 24th June, 2002.

- (1) "All participants in an auction shall deposit through pay orders/demand drafts an amount equal to ten percent of the reserved price, failing which they shall not be permitted to participate in the auction

- (7) “The contractor shall furnish Bank Guarantee equal to fifteen percent of contractual amount before entering into contract agreement for proper performance of the contract”

Following formations of Larkana Division, during financial years 2014-16, awarded different contracts amounting to Rs 5.018 million through open auctions. However, audit observed following discrepancies in the process of auction:

- Auctions were called without approval from Local Government Department
- 2% Call Deposit was not accounted for.
- 15% bank Guarantee was not collected.
- No security deposit was obtained.
- NTN certificates were not found in record
- Contract fee was not obtained in advance
- Advance Income Tax @10% was non-deducted.

[Rupees in Million]				
Sr.	Name of Formation	Para #	Year	Amount
1	Chief Municipal Officer, MC, Shahdadkot	4	2014-15	2.818
2	Chief Municipal Officer, MC Shikarpur	6	2015-16	2.200
Total				5.018

Audit is of the view that contractors were provided undue favour resulted into misuse of powers which constituted weak financial management.

Award of auction in violation of Government rules constituted weak internal control system and Government interests are at stake.

The matter was reported to managements during December 2015 and December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing responsibility on person(s) at fault. Besides, matter be justified under intimation to audit.

[AIR Paras: 4,6]

8.2.3.27 Unjustified Excess Expenditure on account of POL Rs 4.237 Million

According to Rule 4(3) of Sindh District Government Budget Rules, 2002, “the head of the office is personally responsible for ensuring that total expenditure is kept within the limits of appropriation” and as per Rule 75 (i) *ibid*, “in the event that a grant is

likely to be exceeded the head of office shall take immediate steps to prevent the excess expenditure by adopting prescribed effective measures”.

Further, as per Rule 88 (iii, iv) of SFR volume-I, “Drawing and Disbursing officer is responsible for seeing that expenditure is within available appropriation and that all steps have been taken with a view to obtain an additional appropriation, if the original appropriation has either been exceeded or is likely to be exceeded”.

Administrator/Chief Municipal Officer, Municipal Committee, Jacobabad, during financial year 2014-15, incurred unjustified excess expenditure on account of POL amounting to Rs 4.237 million, in violation of above rules. Detail is provided at Annex-LRK4.

Audit is of the view that expenditure incurred in excess constituted weak financial management.

Non-observance of rules and procedures constituted weak internal control.

The matter was reported to managements during August to December, 2015, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on management at fault.

[AIR Para: 17]

8.2.3.28 Irregular Purchase of Material – Rs 3.974 Million

According to para-10(1) of GFR Volume-I, , "Every public officer is expected to exercise the same vigilance in respect of the expenditure incurred from public money as a person of ordinary prudence would exercise in respect of expenditure of his own money".

Following formations of Larkana Division, during financial year 2014-15, an expenditure of Rs 3.974 million was incurred on account of purchase of electric and drainage material. In this regard following discrepancies were noted.

- The electric material were purchased from unlicensed electric suppliers
- The materials were purchased on quotation basis and on higher rates than market rate without company rate list, and without guarantee/warranty cards.
- Purchases were made without constitution of procurement committee.
- Warranty cards of savers and lights were not available
- The savers were changed / purchased on continual basis without claiming warranty of savers.

- Consumption account of purchased material was not produced
- No Inspection of street lights for ascertaining their quality and quantity carried out by inspection committee.
- Stock taking and issue register of material was not produced.
- Indent/demand and distribution for electric and drainage material was not available.

Details are as under:

[Rupees in Million]				
Sr.	Name of Formation	Para #	Year	Amount
1	Chief Municipal Officer, MC, Kamber	2	2014-15	1.493
2	Town Officer, Town Committee, Tangwani	6	2014-15	2.481
Total				3.974

Audit is of the view that irregular expenditure incurred on account of purchase of electric and drainage material has resulted into non-transparency in public spending which constituted weak financial management.

Deviation from prescribed rules constituted weak internal control.

The matter was reported to managements during August to December, 2015, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends responsibility may be fixed on the persons at fault and adequate measures should be devised so as to avoid such lapses in future.

[AIR Paras: 2,6]

8.2.3.29 Award of Work without Calling Tender – Rs 2.742 Million

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

Further, according to Para-126 of PWD Manual Volume-I, , “Nothing in these rules is to be construed into a permission to officers to carry out in portions any group of works or alterations or to make purchase of which the cost in the aggregate would exceed what they are empowered to sanction under rules”.

Following formations of Larkana Division, during financial years 2014-16, incurred expenditure on various head of accounts amounting to Rs 2.742 million, through quotations to avoid tenders. Details are as under:

[Rupees in Million]				
Sr.	Name of Formation	Para #	Year	Amount
1	Chief Municipal Officer, MC, Shikarpur	4	2014-15	2.380
2	Chief Municipal Officer, MC Shikarpur	14	2015-16	0.362
Total				2.742

Audit is of the view that the management failed to observe Sindh Public Procurement Rules, 2010 in letter and Spirit, which reflects the absence of systematic control and financial indiscipline prevailing in the department.

Deviation from prescribed procedure constituted weak internal control.

The matter was reported to managements during December 2015 and December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing responsibility against person(s) at fault and justification may be provided to audit for expenditure incurred without tender.

[AIR Paras: 4,14]

8.2.3.30 Un-authorized Payments through Open Cheques – Rs 2.338 Million

According to rule 157 (1) and (2) of CTR, , “The cheques for more than Rs 200/- drawn in favour of Corporate or Local Bodies, firms, private persons or Government servants (in respect of their personal claims) shall always be crossed”.

Further, according to Rule 04 Sub Rule (06) of the Local Government Accounts Manual, “Payments on behalf of the local Governments shall be made at the bank or Government treasury”.

Following formations of Larkana Division, during financial year 2014-15, paid an amount of Rs 2.338 million paid through cash/open cheques instead of crossed cheques, in violation of rule. Details are as under:

[Rupees in Million]				
Sr.	Name of Formation	Para #	Year	Amount
1	Town Officer, Town Committee, Bakrani	7	2014-15	1.591
2	Chief Municipal Officer, MC, Shahdadkot	13	2014-15	0.747
Total				2.338

Audit is of the view that payment through cash/open cheques resulted into unauthorized expenditure and non-transparency in public spending which constituted weak financial management. Besides, misappropriation of public money cannot be ruled out.

Non-observance of rules on payment through cross cheques constituted weak internal control.

The matter was reported to managements during August to December, 2015, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing responsibility on management on account of payment through cash/open cheques, under intimation to audit.

[AIR Paras: 7,13]

8.2.3.31 Irregular Payment on account of Earth Filling - Rs 2.094 Million

According to rule 10 (1) of GFR Volume-I, , “every Government officer is expected to exercise same vigilance in respect of expenditure incurred from public money, as a person of ordinary prudence would exercise in respect of expenditure of his own money”.

Administrator/Chief Municipal Officer, Municipal Committee, Kamber, District Kamber-Shahdadkot @ Kamber, during financial year 2014-15, incurred an expenditure of Rs 2.094 million on “earth filling”, in violation of above rule. Audit found following discrepancies.

- Most of the work orders were issued on the single date
- Most of the work was shown in a single locality.
- Satisfactory work completion from residents was not obtained.
- There was splitting in work-orders.
- Payment was made in cash.
- Government taxes i.e service tax etc were not deducted
- Huge expenditure was shown @ Rs 800 to 3000 per dumper trip.
- There were some bills which were paid approval of Administrator on note sheet.

Audit is of the view that expenditure incurred in violation of rules resulted into non-transparency in public spending which constituted weak financial management.

Deviation from prescribed procedure constituted weak internal control.

The matter was reported to managements during December, 2015, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends responsibility may be fixed upon the person(s) at fault. Besides, effective measures are taken to avoid such lapses in future.

[AIR Para: 7]

8.2.3.32 Irregular Purchase of Liveries and Uniform – Rs 1.712 Million

According to Para 139 of GFR Vol-I, contingencies regulated by scales include such charges as liveries to class-IV servants it should be the duty of controlling officer to see that the charges incurred are in accordance with the prescribed scales and conditions which govern them”.

In the office of the Chief Municipal Officer, Municipal Committee, Shikarpur, during financial year 2014-15, it was observed that funds amounting to Rs 1.712 million were utilized on purchase of liveries/uniform, in violation of above rule, but audit pointed out following irregularities.

1. Liveries register was not maintained
2. Acknowledgement receipt was not taken from the staff.

Audit is of the view that management failed to comply with the rules set forth by the Government, which reflects the absence of systematic control and financial discipline prevailing in the department.

Deviation from prescribed procedure constituted weak internal control.

The matter was reported to managements during August to December, 2015, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

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

[AIR Para: 15]

8.2.3.33 Un-authorized Expenditure - Rs 1.210 Million

According to Sindh Local Government Bill 2013 Section 116(7), “Every member or Employee of a Council and every person, charged with the administration of the affairs of a council, or acting on behalf of Council shall be personally liable for the loss, waste, misapplication or un authorized application of any moneys or property belonging to the Councils which is a direct consequence of his negligence or misconduct, and the liability of such member, employee or person shall be determined by Government in the prescribed manner”.

Municipal Commissioner, Larkana Municipal Corporation, Larkana, during financial year 2014-15, incurred an un-authorized expenditure amounting to Rs 1.210 million on account of various contingences on Quotation basis in ban period by the Government, in violation of above rule.

Audit was of the view that unauthorized expenditure was incurred resulting into weak financial management.

Deviation from prescribed rules was due to weak internal control system.

The matter was reported to management during December, 2015, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Responsibility of the un-authorized expenditure be fixed on the person at fault, under intimation to audit.

[AIR Para: 05]

8.2.3.34 Irregular Payment on De-Watering – Rs 0.719 Million

According to rule 10 (1) of GFR Volume-I, states that, “every Government officer is expected to exercise same vigilance in respect of expenditure incurred from public money, as a person of ordinary prudence would exercise in respect of expenditure of his own money”.

Further, according to Para-10 (iv) of GFR Volume –I, , “public money should not be utilized for the benefit of a particular person or section of community”.

Administrator/Town Officer, Town Committee, Bakrani, District Larkana, during financial year 2014-15, incurred an expenditure of Rs 0.719 million on “de-watering”, in violation of above rules. Audit observed following discrepancies.

- Most of the work orders were issued on the single date
- Most of the work was shown in a single locality.
- Satisfactory work completion from residents was not obtained.
- There was splitting in work-orders.
- Payment was made in cash.
- Government taxes i.e service tax etc were not deducted

Audit is of the view that expenditure incurred in violation of rules resulted into non-transparency in public spending which constituted weak financial management.

Deviation from prescribed procedure constituted weak internal control.

The matter was reported to managements during December, 2015, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends responsibility may be fixed upon the person(s) at fault. Besides, effective measures are taken to avoid such lapses in future.

[AIR Para: 10]

8.2.3.35 Use of Electricity by the Unauthorized Residents - Rs 0.422 Million

According to Para 28 of GFR Volume-I, , “No amount due to Government should be left outstanding without sufficient reason and where any dues appear to be irrecoverable orders of the competent authority for their adjustment must be sought”.

In the office of the Administrator/Chief Municipal Officer, Municipal Committee Jacobabad, during financial year 2014-15, the management paid bills against electricity consumed by the un-authorized residents.

The Department thus, failed to comply with Government rules, which indicates that there exists no system of internal control and effective financial management.

The matter was reported to management during December, 2015, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends that the recovery amounting to Rs 0.422 million be made from the concerned and deposited into Government account at the earliest.

[AIR Para: 15]

8.2.3.36 Unauthorized Occupation on Municipality Property

According to Para-4 of Sindh Local Government (Property) Rules 2001, “All the local Government shall take such steps as may be necessary to ensure that the property vested in it is managed and maintained in the best interest of the public”.

Further, as per Rule II (I) of Appendix 18, *ibid*, “all losses must be reported forthwith by the officer concerned, not only to the Audit Officer, but also to his own immediate official superior. Reports must be submitted as soon as reasonable ground exists for believing that a loss has occurred; they must not be delayed while detailed enquiries are made”.

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

In the office of the Administrator/Chief Municipal Officer, Municipal Committee, Jacobabad, during financial year 2014-15, municipal property was encroached by other departments and personals. Audit also observed that the occupants were consuming electricity from the bulk supply of main electric meter of municipality, in violation of above rules.

Audit is of the view that department, failed to safe guard Government property which indicates absence of internal control.

Deviation from prescribed procedure constituted weak internal control.

The matter was reported to managements during December, 2015, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommended responsibility may be fixed at fault, under intimation to audit.

[AIR Paras: 38,39]

8.2.3.37 Improper Maintenance of Cash Book

According to S.F.R Vol.-I, Rule-34(b), , “the cash book should be closed and balanced each day, and the balance of each column at the end of the month should be

verified with the balance of each in hand and a certificate to that effect recorded in the cash book under the signature of the Government servant responsible for the money”.

In the office of the Administrator/Town Officer, Town Committee, Dokri, District Larkana, during financial year 2014-15, following omissions was noticed in cash book, which may be completed and compliance reported to audit.

1. According to rules each entry receipt side as well as payment side is required to be signed by the TO/Administrator and Accountant but the needful has not been done.
2. The totals of the Cash book are required to be checked by other than the writer of cash book and certificate to the effect that the totals were checked by me is required to be recorded in cash book after the close of each month but the needful has not been done.

Audit is of the view that management failed to comply with the orders of Government on the subject which indicate the absence of systematic internal control and lack of financial discipline which constituted weak financial management.

Non-observance of rules constituted weak internal control.

The matter was reported to managements during December, 2015, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends cash book may be maintained in manner as prescribed by the Government.

[AIR Para: 19]

8.2.3.38 Irregular Promotions of Officials

According to ESTA Code Chapter No.II, Para No.8, “For Proper administration of a service, Cadre or Post, the appointing authority shall cause a seniority list of the members for the time of such service, cadre or post.

Further, as per Government instruction, promotion cases may be made in light of instructions given by the competent authority i-e, Seniority List, Service period, promotion committee, Confidential Reports, Approval from competent authority etc

Moreover, according to Para-10 (iv) of GFR Volume-I, that public money should not be utilized for the benefit of a particular person or section of community and also according to rule all the claims must be supported with full detail and documents”.

In the following formations of Larkana Division, during financial year 2014-15, staff was promoted without fulfillment of proper DPC and codal formalities. Details are as under:

Sr.	Name of Formation	Para #	Year	No. of employees promoted
1	Municipal Commissioner, MC Larkana	23	2014-15	18
2	Chief Municipal Officer, MC, Jacobabad	41	2014-15	07
Total				-

Audit is of the view that management failed to comply with the rules set forth by the Government, which reflects the absence of systematic control and financial discipline prevailing in the department.

Due to non-observing of above codal formalities, the promotions of inefficient employees cannot be ignored.

The matter was reported to managements during August to December, 2015, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends that responsibility be fixed against the person (s) at fault, under intimation to audit.

[AIR Paras: 23,41]

8.2.3.39 Irregular Appointments Over and Above the Sanctioned Strength

According to Rule 68 of SFR, Vol-I, “When the entertainment of a new establishment or a change, temporary or permanent, is proposed in an office, a letter fully explaining the proposal and the conditions which have given rise to them, together with the proposition statement, if necessary under Para . III, should be submitted to the competent authority. In this letter should be set out inter alia:-

- i. the present cost, either the section or sections effected of the total establishment as the circumstances of the case may indicate to be necessary;
- ii. details of the pay of the post or posts and the number of posts which it is proposed to add or modify.”

In the office of the Administrator/ TO, TC Garhi Kharo, during financial year 2015-16, it was observed that 03 officials in different capacities/posts were working over and above the sanctioned strength, in violation of above rules. Details provided as under:

Sanction Posts	Working	Excess
157	160	3

Audit is of the view that management made appointments over and above the sanctioned strength without legal authority which constituted weak financial management.

Deviation from prescribed procedure constituted weak internal control.

The matter was reported to management during December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing of responsibility on management for unauthorized appointments over and above the sanctioned strength.

[AIR Para: 4]

8.2.3.40 Unauthorized Increase in Cadre Strength

As per Government of Sindh APT Rules 1974 (11), “Initial appointment to the post in BPS-3 to 15 shall be made on the recommendation of the Departmental Selection Committee after the vacancies in these BPSs have been advertised in the newspaper. (16) Posts in BPS-1 and 2 shall ordinarily be filled on local basis”.

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

Chief Municipal Officer, Municipal Committee Shikarpur, District Shikarpur during 2015-16, un authorizedly enhanced sanctioned strength related to various cadres from 535-posts to 683-posts by increasing 148-posts (27.66% percent) from financial years 2010-15 without approval from Competent authority/Chief Minister Sindh through SG&AD Department Sindh, in violation of rules. Detail as given below:

Detail of Posts			
FY 2010-11	FY 2014-15	Variation b/w 2010-11 and 2014-15	Excess
Sanctioned Posts	Sanctioned Posts	Excess Posts	Excess of Post %
535	683	148	27.66

Audit is of the view that management exercised its authority without legal justification which constituted weak financial management.

Creating posts was not the competency of Chief Municipal Officer, which resulted into unauthorized creation/enhancement of various cadres in Chief Municipal Officer, constituted weak internal control.

The matter was reported to management during December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends that position may please be justified and inquiry may be initiated as matter needs immediate attention of management and comprehensive reply be furnished to audit.

[AIR Para: 17]

8.2.3.41 Non-Maintenance of Property Register

According to Sub-Rule (1) (a)(b) of Rule 6 of the West Pakistan Municipal Committees (Property) Rules, 1962, “Particulars of all property vesting in a Municipal Committee shall be entered, in the case of Moveable property, in the register to be maintained in Form I and in the case of immovable property, in a register to be maintained in Form II.

Form I
[See rule 6(a)]
Register of Moveable Property

Serial No	Description of property	Date of purchase	Price	Manner of use	Disposal-manner date and price fetched	Remarks
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Form II
[See rule 6(b)]
Register of Property

(1) S.No (2) Description of Property (3) Situation and boundaries (4) Area (5) Settlement and Jamabandi No. (6) Date of acquisition and the manner of acquisition (7) Price paid at the time of acquisition (8) Date of Registration (9) Conditions subject to which the property is held (10) Main particulars about the history of the property (11) Improvement made in the Property since acquisition (12) Mode of occupation, and the purpose for which used (13) If leased, give the detail of lease overleaf (14) If any

expenditure is incurred on maintenance give the details overleaf (15) Detail of encroachment, if any, and action taken to remove them (16) Annual verification, give the details overleaf (17) Estimated value of the Property (18) Miscellaneous particulars (19) Signature of the Manager.

Further, as per Para-6(a) and (b) of the Sindh Local Government (property) Rules 2001, , “Particular as the property vested in a council shall be in case of movable property in the register in Form-I and in case of immovable form-III”

In following formations of Larkana Division, during financial year 2014-15, neither property register nor other record was maintained as per requirements of the above mentioned rule. Due to non-maintenance of property record, audit is of the view that the council property is at risk of unauthorized occupation.

S #	Name of Formation	Para #	Year
1	Town Officer, Town Committee, Dokri	16	2014-15
2	Town Officer, Town Committee, Bakrani	16	2014-15
3	Chief Municipal Officer, MC, Jacobabad	46	2014-15

Audit is of the view that management failed to comply with the rules set forth by the Government.

Non-observance of rules and procedures constituted weak internal control.

The matter was reported to managements during August to December, 2015, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit therefore recommends that irregularity be justified to audit, responsibility be fixed against the person (s) at fault, under intimation to audit.

[AIR Paras: 16, 16, 46]

8.2.3.42 Non-removal of Illegal Encroachment

According to section-III of Sindh Public Property (Removal of Encroachment) Act, 1975, “Government or any authority or officer authorized by the Government. in this behalf may require the person directly or indirectly responsible for encroachment to remove such encroachment together with the structure, if any, raised by him on the public property, within the period not less than three days as may be specified in the order”.

Following formations of Larkana Division, during financial years 2014-15, failed to remove encroachments established on permanent and semi-permanent basis in the shape of shops, houses and huts on council's land at various places, in violation of above rule.

Sr.	Name of Formation	Para #	Year
1	Town Officer, Town Committee, Dokri	15	2014-15
2	Town Officer, Town Committee, Bakrani	17	2014-15

Audit is of the view that management failed to safeguard Government property resulting into loss of Government. property and traffic blockade on roads which constituted weak administrative and financial management.

Deviation from prescribed rules constituted weak internal control.

The matter was reported to managements during August to December, 2015, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends fixing responsibility on account of failure of management to initiate action against illegal encroachments. Besides, same may be removed immediately, under intimation to audit.

[AIR Paras: 15,17]

8.2.3.43 Failure to Get Approval of New Appointments

According to D.D (Finance)/PLGC/2010/167n dated: 4-2-2010 issued from Government of Sindh, Provincial Local Government Commission (Inspection, Monitoring and Evaluation Cell) Karachi, , "local Government, across the province, make commitments beyond their budgetary allocation/funds by initiating new development schemes, inviting tenders, creating new employments opportunities and miscellaneous expenditure. Thus create liabilities for next financial year. Hence this department direct to refrain from such practice in future and under the provision 120(1) of Sindh local Government Ordinance 2001, which describe that no local Government can incur liabilities read with section 109 which restricts to make any budgetary commitment contrary to law including award of contract or tendering of development work".

In the office of the Municipal Commissioner, Larkana Municipal Corporation, Larkana, during financial year 2015-16, 33 employees were appointed in various cadres

and scales with-out getting prior approval from finance department. In this regard a letter was written by the LMC to local Government Department regarding provision of budget for these employees however; the authenticity of the letter is suspicious.

The violation of rules in new appointment was due to failure of internal control system prevailing in the department

Audit is of the view that suspicious appointment of employees constituted weak financial management.

The matter was reported to managements during December, 2016, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends inquiry must be conducted to verify the genuineness of letter and mode of appointments, under intimation to audit.

[AIR Para: 24]

8.2.3.44 Unauthorized Operation of Financial Transactions in ABL and Askari Bank

According to Finance Department, Government of Sindh letter No.FD/PS/85/2010-11 dated 18th May, 2011 “it has been desired by the Honorable Chief Minister that different Departments/Projects/ Programs / Companies/ Endowment funds/Employees’ benefits and Charitable funds/ Autonomous and Semi-autonomous Bodies directly or indirectly under the control of the Government of Sindh, , “now give preference to Sindh Bank Limited in their banking needs”.

According to Notification No.FD/RO/FS/30/2006 dated 28/9/2006 issued by Finance Department, Government of Sindh, Karachi, , “all bank accounts of the Government department / entities, being operated in private / commercial banks, should immediately be closed and the public funds maintained in such accounts transferred to respective PLAs forthwith. The details of all such accounts / account number, name and address of the bank and the date of opening of account) and amount returned to PLAs should be sent to the Finance Department”.

Administrator/Chief Municipal Officer, Municipal Committee, Jacobabad, during financial year 2014-15, did not obtain permission from Finance Department, Government of Sindh, to operate bank accounts for official transactions in ABL and

Askari Banks, Jacobabad. Further, no detail was provided to audit whether these accounts have been opened in the name of particular Local Council or being operated by DDO.

Audit is of the view that opening and maintaining of Bank accounts in private commercial banks resulted into non-transparency in expenditure, which constituted weak financial management.

Deviation from prescribed rules and procedures constituted weak internal control system.

The matter was reported to managements during December, 2015, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit therefore recommends that the action may be taken against the person at fault and responsibility may be fixed on incumbent, under intimation to audit.

[AIR Para: 42]

ANNEXES

**SECRETARY LOCAL GOVERNMENT
DEPARTMENT,
ALL DEVELOPMENT AUTHORITIES,
SINDH BUILDING CONTROL AUTHORITY,
KARACHI METROPOLITAN CORPORATION &
KARACHI WATER & SEWERAGE BOARD**

Annex-I

(Executive Summary)

Memorandum for departmental accounts Committee (MFDAC)

Part-i Paras related to current Audit Year 2016-17

[Rupees in Million]

Para No.	Particulars	Amount
LGD-1	Project Director Water Supply & Sewerage Project HAD	
2	Loss of public money on account of repair of transport	0
6	Annual physical verification of stock not conducted	
LGD-2	Director General Planning and Development Control HAD	
5	Irregular payment on account of GP fund	0.986
7	Wasteful expenditure on celebration charges	0.220
LGD-3	Director General Planning and Development Control HAD	
5	Irregular payment on account of GP fund	0.508
6	Irregular & unauthorized expenditure on account of TA DA	0.084
7	Loss of public money on account of repair of transport	0.639
11	Internal check not conducted	
12	Annual physical verification of stock and store not conducted	
LGD-4	Secretary LGD Housing & Town Planning	
3	Non-deduction of conveyance allowance	0.005
6	Un-authorized expenditure on account of pay & allowances	0.455
9	Un-authorized expenditure on account of POL	0.079
13	Improper maintenance of service books of officials	-
14	Non-maintenance of dead stock register	-
15	Non-conducting of annual physical verification of stocks & stores	-
16	Internal audit & inspection not conducted	-
17	Irregular expenditure by splitting work orders	0.608
LGD-5	MC Water & Sanitation Agency	
4	Un-authorized transfer of funds	0.001
5	Less-Deduction of Income Tax on Salaries Paid to Employees	0.115
7	Recovery on account of less deduction of general provident fund from salaries of employees	0.188
8	Recovery on account of Non-deduction of general provident fund from salaries of government employees	0.879
9	Unjustified Withdrawal of Conveyance Allowance	0.060
10	Unauthorized Payment of House Rent Allowance Along-with Accommodation	0.431
11	Non-Recovery of House Maintenance Charges	0.288
12	Irregular payment on account of rent a car	0.420

[Rupees in Million]

Para No.	Particulars	Amount
13	Loss of Public Money on Account of Repair of Transport	0.234
LGD-6	PD I Housing HAD	
9	Improper maintenance of cash book.	0.000
	PD II Housing HAD	0.000
17	Non-Reconciliation of deducted income tax from salaries of employees	0.355
18	Improper maintenance of cash book.	0.000
LGD-7	Director General Sindh Building Control Authority	
LGD-9	Director General, Lyari Development Authority	
7	Loss to government due to less recovery of stamp duty	0.023
9	Non hoisting of bid evaluation report on SPPRA website	0
LGD-10	Project Director Shaheed Mohtarma Benazir Bhutto Townships, Sindh	
2	Loss to government due to non-deduction of professional tax	0.065
LGD-11	Director Recovery KDA	
4	Non conducting of annual physical verification of stock and store	-
LGD-12	Malir Development Authority	
19	Unauthorized award of contract due to non-execution of agreement	0.000
20	Non maintenance of cash book	0.000
21	Annual physical verification of stock and stores not conducted	0.000
22	Non maintenance of tendering process record	0.000
23	Non production of record related to new appointment BPS- 1 to 16 without codal formalities and finance Department prior approval	0.000
24	Non production of expenditure statement and Bank statement	0.000
25	Non maintenance of contractor ledger	0.000
26	Non maintenance of pre audit register	0.000
27	Non maintenance of dead stock register	0.000
28	Non maintenance of annual appropriation account	0.000
29	Non maintenance of annual finance account	0.000
LGD-13	Director General Larkana Development Authority	
9	Non-accountal of purchased items into relevant Stock Register	3.093
10	Improper maintenance of Cash Book	-
14	Irregular expenditure by way of splitting procurement(s) to avoid tender	0.288
15	Non-deduction of GST on purchases	0.040
LGD-14	Director General Shwan Development Authority	
8	Withdrawal of cash shown as transfer in bill	0.350
18	Non approval of statement of estimated receipts and expenditure for the financial year 2014-15 & 2015-16	-
20	Concealment of record in collaboration with anti-corruption establishment	-

[Rupees in Million]

Para No.	Particulars	Amount
22	Non submission of report of activities to government of Sindh	-
23	Unauthorized direct payment to employees on account of contingencies	0.794
LGD-15	Regional Director Sindh Building Control Authority Hyderabad	
17	Internal audit & inspection not conducted by controlling officer.	-
18	Non-maintenance of dead stock registers	-
19	Irregular payment of salaries due to non-verification of pay in service books	-
21	Unauthorized payments without signature of Assistant Director HQ & Assistant Account Officer	-
RDD-1	Director General Rural Development Department Hyderabad	
14	Non maintenance of cash book.	
22	Annual Physical Verification of Stock & Stores not conducted	
RDD-2	Assistant Director General Rural Development Department Hyderabad	
4	Unjustified expenditure in excess of budget grant	2.376
5	Irregular drawing cheques in the name of DDO instead of vendors	0.021
6	Annual physical verification of stock / stores not conducted	-
RDD-3	Director General Rural Development Department Hyderabad	
3	Irregular drawing cheques in the name of DDO instead of vendors	0.003
4	Non maintenance of dead stock register	-
5	Annual physical verification of stock/ stores not conducted	-
6		
PHE-1	EE Public Health Engineering Sanghar	
12	Irregular payment of salary to work charged employee's	0.541
PHE-4	EE Public Health Engineering Umerkot	
1	Non production of Record	
8	Wasteful expenditure incurred on cancelled NIT	0.219
PHE-5	EE Public Health Engineering Jamshoro	
6	Non adjustment of advance payment	0.338
PHE-7	EE Public Health Engineering Shaheed Benazirabad	
7	Irregular payment on a/c of third party validation	0.450
PHE-8	EE Public Health Engineering Badin	
8	Loss to public exchequer on account of less deduction of stamp duty	0.021
17	Non-inspection of important building & works in division by Executive Engineer annually	-
PHE-9	EE Public Health Engineering Khairpur - II	
7	Non-recovery of stamp duty.	0.194
8	Recovery of liquidated damages for delayed execution of development schemes.	0.315

[Rupees in Million]

Para No.	Particulars	Amount
PHE-10	EE Public Health Engineering Khairpur - I	
12	Non-recovery of stamp duty	0.142
13	Recovery of liquidated damages for delayed execution of development schemes	0.537
PHE-11	EE Public Health Engineering Naushahro Feroze	
19	Late deposit of collected earnest money (call deposits) in bank account	0.467
PHE-12	EE Public Health Engineering Tando Muhammad Khan	
10	Improper Tender Forms issued to contractors without mentioning below rates Column	-
11	Refund of performance security of running scheme	0.252
12	Non-forfeiture of bid security of the contractors failing to start the work	0.576
15	Unauthorized expenditure incurred on original work from O/M account	0.800
20	Non-maintenance of Important Registers	-
PHE-13	EE Public Health Engineering Matiari	
8	Non completion of schemes within stipulated completion period	0.539
PHE-14	EE Public Health Engineering Mirpurkhas	
4	Less deduction of security deposit	0.250
5	Non-recovery of earnest money	0.578
9	Irregular refund of security deposit	0.172
14	Non-maintenance of log books	0.132
15	Non accountal of misc. items	0.097
PHE-15	EE Public Health Engineering Sukkur	
8	Improper maintenance of cash book	0.000
PHE-16	EE Public Health Engineering Hyderabad	
7	Irregular payment without 10% check measurement by the XEN	2.854
8	Loss to govt. due to non-installation of CNG Kit in Government vehicles	0.262
12	Irregular payment on account of extra lead without preparation of lead chart	0.279
13	Non recovery advances amounting	0.531
14	Non clearance of form-78 in the month of June	0.113
16	Payment of previous liability from current allocation	0.482
18	Non-accountal of purchased items	0.232
20	Irregular expenditure of on work charge establishment	0.540
21	Internal audit & inspection not conducted by controlling officer	-
PHE-18	Superintendent Engineering Public Health Engineering Hyderabad	
3	Transgression of financial powers	0.044
6	Unjustified expenditure on TA/DA bills without supporting documents	0.046

[Rupees in Million]

Para No.	Particulars	Amount
7	Improper maintenance of cash book	-
8	Non-accountal of purchased articles into stock register	0.093
9	Non-verification of stock & stores at the close of financial year	-
10	Internal audit & inspection not conducted by controlling officer	-
PHE-19	EE Public Health Engineering Larkana	
9	Irregular undue creation of liability	0.685
10	Undue favour to contractor due to non-affixation of stamp duty	0.080
13	Irregular payment on non accountal of call deposit	0.210
16	Non verification of service books	-
PHE-20	EE Public Health Engineering Karachi	
6	Irregular payment on non accountal of call deposit	0.606
8	Non verification of service books	-
11	Non-maintenance of tendering process record	-
12	Non production of record related to new appointment from BPS-1 to 16 without codal formalities and finance department prior approval	-
13	Non-maintenance of cash book	-
14	Annual physical verification of stock and stores not conducted	-
PHE-21	EE Public Health Engineering Shikarpur	
19	Payment of liability Director Information (Advertisement), GoS on account of previous advertisement	0.642
PHE-22	EE Public Health Engineering Kamber Shahdadkot @ Kamber	
2	Irregular expenditure due to non-invitation of tender	0.249
6	Loss to government due to unauthorized expenditure on account of difference cost	0.419
8	Non remittance of tender fee into government treasury	0.042
11	Unauthorized expenditure on account of clearance of liabilities from budget grant of current financial year 2015-16	0.352
PHE-23	EE Public Health Engineering Kamber Shahdadkot @ Kamber	
3	Non reconciliation of expenditure	3.062
4	Unjustified expenditure in excess of budget grant	0.236
5	Non accountal of materials in stock register	
6	Annual physical verification of stock/stores not conducted	
KMC-1	Senior Director, Financial Advisor	
3	Transgression of Financial Power in Purchase of Stationery	0.351
4	Splitting of sanction orders to avoid inviting open tender on purchase of furniture.	0.198
6	Loss to government due to Non-Deduction of Income Tax	0.044
14	Annual Physical Verification of Stock & Stores not conducted.	0.000
KMC-2	Director Safari & Alladin Park	
8	Non maintenance of Map of Land and Property of Safari and Aladin Park.	0.000

[Rupees in Million]

Para No.	Particulars	Amount
KMC-3	MS Abbasi Shaheed Hospital	
10	Non maintenance of important registers/books	0.000
11	Internal audit and inspection not conducted by the controlling officer	0.000
KMC-8	Director Charged Parking	
5	Unauthorized use of government vehicle without entitlement	0.000
9	Non black listing of the contractors	0.000
KMC-9	Karachi Institute of Heart Disease	
3	Recovery of excess payment on purchase of liquid oxygen gas on high rate	0.213
KMC-10	Director Media Management	
6	Non deposition of collected income tax & Sindh sales tax into government account	0.810
KMC-11	Director Technical Services	
10	Irregular expenditure on preparation of sub base course	0.000
15	Un-authorized appointments	0.000
19	Non-reconciliation of expenditure	0.000
20	Improper maintenance of cash book	0.000
KMC-13	Principal, Karachi Medical & Dental College (KMDC)	
5	Irregular expenditure on account of printing & publication	0.868
KMC-14	Director Solid Waste Management	
5	Un-authorized entitlement of p.o.l on account of motor cycles allowed to officials	0.065
6	Non-remittance of govt. taxes into public exchequer	0.637
KMC-16	Senior Director, Municipal Services	
17	Signing of blank indents of POL by Assistant Director Transport Health KMC	0.000
18	Irregular payment on account of search dog trainers despite the fact that veterinary doctor withdrew his services	0.773
21	Unjustified reinstatement promotion of Senior Director r	0.000
23	Non maintenance of cash book	0.000
25	Unauthorized award of work on withheld NIT	0.000
KMC-17	Senior Director Medical Services	
3	Unauthorized appointment of 04 contract employees without going through prescribed procedure	0.000
5	Unauthorized use of government vehicle beyond entitlement	0.000
KMC-19	MS Gizri Maternity Hospital	
7	Non conducting of annual physical verification of stock and store	0.000
KMC-20	MS Landhi Medical Complex	
5	Illegal occupation of residence of Landhi Medical Complex by other department's personnel/ employees	0.000

[Rupees in Million]

Para No.	Particulars	Amount
6	Wastage of public assets due to non-functioning of costly machines (X ray & Ultra Sound) and payment of salary to related employees	0.000
7	Annual physical verification of dead stock items	
KMC-21	Chief City Wardens	
4	Unauthorized appointments and illegal driving of official vehicles by city wardens without valid driving licenses	0.000
KMC-22	Director, Estate	
12	Non-maintenance of telephone trunk calls register	0.021
13	Non-conducting of annual physical verification of stock and stores	0.000
14	Non-maintenance of stationary/ consumable article register	0.000
KW&SB-1	Project Director S-III	
13	Loss to revenue non-payment of motor vehicle tax of official vehicles	-
KW&SB-3	Project Director RO Plant Keamari & Lyari Town	
3	Non-provision of electricity bills of K-Electic	-
4	Non-provision of revenue record of RO plants	-
7	Non-provision of penalty clause in O&M contract agreement	-
10	Not handing over of RO plant (operation and maintenance to chief engineers (KW&SB)	-
KW&SB-5	Chief Engineer E&M	
3	Irregular payment on account of leave encashment	0.324
4	Non-disposal of old spare parts	-
KW&SB-6	Resident Engineer Pipri Division (P&F)	
5	Irregular expenditure on replacement of worn out parts during repair of pump house	-
6	Non accountal of stationary	0.010
7	Excess payment in contradiction to approved entitlement	0.042
KW&SB-7	ADP/PSDP	
9	Irregular payment on hire charges of machinery	0.237
KW&SB-8	DMD Revenue Resource Generation	
13	Unauthorized expenditure on account of pay & allowances of employees appointed over & above approved sanctioned strength	-
TMA-1	Town Officer, Town Committee, Manjhand District Jamshoro	
9	Internal inspection not conducted by the controlling authority	
TMA-2	Chief Municipal Officer, Municipal Committee, Kotri, District Jamshoro	
16	Hiring of legal advisor without consultation of Law Department	0.300
17	Unauthorized appointment of SCUG Engineer Branch cadre post without prescribed qualification	
18	Non-submission of income tax returns	
19	Internal inspection not conducted by the controlling authority	

[Rupees in Million]

Para No.	Particulars	Amount
TMA-3	Town Officer, Town Committee, Thana Bula Khan, District Jamshoro	
2	less deduction of stamp duty	0.020
14	Non-submission of income tax returns	
15	Internal inspection not conducted by the controlling authority	
TMA-4	Town Officer, Town Committee, Sehwan Sharif, District Jamshoro	
15	Non accountal of purchases in the stock register	3.230
16	Payment of development works without checking by TO (I&S)	0.701
17	Unauthorized payment of arrears of salary without verification	0.272
18	Illegal encroachments on properties of Town Committee	
19	Loss to revenue due to non-utilization of property	
20	Unauthorized use of vehicles without registration	
TMA-5	Town Officer, Town Committee, Mirpur Sakro, District Thatta	
10	Non-Imposition of Penalty due to delay in completion of works	0.606
28	Recovery on account of excess payment of HRA	0.291
29	Recovery on account of excess payment of Medical allowance	0.172
32	Unauthorized clearance of previous liabilities	2.722
33	Unjustified expenditure incurred on purchase of lime	0.892
35	Annual physical verification of stock/stores not conducted	0.000
TMA-6	Chief Municipal Officer, Municipal Committee, Thatta, District Thatta	
10	Unauthorized posting of officials in contravention to orders of Honorable Supreme Court of Pakistan.	0.000
14	Recovery on account of over payment of pension	0.640
21	Annual Physical verification of stock and stores not conducted	0.000
TMA-7	Town Officer, Town Committee, Ghora Bari, District Thatta	
14	Unauthorized posting of officials in contravention to orders of Honorable Supreme Court of Pakistan.	0.000
21	Annual physical verification of stock/stores not conducted	0.000
23	Non-Maintenance of dead stock register	0.000
TMA-8	Chief Municipal Officer, Municipal Committee, Tando Muhammad Khan, District Tando Muhammad Khan	
2	Wasted public funds on account of advertisement charges	0.050
3	Deprived public due to cancellation of Tender Notice	-
4	Irregular award of electrical work to contractors without electrical license	0.825
5	Irregular creation of liabilities and payment from current year's budget	0.933
8	Non-accountal purchased articles in stores	0.705
14	Less-recovery of income tax on taxable salaries of staff	0.028
16	Irregular award of contract without obtaining bank guarantee	0.147
18	Administrator failed to improve resources of Council by removing illegal encroachment & dispute	-

[Rupees in Million]

Para No.	Particulars	Amount
20	Improper maintenance of cash book	-
21	Non-maintenance budget control registers (Appropriation Accounts)	-
22	Non-maintenance of dead stock registers	-
23	Non-verification of stock & stores at the close of financial year	-
24	Internal audit & inspection not conducted by controlling officer.	-
TMA-9	Town Officer, Town Committee, Tando Ghulam Hyder, District Tando Muhammad Khan	
3	Non-transparency in tendering due to invalid procurement committee	-
7	Non-deduction of Shrinkage Charges on Earth Work	0.363
13	Non-Retrieval of missing vehicle of council	-
17	Unauthorized payment of salaries to staff without pre-audited bills	0.801
19	Irregular open payment to Accountant on account of salaries of Adhoc Staff	0.406
20	Non-maintenance of dead stock registers	-
TMA-10	Town Officer, Town Committee, Bulri Shah Kareem, District Tando Muhammad Khan	
1	Irregular tender notice without prescribed response time	-
5	Loss to public exchequer on account of stamp duty	0.014
7	Irregular award of electrical work to contractors without electrical license	0.883
8	Non-deduction of Shrinkage Charges on Earth Work	0.045
12	Unjustified expenditure on outsourcing of sanitation works	0.975
14	Irregular open payment on account of salaries of Adhoc Staff	0.088
18	Non-maintenance budget control registers (Appropriation Accounts)	-
19	Non-verification of stock & stores at the close of financial year	-
20	Internal audit & inspection not conducted by controlling officer	-
TMA-11	Chief Municipal Officer, Municipal Committee, Moro, District Naushahro Feroze	
15	Irregular payment on pre- audited bills from junior auditor instead of assistant director, local fund audit department	0.653
16	Internal check not observed	-
17	Failure to perform functions by controlling authority	-
19	Non-removal of encroachment from municipal committee jurisdiction	-
20	Non-maintenance of dead stock article register & non-conducting of annual physical verification.	-
21	Non-maintenance of property register /assets register	-

[Rupees in Million]

Para No.	Particulars	Amount
TMA-12	Town Officer, Town Committee, Kandiaro, District Naushahro Feroze	
4	Loss to government due to non-recovery of outstanding dues from defaulters	0.685
18	Internal check not conducted	-
19	Failure to perform functions by controlling authority	-
20	Non accountal of material purchased in the relevant stock register	0.164
21	Non-maintenance of property register /assets register	-
22	Non-removal of encroachment from town committee jurisdiction	-
TMA-13	Town Officer, Town Committee, Bhirya, District Naushahro Feroze	
3	Loss to government due to non-deposit of deducted income tax into government account	0.177
15	Irregular & unauthorized process of bill for reimbursement of medical charges	0.643
16	Irregular & unjustified drawl of funds without signature of administrator on bills	0.672
17	Unjustified payment to Mr. Hafez Ahmed wagan on a/c of his awaiting period salary	0.633
19	Irregular & unjustified payment on a/c of newspapers	0.242
20	Waste of public money due to outsourcing of sanitation work	0.440
21	Unauthorized payment to legal advisors without consultation of law department	0.125
22	Unjustified purchase of electric material	0.359
24	Non-maintenance of property register /assets register	-
25	Internal check not conducted	-
26	Non-removal of encroachment from town committee jurisdiction	-
TMA-14	Town Officer, Town Committee, Naushahro Feroze, District Naushahro Feroze	
14	Unjustified pension payment to retired employees without obtaining valid life & no marriage certificates	0.984
15	Unauthorized clearance of previous liabilities without approval from higher authorities	0.896
16	Irregular & unauthorized payment on a/c of medical reimbursement charges	0.504
18	Non-maintenance of property register	-
TMA-15	Town Officer, Town Committee, Mehrabpur, District Naushahro Feroze	
3	loss to government due to non-deposit of deducted income tax into government account	0.387
4	loss to government due to non-recovery of conveyance allowance	0.060

[Rupees in Million]

Para No.	Particulars	Amount
15	unauthorized clearance of previous pol liabilities without approval from higher authorities	0.792
17	irregular & unauthorized expenditure on account of liveries	0.642
18	non-maintenance of property register /assets register	-
19	internal check not observed	-
20	non accountal of material purchased in the relevant stock register	0.809
TMA-16	Chief Municipal Officer, Municipal Committee, Qasimabad, District Hyderabad	
11	Undue Favor to Contractor by Discounting Contractual	0.563
12	Unauthorized Advance Payment as legal fee to Jhamat Jethanad & Company despite having agreement with another advocate	0.700
22	Annual Physical Verification of Stock/Stores not conducted	-
TMA-17	Town Officer, Town Committee, Samaro, District Umerkot	
12	Non-recovery of Professional Tax 189,000/-	0.189
21	Non-accountal of procured articles into stock register	0.995
22	Doubtful expenditure on POL of fire brigade without reported fire/emergency cases	-
23	Non-production of record	-
TMA-18	Town Officer, Town Committee, Pano Akil, District Sukkur	
7	Loss to government due to non-deduction of income tax from auctions	0.168
15	Failure to perform functions by controlling authority.	-
16	Non-removal of encroachment from town committee jurisdiction.	-
18	Non accountal of material purchased in the relevant stock register	6.107
20	Non-maintenance of dead stock register for the assets of TMA office	-
21	Maintenance of cash book	-
22	Annual physical verification of stock and stores not conducted	-
TMA-19	Chief Municipal Officer, Municipal Committee, Rohri, District Sukkur	
6	Irregular Expenditure on Extra items given	0.420
23	Failure to perform functions by controlling authority	0.000
24	Un authorized payment of conveyance allowance	0.040
TMA-20	Town Officer, Town Committee, Saleh Pat, District Sukkur	
12	Irregular & unauthorized repair of vehicles	0.681
13	Unauthorized running of government vehicles without having registration numbers	0.000
14	Failure to perform functions by controlling authority	0.000
15	Non-removal of encroachment from town committee jurisdiction	0.000
21	Unauthorized payment of conveyance allowance	0.170

[Rupees in Million]

Para No.	Particulars	Amount
TMA-21	Chief Municipal Officer, Municipal Committee, Tando Jam (Hyderabad Rural) Dist: Hyderabad	
22	Improper maintenance of cash book without bank reconciliation	-
23	Non-maintenance of dead stock/store register	-
TMA-22	DMC Malir	
3	Undue favour to officers in violation of the orders of honourable supreme court of Pakistan	
6	Non-recovery of stamp duty	0.026
7	Undue favour in awarding of cattle piri contract	
TMA-23	Town Committee Matli District Badin	
6	Unauthorized retention of call deposits	0.238
7	Unauthorized POL allowed to Contractor without justification	0.150
15	Non-registration of Government Vehicles & non-payment of annual Tax of vehicles	-
16	Non-removal of illegal encroachments on govt. Property	-
18	Non-Maintenance Of Dead Stock Register	-
19	Non-Verification Of Stock & Stores At The Close Of Financial Year	-
20	Internal Audit & Inspection Not Conducted By Controlling Officer	-
21	Non-production of record	-
TMA-24	Chief Municipal Officer, Municipal Committee, Badin	
7	Non-Maintenance Of History Sheet	0.672
11	Non-Recovery Of Professional Tax	0.040
13	Payment of bills without pre-audit	0.236
14	Loss to Govt. due to failed to Dispose off/auction the Out of Order/Off Road Vehicles.	0.000
15	Non-registration of govt. Vehicles & annual tax of vehicles	0.000
18	Improper Maintenance Of Cash Book.	0.000
21	Non-Maintenance of Pre-Audit Registers	0.000
22	Non-Maintenance Of Dead Stock Register	0.000
23	Improper Sanitation System In The Limits Of Town Committee	0.000
TMA-25	Town Officer, Town Committee, Shaheed Fazil Rahu (Golarchi)	
4	Unauthorized Appointed During Ban Period	0.697
7	Non-registration of govt. Vehicles & annual tax of vehicles	0.000
9	Non-Recovery Of Professional Tax	0.018
12	Award Of Work By Splitting To Avoid Tenders	0.360
16	Annual Physical Verification Of Stock/Stores Not Conducted	0.000
18	Non-Removal Of Illegal Encroachment From Limits Of City	0.000
19	Non-Maintenance Of Pre-Audit Registers	0.000
20	Improper Maintenance Of Cash Book	0.000

[Rupees in Million]

Para No.	Particulars	Amount
21	Internal audit and inspection not conducted by the controlling office	0.000
22	Improper Sanitation System In The Limits Of Town Committee	0.000
23	Non-production of record	0.000
TMA-26	Town Committee Sakrand District Shaheed Benazirabad	
14	Recovery on account of unauthorized payment of allowance	0.230
15	Recovery on account of excess payment of HRA	0.036
16	Recovery on account of excess payment of Medical allowance	0.062
19	Non-Recovery of Income Tax from Salaries of Staff	0.830
21	Improper maintenance of cash book	0.000
TMA-27	Town Committee Kazi Ahmed District Shaheed Benazirabad	
11	Unauthorized allotment of government vehicle to officer without entitlement	0.000
13	Non-recovery of outstanding dues of shop rent	0.684
17	Annual physical verification of stock/stores not conducted	0.000
18	Improper maintenance of cash book	0.000
TMA-28	DMC Central	
23	Non-deduction of general provident fund	0.239
24	Award of computer allowance without entitlement	0.144
26	Irregular payment without acknowledgement receipt	0.397
27	Irregular payment on account repair& maintenance of official vehicle	0.598
30	Non-preparation of monthly reports of expenditure	-
31	Non-maintenance / designed of map of municipal property	-
32	Non-maintenance of pre-audit register	-
33	Annual physical verification of stock and stores not conducted	-
35	Non-maintenance of dead stock register	-
TMA-29	Town Officer Town Committee Jhando Mari District Tando Allahyar	
10	Doubtful utilization of pol on unknown activities	0.826
11	Illegal appointment during ban period	0.652
12	Unauthorized direct payment to employees on repair of vehicles	0.173
20	Non-maintenance of consumption account of purchase of items	0.764
21	Irregular payment without acknowledgement receipt	0.303
23	Non-preparation of monthly reports of expenditure	-
24	Non-maintenance / designed of map of town committee property	-
25	Non-maintenance of pre-audit register	-
26	Annual physical verification of stock and stores not conducted	-
28	Non-maintenance of dead stock register	-
TMA-30	Chief Municipal Officer Municipal Committee Tando Allahyar District Tando Allahyar	
7	Irregular expenditure on account of POL	3.738

[Rupees in Million]

Para No.	Particulars	Amount
8	Non-payment of arrears to the retired employees of municipal committee	0.698
12	Undue favour to contractor due to non-affixation of stamp duty	0.014
19	Non-maintenance of dead stock register	-
20	Non-maintenance / designed of map of municipal committee property	-
TMA-31	Town Officer Town Committee Nangarparkar	
5	Failure to deduct security deposits and call deposits on execution development works	0.844
20	Recovery on account of payment of HRA	0.071
23	Unjustified payment on account of loan/ advances	0.759
24	Payment of pension without obtaining life certificate	0.176
25	Non-deduction of general provident fund & benevolent fund from salaries	0.000
26	Doubtful expenditure on polio	0.144
27	Doubtful payment on account of earth filling	0.635
33	Non-deposit of annual tax of vehicles	0.000
38	Unauthorized retention of government vehicle	0.000
39	Improper maintenance of cash book	0.000
40	Non-accountal of assets into stock register	0.000
41	Non – maintenance of important registers	0.000
TMA-32	Town Officer Town Committee Tando Bagho District Badin	
9	Non-Collection of Professional Tax	0.017
10	Loss to Government on account of stamp duty	0.028
14	Excess consumption of POL beyond prescribed ceiling	0.410
22	Non-Maintenance Of Dead Stock Register	-
TMA-33	Town Officer Town Committee Talhar District Badin	
4	Irregular work of non SCUG staff transferred from other Town	3.013
5	Non-utilization of public funds	5.094
9	Outsourcing of silt clearance and de-watering	0.382
11	Non-production of record	0.000
12	Non-Recovery of Professional Tax	0.032
14	Improper maintenance of cash book	0.000
15	Improper sanitation system in the limits of municipal committee instead of huge consumption of POL and huge sanitation staff	0.000
16	Non-removal of illegal encroachments from limits of Town	0.000
18	Non-maintenance of pre audit register	0.000
19	Non-maintenance of dead stock register	0.000
20	Annual physical verification stock/store not conducted	0.000
21	Internal audit and inspection not conducted by the controlling officer	0.000

[Rupees in Million]

Para No.	Particulars	Amount
TMA-34	DMC Korangi	
5	Loss to government due to excess payment to contractor on lifting of offal's in shah faisal zone	0.583
6	Loss to government due to non-disposal/sale proceed of old spare parts	0.609
9	Unjustified payment on account of salary during intervening period	0.399
18	Loss to government due to excess payment to contractor on engaging loader and food items	0.152
19	Non-removal of encroachment from limits of DMC	0.000
20	Improper sanitation and solid waste management in DMC	0.000
21	Non-conducting of annual physical verification of stock and stores	0.000
22	Internal audit & inspection not conducted	
TMA-35	Chief Municipal Officer Municipal Committee Khairpur	
6	Suspicious payment on anti-malaria	0.495
8	Non-recovery of income tax from salaries	0.078
16	Loss to Government due to non-recovery of professional tax	0.045
19	Non-prevention of Government property & non-removal of illegal encroachments from town	-
20	Improper Sanitation System within Jurisdiction of Municipal Committee, Khairpur	-
TMA-36	Town Officer Town Committee Pacca Chang (Faiz Ganj) Dist Khairpur	
5	Un-authorized payment of liabilities	0.434
14	Annual physical verification of stock/stores not conducted	-
15	Improper maintenance of cash book	-
16	Non-recovery of professional tax	0.058
17	Non-prevention of Government property & non-removal of illegal encroachments from town	-
18	Improper Sanitation System within Jurisdiction of Town Committee	-
TMA-37	Chief Municipal Officer Municipal Committee Kingri Dist Khairpur	
7	Fraudulent payment on drawl of POL.	0.455
10	Loss due to non-deduction of sales tax on electric items.	0.208
16	Non-conducting of annual physical verification of dead stock.	-
17	Non-prevention of Government property & non-removal of illegal encroachments from town.	-
19	Improper Sanitation System within Jurisdiction of Municipal Committee, Kingri.	-
TMA-38	Chief Municipal Officer Municipal Committee Gambat Dist Khairpur	
5	Irregular payment to awaiting period salary.	0.550
9	Loss due to non-deduction of sales tax on electric items.	0.179
10	Irregular payment to contractors without pre-audit.	4.158

[Rupees in Million]

Para No.	Particulars	Amount
16	Non-prevention of Government property & non-removal of illegal encroachments from town	-
17	Improper sanitation system within jurisdiction of town	-
18	Annual Physical verification	-
TMA-39	Chief Municipal Officer Municipal Committee Kandhkot District Kashmir @ Kandhkot	
9	Non-deduction of sales tax on purchase of lime & DDT powder	0.449
10	Loss due to less deduction of income tax	0.176
11	Loss due to non-recovery of professional tax amounting to	0.017
12	Irregular purchase of liveries	0.489
15	Non-maintenance of pre-audit register	-
16	Failure to conduct pre-audit of receipts	-
18	Annual physical verification of stock/stores not conducted	-
19	Improper maintenance of cash book	-
20	Improper sanitation system in the limits of Town Committee	-
TMA-40	Town Officer Town Committee Kashmir District Kashmir @ Kandhkot	
12	Improper maintenance of cash book	-
14	Loss due to non-recovery of professional tax amounting to	0.018
17	Non-maintenance of pre-audit register	-
19	Improper sanitation system within town jurisdiction	-
20	Annual physical verification of stock/stores not conducted	-
TMA-41	Hyderabad Municipal Corporation	
11	Unauthorized appointment of Contract/Daily Contract staff	-
16	Unauthorized payment without mentioning date of completion on completion certificate	
24	Unauthorized expenditure incurred on development work without Technical Sanction	0.975
36	Award of Contract through Collusive Practices	0.580
37	Non – forfeit of lapsed deposit	0.447
38	Unauthorized supply of water through fire tenders	0.146
39	Payment made on account of Pension without obtaining Life Certificate	-
45	Loss to Government due to Non-Recovery of Income Tax/Additional Income Tax from Auctioneers	0.195
53	Unauthorized Provisional Payment without Approval of Budget Estimates	-
54	Non-maintenance of Property Record	-
55	Non-Payments of Financial Assistance / Gratuity / Leave Encashment & Difference of Pension to Retired Employees	-
56	Payment withdrawal through fictitious vouchers	0.370
TMA-42	DMC West	
2	Irregular payments without obtaining receipt acknowledgement	0.587

[Rupees in Million]

Para No.	Particulars	Amount
3	Irregular expenditure by way of splitting work orders (on open rate basis)	
11	Improper sanitation and solid waste management in DMC	-
12	Non-removal of encroachment from limits of FMC	-
13	Non-maintenance of dead stock register	-
14	Improper system for functioning & issuance of trade license	-
	01. District Municipal Corporation, District West (SITE Zone)	
21	Irregular payments without obtaining receipt acknowledgement	0.200
22	Irregular expenditure by way of splitting work orders	0.593
23	Improper system for functioning & issuance of trade license	-
24	Non-maintenance of dead stock register.	-
25	Non-removal of encroachment from limits of DMC	-
26	Improper sanitation and solid waste management in DMCs	-
	02. District Municipal Corporation, District West (Baldia Zone)	
33	Failure to furnish mandatory income tax statements and sales tax returns	-
35	Non-maintenance of stock registers (stationery and consumable articles registers)	-
36	Non-conducting of annual physical verification of stock and stores	-
37	Non-removal of encroachment from limits of DMC	-
	03. District Municipal Corporation, District West (Orangi Zone)	
40	Doubtful expenditure on account of overtime allowance	0.291
42	Loss to government due less-deduction of income tax	0.013
44	Unauthorized expenditure on account of clearance of liabilities from budget grant of current financial year (2015-16)	0.291
TMA-43	DMC South	
23	Non-recovery of professional tax	0.043
24	Irregular reimbursement of medical charges to other department's employee out of dmc south funds	0.319
25	Poor performance of trade licensing department	0.000
27	Unauthorized posting of officers on against post/ops basis in contravention to orders of honorable supreme court of Pakistan.	0.000
TMA-44	DMC East	
4	Un-authorized use of government vehicles beyond entitlement	-
TMA-45	Town Officer Town Committee Nara District Khairpur	
9	Loss due to non-deduction of sales tax on electric items	0.585
TMA-46	Municipal Committee Nawabshah District Shaheed Benazirabad	
24	Wasteful expenditure on a/c of over time paid to staff	0.951
25	Non-imposition of penalty	0.546

[Rupees in Million]

Para No.	Particulars	Amount
26	Unjustified payment to Mr. Tufail Ahmed Soomro ex CMO in violation of the order of honorable supreme court of Pakistan	0.133
TMA-47	Municipal Committee Shahdadpur District Sanghar	
6	Non-maintenance of property record of immovable property.	-
13	Payment made on account of pension without obtaining life certificate	-
17	Non-registration of govt. vehicles	-
21	Un-authorized payment to Mr. Intizar Ali , accounts clerk	0.786
25	Improper maintenance of cash book	-
27	Improper sanitation system in surrounding area of municipal committee.	-
28	Non-maintenance of pre-audit registers (budget control registers).	-
29	Non-verification of stock & stores at the close of financial year	-
30	Internal audit & inspection not conducted by controlling officer.	
TMA-48	Town Committee Digri District Mirpurkhas	
5	Non-deduction of sales tax	0.194
6	Award of work without calling tender	0.562
11	Non-imposition of penalty on contractors	0.190
17	Irregular expenditure without maintaining loan register	0.930
19	Irregular expenditure without obtaining proper acknowledgement receipt	0.500
20	Irregular payment on account of financial assistance without supporting documents	0.800
22	Recovery of income tax form the salaries of staff	0.114
23	Annual physical verification of stock/stores not conducted	0.000
TMA-49	Town Committee Kot Ghulam Muhammad District Mirpurkhas	
4	Loss to Government Due to Shortfall in Targeted Recovery	0.111
6	Non- Deduction of Income Tax of Rs. 0.025 Million	0.025
7	Loss To Government Due to Suspicious Fraudulent Payment	0.281
8	Un-Authorized Payment of Liability	0.670
14	Doubtful Employees Working in Town Committee Kot Ghulam Muhammad	-
15	Irregular payment to awaiting period salary	0.488
16	Doubtful Payment With-out Supporting Documents	0.500
19	Irregular payment of Conveyance allowance During Medical Leave	0.074
20	Irregular payment of Conveyance allowance	0.143
24	Non-Forfeiture Of 2% Bid Security Rs 0.137 Million	0.137
TMA-50	Town Committee Jhudo District Mirpurkhas	
8	Non-Deduction of Sales Tax On Repair of Vehicles	0.109
9	Non-Recovery Of Conveyance Allowance	0.154

[Rupees in Million]

Para No.	Particulars	Amount
16	Irregular Expenditure without Obtaining Proper Acknowledgement Receipt	0.220
19	Recovery of Income Tax from the salaries of Employees	0.019
24	Irregular Issuance of Partial Work Order	0.500
26	Irregular Payment of Sub Standard Work	0.442
27	Doubtful payment of against repair of TMO Office	0.494
29	Non-Imposition of Penalty on Contractors	0.370
33	Annual Physical Verification Of Stock/Stores Not Conducted	-
TMA-51	Municipal Committee Shahdadkot	
7	Non-recovery of Government dues	0.417
9	Non-revision of rents of Government property	0.526
15	Non-recovery of stamp duty	0.018
16	Non-prevention of Government property & non-removal of illegal encroachments from town	-
18	Improper Sanitation System within Jurisdiction of Municipal Committee, Shahdadkot	-
TMA-52	Town Committee Matiari	
10	Unjustified award of work "De-watering" without disposal	0.785
11	Irregular procurement of uniform to staff	0.296
12	Irregular & doubtful repair of vehicles	0.365
13	Non-registration of govt. vehicles & non-payment of annual tax of vehicles	-
19	Irregular joining allowed to staff prior to Medical Certificate	-
20	Irregular appointment of over age employee	-
21	Non-termination of service of fake appointment	-
22	Non-recovery of income tax on taxable salaries of staff	0.021
23	Recovery of overpaid House Rent Allowance	0.051
25	Irregular payment of salaries due to non-verification of pay in service books	-
26	Loss to govt. on account of stamp duty	0.006
29	Non-prevention of councils interest by obtaining of bank guarantee as per rules	0.166
32	Non-prevention of council property by registering property	-
33	Non-maintenance of dead stock registers	-
34	Non-verification of stock & stores at the close of financial year	-
35	Internal audit & inspection not conducted by controlling officer.	-
TMA-53	Municipal Committee Tando Adam	
6	Non-production of record	-
8	Irregular with drawl of ta/da	0.319
16	Non-adjustment of appointed staff without sanctioned posts	-

[Rupees in Million]

Para No.	Particulars	Amount
17	Non-registration of govt. vehicles & non-payment of annual tax of vehicles	-
18	Non-recovery of income tax on taxable salaries of staff	0.022
19	Irregular payment of salaries against intervening period	0.934
24	Non-collection of advance income tax on auctions	0.425
26	Improper maintenance of cash book	-
27	Improper sanitation system in surrounding area of municipal committee.	-
28	Non-maintenance of pre-audit registers (budget control registers).	-
29	Non-verification of stock & stores at the close of financial year	-
30	Internal audit & inspection not conducted by controlling officer.	-
TMA-54	Municipal Committee Kamber	
7	Un-justified payment on fumigation spray	0.142
13	Loss to Government due to non-recovery of professional tax	0.047
18	Non-prevention of Government property & non-removal of illegal encroachments from town.	-
TMA-55	Town Committee New Saeedabad	
1	Wasted public funds on account of advertisement charges	0.734
4	Non-deduction of Shrinkage Charges on Earth Work	0.127
7	Unauthorized procurement without procurement committee	0.524
8	Non-accountal purchased articles in stores	0.524
13	Non-registration of council vehicles & non-payment of annual tax of vehicles	-
16	Unauthorized operation from other banks accounts instead of Sindh Bank Accounts	0.160
17	Irregular absorption of Non-SCUG staff transferred from other councils	-
18	Irregular appointment/hiring of adhoc staff	0.756
20	Undue favor to staff due to non-obtaining of security bond as per terms & condition of appointment	-
21	Unauthorized & unjustified payment of honorarium to staff	0.109
24	Irregular & unjustified payment of conveyance allowance in intervening period	0.035
25	Irregular payment of salaries due to non-verification of pay in service books	-
27	Non-prevention of council property by registering property	-
28	Non-maintenance of dead stock registers	-
29	Non-verification of stock & stores at the close of financial year	-
30	Internal audit & inspection not conducted by controlling officer	-
TMA-56	Town Committee Johi District Dadu	
8	Recovery against stamp duty	0.031
13	Payment of bitumen without supporting vouchers	0.400

[Rupees in Million]

Para No.	Particulars	Amount
14	Irregular payment of substandard work	0.856
19	Non accountal of misc. items	0.496
20	Non-maintenance of dead stock register	0.000
TMA-57	Municipal Committee Dadu	
19	Non-maintenance of dead stock register	
TMA-58	Town Officer Town Committee Ghari Yaseen District Shikarpur	
11	Doubtful payments to staff instead of vendors	0.100
14	Loss to Government due to Non-Deduction of Professional Tax	0.026
15	Loss to Govt. due to Non-Deduction/Non-Deposit of Income Tax	0.069
16	Payments of Pension without Obtaining Necessary Certificates from Pensioner	0.005
17	Un-Authorized Transfer of Funds	0.450
18	Non-Maintenance of Dead Stock Register.	-
19	Non-conducting of Annual Physical Verification of Stock and Stores	-
20	Internal Audit & Inspection not Conducted	-
21	on-Removal of Encroachment from Limits of Town Committee	-
22	Improper Sanitation and Solid Waste Management in Town Committee	
23	Improper maintenance of cash book	-
TMA-59	Town Officer Town Committee Khanpur District Shikarpur	
15	Non-accountal / non-deposit of 2% call deposit	0.157
20	Loss due to non-recovery of professional tax	0.014
23	Improper maintenance of cash book.	-
24	Annual physical verification of stock/stores not conducted	-
25	Non-removal of illegal encroachment from limits of town committee	-
TMA-60	Chief Municipal Officer Municipal Committee Shikarpur District Shikarpur	
8	Un-authorized transfer of funds	0.095
10	Wasteful expenditure on a/c of over time paid to fire brigade staff	0.448
12	Irregular Expenditure on account of Grant of Loans without maintenance of relevant Record	0.100
13	Non accountal of miscellaneous Items	0.079
17	Suspected Mis-appropriation of Public Revenue Due to Non-Deposit of Income Tax	0.079
21	Non-monitoring of performance of north Sindh urban services corporation (nsusc) by mc Shikarpur	-
22	Non-maintenance of pre-audit registers	-
23	Annual physical verification of stock/stores not conducted.	-

Part-ii Paras related to current Audit Year 2015-16

(Rupees in Million)

Para No	Para	Amount
LGD-4	DG Monitoring & Evaluation, Department	
4	Irregular use of Government vehicle beyond entitlement	
5	Unjustified expenditure on conveyance allowance	0.025
6	Irregular posting of Junior Clerk (BS-07) against the post of Senior Clerk (BS-09)	
7	Irregular posting of DPA (BS-12) against the post of computer operator (BS-12)	
8	Irregular expenditure against repair of transport	0.084
9	Non-reconciliation of expenditure from AG Sindh	6.809
10	Irregular payment in excess of budget grant	0.035
11	Excess expenditure over and above the budget grant	0.386
12	Non-surrendering of saving	1.414
14	Annual physical verification of stock and stores not conducted	
LGD-5	Provincial Election Authority, Sindh	
2	Loss to Government due to theft of Government vehicle	
6	Non-recording of cash transaction in cash book	0.013
7	Irregular reimbursement of medical claim without special medical board report	0.025
8	Unjustified payment of NIPA allowance	0.007
9	Unauthorized change in date of birth of employee after appointment	
12	Improper annual physical verification of stock and stores	
LGD-7	Municipal Training & Research Institute	
2	Overpayment of special pay	0.001
3	Unjustified expenditure against conveyance charges	0.062
5	Non-deduction of sales tax on services	0.013
6	Doubtful expenditure through cash/ open cheques	0.307
7	Violation of supreme courts orders by not repatriating junior clerk (BS-07) working against the post of audio visual operator (BS-10)	
8	Unjustified handing over of MTRI building to ATC court	
9	Mis-classification of funds	0.079
12	Annual physical verification of stock and stores not conducted	
LGD-9	Chairman/ Judge, Appellate Tribunal Local Councils Sindh, Karachi	
2	Recovery of reimbursement of medicine bills	0.094
4	Irregular reimbursement of medical claim without special medical board report	0.048
5	Unjustified expenditure without calling tender	0.100
6	Purchase of furniture despite ban	0.100
11	Non accountal of purchased items into stock register	0.299
12	Unjustified expenditure on conveyance allowance	0.046
13	Excess expenditure over and above the budget grant	2.050
15	Improper maintenance of cash book	1.598
16	Overpayment of honoraria	0.044
17	Annual physical verification of stock and stores not conducted	
LGD-11	Secretary, Local Government Department, Sindh	
4	Irregular expenditure without constitution of procurement committee	0.861
10	Transgression of financial power	0.861
11	Non accountal of purchased items into stock register	1.499
12	Non-maintenance of dead stock register	

(Rupees in Million)

Para No	Para	Amount
16	Non-maintenance of dead stock register	
LGD-13	Secretary, Local Government Board, Sindh	
9	Recovery against un-authorized payment of honorarium	0.272
10	Recovery against payment of honorarium to un-authorized persons.	0.382
12	Non-deduction of income tax from the payment of hiring paid to employees against rent payment.	0.037
14	Splitting of bills to avoid tender.	0.130
15	Doubtful expenditure through cash/open cheques.	0.960
17	Undue payment to staff.	0.196
19	Failure to prepare annual procurement plan.	0.737
20	Improper maintenance of cheque registers.	
22	Improper maintenance of seniority list	
Details of AIR Pars Of KMC		
KMC-05	Administrator, KMC, 2014-15	
9	Loss to Government due to non-recovery of computer allowance	0.018
10	irregular payment of POL beyond prescribed ceiling (limit) per month	1.750
18	Non-remittance of Government taxes into public exchequer	0.170
20	Irregular payment without acknowledgement receipts	2.685
21	Irregular and undue favor in fixation of contract employees pay	
KMC-13	Principal, Karachi Medical & Dental College, KMC	
7	Non-deduction of general provident fund	0.369
KMC-17	MS Spencer Eye Hospital	
2	Non-reconciliation of challans from relevant authorities	0.574
8	Non-maintenance of consumption account register	0.027
KMC-17	MS Spencer Eye Hospital	
7	Non-recovery of house rent allowance	0.094
10	Non-maintenance of dead stock register	
KMC-21	MS Landhi Medical Complex	
3	Non-reconciliation of challans from relevant authorities	0.473
7	Wasteful expenditure on purchased of X-Ray machine	0.224
KMC-3	Director Media Management	
4	Irregular payment of advertisements bills prior to maturity period	2.722
KMC-4	Director Safari Park & Aladdin Park	
6	Non-adjustment of advance	1.500
7	Non-maintenance of livestock register by the curator	
KMC-6	Director Solid Waste Management	
4	Collection of insulation fee from few Hospitals/ Labs/ Private practitioners	
8	Non-maintenance of dead stock register	
KMC-7	Senior Director, Veterinary Services	
8	Recovery against irregular payment of POL beyond prescribed ceiling (Limit)	
9	Posting of Sr. Director veterinary without veterinary qualification	
10	Non-appointment of project coordinator in violation of contract agreement	
KMC-8	Senior Director, Transport & Communication	
3	Payment of salaries to idle staff	

(Rupees in Million)

Para No	Para	Amount
KMC-10	Executive Director, Institute of Heart Disease	
4	Irregular creation of liabilities	
KMC-11	Senior Director, Information Technology	
3	Irregular expenditure by way of splitting procurements to avoid tender	0.198
8	Unauthorized allotment of Government vehicles beyond entitlement	
9	Unauthorized entitlement of POL beyond ceiling fixed by Sindh Govt:	0.275
KMC-12	Director, Store & Procurement	
3	Unauthorized payment without evaluation report and other documents hoisting on authority website	0.979
5	Non-execution of performance security	0.098
7	Irregular expenditure without obtaining proper acknowledgement receipts	2.472
8	Non accountal of various items in relevant stock register	
KMC-14	Director, Katchi Abadis	
7	Non accountal of various items in stock register	0.184
KMC-15	Director, Charged Parking	
5	Non-maintenance of cash book	
KMC-19	Director Estate	
7	Non-utilization of funds	0.600
KMC-22	Senior Director, Finance / Financial Advisor	
11	Non-accountal of Procured items	7.025
13	Non-maintenance of dead stock register	-
14	No-conducting of annual physical verification of stock & store	
KMC-24	Senior Director, Municipal Services	
6	Unauthorized payment of adhoc relief	0.092
10	Irregular expenditure on account of execution of work	
15	Non-maintenance of security deposit register	
16	Non-Preparing of procurement plan	
17	Non-maintenance of appropriation/ disbursement	
18	Non-conducting of annual physical verification of stock and stores	
19	Non-recovery of house maintenance / electricity charges	0.032
20	Non-maintenance of dead stock register	
21	Non-maintenance of stationery and consumable articles register	
KMC-25	Senior Director, Health & Medical Services	
2	Expenditure without preparing annual procurement plan	
3	Non-recovery of stamp duty	0.028
5	Appointment of staff without approval of competent authority	
7	Non accountal of stores	0.210
8	Non-maintenance of dead stock register	
KMC-26	Director, Health & Medical Services	
4	Non accountal of stores	0.210
5	Non-maintenance of dead stock register	
Details of AIR Pars Of KW&SB		
KW&SB - 40	Managing Director KW & SB 2014-15	
7	Consumption of POL beyond authorized ceiling	0.949
9	Misuse budget head of miscellaneous	0.232

(Rupees in Million)

Para No	Para	Amount
14	Payment without enlistment	0.379
15	Non-reconciliation of accounts statement	
16	Payments without acknowledgement of receipts from payees	
18	Improper maintenance of personal files and non-completion of service books	-
19	Non-conducting of annual physical verification of dead stock articles	
20	Non-maintenance of dead stock register	
21	Non-utilization of funds	
22	Unauthorized expenditure on entertainment from imprest account	
KW&SB - 01	Deputy Managing Director (RRG) KW & SB 2014-15	
6	Unauthorized use of Government vehicle beyond entitlement	
KW&SB - 15	Deputy Managing Director (Finance) KW & SB 2014-15	
7	Irregular payment on account of financial assistance without supporting documents	0.500
9	Irregular expenditure on repair & maintenance of Government vehicles	0.274
10	Non accountal of stationary	0.907
KW&SB - 29	Deputy Managing Director (TS) KW & SB 2014-15	
4	Recovery on account of payment of over time allowance	0.046
KW&SB - 09	Chief Engineer (E&M) KW&SB 2014-15	
2	Recovery on account of payment of over time allowance	0.200
3	Non-surrender of savings	4.471
KW&SB - 21	Chief Engineer (Central) KW & SB 2014-15	
3	Unauthorized payment on account of salary to adhoc employees	0.434
KW&SB - 22	Chief Engineer (Malir) KW & SB 2014-15	
3	Irregular preparation of estimate	0.945
KW&SB - 07	Resident Engineer, Hub Pumping Station	
3	Irregular payment on account of leave encashment to officer/ Officials	1.265
4	Expenditure incurred in excess of budget grant	10.009
KW&SB - 08	Resident Engineer, Hub Filter Plant	
4	Non-utilization of funds	1.040
5	Non-surrendering of saving	5.064
KW&SB - 30	Resident Engineer, Dhabeji (Pumping)	
2	Non-execution of performance security	0.150
8	Recovery on account of electricity charges from the allottees of staff quarters	0.234
KW&SB - 10	Annual Development, Program Scheme, KW & SB 2014-15	
	CE (Construction of new 100 MGD Pumping House, Equipped with M&E Pumping Machine) at Dhabeji	
	CE (Providing / Laying & Replacement of Power Feeder 300 MM 11 KV. HT armored Cable along with Upgradation with KESC Substation of KW&SB Bulk Pumping Station)	
	Executive Engineer (Sewerage), North Karachi Town	
5	Execution of works without executing integrity pact	
	Executive Engineer (Water) Site Town (Construction of new pumping station at Mianwali Colony UC# 9, Site Town)	
12	Non-revision of performance guarantee	
	Executive Engineer (Civil) Canal Maintenance Division (Establishment of Water Testing Laboratory at Chilys)	

(Rupees in Million)

Para No	Para	Amount
KW&SB - 03	Reverse Osmosis Water & Desalination Plants, Lyari, Keamari Town, KW & SB 2014-15	
4	Non-setting up of performance indicators and benchmarks to judge the quality / quantity of water supplied	
KW&SB - 04	Director Medical Services	
10	Non-deduction of benevolent fund	0.060
KW&SB - 05	Project Director S-III	
10	Delayed submission of performance security after 14 days from letter of acceptance	
15	Execution of project without environmental impact assessment	
16	Limiting scope of tender to national bidders only	
KW&SB - 6	Executive Engineer, Hub Division Civil	
3	Non-reconciliation of expenditure from finance department of KW&SB	
4	Non-utilization of funds	1.310
5	Non-surrender of savings	13.399
KW&SB - 11	Executive Engineer, STP – III	
1	Non-transparency of Government spending due to non-maintenance of log book	0.357
5	Irregular payment on account of leave encashment	0.546
6	Non-utilization of funds	6.186
KW&SB - 13	Executive Engineer, STP – II	
5	Irregular payment on account of leave encashment	0.749
KW&SB - 14	Executive Engineer, STP – I	
3	Irregular payment on leave encashment	
5	Non-utilization of funds on account of purchase of material	0.200
KW&SB - 17	Executive Engineer, (E&M) Korangi Town	
4	Irregular payment on account of leave encashment	0.347
5	Non-utilization of funds	1.594
KW&SB - 18	Executive Engineer, (E&M- Water) Jamsheed Town	
1	Expenditure over & above budget grant	6.679
2	Irregular payment on account of leave encashment to employees	0.901
KW&SB - 19	Executive Engineer, Sewer Cleaning Equipment & Services Division	
3	Non-maintenance of cash book	
5	Unauthorized payment on account of salary to adhoc employees	0.397
KW&SB - 20	Executive Engineer, (E&M - Water) Gulshan e Iqbal	
2	Unauthorized payment on account of salary to adhoc employees	0.651
KW&SB - 24	Executive Engineer, (Water Distribution) Jamsheed Town	
1	Expenditure over & above budget grant	9.791
KW&SB - 27	Executive Engineer, Civil (E&M - Sewerage)	
4	Unjustified completion of work within one day	0.442
KW&SB - 28	Executive Engineer, Civil, Gharo Division	
6	Expenditure incurred in excess of budget grant	22.781
7	Non-surrender of savings	2.944
KW&SB - 34	Executive Engineer, (Water Distribution) North Nazimabad	
4	Defective and inaccurate budgeting causing non-utilization of Rs. 5.403 Million and excess expenditure of Rs. 3.166 Million	8.569
KW&SB - 36	Executive Engineer, Purification Plant Division	

(Rupees in Million)

Para No	Para	Amount
4	Defective and inaccurate budgeting causing non-utilization of Rs. 21.935 Million and excess expenditure of Rs. 7.286 Million	29.222
KW&SB - 38	Executive Engineer, Canal Maintenance Division,	
3	Defective and inaccurate budgeting causing non-utilization of Rs. 2.570 (m) and excess expenditure of Rs. 4.972 (m)	7.542
KW&SB - 39	Executive Engineer, (Sewerage) North Nazimabad	
4	Defective and inaccurate budgeting causing non-utilization of Rs. 2.231 Million and excess expenditure of Rs. 3.658 Million	5.889
5	Non-recovery of professional tax	0.003
KW&SB - 42	Executive Engineer, (Sewerage) Gulshan e Iqbal Town	
2	Irregular expenditure on replacement of sunk down sewerage	0.399
5	Unauthorized appointment of staff on adhoc basis	
KW&SB - 43	Executive Engineer, (E&M) Malir Town	
4	Non-surrender of savings	1.806
KW&SB - 44	Executive Engineer, (E&M) Shah Faisal Town	
1	Expenditure incurred in excess of the budget grant	0.661
KW&SB - 45	Executive Engineer, (Water) Shah Faisal Town	
1	Expenditure incurred in excess of the budget grant	1.547
2	Non-surrendering of savings	6.776
KW&SB - 46	Executive Engineer, (Sewerage) Shah Faisal Town	
2	Non-utilization of funds	2.803
KW&SB - 47	Executive Engineer, (Water Distribution) Scheme- 33	
2	Non-utilization of funds	8.973
KW&SB - 48	Executive Engineer, (Sewerage) Malir Town	
1	Expenditure incurred in excess of the budget grant	1.877
2	Non-surrendered of savings	9.969
KW&SB - 16	XEN, K.D, Civil – I	
1	Irregular expenditure due to non-ratification of Board	
5	Irregular award of contract without procurement plan	
KW&SB - 02	Incharge Hydrant Services/ Tanker Operations KW & SB 2014-15	
2	Irregular posting of staff without sanctioned strength	

Audit Impact Summary**1. Doubtful Expenditure without Supporting Vouchers
Rs 114.587 Million**

Various formations working under Secretary (LGD), KMC & KW&SB, during financial year 2015-16, paid an amount of Rs 114.587 million without supporting vouchers/record to justify the expenditure, in violation of above rules.

2. Misappropriation of Public Fund - Rs 4.706 Million

In violation of above rules Regional Director Town Planning (SBCA) Hyderabad during financial year 2015-16 have drawn an amount of Rs 4.706 million from SBCA account NBP CD4002734907. The said amount was deposited by sponsors of various housing schemes against scrutiny / approval fee. The department has not deposited the said amount in the consolidated fund of the Province and Rs 4.706 million has been drawn illegally, without any approval. On the pretext of meeting out contingencies, an amount of Rs 4.706 million was misappropriated.

**3. Doubtful Withdrawal of Cash from the Accounts of Housing Schemes
Rs 4.625 Million**

Director General, Sehwan Development Authority withdrew public funds amounting to Rs 4.625 million, during financial years 2014-16, in cash from the bank accounts of different housing schemes. However, no vouchers, bills or supporting vouchers were found against the transactions. Only the counterfoils of the cheque books showed that the cheques were issued to clear from payee account only but the bank statement revealed that transaction were made in cash

4. Fraudulent Payment on Earth Work - Rs 3.000 Million

Director General, Sehwan Development Authority, made payment of Rs 3.000 million, during financial years 2014-16, by preparing thirty identical quotations of earth work embankment in deserted area through two cheques issued on the same dates. Audit observed that the said payments were made without work estimates as well as non-inviting open tender. Moreover, neither sales tax registration was provided nor PEC category of contractor was available in the record.

1. Misuse of Funds on Private Rest House - Rs 1.500 Million

Director General, Sehwan Development Authority incurred expenditure of Rs 1.500 million, during financial years 2014-16, on acquiring of a private bungalow from Mr. Burhan Memon. The entity had its own rest house worth Rs 8.000 million, which was constructed in 2009 which was not utilized; despite the fact another rented building was hired without approval and technical vetting from Works Department, Government of Sindh. Moreover, the detail of official usage and accommodation of Government servant for residential purposes was not mentioned in payment,

6. Non-Recovery of Outstanding Dues - Rs 70,051.261 Million

Various formations working under LGD, KMC & KW&SB, during financial years 2014-16, failed to recover outstanding dues amounting to Rs 70,051.261 million on account of Sale of Plots, Transfer of Property, Ballot, Water and sewerage charges, long outstanding dues from retail consumers (defaulters) and water supply through private water tanker service to various Government functionaries/dignitaries and departments

7. Non-Achievement of Targeted Receipt - Rs 9,649.63 Million

Various formations working under LGD, KMC & KW&SB, failed to recover the targeted receipts amounting to Rs 9,648.859 million during financial year 2015-16.

8. Loss to Government Exchequer - Rs 662.740 Million

Various formations working under LGD & KW&SB, during financial year 2015-16, failed to fulfill their responsibility by taking effective measures to recover dues from defaulters, resultantly Government sustained loss of Rs 662.740 million

9. Non-Deduction of Sales Tax on Taxable Service – Rs 505.167 Million

The various formations working under LGD, KMC & KW&SB, made payments to service providers i.e. consultants, Legal Advisors and Contractors etc., but failed to deduct sales tax on services amounting to Rs 505.167 million.

**10. Non-Recovery of Overpaid House Rent Allowance
Rs 188.398 Million**

Various formations working under LGD, KMC & KW&SB, paid excess house rent allowance amounting to Rs 188.398 million to employees, during financial years 2009-16.

Annex-SLG1

Doubtful/Fraudulent expenditure without supporting vouchers

[Rupees in Millions]

Department	Year	Name of Formation	Particulars	AIR Para	Amount
LGD	2015-16	Secretary, Local Government, Housing & Town Planning Dept.	Legal charges	4	63.001
	2009-16	D.G. Sindh Building Control Authority	0010008852360048 ABL 18477-8 ABL (Closed)	31	0
KMC	2015-16	Director Land Management-II	POL, Office Misc. Expenses, Telephone, Misc. Items, Repair of Vehicles, Purchase of Computers & Office Equipments	09	7.753
		PD, Lines Area Re-Development Project		23	1.737
KW&SB	2015-16	DMD Revenue Resource Generation	Bills Printing Charges	11	43.052
	2015-16	Project Director, S-III Project	Crescent Company on account services within the work through 8th running bill for the contract	11	0.781
TOTAL					116.324

Annex-SLG2

Fraudulent withdrawal of cash from the account of Housing Schemes

(Amount in Rupees)

Bank Account Number	Cheque No	Date	Amount
1449-03	01707208	21-07-2014	1,000,000
-do-	01707204	22-07-2014	500,000
-do-	01707209	25-07-2014	350,000
-do-	01707269	19-08-2015	250,000
-do-	01707270	25-08-2015	150,000
-do-	01707280	18-09-2015	125,000
31000	2279401	11-08-2015	300,000
-do-	4732924	23-09-2015	550,000
-do-	4732925	23-09-2015	600,000
4101	774345	17-05-2016	200,000
-do-	774336	05-12-2014	600,000
Total			4,625,000

Illegal Approval of Layout Plans of Housing Societies

Sr.	Name of Scheme	Area (Acres & Ghuntas)	Date of approval	District	Violation of rules
	Usama Town	10 Acres 4 Ghunta	31-03-2016	Mirpurkhas	<ol style="list-style-type: none"> 1. No NOC from Utility Departments, Despite draftsman report of presence of high tension wire passing through the plot, 2. No NOC from TMA 3. No copy/agreement with TMA 4. No demarcation plan 5. No quarterly development report furnished 6. No schedule of development 7. No survey by the department to ensure keeping of approved layout plan and development work, hence an alternation have not been checked
	Yaseenabad HS	20 Acres 4 Ghunta	31-03-2016	Mirpurkhas	<ol style="list-style-type: none"> 1. No NOC from Utility Departments 2. No NOC from TM 3. No copy/agreement with TMA 4. NO demarcation plan 5. No quarterly development report furnished 6. No schedule of development 7. No survey by the department to ensure keeping of approved layout plan and development work, hence an alternation have not been checked
	Al-Najaf Town	5 acres 20 Ghuta	18-06-2016	Nawabshah	<ol style="list-style-type: none"> 1. No NOC from Utility Departments 2. No NOC from TMA 3. No copy/agreement with TMA 4. No Roobkari of Mukhtiarkar 5. Applicant ownership/lease deed not attached/found 6. Form (VII) not original nor attested 7. No encumbrance certificate by sub-registrar 8. The hole demarcation was accurately mark by draftsman and yet processed for approval 9. NO demarcation plan 10. No quarterly development report furnished

Sr.	Name of Scheme	Area (Acres & Ghuntas)	Date of approval	District	Violation of rules
					11. No schedule of development 12. No survey by the department to ensure keeping of approved layout plan and development work, hence an alternation have not been checked
	Al-Ahmed City	14 acres 3 ghunta	11-04-2016	Nawabshah	1. .No NOC from Utility Departments 2. No NOC from TMA 3. No copy/agreement with TMA 4. No Roobkari of Mukhtiarkar 5. Applicant ownership/lease deed not attached/found 6. Form (VII) not original nor attested 7. No encumbrance certificate by sub-registrar 8. No demarcation plan after approval. 9. No quarterly development report furnished 10. No schedule of development 11. No survey by the department to ensure keeping of approved layout plan and development work, hence an alternation have not been checked
	New town Faisal	3 acres 23.5 ghuntas	29-06-2016	Badin	1. .No NOC from Utility Departments 2. No NOC from TMA 3. No copy/agreement with TMA 4. No Roobkari of Mukhtiarkar 5. Applicant ownership/lease deed not attached/found 6. Form (VII) not original nor attested 7. No encumbrance certificate by sub-registrar 8. No demarcation plan after approval. 9. No quarterly development report furnished 10. No schedule of development 11. No survey by the department to ensure keeping of approved layout plan and development work, hence an alternation have not been checked
	A One sharif town	2 acres and 28 ghuntas Deh 44 Dadu		Dadu	1. .No NOC from Utility Departments 2. No NOC from TMA 3. No copy/agreement with TMA 4. No Roobkari of Mukhtiarkar. 5. According to draftsman, the plot had railway line passing

Sr.	Name of Scheme	Area (Acres & Ghuntas)	Date of approval	District	Violation of rules
					<p>through it.</p> <ol style="list-style-type: none"> 6. Applicant ownership/lease deed not attached/found 7. Form (VII) not original nor attested 8. No encumbrance certificate by sub-registrar 9. No demarcation plan after approval. 10. No quarterly development report furnished 11. No schedule of development. 12. No survey by the department to ensure keeping of approved layout plan and development work, hence an alternation have not been checked
	Ayaz Ali model town	4 acres	30-05-2016	Shaheed Benazirabad	<ol style="list-style-type: none"> 1. No NOC from Utility Departments 2. No copy/agreement with TMA 3. Roobkari of Mukhtiarkar not on prescribed format. 4. The undertaking by sponsor had different signature than the CNIC copy Attached (i.e. Ayaz Ali signature different) 5. Applicant ownership/lease deed not attached/found 6. Form (VII) not original nor attested 7. No encumbrance certificate by sub-registrar 8. No demarcation plan after approval. 9. No quarterly development report furnished 10. No schedule of development. 11. No survey by the department to ensure keeping of approved layout plan and development work, hence an alternation have not been checked
	G M Garden City	5 acres 20 Ghuntas Deh Mari sabir Taluka daur		Shaheed Benazirabad	<ol style="list-style-type: none"> 1. No NOC from Utility Departments 2. No copy/agreement with TMA 3. No Roobkari of Mukhtiarkar 4. Applicant ownership/lease deed not attached/found 5. Form (VII) not original nor attested 6. No encumbrance certificate by sub-registrar 7. No demarcation plan after approval. 8. No quarterly development report furnished 9. No schedule of development. 10. No survey by the department to ensure keeping of

Sr.	Name of Scheme	Area (Acres & Ghuntas)	Date of approval	District	Violation of rules
					approved layout plan and development work, hence an alternation have not been checked
	Al Fateh Model Town	3 acres 2 Ghuntas Phase- 2 ---3 acres 9 ghuntas	28-04-2016	Ghotki	<ol style="list-style-type: none"> 1. No NOC from Utility Departments 2. No copy/agreement with TMA 3. No Roobkari of Mukhtiarkar 4. Applicant ownership/lease deed not attached/found 5. Form (VII) not original nor attested 6. No encumbrance certificate by sub-registrar 7. No demarcation plan after approval. 8. No quarterly development report furnished 9. No schedule of development. 10. No survey by the department to ensure keeping of approved layout plan and development work, hence an alternation have not been checked
	Sawai villas Phase 1 and 2.	5 acres 4 acres 38 ghuntas	2.05.2016	Sanghar	<ol style="list-style-type: none"> 1. .No NOC from Utility Departments 2. No copy/agreement with TMA 3. No Roobkari of Mukhtiarkar 4. Applicant ownership/lease deed not attached/found 5. Form (VII) not original nor attested 6. No encumbrance certificate by sub-registrar 7. No demarcation plan after approval. 8. No quarterly development report furnished 9. No schedule of development 10. No survey by the department to ensure keeping of approved layout plan and development work, hence an alternation have not been checked
	Allama Iqbal Town	4 acres 10 Ghuntas	29.06.2016	Sanghar (Tandoadam)	<ol style="list-style-type: none"> 1. .No NOC from Utility Departments 2. Fully Residential however still proceeded for approval 3. No copy/agreement with TMA 4. No Roobkari of Mukhtiarkar 5. Applicant ownership/lease deed not attached/found 6. Form (VII) not original nor attested 7. No encumbrance certificate by sub-registrar 8. No demarcation plan after approval. 9. No quarterly development report furnished

Sr.	Name of Scheme	Area (Acres & Ghuntas)	Date of approval	District	Violation of rules
					10. No schedule of development No survey by the department to ensure keeping of approved layout plan and development work, hence an alternation have not been checked
	Barkat commercial market	1 Acre 23 Ghuntas	30-06-2016	Sukkur	1. The department has allowed conversion of agricultural land to a housing scheme which is a domain of BOR Sindh high powered regularization committee headed by a Rtd Judge. 2. .No NOC from Utility Departments 3. No copy/agreement with TMA 4. Fully commercial plots yet approved 5. Applicant ownership/lease deed not attached/found 6. Form (VII) not original nor attested 7. No demarcation plan after approval. 8. No quarterly development report furnished 9. No schedule of development No survey by the department to ensure keeping of approved layout plan and development work, hence an alternation have not been checked
	Madini City Phase 1,2,3.	13 acres 30 Ghuntas	1.03.2016 31.03.2016 28.04.2016	Tando Muhammad khan	1. No NOC from Utility Departments 2. No copy/agreement with TMA 3. No Roobkari of Mukhtiarkar 4. Applicant ownership/lease deed not attached/found 5. Form (VII) not original nor attested 6. No encumbrance certificate by sub-registrar 7. No demarcation plan after approval. 8. No quarterly development report furnished. 9. No schedule of development. 10. No survey by the department to ensure keeping of approved layout plan and development work, hence an alternation have not been checked
	Memon Town extension	2 acres 3 Ghuntas	6.04.2016	Matiari	1. No NOC from Utility Departments (however NOC from TMA available) 2. No copy/agreement with TMA 3. Applicant ownership/lease deed not attached/found

Sr.	Name of Scheme	Area (Acres & Ghuntas)	Date of approval	District	Violation of rules
					<ul style="list-style-type: none"> 4. Form (VII) not original nor attested 5. No encumbrance certificate by sub-registrar 6. No demarcation plan after approval. 7. No quarterly development report furnished 8. No schedule of development No survey by the department to ensure keeping of approved layout plan and development work, hence an alternation have not been checked
	Satellite Town housing Scheme	64 Acres Survey number 279,298, 299,495,300	30.05.2016	Thatta	<ul style="list-style-type: none"> 1. The said layout is disputed since the sponsor' title of land is challenged by another heir namely Mubeen Ahmed siddiqui, who claimed that his signature on the power of attorney is bogus. 2. The signature were challenged since 19-04-1982 (23.06.2016) 3. The department has not cared to have encumbrance certificate from Sub registrar. 4. The said letter was sent to NAB, Deputy Commissioner and TMA for disputed Form VII. 5. The department have not responded however nor initiated an inquiry.
	Raza Valley	Acre 20 ghunta	12-052016	Hyderabad	<ul style="list-style-type: none"> 1. No NOC from Utility Departments (however NOC from TMA available) 2. No copy/agreement with TMA and as per rule 3. No Rubkari 4. Applicant ownership/lease deed not attached/found 5. Form (VII) not original nor attested 6. No encumbrance certificate by sub-registrar 7. No demarcation plan after approval. 8. No quarterly development report furnished 9. No schedule of development 10. No survey by the department to ensure keeping of approved layout plan and development work, hence an alternation has not been checked.
	Maria Golden City Housing	1 acre 23 ½ Ghuntas	12-02-2015	Hyderabad	<ul style="list-style-type: none"> 1. All residential 2. No NOC from Utility Departments

Sr.	Name of Scheme	Area (Acres & Ghuntas)	Date of approval	District	Violation of rules
	Scheme				3. No copy/agreement with TMA 4. No Rubkari 5. Applicant ownership/lease deed not attached/found 6. Form (VII) not original nor attested 7. No encumbrance certificate by sub-registrar 8. No demarcation plan after approval. 9. No quarterly development report furnished 10. No schedule of development No survey by the department to ensure keeping of approved layout plan and development work, hence an alternation have not been checked
	Al-Wahid City	3 acre 21ghuntas	19-02-2016	Umerkot	1. No NOC from Utility Departments 2. No copy/agreement with TMA 3. Applicant ownership/lease deed not attached/found 4. Form (VII) not original nor attested 5. No encumbrance certificate by sub-registrar 6. No demarcation plan after approval. 7. No quarterly development report furnished 8. No schedule of development No survey by the department to ensure keeping of approved layout plan and development work, hence an alternation have not been checked

Non-Production of Record

[Rupees in Millions]

Department	Year	Name of Formation	AIR Para	Amount
LGD	2015-16	Secretary, Local Government, Housing & Town Planning Department	1	0
			2	10,354.137
	2015-16	Secretary, Local Government Board, Sindh	1	0
	2014-15	D.G. Schwan Development Authority	1	0
			9	10.520
2015-16	Hyderabad Development Authority	9	50	
2015-16	Director Recoveries (KDA)	1	728.690	
KMC	2015-16	DG, Technical Services	1	0
			7	12.930
	2015-16	Sr. Director, Financial Advisors	1	0
	2015-16	Director, Safari Park	1	23.429
	2015-16	Director, Land Management-II	3	11.596
	2015-16	-do-	12	0
	2015-16	Director, Charged Parking	1	6.560
	2015-16	Director, Media Management	1	0.805
	2015-16	Karachi Institute of Heart Disease	1	0
	2015-16	Karachi Medical & Dental College	1	0
	2015-16	Sr. Director, Medical & Health Services	1	155.112
	2015-16	Sr. Director, Municipal Services	1	0
	2015-16	M.S Gizri Hospital	1	1.176
2014-15	PD, Lines Area Re-Development Project	1,27	0	
KW&SB	2015-16	DMD Finance (KW&SB)	01	0
	2015-16	Project Director, S-III Project, KW&SB	01	1,050.285
	2015-16	Reserve Osmosis Water Desalination Plants Keamari & Lyari Towns (KW&SB) Karachi	01	0
			08	0
2014-15	Superintending Engineer, KW&SB (Complete)	01	0	
TOTAL				12,405.240

Non-Production of Supporting Record of POL Expenditure

[Rupees in Millions]

Department	Year	Name of Formation	AIR Para	Amount
LGD	2015-16	Secretary, Local Government, Housing & Town Planning Department	10	4.962
	2015-16	Secretary, Local Government Board, Sindh	11	3.319
	2015-16	D.G Hyderabad Development Authority	8	3.954
	2015-16	M.D WASA HAD	14	11.122
	2015-16	PD WSSP HAD	1	0.384

[Rupees in Millions]

Department	Year	Name of Formation	AIR Para	Amount
	2015-16	PD Shaheed Mohtarma Benazir Bhutto Township	6	0.250
	2011-15	Director Recoveries KDA	3	7.219
	2014-15	PD, Lines Area	3	1.369
KMC	2015-16	Senior Director Finance/Financial Advisor	7	2.359
	2015-16	Senior Director, Municipal Services, KMC [Fumigation]	3	15.472
	2015-16	Director Safari Park/Alladin Park	7	4.00
	2015-16	Senior Director Land Management-II	7	1.995
	2015-16	Senior Director Transport & Communication	5	5.197
	2015-16	Director Charged Parking	7	6.015
	2015-16	Director Media Management	2	1.942
	2015-16	MS Abbasi Shaheed Hospital	5	6.001
	2015-16	MS Sobhraj Maternity Hospital	3	2.885
	2015-16	Executive Director Karachi Institute of Heart Disease	5	1.490
	2015-16	Senior Director Medical & Health Services	4	0.500
	2015-16	MS Gizri Maternity Home	4	0.778
	2015-16	Chief City Wardens	2	7.604
	2013-16	Director, Land Enforcement	3	9.999
KW&SB	2015-16	DMD Revenue Resource Generation	12	2.075
	2015-16	Incharge Hydrant Services & Tanker Operation	05	0.501
	2015-16	DMD Finance	06	0.399
	2014-15	Chairman Secretariat	6	2.933
TOTAL				104.724

Annex-SLG5

Non-recovery of outstanding dues

[Rupees in Millions]

Department	Year	Name of Formation	AIR Para	Amount
LGD	2014-16	D.G. Shwan Development Authority	17	1,355.704
	2009-16	D.G. Sindh Building Control Authority	3	138.985
	2015-16	Director, Planning & Development Control (HDA)	2	4.891
	2015-16	M.D WASA	1	2,077.557
	2015-16	D.G. Lyari Development Department	6	2,867.436
KMC	2015-16	Land Management-II	2	1.770
			4	10,315.296
	2015-16	Director, Transport & Communication Department	9	10.144
	2014-15	PD, Lines Areas	10	600.00
	-do-	-do-	18	54.340
KW&SB	2015-16	DMD Revenue Resource Generation	07	19,354.578
	2015-16		08	33,921.862
	2015-16	Incharge Hydrant Services & Tanker Operation	01	3.038
TOTAL				70,705.601

Annex-SLG6

Non-achievement of targeted receipt

[Rupees in Millions]

Department	Year	Name of Formation	AIR Para	Targeted Revenue	Realized Revenue	Shortfall/ Deficit
LGD	2011-15	Director Recoveries (KDA)	2	9,620.500	3,332.402	6,288.098
KMC	2015-16	DG, Parks & Horticulture	2	59.050	15.584	43.466
	2015-16	Director, Safari Park	4	55.495	39.428	16.067
	2015-16	Director, Land Management-II	5	930.500	169.979	760.521
	2015-16	Director, Charged Parking	3	77.525	48.649	28.876
	2015-16	Director estate	4	100.500	99.733	0.767
	2015-16	Abbasi Shaheed Hospital	2	62.300	6.247	56.053
	2015-16	Director Solid Waste Management	1	35.000	24.000	11.000
	2015-16	Director, T&CD	9	14.300	4.156	10.144
	2013-16	Director, Land Enforcement	6	1,297.700	130.804	1,166.896
KW&SB	2015-16	DMD Revenue Resource Generation	3	8,792.910	6,357.950	2,434.960
TOTAL				21,045.78	10,228.932	10,816.848

Loss to Government Exchequer

[Rupees in Millions]

Department	Year	Name of Formation	AIR Para		Amount
LGD	2009-16	D.G. Sindh Building Control Authority	2	Banker Equity Investment	110.000
	2011-15	Lyari Expressway Resettlement Project	2	Ground rent, water & conservancy charges from the allottees of plots of Lyari Expressway	0
	2015-16	Director Recoveries (KDA)	12	Auction the plots and to receive the installments / payments of sales proceeds	253.824
KW&SB	2015-16	DMD Revenue Resource Generation	02	Un-regularized billing process of water distributed through hydrants and tanker operations in different areas of city	255.140
			06	granted rebate to various consumers	0.480
	2015-16	Incharge Hydrant Services & Tanker Operation	02	Free water tankers were provided on account of "Gratis Trips" to various Government functionaries, politicians and prominent personalities	24.050
TOTAL					643.494

Annex-SLG8

Non-deduction of Sales Tax on Taxable Service

(Rupees in Million)

Department	Year	Name of Formation	AIR Para	Amount Paid	Amount of Sales Tax
LGD	2009-16	D.G. Sindh Building Control Authority	26	27.938	4.191
			28	67.680	10.829
	2015-16	Secretary, Local Government Board	6	1.000	0.170
	2015-16	DG, Rural Development Department [1/5 th of Total GST)	17	2,000.000	68.00
KMC	2015-16	DG Technical Services	2	3,253.623	488.05
KMC	2015-16	DG, Parks & Horticulture	6	3.600	0.504
KMC	2014-15	PD, Lines Area	11	51.000	0.867
KW&SB	2015-16	Executive Engineer, Canal Maintenance Division (Civil) under ADP/PSDP Scheme	01	10.107	1.415
	2015-16	DMD Finance	10	5.575	0.178
TOTAL					573.337

Annex-SLG9

Non-recovery of overpaid House Rent/Other Allowances

[Rupees in Millions]

Department	Year	Name of Formation	AIR Para	Admissible	Allowed	Difference
LGD	2009-16	D.G. Sindh Building Control Authority	5	274.925	397.114	122.189
	2015-16	P.D. Housing (HDA-I)	7	2.078	1.438	0.639
	2015-16	P.D. Housing (HDA-II)	4	1.573	1.089	0.484
	2015-16	D.G. Hyderabad Development Authority	2	3.325	2.302	1.023
	2015-16	Director, Planning & Development Control (HDA)	1	3.594	2.488	1.106
	2015-16	M.D WASA	6	3.508	2.429	1.079
	2015-16	D.G. Lyari Development Department	5	9.239	6.398	2.840
KMC	2008-15	PD, Lines Area	6	25.328	36.583	11.255
	2015-16	DG, Technical Services	3	-	-	7.942
	2015-16	DG, Parks & Horticulture	1	35.007	24.236	10.771
	2015-16	Director, Safari Park	6	-	-	1.735
	2015-16	Director, Zoo	3	-	-	1.242
	2015-16	Director, Land Management-II	10	-	-	0.205
	2015-16	Sr. Director, Transport &	1	-	-	3.524

[Rupees in Millions]

Department	Year	Name of Formation	AIR Para	Admissible	Allowed	Difference
	2015-16	Communication	8	-	-	0.194
	2015-16	Director, Charged Parking	11	10.359	9.193	1.166
	2015-16	Director, Media Management	5	-	-	0.481
	2015-16	MS, Sobhraj Maternity Hospital	1	3.386	2.344	1.042
	2015-16	Karachi Institute of Heart Disease	2	-	-	10.011
	2015-16	Karachi Medical & Dental College	2	-	-	2.567
	2015-16		6	-	-	11.137
	2015-16	Director, Solid Waste Management	4	-	-	1.145
	2011-16	Chief Medical Officer, KDA	1	-	-	1.192
	2013-16	Director, Land Enforcement	5	-	-	10.636
KW&SB	2015-16	DMD Revenue Resource Generation	04	-	-	3.031
	2015-16	DMD Finance	07	-	-	0.555
	2015-16	Chairman Secretariat	2	-	-	0.076
TOTAL						209.267

Annex-SLG10**Non-Deduction of Income Tax**

[Rupees in Millions]

Department	Year	Name of Formation	AIR Para	Amount
LGD	2015-16	Secretary, Local Government, Housing & Town Planning Department	5	2.835
	2015-16	Secretary, Local Government Board, Sindh	5	0.102
	2015-16	DG Larkana Development Authority	13	0.082
	2015-16	P.D. Housing (HDA-II)	5	0.354
	2015-16	D.G. Hyderabad Development Authority	1	1.557
	2015-16	M.D, WASA (HDA)	5	0.114
	2015-16	D.G. Lyari Development Department	13	65.903
KMC	2015-16	Director, Zoo	1	4.163
	2015-16	Director General (Parks & Horticulture) KMC	5	0.406
	2015-16	Abbasi Shaheed Hospital	6	2.839
	2015-16	Director, Zoological Garden (Zoo)	1	4.163
	2015-16		5	0.607
	2014-15	PD, Lines Area	12	0.867
KW&SB	2015-16	Executive Engineer, Canal Maintenance Division (Civil) under ADP/PSDP Schemes	11	8.172
		Project Director, S-III Project	14	3.699
	2014-15	Chairman Secretariat	11	0.145
TOTAL				96.008

Annex-SLG11

Unauthorized Appointments

[Rupees in Millions]

Department	Year	Name of Formation	AIR Para	No. of Appointments	Amount
LGD	2015-16	D.G Larkana Development Authority	2	277	0
			3		0
			11		0
	2009-16	D.G SBCA	7	1155	2,323.223
			8	2	85.687
			9	219	0
			11	04	0
			19	224	25.144
	2015-16	DG, Parks & Horticulture		1	3.600
	2015-16	D.G. Lyari Development Department	12	21	5.840
KMC	2015-16	Director Safari Park/Alladin Park	5	17	2.016
	2015-16	Director Charged Park	8	13	0
	2015-16	Chief City Warden	5	1,389	0
	2014-15	PD, Lines Area Re-Development Project	9	50	0
	2015-16	MS Landhi Medical Complex	4	23	2.924
	2013-16	Director, Land Enforcement	8,11	9	3.785
KW&SB	2014-15	Chairman Secretariat	9	8	2.180
TOTAL				3,413	2,454.399

Annex-SLG12

Non-Maintenance of Cash Book

[Rupees in Millions]

Department	Year	Name of Formation	AIR Para	Amount
KMC	2015-16	Senior Director Finance/Financial Advisor	5	102.369
	2015-16	Senior Director Land Management-II	11	101.291
	2015-16	Director Solid Waste Management	3	84.745
	2011-15	Chief Medical Officer, KDA	6	339.334
LGD	2015-16	Regional Director Town Planning (SBCA)	14	18.87
KW&SB	2015-16	Incharge Hydrant Services & Tanker Operation	08	0
		Executive Engineer, Canal Maintenance Division (Civil) under ADP/PSDP Schemes	15	0
		RE,Pipri	02	104.804
		DMD Finance	09	40.655
		Chief Engineer, E&M	01	317.898
TOTAL				1,109.966

Annex-SLG13

**Split group work in parts to avoid tender
Summary**

[Rupees in Millions]

Department	Year	Name of Formation	AIR Para	Amount
LGD	2015-16	DG SBCA	11	15.100
	2015-16	MD, WASA HDA	2	3.044
TOTAL				18.144

(Amount in Rupees)

DG Sindh Building Controlling Authority (2009-16) Para-11				
Name of Region	Head of Account	F.Y	Nature of Expenditure	Amount
Hyderabad Region	Addition/Alteration/ Renovation of Office	2015-2016	Quotations	8,654,847
	Purchase of Furniture		-do-	2,482,608
	Purchase of Items for Conference Hall		-do-	1,963,847
	Un-foreseen Expenditure		-do-	1,999,150
Total				15,100,452

MD WASA HDA (Para-2)					
(Amount in Rupees)					
S.No	Name of contractor	Name of work	Work Order No	Date	Amount
1	M/S. Abdul Nizam	P/L/J & T 12"dia ASTM pipe line opposite urban hospital unit No. 11 latifabad	LSMD/SKP/H DA/211/2015	6/2/2015	26,350
2	M/S. Abdul Nizam	P/L/J & T 12"dia ASTM pipe line opposite urban hospital unit No. 11 latifabad	LSMD/SKP/H DA/212/2015	6/2/2015	26,350
3	M/S. Abdul Nizam	P/L/J & T 12"dia ASTM pipe line opposite urban hospital unit No. 11 latifabad	LSMD/SKP/H DA/223/2015	6/2/2015	49,600
4	M/S. Abdul Nizam	P/L/J & T 12"dia ASTM pipe line opposite urban hospital unit No. 11 latifabad	LSMD/SKP/H DA/224/2015	6/2/2015	49,600
5	M/S. Abdul Nizam	Desalting of sewerage collecting tank / sum well at disposal pumping station unit No. 11	LSMD/SKP/H DA/227/2015	6/2/2015	30,000
6	M/S. Abdul Nizam	Desalting of sewerage collecting tank / sum well at disposal pumping station unit No. 11	LSMD/SKP/H DA/228/2015	6/2/2015	40,000
7	M/S. Abdul Nizam	P/L/J & T 12"dia ASTM pipe line opposite urban hospital unit No. 11 latifabad	LSMD/SKP/H DA/214/2015	6/2/2015	49,600
8	M/S. Abdul Nizam	P/L/J & T 12"dia ASTM pipe line opposite urban hospital unit No. 11 latifabad	LSMD/SKP/H DA/214/2015	6/2/2015	49,600
9	M/S. Abdul Nizam	P/L/J & T 12"dia ASTM pipe line opposite urban hospital unit No. 11 latifabad	LSMD/SKP/H DA/215/2015	6/2/2015	49,600
10	M/S. Abdul Nizam	P/L/J & T 12"dia ASTM pipe line opposite urban hospital unit No. 11 latifabad	LSMD/SKP/H DA/216/2015	6/2/2015	49,600
11	M/S. Abdul Nizam	P/L/J & T 12"dia ASTM pipe line opposite urban hospital unit No. 11 latifabad	LSMD/SKP/H DA/217/2015	6/2/2015	49,600
12	M/S. Abdul Nizam	P/L/J & T 12"dia ASTM pipe line opposite urban hospital unit No. 11 latifabad	LSMD/SKP/H DA/213/2015	6/2/2015	49,600
13	M/S. Abdul Nizam	Desalting of sewerage collecting tank / sum well at disposal pumping station unit No. 11	LSMD/SKP/H DA/229/2015	6/2/2015	40,000
14	M/S. Abdul Nizam	Desalting of sewerage collecting tank / sum well at disposal pumping station unit No. 11	LSMD/SKP/H DA/230/2015	6/2/2015	40,000
15	M/S. Abdul Nizam	Desalting of sewer line different dia 12" to 14" @ different locations sub-divisions-III HDA Latifabad	LSMD/SKP/H DA/231/2015	6/2/2015	40,000

MD WASA HDA (Para-2)					
(Amount in Rupees)					
S.No	Name of contractor	Name of work	Work Order No	Date	Amount
16	M/S. Abdul Nizam	Desalting of sewer line different dia 12" to 14" @ different locations sub-divisions-III HDA Latifabad	LSMD/SKP/H DA/232/2015	6/2/2015	40,000
17	M/S. Abdul Nizam	Desalting of sewer line different dia 12" to 14" @ different locations sub-divisions-III HDA Latifabad	LSMD/SKP/H DA/233/2015	6/2/2015	40,000
18	M/S. Abdul Nizam	Desalting of sewer line different dia 12" to 14" @ different locations sub-divisions-III HDA Latifabad	LSMD/SKP/H DA/234/2015	6/2/2015	40,000
19	M/S. Abdul Nizam	P/L/J & T 12" RCC ASTM sewer from nathoo dhobi to ever shine P/St. Unit No. 10 Latifabad, Hyderabad	LSMD/SKP/H DA/832/2015	18/4/2015	49,525
20	M/S. Abdul Nizam	P/L/J & T 12" RCC ASTM sewer from nathoo dhobi to ever shine P/St. Unit No. 10 Latifabad, Hyderabad	LSMD/SKP/H DA/833/2015	18/4/2015	49,525
21	M/S. Abdul Nizam	P/L/J & T 12" RCC ASTM sewer from nathoo dhobi to ever shine P/St. Unit No. 10 Latifabad, Hyderabad	LSMD/SKP/H DA/834/2015	18/4/2015	49,525
22	M/S. Abdul Nizam	P/L/J & T 12" RCC ASTM sewer from nathoo dhobi to ever shine P/St. Unit No. 10 Latifabad, Hyderabad	LSMD/SKP/H DA/837/2015	18/4/2015	49,525
23	M/S. Abdul Nizam	P/L/J & T 12" RCC ASTM sewer from nathoo dhobi to ever shine P/St. Unit No. 10 Latifabad, Hyderabad	LSMD/SKP/H DA/838/2015	18/4/2015	49,525
24	M/S. Abdul Nizam	P/L/J & T 12" RCC ASTM sewer from nathoo dhobi to ever shine P/St. Unit No. 10 Latifabad, Hyderabad	LSMD/SKP/H DA/839/2015	18/4/2015	49,525
25	M/S. Abdul Nizam	P/L/J & T 12" RCC ASTM sewer from nathoo dhobi to ever shine P/St. Unit No. 10 Latifabad, Hyderabad	LSMD/SKP/H DA/840/2015	18/4/2015	49,525
26	M/S. Abdul Nizam	P/L/J & T 12" RCC ASTM sewer from nathoo dhobi to ever shine P/St. Unit No. 10 Latifabad, Hyderabad	LSMD/SKP/H DA/841/2015	18/4/2015	49,525
27	M/S. Abdul Nizam	P/L/J & T 12" RCC ASTM sewer from nathoo dhobi to ever shine P/St. Unit No. 10 Latifabad,	LSMD/SKP/H DA/842/2015	18/4/2015	49,525

MD WASA HDA (Para-2)					
(Amount in Rupees)					
S.No	Name of contractor	Name of work	Work Order No	Date	Amount
		Hyderabad			
28	M/S. Abdul Nizam	P/L/J & T 12" RCC ASTM sewer from nathoo dhobi to ever shine P/St. Unit No. 10 Latifabad, Hyderabad	LSMD/SKP/H DA/843/2015	18/4/2015	49,525
29	M/S. Abdul Nizam	P/L/J & T 12" RCC ASTM sewer from nathoo dhobi to ever shine P/St. Unit No. 10 Latifabad, Hyderabad	LSMD/SKP/H DA/844/2015	18/4/2015	49,525
30	M/S. Abdul Nizam	P/L/J & T PVC 12" dia from LD-I P/Station to Bhitai hospital unit No. 4 Latifabad	LSMD/SKP/H DA/1042/2015	14/05/2015	48,000
31	M/S. Abdul Nizam	P/L/J & T PVC 12" dia from LD-I P/Station to Bhitai hospital unit No. 4 Latifabad	LSMD/SKP/H DA/1043/2015	14/05/2015	48,000
32	M/S. Abdul Nizam	P/L/J & T PVC 12" dia from LD-I P/Station to Bhitai hospital unit No. 4 Latifabad	LSMD/SKP/H DA/1044/2015	14/05/2015	48,000
33	M/S. Abdul Nizam	P/L/J & T PVC 12" dia from LD-I P/Station to Bhitai hospital unit No. 4 Latifabad	LSMD/SKP/H DA/1045/2015	14/05/2015	48,000
34	M/S. Abdul Nizam	P/L/J & T PVC 12" dia from LD-I P/Station to Bhitai hospital unit No. 4 Latifabad	LSMD/SKP/H DA/1046/2015	14/05/2015	48,000
35	M/S. Abdul Nizam	P/L/J & T PVC 12" dia from LD-I P/Station to Bhitai hospital unit No. 4 Latifabad	LSMD/SKP/H DA/1047/2015	14/05/2015	48,000
36	M/S. Abdul Nizam	P/L/J & T PVC 12" dia from LD-I P/Station to Bhitai hospital unit No. 4 Latifabad	LSMD/SKP/H DA/1048/2015	14/05/2015	48,000
37	M/S. Abdul Nizam	P/L/J & T PVC 12" dia from LD-I P/Station to Bhitai hospital unit No. 4 Latifabad	LSMD/SKP/H DA/1049/2015	14/05/2015	48,000
38	M/S. Abdul Nizam	P/L/J & T PVC 12" dia from LD-I P/Station to Bhitai hospital unit No. 4 Latifabad	LSMD/SKP/H DA/1050/2015	14/05/2015	48,000
39	M/S. Abdul Nizam	P/L/J & T PVC 12" dia from LD-I P/Station to Bhitai hospital unit No. 4 Latifabad	LSMD/SKP/H DA/1051/2015	14/05/2015	48,000
40	M/S. Abdul Nizam	P/L/J & T PVC 12" dia from LD-I P/Station to Bhitai hospital unit No. 4 Latifabad	LSMD/SKP/H DA/1054/2015	14/05/2015	42,000
41	M/S. Abdul Nizam	P/L/J & T PVC 12" dia from LD-I P/Station to Bhitai hospital unit No. 4 Latifabad	LSMD/SKP/H DA/1055/2015	14/05/2015	42,000

MD WASA HDA (Para-2)					
(Amount in Rupees)					
S.No	Name of contractor	Name of work	Work Order No	Date	Amount
42	M/S. Abdul Nizam	P/L/J & T PVC 12" dia from LD-I P/Station to Bhitai hospital unit No. 4 Latifabad	LSMD/SKP/H DA/1035/2015	14/05/2015	48,000
43	M/S. Abdul Nizam	P/L/J & T PVC 12" dia from LD-I P/Station to Bhitai hospital unit No. 4 Latifabad	LSMD/SKP/H DA/1036/2015	14/05/2015	48,000
44	M/S. Abdul Nizam	P/L/J & T PVC 12" dia from LD-I P/Station to Bhitai hospital unit No. 4 Latifabad	LSMD/SKP/H DA/1037/2015	14/05/2015	48,000
45	M/S. Abdul Nizam	P/L/J & T PVC 12" dia from LD-I P/Station to Bhitai hospital unit No. 4 Latifabad	LSMD/SKP/H DA/1038/2015	14/05/2015	48,000
46	M/S. Abdul Nizam	P/L/J & T PVC 12" dia from LD-I P/Station to Bhitai hospital unit No. 4 Latifabad	LSMD/SKP/H DA/1039/2015	14/05/2015	48,000
47	M/S. Abdul Nizam	Cleaning / opening of choked sewer 36" dia at makrani para P/Station (1st operation)	LSMD/HDA/S KP/2325/2015	23/9/2015	49,980
48	M/S. Abdul Nizam	Cleaning / opening of choked sewer 36" dia at makrani para P/Station (2nd operation)	LSMD/HDA/S KP/2326/2015	23/9/2015	49,980
49	M/S. Abdul Nizam	Cleaning / opening of choked sewer 36" dia at makrani para P/Station (3rd operation)	LSMD/HDA/S KP/2327/2015	23/9/2015	49,980
50	M/S. Abdul Nizam	Cleaning / opening of choked sewer 36" dia at makrani para P/Station (4th operation)	LSMD/HDA/S KP/2328/2015	23/9/2015	49,980
51	M/S. National Electric & Winding works	Rewinding of motor 25 BHP, Naseem Nagar P/Station	SKP/QSMD/W ASA/HDA/478	14/7/2015	46,000
52	M/S. National Electric & Winding works	Rewinding of motor 25 BHP, Zeeshan P/Station	SKP/QSMD/W ASA/HDA/482	14/7/2015	43,500
53	M/S. National Electric & Winding works	Rewinding of motor 25 BHP, Dplayee P/Station	SKP/QSMD/W ASA/HDA/493	16/7/2015	49,900
54	M/S. National Electric & Winding works	Rewinding of motor 25 BHP, Citizen Colony P/Station	SKP/QSMD/W ASA/HDA/504	22/7/2015	47,000
55	M/S. National Electric & Winding works	Rewinding of motor 75 BHP, Dplayee P/Station	SKP/QSMD/W ASA/HDA/409	10/6/2015	47,000
56	M/S. National Electric & Winding works	Rewinding of motor 75 BHP, Dplayee P/Station	SKP/QSMD/W ASA/HDA/430	19/6/2015	45,500

MD WASA HDA (Para-2)					
(Amount in Rupees)					
S.No	Name of contractor	Name of work	Work Order No	Date	Amount
57	M/S. National Electric & Winding works	Rewinding of motor 75 BHP, Diplayee P/Station	SKP/QSMD/W ASA/HDA/431	19/6/2015	45,500
58	M/S. National Electric & Winding works	Rewinding of motor 75 BHP, Diplayee P/Station	SKP/QSMD/W ASA/HDA/434	26/6/2015	45,500
59	M/S. National Electric & Winding works	Rewinding of motor 75 BHP, Diplayee P/Station	SKP/QSMD/W ASA/HDA/435	26/6/2015	45,500
60	M/S. National Electric & Winding works	Rewinding of motor 75 BHP, Diplayee P/Station	SKP/QSMD/W ASA/HDA/436	26/6/2015	47,000
61	M/S. National Electric & Winding works	Rewinding of motor 25 BHP, Naseem Nagar P/Station	SKP/QSMD/W ASA/HDA/459	8/7/2015	47,000
62	M/S. National Electric & Winding works	Rewinding of motor 10 BHP, Candio goth P/Station	SKP/QSMD/W ASA/HDA/480	14/7/2015	30,850
63	M/S. M.K. Enterprises	Hire Charges 7 Installation of 90 KVA diesel generator at thandi sarak p/station, qasimabad	SKP/QSMD/W ASA/HDA/386	1/6/2015	48,000
64	M/S. M.K. Enterprises	Hire Charges 7 Installation of 90 KVA diesel generator at thandi sarak p/station, qasimabad	SKP/QSMD/W ASA/HDA/387	1/6/2015	48,000
65	M/S. Sunny Traders	P/L/J & T 6" dia MS pipeline in gari khata	CWSMD/HDA /AB/1255	9/9/2015	50,000
66	M/S. Sunny Traders	P/L/J & T 6" dia MS pipeline in gari khata	CWSMD/HDA /AB/1256	9/9/2015	50,000
Total					3,044,445

Irregular expenditure on POL without Entitlement

[Rupees in Millions]

Department	Year	Name of Formation	AIR Para	Amount
SLG	2015-16	Director Recoveries (KDA)	07	0
SLG	2015-16	D.G Lyari Development Authority	03	1.273
KMC	2015-16	Senior Director Finance/Financial Advisor	12	2.025
	2015-16	Senior Director Land Management-II	8	5.005
	2015-16	Senior Director Transport & Communication	2	0.932
	2015-16	KM&DC	8	2.754
	2015-16	Sr. Director/F.A KMC	10	2.411
	2015-16	Director, TCD	7	0
	2015-16	Director, Media Management	3	1.002
KW&SB	2015-16	DMD Revenue Resource Generation	09	1.924
TOTAL				17.326

Unauthorized posting/adjustment of staff without sanctioned strength

[Rupees in Millions]

Department	Year	Name of Formation	AIR Para	Amount
LGD	2009-16	DG SBCA	18	0
KMC	2015-16	Chief City Warden	8	1.630
	2013-16	Director, Land Enforcement	12	10.861
KW&SB	2015-16	Incharge Hydrant Services & Tanker Operation	07	0
TOTAL				12.491

DG SBCA (2009-16) Para – 18		
Sr. No.	Financial Year	Sanctioned Strength
01	2009-2010	970
02	2015-2016	2,227
Total increase		1,257

Chief City Wardens (Para-08)

Sr.	Name	Designation / BPS	Per Month Gross Salary	Sanctioned Posts as per Budget Book
1	Mr. Qaiser Nazneen	Clerk (B-07)	Rs.22,640	Nil
2	Ms. Nadia Saleem	Assistant (B-14)	Rs.33,582	Nil
3	Ms. Anila Waseem	Clerk (B-07)	Rs.23,177	Nil
4	Mr. M. Yousaf	Clerk (B-07)	Rs.23,177	Nil
5	Ms. Samina Zahid	Assistant (B-14)	Rs.33,582	Nil
	Total unauthorized expenditure during F.Y.2015-16		Rs.1,633,896	

Director, Land Enforcement [AIR Para: 12]

Sr.	Name of officer	Monthly Salary	Three years Salary
1.	M.Shakir Zaki	117,266	4,221,576
2.	Asif Jetha	104,031	3,745,116
3.	Abdul Majeed	80,386	2,893,896
Total			10,860,588

Annex-SLG16

Unauthorized Retention of Government Vehicles

[Rupees in Millions]

Department	Year	Name of Formation	AIR Para	Amount
LGD	2015-16	Secretary Local Govt & HTP	8	0
	2015-16	Secretary Local Govt Board	9	0
	2015-16	D.G Larkana Development Authority	8	0
	2015-16	D.G SBCA	24	0
	2015-16	D.GSBCA (KDA Officials)	23	0
	2015-16	PD SMBB Township	8	0
	2015-16	D.G. Lyari Development Authority	4	1.029
KMC	2015-16	Karachi Institute of Heart Diseases, KMC	10	0
TOTAL				1.029

D.G SBCA (Para-24)					
Sr. No.	Name of Official	Department	Name of Vehicle	Model	Registration No.
01	Mr. Mohammad Shahid	Director CIIM, KMC	Suzuki Cultus	2005	GL-7341
02	Mr. Mohammad Adnan Qureshi	Director, Archives & Research, KMC	Suzuki Mehran	2003	GL-7140
03	Mr. Mohammad Masood Khan	Xen, Engineering Department, KMC	Suzuki Carry	1980	GL-5120
04	Syed Nasir Shah & Ex-Minister Transport & then Ex- Minister Food	GoS	Toyota Hilux Vigo	-	GS-5492
05	-	Add: Secretary, LG	Honda City	-	GL-2244

D.G SBCA (Para-23)		
Sr. No.	Name of Vehicle	Registration No.
01	Suzuki Hi-Roof	GL-5146
02	Suzuki Hi-Roof	GL-6069

D.G SBCA (Para-23)		
Sr. No.	Name of Vehicle	Registration No.
03	Suzuki Hi-Roof	GL-5534
04	Suzuki Car	GL-0325
05	Suzuki Car	GL-0084
06	Suzuki Van	GL-5214
07	Suzuki Van	GL-5220
08	Suzuki Jeep	GL-3150
09	Suzuki Hi-Roof	GL-5178
10	Suzuki Margalla	GL-0062
11	Suzuki Margalla	GL-0063
12	Suzuki Van	GL-5138
13	Suzuki Jeep	GL-3337

Secretary Local Govt & HTP (Para-8)		
S #	Name of Officer/Official to Whom Vehicle Allotted	Detail of Vehicles
1	Mr. Ali Ahmed Lund, Former Secretary LGD	Toyota Corolla GS-7126
2	Mr. Riaz Hussain Sahito, Former D.S (Gen) LGD	Cultus GSB-125
3	Mr. Faheem Akhtar Junejo, Supdtg. Engineer, HDA	Suzuki Cultus GS-6781

Secretary Local Govt Board (Para-09)			
S #	Vehicle No	Type	Retained By
1	GS-5428	Toyota Corolla	Minister PHE&RDD
2	GS-0522	Suzuki Margalla	Former SS (Tech) LGD
3	GS-9887	Toyota Corolla	Ex-Minister LG

D.G Larkana Development Authority (Para-08)			
S.No	Vehicle Type with Model	Registration	Remarks
1	Toyota Corolla GLI	GS-9006	Vehicles are in custody of Ex. D.G Dr Asghar Abbas Shaikh & Ex. Assistant Secretary, Noor Nabi Shaikh
2	Toyota Corolla GLI Metallic Gray	AFR	
3	Suzuki Alto VXR 1000cc	GS-9011	
4	Suzuki Cultus 1000cc	AFR	
5	Mehran VXR 800 cc	AFR	
6	Alto 800cc	GS-9012	
7	City (Honda)	2015	
8	Suzuki Swift	2013	
9	Margala	GS-0024	
10	06 Motor Bikes	-	
11	03 Split A.C with Stablizer	-	

D.G Lyari Development Authority (Para-04)						
S #	To Whom Allotted	Vehicle No	POL Quota	Avg Rate	P/Month	During F.Y 2015-16
1	Ex-DG, LDA	GS-5646	250	70	17,500	210,000
2	Ex-Engineer SMBBT	GS-5790	175	70	12,250	147,000
3	Ex-Engineer (Agha Nafees)	GS-195-B	125	70	8,750	105,000
4	Ex-Engr HB-II	GS-467-B	175	70	12,250	147,000
5	Ex-Engr.HB-I (Agha Nafees)	GL-4882	175	70	12,250	147,000
6	Ex-Engg. (E&M) Yarwer Mehdi	GS-757-B	175	70	12,250	147,000
7	Ex-Engineer (Safdar)	GS-9799	150	70	10,500	126,000
Total (Tentative/Approximately)						1,029,000

PD SMBB Township 9(Para-08)			
S #	To Whom Allotted	Vehicle	Make
01	Ex-Minister LGD	KT-1398	Toyota Vigo
02	Ex-Secretary, LGD	GS-447-B	Toyota Corolla
03	P.D SMBBT	GS-445-B	Toyota Hilux Double Cabin

ANNEXES
PUBLIC HEALTH ENGINEERING
DEPARTMENT

Non-Production of Record

(Rupees in Million)

Sr.	Name of Office	Amount
1	XEN, Public Health Engineering, Division-I, Khairpur	0
2	XEN, Public Health Engineering, Shikarpur	35.553
3	Chief Engineer, PHE, Hyderabad	0
4	XEN, PHE, Dadu	40.144
5	XEN, PHE, Jamshoro	21.657
6	SE, PHE, Hyderabad	0
7	XEN, PHE, Badin	0
8	XEN, PHE, Matiari	3.000
9	XEN, PHE, Naushahro Feroze	47.546
10	XEN, PHE, Shaheed Benazirabad	41.521
11	XEN, PHE, Mirpurkhas	200.00
Total		389.421

Non-Production of Record related to POL Consumption

[Rupees in Million]

Sr.	Offices / Zones	POL Expenditure
1.	Chief Engineer, PHE, Hyderabad	0.530
2.	XEN, PHE, Jamshoro	0.652
3.	SE, PHE, Hyderabad	0.177
4.	XEN, PHE, Badin	0.600
5.	XEN, PHE, Hyderabad	0.523
6.	XEN, PHE, Naushahro Feroze	1.189
7.	XEN, PHE, Shaheed Benazirabad	0.957
Total		4.628

Annex-PHE2

(Rupees in Million)

Sales Tax			
Sr.	Formation	Expenditure	Amount of Tax
1	XEN, Public Health Engineering, Shikarpur	28.432	3.98
2	XEN, Public Health Engineering, Dadu	12.427	1.74
3	XEN, Public Health Engineering, Badin	41.400	1.159
4	XEN, PHE, Tharparkar @ Mithi	68.809	1.926
5	XEN, PHE, Tando Muhammad Khan	15.623	2.344
6	XEN, PHE, Ghotki	178.715	5.275
7	XEN, PHE, Naushahro Feroze	138.965	19.455
1	XEN, PHE, Tando Muhammad Khan	6.088	1.035
2	XEN, PHE, Larkana	15.650	2.661
Income Tax			
1	XEN, PHE Hyderabad	20.9	1.045
Stamp Duty			
1	XEN, PHE, Jamshoro		0.493
2	XEN, PHE, Mirpurkhas		0.087
3	XEN, PHE, Tharparkar @ Mithi		0.678
4	XEN, PHE, Umerkot		0.350
5	XEN, PHE, Naushahro Ferzoe		0.283
6	XEN, PHE, Shaheed Benazirabad		0.106
Grand Total			42.617

Annex-PHE3

Payment of Land without Obtaining Ownership

(Amount in Rupees)

Sr.	Bill No	Date of Bill	Cheque No & Date	Contractor	Work	Amount
1	H-227	28.6.2016	2390131 Dt.28.6.2016	M/s Asstt. Commissioner/LAO Mirpur Mathelo	Lum sum Payment for Land Acquisition at Disposal work at New Hyder Shah Colony for U/D/S Mirpur Mathelo	7,200,000
2	H-228	28.6.2016	2390132 Dt.28.6.2016	M/s Asstt. Commissioner/LAO Daharki	Lum sum Payment for Land Acquisition at Water work for U/W/S/S Daharki	7,200,000
3	H-229	28.6.2016	2390133 Dt.28.6.2016	M/s Asstt. Commissioner/LAO Mirpur Mathelo	Payment of Land Acquisition at Disposal Work at Kalhora Phatak Zone for U/D/S Mirpur Mathelo	1,034,500
4	H-230	28.6.2016	2390134 Dt.28.6.2016	M/s Asstt. Commissioner/LAO Mirpur Mathelo	Lum sum Payment for Land Acquisition at Disposal work at Gharibabad Zone for U/D/S Mirpur Mathelo	4,266,500
Total						19,701,000

Annex-PHE4

Unjustified Payment for 3rd Party Monitoring

[Amount in Rupees]

Sr. No	Bill No & Date	Cheque No & Date	Paid to	On a/c of	Charged to	Amount
1	H-224 Dt.28.6.2016	2390113 Dt.28.6.2016	Deputy Director (MEC) P&D Department GoS Karachi	1% Third Party Validation Charges	Urban Water Supply Scheme Daharki	650,000
2	H-225 Dt.28.6.2016	2390114 Dt.28.6.2016		1% Third Party Validation Charges	Urban Drainage Scheme Mirpur Mathelo	500,000
3	H-226 Dt.28.6.2016	2390115 Dt.28.6.2016		1% Third Party Validation Charges	Urban Drainage Scheme Ghotki City	500,000
4	H-188 Dt.26.6.2015	1979981 Dt.26.6.2015		1% Third Party Validation Charges	Urban Drainage Scheme Mirpur Mathelo	1,710,000
Total						3,360,000

Award of Works to Higher Bidder

[Amount in Rupees]

S.No	Name of Work [SPPRA No.27847] N.I.T No: TC/G-148/662 Dated 20-04-2016	Name of Firm or Bidder	Cost offered by the bidder	Amount of Award of Work	Ranking in Terms of cost	Comparison with estimated cost	Reasons for Acceptance/Rejection	Remarks
1-A	1- Paver Block and Drains at village Kundo Unar	M/S Raza Constructor	772,044		1st Lowest	20.47 % below	Non-responsive	List of PHED works not provided
		Mr. Safdar Ali Channa	973,182	973,182	3rd Lowest	0.25 % above	Responsive	List of PHED works provided and recommended for award of work
1-B	2- C.C.Block & Drainage at Gaheja	M/S Raza Constructor	1,463,026		1st Lowest	2.27 % above	Responsive	List of PHED works provided and recommended for award of work
2-A	10- Construction of Paver block and drains in Khalifa Muhalla Khalifa Nasarullah Street Shikarpur	Mr. Maqsood Ahmed Shaikh	1,932,634		4th Lowest	0.02 % Above	Non-responsive	List PHED work not provided
		M/S Akhtar Muhammad & Brothers	1,967,551	1,967,551	5th Lowest	1.83 % Above	Responsive	List of PHED works provided and recommended for award of work
2-B	8- Paver Block and Drains at village Faqeerabad U.C Jindodero Taluka Garhi Yasin	Mr. Maqsood Ahmed Shaikh	2,023,045		3rd Lowest	4.45% above	Responsive	List of PHED works provided but work awarded to 1st Lowest
	Total			2,940,733				

ANNEXES

DMCs KARACHI

Non-Deduction / Deposit of Taxes

(Amount in Rupees)

S #	Name of DMC/Zone	Sales Tax
1	West (Keamari Zone)	17,952,729
2	Korangi	2,515,097
3	East (Gulshan-e-Iqbal Zone)	22,118,003
4	East (Jamsheed Zone)	9,775,911
5	South	14,094,348
6	DMC, Malir	950,000
7	Central	1,332,462
8	South	1,326,325
9	DMC Malir	95,021
Total		70,159,896
Non-Deduction/Non-Deposit if Income Tax		
1	Korangi	223,783
2	DMC Malir	380,000
3	DMC Central	1,530,240
Total		2,134,023
Grand Total		72,293,919

Non-Recovery of Outstanding Dues

[Amount in Rupees]

Sr.	Location	No. of defaulters	Outstanding as on 30-6-16
1	Karsaz road	15	9,343,750
2	Agha khan road/Pir Sibghatullah Road/ Stadium Road	12	1,078,125
3	Rashid Minhas road	25	4,087,500
4	Shaheed-e-Millat road	20	2,925,000
5	University road	57	6,281,250
6	Sir Shah Suleman Road	20	2,925,000
7	A-Shabbir Ahmed Usmani Road	28	2,278,125
8	Tipu Sultan Road	3	225,000
9	Abul Hassan Isphani Road	4	300,000
10	Jamaluddin Afghani road	2	328,125
11	Hyder Ali Road	2	328,125
12	Gulistan-e-Johar road	6	628,125
Total		194	30,728,125

ANNEXES
HYDERABAD DIVISION

Annex-Hyd1

Doubtful Payments / Suspected Withdrawal from Public Money

(Rupees in million)

Sr.	Formation	Particulars	Para #	Amount
1.	CMO, Municipal Committee, Qasimabad, District Hyderabad	Payment made on computer generated bills without invoice number and NTN number	3	0.541
2.	CMO, Municipal Committee, Tando Jam, District Hyderabad	Payment made on computer generated bills without invoice number and NTN number mentioned on the bills	8	1.780
3.	Town Officer, Town Committee, Mirpur Sakro, District Thatta	Payment made on fake quotations on plain papers which was computer printed, same handwriting on all quotations. Work order, quotation, bill of supplier/contractor were without outward/serial numbers and without date	8	12.255
4.	CMO, Municipal Committee, Hala, District Matiari	Payment made on computer generated bills without invoice number and NTN number mentioned on the bills	13	0.190
5.	CMO, Municipal Committee, Matiari, District Matiari	Payment made on computer generated bills without invoice number and NTN number mentioned on the bills, moreover the quotation and payment vouchers, bills were also not signed.	6	6.633
6.	Town Officer, Town Committee, New Saeedabad, District Matiari	Payment made on computer generated bills without invoice number and NTN number mentioned on the bills	11	0.266
7.	Town Officer, Town Committee, Mirpur Bathoro, District Sujawal	Payment made on computer generated bills without invoice number and NTN number mentioned on the bills	8	19.492
8.	Town Officer, Town Committee, Sujawal, District Sujawal	Payment made on fabricated vouchers, likewise notice of inviting quotations and supply/work orders were issued without having outward number and dated (Blank)	4	5.476
9.	CMO, Municipal Committee, Matiari, District Matiari, 2015-16	misappropriated public funds fabricated bills and quotations. Since, bills and quotations found self-generated, even pattern, without signature of the contractors, without reference numbers, date and address and SRB and FBR Registration Numbers	2	0.791
10.	Municipal Officer, Municipal Committee, Dadu	Withdrawal of funds from NBP during 2014-15	16	1.211
11.	Town Officer, Town Committee, Mirpur Sakro, District Thatta	Suspicious withdrawal of salaries of staff from the bank in the name of Staff members without justification	3	26.111
12.		Suspicious withdrawal of funds from the bank in the name of Staff members without justification	6	2.190
13.		Suspicious withdrawal of funds from the bank in the name of private persons without justification	7	4.898
14.	Town Officer, Town	Withdrawal of funds by Assistant Commissioner by	7	0.455

(Rupees in million)

Sr.	Formation	Particulars	Para #	Amount
	Committee, New Saeedabad, District Matiari	sanctioning approval prior to his taking charge (pre-dating)		
15.	Chief Officer, District Council, Sujawal,	Suspicious withdrawal of funds from the bank in the name of Staff members without justification	5	0.487
16.	Town Officer, Town Committee, Sujawal, District Sujawal	Withdrawal of funds by Assistant Commissioner by sanctioning approval prior to his taking charge (pre-dating)	6	0.965
17.		Suspicious withdrawal of funds from the bank in the name of staff members without justification	9	0.550
18.	Town Officer, Town Committee, Jati, District Sujawal	Suspicious withdrawal of funds from the bank in the name of staff members without justification	12	4.049
19.	CMO, Municipal Committee, Hala 2014-15	Procurement of various items against bills/invoices without invoice number and NTN number, supporting vouchers, delivery challans, entry in stock register and measurement books were not produced for verification.	14	0.276
20.	CMO, Municipal Committee, New Saeedabad		8	0.951
21.	Administrator, Town Committee, Mirpur Bathoro 2014-15		14	2.076
Total				91.643

Non-Production of Record

(Amount in Rupees)

Sr.	Name of Office	AIR No.	F.Y	Amount
01	HMC, District Hyderabad	01	2015-2016	107,291,269
02	CMO, MC, Qasimabad, District Hyderabad	19	2015-2016	0
03	CMO, MC, Tando Jam, District Hyderabad	01	2015-2016	0
04	CMO, MC, Kotri, District Jamshoro	01	2015-2016	0
05	TO, TC, Thana Bula Khan, District Jamshoro	01	2015-2016	0
06	TO, TC, Manjhand, District Jamshoro	01	2015-2016	120,000,000
07	TO, TC, Mahar, District Dadu	01	2015-2016	5,434,627
08	CMO, MC, Thatta, District Thatta	01	2015-2016	0
09	CMO, MC, Ghorabari, District Thatta	01	2015-2016	4,500,000
10	CMO, MC, Mirpur Sakro, District Thatta	01	2015-2016	10,700,000
11	CMO, MC, Matli, District Badin	09	2015-2016	5,093,636
12	TO, TC, Talhar, District Badin	01	2015-2016	63,838,218
13	CMO, MC, Hala, District Matiari	01	2014-2015	0
14	CMO, MC, Matiari, District Matiari	01	2014-2015	12,062,449
15	CMO, MC, Matiari, District Matiari	05	2014-2015	931,600
16	TO, TC, New Saeedabad, District Matiari	30	2014-2015	0
17	CMO, MC, Tando Allahyar, District Tando Allahyar	01	2015-2016	1,326,564
18	TO, TC, Jhando Mari, District Tando Allahyar	01	2015-2016	0
19	TO, TC, Jhando Mari, District Tando Allahyar	02	2015-2016	0
20	TO, TC, Mirpur Bathoro, District Sujawal	01	2014-2015	12,034,111
21	CMO, MC, Sujawal, District Sujawal	01	2014-2015	84,314,112
22	TO, TC, Jati, District Sujawal	01	2014-2015	609,619
Total				428,136,205

Non-Production of Supporting Record of POL

(Amount in Rupees)

Sr.	Name of Office	AIR Para	F.Y	Amount
1	Hyderabad Municipal Corporation, District Hyderabad	40	2015-16	34,840,072
2	Administrator/CMO, Municipal Committee Qasimabad District Hyderabad	14	2015-16	10,337,627
3	Administrator/CMO, Municipal Committee Tando Jam District Hyderabad	18	2015-16	7,800,960
4	Administrator/CMO, Municipal Committee Sehwan District Jamshoro	11	2015-16	13,125,447
5	Administrator, Town Committee, Thana Bula Khan District Jamshoro	8	2015-16	2,955,418
6	Administrator, Municipal Committee Tando Muhammad Khan District Tando Muhammad Khan	12	2015-16	5,826,232
7	Administrator, Municipal Committee Bulri shah Karim, District Tando Muhammad Khan	13	2015-16	493,000

(Amount in Rupees)

Sr.	Name of Office	AIR Para	F.Y	Amount
8	Administrator, Municipal Committee Dadu, District Dadu	18	2014-15	5,065,148
9	Administrator, Municipal Committee K.N. Shah, District Dadu	17	2014-15	1,379,241
10	Administrator, Municipal Committee Mehar, District Dadu	15	2014-15	6,096,159
11	Administrator, Town Committee, Juhi, District Dadu	11	2014-15	5,636,019
12	Chief Municipal Officer, Municipal Committee Thatta, District Thatta	4	2015-16	9,402,714
13	Town Officer, Town Committee Ghora Bari, District Thatta	9	2015-16	5,759,401
14	Town Officer, Town Committee Mirpur Sakro, District Thatta	21	2015-16	4,197,759
15	Administrator, Municipal Committee Badin, District Badin	4	2015-16	8,993,000
16	Administrator, Municipal Committee Matli, District Badin	12	2015-16	4,637,549
17	Administrator, Town Committee, Shaheed Fazil Rahu District Badin	5	2015-16	6,280,391
18	Administrator, Town Committee, Tando Bago, District Badin	12	2015-16	6,945,707
19	Administrator, Municipal Committee Hala, District Matiari	16	2014-15	9,262,878
20	Administrator, Municipal Committee Matiari, District Matiari	12	2014-15	5,827,769
21	Administrator, Town Committee, Jati, District Sujawal 2014-15	10	2014-15	4,677,437
22	Town Officer, Town Committee Matiari	14	2015-16	2,680,115
23	Town Officer, Town Committee Hala	9	2015-16	7,652,890
24	Town Officer, Town Committee New Saeedababd	15	2015-16	2,529,144
25	Chief Officer, District Council, Dadu	02	2014-15	1,086,936
26	Chief Officer, District Council, Sujawal	03	2014-15	270,924
27	Town Officer, Town Committee, Sujawal	08	2014-15	1,742,404
28	Town Officer, Town Committee, Jati	14	2014-15	1,833,166
Total				177,335,507

Non-Recovery of Targeted Receipt

[Amount in Rupees]

Sr.	Name of Offices	Para	Estimate	Recovery	Shortfall
1.	Administrator/MC, Hyderabad Municipal Corporation	47	11,070,500	411,000	10,659,500
2.	Administrator/CMO, Municipal Committee Qasimabad	19	5,194,915	2,140,629	3,074,286
3.	Administrator/CMO, Municipal Committee Tando Jam	20	5,960,000	429,390	5,530,610
4.	Administrator/CMO, Municipal Committee Kotri	6	21,171,749	260,720	20,911,029
5.	Administrator/CMO, Municipal Committee Kotri	7	11,797,940	5,158,185	5,694,998
6.	Administrator/CMO, Municipal Committee Kotri	12	9,626,195	512,933	9,113,262
7.	Administrator/CMO, Municipal Committee Sehwan	3	1,819,000	0	1,819,000
8.	Administrator, Town Committee, Thana Bula Khan	3	4,375,277	433,900	3,941,377
9.	Administrator, Municipal Committee Tando Muhammad Khan	19	5,552,254	906,884	4,645,370
10.	Administrator, Municipal Committee Dadu	27	16,244,000	3,547,829	12,696,171
11.	Chief Officer District Council, Dadu	5	9,587,138	2,849,825	6,737,313
12.	Administrator, Municipal Committee K.N. Shah	25	1,608,050	532,709	1,075,341
13.	Administrator, Municipal Committee Mehar	27	14,731,010	8,216,817	6,514,193
14.	Administrator, Town Committee, Juhi	16	3,653,626	386,885	3,266,741
15.	Administrator, Municipal Committee Badin	3	31,147,847	2,821,021	28,590,135
16.	Administrator, Municipal Committee Badin	5	2,721,945	885,540	1,836,405
17.	Administrators, Town Committee Shaheed Fazil Rahu	3	6,952,689	1,029,423	5,923,266
18.	Administrators, Town Committee Tando Bago	13	7,507,449	752,253	6,755,196
19.	Administrator, Municipal Committee Hala	3	4,450,000	358,157	4,091,843
20.	Administrator, Municipal Committee Hala	4	4,481,250	3,738,500	786,500
21.	Administrators, Town Committee New Saeedabad	15	1,567,788	1,052,575	515,213
22.	Town Officer, Town Committee Matiari	31	3,975,000	1,150,457	2,824,543
23.	Town Officer, Town Committee Hala	24	4,816,051	1,032,456	3,783,595
24.	Town Officer, Town Committee New Saeedababd	26	1,299,060	165,489	1,133,571
Total			191,310,733	38,773,577	151,919,458

Non-Deduction of Sales Tax on Services

(Amount in Rupees)

Sr.	Name of Office	AIR No.	F.Y	Expenditure	Sales tax Amount
1.	HMC, Hyderabad	30	2015-2016	6,307,601	1,072,291
2.	-do	22	2015-2016	65,133,541	9,118,696
3.	-do-	7	2015-2016	81,789,447	12,553,415
4.	MC, Qasimabad	7	2015-2016	9,303,926	1,361,472
5.	-do-	8	2015-2016	17,153,553	2,573,032
6.	-do-	10	2015-2016	16,360,000	2,290,400
7.	-do-	13	2015-2016	6,500,000	944,444
8.	CMO, MC, Hyderabad Rural (Tando Jam	14	2015-2016	7,663,448	1,302,786
9.	TO, TC, Sehwan, District Jamshoro	1	2015-2016	336,150	57,146
10.	TO, TC, Manjhand, District Jamshoro	2	2015-2016	1,834,700	311,899
11.	TO, TC, Talhar, District Badin	2	2015-2016	789,123	126,260
12.	CMO, MC, Tando Allahyar	9	2015-2016	1,036,267	176,165
13.	MC, Kotri	4	2015-2016	762,640	129,647
14.	MC, Sehwan	2	2015-2016	180,460,260	28,873,102
15.	MC, Manjhand	3	2015-2016	155,330	21,742
16.	MC, Tando Muhammad Khan	15	2015-2016	1,511,000	151,100
17.	MC, Dadu	10	2015-2016	5,875,944	881,392
18.	MC, Khairpur Nathan Shah	6	2015-2016	1,721,869	258,280
19.	MC, Mehar	7	2015-2016	2,276,442	341,466
20.	MC, Badin	2	2015-2016	2,283,940	365,430
21.	MC, Shaheed Fazil Rahu	1	2015-2016	2,009,187	301,378
22.	TC, Matiari	3	2015-2016	3,725,738	521,603
23.	-do-	27	2015-2016	1,617,806	161,781
24.	TC, Hala	2	2015-2016	1,259,352	176,309
25.	-do-	21	2015-2016	4,010,600	401,060
26.	TC, New Saeedabad	6	2015-2016	2,833,003	396,620
Total				424,710,867	64,868,916

Annex-Hyd5

Non-deposits of Income Tax into Treasury

(Amount in Rupees)

Sr.	Description	Non-deposited income tax	At the rate	Total period	Amount
(a)	(b)	(d)	(e)	(f)	g=d+f
Administrator, Hyderabad Municipal Corporation, District Hyderabad, 2015-16 [AIR Para:28]					
1	Income Tax collected or deducted on account of various bills works	6,691,168	KIBOR + 3% P/Q	391,433 + 809,240 = 1,194,373	7,885,541
Administrator, Municipal Committee, Tando Jam, District Hyderabad, 2015-16 [AIR Para:4]					
Sr.	DESCRIP.	DEDUCTED TAX @ 7.5%	AT THE RATE	TOTAL PERIOD	AMOUNT (d + f)
(a)	(b)	(d)	(e)	(f)	(g)
1	Income Tax collected or deducted on account of various works (Excluding POL and Utility Bills)	5,747,325 - 2,978,424	KIBOR + 3% P/Q	161,981 + 332,268	3,263,150
	Unpaid IT and Surcharges	2,768,901		494,249	3,263,150
Administrator/CMO, Municipal Committee Tando Allah Yar, District Tando Allahyar, [AIR Para:4]					
1	Income Tax collected or deducted on account of various works (Excluding POL and Utility Bills)	16,660,000	-	-	16,660,000
Administrator/TO, Town Committee (Jhando Mari) District Tando Allah yar [AIR Para:3]					
1	Income Tax collected or deducted on account of various works (Excluding POL and Utility Bills)	1,387,440	-	-	1,387,440
Administrator/TO, Town Committee Jati, District Sujawal [AIR Para:9]					
Sr.	Detail	Average expenditure	Tax non-deposited upto Jun'15	Surcharge	Total to be deposited
1	Jul-14	11,542,390	582,242	104,803.56	687,045.56
2	Aug-14	11,542,390	582,242	95,902.44	678,144.44
3	Sep-14	11,542,390	582,242	87,001.31	669,243.31
4	Oct-14	11,542,390	582,242	78,387.32	660,629.32
5	Nov-14	11,542,390	582,242	69,486	651,728.20
6	Dec-14	11,542,390	582,242	60,872.20	643,114.20
7	Jan-15	11,542,390	582,242	51,971.08	634,213.08
8	Feb-15	11,542,390	582,242	43,069.96	625,311.96
9	Mar-15	11,542,390	582,242	35,030.23	617,272.23
10	Apr-15	11,542,390	582,242	26,129.11	608,371.11
11	May-15	11,542,390	582,242	17,515.12	599,757.12
12	Jun-15	11,542,390	582,242	8,901.12	591,143.12
	Sub-total	138,508,680	6,986,904	679,070	7,665,974
Town Officer, Town Committee Matiari, 2015-16 [AIR Para:4]					
1	Income Tax	10,000,000		2015-16	10,000,000
Total					46,862,105

Annex-Hyd6

Non-Recovery of Outstanding Dues

(Amount in Rupees)

Sr.	Formation	Amount
1.	Administrator, Hyderabad Municipal Corporation, District Hyderabad	2,985,600
2.	Administrator, Municipal Committee, Qasimabad, District Hyderabad	133,400
3.	Administrator, Municipal Committee, TMK, District Tando Muhammad Khan	227,300
4.	Administrator, District Council, Dadu	2,212,186
5.	Administrator, Municipal Committee, Thatta, District Thatta	2,334,218
6.	Administrator, Town Committee, New Saeedabad, District Matiari	995,351
7.	Administrator, Municipal Committee, Tando Allahyar, District Tando Allahyar	2,596,762
8.	Town Officer, Town Committee Matiari	161,781
9.	Town Officer, Town Committee Hala	401,060
Total		12,047,658

Annex-Hyd7

Non-Reconciliation of Electricity Dues

(Amount in Rupees)

Sr.	Name of Department	F.Y.	Department Code	Amount
AIR Para: 08				
1	TMA, Jamshoro	2015-16	37271	2,705,121,459
	Municipal Committee, Kotri	2015-16	37251	1,354,480,629
	Municipal Committee, Kotri	2015-16	33101	5,810,725
			Sub-total	4,065,412,813
AIR Para: 10				
2	Town Committee, Sehwan Sharif	2015-16	37331	884,610,664
			Sub-total	884,647,995
AIR Para: 06				
3	Town Committee, Thana Bula Khan	2015-16	20 37225 0054440 R	985,150
		2015-16	28 37225 0047915 R	2,288,929
		2015-16	20 37225 0054422 R	16,909,760
		2015-16	20 37225 0048431 R	53,206,388
		2015-16	20 37225 0054424 R	14,929,578
		2015-16	20 37225 0048432 R	45,775,925
			Sub-total	134,095,730
AIR Para: 04				
1	TMA, Sunn (TC, Majhand)	2015-16	37341	564,628,214
			Sub-total	564,628,214

(Amount in Rupees)

Sr.	Name of Department	F.Y.	Department Code	Amount
AIR Para: 03				
Sr.	CMO, Thatta	FY	Meter/connection	Arrear
1	TMO water supply makli	2015-16	Old A.c 07372730057780	13,186,234
2	Urban WS Shah jahan Masjid	2015-16	Old A.c 537270057357	5,992,257
3	TMO wss Thatta	2015-16	Old A.c 2372710059100	2,731,119
4	Urban WS Shah jahan Masjid	2015-16	Old A.c 537270057358	1,232,425
5	TMO wss Shaikh fareed	2015-16	Old Ac 07372730057750	12,315,864
6	TMO WSS Naka Thatta	2015-16	Old Ac 08372710057740	551,736
7	TMO WSS Makli	2015-16	Old A.c 07372730057790	1,052,222
8	TMO WSS Near Gh Hussain Pump	2015-16	Old A.c 24372730028049	971,023
9	TMA WSS Shah Murad road	2015-16	Old A.c 24372710000070	358,427
Sub-total				38,391,307
Total				5,687,176,059

Award of Contracts without Tender

(Amount in Rupees)

Sr.	Formation	Amount
1.	CMO, Municipal Committee, Qasimabad [AIR Para: 5]	5,667,144
2.	CMO, Municipal Committee, Kotri [AIR Para: 9]	3,098,735
3.	CMO, Municipal Committee, Sehwan [AIR Paras: 8]	6,168,275
4.	TO, Town Committee, Majhand [AIR Paras: 5]	1,834,700
5.	CMO, Municipal Committee, Tando Muhammad Khan [AIR Paras: 6]	1,130,881
6.	CMO, Municipal Committee, Tando Muhammad Khan [AIR Paras: 7]	335,000
7.	TO, Town Committee, Bulri Shah Karim [AIR Paras: 10]	1,346,600
8.	TO, Town Committee, Tando Ghulam Hyder [AIR Paras: 09]	1,473,629
9.	CMO, Municipal Committee, Dadu 2014-15 [AIR Paras: 14]	4,920,640
10.	TO, Town Committee, Khairpur Nathan Shah [AIR Paras: 07]	450,000
11.	TO, Town Committee, Khairpur Nathan Shah [AIR Paras: 13]	2,046,284
12.	TO, Town Committee, Mehar [AIR Paras: 10]	1,389,816
13.	TO, Town Committee, Mehar [AIR Paras: 11]	3,221,416
14.	TO, Town Committee, Shaheed Fazil Rahu [AIR Paras: 11]	4,400,000
15.	TO, Town Committee, Mirpur Sakro [AIR Paras: 5]	4,000,000
16.	TO, Town Committee, Tando Bago [AIR Paras: 6]	1,752,750
17.	TO, Town Committee, Tando Bago [AIR Paras: 7]	1,897,260
18.	CMO, Municipal Committee, Hala [AIR Paras: 12]	344,592
19.	CMO, Municipal Committee, Tando Allahyar [AIR Paras: 5]	853,888
20.	TO, Town Committee, Jhando Mari [AIR Paras: 6]	449,000
21.	TO, Town Committee, Mirpur Bathoro [AIR Paras: 13]	2,965,932
22.	Town Officer, Town Committee Matiari, during 2015-16 [AIR Para:8]	982,255
23.	Town Officer, Town Committee Hala, during 2015-16 [AIR Para:3]	337,840
24.	Town Officer, Town Committee New Saeedababd, during 2015-16 [AIR Para:5]	589,706
25.	Town Officer, Town Committee New Saeedababd, during 2015-16 [AIR Para:9]	3,015,079
Total		54,671,422

Unauthorized Appointment

(Amount in Rupees)

S.No.	Branch	Nos of New Staff	Monthly Salary	Monthly Salary	Salary
			Oct, 2015	March, 2016	(2015-16)
Administrator, Municipal Committee, Tando Muhammad Khan District TMK 2015-16 [AIR Para:13]					
1	General	12	168,230	168,230	2,018,760
2	Accounts	1	12,966	12,966	155,592
3	Engineering	3	41,801	41,801	501,612
4	Water Supply	11	144,233	144,233	1,730,796
5	Beatification	2	27,766	27,766	333,192
6	Encroachment	1	14,800	14,800	177,600
7	Garden	6	76,596	76,596	919,152
8	Library	1	12,766	12,766	153,192
9	Fire Brigade	4	53,623	53,623	643,476
10	Taxation	15	203,660	203,660	2,443,920
11	Sanitation	51	653,616	653,616	7,843,392
12	Drainage	2	28,070	28,070	336,840
TOTAL		109			17,257,524
Administrator, Municipal Committee, Thatta District Thatta 2015-16 [AIR Para:18]					
S.No	Details	Cheque	date	Salary month	Amount
1	Contract employees various UC	15925884	24.2.16	Pay 1/16	379,125
2	Contract employees helper/beldar	15925884	24.2.16	Pay 1/16	112,750
3	Contract employee F.B	15925884	24.2.16	Pay 1/16	24,000
4	Daily wages staff in UC Jungshahi	15925884	24.2.16	Pay 1/16	40,000
5	Contract staff beldar/NQ	15925884	24.2.16	Pay 1/16	89,330
6	Contract basis staff	15925884	24.2.16	Pay 1/16	510,757
7	Daily wages Beldar/helper	15925884	24.2.16	Pay 1/16	80,000
			Amount for one month		1,235,962
			Total for one year		14,831,544
Total					32,089,068

Unauthorized Revision of Estimates without Calling Fresh Tenders

[Amount in Rupees]

Sr.	Name of work	Scheme no.	Original estimate	Revised estimate	Increased in %	Excess revision	Total exp.
Town Officer, Town Committee, New Saeedabad							
1.	Const. of surface drain for soomra / hajana muhalla ns town	04	1,000,000	2,299,000	Above 125%	1,299,000	843,667
2.	Const. of cc block at haji kamil jamali colony ns town	06	2,000,000	3,045,500	Above 50%	1,045,000	2,461,354
3.	Const. of cc block at house of asghra shah to yuqoob channa ns	39	1,000,000	2,503,780	Above 150%	1,503,780	2,124,354
4.	Surface drain from mehnan colony to shop of dost ali umrani	16	700,000	1,209,500	Above 50%	509,500	1,024,572
5.	Const. of cc topping for street no. 1 ward no. 04 new saeedabad	24	541,000	975,000	APPROX 100%	434,000	823,253
6.	CC topping for mochi masjid to khaskheli muhalla ns town	28	275,000	900,500	Above 200%	625,500	763,536
Total			5,516,000	10,933,280	-	5,416,780	8,040,736
Sub-division Hyderabad City (HMC)							
1	P/F Pavers at Dehli Sheer Maal to Kalo Pakore Wala UC 09 City Hyderabad		2,000,000	4,000,000	100%	2,000,000	3,997,475
2	P/F Pavers from service shop to firdous Filling station at both sides of UC 09 City Hyderabad		1,200,000	2,400,000	100%	1,200,000	2,390,642
Total			3,200,000	6,400,000	-	3,200,000	6,388,117
Grand Total							14,428,853

Un-authorized Use of Vehicles Without Registration

Sr.	Vehicle Type with Model	Status	Handed over by	Condition
CMO, MC, Tando Muhammad Khan (F.Y 2015-2016) AIR No.11				
1	Tractor Trolley	Un-registered	Donated by GOS	Running
2	Fire Brigade Lorry (Van)	Un-registered	Donated by D.C.	Running
TO, TC, Tando Ghulam Hyder, District TMK, (F.Y 2015-2016) AIR Para No.14				
1	Fire Birgade	Un-registered	-	On Road
2	Jeep Jimny	Un-registered	-	missing (since 8 Years)
3	Mehran Car	Un-registered	-	missing (since 8 Years)
4	4 NO Rickshaw	Un-registered	-	On Road
5	Tractor Trolley	Un-registered	-	missing (since 8 Years)
CMO, MC, Dadu (F.Y 2014-2015) AIR Para No.21				
1	Fire Brigade Hino	Un-registered	Donated by GoS 1992	On Road
2	Fire Brigade Master	Un-registered	Donated by GoS 2008	On Road
3	Lifter Machine	Un-registered	Donated by GoS 2012	On Road
4	Sucker Machine	Un-registered	Donated by GoS 2012	On Road
5	Vinch Machine	Un-registered	Donated by GoS 2012	On Road
6	Refuse Van Mzada (Old	Un-registered	Donated by GoS	Off road
7	Refuse Van Mazda-1	Un-registered	Donated by GoS (MPA)	On Road
8	Refuse Van Mazda-2	Un-registered	-do-	On Road
9	Refuse Van Mazda-3	Un-registered	-do-	On Road
10	Tractor MF-240	Un-registered	-	On Road
11	Tractor MF-350	Un-registered	-	On Road
12	Dozer	Un-registered	2008	On Road
CMO, MC, Hyderabad Rural (Tando Jam) (F.Y 2015-2016) AIR Para No.19				
1	Suzuki Mehran	Un-registered	2011	On road
2	Suzuki Ravi Pick-up	Un-registered	2010	On road
3	Tractor Torlley	Un-registered	2008	On road
4	Fire Tender	Un-registered	2008	On road
5	Refuse Van	Un-registered	2009	On road
6	Tractor with front loader	Un-registered	2009	On road
CMO, MC, Hala, Matiari (F.Y 2014-2015) AIR Para No.18				
1	Old Tractor	Un-registered	1990-91	On road
2	Tractor 4X4	Un-registered	2008	On road
3	Fire Fighter	Un-registered	2008	On road
4	Fire Bragade	Un-registered	2012	On road
5	Refuse van	Un-registered	2009	On road
6	Tractor IMT	Un-registered	2014	On road
7	Tractor Rusi 520	Un-registered	2014	On road
Town Officer, Town Committee New Saeedababd, during 2015-16 [AIR Para:13]				
1	Fire Brigade (Large)	Un-registered	2009	On road
2	Fire Brigade (Small)	Un-registered	2009	On road
3	Loader Tractor	Un-registered	2009	On road
4	Tractor Trolley	Un-registered	2009	On road
5	Shazor Pic Up	Un-registered	2009	On road

ANNEXES
MIRPURKHAS DIVISION

Doubtful Technical Sanction of Development Works

[Amount in Rupees]

Sr.	W.O/date	Contractor	Name of work	Est.Cost	TS
1	3772/16.3.15	Prem chand	Constt of water tan 5 nos various villages in UC Bustan	3.000	3,002,500
2	3775/16.3.15	Prem chand	Constt of water tan 5 nos various villages in UC Nabisar	3.000	3,002,500
3	3748/16.3.15	M.Hussain	Constt of s/drains of all types in Kunri Ward.319 A	1.500	1,500,000
4	3762/16.3.15	Saifal Kapri	Providing installing PVC pressure pipe 4" dia various places of WSS kunri	1.500	1,492,350
5	3744/16.3.15	Saifal Kapri	Constt of boundary wall around katcha khada near s.tank WSS phase-I Kunri	2.004	2,004,150
6	3777/16.3.15	Prem chand	Constt of water tanks 5 nos various villages in UC Chajro	3.000	3,000,000
7	3780/16.3.15	Prem chand	Constt of culverts various places in Tal Kunri	3.000	3,010,500
8	3768/16.3.15	Shah Rukh	Repair and maintenance of rest house T.C Kunri	1.201	1,201,300
9	3776/16.3.15	Prem chand	Constt of water tanks 5 nos various villages UC Memon Kunri	3.000	3,002,500
10	3779/16.3.15	Prem chand	Brick pavement of various link streets of Tal Kunri	3.000	3,002,000
Total					24,217,800

Doubtful Payment Made on account of POL

[Amount in Rupees]

Sr.	V.No	Date	Ch. No.	Supplier	Particulars	Amount
1	17	8/8/2014	3854904	M/s Bostan Petroleum Service	Purchase of Petrol and Deisel	55,172
2	18	8/8/2014	3854905	M/s Bostan Petroleum Service	Purchase of Petrol and Deisel	275,700
3	14	5/9/2014	3854955	M/s Bostan Petroleum Service	Bill Petrol and Diesel Oil	285,690
4	51	5/9/2014	689284	M/s Bostan Petroleum Service	Bill Petrol and Diesel Oil	305,494
5	106	21/10/2014	11640158	M/s Bostan Petroleum Service	Bill Petrol and Diesel Oil	175,195
6	107	21/10/2014	11640159	_do_	Bill Petrol and Diesel Oil	398,969
7	36	3/10/2014	11640107	M/s Bostan Petroleum Service	Payment Diesel Oil and Petrol T.C Kunri	385,865
8	37	3/10/2014	11640108	M/s Bostan Petroleum Service	Payment Diesel Oil and Petrol T.C Kunri	283,960
9	22	5/11/2014	11857613	M/s Bostan Petroleum Service	Bill Petrol and Diesel Oil	489,025
10	23	5/11/2014	11857614	_do_	-do-	389,110
11	55	29/12/2014	11857671	M/s Bostan Petroleum Service	Bill Petrol and Diesel Oil	398,000
12	58	29/12/2014	11857674	_do_	-do-	390,000
13	36	18/3/2015	12635041	M/s Bostan Petroleum Service	Bill Petrol and Diesel Oil	649,480
14	14	3/4/2015	12635061	M/s Bostan Petroleum Service	Payment Ptrol and Diesel Oil	350,000
15	15	3/4/2015	12635062	M/s Gohar Petroleum	-do-	120,000
16	50	3/4/2015	12635099	M/s Gohar Petroleum	-do-	120,000
17	45	7/5/2015	27645267	M/s Gohar Petroleum	Bill Petrol and Diesel Oil	90,000
18	46	7/5/2015	27645268	_do_	-do-	160,000
19	29	4/6/2015	13967751	M/s Bostan Petroleum Service	POL Bill	390,000
Total						5,711,660

Annex-MPK3

Doubtful expenditure on Pay of Temporary Employees and Labour Charges

[Amount in Rupees]

Sr.	Date of Payment	Payee	Designation	Description	Cheque No	Amount
1	1.9.15	Mr. Farooque Hussain	Deputy Accountant, Town Committee Jhudo	Purchase of Hand Trolley Tyres, Town Committee Jhudo	43824003	10,250
2	5.10.15	Mr. Allah Warayo	Deputy Accountant, Town Committee Naukot	Salary of Temporary Daily Wages Staff. Naukot- May-15	43824058	424,400
3	5.10.15	Mr. Allah Warayo	Deputy Accountant, Town Committee Naukot	Salary of Temporary Daily Wages Staff. Naukot- June-15	43824058	426,600
4	5.10.15	Mr. Allah Warayo	Deputy Accountant, Town Committee Naukot	Salary of Temporary Daily Wages Staff. Naukot- July-15	43824059	430,200
5	5.10.15	Mr. Allah Warayo	Deputy Accountant, Town Committee Naukot	Salary of Temporary Daily Wages Staff. Naukot- August-15	43824059	420,000
6	2.11.15	Mr. Allah Warayo	Deputy Accountant Naukot	Temporary Staff Salary/Labour Charges Naukot	15414914	248,400
7	1.12.15 to 10.12.15	Mr. Allah Warayo	Deputy Accountant Naukot	Temporary Staff Salary/Labour Charges Naukot for Sep-2015	52395926	430,500
8	1.12.15 to 10.12.15	Mr. Ali Muhammad	Incharge Sanitation Branch Jhudo	Payment of Miss Bill of Coure Car,Tractor, Jeep ETC Jhudo	52395926	28,660
9	11.12.15 to 14.12.15	Mr. Ali Muhammad	Incharge Sanitation Branch Jhudo	Purchase/Advance payment for Poision for Killing Dogs Jhudo	52395940	50,000

[Amount in Rupees]

Sr.	Date of Payment	Payee	Designation	Description	Cheque No	Amount
10	21.12.15	Mr. Allah Warayo	Deputy Accountant Naukot	Payment of Labour Charges for Sanitation Naukot- Nov-2015	52395948	266,400
11	8.1.16 to 11.1.16	Mr. Allah Warayo	Deputy Accountant	Payment of Labour Charges Sanitation Branch Naukot, Dec-2015	61844668	199,800
12	8.1.16 to 11.1.16	Mr. Farooque Hussain	Deputy Accountant Jhudo	Payment of Telephone Bill	61844672	16,210
13	12.1.16 to 21.1.16	Mr. Ali Muhammad	Incharge Sanitation Branch Jhudo	Payment of Labour Charges for Main Nala, Tando Bagho Road	61844681	97,200
14	12.1.16 to 21.1.16	Mr. Ali Muhammad	Incharge Sanitation Branch Jhudo	Payment of Labour Charges for Main Nala, Tando Bagho Road	61844681	97,200
15	18.2.16 to 25.2.16	Mr. Allah Warayo	Deputy Accountant Naukot	Payment of Temporary/Daily Wages for Cleaning Gattar Nalla, Various Colonies Naukot	61844701	259,200
16	18.2.16 to 25.2.16	Mr. Allah Warayo	Deputy Accountant Naukot	Payment of Temporary/Daily Wages for Sanitation Naukot	61844702	277,500
17	1.3.16 to 8.3.16	Mr. Ali Muhammad	Incharge Sanitation Branch Jhudo	Payment for Labour Charges for Cleaning of Gattar Nala Mir Para Jhudo	61844710	90,600
18	1.3.16 to 8.3.16	Mr. Ali Muhammad	Incharge Sanitation Branch Jhudo	Payment for Labour Charges for Cleaning of Gattar Nala Khwaja Para Jhudo	61844711	93,900
19	15.3.16 to 17.3.16	Mr. Khalid Mehmood	Incharge Sanitation Branch Naukot	Temporary?Labour Charge for Sanitation Branch Naukot	61844721	240,400
20	2.12.15	Mr. Allah Warayo	Deputy Accountant Naukot	Payment of Temporary Staff Salary for Sep-2015	43824100	430,500
21	21.12.15	Mr. Javed	Sanitary Inspector Jhudo	Labour Charges for Sewerage Line, Sanitation Branch Town Committee Jhudo	52395947	97,200
Total						4,635,120

Fraudulent Payment of Liabilities

[Amount in Rupees]

Sr.	Cheque No	Date	Description	Agency	Supply Order No.	Date	Amount
1.	14344165	20.10.15	Purchase of Hand Pumps	M/S Abdul Rasheed Contractor	942	20.9.13	99,900
2.	14344165	20.10.15	Purchase of Hand Pumps	M/S Abdul Rasheed Contractor	623	24.8.12	99,900
3.	14344165	20.10.15	Supply of PVC Pipe and Motor Pump Complete	M/S Abdul Rasheed Contractor	943	20.9.13	90,000
4.	14344165	20.10.15	Purchase of Hand Pumps	M/S Abdul Rasheed Contractor	796	2.1.13	99,800
5.	14344165	20.10.15	Supply of Pipes 6" Dia Jidah	M/S Abdul Rasheed Contractor	874	11.1.13	68,000
6.	14344200	3.11.15	Surface Drain and RCc Slabs Near Mukhtiar Khan House to Nadeem Khan House Kot Ghulam Muhammad	M/S M. Farooque Umar Contractor	853	11.1.13	96,916
7.	14344201	3.11.15	Construction of CC Plain at Bus Stand Dighri, Main Road City Kot Ghulam Muhammad	M/S Irfan Contractor	639	24.8.12	55,225
8.	171073	6.11.15	Supply of Tractor Trolley for Removal of Garbage from Various Places of City Kot Ghulam Muhammad	M/S Ramchand Contractor	7	2.3.14	99,000
9.	171073	6.11.15	Supply of Tractor Trolley for Removal of Garbage from Various Places of City Kot Ghulam Muhammad	M/S Ramchand Contractor	945	20.9.13	59,400
10.	171073	6.11.15	Supply of Tractor Trolley for Removal of Garbage from Various Places of City Kot Ghulam Muhammad	M/S Ramchand Contractor	13	1.4.14	95,700

[Amount in Rupees]

Sr.	Cheque No	Date	Description	Agency	Supply Order No.	Date	Amount
11.	171073	6.11.15	Supply of Tractor Trolley for Removal of Garbage from Various Places of City Kot Ghulam Muhammad	M/S Ramchand Contractor	6	3.2.14	89,100
12.	171073	6.11.15	Supply of Tractor Trolley for Removal of Garbage from Various Places of City Kot Ghulam Muhammad	M/S Ramchand Contractor	Nil	Nil	85,500
13.	172507	13.1.16	Purchase of Electric Material	M/S Kashi Electric Store Kot Ghulam Muhammad	Nil	4.1.14	69,500
14.	172507	13.1.16	Purchase of Electric Material	M/S Kashi Electric Store Kot Ghulam Muhammad	Nil	4.2.14	60,000
15.	15848488	1.1.16	Construction of RCC Culvert at Boota House, Village Bdewall, UC Khudaabad	M/S Saqib Ali Contractor	679	24.8.12	60,596
16.	172504	13.1.16	Purchase of Water Supply Pipes	M/S Aijaz Hardware Mirpurkhas	Nil	10.3.14	94,000
17.	172504	13.1.16	Purchase of Material for Gattar Station	M/S Aijaz Hardware Mirpurkhas	Nil	12.4.14	93,800
18.	172504	13.1.16	Purchase of Water Supply Pipes	M/S Aijaz Hardware Mirpurkhas	Nil	10.3.14	98,000
19.	172504	13.1.16	Purchase of Material SD	M/S Aijaz Hardware Mirpurkhas	Nil	12.4.14	96,500
20.	172505	13.1.16	Purchase of Sanitation Material	M/S Nizamuddin Hardware Kot Ghulam Muhammad	Nil	24.1.14	90,000
21.	172505	13.1.16	Purchase of Sanitation Material	-do-	Nil	7.1.14	83,950
22.	172505	13.1.16	Purchase of Sanitation Material	-do-	Nil	24.1.14	87,850
23.	172505	13.1.16	Purchase of Sanitation Material	-do-	Nil	14.2.14	92,000
24.	172506	13.1.16	Purchase of Water Supply Pipes	M/S K.K Paint and Sanitary Store Kot Ghulam Muhammad	Nil	24.3.14	89,000
Total							2,053,637

Non-Production of Record

[Rupees in Million]

Sr.	Year	Name of office	Description	Amount
1	2014-15	District council Mirpurkhas	Personal files of Officer and Officials.	0
			Service Books of Officials.	0
2	2015-16	T.C Nangarparkar	Development Record	18.27
3	2015-16	T.C nangarparkar	Taxes	0.5
			Fees	1.172
			Rent and Sale of Plots on rental/Advance Basis	0.17
			Charges	0.12
			Transfer on A/c of OZT Share	269.616
			Transfer on A/c of UC OZT Share	0.939
			Public Health Staff Pay/VDA	0.04
			Bank Profit	0.005
			Capital Income	1.465
			On Going and Closing Balance	46.676
4	2015-16	T.C Digri	Personal files / service books.	0
			Copy of tenancy agreements / contracts of property.	0
			Bank Statements.	0
			List of unserviceable items.	0
			Copy of revised budget 2015-16.	0
5	2014-15	Jhuddo	Complete Record	169.503
	2015-16	Jhuddo	Personal Files of Officers and Service Books of Staff	0
			Cheque, Income Tax, Call Deposit, Tender, Security Deposit, Work, Property Register, stock/Dead Stock register, Liveries and Consumable articles Registers etc.	0
			176 Contractor Case Files out of 206, and asome measurement Books excluding List attached	0
			Auction Files	0
			List of Machinery and Equipment's	0
			List of Water Supply/Disposal Schemes and List of Electric Motors and Diesel Engines	0
			Detail of New appointments if any	0
			Detail of Staff/Officers transferred and posted here from other Councils	0
			List of Property Quarters, Banglows and Plots etc.	0
			Detail of Trade License Issued/Renewed and Recovery and Arrears	0
			Tenant Agreements of Shops/Other Property.	0
			Previous Audit Report.	0
6	2015-16	Kot Ghullam Muhammad	Personal Files of Officers and Service Books of Staff	0
			Income Tax, Call Deposit, Tender, Security Deposit, Work register, Property Register, stock/Dead Stock register, Liveries, Loan Register and Consumable	0

[Rupees in Million]

Sr.	Year	Name of office	Description	Amount
			articles Registers etc.	
			Auction Files	0
			List of Machinery and Equipment's	0
			List of Water Supply/Disposal Schemes and List of Electric Motors and Diesel Engines	0
			Detail of New appointments if any	0
			Bank Statements along with list of Bank Accounts	0
			Detail of Trade License Issued/Renewed and Recovery and Arrears Position	0
			Previous Audit Report	0
			Total	508.476

ANNEXES
SHAHEED BENAZIRABAD DIVISION

Annex-SBA1

Doubtful Payment on account of Earth Filling

							[Amount in Rupees]
S.No	V.No	Cheque	date	To whom paid	Details	Amount	
1	74	359746	10.8.15	Shahid & co, nil/21.6.15	Earth filling shahbaz colony 40 trolly @ 2500	100,000	
2	364	378241	29.12.15	Shahid & co	Earth filling shahbaz colony 40 @ 2500	100,000	
3	262	371573	10.11.15	Shahid & co	Earth filling shahbaz colony 40 @ 2500	100,000	
4	265	371574	11.11.15	Shahid & co	EF Wapda colony by pass 40@ 2500	100,000	
5	263	371573	10.11.15	Shahid & co	EF Zaunr Colony 40@2500	100,000	
6	261	371573	10.11.15	Shahid & co	EF Nawabshah road near zero point	100,000	
7	260	371573	10.11.15	Shahid & co	EF Nawabshah road near zero point	100,000	
8	259	371572	9.11.15	Shahid & co	EF Shahbaz Colony	100,000	
9	258	371572	9.11.15	Shahid & co	EF Bukhari muhalla disposal	100,000	
10	257	371572	9.11.15	Shahid & co	EF Sachal colony	100,000	
11	559	383844	22.4.16	Shahid & co	EF main NS road near wheat research	97,500	
					Sub Total	1,097,500	
				Cheque register			
12	104	768	7.9.15	Shahid & co	EF shahbaz colony	100,000	
13	367	378243	29.12.15	Shabir Ahmed	EF green belt P-B	89,100	
14	368	378243	29.12.15	Shabir Ahmed	EF green belt P-B	88,031	
15	387	378257	12.1.16	Shahid & co	EF 40 trolly	100,000	
16	387	378257	12.1.16	Shahid & co	EF 40 trolly	100,000	
17	462	378294	16.2.16	Shabir Ahmed	EF Azeem colony	90,000	
18	463	378294	16.2.16	Shabir Ahmed	do Sachal colony	90,000	
19	464	378294	16.2.16	Shabir Ahmed	do Shahbaz colony	90,000	
20	466	378295	17.2.16	Shabir Ahmed	do Shahbaz colony	45,000	
21	467	378296	17.2.16	Syed Ahsan Ali	EF Imam bargah	89,757	
22	468	378296	17.2.16	Syed Ahsan Ali	EF Imam bargah	44,880	
23	472	3782300	25.2.16	Shabir Ahmed	EF shahbaz colony	88,000	
24	473	3782300	25.2.16	Shabir Ahmed	EF shahbaz colony	87,000	
25	474	3782300	25.2.16	Shabir Ahmed	EF shahbaz colony	87,000	
26	475	3782300	25.2.16	Shabir Ahmed	Earth filling	85,000	
27	524	383827	31.3.16	Shabir Ahmed	EF P.A	89,820	
28	525	383827	31.3.16	Shabir Ahmed	do P-B	89,820	
29	526	383827	31.3.16	Shabir Ahmed	do P-c	89,820	
30	527	383828	1.4.16	Shabir Ahmed	SD/EF office park P-A	89,820	
31	528	383828	1.4.16	Shabir Ahmed	do P-B	89,820	

[Amount in Rupees]

S.No	V.No	Cheque	date	To whom paid	Details	Amount
32	529	383828	1.4.16	Shabir Ahmed	do P-C	89,820
33	530	383828	1.4.16	Shabir Ahmed	do P-D	89,820
34	637	383885	7.6.16	Shahid & co	EF 30 trolley	85,500
35	638	383885	7.6.16	Shahid & co	EF 40 trolley shahbaz colony	90,000
36	639	383885	7.6.16	Shahid & co	EF 40 trolley sachal colony	90,000
37	652	383891	8.6.16	Shabir Ahmed	EF Zaur colony	99,500
38	661	383897	13.6.16	Shahid & co	EF shahbaz colony	90,000
39	662	383897	13.6.16	Shahid & co	EF Zaur colony	90,000
40	663	383897	13.6.16	Shahid & co	EF	86,400
Sub Total						2,533,908
Gr& Total						3,631,408

Annex-SBA2**Non-Production of Record**

[Rupees in Million]

Sr.	Name of Formation	Amount
1	Town Committee Daur, (Complete)	-
2	Municipal Committee, Moro, District Naushahro Feroze	-
3	Town Committee, Kandiaro, District Naushahro Feroze	-
4	Town Committee, Naushahro Feroze, District Naushahro Feroze	-
5	Town Officer, Town Committee, Mehrabpur, District Naushahro Feroze	-
6	Town Officer, Town Committee, Mehrabpur, District Naushahro Feroze	-
7	Town Committee Sakrand District Shaheed Benazirabad	5.537
8	Town Committee Kazi Ahmed District Shaheed Benazirabad	-
9	Municipal Committee, Sanghar (Complete)	-
10	Municipal Committee, Sinjhor (Complete)	-
11	Municipal Committee, Nawabshah	-
12	Municipal Committee Shahdadpur	84.255
Total		89.792

Non-Production of Supporting Record of POL expenditure

[Rupees in Million]

Sr.	Name Of Office	Para	Amount
1.	Municipal Committee, Moro	7	9.903
2.	Town Committee, Kandiaro	12	7.024
3.	Town Committee, Bhirya	5	3.632
4.	Town Committee, Naushehro Feroze	6	5.058
5.	Town Committee, Mehrabpur	7	6.587

[Rupees in Million]

Sr.	Name Of Office	Para	Amount
6.	Town Committee, Sakrand	4	5.028
7.	Town Committee, Kazi Ahmed	2	4.377
8.	Municipal Committee Nawabshah	9	18.499
9.	Municipal Committee Shahdadpur	10	9.821
10.	Municipal Committee Tando Adam	9	11.311
Total			81.240

Annex-SBA3**Non-Revision of Rent of Government Property**

[Amount in Rupees]

Sr.	Name of Shopping Centre	No. of Shops	No. of Rooms	No. of Flats	Total	Allowed Mly: Rate per Shop	Yearly Rent Due on revised rates for all shops	Yearly Rent Demanded by the Municipality from all Shops	Difference to be recovered
Municipal Committee, Nawabshah (AIR Para-7)									
1	Cloth Market	124	---	---	124	2500	3,720,000	240,305	3,479,695
2	Tayaba Shopping Centre	77	---	19	96	2000	2,304,000	498,651	1,805,349
3	Mohni Bazar	14	---	28	42	2000	1,008,000	209,292	798,708
4	Jam Sahb Market	39	---	---	39	2000	936,000	229,584	706,416
5	Noor Market	8	---	---	8	2000	192,000	29,568	162,432
6	Semi Chakra No.01	82	---	---	82	2000	1,968,000	269,172	1,698,828
7	Semi Chakra No.02	84	1	---	85	2000	2,040,000	284,194	1,755,806
8	Fire Brigade Shopping	16	---	29	45	2000	1,080,000	279,974	800,026
9	Liaquat Market No.02	98	17	---	115	2500	3,450,000	768,086	2,681,914
10	New Liaquat Market	30	---	---	30	2500	900,000	35,363	864,637
11	Madni Shopping Centre	156	---	---	156	2000	3,744,000	737,229	3,006,771
12	Phatak Road	60	---	---	60	2000	1,440,000	202,966	1,237,034
13	Old Sabzi Mandi	37	---	---	37	2000	888,000	205,329	682,671
14	P.M.C Road	11	---	2	13	2000	312,000	100,968	211,032
15	Sabeel Market	18	---	--	18	2000	432,000	80,978	351,022
16	Syed Ghulam Rasool Shah	17	---	--	17	2000	408,000	372,204	35,796
17	Liaquat Market No.01	81	17	---	98	2500	2,940,000	482,559	2,457,441
18	Neelam Shopping Centre	12	---	---	12	2000	288,000	113,124	174,876

[Amount in Rupees]

Sr.	Name of Shopping	No. of	No. of	No.	Total	Allowed	Yearly	Yearly	Difference
19	Abdul Qadir Park	7	---	---	7	2000	168,000	16,824	151,176
20	Tanga Stand	13	---	---	13	2000	312,000	71,928	240,072
21	Gur Market	21	---	---	21	2000	504,000	116,063	387,937
22	Deaf and Dump	9	---	---	9	2000	216,000	59,538	156,462
23	Baldia Shopping Centre	16	0	---	16	2000	384,000	161,316	222,684
Total		1030	35	78	1143	48000	29,634,000	5,565,215	24,068,785

[Amount in Rupees]

Sr.	Name of Tenant	Monthly Rent Due	Monthly Rent Fixed	Difference	Period in Months	Yearly Recovery Due
Municipal Committee, Nawabshah (AIR Para-8)						
Baldia Shopping Center (18 Rooms)						
1	Khalida Parveen W/O Khalil Channa	5,000	200	4,800	12	57,600
2	Khalida Parveen W/O Khalil Channa	5,000	200	4,800	12	57,600
3	Khalida Parveen W/O Khalil Channa	5,000	200	4,800	12	57,600
4	Khalida Parveen W/O Khalil Channa	5,000	200	4,800	12	57,600
5	Khalida Parveen W/O Khalil Channa	5,000	200	4,800	12	57,600
6	Khalida Parveen W/O Khalil Channa	5,000	200	4,800	12	57,600
7	Khalida Parveen W/O Khalil Channa	5,000	200	4,800	12	57,600
8	Khalida Parveen W/O Khalil Channa	5,000	200	4,800	12	57,600
9	Khalida Parveen W/O Khalil Channa	5,000	200	4,800	12	57,600
10	Khalida Parveen W/O Khalil Channa	5,000	200	4,800	12	57,600
11	Khalida Parveen W/O Khalil Channa	5,000	200	4,800	12	57,600
12	Khalida Parveen W/O Khalil Channa	5,000	200	4,800	12	57,600
13	Khalida Parveen W/O Khalil Channa	5,000	200	4,800	12	57,600
14	Khalida Parveen W/O Khalil Channa	5,000	200	4,800	12	57,600
15	Khalida Parveen W/O Khalil Channa	5,000	200	4,800	12	57,600
16	Khalida Parveen W/O Khalil Channa	5,000	200	4,800	12	57,600
17	Khalida Parveen W/O Khalil Channa	5,000	200	4,800	12	57,600
18	Khalida Parveen W/O Khalil Channa	5,000	200	4,800	12	57,600
Sub Total		90,000	3600	86,400	12	1,036,800
19	Unauthorised Occupied heavy diesel Generator in Premises of Municipality without any Payment of Monthly Rent (Approx from 2 years before) Space 6x6 Sft @ Rs. 50 /Sf/per day	9,000	0	9,000	24	216,000
Grand Total		99,000	3,600	95,400		1,252,800

[Amount in Rupees]

Town Committee, Sakrand (AIR Para-17)		
S. No	Details	Rent per month
1	UBL bank building Nawab Shah road	3,000

Annex-SBA4

Unauthorized Operation of Bank Accounts

[Amount in Rupees]

Sr.	Bank Name	Account No	Title of A/c	Balance as on 30.6.2016
1	Allied Bank Ltd	10003052200057	Security Deposit	932.32
2	Allied Bank Ltd	10003052200063	General Fund	414,748.09
3	Allied Bank Ltd	10003504400017	ADP	137,353.34
4	Allied Bank Ltd	10003052220028	General Fund	12,769.30
5	United Bank Ltd	21401040295	General Fund	12,513.00
6	United Bank Ltd	21401040305	Security Deposit	375.00
7	United Bank Ltd	21401040477	PHED Salary	777,700.00
8	United Bank Ltd	214010138850	Awami Colony	679,336.05
9	United Bank Ltd	21410142460	Katchi Abadi	1,425,983.19
10	United Bank Ltd	21410143579	SD Katchi Abadi	23,597.29
11	United Bank Ltd	2141057347	ADP	1,499.00
12	United Bank Ltd	2141066570	ADP	15,020.00
13	United Bank Ltd	21410122817	General Fund	87,290.11
Total				3,589,117

Annex-SBA5

Unauthorized Excess Staff without Approval from Competent Authorities

[Amount in Rupees]

Sr.	Month	No of Current Regular Staff	Amount Paid	No of Sanctioned Posts of Regular Staff in Budget	No of Current Daily Wages staff	Amount Paid	No of Sanctioned Posts of Daily Wages Staff in Budget	Total Current Working Staff (Col 3 + 6)	Gross Amount Paid (Col 4 + 7)	Difference of Regular Staff (Col 3-5)	Difference of Daily Wages Staff (Col 6-8)	Total Difference of Excess Staff (Col 11+12)	Average Excess Expenditure (Col 10/9*13)
1	2	3	4	5	6	7	8	9	10	11	12	13	14
1	Jul-15	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
2	Oct-15	514	8,058,298	504	149	1,234,614	147	663	9,292,912	10	2	12	168,198
3	Nov-15	514	8,062,622	504	149	1,234,614	147	663	9,297,236	10	2	12	168,276
4	Dec-15	514	8,207,576	504	149	1,234,614	147	663	9,442,190	10	2	12	170,899
5	Jan-16	511	8,203,231	504	149	1,234,614	147	660	9,437,845	7	2	9	128,698
6	Feb-16	512	8,155,542	504	149	1,234,614	147	661	9,390,156	8	2	10	142,060
7	Mar-16	510	8,573,423	504	149	1,341,000	147	659	9,914,423	6	2	8	120,357
8	Apr-16	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
9	May-16	503	8,461,362	504	149	1,341,000	147	652	9,802,362		2	2	30,069
10	Jun-16	503	8,445,396	504	149	1,341,000	147	652	9,786,396		2	2	30,020
Total			66,167,450			10,196,070			76,363,520	51	16	67	958,576

Annex-SBA6

Unauthorized Occupation of Government Property

Town Committee, Mehrabpur			
Sr.	Name of Property	Area of Property	Remarks
1	Open Plot in Deh Langrichi Taluka Mehrabpur Near Graveyard Plot Mehrabpur	About 9 Acres	Unauthorized Occupied by Private Persons
2	Water Supply Plot	About 3.5 Acres	-do-
3	Sakhani Disposal Ward-11 around 4 Acres	About 3 Acres	-do-
4	Naka Building Near Railway Station	Building	-do-
5	Naka Building Sialabad Road	Building	-do-
6	Main Gate Halani Road Naka	Building	-do-
Town Committee Sakrand			
1	Old rest House	Driver, DC office SBA	Court case
2	Naka Building Nawab Shah road	HESCO	Occupied by HESCO without any rent

ANNEXES
SUKKUR DIVISION

Suspicious cheques payment without description in Cash Book

(Amount in Rupees)

Municipal Committee, Kotdiji [Para no. 12]					
S #	Cheque #	Date	Payment	Description	Amount
1	432937	18.12.2014	M/s Zahid Shah Govt: Contractor	Nil	650,000
2	432935	22.12.2014	M/S Muhammad Hassan Govt: Contactor	Nil	402,414
3	432944	24.12.2014	M/s Shuja Muhammad Shah	Nil	300,000
4	432942	26.12.2014	M/s Muhammad Wassan Govt: Contractor	Nil	344,000
5	432939	05.01.2014	M/s Ahsanullah Larik	Nil	220,484
6	432940	05.01.2014	M/s Ahsanullah Larik	Nil	300,000
7	432945	05.01.2014	M/s Ghulam Hyder Govt: Contractor	Nil	100,000
8	432971	06.01.2015	M/s Zahid Shah Govt: Contractor	Nil	293,000
9	432972	06.01.2015	M/s Khadim and Company	Nil	700,000
10	432974	06.01.2015	M/s Shuja Muhammad Shah	Nil	500,000
11	432975	06.01.2015	M/s Khadim and Company	Nil	520,000
12	432976	06.01.2015	M/s Allah Dito Govt Contractor	Nil	200,000
13	432977	06.01.2015	M/s Shuja Muhammad Shah	Nil	300,000
14	435223	04.01.2015	M/s Khadim and Company	Nil	700,000
15	435224	04.01.2015	M/s Khadim and Company	Nil	555,000
16	435226	04.01.2015	M/s Allah Dito Govt Contractor	Nil	300,000
17	436231	14.02.2015	M/s Khadim and Company	Nil	512,000
18	435235	17.02.2015	M/s Firdous Shah Govt: Contractor	Nil	631,600
19	435257	10.03.2015	M/s Khadim and Company	Nil	500,000
20	435258	10.03.2015	M/s Khadim and Company	Nil	300,000
21	435256	12.03.2015	M/s Firdous Shah Govt: Contractor	Nil	400,000
22	435259	12.03.2015	M/s Firdous Shah Govt: Contractor	Nil	300,000
23	435266	12.03.2015	M/s Firdous Shah Govt: Contractor	Nil	500,000
24	435267	12.03.2015	M/s Shuja Muhammad Shah	Nil	400,000
25	435273	17.03.2015	M/s Firdous Shah Govt: Contractor	Nil	300,000
26	435274	25.03.2015	M/s Khadim and Company	Nil	850,000
27	466681	02.04.2015	M/s Khadim and Company	Nil	400,000
28	435282	02.04.2015	M/s Khadim and Company	Nil	300,000
29	435276	03.04.2015	M/s Zahid Shah Govt: Contractor	Nil	186,607
30	466654	06.04.2015	M/s Allah Dito Govt Contractor	Nil	500,000
31	466655	06.04.2015	M/s Shuja Muhammad Shah	Nil	500,000

(Amount in Rupees)

Municipal Committee, Kotdiji [Para no. 12]					
S #	Cheque #	Date	Payment	Description	Amount
32	466656	06.04.2015	M/s Allah Dito Govt Contractor	Nil	500,000
33	435283	09.04.2015	Nil	Nil	308,000
34	466664	16.04.2015	M/s Zahid Shah Govt: Contractor	Nil	510,000
35	435263	16.04.2015	M/s Ahsanullah Larik	Nil	120,886
36	466666	30.04.2015	M/s Khadim and Company	Nil	600,000
37	466697	15.05.2015	M/s Khadim and Company	Nil	500,000
38	466698	15.05.2015	M/s Khadim and Company	Nil	480,000
39	468811	28.05.2015	M/s Allah Dito Govt Contractor	Nil	210,000
40	468833	04.06.2015	M/s Allah Dito Govt Contractor	Nil	450,000
41	468834	04.06.2015	M/s Allah Dito Govt Contractor	Nil	300,000
42	468835	04.06.2015	M/s Shuja Muhammad Shah	Nil	450,000
43	468836	04.06.2015	M/s Shuja Muhammad Shah	Nil	300,000
44	468837	05.06.2015	M/s Zahid Shah Govt: Contractor	Nil	400,000
45	468838	05.06.2015	M/s Zahid Shah Govt: Contractor	Nil	500,000
46	468841	22.06.2015	Nil	Nil	50,000
47	438412	22.06.2015	M/s Inaytullah	Nil	500,000
48	438421	25.06.2015	M/s Shuja Muhammad Shah	Nil	200,000
49	438425	25.6.2015	M/s Zahid Shah Govt: Contractor	Nil	175,000
Total					19,518,991

Annex-Suk2

Suspected misappropriation on account of POL

(Amount in Rupees)

Municipal Committee, Rohri [Para no. 04, 05]						
S #	Vehicle Name	Liters	Avg: Rate	Amount	Recovery	Difference
1	Tractor Messy 240	8090	105	849,450	-	-
	Tractor Trolley	5680	105	596,400	-	-
	Tractor Belaras	8645	105	907,725	-	-
	Fire Brigade Master	6740	105	707,700	-	-
	Fire Brigade Mazda	9118	105	957,390	-	-
	Fire Brigade ISUZU	9800	105	1,029,000	-	-
	Electric Master	8295	105	870,975	-	-
Sub Total		56368		5,918,640	292,600	5,626,040
2	Tractor Messy 240	8090	110	889,900	Same Vehicles were handed over to NSUSC in 2009	889,900
	Tractor Trolley	5680	110	624,800		624,800
	Sub Total		13770	110	1,514,700	-
Grand Total		70138		7,433,340	-	7,140,740

Annex-Suk3

Suspicious payment of salary bills

(Amount in Rupees)

Municipal Committee, Kotdiji [Para no. 11]					
S #	Cheque #	Date	Bank	Description	Amount
1	435249	2.3.2015	NBP Ranipur	Payment of Salary, Union Council Jhando Mashakh	346,856
2	435250	2.3.2015	MCB Kumb	Salary Bill not attached	95,983
3	3593021	2.3.2015	Sindh Bank Khp	Payment of Bill of Salary TMA Office Kot Diji	322,039
4	435236	2.3.2015	NBP Kotdiji	Payment of Bills of Salary Sub-Office Kotdiji	517,453
5	435237	2.3.2015	NBP Kotdiji	Payment of Salary Town Committee Kumb	1,351,187
6	435238	2.3.2015	NBP Kotdiji	Payment of Salary TMA Kotdiji	241,147
7	435239	2.3.2015	NBP Kotdiji	Payment of Salary Town Committee Kotdiji	646,017
8	435240	2.3.2015	NBP Kotdiji	Payment of Salary Union Council Mohbat Wah	196,348
9	435242	2.3.2015	NBP Gambat	Payment of Salary Town Committee Fakirabad	548,412
10	435243	2.3.2015	NBP Kotdiji	Payment of Pension Town Committee Kumb	283,332
11	435244	2.3.2015	NBP Kotdiji	Payment of Pension Town Committee Kotdiji	395,963
12	435245	2.3.2015	NBP Kotdiji	Payment of Salary Sub-Office Kumb	350,895
13	435246	2.3.2015	NBP Kotdiji	Salary of Sub-office Fakirabad	183,013
14	435247	2.3.2015	NBP Kotdiji	Payment of Salary of Defunct TMA Kotdiji	393,906
15	435248	2.3.2015	NBP Kotdiji	Payment of Salary Regular Employees	659,706
Total					6,532,257

Non-Production of Record

[Amount in Rupees]

Sr.	AIR Para	Name of Formation	Year	Amount
1.	01	Sukkur Municipal Corporation	2015-16	-
2.	01	-----do-----	2014-15	-
3.	01	Municipal Committee, Rohri	2015-16	252,247,750
4.	01	Town Committee, Pano Akil	2015-16	192,360,036
5.	01	Town Committee, Saleh Pat	2015-16	131,366,228
6.	02	Municipal Committee, Gambat	2015-16	79,809,000
7.	01	Municipal Committee, Kmgri	2015-16	-
8.	02	-----do-----	2015-16	9,486,5000
9.	01	Town Committee, Nara	2015-16	-
10.	03	-----do-----	2015-16	55,385,000
Total				806,033,014

Non-Production of Supporting Record of POL

[Rupees in Million]

Sr.	Name of formation	Para	Year	Amount
1	MC Khairpur	5	2015-16	1.036
2	MC Gambat	3	2015-16	6.646
3	MC Kingri	5	2015-16	6.695
4	TC Faiz Ganj	3	2015-16	10.488
5	TC Nara	4	2015-16	8.258
6	TC Pano Akil	14	2014-15	6.638
7	TC Saleh Pat	4	2014-15	7.293
8	TC Kotdiji	8	2014-15	9.188
9	CMO Kingri	12	2014-15	2.363
Total				58.605

ANNEXES
LARKANA DIVISION

Suspected misappropriation on purchase/supply of vehicles, machinery and equipment

[Amount in Rupees]

Chief Municipal Officer, Municipal Committee, Jacobabad (Para no. 08)						
Sr. No	Date of Supply	Supplier Name	Name of Item Newly Purchased	Quantity	Approximately Cost	Total Amount
1	July,2015	M/s Pacific Enterprises, Quetta	Messay MF-240	11	500,000	5,500,000
2	July,2015	M/s Pacific Enterprises, Quetta	Messay MF-385	2	700,000	1,400,000
3	July,2015	M/s Pacific Enterprises, Quetta	Belarus Russian-510	4	900,000	3,600,000
4	July,2015	M/s Pacific Enterprises, Quetta	Suzuki	5	500,000	2,500,000
5	July,2015	M/s Pacific Enterprises, Quetta	Jack Trolley	10	200,000	2,000,000
6	July,2015	M/s Pacific Enterprises, Quetta	Water Tank	1	200,000	200,000
7	July,2015	M/s Pacific Enterprises, Quetta	Loader	2	600,000	1,200,000
8	July,2015	M/s Pacific Enterprises, Quetta	Front Blade	2	200,000	400,000
9	July,2015	M/s Pacific Enterprises, Quetta	Bromer Roads Sweeper	2	300,000	600,000
10	July,2015	M/s Pacific Enterprises, Quetta	Plough	2	100,000	200,000
11	July,2015	M/s Pacific Enterprises, Quetta	Tractor with Water Boozer for Spray	1	800,000	800,000
12	July,2015	M/s Pacific Enterprises, Quetta	Ravi Pick Up with Hydraulic Trolley	5	700,000	3,500,000
13	July,2015	M/s Pacific Enterprises, Quetta	Vibrators Dewatering set 2.5" x 3"	5	200,000	1,000,000
14	July,2015	M/s Pacific Enterprises, Quetta	Vibrators Dewatering 3x4 "	5	300,000	1,500,000
15	July,2015	M/s Pacific Enterprises, Quetta	Diesel Engine Dewatering Set 16 HP	3	150,000	450,000
16	July,2015	M/s Pacific Enterprises, Quetta	Wheel Barrow	100	10,000	1,000,000
Total Rs.					6,360,000	25,850,000

Suspected Misappropriation on account of POL

Date	Voucher No	Cheque No	Vehicle No	Amount
21.7.2014	76	11197293 SB	Car GL-4820	17,580
10.10.2014	48	277128 NBP	Car GL-4820	48,512
4.12.2014	38	277139 NBP	Car GL-4820	38,675
21.1.2015	97	36553507 ABL	Car GL-4820	34,596
16.2.2015	39	11773970 SB	Car GL-4820	22,652
10.3.2015	25	11773982 SB	Car GL-4820	21,496
17.4.2015	99	36553526 ABL	Car GL-4820	30,244
14.5.2015	42	12674795 SB	Car GL-4820	18,456
11.6.2015	117	12674817 SB	Car GL-4820	31,084
	Sub Total			263,295
21.7.2014	77	11197293 SB	Car GS-5703	39,035
1.8.2014	42	11197315 SB	Car GS-5703	47,419
	Sub Total			86,454
21.7.2014	75	11197293 SB	CSI Motor Cycle	6,690
1.8.2014	40	11197315 SB	CSI Motor Cycle	6,672
10.10.2014	47	277128 NBP	CSI Motor Cycle	6,672
4.12.2014	36	277139 NBP	CSI Motor Cycle	4,875
21.1.2015	96	36553507 ABL	CSI Motor Cycle	5,268
16.2.2015	19	11773970 SB	CSI Motor Cycle	6,541
10.3.2015	22	11773982 SB	CSI Motor Cycle	3,645
17.4.2015	100	36553526 ABL	CSI Motor Cycle	5,103
14.5.2015	43	12674795 SB	CSI Motor Cycle	4,614
11.6.2015	122	12674817 SB	CSI Motor Cycle	4,614
	Sub Total			54,694
	Grand Total			404,443

Non-Production of Record

[Rupees in Million]

Sr.	Name of Formation	Para	Year	Amount
1	Municipal Commissioner, MC Larkana	1	2015-16	443.669
2	Municipal Commissioner, MC Larkana	21	2014-15	37.940
3	Chief Municipal Officer, MC Ratodero	1	2015-16	-
4	Chief Municipal Officer, MC Kamber	1	2015-16	-
5	Chief Municipal Officer, MC Kamber	2	2015-16	100.602
6	Chief Municipal Officer, MC Shahdadkot	1	2015-16	5.847
7	Chief Municipal Officer, MC Shahdadkot	2	2015-16	130.225
8	Chief Municipal Officer, MC Shikarpur	1	2015-16	-
9	Town Officer, Town Committee, Garhi Yasin	1	2015-16	-
10	Chief Municipal Officer, MC Jacobabad	1	2015-16	-
11	Chief Municipal Officer, MC, Jacobabad	1	2014-15	-
12	Chief Municipal Officer, MC Thull	1	2015-16	-
13	Chief Municipal Officer, MC Kandhkot	1	2015-16	3.983
14	Chief Municipal Officer, MC Kashmore	1	2015-16	2.224
	Town Officer, Town Committee, Garhi Khero	1	2015-16	-
Total				724.490

Non-Production of Supporting Record of POL

[Rupees in Million]

Sr.	Name of Formations	Para #	Year	Amount
1	Chief Municipal Officer, MC, Shikarpur	14	2014-15	6.377
2	Town Officer, Town Committee, Khanpur	8	2014-15	4.856
3	Chief Municipal Officer, MC, Jacobabad	23	2014-15	4.641
4	Chief Municipal Officer, MC Jacobabad	13	2015-16	7.408
5	Town Officer, Town Committee, Garhi Khero	3	2015-16	1.597
6	Chief Municipal Officer, MC Kandhkot	6	2015-16	7.526
7	Chief Municipal Officer, MC Kashmore	11	2015-16	8.320
8	Chief Municipal Officer, MC, Shahdadkot	1	2014-15	9.983
9	Chief Municipal Officer, MC Kamber	6	2015-16	1.447
10	Chief Municipal Officer, MC Shahdadkot	5	2015-16	2.469
11	Chief Municipal Officer, MC Shikarpur	11	2015-16	1.921
12	Town Officer, Town Committee, Garhi Yasin	4	2015-16	14.540
13	Town Officer, Town Committee, Khanpur	4	2015-16	5.740
Total				76.825

Unjustified excess expenditure on account of POL

[Amount in Rupees]

Sr.	Name of Vehicle	Total POL Consumed in Litters during FY	Type of POL	Sr. No of Slips issued by POL Supplier	Name of POL Supplier
1	Master	4560	Diesel	Book-1, 6551 - 6596	M/s Al Abbass Filling Station Jacobabad
				Book-2, 9151 - 9194	
				Book-3, 5552 - 5588	
2	Tractor for Spray	3390	Diesel	Book-1, 18910 - 18997	Do
3	Tractor UC-5	3500	Diesel	Book-I, 36606 - 36692	Do
4	Tractor UC-2	3010	Diesel	Book-I, 23109 - 23184	Do
5	Tractor UC-4	3200	Diesel	Book-I, 34305 - 34386	Do
6	Tractor Blade	4860	Diesel	Book-I, 19303 - 19400	Do
				Book-2, 6151-6184	
7	Loader	5000	Diesel	Book-I, 1603 - 1698	Do
				Book-2, 5402 - 5437	
8	Master Fort Land F/B	4450	Diesel	89 Slips	Do
		530	Super		
9	HINO F/B	2600	Diesel	52 Slips	Do
Total		34570	Diesel	Rs. 110 Per Litter	3,802,700
		530	Super	Rs. 100 Per Litter	53,000
POL Consumed for Officials Cars and Motor Cycle of CSI during the year					404,443
Total Rs.					4,260,143
POL Drawn in Expenditure Statement					8,496,996
Difference Excess Drawn					4,236,853