



**AUDIT REPORT  
ON THE ACCOUNTS OF  
SECRETARY LOCAL GOVERNMENT,  
SECRETARY PUBLIC HEALTH  
ENGINEERING AND RURAL  
DEVELOPMENT, KARACHI  
METROPOLITAN CORPORATION, KARACHI  
WATER & SEWERAGE BOARD, DISTRICT  
COUNCILS, MUNICIPAL CORPORATION/  
COMMITTEES & TOWN COMMITTEES OF  
SINDH  
AUDIT YEAR 2017-18**

---

**AUDITOR-GENERAL OF PAKISTAN**

---



# TABLE OF CONTENTS

|   |            |
|---|------------|
| <b>Abbreviations and Acronyms .....</b>                   | <b>i</b>   |
| <b>Preface.....</b>                                       | <b>vi</b>  |
| <b>Executive Summary .....</b>                            | <b>vii</b> |
| <b>Summary Tables &amp; Charts .....</b>                  | <b>xii</b> |
| Chapter-I (Secretary Local Government, KMC & KW&SB) ..... | 1-47       |
| Chapter-II (Secretary PHE & RD).....                      | 48-84      |
| Chapter-III (DMCS Karachi Division) .....                 | 85-119     |
| Chapter-IV (Hyderabad Division) .....                     | 120-158    |
| Chapter-V (Mirpurkhas Division).....                      | 159-192    |
| Chapter-VI (Shaheed Benazirabad Division) .....           | 193-227    |
| Chapter-VII (Sukkur Division).....                        | 228-264    |
| Chapter-VIII (Larkana Division).....                      | 265-294    |
| Annexures .....   | 295-389    |



## **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      | Computerized 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 Sanction                                  |
| RTO       | Regional Tax Office   |
| SE        | Superintendent Engineer                                     |
| S.S (HTP) | Special Secretary for Housing & Town Planning               |
| SCS&LGTA  | Sindh Civil Services & Local Government Training<br>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 2016-17. The Directorate General Audit, Local Councils Sindh, Karachi conducted audit during 2017-18 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, Public Health Engineering had convened DAC meeting for the audit year on 13-15 December 2017, 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:

**Javaid Jehangir**  
**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 37 officers and staff for the purpose of conducting audit, which comprise 4,894 man days. The annual budget (Salaries, TA/DA, and Printing) allocated to this office for the financial year 2017-18 is Rs 66.799 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.

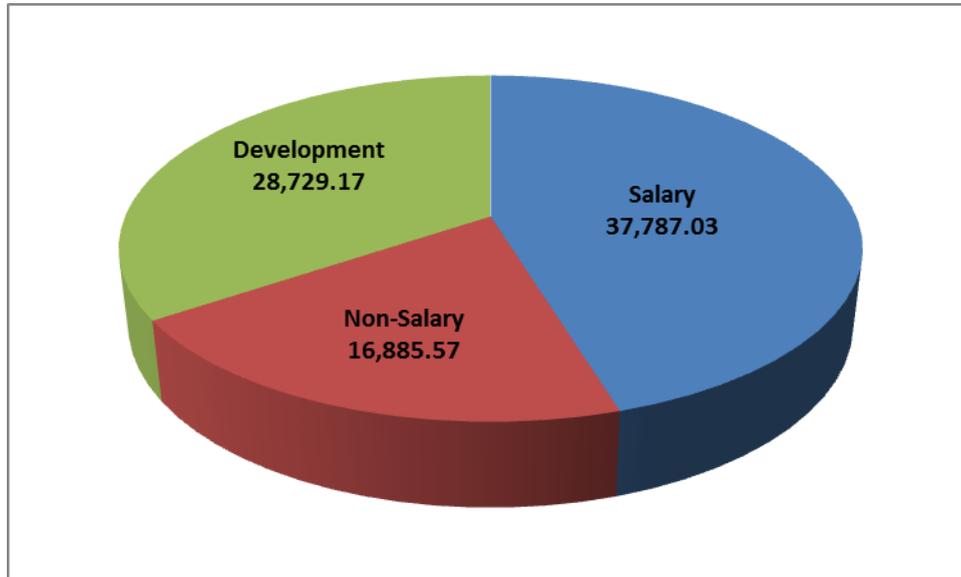
| Sr. | Divisions           | Name of Districts   |
|-----|---------------------|---|
| 1   | Karachi             | East, West, South, Central, Korangi, Malir  |
| 2   | Hyderabad           | Hyderabad, Badin, Dadu, Thatta, Jamshoro, Sujawal, Matiari, Tando Allahyar, Tando Muhammad Khan |
| 3   | Shaheed 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 2016-17, was Rs 83,401.78 million against budget of Rs 139,803.89 million covering 280 formations under 02 Principal Accounting Officers (PAOs). Out of this, DG Audit, Local Councils Sindh, audited an expenditure of Rs 66,721.424 million for the financial year 2016-17.

Annex-II (Audit Impact Summary) provides additional information regarding the audit impact.

### **Expenditure 2016-17**



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 2016-17 were Rs 123,309.07 million. Out of this, DG Audit, Local Councils, Sindh, audited receipts of Rs 67,815.83 million.

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 71,526.738 million were pointed out during the audit. However, recoveries of Rs 36.137 million were affected during 2017-18. The less recovery was 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, i) KW&SB has stopped the disbursement of leave encashment equal to one basic pay (BPS-16 and above) on annual basis. Furthermore, Municipal / Town Committees have increased revenues by upward revision of rent of their properties. ii) MCs/TCs have started to post NITs / Bid Evaluation on SPPRA website. iii) MCs / TCs have taken steps to maintain record such as cashbook, stock registers, monthly vouchers and bank reconciliation statements etc as per required criteria. iv) KW&SB has stopped the sanction of Petroleum, Oil and Lubricants (POL) to the employees for their private vehicles. v) KW&SB authority has started deduction of house rent and electricity charges on fixed rates from the salaries of employees residing in official accommodations. vi) KW&SB has issued directives for preparation of Log Books, History Sheets, and Petrol Consumption Accounts of each vehicle to justify the expenditure.

## **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 2017-18. 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 91.112 million was pointed out in 23 cases<sup>1</sup>.
- ii. Non-Production of Record amounting to Rs 6,368.595 million was pointed out in 09 cases<sup>2</sup>.
- iii. Non-Compliance/Violation of Rules amounting to Rs 120,852.467 million was pointed out in 216 cases<sup>3</sup>.
- iv. Internal Control weakness amounting to Rs 114,227.909 million was pointed out in 25 cases<sup>4</sup>.

---

<sup>1</sup> Para: 2.3.1.1, 2.3.1.2, 2.3.1.3, 3.2.1.1, 4.2.1.1, 4.2.1.2, 4.2.1.3, 4.2.1.4, 4.2.1.5, 4.2.1.6, 5.2.1.1, 5.2.1.2, 5.2.1.3, 5.2.1.4, 6.2.1.1, 6.2.1.2, 6.2.1.3, 6.2.1.4, 6.2.1.5, 6.2.1.6, 7.2.1.1, 7.2.1.2, 8.2.1.1

<sup>2</sup> Para: 1.2.1.1, 1.2.1.2, 2.3.2.1, 3.2.2.1, 4.2.2.1, 5.2.2.1, 6.2.2.1, 7.2.2.1, 8.2.2.1

<sup>3</sup> Para: 1. 1.2.2.1, 1.2.2.3, 1.2.2.4, 1.2.2.5, 1.2.2.6, 1.2.2.7, 1.2.2.8, 1.2.2.9, 1.2.2.10, 1.2.2.11, 1.2.2.12, 1.2.2.13, 1.2.2.14, 1.2.2.15, 1.2.2.17, 1.2.2.18, 1.2.2.19, 1.2.2.20, 1.2.2.21, 1.2.2.22, 1.2.2.23, 1.2.2.24, 1.2.2.25, 1.2.2.27, 1.2.2.28, 1.2.2.29, 1.2.2.30, 1.2.2.31, 1.2.2.32, 1.2.2.33, 1.2.2.34, 1.2.2.35, 1.2.2.36, 1.2.2.37, 1.2.2.38, 1.2.2.39, 1.2.2.40, 1.2.2.41, 1.2.2.42, 1.2.2.43, 1.2.2.44, 1.2.2.45, 1.2.2.49, 2.3.3.1, 2.3.3.2, 2.3.3.3, 2.3.3.4, 2.3.3.5, 2.3.3.6, 2.3.3.7, 2.3.3.8, 2.3.3.9, 2.3.3.10, 2.3.3.11, 2.3.3.12, 2.3.3.14, 2.3.3.15, 2.3.3.16, 2.3.3.17, 2.3.3.19, 2.3.3.22, 2.3.3.24, 3.2.3.2, 3.2.3.3, 3.2.3.4, 3.2.3.5, 3.2.3.6, 3.2.3.7, 3.2.3.8, 3.2.3.9, 3.2.3.10, 3.2.3.11, 3.2.3.12, 3.2.3.13, 3.2.3.14, 3.2.3.15, 3.2.3.16, 3.2.3.17, 3.2.3.18, 3.2.3.19, 3.2.3.20, 3.2.3.21, 3.2.3.22, 3.2.3.23, 3.2.3.24, 3.2.3.25, 3.2.3.26, 3.2.3.27, 3.2.3.28, 3.2.3.29, 3.2.3.30, 4.2.3.2, 4.2.3.3, 4.2.3.4, 4.2.3.5, 4.2.3.6, 4.2.3.7, 4.2.3.8, 4.2.3.9, 4.2.3.10, 4.2.3.11, 4.2.3.12, 4.2.3.13, 4.2.3.14, 4.2.3.15, 4.2.3.16, 4.2.3.17, 4.2.3.18, 4.2.3.19, 4.2.3.20, 4.2.3.21, 4.2.3.22, 4.2.3.23, 4.2.3.24, 4.2.3.25, 4.2.3.26, 4.2.3.27, 4.2.3.28, 4.2.3.29, 4.2.3.30, 4.2.3.31, 5.2.3.2, 5.2.3.3, 5.2.3.4, 5.2.3.5, 5.2.3.6, 5.2.3.7, 5.2.3.8, 5.2.3.9, 5.2.3.10, 5.2.3.11, 5.2.3.12, 5.2.3.13, 5.2.3.14, 5.2.3.15, 5.2.3.16, 5.2.3.17, 5.2.3.18, 5.2.3.19, 5.2.3.20, 5.2.3.21, 5.2.3.22, 5.2.3.23, 5.2.3.24, 6.2.3.1, 6.2.3.3, 6.2.3.4, 6.2.3.5, 6.2.3.6, 6.2.3.7, 6.2.3.8, 6.2.3.9, 6.2.3.10, 6.2.3.11, 6.2.3.12, 6.2.3.13, 6.2.3.14, 6.2.3.15, 6.2.3.16, 6.2.3.17, 6.2.3.18, 6.2.3.19, 6.2.3.20, 6.2.3.21, 6.2.3.22, 6.2.3.23, 6.2.3.24, 6.2.3.25, 7.2.3.2, 7.2.3.3, 7.2.3.4, 7.2.3.5, 7.2.3.6, 7.2.3.7, 7.2.3.8, 7.2.3.9, 7.2.3.10, 7.2.3.11, 7.2.3.12, 7.2.3.13, 7.2.3.14, 7.2.3.15, 7.2.3.16, 7.2.3.17, 7.2.3.18, 7.2.3.19, 7.2.3.20, 7.2.3.21, 7.2.3.22, 7.2.3.23, 7.2.3.24, 7.2.3.25, 7.2.3.26, 7.2.3.27, 7.2.3.28, 8.2.3.2, 8.2.3.3, 8.2.3.4, 8.2.3.5, 8.2.3.6, 8.2.3.7, 8.2.3.8, 8.2.3.9, 8.2.3.10, 8.2.3.11, 8.2.3.12, 8.2.3.13, 8.2.3.14, 8.2.3.15, 8.2.3.16, 8.2.3.17, 8.2.3.18, 8.2.3.19, 8.2.3.20, 8.2.3.21, 8.2.3.22

<sup>4</sup> Para: 1.2.2.2, 1.2.2.16, 1.2.2.26, 1.2.2.46, 1.2.2.47, 1.2.2.48, 2.3.3.13, 2.3.3.18, 2.3.3.20, 2.3.3.21, 2.3.3.23, 3.2.3.1, 3.2.3.31, 4.2.3.1, 4.2.3.32, 5.2.3.1, 6.2.3.2, 7.2.3.1, 7.2.3.29, 7.2.3.30, 7.2.3.31, 8.2.3.1, 8.2.3.23, 8.2.3.24, 8.2.3.25

## **g. Recommendations**

- i. The formations 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  | 139,803.89  | 139,803.89 |
| 2   | Total formations in Audit Jurisdiction     | 595 | 139,803.89  | 139,803.89 |
| 3   | Total formations Audited                   | 205 | 66,721.424  | 67,815.83  |
| 4   | Audit & Inspection Reports                 | 205 | 66,721.424  | 67,815.83  |
| 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     | 44,915.200                     |
| 2            | Financial Management | 274.395                        |
| 3            | Internal controls    | 69,312.709                     |
| 4            | Violation of rules   | 120,578.072                    |
| 5            | Others               | 6,459.707                      |
| <b>Total</b> |                      | <b>241,540.083</b>             |

**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 Audit Year (2016-17) |
|-----|---|--|-----------|------------|-------------|----------------------------|-------------|--------------------|---------------------------------|
| 1   | Outlays Audited (FY 2016-17)                              | 36.88  | 30,413.19 | 16,916.35  | 20,299.47   | 66,872.37                  | -           | <b>134,537.260</b> | <b>126,101.123</b>              |
| 2   | Amount Placed under Audit Observation                     | 13.103   | 1,309.256 | 4,003.390  | 43,529.034  | 139,596.587*               | 53,088.713* | <b>241,540.083</b> | <b>152,097.822</b>              |
| 3   | Recoveries Pointed Out at the instance of Audit           | -  | 363.683   | 74.626     | 313.815     | 70,773.394                 | 1.220       | <b>71,526.738</b>  | <b>74,145.354</b>               |
| 4   | Recoveries Accepted /Established at the instance of Audit | -  | -         | -          | -           | -                          | -           | -                  | -                               |
| 5   | Recoveries Realized at the instance of Audit              | -  | 12.822    | 3.221      | -           | 15.089                     | -           | <b>31.132</b>      | <b>8.729</b>                    |

\*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]

| <b>Sr.</b>   | <b>Description</b>   | <b>Amount Placed under Audit Observation</b> |
|--------------|--|--|
| 1            | Violation of Rules and regulations and violation of principle of propriety and probity in public operations.   | 120,489.285                                  |
| 2            | Reported cases of fraud, embezzlement, thefts and misuse of public resources.  | 91.112                                       |
| 3            | Accounting Errors (accounting policy departure from NAM <sup>[1]</sup> , 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. | 0  |
| 4            | Quantification of weaknesses of internal control systems.  | 114,227.909                                  |
| 5            | Recoveries and overpayments, representing cases of establishment overpayment or misappropriations of public monies   | 363.182                                      |
| 6            | Non-production of record.  | 6,368.595                                    |
| 7            | Others, including cases of accidents, negligence etc.  | 0  |
| <b>Total</b> |  | <b>241,540.083</b>                           |

**Table 5: Cost Benefit**

[Rupees in Million]

| <b>S. No.</b>             | <b>Description</b>                           | <b>Amount</b> |
|---------------------------|--|---------------|
| 1                         | Outlays Audited                              | 134,537.260   |
| 2                         | Expenditure on Audit                         | 66.799        |
| 3                         | Recoveries realized at the instance of Audit | 36.132        |
| <b>Cost-Benefit Ratio</b> |  | <b>1:0.54</b> |

<sup>1</sup>The 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

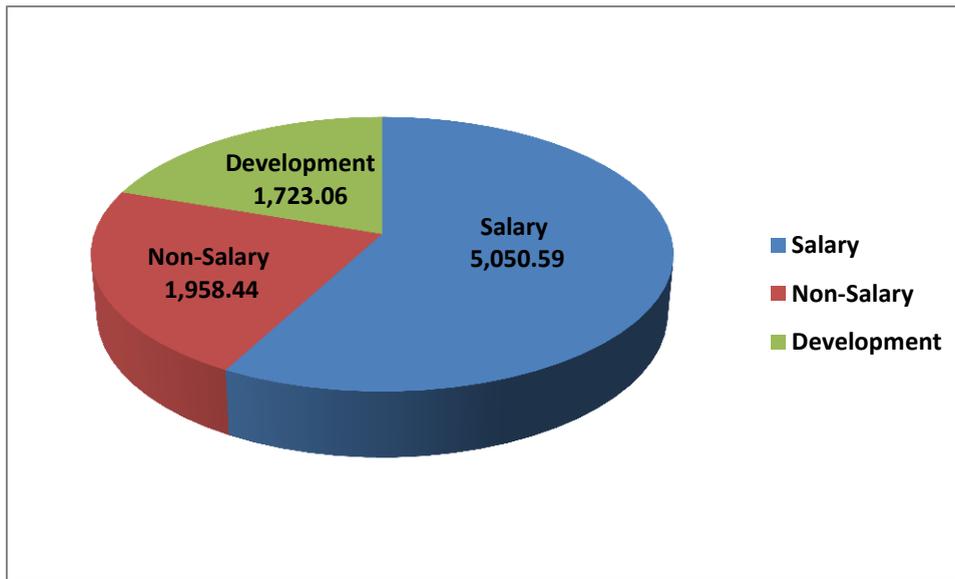
## 1.1.4 Comments on Budget and Accounts (Variance Analysis)

### i. Budget of 2016-17 of Entities of Secretary Local Government Audited

[Rupees in Million]

| Sr.                | Formation                                       | Particulars | Budget           | Expenditure / Revenue | Excess (+) Savings (-) |
|--------------------|---|-------------|------------------|-----------------------|------------------------|
| 1                  | Secretary Local Government Department           | Salary      | 845.347          | 718.545               | -126.802               |
|                    |   | Non-Salary  | 466.874          | 326.812               | -140.063               |
|                    |   | Development | -                | -                     | -                      |
|                    |   | Revenue     | -                | -                     | -                      |
| 2                  | Hyderabad Development Authority                 | Salary      | 1,053.85         | 901.544               | -152.302               |
|                    |   | Non-Salary  | 1,340.36         | 122.396               | -1,217.96              |
|                    |   | Development | 8,018.53         | 548.841               | -7,469.69              |
| 3                  | Sindh Building Control Authority                | Salary      | 2,169.16         | 3,070.19              | 901.027                |
|                    |   | Non-Salary  | 6,582.30         | 1,403.48              | -5,178.81              |
|                    |   | Development | -                | -                     | -                      |
|                    |   | Revenue     | 12,657.85        | 7,351.31              | -5,306.54              |
| 4                  | Karachi Development Authority                   | Salary      | 50.108           | 29.363                | -20.745                |
|                    |   | Non-Salary  | 20.082           | 2.342                 | -17.74                 |
|                    |   | Development | -                | -                     | -                      |
|                    |   | Revenue     | -                | -                     | -                      |
| 5                  | Director General, Lyari Development Authority   | Salary      | 183.842          | 16.67                 | -167.172               |
|                    |   | Non-Salary  | 49.62            | 49.15                 | -0.47                  |
|                    |   | Development | 319.642          | 7.526                 | -312.116               |
|                    |   | Revenue     | -                | -                     | -                      |
| 6                  | Director General, Malir Development Authority   | Salary      | 46.143           | 38.453                | -7.69                  |
|                    |   | Non-Salary  | 21.533           | 15.381                | -6.152                 |
|                    |   | Development | 36.914           | 23.072                | -13.842                |
|                    |   | Revenue     | -                | -                     | -                      |
| 7                  | Director General, Larkana Development Authority | Salary      | 103.675          | 86.396                | -17.279                |
|                    |   | Non-Salary  | 10.457           | 7.469                 | -2.988                 |
|                    |   | Development | -                | -                     | -                      |
|                    |   | Revenue     | -                | -                     | -                      |
| 8                  | Director General, Sehwan Development Authority  | Salary      | 222.862          | 189.432               | -33.43                 |
|                    |   | Non-Salary  | 44.873           | 31.412                | -13.461                |
|                    |   | Development | 1,906.03         | 1,143.62              | -762.411               |
|                    |   | Revenue     | 2,732.83         | 1,214.44              | -1,518.39              |
| <b>Salary</b>      |   |             | <b>4,674.99</b>  | <b>5,050.59</b>       | <b>375.607</b>         |
| <b>Non-Salary</b>  |   |             | <b>8,536.10</b>  | <b>1,958.44</b>       | <b>-6,577.65</b>       |
| <b>Development</b> |   |             | <b>10,281.11</b> | <b>1,723.06</b>       | <b>-8,558.06</b>       |
| <b>Grand Total</b> |   |             | <b>23,492.19</b> | <b>8,732.10</b>       | <b>-14,760.10</b>      |
| <b>Revenue</b>     |   |             | <b>15,390.67</b> | <b>8,565.75</b>       | <b>-6,824.93</b>       |

## Expenditure 2016-17



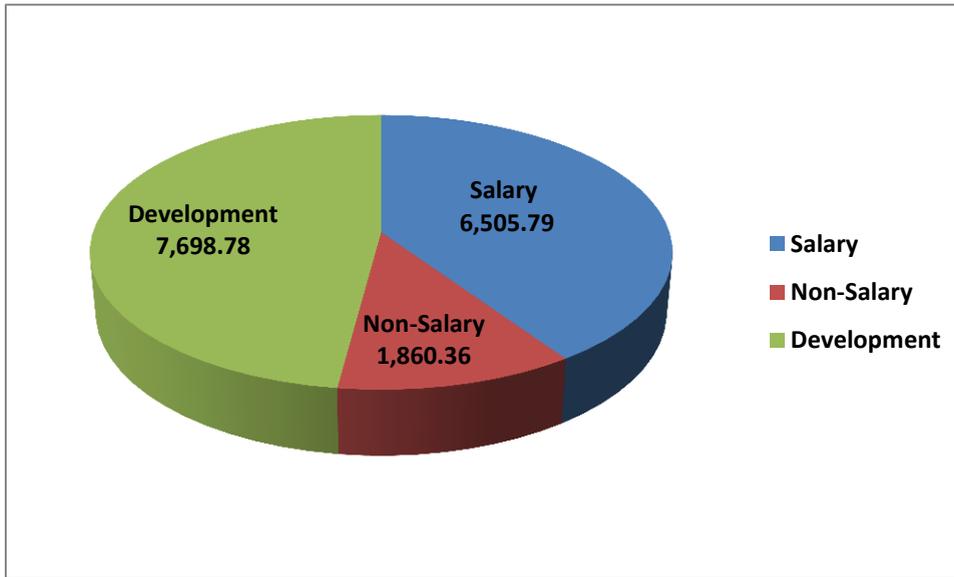
The original budget of Secretary, Local Government Department and development authorities, during financial year 2016-17, was Rs 23,492.19 million, against which the total expenditure incurred was Rs 8,732.10 million, resulting in overall savings of Rs 14,760.10 million.

### ii. Budget of Karachi Metropolitan Corporation

(Rupees in Millions)

| Formation                        | Particulars    | Budget           | Expenditure / Revenue | Excess (+) Savings (-) |
|----------------------------------|----------------|------------------|-----------------------|------------------------|
| Karachi Metropolitan Corporation | Salary         | 7,653.87         | 6,505.79              | -1,148.08              |
|                                  | Non-Salary     | 2,657.66         | 1,860.36              | -797.30                |
|                                  | Development    | 12,831.31        | 7,698.78              | -5,132.52              |
|                                  | <b>Total</b>   | <b>23,142.83</b> | <b>16,064.93</b>      | <b>-7,077.90</b>       |
|                                  | <b>Revenue</b> | <b>22,984.02</b> | <b>9,193.61</b>       | <b>-13,790.41</b>      |

### Expenditure 2016-17



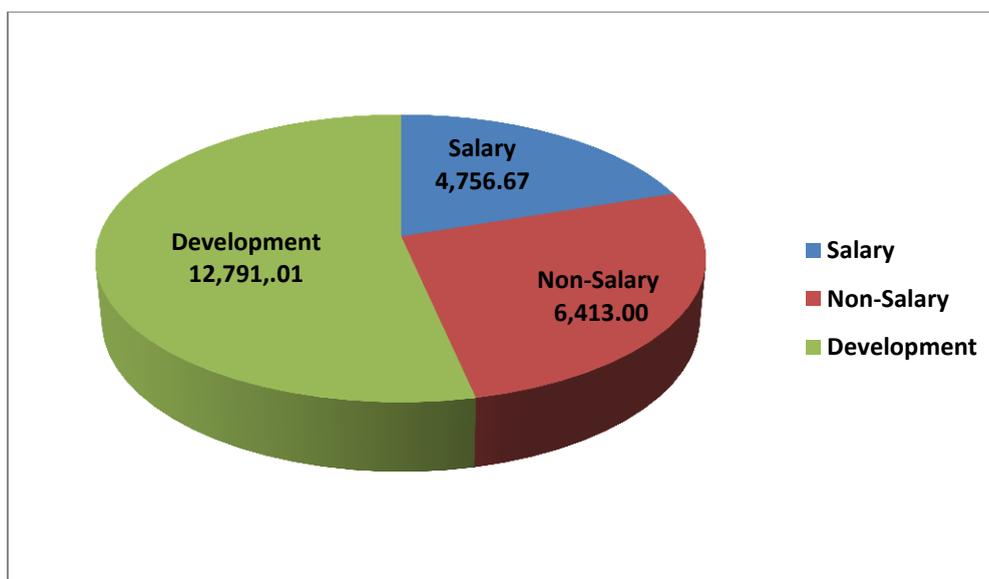
The original budget of Karachi Metropolitan Corporation, during financial year 2016-17 was Rs 23,142.83 million. The total expenditure incurred was Rs 16,064.93 million, resulting into overall savings of Rs 7,077.90 million.

### iii. Budget of Karachi Water & Sewerage Board 2016-17

[Rupees in Million]

| Formation                      | Particulars  | Budget           | Expenditure / Revenue | Excess (+) Savings (-) |
|--------------------------------|--------------|------------------|-----------------------|------------------------|
| Karachi Water & Sewerage Board | Salary       | 5,596.09         | 4,756.67              | -839.41                |
|                                | Non-Salary   | 9,161.43         | 6,413.00              | -2,748.43              |
|                                | Development  | 21,318.35        | 12,791.01             | -8,527.34              |
|                                | <b>Total</b> | <b>36,075.87</b> | <b>23,960.69</b>      | <b>-12,115.18</b>      |
|                                | Revenue      | 36,075.87        | 19,841.73             | -16,234.14             |

## Expenditure 2016-17



The total budget of Karachi Water & Sewerage Board, during financial year 2016-17, was Rs 36,075.87 million, against which expenditure incurred was Rs 23,960.69 million. However, there were overall savings of Rs 12,115.18 million,

### 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, 2015-16 and 2016-17 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 (Partial) |
| 2.  | 2012-13    | 39           | Held on 23-08-2017 (Partial) |
| 3.  | 2013-14    | 43           | -do-                         |
| 4.  | 2014-15    | 58           | Nil                          |
| 5.  | 2015-16    | 59           | Nil                          |
| 6.  | 2016-17    | 75           | 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 2014-15, 2015-16 and 2016-17.

## **1.2 AUDIT PARAS**

### **1.2.1 Non-Production of Record**

#### **1.2.1.1 Non-Production of Record – Rs 1,067.876 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 departments working under LGD, KMC & KW&SB, failed to provide auditable record amounting to Rs 1,067.876 million, during financial years 2015-17, to audit, in violation of the above rule and instructions. Details are provided at Annex-SLG1.

Audit was of the view that non-provision of record reflects total disregard to 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 managements during August to November, 2017, 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) held responsible for non-production of record in accordance with the provisions contained in Para 14 of AGP’s Ordinance 2001.

[AIR Paras: 1, 1, 1, 1, 1,1,1,10,1,1,1,1,17,1,1,1,1,1,1,1,1,1,1,1, 1]

### **1.2.1.2 Expenditure without Supporting Vouchers – Rs 41.082 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, 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”.

Various departments working under LGD, KMC & KW&SB, during financial years 2015-17, incurred an expenditure amounting to Rs 41.082 million on account of procurement of goods & service but failed to provide supporting vouchers/record to justify the expenditure, in violation of above rules. Details are provided at Annex-SLG2.

Audit was 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 miss-appropriation of public money cannot be ruled out.

The matter was reported to managements during August to December, 2017, 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) held responsible for non-production of record in accordance with the provisions contained in Para 14 of AGP’s Ordinance 2001.

[AIR Paras: 2, 13, 5]

## **1.2.2 Irregularity / Non-Compliance**

### **A. Recovery, Targeted receipts/Outstanding dues**

#### **1.2.2.1 Non-recovery of Outstanding Dues – Rs 69,269.351 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, 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 departments working under LGD, KMC & KW&SB, during financial year 2016-17, failed to recover all sums due to Government, amounting to Rs 69,269.351 million, in violation of above rules. Details are provided at Annex-SLG3.

Audit was of the view that due to non taking of proper action by the management, LGD, KW&SB and KMC could not recover the outstanding revenue, which contributed towards poor financial health of these entities.

The matter was reported to managements during August to December, 2017, but they 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: 1, 2, 1, 3, 1, 2, 4, 5, 14, 8, 4, 7, 3, 2, 3, 5, 1]

### **1.2.2.2 Non-achievement of Targeted Receipt – Rs 67,719.260 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 departments working under LGD, KMC & KW&SB, failed to achieve budgeted targetes upto Rs 67,719.260 million on account of different sources of income / revenues etc during financial year 2016-17, in violation of the above rule. Details are provided at Annex-SLG4.

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

The matter was reported to managements during August to December, 2017, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends that serious efforts be taken to achieve targeted recovery and responsibility be fixed for non-achievement of revenue targets against the concerned persons(s) at fault.

[AIR Paras: 11, 5, 6, 2, 8, 3, 2, 2, 24]

### **1.2.2.3 Non-depositing of Government Taxes – Rs 186.854 Million**

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 @ 3.5% and 6% 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 departments working under LGD, KMC and KW&SB, during financial years 2015-17, deducted income/sales tax from the bills of contractors/suppliers etc. but said amount worth Rs. 186.854 million was not paid / deposited into government treasury, in violation of rules. Details are provided at Annex-SLG5.

Audit was of the view that non-deposit of Government taxes resulted into loss to public exchequer.

The matter was reported to the management during August to December 2017, 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 persons at fault. Besides, the amount of taxes so recovered may be deposited into government treasury, under intimation to audit.

[AIR Paras: 7, 5, 10, 3, 15, 3, 2, 1]

#### **1.2.2.4 Non-recovery of Overpaid House Rent Allowance -Rs 131.645 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 departments working under LGD, KMC & KW&SB, paid excess house rent allowance @ 65% instead of 45% amounting to Rs 131.645 million to employees (only illustrative not exhaustive), during financial year 2016-17, in violation of above rules. Details are provided at Annex-SLG6.

Audit was of the view that over payment of house rent allowance to employees is a clear violation of the prescribed rules and procedures, which resulted into loss to public exchequer.

The matter was reported to the managements during August to December, 2017, but they 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 of over paid amount be effected without further delay, under intimation to audit.

[AIR Paras: 5, 4, 3, 5, 3, 1, 9, 5, 12, 6, 3, 1, 8, 5, 5, 1, 7, 2, 2, 4, 3, 5, 5, 4, 2, 1, 1]

### **1.2.2.5 Illegal Payment of Leave Encashment-Rs 110.416 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 encash 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 departments working under LGD & KW&SB, paid an amount of Rs 110.416 million, during financial years 2015-17, to officials on account of leave encashment on yearly basis. The payment to staff is in form of one month’s basic salary each year, in violation of the above rule. Details are provided at Annex-SLG7.

Audit was of the view that undue benefit was extended to employees on account of leave encashment on yearly basis, which was not admissible by deviating from prescribed rules & procedures.

The matter was reported to the managements during August to December 2017, but they 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 alongwith recovery of the paid amount, under intimation to audit.

[AIR Paras: 9, 3, 3, 9, 13, 8, 6, 4, 1, 3, 2, 2]

### **1.2.2.6 Illegal Payment of Utility Allowance - Rs 98.046 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”.

Various departments working under LGD paid an amount of Rs 98.046 million as utility allowance to staff without any entitlement, in violation of above rule. Details are provided at Annex-SLG8.

Audit was of the view that expenditure incurred on utility allowance beyond the entitlement constituted weak financial management and concrete efforts be made for stoppage of illegal practices.

The matter was reported to the management during August to December 2017, 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 person(s) at fault for making payments without entitlement and illegal justification, beside, recovery be made from the beneficiaries, under intimation to audit.

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

### **1.2.2.7 Loss due to Non-Recovery of Government Revenue-Rs 92.726 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".

Various departments working under LGD, KMC & KW&SB, during financial years 2015-17, provided loss to Government exchequer worth Rs 92.726 million on account of non-payment of annual land rent, less recovery of new water connection charges, loss on account of two lower size water connections instead of one larger size connection, rebate & waiver of outstanding dues of consumers, in violation of above rule. Details are provided at Annex-SLG9.

Audit was of the view that public exchequer sustained this loss which constituted financial indiscipline as well as non-observance of prescribed rules on the subject.

The matter was reported to the managements during August to December 2017, but they 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 loss to government exchequer. Besides, loss to government be recovered, under intimation to audit.

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

### 1.2.2.8 Non-deduction of Income Tax from Contractors – Rs 56.347 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) (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   |           | Filer | 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”.

Moreover, Para 41(a) SFR Vol-I, “All money received on behalf of Government should be without undue delay be credited into Government account”.

Various departments working under KMC & KW&SB, during financial years 2015-17, failed to recover/deduct income tax amounting to Rs 56.347 million from the payments made to contractors etc., in violation of rules. Details are provided at Annex-SLG10.

Audit was of the view that due to non-deduction of Income Tax, Government sustained financial loss which constitutes management failure due to non-observance of prescribed rules and procedures containing income tax ordinance 2001.

The matter was reported to the managements during August to December 2017, 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 person(s) at fault for for non-deduction of income tax from the payments made to contractors and taxable salaries of staff. Besides, recovery of income tax may be effected and deposited into Government treasury, under intimation to audit.

[AIR Paras: 6, 6, 14, 16]

### 1.2.2.9 Non-deduction of Sales Tax– Rs 15.176 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.

| <b>Tariff Heading</b> | <b>Description</b>   | <b>Rate of Tax</b> |
|-----------------------|--|--------------------|
| 9809.0000             | Services provided or rendered by persons engaged in contractual execution of work or furnishing supplies | 13%                |
| 98013.8000            | Services provided as bank to an issue  | 13%                |
| 9815.2000             | Legal practitioners and consultants  | 13%                |
| 9818.1000             | Services provided or rendered by specialized agencies  | 13%                |
| 9815.5000             | Technical, scientific and engineering consultant   | 13%                |
|                       | Janitorial & conservancy services  | 14%                |

*SST w.e.f. 01.07.2016*

Further, as per Rule 2 (3) of the Sales Tax Special Procedure (Withholding) Rules, 2007, “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”.

Various departments working under LGD & KW&SB, made payments to service providers i.e. Legal Advisors, Consultrant, Security Service, Contractors etc. but failed to deduct sales tax on services and supplies, amounting to Rs 15.176 million, during financial year 2016-17, in violation of above rules. Details are provided at Annex-SLG11.

Audit was of the view that Government sustained loss due to non-deduction of sales tax on service and supplies due to failure and deliberate deviation from prescribed rule on the part of administrative and financial management.

The matter was reported to the managements during August to December 2017, 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 person(s) at fault for non-deduction of sales tax from concerned and its depositing into Government treasury, under intimation to audit.

[AIR Paras: 3, 4, 5, 17, 4]

#### **1.2.2.10 Unauthorized Payment of Various Allowances – Rs 10.050 Million**

According to Finance Division U.O No.F.6(2) R-3/1998-074/2013 dated: 27.2.2013, “In pursuance of Prime Minister approval vide Prime Minister’s Secretariat U.O No558/PSPM/13 dated: 26.2.2013, “all the officers and staff of Controller General of Accounts and Auditor General of Pakistan are granted Audit & Accounts Allowance @ 20% of basic pay per month w.e.f. 1st March, 2013”.

Further, 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 and also according to rule all the claims must be supported with full detail & documents”.

Various departments working under LGD, during financial year 2016-17, paid special Audit Allowance, Technical Allowance & Typing Allowance to staff amounting to Rs 10.050 Million, without authorization & entitlement. Details are provided at Annex-SLG12.

Audit was of the view that payment of allowances without entitlement & authorization resulted into loss to public exchequer which shows administrative and financial management deliberate deviations from the prescribed rules and procedures.

The matter was reported to the managements during August to December 2017, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends that payment of unauthorized allowance may immediately be stopped. Besides, recovery of overpaid amount be made from concerned officers / officials, under intimation to audit.

[AIR Paras: 4, 6, 4]

#### **1.2.2.11 Non-recovery of House Rent & Maintenance Charges from Staff Residing in Government Accommodation - Rs 5.555 Million**

As per Para 11 of F.D, Govt. of Sindh’s O. M. No.FD (SR-IV)-I (12)/77 dated 13-05-1977, “The H.R.A. is not admissible to whom accommodation is provided by

Government and house rent maintenance charges shall be recovered @ 5% of the basic pay of an employee”.

Various formations working under KW&SB, failed to recover house rent allowance & 5% maintenance charges from the staff availing/allotted Government accommodation, amounting to Rs 5.555 million, during financial year 2016-17, in violation of above rules. Details are provided at Annex-SLG13.

Audit was of the view that non-recovery of house rent allowance and a maintenance charge resulted into loss to public exchequer which shows financial management failures towards safeguarding of public interest.

The matter was reported to the managements during August to December 2017, 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 and appropriate action may be taken against person(s) at fault for non-recovery of house rent and maintenance charges as per rules. Besides, make efforts for recovery of overpaid amount from concerned officer / officials, under intimation to audit.

[AIR Paras: 12, 10, 5, 5, 1, 3]

#### **1.2.2.12 Recovery of Overpaid Medical Allowance – Rs 4.398 Million**

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”.

Further, Medical Allowance shall be admissible @ Rs. 1500/- P.M. subject to the existing conditions to employees of Grade 1 to 15 and employees of Grade 16 and above shall be allowed Medical Allowance @ 15% of Basic Pay Scale of 2008.

Various departments working under LGD, during financial year 2016-2017, granted excess rates of Medical Allowance without approval of the Government of Sindh and paid an excess amount of Rs 4.398 million to the employees (only illustrative not exhaustive), in violation of the above rules. Details are provided at Annex-SLG14.

Audit was of the view that managements incurred excess expenditure on account of Medical Allowance in violation of prescribed rules.

The matter was reported to the managements during August to December 2017, 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 person(s) at fault for unauthorized payment of excess Medical Allowance. Further, the payment of excess Medical Allowance may be stopped and recovery be affected without further delay, under intimation to audit.

[AIR Paras: 2, 5, 4]

### **1.2.2.13 Non-Depositing of Entertainment Tax – Rs 4.127 Million**

As per Entertainment duty is levied and collected under the Sindh Entertainment Duty Act, 1958 and Rules framed there under. It is collected at certain Percentage of rate admission of place of Entertainment except cinemas The Govt has notified the fixed rate of cinemas to provide incentive to cinemas public and relief to film industry, entertainment duty is levied on entertainment places such as dramas, plays, amusements, parks, variety programs and sports etc on the following rates.

- i. Presently no duty is collected from cinemas.
- ii. Dramas, plays, variety programs 10% of the payment for admission.
- iii. Games and sports 5% of the payment for admission.
- iv. Items of amusement other than above 25% of the payment for admission.

Director Safari and Alladin Park, KMC, Karachi, collected an amount of Rs 16.550 million, on account of entry fee, but as per directives of Government of Sindh, 25% entertainment tax worth Rs 4.127 million, was not paid to Excise and Taxation Department, Government of Sindh, in violation of above rules.

Audit was of the view that non-depositing of entertainment tax on entry fees, resulted into loss to public exchequer which shows administrative and financial management deliberate deviations from the prescribed rules and procedures.

The matter was reported to the management during September, 2017, 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 person(s) at fault for non-depositing of entertainment tax. Besides, same be deposited without any further delay, under intimation to audit.

[AIR Para: 2]

#### **1.2.2.14 Non-affixing of Stamp Duty on Contract Agreements Rs 3.073 Million**

As per Article 15 of the Stamp Act, 1899, rates of Stamp duty duly amended through Sindh Finance Act, 2015, “The rate of stamp duty of contract agreements was revised from 20 paisa to 35 paisa for every hundred rupees w.e.f 01-07-2015”.

Various departments working under LGD, KMC & KW&SB, during financial year 2016-17, awarded work to contractors but failed to affix duty stamps on contract documents, resultantly government sustained a loss of Rs 3.073 million, in violation of rules. Details are provided at Annex-SLG15.

Audit was of the view that undue favor extended to contractors, by management, which resulted in loss to Government and shows financial indiscipline and deliberate deviation from prescribed rules and procedurs on the subject.

The matter was reported to the management during August to December 2017, 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 person(s) at fault. Beside the amount may be recovered and deposited into Government treasury, under intimation to audit.

[AIR Paras: 1, 7, 4, 4, 2]

#### **1.2.2.15 Unauthorized Payment of Self-hiring Facility - Rs 1.704 Million**

According to Finance Department Sindh Letter No.F.D(SR-II)18-16/77 Dated: 9th December, 2011, “In pursuance of Federal Government Memorandum No.F0.F.4(8)/92-Policy dated: 18-10-2011 and with the approval of competent authority, the Government of Sindh is pleased to notify enhancement / revision in the rental ceiling for self/private hiring of residential accommodation for the employee working in the Sindh Secretariat, Karachi.

Further, according to 3rd Meeting of Sindh Solid Waste Management Board held on 8th October, 2015, wherein, under Agenda # 06 “Approval for Grant of Self Hiring Facility to the HQ Employees of SSWMB”, The Board decided that M.D SSWMB will make a reference to Finance Department through Secretary, SGA&CD for further examination of the proposal”.

Management of Sindh Solid Waste Management Board, Karachi, paid self-hiring facility as part of regular salary to staff during financial years 2014-16 instead of House Rent Allowance @ 45% of BPS-2008 (Frozen), as a result an amount of Rs 1.704 million was over paid to staff without approval of Finance Department, GoS, in violation of rules.

Audit was of the view that in absence of the permission of Finance Department Sindh, excess payment was made to employees and resulted in loss to public exchequer on account of self hiring facility due to failure and deliberate deviation from prescribed rule on the part of administrative and financial management.

The matter was reported to the management during December 2017, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends that payment of unauthorized allowance may immediately be ceased and recovery of overpaid amount be made, under intimation to audit.

[AIR Para: 10]

## **B. Violation of Rules**

### **1.2.2.16 Non-auction of Saleable Plots – Rs 44,915.200 Million**

As per S.R.O No.663 (1) 2016 dated 2nd August, 2016, issued by the FBR, “Federal Board of Revenue is pleased to notify the value of immoveable property in respect of Hyderabad District w.e.f 1st July, 2016”.

Further, Para 40-B Appendix 18-A (1) of SFR Vol-I, “Means should be devised to ensure that every Government officer should realize fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part 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 culpable negligence”.

Director, Planning and Development Control, HDA, failed to auction plots available for sale valuing about Rs 44,915.200 million, during financial year 2016-17, despite completion of the housing scheme, in violation of the above rules.

Audit was of the view that non-auctions of saleable plots despite completion of project completion of the project which constituted management failure and deliberate deviations from prescribed rules which resulted into loss of public revenue.

The matter was reported to the management during December, 2017, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends that concrete efforts be taken for auction of the Saleable Plots to increase the Government revenue, under intimation to audit.

[AIR Para: 1]

### **1.2.2.17 Irregular Award of Work without Calling Open Tender Rs 15,670.947 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 departments working under LGD, KMC & KW&SB, incurred expenditure of Rs 15,670.947 million without calling open tenders, during financial year 2016-17, in violation of above rules. Details are provided at Annex-SLG16.

Audit was of the view that managements did not invite tenders, which resulted in award of contracts in non-transparent manner as well as violation from prescribed rules, which resulted into unauthorized expenditure and reflects failure of internal controls of management.

The matter was reported to the managements during August to December 2017, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends that managements should follow the laid down procedures regarding procurement and execution of works to curb the mal practices of awarding of works without tenders.

[AIR Paras: 4, 4, 5, 1, 1, 1]

### **1.2.2.18 Unjustified Favour to Contractors by Allowing Excess Payments without Physical Progress - Rs 11,854.492 Million**

As per Annexure-N (Para-II) of the Procurement Regulations (Works), “If the percentage of financial expenditure exceeds percentage of physical work by more than 15% it is enough indication to show that the cost of the project would go beyond the approved cost. As soon as this indication is visible the executing agency should immediately start work on revising the scheme without stopping the actual work. In exceptional cases where the revised scheme cannot be prepared in time recourse could be taken to obtaining anticipatory approval of the Chairman, Executive Committee of the National Economic Council following the procedure outlined in the Cabinet Division circular letter referred to in Para-I”.

Project Director, Local Government Projects, Karachi, during financial years 2015-2017, awarded works costing Rs 7,214.776 million, and made payments of

Rs 6,261.433 million. However, it was observed that the contractors were unduly favoured as percentage of financial expenditure exceeded the physical progress of the schemes (excesses vary from 19%-63%, in some cases 100% payment has been made without completion of work). This may result in additional rise in cost of schemes, which may go up to Rs 11,854.492 million, in violation of the above rules.

Audit was of the view that non-revision of schemes beyond permissible limit of cost, resulted in unauthorized expenditure due to deliberate deviations from procedures and rules on the part of administrative and financial management.

The matter was reported to the management during December, 2017, 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 person(s) at fault for excess payments against physical progress of the projects, besides, physical and financial progress report of each project be produced to audit for verification.

[AIR Para: 6]

#### **1.2.2.19 Non-adjustment of Mobilization Advance - Rs 2,347.934 Million**

According to clause 1.2(b)(ii) of 13.8 of Part II - Special /Particular Conditions Of Contract of SPPRA bidding documents for procurement of works that, “This Advance including the interest shall be recovered in 5 equal installments from the 5 R.A bills and in case the number of bills is less than 5 then 1/5 of the advance inclusive of the interest thereon shall be recovered from each bill and the balance together with interest be recovered from the final bill. It may be insured that there is sufficient amount in the final bill to enable recovery of the Mobilization Advance”.

Further, as per Rule 10 (i) of GFR Vol-I, “Every public officer is expected to exercise the same vigilance in respect of expenditure incurred from the public money as a person of ordinary prudence would exercise in respect of expenditure of his own money.(ii) The expenditure should not be prima facie more than the occasion demands”.

Project Director, Greater Karachi Water Supply Scheme K-IV Phase-I, 260 MGD, KW&SB, during financial year 2016-17, allowed Mobilization Advance of Rs 2,347.934 Million to contractors, to make initial arrangements for starting work, but management failed to provide the details of adjustments to audit, in violation of above rules. Detail is provided as under:

(Rupees in Million)

| Name of Work   | Name of Contract               | Est. Cost of Work | Mob. Advance     |
|--|--------------------------------|-------------------|------------------|
| Greater Karachi Water supply Scheme K-IV Phase-I 260 MGD     | M/s Frontier Work Organization | 15,254.891        | 2,288.234        |
| Supply & Fixing of Boundary Pillars & Walls for K-IV Project | M/s Shaikh Baz Khan            | 397.999           | 59.700           |
| <b>Total</b>   |                                |                   | <b>2,347.934</b> |

Audit was of the view that non-adjustment of mobilization advance is serious financial lapse on the part of management and clear deviation from prescribed rule which resulted into loss to the Government exchequer.

The matter was reported to the management during November, 2017 but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends that management should take efforts for adjustment of mobilization advances from the contractor's bills, under intimation to audit.

[AIR Para: 9]

### **1.2.2.20 Irregular Award of Work without Execution of Contract Agreements - Rs 1,163.716 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 departments working under LGD & KW&SB, awarded development works costing Rs 1,163.716 million, during financial year 2016-17, to different contractors without execution of contract agreements, in violation of the above rule. The blank agreements were found in the record. Details are provided at Annex-SLG17.

Audit was of the view that management mis-used its authority by not following prescribed procedures as required by the rules to safeguard government interest due to failure and deliberate deviation from prescribed rule on the part of administrative and financial management.

The matter was reported to the managements during August to December, 2017, 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 person(s) at fault for execution of schemes and making payments without execution of contract agreements, under intimation to audit.

[AIR Paras: 3, 1]

### **1.2.2.21 Undue Favor to Contractor on account of Insufficient Performance Security – Rs 962.853 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”.

Further, As per SPPRA 2010, Rule 39 (2), “The security shall be provided in an appropriate form and amount, as provided in the bidding documents”.

Moreover, As per SPPRA 2010, Rule 39 (3), “Validity of performance security shall extend at least ninety days beyond the date of completion of contract to cover defects liability period or maintenance period subject to final acceptance by the procuring agency”.

Project Director, S-III, KW&SB, executed two contract agreements amounting to Rs 11,788.68 million to Pak Oasis Industries (Pvt) Ltd, during 2014, but performance security in shape of bank guarantee worth Rs 235.841 million was obtained instead of Rs 1,178.868 million to protect the department from unforeseen loses/breach of contract, in violation of rules. Detail is as under:

(Amount in Rupees)

| <b>Name of Project</b>  | <b>M/S</b>                     | <b>Amount of Contract</b> | <b>Performance Security @10%</b> | <b>Performance security obtained</b> | <b>Less Performance Security</b> |
|---|--------------------------------|---------------------------|----------------------------------|--------------------------------------|----------------------------------|
| Up-gradation and expansion of Sewage Treatment Plant at Haroonabad (TP-I) | Pak Oasis Industries (Pvt) Ltd | 3,889,961,281             | 388,996,128                      | 77,866,801                           | 311,129,327                      |
| Up-gradation and expansion of Sewage Treatment Plant at Mauripur (TP-III) |                                | 7,898,719,121             | 789,871,912                      | 157,974,512                          | 631,897,400                      |
| <b>Total</b>  |                                | <b>11,788,680,402</b>     | <b>1,178,868,040</b>             | <b>235,841,313</b>                   | <b>943,026,727</b>               |

Similarly, Director General, Technical Services and Director Zoo, KMC, during financial year 2016-17, awarded works/schemes without/less obtaining of bank guarantee

amounting to Rs 19.827 million from contractors to prevent Government from unforeseen losses, in violation of above rules.

Audit was of view that award of work without obtaining of bank guarantee resulted into irregular award of work which constituted financial indiscipline control and non-observance of rules on the subject.

The matter was reported to the management during November, 2017 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 person(s) at fault for award of work without safeguarding Government interest, under intimation to audit.

[AIR Paras: 4, 4, 4,]

#### **1.2.2.22 Non-transparency in POL Spending – Rs 859.753 Million**

As per Rule 20 of the Staff Car Rule 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 Government of Sindh Service & General Administration & Coordination Department, Order No.CTC(S&GAD)2-(98)/2001 Dated: 21st Nov, 2001, states that ”The Governor of Sindh has also desired that the log books of the vehicles under the use of entitled officers should be maintained properly / regularly as per instruction laid down in this regard”.

Moreover, according to Rule 159(4) of the Sindh Local Council (Accounts) Rules, 1983 states “A council vehicles shall not be driven except by a driver appointed by the competent authority, for the vehicle. Every person using a council vehicle shall make and sign entries in the Petrol and lubricant account in Form No.116, and in Log Book of the vehicle kept in the custody of the driver. Log book shall be maintained in Form No.117. All council vehicles shall be garaged in the office premises or at any other place determined by the Mayor or Chairman after office hours failing which the driver of the vehicle concerned shall be held responsible.”

Various departments working under LGD, KMC and KW&SB, incurred expenditure amounting to Rs 859.753 million, during financial years 2015-17, on purchase of POL for official vehicles but did not prepare Petrol Account Registers

alongwith Log Books of vehicles, in violation of above rule. Details are provided at Annex-SLG18.

Audit was of the view that expenditure on POL without preparation of log books, history sheets and petrol consumption account was held irregular and clear violation of laid down procedures.

The matter was reported to the managements during August to December 2017, 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 person(s) at fault for incurring expenditure without supporting record. Besides, instruction be issued for preparation of record and its production to audit for verification.

[AIR Paras: 14, 3, 7, 12, 2, 12, 9, 11, 7, 8, 2, 2, 6, 12, 2, 14, 3, 1, 11, 11]

### **1.2.2.23 Unauthorized Operation of Government Account in Private Banks Rs 512.767 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”.

Various departments working under LGD, KMC & KW&SB, during financial year 2016-17, operated bank account in private limited Banks instead of Government specified Banks i.e. Sindh Bank & National Bank, in violation of above directions. Details are provided at Annex-SLG19.

Audit was of the view that management should operate their accounts in Government designated Branch of Sindh/National Bank instead of private banks to safeguarding the public interest.

The matter was reported to the managements during August to December, 2017, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends that management should follow the Government instructions for maintaining the bank accounts in the Government designated banks only instead of private banks, under intimation to audit.

[AIR Paras: 7, 5, 3, 8]

#### **1.2.2.24 Non-maintenance of Cash Book – Rs 425.369 Million**

According to 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 KMC, incurred expenditure amounting to Rs 447.886 million, during financial years 2015-17, but did not maintain Cash Book, in violation of above rules. Details are provided at Annex-SLG20.

Audit was of the view that due to non-maintenance of cash book, audit could not verify the authenticity of expenditure.

The matter was reported to the managements during August to November, 2017, 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 person(s) at fault for incurring expenditure without maintenance of cash book. Besides, strict instructions be issued for preparation of cash book and submission to audit for verification.

[AIR Paras: 7, 6, 18]

#### **1.2.2.25 Irregular Final Payment in Absence of Completion Certificate Rs 417.888 Million**

According to Para 207 of P.W.D Manual Vol-I, “on completion of an original work executed on behalf of another department, a completion certificate in Form No. 45 B should be forwarded by the Executive Engineer to the civil authority concerned, who should after signing it in the space provided for the purpose, return it to the Executive Engineer”.

Further, as per 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”.

Project Director, Reverse Osmosis Water Desalination Plants, Lyari & Keamari, during financial year 2016-17, incurred an expenditure of Rs 417.888 million, on Keamari & Lyari R.O Plants (O&M), but the completion certificate was not found on the record, in violation of government procedures.

Audit was of the view that management failed to observe government rules and procedures, which reflects the absence of systematic control and financial discipline prevalent in the department.

Due to non-availability of completion certificate, it is assumed that the work has not been completed or may be of substandard quality, which is a loss to Government.

The matter was reported to the management during November, 2017 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 person(s) at fault for not protecting the government interest, under intimation to audit.

[AIR Para: 2]

#### **1.2.2.26 Irregular Provision of New Water Connections to Defaulters Rs 271.085 Million**

According to Office Order No.KW&SB/D.M.D/HRD&A/1020 dated 29th September, 2016 about Water Connection Service Charges for Bulk and Industrial Consumers, “the applicability of the connection charges will be applicable from the date of last notification of water and sewerage tariff i.e September, 2015”. Further, under section-6(n) of the water connection policy, “In all cases of shifting/ relocation/ enhancement/ new connection cases, 50 percent of all domestic dues and 100 percent for all industrial/ commercial dues Clearance Certificate will be required from the concerned Deputy Director Revenue”.

Deputy Managing Director (RRG), KW&SB, during financial year 2016-17, allowed / issued water connection to Bahria Town, Super Highway (defaulter Bahria Icon Tower, Clifton Karachi) and others despite the fact that the said consumers were already in default of Rs 271.085 Million, in violation of water connection policy. Detail is provided at Annex-SLG21.

Audit was of the view that management failed to safeguard government interest and extended undue favor to defaulters, which is serious violation of prescribed rules & procedures on the part of administrative and financial management.

The matter was reported to the management during November, 2017 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 for allowing water connection to defaulters of KW&SB, beside the making loss good, under intimation to audit.

[AIR Paras: 20,23]

### **1.2.2.27 Illegal Sanction of Water Connection Despite Supreme Court Ban Rs 262.340 Million**

According to Honorable Supreme Court of Pakistan order para-5(I&V) of CMA.376-K of 2014 etc. passed as on 01-08-2016, “After going through the survey report dated 20-07-2016, we, in order to safeguard the public interest and to avoid multitude of proceedings, are constrained to pass the following interim order:- the Bahria Town is restrained from undertaking any development activity in the area demarcated with the green color with black lines on its measuring 244.925 acres and or to deal with this portion of land with any person or organization in any manner whatsoever. The Bahria Town is further restrained from rising any further development activity in area measuring 2771.779 acres, which has not been consolidated by the M.D.A and to deal with the land in question in any manner whatsoever”.

Deputy Managing Director (RRG), KW&SB, during financial year 2016-17, issued challan for new water connection (12” dia) amounting to Rs 262.340 Million to M/s Bahria Town, for area on which ban was imposed by the Honorable Supreme Court of Pakistan (area highlighted in green color), in violation of Court orders. Detail is as under;

[Amount in Rupees]

| <b>Applicant</b> | <b>Project Name</b> | <b>Amount deposited into A/c</b> | <b>Date of Payment</b> | <b>Connection provided for</b> | <b>Amount Paid</b> |
|------------------|---------------------|----------------------------------|------------------------|--------------------------------|--------------------|
| Zain Malik       | Bahria Town Karachi | 09167900887103                   | 28-11-16               | Green colour                   | 262,340,100        |

Audit was of the view that management failed to comply with the orders of Honorable Supreme Court of Pakistan on the subject matter as well as deviation from prescribed rules on the part of management.

The matter was reported to the management during November, 2017 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 person(s) at fault for the contempt of Honorable Supreme Court of Pakistan order. Besides, matter may be investigated and results there to be share with audit.

[AIR Para: 2]

### **1.2.2.28 Execution of Works without Retendering - Rs 239.026 Million**

As per SPPRA Rules 2010 (16)(1)(e), “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, KMC & P.D S-III, KW&SB, awarded contracts for works but executed excess works amounting to Rs 239.026 million, during financial year 2016-17, beyond the permissible limit of 15% of the original contract amount, in violation of above rules. Details are provided at Annex-SLG22.

Audit was of the view that execution of works beyond permissible limit without revising the original scheme and calling of fresh tenders, resulted in unauthorized expenditure and constituted financial management failures as undue favour given to contractor by deviating prescribed rules.

The matter was reported to the managements during August, 2017 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 person(s) at fault for excess execution of works beyond permissible limit, under intimation to audit.

[AIR Paras: 2, 6]

### 1.2.2.29 Unauthorized Advance Payment – Rs 140.188 Million

As per Government of Sindh, Finance Department Office Letter No.F.D.SO(LF-II)(CDG/TMAs/UAs)(133)/2008-09 Dated 09th January, 2009, “All Local Government viz. CDG/TMAs/UAs must ensure that hence after no advance payment should be made to any firm/corporation/agency/contractor etc. in any case, in case of failing disciplinary action against non-complier will be initiated”.

Project Director, Local Government Projects, Karachi, paid 100% advance of Rs 140.188 million, during financial years 2015-2017, to the contractors without starting of works, in violation of above rule. Detail is as under:

[Amount in Rupees]

| Bill No.     | Dated | Name of Work   | Name of Contractor       | Advance Payment    |
|--------------|-------|--|--------------------------|--------------------|
| Nil          | Nil   | Providing & Fixing of 02 No. Dewatering Pump, Overhauling of 04 Nos, 13 MGD, SNZ-500-480 Pumps & 04 Nos 12.5 MGD SPY 500-490-B Pump at 04th Phase Pump House Pipri & providing of 04 Nos 4.32 MGD Pump Parts of Type B-16 D/2 MGD Pump House Pipri | M/s KSB Pump House Pipri | 140,188,000        |
| <b>Total</b> |       |  |                          | <b>140,188,000</b> |

Audit was of the view that undue favour to contractor was extended by allowing 100% advance payments, by deviating from prescribed rule which constituted poor financial management.

The matter was reported to the management during December 2017, 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 person(s) at fault for making 100% advance payment, beside progress report of work along-with adjustment of advance be produced for audit verification.

[AIR Para: 10]

### 1.2.2.30 Unjustified Single Stage One Envelope Procedure Adopted for Technical Works – Rs 58.523 Million

According to Rule 47 of SPPR 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”.

Resident Engineer, Dhabeji & Gharo Pumping Division, KW&SB, during financial year 2016-17, awarded contracts of Rs 58.523 million by using single stage one envelope method instead of Single Stage two envelope methods. Since, single stage one envelope bidding procedure is 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, where as, the works in hand were complex in nature and needed technical evaluation before price is taken into account. Therefore Single Stage Two Envelope Bidding Procedure was the suitable procedure.

Audit was of the view that management extended undue favor to contractors by using single stage one envelope method for award of technical works. Further, the award of contracts without evaluating on technical grounds and usage of improper method resulted into compromising the quality of work on the part of management.

The matter was reported to the management during November, 2017 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 person(s) at fault, for not adhering Government procedure of contract evaluation, under intimation to audit.

[AIR Para: 3]

### **1.2.2.31 Execution of Contracts without Executing Integrity Pact Between Parties – Rs 57.341 million**

According to Rule 89 of SPPRA-2010, “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.

Director, Karachi Zoo, KMC, awarded contracts Rs 57.341 million on account of “Supply of Monthly and Daily Dietary Articles for Animals of Karachi Zoo”, during the financial year 2016-17, without executing integrity pact as cost was beyond the prescribed, in violation of rule. Detail is as under:

[Amount in Rupees]

| Sr.          | Name of Project                       | M/S                                       | Date of Agreement | Amount of Contract |
|--------------|---------------------------------------|---|-------------------|--------------------|
| 1            | Daily Diet Articles for the animals   | M/S Bilal Construction & General Supplier | 09/09/2016        | 43,652,595         |
| 2            | Monthly Diet Articles for the animals | M/S Mehboob Enterprises                   | 09/09/2016        | 13,688,515         |
| <b>Total</b> |                                       |   |                   | <b>57,341,110</b>  |

Audit was of the view that department had not executed the integrity pact with contractor, and remained failed to safeguard departmental interests.

The matter was reported to the management during September, 2017, 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 person(s) at fault not safeguarding the departmental interests. Besides, the matter be justified to audit.

[AIR Para: 05]

### **1.2.2.32 Unauthorized Technical Sanction beyond Financial Powers Rs 52.381 Million**

As per Delegation of Powers of KW&SB issued in 1991, “Technical Sanction for Original works/repairs/maintenance, Dir. BT/WD/Sew/E&M: Upto Rs1.0 million & D.M.D (Tech. Services): Upto Rs.2.0 million. In addition, Karachi Water & Sewerage Board Act, 1996 “APPENDIX “A” Financial Powers of the Managing Director of the Board, Technical Sanction in respect of all works, Managing Director has Full Powers.

Resident Engineer, Dhabeji & Gharo Pumping Division & Executive Engineer, Hub Division Civil working under the control of KW&SB, during financial year 2016-17, awarded works amounting to Rs 52.381 Million, but Technical Sanctions of works were given by Chief Engineer (E&M)/DMD (T&S) beyond his delegated financial powers, in violation of above rules. Detail is provided at Annex-SLG23.

Audit was of the view that the unauthorized technical sanctions were accorded by Chief Engineer beyond his competency by non-complying the rules, which constituted the failure on the part of management.

The matter was reported to the management during November, 2017 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 person(s) at fault for not adhering to Government procedures. Besides, technical sanction be obtained from competent authority, under intimation to audit.

[AIR Paras: 1, 3]

### **1.2.2.33 Irregular Award of Work due to Expiry of Bid Validity Rs 50.824 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”.

Various departments working under KMC, during financial year 2016-17, awarded development works/contracts amounting to Rs 50.824 million to different contractors after expiry of bid validity period instead of re-tendering, in violation of above rules. Details are provided at Annex-SLG24.

Audit was of view that award of contracts after expiry of bid validity period due to failure and indiscipline deviation from prescribed rule on the part of administrative and financial management.

The matter was reported to the managements during August to November 2017, 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 person(s) at fault for irregular award of works and violation of laid down rules and regulation, under intimation o audit.

[AIR Paras: 3, 1]

### **1.2.2.34 Unjustified Transfer of Public Funds - Rs 38.534 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 & documents”.

Director General, Malir Development Authority, Karachi, during financial year 2016-17, withdrew funds amounting to Rs 38.534 million from A/c No. 0565-00166236-03, HBL, Iqbal Library Branch through transfer payment & inward clearing etc but no detail was provided to audit, for justification & authenticity of such drawal of funds, in violation of rules. Details are provided at Annex-SLG25.

Audit was of the view that transfer of funds without backup record shows lack of financial indiscipline as well as check and balance oversight on the movement of public funds.

The matter was reported to the management during December, 2017 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 person(s) at fault, besides, issue of strict instructions for making availability of record to audit for the verification.

[AIR Para: 8]

### **1.2.2.35 Illegal Appointments – Rs 38.594 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 approval, if any, earlier issued in this regard may be treated cancelled / withdrawn”.

Further, Government of Sindh, Services, General Administration & Cooperation Department notification No.SOV(S&GAD)X-15/90-98 dated: 12-02-2008,” Advertisement should be given for all vacant posts & for Posts in BS-5 & above, there shall be a written test followed by interview, whereas, for posts in BS-1 to BS-4 only interviews shall be conducted through departmental selection committee”.

Various departments working under LGD and KMC, during financial years 2015-17, incurred expenditure amounting to Rs 38.594 Million on the salaries of employees who were appointed without observing prescribed procedures of appointment

(i.e. Advertisement, Approval, Medical Certificate etc), in violation of the above rules. Details are provided at Annex-SLG26.

Audit was of the view that irregular appointment of employees was made in violation of the above rules and in a totally non-transparent manner by deviating from prescribed rules and procedures on the part of management.

The matter was reported to the managements during August to December, 2017, 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 person(s) at fault for unauthorized appointments without observing codal formalities, besides, taking efforts to avoid recurring such instances in future, under intimation to audit.

[AIR Paras: 11, 12, 3, 16, 2, 4]

### **1.2.2.36 Illegal & Irregular Appointment of Adhoc Staff -Rs 30.387 Million**

According to Government of Sindh, SGA&CD Letter No.SOV(SGA&CD)X-15/2015 Dated: 29 August, 2015, “Ban on All kind of initial appointment, “The Honorable Chief Minister Sindh has been pleased to impose complete ban on all kind of initial recruitment henceforth. All Administrative Department /Autonomous Bodies are requested to ensure to the directives in letter in spirit”. Further, SGA&CD Letter No.SOV(SGA&CD)X-15/2015 dated 25 July 2016, “intimate/clarify that ban on all appointments is continued which includes appointment on deceased quota as well”.

Further, according to Government of Sindh, Local Government Department’s directive vide letter No.SO-V(LG)5(69)/2009 Dated: 29th June 2010, “the Honorable Supreme Court of Pakistan in Human Rights case No.104/92 had already held that even an appointment on adhoc basis cannot be made without publication and proper advertisement”.

It was observed that i) D.G Malir Development Authority, LGD appointed 271 employees on contingent basis incurring an expenditure of Rs 26.331 million, And ii) Senior Director, Traffic Engineering Bureau, KDA, incurred an expenditure amounting to Rs 4.056 million on the salaries of adhoc staff appointed on contract basis. The appointments were made without fulfilment of codal formalities, in violation of rules.

Audit was of the view that appointment of contractual staff despite ban and without fulfillment of codal formalities resulted into illegal appointments and administrative failure.

The matter was reported to the managements during August to December, 2017 but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends that inquiry may be initiated against person(s) at fault on account of illegal appointments of adhoc staff, under intimation to audit.

[AIR Paras: 15, 4]

### **1.2.2.37 Award of Work through Invalid Procurement Committee Rs 29.463 Million**

According to 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”.

Further, as per Para 3 of the SPPRA Notification No.Dir (Enf-1)/SPPRA/1-3(GEN)/12-12/ dated 14-02-2013 “Special care may be taken to ensure that at least one third of the members of the Procurement Committee are from agencies or departments other than the procuring agency. Divisions, departments or sub-offices of any entity are NOT to be deemed to mean as outside agencies”.

Executive Engineers (Water & E&M) Jamshed Town, KW&SB, Karachi, during financial year 2016-2017, awarded works of Rs 29.463 million, without constitution of valid procurement committee by taking at least one third of the members of a procurement committee from the agencies or departments other than the procuring agency, in violation of the above rule. Detail is provided in Annex-SLG27.

Audit was of the view that work was awarded without constitution of valid procurement committee as well as deviation from prescribed rules on the part of management.

The matter was reported to the management during November, 2017 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 person(s) at fault for award of works through invalid procurement committee, under intimation to audit.

[AIR Paras: 2, 4]

### **1.2.2.38 Unauthorized Clearance of Liabilities – Rs 28.626 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.

According to Local Government Department, Government of Sindh, vide Letter No.SOA/LG/Misc/4(13)/2016 Dated: 22nd August 2016 Ban on Payment of Liabilities “ban on payment of all kind of liabilities is hereby imposed with immediate effect till further order” “ All the Councils shall strictly follow the above instruction failing which stern disciplinary action shall be taken against defaulters”.

Various offices working under KMC, Karachi, during financial years 2015-17, paid an amount Rs 28.626 million on account of liabilities of previous years despite ban and without approval/review by SLGD Sindh, in violation of above rules. Details are provided at Annex-SLG28.

Audit was of the view that management failed to observe procedures of financial discipline to safeguard the public money.

The matter was reported to the management during May to August, 2017 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 person(s) at fault for payment of liabilities without approval/review by SLGD Sindh.

[AIR Paras: 4, 10]

### **1.2.2.39 Splitting Works in order to Avoid Tender - Rs 25.879 Million**

As per Rule 12 (1) of SPPR 2010 that “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);”

Various departments working under LGD and KMC, during financial years 2015-17, awarded works costing Rs 25.592 million by splitting up works in parts to avoid open tender, in violation of above rules. Details are provided at Annex-SLG29.

Audit was of opinion that splitting of work of same nature in various components deprived the Government from achieving the best competitive rates and Non-observance of prescribed rules and procedures deprived the Government, from achieving economical rates for its procurements, and constitutes improper financial management control failure.

The matter was reported to the management during August to December 2017, 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 person(s) at fault for not adhering to Government instructions regarding the procurement, under intimation to audit.

[AIR Paras: 04, 06]

#### **1.2.2.40 Unauthorized Payment in Excess of Sanctioned Estimates Rs 11.288 Million**

As per Delegation of Powers of KW&SB issued in 1991, states that Sanction of the amount in excess of the sanctioned estimate (Works), D.M.D (Tech. Services): Upto 3%. In addition, Karachi Water & Sewerage Board Act, 1996 “APPENDIX “A” Financial Powers of the Managing Director of the Board, Sanction of the amount in excess of the sanctioned estimate in respect of all works, Managing Director has upto 5%.

As per section 3 (v) Chapter-V of Karachi Water & Sewerage Board Act, 1996, Powers And Functions of The Board, states that “the Board shall:- Have full financial powers within the budget grant.”

Resident Engineer, Dhabeji & Gharo Pumping Division, KW&SB, during financial year 2016-17, made payment of Rs 11.288 Million on the approval of M.D which was 9% to 15% in excess from the sanctioned original estimates of various works/schemes, and was beyond 5% permissible limit without the approval of the Board.

Audit was of the view that management incurred expenditure in excess of sanctioned estimate without the approval of the Board, by non-complying the rules and procedures on the subject.

The matter was reported to the management during November 2017, 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 person(s) at fault and regularization and ratification of works / schemes from the board without any delay, under the intimation to Audit.

[AIR Para: 2]

#### **1.2.2.41 Irregular Refund of Security Deposits without Pre-audit Rs 10.216 Million**

As per Para 32 (2) of Local Government Accounts Manual, “Every bill shall be pre-audited by the local fund audit department, 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”.

Municipal Utility Charges & Taxes, KMC, Karachi, during financial year 2015-16, refunded security deposits of Rs 10.216 million, without pre-audit of bills by the Local Fund Audit Department, Government of Sindh.

Audit was of the view that refund of security deposits without pre-audit by the Local Fund Audit Department, resulted into non-authenticity of refund due to failure and deliberate deviation from prescribed rule on the part of administrative and financial management.

The matter was reported to the management during March 2017, 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 person(s) at fault for authorizing payments without pre-audit, and efforts should be made to curb the recurring of such instances in future.

[AIR Para: 13]

#### **1.2.2.42 Illegal Re-imbusement to Staff instead of Vendors Rs 8.637 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 & documents”.

Director, Vehicle Department, KMC, during financial year 2016-17, withdrew funds amounting to Rs 8.637 Million from Finance Department (KMC) in the name of officers instead of suppliers/messers, in violation of above rules.

Audit was 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 in the department.

The matter was reported to the management during September, 2017 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 person(s) at fault and justification may be provided for payments made to officers instead of suppliers / vendors, under intimation to audit.

[AIR Para: 3]

#### **1.2.2.43 Unauthorized Provision of Water Connection– Rs 4.858 Million**

According to Sr.42-A of the Delegated Powers 1991(c)The Managing Director has power to sanction the connection of 3”dia (d), “The Chairman has power to sanction the connection of 4”dia.

Further, according to Office Order No.KW&SB/D.M.D/HRD&A/1020 dated 29th September, 2016 regarding Water Connection Service Charges for Bulk and Industrial Consumers. The applicability of the connection charges will be applicable from the date of last notification of water and sewerage tariff i.e September, 2015. Further, as per Section-6 (b) of the water connection policy, “Two connections will not be allowed from one source at a time to one premises, since these attempts are made to save the water charges for double the size of connection, which are higher than the cost of two connection of lower size”.

Deputy Managing Director (RRG), KW&SB, during financial year 2016-17, issued two water connections of 2” dia each amounting to Rs 4.858 Million by splitting to avoid the approval from competent authority i.e. Chairman of Board, in violation of rules. Detail is as under:

[Amount in Rupees]

| I.D          | Name of Applicant | Address         | Project Name   | Source | Dia | Amount           | Payment Date |
|--------------|-------------------|-----------------|----------------|--------|-----|------------------|--------------|
| 5494         | Muhammad          | 22 Sec-29 K.I.A | M/S. Textile   | 15"    | 2"  | 2,429,075        | 26/05/2017   |
| 5495         | Pervez Khatri     | 22 Sec-29 K.I.A | Fort (Pvt) Ltd | 15"    | 2"  | 2,429,075        | 26/05/2017   |
| <b>Total</b> |                   |                 |                |        |     | <b>4,858,150</b> |              |

Audit was of the view that splitting of sanction for new connection, to avoid approval from competent authority constituted administrative and financial management failure and deliberate deviation from the prescribed policy on the subject.

The matter was reported to the management during November, 2017 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 person(s) at fault for splitting of sanctions orders in award of water connections to avoid the approval from competent authority, which caused loss to the Government, besides, to make good under intimation to audit.

[AIR Para: 6]

#### **1.2.2.44 Excess Expenditure on POL Consumption beyond Entitlement Rs 4.750 Million**

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”.

Different offices of Karachi Metropolitan Corporation, during financial years 2015-17, incurred expenditure amounting to Rs 4.750 million on account of purchase of POL for official vehicles in excess of entitled POL quota as prescribed by Government, in violation of above rules. Details are provided at Annex-SLG30.

Audit was of the view that expenditure on account of purchase of POL for official vehicles in excess of prescribed ceiling / quota, resulted into un-authorized and doubtful expenditure. Besides, embezzlement and misappropriation of public money cannot be ruled out.

The matter was reported to managements during August to December, 2017, 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 management should follow the instructions and take efforts for stoppage of un-authorized and excess expenditure on account of POL, under intimation to audit.

[AIR Paras: 10, 5]

#### **1.2.2.45 Illegal Appointment of Staff without Sanctioned Strength**

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 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.”

Various departments working under LGD, KMC & KW&SB, during financial year 2016-17, appointed staff over & above the approved sanctioned strength, in violation of above rules. Details are provided at Annex-SLG31.

Audit was of the view that excess appointment/posting of staff constituted financial & administrative management failure and deliberate violation from prescribed rules and procedures on the part of department.

The matter was reported to the management during August to December, 2017 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 managements should take steps for stoppage of unauthorized appointment of staff, under intimation to audit.

[AIR Paras: 10, 5, 5, 18]

#### **1.2.2.46 Non-vacation of MDA Land from Encroachment / Occupation**

According to Sindh Public Property (Removal of Encroachment) Bill, 2010, Section 5(1), “If any person refuses or fails to vacate the public property or remove the structure raised thereon after three days from the order under section 3 duly served on him, or if review petition is filed against such order, after such review petition is

dismissed, he shall be evicted by such force as may be necessary, by an officer authorized by Government in this behalf and the structure, if any, raised by such person on the public property shall vest in Government, Council, autonomous body, or registered Cooperative Society as the case may be”.

During audit of Director General, Malir Development Authority, it was noticed that MDA land area of 5,652 Acres was illegally encroached / occupied by Pakistan Railway, NLC, Police Training Institute, Goths etc, during financial year 2016-17, in violation of above rule. Details are provided at Annex-SLG32.

Audit was of the view that MDA authorities failed to protect public property from unauthorized occupation and did not take any legal action for retrieval of land due to failure and indiscipline deviation from prescribed rule on the part of administrative and financial management.

The matter was reported to the management during December, 2017, 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 person(s) at fault for failure to protect the government property billions of rupees. Further, necessary steps be taken to vacate land from unauthorized occupation, under intimation to audit.

[AIR Para: 20]

#### **1.2.2.47 Irregular Sale and Advertisement of Public Projects**

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”.

Further, according to Rule 3-1.2 Revocation of Development Permits, Sindh Building & Town Planning Regulations, 2002, “Where a development permit has been granted, if the authority which granted it, finds that any of the provisions of the regulations or any conditions of the development permit have been violated, the authority may issue an order revoking the permit”.

Director General, Sindh Building Control Authority, during financial year 2016-17, failed to initiate action against builder on account of sale and advertisement of housing projects without obtaining approval/NOC from Sindh Building Control Authority (No documentary evidence regarding approval/issuance of NOCs was provided for verification), in violation of above rules.

| Name of Builder | Projects                               |
|-----------------|--|
| ASF Foundation  | ASF Arabian Vista, ASF Tower, ASF City |

Audit was of the view that management failed to initiate action against concerned builder on account of sale and advertisement of public projects without approval/NOC of authority, which constituted administrative failure and deviation from prescribed rules and procedure on the part of management.

The matter was reported to the management during December, 2017, 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 official(s) held responsible for non-initiating action against person(s) involved in sale of housing projects without approval and NOC, under intimation to audit.

[AIR Para: 3]

#### **1.2.2.48 Unauthorized Retention of Government Vehicles by Ex-officers**

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 departments working under LGD and KMC, during financial year 2016-17, 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-SLG33.

Audit was of the view that unauthorized retention of official vehicles resulted into misuse of official vehicles at the cost of public exchequer financial management and deliberate violation from prescribed rules and procedures on the subject.

The matter was reported to the management during August to December 2017, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends that enquiry be held to fix responsibility against the person(s) at fault for non-recovery of official vehicles held un-authorizedly. Moreover, all out efforts may be made to recover vehicles without further delay, under intimation to audit.

[AIR Paras: 4, 01]

#### **1.2.2.49 Illegal Allotment of Government Vehicles Beyond Entitlement**

According to Government of Sindh, S&GAD No.CTC(S&GAD)5(238)/97 dated: 05-04-1997 (ii) All officers in BPS: 19 and 20 like Head of attached Departments/Regional Heads or equivalent in Autonomous Bodies/Corporations and Deputy Commissioners to use 1000 cc locally manufactured car.(iii)All officers pertaining to field duties in BPS:17 and 18 not included in above said categories who are otherwise entitled to Government vehicles to use 800 cc cars/Suzuki Jeep.

DMD (RRG) and Project Director S-III working under KW&SB, allowed Government vehicles to officers beyond entitlement, in violation of above rules. Detail is provided at Annex-SLG34.

Audit was of the view that Official vehicles were allotted to officers beyond their admissible entitlement, which resulted into mis-utilization of public resources and constituted financial management failure deliberate deviation from prescribed rules on the subject.

The matter was reported to the management during August to November, 2017 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 person(s) at fault for un-authorized allotment of official vehicles to officers/officials/contractors beyond their entitlement, under intimation to audit.

[AIR Para: 14, 10]

**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 PHED. 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.

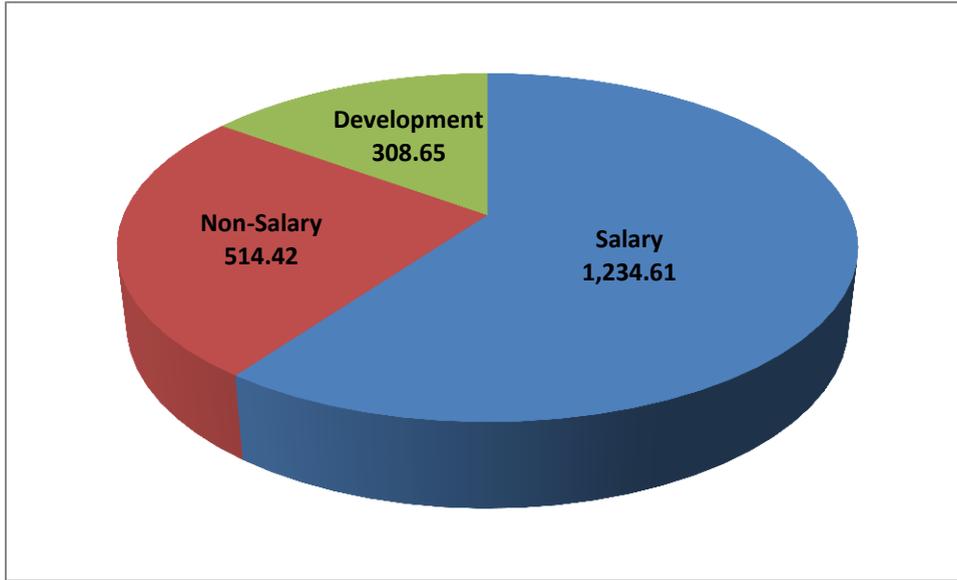
## 2.2 Comments on Budget and Accounts (Variance Analysis)

### ii. Budget of 2016-17 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       | 1,362.82        | 1,234.61              | -128.21                |
|   | Non-Salary   | 567.84          | 514.42                | -53.42                 |
|   | Development  | 340.70          | 308.65                | -32.05                 |
|   | <b>Total</b> | <b>2,271.36</b> | <b>2,057.68</b>       | <b>-213.68</b>         |

## Expenditure 2016-17



The original budget of Secretary, Public Health Engineering & Rural Development Department, during financial year 2016-17, was Rs 2,271.36 million, against which the total expenditure incurred was Rs 2,057.68 million, resulting in overall savings of Rs 213.68 million.

### 3.1.1 Brief Comments on the Status of Compliance with PAC Directives

The audit report pertaining to following year has been submitted to Governor of Sindh. Detail of PAC meetings is given below:

| Audit Year | No. of Paras | Status of PAC Meeting |
|------------|--------------|-----------------------|
| 2016-17    | 47           | Nil                   |

As indicated in the above table, no PAC meeting was convened to discuss the audit reports of PHE, Sindh.

## 2.3 AUDIT PARAS

### 2.3.1 Fraud/Embezzlement/Misappropriation

#### 2.3.1.1 Doubtful double Payment on Same Scheme - Rs 12.024 Million

As per SPPRA 2010 Rule-2 (1) (q), “Corrupt and Fraudulent Practices” means either one or any combination of the practices; (ii) “Collusive Practice” means any arrangement between two or more parties to the procurement process or contract execution, designed to achieve with or without the knowledge of the procuring agency to establish prices at artificial, non-competitive levels for any wrongful gain; (iv) “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”.

Executive Engineer, PHE, Khairpur-II @ Ranipur, during financial year 2016-17, advertised tender (NIT No.GB/TC/KHP//111 of 2017 Dated: 14-02-17) wherein, schemes/work at Sr. No B-03 and Sr. No.B-06 were found to be of same discreption and specifications, which indicates that duplication of same schemes worth Rs 12.024 million (Rs. 6,042,000 and Rs, 5,982,000/- each) has taken place, in violation of rules. Detail is as under:

| [Amount in Rupees] |                   |  |                  |                   |
|--------------------|-------------------|--|------------------|-------------------|
| Sr.                | NIT S.r #         | Description of Work  | Duration of Work | Tender Amount     |
| 1                  | (B-03)<br>Ranipur | Construction of CC Paver Block for Zone (B), (C) for Improvement Drainage System Ranipur Taluka Sobho Dero | 12-Months        | 6,042,000         |
| 2                  | (B-06)<br>Ranipur | Construction of CC Paver Block for Zone (B), (C) for Improvement Drainage System Ranipur Taluka Sobho Dero | 12-Months        | 5,982,000         |
| <b>Total</b>       |                   |  |                  | <b>12,024,000</b> |

Audit was of the view that same scheme was built twice which transpires involvement of management in collusive practices designed to achieve financial gain which shows management failure towards discharge of their duties.

The matter was reported to management during October 2017, but they did not respond to audit observation. DAC, in its meeting held on 14-12-2017, directed the concerned to physically verify the schemes / location and produce the result thereof with original record for audit verification. No compliance of DAC directives was made till finalization of this report.

Audit recommends that responsibility be fixed against person(s) at fault for involvement in corrupt and fraudulent practices which caused loss to Government exchequer besides, to take efforts to curb the practices of such type, under intimation to audit.

[AIR Para: 6]

### **2.3.1.2 Loss due to Acceptance of Non-existent Sales Tax Invoices Rs 8.079 Million**

According to section 14 of Sales Tax Act, 1990, “Registration-Under this Act, registration will be required for such persons and be regulated in such manner and subject to rules as the Board may, by notification in the official Gazette, prescribe.

| <b>Offences</b>  | <b>Penalties</b>  | <b>Section of the Act to which offence has reference</b> |
|--|---|--|
| 7. Any person who is required to apply for registration under this Act fails to make an application for registration before making taxable supplies. | Such person shall pay a penalty of ten thousand rupees or five per cent of the amount of tax involved, whichever is higher: Provided that such person who is required to get himself registered under this Act, fails to get registered within sixty days of the commencement of taxable activity, he shall, further be liable, upon conviction by a Special Judge, to imprisonment for a term which may extend to three years, or with fine which may extend to an amount equal to the amount of tax involved, or with both. | 14   |

According to section 3 (1) (a) of Sales Tax Act, 1990, “Scope of tax, subject to the provisions of this Act, there shall be charged, levied and paid a tax known as sales tax at the rate of seventeen per cent of the value of taxable supplies made by a registered person in the course or furtherance of any taxable activity carried on by him”.

Executive Engineer, Public Health engineering, Division-I, Hyderabad, made payment of Rs 47.521 million, during financial year 2016-17, to M/s Jawad Construction Company on account of “supply of 18” dia UPVC pipe”, but failed to deduct sales tax of Rs 8.079 million at source, as the contractor was unregistered. Moreover, the contractor submitted fake delivery challans of pipe manufacturer, as no sale was made to M/s Jawad Construction as evident from sales tax returns of the manufacturer, thus the contractor committed tax fraud. Details are provided at Annex-PHE1.

Audit was of the view that the management gave undue favor to the contractor by non-deduction of sales tax, resulting in loss to public exchequer and this lapse i.e. violation of Government rules constituted financial management indiscipline as well as internal controls failure.

The matter was reported to management during October 2017, but they did not respond to audit observation. DAC, in its meeting held on 14-12-2017, directed the concerned to furnish the reply and produce the original record for verification to audit. No compliance of DAC directives was made till finalization of this report.

Audit recommends holding of an enquiry to fix responsibility on person(s) at fault for non-deduction of government taxes and action be taken against contractor for providing fake delivery challans, besides, recovery of the tax amount be made without further delay, under intimation to audit.

[AIR Para: 5]

### **2.3.1.3 Fraudulent Transfer of work to Unqualified Contractor Rs 4.729 Million**

As per Rule-2 (1) (q), SPPRA 2010, “Corrupt and Fraudulent Practices” means either one or any combination of the practices; (ii) “Collusive Practice” means any arrangement between two or more parties to the procurement process or contract execution, designed to achieve with or without the knowledge of the procuring agency to establish prices at artificial, non-competitive levels for any wrongful gain; (iv) “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 Para-10 (iv) of GFR Volume-I, “public money should not be utilized for the benefit of a particular person or section of community”.

Executive Engineer, PHED, Khairpur-II @ Ranipur, initially awarded development work worth Rs 4.729 million, during financial year 2016-17, to M/s Siyal Builders. The work was later on transferred to M/s Jaan Builders who was not qualified, as he had not participated in bid for this particular work, in violation of above Rule. Detail is as under:

[Amount in Rupees]

| <b>Description of Work</b>   | <b>Contractor</b>           | <b>Work Order</b> | <b>Sub-lettee</b>                        | <b>Contract Amount</b> |
|--|-----------------------------|-------------------|--|------------------------|
| Construction of Surface Drain and CC Block for Siyal Mohalla Near Old Bus Stand, UC Ranirpur | M/s Siyal Builders subleter | 665<br>02-06-16   | M/s Jaan Builders vide 1229 dt: 23-12-16 | <b>4,729,385</b>       |

Audit was of the view that management unlawfully allowed the transfer of work from qualified to unqualified contractor, which resulted into mal practices and reflects administrative management failure towards adherence to prescribed rules and procedures.

The matter was reported to management during October 2017, but they did not respond to audit observation. DAC, in its meeting held on 14-12-2017, directed the concerned to furnish the replies and produce the original record for verification to audit. No compliance of DAC directives was made till finalization of this report.

Audit recommends that responsibility be fixed against person(s) at fault for unauthorized transfer of work, under intimation to audit.

[AIR Para: 15]

## 2.3.2 Non-Production of Record

### 2.3.2.1 Non-Production of Record – Rs 47.866 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”.

Following Offices of PHE Department, incurred an expenditure of Rs 47.866 million, during financial year 2016-17, but failed to provide record to audit, in violation of the above rule and instructions. Details are as under:

| [Rupees in Million] |                                   |               |
|---------------------|-----------------------------------|---------------|
| Sr.                 | Name of Offices                   | Amount        |
| 1.                  | XEN, PHE, Ghotki @ Mirpur Mathelo | -             |
| 2.                  | XEN, PHE, Sukkur                  | 47.866        |
| 3.                  | XEN, PHE, Badin                   | -             |
| 4.                  | XEN, PHE, Thatta                  | -             |
| 5.                  | XEN, PHE, Jamshoro                | -             |
| <b>Total</b>        |                                   | <b>47.866</b> |

Audit was of the view that non-provision of record reflects total disregard to 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 management during August to December 2017, but they did not respond to audit observation. DAC, in its meeting held on 14<sup>th</sup> and 15<sup>th</sup> December 2017, directed the concerned to furnish the replies and produce the original

record for verification to audit. Whereas XEN, PHE, Badin did not attend the meeting. No compliance of DAC directives was made till finalization of this report.

Audit recommends that responsibility be fixed against the person(s) held responsible for non-production of record in accordance with the provisions contained in Para 14 of AGP's Ordinance 2001.

[AIR Paras: 20, 1, 1, 1, 1]

## 2.3.3 Irregularity / Non-Compliance

### A. Recovery, Targeted receipts/Outstanding dues

#### 2.3.3.1 Non-Recovery of Government Taxes / Duty - Rs 388.417 Million

As per Article 15 of the Stamp Act, 1899, amended vide Sindh Finance Act, 2015, “it is 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.”

Further, according to Rule 2 (3) of the Sales Tax Special Procedure (Withholding) Rules, 2007, “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”.

Furthermore, as per 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/- |

Following Offices of PHE Department, failed to deduct various Government taxes amounting to Rs 388.417 million, during financial years 2016-17, from bills of contractors as well as non-affixing of stamp duty on contract agreements with contractors, in violation of rules. Details are as under:

[Amount in Rupees]

| Sr. | Name of offices                   | Head             | Amount  |
|-----|-----------------------------------|------------------|---------|
| 1.  | XEN, PHE, Ghotki @ Mirpur Mathelo | Professional Tax | 19,500  |
| 2.  | XEN, PHE, Kashmore @ Kandhkot     | Stamp Duty       | 232,676 |
| 3.  | XEN, PHE, Shaheed Benazirabad     | Professional Tax | 74,500  |
| 4.  | XEN, PHE, Khairpur-I              | Stamp Duty       | 519,059 |
| 5.  | XEN, PHE, Tando Muhammad Khan     | Stamp Duty       | 198,584 |
| 6.  | XEN, PHE, Khairpur-II             | Stamp Duty       | 474,589 |
| 7.  | XEN, PHE, Thatta                  | Stamp Duty       | 62,721  |

[Amount in Rupees]

| Sr.          | Name of offices                  | Head       | Amount             |
|--------------|----------------------------------|------------|--------------------|
| 8.           | DG, Rural Development Department | Sales Tax  | 386,734,388        |
|              |                                  | Stamp Duty | 100,946            |
| <b>Total</b> |                                  |            | <b>388,416,963</b> |

Audit was of the view that due to non-deduction of taxes, Government sustained loss of revenue which constituted financial management indiscipline as well as non-observance of prescribed rules and procedures invogue.

The matter was reported to managements during August to December 2017, but they did not respond to audit observation. DAC, in its meetings held on 13th, 14th and 15th December 2017, directed the concerned to furnish the replies and produce the original record for verification to audit, whereas XEN, PHE, Tando Muhammad Khan did not attend the meeting. No compliance of DAC directives was made till finalization of this report.

Audit recommends that responsibility be fixed against person(s) at fault for non-deduction of government dues, besides, effecting of recovery from concerns at the earliest, under intimation to audit.

[AIR Paras: 10, 3, 11, 5, 10, 9, 11, 3, 2, 8]

### **2.3.3.2 Non-Crediting of Unclaimed Balance of PWD Deposits Rs 2.009 Million**

As per Para 399 of CPWA Code, “The following items in the public works deposit should be credited to government (i) Original deposit remaining outstanding for one whole account year (ii) Balance unclaimed for more than three complete years”.

Executive Engineer, PHE, Badin did not credit PWD deposit balance amounting to Rs 2.009 million into government account, which remained un-claimed under the head of deposit work for more than three years i.e. till June 2017, in violation of the above rule.

Audit was of the view that the management should deposit the unclaimed amounts for more than three years into Government treasury to safeguard the public interest as well as loss to the public exchequer.

The matter was reported to management during October 2017, but they did not

respond to audit observation. XEN, PHE, Badin did not attend the DAC meeting held on 14-12-2017.

Audit recommends that responsibility be fixed against person(s) at fault for not crediting the unclaimed deposits into government account, under intimation to audit.

[AIR Para: 2]

## B. Violation of Rules

### 2.3.3.3 Non-Preparation of Feasibility Reports - Rs 3,045.969 Million

As per Rule 2.21 & 2.22 of Sindh Public Procurement Rules, Guideline / Regulations for procurements, “Procuring Agency / Committee shall not invite bids for development works, unless approval of PC-I / PC-II from Competent Forum has been obtained, further, competent authority for approval of cost upto one billion is Central Development Working Party (CDWP):.

Following Offices of Public Health Engineering Department, during financial year 2016-17, executed various development schemes amounting to Rs 3,045.969 million without preparing of Feasibility Reports (PC-II), in violation of above rule. Details are as under:

| [Rupees in Million] |                               |                  |
|---------------------|-------------------------------|------------------|
| Sr.                 | Name of Work                  | Estimated Cost   |
| 1                   | XEN, PHE, Dadu                | 1,971.553        |
| 2                   | XEN, PHE, Kamber @ Shahdadkot | 1,074.416        |
| <b>Total</b>        |                               | <b>3,045.969</b> |

Audit was of the view that non-preparation of the feasibility report resulted into unauthorized execution of works as well as deliberate deviation from prescribed procedure on the part of management.

The matter was reported to management during September and October 2017, but they did not respond to audit observation. DAC, in its meeting held on 14-12-2017, directed XEN, PHE, Dadu to furnish the replies and produce the original record for verification to audit, whereas XEN, PHE, Kamber @ Shahdadkot did not attend the meeting. No compliance of DAC directives was made till finalization of this report.

Audit recommends that responsibility be fixed against person(s) at fault for non-preparation of feasibility report, under intimation to audit. Moreover, in future all projects be executed after proper feasibility and planning as per instructions of Planning Commission.

[AIR Paras: 1, 2]

### 2.3.3.4 Irregular Award of Work beyond Competency- Rs 1,786.429 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

According to SPPRA Rule 2.22 (iii), 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 enumerate 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 |

Following Offices of Public Health Engineering Department, awarded development works costing of Rs 1,786.429 million, during financial year 2016-17, by transgression of financial powers beyond their competency, in violation of above rule. Details are as under:

| [Rupees in Million] |                                   |                  |
|---------------------|-----------------------------------|------------------|
| Sr.                 | Head                              | Amount           |
| 1.                  | XEN, PHE, Ghotki @ Mirpur Mathleo | 25.090           |
| 2.                  | XNE, PHE, Shaheed Benazirabad     | 1,121.870        |
| 3.                  | XEN, PHE, Matiari                 | 11.124           |
| 4.                  | XEN, PHE, Dadu                    | 47.510           |
| 5.                  | XEN, PHE, Shikarpur               | 400.000          |
| 6.                  | XEN, PHE, Sukkur                  | 31.254           |
| 7.                  | XEN, PHE, Kamber @ Shahdadkot     | 136.055          |
| 8.                  | XEN, PHE, Thatta                  | 13.526           |
| <b>Total</b>        |                                   | <b>1,786.429</b> |

Audit was of the view that unauthorized sanctions made through transgression of delegated financial powers resulted into unauthorized award of works as well as deviation from prescribed rules on the part of management.

The matter was reported to management during September to December 2017, but they did not respond to audit observation. DAC, in its meeting held on 13th, 14th and 15th December 2017, directed the concerned to furnish the replies and produce the original record for verification to audit, whereas XEN, PHE, Kamber @ Shahadadkot did not attend the meeting. No compliance of DAC directives was made till finalization of this report.

Audit recommends that responsibility be fixed against person(s) at fault for unauthorized sanction beyond competency. Besides, approval of competent authority be sought and produced to audit for verification.

[AIR Paras: 19, 1, 1, 2, 3, 1, 3, 3, 6]

### **2.3.3.5 Unauthorized Payments without Execution of Contract Agreements Rs 844.680 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”.

Further, as per Para 514 (A) of Public Works Departmental Manual Vol-I, “normally no work should be permitted to be started unless the tender on prescribed forms is invited and got sanctioned by the competent authority.” In an emergent case, when agreement cannot be concluded before order to start the work is given, a statement showing the terms on which the work is to be done should be obtained from the contractor. The memorandum of terms (agreement in prescribed form A-I, A-2, B-I & B-2) should be signed by the contractors, as well as by the authority competent to sanction the tender, before the work is permitted to be started.

Following Offices of Public Health Engineering Department release payments against various development works costing Rs 844.680 million, during financial year 2016-17, to various contractors without execution of contract agreements, in violation of the above rule. Details are as under:

[Amount in Rupees]

| <b>Sr.</b>   | <b>Name of Offices</b>            | <b>Amount</b>      |
|--------------|-----------------------------------|--------------------|
| 1.           | XEN, PHE, Ghotki @ Mirpur Mathelo | 32,886,500         |
| 2.           | XEN, PHE, Kashmore @ Kandhkot     | 66,478,000         |
| 3.           | XEN, PHE, Shaheed Benazirabad     | 147,997,474        |
| 4.           | XEN, PHE, Sukkur                  | 54,072,626         |
| 5.           | XEN, PHE, Dadu                    | 107,942,743        |
| 6.           | XEN, PHE, Shikarpur               | 290,729,500        |
| 7.           | XEN, PHE, Tando Muhammad Khan     | 15,855,042         |
| 8.           | XEN, PHE, Umerkot                 | 39,194,275         |
| 9.           | XEN, PHE, Tharparkar @ Mithi      | 6,171,424          |
| 10.          | XEN, PHE, Karachi                 | 83,351,919         |
| <b>Total</b> |                                   | <b>844,679,503</b> |

Audit was of the view that management mis-used its authority by making payments without executing contract agreements in violation of prescribed rules, which resulted into non-safeguarding the interest of the state.

The matter was reported to the management during September to November 2017, but they did not respond to audit observation. DAC, in its meeting held on 13th, 14th and 15th December 2017, directed the concerned to furnish the replies and produce the original record for verification to audit, whereas XEN, PHE, Tando Muhammad Khan did not attend the meeting. No compliance of DAC directives was made till finalization of this report.

Audit recommends that responsibility be fixed against person(s) at fault for execution of schemes and making payments without execution of contract agreements, under intimation to audit.

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

### **2.3.3.6 Non-Hoisting of Bid Evaluation Report on SPPRA Website Rs 478.478 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.”

Following Offices of Public Health Engineering Department awarded development schemes amounting to Rs 478.478 million, during financial year 2016-17, to contractors, but failed to hoist bid evaluation reports on the SPPRA website, in violation of above rules. Details are as under:

| [Rupees in Million] |                               |                |
|---------------------|-------------------------------|----------------|
| Sr.                 | Name of Offices               | Amount         |
| 1                   | XEN, PHE, Kashmore @ Kandhkot | 66.478         |
| 2                   | XEN, PHE, Shikarpur           | 412.000        |
| <b>Total</b>        |                               | <b>478.478</b> |

Audit was of the view that violation of SPPRA rules resulted into non-transparency in the award of contracts as well as deviation from prescribed rules on the part of management.

The matter was reported to managements during September to November 2017, but they did not respond to audit observation. DAC, in its meeting held on 13th and 14th December 2017, directed the concerned to furnish the replies and produce the original record for verification to audit, whereas XEN, PHE, Kamber @ Shahadadkot did not attend the meeting. No compliance of DAC directives was made till finalization of this report.

Audit recommends that responsibility be fixed against person(s) at fault for award of work without hoisting of bid evaluation report on SPPRA website, under intimation to audit.

[AIR Paras: 9, 1, 6]

### **2.3.3.7 Unrealistic Preparation of PC-I - Rs 362.530 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”.

The Executive Engineer, Public Health Engineering Division, Ghotki @ Mirpur Mathelo prepared PC-I for Rs 362.530 million, which was approved on 10.12.2014 for mega project of Urban Drainage Scheme Ghotki, with completion period of 36 months. Out of 362.530 million only 45.00 million was allocated till now, as a result, only 12% work has completed. Moreover, land for oxidation ponds has not been acquired as yet. Neither details of drainage scheme was found attached with the record, nor in-charges of sub-divisions submitted reports regarding building of oxidation ponds for said scheme. Detail is as under:

[Rupees in Million]

| Work                                       | Status              | Approved cost | Allotment Released 2016-17 | Expenditure    |             |       |
|--|---------------------|---------------|----------------------------|----------------|-------------|-------|
|  |                     |               |                            | Up to 30.06.16 | CFY 2016-17 | Total |
| Drainage scheme Ghotki City (Mega Project) | Approved 10.12.2014 | 362.530       | 20.00                      | 25.00          | 20.00       | 45.00 |

Audit was of the view that award of development works with unrealistic preparation of PC-I without sufficient budget and non-acquisition of land for oxidation ponds resulted into loss to government, which constituted financial indiscipline as well as non-observance of prescribed rules on the subject.

The matter was reported to management during October 2017, but they did not respond to audit observation. DAC, in its meeting held on 14-12-2017, directed the concerned to furnish the replies and produce the original record for verification to audit. No progress was reported till finalization of this report.

Audit recommends that responsibility be fixed against person(s) at fault for unrealistic preparation of PC-I without sufficient budget and non-acquisition of land for oxidation ponds, under intimation to audit.

[AIR Para: 7]

### 2.3.3.8 Payment made to Contractor without Periodical Lab Testing of Water and Measuring the Quantum of Work – Rs 220.321 Million

According to the Article 5 (G) (Contractor scope of work) contract executed between public Health engineering Department and M/s Pak Oasis Industrial (pvt) Ltd on 01-10-2011 for operation & maintenance of 40 Reverse Osmosis Plant in 13 District of Sindh installed during rains of 2011, “the contractor shall be responsible to carry out periodical water quality test on quarterly basis from a recognized laboratory for Raw Feed Water to plant and product water from the plant. The laboratory for such tests shall be manually identified. However, the contractor shall conduct monthly analysis at PHED lab and such reports shall be communicated to the employer to ensure portable quality of water.”

Further, according to the Article 6 (payments) contract executed between Public Health Engineering Department and M/s Pak Oasis Industrial (Pvt) Ltd on 01-10-2011 for operation & maintenance of 40 Reverse Osmosis Plant in 13 District of Sindh installed during rains 2011, “the payment shall be made to contractor on yearly basis in advance against security from reputed insurance company/any schedule bank of Pakistan to be provided by the contractor.” Summary of the Contract is given below:

- Total capacity: 04 million gallon per day
- Contract capacity (75%): 03 million gallon per day
- Water Cost per Gallon: Rs 0.205 per gallon
- Annual Cost (365 days): Rs 224.475,000/-

Executive Engineer, Public Health Engineering, Division-I, Hyderabad, made payments of Rs 220.321 million, during financial year 2016-17, on account of O&M of 40 RO plants, on fixed contractual quantity of 3 MGD without obtaining the readings of bulk meters installed on RO plants, which were not available on record, and in absence of required lab testing reports of water quality, which were required to be attached with bills before processing the bills for payment, in violation of above rules. Detail is as under:

[Amount in Rupees]

| Sr. | Name of Work        | Cost Centre | Name of Payee                      | CV No. & Date    | Amount      |
|-----|---------------------|-------------|------------------------------------|------------------|-------------|
| 1   | O&M of 40 RO plants | HB-0258     | M/S Pak Oasis Industrial (pvt) Ltd | D/21<br>31-05-17 | 4,208,000   |
| 2   | -do-                | -do-        | -do-                               | D/11<br>05-05-17 | 47,757,200  |
| 3   | -do-                | -do-        | -do-                               | D/17             | 112,237,500 |

[Amount in Rupees]

| Sr.          | Name of Work | Cost Centre | Name of Payee | CV No. & Date    | Amount             |
|--------------|--------------|-------------|---------------|------------------|--------------------|
|              |              |             |               | 15-02-17         |                    |
| 4            | -do-         | -do-        | -do-          | D/12<br>30-12-16 | 56,118,755         |
| <b>Total</b> |              |             |               |                  | <b>220,321,455</b> |

Audit was of the view that management failed to obtain reading of bulk meters to determine the quantum of water provided by contractor and without lab tests reports of water and measuring quantum of work as well as deviating from prescribed procedures resulted into non-transparency in incurring expenditure from public funds.

The matter was reported to management during October 2017, but they did not respond to audit observation. DAC, in its meeting held on 14-12-2017, directed the concerned to furnish the replies and produce the original record for verification to audit. No compliance of DAC directives was made till finalization of this report.

Audit recommends that responsibility be fixed against person(s) at fault on account of O&M payment of 40 ROs in absence of supporting vouchers, and the same be produced to audit for verification.

[AIR Para: 1]

### **2.3.3.9 Non-Imposition of Penalty – Rs 186.400 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.

Following Offices of PHED, during financial year 2016-17, executed development works but the penalty @ 10% of total cost amounting to Rs 186.400 million was not imposed on contractors for non-completion of schemes within stipulated completion dates without any justification, in violation of above rule. Details are as under:

[Rupees in Million]

| Sr.          | Head                             | Cost of Works | Penalty @ 10%  |
|--------------|----------------------------------|---------------|----------------|
| 1.           | XEN, PHE, Kashmore @ Kandhkot    | 27.690        | 2.769          |
| 2.           | XEN, PHE, Shaheed Benazirabad    | 1,265.412     | 126.541        |
| 3.           | XEN, PHE, Matiari                | 11.153        | 1.115          |
| 4.           | XEN, PHE, Kamber @ Shahdadkot    | 264.811       | 26.481         |
| 6.           | XEN, PHE, Shikarpur              | 22.864        | 2.286          |
| 7.           | XEN, PHE, Tando Muhammad Khan    | 18.441        | 0.922          |
| 8.           | XEN, PHE, Badin                  | 224.063       | 22.406         |
| 9.           | XEN, PHE, Tando Allah Yar        | 9.158         | 0.916          |
| 10.          | DG, Rural Development Department | 29.636        | 2.964          |
| <b>Total</b> |                                  |               | <b>186.400</b> |

Audit was of the view that undue favour was extended to contractors and non-compliance of rules reflects absence of internal control failure.

The matter was reported to management during September to November 2017, but they did not respond to audit observation. DAC, in its meeting held on 13th, 14th and 15th December 2017, directed the concerned to furnish the replies and produce the original record for verification to audit, whereas XENs, PHE, Kamber @ Shahdadkot, Badin and Tando Allahyar did not attend the meeting. No compliance of DAC directives was made till finalization of this report.

Audit recommends that responsibility be fixed against person(s) at fault for non-imposition of penalty on contractors for delay in execution of works. Besides, the penalty be recovered, under intimation to audit.

[AIR Paras: 8, 6, 8, 4, 6, 5, 5, 9]

### **2.3.3.10 Unauthorized Revision of Estimates without Calling Fresh Tenders Rs 130.396 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 Rule 16(1)I 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”.

Following Offices of Public Health Engineering Department, during financial year 2016-17 executed different development works / schemes with estimated cost of Rs 44.563 million which were revised to Rs 95.544 million resulting into excess revision of Rs 50.980 million and made expenditure over and above the original estimate without calling fresh tenders, in violation of above rule. Details are as under:

| [Amount in Rupees] |                               |                   |                   |                   |             |
|--------------------|-------------------------------|-------------------|-------------------|-------------------|-------------|
| Sr.                | Head                          | Tender Cost       | RT Cost           | Excess TS         | % of Excess |
| 1                  | XEN, PHE, Shaheed Benazirabad | 16,473,534        | 34,339,500        | 17,865,966        | 96-118      |
| 2                  | XEN, PHE, Sukkur              | 28,089,827        | 61,204,042        | 33,114,215        | 70-291      |
| <b>Total</b>       |                               | <b>44,563,361</b> | <b>95,543,542</b> | <b>50,980,181</b> | -           |

Audit was of the view that unauthorized expenditure was incurred over and above the original estimate without calling fresh tenders which constituted financial indiscipline as well as non-observance of prescribed rules on the subject.

The matter was reported to managements during September and October 2017, but they did not respond to audit observation. DAC, in its meeting held on 13th and 14th December 2017, directed the concerned to furnish the replies and produce the original record for verification to audit. No compliance of DAC directives was made till finalization of this report.

Audit recommends that responsibility be fixed against person(s) at fault for excess execution of work without calling of fresh tenders, under intimation to audit.

[AIR Paras: 13, 10]

### **2.3.3.11 Irregular Award of Work to Unregistered Contractors Rs 125.500 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”.

Executive Engineer, Public Health Engineering, Sukkur awarded different development schemes costing Rs 125.500 million, during financial year 2016-17, to various contractors which were not registered with PEC and Sindh Revenue Board, in violation of above rule.

Audit was of the view that management ignored rules and procedures set forth by the Government as well as deviation from prescribed rules on the part of management.

The matter was reported to managements during October 2017, but they did not respond to audit observation. DAC, in its meeting held on 15-12-2017, directed the concerned to furnish the replies and produce the original record for verification to audit. No compliance of DAC directives was made till finalization of this report.

Audit recommends that responsibility be fixed against person(s) at fault award of works to unregistered contractors.

[AIR Paras: 2+8]

### **2.3.3.12 Invitation of Tenders prior to Approval of PC-I Rs 118.927 Million**

According to Regulation for Procurement of Works as notified vide letter No. No.Dir(A&F)SPPRA/BoD/12-13/9316 Dated: 22-03-2013, Para-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 Regulation for Procurement of Works as notified vide letter No.Dir(A&F)SPPRA/BoD/12-13/9316 Dated: 22-03-2013, Guideline No.11.2.3, “starting the work in Anticipation of Technical Sanction, “No work can be started until and unless technical sanction is accorded by the competent authority”.

Folloing Offices of PHED advertised Tender Notices for development works amounting to Rs 118.927 million, during financial year 2016-17, without approval/signing of PC-I by competent authority, in violation of rules. Details are as under:

| [Rupees in Million] |                       |                |
|---------------------|-----------------------|----------------|
| Sr.                 | Name of Offices       | Amount         |
| 1.                  | XEN, PHE, Khairpur-I  | 53.885         |
|                     |                       | 22.138         |
| 2.                  | XEN, PHE, Khairpur-II | 32.714         |
|                     |                       | 10.190         |
| <b>Total</b>        |                       | <b>118.927</b> |

Audit was of the view that process of Notice Inviting Tender without prior approval of PC-I resulted into irregular floating of NIT, which constituted financial indiscipline as well as non-observance of prescribed rules on the subject.

The matter was reported to management during September and December 2017, but they did not respond to audit observation. DAC in its meeting held on 13<sup>th</sup> and 14<sup>th</sup> December 2017, directed the concerned to furnish the replies and produce the original record for verification to audit. No compliance of DAC directives was made till finalization of this report.

Audit recommends that responsibility be fixed against person(s) at fault for irregular advertisement of NIT before approval of PC-I by Competent Authority, under intimation to audit.

[AIR Paras: 1+3, 1+3]

### 2.3.3.13 Non-Blacklisting of Contractor due to Submission of Fake Delivery Challans - Rs 47.521 Million

According to Rule 2 (q) (iv) 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 section 21 (2) of Sales Tax Act, 1990, “De-registration, blacklisting and suspension of registration. Notwithstanding anything contained in this Act, in cases where the Commissioner is satisfied that a registered person is found to have issued fake invoices or has otherwise committed tax fraud, he may blacklist such person or suspend his registration in accordance with such procedure as the Board may, by notification in the official Gazette, prescribe.”

Executive Engineer, Public Health engineering, Division-I Hyderabad, made payment of Rs 47.521 million, during financial year 2016-17 to M/s Jawad Construction Company for supply of 18” UPVC pipes and delivery challans issued by M/s Jamal pipe (pvt) were attached with bills. But sales tax returns of M/s Jamal pipe (pvt) for FY 2016-17 revealed that no sales were made to M/s Jawad Construction Company in above mentioned period. However, during process of qualification of contractor, the management declared that M/s Jawad Construction Company have valid sales tax registration certificate but online verification through FBR official website revealed that M/s Jawad Construction Company was only registered in income tax. Moreover, Divisional Accountant through his letter dated 18-11-2016 informed the management that contractor is not submitting sales invoice issued to them by manufacturer. But the management facilitated the contractor and no action was taken against him for misstatement. Details are as under:

[Amount in Rupees]

| Sr.  | Item                               | N/Contract or        | Supplied by         | Rate          | Qty executed | Amount upto date |
|--|------------------------------------|----------------------|---------------------|---------------|--------------|------------------|
| 1.   | Supply of PE Pipe 18” Dia (Unlaid) | M/S Jawad Const. Co. | M/S Jamal & Hi-tech | 2,950 per rft | 5579.85      | 16,460,557.50    |
| 2.   | Supply of PE Pipe 18” Dia (laid)   | -do-                 | -do-                | 3,299 per rft | 11403.19     | 37,619,123.81    |
| Total payment made to contractor                     |                                    |                      |                     |               |              | 54,079,681       |
| Less verified delivery challans of Hi-Tech (Table:B) |                                    |                      |                     |               |              | 6,558,275        |
| Payment against fake delivery challans (Table: A)    |                                    |                      |                     |               |              | 47,521,406       |

Audit was of the view that the management awarded contract to un-registered sales tax contractor, who provided wrong information concerning the manufacturer of the pipe. Moreover, the sales tax returns of M/s Jamal pipe (pvt) shows that no sales were made to M/s Jawad Construction Company, as such the pipes used could have been of sub-standard / inferior quality and result in loss to Government exchequer. This constituted administrative and financial management failure.

The matter was reported to management during October 2017, but they did not respond to audit observation. DAC, in its meeting held on 14-12-2017, directed the concerned to furnish the replies and produce the original record for verification to audit. No compliance of DAC directives was made till finalization of this report.

Audit recommends that enquiry be initiated into matter to fix responsibility and that the contractor be black listed, for providing false information and causing financial loss to public exchequer, under intimation to audit.

[AIR Para: 2]

### **2.3.3.14 Irregular Revision of Work without Deviation Statement Rs 17.405 Million**

As per SPPRA, procurement Regulations (Works) Rule 11.2.2, “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)”.

Executive Engineer, Public Health Engineering, Tando Allahyar, awarded works of Rs 7.137 million, during financial year 2016-17. However, works were revised to Rs 17.405 million, without submission of required deviation statement and justification of increase the cost of the works. Detail is provided as under:

[Amount in Rupees]

| Sr. | Name of contractor  | W.O # / Date | Amount of W.O | Amount of 1 <sup>st</sup> T.S | Amount of 2 <sup>nd</sup> T.S | Difference |
|-----|---|--------------|---------------|-------------------------------|-------------------------------|------------|
| 1   | <b>Providing laying, jointing &amp; testing UPV rising 6” dia and oxidation pond and pumping machinery for rural drainage scheme massu bozdar, Dist Tando Allahyar.</b> |              |               |                               |                               |            |
|     | M/s Imtiaz  | 738 /        | 4,404,531     | 3,703,600                     | 5,651,600                     | 9,355,200  |

[Amount in Rupees]

| Sr.          | Name of contractor   | W.O # / Date     | Amount of W.O    | Amount of 1 <sup>st</sup> T.S | Amount of 2 <sup>nd</sup> T.S | Difference        |
|--------------|--|------------------|------------------|-------------------------------|-------------------------------|-------------------|
|              | Hussain  | 20-06-2016       |                  |                               |                               |                   |
| 2            | <b>Construction of Surface Drain &amp; CC block street for rural drainage scheme Mir Munawar talpur, District Tando Allahyar</b> |                  |                  |                               |                               |                   |
|              | M/s Atif Ali Abro  | 501 / 25-05-2016 | 2,732,750        | 2,610,700                     | 5,439,300                     | 8,050,000         |
| <b>Total</b> |  |                  | <b>7,137,281</b> | <b>6,314,300</b>              | <b>11,090,900</b>             | <b>17,405,200</b> |

Audit was of the view that revision of work without deviation statement resulted into unauthorized expenditure which constituted financial indiscipline as well as non-observance of prescribed rules on the subject.

The matter was reported to management during September 2017, but they did not respond to audit observation. XEN, Tando Allahyar did not attend the DAC meeting held on 14-12-2017.

Audit recommends that responsibility be fixed against person(s) at fault for revision of works and the payments made against unjustified revised technical sanctions, under intimation to audit.

[AIR Para: 2]

### **2.3.3.15 Non-Transparency in Award of Works – Rs 12.031 Million**

According to Regulation for Procurement of Works as notified vide letter No.Dir(A&F)SPPRA/BoD/12-13/9316 Dated: 22-03-2013, Guideline No.7, (h) bidders shall submit only one bid unless permitted to submit alternate bid and in case separate bidding/tender document is to be purchased.”

Executive Engineer, PHED Khairpur-II @ Ranipur, during financial year 2016-17, awarded tender costing Rs 12.031 million by manipulating tendering process. The contractor had applied for two specific works but was awarded with another work, for which he had not applied. Further, following discrepancies were also observed:

- i. Non-transparency in tendering process due to pre-decided distribution of work among participants/bidders.
- ii. Acceptance of tender/BOQ without sealed envelopes.

- iii. In absence of ticking rates above or below, the bidder instead of being disqualified, was allowed to participate in tender and awarded retrospectively.

[Amount in Rupees]

| Description of Work  | Duration of Work | Contractor           | Work Order      | Contract Amount | Irregularities   |
|--|------------------|----------------------|-----------------|-----------------|--|
| Construction of Collecting Tank, S/Chamber, P/House, S/Quarter, C/Wall, P/Machinery, P.E Rising Main & RCC Sewer for Zone "F" (Station Area Gambat) for Improvement of Drainage Scheme Gambat, Taluka Gambat | 12-Months        | M/S Awais Ahmed & Co | 452<br>21-04-17 | 12,030,922      | 1. Unsealed Envelop<br>2. Contractor requested for work No. 3 & 10 of NIT 111 but awarded work No.5<br>3. No above/below rate ticked |

Audit was of the view that non-transparency in the tendering process transpires that the management was involved in collusive practices, as a result of administrative management remained fail to ensure transparency in tendering process.

The matter was reported to management during October 2017, but they did not respond to audit observation. DAC, in its meeting held on 14-12-2017, directed the concerned to furnish the replies and produce the original record for verification to audit. No compliance of DAC directives was made till finalization of this report.

Audit recommends that responsibility be fixed against person(s) at fault for non-transparency in award of work, under intimation to audit and to ensure that this practice will not be repeated in future.

[AIR Para: 14]

### **2.3.3.16 Non-Transparency in POL Spending – Rs 10.852 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".

Following Offices of PHEs Department incurred expenditure amounting to Rs 1.397 million, during financial year 2016-17, on purchase of POL for official vehicles but did not prepare Log Books, Vehicle Maintenance Record, History Sheets and Petrol account Registers, in violation of above rule. Detail is as under:

[Amount in Rupees]

| Sr.          | Name of offices                   | Para | Amount            |
|--------------|-----------------------------------|------|-------------------|
| 1            | Chief Engineer, PHE, Hyderabad    | 4    | 728,140           |
| 2            | XEN, PHE, Ghotki @ Mirpur Mathelo | 21   | 668,419           |
| 3.           | XEN, PHE, Tharparkar @ Mithi      | 4    | 9,454,941         |
| <b>Total</b> |                                   |      | <b>10,851,500</b> |

Audit was of the view that expenditure on POL without preparation of log books, history sheets and petrol consumption account was violation of laid down procedures.

The matter was reported to the management during August and October 2017, but they did not respond to audit observation. DAC, in its meeting held on 13th and 14th December 2017, directed the concerned to furnish the replies and produce the original record for verification to audit, whereas, Chief Engineer, PHE, Hyderabad did not attended the meeting. No compliance of DAC directives was made till finalization of this report.

Audit recommends that responsibility be fixed against person(s) at fault for incurring expenditure without supporting record. Besides, same be prepared and produced for audit verification.

[AIR Paras: 4, 21, 4]

### **2.3.3.17 Irregular Award of Work due to Expired PEC Certificates of Contractors - Rs 10.771 Million**

As per SPPRA Guideline / Regulations for procurement of works rule 2.12, "Firms/individuals registered with Pakistan Engineering Council (PEC) are allowed to participate in tenders/bids of value, whose amount does not exceed the limit of the category in which it/he is registered".

Executive Engineer, PHED, Khairpur-II @ Ranipur, awarded development works amounting to Rs 10.771 million, during financial year 2016-17, to various contractors with expired PEC Certificates, in violation of the above rule.

Audit was of the view that undue favor was extended towards contractors, instead of eliminating disqualified contractors on the basis of expired PEC certificate, as well as non-observance of prescribed procedure on the part of management.

The matter was reported to management during October 2017, but they did not

respond to audit observation. DAC, in its meeting held on 14-12-2017, directed the concerned to furnish the replies and produce the original record for verification to audit. No compliance of DAC directives was made till finalization of this report.

Audit recommends that matter may be reviewed to ascertain the justification for awarding works against expired PEC registration, in a non-transparent manner.

[AIR Para: 2]

### **2.3.3.18 Irregular Payment of Land Acquisition without Obtaining Ownership - Rs 8.777 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, as per Rule 668 of Treasury Rule, “Advances granted under special order of the competent authority to Govt. officers for departmental or allied purpose may be drawn on the responsibility and receipt of the officers for whom they are sanctioned, subject to adjustment by submission of detailed accounts supported by vouchers or by refund, as may be necessary”.

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 8.777 million, during financial year 2016-17, to Assistant Commissioner/ Land Acquisition Officers, Mirpur Mathelo & Daharki for purchase of Land for “Oxidation ponds for drainage schemes” but failed to obtain Land ownership documents from the Revenue Department, GoS. Detail is as under:

[Amount in Rupees]

| Amount paid to   | Name of work / purpose  | V.# & Date         | Cheque # & Date       | Amount           |
|--|---|--------------------|-----------------------|------------------|
| Assistant<br>Commissioner, Land<br>Acquisition Officer,<br>Mirpur Mathelo. | Acquisition of land for oxidation<br>ponds for drainage scheme<br>Mirpur Mathelo (Urban). | Nil                | 2380131<br>28.06.2016 | 7,200,000        |
|  |   | H-72<br>31.03.2017 | 2589411<br>31.03.2017 | 1,577,000        |
| <b>Total</b>   |   |                    |                       | <b>8,777,000</b> |

Audit was of the view that management failed to safeguard its property and made unjustified payment, in absence of land ownership as well as deviation from prescribed rules on the part of management.

The matter was reported to management during October 2017, but they did not respond to audit observation. DAC, in its meeting held on 14-12-2017, directed the concerned to furnish the replies and produce the original record for verification to audit. No compliance of DAC directives was made till finalization of this report.

Audit recommends that responsibility be fixed against person(s) at fault. Besides, ownership documents be obtained from concerned department, under intimation to audit.

[AIR Para: 6]

### **2.3.3.19 Irregular Payments on Reduced Rates – Rs 8.738 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”.

Executive Engineer, PHE, Jamshoro, incurred an expenditure of Rs 8.738 million, during financial year 2016-17, on account of execution of items works at part /

reduced rate without showing any adjustment, 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. 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.

Audit was of the view that unauthorized payment on reduced rates was made without justification and quality of work was compromised. Moreover, chances of wastage of funds cannot be ruled out as well as deviation from prescribed rules on the part of management.

The matter was reported to management during August, 2017, but they did not respond to audit observation. DAC, in its meeting held on 14-12-2017, directed the concerned to furnish the replies and produce the original record for verification to audit. No compliance of DAC directives was made till finalization of this report.

Audit recommends that responsibility be fixed against person(s) at fault for payment against defective works, under intimation to audit.

[AIR Para: 11]

### **2.3.3.20 Unjustified Payment without Verifying Contractors' Credentials Rs 7.274 Million**

According to the Notification SORI (SGA&CD) 2-30/2010 dated 23rd October 2014, in exercise of the powers conferred by section 26 of the Sindh Public Procurement Act 2009, the Govt. of Sindh are pleased to make the following in the Sindh Public Procurement Rules 2010". Further, according to the Rule 46 (1) (a) (III) of SPPR 2010, "Registration with Income Tax, Sales Tax and Pakistan Engineering Council (where applicable)".

Executive Engineer, PHE, Division-I, Hyderabad, made payment of Rs 7.274 million, during financial year 2016-17, to various contractors, but procurement committee failed to properly evaluate bidders' eligibility, as the contractors were not

registered with FBR in sales tax category. The procurement committee in there evaluation report instead of disqualifying, them mentioned the contractors as sales tax registered, in violation of above rule.

Audit was of the view that undue favor was extended to the contractors as well as deviation from prescribed rules on the part of management.

The matter was reported to management during October, 2017, but they did not respond to audit observation. DAC, in its meeting held on 14-12-2017, directed the concerned to furnish the replies and produce the original record for verification to audit. No compliance of DAC directives was made till finalization of this report.

Audit recommends that responsibility be fixed against person(s) at fault on account of improper evaluation of contractors credentials, under intimation to audit.

[AIR Para: 3]

### **2.3.3.21 Unjustified simultaneous Payments of Two Running Bills Rs 4.369 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 ¼th of work in ¼th 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, according to GFR Vol-I, Para-192 (2), “Payments for all works done by contract of materials purchased should be made on the basis of measurements recorded in Measurement Books (CPWA Form 23).

Following offices of PHED made two payments of two running bills amounting to Rs 4.369 million, during financial year 2016-17, on same day which transpires that advance payment were made to contractor as execution of civil work, however, it is not possible to record two measurements on same day, for the same work. Further, the date of recording of MB was not mentioned on the bill, in violation of above rules. Detail is as under:

[Amount in Rupees]

| Sr.                                  | Vr # / Date          | Name of work   | Name of Contractor      | R.A bills       | Amount paid      |
|--------------------------------------|----------------------|--|-------------------------|-----------------|------------------|
| <b>XEN, PHE, Tando Muhammad Khan</b> |                      |  |                         |                 |                  |
| 1.                                   | 353<br>10-06-16      | Rehabilitation of water supply scheme Tando Ghulam Hyder District TM Khan  | M/S G.A.A. Construction | 5 <sup>th</sup> | 2,077,805        |
| 2.                                   |                      |  |                         | 6 <sup>th</sup> | 1,732,041        |
| <b>Total</b>                         |                      |  |                         |                 | <b>3,809,846</b> |
| <b>XEN, PHE, Tando Allah Yar</b>     |                      |  |                         |                 |                  |
| 1.                                   | D 81 /<br>20-06-2017 | Providing laying, jointing & testing of PVC rising main6” Oxidation pond of pumping machinery for rural drainage Massu Bozdar. | Imtiaz Hussain          | 3 <sup>rd</sup> | 385,361          |
| 2.                                   | D 82 /<br>20-06-2017 |  |                         | 4 <sup>th</sup> | 173,470          |
| <b>Total</b>                         |                      |  |                         |                 | <b>558,831</b>   |
| <b>Grand Total</b>                   |                      |  |                         |                 | <b>4,368,677</b> |

Audit was of the view that public funds were misused by the management, which resulted in undue favour to contractors as well as deviation from prescribed rules on the part of management.

The matter was reported to management during September and October 2017, but they did not respond to audit observation. DAC meeting was held on 14-12-2017, but they did not attend the meeting. No compliance of DAC directives was made till finalization of this report.

Audit recommends that responsibility be fixed against person(s) at fault not observing Government procedures, under intimation to audit.

[AIR Paras: 6, 4]

### **2.3.3.22 Irregular Procurement of Pumping Machinery in Deviation of PC-I – Rs 2.688 Million**

According to instruction circulated vide Order No.So(1)/PHE/Release of Funds/2016-17 Dated: October 2016, Term No.06, “The expenditure shall be strictly according to the provision of the Approved PC-I, the concerned office shall be held responsible for any violation in this regard”.

Further, as per Para 145 of GFR, “The purchase must be made in the most economical manner in accordance with the definite requirements of the public service. Store should not be purchased in small quantities. Periodical indents should be prepared

and as many articles as possible obtained by means of such indents. At the same time care should be taken not to purchase stores much in advance of actual requirements, if such purchase is likely to prove unprofitable to government”.

Executive Engineer, PHED, Tando Muhammad Khan, incurred expenditure amounting to Rs 2.688 million, during financial year 2016-17, on procurement of pumping machinery, however, as per PC-I component-wise, year-wise and physical activity/implementation of scheme, pumping machinery was required to be procured in 2017-18, as a result procured pumping machinery in anticipation, is lying in office premises, and is being wasted due to rust and wear & tear, in violation of rules. Detail is provided at Annex-PHE2.

Audit was of the view that management blocked government funds by procuring pumping machinery prior to execution of allied work as well as deviation from approved PC-I of schemes on the subject.

The matter was reported to management during October 2017, but they did not respond to audit observation. DAC meeting was held on 14-12-2017, which was not attended by the XEN concerned.

Audit recommends that responsibility be fixed against person(s) at fault for deviation from PC-I, under intimation to audit.

[AIR Para: 2]

### **2.3.3.23 Irregular Payment against Third Party Validation Rs 1.639 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”.

Executive Engineer, Public Health Engineering Division, Khairpur-I made

payment of Rs 1.639 million, during financial year 2016-17, on account of third party validation of schemes to Monitoring & Evaluation Cell, P&D Department, Government of Sindh, Karachi. However, the result of monitoring of the schemes conducted by M&E Cell was not available, which could attest the quality of work done, in violation of above rules. Detail is as under:

[Amount in Rupees]

| Sr.          | Description of Work  | Estimated  | Actual Expenditure | Status    | Paid to                                       | Sanction /Approval | Total Payment    |
|--------------|--|------------|--------------------|-----------|---|--------------------|------------------|
| 1.           | Water Supply Scheme for village Kot Mir Muhammad Taluka Kingri   | 28,352,963 | 6,844,714          | Completed | Monitoring Cell, P&D Department Govt of Sindh | 894<br>19-04-17    | 283,524          |
| 2.           | Drainage Scheme Fatih Ali Chnadio UC Noorpur                     | 20,611,172 | 5,195,541          | Completed | Monitoring Cell, P&D Department Govt of Sindh | 895<br>19-04-17    | 204,071          |
| 3.           | Extension & Rehabilitation Drainage Scheme Kot Diji Kot Bungalow | -          | 2,354,556          | Completed | Monitoring Cell, P&D Department Govt of Sindh | 599<br>08-05-17    | 1,151,144        |
| <b>Total</b> |  |            |                    |           |   |                    | <b>1,638,739</b> |

Audit was of the view that in absence of M&E Cell report, the payments were made without justification, resulting into irregular expenditure which constituted financial indiscipline as well as non-observance of prescribed rules on the subject.

The matter was reported to management during November 2017, but they did not respond to audit observation. DAC, in its meeting held on 13-12-2017, directed the concerned to furnish the replies and produce the original record for verification to audit. No compliance of DAC directives was made till finalization of this report.

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

[AIR Para: 8]

### **2.3.3.24 Irregular Excess Execution of Work beyond Prescribed Limit Rs 0.858 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”.

Executive Engineer, Public Health Engineering, Thatta, made payment of Rs 0.858 million, during financial year 2016-17, on account of excess execution of items of work allowed to contractor beyond the admissible limit of 30% of the estimated quantity of work, in violation of rules.

Audit was of the view that cost of additional quantities exceeded the admissible limit of original contract quantity resulting into undue favour to contractor which constituted financial indiscipline as well as non-observance of prescribed rules on the subject.

The matter was reported to managements during September 2017, but they did not respond to audit observation. DAC, in its meeting held on 14-12-2017, directed the concerned to furnish the replies and produce the original record for verification to audit. No compliance of DAC directives was made till finalization of this report.

Audit recommends that responsibility be fixed against person(s) at fault excess payment beyond admissible limit, under intimation to audit.

[AIR Para: 8]

**CHAPTER-III**  
**DISTRICT MUNICIPAL CORPORATIONS**  
**KARACHI DIVISION**

## **3.2 KARACHI DIVISION**

### **3.2.1 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:

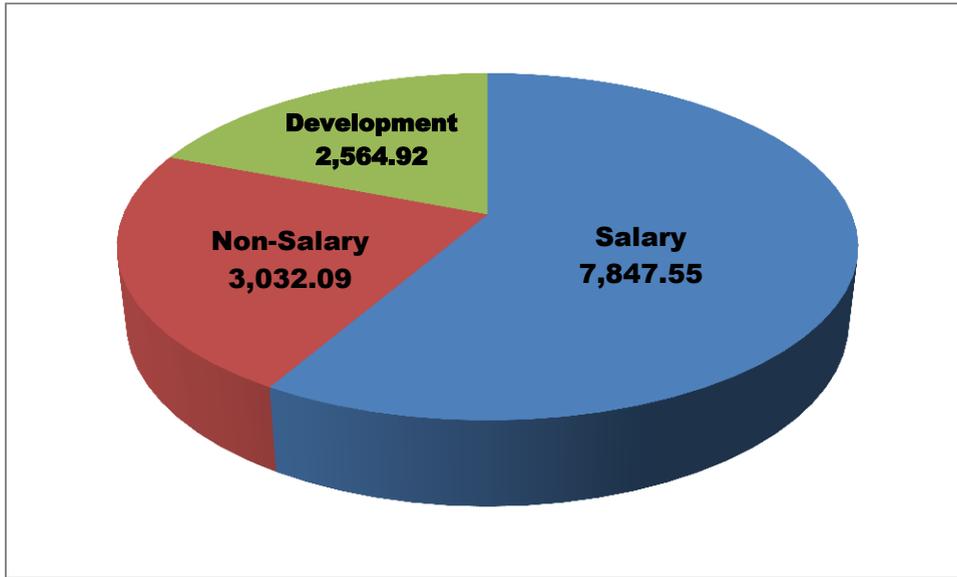
1. Prepare spatial plans for the Town including plans for land use, zoning and functions for which Municipal Corporation is responsible.
2. Exercise control over land-use, land-subdivision, land development and zoning by public and private sectors for any purpose, including agriculture, industry, commerce 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.

### 3.2.2 Comments on Budget and Accounts (Variance Analysis)

(Rupees in Million)

| Sr.                     | Formation           | Particulars | Budget           | Expenditure / Revenue | Excess (+) Savings (-) |
|-------------------------|---------------------|-------------|------------------|-----------------------|------------------------|
| <b>Karachi Division</b> |                     |             |                  |                       |                        |
| 1                       | DMC Central Karachi | Salary      | 2,413.52         | 2,011.27              | -402.25                |
|                         |                     | Non-Salary  | 841.31           | 600.94                | -240.37                |
|                         |                     | Development | 581.72           | 387.82                | -193.91                |
|                         |                     | Revenue     | 3,913.34         | 3,130.67              | -782.67                |
| 2                       | DMC South Karachi   | Salary      | 1,686.89         | 1,532.69              | -154.20                |
|                         |                     | Non-Salary  | 845.35           | 522.97                | -322.38                |
|                         |                     | Development | 334.89           | 21.10                 | -313.78                |
|                         |                     | Revenue     | 2,990.51         | 2,110.37              | -880.15                |
| 3                       | DMC West Karachi    | Salary      | 3,070.24         | 1,144.78              | -1,925.46              |
|                         |                     | Non-Salary  | 1,279.27         | 476.99                | -802.27                |
|                         |                     | Development | 767.56           | 286.20                | -481.36                |
|                         |                     | Revenue     | 5,118.44         | 2,289.06              | -2,829.38              |
| 4                       | DMC East Karachi    | Salary      | 1,185.46         | 1,257.89              | 72.43                  |
|                         |                     | Non-Salary  | 418.77           | 372.37                | -46.40                 |
|                         |                     | Development | 1,311.08         | 806.19                | -504.88                |
|                         |                     | Revenue     | 973.14           | 451.10                | -522.03                |
| 5                       | DMC Malir Karachi   | Salary      | 776.96           | 955.59                | 178.63                 |
|                         |                     | Non-Salary  | 362.27           | 455.89                | 93.62                  |
|                         |                     | Development | 1,075.81         | 717.28                | -358.53                |
|                         |                     | Revenue     | 3,061.01         | 2,531.04              | -529.97                |
| 6                       | DMC Korangi Karachi | Salary      | 1,311.25         | 945.32                | -365.93                |
|                         |                     | Non-Salary  | 734.00           | 602.93                | -131.08                |
|                         |                     | Development | 769.62           | 346.33                | -423.29                |
|                         |                     | Revenue     | 2,105.13         | 947.31                | -1,157.82              |
| <b>Salary</b>           |                     |             | <b>10,444.32</b> | <b>7,847.55</b>       | <b>-2,596.77</b>       |
| <b>Non-Salary</b>       |                     |             | <b>4,480.98</b>  | <b>3,032.09</b>       | <b>-1,448.89</b>       |
| <b>Development</b>      |                     |             | <b>4,840.68</b>  | <b>2,564.92</b>       | <b>-2,275.76</b>       |
| <b>Grand Total</b>      |                     |             | <b>19,765.98</b> | <b>13,444.56</b>      | <b>-6,321.42</b>       |
| <b>Revenue</b>          |                     |             | <b>18,161.56</b> | <b>11,459.54</b>      | <b>-6,702.02</b>       |

### Expenditure 2016-17



Original budget of Rs 19,765.98 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 2016-17 for the audited entities depicted that there was a savings of Rs 6,321.42 million.

### 3.2.3 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 |
|------------|--------------|------------------------|
| 2014-15    | 70           | Nil                    |
| 2015-16    | 30           | Nil                    |
| 2016-17    | 32           | 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 POL - Rs 2.175 Million**

According to Section 116(7) of Sindh Local Government Act 2013, “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, as per 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".

Municipal Commissioner of DMC, Korangi, incurred an expenditure amounting to Rs 2.175 million, during financial year 2016-17, on account of purchase of POL against off-road vehicles, in violation of above rules. Details are provided at Annex-DMC1.

Audit was of the view that amount of POL drawn against off-road vehicles resulted into misappropriation of public money and depicts administrative and financial management, failure and deliberate non-observance of rules.

The matter was reported to the management during November 2017 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 person(s) at fault and amount drawn be recovered, under intimation to audit.

[AIR Para: 1]

## 3.2.2 Non-Production of Record

### 3.2.2.1 Non-Production of Record – Rs 2,604.573 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”.

Following DMCs of Karachi incurred an expenditure of Rs 2,604.573 million, during financial year 2016-17, from different heads of accounts, but failed to produce auditable record to audit, in violation of the above rule. Details are as under:

[Amount in Rupees]

| Sr.          | Name of Office | Head of Account     | Amount               |
|--------------|----------------|---------------------|----------------------|
| 1            | DMC, Korangi   | Non-Salary          | 50,345,766           |
| 2            |                | Salary              | 1,409,901,441        |
| 3            | DMC, East      | Salary and N.Salary | 0                    |
| 4            | DMC, Malir     | -do-                | 1,144,326,000        |
| <b>Total</b> |                |                     | <b>2,604,573,207</b> |

Audit was of the view that non-provision of record reflects total disregard to 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 managements during August to December 2017, 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) held responsible for non-production of record in accordance with the provisions contained in Para 14 of AGP's Ordinance 2001.

[AIR Paras: 2, 16, 1]

### 3.2.3 Irregularity / Non-Compliance

#### A. Recovery, Targeted receipts/Outstanding dues

##### 3.2.3.1 Non-Achievement of Targeted Receipts – Rs 465.532 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 DMCs of Karachi targeted/budgeted revenue of Rs 535.465 million, during financial year 2016-17. However, the targets were not realized which resulted in short achievement of Rs 465.532 million, in violation of above rules. Detail is as under:

[Amount in Rupees]

| Sr.                          | Name of Office | Description                                       | Target             | Receipt           | Difference         |
|------------------------------|----------------|---|--------------------|-------------------|--------------------|
| 1                            | DMC, Central   | Income from Ground, Parks Baradari, Gym Community | 15,000,000         | 30,000            | 14,970,000         |
| 2                            |                | Road Cutting charges from different agencies      | 40,000,000         | 860,4321          | 31,395,679         |
| 3                            | DMC, Korangi   | Income from Trade License K.Z                     | 10,000,000         | 8,035,190         | 1,964,810          |
|                              |                | Income from Trade License SFZ                     | 11,000,000         | 164,940           | 10,835,060         |
|                              |                | Income from Trade License L.Z                     | 25,000,000         | 827,000           | 24,173,000         |
| Transfer of property fee L.D |                | 40,000,000  | 11,094,232         | 28,905,768        |                    |
| 4                            |                | Transfer of property fee K.Z                      | 30,000,000         | 18,016,013        | 11,983,987         |
|                              |                | Transfer of property fee SFZ                      | 30,000,000         | 2,654,285         | 27,345,715         |
| 5                            |                | Own Sources Recovery K.Z                          | 7,000,000          | 2,865,876         | 4,134,124          |
|                              |                | Own Sources Recovery SFZ                          | 9,000,000          | 4,238,900         | 4,761,100          |
| 6                            | DMC, East      | Trade License Fee                                 | 23,000,000         | 8,959,150         | 14,040,850         |
|                              |                | Advertisement Fee                                 | 260,000,000        | 4,443,370         | 255,556,630        |
| 7                            | DMC, West      | -do-  | 35,465,450         | 0                 | 35,465,450         |
| <b>Total</b>                 |                |   | <b>535,465,450</b> | <b>69,933,277</b> | <b>465,532,173</b> |

Audit was of the view that management failed to make all out measures to realize the targeted receipts, which constituted financial indiscipline as well as lack of vigilance and deviation from prescribed rules causing less collection of revenue on the part of management.

The matter was reported to management during August and November 2017, 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 person(s) at fault laxity in realization of targeted revenues, under intimation to audit.

[AIR Paras: 11, 4, 23, 5]

### 3.2.3.2 Non-Deduction of Government Taxes - Rs 45.625 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”.

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”.

Following DMCs of Karachi paid an amount of Rs. 706.711 million but did not deduct income tax and sales tax amounting to Rs 45.625 million, during financial year 2016-17, from bills of contractors/suppliers in violation of above rule. Details are as under:

[Amount in Rupees]

| Sr.                      | Name of Offices | Head                   | Expenditure        | % age    | Amount            |
|--------------------------|-----------------|------------------------|--------------------|----------|-------------------|
| <b>Income Tax</b>        |                 |                        |                    |          |                   |
| 1                        | DMC, West       | Bills of contractors   | 9,971,343          | 7.50%    | 747,851           |
| 1                        | DMC, Malir      | Contingencies          | 256,610,518        | 4.50%    | 11,547,473        |
| 2                        |                 | Repair and Maintenance | 80,716,569         | 7.50%    | 6,053,742         |
| 3                        |                 | Development            | 359,412,780        | 7.50%    | 26,955,958        |
| <b>G. Sales Tax</b>      |                 |                        |                    |          |                   |
| 4                        | DMC, West       | Various works          | 1,880,650          | 17%      | 319,711           |
| <b>Total Expenditure</b> |                 |                        | <b>708,591,680</b> | <b>-</b> | <b>45,624,735</b> |

Audit was of the view that management failed to comply with rules set out by the Government, which constituted financial indiscipline as well as non-observance of

prescribed rules on the subject.

The matter was reported to managements during August 2017, 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 person(s) at fault for non-deduction of taxes. Besides, same be recovered and deposited into government treasury under intimation to audit.

[AIR Paras: 7, 2, 3]

### **3.2.3.3 Less-Depositing of Sales Tax on Services - Rs 8.812 Million**

According to SRB Notification No.SRB-3-4/8/2013 dated 01-07-2013 Sindh Sales Tax Services Act, 2011 (Sindh Act No.XII of 2011), “the Sindh Revenue Board, with the approval of the Government, is pleased to declare that the tax on the services specified in column (2) of the Table below, falling under the tariff heading specified in column (1) of the Table, shall be charged, levied and collected at the rate specified in column (3) of the Table”.

| <b>Tariff Heading</b> | <b>Description</b>               | <b>Rate of Tax</b> |
|-----------------------|----------------------------------|--------------------|
| 9822.2000             | Maintenance or Cleaning Services | 10%                |
| 9822.3000             | Janitorial services              | 10%                |

Municipal Commissioner, DMC, Korangi, during financial year 2016-17, deducted Rs 16.402 million on account of Service tax on services from 3 (three) contractors and deposited only Rs 7.591 million, the balance of Rs 8.812 million remains to be deposited into treasury, in violation of rules.

Audit was of the view that less-depositing of sales tax on services which constituted financial indiscipline as well as non-observance of prescribed rules on the subject.

The matter was reported during November, 2017 but management failed to provide departmental point of view. The PAO failed to convene the DAC meeting despite pursuance by audit.

Audit recommends that responsibility be fixed against person(s) at fault for less-depositing of sales tax into treasury. Besides, the amount under consideration be deposited into government treasury, under intimation to audit.

[AIR Para: 15]

## **B. Violation of Rules**

### **3.2.3.4 Non-Transparency in POL Spending - Rs 476.111 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”.

Following DMCs of Karachi incurred expenditure amounting to Rs 476.111 million, during financial year 2016-17, on purchase of POL for official vehicles/machineries but did not prepare Log Books, Vehicle Maintenance Record, History Sheets and Petrol account Registers, in violation of above rule. Details are as under:

| [Amount in Rupees] |                        |             |                    |
|--------------------|------------------------|-------------|--------------------|
| <b>Sr.</b>         | <b>Name of offices</b> | <b>Para</b> | <b>Amount</b>      |
| 1                  | DMC, South             | 7           | 10,598,950         |
| 2                  | DMC, Central           | 5           | 2,657,760          |
| 3                  | DMC, Korangi           | 2           | 230,310,071        |
| 4                  | DMC, East              | 4           | 49,153,618         |
| 5                  | DMC, Malir             | 3           | 183,390,204        |
| <b>Total</b>       |                        |             | <b>476,110,603</b> |

Audit was of the view that expenditure on POL without preparation of log books, history sheets and petrol consumption account, was irregular and clear violation of laid down procedures.

The matter was reported to the management during October and November 2017 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 person(s) at fault for incurring expenditure without supporting record. Besides, the same be prepared and produced to audit for verification.

[AIR Paras: 7, 5, 2, 4, 3]

### **3.2.3.5 Unauthorized Award of Works - Rs 248.422 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.”

Municipal Commissioner, DMC South, uploaded/posted their tenders on SPPRA website. Due to certain deficiencies the SPPRA withheld the IDs of each such tenders. The managements were required to remove the deficiencies and to get the IDs released in each case before proceeding further. However, the managements awarded the works for Rs 248.422 million, during financial year 2016-17, in respect of the tenders with withheld SPPRA IDs, in violation of above rules.

Audit was of the view that work was awarded without release of withheld tender IDs, without uploading / hoisting of minutes of bids on the SPPRA website. Non adherence to prescribed rules has rendered the award of contract as unauthorized as well as deviation from prescribed rules on the part of management.

The matter was reported to managements during October 2017, but they did not respond to audit. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends that responsibility be fixed against person(s) at fault for award of works with withheld IDs, under intimation to audit.

[AIR Para: 1]

### **3.2.3.6 Award of work to Unregistered Contractors - Rs 199.250 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) fulfill any other criteria or requirements which the Board may prescribe under sub-section (2)”.

Further, according to Section 5 of Rule 13(a) of Sindh Environmental Protection Act, 2014, “Subject to the provisions of this Act, no person shall import, generate, collect, consign, transport, treat, dispose of, store, handle or otherwise use or deal with any hazardous substance without a license”.

Moreover, 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”.

Following DMCs of Karachi awarded different contracts valuing Rs 199.250 million, during financial year 2016-17, to various contractors, who were not registered with Sindh Revenue Board and Sindh Environmental Protection Agency, in violation of above rule. Details are as under:

[Amount in Rupees]

| Sr.          | Name of Offices | Registration                          | Nature of work                         | Amount             |
|--------------|-----------------|---------------------------------------|--|--------------------|
| 1            | DMC, West       | Sindh Revenue Board                   | Various works                          | 6,601,915          |
| 2            | DMC, Korangi    | Sindh EPA                             | lifting/ transportation of solid waste | 160,703,914        |
| 3            | DMC, South      | Electric Inspectorate, Govt. of Sindh | electric installation works            | 31,943,821         |
| <b>Total</b> |                 |                                       |  | <b>199,249,650</b> |

Audit was of the view that award of contracts to unregistered contractors due to failure and deliberate deviation from prescribed rule on the part of administrative and financial management.

The matter was reported to management during August, October and November, 2017, 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 person(s) at fault on account of award of work to unqualified contractors, under intimation to audit.

[AIR Paras: 2, 6, 3]

### **3.2.3.7 Irregular Expenditure due to Outsourcing of Sanitation Work Rs 95.683 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 DMCs of Karachi paid an amount of Rs 95.683 million to various contractors on Hiring of machinery for Removal/cleaning/lifting of garbage, during financial year 2016-17, despite the availability of relevant machinery & equipment’s and adequate sanitation staff, in violation of above rule. Details are as under:

| [Amount in Rupees] |                   |                   |
|--------------------|-------------------|-------------------|
| Sr.                | Name of Formation | Amount            |
| 1                  | DMC, West         | 6,064,761         |
| 2                  | DMC, Central      | 89,617,815        |
| <b>Total</b>       |                   | <b>95,682,576</b> |

Audit was of the view that management outsourced the works without any justification due to failure and deliberate deviation from prescribed rule on the part of administrative and financial management.

The matter was reported to managements during August and November 2017, but 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 person(s) at fault for incurring expenditure on outsourcing inspite of available resources, under intimation to audit.

[AIR Paras: 4, 4]

### **3.2.3.8 Loss to Government due to Less Realization of Tax Rs 86.793 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”.

Municipal Commissioner, District Municipal Corporation, Korangi, during financial year 2016-17, failed to realize an amount of Rs 86.793 million as trade licensing tax from 7,581 trade units (90.5%), in violation of above rules. Details are as under:

[Amount in Rupees]

| Description               | Total No. of Shops | Expected Income | Recovery Effected by DMC | Registered Shops in % | Non-achievement in % | Loss to DMC |
|---------------------------|--------------------|-----------------|--------------------------|-----------------------|----------------------|-------------|
| Income from Trade License | 8,378              | 95,914,090      | 9,121,430                | 9.51                  | 90.49                | 86,792,660  |

[Amount in Rupees]

| Total Number of Shops, Registered & Un-registered of DMC Korangi |                  |              |                  |               |                      |
|--|------------------|--------------|------------------|---------------|----------------------|
| Sr.  | Zone             | Total Shops  | Registered Shops | Un-Registered | Non-achievement in % |
| 1  | Shah Faisal Zone | 1,895        | 128              | 1,767         | 93.25                |
| 2  | Korangi Zone     | 1,080        | 521              | 559           | 51.76                |
| 3  | Landhi Zone      | 3,865        | 104              | 3,761         | 97.31                |
| 4  | Model Zone       | 1,538        | 44               | 1,494         | 97.14                |
|  | <b>Total</b>     | <b>8,378</b> | <b>797</b>       | <b>7,581</b>  | <b>90.49</b>         |

Audit was of the view that management failed to take action against defaulters due to non-implementation of municipal rules, causing loss of potential revenue which could have been used for public benefits as well as deviation from prescribed rules on the part of management.

The matter was reported during November, 2017 but they did not respond to audit observation. The PAO failed to convene the DAC meeting despite pursuance by audit.

Audit recommends that responsibility be fixed against person(s) at fault for failure to realize targeted revenues, besides, new trade units be included into tax net, under intimation to audit.

[AIR Para: 18]

### 3.2.3.9 Award of Work without Integrity Pact – Rs 66.585 Million

As per Rule 89 of SPPRA 2010, “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.”

Municipal Commissioner, DMC South, awarded various schemes of Rs 66.585

million, during financial year 2016-17 but failed to execute integrity pact with contractors, in violation of the above rule. Detail is as under:

[Amount in Rupees]

| Sr.          | W.O / date   | Contractor         | Name of work  | Original cost | Revised Cost      |
|--------------|--------------|--------------------|---|---------------|-------------------|
| 1            | 9 /8.12.16   | Zargham Enterprise | Conservancy services scheme-5 block 1 to 7 Clifton and other areas of DMC South | 39,264,000    | 56,756,000        |
| 2            | 923 / 1.9.16 | Ali Owais          | Offal disposal during Eid Ul Azha 2016  | 9,829,400     | 9,829,400         |
| <b>Total</b> |              |                    |   |               | <b>66,585,400</b> |

Audit was of the view that department failed to execute integrity pact with contractors to safeguard government interest, as well as non-securing of integrity pact on the part of management.

The matter was reported to management during October 2017, 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 person(s) at fault for not safeguarding the government interests, under intimation to audit.

[AIR Para: 2]

### **3.2.3.10 Unauthorized Payments without Execution of Contract Agreements - Rs 44.212 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”.

Municipal Commissioner, DMC Central awarded various development works costing Rs 44.212 million and released payments , during 2016-17, to various contractors without execution of contract agreements, in violation of the above rule. Blank agreements were found in the record.

Audit was of the view that management mis-used its authority and government interest was not safeguarded as well as deviation from prescribed rules on the part of management.

The matter was reported to the management during November, 2017 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 person(s) at fault for execution of schemes and making payment without execution of contract agreement, under intimation to audit.

[AIR Para: 2]

### **3.2.3.11 Non-Accountal of Store - Rs 40.984 Million**

According to Rule 113 of S.F.R Volume-I, “Purchases are required to be recorded in stock Register” and as per Rule 114 of S.F.R Volume-I, “Issue Account must be maintained “.

Municipal Commissioner, District Municipal Corporation, Korangi, incurred an expenditure of Rs 40.984 million, during financial year 2016-17, on Providing & Fixing Sun- lights and other electrical accessories but failed to maintain accountal record of purchases, in violation of rules.

Audit was of view that due to non-maintenance of stock registers audit was unable to verify the accountal of stores as well as deviation from prescribed rules on the part of management.

The matter was reported during November, 2017 but management failed to provide departmental point of view. The PAO failed to convene the DAC meeting despite pursuance by audit.

Audit recommends that responsibility be fixed against person(s) at fault for non-maintenance of stock record. Besides, same be prepared and produced to audit for verification.

[AIR Para: 17]

### **3.2.3.12 Unauthorized Appointments - Rs 40.938 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”.

Municipal Commissioner, District Municipal Corporation, East, made appointments without going through prescribed procedures and obtaining approval from Secretary, Local Government, GoS and incurred an expenditure of Rs 40.938 million, during financial year 2016-17, on account of their salaries, in violation of the above rules.

Audit was of the view that irregular appointments were made in violation of the rules and in non-transparent manner as well as deviation from prescribed rules on the part of management.

The matter was reported during November, 2017 but they did not respond to audit observation. The PAO failed to convene the DAC meeting despite pursuance by audit.

Audit recommends that responsibility be fixed against person(s) at fault for appointments without following prescribed procedures, under intimation to audit.

[AIR Paras: 6+7]

### **3.2.3.13 Irregular Execution of Work without Re-tendering Rs 19.343 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”.

Municipal Commissioner, District Municipal Corporation, Korangi, during financial year 2016-17, awarded work at the initial cost of Rs 48.518 million, however, payment of Rs 67.861 million (39.87% excess) on account of this work was made. The excess payment without retendering was made, as the expenditure is in excess of 39.87%

of original cost of work, in violation of above rule. Detail is as under:

[Amount in Rupees]

| Name of Work  | M/S                     | W.O No. & Date  | Initial Contract amount | Work executed upto date | Excess in amount | Excess in % |
|---|-------------------------|-----------------|-------------------------|-------------------------|------------------|-------------|
| Lifting of Garbage from 100 quarter of Korangi Zone to land fill site at Deh Jam Chakro | M/S Tauqeer Enterprises | 110/ 11-07-2016 | 48,517,874              | 67,861,169              | 19,343,295       | 39.87       |

Audit was of the view that management unauthorizedly executed excess work beyond permissible limit, resulting in undue favor to contractor due to failure and deliberate deviation from prescribed rule on the part of administrative and financial management.

The matter was reported during November, 2017 but the management failed to provide departmental point of view. The PAO failed to convene the DAC meeting despite pursuance by audit.

Audit recommends that responsibility be fixed against person(s) at fault for excess execution of work beyond permissible limit, under intimation to audit.

[AIR Para: 14]

### **3.2.3.14 Irregular Expenditure on Development without Obtaining Completion Report / Certificate – Rs 14.258 Million**

According to Para 207 of P.W.D Manual Volume-I, on completion of an original work executed on behalf of another department, a completion certificate in Form No. 45 B should be forwarded by the Executive Engineer to the civil authority concerned, who should after signing it in the space provided for the purpose, return it to the Executive Engineer.

As per Paragraph 1.55 of Planning Commission Manual for Development Works, “PC–IV is required to be submitted at time when the project adjudged to be complete while the PC–V is to be furnished on an annual basis for the period of five years by the agencies responsible for operation and maintenance of projects.

Municipal Commissioner, DMC Central, paid an amount of Rs 14.258 million, during financial year 2016-17, against development works without completion certificates of completed works, in violation of above rule.

Audit was of the view that unauthorized final payments made in absence of completion certificates of works due to failure and deliberate deviation from prescribed

rule on the part of administrative and financial management.

The matter was reported to the management during November, 2017 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 person(s) at fault for payment without completion certificates. Besides, the same be produced to audit for verification.

[AIR Para: 3]

### **3.2.3.15 Execution of Work without Obtaining of Bank Guarantee / Performance Security - Rs 13.974 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”.

Municipal Commissioner, District Municipal Corporation, Korangi, awarded works amounting to Rs 139.743 million, during financial year 2016-17, to various contractors, but bank guarantee amounting to Rs 13.974 million was not obtained from contractors as performance security, in violation of rules. Detail is as under:

[Amount in Rupees]

| <b>Sr.</b>   | <b>Name of Works</b>   | <b>Name of Contractors</b>  | <b>W.O No. &amp; Date</b> | <b>Initial Contract amount</b> | <b>Performance security @10%</b> |
|--------------|--|-----------------------------|---------------------------|--------------------------------|----------------------------------|
| 1            | Lifting of Garbage from Garbage Transfer Station Behind AZEEM Pura Graveyard of Shah Faisal Zone DMC Korangi to Landhi fill site at Deh Jam Chakro | M/S Al- Khalid Agencies     | 109/2016<br>11-07-16      | 42,432,000                     | 4,243,200                        |
| 2            | Lifting of Garbage from Karbala ground Landi Zone to Landhi fill site at Deh Jam Chakro  | M/S Astrotech International | 111/2016<br>11-07-16      | 48,792,660                     | 4,879,266                        |
| 3            | Lifting of Garbage from 100 quarter of Korangi Zone to land fill site at Deh Jam Chakro  | M/S Tauqeer Enterprises     | 110/2016<br>11-07-16      | 48,517,874                     | 4,851,787                        |
| <b>Total</b> |  |                             |                           | <b>139,742,534</b>             | <b>13,974,253</b>                |

Audit was of the view that management gave undue favour to contractors and failed to secure government interests which constituted financial indiscipline as well as

non-observance of prescribed rules on the subject.

The matter was reported during November, 2017 but management failed to provide departmental point of view. The PAO failed to convene the DAC meeting despite pursuance by audit.

Audit recommends that responsibility be fixed against person(s) at fault for not protecting Government interest by not obtaining performance security guarantee, under intimation to audit.

[AIR Para: 7]

### **3.2.3.16 Splitting of Work Orders to Avoid Tender – Rs 13.401 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”.

Following DMCs of Karachi incurred an expenditure of Rs 13.401 million, during financial year 2016-17, by way of splitting up different works into 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]

| <b>Sr.</b>   | <b>Name of Offices</b> | <b>Amount</b>     |
|--------------|------------------------|-------------------|
| 1            | DMC, West              | 1,591,040         |
| 2            | DMC, South             | 6,668,137         |
| 3            | DMC, Central           | 3,325,800         |
| 4            | DMC, East              | 1,816,124         |
| <b>Total</b> |                        | <b>13,401,101</b> |

Audit was of the view that managements failed to invite tenders and splitted work orders resulting into non-achievement of competitive rates due to failure and deliberate deviation from prescribed rules and procdures.

The matter was reported to management during August, October and November 2017, 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 person(s) at fault on account of execution of works by way of splitting to avoid tender/approval of competent authority, under intimation to audit.

[AIR Paras: 1, 6, 6, 1]

### **3.2.3.17 Non-Hoisting of Tender and Bid Evaluation Report on SPPRA Website - Rs 12.761 Million**

As per Rule 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 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.”

Municipal Commissioner, District Municipal Corporation, Korangi, incurred expenditure Rs 2.162 million during financial year 2016-17, on account of purchase of various items without calling open tender by timely notifications on the Authority’s website, in violation of above rule.

Further, Municipal Commissioner, DMC Central, awarded different works costing of Rs 10.599 million, during financial year 2016-17, through NIT but did not hoist bid evaluation reports on the SPPRA website, in violation of above rule.

Details are as under:

| [Amount in Rupees] |                        |             |                   |
|--------------------|------------------------|-------------|-------------------|
| <b>Sr.</b>         | <b>Name of offices</b> | <b>Para</b> | <b>Amount</b>     |
| 1                  | DMC, Korangi           | 13          | 2,162,200         |
| 2                  | DMC, Central           | 1           | 10,598,950        |
| <b>Total</b>       |                        |             | <b>12,761,150</b> |

Audit was of the view that violation of SPPRA rule resulted into non-transparency in the award of contracts as well as deviation from prescribed rules on the subject.

The matter was reported to the management during November, 2017 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 person(s) at fault for non-hoisting of tender and evaluation report on SPPRA website, under intimation to audit.

[AIR Paras: 13, 1]

### 3.2.3.18 Unauthorized Technical Sanction - Rs 12.079 Million

In pursuance of the Proclamation of the fourteenth day of October 1999 read with Article 5 of the Provisional Constitution Order No.1 of 1999, the Governor of Sindh is pleased to make following amendments in the Sindh Delegation of Powers under the Financial Rules and the power of Re-appropriation Rules, 1962, vide Notification No.7D-B&E-I/2(18)/75-94(P. VII) Dated 30th September, 2002, it is stated that:-

| Sr. | Nature of Power  | To whom delegated                      | Extent      |
|-----|--|--|-------------|
| 01  | <b>II. Technical Sanction:</b><br>In the case of Ordinary and special repairs to roads | (i) Communication and works department | Full Powers |
|     |  | (ii) Chief Engineers                   | Full Powers |

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, it is stated that:-

| Sr. | Nature of Power  | To whom delegated            | Extent              |
|-----|--|------------------------------|---------------------|
| 02  | <b>“Technical Sanction:</b><br>(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/-   |

Municipal Commissioner, District Municipal Corporation, Korangi, awarded repair work of Rs 12.079 million, during financial year 2016-17, without rates technical sanction by authorized officer i.e. Chief Engineer, in violation of rules. Detail is as under:

[Amount in Rupees]

| Description   | Name of Contractor | W.O No & Date  | Gross Amount |
|---|--------------------|----------------|--------------|
| Improvement of Road water supply Hydrant to PAF Korangi Creek Korangi Zone, DMC Korangi | M/S Apex Builders  | 01/ 07-08-2016 | 12,079,014   |

Audit was of the view that award of work against unauthorized technical sanction of rates due to failure and deliberate deviation from prescribed rule on the part of administrative and financial management.

The matter was reported to management during November 2017, 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 person(s) at fault for award of works by transgressing financial power of technical sanction, under intimation to audit.

[AIR Para: 11]

### 3.2.3.19 Irregular Award of Work - Rs 11.013 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 DMCs of Karachi awarded various development works amounting to Rs 11.013 million, during financial year 2016-17 to contractors after expiry of bid validity period instead of re-tendering, in violation of above rule. Details are as under:

| [Amount in Rupees] |                 |      |                   |
|--------------------|-----------------|------|-------------------|
| Sr.                | Name of offices | Para | Amount            |
| 1                  | DMC, South      | 4    | 8,829,660         |
| 2                  | DMC, Korangi    | 9    | 2,183,482         |
| <b>Total</b>       |                 |      | <b>11,013,142</b> |

Audit was of the view that award of contracts after expiry of bid validity period was a serious violation of laid down rules and procedures on the subject.

The matter was reported during October and November, 2017 but management failed to provide departmental point of view. The PAO failed to convene the DAC

meeting despite pursuance by audit.

Audit recommends that responsibility be fixed against person(s) at fault for irregular award of work, under intimation to audit.

[AIR Paras: 4, 9]

### 3.2.3.20 Irregular Expenditure on Procurement without Constitution of Committee - Rs 9.760 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”.

Municipal Commissioner, District Municipal Corporation, Korangi, incurred expenditure amounting to Rs 9.760 million, during financial year 2016-17, on account of purchase of 6 Master Foton Vehicles without constitution of procurement committee, in violation of above rule. Detail is as under:

[Amount in Rupees]

| Sr.          | Particulars   | M/S                                 | V.No & Date    | Unit price | No. of Units | Total Amount     |
|--------------|---|-------------------------------------|----------------|------------|--------------|------------------|
| 1            | Purchase of Master Foton M-280, 2800-cc with standard specification | Master Motor Corporation (Pvt) Ltd. | 165/15-02-2017 | 1,660,000  | 5            | 8,300,000        |
| 2            | Purchase of Master Foton M-280, 2800-cc with standard specification |                                     | 164/15-02-2017 | 1,460,000  | 1            | 1,460,000        |
| <b>Total</b> |   |                                     |                |            |              | <b>9,760,000</b> |

Audit was of the view that violation of SPPRA rules resulted into non-transparency in the award of contracts as well as deviation from prescribed rules on the part of management.

The matter was reported during November, 2017 but management failed to provide departmental point of view. The PAO failed to convene the DAC meeting despite pursuance by audit.

Audit recommends that responsibility be fixed against person(s) at fault for non-transparency in awarding of contracts, under intimation to audit.

[AIR Para: 12]

### **3.2.3.21 Execution of Works without Recording in Measurement Books Rs 7.161 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 in 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”.

Municipal Commissioner, DMC West, executed 10 different development schemes costing Rs 7.161 million, during financial year 2016-17, without recording the work done in measurement books (MBs), in violation of the above rules. Details are provided at Annex-DMC2.

Audit was of the view that execution of work without recording details in MBs resulted into disregard of Government rules and procedures on the part of management.

The matter was reported to management during August, 2017, 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 person(s) at fault for execution of work without recording Measurement Book (MBs), under intimation to audit.

[AIR Para: 12]

### **3.2.3.22 Unauthorized Expenditure on account of Repair of Vehicles Rs 7.131 Million**

According to Rule 160 of the Sindh Local Council (Accounts) Rules, 1983, “As soon as any vehicle, engine, plant or machinery is purchased or received in gift exchange or transfer, it shall at once, be entered in the History Book of the Vehicles, Engine, Plant, Machinery in Form No. 118, showing the date, cost number and other particulars such an item. A page or set of pages shall be set apart for each such item. Every incident in the

life of the vehicles, plant or machinery including repair shall be noted therein. Depreciation and book value of the vehicle, plant or machinery, after deduction depreciation shall be noted at the end of the year in the column provided.”

Municipal Commissioner, District Municipal Corporation, East, incurred an expenditure of Rs 7.131 million, during financial year 2016-17, on account of Repair and Maintenance of different vehicles of DMC East, in violation of above rule. Following discrepancies were also observed:

- History Book detail as prescribed in Form No. 118, was not maintained for each vehicle to justify the expenditure.
- Without assessment and approval from competent forum/committee.
- Disposal of replaced spare parts was not available.

Audit was of the view that expenditure incurred on repair, without adaption prescribed procedure resulted in non-transparency of spending from public funds on the part of management.

The matter was reported to the management during November 2017 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 person(s) at fault for incurring expenditure without supporting record and same may be prepared to justify the expenditure, under intimation to audit.

[AIR Para: 20]

### **3.2.3.23 Non-Adjustment of Advances - Rs 6.000 Million**

According to Rule 668 of Treasury Rules, “Advances granted under special order of the competent authority to Government Officers for departmental or allied purpose may be drawn on the responsibility and receipt of the officers for whom they are sanctioned, subject to adjustment by submission of detailed accounts supported by vouchers or by refund, as may be necessary”.

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”.

Municipal Commissioner, DMC, Malir, allowed advance payments of Rs 6.000 million, during financial year 2016-17, on different accounts, but adjustment

details/supporting vouchers of payments were not available at the time of audit, in violation of above rules. Details are as under:

| [Amount in Rupees] |                                  |   |                  |
|--------------------|----------------------------------|---|------------------|
| <b>Sr.</b>         | <b>Name of Officer</b>           | <b>Particulars</b>  | <b>Amount</b>    |
| 1                  | Director, Solid Waste Management | Advance payment for the arrangement of Eid-ul-Auzha campaign      | 3,000,000        |
| 2                  | Director, Solid Waste Management | Advance payment for the arrangement of Eid-ul-uzha campaign Malir | 3,000,000        |
| <b>Total</b>       |                                  |   | <b>6,000,000</b> |

Audit was of the view that due to non-adjustment of advance payment and non-provision of detailed account, audit could not verify the authenticity of expenditure, which constituted financial indiscipline as well as non-observance of prescribed rules on the subject.

The matter was reported to management during November 2017, 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 person(s) at fault for non-adjustment of advances. Besides, adjustment account be produced to audit for verification.

[AIR Para: 6]

### **3.2.3.24 Unauthorized Purchases on Quotations Instead of Tender RS 5.212 Million**

According to Letter No.SOA/LG/4(820) /2013 dated 29/4/ 2013, local Government Department, Government of Sindh, “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”.

Further, 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 may in print media in the manner and format prescribed in these rules”.

Municipal Commissioner, DMC (Central) Karachi purchased items valuing

Rs 5.212 million, during financial year 2016-17, on quotations instead of NIT. Moreover, the delivery challans for the same were not presented to audit for necessary verification, in violation of above rules. Detail is as under:

| [Amount in Rupees] |                   |                   |       |                   |                  |
|--------------------|-------------------|-------------------|-------|-------------------|------------------|
| Sr.                | Description       | Ch: # & Date      | V.#   | Name of Supplier  | Amount           |
| 1                  | Pur of Tyre Tubes | 19024526/02-02-17 | 56-69 | M/s Chanab Autos  | 3,999,864        |
| 2                  | Pur of Batteries  | 19024528/02-02-17 | 60-63 | M/s Aamir Traders | 1,212,500        |
| <b>Total</b>       |                   |                   |       |                   | <b>5,212,364</b> |

Audit was of the view that unauthorized expenditure was incurred on quotation instead of tendering due to failure and deliberate deviation from prescribed rule on the part of administrative and financial management. Besides, chances of misappropriation of public funds cannot be ruled out.

The matter was reported to the management November 2017 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 person(s) at fault for incurring expenditure on quotations instead of NIT, under intimation to audit.

[AIR Para: 7]

### **3.2.3.25 Irregular Execution of Work – Rs 3.987 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”.

Municipal Commissioner, DMC West, executed 04 schemes / works through various contractors amounting to Rs 3.987 million, during financial year 2016-17, without obtaining technical sanction from competent authority, in violation of the above rules. Details are provided at Annex-DMC3.

Audit was of the view that award of work without sanction of the detailed estimate from competent authority, resulted in unauthorized expenditure due to failure

and deliberate deviation from prescribed rule on the part of administrative and financial management.

The matter was reported to management during August 2017, 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 person(s) at fault for execution of works without obtaining technical sanction, under intimation to audit.

[AIR Para: 11]

### **3.2.3.26 Irregular Payment on account of Hiring of Traffic Volunteers on Contract Basis - Rs 3.640 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".

Further, 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 and also according to rule all the claims must be supported with full detail & documents".

Municipal Commissioner, District Municipal Corporation, East, made payment against hiring of traffic volunteers on contract basis for Rs 3.640 million, during financial year 2016-17, despite City Warden Department of KMC performing the same duties within the jurisdiction of Karachi. Following discrepancies were also observed:

- Non-availability of agreement with the contractor
- Advance payment was made to the Director (Administration) instead of contractor
- Non availability of approval from Secretary, LG, GoS.

[Amount in Rupees]

| <b>Payee</b>            | <b>Description</b>   | <b>Cheque</b> | <b>V. #</b> | <b>Date</b> | <b>Amount</b>    |
|-------------------------|--|---------------|-------------|-------------|------------------|
| Director Administration | Advance payment of hiring of traffic volunteers on contract basis during ramzan-ul-mubarak | 20638022      | 232         | 21.06.2017  | 3,640,000        |
| <b>Total</b>            |  |               |             |             | <b>3,640,000</b> |

Audit was of the view that irregular payment was made without observing codal formalities and approval of competent authority due to failure and deliberate deviation from prescribed rule on the part of administrative and financial management.. Besides, chances of misappropriation could not be ruled out.

The matter was reported during November, 2017 but management failed to provide departmental point of view. The PAO failed to convene the DAC meeting despite pursuance by audit.

Audit recommends that responsibility be fixed against person(s) at fault for unjustified hiring of traffic volunteers without following prescribed procedures, under intimation to audit.

[AIR Para: 14]

### **3.2.3.27 Unjustified Payment of Conveyance Allowance Rs 3.120 Million**

According to F.1(1) Imp/2008 dated 30-06-2008 (7)(b), “Conveyance allowance shall be admissible to officers who are not sanctioned official vehicle”.

Further, 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”.

Municipal Commissioner, DMC (Central) Karachi, paid an amount of Rs 3.120 million, during financial year 2016-17, on account of conveyance allowance to various officers/officials, who were provided with official vehicles, in violation of above rules. Detail is as under:

| [Amount in Rupees]                    |                |   |  |
|---------------------------------------|----------------|---|--|
| Description                           | No of Vehicles | Monthly Conveyance allowance to be deducted | Yearly Conveyance allowance to be deducted |
| Vehicles allotted to various Officers | 52             | 5,000                                       | 3,120,000                                  |

Audit was of the view that undue favour was granted to employees having

official vehicles due to failure and deliberate deviation from prescribed rule on the part of administrative and financial management.

The matter was reported to the management during November 2017 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 person(s) at fault for unauthorized payment on account of conveyance allowance. Besides, amount paid unauthorizedly be recovered, under intimation to audit.

[AIR Para: 16]

### **3.2.3.28 Irregular Payment of POL for Private Vehicles - Rs 2.842 Million**

As per GFR 10 (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”.

Municipal Commissioner, DMC, Malir, incurred expenditure amounting to Rs 2.842 million, during 2016-17, on account of POL for private vehicles, in violation of above rules. Detail is provided at Annex-DMC4.

Audit was of the view that expenditure incurred on POL for private vehicles resulted into non-transparency in spending from public funds due to failure and deliberate deviation from prescribed rule on the part of administrative and financial management.

The matter was reported to management during November 2017, but management failed to provide departmental point of view. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends that responsibility be fixed against person(s) at fault for unauthorized expenditure of POL. Besides, recovery of amount paid be effected from concerned officials, under intimation to audit.

[AIR Para: 4]

### **3.2.3.29 Irregular Payment in Violation of Advertisement Policy Rs 2.525 Million**

As per Para 6 of Advertisement Policy 2011 of Government of Sindh, “All advertisement of Sindh Government Departments i.e Metropolitan corporations, District councils, Municipal Corporations, Municipal Committees, Town Committees, Union

Councils, Autonomous Bodies, Semi-autonomous Bodies, Development authorities, Karachi Water & Sewerage Board, Karachi Building Control Authority, Sindh Building Control Authority etc shall be routed to the daily newspapers/periodicals & electronic media through Sindh Information Department being custodian of Sindh Government's Public Relations and Publicity".

Further, as per Para 12 of Advertisement Policy 2011, "No client department/organization shall release any advertisement of what so ever nature is, in any way directly to the print or electronic media. If any department releases any advertisement directly in violation of this Policy to print and electronic media, shall treated as "misconduct" on the part of that officer of the client department, and shall be dealt under E&D Rules 1973 as amended from time to time".

Municipal Commissioner, District Municipal Corporation, Korangi, paid an amounting to Rs 2.525 million to M/S Maxim Advertisement Company but failed to route advertisement of publication of tenders/ publicity of projects of the DMC through Sindh Information Department, Government of Sindh, in violation of the Advertisement policy. Detail is as under:

[Amount in Rupees]

| Sr.          | Description                         | Name of Contractor      | Cheque No. & Date   | Voucher No. & Date      | Gross Amount     |
|--------------|-------------------------------------|-------------------------|---------------------|-------------------------|------------------|
| 1            | Advertisement of NIT of DMC Korangi | Maxim Advertisement Co. | 18949884/24-1-2017  | 211 of January 2017     | 262,259          |
| 2            |                                     |                         | 18949884/24-1-2017  | 212 of January 2017     | 172,646          |
| 3            |                                     |                         | 18949884/24-1-2017  | 213 of January 2017     | 53,718           |
| 4            |                                     |                         | 18949884/24-1-2017  | 214 of January 2017     | 23,840           |
| 5            |                                     |                         | 19683079/05-04-2017 | 12 of April 2017        | 83,773           |
| 6            |                                     |                         | 20003643/15-5-2017  | 376 to 381 of May 2017  | 1,094,459        |
| 7            |                                     |                         | 20729289/23-6-2017  | 790 to 794 of June 2017 | 834,564          |
| <b>Total</b> |                                     |                         |                     |                         | <b>2,525,259</b> |

Audit was of the view that management failed to comply with prescribed Government procedures regarding floating of advertisement, as well as deviation from prescribed rules on the part of management.

The matter was reported during November, 2017 but management failed to provide departmental point of view. The PAO failed to convene the DAC meeting despite pursuance by audit.

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

[AIR Para: 16]

### 3.2.3.30 Non-Imposition of Penalty - Rs 1.345 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.

Municipal Commissioner, DMC Central, awarded development work amounting to Rs 10.348 million, during financial year 2016-17, but the contractor did not complete the work within stipulated time without justification. The penalty amounting to Rs 1.345 million was not imposed/recovered from the contractor, in violation of above rule.

[Amount in Rupees]

| Contractor  | DOS of Work | DOC of Work                   | Ch # & Date           | Payment                              | Penalty @ 10% |
|---|-------------|-------------------------------|-----------------------|--------------------------------------|---------------|
| <b>Improvement / repair of roads, footpaths, CC streets &amp; Sewerage system various places in the area of DMC (Central) Karachi [Cost of Work: Rs 10,346,714]</b> |             |                               |                       |                                      |               |
| M/s Sharfain Builders   | 29-11-13    | 28-11-14<br>(One year)<br>WIP | 18602336/<br>09-12-16 | Rs 9,600,000<br>V #184<br>09-12-2016 | 1,034,671     |

Audit was of the view that undue favour was extended to the contractor due to failure and deliberate deviation from prescribed rule on the part of administrative and financial management.

The matter was reported to the management during November 2017 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 person(s) at fault for not imposing penalty on the contractor, besides, effecting recovery without further delay, under intimation to audit.

[AIR Para: 8]

### 3.2.3.31 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 and 20, such as, heads of attached dept / Regional Heads or equivalent in autonomous bodies / corporations and Deputy Commissioners to use 1000cc locally manufactured car”.

Further, according to S&GAD, GoS, 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”.

Municipal Commissioner, DMC Korangi, allotted 13 (thirteen) Government Vehicles to officers beyond their entitlement, during financial year 2016-17, in violation of above rules. Detail is provided at Annex-DMC5.

Audit was of the view that allotment of vehicles beyond/without entitlement resulted into mis-utilization of Government vehicles due to failure and deliberate deviation from prescribed rule on the part of administrative and financial management.

The matter was reported to management during November 2017, 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 person(s) at fault on account of allotment of vehicles beyond entitlement. Besides, vehicles be allotted according to the entitlement, under intimation to audit.

[AIR Para: 5]

**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 Allahyar and Tando Muhammad Khan. Each Corporation / District Council / Municipal Committee / Town Committee in Hyderabad Division is headed by a Chairman/ Municipal Commissioner /Chief Officer / Chief Municipal Officer/ Town officer who carries out operations as per Sindh Local Government Act, 2013.

The functions of Municipal Corporation/Committees are as following:

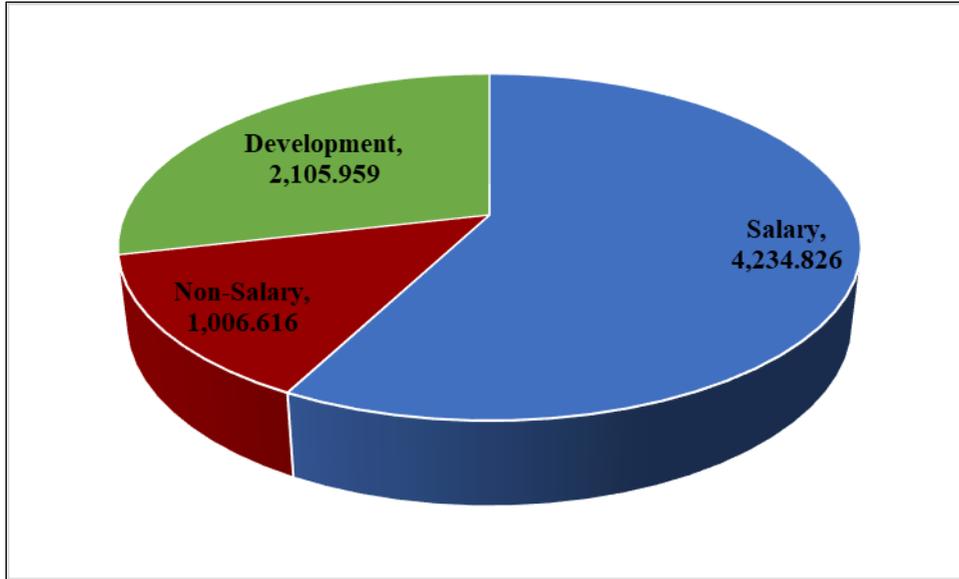
1. Prepare spatial plans for the Town including plans for land use, zoning and functions for which Municipal Corporation/Committees is responsible.
2. Exercise control over land-use, land-subdivision, land development and zoning by the public and private sectors for any purpose, including agriculture, 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 the 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)

| Sr.                | Formation           | Particulars | Budget            | Expenditure / Revenue | Excess (+) Savings (-) |
|--------------------|---------------------|-------------|-------------------|-----------------------|------------------------|
| 1                  | Hyderabad           | Salary      | 2,012.025         | 1,627.233             | -384.792               |
|                    |                     | Non-Salary  | 665.177           | 261.590               | -403.587               |
|                    |                     | Development | 729.865           | 95.523                | -634.342               |
|                    |                     | Revenue     | 3,202.377         | 2,252.516             | -949.861               |
| 2                  | Badin               | Salary      | 673.269           | 526.716               | -146.553               |
|                    |                     | Non-Salary  | 269.468           | 147.465               | -122.004               |
|                    |                     | Development | 928.845           | 94.630                | -834.214               |
|                    |                     | Revenue     | 1,485.978         | 1,171.775             | -314.204               |
| 3                  | Dadu                | Salary      | 789.383           | 547.967               | -241.416               |
|                    |                     | Non-Salary  | 474.294           | 130.004               | -344.290               |
|                    |                     | Development | 662.217           | 314.603               | -347.615               |
|                    |                     | Revenue     | 1,283.120         | 688.390               | -594.730               |
| 4                  | Thatta              | Salary      | 485.075           | 369.337               | -115.739               |
|                    |                     | Non-Salary  | 241.277           | 52.706                | -188.572               |
|                    |                     | Development | 563.620           | 74.442                | -489.178               |
|                    |                     | Revenue     | 895.832           | 551.647               | -344.185               |
| 5                  | Matiari             | Salary      | 292.984           | 252.410               | -40.574                |
|                    |                     | Non-Salary  | 122.315           | 46.456                | -75.859                |
|                    |                     | Development | 288.984           | 78.395                | -210.589               |
|                    |                     | Revenue     | 766.585           | 498.035               | -268.550               |
| 6                  | Jamshoro            | Salary      | 606.023           | 447.504               | -158.519               |
|                    |                     | Non-Salary  | 365.097           | 167.453               | -197.644               |
|                    |                     | Development | 355.412           | 217.872               | -137.540               |
|                    |                     | Revenue     | 1,074.816         | 918.615               | -156.201               |
| 7                  | Tando Allahyar      | Salary      | 358.568           | 271.011               | -87.557                |
|                    |                     | Non-Salary  | 393.960           | 125.446               | -268.514               |
|                    |                     | Development | 444.757           | 136.985               | -307.772               |
|                    |                     | Revenue     | 895.150           | 640.803               | -254.347               |
| 9                  | Tando Muhammad Khan | Salary      | 270.975           | 192.648               | -78.327                |
|                    |                     | Non-Salary  | 235.639           | 75.497                | -160.142               |
|                    |                     | Development | 1,151.933         | 1,093.509             | -58.423                |
|                    |                     | Revenue     | 1,675.928         | 1,359.239             | -316.689               |
| <b>Salary</b>      |                     |             | <b>5,488.302</b>  | <b>4,234.826</b>      | <b>-1,253.476</b>      |
| <b>Non-Salary</b>  |                     |             | <b>2,767.228</b>  | <b>1,006.616</b>      | <b>-1,760.612</b>      |
| <b>Development</b> |                     |             | <b>5,125.632</b>  | <b>2,105.959</b>      | <b>-3,019.673</b>      |
| <b>Revenue</b>     |                     |             | <b>11,279.787</b> | <b>8,081.020</b>      | <b>-3,198.767</b>      |

### Expenditure 2016-17



The original budget of Rs 11,279.787 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 during financial year 2016-17 for the audited entities depicted that there was non-utilization / savings of Rs 3,198.767 million. This budget and expenditure exclude the figures of entities not provided a 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 |
|------------|--------------|------------------------|
| 2014-15    | 80           | Nil                    |
| 2015-16    | 38           | Nil                    |
| 2016-17    | 67           | Nil                    |

As indicated in the above table, no PAC meeting was convened to discuss the audit report of Hyderabad Division.

## 4.2 AUDIT PARAS

### 4.2.1 Fraud/Embezzlement/Misappropriation

#### 4.2.1.1 Doubtful Expenditure on POL - Rs 5.218 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 incurred an expenditure on POL of Fire Brigade vehicles amounting to Rs 5.218 million, during financial year 2016-17, which was not justified as no fire / emergency case was reported, , in violation of rules.

| [Rupees in Million] |                                       |   |              |
|---------------------|---------------------------------------|---|--------------|
| Sr.                 | Name of formations                    | Particulars   | Amount       |
| 1                   | TO, Town Committee, Talhar Badin      | Doubtful expenditure on POL of fire brigade without reported fire/emergency cases | 0.214        |
| 2                   | TO, Town Committee, Tando Bago, Badin |   | 0.818        |
| 3                   | Municipal Committee Mehar, Dadu       |   | 3.876        |
| 4                   | Municipal Committee Hala, Matiari     |   | 0.310        |
| <b>Total</b>        |                                       |   | <b>5.218</b> |

Audit was of the view that expenditure on POL of Fire Brigade without reported emergency cases resulted in misappropriation of public funds which constituted financial indiscipline as well as non-observance of diligence resulted in non-transparency in Government spending.

The matter was reported to the management during September to December 2017 but they did not respond to audit observation. The PAO failed to convene DAC meeting despite pursuance by the audit.

Audit recommends that responsibility be fixed against person(s) at fault on account of unjustified and doubtful expenditure on POL, under intimation to audit.

[AIR Paras: 8,16,13,5]

#### 4.2.1.2 Doubtful Distribution of Salaries of Contract/Daily Wages Employees Rs 9.020 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”.

Chairman/CMO Sehwan Sharif, District Jamshoro paid Rs 9.020 million, during financial year 2016-17, on account of salaries of daily wages staff without fulfilling of codal formalities. The discrepancies as detailed below were observed:

- i. Payments were shown disbursed in cash to employees instead of crediting in individual bank accounts by way of cross cheques.
- ii. Acknowledgement receipts were not obtained from employees.
- iii. Revenue stamps were not affixed.

[Amount in Rupees]

| Sr.          | Cheque # | date    | To whom paid          | Details                 | Amount           |
|--------------|----------|---------|-----------------------|-------------------------|------------------|
| 1            | 18673800 | 11.1.17 | Contract staff salary | Salary Sanitation staff | 1,240,000        |
| 2            | 18673807 | 11.1.17 | Contract staff salary | Salary Sanitation staff | 500,000          |
| 3            | 18673859 | 9.2.17  | Contract staff salary | Salary Sanitation staff | 1,240,000        |
| 4            | 18673872 | 21.2.17 | Contract staff salary | Salary Sanitation staff | 500,000          |
| 5            | 19301302 | 16.3.17 | Contract staff salary | Salary Sanitation staff | 1,240,000        |
| 6            | 19301352 | 10.4.17 | Contract staff salary | Salary Sanitation staff | 1,000,000        |
| 7            | 19301359 | 14.4.17 | Contract staff salary | Salary Sanitation staff | 500,000          |
| 8            | 19950484 | 18.5.17 | Contract staff salary | Salary Sanitation staff | 800,000          |
| 9            | 19950488 | 5.6.17  | Contract staff salary | Salary Sanitation staff | 1,000,000        |
| 10           | 20574477 | 20.6.17 | Contract staff salary | Salary Sanitation staff | 1,000,000        |
| <b>Total</b> |          |         |                       |                         | <b>9,020,000</b> |

Audit was of the view that amount was withdrawn unauthorizedly as no direct payment through crossed cheques was made to employees, resulting in doubtful payments due to failure and deliberate deviation from prescribed rule on the part of administrative and financial management.

The matter was reported to the management during September 2017 but they did not respond to audit observation. The PAO failed to convene DAC meeting despite pursuance by the audit.

Audit recommends that responsibility be fixed against person(s) at fault for doubtful payments. Besides, unjustified payments in cash be justified to audit.

[AIR Para: 2]

#### **4.2.1.3 Suspected Non-Transparency in Award of Contract - Rs 4.000 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”.

Further, as per SPPRA Section (2)(q)(iv), “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”.

Municipal Committee Qasimabad, District Hyderabad awarded work of supplying two tractors amounting to Rs 4.000 million , during financial year 2016-17, to M/S Qasimabad Auto workshop, however the supplier is a denting / painting repair workshop only. The procurement committee acknowledged in writing that the bidder has met eligibility criteria and submitted mandatory documents but same were not available in record, which rendered the transaction as non-transparent, in violation of above rules. Detail is as under:

| Sr. | Eligibility / qualification criteria            | Acknowledgement by procurement committee | Remarks of Audit |
|-----|---|--|------------------|
| 1   | Registration with PEC                           | Available                                | Not Available    |
| 2   | Sales Tax registration                          | Available                                | Not Available    |
| 3   | Minimum 3 years of experience in relevant field | Available                                | Not Available    |
| 4   | Turnover of last three years                    | Available                                | Not Available    |

Audit was of the view that contract was award through collusive practice to unqualified contractor due to failure and deliberate deviation from prescribed rule on the part of administrative and financial management.

The matter was reported to the management during October 2017 but they did not respond to audit observation. The PAO failed to convene DAC meeting despite pursuance by the audit.

Audit recommends that the matter may be investigated and responsibility be fixed upon person(s) at fault. Besides, all relevant documents be produced to audit for verification.

[AIR Para: 6]

#### **4.2.1.4 Doubtful Works of Repair and Maintenance - Rs 1.112 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”.

As per SPPRA Section (2)(q)(iv) “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 2016-17, incurred an expenditure amounting to Rs 1.112 million, on Repair & Maintenance of vehicles. Following observations were pointed out:

- i) Payments were made to the office staff instead of vendor/supplier.
- ii) Handwriting in the bills by different suppliers/vendors was found to be same, which hints to expenditure being doubtful.
- iii) Despite large demands, the purchases were made in piece meals on the same dates.
- iv) Expenditure incurred was not made in an economical manner.
- v) Inspection report after repair from TO Infra/MT in charge not found.
- vi) NOC from Workshop was neither found nor produced to audit.
- vii) Acknowledgement receipts of payments were not obtained.
- viii) Dismantled parts were not accounted for in the scrap account register.
- ix) POL was shown consumed during the period of repair of the vehicles.
- x) Details of expenditure were also not entered in in log books due to non-maintenance of log books.
- xi) One vehicle belonged to other office.

(Amount in Rupees)

| <b>AIR Para</b> | <b>Office</b>                        | <b>Vehicle</b>                 | <b>Bill Date</b> | <b>Amount</b>    |
|-----------------|--------------------------------------|--------------------------------|------------------|------------------|
| 17              | TO, TC, Tando Bago, Badin            | Vehicles, Fire Brigade         | 6 bills          | 1,093,639        |
| 4               | CO, District Council, Tando Allahyar | GS-6434 of Deputy Commissioner | 5 bills          | 19,074           |
| <b>Total</b>    |                                      |                                |                  | <b>1,112,713</b> |

Audit was of the view that unauthorized expenditure was incurred without fulfilling of codal formalities due to failure and deliberate deviation from prescribed rule on the part of administrative and financial management.

The matter was reported to the management during October and November 2017 but they did not respond to audit observation. The PAO failed to convene DAC meeting despite pursuance by the audit.

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

account of doubtful execution of works, under intimation to audit.

[AIR Paras: 17, 4]

#### **4.2.1.5 Payment Made Through Bogus Supply Orders – Rs 0.913 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".

Town Committee, Chamber, District Tando Allahyar, during financial years 2015-17, made payment of Rs. 913,289/- to various suppliers through bogus vouchers, i.e. having blank outward numbers, dates and reference to quotations. Further, the bills were claimed without invoice number and date, in violation of above rule.

Audit was of the view that unauthorized payments on bogus documents were made due to failure and deliberate deviation from prescribed rule on the part of administrative and financial management.

The matter was reported to the management during November 2017 but they did not respond to audit observation. The PAO failed to convene DAC meeting despite pursuance by the audit.

Audit recommends that responsibility be fixed against person(s) at fault for doubtful payments. Besides, the amount be recovered, under intimation to audit.

[AIR Para: 9]

## **4.2.2 Non-Production of Record**

### **4.2.2.1 Non-Production of Record – Rs 472.277 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 a record to audit, so that, financial discipline may be restored to respective organizations. In case of failure to provide a 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 299.536 million, during financial year 2016-17, but failed to produce record to audit, in violation of the above rule and instructions. Details are provided at Annex-Hyd1.

Further, various formations of Hyderabad Division incurred expenditure amounting to Rs 172.741 million, during financial year 2016-17, on the 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-Hyd1.

Audit was of the view that non-provision of record reflects total disregard to 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 managements during September to December 2017, 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) held responsible for non-production of record in accordance with the provisions contained in Para 14 of AGP’s Ordinance 2001.

[AIR Paras: 1, 1, 8, 14, 1, 1+2+8, 1+8, 1+16, 1+17, 18, 1, 1, 1+17+9, 1+19+23, 1+18, 1, 1, 1, 1, 1+13, 1, 1, 16, 8, 4, 12, 7, 15, 5+17, 18, 2, 5, 5, 4, 6, 2, 4, 8, 13, 2, 6, 9, 6]

### **4.2.3 Irregularity / Non-Compliance**

#### **A. Recovery, Targeted receipts/Outstanding dues**

##### **4.2.3.1 Non-Achievement of Targeted Receipts - Rs 206.186 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 a prescribed manner all or any taxes, rates, tolls, and fees mentioned in Schedule V”.

Various formations of Hyderabad Division, had fixed targeted/budgeted revenue of Rs 361.850 million, during financial year 2016-17, but failed to achieve this revenue by short realization of Rs 206.186 million, in violation of above rules. Details are provided at Annex-Hyd2.

Audit was of the view that management failed to make all out measures to realize the targeted receipts, which constituted financial indiscipline as well as lack of vigilance which resulted into less collection of revenue on the subject.

The matter was reported to the management during September-December 2017 but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by the audit.

Audit recommends that responsibility be fixed against person(s) at fault for laxity in realization of targeted revenues, under intimation to audit.

[AIR Paras: 14, 13, 11, 3, 4, 11, 12+20, 4, 1, 7]

##### **4.2.3.2 Non-depositing of Taxes – Rs 147.566 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, Para 41(a) of SFR Vol-I, “The departments controlling office should see that all sums due to the government are regularly received and checked against demands and that they are paid into the treasury”.

Various formations of Hyderabad Division, during financial year 2016-17 made

payments to, to contractors/suppliers on different accounts and deducted income tax and sales tax at source, amounting to Rs 147.566 million, but failed to deposit the same into government treasury, in violation of the above rules.

(Rupees in million)

| Sr. | Name of Offices                                       | Para | Amount         |
|-----|---|------|----------------|
| 1   | Administrator/CMO, Municipal Committee Qasimabad      | 22   | 0.841          |
| 2   | Administrator/CMO, Municipal Committee Tando Jam      | 6    | 0.084          |
| 3   | Chairman/Chief Officer District Council, Hyderabad    | 5    | 0.144          |
| 4   | Administrator/CMO Municipal Committee Badin           | 6    | 4.536          |
| 5   | Administrators/TO, Town Committee Mirpur Sakro        | 5    | 1.041          |
| 6   | Administrator/CMO Municipal Committee Dadu            | 7+9  | 6.865          |
| 7   | Administrators/CMO Municipal Committee K.N. Shah      | 3+7  | 11.491         |
| 8   | Administrators/CMO Municipal Committee Mehar          | 2+9  | 5.966          |
| 9   | Administrators/TO, Town Committee Johi                | 2    | 1.624          |
| 10  | Administrator/CMO, Municipal Committee Kotri          | 3+4  | 3.243          |
| 11  | Administrator/CMO, Municipal Committee Tando Allahyar | 3+12 | 9.298          |
| 12  | Administrator/TO Town Committee, Jhando Mari          | 5    | 0.064          |
| 13  | Administrator/TO Town Committee, Nasarpur             | 2    | 0.520          |
| 14  | Administrators/TO Town Committee New Saeedabad        | 2    | 5.280          |
| 15  | Chairman/Chief Officer District Council, Matiari      | 2    | 96.569         |
|     | <b>Total</b>  |      | <b>147.566</b> |

Audit was of the view that non-deposit of deducted taxes into government treasury resulted in loss of public revenue, which constituted financial indiscipline as well as non-observance of prescribed rules on the subject.

The matter was reported to management in September to December 2017 but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by the audit.

Audit recommends that responsibility be fixed against person(s) at fault for unauthorized retention of deducted taxes, besides, same be deposited without further delay, under intimation to audit.

[AIR Paras: 22,6,5,6,5,7+9,3+7,2+9,2,3+4,3+12,5,2,2,2]

#### 4.2.3.3 Loss Due to Non-Revision of Rent - Rs 114.158 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 114.158 million approximately till 2016-17. Details are as under:

(Rupees in Million)

| Sr.          | Name of Offices                              | AIR Para | Amount         |
|--------------|--|----------|----------------|
| 1            | Hyderabad Municipal Corporation              | 15       | 109.156        |
| 2            | Administrator/CMO, Municipal Committee Matli | 4        | 3.067          |
| 3            | Town Committee, Talhar, District Badin       | 5        | 0.212          |
| 4            | Town Committee, Tando Bago, District Badin   | 12       | 1.723          |
| <b>Total</b> |  |          | <b>114.158</b> |

Audit was of the view that non-revision of rent as per provisions of rental act, resulted into loss to public revenue which constituted financial indiscipline as well as non-compliance of prescribed rules on the part of management.

The matter was reported to the management during October-December, 2017 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 person(s) at fault for non-enhancement of rent, besides, same be revised as per provisions of rental act, under intimation to audit.

[AIR Paras: 15,4,5,12]

#### **4.2.3.4 Non-Recovery of Outstanding Dues - Rs 93.141 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 2016-17, failed to recover outstanding rent of shops and fees amounting to Rs 93.141 million from defaulters, in violation of above rules. Details are provided at Annex-Hyd3.

Audit was of the view that due to inaction by the management, outstanding revenue could not be recovered which contributed towards poor financial health of the concerned entities and failure to implement prescribed rules resulted into non-recovery of Government revenue on the subject.

The matter was reported to management during September to December 2017, 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 person(s) at fault for non-recovery of outstanding dues. Besides, amount be recovered without further delay, under intimation to audit.

[AIR Paras: 9+10,3+7,3,9,7,3,8,9,10+14,3,3,5+7]

#### **4.2.3.5 Non-Recovery of Taxes - Rs 23.062 Million**

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”.

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”.

Moreover, as per Part-B of second schedule annexed to Sindh Sales Tax on services Act 2011, as amended from time to time, “Prescribed applicable rate of sales tax at 15% against services provided or rendered by persons engaged in contractual execution of work or furnishing supplies”.

Various formations of Hyderabad Division, during financial years 2015-17, paid Rs 424.711 million, to different suppliers and contractors, but failed to deduct income tax and sales tax amounting to Rs 23.062 million, in violation of above rules. Detail is provided in Annex-Hyd4.

Audit was of the view that Governments sustained loss due to non-deduction of tax which constituted financial indiscipline as well as non-observance of prescribed rules on the subject.

The matter was reported to the management during November-December 2017 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 person(s) at fault for non-deduction of taxes and same be recovered without further delay, 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]

#### 4.2.3.6 Non-Recovery of Rent from Defaulters – Rs 16.505 Million

As per 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”.

Mayor/Municipal Commissioner Hyderabad Municipal Corporation, during financial year 2016-17, failed to recover rent amounting to Rs 16.505 million from tenants. The management failed to vacate Government properties from defaulters or take any other legal action against defaulters. Detail is as under:

[Amount in Rupees]

| Arrears upto<br>2015-16 | Rent Demand<br>2016-17 | Total Recoverable<br>2016-17 | Actual Recovery<br>2016-17 | Arrears up to<br>June 2017 |
|-------------------------|------------------------|------------------------------|----------------------------|----------------------------|
| 18,831,439              | 20,649,420             | 39,480,859                   | 22,975,717                 | <b>16,505,142</b>          |

Audit was of the view that due to non-recovery of rent government sustained loss of revenue, which constituted financial indiscipline as well as non-observance of rules.

The matter was reported to managements during December 2017, 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 be made immediately, under intimation to audit.

[AIR Para: 11]

## **B. Violation of Rules**

### **4.2.3.7 Irregular Expenditure without Constitution of Valid Procurement Committee - Rs 251.997 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”.

Various formations of Hyderabad Division during financial year 2016-17, incurred expenditure of Rs 251.997 million, without constitution of valid procurement committee, in violation of above rules. Detail is as under:

(Amount in Rupees)

| <b>Sr.</b>   | <b>Name of Offices</b>                                  | <b>Para</b> | <b>Tender Cost</b> |
|--------------|---|-------------|--------------------|
| 1            | Administrator/CMO Municipal Committee Badin             | 3           | 29,000,000         |
| 2            | Administrator/TO Town Committee, Thana Bula Khan        | 2           | 221,472,580        |
| 3            | Chairman/Chief Officer District Council, Tando Allahyar | 5           | 1,524,496          |
| <b>Total</b> |   |             | <b>251,997,076</b> |

Audit was of the view that award of work without constitution of valid procurement committee resulted into unauthorized and unjustified award of works due to failure and deliberate deviation from prescribed rule on the part of administrative and financial management.

The matter was reported to the managements during November 2017 but they did not respond to audit observation. The PAO also failed to convene DAC meeting despite pursuance by audit.

Audit recommends that responsibility be fixed against person(s) at fault for award of works without evaluation by valid procurement committee, under intimation to audit.

[AIR Paras: 3,2,5]

### **4.2.3.8 Award of Works without Tender - Rs 237.577 Million**

As per Rules (11)(1) of SPPRA Rules 2010, “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.

Further, as per Rules (12)(1) of SPPRA Rules 2010, save as otherwise provided and subject to regulations made by authority, a procuring agency shall prepare, in accordance rule 11 above, all proposed procurements for each financial year and shall proceed accordingly without any splitting or regrouping of procurements already grouped, allocated and scheduled in procurement plan”.

Moreover, 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 formations of Hyderabad Division, during financial year 2016-17, incurred Rs 237.577 million, by splitting to avoid calling of open tender, in violation of above rules. Details are provided at Annex-Hyd5.

Audit was of the view that managements did not invite tenders in award of contracts and Government was deprived of most economical rates due to failure and deliberate deviation from prescribed rule on the part of administrative and financial management.

The matter was reported to managements during September to December 2017, 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 person(s) at fault on account of procurements/execution of works without tenders and by splitting, under intimation to audit.

[AIR Paras:12,5+10+11,5,1,14,4,6, 3]

#### **4.2.3.9 Irregular Award of Work to Unregistered Contractors Rs 216.454 Million**

According to SGA&CD, Govt of Sindh Notification No.SORI(SGA&CD)2-30/2010 Dated: 23rdOctober, 2014, Amendment in Rule 46, Sub-rule(1), for clause (iii) of SPPRA Rules 2010 “registration with the Federal Board of Revenue (FBR), for Income Tax, Sales Tax in case of procurement of goods, registration with the Sindh Revenue Board in case of procurement of Works and Services and registration with

Pakistan Engineering Council where applicable”, is required to be provided by the contractors.

Various formations of Hyderabad Division, awarded different contracts valuing Rs 216.454 million, during financial year 2016-17, to various contractors, who were not registered with FBR, SRB or PEC, in violation of above rule.

| [Rupees in million] |                                       |      |                |
|---------------------|---------------------------------------|------|----------------|
| Sr.                 | Name of Offices                       | Para | Amount         |
| 1.                  | Municipal Committee, Badin            | 7    | 8.990          |
| 2.                  | Municipal Committee, Badin            | 15   | 10.000         |
| 3.                  | Municipal Committee, K. N. Shah, Dadu | 4    | 176.954        |
| 4.                  | District Council, Jamshoro            | 2    | 20.510         |
| <b>Total</b>        |                                       |      | <b>216.454</b> |

Audit was of the view that undue favour was granted to unregistered contractors due to failure and deliberate deviation from prescribed rule on the part of administrative and financial management.

The matter was reported to managements during September to December 2017, 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 person(s) at fault on account of award of works to unqualified contractors, under intimation to audit.

[AIR Paras: 7, 15, 4, 2]

#### **4.2.3.10 Non-Hoisting of Bid Evaluation Reports on SPPRA Website Rs 181.800 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.”

Various formations of District Badin awarded different works costing Rs 181.800 million, during financial year 2016-17, through NIT but did not hoist bid evaluation reports on the SPPRA website, in violation of above rule. Detail is as under:

[Amount in Rupees]

| Sr.          | Formation                          | Para | No. of Schemes | Amount             |
|--------------|------------------------------------|------|----------------|--------------------|
| 1            | Municipal Committee, Badin         | 1    | 22             | 44,900,000         |
| 2            | Town Committee, Shaheed Fazil Rahu | 1    | 106            | 136,900,000        |
| <b>Total</b> |                                    |      |                | <b>181,800,000</b> |

Audit was of the view that violation of SPPRA rule resulted into non-transparency in the award of contracts is a deviation from prescribed rules on the part of management.

The matter was reported to managements during November 2017, 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 person(s) at fault for non-hoisting of evaluation report and tender on SPPRA website, under intimation to audit.

[AIR Paras: 1, 1]

#### **4.2.3.11 Payment without Completion Report / Certificate Rs 134.059 Million**

According to Para 207 of P.W.D Manual Volume-I, on completion of an original work executed on behalf of another department, a completion certificate in Form No. 45 B should be forwarded by the Executive Engineer to the civil authority concerned, who should after signing it in the space provided for the purpose, return it to the Executive Engineer.

Further, as per Paragraph 1.55 of Planning Commission Manual for Development Works, "PC-IV is required to be submitted at time when the project adjudged to be complete while the PC-V is to be furnished on an annual basis for the period of five years by the agencies responsible for operation and maintenance of projects.

Moreover, Deputy Commissioner Tando Muhammad khan issued letter alongwith 4 consecutive reminders (last reminder vide No. DC/TMK/P&D/663/2017 dated 14-11-2017) to management of council for submission of physical and financial progress report and PC-IV for sustainable development goals.

Various formation of Hyderabad Division during financial year 2016-17, completed 161 development schemes and made payment of Rs 134.059 million to the

contractors without issuing completion report on prescribed certificate of PC-IV, in violation of above rules. Detail is as under:

| [Amount in Rupees] |   |      |                |                    |
|--------------------|---|------|----------------|--------------------|
| Sr.                | Name of Offices                         | Para | No. of Schemes | Amount             |
| 1.                 | Municipal Committee Badin               | 9    | 46             | 60,487,168         |
| 2.                 | Municipal Committee Tando Muhammad Khan | 2    | 28             | 39,862,319         |
| 3.                 | District Council, Tando Muhammad Khan   | 4    | 24             | 33,709,025         |
| <b>Total</b>       |   |      | <b>161</b>     | <b>134,058,512</b> |

Audit was of the view that unjustified payments were made without completion certificate due to failure and deliberate deviation from prescribed rule on the part of administrative and financial management. Moreover, payment against substandard quality or incomplete works cannot be ruled out.

The matter was reported to the management during November and December 2017, 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 person(s) at fault on account of payments without completion reports on prescribed form. Besides, progress report of projects and completion certificates on prescribed format be produced to audit for verification.

[AIR Paras: 9, 2, 4]

#### **4.2.3.12 Unauthorized Appointments – Rs 88.909 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, made appointments without going through prescribed procedures and obtaining approval from Secretary, Local

Government, GoS, in violation of the above rules, and incurred an expenditure of Rs 88.909 million, during financial year 2016-17, on account of their salaries. Details are as under:

| [Amount in Rupees] |  |                      |      |                   |
|--------------------|--|----------------------|------|-------------------|
| Sr.                | Name of Offices                        | Description          | Para | Amount            |
| 1                  | Mayor / MC, HMC, Hyderabad             | 518 Sanitary workers | 13   | 87,024,000*       |
| 2                  | Chairman/TO, Town Committee Ghora Bari | Daily waged staff    | 19   | 1,884,800         |
| <b>Total</b>       |  |                      |      | <b>88,908,800</b> |

\*Amount is estimated on minimum wage rate 2016-17 i.e. Rs.14,000 per month

Audit was of the view that irregular appointments were made in violation of the rules and in non-transparent manner which is a deliberate deviation from prescribed rule on the part of administrative and financial management.

The matter was reported to the management during October-December 2017 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 person(s) at fault for unauthorized appointments, under intimation to audit.

[AIR Paras: 13, 19]

#### **4.2.3.13 Irregular Execution of Work without Approval of PC-I Rs 81.760 Million**

According to Para 1 & 2 of Notification No.SOI/LG/10-7/2013 dated 07-01-2014, permission for development works with the approval of local Government department, "I am directed to refer to the subject noted above and to state that all the development works 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".

Further, 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.

Moreover, according to Planning Commission Manual, competent forum to sanction schemes:

| <b>Sr.</b> | <b>Competent Forum</b>   | <b>Cost of Scheme up to</b> |
|------------|--|-----------------------------|
| 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).<br>After clearance from CDWP | Above Rs One billion        |

Following Offices of Hyderabad Division, executed development schemes valuing Rs 81.760 million, during financial year 2016-17, without preparation of PC-I and obtaining approval from competent forum, in violation of the above rules. Detail is as under:

[Amount in Rupees]

| <b>Sr.</b>   | <b>Name of Offices</b>                | <b>Para</b> | <b>No. of Schemes</b> | <b>Amount</b>     |
|--------------|---------------------------------------|-------------|-----------------------|-------------------|
| 1            | Municipal Committee, Tando Allahyar   | 2           | 16                    | 41,760,000        |
| 2            | District Council, Tando Muhammad Khan | 2           | 24                    | 40,000,000        |
| <b>Total</b> |                                       |             |                       | <b>81,760,000</b> |

Audit was of the view that award of development works without preparation and approval of PC-I constituted flagrant violation of rules and procedures on the part of administrative and financial management.

The matter was reported to the management during November to December 2017, 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 person(s) at fault for irregular award and execution of works without following procedure as prescribed by the Government rules, under intimation to audit.

[AIR Paras: 2, 2]

#### 4.2.3.14 Unauthorized Payments made During Ban Period Rs 73.630 Million

As per Para 2 of the GOS, Finance Department, Notification No.FD/B&E-I/2(360)/BAN/2012-13, dated 17th May 2013, “The Honourable Chief Minister of Sindh, has been pleased to further direct that;

- a) There shall be a **complete ban** on procurement of vehicles of all categories and luxury items like Air conditioners etc.
- b) There shall be a complete ban on procurement of furniture, computers etc **from non-development Budget.**

Following offices of Hyderabad Division incurred an expenditure of Rs 73.630 million, during financial year 2016-17, on account of procurement of various items during ban, in violation of above rules.

[Amount in Rupees]

| Sr.          | Name of Offices   | Para | Description              | Amount            |
|--------------|---|------|--------------------------|-------------------|
| 1            | Chairman/CMO, Municipal Committee Qasimabad             | 19   | Renovation & Furniture   | 1,998,383         |
|              |   | 20   | Fire Brigades & Tractors | 70965000          |
|              |   | 21   | Monuments                | 166,500           |
| 2            | Chairman/Chief Officer District Council, Tando Allahyar | 8    | P&F of 6 split ACs       | 500,599           |
| <b>Total</b> |   |      |                          | <b>73,630,482</b> |

Audit was of the view that unauthorized purchases were made during ban period as well as deviation from prescribed rules on the part of management.

The matter was reported to managements during September to December 2017, 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 person(s) at fault for purchase of banned items, under intimation to audit.

[AIR Paras: 19+20+21, 8]

#### 4.2.3.15 Unauthorized Payments without Execution of Contract Agreements – Rs 60.010 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 Hyderabad Division, awarded various development works costing Rs 60.010 million to various contractors, during 2016-17, and released payments without execution of contract agreements, in violation of the above rule. Details are as under:

| [Rupees in Million] |  |        |         |               |
|---------------------|--|--------|---------|---------------|
| Sr.                 | Name of Formation                        | Para # | Year    | Amount        |
| 1                   | Chairman/TO, Town Committee Ghora Bari   | 10     | 2016-17 | 9.110         |
| 2                   | Chairman/CMO Municipal Committee Mehar   | 07     | 2016-17 | 6.534         |
| 3                   | Chairman/CMO, Municipal Committee Kotri  | 01     | 2016-17 | 6.823         |
|                     | Chairman/TO Town Committee New Saeedabad | 03     | 2016-17 | 40.543        |
| <b>Total</b>        |  |        |         | <b>63.010</b> |

Audit was 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.

The matter was reported to managements during August to December 2017, 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 person(s) at fault for non-execution of contract agreements, under intimation to audit.

[AIR Paras:10, 7, 1, 3]

#### **4.2.3.16 Unjustified Payment without Determining the Magnitude of Services – Rs 44.550 Million**

According to the Article 5 of Agreement made of 31<sup>st</sup> 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), awarded 1st contract for “Lifting and Transportation of Solid waste” to M/S Al-Khalid Agencies in November 2013 and it was agreed that management will pay the contractor 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 quantity of services and inclusion of any procedure for checking the volume of lifted solid waste. Management failed to provide any proof to rationalize the payments. Moreover, audit could not find any trail to verify the veracity of these financial transactions, e.g.:

- Approval of Sindh Govt. for outsourcing of the core activity of Municipal Corporation was not obtained, in violation of above mentioned notification.
- Major change in payment criteria without inviting fresh tenders.

[Amount in Rupees]

| Paid to                                 | Description  | Period of payment              | Amount / year | Amount / month | Period Under Audit                              | Amount of period under Audit |
|---|--|--------------------------------|---------------|----------------|---|------------------------------|
| Al-Khalid Agencies for Waste Management | collection & lifting of garbage from sub division Latifabad, HMC | 16th Feb 2016 to 15th Feb 2017 | 71,280,000    | 5,940,000      | July 2016 to 15th Feb 2017 (7 months & 15 Days) | 44,550,000                   |

Audit was of the view that undue favour was granted to contractor by renewal of contract with major change in mode of payment instead of inviting fresh tender which is deliberate deviation from prescribed rule on the part of administrative and financial management.

The matter was reported to managements during August to December 2017, 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 person(s) at fault for renewal of contract without measuring the magnitude of services and without fresh tender, under intimation to audit.

[AIR Para: 5]

#### **4.2.3.17 Splitting of PC–I to Avoid Sanction of next Higher Authority RS 40.000 Million**

As per Rule 146 of GFR Vol-I, “Purchase orders should not be split up to avoid

the necessity for obtaining the sanction of higher authority”.

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”.

Moreover, 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    |

The office of Chairman/Chief Municipal Officer, Municipal Committee, Tando Muhammad Khan, had approved development scheme costing Rs 40.00 million through splitting the same into two without referring to the District Development Working Party as competent forum, in violation of above criteria. Detail is as under:

| [Rupees in Million] |  |                |                          |          |              |
|---------------------|--|----------------|--------------------------|----------|--------------|
| Sr.                 | Description  | No. of schemes | DDWC Approval No.        | Dated    | Amount       |
| 1                   | Community Development program for sustainable development goals for the year 2015-16 | 14             | DC/Acct./TMK/311/2015-16 | 26-01-16 | 20.00        |
| 2                   | -do-   | 14             | DC/Acct./TMK/312/2015-16 | 26-01-16 | 20.00        |
| <b>Total</b>        |  |                |                          |          | <b>40.00</b> |

Audit was of the view that unauthorized splitting and approval beyond competency, which constituted administrative control failure and deviation from prescribed rule resulted into non-observance of delegated financial powers on the part of management.

The matter was reported to the management during December 2017, 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 person(s) at fault for not obtaining approval of development scheme from competent authority, under intimation to audit.

[AIR Para: 10]

#### **4.2.3.18 Irregular Procurement without Integrity Pact - Rs 24.830 Million**

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

Chairman/Town Officer, Town Committee, Thana Bula Khan, District Jamshoro, awarded two schemes of Rs 24.830 million, during financial year 2016-17, but failed to execute integrity pact with contractors, in violation of the above rule. Detail is as under:

| [Amount in Rupees] |   |                   |
|--------------------|---|-------------------|
| <b>Sr.</b>         | <b>Name of works</b>                          | <b>Amount</b>     |
| 1.                 | PL WS PVC pipe line Jumani khaskheli muhallah | 12,435,389        |
| 2.                 | PL PVC pipe line from burfat muhallah         | 12,394,475        |
| <b>Total</b>       |   | <b>24,829,864</b> |

Audit was of the view that department failed to execute integrity pact with contractors to safeguard government interest as well as deviation from prescribed rules on the part of management.

The matter was reported to the management during November 2017 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 person(s) at fault for non-execution of integrity pact to safeguard government interests, under intimation to audit.

[AIR Para: 3]

#### **4.2.3.19 Unjustified Payment of Pension - Rs 25.805 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”.

Various office of Hyderabad Division, during financial year 2016-17, paid an amount of Rs 25.805 million to pensioners and families of deceased employees, in violation of above rule. Following short comings were noted in this regard.

- Payment of pension without personal appearance of pensioners.
- Payment without obtaining no-marriage certificates from widows of pensioners issued by notable/gazette officer.
- Acknowledgements of the recipients were not available.
- CNIC copies of recipients were not available.

(Rupees in Million)

| Sr.          | Name of Offices                                  | Para | Amount        |
|--------------|--|------|---------------|
| 1            | Chairman/CMO, Municipal Committee Thatta         | 3    | 15.326        |
| 2            | Chairman/TO Town Committee, Ghora Bari           | 1    | 0.219         |
| 3            | Chairman/Chief Officer, District Council, Thatta | 2    | 10.260        |
| <b>Total</b> |  |      | <b>25.805</b> |

Audit was of the view that payment of pension without personal appearance and fulfilling codal formalities which constituted financial indiscipline as well as non-observance of prescribed rules on the subject. Moreover, chances of ghost pensioners cannot be ruled out.

The matter was reported to the management during September 2017 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 person(s) at fault. Besides, necessary steps be taken to ensure payments through bank accounts of pensioners, under intimation to audit.

[AIR Paras: 3, 1, 2]

#### **4.2.3.20 Unauthorized Revision of Estimates without Calling Fresh Tenders Rs 24.001 Million**

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".

Chairman/Chief Municipal Officer, Municipal Committee, Dadu, during

financial year 2016-17, initiated different development schemes with estimated cost of Rs 12.935 million, which were revised to Rs 24.001 million resulting into excess revision of Rs 11.070 million, and made expenditure over and above 60.72% to 179.67% of the original estimates, without calling fresh tenders, in violation of above rule. Detail is as under:

[Rupees in Million]

| Sr.          | Name of Work   | Name of Contractor       | Estimated Cost | Revised Cost  | Difference   | Percentage Increase |
|--------------|--|--------------------------|----------------|---------------|--------------|---------------------|
| 1            | Improvement/Recondition of Metalled Road from Mondar Naka via Shahbaz Colony Road to Majeed Shahani House Dadu | Riaz Ahmed Bhutto        | 2.700          | 7.551         | 4.85         | 179.67%             |
| 2            | Improvement/Recondition of Metalled Road from Indus Highway Road Sehwan to Railway Phatak via Police Line      | M/S Khalil Rehman Shaikh | 10.235         | 16.450        | 6.22         | 60.72%              |
| <b>Total</b> |  |                          | <b>12.935</b>  | <b>24.001</b> | <b>11.07</b> | -                   |

Audit was of the view that unauthorized expenditure was incurred over and above the original estimates without calling fresh tenders due to failure and deliberate deviation from prescribed rule on the part of administrative and financial management.

The matter was reported to management during November 2017, 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 person(s) at fault for deviation from rules, under intimation to audit.

[AIR Para: 4]

#### **4.2.3.21 Award of Works against Withheld ID by SPPRA-Rs 20.560 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).

Chairman/Chief Officer, District Council, Jamshoro, uploaded / posted their tenders on SPPRA website. Due to certain deficiencies, the SPPRA withheld the ID Sr. No 29712 SPPRA ID No.2147483647 of tender. The management was required to remove the deficiencies and to get ID released before proceeding further. However, the management awarded the works for Rs 20.560 million, during financial year 2016-17, against which SPPRA did not release the IDs. Detail is as under:

[Amount in Rupees]

| Sr.          | W.O/date     | Contractor       | Name of work  | Cost              |
|--------------|--------------|------------------|---|-------------------|
| 1            | 400/26.10.16 | Shaikh Farhan    | Construction of bus shade @ Dargah Abdullah Shah                                  | 858,000           |
| 2            | 398/26.10.16 | A.Rasheed Abbasi | Supplying & Fixing of steel grill @ Dargah Abdullah Shah                          | 1,000,000         |
| 3            | 399/26.10.16 | Shaikh Farhan    | Remaining work of Musafir Khana @ Dargah Abdullah Shah                            | 3,000,000         |
| 4            | 397/26.10.16 | A.Rasheed Abbasi | Construction of metalled road i/c retaining wall bungalow to Dargah Abdullah Shah | 15,702,000        |
| <b>Total</b> |              |                  |   | <b>20,560,000</b> |

Audit was of the view that work was awarded without release of withheld tender IDs by SPPRA, resulting in violation of prescribed rules and unauthorized award of contracts as well as deviation from prescribed rules on the part of management.

The matter was reported to the management during October to December 2017, 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 person(s) at fault for award of works against withheld ID, under intimation to audit.

[AIR Para: 1]

#### **4.2.3.22 Wasteful Expenditure on Outsourcing - Rs 13.394 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; fire fighting, 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 Hyderabad Division, during financial year 2016-17, incurred expenditure on the salaries of sanitation staff, 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 13.394 million was made during the year. Detail is as under:

(Amount in Rupees)

| Sr.          | Formation                                     | Para | Amount            |
|--------------|---|------|-------------------|
| 1.           | Municipal Committee, Qasimabad                | 24   | 944,999           |
| 2.           | Town Committee, Tando Bago, District Badin    | 14   | 9,149,613         |
| 3.           | Town Committee, Mirpur Sakro, District Thatta | 8    | 3,299,287         |
| <b>Total</b> |   |      | <b>13,393,899</b> |

Audit was of the view that public funds were wasted on outsourcing due to availability of adequate resources in form of sanitary workers, which the management failed to utilize due to failure and deliberate deviation from prescribed rule on the part of administrative and financial management.

The matter was reported to managements during September to December 2017, 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 person(s) at fault for incurring expenditure on outsourcing despite having resources, under intimation to audit.

[AIR Paras: 14, 8]

#### **4.2.3.23 Award of Work without Obtaining Bank Guarantee/Performance Security - Rs 12.230 Million**

According to Sindh Public Procurement Rules 2010, Rule 39-Performance security, “(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”.

Chairman/CMO Municipal Committee, Dadu, during financial year 2016-17, awarded works worth Rs 122.295 million to contractors without obtaining bank guarantees amounting to Rs 12.230 million, to protect the department from unforeseen losses/breach of contract, in violation of above rule.

Audit was of the view that Government interest was not safeguard and undue favour was given to contractors resulting into non-transparency in the award of contract, as well as deviation from prescribed rules on the part of management.

The matter was reported to the management during September 2017, 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 person(s) at fault for not safeguarding Government interest by obtaining bank guarantee from contractors, under intimation to audit.

[AIR Para: 6]

#### 4.2.3.24 Non-Accountal of Stores – Rs 11.581 Million

According to Rule 113 of S.F.R Volume-I, “Purchases are required to be recorded in stock Register” and Rule 114 of S.F.R Volume-I, “Issue Account must be maintained “.

Different formations of Hyderabad Division incurred an expenditure of Rs 11.581 million, during 2016-17, on purchase of different items but failed to maintain accountal record of purchases, in violation of rules. Moreover, consumption record was also not produced to audit. Details are provided as under:

| Sr.          | Name of Offices                                | [Rupees in Million] |               |
|--------------|--|---------------------|---------------|
|              |  | Para                | Estimate      |
| 1            | Chairman/CMO Municipal Committee Badin         | 16                  | 1.074         |
| 2            | Chairman/TO, Town Committee Talhar             | 12                  | 2.401         |
| 3            | Chairman/TO, Town Committee Tando Bago         | 20                  | 6.309         |
| 14           | Chairman/Chief Officer District Council, Badin | 5                   | 1.797         |
| <b>Total</b> |  |                     | <b>11.581</b> |

Audit was of view that due to non-maintenance of stock registers audit was unable to verify the purchases as well as deviation from prescribed rules on the part of management.

The matter was reported to the management during September 2017 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 person(s) at fault for non-maintenance of stock and consumption record. Besides, same be prepared and produced to audit for verification.

[AIR Paras: 16, 12, 20, 5]

#### 4.2.3.25 Execution of Work without Technical Sanction - Rs 10.150 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”.

Following offices of Hyderabad Division executed works costing Rs 10.150 million, during financial year 2016-17, without obtaining technical sanction from competent authority, in violation of the above rules. Details are as under:

| [Amount in Rupees] |                                 |                    |      |                |                   |
|--------------------|---------------------------------|--------------------|------|----------------|-------------------|
| Sr.                | Name of Offices                 | Deficiency         | Para | No. of Schemes | Amount            |
| 1                  | Hyderabad Municipal Corporation | Technical Sanction | 18   | 5              | 4,875,827         |
| 2                  | Municipal Committee Qasimabad   | Technical Sanction | 2    | 1              | 1,000,000         |
| 3                  | Town Committee Thana Bula Khan  | Technical Sanction | 1    | 2              | 4,274,202         |
| <b>Total</b>       |                                 |                    |      |                | <b>10,150,029</b> |

Audit was of the view that unauthorized works awarded without sanction of detailed design and estimate from competent authority due to failure and deliberate deviation from prescribed rule on the part of administrative and financial management.

The matter was reported to the management during November to December 2017 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 person(s) at fault for execution of works without obtaining technical sanction from competent authority, under intimation to audit.

[AIR Paras: 18, 2, 1]

#### **4.2.3.26 Unauthorized Payments without Pre-Audit – Rs 4.445 Million**

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 4.445 million to staff and contractors without pre-audit from concerned Local Fund Audit Departments, in violation of above rules.

(Amount in Rupees)

| <b>Sr.</b>   | <b>Formation</b>                                   | <b>Para</b> | <b>Amount</b> |
|--------------|--|-------------|---------------|
| 1            | Municipal Committee, Qasimabad, District Hyderabad | 12          | 2.286         |
| 2            | Town Committee Mirpur Sakro, District Thatta       | 13          | 2.159         |
| <b>Total</b> |  |             | <b>4.445</b>  |

Audit was of the view that payments without pre-audit resulted into unauthorized expenditure due to failure and deliberate deviation from prescribed rule on the part of administrative and financial management.

The matter was reported to managements during September and November 2017, 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 person(s) at fault for making payments without pre-audit, under intimation to audit.

[AIR Paras: 12, 13]

#### **4.2.3.27 Irregular Creation of Liabilities – Rs 11.166 Million**

According to D.D (Finance)/PLGC/2010/167n dated: 4-2-2010 issued from Government of Sindh, Provincial Local Government Commission (Inspection, Monitoring & Evaluation Cell) Karachi that that local government, across the province, make commitments beyond their budgetary allocation/funds by initiating new development schemes, inviting tenders, creating new employments opportunities &

miscellaneous expenditure. Thus, create liabilities for next financial year. Hence this department direct to refrain from such practice in future. & 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.

Chairman/Town Officer, Town Committee, Ghorabari, District Thatta, failed to pay dues of year 2017 and created liabilities amounting to Rs 11.166 million, in violation of above rule.

[Amount in Rupees]

| Sr.          | Head of Account | Liability on 30-06-2017 |
|--------------|-----------------|-------------------------|
| 1            | Establishment   | 1,914,000               |
| 2            | Development     | 9,252,000               |
| <b>Total</b> |                 | <b>11,166,000</b>       |

Audit was of the view that expenditure was incurred without availability of funds, resulting into creation of liabilities which constituted financial indiscipline as well as non-observance of prescribed rules on the subject.

The matter was reported to the management during November 2017, 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 person(s) at fault for creation of liabilities, under intimation to audit.

[AIR Para: 4]

#### **4.2.3.28 Non-Imposition of Penalty - Rs 3.553 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, awarded development works amounting to Rs 35.530 million, during financial year 2016-17, but the contractors did not complete the works within stipulated time without any justification. The penalty @ 10% amounting to Rs 3.553 million was not imposed/recovered from the contractor, in violation of above rule. Detail is as under:

(Rupees in Million)

| Sr.          | Name of Formations                               | Para | Amount       |
|--------------|--|------|--------------|
| 1            | Chairman/TO, Town Committee Ghora Bari, Thatta   | 11   | 0.523        |
| 2            | Chairman/TO, Town Committee Johi, Dadu           | 8    | 1.371        |
| 3            | Chairman/TO, Town Committee T. B. Khan, Jamshoro | 4    | 1.659        |
| <b>Total</b> |  |      | <b>3.553</b> |

Audit was of the view that undue favour was extended to the contractor which is a deliberate deviation from prescribed rule on the part of administrative and financial management.

The matter was reported to management during September to December 2017, 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 person(s) at fault for not imposing penalty on the contractors, besides, effecting recovery without further delay, under intimation to audit.

[AIR Paras: 11, 8, 4]

#### **4.2.3.29 Non-deposit of Call Deposit – Rs 2.804 Million**

According to Rule-39 of SPPRA-2010, “Procuring agency shall, in all procurement 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 of sufficient to protect the procuring agency in case of breach contract by the contractor or supplier or consultant, provided that amount shall not be more than 10% of contract price”.

Further, according to Rule 41 (a) of SFR volume-I, the department Controlling Officers should see that all sums due to government are regularly received and checked against demands and that they are paid into the treasury”.

Chairman/CMO, Municipal Committee, Badin, District Badin, received call deposits amounting to Rs 2.804 million, during financial year 2016-17 from contractors which were not deposited were not deposited in relevant bank account, in violation of above rules.

Audit was of the view that management unauthorizedly retained call deposits due to failure and deliberate deviation from prescribed rule on the part of administrative and financial management.

The matter was reported to the management during November 2017 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 person(s) at fault for non-deposit of call deposits in relevant bank account, under intimation to audit.

[AIR Para: 2]

#### **4.2.3.30 Unauthorized Refund of Sales Tax Withheld from Suppliers' Bills Rs 1.220 Million**

According to Rule 2 (xv) of Sales Tax Rules, 2006, 'CSTRO' means Centralized Sales Tax Refund Office to be established in the 8[Federal Board of Revenue] for disbursement of refund of sales tax; and

Further, according to Rule 38 (3) of Sales Tax Rules, 2006, "Where the refund claim is filed under section 66 of the Act, the claimant shall submit an application for refund indicating his name, address, registration number, the amount of sales tax refund claimed and reasons for seeking such refund along-with following documents, namely:

- (a) Input tax invoices in respect of which refund is claimed;
- (b) Proof of payment of input tax claimed as refund; and
- (c) Copy of the relevant order on the basis of which refund is claimed."

Moreover, according to section 5 of the Sales Tax Special Procedure (With Holding) Rules, 2007 states that "in case of purchases, not covered by sub-rule (4) above, the sales tax deducted at source shall be deposited by the withholding agent in the designated branch of National Bank of Pakistan under 16[under relevant head of account] on sales tax return-cum-payment challan in the form set out at Annexure to these rules, by 15th of the month following the month during which payment has been made to the supplier. The return-cum-payment challan shall be prepared and deposited with the bank in triplicate and the bank shall send the original to the 17[Collectorate of Sales Tax] having jurisdiction, return the duplicate to the depositor and retain the triplicate for its own record: Provided that a single return-cum-challan can be filed in respect of all purchases for which the payment has been made in a month."

Chairman/Chief Officer District Council, Tando Muhammad Khan, during financial year 2016-17, deducted sales tax amounting to Rs 1.220 million from the contractors and same was required to be deposited into government treasury. However, management, instead of depositing the same, unauthorizedly refunded the deducted sales

tax to contractors on their requests. (Detail of refunded sales tax is attached as Annex-Hyd6). Moreover, it was also observed that the claim was wrongly refunded on contractors' request, that they had paid amount of GST to the companies / manufacturers / dealers, but sales tax invoices along with companies / manufacturers / dealers sales returns were not found in record, which can reveal the actual price at which the commodities were purchased.

Audit was of the view that undue favour was granted to contractors by refund of deducted sales tax, which can only be refunded by FBR, resulting into loss to public exchequer as well as deviation from prescribed rules on the part of management.

The matter was reported to the management during December 2017 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 person(s) at fault on account of unauthorized refund of deducted GST. Besides, same be recovered, under intimation to audit.

[AIR Para: 5]

#### **4.2.3.31 Un-Justified Expenditure on Repair and Maintenance of HDA / WASA Property Rs 1.141 Million**

According to Rule-23 of General Financial Rules, Volume-I, every Government officer should realise 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.

Municipal Committee, Qasimabad, District Hyderabad, during financial year 2016-17, incurred expenditure of Rs 1.141 million against the repair & maintenance of the office building which belongs to the Hyderabad Development Authority / Water and Sewerage Authority, Hyderabad, in violation of above rule. Detail is provided at Annex-Hyd7.

Audit was of the view that unauthorized expenditure was incurred on buildings of other departments due to failure and deliberate deviation from prescribed rule on the part of administrative and financial management.

The matter was reported to the management during October 2017 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 person(s) at fault on account of misutilization of public funds, under intimation to audit.

[AIR Para: 18]

#### **4.2.3.32 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”.

Chairman/Chief Officer, District Council, Thatta failed to vacate the Council residence from illegal occupation of private persons and government employees of other offices, in violation of above rules

Audit was of the view that management failed to take all out measures to vacate the Government residences which is a violation of prescribed rules on the part of management.

The matter was reported to the management during November 2017 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 person(s) at fault. Besides, all out measures be taken to get the possession of government property. Besides, the rent for the occupancy period be recovered from the occupants, under intimation to audit.

[AIR Para: 6]

**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:

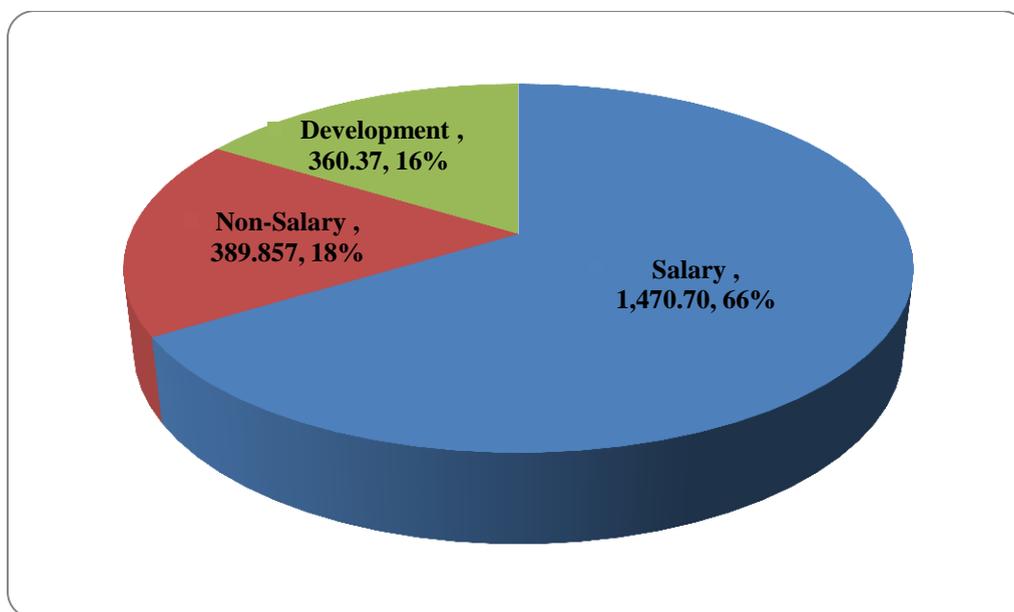
1. Prepare spatial plans for the Town including plans for land use, zoning and functions for which Municipal Committees is responsible.
2. Exercise control over land-use, land-subdivision, land development and zoning by public and private sectors for any purpose, including agriculture, industry, commerce 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      | 820.184          | 756.137               | 64.047                 |
|                    |            | Non-Salary  | 179.753          | 148.111               | 31.642                 |
|                    |            | Development | 182.981          | 37.325                | 145.655                |
|                    |            | Revenue     | 1,804.455        | 1,259.247             | -545.209               |
| 2                  | Tharparkar | Salary      | 392.624          | 240.572               | 152.051                |
|                    |            | Non-Salary  | 259.379          | 102.993               | 156.386                |
|                    |            | Development | 1,755.128        | 134.046               | 1,621.082              |
|                    |            | Revenue     | 1,020.090        | 872.192               | -147.898               |
| 3                  | Umerkot    | Salary      | 629.573          | 473.986               | 155.587                |
|                    |            | Non-Salary  | 259.689          | 138.753               | 120.936                |
|                    |            | Development | 836.772          | 188.996               | 647.776                |
|                    |            | Revenue     | 1,105.775        | 664.669               | -441.106               |
| <b>Salary</b>      |            |             | <b>1,842.38</b>  | <b>1,470.70</b>       | <b>371.69</b>          |
| <b>Non-Salary</b>  |            |             | <b>698.821</b>   | <b>389.857</b>        | <b>308.96</b>          |
| <b>Development</b> |            |             | <b>2,774.88</b>  | <b>360.367</b>        | <b>2,414.51</b>        |
| <b>Grand Total</b> |            |             | <b>5,316.08</b>  | <b>2,220.92</b>       | <b>3,095.16</b>        |
| <b>Revenue</b>     |            |             | <b>3,930.320</b> | <b>2,796.108</b>      | <b>-1,134.212</b>      |

### Expenditure 2016-17



Original budget of Rs 5,316.08 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 2016-17 for the audited entities depicted that there was a saving of Rs 3,095.16 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:

| <b>Audit Year</b> | <b>No. of Paras</b> | <b>Status of PAC Meetings</b> |
|-------------------|---------------------|-------------------------------|
| 2014-15           | 41                  | Nil                           |
| 2015-16           | 28                  | Nil                           |
| 2016-17           | 26                  | 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 Collusive Practice in Award of Works-Rs 7.436 Million

As per Procurement Regulation for Works Guidelines issued by SPPRA vide notified letter No.Dir(A&F)SPPRA/BoD/12-13/9316 Dated: 22-03-2013, Guideline No.7. Bid Submission, Opening, Evaluation, and Award of Contract. 7.1 Submission of Bids (Rule 24), “(a) Formal procedure: It is essential to define the procedure for the formal receipt of tenders, closing of tendering and safe-keeping of tenders for the transparency of the tendering process for the following reasons: (b) sealed envelope must be directed at the address notified in the invitation to bid (g) if the outer envelope is not sealed and marked as above, the procuring agency will assume no responsibility for the misplacement or premature opening of the bid; (h) bidders shall submit only one bid unless permitted to submit alternate bid and in case separate bidding/tender document is to be purchased.”

As per Rule-2 (1) (q) of Sindh Public Procurement Rules 2010, “Corrupt and Fraudulent Practices” means either one or any combination of the practices; (ii) “Collusive Practice” means any arrangement between two or more parties to the procurement process or contract execution, designed to achieve with or without the knowledge of the procuring agency to establish prices at artificial, non-competitive levels for any wrongful gain;”

Following offices of Mirpurkhas Division, awarded works valuing Rs 7.436 million by manipulating tendering process, in violation of above rules. Details are as under:

[Rupees in Million]

| Sr.          | Year    | Name of offices | Amount       |
|--------------|---------|-----------------|--------------|
| 1            | 2016-17 | T.C, Diplo      | 5.610        |
| 2            | 2016-17 | T.C, Chelhar    | 1.826        |
| <b>Total</b> |         |                 | <b>7.436</b> |

The contractors had requested for one specific work but were awarded another work. Further, irregularities observed are as under:

1. Pre-decided arrangement to distribute works among participants/bidders through applications in which hand writing had exact similarity and rates were decided/filled/corrected by procuring agency itself.

2. Accepted Blank Rates Tender documents.
3. Accepted tender/BOQ was without sealed envelopes.
4. B-1 tendering documents were without indication of above/below rates. The contractors instead of being disqualified were awarded the contracts.

Audit was of the view that non-transparency in the tendering process rendered the entire expenditure as irregular and management was involved in favoritism, which is total disregard of administrative and financial canons.

The matter was reported to the management during December, 2017, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends that an enquiry be conducted into the matter and responsibility be fixed upon person(s) at fault for collusive practice, under intimation to audit.

[AIR Paras: 2, 2]

### **5.2.1.2 Misappropriation of Public Funds due to Procurement on Excessive Rates - Rs 2.740 Million**

As per Rule-4 of Sindh Public Procurement Rules 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”.

Further, as per Rule-2(1)(q) Sindh Public Procurement Rules 2010, “Corrupt and Fraudulent Practices” means either one or any combination of the practices; (ii) “Collusive Practice” means any arrangement between two or more parties to the procurement process or contract execution, designed to achieve with or without the knowledge of the procuring agency to establish prices at artificial, non-competitive levels for any wrongful gain; (iv) “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”.

Moreover, as per Section-116(07) of the Sindh Local Government Act, 2013 “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 a Council shall be personally liable for the loss, waste, misapplication or unauthorized application of any

moneys or property belonging to the Council which is a direct consequence of his negligence or misconduct, and the liability of such member, employee or person shall be determined by the Government in the prescribed manner”.

Management of Town Committee Diplo, Mirpurkhas Division, during financial year 2016-17, purchased different items for Rs 2.740 million on excessive rates; through self-generated quotations with same hand writing from local contractors instead of manufacturing company/authorized dealers etc., in violation of rules. Detail is as under;

[Amount in Rupees]

| Sr.          | Description of Work   | Contractor             | Work Order      | Accepted Rates | Market/Schedule Rates | No. of item purchased | Amount           |
|--------------|---|------------------------|-----------------|----------------|-----------------------|-----------------------|------------------|
| 1            | Supply of 5 KVA Generator @ T.C Diplo   | M/s Muhammad Memon     | 474<br>14-04-17 | 290,000        | 169,000               | 1                     | 290,000          |
| 2            | Supply of De-watering Pump 2 Nos. @ Fire Workshop T.C Diplo   | M/s Muhammad Memon     | 478<br>14-04-17 | 80,000         | 42,000                | 2                     | 160,000          |
| 3            | Supply of Deep Hand Pump (i/C PVC Pipe & All Accessories etc Complete) 50 Nos. At various places Diplo Town | M/s Gulam Hussain & Co | 481<br>14-04-17 | 45,800         | 35,000                | 50                    | 2,290,000        |
| <b>Total</b> |   |                        |                 |                |                       |                       | <b>2,740,000</b> |

Audit was of the view that procurement was designed to give undue favor to the contractors which transpires involvement of management in collusive practices and deliberate deviation from prescribed rule on the part of administrative and financial management.

The matter was reported to management during December 2017, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends matter may be investigated and responsibility be fixed upon the person(s) at fault, for purchase over and above the existing market rates under intimation to audit.

[AIR Para: 14]

### **5.2.1.3 Doubtful Expenditure on POL of Fire Brigade–Rs 1.325 Million**

As per Rule-45(1) of Sindh Local Government Act 2013, “For the prevention and extinction of fire a Corporation, Municipal Committee of Town Committee may, and if so required by Government, shall maintain a fire brigade, consisting of self-such staff and such number of fire stations, and such implements machinery, equipment and means of communicating intelligence as may be prescribed”.

Further, as per Para-88 of Sindh Financial Rules Vol-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 of 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.

Management of Town Committee Hingorno, Mirpurkhas Division, during financial year 2016-17, incurred expenditure amounting to Rs. 1.325 million on account of POL against Fire Brigade without reporting fire incidents and any emergency observed.

Audit was of the view that doubtful expenditure was incurred on POL which is deliberate deviation from prescribed rule on the part of administrative and financial management. Moreover, due to engagement of fire brigade in other activities, chances of public loss during emergency cannot be ruled out.

The matter was reported to management during December 2017, 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 person(s) at fault on account of misuse of fire-brigade vehicles from public funds, under intimation to audit.

[AIR Para: 11]

### **5.2.1.4 Award of Work against Unsigned Technical Sanction Rs 1.163 Million**

As per Para-527 of PWD Manual, Volume-I, 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 Regulation for Procurement of Works as notified vide

letter No. No.Dir(A&F)SPPRA/BoD/12-13/9316 Dated: 22-03-2013, Defination-23, “Technical Sanction (TS)” means the detailed estimate prepared by the executing agency keeping in view of technical feasibility and provision in the PC-I for the sanction of competent authority.”

Management of Town Committee Chelhar, Mirpurkhas Division, during financial year 2016-17, awarded work amounting to Rs 1.163 million without technical sanction of competent authority. Official stamp of the XEN without his signature was affixed on the bills, to deceive the pre-audit authorities, in violation of above rules. Detail is as under:

[Amount in Rupees]

| <b>Description of Work</b>   | <b>Contractor</b>           | <b>Work Order</b> | <b>Contract Amount</b> |
|--|-----------------------------|-------------------|------------------------|
| Construction of CC Block at Masjid Bajeer Colony to babu Khaskheli House | M/s Joshi Engineering Works | 42 / 15-10-15     | <b>1,162,757</b>       |

Audit was of the view that management awards the work against unsigned/blank Technical Sanction resulting into fraudulent practices due to deliberate deviation from prescribed rule on the part of administrative and financial management.

The matter was reported to management during December 2017, 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 person(s) at fault for award of work without technical sanction, under intimation to audit.

[AIR Para: 4]

## 5.2.2 Non-Production of Record

### 5.2.2.1 Non-Production of Record - Rs 503.205 Million

According to Section-116(12) of Sindh Local Government Act 2013, “Audit: Nothing provided in this Act shall prejudice or prevent the Auditor General of Pakistan from conducting audit of the Councils.”

Further, the Constitutional provisions were stressed upon by the Honorable Supreme Court of Pakistan vide its judgment in CMA No.2376/2013 dated 07-05-2013, “wherein it was observed that “the amount is charged on Consolidated Fund or relates to the Public Accounts of the Federation or of the Provinces, the same may be audited by the Auditor- General without exception.”

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”.

Following Offices of Mirpurkhas Division, during the financial years 2011-17, incurred an expenditure of Rs 503.205 million, but failed to provide auditable record, in violation of the above rule and instructions. Details are as under:

[Rupees in Million]

| Sr.          | Year      | Name of offices       | Description                             | Amount         |
|--------------|-----------|-----------------------|---|----------------|
| 1            | 2015-17   | D.C, Mirpurkhas       | Establishment                           | 119.612        |
| 2            | 2016-17   | M.C, Mirpurkhas       | Establishment & Liabilities             | 235.473        |
| 3            | 2016-17   | T.C, Digri            | Establishment                           | 109.557        |
| 4            | 2015-16   | M.C, Mithi            | Establishment, Non-salary & Development | 20.260         |
| 5            | 2015-16   | T.C, Islam kot        | Establishment, Non-salary & Development | 18.303         |
| 6            | 2011-2016 | T.C, Diplo            | Complete record and appointment record  | -              |
| 7            | 2016-17   | T.C, Hussain Bux Mari | Complete record                         | -              |
| <b>Total</b> |           |                       |   | <b>503.205</b> |

Audit was of the view that non-provision of record reflects total disregard to 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 managements during September to December 2017, 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) held responsible for non-production of record in accordance with the provisions contained in Para 14 of AGP's Ordinance 2001.

[AIR Paras: 1, 1, 1, 1, 1, 30, 25]

## 5.2.3 Irregularity / Non-Compliance

### A. Recovery, Targeted receipts/Outstanding dues

#### 5.2.3.1 Non-Achievement of Targeted Receipts – Rs 32.507 Million

According to 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 Sindh Financial Rules 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, during the financial years 2015-17, failed to achieve targeted receipts amounting to Rs 32.507 million, on account of various receipt heads, in violation of above rules.

[Rupees in Million]

| Sr.          | Name of offices      | Targeted revenue | Actual revenue | Shortfall in revenue |
|--------------|----------------------|------------------|----------------|----------------------|
| 1            | M.C Umerkot          | 31.645           | 21.457         | <b>10.188</b>        |
| 2            | T.C, Kunri           | 2.678            | 1.784          | 0.894                |
| 3            | T.C, Pithoro         | 1.320            | 0.477          | 0.843                |
| 4            | T.C, Samaro          | 1.478            | 1.013          | 0.465                |
| 5            | T.C, Kot G. Muhammad | 4.724            | 1.368          | 3.368                |
| 6            | M.C, Mirpurkhas      | 5.220            | 3.221          | 1.999                |
| 7            | M.C, Mithi           | 20.606           | 10.585         | 10.021               |
| 8            | T.C, Islam Kot       | 16.600           | 11.871         | 4.729                |
| <b>Total</b> |                      | <b>84.271</b>    | <b>51.776</b>  | <b>32.507</b>        |

Audit was of the view that management failed to make all out measures to realize amount of targeted receipts which constituted financial indiscipline as well as lack of vigilance and deviation from prescribed rules resulted into less in collection of revenue on the subject.

The matter was reported to the managements during February to December, 2017, 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 person(s) at fault for laxity in realization of targeted revenues, under intimation to audit.

[AIR Paras: 16, 4, 14, 15, 15, 6, 5, 10, 11]

### 5.2.3.2 Non- Recovery of Outstanding Dues - Rs 16.170 million

As per Rule-41(a) of Sindh Financial Rules 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, during the financial year 2016-17, failed to recover the arrears from various contractors / tenants, amounting to Rs 16.170 million, in violation of the above rule. Details are as under:

[Rupees in Million]

| Sr.          | Name of offices | Amount        |
|--------------|-----------------|---------------|
| 1            | T.C, Dhoronaro  | 0.752         |
| 2            | D.C, Mirpurkhas | 0.043         |
| 3            | M.C, Mirpurkhas | 6.933         |
| 4            | T.C, Digri      | 6.192         |
| 5            | T.C, Kunri      | 2.250         |
| <b>Total</b> |                 | <b>16.170</b> |

Audit was of the view that non-recovery of outstanding Government dues resulted in loss of revenue which could have been used for public benefit. This lapse constituted financial indiscipline as well as non-observance of prescribed rules on the subject.

The matter was reported to the managements during September to December, 2017, 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 person(s) at fault for not affecting recoveries and that necessary step be taken to recover Government dues, under intimation to audit.

[AIR Paras: 2, 5, 7, 11, 11]

### 5.2.3.3 Non-depositing of Recovered/Deducted Taxes in Government Treasury - Rs 8.655 Million

As per Section-160 of Income Tax Ordinance 2001, “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 Para 41(a) Sindh Financial Rules Vol-I, “All money received on behalf of Government should be without undue delay be credited into Government account”.

Moreover, according to Seventh 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/- |

Following offices of Mirpurkhas Division, caused loss to government worth Rs 8.655 million due to non-deposit of deducted income tax, professional tax & sales tax from bills of contractors, in violation of rules.

[Rupees in Million]

| Sr.          | F. Year | Name of offices          | Description                              | Amount       |
|--------------|---------|--------------------------|--|--------------|
| 1            | 2016-17 | T.C, Dhoronaro           | Income Tax                               | 0.142        |
| 2            | 2016-17 | T.C, Chhore              | Income Tax                               | 0.084        |
| 3            | 2016-17 | T.C, Pithoro             | Income Tax                               | 0.337        |
| 4            | 2016-17 | T.C, Kot Ghulam Muhammad | Income Tax                               | 0.711        |
| 5            | 2016-17 | M.C, Mirpurkhas          | Income Tax, Sales Tax & Professional Tax | 4.173        |
| 6            | 2016-17 | T.C, Digri               | Income Tax                               | 1.537        |
| 7            | 2016-17 | T.C, Diplo               | Income Tax                               | 0.433        |
| 8            | 2016-17 | T.C, Chhacharo           | Income Tax                               | 0.093        |
| 9            | 2016-17 | T.C, Chhacharo           | Income Tax (Liability)                   | 1.100        |
| 10           | 2016-17 | T.C, Chelhar             | Income Tax                               | 0.045        |
| <b>Total</b> |         |                          |  | <b>8.655</b> |

Audit was of the view that management failed to deposit Government revenue which constituted financial indiscipline as well as non-observance of prescribed rules on the subject.

The matter was reported to managements during September to December 2017, but they 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-depositing of government taxes, besides, deposit the same without further delay, under intimation to audit.

[AIR Paras: 2, 4, 10, 13, 3, 2, 22+8, 11]

#### **5.2.3.4 Loss to Government due to Non-recovery of Taxes-Rs 4.975 Million**

As per Rule-2(4) of Sales Tax Special Procedure (Withholding) Rules, 2007, “Where the purchases are made by a government department, the following procedure shall be observed, namely:--

- (a) The Drawing and Disbursing Officer (DDO) preparing the bill for the accounting office shall indicate the amount of sales tax withheld”.

Further, as per Rule-2(3) of Sales Tax Special Procedure (Withholding) Rules 2007, “A withholding Agent, having Free Tax Number (FTN) and falling under clause (a), (b) or (c) of sub-rule (2) of rule 1, shall on purchase of taxable goods from unregistered persons, deduct sales tax at the applicable rate (16%) 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”.

Furthermore, as per Section-03 of Income Tax Ordinance 1990 amended upto July, 2015, “Scope of tax–(1) “Subject to provision of this act, there shall be charged levied and paid a tax known as sales tax at the rate of 7[seventeen] percent of the value of (a) taxable supplies made by a registered person in the course or furtherance of any taxable activity carried on by him, and (b) goods imported into Pakistan. Note: 7 substituted for seventeen vide fin ace act 2013.”

Moreover, 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, caused loss to government worth Rs 4.975 million on account of non-deduction / non-recovery of various taxes from bills of contractors and salaries of staff, in violation of rules.

[Rupees in Million]

| Sr.          | Year    | Name of offices          | Description           | Amount of Taxes |
|--------------|---------|--------------------------|-----------------------|-----------------|
| 1            | 2016-17 | T.C, Digri               | Sales Tax             | 0.353           |
| 2            | 2016-17 | T.C Hussain Bux Mari     | Sales Tax             | 2.969           |
| 3            | 2016-17 | T.C, Diplo               | Sales Tax             | 0.657           |
| 4            | 2014-16 | T.C, Hussain Bux Mari    | Salary Income Tax     | 0.069           |
| 5            | 2015-17 | D.C, Mithi               | Salary Income Tax     | 0.211           |
| 6            | 2014-16 | T.C, Hussain Bux Mari    | Stamp Duty            | 0.055           |
| 7            | 2016-17 | T.C, Diplo               | Salary Income Tax     | 0.057           |
| 8            | 2016-17 | T.C, Kot Ghulam Muhammad | Salary Income Tax     | 0.046           |
| 9            | 2016-17 | M.C, Mirpurkhas          | Income Tax on auction | 0.521           |
| 10           | 2016-17 | T.C, Pithoro             | Salary Income Tax     | 0.037           |
| <b>Total</b> |         |                          |                       | <b>4.975</b>    |

Audit was of the view that management failed to withhold Government taxes from contractors and employees resulting in loss to public exchequer.

The matter was reported to managements during September to December 2017, 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 person(s) at fault on account of Loss to Government Exchequer. Besides, the amount of tax be recovered, under intimation to audit

[AIR Paras: 7, 20, 15, 21, 3, 18, 3, 23, 12, 4, 9]

## **B. Violation of Rules**

### **5.2.3.5 Payment of Pension without Codal Formalities-Rs 52.662 Million**

As per 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.”

Following Offices of Mirpurkhas Division, during financial years 2014-16, paid an amount of Rs 52.662 million to pensioners and families of deceased employees, in violation of above rule. 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.
- PPOs were not verified from the issuing authority.
- Increases were not verified by the authorised officers/officials.

Detail is as under.

[Rupees in Million]

| <b>Sr.</b>   | <b>Year</b> | <b>Name of offices</b> | <b>Amount</b> |
|--------------|-------------|------------------------|---------------|
| 1            | 2015-17     | D.C, Mirpurkhas        | 45.564        |
| 2            | 2016-17     | TC, Samaro             | 6.657         |
| 3            | 2014-16     | TC, Hussain Bux Mari   | 0.441         |
| <b>Total</b> |             |                        | <b>52.662</b> |

Audit was of the view that payment of pension to retired employees/families of deceased employees without personal appearance and fulfilling codal formalities due to failure and deviation from prescribed rule on the part of administrative and financial management. Moreover, chances of ghost pensioners cannot be ruled out.

The matter was reported to managements during September to November 2017, 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 person(s) at fault. Besides, management should ensure payments through bank accounts of pensioners, under intimation to audit.

[AIR Paras: 6, 14, 17]

### 5.2.3.6 Unjustified Payments on account of POL-Rs 50.349 Million

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

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.”

Following Offices of Mirpurkhas Division, incurred expenditure of Rs 50.349 million, during 2014-17, on accounts of POL charges, in violation of above rules. Following discrepancies were observed by audit.

- History sheets, logbooks and tour programs were not available.
- POL Bills were without vehicle numbers.
- POL slips for daily consumption were not attached with vouchers/bills.

[Amount in Million]

| Sr.          | Name of office       | F. Year | Amount        |
|--------------|----------------------|---------|---------------|
| 1            | M.C Mirpurkhas       | 2016-17 | 9.708         |
| 2            | T.C Digri            | 2016-17 | 2.200         |
| 3            | T.C Hussain Bux Mari | 2014-16 | 6.680         |
| 4            | T.C Islam Kot        | 2015-16 | 5.407         |
| 5            | M.C Umerkot          | 2016-17 | 1.820         |
| 6            | T.C Dhoronaro        | 2016-17 | 0.348         |
| 7            | T.C Pithoro          | 2016-17 | 2.718         |
| 8            | T.C Samaro           | 2016-17 | 2.575         |
| 9            | T.C, Chhacharo       | 2016-17 | 2.294         |
| 10           | T.C Diplo            | 2016-17 | 5.302         |
| 11           | T.C, Hingorno        | 2016-17 | 1.842         |
| 12           | M.C, Mithi           | 2015-16 | 9.455         |
| <b>Total</b> |                      |         | <b>50.349</b> |

Audit was of the view that payment made without supporting documents, resulted into unjustified expenditure due to failure and deliberate deviation from prescribed rule on the part of administrative and financial management.

The matter was reported to managements during August to December 2017, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends that an enquiry be conducted into the matter and responsibility fixed upon person(s) at fault, under intimation to audit.

[AIR Paras: 5, 5, 15, 13, 15, 3, 8, 9, 6, 21, 4]

### 5.2.3.7 Splitting of Expenditure to Avoid Tender - Rs 23.875 Million

As per Rule 12(1) of Sindh Public Procurement 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 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”.

Following Offices of Mirpurkhas Division, awarded works amounting to Rs 23.875 million to contractors / suppliers by way of splitting to avoid tender, in violation of above rules. Details are as under:

| [Rupees in Million] |         |                       |               |
|---------------------|---------|-----------------------|---------------|
| Sr.                 | F. Year | Name of offices       | Amount        |
| 1                   | 2016-17 | M.C, Umerkot          | 1.125         |
| 2                   | 2016-17 | T.C, Samaro           | 1.309         |
| 3                   | 2016-17 | M.C, Mirpurkhas       | 7.459         |
| 4                   | 2016-17 | T.C, Digri            | 1.502         |
| 5                   | 2014-16 | T.C, Hussain Bux Mari | 12.097        |
| 6                   | 2016-17 | T.C, Hingorno         | 0.383         |
| <b>Total</b>        |         |                       | <b>23.875</b> |

Audit was of the view that management spilt work orders to avoid tenders resulting in non-achievement of competitive rates which constituted financial indiscipline as well as non-observance of prescribed rules on the subject.

The matter was reported to managements during September to December 2017, 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 person(s) at fault on account of splitting of work orders, under intimation to audit.

[AIR Paras: 11, 5, 5, 9, 3, 12, 10]

### 5.2.3.8 Award of Works without Hoisting Bid Evaluation-Rs 22.452 Million

As per Rule-45 of SPPRA Rules 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.”

Further, as per Rule-38(5) of SPPRA Rules 2010, “in case the procuring agency fails to finalize the bid evaluation within the extended time, the bids shall stand cancelled and a fresh bidding process shall be initiated”.

Following Offices of Mirpurkhas Division, during financial year 2016-17, awarded different works through NIT costing of Rs 22.452 million, 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 offices |  | Amount        |
| 1                   | M.C, Umerkot    |  | 16.256        |
| 2                   | T.C, Diplo      |  | 3.868         |
| 3                   | T.C, Chelhar    |  | 2.328         |
| <b>Total</b>        |                 |  | <b>22.452</b> |

Audit was of the view that violation of SPPRA rule resulted into non-transparency in the award of contracts by deviating from prescribed rules on the part of management.

The matter was reported to the managements during November to December 2017, 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 person(s) at fault for award of works without fulfilling SPPRA requirements, under intimation to audit.

[AIR Paras: 6, 11, 7]

### **5.2.3.9 Unauthorized Execution of Works without Execution of Contract Agreement - Rs 17.473 Million**

According to Para 514 of PWD Manual, “no work should be permitted to start unless the contractor tender value for it in one of prescribed form sanctioned by the competent authority”.

Further, 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”.

Moreover, according to Rule 88 of SFR, “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”.

Following offices of Mirpurkhas Division, awarded various development/R&M schemes costing Rs 17.473 million, during 2015-16, to the contractors but failed to execute contract agreements, in violation of above rules. Details are as under:

| [Rupees in Million] |         |                 |               |
|---------------------|---------|-----------------|---------------|
| Sr.                 | F. Year | Name of offices | Amount        |
| 1                   | 2015-16 | M.C, Mithi      | 6.171         |
| 2                   | 2015-16 | T.C, Islam Kot  | 11.302        |
| <b>Total</b>        |         |                 | <b>17.473</b> |

Audit was of the view that unauthorized works executed without safeguarding government interest, by deviating from prescribed rules on the part of management.

The matter was reported to management during February 2017, 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 person(s) at fault for execution of works without contract agreement, under intimation to audit.

[AIR Paras: 3, 4]

### **5.2.3.10 Irregular Award of Work in Absence of PEC Registration Rs 13.491 Million**

As per Para-2.12 of Procurement Regulation for Works Guidelines issued by SPPRA, “Firms/individuals registered with Pakistan Engineering Council (PEC) are allowed to participate in tenders/bids of value, whose amount does not exceed the limit of the category in which it/he is registered.

Further, according Notification No.SORI(SGA&CD)2-30/2010 Dated: 23rd October, 2014 issued by SGA&CD, Govt of Sindh, Amendment in Rule 46, Sub-rule(1), for clause (iii), “registration with the Federal Board of Revenue (FBR), for Income Tax, Sales Tax in case of procurement of goods, registration with the Sindh Revenue Board in case of procurement of Works and Services and registration with Pakistan Engineering Council where applicable”

Management of Municipal Committee, Umerkot, Mirpurkhas Division, during financial year 2016-17, awarded several works of Rs 13.491 million to contractors who

were not registered with PEC, in violation of rules. Detail is as under:

| [Amount in million] |  |                      |                      |                 |
|---------------------|--|----------------------|----------------------|-----------------|
| Sr.                 | Description of Work  | Contractor           | Work Order           | Contract Amount |
| 1                   | Re-condition of Black Top Qila Road Old Session Court to Allah Wala Chowk and Link Roads | M/S Mohd Bux Kumbhar | 488/2017<br>09-06-17 | 8.046           |
| 2                   | Construction of Foot Path Kerb Stone Umerkot Qila Road and District Council Road Umerkot | M/S Mohd Bux Kumbhar | 489/2017<br>09-06-17 | 5.445           |
| <b>Total</b>        |  |                      |                      | <b>13.491</b>   |

Audit was of the view that management gave undue favor to the unqualified contractor by deviating from prescribed rules on the part of management.

The matter was reported to management during November 2017, 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 person(s) at fault for awarding works to unqualified contractor, under intimation to audit.

[AIR Para: 3]

### **5.2.3.11 Wasteful Expenditure on Salaries of Staff Working in Excess of Requirement-Rs 13.120 Million**

As per 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.”

Further, As per 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.”

Management of Town Committee Hingorno, Mirpurkhas Division, during financial year 2016-17, paid an amount of Rs. 13.120 million as salaries to twenty seven junior clerks, twelve drivers and seventeen Naib Qasid for a Town Committee consisting of only two wards. The staff under consideration was reallocated at the time of creation of the Town Committee and is in excess of the requirement of the Town Committee and

could be utilized usefully at some other place. Detail is provided at Annex-MPK1.

Audit was of the view that improper distribution of staff was made at the time of creation of Town Committee as well as deviation from prescribed rules on the part of management.

The matter was reported to management during December 2017, 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 person(s) at fault on account of non-utilizing services of staff and wasteful expenditure incurred from public funds, under intimation to audit.

[AIR Para: 1]

### **5.2.3.12 Execution of Works without Technical Sanction-Rs 10.534 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, as per Regulations for Procurement of Works as notified vide letter No. No.Dir(A&F)SPPRA/BoD/12-13/9316 Dated: 22-03-2013, Guideline No.11.2.3 starting the work in Anticipation of Technical Sanction, “No work can be started until and unless technical sanction is accorded by the competent authority.”

Following offices of Mirpurkhas Division, executed works worth Rs 10.534 million without obtaining technical sanction from competent authority, in violation of the above rules. Details are as under:

| [Rupees in Million] |                |                        |               |
|---------------------|----------------|------------------------|---------------|
| <b>Sr.</b>          | <b>F. Year</b> | <b>Name of offices</b> | <b>Amount</b> |
| 1                   | 2015-16        | M.C, Mithi             | 3.034         |
| 2                   | 2015-16        | T.C, Islam Kot         | 7.500         |
| <b>Total</b>        |                |                        | <b>10.534</b> |

Audit was of the view that award of works without design/technical sanction of detailed estimates from competent authority resulting in unauthorized execution of works due to failure and deviation from prescribed rule on the part of administrative and financial management.

The matter was reported to management during February 2017, 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 person(s) at fault for execution of works without technical sanction, under intimation to audit.

[AIR Paras: 5, 7]

### **5.2.3.13 Loss Due to Non-Revision of Rent of Shops - Rs 8.937 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.”

Town officer, Town Committee Digri, Mirpurkhas Division, during financial years 2016-17, failed to revise the rent rates of shops since 2008, resulting into loss to Government amounting to Rs 8.937 million, in violation of above rule. Detail is provided at Annex-MPK2.

Audit was of the view that undue favour was given to tenants resulting in loss to government due to failure and deliberate deviation from prescribed rule on the part of administrative and financial management.

The matter was reported to management during October 2017, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends that rent of shops be revised according to market rates without further delay, under intimation to audit.

[AIR Para: 6]

### **5.2.3.14 Irregular Award of Works After Expiry of Bid Validity Rs 8.559 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.”

Following offices of Mirpurkhas Division, awarded different works amounting to Rs. 8.559 million after expiry of bid validity period, in violation of rule. Details are as under:

[Rupees in Million]

| Sr.          | Year    | Name of offices       | Amount       |
|--------------|---------|-----------------------|--------------|
| 1            | 2014-16 | T.C, Hussain Bux mari | 4.000        |
| 2            | 2016-17 | T.C, Chelhar          | 4.559        |
| <b>Total</b> |         |                       | <b>8.559</b> |

Audit was of the view that management awarded development works after expiry of bid validity period resulted into irregular award of works as well as deviation from prescribed rules on the part of management.

The matter was reported to management during September and December 2017, 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 person(s) at fault for non-observance of bid validity and award of unauthorized works, under intimation to audit.

[AIR Paras: 03, 03]

### **5.2.3.15 Award of Works to Unregistered Contractors-Rs 7.266 Million**

As per Rule 46-(1)(a)(III) of Sindh Public Procurement Rules 2010, “Procedures of open competitive bidding - Single Stage – One Envelope Procedure: Notice Inviting Tenders and bidding documents of this method shall contain the following eligibility criteria; registration with Income Tax, Sales Tax and Pakistan Engineering Council (where applicable);”

Further, according to SGA&CD, Govt of Sindh Notification No.SORI(SGA&CD)2-30/2010 Dated: 23rd October, 2014, Amendment in Rule 46, Sub-rule(1), for clause (iii) “registration with the Federal Board of Revenue (FBR), for Income Tax, Sales Tax in case of procurement of goods, registration with the Sindh Revenue Board in case of procurement of Works and Services and registration with Pakistan Engineering Council where applicable.”

Following offices of Mirpurkhas Division, awarded works worth of Rs 7.266

million to unregistered contractors without NTN, STRN & SRB Registration Certificates, in violation of rules. Details are as under:

| [Rupees in Million] |                       |         |              |
|---------------------|-----------------------|---------|--------------|
| Sr.                 | Name of offices       | F. Year | Amount       |
| 1                   | T.C, Hussain Bux Mari | 2014-16 | 4.000        |
| 2                   | T.C, Chelhar          | 2016-17 | 3.266        |
| <b>Total</b>        |                       |         | <b>7.266</b> |

Audit was of view that undue favor was extended towards unregistered contractors due to failure and deliberate deviation from prescribed rule on the part of administrative and financial management.

The matter was reported to management during February & September 2017, 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 person(s) at fault for award of works to unqualified contractors, under intimation to audit.

[AIR Paras: 2, 6, 5]

### **5.2.3.16 Unauthorized Revision of Estimates without Calling of Fresh Tenders - Rs 6.990 Million**

As per Rule-(16)(1)(e) of Sindh Public Procurement Rules 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.”

Management of Town Committee, Hussain Bux Mari, Mirpurkhas Division, during financial years 2014-16, executed two works costing of Rs 4.200 million, which were revised upto Rs 6.990 million by extending undue favor to contractors over & above 15% of the original contract amount, in violation of rules. Detail is as under:

| [Amount in Million] |       |                             |                  |            |                         |              |        |                |
|---------------------|-------|-----------------------------|------------------|------------|-------------------------|--------------|--------|----------------|
| Sr.                 | Sch # | Description                 | Contractor       | Work Order | Original Amount of Work | Revised upto | Excess | Percentage (%) |
| 1                   | 18    | Construction of CC Block in | M/S Saleh Narejo | 387 28-08- | 1.200                   | 2.190        | 0.990  | 82.5           |

[Amount in Million]

| Sr.          | Sch # | Description  | Contractor              | Work Order   | Original Amount of Work | Revised upto | Excess       | Percentage (%) |
|--------------|-------|--|-------------------------|--------------|-------------------------|--------------|--------------|----------------|
|              |       | Old Mirpurkhas various streets Sharif Saeedi                         |                         | 15           |                         |              |              |                |
| 2            | 27    | Construction of RCC Culverts at various villages in limit of HB Mari | M/S Muhammad Iqbal & Co | 411 28-08-15 | 3.000                   | 4.800        | 1.800        | 60             |
| <b>Total</b> |       |  |                         |              | <b>4.200</b>            | <b>6.990</b> | <b>2.790</b> | <b>-</b>       |

Audit was of the view that management failed to call fresh tender as the revised cost was over & above the admissible limit, which resulted into undue favor to the contractors which is a deviation from prescribed rules on the part of management.

The matter was reported to management during September 2017, 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 person(s) at fault for deviation from rules and procedure as laid down by the government, under intimation to audit.

[AIR Para: 7]

### **5.2.3.17 Irregular Payment without Check Measurement-Rs 5.073 Million**

As per O.M No.C/9-60/77 dated 26th May 1977 of Communication and Works Department, Government of Sindh, “it is the responsibility of the DO to check 10% measurements before making payment of the bills for the works done by the contractors”.

Management of Town Committee, Digri, Mirpurkhas Division during financial year 2016-17, paid an amount of Rs 5.073 million to contractors against development works, without 10% check of measurement by the concerned officer, in violation of above rule. Detail is provided at Annex-MPK3.

Audit was of the view that management failed to comply with the rules set forth by the Government due to failure and deliberate deviation from prescribed rule on the part of administrative and financial management.

The matter was reported to management during October 2017, 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 person(s) at fault for payment without 10% check measurement, under intimation to audit.

[AIR Para: 4]

### **5.2.3.18 Unauthorized Payment of Final Bills without Completion Certificates - Rs 5.026 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".

Management of Municipal Committee Mithi, Mirpurkhas Division during financial year 2015-16, made final payments amounting to Rs 5.026, against final bills of development works without completion certificates issued by respective engineer or the certificates were either without signature of Municipal Engineer and actual date of completion. Detail is provided at Annex-MPK4.

Audit was of the view that payment of final bills without completion certificates resulting into unauthorized payments due to failure and deliberate deviation from prescribed rule on the part of administrative and financial management.

The matter was reported to management during February 2017, 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 person(s) at fault for payment without completion certificates, under intimation to audit.

[AIR Para: 7]

### **5.2.3.19 Procurements without Constitution of Procurement Committee Rs 4.779 million**

As per Rule-7 of Sindh Public Procurement 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 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 Offices of Mirpurkhas Division, incurred expenditure of Rs 4.779 million on procurement of various materials and works (Tanker & Fumigation services) without constitution of procurement committee, in violation of above rule. Detail is as under:

| [Rupees in Million] |         |                       |              |
|---------------------|---------|-----------------------|--------------|
| Sr.                 | F. Year | Name of offices       | Amount       |
| 1                   | 2015-17 | D.C, Mirpurkhas       | 0.585        |
| 2                   | 2014-16 | T.C, Hussain Bux Mari | 4.194        |
| <b>Total</b>        |         |                       | <b>4.779</b> |

Audit was of the view that purchases were made without constitution of procurement committee which resulted into non-transparency in public spending which is deviation from prescribed rules on the part of management.

The matter was reported to managements during September, 2017, 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 person(s) at fault on account of expenditure without constitution of procurement committee, under intimation to audit.

[AIR Paras: 2, 11]

### **5.2.3.20 Tenders Called Prior to Approval of Estimates - Rs 3.227 Million**

As per Section-2.21 SPPRA’s Guidelines Pre-requisite Conditions, “Procuring Agency / Committee shall not invite bids for development works, unless following conditions are fulfilled:-

- a. Approval of PC-I/ PC-II from Competent Forum;
- b. Issuance of Administrative Approval (A.A) for development Schemes;
- c. Technical Sanction (T.S) of a detailed estimate is obtained; and
- d. Funds are either released or anticipated to be released before award of contract.

Furhter, 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.”

Management of Municipal Committee Umerkot, Mirpurkhas Division, during financial year 2016-17, advertised Notice Inviting Tender (NIT # MC/432/2017 Dated: 24-03-17), for schemes amounting to Rs 3.227 million, however the schemes were technically sanctioned in June 2017 after lapse of three months of advertisement. Further, work orders were issued before approval of technical sanction, in violation of rules. Detail is as under:

[Rupees in Million]

| Sr.  | NIT #                | T.S                                  | Contractor                | Work Order           | Contract Amount |
|--|----------------------|--------------------------------------|---------------------------|----------------------|-----------------|
| Supplying & Installation Non-clogging Pumping Machinery Size 6" x 6" with 40 HP Electric Motor Complete 2 Sets Marvi Ground Pump House Umerkot |                      |                                      |                           |                      |                 |
| 1  | 432/2017<br>24-03-17 | C.E (PHED) Hyd<br>1698/2016 19-06-17 | M/S Rajput<br>Traders     | 482/2017<br>09-06-17 | 1.880           |
| Supplying & Installation Pumping Machinery Urban W/S/S Thar Wah Umerkot  |                      |                                      |                           |                      |                 |
| 2  | 432/2017<br>24-03-17 | C.E (PHED) Hyd<br>1125/2017 06-04-17 | M/S Hassan<br>Enterprises | 487/2017<br>09-06-17 | 1.347           |

Audit was of view that management awarded works unauthorizedly before approval of technical sanction, resulting in non-transparency of the award of work due to failure and deliberate deviation from prescribed rule on the part of administrative and financial management.

The matter was reported to management during November 2017, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends that enquiry be held and responsibility be fixed on person (s) at fault for deviation from prescribed procedure, under intimation to audit.

[AIR Para: 4]

### **5.2.3.21 Non-Imposition of Penalty due to Delay in Completion of Works Rs 2.392 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”.

Management of Town Committee Islamkot, Mirpurkhas Division, for the

financial year 2015-16, executed development works valuing Rs 23.924 million, but the contractor did not complete the same within due time and penalty @ 10% of total cost amounting to Rs 2.392 million was not imposed/recovered from the contractors, in violation of above rule. Detail is provided at Annex-MPK5.

Audit was of the view that undue favour was extended to contractors on account of non-imposition of penalty due to failure and deliberate deviation from prescribed rule on the part of administrative and financial management.

The matter was reported to management during February 2017, 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 person(s) at fault for non-imposing penalty on contractors, besides, effecting recovery without further delay, under intimation to audit.

[AIR Para: 3]

### **5.2.3.22 Unauthorized Technical Sanction beyond Financial Powers Rs 1.800 Million**

As per Regulation for Procurement of Works as notified vide letter No. No.Dir(A&F)SPPRA/BoD/12-13/9316 Dated: 22-03-2013, Defination-23, “Technical Sanction (TS)” means the detailed estimate prepared by the executing agency keeping in view of technical feasibility and provision in the PC-I for the sanction of competent authority.”

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)/75-95/Pt-VIII Dated 3rd October, 2007

Part-II “Special Powers to Certain Department & Officers” in Sub-heading “Communication & Works Department” following shall be substituted:

| Sr. | Nature of Power  | To whom delegated             | Extent                  |
|-----|--|-------------------------------|-------------------------|
| 01  | “Technical Sanction:<br>(ii) (a) In case of Ordinary & Special Repairs | I) Administrative Department  | Full Power              |
|     |  | II) Chief Engineer            | Full Power              |
|     |  | III) Superintending Engineers | Works upto Rs.500,000/- |
|     |  | IV) Executive Engineers       | Works upto Rs.100,000/- |

Town Committee Diplo, Mirpurkhas Division, during financial year 2016-17, obtained technical sanction of works worth Rs 1,800,458/- (Rs 900,229/- each) from Director Design for T.S, RDD Hyderabad who was not empowered to accord technical sanction of works beyond Rs 500,000/- in case of Special/Ordinary Repairs, in violation of rules. Detail is as under:

| [Amount in Rupees] |   |                         |                 |                                   |                  |
|--------------------|---|-------------------------|-----------------|-----------------------------------|------------------|
| Sr.                | Description of Work   | Contractor              | Work Order      | T.S                               | Contract Amount  |
| 1                  | Repair /Construction of RCC Road @ Zone Tower to Faqeer Abdul Rehman House Diplo Town                   | M/S Abdul Hafeez Langho | 327<br>14-04-17 | Director Design for T.S (RDD Hyd) | 900,229          |
| 2                  | Repair /Construction of CC Road from Faqeer Abdul Rehman House to Faiz Muhammad Langho House Diplo Town | M/S Abdul Hafeez Langho | 328<br>14-04-17 | Director Design for T.S (RDD Hyd) | 900,229          |
| <b>Total</b>       |   |                         |                 |                                   | <b>1,800,458</b> |

Audit was of the view that management failed to obtain TS from competent authority which a violation of prescribed rules on the part of management.

The matter was reported to management during December, 2017, 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 person(s) at fault on account of unauthorized TS of works, under intimation to audit.

[AIR Para: 6]

### **5.2.3.23 Unauthorized Appointment of Staff on Daily Wages Rs 1.304 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”.

Management of Municipal Committee Mirpurkhas, Mirpurkhas Division, during financial year 2016-17, incurred an expenditure of Rs 1.304 million, on salaries of staff working on Daily Wages without observing prescribed procedures i.e. advertisement, approval of competent authority, medical certificate etc., in violation of the above rules. Detail is provided at Annex-MPK6.

Audit was of the view that staff on Daily Wages was hired without observing prescribed procedures, which resulted into unauthorized expenditure as well as deviation from prescribed rules on the part of management.

The matter was reported to management during September 2017, 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 person(s) at fault for unauthorized appointment of staff, under intimation to audit.

[AIR Para: 8]

#### **5.2.3.24 Purchase without Calling of Open Tender - Rs 1.090 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”.

Management of Municipal Committee Mirpurkhas, Mirpurkhas Division, during financial year 2016-17, incurred expenditure of Rs.1.090 million on account of Purchase of uniform for class IV employees on quotations instead of inviting tender, in violation of above rules. Detail is as under:

[Amount in Rupees]

| <b>Date</b> | <b>Vno:</b> | <b>Cheque<br/>no</b> | <b>Head</b>            | <b>Particulars</b>               | <b>Amount</b> |
|-------------|-------------|----------------------|------------------------|----------------------------------|---------------|
| 6.4.17      | nil         | 19619564             | Purchase of<br>uniform | Purchase of<br>uniform for staff | 1,090,000     |

Audit was of the view that unauthorized expenditure was incurred on quotation instead of tendering due to failure and deliberate deviation from prescribed rule on the part of administrative and financial management.

The matter was reported to management during September, 2017, 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 person(s) at fault for not inviting tender, under intimation to audit.

[AIR Para: 2]

**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:

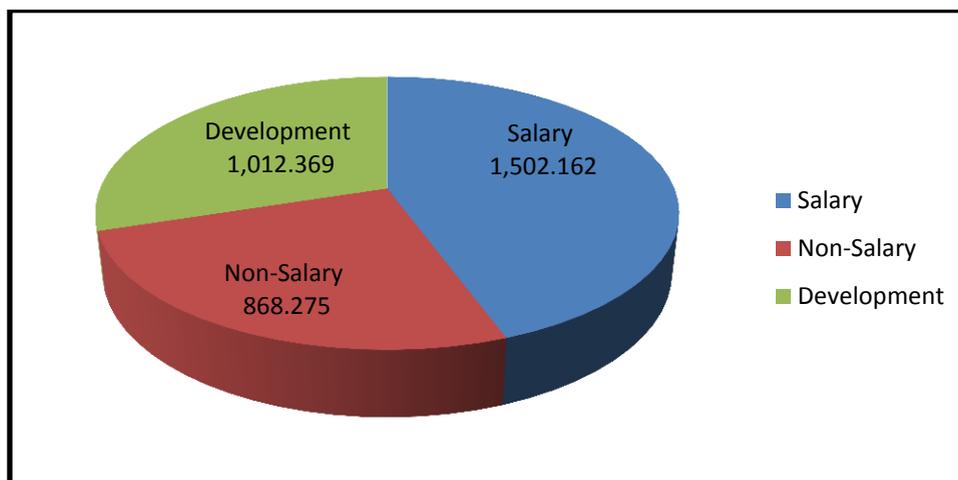
1. Prepare spatial plans for the Town including plans for land use, zoning and functions for which Municipal Corporation/Committees is responsible.
2. Exercise control over land-use, land-subdivision, land development and zoning by public and private sectors for any purpose, including agriculture, industry, 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             | 572.922          | 497.355               | (75.567)           |
|        |                               | Non-Salary         | 130.620          | 125.918               | (4.701)            |
|        |                               | Development        | 472.849          | 50.054                | (422.794)          |
|        |                               | Revenue            | 962.058          | 889.711               | (72.347)           |
| 2      | District, Sanghar             | Salary             | 1,026.499        | 892.861               | (133.637)          |
|        |                               | Non-Salary         | 618.366          | 363.629               | (254.736)          |
|        |                               | Development        | 563.898          | 263.675               | (300.223)          |
|        |                               | Revenue            | 2,177.218        | 1,709.452             | (467.766)          |
| 3      | District Naushahro Feroze     | Salary             | 816.928          | 696.859               | (120.069)          |
|        |                               | Non-Salary         | 333.870          | 163.776               | (170.094)          |
|        |                               | Development        | 405.637          | 33.659                | (371.978)          |
|        |                               | Revenue            | 2,743.294        | 1,145.850             | (1,597.444)        |
| Total  |                               | <b>Salary</b>      | <b>2,416.349</b> | <b>2,087.076</b>      | <b>(329.274)</b>   |
|        |                               | <b>Non-Salary</b>  | <b>1,082.855</b> | <b>653.323</b>        | <b>(429.532)</b>   |
|        |                               | <b>Development</b> | <b>1,442.384</b> | <b>347.389</b>        | <b>(1,094.996)</b> |
|        |                               | <b>Grand Total</b> | <b>4,941.589</b> | <b>3,087.788</b>      | <b>(1,853.801)</b> |
|        |                               | <b>Revenue</b>     | <b>5,882.570</b> | <b>3,745.014</b>      | <b>(2,137.557)</b> |

### Expenditure 2016-17



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 2016-17 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:

| <b>Audit Year</b> | <b>No. of Paras</b> | <b>Status of PAC Meetings</b> |
|-------------------|---------------------|-------------------------------|
| 2014-15           | 25                  | Nil                           |
| 2015-16           | 20                  | Nil                           |
| 2016-17           | 27                  | Nil                           |

As indicated in the above table, no PAC meeting was convened to discuss the audit reports of Shaheed Benazirabad Division.

## **6.2 AUDIT PARAS**

### **6.2.1 Fraud/Embezzlement/Misappropriation**

#### **6.2.1.1 Doubtful Payment of Pension without Codal Formalities Rs 12.596 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”.

Chairman/ Chief Municipal Officer, Municipal Committee Sanghar, during financial year 2015-16, incurred expenditure amounting to Rs 12.596 million, on the monthly pension of retired employees without fulfillment of codal formalities i.e. without Life Certificate, No marriage certificate, in case of family pension as well as personal appearance of pensioner at least once a year, to avoid doubtful pension, in violation of rules. Detail is as under:

| [Amount in Rupees] |                           |                        |                              |
|--------------------|---------------------------|------------------------|------------------------------|
| <b>Description</b> | <b>Nos. of Pensioners</b> | <b>Monthly Pension</b> | <b>Yearly Pension Impact</b> |
| Monthly Pension    | 83                        | 1,049,660              | 12,595,920                   |

Audit was view that management failed to take remedial measure to avoid payment of undue pension as well as deviation from prescribed rules on the part of management.

The matter was reported to the management during August 2017, 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 person(s) at fault for payment of pension without completion of codal formalities, under intimation to audit.

[AIR Para: 13]

#### **6.2.1.2 Suspicious Payment on account of Repair & Maintenance of Solar Lights - Rs 3.297 Million**

As per Section116(7) of Sindh Local Government Act 2013, 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 a Council shall be personally liable for the loss, waste, misapplication or unauthorized application of any moneys or property belonging to the

Council 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, as per PC-I of the Project “Installation of Solar Lights in Rural Sindh” by the office of DG, RDD, “initially for two years operation and maintenance of the solar lights will be the responsibility of the successful contractor/bidder for a period of two years after the completion of work, and after two years Operation & Maintenance (O&M) responsibility may be entrusted to the expert firm on lump sum basis by the users i.e. Municipal Committees & Town Committees”.

During Course of Audit of The Chairman, Town Committee Bhiria City, District Naushahro Feroze, for the Financial Year 2016-17, it was revealed that expenditure of Rs 3.297 million was made by the Town Committee on account of repair & maintenance of solar lights. However, the solar lights were installed by the DG, RDD through the private contractors, in contravention of the terms & conditions as mentioned above. Hence, any repair required was to be carried out by the contractor as per agreement with DG RDD. Therefore, the funds drawn on account of by the Town Committee Bhiria City on account of repair & maintenance before expiry of two years warranty period, is an act of fraud, in violation of terms and conditions.

Audit was of the view that suspected drawl of funds by the management of the Town Committee, with connivance of Chief Executive & pre-audit, resulting in breach of financial proprietary due to failure and deliberate deviation from prescribed rule on the part of administrative and financial management.

The matter was reported to the management during November 2017 but they did not respond to audit observation. The PAO failed to convene DAC meeting despite pursuance by the audit.

Audit recommended that an enquiry be conducted and responsibility be fixed against person(s) at fault and that the amount under consideration be recovered, under intimation to audit.

[AIR Para: 2]

### **6.2.1.3 Doubtful Drawl of POL - Rs 2.254 Million**

According to Section 116(7) of Sindh Local Government Act 2013, 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 a Council shall be personally liable for the loss, waste, misapplication or unauthorized application of any moneys or property belonging to the Council 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.

Chairman/ Town Officer, Town Committee Naushero Feroze, District Naushero Feroze, for the financial year 2016-17, withdrew Rs 2.254 million from the public exchequer on account of POL for 03 Nos of fire brigade vehicles, refuse van and tractor bowzer. However, neither any fire & emergency case was reported nor water supply record was provided. Moreover, refuse van and tractor bowzer were found to be off-road and in deteriorated condition. Details are provided at Annex-SBA1.

Audit was of the view that due to non-observance of rule doubtful consumption of POL is rendered doubtful, which constituted financial indiscipline as well as non-observance of prescribed rules on the subject.

The matter was reported to the management during November 2017, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends that enquiry be held to fix responsibility for withdrawal of POL on account of off-road vehicles and fire brigade without usage, under intimation to audit.

[AIR Para: 3]

#### **6.2.1.4 Fake Payments – Rs 1.475 Million**

According to Section 116(7) of Sindh Local Government Act 2013, “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 a Council shall be personally liable for the loss, waste, misapplication or unauthorized application of any moneys or property belonging to the Council 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”.

Chairman/ Town Officer, Town Committee Naushero Feroze, District Naushero Feroze, during financial year 2016-17, withdrew an amount of Rs 1.475 million on the bills & supply orders, which were un-numbered & undated. Details are provided at

Annex-SBA2.

Audit was of the view that management made payments on fake bills & orders, due to failure and deliberate deviation from prescribed rule on the part of administrative and financial management.

The matter was reported to the management during November 2017, but they did not respond to audit observation. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends that improper payments may be justified and responsibility be fixed for making payments on fake bills and orders, under intimation to audit.

[AIR Para: 10]

#### **6.2.1.5 Repeat Payments on Same Repair Works of Rexton Jeep Rs 0.700 Million**

As per Section116(7) of Sindh Local Government Act 2013, “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 a Council shall be personally liable for the loss, waste, misapplication or unauthorized application of any moneys or property belonging to the Council 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”.

Chairman, Town Committee, Bhiria City, District Naushahro Feroze, withdrew an amount of Rs 0.700 million, during financial year 2016-17, on account of repair of Rexton Jeep GL-1112, which is under the use of Chairman, Town Committee. Further, funds were expended on repeated repairs of exactly the same nature. The payments were made by two cheques of Rs 400,000 dated 20-09-2016 and Rs 300,000 dated 23-01-2017 respectively, in violation of above rule. Detail is provided at Annex-SBA3.

Audit was of the view that suspected drawl of funds by the management of the Town Committee, with connivance of Chief Executive & pre-audit due to failure and deliberate deviation from prescribed rule on the part of administrative and financial management.

The matter was reported to the management during November 2017 but they did not respond to audit observation. The PAO failed to convene DAC meeting despite pursuance by the audit.

Audit recommends that responsibility be fixed against person(s) at fault and that the amount under consideration be recovered and deposit into Government treasury, under intimation to audit.

[AIR Para: 4]

#### **6.2.1.6 Suspicious Auction Process - Rs 0.295 Million**

According to Section 116(7) of Sindh Local Government Act 2013, “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 a Council shall be personally liable for the loss, waste, misapplication or unauthorized application of any moneys or property belonging to the Council 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 Rule 2(q)(2) of SPPRA, “Collusive Practice” means any arrangement between two or more parties to the procurement process or contract execution, designed to achieve with or without the knowledge of the procuring agency to establish prices at artificial, non-competitive levels for any wrongful gain”.

Chairman/ Chief Municipal Officer, Municipal Committee Moro, District Naushero Feroze, auctioned rights of collections of Advertisement/ Sign Board Fee amounting to Rs 0.259 million to M/s A.W Enterprises, during financial year 2016-17, by collusive practice, as the acceptance letter from the Government regarding contract of leasing out rights of collection of advertisement on offer rate was found to be fake, in violation of above rules.

Audit was of the view that management failed to protect the Government interest due to failure and deliberate deviation from prescribed rule on the part of administrative and financial management.

The matter was reported to the management during November 2017, 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 person(s) at fault for awarding contract on fake letter, under intimation to audit.

[AIR Para: 17]

## 6.2.2 Non-Production of Record

### 6.2.2.1 Non-Production of Record – Rs 588.423 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 588.423 million, during financial years 2015-17, but failed to provide relevant record to audit, in violation of the above rule. Details are as under:

| [Amount in Rupees] |   |         |                |
|--------------------|---|---------|----------------|
| Sr.                | Formation                                       | Para No | Amount         |
| 1                  | District Council Naushero Feroz                 | 1       | 0              |
| 2                  | Municipal Committee Moro                        | 1       | 0              |
| 3                  | Town Committee Mehrabpur                        | 1       | 0              |
| 4                  | Town Committee Naushero Feroze                  | 1       | 0              |
| 5                  | Town Committee Kandiaro                         | 1       | 0              |
| 6                  | Municipal Committee Sanghar                     | 1       | 0              |
| 7                  | Municipal Committee Shahdadpur                  | 1       | 0              |
| 8                  | Municipal Committee Sinjhor                     | 19      | 0              |
| 9                  | Town Officer, Town Committee, Khipro            | 1       | 489.44         |
| 10                 | Town Committee, Jam Nawaz Ali. District Sanghar | 1       | 0              |
| 11                 | Town Committee Daur                             | 1       | 0              |
| 12                 | Town Committee, Jam Sahib                       | 1       | 0              |
| 13                 | Town Committee, Bandhi                          | 1       | 0              |
| 14                 | Town Committee, Shahpur Jahania                 | 1       | 0              |
| 15                 | Town Committee, Daulatpur                       | 1       | 0              |
| 16                 | Town Committee, Bhiria City                     | 1       | 98.983         |
| <b>Total</b>       |   |         | <b>588.423</b> |

Audit was of the view that non-provision of record reflects total disregard to 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 managements during August to December 2017, 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) held responsible for non-production of record in accordance with the provisions contained in Para 14 of AGP's Ordinance 2001.

[AIR Paras: 1, 1, 1, 1, 1, 1, 1, 19, 1, 1, 1, 1, 1, 1, 1]

## 6.2.3 Irregularity / Non-Compliance

### A. Recovery, Targeted receipts/Outstanding dues

#### 6.2.3.1 Non-Recovery of Outstanding Dues - Rs 60.347 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 60.347 million, on various accounts, during financial year 2016-17, in violation of above rules. Details are as under:

| [Rupees in Million] |   |          |               |
|---------------------|---|----------|---------------|
| Sr.                 | Name of Formation                                       | Para No. | Amount        |
| 1                   | Town Committee, Kandiaro                                | 14       | 14.707        |
| 2                   | Chief Officer, District Council, Sanghar                | 05       | 6.725         |
| 3                   | Municipal Committee Sanghar                             | 19       | 2.765         |
| 4                   | Chief Municipal Officer, Municipal Committee Sanghar    | 02       | 2.580         |
| 5                   | Chief Municipal Officer, Municipal Committee Shahdampur | 02       | 5.703         |
| 6                   | District Council, District Shaheed Benazirabad          | 06       | 1.057         |
| 7                   | Town Committee, Daur                                    | 05       | 0.150         |
| 8                   | Chairman, Municipal Committee, Nawabshah                | 03       | 13.002        |
| 9                   | Chairman, Municipal Committee, Nawabshah                | 04       | 13.658        |
| <b>Total</b>        |   |          | <b>60.347</b> |

Audit was of the view that due to inaction by the managements, recovery of the outstanding revenue could not be affected, which contributed towards poor financial health of these entities as well as deviation from prescribed rules on the part of management.

The matter was reported to the management during October to December 2017, 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 person(s) at fault for non-recovery of outstanding dues, besides, effecting recovery of the Government dues without any further delay, under intimation to audit.

[AIR Paras: 14, 5, 19, 2, 2, 6, 5, 3, 4]

### 6.2.3.2 Non/Less-Recovery of Targeted Receipts - Rs 55.810 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 55.810 million, during financial year 2016-17, in violation of the above rule. Details are as under:

[Rupees in Million]

| Sr.          | Formation                             | Para No. | Targeted      | Collected   | Short Recovery |
|--------------|---------------------------------------|----------|---------------|-------------|----------------|
| 1            | Municipal Committee Sanghar           | 20       | 15.641        | 0.657       | 14.984         |
| 2            | District Council, Shaheed Benazirabad | 5        | 6.400         | 2.830       | 3.570          |
| 3            | Town Committee Daur                   | 6        | 20.900        | 9.177       | 11.723         |
| 4            | Town Committee Kazi Ahmed             | 2        | 3.010         | -           | 3.010          |
| 5            | Town Committee Sakrand                | 2        | 1.461         | -           | 1.461          |
| 6            | Town Committee Mehrabpur              | 12       | 15.257        | 2.404       | 12.853         |
| 7            | Town Committee Kandiaro               | 15       | 7.345         | 2.084       | 5.261          |
| 8            | Town Committee Sakrand                | 1        | 4.527         | 2.051       | 2.476          |
| 9            | District Council, Naushero Feroze     | 11       | 1.023         | 0.551       | 0.472          |
| <b>Total</b> |                                       |          | <b>75.564</b> | <b>7.09</b> | <b>55.81</b>   |

Audit was of the view that management failed to make recovery of targeted receipts due to failure and deliberate deviation from prescribed rule on the part of administrative and financial management.

The matter was reported to the management during August to December, 2017, 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 person(s) at fault for non-achievement of targeted revenue, under intimation to audit.

[AIR Paras: 20, 5, 6, 2, 2, 12, 15, 1]

### 6.2.3.3 Non-Deduction of Sales Tax on Services - Rs 4.507 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.

| <b>Tariff Heading</b> | <b>Description</b>   | <b>Rate of Tax</b> |
|-----------------------|--|--------------------|
| 9809.0000             | Services provided or rendered by persons engaged in contractual execution of work or furnishing supplies | 13%                |
| 9818.1000             | Services provided or rendered by specialized agencies  | 13%                |
| 9815.5000             | Technical, scientific and engineering consultant   | 13%                |
| 9822.3000             | Janitorial & conservancy services  | 13%                |
| 9822.4000             | Dredging or desilting services   | 13%                |

SST w.e.f. 01.07.2016

Following Offices of Shaheed Benazirabad Division, during financial years 2015-17, made payments to different contractors/ suppliers for procurement of goods and services, but failed to provide any proof of deduction/deposit of Sales Tax of Rs 4.507 million, in violation of above rules. Details are as under:

[Rupees in Million]

| <b>Sr.</b>   | <b>Name of Offices</b>         | <b>Para No</b> | <b>Amount</b> |
|--------------|--------------------------------|----------------|---------------|
| 1            | Municipal Committee, Moro      | 15             | 0.960         |
| 2            | Municipal Committee, Sanghar   | 15             | 0.253         |
| 3            | Municipal Committee, Sinjhor   | 14             | 0.654         |
| 4            | Municipal Committee, Nawabshah | 11             | 2.640         |
| <b>Total</b> |                                |                | <b>4.507</b>  |

Audit was of the view that due to non-deduction/deposit of sales tax into Government Treasury the Government sustained loss of revenue which constituted financial indiscipline as well as non-observance of prescribed rules on the subject.

The matter was reported to the management during August to November 2017, 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 person(s) at fault for non-

deduction of sales tax. Besides, recovery be made without further delay, under intimation to audit.

[AIR Paras: 15, 15, 14, 11]

#### **6.2.3.4 Non-payment / Depositing of Income Tax – Rs 1.363 Million**

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 @ 3.5% and 6% 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)”.

Chairman/ Chief Municipal Officer, Municipal Committee Sinjhoru, deducted income tax from the bills of contractors/suppliers etc. amounting to Rs 1.363 million, during financial year 2015-16, but the same was not deposited into government treasury, in violation of rules.

Audit was of the view that non-deposit of Government taxes resulted into loss to public exchequer, which constituted financial indiscipline as well as non-observance of prescribed rules on the subject.

The matter was reported to the management during August 2017, 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 person(s) at fault. Besides, outstanding amount of Tax be deposited without further delay, under intimation to audit.

[AIR Para. 13]

#### **6.2.3.5 Non-Collection of Advance Income Tax on Auctions-Rs 0.810 Million**

According to Income Tax Ordinance, 2001 (Amended upto 30th June, 2015) vide Finance Act, 2013 to Section 1[236A. Advance tax at the time of sale by auction. (1) “Any person making sale by public auction 2[or auction by a tender] of any property or goods 3[(including property or goods confiscated or attached)] either belonging to or not

belonging to the Government, local Government, any authority, a company, a foreign association declared to be a company under sub-clause (vi) of clause (b) of sub-section (2) of section 80, or a foreign contractor or a consultant or a consortium or Collector of Customs or Commissioner of 4[Inland Revenue] or any other authority, shall collect advance tax, computed on the basis of sale price of such property and at the rate specified in Division VIII of Part IV of the First Schedule, from the person to whom such property or goods are being sold”. 1[Division VIII of Part IV of the First Schedule, “The rate of collection of tax under section 236A shall be [10] % of the gross sale price of any [property or goods sold by auction.] vide Finance Act, 2013 to Section 236A.

Chairman/ Chief Municipal Officer, Municipal Committee Sanghar, leased out rights of Council property to contractors amounting to Rs 8.100 million during financial year 2015-16, but failed to recover advance income tax from contractors, amounting to Rs 0.810 million @ 10%, in violation of rules. Detail is as under:

[Amount in Rupees]

| Sr.          | Description of Auction/Lease | Bidder                             | Bid Offered (Approved) | Possession Order | Income Tax not collected |
|--------------|------------------------------|------------------------------------|------------------------|------------------|--------------------------|
| 1            | Cattle Pirri Fee             | M/S Allah Jurio<br>S/o Rehmatullah | 7,700,000              | 140<br>28-07-15  | 770,000                  |
| 2            | Publicity/Advertisement Tax  | Mr. Akhtar Ali<br>S/o Anwer Ali    | 400,000                | 143<br>06-08-15  | 40,000                   |
| <b>Total</b> |                              |                                    | <b>8,100,000</b>       | -                | <b>810,000</b>           |

Audit was of the view that management failed to recover Government taxes resulting into loss to Government due to failure and deliberate deviation from prescribed rule on the part of administrative and financial management.

The matter was reported to the management during August 2017, 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 person(s) at fault for non-recovery of government tax. Besides, recovery of advance income tax be made, under intimation to audit.

[AIR Para: 18]

### **6.2.3.6 Non-recovery of Sales Tax on Auctioneer Services-Rs 0.810 Million**

According to Government of Sindh, Local Government Public Health Engineering Rural Development, and Katchi Abadis Department Notification

No.SOV/MC-V(25)/2000 Dated: 24 June, 2002, Para-1 states that “Amendment of Sindh Act No.XII of 2011 vide Sindh Finance Act, 2015, states that “in the Sindh Sales Tax on Services Act, 2011 in Section 2 after clause (13), the following new clause shall be inserted, namely:-

(13A) “auctioneer” means a person providing or rendering services in relation to auction of property, movable or immovable and tangible or intangible, in any manner. (xi) after tariff heading “9819.9000” in column (1) and entries relating thereto in column (2) and (3), the following shall be added, namely:-

| <b>Tariff Heading</b> | <b>Description</b> | <b>Rate of Tax</b> |
|-----------------------|--------------------|--------------------|
| 9819.9100             | Auctioneer         | 10%                |

Chairman/ Chief Municipal Officer, Municipal Committee Sanghar, leased out rights of Council property to contractors amounting to Rs 8.100 million during financial year 2015-16, but failed to deduct Sales Tax on Auctioneer Services @ 10% amounting to Rs 0.810 million, in violation of rules. Detail is as under:

[Amount in Rupees]

| <b>Sr.</b>   | <b>Description of Auction/Lease</b> | <b>Bidder</b>                     | <b>Bid Offered</b> | <b>Possession Order</b> | <b>S.T on Services @ 10%</b> |
|--------------|-------------------------------------|-----------------------------------|--------------------|-------------------------|------------------------------|
| 1            | Cattle Pirri Fee                    | M/S Allah Jurio<br>S/oRehmatullah | 7,700,000          | 140<br>28-07-15         | 770,000                      |
| 2            | Publicity/Advertisement Tax         | Mr. Akhtar Ali<br>S/o Anwer Ali   | 400,000            | 143<br>06-08-15         | 40,000                       |
| <b>Total</b> |                                     |                                   | <b>8,100,000</b>   | <b>-</b>                | <b>810,000</b>               |

Audit was of the view that non-deduction of sales tax on taxable service resulted in loss to Government exchequer which constituted financial indiscipline as well as non-observance of prescribed rules on the subject.

The matter was reported to the management during August 2017, 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 person(s) at fault for Non-recovery of Sales Tax on Auctioneer Service. Further, the amount in question be recovered, under intimation to audit.

[AIR Para: 17]

### 6.2.3.7 Non-Adjustment of Advance – Rs 0.800 Million

As per Rule 668 of Treasury Rules, “Advances granted under special order of the competent authority to Govt. officers for departmental or allied purpose may be drawn on the responsibility and receipt of the officers for whom they are sanctioned, subject to adjustment by submission of detailed accounts supported by vouchers or by refund, as may be necessary”.

Chairman / Town Officer, Town Committee, Sakrand, made advance payment amounting to Rs 0.800 million, during financial year 2016-17, on account of repair of Fire Brigade vehicle (ISUZU), in absence of bills/vouchers which could justify the expenditure, in violation of above rule. Detail is as under:

| [Amount in Rupees] |                          |                                    |  |                |
|--------------------|--------------------------|------------------------------------|--|----------------|
| V.#                | Cheque & Date            | To whom paid                       | Details  | Amount         |
| 747                | 29071460 /<br>28.03.2017 | M/s Aries International<br>Company | Advance payment<br>for repairing of Fire<br>Brigade vehicle<br>(ISUZU) | <b>800,000</b> |

Audit was of the view that expenditure on account of un-authorized withdrawal of advances, non-calling of tender and non-adjustment of advances resulted into un-authorized expenditure which constituted financial indiscipline as well as non-observance of prescribed rules on the subject.

The matter was reported to the management during October 2017, 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 person(s) at fault for non-adjustment of advance. Besides, adjustment account be produced to audit for verification.

[AIR Para. 11]

### 6.2.3.8 Non Deduction of Sales Tax on Various Purchases - Rs 0.673 Million

As per Federal Board of Revenue Government of Pakistan, Notification No.C.No.3(7)ST-L&P/2006 (Pt) dated 26-06-2008 “sales tax was required to be deducted @ 17% sales tax is required to be deducted at source while making payment to suppliers / contractors by all the government departments and organizations, w.e.f 1-07-2008 for all purchases being made on behalf of government”.

Chairman/ Town Officer, Town Committee Naushero Feroze, during financial year 2016-17, made payments to different contractors/ suppliers for procurement of goods, but failed to provide any proof of deduction/deposit of Sales Tax amounting to Rs 0.673 million in violation of rules.

Audit was of the view that due to non-deduction/deposit of sales tax into Government Treasury the Government sustained loss of revenue due to failure and deliberate deviation from prescribed rule on the part of administrative and financial management.

The matter was reported to the management during November 2017, 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 person(s) at fault for non-deduction of sales tax, besides, recovery of the amount be made without further delay, under intimation to audit.

[AIR Para. 14]

### **6.2.3.9 Non-Recovery of Income Tax on Taxable Salaries of Staff Rs 0.223 Million**

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:

| <b>S.No.</b> | <b>Taxable income.</b>      | <b>Rate of tax.</b>                    |
|--------------|-----------------------------|--|
| 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 |

Municipal Committee's, Sanghar and Sinjhor, failed to deduct income tax amounting to Rs 0.223 million, during financial years 2014-16, on the taxable salaries of the employees, in violation of rules. Details are as under:

[Rupees in Million]

| <b>Sr.</b>   | <b>Name of Offices</b>      | <b>Para No.</b> | <b>Amount</b> |
|--------------|-----------------------------|-----------------|---------------|
| 1            | Municipal Committee Sanghar | 16              | 0.163         |
| 2            | Municipal Committee Sinjhor | 15              | 0.060         |
| <b>Total</b> |                             |                 | <b>0.223</b>  |

Audit was of the view that undue favor was extended towards employees which resulted in loss to Government which constituted financial indiscipline as well as non-observance of prescribed rules on the subject.

The matter was reported to managements during August 2017, 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 person(s) at fault for non-recovery of income tax from salaries. Besides, the same be recovered without further delay, under intimation to audit.

[AIR Paras. 16, 15]

## **B. Violation of Rules**

### **6.2.3.10 Non-lodging of FIR of Record Burnt by Fire Incident Rs 478.296 Million**

As per Rule 22 of the General Financial Rules, Volume-I, “Any serious loss of immovable property, such as buildings, communications, or other work, caused by fire, flood, cyclone, earthquake or any other natural cause, should be reported at once by the Departmental Office to the head of the department and by the latter to government. When a full inquiry as to the cause and extent to the loss has been made, the detailed report should be sent by the departmental office concerned to the head of the department, a copy of the report on an abstract thereof being simultaneously forwarded to the Accountant-General”.

Chairman/Town Officer, Town Committee Khipro, District Sanghar, during financial year 2013-2017, failed to lodge F.I.R against fire incident resulting in destruction of the entire record of Accounts Branch. Further, neither any inquiry was conducted nor the same was reported to the Principal Accounting Officer, only N.C of the same was lodged at the Police Station Khipro, in violation of the above rules. Detail is as under (Estimate of the amount is made by audit on the basis of current OZT share for three years, however, department should produce the actual estimated amount of burnt record).

(Amount in Million)

| <b>Date</b>  | <b>Time of Incident</b> | <b>Detail of Burnt Record</b>       | <b>Period</b>                  | <b>Area of P.S</b>        | <b>Amount</b>  |
|--------------|-------------------------|-------------------------------------|--------------------------------|---------------------------|----------------|
| 30-07-2014   | 08:45 A.M               | Complete Record of Accounts Section | 01-07-2011<br>to<br>28-07-2014 | P.S Khipro<br>(Sr. No.13) | 478.296        |
| <b>Total</b> |                         |                                     |                                |                           | <b>478.296</b> |

Audit was of the view that failure to lodge F.I.R. and reporting the incident to P.A.O. was an effort to hide the incident as well as deviation from prescribed rules on the part of management.

The matter was reported to the management during December 2017, 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 person(s) at fault for failure to lodge F.I.R and not reporting the incident to P.A.O, under intimation to audit.

[AIR Para. 2]

### **6.2.3.11 Unauthorized Award of Work on Withheld IDs by SPPRA Rs 113.563 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).

Further, as per SPPRA Notification No.Dir(Enf-I)/SPPRA/1-3(GEN)/12-13 dated 14-02-2013 “SPPRA ID will be withheld till the original BER, prepared by a rightly constituted Procurement Committee, is hoisted on SPPRA website before the award of contract”.

Chairman/ Town Officer, Town Committee, Khipro, District Sanghar, awarded works amounting to Rs 113.563 million, during financial year 2013-2017, on withheld IDs of entity by SPPRA, in violation of the above rules. Details are provided at Annex-SBA4.

Audit was of the view that award of work without release of withheld IDs, resulted into unauthorized award of contracts due to failure and deliberate deviation from prescribed rule on the part of administrative and financial management.

The matter was reported to the management during December 2017, 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 person(s) at fault for award of works on withheld IDs, under intimation to audit.

[AIR Para: 4]

### 6.2.3.12 Non-Transparency in POL Spending – Rs 80.194 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”.

Various formations of Shaheed Benazirabad Division, during financial years 2014-17, incurred an expenditure of Rs 80.194 million, on account of POL, but failed to maintain the log books, history sheets & petrol account register. Details are as under:

| [Rupees in Million] |  |          |               |
|---------------------|--|----------|---------------|
| Sr.                 | Formation                                      | Para No. | Amount        |
| 1                   | District Council Naushero Feroze               | 3        | 0.736         |
| 2                   | Municipal Committee Moro                       | 2        | 6.578         |
| 3                   | Town Committee Mehrabpur                       | 3        | 9.068         |
| 4                   | Town Committee Naushero Feroze                 | 2        | 5.753         |
| 5                   | Town Committee Kandiaro                        | 2        | 5.935         |
| 6                   | Chief Officer, District Council, Sanghar       | 2        | 0.970         |
| 7                   | Municipal Committee Sanghar                    | 10       | 16.340        |
| 8                   | Municipal Committee Sinjhor                    | 8        | 4.673         |
| 9                   | Municipal Committee Sinjhor                    | 4        | 5.456         |
| 10                  | Town Committee, Khipro                         | 5        | 5.324         |
| 11                  | District Council, District Shaheed Benazirabad | 1        | 1.148         |
| 12                  | Town Committee Daur                            | 2        | 4.558         |
| 13                  | Town Committee Kazi Ahmed                      | 7        | 5.483         |
| 14                  | Town Committee, Shahpur Jahania                | 2        | 1.004         |
| 15                  | Town Committee, Daulatpur                      | 2        | 1.643         |
| 16                  | Town Committee Sakrand                         | 15       | 3.495         |
| 17                  | Municipal Committee, Nawabshah                 | 15       | 2.030         |
| <b>Total</b>        |  |          | <b>80.194</b> |

Audit was of the view that management failed to observe the rules set forth by Government which constituted financial indiscipline as well as non-observance of prescribed rules on the subject.

The matter was reported to the management during August to December 2017, 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 person(s) at fault for incurring expenditure without maintaining supporting record. Besides, relevant record be prepared and produced for audit verification.

[AIR Paras: 3, 2, 3, 2, 2, 2, 10, 8, 4, 5, 1, 2, 7, 2, 2, 15, 15]

### **6.2.3.13 Award of Work without Fulfillment of Pre-requisite Condition of NIT – Rs 62.710 Million**

According to the Rule 46 (1) (a) of SPPRA 2010, “Procedures of open competitive bidding - Save as otherwise provided in these rules, the following procedures shall be permissible for open competitive bidding; Single Stage – One Envelope Procedure: Notice Inviting Tenders and bidding documents of this method shall contain the following eligibility criteria; (i) relevant experience; (ii) turn-over of at least last three years; (iii) registration with Income Tax, Sales Tax and Pakistan Engineering Council (where applicable); (iv) any other factor deemed to be relevant by the procuring agency subject to provision of Rule 44”.

Further, according to SGA&CD, Govt of Sindh Notification No.SORI(SGA&CD)2-30/2010 Dated: 23rdOctober, 2014, Amendment in Rule 46, Sub-rule(1), for clause (iii) of SPPRA Rules 2010, “registration with the Federal Board of Revenue (FBR), for Income Tax, Sales Tax in case of procurement of goods, registration with the Sindh Revenue Board in case of procurement of Works and Services and registration with Pakistan Engineering Council where applicable”, is required to be provided by the contractors.

Chairman/ Chief Municipal Officer, Municipal Committee, Sanghar, awarded schemes worth Rs 62.717 million to contractors during financial year 2015-16, without obtaining documentary evidence to ascertain Profile of the Contractor i.e. Past Experience, Turnover for last three years, Undertaking for no litigation against him/Affidavit for not blacklisted along-with Registration with FBR/SRB & PEC for works upto 4 Million, in violation of rules.

Audit was of view that undue favor was extended towards contractor, by not following the procedure regarding prequalification and eligibility of the contractor which is a violation from prescribed rules on the part of management.

The matter was reported to management during August 2017, 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 person(s) at fault on procurement committee and administrative officer who failed to perform their duties, under intimation to audit.

[AIR Para. 1]

### **6.2.3.14 Non-Payment of Arrears of Salary, Pension & Commutation Rs 54.563 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, according to Para-4, of Government of Sindh Local Government Department & Housing Town Planning department Vide notification No.PS/AS(LG)/1-2/2016, Dated 28th December-2016, “It is informed that salary & Pension benefits have first charge over the funds of respective councils, incurring other expenditure with-out payment of salary & Pension benefits are crime”.

Chief Officer District Council, Sanghar, Chairman/ Chief Municipal Officer, Municipal Committee, Moro and Town Officer, Town Committee, Naushero Feroze, District Naushero Feroze, failed to pay the arrears of salary, pension & commutation and outstanding liabilities amounting to Rs 54.563 million, during financial year 2016-17, to the employees of the Council, in contravention to the above rule. Details are as under:

[Amount in Rupees]

| <b>S.No</b>  | <b>Name of Offices</b>         | <b>Para No</b> | <b>Amount</b> |
|--------------|--------------------------------|----------------|---------------|
| 1            | Municipal Committee Moro       | 10             | 3.119         |
| 2            | Town Committee Naushero Feroze | 16             | 19.944        |
| 3            | District Council, Sanghar      | 4              | 31.500        |
| <b>Total</b> |                                |                | <b>54.563</b> |

Audit was of the view that management failed to pay claims of employees in time due to failure and deliberate deviation from prescribed rule on the part of administrative and financial management.

The matter was reported to the management during October to December 2017, 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 person(s) at fault for non-payment of arrears of salary & pension, under intimation to audit.

[AIR Paras: 10, 16, 4]

### **6.2.3.15 Splitting of Works to Avoid Tender – Rs 37.438 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, awarded works amounting to Rs 37.438 million, during financial years 2015-17, 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                   | District Council, Naushero Feroze  | 4        | 0.625         |
| 2                   | Town Committee Mehrabpur   | 4        | 8.618         |
| 3                   | Town Committee Kandiaro  | 3        | 8.409         |
| 4                   | Municipal Committee Sanghar  | 5        | 2.600         |
| 5                   | Municipal Committee Shahdadpur   | 4        | 7.708         |
| 6                   | Municipal Committee Sinjhor  | 3        | 4.083         |
| 7                   | Chairman / Chief Officer, District Council, District Shaheed Benazirabad | 7        | 1.511         |
| 8                   | Chairman / Town Officer, Town Committee Sakrand                          | 14       | 3.884         |
| <b>Total</b>        |  |          | <b>37.438</b> |

Audit was of the view that splitting of work orders deprived the Government from achieving best competitive rates was due to failure and deliberate deviation from prescribed rule on the part of administrative and financial management.

The matter was reported to the management during August to December 2017, 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 person(s) at fault on account of procurements/execution of works by way of splitting, under intimation to audit.

[AIR Paras: 4, 4, 3, 5, 4, 3, 7, 14]

### 6.2.3.16 Award of Works in Transgression of Financial Powers Rs 28.096 Million

According to Regulation for Procurement of Works as notified vide letter No. No.Dir(A&F)SPPRA/BoD/12-13/9316 Dated: 22-03-2013, Definition-23 “Technical Sanction (TS)” means the detailed estimate prepared by the executing agency keeping in view of technical feasibility and provision in the PC-I for the sanction of competent authority.”

Further, according to Sindh Delegation of Power under the Financial Rules and the Power of Re-appropriation Rules, 1962 (Amendment) vide Notification No.B&E-I/2(18)/75-94/Pt-IX Dated 5th January, 2009, Para-2 “In PART II, under the heading “COMMUNICATION AND WORKS DEPARTMENT” in Serial No.1 and 2 as entries there against in column 2, 3 and 4, the following shall be substituted:-

| Sr. | Nature of Power   | To whom delegated  | Extent                                 |
|-----|---|--|--|
| 01  | “Technical Sanction:<br>ii) In the case of ordinary & special repairs | (iv) Superintending Engineer<br>(v) Executive Engineer   | Upto Rs. 500,000<br>Upto Rs. 100,000   |
|     | iv) In the case of ordinary & special repairs to Road                 | (ii) Superintending Engineer<br>(iii) Executive Engineer | Upto Rs. 1,000,000<br>Upto Rs. 200,000 |

Chief Municipal Officer, MC, Sanghar & Sinjhoru during financial years 2015-17, obtained technical sanction of various schemes costing Rs 28.096 million from Executive Engineer Highway Division Sanghar and Director, RDD Hyderabad beyond their delegated financial powers, in violation of above rule. Details are as under:

[Rupees in Million]

| S. No        | Formation  | Para No | Amount        |
|--------------|--|---------|---------------|
| 1            | Chief Municipal Officer, Municipal Committee, Sanghar  | 2       | 9.770         |
| 2            | Chief Municipal Officer, Municipal Committee, Sanghar  | 5       | 14.826        |
| 3            | Chief Municipal Officer, Municipal Committee, Sinjhoru | 3       | 3.500         |
| <b>Total</b> |  |         | <b>28.096</b> |

Audit was of the view that the technical sanction obtained from officers beyond their delegated powers was unauthorized due to failure and deliberate deviation from prescribed rule on the part of administrative and financial management.

The matter was reported to the management during August 2017, 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 person(s) at fault for not obtaining technical sanction from competent authority, under intimation to audit.

[AIR Paras: 2, 5, 3]

### **6.2.3.17 Irregular Execution of Works without Constitution of Procurement Committee - Rs 26.267 Million**

As per Rule-7 of Sindh Public Procurement 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 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.”

Chairman/ Chief Municipal Officer, Municipal Committee Moro and Town Committee Kandiaro District Naushero Feroze, executed various works amounting to Rs 26.267 million, during financial year 2016-17, without constitution of Procurement committee, in violation of rules. Details are as under:

[Rupees in Million]

| <b>Sr.</b>   | <b>Formation</b>         | <b>Para No.</b> | <b>Amount</b> |
|--------------|--------------------------|-----------------|---------------|
| 1            | Town Committee Kandiaro  | 4               | 18.883        |
| 2            | Municipal Committee Moro | 7               | 7.384         |
| <b>Total</b> |                          |                 | <b>26.267</b> |

Audit was of the view that unauthorized works were awarded without evaluation by procurement committee due to failure and deliberate deviation from prescribed rule on the part of administrative and financial management.

The matter was reported to the management during October to November 2017, 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 person(s) at fault for award of works without constitution of procurement committee, under intimation to audit.

[AIR Para: 7, 4]

### **6.2.3.18 Unauthorized Payments without Execution of Contract Agreements - Rs 24.160 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”.

Chairman/ Chief Municipal Officer, Municipal Committee, Sanghar, awarded various development works to contractors amounting to Rs 24.160 million, during financial year 2016-17, and made payments without execution of contract agreements, in violation of the above rule. Detail is as under:

[Amount in Rupees]

| Sr.          | WO | Date    | Contractor         | Scheme details   | Esti. cost        |
|--------------|----|---------|--------------------|--|-------------------|
| 1            | 16 | 13.5.16 | Al Khair Constt Co | Constt of Foot path Allah wala chowk to 15 chowk                     | 4,988,000         |
| 2            | 28 | 13.5.16 | Mir Maqbool        | Reconditioning of dilber chowk to graveyard                          | 2,203,000         |
| 3            | 34 | 13.5.16 | Yousif Jamal       | Reconditioning of Shahdadpur road to Latif Park                      | 1,012,000         |
| 4            | 20 | 13.5.16 | Nazar M Baloch     | Reconditioning of Kashif Nizamani to MA Jinnah Road                  | 2,619,000         |
| 5            | 17 | 13.5.16 | Al Khair Constt Co | Constt of foot path @ Girls college to Bacho Badshah Chok            | 4,924,000         |
| 6            | 33 | 13.5.16 | Yousif Jamal       | Reconditioning of Toori road shamir Panhwer colony                   | 2,246,000         |
| 7            | 31 | 13.5.16 | Khalid Hussian     | Renovation of bus stand Mirpur Khas road                             | 1,000,000         |
| 8            | 19 | 13.5.16 | Riaz Ahmed Arain   | Reconstruction of sinjhor road                                       | 1,668,000         |
| 9            | 25 | 13.5.16 | IR Enterprises     | Construction of crosses & SD M Anwer Khaskheli to disposal Kamal     | 1,500,000         |
| 10           | 14 | 13.5.16 | M Ayoub Jat        | Constt of CC road M Hassan Khaskheli to Shahdadpur road              | 1,000,000         |
| 11           | 23 | 13.5.16 | Mohan Mal          | Constt of CC road from Dr Ali Akber Keerio House to Mirpur khas road | 1,000,000         |
| <b>Total</b> |    |         |                    |  | <b>24,160,000</b> |

Audit was of the view that Government interest was not safeguard and payment were made with out execution of agreement by deviating from prescribed rules on the part of management.

The matter was reported to managements during December 2017, 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 person(s) at fault for execution of schemes and making payments without execution of contract agreements, under intimation to audit.

[AIR Para: 3]

### **6.2.3.19 Irregular Award of Work to Contractors not Registered with Sindh Revenue Board - Rs 17.300 Million**

According to Section 24 of Sindh Sales Tax on Services Act 2011, “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.”

Chairman/ Chief Municipal Officer, Municipal Committee Sinjhor, District Sanghar, during financial year 2016-17, awarded development works amounting to Rs 17.300 million to various unregistered contractors with Sindh Revenue Board, in violation of above rules.

Audit was of the view that non-compliance of the prescribed procedure resulted into non-transparency in public spending due to failure and deliberate deviation from prescribed rule on the part of administrative and financial management.

The matter was reported to the management during December 2017, 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 person(s) at fault on account of award of works to contractors not registered with SRB, under intimation to audit.

[AIR Para. 01]

### **6.2.3.20 Non-Accountal of Store - Rs 10.196 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, Rule 10 of GFR, “Every officer authorized to incur expenditure from the public fund should observe high standards of financial propriety”.

Chief Officer District Council Naushero Feroze, Chairman/ Town Officer, Town Committee Naushero Feroze, Mehrabpur and Daur, incurred an expenditure of Rs 10.196 million on account of purchase of various Material, during financial year 2016-17, but did not enter the purchases made in stock register, in violation of above rule. Moreover, the distribution of the purchased material was not provided to audit. Details are as under:

| [Rupees in Million] |  |          |               |
|---------------------|--|----------|---------------|
| Sr.                 | Name of Offices  | Para No. | Amount        |
| 1                   | Chief Officer District Council Naushero Feroze         | 6        | 1.145         |
| 2                   | Chairman/ Town Officer, Town Committee Naushero Feroze | 9        | 3.703         |
| 3                   | Chairman/ Town Officer, Town Committee Mehrabpur       | 8        | 2.064         |
| 4                   | Chairman / Town Officer, Town Committee Daur           | 4        | 3.284         |
| <b>Total</b>        |  |          | <b>10.196</b> |

Audit was of the view that management failed to safeguard government assets due to failure and deliberate deviation from prescribed rule on the part of administrative and financial management.

The matter was reported to managements during October to December 2017, 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 person(s) at fault for not recording purchased material. Besides, duly completed stock registers and consumption account be produced to audit for verification.

[AIR Paras: 6, 9, 8, 4]

### **6.2.3.21 Unauthorized Expenditure without Calling Open Tender Rs 8.632 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, according to 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 Offices of Shaheed Benazirabad Division, incurred expenditure of Rs 8.632 million, during financial year 2016-17, on purchases and works through quotations instead of calling open tender(s), in violation of above rules. Details are as under:

[Amount in Rupees]

| Sr.          | Name of Offices                  | Para No. | Amount       |
|--------------|----------------------------------|----------|--------------|
| 1.           | Municipal Committee, Moro        | 3        | 2.313        |
| 2.           | Town Committee, Mehrabpur        | 9        | 2.864        |
| 3.           | Town Committee, Naushahro Feroze | 4        | 2.392        |
| 4.           | Town Committee, Sakrand          | 12       | 1.063        |
| <b>Total</b> |                                  |          | <b>8.632</b> |

Audit was of the view that management failed to obtain competitive rates resulting into non-transparency in public spending due to failure and deliberate deviation from prescribed rule on the part of administrative and financial management.

The matter was reported to the management during October 2017, 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 person(s) at fault for not inviting open tender(s), under intimation to audit.

[AIR Paras: 3, 9, 4, 12]

### **6.2.3.22 Irregular Appointment of Daily Wages Staff without Approval Rs 5.630 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.

Chairman/Town Officer, Town Committees, Kazi Ahmed and Sakrand, during

financial year 2016-17, appointed various daily wages employees without approval of competent authority and paid Rs 5.630 million on account of their salary, in contravention to the above rule. Details are as under:

| [Rupees in Million] |                           |          |              |
|---------------------|---------------------------|----------|--------------|
| Sr.                 | Name of Offices           | Para No. | Amount       |
| 1                   | Town Committee Kazi Ahmed | 5        | 3.770        |
| 2                   | Town Committee, Sakrand   | 8        | 1.860        |
| <b>Total</b>        |                           |          | <b>5.630</b> |

Audit was of the view that unauthorized appointments were made without approval resulting into irregular expenditure due to failure and deliberate deviation from prescribed rule on the part of administrative and financial management.

The matter was reported to managements during October 2017, 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 person(s) at fault for unauthorized appointments, under intimation to audit.

[AIR Paras: 5, 8]

### **6.2.3.23 Non-Imposition of Penalty Due to Delay in Completion of Works Rs 2.340 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”.

Chief Municipal Officer, Municipal Committee Sinjhor, District Sanghar, executed development works amounting Rs 23.400 million during financial year 2016-17, but the contractor did not complete the same within due time and penalty @ 10% of total cost amounting to Rs 2.340 million was not imposed/recovered from the contractors, in violation of above rule.

Audit was of the view that undue favor was extended to contractors which constituted financial indiscipline as well as non-observance of prescribed rules on the subject.

The matter was reported to the management during December 2017, 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 person(s) at fault for non-imposing penalty on contractors. Besides, the same be recovered without further delay, under intimation to audit.

[AIR Para: 2]

#### **6.2.3.24 Undue Favor to Contractor due to Non-obtaining of Bank Guarantee Rs 1.544 Million**

According to para 6 of agreement between the parties, “Lessees is bound to deposit 10% call deposit & 15% bank guarantee at-once”.

Chairman/ Municipal Officer, Municipal Committee, Shahdadpur, District Sanghar, awarded contract of Cattle Piri through open auction in Rs 10.290 million, during financial year 2016-17, but did not obtain 15% bank guarantee of Rs 1.544 million from contractor, in violation of contract agreement clause. Detail is as under:

(Amount in Rupees)

| <b>Description</b> | <b>Name of Contractor</b> | <b>Auction Amount</b> | <b>15% Bank Guarantee</b> |
|--------------------|---------------------------|-----------------------|---------------------------|
| Cattle Piri        | M/S Hussain Bux           | 10,290,000            | 1,543,500                 |

Audit was of view that management failed to safeguard Government/Council interest and undue favor was extended to contractor by not obtaining bank guarantee due to failure and deliberate deviation from prescribed rule on their part.

The matter was reported to the management during December 2017, 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 person(s) at fault for not safeguarding public interest, under intimation to audit.

[AIR Para.03]

### **6.2.3.25 Loss to Government due to Non-Revision of Rent of Council Property – Rs 1.245 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, *ibid*, Rule 9(2), “the increase is allowed @ 10% per annum on the existing rent”.

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 rent of any premises has been fixed, no further increase thereof shall be affected 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”.

Chief Officer, District Council, Sanghar, during financial years 2015-2017, failed to revise rent of Government property/shops including Flats, Offices & Hotels allotted to tenants since 2001, resulting in loss of Rs 1.245 million to public revenue, in violation of rules.

Audit was of the view that non-revision of rent in accordance with provision of Rent Act, which constituted financial indiscipline as well as non-observance of prescribed rules on the subject.

The matter was reported to managements during December 2017, 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 person(s) at fault on account of non-enhancement of rent, besides, same be revised without further delay, under intimation to audit.

[AIR Para: 3]

**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 Chairman / 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:

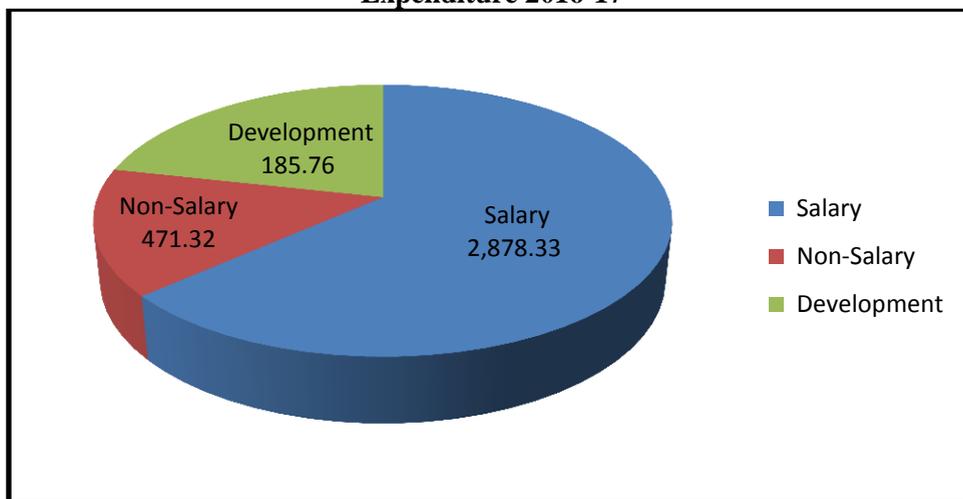
1. Prepare spatial plans for the Town including plans for land use, zoning and functions for which Municipal Corporation/Committees is responsible.
2. Exercise control over land-use, land-subdivision, land development and zoning by public and private sectors for any purpose, including agriculture, industry, 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)

(Amount in Million)

| Sr. No             | Formation         | Particulars        | Budget          | Expenditure / Revenue | Excess (+) Saving (-) |
|--------------------|-------------------|--------------------|-----------------|-----------------------|-----------------------|
| 1                  | District Sukkur   | Salary             | 1538.501        | 1693.37               | -154.869              |
|                    |                   | Non Salary         | 804.762         | 132.328               | 672.434               |
|                    |                   | Development        | 1638.961        | 100.256               | 1538.705              |
|                    |                   | Revenue            | 3102.427        | 980.376               | 2122.051              |
| 2                  | District Ghotki   | Salary             | 1,002.97        | 856.24                | 146.73                |
|                    |                   | Non Salary         | 429.48          | 204.85                | 215.97                |
|                    |                   | Development        | 380.05          | 47.02                 | 307.06                |
|                    |                   | Revenue            | 1,719.72        | 1,130.12              | 92.18                 |
| 3                  | District Khairpur | Salary             | 408.73          | 328.72                | 80.00                 |
|                    |                   | Non Salary         | 802.07          | 134.14                | 667.92                |
|                    |                   | Development        | 559.73          | 38.48                 | 521.26                |
|                    |                   | Revenue            | 1,649.41        | 769.47                | 879.94                |
| <b>Grand Total</b> |                   | <b>Salary</b>      | <b>2,950.20</b> | <b>2,878.33</b>       | <b>71.86</b>          |
|                    |                   | <b>Non Salary</b>  | <b>2,036.31</b> | <b>471.32</b>         | <b>1,556.32</b>       |
|                    |                   | <b>Development</b> | <b>2,578.74</b> | <b>185.76</b>         | <b>2,367.03</b>       |
|                    |                   | <b>Grand Total</b> | <b>7,565.25</b> | <b>3,535.40</b>       | <b>3,995.21</b>       |
|                    |                   | <b>Revenue</b>     | <b>6,471.56</b> | <b>2,879.97</b>       | <b>3,094.17</b>       |

**Expenditure 2016-17**



Original budget of Rs 7,565.25 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 2016-17 for the audited entities depicted that there was a saving of Rs 3,995.21 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:

| <b>Audit Year</b> | <b>No. of Paras</b> | <b>Status of PAC Meetings</b> |
|-------------------|---------------------|-------------------------------|
| 2014-15           | 64                  | Nil                           |
| 2015-16           | 22                  | Nil                           |
| 2016-17           | 51                  | Nil                           |

As indicated in the above table, no PAC meeting was convened to discuss the audit reports of Sukkur Division.

## 7.2 AUDIT PARAS

### 7.2.1 Fraud/Embezzlement/Misappropriation

#### 7.2.1.1 Doubtful Expenditure on on POL and repair of fire brigade Vehicles Rs 4.171 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".

The following offices of Sukkur Division incurred an expenditure amounting to Rs 4.171 million, during the financial year 2016-17, against POL & R/M on fire brigade vehicles without movement detail & tour diaries. Moreover, no fire incident was reported in the jurisdiction. Thus, the whole expenditure was rendered suspicious. Details are as under:

| [Rupees in Million] |                                   |      |         |              |
|---------------------|-----------------------------------|------|---------|--------------|
| Sr.                 | Formation                         | Para | F.Y     | Amount       |
| 1.                  | Municipal Committee, Rohri        | 8    | 2016-17 | 1.987        |
| 2.                  | Sukkur Municipal Corporation P-II | 33   | 2016-17 | 2.184        |
| <b>Total</b>        |                                   |      |         | <b>4.171</b> |

Audit was of the view that expenditure incurred was doubtful in absence of any reported fire incident due to failure and deliberate deviation from prescribed rule on the part of administrative and financial management.

The matter was reported to the management during August-December 2017, 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 person(s) at fault on account of doubtful expenditure, under intimation to audit.

[AIR Paras: 8,33]

### 7.2.1.2 Doubtful Expenditure without Supporting Vouchers Payments - Rs 1.000 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”.

Sukkur Municipal Corporation, District Sukkur, during financial year 2016-17, paid an amount of Rs 1.000 million to Deputy Commissioner, Sukkur without supporting vouchers/record to justify the expenditure, in violation of above rule. Detail is as under:

[Amount in Rupees]

| Date         | Cheque # | Voucher # | Description  | Name of Payee               | Amount           |
|--------------|----------|-----------|--|-----------------------------|------------------|
| 07/04/2017   | 19587211 | 370       | Sports activities                                      | Deputy Commissioner, Sukkur | 500,000          |
| 15/06/2017   | 20435318 | 239       | First Benazir Women Hockey Gold Cup Tournament, Sukkur | Deputy Commissioner, Sukkur | 500,000          |
| <b>Total</b> |          |           |  |                             | <b>1,000,000</b> |

Audit was of the view that doubtful expenditure was incurred without supporting record due to failure and deliberate deviation from prescribed rule on the part of administrative and financial management.

The matter was reported during December 2017, but management 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) held responsible for non-production of record in accordance with the provisions contained in Para 14 of AGP’s Ordinance 2001.

[AIR Para: 16]

## 7.2.2 Non-Production of Record

### 7.2.2.1 Non-Production of Record – Rs 764.280 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”.

Following Offices of Sukkur Division, incurred an expenditure of Rs 764.280 million, during financial years 2015-17, but failed to provide record to audit, in violation of the above rule and instructions. Details are as under:

| [Rupees in Million] |  |      |         |                |
|---------------------|--|------|---------|----------------|
| Sr.                 | Formation                                  | Para | F.Y     | Amount         |
| 1                   | District Council, Sukkur                   | 1    | 2016-17 | -              |
| 2                   | Sukkur Municipal Corporation P-I           | 1    | 2016-17 | -              |
| 3                   | Sukkur Municipal Corporation P-II          | 24   | 2016-17 | -              |
| 4                   | Municipal Committee, Rohri                 | 1    | 2016-17 | -              |
| 5                   | Town Committee, Saleh Pat                  | 1    | 2016-17 | -              |
| 6                   | Town Committee, Pano Akil                  | 1    | 2016-17 | -              |
| 7                   | District Council, Ghotki                   | 1    | 2015-17 | 101.77         |
| 8                   | Municipal Committee, Ghotki                | 1    | 2015-17 | 316.02         |
| 9                   | Municipal Committee, Mirpur Mathelo        | 1    | 2015-17 | -              |
| 10                  | Town Committee, Deharki                    | 1    | 2014-17 | 320.20         |
| 11                  | Municipal Committee, Pir Goth/Kingri, P-I  | 1    | 2016-17 | 1.79           |
| 12                  | Municipal Committee, Pir Goth/Kingri, P-II | 1    | 2016-17 | -              |
| 13                  | Town Committee, Pacca Chang/Faiz Ganj      | 1    | 2016-17 | 24.50          |
| <b>Total</b>        |  |      |         | <b>764.280</b> |

Audit was of the view that non-provision of record reflects total disregard to 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 managements during August to December 2017, 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) held responsible for non-production of record in accordance with the provisions contained in Para 14 of AGP's Ordinance 2001.

[AIR Paras: 1,1,24,1,1,1,1,1,1,1,1,1]

## 7.2.3 Irregularity / Non-Compliance

### A. Recovery, Targeted receipts/Outstanding dues

#### 7.2.3.1 Non-achievement of Targeted Receipts - Rs 43.648 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 offices of Sukkur Division, had targeted revenues of Rs 55.492 million, during financial year 2016-17. The concerned offices could only realize an amount of Rs 11.845 million, resulting into short recovery of Rs 43.648 million, in violation of above rules. Detail is provided as under:

[Amount in Million]

| Sr.          | Offices             | Description               | Targeted          | Achieved          | Short Realization |
|--------------|---------------------|---------------------------|-------------------|-------------------|-------------------|
| 1            | SMC P-I             | Revenue for own resources | 45,828,168        | 7,475,596         | 38,352,572        |
| 2            | MC, Gambat          |                           | 6,959,738         | 3,411,240         | 3,548,498         |
| 3            | MC, Pir Goth/Kingri |                           | 2,705,000         | 958,315           | 1,746,685         |
| <b>Total</b> |                     |                           | <b>55,492,906</b> | <b>11,845,151</b> | <b>43,647,755</b> |

Audit was of the view that management failed to take all out measures to realize the targeted receipts, which resulted in loss of revenue due to deliberate deviation from prescribed rule on the part.

The matter was reported to management during August-December, 2017, 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 person(s) at fault for laxity in realization of targeted revenues, under intimation to audit.

[AIR Paras: 9, 2, 10]

#### 7.2.3.2 Non-deduction of Sales Tax - Rs 23.787 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”.

Furthermore, 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”.

Moreover, as per Sub Section (1) of Section-8 of 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 13% specified in the schedule in which the taxable service is listed”, w.e.f. July, 2016.

| <b>2[Tariff</b>                       | <b>Heading</b>   | <b>Rate of tax</b> |
|---------------------------------------|--|--------------------|
| Second Schedule (Part-B)<br>9809.0000 | Services provided or rendered by persons engaged in contractual execution of work or furnishing supplies | 13% F.Y 2016-17    |

Following Offices of Sukkur Division, during financial years 2014-17, paid Rs 171.028 million, to different suppliers and contractors but failed to deduct sales tax amounting to Rs 23.787 million, in violation of above rules. Details are as under:

| [Rupees in Million] |  |                 |            |                     |                  |
|---------------------|--|-----------------|------------|---------------------|------------------|
| <b>Sr.</b>          | <b>Formation</b>                         | <b>AIR Para</b> | <b>F.Y</b> | <b>Bill Payment</b> | <b>Sales Tax</b> |
| 1                   | District Council, Ghotki                 | 3               | 2015-17    | 7.528               | 1.054            |
| 2                   | District Council, Ghotki                 | 4               | 2015-17    | 6.015               | 0.842            |
| 3                   | Municipal Committee, Ghotki              | 2               | 2015-17    | 92.132              | 12.898           |
| 4                   | Municipal Committee, Mirpur Mathelo P-I  | 2               | 2015-17    | 3.123               | 0.500            |
| 5                   | Municipal Committee, Mirpur Mathelo P-I  | 4               | 2015-17    | 2.165               | 0.325            |
| 6                   | Municipal Committee, Mirpur Mathelo P-II | 16              | 2015-17    | 31.196              | 4.367            |
| 7                   | Town Committee, Deharki                  | 2               | 2014-17    | 24.112              | 3.135            |
| 8                   | District Council, Khairpur               | 9               | 2016-17    | 4.757               | 0.666            |
| <b>Total</b>        |  |                 |            | <b>171.028</b>      | <b>23.787</b>    |

Audit was of the view that Government sustained loss due to non-deduction of sales tax which constituted financial indiscipline as well as non-observance of prescribed rules on the subject.

The matter was reported to the management during July-August 2017 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 person(s) at fault for non-deduction of sales tax. Besides, the amount be recovered without further delay, under intimation to audit.

[AIR Paras:3,4,2,2,4,16,2,9]

### 7.2.3.3 Non Recovery of Government Dues – Rs 21.942 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 Sukkur Division failed to recover outstanding dues amounting to Rs 21.942 million, during financial year 2016-17, from defaulters, in violation of above rules. Details are as under:

| <b>[Rupees in Million]</b> |  |                 |            |               |
|----------------------------|--|-----------------|------------|---------------|
| <b>Sr.</b>                 | <b>Formation</b>                         | <b>AIR Para</b> | <b>F.Y</b> | <b>Amount</b> |
| 1                          | District Council, Sukkur                 | 11              | 2016-17    | 0.177         |
| 2                          | Sukkur Municipal Corporation P-I         | 7               | 2016-17    | 9.275         |
| 3                          | Sukkur Municipal Corporation P-II        | 29              | 2016-17    | 3.572         |
| 4                          | Municipal Committee, Rohri               | 9               | 2016-17    | 2.042         |
| 5                          | Town Committee, Pano Akil                | 10              | 2016-17    | 0.466         |
| 6                          | District Council, Ghotki                 | 7               | 2015-17    | 0.706         |
| 7                          | Municipal Committee, Ghotki              | 3               | 2015-17    | 2.724         |
| 8                          | Municipal Committee, Mirpur Mathelo P-I  | 5               | 2015-17    | 1.407         |
| 9                          | Municipal Committee, Mirpur Mathelo P-II | 17              | 2015-17    | 1.573         |
| <b>Total</b>               |  |                 |            | <b>21.942</b> |

Audit was of the view that due to inaction by the management, recovery of outstanding revenue could not be affected and that also contributed towards poor financial health of these entities as well as deviation from prescribed rules on the part of management.

The matter was reported to management during August-December 2017, 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 person(s) at fault for non-

recovery of outstanding dues. Besides, recovery be made without further delay, under intimation to audit.

[AIR Paras: 11,7,29,9,10,7,3,5,17]

#### 7.2.3.4 Less Deposit of Income Tax - Rs 4.292 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”.

Chief Officer, District Council, Ghotki @ Mirpur Mathelo and Chief Municipal Officer, Municipal Committee, Ghotki deducted income tax amounting to Rs 6.768 million, during financial years 2015-17, from the contractors/employees. Out of which, an amount of Rs. 2.476 million deposited into government treasury, resulting into short deposit of Rs 4.292 million, in violation of above rules. Details are as under:

(Amount in Rupees)

| Sr.          | Name of Offices  | Year    | AIR Para | Tax Due          | Tax Deposited    | Less Deposited   |
|--------------|--|---------|----------|------------------|------------------|------------------|
| 1            | Chief Officer, District Council, Ghotki @ Mirpur Mathelo | 2016-17 | 6        | 410,334          | 225,787          | 184,547          |
| 2            | Municipal Committee, Ghotki                              | 2015-16 | 4        | 6,357,779        | 2,250,661        | 4,107,118        |
| <b>Total</b> |  |         |          | <b>6,768,113</b> | <b>2,476,448</b> | <b>4,291,665</b> |

Audit was of the view that management unauthorizedly retained deducted tax due to deliberate deviation from prescribed rule on the part of administrative and financial management.

The matter was reported to managements during July-August 2017, 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 person(s) at fault for unauthorized retention of Government revenue, besides, the balance amount be deposited into Government account without further delay, under intimation to audit.

[AIR Paras: 6,4]

### 7.2.3.5 Loss due to Less/Non-Recovery of Income Tax - Rs 1.110 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”.

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 |

Following Offices of Sukkur Division, during financial years 2015-17, less / non-deducted income tax amounting to Rs 1.110 million, in violation of above rules. Details are as under:

(Amount in Million)

| Sr.          | Name of Office   | Year    | AIR Para | I.Tax Due         | I.Tax Deducted   | I.Tax Less Deducted |
|--------------|--|---------|----------|-------------------|------------------|---------------------|
| 1            | Chief Officer, District Council, Ghotki @ Mirpur Mathelo | 2016-17 | 5        | 597,714           | 210,553          | 387,161             |
| 2            | Municipal Committee, Mirpur Mathelo                      |         | 3        | 425,021           | 213,559          | 211,462             |
| 3            | Chief Officer, District Councils, Sukkur                 | 2016-17 | 5        | 27,277,167        | 3,327,167        | 341,967             |
|              |  | 2015-16 |          | 20,576,855        | 2,226,855        | 169,257             |
| <b>Total</b> |  |         |          | <b>48,876,757</b> | <b>5,978,134</b> | <b>1,109,847</b>    |

Audit was of the view that management failed to withhold tax on prescribed rates due to deliberate deviation from prescribed rule on the part of administrative and financial management.

The matter was reported to managements during August-December 2017, 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 person(s) at fault for less deduction of income tax, besides, recovery be made without further delay, under intimation to audit.

[AIR Paras: 5,3, 5]

## B. Violation of Rules

### 7.2.3.6 Irregular Payment of Pension without Supporting Documents Rs 567.784 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 accompany 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”.

Further, 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”.

Following offices of Sukkur Division, during financial years 2014-17, paid a huge amount of Rs 567.784 million to the staff and other person(s) on account of pension, without obtaining their Life Certificates and no marriage certificates, etc from family pensioners. Details are as under:

[Amount in Million]

| Sr.          | Name of Offices                     | Para | F.Y     | Amount         |
|--------------|-------------------------------------|------|---------|----------------|
| 1.           | District Council, Sukkur            | 2    | 2016-17 | 66.015         |
| 2.           | Sukkur Municipal Corporation P-I    | 2    | 2016-17 | 100.965        |
| 3.           | Sukkur Municipal Corporation P-II   | 25   | 2016-17 | 7.014          |
| 4.           | Municipal Committee, Rohri          | 3    | 2016-17 | 46.328         |
| 5.           | Town Committee, Saleh Pat           | 2    | 2016-17 | 0.316          |
| 6.           | Town Committee, Pano Akil           | 2    | 2016-17 | 7.246          |
| 7.           | District Council, Ghotki            | 12   | 2015-17 | 4.367          |
| 8.           | Municipal Committee, Mirpur Mathelo | 7    | 2015-17 | 3.657          |
| 9.           | Town Committee, Daharki             | 3    | 2014-17 | 320.00         |
| 10.          | Town Committee, Deharki             | 7    | 2014-17 | 5.231          |
| 11.          | Municipal Committee, Gambat         | 1    | 2016-17 | 4.342          |
| 12.          | Municipal Committee, Gambat         | 17   | 2016-17 | 2.303          |
| <b>Total</b> |                                     |      |         | <b>567.784</b> |

Audit was of the view that payment of pension to retired employees/families of deceased employees without personal appearance and fulfilling codal formalities due to failure and deliberate deviation from prescribed rule on the part of administrative and financial management.

The matter was reported to the management during August-December, 2017 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 person(s) at fault for payments without completion of codal formalities, under intimation to audit.

[AIR Paras: 2,2,25,3,2,2,12,7,3,7,1,17]

### **7.2.3.7 Irregular Award of Work to Unregistered Contractors Rs 377.181 Million**

According to SGA&CD, Govt of Sindh Notification No.SORI(SGA&CD)2-30/2010 Dated: 23<sup>rd</sup> October, 2014, Amendment in Rule 46, Sub-rule(1), for clause (iii) of SPPRA Rules 2010, “registration with the Federal Board of Revenue (FBR), for Income Tax, Sales Tax in case of procurement of goods, registration with the Sindh Revenue Board in case of procurement of Works and Services and registration with Pakistan Engineering Council where applicable”, is required to be provided by the contractors.

Following formations of Sukkur Division, during financial year 2016-17, awarded various works amounting to Rs 377.181 million, to contractors who were not registered with Sindh Revenue Board and Pakistan Engineering Council, in violation of above rule. Details are as under:

[Amount in Million]

| <b>Sr.</b>   | <b>Name of Offices</b>           | <b>AIR Para</b> | <b>Amount</b>  |
|--------------|----------------------------------|-----------------|----------------|
| 5.           | Sukkur Municipal Corporation P-I | 19              | 305.572        |
| 6.           | Municipal Committee, Rohri       | 18              | 10.416         |
| 7.           | Town Committee, Saleh Pat        | 8               | 10.000         |
| 8.           | Town Committee, Saleh Pat        | 13              | 33.000         |
| 9.           | Town Committee, Pano Akil        | 16              | 13.532         |
| 10.          | District Council, Khairpur       | 5               | 4.661          |
| <b>Total</b> |                                  |                 | <b>377.181</b> |

Audit was of the view that management granted undue favour to unregistered contractors due to deliberate deviation from prescribed rule on the part of administrative and financial management.

The matter was reported to managements during August- December, 2017, 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 person(s) at fault for awarding work to unregistered contractors, under intimation to audit.

[AIR Paras: 19, 18, 8, 13, 16, 5]

### **7.2.3.8 Unauthorized Creation of Salary & Pension Liabilities Rs 223.389 Million**

As per Rule 106 (02) of the Sindh Local Government Act, 2013, “The moneys credited to the local fund shall be applied in the order of the following preferences: - Firstly, in the payment of salaries and allowances to the servants of the councils”.

Further, as per Para 5 of Notification No.PS/AS(LG)/1-2/2016 dated 28-12-2016, “all the Councils are requested to clear the pensionary dues and pay regular salary to employees without fail in case of failure disciplinary action will be taken for not compliance of orders of Honorable Court and this department regarding pensionary benefits and salaries to the employees of Local Councils”.

Various formations of Sukkur Division, during financial years 2016-17, failed to pay salary and gratuity amounting to Rs 223.389 million, thus created liabilities, in violation of above rule. Details are as under:

| [Amount in Rupees] |                                      |                 |                |
|--------------------|--------------------------------------|-----------------|----------------|
| <b>Sr.</b>         | <b>Name of Offices</b>               | <b>AIR Para</b> | <b>Amount</b>  |
| 1                  | Sukkur Municipal Corporation P-I     | 11              | 104.648        |
| 2                  | District Council, Khairpur           | 1               | 114.000        |
| 3                  | Municipal Committee, Pir Goth/Kingri | 3               | 4.741          |
| <b>Total</b>       |                                      |                 | <b>223.389</b> |

Audit was of the view that expenditure was incurred without proper planning to ensure availability of budget, resulted into creation of liabilities, which constituted financial indiscipline as well as non-observance of prescribed rules on the subject.

The matter was reported to the management during August-December, 2017, 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 person(s) at fault for creation of liabilities. Besides, steps be taken to clear the claims of the employees without further delay, under intimation to audit.

[AIR Paras:11,1,3]

### **7.2.3.9 Loss to Government due to Non-revision of Rent of Council Property - Rs 183.595 Million**

According to Sub Section (1) of Section 9 of Sindh Rental Premises Ordinance 1979, “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”.

Following offices of Sukkur Division, during financial year 2016-17, failed to revise rent of Government property/shops allotted to various tenants, resulting into loss of public revenue amounting to Rs 183.595 million, in violation of rules. Details are as under:

| [Amount in Million] |                                  |                 |                |
|---------------------|----------------------------------|-----------------|----------------|
| <b>Sr.</b>          | <b>Name of Offices</b>           | <b>AIR Para</b> | <b>Amount</b>  |
| 1                   | Sukkur Municipal Corporation P-I | 8               | 182.723        |
| 2                   | Town Committee, Pano Akil        | 9               | 0.872          |
| <b>Total</b>        |                                  |                 | <b>183.595</b> |

Audit was of the view that non-revision of rent resulted into undue favour to tenants and loss of Government revenue due to deliberate deviation from prescribed rule on the part of administrative and financial management.

The matter was reported to managements during August- December 2017, 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 person(s) at fault on account of non-enhancement of rent, besides, same be revised in accordance with relevant provisions of law without further delay, under intimation to audit.

[AIR Paras: 8.9]

### **7.2.3.10 Non-hoisting of Bid Evaluation Report on SPPRA Website Rs 118.900 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”.

Municipal Committee, Ghotki, during financial year 2016-17, awarded works amounting to Rs 118.900 million, but failed to hoist bid evaluation reports on authority’s website, in violation of the above rule.

Audit was of the view that violation of SPPR rule resulted into non-transparency in the award of contracts which is a deviation from prescribed rules on the part of management.

The matter was reported to management during December, 2017, 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 person(s) at fault on management for non-hoisting of bid evaluation reports, under intimation to audit.

[AIR Para: 15]

### **7.2.3.11 Unauthorized Appointment of Contractual Staff- Rs 86.700 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 Sukkur Division, during financial years 2014-17, made contract appointments without going through prescribed procedures, and incurred

expenditure of Rs 86.700 million on account of their salaries, in violation of the above rules. Moreover, payment of salaries was not made by cheques in contravention of standing order by the Government. Details are as under:

| [Amount in Million] |                                      |          |         |               |
|---------------------|--------------------------------------|----------|---------|---------------|
| Sr.                 | Name of Offices                      | AIR Para | F.Y     | Amount        |
| 1                   | Sukkur Municipal Corporation P-II    | 28       | 2016-17 | 12.494        |
| 2                   | Municipal Committee, Rohri           | 2        | 2016-17 | 32.656        |
| 3                   | CODC, Ghotki                         | 23       | 2015-17 | 1.822         |
| 4                   | Town Committee, Deharki              | 12       | 2014-17 | 7.535         |
| 5                   | CODC, Khairpur                       | 6        | 2016-17 | 1.000         |
| 6                   | Municipal Committee, Gambat          | 6        | 2016-17 | 13.06         |
| 7                   | Municipal Committee, Gambat          | 19       | 2016-17 | 3.000         |
| 8                   | Municipal Committee, Pir Goth/Kingri | 6        | 2016-17 | 8.483         |
| 9                   | Town Committee, Pacca Chang          | 6        | 2016-17 | 6.646         |
| <b>Total</b>        |                                      |          |         | <b>86.696</b> |

Audit was of the view that irregular appointments and payment of subsequently, was due to disregard and deliberate deviation from prescribed rule on the part of administrative and financial management.

The matter was reported to the management during August- December, 2017 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 person(s) at fault for making appointments without following prescribed procedures, under intimation to audit.

[AIR Paras:28,2,23,12,6,6,19,6,6]

### **7.2.3.12 Splitting of Work Orders to Avoid Tender - Rs 65.258 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 2014-17, incurred expenditure amounting to Rs 65.258 million by way of splitting to avoid tender, in violation above rules. Details are as under:

| [Rupees in Million] |                                      |          |         |               |
|---------------------|--------------------------------------|----------|---------|---------------|
| Sr.                 | Name of formation                    | Para no. | Year    | Amount        |
| 1                   | Sukkur Municipal Corporation P-I     | 20       | 2016-17 | 7.485         |
| 2                   | Sukkur Municipal Corporation P-II    | 36       | 2016-17 | 1.890         |
| 3                   | Town Committee, Pano Akil            | 17       | 2016-17 | 5.361         |
| 4                   | District Council, Ghotki             | 26       | 2015-17 | 18.605        |
| 5                   | Municipal Committee, Mirpur Mathelo  | 10       | 2015-17 | 5.200         |
| 6                   | Town Committee, Deharki              | 11       | 2014-17 | 20.107        |
| 7                   | Municipal Committee, Pir Goth/Kingri | 4        | 2016-17 | 1.423         |
| 8                   | Municipal Committee, Gambat          | 4        | 2016-17 | 2.45          |
| 9                   | Municipal Committee, Gambat          | 18       | 2016-17 | 2.737         |
| <b>Total</b>        |                                      |          |         | <b>65.258</b> |

Audit was of the view that splitting of works deprived the Government from achieving best competitive rates due to failure and deliberate deviation from prescribed rule on the part of administrative and financial management.

The matter was reported to the management during August-December, 2017 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 person(s) at fault on account of procurements/execution of works without calling tenders, under intimation to audit.

[AIR Paras:20,36,17,26,10,11,4,4,18]

### **7.2.3.13 Unauthorized Expenditure without Pre-Audit of Vouchers Rs 59.691 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 Sukkur Division, during financial years 2015-17, incurred an expenditure of Rs 59.691 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                   | District Council, Ghotki            | 8      | 2015-17 | 8.796         |
| 2                   | District Council, Ghotki            | 18     | 2015-17 | 5.150         |
| 3                   | Municipal Committee, Ghotki         | 5      | 2015-17 | 16.034        |
| 4                   | Municipal Committee, Mirpur Mathelo | 6      | 2015-17 | 29.711        |
| <b>Total</b>        |                                     |        |         | <b>59.691</b> |

Audit was of the view that payments without pre-audit resulted into unauthorized expenditure as well as deviation from prescribed rules on the part of management.

The matter was reported to managements during August to December 2017 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 person(s) at fault for making payments without pre-audit, under intimation to audit.

[AIR Paras:8,18,5,6]

#### **7.2.3.14 Irregular Execution of Development Schemes in Absence of Procurement Committee– Rs 52.500 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 ofBPS-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.”

Town Committee, Saleh Pat, Sukkur Division, during financial year 2016-17, awarded development schemes costing Rs 52.500 million, without constitution of procurement committee, in violation of above rule. Details are provided at Annex-Suk1.

Audit was of the view that award of works without constitution of procurement committee resulted into unauthorized and unjustified award of work due to failure and deliberate deviation from prescribed rule on the part of administrative and financial management.

The matter was reported to management during December 2017, 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 person(s) at fault for non-constitution of procurement committee, under intimation to audit.

[AIR Para: 20]

### **7.2.3.15 Non-Transparency in POL Spending– Rs 50.710 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”.

Following offices of Sukkur Division, incurred expenditure amounting to Rs 50.710 million, during 2013-15, on purchase of POL for official vehicles/machineries but did not prepare Log Books, Vehicle Maintenance Record, History Sheets and Petrol account Registers, in violation of above rule. Details are as under:

| [Rupees in Million] |                                     |                 |             |               |
|---------------------|-------------------------------------|-----------------|-------------|---------------|
| <b>Sr.</b>          | <b>Name of formation</b>            | <b>Para no.</b> | <b>Year</b> | <b>Amount</b> |
| 1                   | District Council, Sukkur            | 3               | 2015-17     | 0.216         |
| 2                   | Sukkur Municipal Corporation P-I    | 3               | 2016-17     | 4.351         |
| 3                   | Sukkur Municipal Corporation P-II   | 26              | 2016-17     | 4.477         |
| 4                   | Municipal Committee, Rohri          | 7               | 2016-17     | 4.331         |
| 5                   | Town Committee, Saleh Pat           | 3               | 2016-17     | 3.861         |
| 6                   | Town Committee, Pano Akil           | 3               | 2016-17     | 7.726         |
| 7                   | District Council, Ghotki            | 9               | 2015-17     | 0.582         |
| 8                   | District Council, Ghotki            | 25              | 2015-17     | 0.669         |
| 9                   | Municipal Committee, Ghotki         | 7               | 2015-17     | 6.306         |
| 10                  | Municipal Committee, Mirpur Mathelo | 8               | 2015-17     | 2.099         |

[Rupees in Million]

| Sr.          | Name of formation                    | Para no. | Year    | Amount        |
|--------------|--------------------------------------|----------|---------|---------------|
| 11           | Town Committee, Deharki              | 5        | 2014-17 | 7.757         |
| 12           | District Council, Khairpur           | 4        | 2016-17 | 1.075         |
| 13           | Municipal Committee, Gambat          | 7        | 2016-17 | 2.405         |
| 14           | Municipal Committee, Pir Goth/Kingri | 7        | 2016-17 | 2.042         |
| 15           | Town Committee, Pacca Chang          | 7        | 2016-17 | 2.813         |
| <b>Total</b> |                                      |          |         | <b>50.710</b> |

Audit was of the view that payment made without supporting documents, resulted into unjustified expenditure due to deliberate deviation from prescribed rule on the part of administrative and financial management.

The matter was reported to the management during August-December, 2017. The PAO also failed to convene the DAC meeting despite pursuance by audit.

Audit recommends that responsibility be fixed against person(s) at fault for incurring expenditure without supporting record. Besides, the same be prepared and produced for audit verification.

[AIR Paras:3,3,26,7,3,3,9,7,8,5,4,7,7,7]

### **7.2.3.16 Irregular Execution of Works without Contract Agreement Rs 38.341 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”.

Following formations of Sukkur Division, during financial year 2016-17, awarded contracts and released payments to various contractors against development works costing Rs 38.341 million, without execution of contract agreements, in violation of the above rule. Details are as under:

[Rupees in Million]

| Sr.          | Name of Offices           | Para | Year    | Amount        |
|--------------|---------------------------|------|---------|---------------|
| 1            | Town Committee, Saleh Pat | 11   | 2016-17 | 22.200        |
| 2            | Town Committee, Pano Akil | 18   | 2016-17 | 16.141        |
| <b>Total</b> |                           |      |         | <b>38.341</b> |

Audit was of the view that management mis-used its authority at the cost of public interest and government interest was not safeguard as well as deviation from prescribed rules on the part of management.

The matter was reported to managements during August- December 2017, 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 person(s) at fault for execution of schemes and making payment without execution of contract agreements, under intimation to audit.

[AIR Paras: 11,18]

### **7.2.3.17 Irregular Procurements without Inviting Open Tenders Rs 36.936 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 Sukkur Division, during financial years 2015-17, incurred expenditure amounting to Rs 36.936 million without calling open tenders, in violation above rules. Details are as under:

| [Rupees in Million] |                                      |                 |             |               |
|---------------------|--------------------------------------|-----------------|-------------|---------------|
| <b>Sr.</b>          | <b>Name of formation</b>             | <b>Para no.</b> | <b>Year</b> | <b>Amount</b> |
| 1                   | Sukkur Municipal Corporation P-I     | 22              | 2016-17     | 5.238         |
| 2                   | District Council, Ghotki             | 10              | 2015-17     | 8.116         |
| 3                   | Municipal Committee, Ghotki          | 6               | 2015-17     | 21.276        |
| 4                   | Municipal Committee, Pir Goth/Kingri | 2               | 2016-17     | 2.304         |
| <b>Total</b>        |                                      |                 |             | <b>36.934</b> |

Audit was of the view that managements incurred unauthorized expenditure and awarded works in a non-transparent manner by deliberate deviating from prescribed rule on the part of administrative and financial management.

The matter was reported to managements during August- December 2017, 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 person(s) at fault for expenditure without call tenders, under intimation to audit.

[AIR Paras:22,10,6,2]

### **7.2.3.18 Irregular Execution of Works without Technical Sanction Rs 35.565 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”.

Town Committee, Saleh Pat and Town Committee, Pano Akil executed works worth Rs 35.565 million, during financial year 2016-17, without obtaining technical sanction from competent authorities, in violation of the above rules. Details are as under:

[Rupees in Million]

| <b>Sr.</b>   | <b>Name of Offices</b>    | <b>Para</b> | <b>Year</b> | <b>Amount</b> |
|--------------|---------------------------|-------------|-------------|---------------|
| 1            | Town Committee, Saleh Pat | 14          | 2016-17     | 26.000        |
| 2            | Town Committee, Saleh Pat | 18          | 2016-17     | 1.253         |
| 3            | Town Committee, Pano Akil | 22          | 2016-17     | 8.312         |
| <b>Total</b> |                           |             |             | <b>35.565</b> |

Audit was of the view that award of work without sanction of detailed design and estimate from competent authority resulted into unauthorized expenditure as well as deviation from prescribed rules on the part of management.

The matter was reported to managements during August- December 2017, 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 person(s) at fault for execution of works without obtaining technical sanction, under intimation to audit.

[AIR Paras: 14,18,22]

### **7.2.3.19 Non-accountal of Purchased Material in Stock Register Rs 24.686 Million**

According to 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”.

Following formations of Sukkur Division, during financial years 2014-17, purchased Electric Material, Sanitation Material, Furniture, Hand Pumps, Stationery, Main Hole Covers etc valuing Rs. 24.686 million, but the same were not accounted for in relevant stock register, in violation of above rule . Further, in absence of stock register distribution of material could not be ascertained. Details are as under:

| [Rupees in Million] |                                     |          |         |               |
|---------------------|-------------------------------------|----------|---------|---------------|
| Sr.                 | Name of formation                   | Para no. | Year    | Amount        |
| 1                   | District Council, Ghotki            | 13       | 2015-17 | 1.479         |
| 2                   | Municipal Committee, Ghotki         | 19       | 2015-17 | 12.022        |
| 3                   | Municipal Committee, Mirpur Mathelo | 14       | 2015-17 | 2.148         |
| 4                   | Town Committee, Deharki             | 23       | 2014-17 | 6.789         |
| 5                   | District Council, Khairpur          | 7        | 2016-17 | 1.059         |
| 6                   | Municipal Committee, Gambat         | 8        | 2016-17 | 1.189         |
| <b>Total</b>        |                                     |          |         | <b>24.686</b> |

Audit was of the view that failure of management to comply with the rules reflected deliberate deviation from prescribed rules on the part of management.

The matter was reported to management during August-December 2017 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 person(s) at fault for not entering the stock in relevant registers. Besides, material purchased be accounted for in relevant stock register and be produced to audit for verification.

[AIR Paras: 13,19,14,23,7,8]

### **7.2.3.20 Irregular Payments to Inland Revenue without Reconciliation Rs 14.353Million**

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.”

Furthermore, as under Rule-100 of Sindh Purchase Manual, “The consolidated accounts of the controlling officer have to be reconciled/verified monthly with the accounts of the Government treasury. 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.”

Following offices of Sukkur Division, during financial year 2016-17, paid an amount of Rs 14.353 million to Inland Revenue, on account of income tax / sales tax, but management failed to reconcile the income tax/sales tax deducted and deposited with income tax department, in violation of above rule. Details are as under:

| [Amount in Rupees] |                                       |      |         |               |
|--------------------|---------------------------------------|------|---------|---------------|
| Sr.                | Name of Offices                       | Para | F.Y     | Amount        |
| 1                  | Municipal Committee, Rohri            | 16   | 2016-17 | 8.384         |
| 2                  | Municipal Committee, Gambat           | 3    | 2016-17 | 2.216         |
| 3                  | Town Committee, Pacca Chang/Faiz Ganj | 3    | 2016-17 | 3.753         |
| <b>Total</b>       |                                       |      |         | <b>14.353</b> |

Audit was of the view that management failed to reconcile the amount of taxes, resulting into non-transparency in management of public funds which constituted financial indiscipline as well as non-observance of prescribed rules on the subject.

The matter was reported to managements during August-December 2017, 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 person(s) at fault for non-reconciliation of payments made to Inland Revenue, besides, necessary reconciliation be made, under intimation to audit.

[AIR Paras: 16,3,3]

### **7.2.3.21 Purchase of Physical Assets during BanPeriod - Rs 13.103 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 & luxury items like air conditioners, furniture, computer etc from non-development budget”.

According to Government of Sindh, Finance Department notification No.FD/B&E-I/2(360)/BAN/2012-13 dated 17-05-2013 (b) “There shall be a complete ban on procurement of furniture, computers etc from non-development budget”.

Following offices of Sukkur Division, during 2016-17, incurred an expenditure of Rs 13.103 million, on purchase of vehicles, motor cycles & physical assets during ban period, in violation of Government instructions. Details are as under:

| [Amount in Rupees] |                                  |      |         |               |
|--------------------|----------------------------------|------|---------|---------------|
| Sr.                | Name of Offices                  | Para | F.Y     | Amount        |
| 1                  | Sukkur Municipal Corporation P-I | 14   | 2016-17 | 11.931        |
| 2                  | District Council, Khairpur       | 2    | 2016-17 | 1.172         |
| <b>Total</b>       |                                  |      |         | <b>13.103</b> |

Audit was of the view that non-observance of Government directives on purchases was due to deliberate deviation from prescribed rule on the part of administrative and financial management.

The matter was reported to the management during August-December 2017, 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 person(s) at fault for purchases during ban period, under intimation to audit.

[AIR Para: 14,2]

### **7.2.3.22 Non-imposition of Penalty– Rs 11.087 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 Sukkur Division, during financial year 2016-17, executed development works amounting Rs 110.873 million, but the contractors failed to complete the same within stipulated time. The management did not impose the penalty @ 10% of total cost amounting to Rs 11.087 million, in violation of above rule. Details are as under:

(Rupees in Million)

| Sr.          | Name of Formations        | Para | F.Y     | Est. Cost      | Amount        |
|--------------|---------------------------|------|---------|----------------|---------------|
| 1            | Town Committee, Saleh pat | 10   | 2016-17 | 78.200         | 7.820         |
| 2            | Town Committee, Pano Akil | 20   | 2016-17 | 32.673         | 3.267         |
| <b>Total</b> |                           |      |         | <b>110.873</b> | <b>11.087</b> |

Audit was of the view that undue favour was extended to contractors due to failure and deliberate deviation from prescribed rule on the part of administrative and financial management.

The matter was reported to management during August- December, 2017, 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 person(s) at fault for non-imposing of penalty on contractors for non-completion of works on time. Besides, the amount be recovered without further delay, under intimation to audit.

[AIR Paras: 10,20]

### **7.2.3.23 Wasteful Expenditure on Outsourcing of Sanitation Works Rs 7.502 Million**

According to Section-72 Schedule-II (part-II) rule 1-16 of Sindh Local Govt. Act.2013, Compulsory fuctions 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; fire fighting, 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 offices of Sukkur Division, during financial year 2016-17, incurred an expenditure of Rs 7.502 million on silt clearance and earth filling, despite having large number of available sanitation staff, in violation of above rule. Details are as under:

| [Amount in Million] |                                   |      |         |              |
|---------------------|-----------------------------------|------|---------|--------------|
| Sr.                 | Name of Offices                   | Para | F.Y     | Amount       |
| 1                   | Sukkkur Municipal Corporation P-I | 18   | 2016-17 | 1.784        |
| 2                   | Town Committee, Saleh Pat         | 6    | 2016-17 | 1.219        |
| 3                   | Town Committee, Pano Akil         | 14   | 2016-17 | 2.358        |
| 4                   | Town Committee, Pano Akil         | 15   | 2016-17 | 2.141        |
| <b>Total</b>        |                                   |      |         | <b>7.502</b> |

Audit was of the view that in presence of large number of sanitary workers, the expenditure on outsourcing of sanitation work is un-justified due to deliberate deviation from prescribed rule on the part of administrative and financial management.

The matter was reported to the management during August-December 2017, 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 person(s) at fault for unjustified expenditure and for non-utilization of sanitation staff, under intimation to audit.

[AIR Paras: 18,6,14,15]

#### **7.2.3.24 Unjustified Purchase of Electric Material- Rs 6.766 Million**

As per Rule-23 of General Financial Rules Volume-I, “Every Government officer should realize fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part and 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 that every public officer is expected to exercise the same vigilance in respect of expenditure incurred from public money as a person of ordinary prudence would exercise in respect of expenditure of his own money.

Municipal Committee, Ghotki, Sukkur Division, during 2016-17 paid Rs. 6.766 million on account of purchase of electric materials. Audit pointed out following irregularities.

1. Relevant details of large number of purchased Lights, Poles, Savers, Bulbs, Wires etc was not provided

2. The Electric material was purchased without indent received from concerned department / incharge
3. Same was purchased on quotation basis
4. Location for installation of purchased electric material was not indicated
5. Purchased material was not accounted for in relevant stock register as per Government instructions
6. No detail of old electric material was provided
7. Proper detail/planning map was not provided
8. No proper indent, issuance & usage of electric material was available
9. No officer was deputed to monitor the usage of electric material
10. No procurement committee was found available on record

From the above irregularities it is assumed that fake Process for purchase of electric material was undertaken. Details are provided at Annex-Suk2.

Audit was of the view that unjustified expenditure was made due to failure and deliberate deviation from prescribed rule on the part of administrative and financial management.

The matter was reported to the management during December, 2017 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 may be investigated & the non-observance of Government rules and procedures by the management may please be explained to audit.

[AIR Para: 11]

### **7.2.3.25 Execution of Works without Recording in Measurement Books Rs 5.885 Million**

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”.

Town Committee Saleh Pat, Sukkur Division, during financial year 2016-17, incurred an expenditure amounting to Rs 5.885 million on account of various development schemes, but failed to record the same in measurement books. Details are as

under:

[Amount in Rupees]

| Sr.          | Cheque # | Date       | Name of Scheme   | Name of Contractor | Amount           |
|--------------|----------|------------|--|--------------------|------------------|
| 1            | 17416653 | 16/08/2016 | Rehabilitation/Reconditioning of Metalled Road from Arrore Bachal Shah upto Saleh Pat, Sikandarabad Road, via Dargah Himmat Shah, RD-151 | M/s. Sharaf-uddin  | 3,348,929        |
| 2            | 17416688 | 9/9/2016   | Supply of Furniture for Office of Town Committee, Saleh Pat  | M/s. Hanif E/P     | 1,055,800        |
| 3            | 19779613 | 15/05/2017 | Construction of Green Belt from Sajjad Cotton Factory to MRA Petroleum Saleh Pat   | M/s. Trade Link    | 1,479,922        |
| <b>Total</b> |          |            |  |                    | <b>5,884,651</b> |

Audit was of the view that execution of work, without recording the work done in MBs resulted into irregular execution of work due to failure and deliberate deviation from prescribed rule on the part of administrative and financial management.

The matter was reported to management during December, 2017, 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 person(s) at fault for payment without recording in Measurement Book (MBs), under intimation to audit.

[AIR Para: 23]

### **7.2.3.26 Expenditure without Budget Grant – Rs 5.623 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”.

Following offices of Sukkur Division, during financial year 2016-17, incurred expenditure amounting to Rs 5.623 million without any budget grant in respective head of accounts, in violation of above rule. Details are as under:

| [Amount in Million] |                                  |             |            |               |
|---------------------|----------------------------------|-------------|------------|---------------|
| <b>Sr.</b>          | <b>Name of Offices</b>           | <b>Para</b> | <b>F.Y</b> | <b>Amount</b> |
| 1                   | Sukkur Municipal Corporation P-I | 15          | 2016-17    | 3.201         |
| 2                   | MC Rohri                         | 17          | 2016-17    | 2.422         |
| <b>Total</b>        |                                  |             |            | <b>5.623</b>  |

Audit was of the view that management failed to comply rules and procedures set forth by the Government which constituted financial indiscipline as well as non-observance of prescribed rules on the subject.

The matter was reported to managements during August- December 2017, 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 person(s) at fault, under intimation to audit.

[AIR Paras: 15,17]

### **7.2.3.27 Irregular and Unjustified out of Turn Promotions without Codal Formalities**

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”.

During the audit of financial year 2016-17 of Municipal Committee, Rohri, Sukkur Division, it was observed that various employees were awarded out of turn promotions, without considering the seniority lists, sanctioned posts & other codal formalities. Further, personal files and service books of the said officials and details of promotions were not produced, in violation of above rules.

Audit was of the view that management failed to comply with the orders of Honorable Supreme Court of Pakistan on the subject due to failure and deliberate deviation from prescribed rule on the part of administrative and financial management.

The matter was reported to the management during December 2017, 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 person(s) at fault for out of turn promotions and appropriate remedial action be taken, under intimation to audit.

[AIR Para: 04]

### **7.2.3.28 Unauthorized Appointments Over and Above the Sanctioned Posts**

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 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.”

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.

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”.

District Council, Ghotki, Sukkur Division, appointed various staff without approval of competent authority, which was over and above the sanctioned strength of the office, in violation of above rules. Details are provided at Annex-Suk3.

Audit was of the view that appointment of staff over and above the sanctioned strength resulted into unauthorized expenditure due to failure and deliberate deviation from prescribed rule on their part.

The matter was reported to the management during October 2017, 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 person(s) at fault for appointment of staff in excess of sanctioned posts, under intimation to audit.

[AIR Paras: 21,22]

### **7.2.3.29 Non-maintenance of Property Register**

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 of 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”.

Following formations of Sukkur Division, during financial years 2014-17, failed to maintain record of Government property (worth millions of rupees), in violation of above rule. The audit has found that in many formations, there are reports of Government property being encroached upon.

| <b>Sr.</b> | <b>Name of Formation</b>            | <b>AIR Para</b> | <b>F.Y</b> |
|------------|-------------------------------------|-----------------|------------|
| 1          | Municipal Committee, Mirpur Mathelo | 15              | 2015-17    |
| 2          | Town Committee, Deharki             | 25              | 2014-17    |

Audit was of the view that the absence of property record reflects poor asset management and incomplete financial transactions. Further, in absence of relevant record encroachment cannot be defended in court of law due to failure and deliberate deviation from prescribed rule on the part of administrative and financial management.

The matter was reported to the management during August-December, 2017 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 person(s) at fault for non-maintenance of valuable property record. Besides, the same be prepared without further delay, under intimation to audit.

[AIR Paras: 15,25]

### **7.2.3.30 Illegal Occupation of Government Property**

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 Sindh Public Property (Removal of Encroachment) Bill, 2010, Section 5(1), “If any person refuses or fails to vacate the public property or remove the structure raised thereon after three days from the order under section 3 duly served on him, or if review petition is filed against such order, after such review petition is dismissed, he shall be evicted by such force as may be necessary, by an officer authorized by Government in this behalf and the structure, if any, raised by such person on the public property shall vest in Government, Council, autonomous body, or registered Cooperative Society as the case may be”.

During the audit of District Council, Khairpur, for the financial year 2016-17 and scrutiny of the detail of property record (bungalows and quarters), it was revealed that government bungalows and quarters were under illegal and un-authorized occupation of unentitled person(s). Details are provided in annex-Suk4.

Audit was of the view that management failed to protect public property from unauthorized occupation and did not take any action for vacation of these bungalows and quarters. Moreover, government was deprived of revenue on account of rent.

The matter was reported to the management during December 2017, 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 person(s) at fault for non-vacation of Government property and not initiating legal action against unauthorized occupants. Moreover, immediate action be taken to get the government property vacated, under intimation to audit.

[AIR Para: 8]

### **7.2.3.31 Loss to Government due to Missing Government Vehicle**

As per Rule-23 of General Financial Rules Volume-I, “Every Government officer should realize fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part and 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 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 scrutiny of budget book and detail of vehicles, it was noticed in Town Committee, Pacca Chang/Faiz Ganj that one Toyota Hilux 4x4 purchased in financial year 2015-16, was taken away by Ex-Town Officer on his transfer to another place. Management of Town Committee Pacca Chang neither recovered the vehicle from concerned officer nor took legal action for unauthorized retention of the vehicle, in violation of above rule.

Audit was of the view that management failed to take any action against unauthorized retention of vehicle by transferred by deviating from prescribed rules.

The matter was reported to the management during December 2017, 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 person(s) at fault for not recovering the Government vehicle from ex-officer. Besides, same be recovered without further delay, under intimation to audit.

[AIR Para: 8]

**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.

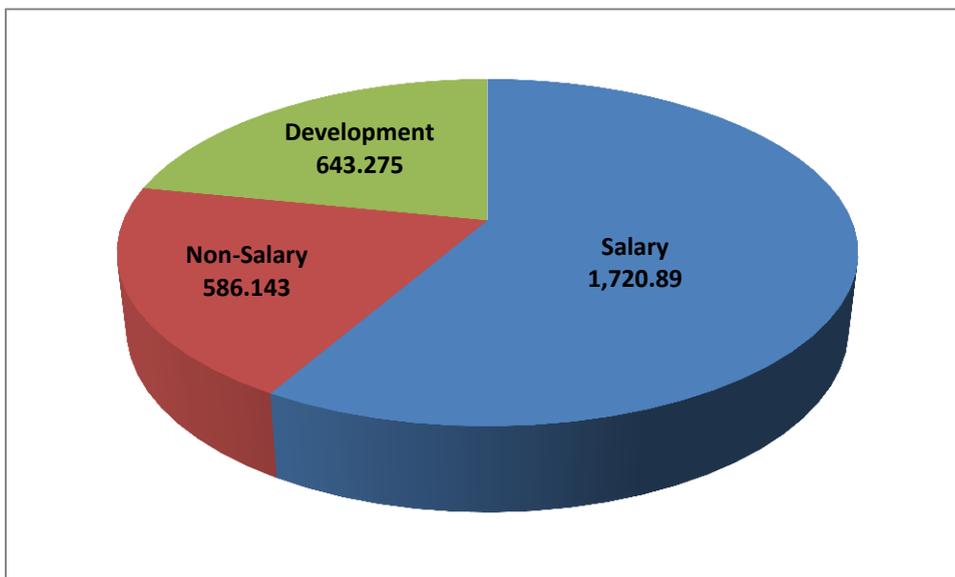
The functions of Municipal Corporation/Committees are as following:

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)

| <b>Sr.</b>   | <b>Formation</b>   | <b>Particulars</b> | <b>Budget</b>    | <b>Expenditure / Revenue</b> | <b>Excess (-) Savings (+)</b> |
|--------------|--------------------|--------------------|------------------|------------------------------|-------------------------------|
| 1            | District Larkana   | Salary             | 613.777          | 521.710                      | 92.067                        |
|              |                    | Non-Salary         | 147.389          | 103.172                      | 44.217                        |
|              |                    | Development        | 236.121          | 153.479                      | 82.642                        |
|              |                    | Revenue            | 1,071.574        | 428.629                      | 642.945                       |
| 2            | District Jacobabad | Salary             | 302.573          | 257.187                      | 45.386                        |
|              |                    | Non-Salary         | 57.915           | 40.541                       | 17.375                        |
|              |                    | Development        | 106.322          | 69.109                       | 37.213                        |
|              |                    | Revenue            | 367.641          | 147.056                      | 220.585                       |
| 3            | District Kamber    | Salary             | 768.035          | 652.830                      | 115.205                       |
|              |                    | Non-Salary         | 218.992          | 153.294                      | 65.699                        |
|              |                    | Development        | 404.476          | 262.909                      | 141.567                       |
|              |                    | Revenue            | 1,001.774        | 400.710                      | 601.064                       |
| 4            | District Kashmore  | Salary             | 340.190          | 289.161                      | 51.029                        |
|              |                    | Non-Salary         | 413.052          | 289.136                      | 123.916                       |
|              |                    | Development        | 242.737          | 157.779                      | 84.959                        |
|              |                    | Revenue            | 691.720          | 276.687                      | 415.032                       |
| <b>Total</b> |                    | <b>Salary</b>      | <b>2,024.575</b> | <b>1,720.888</b>             | <b>303.687</b>                |
|              |                    | <b>Non-Salary</b>  | <b>837.349</b>   | <b>586.143</b>               | <b>251.206</b>                |
|              |                    | <b>Development</b> | <b>989.655</b>   | <b>643.275</b>               | <b>346.380</b>                |
|              |                    | <b>Grand Total</b> | <b>3,851.579</b> | <b>2,950.306</b>             | <b>901.273</b>                |
|              |                    | <b>Revenue</b>     | <b>3,132.709</b> | <b>1,253.083</b>             | <b>1,879.626</b>              |

## Expenditure 2016-17



Original budget of Rs 3,851.579 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 2016-17 for the audited entities depicted that there was a saving of Rs 901.273 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 |
|------------|--------------|------------------------|
| 2014-15    | 69           | Nil                    |
| 2015-16    | 21           | Nil                    |
| 2016-17    | 44           | Nil                    |

As indicated in the above table, no PAC meeting was convened to discuss the audit reports of Larkana Division.

## **8.2 AUDIT PARAS**

### **8.2.1 Misappropriation / Fraud**

#### **8.2.1.1 Suspected Embezzlement on account of De-silting of Drainage System and Hire Charges – Rs 1.848 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”.

Town Officer, Town Committee, Behram, District Kamber Shahdadkot, during 2016-17, executed various works costing Rs 1.848 million through un-signed quotations by way of splitting to avoid tenders, in violation of rules.

Audit was of the view that unauthorized expenditure was incurred through splitting to avoid tenders, which shows administrative and financial management failure by deliberate deviations from the prescribed rules and procedures.

The matter was reported to management during December 2017, 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 person(s) at fault for accepting un-signed quotations and splitting of work from Messers, under intimation to audit.

[AIR Para: 1]

## 8.2.2 Non-Production of Record

### 8.2.2.1 Non-Production of Record – Rs 279.013 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 168.778 million, during financial year 2016-17, but failed to provide the relevant record to audit, in violation of the above rule and instructions.

Further, following formations of Larkana Division, incurred an expenditure of Rs 110.235 million, during financial years 2014-17, on purchase of POL for official vehicles/machineries, but did not produce Log Books, Vehicle Maintenance Record, History Sheets and Petrol Account Registers. Details are as under:

(Rupees in Million)

| Sr. | Name of Formation                       | Para # | Year    | Amount |
|-----|---|--------|---------|--------|
| 1   | Larkana Municipal Corporation           | 6      | 2016-17 | 13.757 |
| 2   | Municipal Committee, Ratedero           | 5      | 2016-17 | 5.650  |
| 3   | Municipal Committee, Naudero            | 2      | 2016-17 | 6.642  |
| 4   | Town Committee, Dokri                   | 5      | 2016-17 | 11.400 |
| 5   | Municipal Committee, Jacobabad          | 7      | 2016-17 | 3.865  |
| 6   | Municipal Committee, Thul               | 7      | 2016-17 | 4.822  |
| 7   | Town Committee, Garhi Khairo            | 4      | 2016-17 | 2.447  |
| 8   | Chief Officer, District Council, Kamber | 4      | 2016-17 | 2.386  |

(Rupees in Million)

| <b>Sr.</b>   | <b>Name of Formation</b>      | <b>Para #</b> | <b>Year</b> | <b>Amount</b>  |
|--------------|-------------------------------|---------------|-------------|----------------|
| 9            | Municipal Committee, Shahdadt | 2             | 2016-17     | 8.794          |
| 10           | Town Committee, Miro Khan     | 2             | 2014-17     | 14.151         |
| 11           | Town Committee Nasirabad      | 3             | 20016-17    | 19.573         |
| 12           | Town Committee, Behram        | 2             | 2016-17     | 2.334          |
| <b>Total</b> |                               |               |             | <b>110.235</b> |

Audit was of the view that non-provision of record reflects total disregard to 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 managements during August to December 2017, 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) held responsible for non-production of record in accordance with the provisions contained in Para 14 of AGP's Ordinance 2001.

[AIR Paras: 1,1,1,1,1,1,1,1,1,1,1,1,3,1,1,1,1,1,6,5,2,5,7,7,4,4,2,2,3,2]

## 8.2.3 Irregularity / Non-Compliance

### A. Recovery, Targeted receipts/Outstanding dues

#### 8.2.3.1 Less Realization of Targeted Receipts – Rs 449.101 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 Larkana Division, during financial year 2016-17, failed to achieve the estimated/targeted receipts of Rs 449.101 million, in violation of above rules. Details are as under:

(Rupees in Million)

| Sr.          | Name of Formation             | Para # | Year    | Amount         |
|--------------|-------------------------------|--------|---------|----------------|
| 1            | Larkana Municipal Corporation | 7      | 2016-17 | 69.921         |
| 2            | Municipal Committee Ratodero  | 6      | 2016-17 | 10.780         |
| 3            | Town Committee Dokri          | 2      | 2016-17 | 8.338          |
| 4            | Municipal Committee Thul      | 3      | 2016-17 | 174.423        |
| 5            | Town Committee Garhi Khairo   | 6      | 2016-17 | 180.186        |
| 7            | Municipal Committee Shahdadt  | 3      | 2016-17 | 5.453          |
| <b>Total</b> |                               |        |         | <b>449.101</b> |

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

The matter was reported to management during August to December, 2017, 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 person(s) at fault for non-achievement of targets, besides, all out measures be taken to achieve the targeted revenue, under intimation to audit.

[AIR Paras: 7,6,2,3,6,3]

### 8.2.3.2 Loss to Government due to Non/Less-deduction/Non-deposit of Taxes Rs 25.889 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 2015-17, failed to deduct taxes/deposit taxes into Government treasury amounting to Rs 25.889 million, in violation of above rule. Details are as under:

| (Rupees in Million)                           |  |        |         |               |
|---|--|--------|---------|---------------|
| Sr.   | Name of Formation                      | Para # | Year    | Amount        |
| <b>Non-depositing of deducted Income Tax</b>  |  |        |         |               |
| 1   | Municipal Committee, Ratodero - I      | 2      | 2016-17 | 6.288         |
| 2   | Municipal Committee, Jacobabad         | 2      | 2016-17 | 4.337         |
| 3   | Municipal Committee, Kandhkot          | 2      | 2016-17 | 0.179         |
| 4   | Town Committee, Ghouspur               | 1      | 2016-17 | 0.115         |
| 5   | Town Committee, Kashmore               | 2      | 2016-17 | 0.287         |
| 6   | Town Committee, Guddu                  | 1      | 2016-17 | 1.453         |
| 7   | Town Committee, Bakshapur              | 1      | 2016-17 | 0.127         |
| 8   | Town Committee, Tangwani               | 2      | 2015-16 | 0.246         |
| 9   | Town Committee, Tangwani               | 2      | 2016-17 | 0.382         |
| 10  | Town Committee, Karampur               | 2      | 2016-17 | 0.271         |
| 11  | Town Committee Nasirabad               | 2      | 2016-17 | 5.411         |
| <b>Total</b>                                  |  |        |         | <b>19.096</b> |
| <b>Non-deduction of Income Tax</b>            |  |        |         |               |
| 1   | Larkana Municipal Corporation          | 2      | 2016-17 | 0.072         |
| 2   | Municipal Committee Naudero-I          | 3      | 2016-17 | 0.783         |
| 3   | Chief Officer District Council, Kamber | 3      | 2016-17 | 0.028         |
| 4   | Town Committee, Garhi Khairo           | 2      | 2016-17 | 0.658         |
| <b>Total</b>                                  |  |        |         | <b>1.541</b>  |
| <b>Less depositing of Income Tax</b>          |  |        |         |               |
| 1   | Town Committee Behram                  | 5      | 2016-17 | 0.753         |
| <b>Total</b>                                  |  |        |         | <b>0.753</b>  |
| <b>Non-deduction of Sales Tax on Services</b> |  |        |         |               |
| 1   | Town Committee Behram                  | 9      | 2016-17 | 1.037         |
| <b>Total</b>                                  |  |        |         | <b>1.037</b>  |
| <b>Non-deduction of Sales Tax</b>             |  |        |         |               |
| 1   | Larkana Municipal Corporation          | 3      | 2016-17 | 0.061         |
| 2   | Town Committee Nasirabad               | 7      | 2016-17 | 1.902         |
| 3   | Town Committee Miro Khan               | 9      | 2016-17 | 1.233         |
| 4   | Town Committee, Behram                 | 7      | 2016-17 | 0.266         |
| <b>Total</b>                                  |  |        |         | <b>3.462</b>  |
| <b>Grand Total</b>                            |  |        |         | <b>25.889</b> |

Audit was of the view that Government sustained loss of revenue due to non-deduction/non-deposit of deducted taxes into Government treasury which constituted financial indiscipline as well as non-observance of prescribed rules on the subject.

The matter was reported to managements during and August to December 2017, 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 person(s) at fault for non-deduction/non-deposit of taxes into Government treasury. Besides, the amount in question be recovered/deposited into treasury, under intimation to audit.

[AIR Paras: 2, 2, 2, 1, 2, 1, 1, 2, 2, 2, 2, 3, 3, 2, 5, 9, 3, 7, 9, 7]

### 8.2.3.3 Non-recovery of Outstanding Dues from Defaulters-Rs 12.702 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 2016-17, failed to recover outstanding dues amounting Rs 12.702 million, despite having sufficient human resources in respective department, in violation of above rule. Details are as under:

| (Rupees in Million) |   |        |         |               |
|---------------------|---|--------|---------|---------------|
| Sr.                 | Name of Formation                         | Para # | Year    | Amount        |
| 1                   | Chief Officer District Council, Jacobabad | 2      | 2016-17 | 2.920         |
| 2                   |   | 4      |         | 0.109         |
| 3                   | Municipal Committee, Jacobabad            | 4      | 2016-17 | 3.859         |
| 4                   | Municipal Committee, Kandhkot             | 3      | 2016-17 | 2.486         |
| 5                   | Municipal Committee, Shahdadkot           | 4      | 2016-17 | 3.328         |
| <b>Total</b>        |   |        |         | <b>12.702</b> |

Audit was of the view that management failed to recover the outstanding dues due to its failure and deliberate deviation from prescribed rule on the part of administrative and financial management.

The matter was reported to management during August to December, 2017, 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 person(s) at fault for non-

recovery of dues. Besides, the outstanding amount be recovered without further delay, under intimation to audit.

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

#### **8.2.3.4 Excess Payment of POL beyond Prescribed Ceiling - Rs 0.766 Million**

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”.

Further, 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 150 and 200 liters per month”.

Following formations of Larkana Division, during financial years 2014-17, allowed the POL entitlement to officers in contravention to the POL ceiling allowed/fixed by Government of Sindh, resulting into excess expenditure of Rs 0.766 million, in violation of above rules. Details are as under:

| (Rupees in Million) |                          |        |         |              |
|---------------------|--------------------------|--------|---------|--------------|
| Sr.                 | Name of Formation        | Para # | Year    | Amount       |
| 1                   | Town Committee Miro Khan | 8      | 2014-17 | 0.503        |
| 2                   | Town Committee Behram    | 3      | 2016-17 | 0.263        |
| <b>Total</b>        |                          |        |         | <b>0.766</b> |

Audit was of the view that management extended undue favor to the officers on account of POL entitlement beyond permissible limit due to failure and deliberate deviation from prescribed rule on the part of administrative and financial management.

The matter was reported to management during December, 2017, 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 POL ceiling/entitlement be fixed according to Sindh Government notification, and recovery of excess POL consumption be affected, under intimation to audit.

[AIR Paras: 8,3]

#### **8.2.3.5 Unauthorized Payment of Conveyance Allowance – Rs 0.230 Million**

According to F.1 (1) Imp/2008 dated 30-06-2008 (7)(b), “Conveyance allowance shall be admissible to officers who are not sanctioned official vehicle”.

Further, as per Rule 116(7) of Sindh Local Government Act 2013, "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 a Council shall be personally liable for the loss, waste, misapplication or unauthorized application of any moneys or property belonging to the Council 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".

Town Officer, Town Committee, Miro Khan, District Kamber Shahdadt, paid an amount of Rs 0.230 during financial years 2014-17, as conveyance allowance to Mr. Aijaz Ali Mallah and after his transfer to Mr. Ahmed Yar Kariro (Town Officers) despite the fact that the officers were in possession of official vehicle, in violation of above rules. Details are provided at Annex-LRK1.

Audit was of the view that unauthorized payment of conveyance allowance was made, resulting into loss to public revenue and undue favor to officers due to failure and deliberate deviation from prescribed rule on the part of administrative and financial management.

The matter was reported to management during December, 2017, 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 person(s) at fault for unauthorized payment of conveyance allowance. Besides, amount paid unauthorizedly be recovered, under intimation to audit.

[AIR Para: 6]

## B. Violation of Rules

### 8.2.3.6 Non-Maintenance of Cashbook - Rs 668.170 Million

As per Rule 34 (a) of Sindh Financial Rules, “A simple cash book in fin R. form No.02 should be kept in departments other than forest and public works for recording in separate columns all moneys received by Government servants in their official capacity, and their subsequent remittance to the treasury or to the bank, as well as moneys withdrawn from the treasury either by bills or cheques, and their subsequent disbursement”, (b) “The cash book should be closed and balanced each day, and that balance of each column at the end of each month should be verified with the balance of cash in hand and a certificate to that effect recorded in the cash book under the signature of the Government servant responsible for money”, (c) “an erasure or over-writing of any entry one made in the cash book in strictly prohibited. If a mistake is discovered it should be corrected by drawing the pen through the incorrect entry and inserting the correct one in red ink between the lines. The head of the office should initial every such correction and invariably date his initials”.

Town Committee, Dokri, Larkana Division, during financial year 2016-17, incurred an expenditure of Rs 668.170 million but failed to maintain cashbook, in violation of rules. Details are as under:

(Amount in Rupees)

| Receipts    |             |             | Expenditure |            |             | Grand Total |
|-------------|-------------|-------------|-------------|------------|-------------|-------------|
| 2015-16     | 2016-17     | Total       | 2015-16     | 2016-17    | Total       |             |
| 219,907,976 | 222,507,421 | 442,415,397 | 203,656,755 | 22,098,369 | 225,755,124 | 668,170,521 |

Audit was of the view that non-maintenance of cashbook resulted into un-authenticity of financial transactions which constituted financial indiscipline as well as non-observance of prescribed rules on the subject.

The matter was reported to management during December 2017, 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 person(s) at fault for non-maintenance of cashbook, besides, same be prepared and produced for audit verification.

[AIR Para: 4]

### 8.2.3.7 Irregular Award of Works/Contracts – Rs 67.443 Million

As per Rule 46 of Sindh Public Procurement Rules, 2010, “Procedures of open competitive bidding-Save as otherwise provided in these rules, the following procedures shall be permissible for open competitive bidding (1) Single Stage – One Envelope Procedure (a) Notice Inviting Tenders and bidding documents of this method shall contain the following eligibility criteria; (i) relevant experience; (ii) turn-over of at least last three years; (iii) registration with Income Tax, Sales Tax and Pakistan Engineering Council (where applicable)”.

Following formations of Larkana Division, during financial year 2016-17, awarded different development works/contracts costing Rs 67.443 million to different contractors, but failed to provide documentary evidence of eligibility criteria of contractors who were evaluated as eligible for participation in bidding process including certificates showing mandatory registration with tax authorities, last three years turn-over, in violation of above rule. Details are as under:

(Rupees in Million)

| Sr.          | Name of Formation              | Para # | Year    | Amount        |
|--------------|--------------------------------|--------|---------|---------------|
| 1            | Municipal Committee, Jacobabad | 9      | 2016-17 | 50.463        |
| 2            | Town Committee, Garhi Khairo   | 9      | 2016-17 | 16.980        |
| <b>Total</b> |                                |        |         | <b>67.443</b> |

Audit was of the view that award of contract in violation of SPPRA Rules resulted into irregular award of work by deviating from the prescribed rules on the part of management.

The matter was reported to management during December, 2017, 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 person(s) at fault for irregular award of development works/contracts without evaluating eligibility criteria of bidders, under intimation to audit.

[AIR Paras: 9,9]

### 8.2.3.8 Execution of Works without Contract Agreements-Rs 49.042 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 2016-17, awarded various works/contracts amounting to Rs 49.042 million to contractors and made payments without execution of contract agreements, in violation of above rule. Details are as under:

(Rupees in Million)

| Sr.          | Name of Formation              | Para # | Year    | Amount        |
|--------------|--------------------------------|--------|---------|---------------|
| 1            | Municipal Committee, Ratodero  | 4      | 2016-17 | 2.984         |
| 2            | Municipal Committee, Jacobabad | 6      | 2016-17 | 26.058        |
| 3            | Municipal Committee, Thul      | 4      | 2016-17 | 20.000        |
| <b>Total</b> |                                |        |         | <b>49.042</b> |

Audit was of the view that unauthorized payments were made without executing contract agreements and Government interest was not safeguarded due to deliberate deviation from prescribed rule on the part of administrative and financial management.

The matter was reported to managements during August to December, 2017, 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 person(s) at fault for non-execution of contract agreements, under intimation to audit.

[AIR Paras: 4,6,4]

### **8.2.3.9 Expenditure by Way of Splitting – Rs 36.606 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 of Rs 36.606 million, during financial year 2016-17, by way of splitting to avoid calling of tenders, in violation of above rules. Details are as under:

(Rupees in Million)

| Sr.          | Name of Formation               | Para # | Year    | Amount        |
|--------------|---------------------------------|--------|---------|---------------|
| 1            | Larkana Municipal Corporation   | 5      | 2016-17 | 1.800         |
| 2            | Municipal Committee, Thul       | 6      | 2016-17 | 3.633         |
| 3            | Town Committee, Garhi Khairo    | 3      | 2016-17 | 11.888        |
| 4            | Municipal Committee, Shahdaskot | 11     | 2016-17 | 7.530         |
| 5            | Town Committee, Behram          | 8      | 2016-17 | 11.755        |
| <b>Total</b> |                                 |        |         | <b>36.606</b> |

Audit was of the view that unauthorized expenditure was incurred by way of splitting, which deprived the Government from achieving the best competitive rates due to failure and deliberate deviation from prescribed rule on the part of administrative and financial management.

The matter was reported to managements during August to December, 2017, 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 person(s) at fault on account of procurements/execution of works by splitting to avoid tender, under intimation to audit.

[AIR Paras: 5,6,3,11,8]

### **8.2.3.10 Expenditure without Calling of Tenders on Authority's Website Rs 34.624 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, 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 rules".

Following formations of Larkana Division, during financial years 2014-17, incurred an expenditure of Rs 34.624 million, without calling of tenders on Authority's website, in violation of above rule. Details are as under:

(Rupees in Million)

| Sr.          | Name of Formation               | Para # | Year    | Amount        |
|--------------|---------------------------------|--------|---------|---------------|
| 1            | Municipal Committee, Shahdadkot | 14     | 2016-17 | 3.713         |
| 2            | Town Committee, Miro Khan       | 5      | 2014-17 | 10.000        |
|              |                                 | 1      |         | 20.911        |
| <b>Total</b> |                                 |        |         | <b>34.624</b> |

Audit was of the view that unauthorized expenditure was incurred without calling of tenders due to failure and deliberate deviation from prescribed rule on the part of administrative and financial management..

The matter was reported to managements during August to December 2017, 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 person(s) at fault for expenditure incurred without calling of tenders, under intimation to audit.

[AIR Paras: 14,5,1]

### **8.2.3.11 Irregular Payments made to Contractors in a Single Day Rs 23.090 Million**

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

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”.

During the audit of the office of Administrator/TO, Town Committee Kashmore, for the financial year 2016-17, it was observed from Bank Statement that an amounting Rs 23.09 million was drawn on 14.07.16, whose backup record e.g. bills / vouchers etc was not available, in violation of above record. Detail is as under:

[Amount in Rupees]

| Sr. | Voucher Narration                      | Date     | Doc ID   | Amount    | Bank Account #                         |
|-----|--|----------|----------|-----------|--|
| 1   | International Traders Development Bill | 14.07.16 | 16808862 | 1,934,226 | <b>0118-079965-1000<br/>Sindh Bank</b> |
| 2   | International Traders Development Bill |          | 16808863 | 8,873,240 |  |
| 3   | International Traders Development Bill |          | 16808865 | 2,247,150 |  |
| 4   | International Traders Development Bill |          | 16808867 | 5,809,393 |  |

[Amount in Rupees]

| Sr.          | Voucher Narration              | Date | Doc ID   | Amount            | Bank Account # |
|--------------|--------------------------------|------|----------|-------------------|----------------|
| 5            | Amjad Traders Development Bill |      | 16808858 | 718,791           |                |
| 6            | Amjad Traders Development Bill |      | 16808859 | 1,752,159         |                |
| 7            | Amjad Traders Development Bill |      | 16808860 | 1,158,794         |                |
| 8            | Amjad Traders Development Bill |      | 16808861 | 594,681           |                |
| <b>Total</b> |                                |      |          | <b>23,088,434</b> |                |

Audit was of the view that failure to comply with the rules / procedures laid down by the Government due to failure and deliberate deviation from prescribed rule on the part of administrative and financial management.

The matter was reported to managements during December, 2017, 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 person(s) at fault for withdrawing funds without supporting documents, under intimation to audit.

[AIR Para: 3]

### **8.2.3.12 Irregular Expenditure without Supporting Vouchers Rs 16.617 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, 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".

Following formations of Larkana Division, during financial year 2016-17, made payments amounting to Rs 16.617 million, on account of pension, gratuity, refund of security deposits etc. However, supporting documents/details of payments were not

available, in violation of above rules. Details are as under:

| [Amount in Rupees] |                                |        |         |               |
|--------------------|--------------------------------|--------|---------|---------------|
| Sr.                | Name of Formation              | Para # | Year    | Amount        |
| 1                  | Municipal Committee, Jacobabad | 13     | 2016-17 | 5.355         |
| 2                  | Municipal Committee, Thul      | 10     | 2016-17 | 11.262        |
| <b>Total</b>       |                                |        |         | <b>16.617</b> |

Audit was of the view that expenditure without availability of supporting record/details resulted in irregular expenditure due to failure and deliberate deviation from prescribed rule on the part of administrative and financial management.

The matter was reported to managements during August to December 2017, 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 person(s) at fault for irregular expenditure without supporting record/details. Besides, supporting record be produced to audit for verification.

[AIR Paras: 13,10]

### **8.2.3.13 Unauthorized Expenditure on Procurement without Constitution of Purchase Committees – Rs 11.796 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 11.796 million, during financial year 2016-17, without constitution of procurement committee, in violation of above rule. Details are as under:

| [Amount in Rupees] |                                 |        |         |               |
|--------------------|---------------------------------|--------|---------|---------------|
| Sr.                | Name of Formation               | Para # | Year    | Amount        |
| 1                  | Municipal Committee, Shahdadkot | 5      | 2016-17 | 1.531         |
| 2                  | Town Committee, Miro Khan       | 4      | 2014-17 | 10.265        |
| <b>Total</b>       |                                 |        |         | <b>11.796</b> |

Audit was of the view that violation of SPPRA rules resulted into non-transparency in the award of contracts as well as deviation from prescribed rules on the part of management.

The matter was reported to managements during August to December 2017, 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 person(s) at fault for non-transparency in award of contracts, under intimation to audit.

[AIR Paras: 5,4]

#### **8.2.3.14 Irregular Award of Work to Contractors Unregistered with Sindh Revenue Board – Rs 10.367 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)”.

Town Committee, Behram, Larkana Division, during financial year 2016-17, awarded different contracts amounting to Rs 10.367 million to various contractors who were not registered with Sindh Revenue Board, in violation of above rule.

Audit was of the view that management awarded works to unqualified contractors due to failure and deliberate deviation from prescribed rule on the part of administrative and financial management.

The matter was reported to managements during December, 2017, 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 person(s) at fault for award of works to unregistered contractors, under intimation to audit.

[AIR Paras: 12]

#### **8.2.3.15 Non-accountal of Store – Rs 7.252 Million**

As per Rule 113 of SFR Vol-I & Sindh Local Councils (Accounts) Rules, 1983, Rule-95, “All materials received from the supplies, workshops, manufacturers, departments of Government and any other agency, should be examined, counted, measured or weighed as the case may be when delivery is taken they should be taken by a responsible Government officer who should see that the quantities are correct and their

quality is good and record certificate that he has actually received as the materials and recorded them in the appropriate stock register”.

As per Para 155 of GFR Vo-I, “A reliable list, inventory or account of all stores in the custody of Govt. 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, Miro Khan, District Kamber Shahdadt, during financial years 2014-17, incurred an expenditure of Rs 7.252 million, on account of purchase of Hand pumps/ Electric material/ Liveries/Furniture/Tyres, but failed to enter the same in relevant register, further, no record related to distribution of said items was available to verify purchase / distribution of items, in violation of above rules.

Audit was of the view that in absence of relevant record, authenticity of expenditure could not be verified. Besides, chances of misappropriation of public funds could not be ruled out, which constituted financial indiscipline as well as non-observance of prescribed rules on the subject.

The matter was reported to managements during December 2017, 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 person(s) at fault for non-accountal of procured articles and non-maintenance of consumption record. Besides, stock registers and consumption record be produced for audit verification.

[AIR Para: 10]

### **8.2.3.16 Irregular withdrawal of Cash for Payment of Staff Salary Rs 3.861 Million**

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 and also according to rule all the claims must be supported with full detail & documents”.

Further, as per 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”.

Chairman/ TO, TC, Nasirabad, withdrew an amount of Rs 3.861 million, during financial year 2016-17, from government account and made payment of salary to daily

wages staff in cash, instead of payment by way of cross cheques / bank transfer, in violation of government rule. Details are provided at Annex-LRK2.

Audit was of the view that failure to comply with the procedure was due to deliberate deviation from prescribed rule on the part of administrative and financial management.

The matter was reported to managements during December, 2017, 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 person(s) at fault for payment of salaries in cash instead of through bank, under intimation to audit.

[AIR Para: 20]

### 8.2.3.17 Non-utilization of Development Funds – Rs 3.000 Million

As per Rule 12 of the General Financial Rules, “A controlling Officer see not only that the total expenditure is kept within the limit of the authorized appropriation but also that funds allotted to spending units are expended in the public interest and upon objects for which money was provided”.

Municipal Corporation Larkana, District Larkana, during financial year 2016-17, failed to utilize development funds of Rs 3.000 million, which were for the benefit of public, and were provided for, in the budget, in violation of above rule. Detail provided as under:

(Amount in Rupees)

| Sr.                              | Head of Accounts                      | Budget Estimates 2016-2017 | Expenditure during 2016-2017 | Non-Utilization  |
|----------------------------------|---------------------------------------|----------------------------|------------------------------|------------------|
| <b>M&amp;R Development Works</b> |                                       |                            |                              |                  |
| 1                                | Roads/ CC Blocks/ CC Drains           | 1,000,000                  |                              | 1,000,000        |
| 2                                | Patch Work for Road Cutting           | 1,000,000                  | -                            | 1,000,000        |
| 3                                | Pipe Line/ Jabbal Joint               | 500,000                    | -                            | 500,000          |
| 4                                | Main Hole/ Chambers/ Main Hole Covers | 200,000                    | -                            | 200,000          |
| 5                                | Garden/ Parks/ Green Belts            | 200,000                    | -                            | 200,000          |
| 6                                | Stadium/ Play Grounds                 | 100,000                    | -                            | 100,000          |
| <b>Total</b>                     |                                       | <b>3,000,000</b>           | -                            | <b>3,000,000</b> |

Audit was of the view that funds were blocked without utilization which constituted financial indiscipline as well as non-observance of prescribed rules on the subject.

The matter was reported to managements during December 2017, 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 person(s) at fault for non-utilization of funds, under intimation of audit.

[AIR Para: 8]

### **8.2.3.18 Unauthorized Clearance of Liabilities - Rs 2.591 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, according to Finance Department, 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)”.

Moreover, as per GoS Notification No.SO(C-IV)SGA&CD/3-14/14 dated 16-06-2014, with prior approval of Chief Secretary Sindh, Government of Sindh, Karachi, “Liability which is only be cleared after scrutiny by the committee constituted by the Government”.

Chairman, Municipal Committee, Jacobabad District Jacobabad, incurred expenditure of Rs 2.591 million, during financial year 2016-17, on account of clearance of previous year’s liabilities without prior approval/concurrence of Finance Department, in violation of above rules.

Audit was of the view that clearance of liabilities without prior approval/concurrence of FD, which constituted financial indiscipline as well as non-observance of prescribed rules on the subject.

The matter was reported to managements during December, 2017, 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 person(s) at fault for unauthorized clearance of liabilities, under intimation to audit.

[AIR Para:6]

### **8.2.3.19 Failure to Furnish Mandatory Income Tax Statements>Returns Rs 2.062 Million**

According to Rule 44 and 73 of the Income Tax Rules, 2002, “Every withholding agent under the provisions of section 165 of the Income Tax Ordinance is required to submit necessary details and information after each month and annually”. (1) Monthly Statement: A single consolidated statement for each month is to be furnished by a withholding agent within 15 days from the end of each month in the prescribed form set out in Annex-II accompanied with evidence of deposit of tax collected or deducted to the credit of the Federal Government” (2) Annual Statement: for the period July to June) is also required to be furnished by the withholding agent obliged to deduct tax from salary under Section 149 of the Income Tax Ordinance, 2001 in the prescribed form set out in annex-iii on or before 31st August every Year.

Municipal Committee, Thul District Jacobabad, during financial year 2016-17, failed to furnish monthly and annual tax statements/returns for Rs 2.062 million, in violation of above rules.

Audit was of the view that due to non-filling/furnishing of mandatory monthly/annual income tax statements/returns, authenticity of income tax collected/deducted and its deposited into Government treasury, could not be verified/reconciled which constituted financial indiscipline as well as non-observance of prescribed rules on the subject.

The matter was reported to managements during December, 2017, 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 person(s) at fault for non-filling/furnishing of mandatory monthly and annual income tax statement/returns, under intimation to audit.

[AIR Para: 13]

### **8.2.3.20 Irregular Expenditure on Outsourcing of Sanitation Work Rs 1.778 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”.

Town Committee, Miro Khan, Larkana Division, during financial years 2014-17, paid an amount of Rs 1.778 million to various contractors on outsourcing the sanitation work/silt clearance of main nalas and de-silting of drains Type-I & II despite having sufficient resources including large number of sanitation staff and mechanical equipment, , in violation of above rule.

Audit was of the view that unauthorized expenditure on outsourcing it was made and management failed to utilize the resources available with them due to deliberate deviation from prescribed rule on their part.

The matter was reported to managements during December 2017, 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 person(s) at fault for incurring expenditure on outsourcing of desilting and removal of debris, under intimation to audit.

[AIR Paras: 5]

### **8.2.3.21 Loss to Government Due to Non-revision of Rent of Shops Rs 1.159 Million**

Rule 9(1) of Sindh Rental Premises Ordinance 1979, states that, “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, *ibid*, Rule 9(2), states that, “the increase is allowed @ 10% per annum on the existing rent”.

Chief Municipal Officer, Municipal Committee, Shahdadkot, District Kamber Shahdadkot, failed to revise rent of 236 shops allotted to various individuals since long

time, resulting into loss to public revenue of Rs 1.159 million approximately, in violation of above rules.

Audit was of the view that undue favour from was granted to tenants and due to non-revision of rent the Council was deprived of revenue which a deliberate deviation from prescribed rules on the part of administrative and financial management.

The matter was reported to managements during December 2017, 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 person(s) at fault on account of non-enhancement of rent. Besides, the same be enhanced in accordance with provision of rules, under intimation to audit.

[AIR Para: 10]

### **8.2.3.22 Un-authorized Appointment of Staff**

According to Government of Sindh, Appointment, Promotion & Transfer Rules 1974 (11), “Initial appointment to the post in BPS-3to 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-1and 2 shall ordinarily be filled on local basis”.

Further, Notification issued from Local Government Department, Government of Sindh vide No.SOA/(LG)1(27)/2011 dated 6-6-2011, states that, “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”.

Moreover, Government of Sindh, Services, General Administration & Cooperation Department notification No.SOV(S&GAD)X-15/90-98 dated: 12-02-2008, states that, “Advertisement should be given for all vacant posts & for Posts in BS-5 & above, there shall be a written test followed by interview, whereas, for posts in BS-1 to BS-4 only interviews shall be conducted through departmental selection committee”.

Following formations of Larkana Division, during financial year 2016-17, appointed regular/contract & daily wages employees, without completion of codal formalities, in violation of above rule. Details are as under:

| Sr. | Name of Formation              | No of Employee | Para # | Year    |
|-----|--------------------------------|----------------|--------|---------|
| 1   | Municipal Committee, Jacobabad | 199            | 10     | 2016-17 |
| 2   | Municipal Committee, Thul      | 10             | 09     | 2016-17 |
| 3   | Town Committee, Garhi Khairo   | 08             | 07     | 2016-17 |
| 4   | Town Committee Nasirabad       | 64             | 4      | 2011-17 |
| 5   | Town Committee Behram          | 25             | 4      | 2016-17 |

Audit was of the view that unauthorized appointments were made and salary expenditure incurred was in violation of rules which a deliberate deviation from prescribed rule on the part of administrative and financial management.

The matter was reported to managements during August to December, 2017, 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 person(s) at fault for unauthorized appointments, under intimation to audit.

[AIR Paras: 10, 9, 7, 4, 4]

### **8.2.3.23 Illegal Retention of Government Vehicles by Ex-Town Officer**

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”.

Town Officer, Town Committee Kashmore, during financial year 2016-17, failed to recover two Government vehicles from Ex-Town Officer Mr. Abdul Waheed Domki on his transfer to another office, in violation of above rule.

Audit was of the view that management failed to comply with the rules set forth by the Government as well as violation of prescribed rules on the part of management.

The matter was reported to managements during August, 2017, 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 against person(s) at fault. Besides, all out measures be taken to recover the official vehicles, under intimation to audit.

[AIR Para: 11]

### 8.2.3.24 Non-Maintenance of Register of Properties worth Millions of Rupees

Sub-Rule (1) (a)(b) of Rule 6 of the West Pakistan Municipal Committees (Property) Rules, 1962, states that, “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 |
|-----------|-------------------------|------------------|-------|---------------|--|---------|
|-----------|-------------------------|------------------|-------|---------------|--|---------|

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, Para-6(a) and (b) of the Sindh Local Government (property) Rules 2001 states that, “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”.

Following formations of Larkana Division, during financial year 2016-17, failed to maintain property register and other related record, as per requirements of the above mentioned rule. Due to non-maintenance of property record, the Council property is at risk of unauthorized occupation.

| <b>Sr.</b> | <b>Name of Formation</b>      | <b>Para #</b> | <b>Year</b> |
|------------|-------------------------------|---------------|-------------|
| 1          | Municipal Committee, Ratodero | 10            | 2016-17     |
| 2          | Municipal Committee, Naudero  | 11            | 2016-17     |
| 3          | Town Committee, Dokri         | 8             | 2016-17     |

Audit was of the view that management failed to safeguard Government property, as well as violation of prescribed rules.

The matter was reported to managements during August to December 2017, 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 person(s) at fault for non-maintenance of relevant property record. Besides, same be prepared and produce to audit for verification.

[AIR Paras: 10,11,8]

### **8.2.3.25 Non-reconstruction of Record of 39.16 Acres of Valuable land of Municipal Committee**

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”.

Further, according to Section 145 of Sindh Local Government Act-2013, “Encroachment shall be dealt with in accordance with the provisions of the law relating to the removal of encroachments”.

It was observed during the audit of financial year 2016-17 of Chief Municipal Officer, Municipal Committee, Shahdadkot, District Kamber-Shahdadkot that CMO failed to reconstruct the record of 39.16 Acres land of Municipal Committee based on the registered sale deeds and the previous record, in violation of rules. Original record was burnt by the mob during the course of agitation and riots immediately after assassination

of Muhtarma Benazir Bhutto on 27th December, 2007. Details are provided at Annex-LRK3. It was observed that due to absence of record, land mafia has encroached upon public properties.

Audit was of the view that in absence of relevant record, authenticity of Council property could not be verified which is a violation of prescribed rules on the part of management.

The matter was reported to managements during December, 2017, 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 person(s) at fault for non-reconstruction of revenue record despite lapse of more than 9 years. Besides, all out measures be taken to reconstruct the relevant record of huge Land 39.16 acre and the record be reconstructed, under intimation to audit.

[AIR Paras: 6+7]

## **ANNEXURES**

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

## Memorandum for departmental accounts Committee (MFDAC)

## Part-i Paras related to current Audit Year 2015-17

| SLGD, KMC & KW&SB |                |   |             |
|-------------------|----------------|---|-------------|
| S.No.             | Para #         | Name of Formation   | Amount [Rs] |
| <b>I</b>          | <b>2016-17</b> | <b>Secretary, Local Government, Housing &amp; Town Planning Department</b>  |             |
| 1                 | 4              | Non-accountal purchased articles in stores  | 178,919     |
| 2                 | 5              | Misuse of official Telephones in excess of prescribed limit of calls  | 181,347     |
| 3                 | 6              | Non-Retrieval of official vehicle from Ex-officers  | -           |
| 4                 | 8              | Non-deduction of conveyance allowance of staff during leave   | 15,049      |
| 5                 | 9              | Non-deduction of conveyance allowance of staff availing official vehicles   | 60,000      |
| 6                 | 10             | Irregular allotment of vehicle to un-entitled officers  | -           |
| 7                 | 11             | Irregular payment of salaries without verification of pay in service books  | -           |
| 8                 | 12             | Non-utilization of public funds   | 40,305,603  |
| 9                 | 13             | Non-reconciliation of expenditure with Accounts Office  | -           |
| 10                | 14             | Non-verification of stock & stores at the close of financial year   |             |
| <b>II</b>         | <b>2016-17</b> | <b>Project Director, Local Govt. Project Karachi</b>  |             |
| 11                | 2              | Un-authorized Award of Mobilization Advance   | 93,338,106  |
| 12                | 3              | Award of Secured Advance without obtaining of Indenture Bond  | 9,044,595   |
| 13                | 5              | Un-Authorized Award of Work on Withheld IDs by SPPRA  | 662,599,289 |
| 14                | 7              | Un-justified Payments without Physical Progress of Works  | 573,999,982 |
| 15                | 8              | Un-authorized revised expenditure beyond prescribed limit   | 86,157,564  |
| 16                | 9              | Less deduction of Performance Security  | 1,130,394   |
| 17                | 11             | Suspected discrepancy in the Balances   | 1,900,440   |
| 18                | 12             | Procurement without Constitution & Hoisting of Complaint Redressal Committee (CRC)  | 847,495,171 |
| 19                | 13             | Non- maintenance of Tendering Process Record  | -           |
| <b>III</b>        | <b>2016-17</b> | <b>Suprintending Engineer, Local Govt. Project Hyderabad</b>  |             |
| 20                | 2              | Un-authorized creation of Liabilities   | 1,081,883   |
| 21                | 4              | Irregular Payment of Earth work with Lead without Preparation & Approval of Lead Chart                                      | 2,578,041   |
| 22                | 5              | Payment without Check Measurements  | 10,000,000  |
| 23                | 6              | Irregular Payments on Reduced Rates   | 3,106,995   |
| 24                | 7              | Award of Secured Advance without Approval of Competent Authority  | 75,900,000  |
| 25                | 8              | Non-remittance of Call Deposit in Government account  | 20,000,000  |
| 26                | 9              | Non-Surrender of Savings  | 44,478,155  |
| 27                | 10             | Irregular Expenditure without maintaining Work Register   | 11,250,000  |
| <b>IV</b>         | <b>2016-17</b> | <b>Director General, Sindh Building Control Authority, Karachi</b>  |             |
| 28                | 2              | Irregular Issuance of NOC for Sale & Advertisement of Flats & shops   | -           |
| 29                | 10             | Irregular Issuance of NOC for Sale & Advertisement of Flats & shops by Obtaining Invalid/without Valid SBCA & ABAD Licenses | -           |
| 30                | 11             | Irregular Expenditure without Supporting Vouchers   | 46,838,000  |
| 31                | 12             | Irregular Issuance of NOC for Sale of Public Projects without Obtaining   | -           |

| <b>SLGD, KMC &amp; KW&amp;SB</b> |                |   |               |
|----------------------------------|----------------|---|---------------|
| S.No.                            | Para #         | Name of Formation   | Amount [Rs]   |
|                                  |                | NOC from Civil Aviation Authority   |               |
| 32                               | 13             | Non-Accountal of Procured Items/Material into Relevant Stock Register(s)  | 4,351,000     |
| 33                               | 15             | Irregular Expenditure on account of Refund of Security Deposit  | 1,181,000     |
| 34                               | 16             | Failure of Authority to Demolish Dangerous Buildings  | -             |
| 35                               | 19             | Non-Verification of Service Books of Staff  | -             |
| 36                               | 20             | Non-Maintenance of Dead Stock Register.   | -             |
| 37                               | 21             | Non-Maintenance of Property Record  | -             |
| 38                               | 22             | Non-conducting of Annual Physical Verification of Stock and Stores  | -             |
| <b>V</b>                         | <b>2016-17</b> | <b>Director, Town Planning, LGD, Hyderabad</b>  |               |
| 39                               | 2              | Non-accountal purchased articles in stores.   | 123,458       |
| 40                               | 5              | Non-reconciliation of expenditure with District Accounts Office   | 21,968,042    |
| 41                               | 6              | Non-maintenance of dead stock registers.  | -             |
| 42                               | 7              | Non-verification of stock & stores at the close of financial year   | -             |
| 43                               | 8              | Non-conducted internal inspection by controlling officer  | -             |
| <b>VI</b>                        | <b>2016-17</b> | <b>M.D Sindh Solid Waste Management Board Karachi</b>   |               |
| 44                               | 2              | Irregular extension in bid validity beyond prescribed limit (1/3 <sup>rd</sup> of Original) instead of cancellation of tender | 2,471,049,266 |
| 45                               | 3              | Unjustified award of work to second lowest bidder at extra cost   | 1,454,625     |
| 46                               | 4              | Award of work by avoiding open competitive bidding & without ratification from board  | 8,185,242     |
| 47                               | 5              | Non-prevention of valuable assets by entering into stock register   | 37,872,057    |
| 48                               | 6              | Un-authorized retention of SSWMB Vehicles by ex-officers  | 1,039,000     |
| 49                               | 8              | Unjustified frequent transfer & posting of staff for SSWMB  | -             |
| 50                               | 13             | Unjustified continuation of services of Contractual Staff without any extension   | 6,096,000     |
| 51                               | 14             | Unjustified accumulation of Security Deposit of contractors in SSWMB Fund Account instead of separate S.D Account             | 4,908,758     |
| 52                               | 16             | Doubtful payment without pre-auditing bills by External Audit Officer   | 3,612,763     |
| <b>VII</b>                       | <b>2016-17</b> | <b>D.G Lyari Development Authority</b>  |               |
| 53                               | 3              | Procurement without executing Integrity Pact Rs.1123.366 million  | 1,123,366,000 |
| 54                               | 6              | Unauthorized Retention of Government Vehicles   | -             |
| 55                               | 7              | Non-Imposition of Penalty due to delay in completion of works   | 111,857,000   |
| 56                               | 8              | Payment of CP fund final payment & Advance without supporting documents Rs.12,917,365/-                                       | 12,917,000    |
| 57                               | 9              | Payment of bills without Maintenance of Measurement Books   | 93,951,000    |
| 58                               | 10             | Non-Reconciliation and non-verification of Challans   | 21,236,000    |
| <b>VIII</b>                      | <b>2016-17</b> | <b>D.G Malir Development Authority (MDA)</b>  |               |
| 59                               | 9              | Non reconciliation of cheques deposited / transferred to income tax department  | 3,458,000     |
| 60                               | 10             | Unjustified operation of fifty-two (52) bank accounts in different banks  | -             |
| 61                               | 13             | Irregular & un-justified agrrement with m/s savior security services & payment thereof  | 3,840,000     |
| 62                               | 14             | Un-justified expenditure on hajj performance through private hajj scheme  | 3,500,000     |
| 63                               | 17             | Unauthorized aapointment of penal advocates instead of having own law staff & payment thereof                                 | 3,995,000     |
| 64                               | 18             | Un-authorized payment of leave encashment   | 1,176,000     |

| <b>SLGD, KMC &amp; KW&amp;SB</b> |                |  |                    |
|----------------------------------|----------------|--|--------------------|
| <b>S.No.</b>                     | <b>Para #</b>  | <b>Name of Formation</b>   | <b>Amount [Rs]</b> |
| 65                               | 19             | Irregular payment to contractors without obtaining acknowledgment receipt  | 12,781,000         |
| 66                               | 22             | Non conducting of annual physical verification of store & stock  | -                  |
| 67                               | 24             | Non removal of encroachment from the jurisdiction of malir development authority                                       | -                  |
| <b>IX</b>                        | <b>2016-17</b> | <b>Director, Finance &amp; Account, Karachi Development Authority, KDA</b>   |                    |
| 68                               | 6              | Non-Maintenance of cash book   | 274,992,000        |
| 69                               | 7              | Loss to Government due to less recovery of Targeted Receipts   | 4,522,179,000      |
| <b>X</b>                         | <b>2016-17</b> | <b>Senior Director, Traffic Engineering Bureau, KDA</b>  |                    |
| 70                               | 1              | Splitting of works to avoid Approval from Competent Forum  | 27,290,040         |
| 71                               | 3              | Unjustified creation of extra/un-necessary posts   | -                  |
| 72                               | 7              | Less deduction of Income Tax   | 17,933             |
| 73                               | 8              | Unauthorized Sub-let of KDA Property by BOT Company  | -                  |
| <b>XI</b>                        | <b>2016-17</b> | <b>Director, Recovery KDA</b>  |                    |
| 74                               | 8              | Non transparency in government spending  | 0                  |
| 75                               | 9              | Loss to government due to non computerization of recovery record instead of having well equipped it laboratory & staff | -                  |
| 76                               | 11             | Unjustified difference in recovery/receipt statement   | 21,852,000         |
| 77                               | 12             | Non conducting of annual physical verification of stock items  | -                  |
| <b>XI</b>                        | <b>2016-17</b> | <b>Director General, Main Secretariat, HDA</b>   |                    |
| 78                               | 3              | Irregular expenditure on Repair & Maintenance without maintenance of History Sheet                                     | 0                  |
| 79                               | 6              | Un-authorized operation of Bank Accounts with Private Banks  | -                  |
| 80                               | 7              | Internal Inspection not conducted by the Controlling Authority   | -                  |
| 81                               | 8              | Non-accountal of Purchases in the Stock Register   | 844,000            |
| <b>XIII</b>                      | <b>2016-17</b> | <b>Managing Director, WASA, HDA</b>  |                    |
| 82                               | 2              | Non-Refund of Government Loan  | 749,307,000        |
| 83                               | 3              | Failure of conducting Post Audit on monthly basis  | 435,547,000        |
| 84                               | 10             | Un-justified Award of Computer Allowance beyond entitlement  | 0                  |
| 85                               | 11             | Excess expenditure over & above sanctioned appropriation   | 31,326,000         |
| <b>XIV</b>                       | <b>2016-17</b> | <b>Director, P&amp;DC, HDA</b>   |                    |
| 86                               | 2              | Non-deposit of Non-Utilization Fee   | 145,200,000        |
| 87                               | 3              | Non-Recovery of Outstanding Dues of Land Cost  | 191,664,000        |
| 88                               | 5              | Non-Recovery of Loan from WASA   | 53,320,000         |
| <b>XV</b>                        | <b>2016-17</b> | <b>Project Director, Housing Project-I, HDA</b>  |                    |
| 89                               | 1              | Less Provision of Funds for Development Schemes  | 756,488,000        |
| 90                               | 4              | Over-payment of House Rent Allowance without Approval  | 678,000            |
| 91                               | 6              | Non-Transparency in Spending from Public Funds   | 35,000             |
| 92                               | 7              | Un-authorized Expenditure on Private Vehicles  | 84,000             |
| <b>XVI</b>                       | <b>2016-17</b> | <b>Project Director, Housing Project-II, HDA</b>   |                    |
| 93                               | 6              | Un-justified Award of Computer Allowance beyond entitlement  | 36,000             |
| 94                               | 7              | Non-Transparency in Spending from Public Funds   | 174,000            |
| <b>KW&amp;SB</b>                 |                |  |                    |
| <b>XVII</b>                      | <b>2016-17</b> | <b>DMD Finance, KW&amp;SB</b>  |                    |
| 95                               | 6              | Wasteful expenditure on billing automation   | 6,769,031          |
| 96                               | 7              | Non-deduction/ recovery of income tax on billing automation  | 304,606            |
| 97                               | 10             | Non-recovery of house rent allowance and maintenance charges on  | 283,524            |

| <b>SLGD, KMC &amp; KW&amp;SB</b> |                |   |                    |
|----------------------------------|----------------|---|--------------------|
| <b>S.No.</b>                     | <b>Para #</b>  | <b>Name of Formation</b>  | <b>Amount [Rs]</b> |
|                                  |                | Government accommodation  |                    |
| 98                               | 11             | Non Accountal of stationary   | 1,757,924          |
| 99                               | 12             | Non maintenance of appropriation/ disbursement registers  | 22,516,774         |
| 100                              | 13             | Non-utilization of funds  | 39,334,226         |
| 101                              | 15             | Internal audit and inspection was not conducted by controlling office   | -                  |
| <b>XVIII</b>                     | <b>2016-17</b> | <b>DMD RRG, KW&amp;SB</b>   |                    |
| 102                              | 6              | Irregular sanction of two water connection by splitting to avoid sanction from competent authority            | 4,858,150          |
| 103                              | 15             | Unjustified withdrawal of Conveyance Allowance -  | 60,000             |
| 104                              | 16             | Unjustified expenditure on account of motorcycles along with provision of vehicles                            | 126,000            |
| 105                              | 17             | Sanction of water connections without allotting the consumer numbers  | 654,702,324        |
| 106                              | 21             | Doubtful diversion of water connection charges into A/C No.09167900887103 instead of HBL-25009-1              | 262,340,100        |
| <b>XIX</b>                       | <b>2016-17</b> | <b>Managing Director, ADP/PSDP Schemes, KW&amp;SB</b>   |                    |
| 107                              | 2              | Irregular payment without 10% check measurment  | 8,774,816          |
| 108                              | 3              | Execution of work without technical sanction  | 2,496,300          |
| 109                              | 5              | Non reconciliation of expenditure statement from AG Sindh/ DAO  |                    |
| <b>XX</b>                        | <b>2016-17</b> | <b>Project Director K-IV, KW&amp;SB</b>   |                    |
| 110                              | 1              | Non-preparation of Feasibility Report   | 16,252,756,000     |
| 111                              | 2              | Execution of work without executing integrity pact with contractor  | 15,652,891,000     |
| 112                              | 3              | Non-maintenance of tendering process record   | 16,252,756,000     |
| 113                              | 7              | Unauthorized award of work without deposition of performance security or bank guarantee                       | 1,625,274,000      |
| 114                              | 8              | Unjustified payment of mobilization advance without mobilization advance gurantee                             | 2,347,933,000      |
| 115                              | 10             | Non maintenance of adjustment accounts  | 4,154,700,000      |
| 116                              | 11             | Unjustified payment against acquisition of land   | 2,500,000,000      |
| 117                              | 12             | Non construction of PMU office against provision  | 24,500,000         |
| 118                              | 13             | Doubtful expenditure against the purchase of items without PMU office   | 9,842,000          |
| 119                              | 14             | Unauthorized expenditure on purchases without providing invoices and delivery challans                        | 126,676,000        |
| 120                              | 15             | Doubtful payment without maintenance of contractor's ledger   | 2,127,922,000      |
| 121                              | 16             | Non-recovery of shrinkage charges   | 15,381,000         |
| 122                              | 19             | Unauthorized payments against the salary of drivers & guards  | 14,166,000         |
| 123                              | 20             | Unjustified payments against moveable offices   |                    |
| 124                              | 21             | Non-accountal of procured items   | 126,676,000        |
| 125                              | 22             | Monthly Progress Report as per TOR  | -                  |
| 126                              | 23             | Annual physical verification of store and stock not conducted   | -                  |
| <b>XXI</b>                       | <b>2016-17</b> | <b>Project Director S - III, KW&amp;SB</b>  |                    |
| 127                              | 3              | Non-obtaining of Bank Guarantee @10% as Performance Security  | 32,241,011         |
| 128                              | 5              | Irregular rehabilitation and reconstruction of boundary wall Rs. 84,639,292/- beyond the scope                | 84,639,292         |
| 129                              | 7              | Execution of work without executing integrity pact between parties  | 322,410,118        |
| 130                              | 9              | Irregular execution of scheme without obtaining bank guarantee as Performance Security within stipulated time | 664,385,216        |

| <b>SLGD, KMC &amp; KW&amp;SB</b> |                |  |                    |
|----------------------------------|----------------|--|--------------------|
| <b>S.No.</b>                     | <b>Para #</b>  | <b>Name of Formation</b>   | <b>Amount [Rs]</b> |
| 131                              | 12             | Non-accountal of 25 purchased vehicles into Dead Stock Register  | 41,001,000         |
| 132                              | 13             | Irregular constitution of procurement committee without approval from Secretary, LGD                   | -                  |
| 133                              | 15             | Non-Imposition of Penalty due to delay in completion of work   | 3,642,418          |
| 134                              | 17             | Undue favor extended to contractors by paying Secured Advance on regular practice                      | 177,353,853        |
| <b>XXII</b>                      | <b>2016-17</b> | <b>Revenue Officer Hydrant Services &amp; Tanker Operation</b>   |                    |
| 135                              | 2              | Mis-use of precious waters due to non-installation of flow meters at hydrants                          | -                  |
| 136                              | 3              | Non-reconciliation of collected amount with F&A of KW&SB   | 367,577,263        |
| 137                              | 4              | Unjustified delay in Auction Process of Hydrants   | -                  |
| 138                              | 5              | Non-transparency in POL without Log Book of Vehicles   | 1,242,179          |
| 139                              | 6              | Non-maintenance of cash book   | -                  |
| <b>XXIII</b>                     | <b>2016-17</b> | <b>Project Director Reverse Osmosis Water Desalination Plants, Lyari &amp; Keamari</b>                 |                    |
| 140                              | 3              | Irregular award of work to unregistered contractors  | 868,100,000        |
| 141                              | 4              | Non collection of professional tax   | 10,000             |
| 142                              | 5              | Non reconciliation of taxes by concerned authority   | 32,695,050         |
| 143                              | 6              | Non maintenace of monthly water analysis reports   |                    |
| <b>XXIV</b>                      | <b>2016-17</b> | <b>Resident Engineer, Dhabeji &amp; Gharo (Pumping) Division, KW&amp;SB</b>                            |                    |
| 144                              | 5              | Non-recovery of professional tax   | 88,500             |
| 145                              | 6              | Irregular awards of contracts without obtaining proof of turnover & experience                         | 34,571,935         |
| 146                              | 7              | Non-maintenance of tender register   | -                  |
| 147                              | 9              | Non-maintenance of stock & dead stock register   | -                  |
| 148                              | 11             | Unauthorized expenditure on account of POL without maintaining Log Book                                | 220,299            |
| 149                              | 12             | Non-maintenance of cash book   | 245,000            |
| <b>XXV</b>                       | <b>2016-17</b> | <b>Executive Engineer, KD-Civil-1, KW&amp;SB</b>   |                    |
| 150                              | 3              | Un-authorized execution of agreement by transgression of financial powers                              | 5,760,406          |
| 151                              | 4              | Irregular expenditure on repair of Leakages  | 1,394,000          |
| <b>XXVI</b>                      | <b>2016-17</b> | <b>Executive Engineer, Hub Division Civil, KW&amp;SB</b>   |                    |
| 152                              | 1              | Unauthorized expenditure incurred without approval of board and recording written reasons of emergency | 19,589,125         |
| 153                              | 2              | Non-utilization of funds   | 1,870,327          |
| 154                              | 7              | Non-maintenance of cash book   | -                  |
| <b>XXVII</b>                     | <b>2016-17</b> | <b>EE (Water) Jamshed Town</b>   |                    |
| 155                              | 3              | Excess expenditue over & above sanctioned appropriation  | 9,069,000          |
| <b>XXVIII</b>                    | <b>2016-17</b> | <b>EE (Sewerage) Jamshed Town</b>  |                    |
| 156                              | 4              | Excess expenditue over & above sanctioned appropriation  | 33,000             |
| 157                              | 5              | Invalid constitution of procurement committee  | 56,848,000         |
| <b>XXIX</b>                      | <b>2016-17</b> | <b>EE (E&amp;M) Jamshed Town</b>   |                    |
| <b>XXX</b>                       | <b>2016-17</b> | <b>Executive Engineer, E&amp;M-W, Saddar Town</b>  |                    |
| 158                              | 3              | Non-Hoisting of Evaluation Reports   | 1,821,999          |
| 159                              | 4              | Irregular expenditure by keeping estimate within quotation limit to avoid tender                       | 396,891            |
| <b>XXXI</b>                      | <b>2016-17</b> | <b>Executive Engineer, Sewerage, Saddar Town, KW&amp;SB</b>  |                    |
| 160                              | 3              | Irregular award of contract without procurement plan   | 6,967,311          |

| <b>SLGD, KMC &amp; KW&amp;SB</b> |                |  |                    |
|----------------------------------|----------------|--|--------------------|
| <b>S.No.</b>                     | <b>Para #</b>  | <b>Name of Formation</b>   | <b>Amount [Rs]</b> |
| 161                              | 4              | Irregular expenditure by keeping estimate within quotation limit to avoid tender   | 490,474            |
| 162                              | 5              | Un-authorized execution of agreement by transgression of financial powers  | 4,900,703          |
| <b>XXXII</b>                     | <b>2016-17</b> | <b>Executive Engineer, Water, Saddar Town, KW&amp;SB</b>   |                    |
| 163                              | 3              | Irregular expenditure by keeping estimate within quotation limit to avoid tender   | 497,235            |
| 164                              | 4              | Un-authorized execution of agreement by transgression of financial powers  | 2,093,236          |
| 165                              | 5              | Irregular award of contract without procurement plan   | 5,423,804          |
| <b>KMC</b>                       |                |  |                    |
| <b>XXXIII</b>                    | <b>2016-17</b> | <b>Director, Land Management - II 2016-17</b>  |                    |
| 166                              | 1              | Irregular transfer of Plots by mutation without maintaining land register  | 69,892,000         |
| 167                              | 3              | Irregular transfer of plots by mutation without any initial document of allotment order and permanent transfer order (P.T.O/P.T-1) | 38,604,000         |
| 168                              | 7              | Unrealistic targets without assessment   | 102,000            |
| 169                              | 8              | Variation in recovery of Hawksbay Beach Huts   | 1,752,000          |
| 170                              | 11             | Doubtful expenditure incurred without providing supporting vouchers  | 6,392,000          |
| 171                              | 13             | Non-maintenance of Cash book   | 6,392,000          |
| <b>XXXIV</b>                     | <b>2016-17</b> | <b>Director General, Technica Services 2016-17</b>   |                    |
| 172                              | 9              | Work without approval of PC-I from competent forum   | 312,930,000        |
| 173                              | 13             | Non-maintenance of cash book   | -                  |
| 174                              | 14             | Expenditure without work register/security deposit register  | 3,284,312,000      |
| 175                              | 15             | Non-reconciliation of expenditure  | -                  |
| 176                              | 16             | Annual physical verification of stock & stores not conducted   | -                  |
| <b>XXXV</b>                      | <b>2016-17</b> | <b>Senior Director, Financial Adviser 2016-17</b>  |                    |
| 177                              | 5              | Non-transparency in government spending  | 7,432,854          |
| 178                              | 9              | Non-maintenance of consumable stock register   | 831,769            |
| 179                              | 10             | Irregular payment without acknowledgment receipt   | 347,000            |
| 180                              | 11             | Un-authorized opening/maintaining of bank accounts   | -                  |
| 181                              | 12             | Non verification of service books  | -                  |
| 182                              | 13             | Annual physical verification of stock & stores not conducted.  | -                  |
| <b>XXXVI</b>                     | <b>2016-17</b> | <b>Principal Karachi Medical &amp; Dental College 2016-17</b>  |                    |
| 183                              | 1              | Irregular award of works against SPPRA Withheld tender   | 4,673,000          |
| 184                              | 2              | Doubtful award of work   | 895,000            |
| 185                              | 5              | Loss to government due to non deduction/ non deposit of income tax   | 1,459,000          |
| 186                              | 6              | Recovery on account of excess payment of POL   | 2,572,000          |
| 187                              | 7              | Loss to Governemnt due to wasteful expenditure   | 4,000,000          |
| 188                              | 8              | Doubtful expenditure on account of POL   | 602,000            |
| 189                              | 9              | Non reconciliation of receipts/ challans from bank/ treasury amounting of dental OPD   | 4,836,000          |
| <b>XXXVII</b>                    | <b>2016-17</b> | <b>Executive Director Karachi Institute of Heart Disease 2016-17</b>   |                    |
| 190                              | 2              | Un-authorized/ irregular payment of Non-practicing allowance   | 2,928,000          |
| 191                              | 7              | Deliberate keeping of expenditure within quotation limit to avoid tender   | 875,000            |
| 192                              | 9              | Irregular payment of Liabilities   | 2,555,000          |
| 193                              | 10             | Non-reconciliation of receipts/ challans from bank/ treasury   | 44,500,000         |
| 194                              | 12             | Un-authorized opening/ maintenance of bank accounts and investment in private bank instead of Government bank                      | 235,000,000        |

| <b>SLGD, KMC &amp; KW&amp;SB</b> |                |  |                    |
|----------------------------------|----------------|--|--------------------|
| <b>S.No.</b>                     | <b>Para #</b>  | <b>Name of Formation</b>   | <b>Amount [Rs]</b> |
| 195                              | 14             | Less recovery of targeted receipts   | 6,199,000          |
| <b>XXXVIII</b>                   | <b>2016-17</b> | <b>PD Land (Revenue) Orangi Town Ship 2016-17</b>  |                    |
| 196                              | 3              | Loss to government due to un-authorized payment on account of excess payment of allowances             | 356,000            |
| 197                              | 6              | Non-maintenance of cash book   | -                  |
| 198                              | 8              | Improper maintenance of service books of officials   | -                  |
| 199                              | 10             | Non-maintenance of dead stock register   | -                  |
| 200                              | 11             | Internal audit & inspection not conducted  | -                  |
| <b>XXXIX</b>                     | <b>2016-17</b> | <b>Senior Director, Information Technology 2016-17</b>   |                    |
| 201                              | 2              | Unjustified payment of non-schedule items without invoices & specification of procured articles        | 8,637,980          |
| 202                              | 3              | Award of work without obtaining bid security   | 400,000            |
| 203                              | 6              | Non-accountal purchased articles in stores.  | 198,900            |
| 204                              | 9              | Non-maintenance maintenance of cash book   | -                  |
| <b>XXXX</b>                      | <b>2016-17</b> | <b>DG Park &amp; Horticultures 2016-17</b>   |                    |
| 205                              | 5              | Non reconciliaiton of expenditure from account office  | 408,577,000        |
| 206                              | 7              | Loss to government due to unauthorized payment on account of excess payment of allowances              | 10,314,000         |
| 207                              | 9              | Unauthorized expenditure on account of pay of consultant   | 3,600,000          |
| 208                              | 10             | Loss to government due less realization of targeted receipts   | 22,534,000         |
| 209                              | 11             | Loss to government due to non deposit of income tax  | 500,000            |
| 210                              | 12             | Non reconciliation of challan  | 15,065,000         |
| <b>XXXXI</b>                     | <b>2016-17</b> | <b>Director, Zoo 2016-17</b>   |                    |
| 211                              | 6              | Doubtful expenditure without pre audit   | 27,028,000         |
| <b>XXXXII</b>                    | <b>2016-17</b> | <b>Director, Vehicle 2016-17</b>   |                    |
| 212                              | 5              | Unauthorized expenditure on account of POL and repair due to non approval of schedule of establishment | -                  |
| 213                              | 7              | Irregula expenditure without constitution of procurement   | 199,000            |
| <b>XXXXII</b>                    | <b>2016-17</b> | <b>Director, Media Management 2016-17</b>  |                    |
| 214                              | 3              | Recovery against over paid house rent allowance  | 481,000            |
| 215                              | 6              | Payment withotu obtaining system generated bills   | 4,315,000          |
| 216                              | 7              | Non disposal of old newspapers & magazines   | -                  |
| <b>XXXXIII</b>                   | <b>2016-17</b> | <b>Director, Safari &amp; Aladin Park 2016-17</b>  |                    |
| 217                              | 7              | Non maintenance of dead stock register for the assets of Safari and Aladin Park                        | -                  |
| <b>XXXXIV</b>                    | <b>2016-17</b> | <b>Senior Director, Municipal Services 2016-17</b>   |                    |
| 218                              | 1              | Unauthorized award of works against withheld NIT   | 78,791,000         |
| 219                              | 4              | Unauthorized payments made to contractor against excess items  | 3,930,000          |
| 220                              | 6              | Non-prevention of government from unforeseen losses by obtaining performance security                  | 15,790,000         |
| 221                              | 7              | Loss to government due to non-deduction of general sales tax   | 2,720,000          |
| 222                              | 8              | Non-recovery of stamp duty   | 170,000            |
| 223                              | 10             | Unjustified withdrawal of public funds without providing detail of disbursement                        | 6,006,000          |
| 224                              | 11             | Unjustified re-appropriation of funds  | 3,200,000          |
| 225                              | 13             | Unjustified withdrawal of conveyance allowance   | 78,000             |

| <b>SLGD, KMC &amp; KW&amp;SB</b> |                |  |                    |
|----------------------------------|----------------|--|--------------------|
| <b>S.No.</b>                     | <b>Para #</b>  | <b>Name of Formation</b>   | <b>Amount [Rs]</b> |
| 226                              | 14             | Doubtful payments made due to non-maintenance of store articles & stock register   | 94,888,000         |
| 227                              | 15             | Un-authorized excess payment of house rent allowance   | 14,365,000         |
| <b>XXXXV</b>                     | <b>2016-17</b> | <b>Medical Superintendent Sobhraj Maternity Hospital 2016-17</b>   |                    |
| 228                              | 2              | Non remittance of government taxes into public exchequer   | 26,308             |
| 229                              | 3              | Working against higher post of chief nursing superintendent at Sobhraj Maternity Hospital  | 873,504            |
| 230                              | 4              | Non transparency in spending from public funds   | 2,885,000          |
| 231                              | 6              | Unauthorized practice of doctor without codal formalities  | 741,636            |
| <b>XXXXVI</b>                    | <b>2016-17</b> | <b>Director Solid Waste Management 2016-17</b>   |                    |
| 232                              | 2              | Non maintenance of cash book   | 72,501,000         |
| 233                              | 5              | Non conducting of periodical / surprise inspection as per terms & condition of contract  | -                  |
| 234                              | 7              | Non reconciliation of deposite challans  | 31,499,000         |
| 235                              | 8              | Non maintenance of dead stock register   | -                  |
| <b>XXXXVII</b>                   | <b>2015-16</b> | <b>Senior Director, HRM 2015-16</b>  |                    |
| 236                              | 4              | Excess consumption of POL beyond prescribed ceiling (limit) per month  | 663,600            |
| 237                              | 8              | Unauthorized Appointments during ban   | -                  |
| 238                              | 9              | Un-authorized rediscantion of Posts without approval of Competent Authority  | -                  |
| 239                              | 10             | Unauthorized appointments  | -                  |
| 240                              | 11             | Appointments Over & Above the Sanctioned Strength  | -                  |
| 241                              | 12             | Recovery on account of Less deduction of Income Tax  | 461,964            |
| 242                              | 13             | Unauthorized drawal of POL on private vehicles   | -                  |
| 243                              | 14             | Doubtful Expenditure from imprest account  | 360,000            |
| 244                              | 15             | Unauthorized over age appointments   | -                  |
| 245                              | 16             | Non-cancellation of absorption/ex-cadre & out of turn promotions in contravention to orders of Honorable Supreme Court of Pakistan.                        | -                  |
| 246                              | 17             | Non deposit of General Sales Tax   | 21,305             |
| 247                              | 18             | Less-deduction of General Sales Tax  | 65,989             |
| 248                              | 19             | Non-Deduction of Income Tax  | 8,168              |
| 249                              | 20             | Splitting up of work orders/works to avoid calling Tender  | 389,390            |
| 250                              | 21             | Non-accountal of materials in stock register   | 571,749            |
| <b>XXXXVIII</b>                  | <b>2015-16</b> | <b>Senior Director, Municipal Utillity Charges &amp; Taxes 2015-16</b>   |                    |
| 251                              | 7              | Loss to government due to non recovery of conveyance allowance   | 6,000              |
| 252                              | 8              | Failure to acheve recovery targets   | 794,122,000        |
| 253                              | 9              | Irregular & unjustified agrrement with M/S Millenium systems & consultants private limited (MSCL) & payment thereof  | 52,654,000         |
| 254                              | 10             | Unauthorized clearance of previous liabilities without approval from higher authorities  | 24,311,000         |
| 255                              | 11             | Non reconciliation of receipts with revenu receipt department, KMC   | 216,483,000        |
| 256                              | 12             | Unauthorized & Unjustified exercsing of administrative & financial powers by senior Directors, Director & Deputy Directors wihtout having sanctioned posts | 271,002,000        |
| 257                              | 13             | Irregular refund of security deposits without pre audit from local fund audit departmet  | 10,216,000         |

| <b>SLGD, KMC &amp; KW&amp;SB</b> |                |   |                    |
|----------------------------------|----------------|---|--------------------|
| <b>S.No.</b>                     | <b>Para #</b>  | <b>Name of Formation</b>  | <b>Amount [Rs]</b> |
| 258                              | 15             | Unjustified functioning of "Municipality Utility Charges & Taxes" Department without having of Its bye laws & SOP | -                  |
| 259                              | 17             | Non providing of record for proper use of motor cycles allotted to the department in year 2012                    | -                  |
| <b>IL</b>                        | <b>2015-16</b> | <b>Deputy Director Education North Karachi 2015-16</b>  |                    |
| 260                              | 5              | Unauthorized deduction of services charges by the scheduled banks from SMC Account                                |                    |
| <b>L</b>                         | <b>2015-16</b> | <b>Deputy Director Education Gulshan e Iqbal 2015-16</b>  |                    |
| 261                              | 3              | Non deduction of conveyance allowance during vacations  | 578,000            |
| 262                              | 5              | Non submission of SMC funds proforma by the head master   |                    |
| 263                              | 6              | Unauthorized deduction of services charges by the scheduled banks from SMC Account                                |                    |
| 264                              | 7              | Non maintenance of stock register of SMC funds  |                    |
| <b>LI</b>                        | <b>2015-16</b> | <b>Deputy Director Education Jamshed Zone 2015-16</b>   |                    |
| 265                              | 3              | Non deduction of conveyance allowance during vacations  | 1,437,000          |
| 266                              | 5              | Unauthorized deduction of services charges by the scheduled banks from SMC Account                                |                    |
| 267                              | 6              | Non maintenance of leave account of employees   |                    |
| 268                              | 7              | Non maintenance of stock register of SMC funds  |                    |
| <b>LII</b>                       | <b>2015-16</b> | <b>Deputy Director Education Saddar Zone 2015-16</b>  |                    |
| 269                              | 2              | Non deduction of conveyance allowance during vacations  | 1,716,000          |
| 270                              | 3              | Non maintenance of seniority list of education staff  |                    |
| 271                              | 4              | Non functioning of closed schools   |                    |
| 272                              | 5              | Unauthorized deduction of services charges by the scheduled banks from SMC account                                |                    |
| 273                              | 6              | Non maintenance of stock register of SMC funds  |                    |
| <b>LIII</b>                      | <b>2015-16</b> | <b>Deputy Director Education Lyari Zone 2015-16</b>   |                    |
| 274                              | 2              | Unauthorized hiring of teaching staff without prescribed codal formalities  | 28,620,000         |
| 275                              | 3              | Non deduction of conveyance allowance during vacations  | 111,000            |
| 276                              | 4              | Unauthorized deduction of services charges by the scheduled banks from SMC account                                |                    |
| 277                              | 5              | Non maintenance of stock register of SMC funds  |                    |
| <b>LIV</b>                       | <b>2015-16</b> | <b>Deputy Director Education Liaquatabad Zone 2015-16</b>   |                    |
| 278                              | 2              | Non deduction of conveyance allowance during vacations  | 2,963,000          |
| 279                              | 4              | Non maintenance of seniority list of education staff  |                    |
| 280                              | 5              | Unauthorized deduction of services charges by the scheduled banks from SMC account                                |                    |
| 281                              | 6              | Non functioning of closed schools   |                    |
| 282                              | 7              | Non submission of SMC funds proforma by the head master   |                    |
| <b>LV</b>                        | <b>2015-16</b> | <b>Deputy Director Education Orangi Zone 2015-16</b>  |                    |
| 283                              | 1              | Unjustified posting of staff on detailment  | 3,819,000          |
| 284                              | 2              | Non deduction of conveyance allowance during vacations  | 744,000            |
| 285                              | 3              | Non maintenance of seniority list of education  |                    |
| 286                              | 4              | Non revision of schedule of establishment   |                    |
| 287                              | 5              | Unauthorized deduction of services charges by the scheduled banks from SMC account                                |                    |

| <b>SLGD, KMC &amp; KW&amp;SB</b> |                |  |                    |
|----------------------------------|----------------|--|--------------------|
| <b>S.No.</b>                     | <b>Para #</b>  | <b>Name of Formation</b>   | <b>Amount [Rs]</b> |
| <b>LVI</b>                       | <b>2015-16</b> | <b>Project Director, Orangi Town Ship Katchi Abadi 2015-16</b>   |                    |
| 288                              | 4              | Suspicious payment on account of POL without possessing vehicles   | 271,887            |
| 289                              | 6              | Non recovery of outstanding due from PTCL/K-Electric   | 71,821,800         |
| 290                              | 7              | Unjustified payment on to 06 Nos. of staff on detailment   | 2,261,616          |
| 291                              | 8              | Non reconciliation of receipts deposited with bank   | 23,563,280         |
| 292                              | 9              | Non maintenance of cash book   | 14,319,642         |
| 293                              | 11             | Annula physical verifcaiton of stock not conducted   | -                  |
| 294                              | 12             | Non production of record related to new appointment BPS-1 to 16 without codal formalities and prior approval | -                  |
| <b>LVII</b>                      | <b>2015-16</b> | <b>MS Spencer Eye Hospital 2015-16</b>   |                    |
| 295                              | 3              | Unjustified payment on posting 46 Nos. of staff on detailment  | 23,436,336         |
| 296                              | 4              | Non reconciliation of receipts depoited with bank  | 526,410            |
| 297                              | 6              | Irregular payment without acknowledgment receipts  | 188,048            |
| 298                              | 7              | Non utilization of funds   | 14,025,000         |
| 299                              | 8              | Non maintenance of consumption account on purchase of medicines  | 695,954            |
| 300                              | 9              | Non maintenance of dead stock register   | -                  |
| 301                              | 10             | Annual physical verification of stock and sotres not conducted   | -                  |
| <b>LVIII</b>                     | <b>2015-16</b> | <b>Deputy Director Education Keamari Zone 2015-16</b>  |                    |
| 302                              | 2              | Non implementation of monitoring & evaluation system in schools  |                    |
| 303                              | 3              | Non revision of schedule of establishment  |                    |
| 304                              | 4              | Non maintenance of seniority list of education staff   |                    |
| 305                              | 5              | Non maintenance of stock register of SMC funds   |                    |
| <b>LIX</b>                       | <b>2015-16</b> | <b>Deputy Director Education Shah Faisal Zone 2015-16</b>  |                    |
| 306                              | 2              | Non deduction of conveyance allowance during vacations   | 1,247,000          |
| 307                              | 3              | Unauthorized deduction of services charges by the scheduled banks from SMC Account                           |                    |
| 308                              | 4              | Unauthorized operation of bak accounts without private banks   |                    |
| 309                              | 5              | Non implementation of monitoring & evaluation system in schools  |                    |
| 310                              | 6              | Non revision of schedule of establishment  |                    |
| 311                              | 7              | Non maintenance of seniority list of education staff   |                    |
| <b>LX</b>                        | <b>2015-16</b> | <b>Deputy Director Education Site Zone 2015-16</b>   |                    |
| 312                              | 2              | Non implementation of monitoring & evaluation system in schools  |                    |
| 313                              | 3              | Non revision of schedule of establishment  |                    |
| 314                              | 4              | Non maintenance of seniority list of education staff   |                    |
| 315                              | 5              | Non maintenance of stock register of SMC funds   |                    |
| 316                              | 6              | Non maintenance of leave account of employees  |                    |
| <b>LXI</b>                       | <b>2015-16</b> | <b>Deputy Director Education Korangi Zone 2015-16</b>  |                    |
| 317                              | 2              | Non deduction of conveyance allowance during vacations   | 979,000            |
| 318                              | 3              | Non implementation of monitoring & evaluation system in schools  |                    |
| 319                              | 4              | Unauthorized deduction of services charges by the scheduled banks from SMC Account                           |                    |
| 320                              | 5              | Unauthorized operation of bank accounts without private banks  |                    |
| 321                              | 6              | Non submission of SMC funds proforma by the head master  |                    |
| <b>LXII</b>                      | <b>2015-16</b> | <b>Deputy Director Education Landhi Zone 2015-16</b>   |                    |
| 322                              | 2              | Non implementation of monitoring & evaluation system in schools  |                    |
| 323                              | 3              | Non deduction of conveyance allowance during vacations   | 2,150,000          |

| <b>SLGD, KMC &amp; KW&amp;SB</b> |                |  |                       |
|----------------------------------|----------------|--|-----------------------|
| <b>S.No.</b>                     | <b>Para #</b>  | <b>Name of Formation</b>   | <b>Amount [Rs]</b>    |
| 324                              | 4              | Non revision of schedule of establishment  |                       |
| 325                              | 5              | Non maintenance of seniority list of education staff   |                       |
| 326                              | 6              | Non submission of SMC funds proforma by the head master  |                       |
| <b>LXIII</b>                     | <b>2015-16</b> | <b>Deputy Director Education Gulberg Zone 2015016</b>  |                       |
| 327                              | 3              | Non implementation of monitoring of local bodies schools   |                       |
| 328                              | 4              | Unauthorized deduction of services charges by the scheduled banks from SMC Account                               |                       |
| 329                              | 5              | Non revision of schedule of establishment  |                       |
| 330                              | 6              | Non maintenance of seniority list of education staff   |                       |
| 331                              | 7              | Non submission of SMC funds proforma by the head master  |                       |
| <b>LXIV</b>                      | <b>2015-16</b> | <b>Senior Director, Culture Sports &amp; Recreation Department 2015-16</b>                                       |                       |
| 332                              | 4              | Unauthorized excess consumption of POL   | 1,475,330             |
| 333                              | 5              | Wastful expenditure  | 61,000                |
| 334                              | 6              | Unjustified expenditure without obtaining acknowledgment receipts  | 2,300,616             |
| <b>LXV</b>                       | <b>2015-16</b> | <b>Senior Director, Katchi Abadi 2015-16</b>   |                       |
| 335                              | 3              | Non reconciliation of receipts deposited with bank   | 26,715,667            |
| 336                              | 5              | Non maintenance of cash book   | 61,712,099            |
| 337                              | 6              | Non utilization of funds   | 2,255,583             |
| 338                              | 7              | Non accountal of purchased item in dead stock register   | 246,300               |
| 339                              | 8              | Non provision of statistical data of leases carried out in Katchi Abadi  | -                     |
| <b>LXVII</b>                     | <b>2015-16</b> | <b>Senior Director, Veterinary Services 2015-16</b>  |                       |
| 340                              | 5              | Non reconciliation of challans   | 7,116,000             |
| 341                              | 6              | Unauthorized expenditure on account of pay & allowances employees appointed without approved sanctioned strength | 671,000               |
| 342                              | 8              | Irregular appointment of employees appointed over and above sanctioned strength                                  |                       |
| 343                              | 9              | Irregular expenditure without preparing annual procurement plan  | 0                     |
| 344                              | 10             | Non conducting of annual physical verification of stock & store  |                       |
| 345                              | 11             | Non maintenance of pre audit registers   | 105,003,000           |
| <b>LXVIII</b>                    | <b>2015-16</b> | <b>Mayor / Administrator KMC 2015-16</b>   |                       |
| 346                              | 1              | Irregular expenditure without inviting quotation   | 675,000               |
| 347                              | 4              | Irregular expenditure due to non maintenance of cash book  | 19,173,000            |
| 348                              | 5              | Unauthorized expenditure without inviting open tender  | 105,000               |
| 349                              | 6              | Irregular expenditure by keeping estimate within quotation limit to avoid tender                                 | 287,000               |
| 350                              | 8              | Non repatriation of employees of other departments working in KMC to their parent offices                        | -                     |
| 351                              | 9              | Irregular posting of official working on detailment basis  | -                     |
| 352                              | 10             | Non accountal of procured items/ material into relevant stock register   | 1,560,000             |
| 353                              | 11             | Non conducting of annual physical verification   | -                     |
| 354                              | 12             | Failure to furnish mandatory income tax returns  | -                     |
| <b>Grand Total</b>               |                |  | <b>85,346,951,425</b> |

## PHE Department

[Amount in Rupees]

| Para No      | Para   | Amount  |
|--------------|--|---------|
| <b>PHE-1</b> | <b>CE Public Health Engineering Hyderabad</b>  |         |
| 7            | Irregular POL drawn for irrelevant vehicles  | 0.130   |
| 8            | Unajustified POL drawl beyond prescribed ceiling   | 0.086   |
| 10           | Non reconciliation of annual expendiutre   | 67.330  |
| 11           | Non payment of WASA dues   | 4.447   |
| 12           | Unjustified expenditure on accout of photocopies   | 0.213   |
| 13           | Improper maintenance of Cash Book  | 0       |
| <b>PHE-2</b> | <b>EE Public Health Engineering Jamshoro</b>   |         |
| 3            | Improper maintenance of cash book  | 307.166 |
| 5            | Loss to govt. due to non-imposition of penalty   | 7.920   |
| 6            | Irregular payments through cash/open cheques   | 0.106   |
| 7            | Irregular expenditure on clearance of previous liabilities from budget grant of current financial year   | 0.570   |
| 9            | Loss to govt. due to non-recovery of stamp duty  | 1.019   |
| 13           | Irregular execution of development schemes without execution of contract agreements                      | 291.148 |
| 14           | Non-reconciliation of expenditure  | 334.822 |
| 15           | Improper maintenance of service books of officials   | 0       |
| <b>PHE-3</b> | <b>EE Public Health Engineering Sanghar</b>  |         |
| 1            | Irregular execution of work against unauthorized technical sanction                                      | 26.898  |
| 3            | Miss-procurement through unauthorized procurement committee  | 9.128   |
| 4            | Irregular Rate Analysis of Non-schedule items  | 3.766   |
| 5            | Irregular payment of non-schedule item without invoices  | 5.930   |
| 6            | Unjustified extension instead of completing schemes within stipulated time period                        | 0.737   |
| 8            | Irregular release of security deposit without validation of completed Schemes                            | 4.717   |
| 11           | Non-accountal of procured articles in store/stock register   | 5.930   |
| 12           | Improper maintenance of cash book  | 0       |
| <b>PHE-4</b> | <b>EE Public Health Engineering Tharparkar @ Mithi</b>   |         |
| 4            | Irregular payment without 10% check measurement  | 10.343  |
| 7            | Non completion of development schemes/contracts  | 597.995 |
| 9            | Irregular expenditure of due to non maintenance of work register/security deposit register               | 0.385   |
| 10           | Non verification of service books  | 0.000   |
| 11           | Non reconciliation of expenditure  | 60.665  |
| 12           | Non conducting of annual physical verifcaiton of stock and sotres  | 0       |
| <b>PHE-5</b> | <b>EE Public Health Engineering Umerkot</b>  |         |
| 5            | Unauthorized payment without providing purchase invoices   | 10.260  |
| 7            | Non production of adjustment account   | 3.000   |
| 8            | Unauthoriazed expenditure incurred on foreseen work from unforeseen contingency without proper authority | 2.364   |
| 9            | Non recovery of stampt duty  | 0.226   |
| 10           | Irregular drawl of POL from work contingency   | 0.213   |
| 11           | Twenty one water supply schemes non functional in District Umerkot                                       | 0.000   |
| <b>PHE-6</b> | <b>EE Public Health Engineering Thatta</b>   |         |
| 2            | Less-Deposit of Income Tax   | 1.360   |
| 3            | Recovery against Stamp Duty  | 0.044   |

[Amount in Rupees]

| Para No       | Para  | Amount  |
|---------------|---|---------|
| 5             | Payment of final bills without issuance of work completion certificates   | 17.017  |
| 7             | Non Advertisement Of Corrigendum In Three Widely Circulated Leading Dailies   | 144.000 |
| 9             | Irregular Execution of Works without Preperation of PC-I of development works.  | 44.515  |
| 10            | Non-Hoisting of Bid Evaluation Report(s)  | 109.643 |
| 11            | Non-maintenance of Log Books  | 0.280   |
| <b>PHE-07</b> | <b>EE Public Health Engineering Tando Allahyar</b>  |         |
| 3             | Undue favor to contractor in shape of non-obtaining of Earnest Money.   | 0.105   |
| 6             | Unjustified Payment of Liability.   | 1.676   |
| 7             | Recovery against Stamp Duty.  | 0.025   |
| 8             | Non-maintenance of Log Books  | 0       |
| 9             | Non Maintenance Of Dead Stock Register  | 0       |
| 10            | Physical verification of stock and stores not conducted   | 0       |
| <b>PHE-08</b> | <b>EE Public Health Engineering Karachi</b>   |         |
| 1             | Irregular award of works to contractors not registered with Sindh Revenue Board (SRB)   | 52.608  |
| 3             | Irregular execution of work without executing integrity pact with contracts   | 32.030  |
| 7             | Loss to governemnt due to non recovery of stamp duty  | 0.292   |
| 8             | Non reconciliation of expenditure   | 331.301 |
| 9             | Non imposition of penalty on delay of work  | 31.628  |
| 10            | Non verification of service books   | 0       |
| 11            | Improper maintenance of Cash Book   | 0       |
| <b>PHE-09</b> | <b>EE Public Health Engineering Kashmore @ Kandhkot</b>   |         |
| 1             | Irregular award of works to contractors not registered with Sindh Revenue Board (SRB)   | 59.218  |
| 5             | Non reconciliation of expenditure   | 34.972  |
| 6             | Non crediting of collected deposits in relevant head of account   | 17.291  |
| 7             | Irregular payment without 10% check measurement   | 8.640   |
| 11            | Non verification of service books   | 0       |
| 12            | Non maintenance of log book   | 350.058 |
| 13            | Irregular execution of development work without obtaining bank guarantee/performance security   | 6.647   |
| <b>PHE-10</b> | <b>EE Public Health Engineering Shaheed Benazairabad</b>  |         |
| 2             | Irregular award of work to contractor on expired licence of Pakistan Engineering Council  | 4.091   |
| 3             | Award of work without execution of integrity pact   | 147.997 |
| 4             | Non adjustment of payment on account of acquisition of land for filtration of urban water supply scheme, sakrand  | 3.000   |
| 7             | Irregular payment on account of third party validation  | 11.388  |
| 8             | Irregular payment of salary to work charged employees   | 0.035   |
| 9             | Non remittance of income tax into government treasury   | 25.170  |
| 10            | Irregular & unjustified payment to contractors on purchase / supply of machiery / generators without obtaining verificaiton certificate form manufactures | 52.320  |
| 12            | Non adjustment of collected security deposits in relevant head of account   | 77.700  |
| 14            | Non maintenance of tender opening register  | 0       |
| <b>PHE-11</b> | <b>EE Public Health Engineering Matiari</b>   |         |
| 2             | Irregular payment to the contractor without rectificaiton of defects  | 7.150   |
| 3             | Non adjustment of payment on account of acquisition of land for oxidation ponds for rural drainage scheme Udero Lal Village                               | 3.000   |
| 4             | Loss to government due to unauthorized award of extension of time for completion of work  | 1.381   |

[Amount in Rupees]

| <b>Para No</b> | <b>Para</b>   | <b>Amount</b> |
|----------------|---|---------------|
| 6              | Doubtful payment to contractor without obtaining completion certificate   | 9.126         |
| 9              | Irregular payment of salary to work charged works   | 0.189         |
| 10             | Undue creation of liabilities on development work   | 2.982         |
| 12             | Non accounta / non deposit of 2% call deposit   | 0.299         |
| <b>PHE-12</b>  | <b>EE Public Health Engineering Kamber</b>  |               |
| 5              | Non-collection of professional tax  | 0.035         |
| 6              | Doubtful payment made to contractor without obtaining completion certificate  | 96.275        |
| 7              | Irregular award of contracts to unregistered contractors  | 128.801       |
| 8              | Unauthorized expenditure without revised technical sanction   | 123.155       |
| 9              | Unauthorized execution of work without Contract agreement   | 619.760       |
| 10             | Rate analysis without approval of competent authority   | 21.109        |
| <b>PHE-13</b>  | <b>EE Public Health Engineering Dadu</b>  |               |
| 3              | Doubtful payment made to contractor without obtaining Completion Certificate  | 9.653         |
| 4              | Non-production of record regarding land acquisition   | 36.800        |
| 5              | Non-prevention of Government from unforeseen losses by obtaining Performance Security   | 31.713        |
| 6              | Irregular award of work to contractors not registered with Sindh Revenue Board  | 306.334       |
| 8              | Non-collection of professional tax  | 0.070         |
| 9              | Non-imposition of penalty   | 21.916        |
| 10             | Unauthorized award of work including non scheduled items without approval of rate analysis by competent authority                             | 229.734       |
| <b>PHE-14</b>  | <b>EE Public Health Engineering Shikarpur</b>   |               |
| 4              | Undue favor to contractor by allowing extra premium   | 46.876        |
| 5              | Irregular award of development work without technical sanction of detailed estimates  | 74.189        |
| 7              | Execution of work without executing integrity pact with contractor  | 400.000       |
| 8              | Un-authorized award of work without evaluating bid by external member of the committee  | 27.000        |
| 9              | Unjustified payment against acquisition of land   | 21.678        |
| 10             | Non verification of regularization of work charged staff  | 0             |
| <b>PHE-15</b>  | <b>EE Public Health Engineering Sukkur</b>  |               |
| 4              | Payment on non-schedule items without rate analysis   | 3.185         |
| 6              | Non-reconciliation of expenditure from district accounts Office   | 376.511       |
| 9              | Non-deposition of tender fee into government account  | 0.198         |
| 12             | Non-recovery of stamp duty  | 0.162         |
| <b>PHE-16</b>  | <b>EE Public Health Engineering Hyderabad</b>   |               |
| 7              | Payment against work awarded after expiry of bid validity period  | 7.000         |
| 8              | Payment without testing of UPVC pipes   | 4.477         |
| 9              | Unjustified refund of security deposit without contract agreement   | 0.972         |
| 10             | Unauthorized execution of schemes without contract agreements   | 5.318         |
| 11             | Non deduction of sales tax on motors & pumps  | 0.879         |
| 12             | Execution of scheme on blank contract agreement   | 24.915        |
| 13             | Non recovery of stamp duty  | 0.010         |
| <b>PHE-17</b>  | <b>EE Public Health Engineering Ghotki</b>  |               |
| 3              | Doubtful award of contracts to contractors by giving undue favor without qualifying of the requirements of the bids                           | 51.694        |
| 5              | Irregular & unjustified payment to contractors on purchase / supply of machinery without obtaining verification certificate from manufacturer | 3.088         |
| 8              | Irregular payment on account of third party validation  | 0.211         |

[Amount in Rupees]

| Para No       | Para   | Amount  |
|---------------|--|---------|
| 11            | Non-hoisting of evaluation of report   | 30.812  |
| 12            | Irregular expenditure of due to non-preparation of annual procurement plan.                | 47.993  |
| 14            | Irregular payment to the contractor without rectification of defects                       | 0.643   |
| 15            | Unjustified payment to contractor made in 1 <sup>st</sup> running bill                     | 30.711  |
| 18            | Irregular payment through first & final bill -   | 3.419   |
| <b>PHE-18</b> | <b>EE Public Health Engineering Tando Muhammad Khan</b>                                    |         |
| 1             | Miss-procurement through unauthorized procurement committee                                | 11.299  |
| 4             | Unjustified final payment without completion report & physical inspection                  | 19.606  |
| 7             | Non-imposition of liquidated damages on contractor due to stoppage of work                 | 0.201   |
| 8             | Unjustified payment of bills without authenticating M.B's                                  | 12.225  |
| 11            | Non-transparency in POL Spending   | 0.103   |
| 12            | Unjustified rush of expenditure during June, 2017  | 36.005  |
| <b>PHE-19</b> | <b>EE Public Health Engineering Khairpur - II</b>  |         |
| 4             | Unauthorized technical sanction beyond delegated financial powers                          | 42.377  |
| 5             | Non-completion of work as Per PC-I implementation Plan                                     | 9.642   |
| 7             | Unjustified payment of bills without authenticating M.B's                                  | 21.463  |
| 8             | Irregular commencement of work without executing contract agreement with contractors       | 29.450  |
| 10            | Non-imposition of penalty due to delay in completion of work                               | 0.114   |
| 13            | Non-transparency in POL Spending   | 0.065   |
| <b>PHE-20</b> | <b>EE Public Health Engineering Larkana</b>  |         |
| 2             | Undue favour to contractor in excess payment of estimated cost of work                     | 521.029 |
| 6             | Doubtful payment made to contractor without obtaining Completion Certificate               | 28.916  |
| 7             | Unauthorized award of work due to late execution of Contract Agreement                     | 131.072 |
| 8             | Irregular award of work to contractors not registered with sindh revenue board             | 916.955 |
| 9             | Non-reconciliation of taxes by concerned authority   | 101.260 |
| 10            | Non-collection of professional tax   | 0.083   |
| 11            | Non-reconciliation of expenditure  | 841.509 |
| 12            | Non verification of regularization of work charged staff                                   | 0       |
| <b>PHE-21</b> | <b>EE Public Health Engineering Badin</b>  |         |
| 3             | Non-crediting of revenue in to respective head of account                                  | 0.205   |
| 4             | Improper maintenance of work/ tender register  | 7.619   |
| 6             | Irregular payment without exercising 10% check measurement                                 | 4.505   |
| 7             | Non-recovery of stamp duty   | 0.087   |
| 8             | Irregular award of work to the contractors not registered with pec                         | 42.876  |
| 9             | Irregular award of contracts/ works to contractors not registered with Sindh revenue board | 42.139  |
| 10            | Award of contract made to contractors without execution of contract agreements             | 44.390  |
| <b>PHE-22</b> | <b>EE Public Health Engineering Jacobabad</b>  |         |
| 2             | Irregular execution of works withot preperation of PC-I of development works               | 88.477  |
| 5             | Recovery against stamp duty  | 0.309   |
| 6             | Payments of work charge expenditure without sanitation                                     | 1.235   |
| 7             | Irregular payments withuot signature   | 0.000   |
| 8             | Non hoisting of bid evaluation reports   | 81.949  |
| 9             | Irregular paymentwithout revised technical sanction  | 77.171  |
| <b>PHE-23</b> | <b>EE Public Health Engineering Mirpurkhas</b>   |         |
| 3             | Improper maintenance of work/ tender register  | 82.041  |
| 6             | Non recover of stamp duty  | 0.059   |

[Amount in Rupees]

| Para No       | Para   | Amount  |
|---------------|--|---------|
| 7             | Non accountal of purchased articles                                    | 2,000   |
| 8             | Irregular award of work to the contractors not registered with pec     | 23,299  |
| 10            | Irregular payment on reduced rates                                     | 2,000   |
| <b>PHE-24</b> | <b>EE Public Health Engineering Khairpur - I</b>                       |         |
| 2             | Irregular revision of estimate without revised administrative approval | 3,088   |
| 4             | Non-hoisting of bid evaluation reports on SPPRA website                | 34,470  |
| 5             | Unauthorized technical sanction beyond delegated financial powers      | 40,695  |
| 6             | Irregular payments without pre-audit check by divisional accountant    | 8,957   |
| 7             | Non-execution of contract agreement with contractors                   | 53,616  |
| 9             | Non-imposition of penalty due to delay in completion of work           | 2,294   |
| 12            | Unjustified rush of expenditure during June, 2017                      | 229,665 |

**DMC, Karachi**

[Amount in Rupees]

| Para No       | Para  | Amount     |
|---------------|---|------------|
| <b>TMA-5</b>  | <b>Chairman/ DMC West</b>   |            |
| 8             | Undue favour to contractor due to non-affixation of stamp duty                      | 29,914     |
| 9             | Irregular payment on account of cost of bitumen                                     | 2,779,321  |
| 13            | Irregular expenditure on POL charges.   | 5,000,522  |
| 14            | Non-execution of agreement  | 9,971,343  |
| 16            | Non maintenance of consumption account of purchase of items                         | 1,385,210  |
| 18            | Non-maintenance of tendering process record   | 5,047,204  |
| 19            | Irregular payment without acknowledgement receipt                                   | 586,490    |
| 20            | Irregular payment on account repair & maintenance of official vehicle               | 687,450    |
| 21            | Non maintenance of pre-audit register   | 0          |
| 22            | Annual physical verification of stock and stores not conducted                      | 0          |
| 23            | Non-maintenance / designed of map of municipal property                             | 0          |
| 24            | Non-maintenance of property record due to which land set free for encroachment      | 0          |
| 25            | Non-maintenance of dead stock register  | 0          |
| <b>TMA-23</b> | <b>DMC South</b>  |            |
| 8             | Award of works without obtaining technical sanction                                 | 11,785,021 |
| 9             | Irregular expenditure incurred without calling tender                               | 3,268,014  |
| 13            | Non-accountal of materials in stock register  | 15,787,761 |
| 14            | Less affixing of stamp duty   | 186,592    |
| 15            | Unauthorized over age appointments  | 0          |
| 16            | Doubtful huge expenditure incurred on repair of vehicles                            | 9,504,700  |
| 18            | Doubtful drawal of POL on official vehicles during official holidays                | 778,195    |
| 19            | Unauthorized creation of new posts without obtaining approval of finance department | 0          |
| 20            | Unauthorized under age appointments   | 0          |
| 22            | Unauthorized payment of salaries without post                                       | 855,475    |
| <b>TMA-41</b> | <b>Chairman / DMC East</b>  |            |
| 2             | Irregular payment on account of bonus & incentive to staff                          | 9,567,372  |
| 3             | Wasteful expenditure on account of over time paid to staff                          | 2,748,258  |
| 8             | Doubtful payment against rent of school building of                                 | 37,851     |
| 9             | Irregular expenditure on purchases without calling quotations                       | 1,083,050  |
| 17            | Unauthorized payment to security company of   | 4,308,000  |

[Amount in Rupees]

| Para No       | Para  | Amount     |
|---------------|---|------------|
| 18            | Non accountal of material purchased in the relevant stock register                                  | 1,697,850  |
| 21            | Unjustified award of electric work to general contractor instead of qualified electrical contractor | 7,883,535  |
| <b>TMA-32</b> | <b>Chairman / DMC Central</b>   |            |
| 13            | Non-collection of professional tax  | 20,000     |
| 14            | Loss to Government due to non-deduction of sindh sales tax on services                              | 3,437,000  |
| 18            | Unauthorized purchases without constitution of procurement committee                                | 5,947,000  |
| 23            | Non-disposal of unservicable/condemned vehicles, machinery and old parts                            | -          |
| 24            | Annual physical verification of stock/stores not conducted  | -          |
| 25            | Internal audit & inspection not conducted by controlling officer                                    | -          |
| <b>TMA-39</b> | <b>Chairman / DMC Korangi</b>   |            |
| 8             | Irregular advertisement in non-leading news papers  | 5,967,000  |
| 10            | Irregular revision of work without re-tendering   | 1,248,000  |
| <b>TMA-</b>   | <b>Chairman / DMC Malir</b>   |            |
| 5             | Unauthorized running of government vehicles without having registration numbers                     | 0          |
| 7             | Non-recovery of water charges   | 3,594,000  |
| 8             | irregular procurement without tender  | 1,392,000  |
| 9             | Irregular expenditure due to non-execution of contract agreement                                    | 12,500,000 |
| 10            | Irregular award of work to the contractors not registered with PEC                                  | 9,311,000  |
| 12            | Irregular expenditure on development work without physically verification of the schemes            | 12,745,000 |
| 13            | Non-recovery of stamp duty  | 73,000     |
| 14            | Un-justified reimbursement of medical bills   | 1,787,000  |
| 15            | Unauthorized payment to legal advisor without consultation of law department                        | 825,000    |
| 17            | Irregular expenditure on procurement without constitution of purchase & inspection committee        | 10,417,000 |
| 18            | Non removal of encroachment from municipal committee jurisdiction                                   | 0          |

## Hyderabad Division

[Rupees in Million]

| Para  | Particular   | Amount |
|---|--|--------|
| <b>Municipal Commissioner, Hyderabad Municipal Corporation, Hyderabad</b> |  |        |
| 19  | Recovery against Stamp Duty.   | 0.120  |
| 23  | Irregular Payment On Account Of Financial Assistance Without Supporting Documents. | 1.900  |
| 25  | Un-justified Reimbursement of Medical Bills.                                       | 1.200  |
| 26  | Payment Made on Account of Pension without Obtaining Life Certificate.             | 0.000  |
| 27  | Internal Audit and Inspection Not Conducted By the Controlling Officer.            | 0.000  |
| 28  | Non-Maintenance Of Dead Stock Register   | 0.000  |
| <b>Chief Municipal Officer, Municipal Committee, Tando Jam, Hyderabad</b> |  |        |
| 1   | Non-production of record.  | 0.000  |
| 7   | Irregular Purchase Of Items Through Quotation Without Standard Specification.      | 0.545  |
| 8   | Unjustified Expenditure.   | 0.592  |
| 9   | Loss To Government Due To Non Revision Of Rent Of Shops.                           | 0.169  |
| 10  | Payment of Group Insurance without Detail.   | 0.655  |
| 12  | Loss to Govt. Due To Non Recovery of Arrears.                                      | 0.182  |

[Rupees in Million]

| <b>Para</b>   | <b>Particular</b>  | <b>Amount</b> |
|---|--|---------------|
| 13  | Irregular Payment Of Development works Without Maintenance of Work Register.         | 0.000         |
| 14  | Non-Maintenance Of Dead Stock Register.  | 0.000         |
| <b>Chief Officer, District Council, Hyderabad</b>   |  |               |
| 6   | Loss to Govt. due to Non-deduction of Income Tax from salary of Muhammad Ali Jagsi   | 0.080         |
| 7   | Non-recovery of Stamp Duty on account non-execution of agreement                     | 0.007         |
| 8   | Non-obtaining approval of schedule of establishment                                  | 0.000         |
| 9   | Non-maintenance of Property Record   | 0.000         |
| <b>Chief Municipal Officer, Municipal Committee, Badin</b>                                |  |               |
| 11  | Non-Production of Records  | 0.000         |
| 13  | Less Recovery Of Shops Rent  | 0.406         |
| 14  | Irregular Expenditure on silt clearance through Contractor                           | 0.828         |
| 17  | Improper Maintenance Of Cash Book.   | 0.000         |
| 18  | Non-Maintenance Of Property Register   | 0.000         |
| 19  | Non-Removal Of Illegal Encroachments From Limits Of Town                             | 0.000         |
| 20  | Improper Sanitation System In The Limits Of Town Committee                           | 0.000         |
| <b>Chief Municipal Officer, Municipal Committee, Matli, Badin</b>                         |  |               |
| 1   | Non-production of record   | -             |
| 5   | Non accountal of procured articles into stock register                               | 1.266         |
| 6   | Non-remittance of government taxes into public exchequer                             | 0.167         |
| 7   | Non-deduction of GST   | 0.627         |
| 8   | Unauthorized payment of income tax without reconciliation with income tax department | 1.598         |
| 9   | Splitting up of work orders/works to avoid calling tender                            | 1.925         |
| 10  | Wasteful expenditure on outsourcing desilting work                                   | 0.380         |
| 11  | Irregular expenditure on uniform / liveries  | 0.465         |
| 13  | Unauthorized clearance of previous liabilities                                       | 0.718         |
| 15  | Unauthorized appointments of daily wages staff                                       | 0.240         |
| 16  | Non-registration of government vehicles & non-payment of annual tax of vehicles      | -             |
| 17  | Non-maintenance of property register   | -             |
| 18  | Non-maintenance of dead stock register   | -             |
| 19  | Improper maintenance of cash book  | -             |
| 20  | Internal audit & Inspection not conducted by controlling officer                     | -             |
| <b>Chief Municipal Officer, Municipal Committee, Shaheed Fazil Rahu (Golarchi), Badin</b> |  |               |
| 5   | Irregular expenditure through cash/open cheques                                      | 4.448         |
| 6   | Unjustified payment on account of loan   | 0.171         |
| 7   | Loss due to non-revision of rent   | 1.461         |
| 8   | Payments of pension without supporting vouchers                                      | -             |
| 9   | Unjustified payment to contract staff due to non-availability of SNE                 | 0.816         |
| 10  | Unauthorized payment of income tax without reconciliation with income tax Dept.      | 1.880         |
| 11  | Doubtful expenditure on a/c of furniture & equipment for council hall                | 0.117         |
| 12  | Doubtful expenditure on Thalassemia care centre                                      | 0.200         |
| 13  | Doubtful expenditure on public park  | 0.108         |
| 14  | Doubtful expenditure on grant of press club  | 0.252         |
| 15  | Doubtful expenditure on account of advertisement                                     | 0.395         |
| 17  | Non-accountal of purchased articles into stock register                              | 0.990         |
| 18  | Non-removal of illegal encroachment on government property                           | 0.000         |
| 20  | Internal audit and inspection not conducted by the controlling office                | 0.000         |

[Rupees in Million]

| Para  | Particular   | Amount |
|---|--|--------|
| <b>Chairman / TC Talhar District Badin</b>                                |  |        |
| 3   | Non-remittance of govt taxes into public exchequer   | 0.150  |
| 6   | Splitting up of work orders/works to avoid calling tender                                    | 0.926  |
| 10  | Doubtful expenditure on thalassemia care centre  | 0.100  |
| 15  | Improper maintenance of cash book  | 0.000  |
| 16  | Non-removal of illegal encroachments from limits of town                                     | 0.000  |
| 17  | Non-maintenance of dead stock register   | 0.000  |
| 18  | Unauthorized expenditure on unapproved and unsigned budget                                   | 0.000  |
| 19  | Annual physical verification stock/store not conducted                                       | 0.000  |
| 20  | Internal audit and inspection not conducted by the controlling officer                       | 0.000  |
| <b>Chairman / TC Tando Bago District Badin</b>                            |  |        |
| 4   | Non-remittance of government taxes into public exchequer.                                    | 0.914  |
| 9   | Unjustified payment of loan  | 1.119  |
| 18  | Unjustified heavy expenditure on refusal van   | 0.721  |
| 19  | Doubtful expenditure on Thalassemia care centre  | 0.200  |
| 21  | Unjustified payment made to audit fees   | 0.300  |
| 22  | Non-deduction of general provident fund & benevolent fund from salaries                      | -      |
| 23  | Irregular appointment of legal advisor without consultation of Law Dep.                      | -      |
| 24  | Non-preparation of bank reconciliation statement on daily & monthly basis                    | -      |
| 25  | Non-registration of Government vehicles & non-payment of annual tax of vehicles              | -      |
| <b>Chief Officer, District Council, Badin</b>                             |  |        |
| 1   | Non-Production of Records  | -      |
| 2   | Non-Remittance of Government Taxes into Public Exchequer                                     | 0.155  |
| 3   | Non-Deduction of GST   | 0.474  |
| 4   | Non-Recovery of Professional Tax   | 0.005  |
| 6   | Irregular Expenditure on Consumption of POL without Maintenance of Log Book                  | 0.249  |
| 7   | Irregular Expenditure incurred on Repair of Vehicle  | 0.993  |
| 9   | Unauthorized Expenditure on Withheld NIT By SPPRA.   | -      |
| 10  | Payments of Pension without Supporting Vouchers.   | -      |
| 11  | Non-payment of annual tax on Government vehicles   | -      |
| 12  | Non-Maintenance of Property Register   | -      |
| 13  | Internal Audit and Inspection Not Conducted By the Controlling Officer                       | -      |
| <b>Chairman / Municipal Committee, Thatta</b>                             |  |        |
| 6   | Irregular payment of salaries without necessary deduction.                                   | -      |
| 13  | Doubtful deposition of collected income tax into Government treasury without any valid proof | 1.175  |
| 15  | Annual physical verification not conducted by Controlling authority                          | -      |
| <b>Makli, Sub-office of Municipal Committee, Thatta</b>                   |  |        |
| 18  | Loss to Government due to non-revision of rents of Govt property                             | 0.269  |
| 19  | Non-recovery of Government dues  | 0.162  |
| <b>Chief Municipal Officer, Municipal Committee, Mirpur Sakro, Thatta</b> |  |        |
| 9   | Irregular & un-justified expenditure on hiring of vehicles for garbage lifting               | 0.545  |
| 11  | Irregular payment of difference bills without justification                                  | 0.691  |
| 16  | Non-accountal of purchases in relevant stock register  |        |
| <b>Town Officer, Town Committee, Ghorabari, Thatta</b>                    |  |        |
| 3   | Irregular payment of salaries without necessary deductions                                   | -      |

[Rupees in Million]

| <b>Para</b>  | <b>Particular</b>  | <b>Amount</b> |
|--|--|---------------|
| 8  | Non-accountal of purchases in relevant stock register                                      | 1.465         |
| 9  | Non-realisation of targeted revenue  | 0.800         |
| 11   | Non-recovery of stamp duty   | 0.027         |
| 12   | Irregular expenditure without 10% check measurement  | 9.422         |
| 14   | Irregular refund of security deposits  | 3.010         |
| 15   | Loss to Government due to non-recovery of professional tax                                 | 0.057         |
| 16   | Improper Sanitation System within Jurisdiction of Town Committee, Ghorabari                | -             |
| 17   | Annual physical verification not conducted by controlling authority                        | -             |
| 22   | Improper sanitation system within jurisdiction of Town Committee                           | -             |
| <b>Chief Officer, District Council, Thatta</b>             |  |               |
| 3  | Non-transparency in Government spending on account of POL.                                 | 0.116         |
| 4  | Wastage of public funds by paying salaries to idle staff.                                  | 4.478         |
| 5  | Improper maintenance of Cashbook.  | -             |
| 8  | Non –revision of rents of Government property.   | 0.560         |
| <b>Chairman/ Municipal Committee, Dadu</b>                 |  |               |
| 12   | Irregular expenditure on account of leave encashment                                       | 2.090         |
| 13   | Doubtful expenditure on account of over time allowance                                     | 0.234         |
| 14   | Loss to government due less realization of targeted receipts                               | 0.324         |
| 16   | Non-maintenance of property record   | 0.000         |
| 18   | Non-maintenance of dead stock register   | 0.000         |
| 19   | Internal audit & inspection not conducted  | 0.000         |
| <b>Chairman / Municipal Committee Khairpur Nathan Shah</b> |  |               |
| 13   | Non-maintenance of dead stock register   | -             |
| 14   | Non-maintenance of property record   | -             |
| 15   | Internal audit & Inspection not conducted  | -             |
| 16   | Improper sanitation and solid waste management in tow committee                            | -             |
| <b>Chairman / Town Committee Sita Part - II (2016-17)</b>  |  |               |
| 17   | Non-production of record   | -             |
| 18   | Non-verification of service books  | -             |
| 19   | Improper sanitation and solid waste management in tow committee                            | -             |
| <b>Chairman/ Municipal Committee, Mehar District Dadu</b>  |  |               |
| <b>Part-I Chairman Municipal Committee Mehar</b>           |  |               |
| 5  | Irregular Expenditure of due to Non-Maintenance of Work Register/Security Deposit Register | 50.241        |
| 17   | Non-Maintenance of Dead Stock Register.  | -             |
| 18   | Internal Audit & Inspection not Conducted  | -             |
| <b>Part-II-Town Committee, Thariri Muhabat</b>             |  |               |
| 20   | Non-verification of Service Boos   |               |
| 22   | Improper Sanitation and Solid Waste Management System within the Limits of Town Committee  |               |
| <b>Part-II-Town Committee, Radhan Station</b>              |  |               |
| 25   | Improper Sanitation and Solid Waste Management System within the Limits of Town Committee  | -             |
| 26   | Non-verification of Service Boos   | -             |
| <b>Chairman/ Municipal Committee, Johi District Dadu</b>   |  |               |
| 12   | Loss to Govt. due to Non-recovery of Outstanding Arrears/Dues                              | 0.56          |

[Rupees in Million]

| <b>Para</b>  | <b>Particular</b>   | <b>Amount</b> |
|--|---|---------------|
| 14   | Non-Reconciliation of Challans  | 0.523         |
| 16   | Irregular Expenditure on account of Advances Payment  | 0.174         |
| 17   | Irregular Expenditure without Supporting Vouchers   | 0.885         |
| 19   | Non-Maintenance of Dead Stock Register.   | -             |
| 20   | Internal Audit & Inspection not Conducted   | -             |
| <b>Chief Officer, District Council, Dadu</b>                           |   |               |
| 9  | Non-Maintenance of Property Record  | -             |
| <b>Chairman/ Municipal Committee, Kotri District Jamshoro</b>          |   |               |
| 7  | Burden due to appointment of Contingent paid employees  | -             |
| 10   | Non-accountal /non-credit of dues of cattle piri departmental recovery                                  | 0.340         |
| 11   | Irregular Expenditure without Preparing Annual Procurement Plan   | -             |
| 12   | Unauthorized use of government vehicle beyond entitlement   | -             |
| 17   | Annual physical verification of stock/stores not conducted  | -             |
| 18   | Non-initiating departmental proceedings against absent/absconder employees                              | -             |
| 19   | Loss of Govt vehicle kept in Court Custody since long.  | -             |
| 20   | Improper maintenance of cash book and cheque issue register   | -             |
| <b>Chairman/ TC Thana Bula Khan</b>                                    |   |               |
| 7  | Loss due to non-utilization of Sanitation vehicles  | 0.000         |
| 8  | Loss due to non-deposit of GST into Govt account  | 0.220         |
| 10   | Non-affixing/less affixing of Stamp Duty  | 0.013         |
| 11   | Doubtful payment of pension dues to family of deceased employee   | 0.189         |
| <b>Chairman/ Municipal Committee, Sehwan Sharif, District Jamshoro</b> |   |               |
| 5  | Short deposition of deducted Income   | 0.468         |
| 7  | Unauthorized appointment of daily wages employees   | -             |
| 11   | Non-Imposition of Penalty due to delay in completion of works   | 0.000         |
| 14   | Posting of officers in higher grade in contravention to orders of Honourable Supreme Court of Pakistan. | -             |
| 16   | Annual physical verification of stock/stores not conducted  | -             |
| <b>Chief Officer, District Council, Jamshoro</b>                       |   |               |
| 5  | Non-deduction of General Sales Tax  | 0.116         |
| 7  | Posting of officers in higher grade in contravention to orders of Honourable Supreme Court of Pakistan. | -             |
| 8  | Annual physical verification of stock/stores not conducted  | Nil           |
| <b>Chairman/ Municipal Committee, Tando Allahyar</b>                   |   |               |
| 13   | Loss to government due to non-registration of official vehicles   | 0.900         |
| 16   | Non-publication of nit in widely circulated newspapers  | -             |
| 17   | Non-obtaining approval of schedule of establishment   | -             |
| 18   | Improper maintenance of cash book   | -             |
| <b>Chairman/Town Committee, Chamber, Badin</b>                         |   |               |
| 12   | Unjustified POL Drawl 25 Km away from TC Chamber  | -             |
| 25   | Unauthorized provisional payment due to obtaining late approval of budget estimates                     | -             |
| 26   | Non-obtaining approval of schedule of establishment   | -             |
| <b>Chairman/ TC Jhando Mari @ Pyaro Lund District Tando Allahyar</b>   |   |               |
| 7  | Loss to government due to non-registration of official vehicles   | 0.460         |
| 8  | Unjustified use of POL on account of fumigation   | 0.150         |
| 9  | Non-accountal of supply items   | 0.611         |

[Rupees in Million]

| Para  | Particular   | Amount |
|---|--|--------|
| 10  | Irregular payment of salary without biometric  | -      |
| 11  | Improper maintenance of Cash Book  | -      |
| <b>Chairman/ TC Nasarpur District Tando Allahyar</b>                          |  |        |
| 4   | Unauthorized expenditure on account of POL without maintaining Log Book  | 0.760  |
| 10  | Non-maintenance of property record   | -      |
| 11  | Improper maintenance of cash book  | -      |
| <b>Chief Officer, District Council, Chamber</b>                               |  |        |
| 1   | Non-production of record.  |        |
| 7   | Irregular deposit of call deposit into local fund.   | 0.58   |
| 9   | Advance payment without obtaining system generated bills   | 0.2    |
| 10  | Non accountal of misc. items.  | 0.957  |
| <b>Chief Municipal Officer, Municipal Committee, Tando Muhammad Khan</b>      |  |        |
| 5   | Non-compliance of rule 50 of SPPRA 2010 in NIT No 32288 called for community development program for sustainable development goals | -      |
| 14  | Non-Recovery of Targeted Receipts  | 0.332  |
| 15  | Non-obtaining approval of schedule of establishment  | -      |
| 16  | Non-maintenance of stock & dead stock register   | -      |
| <b>Town Officer, Town Committee, Tando Ghulam Haider, Tando Muhammad Khan</b> |  |        |
| 2   | Expenditure against unapproved scheme  | 0.799  |
| 6   | Non-compliance of rule 50 of SPPR 2010 in NIT serial No. 31404   | -      |
| 15  | Loss to Government due to non-registration of Official Vehicles  | 0.520  |
| 16  | Non-maintenance of Stock/Dead Register   | -      |
| 17  | Non-obtaining approval of schedule of establishment  | -      |
| <b>Chief Officer, District Council, Tando Muhammad Khan</b>                   |  |        |
| 1   | Non-Production of record   | -      |
| 3   | Non-compliance of rule 50 of SPPRA 2010 in NIT No 32565 called for community development program for sustainable development goals | -      |
| 7   | Non-Recovery of Sales Tax on Services from contractors   | 0.129  |
| <b>Chairman / Municipal Committee, Hala</b>                                   |  |        |
| 2   | loss to government due to non-deposit of deducted income tax into government account   | 0.131  |
| 6   | Improper maintenance of log book   | 2.217  |
| 8   | Irregular expenditure on removal of silt cleaning  | 0.932  |
| 9   | Non accountal of procured items/materials in the relevant stock register   | 0.935  |
| 10  | Improper maintenance of cash book  | -      |
| 11  | Non-removal of encroachment from municipal committee jurisdiction  | -      |
| 12  | Irregular purchase of sanitation material  | 0.451  |
| <b>Part-II Town Committee Bhit Shah</b>                                       |  |        |
| 13  | Non-production of record   |        |
| 14  | Non-verification of service books  |        |
| 15  | Improper sanitation and solid waste management in town committee   |        |
| <b>Chairman / Municipal Committee New Saeedabad</b>                           |  |        |
| 9   | Irregular expenditure on account of POL of fire brigade  | 0.677  |
| 10  | Wasteful expenditure on account of outsourcing   | 1.239  |
| 11  | Payments of pension without supporting vouchers  | 0.408  |
| 12  | Non-maintenance of dead stock register   | -      |
| 13  | Internal audit & Inspection not conducted  | -      |

## Mirpurkhas Division

[Amount in Rupees]

| Sr.                                | AIR Para | Abstract of Para  | Amount     |
|------------------------------------|----------|---|------------|
| <b>District Council Umerkot</b>    |          |   |            |
| 1                                  | 7        | Non-maintenance of dead stock registers   | -          |
| 2                                  | 8        | Non-verification of stock & stores at the close of financial year               | -          |
| 3                                  | 9        | Internal audit & inspection not conducted by controlling officer                | -          |
| <b>Municipal Committee Umerkot</b> |          |   |            |
| 4                                  | 1        | Irregular award of work without tender fees                                     | 40,000     |
| 5                                  | 8        | Non-completion of works within stipulated time period                           | -          |
| 6                                  | 12       | Non-prevention of valuable assets by entering into stock register               | 48,902,869 |
| 7                                  | 14       | Non-registration of valuable vehicles of council                                | -          |
| 8                                  | 17       | Non-maintenance of dead stock registers   | -          |
| 9                                  | 18       | Non-verification of stock & stores at the close of financial year               | -          |
| <b>Town Committee Dhoronaro</b>    |          |   |            |
| 10                                 | 5        | Illegal appointment of Adhoc Staff  | 329,040    |
| <b>Town Committee Chhore</b>       |          |   |            |
| 11                                 | 2        | Non-accountal purchased articles in stores.                                     | 824,020    |
| 12                                 | 3        | Unjustified purchases without procurement committee                             | 824,020    |
| 13                                 | 5        | Improper maintenance of Cash Book   | -          |
| 14                                 | 6        | Non-maintenance of dead stock registers.  | -          |
| <b>Town Committee Diplo</b>        |          |   |            |
| 15                                 | 1        | Non-preparation of Annual Procurement Plan to hoist in Advance on SPPRA Website | -          |
| 16                                 | 4        | Unjustified electrical item procurement without electrical licensed contractors | 785,000    |
| 17                                 | 12       | Unjustified expenditure on the procurement of Hand Pumps & Sewing Machines      | 2,202,935  |
| 18                                 | 13       | Unjustified payment of procurement without invoices                             | 3,865,435  |
| 19                                 | 16       | Doubtful payments in absence of pre-audit of bills                              | 1,400,000  |
| 20                                 | 18       | Non-accountal of procured articles in store/stock register                      | 604,386    |
| 21                                 | 20       | Unjustified & irregular repair of vehicles                                      | 423,650    |
| 22                                 | 26       | Non maintenance budget control registers (Appropriation Accounts)               | -          |
| 23                                 | 27       | Non-maintenance o dead stock registers  | -          |
| 24                                 | 28       | Non-verification of stock & stores at the close of financial year               | -          |
| 25                                 | 29       | Internal audit & inspection not conducted by controlling officer                | -          |
| <b>Town Kot Ghulam Muhammad</b>    |          |   |            |
| 26                                 | 4        | Unjustified procurement without constitution of procurement committee           | 1,559,626  |
| 27                                 | 6        | Non-accountal of procured articles in store/stock register                      | 3,759,190  |
| 28                                 | 8        | Unjustified & irregular repair of vehicles                                      | 874,580    |
| 29                                 | 9        | Non-registration of council vehicles  | -          |
| 30                                 | 11       | Irregular payment on account of uniform to staff                                | 390,000    |
| 31                                 | 14       | Irregular payment of pension without codal formalities                          | 1,817,263  |
| 32                                 | 16       | Non-maintenance of dead stock registers   | -          |
| 33                                 | 17       | Non-verification of stock & stores at the close of financial year               | -          |
| 34                                 | 18       | Internal audit & inspection not conducted by controlling officer.               | -          |
| <b>Town Committee Kunri</b>        |          |   |            |
| 35                                 | 3        | Unjustified procurement without constitution of procurement committee           | 2,566,933  |

[Amount in Rupees]

| Sr.                                    | AIR Para | Abstract of Para   | Amount     |
|--|----------|--|------------|
| 36                                     | 5        | Non-accountal purchased articles in stores.  | 1,142,080  |
| 37                                     | 6        | Unauthorized & irregular repair of vehicles  | 433,335    |
| 38                                     | 8        | Irregular payment on account of uniform to staff                                   | 268,000    |
| 39                                     | 9        | Loss to public exchequer on account of stamp duty                                  | 30,802     |
| 40                                     | 13       | Non-maintenance of dead stock registers.   | -          |
| 41                                     | 14       | Non-verification of stock & stores at the close of financial year                  | -          |
| 42                                     | 15       | Internal audit & inspection not conducted by controlling officer                   | -          |
| <b>Town Committee Nabisar Road</b>     |          |  |            |
| 43                                     | 2        | Non-accountal purchased articles in stores.  | 408,312    |
| 44                                     | 3        | Non-transparency in public spending  | 86,620     |
| 45                                     | 5        | Non-maintenance of dead stock registers.   | -          |
| <b>Town Committee Pithoro</b>          |          |  |            |
| 46                                     | 2        | Non-preparation of Annual Procurement Plan to hoist in Advance on SPPRA Website    | -          |
| 47                                     | 3        | Unauthorized creation & payment of liabilities                                     | 355,357    |
| 48                                     | 6        | Non-accountal of procured articles in store/stock register                         | 661,835    |
| 49                                     | 9        | Non-recovery of income tax on taxable salaries of staff                            | 67,160     |
| 50                                     | 12       | Non-verification of Service Books & Pay Fixation                                   | -          |
| 51                                     | 15       | Non-maintenance of dead stock registers  | -          |
| 52                                     | 16       | Non-verification of stock & stores at the close of financial year                  | -          |
| 53                                     | 17       | Internal audit & inspection not conducted by controlling officer                   | -          |
| <b>Town Committee Samaro</b>           |          |  |            |
| 54                                     | 2        | Non-preparation of Annual Procurement Plan to hoist in advance on SPPRA Website    | -          |
| 55                                     | 3        | Unauthorized creation & payment of liabilities                                     | 898,992    |
| 56                                     | 6        | Non-accountal purchased articles in stores   | 2,025,280  |
| 57                                     | 7        | Unjustified & irregular repair of vehicles   | 728,210    |
| 58                                     | 8        | Irregular consumption of POL on un-registered vehicles of council                  | 1,332,000  |
| 59                                     | 10       | Irregular payment on account of uniform to staff                                   | 242,400    |
| 60                                     | 12       | Unauthorized payment of salaries to staff without pre-audited bills                | 2,841,390  |
| 61                                     | 13       | Illegal extra posts created on schedule of establishment                           | -          |
| 62                                     | 16       | Non-maintenance of dead stock registers.   | -          |
| 63                                     | 17       | Annual Physical Verification of stocks & stores not conducted                      | -          |
| 64                                     | 18       | Non-conducted internal & audit inspection by controlling officer                   | -          |
| <b>Town Committee Hussain Bux Mari</b> |          |  |            |
| 65                                     | 4        | Irregular Rate Analysis of Non-schedule Items without Quotations from Market       | 2,000,000  |
| 66                                     | 5        | Irregular lump sum provision in estimate without installation of procured articles | 2,000,000  |
| 67                                     | 6        | Award of work without signing contract agreements by Administrator                 | 19,000,000 |
| 68                                     | 8        | Non-preparation of Progress Reports of Development Works                           | -          |
| 69                                     | 13       | Non-accountal purchased articles in stores.  | 6,680,000  |
| 70                                     | 14       | Irregular & unjustified R&M of vehicles  | 1,873,131  |
| 71                                     | 16       | Illegal extra post created on schedule of establishment                            | 12,875,472 |
| 72                                     | 17       | Irregular payment of pension without codal formalities                             | 441,192    |
| 73                                     | 18       | Loss to public exchequer on account of stamp duty                                  | 54,665     |
| 74                                     | 19       | Withdrawal of Public Funds without Supporting Vouchers/Bills                       | 1,000,000  |

[Amount in Rupees]

| Sr.                                   | AIR Para | Abstract of Para   | Amount |
|---------------------------------------|----------|--|--------|
| 75                                    | 21       | Non-recovery of income tax on taxable salaries of staff                                      | 69,416 |
| 76                                    | 22       | Non-maintenance of dead stock registers.   | -      |
| 77                                    | 24       | Non-conducted internal & audit inspection by controlling officer                             | -      |
| 78                                    | 25       | Non-production of Record (Partial)   | -      |
| <b>District Council Mithi</b>         |          |  |        |
| 79                                    | 1        | Non Production of record service books and personal files                                    | -      |
| 80                                    | 2        | Loss to District Council Mithi of due to transfer of properties to Municipal Committee Mithi | 0.465  |
| 81                                    | 4        | Unjustified payment made without pre-audit   | 1.309  |
| 82                                    | 5        | Unauthorized expenditure on account of POL without maintaining Log Book                      | 0.407  |
| 83                                    | 6        | Non-accountal of purchased items   | 1.503  |
| 84                                    | 7        | Non-obtaining approval of schedule of establishment  | -      |
| 85                                    | 8        | Improper maintenance of Cash Book without Bank Reconciliation                                | -      |
| <b>District Council Mirpurkhas</b>    |          |  |        |
| 86                                    | 3        | Wasteful expenditure on salaries of staff  | 19.889 |
| 87                                    | 4        | Non maintenance of property register / record  | -      |
| 88                                    | 7        | Non accountal of material purchased in the relevant stock register                           | 0.394  |
| 89                                    | 8        | Non maintenance of dead stock register for the assets of mc office                           | -      |
| <b>Municipal Committee Mirpurkhas</b> |          |  |        |
| 90                                    | 12       | Unauthorized running of government vehicles without having registration numbers              | -      |
| 91                                    | 13       | Non accountal of material purchased in the relevant stock register                           | 8.352  |
| 92                                    | 14       | Loss to government due to free supply of water   | -      |
| 93                                    | 15       | Unjustified purchase of electric material  | 1.1    |
| 94                                    | 18       | Un-authorized award of auctions without obtaining bank guarantee                             | 0.783  |
| 95                                    | 19       | Non maintenance of dead stock register for the assets of mc office                           | -      |
| 96                                    | 20       | Non removal of encroachment from municipal committee jurisdiction                            | -      |
| <b>Town Committee Digri</b>           |          |  |        |
| 97                                    | 8        | Unjustified purchase of electric material  | 0.771  |
| 98                                    | 10       | Irregular & unauthorized appointment of contract staff & payment thereof                     | 1.383  |
| 99                                    | 12       | Irregular & unauthorized distribution of hand pumps purchased                                | 0.288  |
| 100                                   | 13       | Failure to perform functions by controlling authority  | -      |
| 101                                   | 14       | Non accountal of material purchased in the relevant stock register                           | 2.207  |
| 102                                   | 15       | Unauthorized payment to legal advisor without consultation of law department                 | 0.3    |
| 103                                   | 16       | Non maintenance of dead stock register for the assets of Town office                         | -      |
| 104                                   | 17       | Non-removal of illegal encroachment from limits of town committee                            | -      |
| <b>Town Committee Hingorno</b>        |          |  |        |
| 105                                   | 2        | Irregular MBs recorded without mentioning measurements'                                      | 18.784 |
| 106                                   | 4        | Non accountal of material purchased in the relevant stock register                           | 0.133  |
| 107                                   | 5        | Irregular expenditure without maintaining history Sheet                                      | 1.62   |
| 108                                   | 6        | Unjustified payment without adjustment account   | 1.036  |
| 109                                   | 7        | Unauthorized payment made to employee instead vender   | 0.093  |
| 110                                   | 8        | Irregular Payment made to contractor instead direct procurement by manufacturer              | 0.345  |
| 111                                   | 9        | Un-authorized hiring of legal advisor  | 0.16   |
| 112                                   | 12       | Irregular execution of work without valid agreement  | 57.2   |

[Amount in Rupees]

| Sr.                              | AIR Para | Abstract of Para  | Amount     |
|----------------------------------|----------|---|------------|
| 113                              | 13       | Non-production of record  | -          |
| 114                              | 15       | Improper maintenance of cash book   | -          |
| <b>Municipal Committee Mithi</b> |          |   |            |
| 115                              | 8        | Unauthorized Clearance of Liabilities   | 2,575,390  |
| 116                              | 9        | Sub standard work due to less execution of item of works  | 1,303,095  |
| 117                              | 11       | Non-deduction of Service Tax  | 4,628,873  |
| 118                              | 12       | Unjustified payment of electricity without reconciliation   | 17,620,767 |
| 119                              | 13       | Doubtful drawal of funds in the name of staff members for salaries of daily wages staff           | 2,571,852  |
| 120                              | 14       | Unauthorized appointment of daily wages/contract staff  | 2,767,200  |
| 121                              | 15       | Unauthorized delay in start of work and forfeiture of security                                    | 1,042,553  |
| 122                              | 16       | Doubtful/Unjustified payment of monthly pension   | 2,160,344  |
| 123                              | 17       | Non-deduction of General Sales Tax  | 1,088,091  |
| 124                              | 18       | Non-Imposition of Penalty due to delay in completion of works                                     | 450,000    |
| 125                              | 19       | Unjustified purchase of Street light material   | 985,647    |
| 126                              | 20       | Irregular use of government vehicle beyond entitlement  | -          |
| 127                              | 21       | Unauthorized payment on account of excess execution of item of work                               | 1,642,969  |
| 128                              | 22       | Unauthorized expenditure incurred out of purview of Local Councils in Court & DC house            | 887,560    |
| 129                              | 26       | Un-authorized refund of Security Deposits instead of crediting into Govt. account                 | 105,916    |
| 130                              | 27       | Recovery on account of over payment of TA/DA  | 63,150     |
| 131                              | 28       | Loss due to non-affixing of Stamp Duty  | 26,496     |
| 132                              | 29       | Recovery on account of excess payment of premium  | 14,299     |
| 133                              | 30       | Non-accountal of materials in stock register  | 8,760,553  |
| <b>Town Committee Islamkot</b>   |          |   |            |
| 134                              | 5        | Unauthorized delay in start of work and forfeiture of security                                    | 4,109,050  |
| 135                              | 6        | Unauthorized award of works against SPPRA withheld Tender ID                                      | 44,750,000 |
| 136                              | 9        | Unauthorized payment of final bills without completion certificates                               | 2,981,410  |
| 137                              | 12       | Non-deduction of Service Tax  | 4,383,804  |
| 138                              | 14       | Unjustified payment of electricity without reconciliation   | 14,181,891 |
| 139                              | 15       | Unauthorized appointment of muslims as sanitary worker against the posts reserved for non-muslims | 2,400,288  |
| 140                              | 16       | Unauthorized appointment of daily wages/contract staff  | 5,900,012  |
| 141                              | 17       | Doubtful/Unjustified payment of monthly pension   | 2,190,456  |
| 142                              | 18       | Unauthorized additional charge of Accounts Officer/Accountant since long                          | -          |
| 143                              | 20       | Loss due to non-affixing of Stamp Duty  | 52,505     |
| 144                              | 22       | Recovery on account of excess payment of premium  | 22,477     |
| 145                              | 23       | Recovery on account of payment charged in excess of schedule rates                                | 56,200     |
| 146                              | 24       | Short recovery of Income tax from contractor  | 480,000    |
| 147                              | 25       | Non-deduction of General Sales Tax  | 640,443    |
| 148                              | 27       | Non-accountal of materials in stock register  | 5,863,809  |
| <b>Town Committee Chelhar</b>    |          |   |            |
| 149                              | 1        | Non-preparation of Annual Procurement Plan to hoist in Advance on SPPRA Website                   | -          |
| 150                              | 9        | Non-accountal of procured articles in store/stock register  | 823,688    |

[Amount in Rupees]

| Sr. | AIR Para | Abstract of Para  | Amount    |
|-----|----------|---|-----------|
| 151 | 10       | Non-transparency in POL Spending                                  | 1,284,205 |
| 152 | 12       | Illegal appointment of Adhoc Staff                                | 738,000   |
| 153 | 13       | Non maintenance budget control registers (Appropriation Accounts) | -         |
| 154 | 14       | Non-maintenance o dead stock registers                            | -         |
| 155 | 15       | Non-verification of stock & stores at the close of financial year | -         |
| 156 | 16       | Internal audit & inspection not conducted by controlling officer  | -         |

## Shaheed Benazirabad Division

### Paras related to current Audit Year 2016-17

[Rupees in Million]

| Para No      | Particulars  | Amount  |
|--------------|--|---------|
| <b>LGD</b>   | <b>Chief Officer, District Council Naushero Feroze</b>   |         |
| 2            | Blockage of Government Funds Amounting   | 311.341 |
| 5            | Failure to Pre-prepare Annual Procurement Plan   | 1.243   |
| 6            | Doubtful Expenditure On Account Of Purchase of Material with-Out Entry in Stock Register                     | 1.145   |
| 7            | Irregular payment on account of Printing   | 0.183   |
| 8            | Irregular payment on account of Repair and Maintenance of Government Vehicles                                | 0.251   |
| 10           | Unjustified Expenditure without Vouched Account  | 0.383   |
| 12           | Annual Physical Verification of Stock/Stores Not Conducted   | -       |
| <b>TMA-1</b> | <b>Chairman/ Chief Municipal Officer, Municipal Committee Moro</b>   |         |
| 4            | Irregular Expenditure on account of purchase of Electric Material & Furniture                                | 1.600   |
| 5            | Un-authorized Execution of Development Works on Quotation Basis  | 2.824   |
| 6            | Irregular Expenditure on account of purchase of Motor Rickshaws & Loader Bodies by splitting to avoid tender | 0.666   |
| 9            | Failure to Pre-prepare an Annual Procurement Plan  | 4.483   |
| 11           | Un-authorized Payment of Salary to Fake Appointee Town Officer   | 0.570   |
| 12           | Un-authorized Appointment of 20 No Fake Employees  | -       |
| 13           | Non- Recovery of Various Arrears   | 8.010   |
| 14           | Non-Recovery of Stamp Duty   | 0.052   |
| 16           | Loss to Government Due to Less Recovery of Targeted Receipts   | 4.614   |
| 18           | Suspicious payment of income tax without reconciliation with income tax department                           | 4.902   |
| 19           | Improper Sanitation and Solid Waste Management in Town Committee   | -       |
| 20           | Non Maintenance of Property Register   | -       |
| 8            | Non Hoisting Of Bid Evaluation Report On SPPRA Website   | 30.000  |
| <b>TMA-2</b> | <b>Chairman/ Town Officer, Town Cimmittee Kandiaro</b>   |         |
| 05           | Irregular Purchase of Material With-out Constitution of Purchase Committee                                   | 1.171   |
| 06           | Unauthorized Award of Contracts without Sanction of Contract Agreements                                      | 3.190   |
| 07           | Non-Recovery of Stamp Duty   | 0.066   |
| 08           | Irregular payment on account of Printing   | 0.276   |

[Rupees in Million]

| <b>Para No</b> | <b>Particulars</b>   | <b>Amount</b> |
|----------------|--|---------------|
| 09             | Irregular payment on account of Repair and Maintenance of Government Vehicles      | 0.416         |
| 10             | Non-leasing-out Rights of Collection of Various Taxes & Fees through Open Auctions | 0.750         |
| 11             | Non-Payment of Arrears of Commutation  | 1.088         |
| 12             | Suspicious payment of Pension Funds  | 10.160        |
| 13             | Suspicious payment of Liabilities  | 7.851         |
| 16             | Non Accountal Of Liveries  | 0.436         |
| 17             | Irregular Expenditure with-out Maintenance of Work Register                        | 18.883        |
| 18             | Non-Maintenance of Dead Stock Register   | -             |
| <b>TMA-3</b>   | <b>Part-I, Town Committee Naushero Feroze</b>                                      |               |
| 05             | Irregular Purchase of Material With-out Constitution of Purchase Committee         | 3.791         |
| 06             | Unauthorized Award of Contracts without Sanction of Contract Agreements            | 2.392         |
| 08             | Non-Recovery of Stamp Duty   | 0.016         |
| 12             | Un-justified Expenditure on account of Newspapers Bill                             | 0.802         |
| 13             | Doubtful Payment of Newspaper Bill to Junior Clerk                                 | 0.238         |
| 15             | Non-leasing-out Rights of Collection of Various Taxes & Fees through Open Auctions | 0.900         |
| 17             | Irregular Creation of Liabilities  | 40.184        |
| 18             | Loss to Government Due to Less Recovery of Targeted Receipts                       | 5.741         |
| 19             | Loss to Government Due to Non- Recovery of Various Arrears                         | 6.744         |
| 20             | Suspicious payment of Pension & Liabilities  | 15.839        |
| 21             | Unjustified Expenditure without Vouched Account                                    | 1.627         |
| 22             | Irregular payment on account of Repair and Maintenance of Government Vehicles      | 0.607         |
| 23             | Non Accountal Of various items   | 0.419         |
| 24             | Loss to Government Due to Non-Auctioning of Wood                                   | -             |
| 07             | Failure to Pre-prepare an Annual Procurement Plan                                  | 11.228        |
| <b>TMA-3</b>   | <b>Part-II, Town Committee Padidan</b>   |               |
| 25             | Non-Production of Record   | -             |
| 26             | Non-Verification of service Books  | -             |
| 27             | Non-Maintenance of Pre-Audit Register  | 18.212        |
| 28             | Suspicious Expenditure on Account of Pension Funds                                 | 3.979         |
| 29             | Improper Sanitation and Solid Waste Management in Town Committee                   | -             |
| <b>TMA-3</b>   | <b>Part-III, Town Committee Darya Khan Mari</b>                                    |               |
| 30             | Non-Production of Record   | -             |
| 31             | Non-Maintenance of Pre-Audit Register  | 12.690        |
| <b>TMA-4</b>   | <b>Chairman/ Town Officer, Town Committee Mehrabpur</b>                            |               |
| 05             | Unauthorized Award of Contracts without Sanction of Contract Agreements            | 7.734         |
| 06             | Non-Recovery of Stamp Duty   | 0.031         |
| 07             | Irregular Execution of Works With-out Constitution of Procurement Committee        | 7.724         |
| 10             | Irregular payment on account of Repair and Maintenance of Government Vehicles      | 0.363         |
| 11             | Irregular payment on account of Printing   | 0.355         |
| 13             | Non-leasing-out Rights of Collection of Various Taxes & Fees through Open Auctions | 0.850         |
| 14             | Non- Recovery of Arrears of Shop Rent  | 0.725         |
| 16             | Irregular Expenditure With-out Vouched Account                                     | 1.070         |

[Rupees in Million]

| <b>Para No</b> | <b>Particulars</b>  | <b>Amount</b> |
|----------------|---|---------------|
| 17             | Non Accountal Of Liveries   | 0.823         |
| 15             | Irregular Creation of Liabilities   | 6.537         |
| <b>LGD</b>     | <b>Chief Officer, District Council, Sanghar</b>   |               |
| 06             | Non-disposal of Condemned vehicles  | -             |
| <b>TMA-5</b>   | <b>Chairman/ Chief Municipal Officer, Municipal Committee Sanghar</b>                       |               |
| 4              | Loss due to non-affixing of Stamps  | 0.085         |
| 6              | Payment of salaries without deduction of pension contribution and other necessary deduction | 96.112        |
| 7              | Payment of bills without proper Pre audit   | 5.683         |
| 8              | Wasteful expenditure on outsourcing sanitation work   | 6.478         |
| 9              | Payment of bills without recording in Measurement Books                                     | 3.462         |
| 10             | Loss to council due to non-revision of shops/property rent                                  | 3.514         |
| 11             | Non achievement of targeted receipts  | 30.304        |
| 12             | Payment of gratuity to families of deceased without observing codal formalities             | 2.104         |
| 13             | Unauthorized appointment of legal advisor   | -             |
| 14             | Non-accountal of materials in stock register  | 4.356         |
| 15             | Annual physical verification of stock & stores  | -             |
| 16             | Improper maintenance of cash book   | -             |
| <b>TMA-6</b>   | <b>Chairman/ Chief Municipal Officer, Municipal Committee Shahdadpur</b>                    |               |
| 5              | Purchases without constitution of procurement committee                                     | 9.245         |
| 6              | Expenditure on POL without maintenance of log book  | 7.473         |
| 7              | Non-collection/deposit of advance income tax from contractor                                | 1.484         |
| 8              | Unauthorized appointment of daily wages staff   | -             |
| 9              | Appointment of Muslims as sanitary worker against the posts reserved for Non-Muslims        | -             |
| 10             | Loss due to less recovery of dues of rented property from tenants                           | 0.035         |
| 11             | Non achievement of targeted receipts  | 2.008         |
| 12             | Non-accountal of materials in stock register  | 3.067         |
| 13             | Annual physical verification of stock & stores  | -             |
| 14             | Improper maintenance of cash book   | -             |
| 15             | Non-maintenance of dead stock register  | -             |
| <b>TMA-7</b>   | <b>Chairman/ Chief Municipal Officer, Municipal Committee Sinjhor</b>                       |               |
| 5              | Unauthorized payment of final bills without Completion certificate                          | 2.116         |
| 6              | Irregular/doubtful payment of bills without contractor signature                            | 4.952         |
| 7              | Payment of salaries without deduction of pension fund and other necessary deduction         | 20.986        |
| 8              | Payment of bills without proper pre audit   | 3.855         |
| 9              | Non-deposit of Income Tax   | 2.577         |
| 10             | Less recovery of dues of shop rent  | 0.0429        |
| 11             | Appointment of Muslims as sanitary worker against the posts reserved for Non-Muslims        | -             |
| 12             | Unauthorized appointment of daily wages staff   | -             |
| 13             | Non achievement of targeted receipts  | 59.136        |
| 14             | Non-accountal of materials in stock register  | 3.027         |
| 15             | Annual physical verification of stock & stores  | -             |
| 16             | Improper maintenance of cash book   | -             |

[Rupees in Million]

| <b>Para No</b>   | <b>Particulars</b>  | <b>Amount</b> |
|------------------|---|---------------|
| <b>TMA-8</b>     | <b>Chairman/ Town Officer, Town Committee, Khipro</b>   |               |
| 03               | Non-Deduction of Sales Tax on Supplies  | 0.052         |
| 07               | Invalid Constitution of Complaint Redressal Committee (CRC)   | 113.563       |
| 08               | Non-deduction of shrinkage charges  | 0.130         |
| 09               | Irregular expenditure without maintenance of History Sheet  | 0.874         |
| 10               | Non- maintenance of Tendering Process Record  | -             |
| 06               | Expenditure without approval of budget  | 157.739       |
| <b>LGD</b>       | <b>Chairman/ Chief Officer, District Council, Shaheed Banazirabad</b>   |               |
| 02               | Deposit of income tax on account of work bills, contingents bills and others without valid proof  | 0.603         |
| 03               | Excess consumption of POL beyond prescribed ceiling (limit).  | 2.221         |
| 04               | Doubtful payments without signature of ADLFA  | 2.843         |
| 08               | Irregular Expenditure without Budget Allocation   | 1.196         |
| 09               | Cash discrepancy in cashbook and bank statement   | 0.159         |
| 10               | Annual physical verification of stock and stores not conducted  | -             |
| 11               | Internal audit and inspection not conducted by the controlling officer  | -             |
| 12               | Non-maintenance of property register  | -             |
| <b>TMA-9</b>     | <b>Chairman/ Chief Municipal Officer, Municipal Committee, Nawabshah</b>  |               |
| 1                | Non-production of record.   | -             |
| 2                | Irregular & unjustified over posting on sanctioned strength   | 1.922         |
| 5                | Non-Recovery of Advance Tax   | 0.242         |
| 6                | Non-recovery of Conservancy Tax   | 9.070         |
| 7                | Un-satisfactory performance of Municipal Hospitals of municipal committee, Nawabshah  | 7.962         |
| 8                | Non-utilization of funds  | 33.726        |
| 9                | Lapsed security deposits were not credited into government accounts   | 0.791         |
| 10               | Unauthorized permission for appointment of 200 sanitary workers on regular basis without prior permission of finance department, Government of Sindh. | -             |
| 13               | Non-deduction and withholding of Sindh Sales Tax under the Sindh Sales Tax Special Procedure (Withholding) Rule on cleaning and Janitorial services   | 0.116         |
| 14               | Unauthorized purchases without constitution of procurement committee  | 1.449         |
| 16               | Non provision of 10% share for the maintenance of immoveable property   | 18.672        |
| 17               | Irregular transfer / absorption of Non-SCUG staff to other councils.  | -             |
| 18               | Doubtful expenditure on account of POL on Fire brigade without incidence / emergency record   | 1.487         |
| 19               | Non maintenance of property register and non-verification of Municipal Committee property by District Commissioner.                                   | -             |
| 20               | Non-registration of govt. Vehicles & and non-depositing annual motor tax of vehicles.   | -             |
| 21               | Loss to Government due to non-disposal of unserviceable vehicles of Municipal Committee.  | -             |
| 22               | Non verification of stock and stores at the close of financial year.  | -             |
| 23               | Internal audit & inspection not conducted by controlling officer.   | -             |
| 12               | Non-recovery of Professional Tax  | 0.028         |
| <b>TMA-10(a)</b> | <b>Chairman / Town Officer, Town Committee, Daur</b>  |               |
| 03               | Doubtful payment on account of earth work   | 4.869         |

[Rupees in Million]

| <b>Para No</b>   | <b>Particulars</b>  | <b>Amount</b> |
|------------------|---|---------------|
| 07               | Doubtful expenditure on repair & maintenance of vehicles                                  | 2.235         |
| 08               | Annual physical verification of stock/stores not conducted                                | -             |
| 09               | Internal Audit And Inspection Not Conducted By The Controlling Officer                    | -             |
| 10               | Improper maintenance of cash book.  | -             |
| <b>TMA-10(b)</b> | <b>Chairman / Town Officer, Town Committee, Jam Sahib</b>                                 |               |
| 03               | Annual physical verification of stock/stores not conducted                                | -             |
| 04               | Internal Audit And Inspection Not Conducted By The Controlling Officer                    | -             |
| 05               | Improper maintenance of cash book   | -             |
| <b>TMA-10(c)</b> | <b>Chairman / Town Officer, Town Committee, Bandhi</b>                                    |               |
| 02               | Doubtful payment on account of earth work   | 3.316         |
| 03               | Annual physical verification of stock/stores not conducted                                | -             |
| 04               | Internal Audit And Inspection Not Conducted By The Controlling Officer                    | -             |
| 05               | Improper maintenance of cash book.  | -             |
| <b>TMA-11(a)</b> | <b>Chairman / Town Officer, Town Committee, Kazi Ahmed</b>                                |               |
| 04               | Blockage of Government funds  | 131.290       |
| 06               | Irregular expenditure on Repair of Vehicle without maintenance of History Sheet           | 0.363         |
| 08               | Doubtful payment on account of earth filling  | 0.917         |
| 09               | Internal Audit And Inspection Not Conducted By The Controlling Officer                    | -             |
| 10               | Annual Physical Verification Of Stock And Stores Not Conducted.                           | -             |
| 03               | Unjustified expenditure in excess of Budget Grant   | 2.372         |
| <b>TMA-11(b)</b> | <b>Chairman / Town Officer, Town Committee, Shahpur Jahania</b>                           |               |
| 03               | Internal Audit And Inspection Not Conducted By The Controlling Officer                    | -             |
| 04               | Annual Physical Verification Of Stock And Stores Not Conducted.                           | -             |
| <b>TMA-11(c)</b> | <b>Chairman / Town Officer, Town Committee, Daulatpur</b>                                 |               |
| 03               | Internal Audit And Inspection Not Conducted By The Controlling Officer                    | -             |
| 04               | Annual Physical Verification Of Stock And Stores Not Conducted.                           | -             |
| <b>TMA-12</b>    | <b>Chairman / Town Officer, Town Committee, Sakrand</b>                                   |               |
| 04               | Suspicious payment on account of Grants and Contribution                                  | 1.855         |
| 06               | Unauthorized operation from United Bank Limited instead of Sindh Bank Limited.            | -             |
| 07               | Irregular Expenditure on account of Grant of Loans without maintenance of relevant Record | 1.246         |
| 10               | Non-provision of 10% share for the maintenance of immovable property                      | 23.750        |
| 13               | Irregular expenditure on Repair of Vehicle without maintenance of History Sheet           | 0.339         |
| 16               | Irregular award of work to contractors not registered with Sindh Revenue Board            | 3.023         |
| 17               | Unjustified hire of Tractor Trolley for removal of debris                                 | 0.600         |
| 18               | Non-accountal / non-deposit of 2% call deposit on account of sanitation work              | 0.648         |
| 09               | Payment through Cash instead of Cross Cheques   | 0.592         |
| 05               | Blockage of Government funds  | 7.900         |
| 03               | Unjustified expenditure in excess of Budget Grant   | 2.980         |

## Paras related to current Audit Year 2015-16

(Rupees in Million)

| Para No      | Para  | Amount |
|--------------|---|--------|
| <b>TMA-1</b> | <b>Chairman/ Chief Municipal Officer, Municipal Committee Sanghar</b>                       |        |
| 03           | Irregular award of work without signing contract agreements with contractors                | 9.000  |
| 04           | Unjustified development work through quotation instead of open tender                       | 0.905  |
| 06           | Non-accountal purchased articles in stores  | 0.728  |
| 07           | Unjustified frequent R&M of W/S & Disposal Lines  | 2.668  |
| 08           | Irregular & doubtful repair of vehicles   | 0.574  |
| 09           | Irregular procurement of uniform to staff   | 1.935  |
| 11           | Doubtful expenditure on POL of Fire Brigade without reported fire/emergency cases           | 2.774  |
| 12           | Loss to public exchequer due to negligence of management                                    | 0.800  |
| 21           | Unjustified withdrawal of funds without providing supporting vouchers                       | 5.613  |
| 22           | Improper maintenance of cash book   | -      |
| 23           | Non-maintenance of dead stock registers   | -      |
| 14           | Loss to public exchequer on account of non-affixing of stamp duty                           | 0.108  |
| <b>TMA-2</b> | <b>Chairman/ Chief Municipal Officer, Municipal Committee Sinjhor</b>                       |        |
| 01           | Unauthenticated administrative approval of NIT 573/25-03-16                                 | -      |
| 04           | Un-authenticated Technical Sanction in absence of endorsement orders by Competent Authority | 11.500 |
| 05           | Irregular award of work without signing contract agreements with contractors                | 0.500  |
| 06           | Non-accountal purchased articles in stores  | 6.867  |
| 07           | Non-registration of council vehicles & non-payment of annual tax of vehicles                | -      |
| 09           | Irregular procurement of uniform to staff   | 0.476  |
| 10           | Unauthorized payment of salaries to staff without pre-audited bills                         | 2.995  |
| 11           | Irregular appointment & unjustified extension to adhoc staff                                | 1.440  |
| 12           | Irregular payment of pension without codal formalities                                      | 3.984  |
| 17           | Non-maintenance of appropriate record of council property                                   | -      |
| 18           | Unjustified expenditure through pay order without providing supporting vouchers             | 1.364  |
| 20           | Non-maintenance of dead stock registers   | -      |
| 21           | Non-verification of stock & stores at the close of financial year                           | -      |
| 22           | Internal audit & inspection not conducted by controlling officer.                           | -      |
| 02           | Advertisement of NIT before Technical Sanction of Estimates                                 | 3.000  |

## Sukkur Division

[Rupees in Million]

| S.No                               | Description of Para  | Amount  | Para No |
|------------------------------------|--|---------|---------|
| 1                                  | Wastage of public funds by paying salaries to idle staff                     | 73.939  | 4       |
| 2                                  | Irregular payment of salaries without necessary deductions                   | 250.617 | 6       |
| 3                                  | Improper maintenance of Cashbook   | 327.524 | 7       |
| 4                                  | Non-recovery of service tax  | 0.012   | 8       |
| 5                                  | Irregular payment on account of Polio Campaign                               | 0.495   | 9       |
| 6                                  | Non-accountal of purchases in relevant stock register                        | 0.547   | 10      |
| 7                                  | Annual physical verification not conducted by controlling authority.         | -       | 12      |
| <b>Sukkur Municipal Coporation</b> |  |         |         |
| 1                                  | Wastage of public funds by paying salaries to idle staff                     | 22.106  | 4       |
| 2                                  | Irregular payment of salaries without necessary deductions                   | 730.266 | 5       |
| 3                                  | Irregular appointment of daily wages staff & payment of salaries             | 4.394   | 6       |
| 4                                  | Suspicious transfer of funds to other bank account without justification     | 120.000 | 10      |
| 5                                  | Non-recovery of sales tax  | 0.934   | 12      |
| 6                                  | Irregular & un-authorized out of jurisdiction expenditure                    | 0.431   | 13      |
| 7                                  | Non-accountal of purchases in relevant stock register                        | 11.668  | 17      |
| 8                                  | Non-deposition of 2 % Earnest Money & Tender Fees into Government Treasury   | 10.490  | 21      |
| 9                                  | Annual physical verification not conducted by controlling authority          | -       | 23      |
| 10                                 | Irregular payment of salaries without necessary deductions                   | -       | 27      |
| 11                                 | Less realization of targeted receipts set forth in budget                    | 10.400  | 30      |
| 12                                 | Suspicious transfer of funds to other bank account without justification     | 21.500  | 31      |
| 13                                 | Non-recovery of sales tax  | 0.393   | 32      |
| 14                                 | Non-accountal of purchases in relevant stock register                        | 1.714   | 34      |
| 15                                 | Irregular expenditure on silt clearance despite having huge sanitation staff | 0.786   | 35      |
| 16                                 | Wasteful expenditure on account of over time paid to staff                   | 0.547   | 37      |
| 17                                 | Improper maintenance of Cashbook   | -       | 38      |
| 18                                 | Annual physical verification not conducted by authority.                     | -       | 39      |
| <b>Municipal Committee Rohri</b>   |  |         |         |
| 1                                  | Wastage of public funds by paying salaries to idle staff                     | 2.606   | 5       |
| 2                                  | Irregular payment of salaries without necessary deductions                   | 269.266 | 6       |
| 3                                  | Loss to Government due to non-revision of rents of Government property       | 0.421   | 10      |
| 4                                  | Less realization of targeted receipts set forth in budget                    | 13.849  | 11      |
| 5                                  | Un-authorized expenditure on Polio Campaign                                  | 0.826   | 12      |
| 6                                  | Irregular & un-justified payment on Grant-in-aid                             | 0.578   | 13      |
| 7                                  | Doubtful consumption of POL on water tanker                                  | 0.402   | 14      |
| 8                                  | Improper maintenance of Cashbook   | 299.218 | 15      |
| 9                                  | Loss to Government due to execution of works without contract agreement      | 0.063   | 19      |
| 10                                 | Non-recovery of service tax  | 0.097   | 20      |
| 11                                 | Doubtful payments on account of legal fees                                   | 0.971   | 21      |
| 12                                 | Irregular payments on salaries & POL for NSUSC                               | 59.936  | 22      |
| <b>Town Committee Saleh Pat</b>    |  |         |         |
| 1                                  | Irregular payment of salaries without necessary deductions                   | 84.067  | 4       |
| 2                                  | Improper maintenance of Cashbook   | 122.812 | 5       |
| 3                                  | Non-recovery of sales tax  | 0.062   | 7       |
| 4                                  | Non-deposition of deducted Income Tax into Government account                | 2.984   | 9       |
| 5                                  | Non-recovery of stamp duty   | 0.067   | 12      |

[Rupees in Million]

| <b>S.No</b>                       | <b>Description of Para</b>   | <b>Amount</b> | <b>Para No</b> |
|-----------------------------------|--|---------------|----------------|
| 6                                 | Irregular appointment of Muslim sanitary workers   | -             | 15             |
| 7                                 | Wasteful expenditure on account of over time paid to staff   | 0.951         | 16             |
| 8                                 | Non-accountal of purchases in relevant stock register  | 0.853         | 17             |
| 9                                 | Less realization of targeted receipts set forth in budget  | 9.066         | 19             |
| 10                                | Irregular expenditure on repair of Government Vehicle  | 0.722         | 21             |
| 11                                | Non-reconciliation of figures of expenditure   | 122.812       | 22             |
| 12                                | Splitting of work orders to avoid tender   | 1.614         | 24             |
| <b>Town Committee Pano Akil</b>   |  |               |                |
| 1                                 | Wastage of public funds by paying salaries to idle staff   | 3.595         | 4              |
| 2                                 | Non-recovery of income tax from salaries   | 0.033         | 5              |
| 3                                 | Irregular payment of salaries without necessary deductions   | 109.592       | 6              |
| 4                                 | Improper maintenance of Cashbook   | 209.466       | 7              |
| 5                                 | Irregular payment on account of Polio Campaign   | 0.099         | 8              |
| 6                                 | Non-accountal of purchases in relevant stock register  | 2.604         | 11             |
| 7                                 | Un-authorized payment of previous liabilities  | 0.504         | 12             |
| 8                                 | Non-recovery of sales tax  | 0.214         | 13             |
| 9                                 | Non-recovery of stamp duty   | 0.048         | 19             |
| 10                                | Non-deposition of deducted income tax into Government account  | 4.481         | 21             |
| 11                                | Annual physical verification not conducted   | -             | 24             |
| <b>District Council Ghotki</b>    |  |               |                |
| 1                                 | Loss to government due to nonrecovery of tower fee & non-conducting of survey for actual collection      | 9             | 2              |
| 2                                 | Non-reconciliation of deposited/deducted income tax with income tax department                           | 0.226         | 11             |
| 3                                 | Unauthorized payment to legal advisor without consultation of law department                             | 0.225         | 14             |
| 4                                 | Unauthorized salary payment to staff without utilization of services                                     | 10.756        | 15             |
| 5                                 | Irregular & unauthorized expenditure without approval of budget  | -             | 16             |
| 6                                 | Un-authorized clearance of liabilities   | 1.863         | 17             |
| 7                                 | Improper maintenance of pay roll system  | -             | 19             |
| 8                                 | Non-conducting of physical verification of stock & store   | -             | 20             |
| 9                                 | Irregular expenditure on development work without physical verification of the schemes                   | 5.930         | 24             |
| 10                                | Unjustified payment against unsigned bills   | 18.478        | 25             |
| 11                                | Improper maintenance of cash book  | -             | 28             |
| <b>Municipal Committee Ghotki</b> |  |               |                |
| 1                                 | Non-reconciliation of deposited / deducted income tax with income tax department                         | 5.914         | 8              |
| 2                                 | Unjustified pension payment to retired employees without obtaining valid life & no marriage certificates | 10.065        | 9              |
| 3                                 | Irregular expenditure on development work without physically verification of the schemes                 | 47.023        | 10             |
| 4                                 | Irregular & unauthorised payment on account of electricity charges                                       | 5.000         | 12             |
| 5                                 | Un-authorized payment on a/c of "gratuity" without supporting documents                                  | 5.622         | 13             |
| 6                                 | Un-authorized & unjustified purchases of various items   | 1.127         | 14             |
| 7                                 | Irregular expenditure on procurement without constitution of purchase committee                          | 17.832        | 16             |

[Rupees in Million]

| S.No                                      | Description of Para   | Amount  | Para No |
|---|---|---------|---------|
| 8   | Non-conducting of physical verification of stock & store items                                | -       | 17      |
| 9   | Non-removal of encroachment from municipal committee jurisdiction                             | -       | 18      |
| <b>Municipal Committee Mirpur Mathelo</b> |   |         |         |
| 1   | Unjustified payment against unsigned bills  | 26.780  | 9       |
| 2   | Irregular & unauthorised payment on account of electricity charges                            | 1.563   | 11      |
| 3   | Irregular expenditure on procurement without constitution of purchase committee               | 2.149   | 12      |
| 4   | Irregular purchase of liveries & uniform  | 0.197   | 13      |
| 5   | Recovery of excess payment of honorarium  | 0.033   | 18      |
| 6   | Unjustified drawal of funds from bank accounts during freezing period                         | 1.074   | 20      |
| 7   | Non-reconciliation of deposited/deducted income tax with income tax department                | 5.932   | 22      |
| 8   | Unauthorised payment of salary to mr. suhail ahmed soomro posted on detailment at karachi     | 0.589   | 23      |
| 9   | Irregular & unauthorised payment on account of electricity charges                            | 3.300   | 26      |
| 10  | Un justified & irregular "arrears salary" payment without supporting documents                | 5.038   | 27      |
| 11  | Irregular expenditure on procurement without constitution of purchase committee               | 21.703  | 28      |
| 12  | Non-conducting of physical verification of stock & store items                                | -       | 29      |
|   | Non-removal of encroachment from municipal committee jurisdiction                             | -       | 30      |
| <b>Town Committee Daharki</b>             |   |         |         |
| 1   | Irregular & unauthorized expenditure without approved budget from local government department | 125.484 | 4       |
| 2   | Irregular & unauthorized payment on account of electricity charges                            | 3.2     | 6       |
| 3   | Unauthorized expenditure without pre-audit of vouchers from local fund audit department       | 0.241   | 8       |
| 4   | Non-reconciliation of deposited/deducted income tax with income tax department                | 1.595   | 10      |
| 5   | Unjustified & irregular "advance salary" payment without supporting documents                 | 0.228   | 13      |
| 6   | Unauthorized payment to legal advisor without consultation of law department                  | 0.178   | 14      |
| 7   | Irregular purchase of liveries & uniform  | 0.084   | 15      |
| 8   | Recovery of excess payment on a/c of arrears salary   | 0.018   | 16      |
| 9   | Unjustified purchase of electric material   | 0.408   | 17      |
| 10  | Irregular & unauthorized distribution of hand pumps   | 0.088   | 18      |
| 11  | Non-installation of bio matrix system in town committee                                       | -       | 19      |
| 12  | Non-conducting of physical verification of stock & store items                                | -       | 21      |
| 13  | Non-removal of encroachment from town committee jurisdiction                                  | -       | 22      |
| 14  | Non-maintenance of seniority list & Sindh Government employees record                         | -       | 24      |
| <b>District Council Khairpur</b>          |   |         |         |
| 1   | Non-Deduction of General Provident Fund   | 3.606   | 3       |
| 2   | Loss to government due non-recovery of arrears of shop rent                                   | 0.127   | 10      |
| 3   | Non-recovery of Professional Tax  | 0.01    | 11      |
| 4   | Irregular payment of Salary Without Sanctioned Post   | 0.398   | 12      |
| 5   | Irregular expenditure on account of purchase of office stationery from local market.          | 0.134   | 13      |
| 6   | Improper Maintenance of Cash Book   | -       | 14      |

[Rupees in Million]

| S.No  | Description of Para  | Amount | Para No |
|---|--|--------|---------|
| <b>Municipal Committee Gambat</b>           |  |        |         |
| 1   | Non-Deduction of General Provident Fund  | 1.805  | 5       |
| 2   | Un-justified Expenditure out of purview on Census Camp   | 0.71   | 9       |
| 3   | Irregular/ Unjustified Payment of Liabilities of Difference of Pay Previous Year   | 0.966  | 10      |
| 4   | Non-deduction of Sales Tax on Taxable Goods/Supplies   | 0.264  | 11      |
| 5   | Failure to Deposit Withheld Income Tax on Time and Non-availability of Challans  | 0.29   | 12      |
| 6   | Loss to government due non-recovery of arrears of shop rent  | 0.423  | 13      |
| 7   | Purchase of physical assets despite of Ban   | 0.307  | 14      |
| 8   | Un-justified Payment to SEPCO  | 0.585  | 15      |
| 9   | Improper Maintenance of Cash Book  |        | 16      |
| 10  | Non-transparency in Government Spending  | 0.794  | 20      |
| 11  | Failure to Deposit Withheld Income Tax on Time and Non-availability of Challans  | 0.175  | 21      |
| 12  | Purchase of physical assets despite of Ban   | 0.337  | 22      |
| <b>Municipal Committee Pir Goth/Kingri</b>  |  |        |         |
| 1   | Non-Deduction of General Provident Fund  | 1.956  | 5       |
| 2   | Purchase of physical assets despite of Ban   | 0.586  | 8       |
| 3   | Non-accountal of procured articles into dead stock/ stock register   | 1.528  | 9       |
| 4   | Non-deduction of Sales Tax on Taxable Goods/Supplies   | 0.344  | 11      |
| 5   | Failure to Deposit Withheld Income Tax on Time and Non-availability of Challans  | 0.432  | 12      |
| 6   | Loss to government due non-recovery of arrears of shop rent  | 0.368  | 13      |
| 7   | Irregular/ Unjustified Payment of Liabilities of Difference of Pay of Previous Year  | 0.176  | 14      |
| 8   | Unjustified hiring of legal advisor and payment of fee without consultant selection committee and consultation of law Department | 0.35   | 15      |
| 9   | Improper Maintenance of Cash Book  | -      | 16      |
| <b>Town Committee Pacca Chang/Faiz Ganj</b> |  |        |         |
| 1   | Un-Authorized Transfer of Funds  | 3.991  | 2       |
| 2   | Non-Deduction of General Provident Fun   | 1.043  | 5       |
| 3   | Splitting of Work Orders to Avoid Tender   | 0.802  | 9       |
| 4   | Irregular Payments through Open Cheques  | 0.585  | 10      |
| 5   | Irregular/ Unjustified Payment of Liabilities of Difference of Pay of Previous Year without budget grant                         | 0.552  | 11      |
| 6   | Non-deduction of Sales Tax on Taxable Goods/Supplies   | 0.172  | 12      |
| 7   | Failure to Deposit Withheld Income Tax on Time and Non-availability of Challans Rs 0.058 Million                                 | 0.058  | 13      |
| 8   | Purchase of physical assets despite of Ban   | 0.262  | 14      |
| 9   | Improper Maintenance of Cash Book  | -      | 15      |
| 10  | Annual Physical Verification of Dead Stock Items not conducted   | -      | 16      |

## Larkana Division

(Rupees in Million)

| Para. No   | Description   | Amount |
|--|---|--------|
| <b>Larkana Municipal Corporation, District Larkana 2016-17</b>       |   |        |
| 4  | Excess Expenditure Over & Above Sanctioned Appropriation  | 1.502  |
| 9  | Irregular expenditure without maintenance of history sheet  | 3.271  |
| 10   | Suspected discrepancy in the balances   | 0.221  |
| 11   | Non accountal of purchases in the stock register  | 16.127 |
| 12   | Unauthorized hiring of legal advisor  | 0.225  |
| 13   | Unauthoroized release of Ads through an advertising agency  | 0.138  |
| <b>Municipal Committee Ratodero/Naudero District Larkana 2016-17</b> |   |        |
| 3  | Irregular expenditure by keeping estimate within Quotation limit to avoid tender                                | 5.607  |
| 7  | Unauthorized Expenditure on account of clearance of Liabilities from the Budget Grant of Current Financial Year | 2.330  |
| 8  | Wasteful Expenditure on account of Outsourcing  | 2.984  |
| 9  | Non-Accountal of Procured Items/Material into Relevant Stock Register(s)  | 3.820  |
| 11   | Non-Maintenance of Dead Stock Register  | -      |
| 12   | Non-conducting of Annual Physical Verification of Stock and Stores  | -      |
| 4  | Unauthorized Expenditure on account of Payments without Pre-Audit of Bills                                      | 0.693  |
| 5  | Non-Maintenance of Cash Book  | 89.998 |
| 6  | Irregular Expenditure without Preparing Annual Procurement Plan   | 7.222  |
| 7  | Irregular Expenditure without Supporting Vouchers   | 4.832  |
| 8  | Non-Accountal of Procured Items/Material into Relevant Stock Register(s)  | 3.147  |
| 9  | Non-Reconciliation of Challans  | 96.823 |
| 10   | Non-Maintenance of Dead Stock Register.   | -      |
| 12   | Internal Audit & Inspection not Conducted   | -      |
| <b>Town Committee Dokri / Badeh, District Larkana 2016-17</b>        |   |        |
| 3  | Irregular Expenditure without Supporting Vouchers   | 5.870  |
| 6  | Doubtful Expenditure without Supporting Vouchers  | 34.100 |
| 7  | Failure to furnish Mandatory Income Tax and Sales Tax Statements>Returns  | -      |
| 9  | Non-Maintenance of Dead Stock Register.   | -      |
| 10   | Non maintenance of Pre-Audit Registers  | 70.230 |
| 2  | Improper Sanitation and Solid Waste Management within the limits of Town Committee                              | -      |
| 3  | Non maintenance of Pre-Audit Register of Pay of Officials   | 37.637 |
| 4  | Non-Removal of Encroachment from Limits of Town Committee   | -      |
| <b>Chief Officer, District Council, District Jacobabad 2016-17</b>   |   |        |
| 3  | Non-revision of Schedule of Rates   | -      |
| 5  | Irregular Expenditure without Inviting Quotations   | 0.081  |
| 6  | Non-auctioning of Un-serviceable Stock  | -      |
| 7  | Non-Maintenance of Property Record  | -      |
| 8  | Non-Maintenance of Dead Stock Register  | -      |
| <b>Municipal Committee Jacobabad, District Jacobabad 2016-17</b>     |   |        |
| 3  | Irregular expenditure due to non-maintenance of Works & Security Deposit Register                               | 54.499 |

(Rupees in Million)

| Para. No   | Description  | Amount |
|--|--|--------|
| 5  | Irregular Expenditure by Keeping Estimate within Quotation Limit to Avoid Tender   | 5.440  |
| 8  | Unauthorized Expenditure on account of Clearance of Liabilities from the Budget Grant of Current Financial Year                | 2.591  |
| 11   | Irregular Award of Development Work/Contract without Execution of Integrity Pact with Contractor                               | 26.058 |
| 12   | Failure to furnish Mandatory Income Tax Statements>Returns   | 9.352  |
| 14   | Non-Accountal of Procured Items/Material into Relevant Stock Register(s)   | 7.856  |
| 15   | Improper Sanitation and Solid Waste Management within the limits of Municipal Committee  | -      |
| 16   | Non-Maintenance of Dead Stock Register.  | -      |
| 17   | Non-Maintenance of Property Record   | -      |
| 18   | Non-conducting of Annual Physical Verification of Stock and Stores   | -      |
| <b>Municipal Committee Thul / Sohrab Khan Sarki / Mirpur Buriro District Jacobabad 2016-17</b> |  |        |
| 2  | Irregular expenditure due to non-maintenance of Works & Security Deposit Register  | 24.499 |
| 5  | Loss to Government Due to Non-Deduction/Non-Deposit of Income Tax  | 0.985  |
| 8  | Irregular Award of Works/Contracts   | 25.000 |
| 11   | Irregular Expenditure on account of Procurement of Goods & Services from Suppliers/Contractors not Registered with FBR and SBR | 4.430  |
| 12   | Non-Accountal of Procured Items/Material into Relevant Stock Register(s)   | 1.370  |
| 14   | Improper Sanitation and Solid Waste Management within the limits of Municipal Committee  | -      |
| 15   | Non-Maintenance of Dead Stock Register.  | -      |
| 16   | Non-Maintenance of Property Record   | -      |
| 17   | Non-conducting of Annual Physical Verification of Stock and Stores   | -      |
| 1  | Non-Production of Record   | -      |
| 2  | Non -Verification of Service Books   | -      |
| 3  | Non maintenance of Pre-Audit Registers   | -      |
| 4  | Improper Sanitation and Solid Waste Management in Town Committee   | -      |
| 1  | Non-Production of Record   | -      |
| 2  | Non maintenance of Pre-Audit Registers   | -      |
| 3  | Improper Sanitation and Solid Waste Management in Town Committee   | -      |
| 4  | Non-Verification Of Service Books  | -      |
| <b>Chief Officer District Council, District Kamber 2016-17</b>                                 |  |        |
| 1  | Un-reconciled Difference between Cashbook and Bank balances  | 1.044  |
| 2  | Improper Maintenance of Cash Book  | 15.288 |
| 5  | Non Accountal Of Stock & Stores In Relevant Stock Register   | 0.680  |
| 6  | Un-authorized Hiring of Legal Advisors   | 0.240  |
| <b>Municipal Committee Shahdadkot, District Kamber 2016-17</b>                                 |  |        |
| 8  | Non-accountal of Purchases of various items into relevant Register   | 2.736  |
| 9  | Non-reconciliation of advance on account of electricity  | 0.400  |
| 12   | Irregular expenditure without preparing Annual Procurement Plan  | -      |

(Rupees in Million)

| Para. No   | Description   | Amount  |
|--|---|---------|
| 13   | Irregular award of work to contractors not registered with Sindh Revenue Board (SRB)  | 5.743   |
| 15   | Non-removal of illegal encroachment from limits of Municipal committee  | -       |
| <b>Town Committee Nasirababd, District Kamber 2016-17</b>      |   |         |
| 5  | Unauthorized running of government vehicles without having registration numbers   | -       |
| 6  | Non-recovery of water charges   | 1.775   |
| 8  | Irregular award of work to the contractors not registered with PEC  | 39.610  |
| 9  | Irregular expenditure on development work without physically verification of the schemes  | 46.700  |
| 10   | Non-recovery of stamp duty  | 0.215   |
| 11   | Non-accountal of purchased items into stock register  | 23.418  |
| 12   | Irregular expenditure through quotations instead of inviting open tender  | 17.864  |
| 13   | Irregular expenditure on procurement without constitution of purchase & inspection committee  | 11.187  |
| 14   | Irregular expenditure on de-silting   | 6.300   |
| 15   | Unauthorized payment of conveyance allowance during awaiting for posting period   | 0.035   |
| 16   | Unauthorized payment to legal advisor without consultation of law department  | 0.110   |
| 17   | Unjustified purchase of electric material   | 3.661   |
| 18   | Irregular expenditure on removal of garbage   | 2.341   |
| 19   | Irregular expenditure due to non-execution of contract agreement  | 61.310  |
| 20   | Unauthorized payment to Mr. Maqbool Ahmed Shaikh, Ali Nawaz Hc, Ayaz Ahmed Sw, instead of concerned contractors/suppliers on a/c of salary of daily wages staff | 3.861   |
| <b>Town Committee Mirokhan, District Kamber 2014-17</b>        |   |         |
| 3  | Loss to Council due to non-revision of rent of 36 Shops   | 0.239   |
| 7  | Un-authorized use of government vehicle by Town Officer beyond entitlement  | -       |
| 11   | Irregular award of Works to un-registered contractors   | 23.000  |
| 12   | Non-obtaining of Performance Security   | 2.300   |
| 13   | Irregular payment without maintaining Work and Tender Register  | 22.745  |
| 14   | Doubtful pre-audit of bills without signature of ADLFA  | 3.633   |
| 16   | Misuse of public money due to execution of work out of Town Committee jurisdiction  | 0.364   |
| 17   | Irregular payment without verification of service Book of officials on revision of pay by ADLFA   | -       |
| <b>Town Committee Behram, District Kamber 2016-17</b>          |   |         |
| 6  | Non-accountal of purchases of various items into relevant Register  | 1.566   |
| 10   | Irregular expenditure without constitution of Procurement Committee   | 12.465  |
| 11   | Irregular expenditure without preparing Annual Procurement Plan   | -       |
| 13   | Non maintenance budget control registers (Appropriation Accounts)   | -       |
| 14   | Internal audit & inspection not conducted by Controlling Officer  | -       |
| <b>Town Committee Qubo Saeed Khan, District Kamber 2011-14</b> |   |         |
| 9  | Irregular appointment of Muslim sanitary workers against the posts reserved for non-muslims   | -       |
| 16   | Irregular Expenditure without Preparing Annual Procurement Plan   | 126.800 |
| 18   | Non-production of Service Books and Property record   | 48.446  |

(Rupees in Million)

| Para. No  | Description   | Amount  |
|---|---|---------|
| 19  | Irregular payment without maintaining Work Register   | 170.733 |
| 20  | Non-maintenance of Pre-Audit registers  | -       |
| 21  | Non-maintenance of annual appropriation account   | -       |
| 22  | Unauthorized expenditure due to non-approval of Schedule of Establishment from GoS.             | -       |
| <b>Municipal Committee Kandhkot / Ghouspur 2016-17</b>                          |   |         |
| 4   | Irregular expenditure through quotations instead of inviting open tender                        | 2.148   |
| 5   | Doubtful expenditure on account of POL of fire birgade without incident register                | 0.277   |
| 6   | Inproper maintenance of logo book   | 3.860   |
| 7   | Failure to achive recovery targets  | 4.463   |
| 8   | Non reconciliation of cheques deposted to income tax department                                 | 0.200   |
| 9   | Irregular expenditure on removal of encroachment material                                       | 0.977   |
| 10  | Unjustified purchase of RCC Pipes   | 0.672   |
| 11  | Non accountal of material purchased in the relevants stock register                             | 3.040   |
| 12  | Loss to government due to non revision of rent of shops   | -       |
| 13  | Improper maintenance of cash book and cheque issue register                                     | -       |
| 14  | Non removal of encroachment   | -       |
| 16  | Irregular expneidutre of electric & sanitary material through quotations instead of open tender | 0.964   |
| 17  | Unustified purchases of DDT/Lime Powder   | 0.985   |
| 18  | Failure ot achiefe recovery targets   | 0.550   |
| 19  | Non removal of encroachment   | -       |
| <b>Town Committee Kashmore / Bakshapur / Guddu 2016-17</b>                      |   |         |
| 4   | Loss to government due to non recovery of outstanding dues from defaulters                      | 0.466   |
| 5   | Irregular expenditure through quotations instead of inviting open tender                        | 2.956   |
| 6   | Failure ot achieve recovery targets   | 0.248   |
| 7   | Non-reconciliation of Cheque Deposited/Transferred to Income Tax Department                     | 1.950   |
| 8   | Irregular expenditure on removal of solid waste & silt clearance                                | 0.894   |
| 9   | Suspicious payment on account of financial assistance   | 0.200   |
| 10  | Improper maintnenace of cash book   | -       |
| 13  | Irregular expenditure of BHC Powder on quotations instead of calling tender                     | 0.995   |
| 14  | Irregular purchase of hand pumps  | 0.738   |
| 15  | Irregular expnditruue on removal of garbage/ debries  | 0.924   |
| 16  | Non verificaiton of service books   | -       |
| 17  | Non removal of encroachment   | -       |
| 19  | Material on quotations instead of calling tender  | 0.885   |
| 20  | Irregular expenditure on silt clearance   | 0.443   |
| 21  | Non verificaiton of service books   | -       |
| 22  | Non removal of encroachment   | -       |
| <b>Town Committee Tangwani I &amp; II / Karampur, District Kashmore 2016-17</b> |   |         |
| 3   | Failure to acheve recovery targets  | 2.074   |
| 4   | Non accountal of electric material purchased in the relevant stock register                     | 0.867   |

(Rupees in Million)

| <b>Para. No</b> | <b>Description</b>  | <b>Amount</b> |
|-----------------|---|---------------|
| 5               | Improper maintenance of cash book   | -             |
| 3               | Failure to achieve recovery targets   | 0.186         |
| 4               | Irregular expenditure on removal of solid waste & debries through quotation intead of invititng open tender | 2.870         |
| 5               | Irregular expenditure due to non maintenance of log book  | 1.856         |
| 9               | Non accountal of electric material & RCC pipes purchased in the relevant stock register                     | 5.642         |
| 7               | Improper maintenance of cash book   | -             |
| 3               | Irregular expenditure of DDT & live powder through quotations instead of inviting open tender               | 0.623         |
| 4               | Improper maintenance of cash book   |               |
| 5               | Non accountal of electric material & RCC pipes purchased in the relevant stock register                     | 1.958         |

**Audit Impact Summary**

- 1. Embezzlement of Public Funds on POL Consumption beyond Entitlement - Rs 4.750 Million**  
Different office, of Karachi Metropolitan Corporation, during financial years 2015-17, incurred expenditure amounting to Rs 4.750 million on account of purchase of POL for official vehicles in excess of entitled POL quota as prescribed by Government.
- 2. Doubtful payment in excess of Physical Progress of Works - Rs 1,276.558 Million**  
Project Director, Local Government Project, working under SLGD Sindh, during financial year 2016-17, paid of Rs 1,276.558 million, on various works to the contractors in excess of physical progress of the works
- 3. Non-Production of Record – Rs 1,067.876 million**  
Various departments working under LGD, KMC & KW&SB, failed to provide auditable record amounting to Rs 1,067.876 million, during financial years 2015-17, to audit, in violation of the above rule and instructions
- 4. Non-recovery of Outstanding Dues – Rs 69,269.351 Million**  
Various departments working under LGD, KMC & KW&SB, during financial year 2016-17, failed to recover all sums due to Government, amounting to Rs 69,269.351 million, in violation of above rules
- 5. Non-achievement of Targeted Receipt – Rs 67,719.260 Million**  
Various departments working under LGD, KMC & KW&SB, failed to achieve budgeted targets upto Rs 67,719.260 million on account of different sources of income / revenues etc during financial year 2016-17
- 6. Loss to Government Exchequer – Rs 92.726 Million**  
Various departments working under LGD, KMC & KW&SB, during financial years 2015-17, provided loss to Government Exchequer worth Rs 92.726 million on account of non-payment of annual land rent, less recovery of new water connection charges, loss on account of two lower size water connections instead of one higher size connection, rebate & waive off outstanding dues to consumers.

- 7. Irregular Award of Work without Calling Open Tender - Rs 15,670.947 Million**  
Various departments working under LGD, KMC & KW&SB, incurred expenditure of Rs 15,670.947 million without calling open tender, during financial year 2016-17
- 8. Unauthorized Operation of Government Account in Private Banks – Rs 512.767 Million**  
Various departments working under LGD, KMC & KW&SB, during financial year 2016-17, operated bank account in private limited Banks instead of Government specified Banks i.e. Sindh Bank & National Bank
- 9. Irregular New Water Connections to Defaulters – Rs 271.085 Million**  
Deputy Managing Director (RRG), KW&SB, during financial year 2016-17, allowed/issued water connection to Bahria Town, Super Highway (defaulter Bahria Icon Tower, Clifton Karachi) and Others despite the fact that the said consumers were already in default of Rs 271.085 Million.
- 10. Unjustified Single Stage One Envelope Procedure Adopted for Technical Works – Rs 58.523 Million**  
Resident Engineer, Dhabeji & Gharo Pumping Division, during financial year 2016-17, awarded contracts of Rs 58.523 Million by using single stage one envelope method instead of Single Stage two envelope method. Since, single stage one envelope bidding procedure is 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, where as, the work in hand were complex in nature and needed technical evaluation before price is taken into account. Therefore Single Stage Two Envelope Bidding Procedure was the suitable procedure.

**Annex-SLG1****Non-Production of Record**

(Rupees in Million)

| <b>S.No.</b> | <b>Para #</b> | <b>Name of Office</b>                                   | <b>Amount</b>    |
|--------------|---------------|---|------------------|
| 01           | 01            | D.G SBCA Karachi  | -                |
| 02           | 01            | D.G Malir Development Authority (MDA)                   | -                |
| 03           | 01            | Director, Finance & Account, KDA                        | -                |
| 04           | 01            | Director, Recovery KDA                                  | -                |
| 05           | 01            | Director General, Technical Services, KMC               | 150.00           |
| 06           | 01            | Senior Director, Finance, KMC                           | -                |
| 07           | 01            | Project Director, Orangi Township, KMC                  | -                |
| 08           | 10            | Senior Director, Information Technology, KMC            | 283.955          |
| 09           | 01            | Director General, Parks & Horticulture, KMC             | -                |
| 10           | 01            | Director Safari Park and Aladin Park                    | 67.883           |
| 11           | 01            | Senior Director, Human Resource, KMC                    | -                |
| 12           | 01            | Senior Director, Municipal Utility Charges & Taxes, KMC | -                |
| 13           | 17            | Deputy Director Education, North Karachi, KMC           | -                |
| 14           | 01            | Deputy Director Education, Jamshed Zone, KMC            | -                |
| 15           | 01            | Deputy Director Education, Saddar Zone, KMC             | -                |
| 16           | 01            | Deputy Director Education, Lyari Zone, KMC              | -                |
| 17           | 01            | Deputy Director Education, Liaquatabad Zone, KMC        | -                |
| 18           | 01            | Project Director, Orangi Township, KMC                  | -                |
| 19           | 01            | Medical Superintendent, Spencer Eye Hospital, KMC       | 3.306            |
| 20           | 01            | Deputy Director Education, Keamari Zone, KMC            | -                |
| 21           | 01            | Deputy Director Education, SITE Zone, KMC               | -                |
| 22           | 01            | Deputy Director Education, Korangi Zone, KMC            | -                |
| 23           | 01            | Deputy Director Education, Landhi Zone, KMC             | -                |
| 24           | 01            | Deputy Director Education, Gulberg Zone, KMC            | -                |
| 25           | 01            | Senior Director Veterinary Services, KMC                | -                |
| 26           | 01            | DMD RRG   | 562.732          |
| <b>Total</b> |               |   | <b>1,067.876</b> |

**Annex-SLG2****Doubtful Expenditure without Supporting Vouchers**

(Rupees in Million)

| <b>Sr.</b>   | <b>Para</b> | <b>Name of Office</b>  | <b>Amount</b> |
|--------------|-------------|--|---------------|
| 01           | 02          | Director, Finance & Account, KDA                             | 19.143        |
| 02           | 13          | Executive Director, Karachi Institute of Heart Diseases, KMC | 14.489        |
| 03           | 5           | Director, Media Management, KMC                              | 7.450         |
| <b>Total</b> |             |  | <b>41.082</b> |

## Annex-SLG3

### Non-recovery of Outstanding Dues

[Rupees in Million]

| Sr.          | Para           | Name of Office   | Amount            |
|--------------|----------------|--|-------------------|
| 01           | 01             | D.G Lyari Development Authority                              | 1,335.990         |
| 02           | 02             | D.G Malir Development Authority                              | 1,343.790         |
| 03           | 01             | Managing Director, WASA, HDA                                 | 2,060.811         |
| 04           | 03             | Director, P&DC, HAD  | 191.664           |
| 05           | 01             | Project Director, Housing, HDA                               | 270.500           |
| 06           | 02, 04, 05, 14 | Senior Director, Land Management, KMC                        | 5,636.493         |
| 07           | 08             | Executive Director, Karachi Institute of Heart Diseases, KMC | 0.720             |
| 08           | 04,07          | Project Director, Orangi Township, KMC                       | 160.440           |
| 09           | 03             | Director, Safari Park & Aladin Park, KMC                     | 2.443             |
| 10           | 02             | Director, Municipal Utility Charges & Taxes, KMC             | 29.388            |
| 11           | 03             | Senior Director, Veterinary Services, KMC                    | 99.459            |
| 12           | 05             | DMD RRG, KW&SB   | 58,111.704        |
| 13           | 01             | R.O (HS&TO) KW&SB  | 25.949            |
| <b>Total</b> |                |  | <b>69,269.351</b> |

## Annex-SLG4

### Non-achievement of Targeted Receipt

[Rupees in Million]

| Sr.          | Para | Name of Office  | Recovery Targeted | Recovery Effected | Less Recovery     |
|--------------|------|---|-------------------|-------------------|-------------------|
| 1.           | 11   | D.G Malir Development Authority                         | 9,184.418         | 378.536           | 8,805.882         |
| 2.           | 05   | Director, Recovery KDA                                  | 2,144.888         | 1591.751          | 553.137           |
| 3.           | 06   | Director, Land Management, KMC                          | 680.500           | 113.912           | 566.587           |
| 4.           | 02   | Project Director, Orangi Twonship, KMC                  | 55.400            | 29.835            | 25.565            |
| 5.           | 08   | Senior Director, Muicicpal Utility Charges & Taxes, KMC | 1,000.000         | 205.877           | 794.122           |
| 6.           | 03   | Project Director, OrangiTwonship, KMC                   |                   |                   | 176.500           |
| 7.           | 02   | Senior Director, Kachi Abidi, KMC                       |                   |                   | 33.284            |
| 8.           | 02   | Senior Director, Veterinary Services, KMC               | 143.650           | 7.127             | 136.534           |
| 9.           | 24   | DMD RRG   | 63,605.555        | 6,977.906         | 56,627.649        |
| <b>Total</b> |      |   |                   |                   | <b>67,719.260</b> |

## Annex-SLG5

### Non-deposition of Government Taxes

(Rupees in Million)

| Sr.          | Para | Name of Office   | Amount         |
|--------------|------|--|----------------|
| 01           | 07   | Director General, SBCA, Karachi                              | 6.100          |
| 02           | 05   | Director, Finance & Account, KDA                             | 123.274        |
| 03           | 10   | Director General, Technical Services, KMC                    | 8.500          |
| 04           | 3,15 | Executive Director, Karachi Institute of Heart Diseases, KMC | 3.070          |
| 05           | 3    | Director, Solid Waste Management, KMC                        | 5.610          |
| 06           | 2    | DMD Finance, KW&SB   | 38.988         |
| 07           | 1    | Managing Director ADP/PSDP Schemes, KW&SB                    | 1.312          |
| <b>Total</b> |      |  | <b>186.854</b> |

## Annex-SLG6

### Non-recovery of Overpaid House Rent Allowance

(Rupees in Million)

| Sr.          | Para | Name of Office   | Amount         |
|--------------|------|--|----------------|
| 01           | 05   | D.G Lyari Development Authority                              | 17.623         |
| 02           | 04   | D.G Malir Development Authority (MDA)                        | 9.070          |
| 03           | 03   | Director, Finance & Account, KDA                             | 6.082          |
| 04           | 05   | Senior Director, Traffic Engineering Bureau, KDA             | 3.524          |
| 05           | 03   | Director, Recovery KDA                                       | 1.080          |
| 06           | 01   | Director General, Main Secretariat, HAD                      | 1.507          |
| 07           | 09   | Managing Director, WASA, HAD                                 | 8.621          |
| 08           | 05   | Project Director, Housing Project-II, HAD                    | 0.604          |
| 09           | 12   | Senior Director, Land Management, KMC                        | 2.207          |
| 10           | 6    | Director General, Technical Services, KMC                    | 40.842         |
| 11           | 3    | Principal, Karachi Medical & Dental College, KM&DC, KMC      | 11.137         |
| 12           | 1    | Executive Director, Karachi Institute of Heart Diseases, KMC | 2.227          |
| 13           | 8    | Senior Director, Information Technology, KMC                 | 0.491          |
| 14           | 5    | Director, Safari Park & Aladin Park                          | 1.735          |
| 15           | 5    | Medical Superintendent, Sobhraj Maternity Hospital, KMC      | 2.217          |
| 16           | 1    | Director, Solid Waste Management, KMC                        | 1.090          |
| 17           | 7    | Senior Director, Human Resources, KMC                        | 1.055          |
| 18           | 2    | Deputy Director, Education, Gulshan.e.Iqbal, Kmc             | 3.669          |
| 19           | 2    | Deputy Director, Education, Jamshed Zone, Kmc                | 10.285         |
| 20           | 4    | Senior Director, Kachi Abidi, KMC                            | 0.630          |
| 21           | 3    | Mayor, Karachi Metropolitan Corporation, KMC                 | 0.515          |
| 22           | 05   | DMD Finance, KW&SB   | 0.555          |
| 23           | 05   | Executive Engineer, KD-Civil-I, KW&SB                        | 0.369          |
| 24           | 04   | EE (Water) Jamshed Town, KW&SB                               | 2.003          |
| 25           | 02   | EE (Sewerage) Jamshed Town, KW&SB                            | 1.448          |
| 26           | 01   | EE (E&M) Jamshed Town, KW&SB                                 | 0.790          |
| 27           | 01   | Executive Engineer, E&M-W, Saddar Town, KW&SB                | 0.269          |
| <b>Total</b> |      |  | <b>131.645</b> |

**Annex-SLG7****Recovery of Illegal Payment of Leave Encashment**

(Rupees in Million)

| <b>Sr.</b>   | <b>Para</b> | <b>Name of Office</b>                          | <b>Amount</b>  |
|--------------|-------------|--|----------------|
| 01           | 09          | Director, Finance & Account, KDA               | 83.827         |
| 02           | 03          | Project Director, Housing Project-I, HAD       | 2.534          |
| 03           | 03          | Project Director, Housing Project-II, HDA      | 1.939          |
| 04           | 09          | DMD Finance, KW&SB                             | 0.543          |
| 05           | 13          | DMD RRG, KW&SB                                 | 5.598          |
| 06           | 08          | R.E, Dhabeji & Gharo (Pumping) Division, KW&SB | 2.634          |
| 07           | 06          | Executive Engineer, KD-Civil-1, KW&SB          | 2.984          |
| 08           | 04          | Executive Engineer, Hub Division Civil, KW&SB  | 1.370          |
| 09           | 01          | EE (Water) Jamshed Town                        | 4.041          |
| 10           | 03          | EE (Sewerage) Jamshed Town                     | 2.710          |
| 11           | 02          | EE (E&M) Jamshed Town                          | 1.103          |
| 12           | 02          | Executive Engineer, E&M-W, Saddar Town         | 1.133          |
| <b>Total</b> |             |  | <b>110.416</b> |

**Annex-SLG8****Recovery of Illegal Payment of Utility Allowance**

(Rupees in Million)

| <b>Sr.</b>   | <b>Para</b> | <b>Name of Office</b>                     | <b>Amount</b> |
|--------------|-------------|---|---------------|
| 01           | 03          | D.G Malir Development Authority (MDA)     | 87.435        |
| 02           | 10          | Director, Finance & Account, KDA          | 2.136         |
| 03           | 02          | Director, Recovery KDA                    | 2.817         |
| 04           | 02          | Project Director, Housing Project-I, HDA  | 3.024         |
| 05           | 02          | Project Director, Housing Project-II, HDA | 2.634         |
| <b>Total</b> |             |   | <b>98.046</b> |

**Annex-SLG9****Loss to Government Exchequer**

(Rupees in Million)

| <b>Sr.</b>   | <b>Para</b> | <b>Name of Office</b>                              | <b>Amount</b> |
|--------------|-------------|--|---------------|
| 01           | 04          | Director, P&DC, HDA                                | 67.760        |
| 02           | 03          | Senior Director, Municipal Utility Charges & Taxes | 15.334        |
| 03           | 04          | DMD RRG  | 4.774         |
| 04           | 07          |  | 4.858         |
| <b>Total</b> |             |  | <b>92.726</b> |

**Annex-SLG10****Non-Recovery/Deduction of Income Tax**

(Rupees in Million)

| <b>Sr.</b>   | <b>Para</b> | <b>Name of Office</b>  | <b>Amount</b> |
|--------------|-------------|--|---------------|
| 01           | 06          | Executive Director, Karachi Institute of Heart Diseases, KMC | 0.265         |
| 02           | 06          | Director, Vehicles, KMC                                      | 0.689         |
| 03           | 14          | Project Director S-III, KW&SB                                | 47.992        |
| 04           | 16          | Project Director S-III, KW&SB                                | 7.401         |
| <b>Total</b> |             |  | <b>56.347</b> |

**Annex-SLG11****Non-deduction of Sales Tax on Taxable Services**

(Rupees in Million)

| <b>Sr.</b>   | <b>Para</b> | <b>Name of Office</b>                          | <b>Amount</b> |
|--------------|-------------|--|---------------|
| 01           | 03          | Secretary, LGD & HTP, Sindh Karachi            | 2.520         |
| 02           | 04          | D.G Lyari Development Authority                | 4.905         |
| 03           | 05          | D.G Malir Development Authority (MDA)          | 2.710         |
| 04           | 17          | Director, Finance & Account, KDA               | 2.680         |
| 05           | 04          | R.E, Dhabeji & Gharo (Pumping) Division, KW&SB | 2.361         |
| <b>Total</b> |             |  | <b>15.176</b> |

**Annex-SLG12****Recovery of Illegal Payment of Allowances**

(Rupees in Million)

| <b>Sr.</b>   | <b>Para</b> | <b>Name of Office</b>                            | <b>Amount</b> |
|--------------|-------------|--|---------------|
| 01           | 04          | Director, Finance & Account, KDA                 | 9.319         |
| 02           | 06          | Senior Director, Traffic Engineering Bureau, KDA | 0.594         |
| 03           | 04          | Director, Recovery KDA                           | 0.137         |
| <b>Total</b> |             |  | <b>10.050</b> |

**Annex-SLG13****Non-recovery of House Rent & Maintenance Charges from Staff Residing in Government Accomodation**

(Rupees in Million)

| <b>Sr.</b>   | <b>Para</b> | <b>Name of Office</b>                          | <b>Amount</b> |
|--------------|-------------|--|---------------|
| 01           | 12          | DMD RRG, KW&SB                                 | 3.225         |
| 02           | 10          | R.E, Dhabeji & Ghara (Pumping) Division, KW&SB | 0.812         |
| 03           | 05          | Executive Engineer, Hub Division Civil, KW&SB  | 0.207         |
| 04           | 05          | EE (Water) Jamshed Town                        | 0.567         |
| 05           | 01          | EE (Sewerage) Jamshed Town                     | 0.251         |
| 06           | 03          | EE (E&M) Jamshed Town                          | 0.493         |
| <b>Total</b> |             |  | <b>5.555</b>  |

**Annex-SLG14****Recovery of Over Paid Medical Allowance**

(Rupees in Million)

| <b>Sr.</b>   | <b>Para</b> | <b>Name of Office</b>                     | <b>Amount</b> |
|--------------|-------------|---|---------------|
| 01           | 02          | Director General, Main Secretariat, HDA   | 2.148         |
| 02           | 05          | Project Director, Housing Project-I, HDA  | 1.206         |
| 03           | 04          | Project Director, Housing Project-II, HDA | 1.044         |
| <b>Total</b> |             |   | <b>4.398</b>  |

## Annex-SLG15

### Non-Affixing of Stamp Duty on Contract Agreements

(Rupees in Million)

| Sr.          | Para | Name of Office                               | Amount       |
|--------------|------|--|--------------|
| 01           | 01   | Suprintending Engineer, LGP Hyderabad        | 1.035        |
| 02           | 7    | Director General, Technical Services, KMC    | 1.116        |
| 03           | 4    | Senior Director, Infomration Technology, KMC | 0.195        |
| 04           | 04   | Managing Director ADP/PSDP Schemes, KW&SB    | 0.082        |
| 05           | 02   | Project Director, S-III, KW&SB               | 0.645        |
| <b>Total</b> |      |  | <b>3.073</b> |

## Annex-SLG16

### Irregular Award of Work without Calling Open Tender

(Rupees in Million)

| Sr.          | Para | Name of Office                                   | Amount            |
|--------------|------|--|-------------------|
| 01           | 04   | Director General, Main Secretariat, HDA          | 0.510             |
| 02           | 04   | Senior Director, Finance, KMC                    | 0.999             |
| 03           | 05   | Project Director K-IV, KW&SB                     | 15,652.891        |
| 04           | 01   | Executive Engineer, KD-Civil-1, KW&SB            | 9.785             |
| 05           | 01   | Executive Engineer, Sewerage, Saddar Town, KW&SB | 5.393             |
| 06           | 01   | Executive Engineer, Water, Saddar Town, KW&SB    | 1.369             |
| <b>Total</b> |      |  | <b>15,670.947</b> |

## Annex-SLG17

### Irregular Award of Work without Execution of Contract Agreements

(Rupees in Million)

| Sr.          | Para | Name of Office  | Amount           |
|--------------|------|---|------------------|
| 01           | 03   | Suprintending Engineer, Local Govt. Project Hyderabad           | 295.616          |
| 02           | 01   | P.D. Reverse Osmosis Water Desalination Plants, Lyari & Keamari | 868.100          |
| <b>Total</b> |      |   | <b>1,163.716</b> |

**Non-transparency in POL spending**

(Rupees in Million)

| <b>Sr.</b>   | <b>Para</b> | <b>Name of Office</b>                                   | <b>Amount</b>  |
|--------------|-------------|---|----------------|
| 01           | 14          | Director General, SBCA, Karachi                         | 6.960          |
| 02           | 03          | Director, Town Planning, LGD, Hyderabad                 | 0.265          |
| 03           | 07          | M.D Sindh Solid Waste Management Board Karachi          | 1.664          |
| 04           | 12          | D.G Malir Development Authority (MDA)                   | 10.323         |
| 05           | 02          | Senior Director, Traffic Engineering Bureau, KDA        | 0.696          |
| 06           | 12          | Managing Director, WASA, HDA                            | 37.184         |
| 07           | 09          | Senior Director, Land Management, KMC                   | 6.00           |
| 08           | 11          | Executive Director, Karachi Institute of Heart Diseases | 1.969          |
| 09           | 07          | Director, Information Technology, KMC                   | 1.427          |
| 10           | 08          | Director General, Parks & Horticulture, KMC             | 17.930         |
| 11           | 02          | Director, Zoo, KMC                                      | 1.500          |
| 12           | 02          | Director, Vehicles                                      | 697.105        |
| 13           | 06          | Director, Media Management, KMC                         | 1.217          |
| 14           | 12          | Director, Safari Park & Aladin Park, KMC                | 4.00           |
| 15           | 02          | Senior Director, Human Resources, KMC                   | 4.214          |
| 16           | 14          | Director, Municipal Utility Charges & Taxes, KMC        | 1.587          |
| 17           | 03          | Senior Director, Culture, Sports & Recreation, KMC      | 0.433          |
| 18           | 01          | Director, Kachi Abidis, KMC                             | 0.861          |
| 19           | 11          | DMD RRG, KW&SB  | 7.833          |
| 20           | 11          | Project Director S-III, KW&SB                           | 56.585         |
| <b>Total</b> |             |   | <b>859.753</b> |

**Annex-SLG19****Unauthorized Operation of Government Account in Private Banks**

(Rupees in Million)

| <b>Sr.</b>   | <b>Para</b> | <b>Name of Office</b>                  | <b>Amount</b>  |
|--------------|-------------|--|----------------|
| 01           | 07          | Director, Recovery KDA                 | -              |
| 02           | 05          | Deputy Director Education Korangi Zone | -              |
| 03           | 03          | DMD Finance, KW&SB                     | -              |
| 04           | 08          | DMD RRG, KW&SB                         | 512.767        |
| <b>Total</b> |             |  | <b>512.767</b> |

**Annex-SLG20****Non-maintenance of Cash Book**

(Rupees in Million)

| <b>Sr.</b>   | <b>Para</b> | <b>Name of Office</b>                              | <b>Amount</b>  |
|--------------|-------------|--|----------------|
| 01           | 7           | Senior Director, Finance, KMC                      | 89.369         |
| 02           | 6           | Senior Director, Human Resources, KMC              | 64.998         |
| 03           | 18          | Senior Director, Municipal Utility Charges & Taxes | 271.002        |
| <b>Total</b> |             |  | <b>425.369</b> |

**Annex-SLG21****Irregular New Water Connections to Defaulters**

(Rupees in Million)

| <b>Sr.</b>   | <b>Para</b> | <b>Name of Office</b> | <b>Amount</b>  |
|--------------|-------------|-----------------------|----------------|
| 01           | 20          | DMD RRG, KW&SB        | 262.340        |
| 02           | 23          | DMD RRG, KW&SB        | 8.745          |
| <b>Total</b> |             |                       | <b>271.085</b> |

**Annex-SLG22****Excess Execution of Works without Retendering**

(Rupees in Million)

| <b>Sr.</b>   | <b>Para</b> | <b>Name of Office</b>                     | <b>Amount</b>  |
|--------------|-------------|---|----------------|
| 01           | 02          | Director General (Technical Services) KMC | 94.309         |
| 02           | 06          | Project Director S-III, KW&SB             | 144.717        |
| <b>Total</b> |             |   | <b>239.026</b> |

**Annex-SLG23****Unauthorized Technical Sanction beyond Financial Powers**

(Rupees in Million)

| <b>Sr.</b>   | <b>Para</b> | <b>Name of Office</b>  | <b>Amount</b> |
|--------------|-------------|--|---------------|
| 01           | 01          | Resident Engineer, Dhabeji & Gharo (Pumping) Division, KW&SB | 32.792        |
| 02           | 03          | Executive Engineer, Hub Division Civil, KW&SB                | 19.5891       |
| <b>Total</b> |             |  | <b>52.381</b> |

**Annex-SLG24****Irregular Award of Work due to Expiry of Bid Validity**

(Rupees in Million)

| <b>Sr.</b>   | <b>Para</b> | <b>Name of Office</b>                       | <b>Amount</b> |
|--------------|-------------|---|---------------|
| 01           | 3           | Director General, Parks & Horticulture, KMC | 15.973        |
| 02           | 1           | Director, Zoo, KMC                          | 34.851        |
| <b>Total</b> |             |   | <b>50.824</b> |

### Doubtful Transfer of Public Funds

| 01. D.G Malir Development Authority (Para # 08) |   |            |           |                                   |                   |
|---|---|------------|-----------|-----------------------------------|-------------------|
| Sr.   | Bank A/c No. & Branch                       | Date       | Cheque No | Detail                            | Amount Debited    |
| 1   | 0565-00166236-03, HBL, Iqbal Library Branch | 26.7.2016  | 7154667   | Inward Clearing Cheque            | 1,480,000         |
| 2   |   | 26.7.2016  | 7154668   | Inward Clearing Cheque            | 1,480,000         |
| 3   |   | 26.7.2016  | 7154669   | Inward Clearing Cheque            | 1,480,000         |
| 4   |   | 25.01.2017 | 7155919   | Transfer by Cheque                | 1,658,071         |
| 5   |   | 25.01.2017 | 7155920   | Transfer by Cheque 00140038146201 | 416,638           |
| 6   |   | 2.02.2017  | 7155928   | Inward Clearing Cheque            | 890,001           |
| 7   |   | 28.02.2017 | 7155933   | Transfer by Cheque                | 500,000           |
| 8   |   | 22.03.2017 | 7155934   | Inward Clearing Cheque            | 800,000           |
| 9   |   | 22.03.2017 | 7155939   | Inward Clearing Cheque            | 1,697,580         |
| 10  |   | 17.03.2017 | 7155942   | Inward Clearing Cheque            | 1,000,000         |
| 11  |   | 21.04.2017 | 7155943   | Inward Clearing Cheque            | 1,000,000         |
| 12  |   | 25.04.2017 | 7155946   | Inward Clearing Cheque            | 835,664           |
| 13  |   | 28.04.2017 | 7155947   | HBL Cheque Debit                  | 415,000           |
| 14  |   | 15.05.2017 | 7155948   | Inward Clearing Cheque            | 20,000,000        |
| 15  |   | 12.06.2017 | 7155949   | HBL Cheque Debit                  | 224,550           |
| 16  |   | 12.06.2017 | 7155952   | HBL Cheque Debit                  | 224,550           |
| 17  |   | 12.06.2017 | 7155951   | HBL Cheque Debit                  | 272,230           |
| 18  |   | 12.06.2017 | 7155954   | HBL Cheque Debit                  | 272,230           |
| 19  |   | 13.06.2017 | 7155950   | HBL Cheque Debit                  | 224,550           |
| 20  |   | 13.06.2017 | 7155953   | HBL Cheque Debit                  | 224,550           |
| 21  |   | 14.06.2017 | 7155956   | Inward Clearing Cheque            | 1,000,000         |
| 22  |   | 15.06.2017 | 7154687   | Inward Clearing Cheque            | 1,500,000         |
| 23  |   | 23.06.2017 | 7155969   | Inward Clearing Cheque            | 937,950           |
| <b>TOTAL</b>                                    |   |            |           |                                   | <b>38,533,564</b> |

### Illegal appointments

(Rupees in Million)

| Sr.          | Para | Name of Office  | Amount        |
|--------------|------|---|---------------|
| 01           | 11   | Director, Finance & Account, KDA                        | -             |
| 02           | 12   | Director, Finance & Account, KDA                        | -             |
| 03           | 3    | Senior Director, Human resources, KMC                   | 8.890         |
| 04           | 16   | Senior Director, Municipal Utility Charges & Taxes, KMC | 0.292         |
| 05           | 2    | Deputy Director, Education, Lyari Zone, KMC             | 28.620        |
| 06           | 4    | Senior Director, Veterinary Services, KMC               | 0.792         |
| <b>Total</b> |      |   | <b>38.594</b> |

**Annex-SLG27****Award of Work through Invalid Procurement Committee**

(Rupees in Million)

| <b>Sr.</b>   | <b>Para</b> | <b>Name of Office</b>   | <b>Amount</b> |
|--------------|-------------|-------------------------|---------------|
| 01           | 02          | EE (Water) Jamshed Town | 26.508        |
| 02           | 04          | EE (E&M) Jamshed Town   | 2.955         |
| <b>Total</b> |             |                         | <b>29.463</b> |

**Annex-SLG28****Unauthorized Clearance of Liabilities**

(Rupees in Million)

| <b>S.N.</b>  | <b>Name of Office</b>                              | <b>Amount</b> |
|--------------|--|---------------|
| 01           | Director, Media Management, KMC                    | 4.315         |
| 02           | Senior Director, Municipal Utility Charges & Taxes | 24.311        |
| <b>Total</b> |  | <b>28.626</b> |

**Annex-SLG29****Splitting Works in order to Avoid Tender**

(Rupees in Million)

| <b>Sr.</b>   | <b>Para</b> | <b>Name of Office</b>                   | <b>F.Y</b> | <b>Amount</b> |
|--------------|-------------|---|------------|---------------|
| 01           | 04          | Managing Director, WASA, HDA            |            | 25.592        |
| 02           | 06          | Mayor, Karachi Metropolitan Corporation | 2015-16    | 0.287         |
| <b>Total</b> |             |   |            | <b>25.879</b> |

## Annex-SLG30

### Excess Expenditure on POL Consumption beyond Entitlement”

(Rupees in Million)

| S.N.         | Name of Office                        | Amount       |
|--------------|---------------------------------------|--------------|
| 01           | Senior Director, Land Management, KMC | 3.379        |
| 02           | Senior Director, Human Resource, KMC  | 1.3660       |
| <b>Total</b> |                                       | <b>4.750</b> |

## Annex-SLG31

### Illegal Appointment of Staff without Sanctioned Strength

(Rupees in Million)

| Sr.          | Para | Name of Office           | Sanctioned Strength | Working Strength | Difference of Excess Posts |
|--------------|------|--------------------------|---------------------|------------------|----------------------------|
| 1            | 10   | Director, Recovery KDA   | 40                  | 43               | 3                          |
| 2            | 05   | PD, Orangi Twonship, KMC | 0                   | 27               | 27                         |
| 3            | 18   | DMD RRG, KW&SB           | 0                   | 1                | 1                          |
| <b>Total</b> |      |                          |                     |                  |                            |

## Annex-SLG32

### Non-vacation of MDA Land from Encroachment / Occupation

| 01. Project Director, Local Govt. Project Karachi (Para # 10) |                                    |                                      |                                 |  |   |
|---|------------------------------------|--------------------------------------|---------------------------------|--|---|
| Sr. No  | Scheme Name                        | Toal Area allotted to MDA (in Acres) | Area Occupied by MDA (in Acres) | Area illegally occupied/ encroached (in Acres) | Remarks   |
| 1   | Shah Latif Town Scheme -25-A       | 2700                                 | 1784                            | 916  | Total Area 5652 Acres is illegally encroached/ occupied by others, i.e Railway, NLC, Police & other villagers etc |
| 2   | Taiser Town Scheme-45              | 9512                                 | 6376                            | 3136   |   |
| 3   | New Malir Housing Project Scheme-1 | 4000                                 | 2400                            | 1600   |   |
| <b>Total</b>  |                                    | <b>16212</b>                         | <b>10560</b>                    | <b>5652</b>                                    |   |

## Annex-SLG33

### Unauthorized Retention of Government Vehicles by Ex-officers

(Rupees in Million)

| Sr.          | Para | Name of Office                          | Amount   |
|--------------|------|---|----------|
| 01           | 04   | Director, Town Planning, LGD, Hyderabad |          |
| 02           | 01   | Director, Vehicles, KMC                 | -        |
| <b>Total</b> |      |   | <b>0</b> |

## Annex-SLG34

### Illegal Allotment of Government Vehicles beyond Entitlement

| 01. DMD RRG, KW&SB (Para # 14) |                             |                      |                  |           |                |                  |             |
|--------------------------------|-----------------------------|----------------------|------------------|-----------|----------------|------------------|-------------|
| Sr.                            | Name of Officer             | Designation          | Office           | Vehicle # | Make           | Allotted Vehicle | Entitlement |
| 1                              | Mr. Muhammad Aslam (BS-20)  | DMD-RRG              | DMD RRG          | GL-7281   | Toyota Corolla | 1300cc           | 1000cc      |
| 2                              | Syed Jawaid Hussain (BS-18) | Dy. District Officer | Director Billing | GL-7263   | Toyota Corolla | 1300cc           | 800cc       |
| 3                              | Farhat Ali, BS-17           | Superintendent/A O   | Director Billing | GL-0136   | Khyber         | 1000cc           | 800cc       |
| 4                              | Mr. Saeed Anwer, BS-18      | D.D North Nazimabad  | Retail-West      | GL-5511   | Suzuki Chamber | 1000cc           | 800cc       |
| 5                              | Mr. Akhtar Hussain, BS-18   | D.D Buffer Zone      | Retail-West      | GL-0330   | Suzuki Margla  | 1300cc           | 800cc       |

| 02. Project Director S-III, KW&SB (Para # 10) |        |                               |                                |           |       |           |                   |
|---|--------|-------------------------------|--------------------------------|-----------|-------|-----------|-------------------|
| Sr.   | Scheme | M/S                           | Type of Vehicle                | H.P in CC | Units | Amount    |                   |
| 1   | LS-4   | M/S Sardar M. Ashraf D.Baloch | Suzuki Swift 1.3 DLX POL       | 1300cc    | 1     | 1,287,000 |                   |
|   | LS-5   |                               | Suzuki Swift 1.3 DLX POL       | 1300cc    | 1     | 1,287,000 |                   |
| 1   | LS-6   | M/S Indusmen                  | Honda City Aspire Pros. (2013) | 1500cc    | 1     | 2,200,000 |                   |
| 2   | LS-8   | M/S. Qasim Khan & Company     | Dailration Terrios 4x4 (2013)  | 1500cc    | 1     | 4,050,000 |                   |
| 3   |        |                               | Honda Civic Vti Pros. (2013)   | 1800cc    | 1     | 3,240,000 |                   |
| 4   |        |                               | Honda City Aspire Pros. (2013) | 1500cc    | 1     | 2,340,000 |                   |
| 5   | LS-7   | M/S. Crescent Construction Co | Honda City Aspire Pros. (2013) | 1500cc    | 1     | 2,160,000 |                   |
| 6   |        |                               | Suzuki Jemni JLDX M/T (2013)   | 1300cc    | 1     | 2,700,000 |                   |
| <b>Total</b>                                  |        |                               |                                |           |       | <b>8</b>  | <b>19,264,000</b> |

**ANNEXURE**  
**PUBLIC HEALTH DEPARTMENT**

**Annex-PHE1**

**Fraud due to Production of Fake Delivery Challans**

[Amount in Rupees]

| Sr. | Name of Scheme   | Item supplied as sales tax invoice | Supply by                     | Delivery Challan No./Date | Order No. | No. of pipes as per DC | Total Amount | Tax @ 17% Non-registered |
|-----|--|------------------------------------|-------------------------------|---------------------------|-----------|------------------------|--------------|--------------------------|
| 1   | P/L/F PE Pipe 18" Dia & Pump House 2 Nos & Sump Wall for ultra-filtration plant WS Scheme Tando Jam<br><br>(WO No. TC/717 dated: 29-07-16) | Supply of PE Pipe 18" Dia          | M/S Jamal PVC Pipes (pvt) Ltd | 1629<br>28-07-16          | 2374      | 26                     | 47,521,406   | 8,078,639                |
| 2   |  |                                    |                               | 1631<br>29-07-16          | 2376      | 27                     |              |                          |
| 3   |  |                                    |                               | -<br>29-08-16             | 2433      | 30                     |              |                          |
| 4   |  |                                    |                               | 1690<br>30-08-16          | 2435      | 30                     |              |                          |
| 5   |  |                                    |                               | 1691<br>30-08-16          | 2447      | 25                     |              |                          |
| 6   |  |                                    |                               | 1718<br>25-09-16          | 2478      | 27                     |              |                          |
| 7   |  |                                    |                               | 1716<br>24-09-16          | 2477      | 25                     |              |                          |
| 8   |  |                                    |                               | 1717<br>24-09-16          | Nil       | 25                     |              |                          |
| 9   |  |                                    |                               | 2387<br>28-05-16          | Nil       | 25                     |              |                          |
| 10  |  |                                    |                               | 2389<br>28-05-16          | Nil       | 25                     |              |                          |
| 11  |  |                                    |                               | 2390<br>29-05-16          | Nil       | 25                     |              |                          |
|     | 2391<br>29-05-16   | Nil                                | 26                            |                           |           |                        |              |                          |

**Annex-PHE2**

**Irregular Procurement of Pumping Machinery in Deviation of PC-I**

[Amount in Rupees]

| Estimated Cost   | Contractor           | Work Order     | Contract Amount | C.V #                               | Item   | Qty | Rate as Per Bill | Amount    |
|--|----------------------|----------------|-----------------|-------------------------------------|--|-----|------------------|-----------|
| <b>Construction of Disposal Work i/c collecting tank 10” dia, Screening Chamber, Pump House 10’ x 12’, Compound Wall, Pumping Machinery, PVC Rising Main 4” dia &amp; Oxidation Ponds for Rural Drainage Scheme Nabi Bux Leghari District T.M.Khan</b> |                      |                |                 |                                     |  |     |                  |           |
| 4,401,100  | M/S Hafiz Riaz Ahmed | 55<br>19-01-17 | 4,604,423       | Ist R.A<br>Bill<br>D/01<br>13-04-17 | P/I i/c<br>Transportation<br>of Pumping<br>Machinery at<br>Site (A.C<br>Electric Motor<br>5.5 BHP etc) | 4   | 672,096          | 2,688,384 |

**ANNEXURES**  
**DISTRICT MUNICIPAL CORPORATIONS**  
**KARACHI DIVISION**

## Annex-DMC1

### Suspicious Embezzlement on account of POL of off Road Vehicles

#### Summary

[Amount in Rupees]

| Sr.                 | Name of Vehicles              | Total Litres | Total Amount     | Remarks           |
|---------------------|-------------------------------|--------------|------------------|-------------------|
| <b>DMC, Korangi</b> |                               |              |                  |                   |
| 1                   | CH-711210 (Bobcat)            | 5,820        | 2,174,722        | Off road vehicles |
| 2                   | CH-175662 (Bobcat)            | 6,870        |                  |                   |
| 3                   | CH-158405 (Compactor)         | 3,445        |                  |                   |
| 4                   | CH-00929 (Bobcat)             | 1,480        |                  |                   |
| 5                   | CH-21306 (Hino FF Dumper)     | 6,947        |                  |                   |
| 6                   | CH-7102742 (Isuzu NPR Dumper) | 4,477        |                  |                   |
| <b>Total</b>        |                               | -            | <b>2,174,722</b> |                   |

## Annex-DMC2

### Execution of Works without Recording Measurement Books

[Amount in Rupees]

| Sr.          | B. No. | Date      | Name of Work  | Contractor                  | Amount           |
|--------------|--------|-----------|---|-----------------------------|------------------|
| 1            | 31     | 14/4/17   | imp/repair of CC street back side qadimi masjid in sindhi muhallah in UC 3        | M/S S.O.H. Constt:          | 995,264          |
| 2            | 9      | 8/3/2017  | const: of cc drain brother jan house to kareem house qasba colony uc 8            | M/S Malik Zahir khan        | 987,988          |
| 3            | 60     | 1/12/2016 | hiring of machinery for lifting garbage at nishan e haider to khaliq foundation   | M/S Navaish Enterp:         | 996,755          |
| 4            | 37     | 1/12/2016 | constt: of park behind KMC UC 3   | M/S Al-Madina Enterp:       | 2,187,255        |
| 5            | 57     | 29/5/17   | imp of sewerage system in magsi muhallah abbasi general store uc 9                | M/S Gul Mohammad khan & Co. | 996,494          |
| 6            | 32     | 14/4/17   | imp & replacement sewerage line different street of peerabad in UC 8 QASBA Colony | M/S Bacha M. Hayat & Co.    | 996,809          |
| <b>Total</b> |        |           |   |                             | <b>7,160,565</b> |

## Annex-DMC3

### Irregular Execution of Work

[Amount in Rupees]

| Sr.          | B. No. | Date     | Name of Work  | Contractor              | Amount           |
|--------------|--------|----------|---|-------------------------|------------------|
| 1            | 53     | 30/03/17 | hiring of private labour & machinery for cleaning of nallah's at UC 3,4,8,9,10,14,15  | M/S K. Mirza Khan & Co. | 999,965          |
| 2            | 33     | 14/04/17 | P/F of hood lights 250w energy savers chain,& generators on rent basis at holy places | M/S Iqbal Khan & Co.    | 997,500          |
| 3            | 8      | 8/3/2017 | rep/maintance of street light of holy places qasba colony in UC 08                    | M/S Iqbal Khan & Co.    | 994,575          |
| 4            | 48     | 14/04/17 | rep & repl: of sewerage line & cc street in dhani & sindhi muhallah in UC 3           | M/S Beenish Enterp:     | 995,152          |
| <b>Total</b> |        |          |   |                         | <b>3,987,192</b> |

## Annex-DMC4

[Amount in Rupees]

| Sr. | Vehicle No. | Name of Officer            | POL Ltrs/Month |
|-----|-------------|----------------------------|----------------|
| 1   | AUK-813     | M Mithal, Director Tax     | 250            |
| 2   | BD-0178     | Wasim ullah, XEN M & E     | 250            |
| 3   | ABN-811     | Riaz Ali Siyal             | 200            |
| 4   | ASX-344     | Fayyaz Wasan, DUD TAX      | 200            |
| 5   | AYB-486     | AB Sattar, Programmer      | 100            |
| 6   | AUP-813     | Saindad Baloch, DTO Tax    | 200            |
| 7   | AYJ-560     | Iqbal Gilal,SE             | 200            |
| 8   | BQ-615      | Zafar Wassan, Dto Planning | 200            |
| 9   | AXK 195     | Liqat Ali Muhil AEE        | 200            |
| 10  | CN 8026     | Sarfraz Ahmed OS           | 200            |
| 11  | D-7479      | Ghalib Ali OS Eng /dep     | 300            |
| 12  | KGR 4338    | Shafaqat Dal, SE           | 100            |
| 13  | ACW 610     | Shafaqat Shaikh, SE        | 100            |
| 14  | KDG 0013    | Kashif Photographer        | 100            |
| 15  | W 9146      | Ammanullah SE              | 100            |
| 16  | KEV 1140    | Abdul Ghani DR             | 100            |
| 17  | KCA 8784    | Imdad Solangi STO          | 100            |
| 18  | KDZ 1559    | Ibrahim Gill, SE           | 100            |
| 19  | KIW 0055    | Sheeraz RC                 | 100            |

[Amount in Rupees]

| Sr.  | Vehicle No. | Name of Officer           | POL<br>Ltrs/Month |
|--|-------------|---------------------------|-------------------|
| 20   | KFP 6266    | Muhammad Karim Shaikh, SI | 100               |
| <b>Total 3200 Litters petrol has been given in one month</b>             |             |                           |                   |
| <b>3200 litters x 74/ Litter (Approximately)=236,800 x 12= 2,841,600</b> |             |                           |                   |

## Annex-DMC5

### Un-authorized Use of Government Vehicles beyond Entitlement

| Sr. | Name of Officer          | Designation              | BPS | Vehicle # | Make             | Allotted Vehicle | Entitlement |
|-----|--------------------------|--------------------------|-----|-----------|------------------|------------------|-------------|
| 1   | Mr. Amir Bux Junejo      | Municipal Commissioner   | 19  | GS-073-B  | Corolla XLI-2012 | 1300cc           | 1000cc      |
| 2   | Mr. Salman Haider        | Director Admn            | 18  | GL-6367   | Suzuki Baleno    | 1300cc           | 1000cc      |
| 3   | Mr. Nisar Soomro         | X.E.N (M&E)              | 18  | GL-7557   | Suzuki Cultus    | 1000cc           | 800cc       |
| 4   | Mr. Nihal Ahmed Siddiqui | Director, LT&R           | 18  | GL-4620   | Suzuki Liana     | 1300cc           | 800cc       |
| 5   | Mr. Aslam Pervaiz        | Dy. Director S.W         | 17  | GL-0159   | Suzuki Margala   | 1300cc           | 800cc       |
| 6   | Mr. Amir Murtaza         | A.E.E (M&E)              | 17  | GL-0377   | Suzuki Khyber    | 1000cc           | 800cc       |
| 7   | Mr. Abdul Karim          | Dy. Director Parks       | 17  | GL-7691   | Suzuki Cultus    | 1000cc           | 800cc       |
| 8   | Mr. Faryad Hussain       | X.E.N ( B&R)             | 18  | GL-4690   | Suzuki Cultus    | 1000cc           | 800cc       |
| 9   | Mr. Nayyar Iqbal         | Director Education       | 18  | GL-5501   | Suzuki Cultus    | 1000cc           | 800cc       |
| 10  | Mr. Qaiser Aziz          | Add. Director Recoveries | 18  | GL-7025   | Suzuki Cultus    | 1000cc           | 800cc       |
| 11  | Mr. Junaid Arif          | A.EE (M&E)               | 17  | GL-7691   | Suzuki Cultus    | 1000cc           | 800cc       |
| 12  | Mr. Imran Ali Anweri     | A.E.E (B&R)              | 18  | GL-0476   | Suzuki Margala   | 1300cc           | 800cc       |
| 13  | Mr. Nadeem Ahmed         | Asst: Director, S.W      | 17  | GL-6368   | Suzuki Cultus    | 1000cc           | 800cc       |

**ANNEXURES**  
**HYDERABAD DIVISION**

### Non-Production of Record

[Rupees in Million]

| Sr. | Office                                 | AIR Para | F.Y     | Amount         |
|-----|--|----------|---------|----------------|
| 1   | HMC, District Hyderabad                | 1+6      | 2016-17 | 15.050         |
| 2   | CMO, MC, Qasimabad, District Hyderabad | 1        | 2016-17 | 0              |
| 3   | CO, DC, Hyderabad                      | 8        | 2016-17 | 4.966          |
| 4   | CMO, MC, Matli, Badin                  | 14       | 2016-17 | 37.651         |
| 5   | TO, TC, Talhar, Badin                  | 1        | 2016-17 | 110            |
| 6   | TO, TC, Tando Bago, Badin              | 1+2+8    | 2016-17 | 4.688          |
| 7   | CO, DC, Badin                          | 1+8      | 2016-17 | 4.966          |
| 8   | CMO, MC, Thatta                        | 1+16     | 2016-17 | 0              |
| 9   | TO, TC Mirpur Sakro, Thatta            | 1+17     | 2016-17 | 0              |
| 10  | TC GhoraBari                           | 18       | 2016-17 | 0              |
| 11  | CO, DC, Thatta                         | 1        | 2016-17 | 0              |
| 12  | CMO, MC, Dadu                          | 1        | 2016-17 | 0              |
| 13  | CMO, MC, K. N. Shah, Dadu              | 1+17+9   | 2016-17 | 44.494         |
| 14  | CMO, MC, Mehar, Dadu                   | 1+19+23  | 2016-17 | 0              |
| 15  | TO, TC, Johi, Dadu                     | 1+18     | 2016-17 | 0              |
| 16  | CMO, MC, Sehwan Sharif, Jamshoro       | 1        | 2016-17 | 29.214         |
| 17  | CMO, MC, Tando Allahyar                | 1        | 2016-17 | 9.74           |
| 18  | CMO, MC, Chambar, Tando Allahyar       | 1        | 2016-17 | 0              |
| 19  | TO, TC, J. Mari, Tando Allahyar        | 1        | 2016-17 | 38.767         |
| 20  | TO, TC, Nasarpur, Tando Allahyar       | 1        | 2016-17 | 0              |
| 21  | CMO, MC, Hala, Matiari                 | 1+13     | 2016-17 | 0              |
| 22  | TO, TC, Saeedabad, Matiari             | 1        | 2016-17 | 0              |
| 23  | CO, DC, Matiari                        | 1        | 2016-17 | 0              |
|     | <b>Total</b>                           |          |         | <b>299.536</b> |

### Non-Production of Supporting Record of POL

(Amount in Rupees)

| Sr. | Name of Office                | AIR Para | F. Y.   | Amount |
|-----|-------------------------------|----------|---------|--------|
| 1   | MC, HMC, Hyderabad            | 16       | 2016-17 | 40.100 |
| 2   | CMO, MC, Qasimabad, Hyderabad | 8        | 2016-17 | 12.596 |
| 3   | CMO, MC, Tando Jam, Hyderabad | 4        | 2016-17 | 1.324  |
| 4   | CMO, MC,                      | 12       | 2016-17 | 4.638  |
| 5   | TO, TC, Talhar, Badin         | 7        | 2016-17 | 0.658  |
| 6   | TO, TC, Tando Bago, Badin     | 15       | 2016-17 | 6.128  |
| 7   | CMO, MC, Thatta               | 5+17     | 2016-17 | 14.759 |

(Amount in Rupees)

| Sr.          | Name of Office                                  | AIR Para | F. Y.   | Amount         |
|--------------|---|----------|---------|----------------|
| 8            | TO, TC, Mirpur Sakro, Thatta                    | 18       | 2016-17 | 2.382          |
| 9            | TO, TC, Ghora Bari, Thatta                      | 2        | 2016-17 | 3.535          |
| 10           | CMO, MC, Dadu                                   | 5        | 2016-17 | 13.724         |
| 11           | CMO, MC, K. N. Shah, Dadu                       | 5        | 2016-17 | 5.520          |
| 12           | CMO, MC, Mehar, Dadu                            | 4        | 2016-17 | 13.635         |
| 13           | TO, TC, Johi, Dadu                              | 6        | 2016-17 | 6.060          |
| 14           | CMO, MC, Kotri, Jamshoro                        | 2        | 2016-17 | 7.689          |
| 15           | CMO, MC, Sehwan Sharif, Jamshoro                | 4        | 2016-17 | 7.666          |
| 16           | CMO, MC, Tando Allahyar                         | 8        | 2016-17 | 9.170          |
| 17           | CMO, MC, Chambar, Tando Allahyar                | 13       | 2016-17 | 9.748          |
| 18           | TO, TC, Jhando Mari, Tando Allahyar             | 2        | 2016-17 | 1.979          |
| 19           | CMO, MC, Tando Muhammad Khan                    | 6        | 2016-17 | 6.736          |
| 20           | TO, TC, Tando Ghulam Hyder, Tando Muhammad Khan | 9        | 2016-17 | 3.487          |
| 21           | TO, TC, Saeedabad, Matiari                      | 6        | 2016-17 | 1.207          |
| <b>Total</b> |   |          |         | <b>172.741</b> |

**Annex-HYD2****Non-Recovery of Targeted Receipt**

[Amount in Rupees]

| Sr.          | Name of Offices                                   | Para | Estimate           | Recovery           | Shortfall          |
|--------------|---|------|--------------------|--------------------|--------------------|
| 1            | Administrator/MC, Hyderabad Municipal Corporation | 14   | 254640950          | 127727000          | 126,913,950        |
| 2            | Administrator/CMO, Municipal Committee Qasimabad  | 13   | 22725028           | 11730473           | 10,994,555         |
| 3            | Administrator/CMO, Municipal Committee Tando Jam  | 11   | 5130000            | 381615             | 4,748,385          |
| 4            | Administrators/CMO Municipal Committee Matli      | 3    | 3,804,000          | 1,667,190          | 2,136,810          |
| 5            | Administrators/TO, Town Committee Talhar          | 4    | 2,000,000          | 533,376            | 1,466,624          |
| 6            | Administrators/TO, Town Committee Tando Bago      | 11   | 4,550,000          | 1,138,989          | 3,411,011          |
| 7            | Administrator/CMO Municipal Committee Thatta      | 12   | 36,924,151         | 2,936,991          | 33,987,160         |
|              |   | 20   | 6,464,160          | 446,304            | 6,017,856          |
| 8            | Administrators/TO, Town Committee Johi            | 4    | 2,736,782          | 148,400            | 2,588,382          |
| 9            | Chairman/Chief Officer District Council, Dadu     | 1    | 12,986,878         | 4,298,688          | 8,688,190          |
| 10           | Administrator/CMO Municipal Committee Hala        | 7    | 9,887,730          | 4,654,665          | 5,233,065          |
| <b>Total</b> |   |      | <b>361,849,679</b> | <b>155,663,691</b> | <b>206,185,988</b> |

## Annex-HYD3

### Non-Recovery of Outstanding Dues

(Rupees in million)

| Sr.          | Formation  | Para  | Amount        |
|--------------|--|-------|---------------|
| 1.           | Hyderabad Municipal Corporation, District Hyderabad    | 9+10  | 43.548        |
| 2.           | Municipal Committee, Qasimabad, District Hyderabad     | 3+7   | 2.006         |
| 3.           | District Council, Hyderabad                            | 3     | 4.584         |
| 4.           | Municipal Committee, Thatta                            | 9     | 2.743         |
| 5.           | District Council, Thatta                               | 7     | 2.251         |
| 6.           | Municipal Committee, Dadu                              | 3     | 11.559        |
| 7.           | District Council, Dadu                                 | 8     | 4.579         |
| 8.           | Municipal Committee Kotri                              | 9     | 2.307         |
| 9.           | Municipal Committee, Tando Allahyar                    | 10+14 | 3.720         |
| 10.          | Municipal Committee, TMK, District Tando Muhammad Khan | 3     | 4.809         |
| 11.          | Municipal Committee, Hala                              | 3     | 10.374        |
| 12.          | Town Officer, Town Committee Saheedabad                | 5+7   | 0.661         |
| <b>Total</b> |  |       | <b>93.141</b> |

## Annex-HYD4

### Non-Recovery of Tax

(Amount in Rupees)

| Sr. | Name of Office  | AIR No. | Description                    | F.Y     | Expenditure | Tax       | Rate | Amount  |
|-----|---|---------|--------------------------------|---------|-------------|-----------|------|---------|
| 1   | Chairman/MC,<br>Hyderabad<br>Municipal<br>Corporation | 2       | Garbage<br>lifting<br>dumping  | 2016-17 | 5,930,349   | Sales Tax | 10%  | 593,035 |
|     |   | 3       | Garbage<br>lifting<br>dumping  | 2016-17 | 65,349,651  | Sales Tax | 10%  | 6534965 |
|     |   | 7       | Legal Service<br>Fee           | 2016-17 | 1800000     | Sales Tax | 8%   | 144000  |
|     |   | 8       | Misc &<br>Desilting of<br>Nala | 2016-17 | 3000000     | Sales Tax | 10%  | 300000  |
| 2   | Chairman/CMO,<br>Municipal<br>Committee<br>Qasimabad  | 4       | Lease<br>agreement             | 2016-17 | 1711867     | Sales Tax | 10%  | 171187  |
|     |   | 14      | Supply of<br>food & drink      | 2016-17 | 5,098,690   | Sales Tax | 13%  | 662830  |
|     |   | 15      | desilting of<br>Waduwah        | 2016-17 | 1,763,252   | Sales Tax | 10%  | 176325  |
|     |   | 17      | provision of                   | 2016-17 | 4,372,095   | Sales Tax | 13%  | 568372  |

(Amount in Rupees)

| Sr.          | Name of Office   | AIR No. | Description                        | F.Y     | Expenditure        | Tax           | Rate | Amount            |
|--------------|--|---------|------------------------------------|---------|--------------------|---------------|------|-------------------|
|              |  |         | services                           |         |                    |               |      |                   |
| 3            | Chairman/CMO<br>Municipal<br>Committee Badin                     | 4       | Silt Clearance                     | 2016-17 | 8,000,000          | Sales Tax     | 13%  | 1040000           |
|              |  | 5       | Purchases                          | 2016-17 | 4,489,744.00       | Sales Tax     | 17%  | 763256            |
| 4            | Chairman/TO,<br>Town Committee<br>Tando Bago                     | 5       | Streetlight<br>material            | 2016-17 | 5,072,706          | Sales Tax     | 17%  | 862360            |
| 5            | Chairman/CMO<br>Municipal<br>Committee Mehar                     | 10      | Execution of<br>scheme             | 2016-17 | 50,241,918         | Sales Tax     | 14%  | 7033869           |
| 6            | Chairman/Chief<br>Officer District<br>Council, Dadu              | 5       | Purchase of<br>goods &<br>services | 2016-17 | 3,534,840          | Income<br>Tax |      | 171988            |
| 7            | Chairman/CMO,<br>Municipal<br>Committee Tando<br>Allahyar        | 15      | Salary                             | 2016-17 | 3,580,400          | Income<br>Tax |      | 41,197            |
| 8            | Chairman/CMO,<br>Municipal<br>Committee<br>Chambar               | 19      | Payment to<br>Landlord             | 2016-17 | 8,534,632          | Sales Tax     |      | 842276            |
|              |  | 22      | Auctioneer                         | 2015-17 | 18,870,000         | Sales Tax     | 10%  | 1887000           |
|              |  | 23      | Less<br>recovered<br>from Landlord | 2015-17 | 1,996,961          | Income<br>Tax |      | 89000             |
|              |  | 24      | Salary                             | 2016-17 | 3,708,746          | Income<br>Tax |      | 47437             |
| 9            | Chairman/TO<br>Town Committee,<br>Nasarpur                       | 5       | 1/5 of sales<br>tax contractor     | 2016-17 | 7,349,180          | Sales<br>Tax  | 17%  | 336,187           |
|              |  | 7       | Desilting<br>services              | 2016-17 | 843,302            | Sales Tax     | 13%  | 109629            |
| 10           | Chairman/Chief<br>Officer District<br>Council, Tando<br>Allahyar | 2       | Less recovery<br>of sales tax      | 2016-17 | 4026960            | Sales Tax     |      | 100674            |
|              |  | 3       | Desilting<br>Services              | 2016-17 | 1524496            | Sales Tax     | 10%  | 152450            |
| 11           | Chairman/CMO<br>Municipal<br>Committee Tando<br>Muhammad Khan    | 10      | Desilting<br>services              | 2016-17 | 957,334            | Sales Tax     | 10%  | 95733             |
| 12           | Chairman/TO<br>Town Committee,<br>Tando Ghulam<br>Hyder          | 10      | Desilting<br>services              | 2016-17 | 3,163,680          | Sales Tax     | 10%  | 316368            |
|              |  | 14      | Salary Ali<br>Akbar Bhurt          | 2016-17 | 819,314            | Income<br>Tax |      | 21,431            |
| <b>Total</b> |  |         |                                    |         | <b>215,740,117</b> |               |      | <b>23,061,569</b> |

## Award of Contracts without Tender

| (Rupees in million) |  |             |                |
|---------------------|--|-------------|----------------|
| <b>Sr.</b>          | <b>Name of Offices</b>                             | <b>Para</b> | <b>Amount</b>  |
| 1                   | Administrator/MC, Hyderabad Municipal Corporation  | 12          | 2.327          |
| 2                   | Administrator/CMO, Municipal Committee Qasimabad   | 5           | 70.965         |
|                     |  | 10          | 5.098          |
|                     |  | 11          | 8.271          |
| 3                   | Administrator/CMO, Municipal Committee Tando Jam   | 5           | 2.470          |
| 4                   | Chairman/Chief Officer District Council, Hyderabad | 1           | 30.640         |
| 5                   | Chairman/TO, Town Committee Tando Bago             | 13          | 5.267          |
| 6                   | Chairman/TO, Town Committee Mirpur Sakro           | 7           | 6.511          |
| 7                   | Chairman/CMO, Municipal Committee Dadu             | 6           | 4.530          |
| 8                   | Chairman/CMO, Municipal Committee K. N. Shah, Dadu | 6           | 7.381          |
| 9                   | Chairman/CMO, Municipal Committee Mehar, Dadu      | 3           | 6.883          |
| 10                  | Chairman/TO, Town Committee Johi, Dadu             | 9           | 4.858          |
| 11                  | Chairman/Chief Officer District Council, Dadu      | 2           | 1.977          |
| 12                  | Chairman/CMO, Municipal Committee Chambar          | 14          | 70.711         |
| 13                  | Chairman/TO Town Committee, Jhando Mari            | 4           | 1.010          |
| 14                  | Chairman/TO Town Committee, Nasarpur               | 6           | 4.435          |
| 15                  | Chairman/CMO, Municipal Committee, Hala            | 4           | 0.701          |
| 16                  | Chairman/CMO, Municipal Committee Sehwan Sharif    | 3           | 3.542          |
|                     | <b>Total</b>                                       |             | <b>237.577</b> |

**Annex-HYD6**

**Detail of Sales Tax Refund**

[Amount in Rupees]

| <b>Sr.</b>   | <b>Name of Supplier</b> | <b>Description</b>                           | <b>Regist./ Non-regist.</b> | <b>Payment Amount</b> | <b>Sales Tax Deducted at rate of 17%</b> | <b>Retained (period)</b> | <b>Refunded as per deducted amount</b> | <b>Remarks</b>                                |
|--------------|-------------------------|--|-----------------------------|-----------------------|--|--------------------------|--|---|
| <b>01.</b>   | M/S Jani Traders        | Supply of Denyo Diesel Engine Generator 60KV | No                          | 3,999,060             | 581,000                                  | 2 months                 | 581,000                                | Refunded on 19-06-17 through ch. No. 20421600 |
| <b>02.</b>   | M/S Jani Traders        | Supply of 10 Nos. Thermal Fogger Machines    | No                          | 2,994,952             | 435,200                                  | 2 months                 | 435,200                                | Refunded on 19-06-17 through ch. No. 20421601 |
| <b>03.</b>   | M/S Gul & Brothers      | Supply of Photocopier machine                | Yes                         | 1,403,401             | 203,320                                  | 2 months                 | 203,320                                | Refunded on 19-06-17 through ch. No. 20421599 |
| <b>Total</b> |                         |  | <b>-</b>                    | <b>-</b>              | <b>1,219,520</b>                         | <b>-</b>                 | <b>1,219,520</b>                       |   |

### Unjustified Expenditure on Repair & Maintenance of HDA Office

[Amount in Rupees]

| Sr # | Bill # | Ch #     | Description  | Contractor      | Amount           |
|------|--------|----------|--|-----------------|------------------|
| 1    | -      | 17533537 | Work of scrapping, brushing & removing of old paint of M.C.Q | Muhammad Saleem | 15,933           |
| 2    | -      | 17533537 | work of deodar wood of door, windows & ventilators           | -do-            | 63,574           |
| 3    | -      | 17533537 | work of deodar wood of door, windows & ventilators M.C.Q     | -do-            | 67,794           |
| 4    | -      | 17533537 | work of deodar wood chokhat M.C.Q                            | -do-            | 59,270           |
| 5    | -      | 17533537 | work of paint doors & windows main building M.C.Q            | -do-            | 13,413           |
| 6    | -      | 17533537 | Work of water supply & sanitary fittings                     | -do-            | 55,524           |
| 7    | -      | 17533537 | work of filing wall paper of chairman office                 | -do-            | 98,961           |
| 8    | -      | 17533537 | work of filing wall paper of vice chairman office            | -do-            | 91,800           |
| 9    | -      | 17533537 | work of filing wall paper of CMO office                      | -do-            | 85,500           |
| 10   | -      | 17533537 | brick work of vice chairman room                             | -do-            | 25,000           |
| 11   | -      | 17533537 | work of distempering MCQ building                            | -do-            | 92,648           |
| 12   | -      | 17533537 | work of fall ceiling of main building MCQ                    | -do-            | 96,000           |
| 13   | -      | 17533537 | work of fall ceiling of main building MCQ                    | -do-            | 88,000           |
| 14   | -      | 17533537 | work of fall ceiling in council hall of main building MCQ    | -do-            | 96,000           |
| 15   | -      | 17533537 | work of fall ceiling in council hall of main building MCQ    | -do-            | 96,000           |
| 16   | -      | 17533537 | work of fall ceiling in council hall of main building MCQ    | -do-            | 96,000           |
|      |        |          | <b>Total</b>   |                 | <b>1,141,417</b> |

**ANNEXURES**  
**MIRPURKHAS DIVISION**

## Annex-MPK1

### Wasteful expenditure without utilizing services of staff

[Amount in Rupees]

| Sr. | Name                                   | Designation  | Salary  |
|-----|--|--------------|---------|
| 1   | Mashooq Ali S/o Lashkar Khan           | Junior Clerk | 255,240 |
| 2   | Abid Ali S/o Fageer Muhammad           | Junior Clerk | 255,240 |
| 3   | KhuramIqbal S/o Muhammad Iqbal         | Junior Clerk | 245,592 |
| 4   | ZainaulAbidin S/o Muhammad Mosa        | Junior Clerk | 255,240 |
| 5   | ImatiazHussain S/o Muhammad Ramzan     | Junior Clerk | 255,240 |
| 6   | Ali Nawaz S/o Muhammad Pahore          | Junior Clerk | 255,240 |
| 7   | Muhammad Ashfaqe S/o Muhammad Ishaq    | Junior Clerk | 255,240 |
| 8   | Mukhtar Ali S/o Fazal Muhammad         | Junior Clerk | 265,464 |
| 9   | Ali Ghulam S/o Jamal Khan              | Junior Clerk | 255,240 |
| 10  | JamooKumbhar S/o Alaf                  | Junior Clerk | 370,944 |
| 11  | Santosh Kumar S/o Pirbholal            | Junior Clerk | 265,464 |
| 12  | Muhammad Hashim S/o Muhammad UmerSiyal | Junior Clerk | 255,240 |
| 13  | Muhammad Malok S/o Muhammad Ramzan     | Junior Clerk | 255,240 |
| 14  | NisarHussain S/o MunirHussain          | Junior Clerk | 255,240 |
| 15  | Muhammad Imran S/o Saeed Ahmed Shaikh  | Junior Clerk | 255,240 |
| 16  | Abdul Latif S/o Allah Bux              | Junior Clerk | 265,464 |
| 17  | Ramesh Kumar S/o Khemchand             | Junior Clerk | 265,464 |
| 18  | MehmoodEllahi S/o HabibiullahMemon     | Junior Clerk | 255,240 |
| 19  | Syed Sufyan Ali S/o Abdul Hamid Shah   | Junior Clerk | 255,240 |
| 20  | GulamMurtuza S/o HazoorBux             | Junior Clerk | 255,240 |
| 21  | Mahram Ali S/o Noor Muhammad           | Junior Clerk | 255,240 |
| 22  | Khair Muhammad S/o Mir Hassan          | Junior Clerk | 255,240 |
| 23  | HirraLal S/o Bhagchand                 | Junior Clerk | 255,240 |
| 24  | Abdul Gateh S/o Abdul Jbbar            | Junior Clerk | 265,464 |
| 25  | Muhammad Khan S/o Ranjhoo Khan         | Junior Clerk | 246,528 |
| 26  | QadirBux S/o Somar                     | Junior Clerk | 275,688 |
| 27  | Meghrajmal S/o Essardas                | Junior Clerk | 275,688 |
| 28  | Bashir Ahmed S/o Nazeer Ahmed          | Driver       | 214,200 |
| 29  | Muhammad Usman S/o Muhammad Hassain    | Driver       | 214,200 |
| 30  | Muhammad Bux S/o NoorulHaque           | Driver       | 231,636 |
| 31  | Muhammad Umer S/o Haji Ahmed           | Driver       | 231,636 |
| 32  | Manoon Mal S/o Majnoon                 | Driver       | 231,636 |
| 33  | Leemo Mal S/o Narso                    | Driver       | 231,636 |
| 34  | Kamran S/o Muhammad Hassan             | Driver       | 214,200 |
| 35  | Nasir Ahmed S/o QadirBux               | Driver       | 214,200 |
| 36  | NaqashRafique S/o Muhammad Rafque      | Driver       | 203,544 |
| 37  | Asiq Ali S/o Ali Muhammad Khaskheli    | Driver       | 213,768 |
| 38  | Muhammad Zaman S/o DhaniBux            | Driver       | 208,656 |
| 39  | PirBux S/o Rano                        | Driver       | 213,768 |
| 40  | Jhangir S/o Yaseen                     | N/Qasid      | 200,856 |
| 41  | Sikandar Ali S/o Muhammad Ramzan       | N/Qasid      | 200,856 |

[Amount in Rupees]

| <b>Sr.</b>        | <b>Name</b>                             | <b>Designation</b> | <b>Salary</b> |
|-------------------|---|--------------------|---------------|
| 42                | Imam Bux S/o Muhammad Rajar             | N/Qasid            | 266,232       |
| 43                | Asghar Ali S/o Yaseen                   | N/Qasid            | 200,856       |
| 44                | Wajid Ali S/o Allah Bux                 | N/Qasid            | 204,780       |
| 45                | Muhammad Faisal S/o Muhammad Amin       | N/Qasid            | 200,856       |
| 46                | Muhammad Ishaq S/o Muhammad Ibrahim     | N/Qasid            | 200,856       |
| 47                | Abdul Kaream S/o Allah ObhayoMahar      | N/Qasid            | 195,240       |
| 48                | Allah Bachyo S/o Muhammad Malooq        | N/Qasid            | 200,856       |
| 49                | Faiz Muhammad S/o Ali Muhammad          | N/Qasid            | 200,856       |
| 50                | Ali Hassan S/o Ali Muhrad               | N/Qasid            | 191,976       |
| 51                | Rahimdad S/o Photo                      | N/Qasid            | 191,976       |
| 52                | Yar Muhammad Shah S/o Ali Muhammad Shah | N/Qasid            | 191,976       |
| 53                | AyazHussain S/o RiazHussain             | N/Qasid            | 191,976       |
| 54                | Nazir Ali S/o Allah Dito                | N/Qasid            | 191,976       |
| 55                | Akbar Ali S/o Rahim                     | N/Qasid            | 191,976       |
| 56                | Wazeer Ali S/o Abdul Sattar             | N/Qasid            | 191,976       |
| Total             |   |                    | 13,119,996    |
| Amount in million |   |                    | 13.120        |

**Annex-MPK2**

**Non-Revision Rent of Shops**

[Amount in Rupees]

| Sr.          | Description of receipt                        | Shop # (Qty) | Rent / Month / shop | Rent of shop per month | Rent of shop per year | Proposed rent per month / shop | Proposed rent per month (all shops) | Proposed rent per Year (all shops) | Proposed difference / year (total shops) |
|--------------|---|--------------|---------------------|------------------------|-----------------------|--------------------------------|-------------------------------------|------------------------------------|--|
| 1            | Shopping centre Shahi Bazar                   | 30           | 500                 | 15,000                 | 180,000               | 2,500                          | 75,000                              | 900,000                            | 720,000                                  |
| 2            | Shopping centre Tando Ghulam Ali Road         | 31           | 700                 | 21,700                 | 260,400               | 2,500                          | 77,500                              | 930,000                            | 669,600                                  |
| 3            | Shopping Centre Station Road                  | 31           | 600                 | 18,600                 | 223,200               | 2,500                          | 77,500                              | 930,000                            | 706,800                                  |
| 4            | Shopping Centre SDM Office road               | 15           | 600                 | 9,000                  | 108,000               | 2,500                          | 37,500                              | 450,000                            | 342,000                                  |
| 5            | Shopping Centre Takuka Hospital Road Phase-1  | 38           | 400                 | 15,200                 | 182,400               | 2,500                          | 95,000                              | 1,140,000                          | 957,600                                  |
| 6            | Shopping centre sabzi market road             | 11           | 150                 | 1,650                  | 19,800                | 2,500                          | 27,500                              | 330,000                            | 310,200                                  |
| 7            | Shopping centre Meat Market                   | 8            | 270                 | 2,160                  | 25,920                | 2,500                          | 20,000                              | 240,000                            | 214,080                                  |
| 8            | Shopping centre beaf market                   | 10           | 150                 | 1,500                  | 18,000                | 2,500                          | 25,000                              | 300,000                            | 282,000                                  |
| 9            | Shopping Centre Sabzi Piri                    | 16           | 100                 | 1,600                  | 19,200                | 2,500                          | 40,000                              | 480,000                            | 460,800                                  |
| 10           | Shopping centre Mirch Mandi                   | 10           | 250                 | 2,500                  | 30,000                | 2,500                          | 25,000                              | 300,000                            | 270,000                                  |
| 11           | Shopping centre Bus stand                     | 17           | 200                 | 3,400                  | 40,800                | 2,500                          | 42,500                              | 510,000                            | 469,200                                  |
| 12           | Shopping centre T.Bago Road                   | 3            | 300                 | 900                    | 10,800                | 2,500                          | 7,500                               | 90,000                             | 79,200                                   |
| 13           | Shopping centre Taluka Hospital Road Phase II | 30           | 1,500               | 45,000                 | 540,000               | 6,000                          | 180,000                             | 2,160,000                          | 1,620,000                                |
| 14           | Shopping Centre Mirpurkhas Road               | 10           | 700                 | 7,000                  | 84,000                | 2,500                          | 25,000                              | 300,000                            | 216,000                                  |
| 15           | Shopping centre Mir Jan Muhammad              | 30           | 1,500               | 45,000                 | 540,000               | 6,000                          | 180,000                             | 2,160,000                          | 1,620,000                                |
| <b>Total</b> |   | <b>290</b>   | <b>7,920</b>        | <b>190,210</b>         | <b>2,282,520</b>      | <b>44,500</b>                  | <b>935,000</b>                      | <b>11,220,000</b>                  | <b>8,937,480</b>                         |

## Annex-MPK3

### Payment without 10% Check Measurement

[Amount in Rupees]

| Sr.               | DATE     | VNO | CNO      | HEAD        | PARTICULOUS   | PAID TO                | AMOUNT    |
|-------------------|----------|-----|----------|-------------|---|------------------------|-----------|
| 1                 |          | 139 |          | Development | Const of cc road ward no 1  | M Ramzan cont          | 657,042   |
| 2                 |          | 143 | 2800040  | Development | const of RCC slab ward no 01 to 07 distribution                         | AMW Const comp         | 288,428   |
| 3                 | 21.12.16 | 173 | 2800049  | Development | RCC road uc 01 to 7   | M Ramzan cont          | 337,870   |
| 4                 | 2.7.16   | 9   | 16959829 | Development | const of cc road village Taufique ali laghari deh 168 uc pabban         | Sheeraz contractor     | 500,000   |
| 5                 | 2.7.16   | 11  | 16959831 | Development | Brik pavement @ village khaliq khan noohani                             | Shahzad                | 244,895   |
| 6                 | 2.7.16   | 11  | 16959831 | Development | Brik pavement @ village mir khan bahadur deh 169 uc pabban              | Shahzad                | 92,976    |
| 7                 | 2.7.16   | 12  | 16959832 | Development | Const of W tank koli colony deh 174 uc paban                            | Sultan ahmed           | 308,773   |
| 8                 | 2.7.16   | 12  | 16959832 | Development | Const of W tank koli colony deh 174 uc paban                            | Sultan ahmed           | 291,227   |
| 9                 | 22.7.16  | 27  | 17606487 | Development | cont of W tank village sher khan deh 204                                | ZN const               | 24,946    |
| 10                | 19.7.16  | 23  | 17606480 | Development | Const of SD mir yar Muhammad TJM  | Kello and co           | 205,779   |
| 11                | 19.7.16  | 24  | 17606480 | Development | cont of W tank village Muhammad hussain legharideh 198                  | Affaque farooque       | 442,925   |
| 12                | 19.7.16  | 25  | 17606480 | Development | cont of W tank village Ramzan laghari                                   | Affaque farooque       | 21,337    |
| 13                | 19.7.16  | 21  | 17606478 | Development | Const of cc road village deh 151 uc pabban                              | Ishtiaque and brothers | 490,000   |
| 14                | 19.7.16  | 22  | 17606478 | Development | cont of W tank village Baboo sonaro deh 200                             | Ishtiaque and brothers | 229,190   |
| 15                | 19.7.16  | 18  | 17606476 | Development | Const of 300' cc road at street village pario korai deh 146 4/c Kangoro | Musadique hussain      | 250,000   |
| 16                | 19.7.16  | 20  | 17606477 | Development | Const of 400' road/street village dittalkhan laghari deh uc kangaro     | Shah nawaz             | 350,000   |
| 17                | 21.12.16 | 173 | 2800049  | Development | Const of cc road ward no 1 to 7   | M Ramzan cont          | 337,870   |
| Total             |          |     |          |             |   |                        | 5,073,258 |
| Amount in million |          |     |          |             |   |                        | 5.073     |

**Annex-MPK4**

**Final Payment Made without Completion Certificate**

[Amount in Rupees]

| Sr.          | Cheque & date        | W.O         | Name of Contractor | Name of work   | Details     | Bill amount      | Sanctioned cost   |
|--------------|----------------------|-------------|--------------------|--|-------------|------------------|-------------------|
| 1            | 15166635<br>18.9.15  | 704/17.6.15 | Vikram Kumar       | Constt of open S.D & cc block @ west side of main naukot road i/c Jagdesh colony | 2nd final   | 523,870          | 1,022,800         |
| 2            | 15166668<br>8.12.15  | 703/17.6.15 | Vikram Kumar       | Constt/repair of open S.D & cc block @ bchal Shah Colony                         | 3rd Final   | 107,595          | 1,022,800         |
| 3            | 14717118<br>28.8.15  | 682/17.6.15 | Mool Shankar       | Constt/repair of open S.D & cc block @ Siran colony                              | 2nd Final   | 274,661          | 1,022,800         |
| 4            | 14717117<br>28.8.15  | 662/17.6.15 | Mool Shankar       | Constt/repair of open S.D in Suthar paro near Holi ground                        | 2nd Final   | 465,795          | 1,022,800         |
| 5            | 15629473<br>16.12.15 | 686/17.6.15 | S.A Construction   | Construction of officer residence at WS No.7 by pass road Mithi                  | 2nd Final   | 628,809          | 1,196,700         |
| 6            | 15629471<br>16.12.15 | 702/17.6.15 | Manoj Kumar        | Constt/repair of black top road near MC office & surrounding                     | 2nd Final   | 505,664          | 987,000           |
| 7            | 14717116<br>28.8.15  | 683/17.6.15 | Vikram Kumar       | Repair & rehabilitation work @ DS.1 Mithi  | 2nd Final   | 288,250          | 879,400           |
| 8            | 15629468<br>1.12.15  | 701/17.6.15 | Manoj Kumar        | Repair & rehabilaion work @ DS.2 Mithi   | 3rd Final   | 311,940          | 879,400           |
| 9            | 16427120<br>11.5.16  | 705/17.6.15 | Manoj Kumar        | Constt of A.type drain @ east Bajeer & Rajar paro                                | 3rd Final   | 48,504           | 977,900           |
| 10           | 14717152<br>15.9.15  | 693/17.6.15 | Kamlesh Kumar      | Supply of T Jointer machine  | 1st & final | 825,000          | 600,000           |
| 11           | 15166634<br>18.9.15  | 690/17.6.15 | Vikram Kumar       | Repair/constt of Open S.D & cc block @ east bajeer Muhalla                       | 1st & final | 1,045,590        | 1,030,000         |
| <b>Total</b> |                      |             |                    |  |             | <b>5,025,678</b> | <b>10,641,600</b> |

## Annex-MPK5

### Non-Imposition of Penalty

[Amount in Rupees]

| Sr.          | Name of Contractor | Name of work   | Approved cost     | Penalty          | Percentage of work done upto 3/16 | Stipulated date of Completion |
|--------------|--------------------|--|-------------------|------------------|-----------------------------------|-------------------------------|
| 1            | Manoj Kumar        | Repair/reconstruction of drains Type A&B P-I Lohana Paro Nagar road                                | 1,006,700         | 100,670          | 56%                               | December 2015                 |
| 2            | Manoj Kumar        | Repair/reconstruction of drains Type A&B P-II Bajeer & Kumbhar Paro                                | 1,006,700         | 100,670          | 31%                               | -do-                          |
| 3            | Manoj Kumar        | Repair/reconstruction of drains Type A&B P-III Suthar Paro   | 1,006,700         | 100,670          | 0%                                | -do-                          |
| 4            | Mukesh             | Repair reconstruction of drain in Khaskheli Paro   | 1,006,700         | 100,670          | 30%                               | -do-                          |
| 5            | Vikram Kumar       | Repair/reconstruction of drain in Meghwar Paro   | 1,006,700         | 100,670          | 70%                               | -do-                          |
| 6            | Vikram Kumar       | Construction of cc block @ Khaskheli & Thakur Paro   | 1,046,700         | 104,670          | 65%                               | -do-                          |
| 7            | Manoj Kumar        | Construction of cc block @ Suthar & Nai Paro   | 1,046,700         | 104,670          | 0%                                | -do-                          |
| 8            | Desert Engineering | Construction of RCC storage tank 3000 Gallons WSS No.2   | 1,844,200         | 184,420          | 80%                               | -do-                          |
| 9            | Vikram Kumar       | PLJ & testing PVC rising main 8 & 10" dia DS near civil hospital                                   | 1,976,360         | 197,636          | 55%                               | -do-                          |
| 10           | Vikram Kumar       | Supplying/fixing pumping machinery i/c interconnection for DS Meghwar Paro near civil Hospital P-I | 1,000,000         | 100,000          | 0%                                | -do-                          |
| 11           | Vikram Kumar       | Repair & reconstruction of water tank @ Zero point Naukot to Islamkot                              | 1,055,650         | 105,565          | 0%                                | -do-                          |
| 12           | Desert Engineering | Supplying/fixing Pumping machinery WSS zero point Naukot to Islamkot                               | 8,000,000         | 800,000          | 50%                               | -do-                          |
| <b>Total</b> |                    |  | <b>23,924,110</b> | <b>2,392,411</b> | <b>-</b>                          | <b>-</b>                      |

**Annex-MPK6**

**Unauthorized Appointment of Staff on Daily Wages**

[Amount in Rupees]

| <b>Sr.</b>   | <b>DATE</b> | <b>VNO</b> | <b>CNO</b> | <b>HEAD</b>       | <b>Particulars</b>                             | <b>Paid to</b>                        | <b>Gross Amount</b> |
|--------------|-------------|------------|------------|-------------------|--|---------------------------------------|---------------------|
| 1            | 16.6.17     | 160        | Nil        | Daily wages staff | Paid to concerned for the month of June 2017   | Rs 12000 each to 11 WS pump operators | 132,000             |
| 2            | 19.6.17     | 158        | Nil        | Daily wages staff | Paid to concerned for the month of May 2017    | Rs 12000 each to 11 WS pump operators | 116,061             |
| 3            | 10.7.16     | 59         | Nil        | Daily wages staff | Paid to concerned for the month of July 2016   | Rs 12000 each to 11 WS pump operators | 132,000             |
| 4            | 18.8.16     | 10         | Nil        | Daily wages staff | Paid to concerned for the month of August 2016 | Rs 12000 each to 11 WS pump operators | 132,000             |
| 5            | 24.10.16    |            | Nil        | Daily wages staff | Paid to concerned for the month of Sep 2016    | Rs 12000 each to 11 WS pump operators | 132,000             |
| 6            | 17.11.16    | 166        | Nil        | Daily wages staff | Paid to concerned for the month of Oct 2016    | Rs 12000 each to 11 WS pump operators | 132,000             |
| 7            | 24.12.16    | 150        | Nil        | Daily wages staff | Paid to concerned for the month of Nov 2016    | Rs 12000 each to 11 WS pump operators | 132,000             |
| 8            | 19.1.17     | 144        | Nil        | Daily wages staff | Paid to concerned for the month of Dec 2016    | Rs 12000 each to 11 WS pump operators | 132,000             |
| 9            | 21.2.17     | 96         | Nil        | Daily wages staff | Paid to concerned for the month of Jan 2017    | Rs 12000 each to 11 WS pump operators | 132,000             |
| 10           | 23.4.17     | 99         | Nil        | Daily wages staff | Paid to concerned for the month of March 2017  | Rs 12000 each to 11 WS pump operators | 132,000             |
| <b>Total</b> |             |            |            |                   |  |                                       | <b>1,304,061</b>    |

**ANNEXURES  
SHAHEED BENAZIRABAD  
DIVISION**

**Annex-SBA1**

**Doubtful Drawl of POL**

[Amount in Rupees]

| <b>Month</b>   | <b>Fire Brigade Large</b>        | <b>Fire Brigade Mini</b>         | <b>Fire Brigade Small</b>        | <b>Refuse Van</b>                              | <b>Old Tractor With Boozer</b>             |                  |
|----------------|----------------------------------|----------------------------------|----------------------------------|--|--|------------------|
| <b>Remarks</b> | with-out Fire & Emergency Record | with-out Fire & Emergency Record | with-out Fire & Emergency Record | Refuse van was found in Deteriorated Condition | Boozer was found in deteriorated Condition | <b>Total</b>     |
| Jul-16         | 30,489                           | -                                | 40,195                           | 37,841   | 29,429                                     | 137,954          |
| Aug-16         | 44,376                           | -                                | 49,520                           | 48,247   | 46,890                                     | 189,033          |
| Sep-16         | 37,000                           | 26,600                           | 56,000                           | 56,000   | 40,400                                     | 216,000          |
| Oct-16         | 44,840                           | 34,070                           | 46,395                           | 43,340   | 38,887                                     | 207,532          |
| Nov-16         | 44,855                           | 36,352                           | 45,408                           | 43,470   | 37,720                                     | 207,805          |
| Dec-16         | 42,504                           | 36,800                           | 47,370                           | 20,969   | -  | 147,643          |
| Jan-17         | 47,915                           | 38,700                           | 47,392                           | 42,990   | 29,530                                     | 206,527          |
| Feb-17         | 41,500                           | 22,072                           | 41,500                           | 44,950   | 36,900                                     | 186,922          |
| Mar-17         | 40,282                           | 33,296                           | 41,818                           | 35,622   | 43,850                                     | 194,868          |
| Apr-17         | 42,975                           | 45,760                           | 45,373                           | 46,825   | 40,490                                     | 221,423          |
| May-17         | 45,721                           | -                                | 46,651                           | 47,595   | 46,900                                     | 186,867          |
| Jun-17         | 48,857                           | -                                | 49,243                           | 53,285   | -  | 151,385          |
| <b>Total</b>   | <b>511,314</b>                   | <b>273,650</b>                   | <b>556,865</b>                   | <b>521,134</b>                                 | <b>390,996</b>                             | <b>2,253,959</b> |

## Annex-SBA2

### Fake Payments

[Amount in Rupees]

| Sr.          | Cheque No | Date     | Supplier                 | Bill No. | Date | Description  | Gross Amount     | Supply Order No | Date |
|--------------|-----------|----------|--------------------------|----------|------|--|------------------|-----------------|------|
| 1            | 496592    | 01.07.16 | M/S Muhammad Ramzan Jogi | Nil      | Nil  | Cleaning of Manholes of Sewerage Line  | 83,600           | Nil             | Nil  |
| 2            | 496592    | 01.07.16 | M/S Muhammad Ramzan Jogi | Nil      | Nil  | Cleaning of Drains Main Nala various Places  | 94,500           | Nil             | Nil  |
| 3            | 496592    | 01.07.16 | M/S Muhammad Ramzan Jogi | Nil      | Nil  | Cleaning of Main Nala from Habib Choke to Hethai Choke & Arshad Medical Store to Jalbani Petrol Pump | 99,000           | Nil             | Nil  |
| 4            | 17255412  | Nil      | M/S Muhammad Ramzan Jogi | Nil      | Nil  | Delisting of Sump Well Drainage Scheme Sindh Colony Naushero Feroze                                  | 90,000           | Nil             | Nil  |
| 5            | 17255420  | 09.08.16 | M/S Irfan Ali Rajput     | Nil      | Nil  | Cleaning of Garbage  | 98,000           | Nil             | Nil  |
| 6            | 17255420  | 09.08.16 | M/S Irfan Ali Rajput     | Nil      | Nil  | Cleaning of Garbage  | 98,000           | Nil             | Nil  |
| 7            | 17255420  | 09.08.16 | M/S Irfan Ali Rajput     | Nil      | Nil  | Cleaning of Garbage  | 85,750           | Nil             | Nil  |
| 8            | 496594    | 09.08.16 | M/S Muhammad Ramzan Jogi | Nil      | Nil  | Delisting of Main Nala Village Lal Bux Lund  | 99,000           | Nil             | Nil  |
| 9            | 496594    | 09.08.16 | M/S Muhammad Ramzan Jogi | Nil      | Nil  | Delisting of Main Nala College Road Naushero Feroze  | 90,000           | Nil             | Nil  |
| 10           | 496594    | 09.08.16 | M/S Muhammad Ramzan Jogi | Nil      | Nil  | Delisting of Main Nala Mithani Road Naushero Feroze  | 90,000           | Nil             | Nil  |
| 11           | 17255422  | 16.08.16 | M/S Irfan Ali Rajput     | Nil      | Nil  | Cleaning of Garbage  | 85,750           | Nil             | Nil  |
| 12           | 17255422  | 16.08.16 | M/S Irfan Ali Rajput     | Nil      | Nil  | Cleaning of Garbage  | 98,000           | Nil             | Nil  |
| 13           | 496599    | 25.08.16 | M/S Muhammad Ramzan Jogi | Nil      | Nil  | Delisting of Main Nala Village Lal Bux Lund  | 67,500           | Nil             | Nil  |
| 14           | 496599    | 25.08.16 | M/S Muhammad Ramzan Jogi | Nil      | Nil  | Delisting of Main Nala Mithani Road Naushero Feroze  | 99,000           | Nil             | Nil  |
| 15           | 496599    | 25.08.16 | M/S Muhammad Ramzan Jogi | Nil      | Nil  | Delisting of Main Nala Civil Hospital Road Padidan   | 99,000           | Nil             | Nil  |
| 17           | 17728877  | 07.10.16 | M/S Irfan Ali Rajput     | Nil      | Nil  | Removal of Garbage   | 98,000           | Nil             | Nil  |
| <b>Total</b> |           |          |                          |          |      |  | <b>1,475,100</b> |                 |      |

**Annex-SBA3**

**Repeat Payments on Same Repair Works of Rexton Jeep**

[Amount in Rupees]

| Sr.          | W.O# | Date     | Name of Agency                 | Type of Work                  | Bill No. | Date     | Cheque No. | Date     | Cheque Amount  | Bill Amount    | Detail of repeat Works          |
|--------------|------|----------|--------------------------------|-------------------------------|----------|----------|------------|----------|----------------|----------------|---------------------------------|
| 1            | Nil  | Nil      | M/S Aristo cars, PECHS Karachi | Repair of Rexton Jeep GL-1112 | Nil      | Nil      | 491278     | 20.09.16 | 400,000        | 65,000         | Radiator Service & Others       |
| 2            | Nil  | Nil      | -do-                           | -do-                          | Nil      | Nil      | 491278     | 20.09.16 |                | 60,000         | Purchase of Injector Nozzle Set |
| 3            | Nil  | Nil      | -do-                           | -do-                          | Nil      | Nil      | 491278     | 20.09.16 |                | 94,000         | Purchase of Diesel Pump         |
| 4            | Nil  | Nil      | -do-                           | -do-                          | Nil      | Nil      | 491278     | 20.09.16 |                | 79,850         | Head Lights Buffering & Others  |
| 5            | Nil  | Nil      | -do-                           | -do-                          | Nil      | Nil      | 491278     | 20.09.16 |                | 60,000         | Purchase of Injector Nozzle Set |
| 6            | Nil  | Nil      | -do-                           | -do-                          | Nil      | Nil      | 491278     | 20.09.16 |                | 60,000         | Purchase of Injector Nozzle Set |
| 7            | 54   | 25.10.16 | -do-                           | -do-                          | Nil      | 27.10.16 | 18859349   | 23.01.17 | 300,000        | 67,855         | Head Light Buffering & Others   |
| 8            | 53   | 25.10.16 | -do-                           | -do-                          | Nil      | 27.10.16 | 18859349   | 23.01.17 |                | 65,000         | Radiator Service & Others       |
| 9            | 52   | 25.10.16 | -do-                           | -do-                          | Nil      | 27.10.16 | 18859349   | 23.01.17 |                | 94,000         | Purchase of Diesel Pump         |
| 10           | 51   | 25.10.16 | -do-                           | -do-                          | Nil      | 27.10.16 | 18859349   | 23.01.17 |                | 94,000         | Purchase of Diesel Pump         |
| <b>Total</b> |      |          |                                |                               |          |          |            |          | <b>700,000</b> | <b>739,705</b> |                                 |

## Annex-SBA4

## Un-Authorized Award of Work on Withheld IDs by SPPRA

[Amount in Rupees]

| W.O No       | Date | Name of Work                      | SPPRA Sr. No. | SPPRA Tender ID No. | Status   | Uploaded on | Adver. Date | Closing Date | Corri.. /SBD/ Notices | Remarks                      | Evaluation Reports | Estimated Cost     |
|--------------|------|-----------------------------------|---------------|---------------------|----------|-------------|-------------|--------------|-----------------------|------------------------------|--------------------|--------------------|
| -            | -    | R & M & Construction of Road Work | 30180         | 2147483647          | Withheld | 19-10-2016  | 19-10-2016  | 10-11-2016   | -                     | Rules 50 compliance required | 23-12-2016         | 113,562,700        |
| <b>Total</b> |      |                                   |               |                     |          |             |             |              |                       |                              |                    | <b>113,562,700</b> |

**ANNEXURES**  
**SUKKUR DIVISION**

**Annex-SUK1**

**Irregular Execution of Development Schemes in Absence of Procurement  
Committee**

[Amount in Rupees]

| Sr  | Name of scheme  | Estimated Cost    |
|---|---|-------------------|
| <b>TC/Saleh Pat/332 of 2016 dated: 11/05/2016</b> |   |                   |
| 1   | Construction of CC Paver near Jinnah Public School to Gul Hassan Shah Bus Stop of City Saleh Pat                      | 5,000,000         |
| 2   | Construction of CC Paver near Imam Bargah to Hur Channel City Saleh Pat   | 5,000,000         |
| 3   | Rehabilitation of Drainage Scheme near Gul Hassan Stop City Saleh Pat   | 7,000,000         |
| 4   | Construction of Surface Drain at Mohalla Ashique Shah City Saleh Pat  | 5,000,000         |
| 5   | P/L of P.E Pipe of 4" Dia, 3" Dia for Water Supply Scheme Gul Hassan Shah Bus Stop City Saleh Pat                     | 2,000,000         |
| 6   | P/S of LED Lights for Street Light at City Saleh Pat  | 5,000,000         |
| 7   | P/L of PE Pipe of 6 " Dia for Water Supply Scheme Sobho Mahar of Saleh Pat  | 1,000,000         |
| 8   | Construction of CC Paver from near Assistant Commissioner Office to Wagon Stand (Shahi Bazar) Bye-pass City Saleh Pat | 8,000,000         |
| 9   | Construction of Drainage Scheme near Assistant Commissioner Office City Saleh Pat                                     | 6,000,000         |
| 10  | Construction of Green from Sajjad Cotton Factory to M.R.A Petroleum Pump Saleh Pat                                    | 6,000,000         |
| 11  | Supply of Furniture for Office of Town Committee Saleh Pat  | 2,000,000         |
| 12  | Supply of Water Tanker for Town Committee Saleh Pat   | 500,000           |
| <b>Total</b>                                      |   | <b>52,500,000</b> |

## Unjustified Purchase of Electric Material

[Amount in Rupees]

| Vr. No | Date       | Cheque No | Date       | Paid to                                | Amount Paid | On A/c of                     |
|--------|------------|-----------|------------|--|-------------|-------------------------------|
| 1      | 25.10.2016 | 17780850  | 25.10.2016 | M/s Mushtaque Ahmed                    | 472,056     | Purchase of Electric Material |
| 2      | 22.12.2016 | 18548534  | 22.12.2016 | M/s Mushtaque Ahmed                    | 94,224      | Purchase of Electric Material |
| 3      | 22.12.2016 | 18548535  | 22.12.2016 | M/s Mushtaque Ahmed                    | 93,112      | Purchase of Electric Material |
| 4      | 22.12.2016 | 18548536  | 22.12.2016 | M/s Mushtaque Ahmed                    | 94,460      | Purchase of Electric Material |
| 5      | 22.12.2016 | 18548537  | 22.12.2016 | M/s Mushtaque Ahmed                    | 94,354      | Purchase of Electric Material |
| 6      | 22.12.2016 | 18548538  | 22.12.2016 | M/s Mushtaque Ahmed                    | 94,545      | Purchase of Electric Material |
| 7      | 22.12.2016 | 18548539  | 22.12.2016 | M/s Mushtaque Ahmed                    | 186,272     | Purchase of Electric Material |
| 8      | 4.1.2017   | 18871415  | 4.1.2017   | M/s Mushtaque Ahmed                    | 95,022      | Purchase of Electric Material |
| 9      | 4.1.2017   | 18871416  | 4.1.2017   | M/s Mushtaque Ahmed                    | 94,067      | Purchase of Electric Material |
| 10     | 4.1.2017   | 18871420  | 4.1.2017   | M/s Mushtaque Ahmed                    | 94,163      | Purchase of Electric Material |
| 11     | 4.1.2017   | 18871421  | 4.1.2017   | M/s Mushtaque Ahmed                    | 94,640      | Purchase of Electric Material |
| 12     | 5.1.2017   | 18871423  | 5.1.2017   | M/s Mushtaque Ahmed                    | 159,637     | Purchase of Electric Material |
| 13     | 5.1.2017   | 18871424  | 5.1.2017   | M/s Mushtaque Ahmed                    | 190,656     | Purchase of Electric Material |
| 14     | 5.1.2017   | 18871426  | 5.1.2017   | M/s Mushtaque Ahmed                    | 190,493     | Purchase of Electric Material |
| 15     | 16.1.2017  | 18871437  | 16.1.2017  | M/s Doultani Electric Works            | 75,951      | Purchase of Electric Material |
| 16     | 16.1.2017  | 18871438  | 16.1.2017  | M/s Ram Chand Sun Shine Electric Store | 58,723      | Purchase of Electric Material |
| 17     | 22.2.2017  | 1911452   | 22.2.2017  | M/s Mushtaque Ahmed                    | 95,359      | Purchase of Electric Material |
| 18     | 22.2.2017  | 1911456   | 22.2.2017  | M/s Mushtaque Ahmed                    | 94,736      | Purchase of Electric Material |
| 19     | 9.3.2017   | 19603706  | 9.3.2017   | M/s Doultani Electric Works            | 61,139      | Purchase of Electric Material |
| 20     | 20.4.2017  | 19884381  | 20.4.2017  | M/s M.B Electric Store                 | 208,556     | Purchase of Electric Material |
| 21     | 20.4.2017  | 19884383  | 20.4.2017  | M/s Doultani Electric Works            | 170,773     | Purchase of Electric Material |
| 22     | 20.4.2017  | 19884386  | 20.4.2017  | M/s Sunshine Electric Store            | 80,153      | Purchase of Electric Material |
| 23     | 20.4.2017  | 19884390  | 20.4.2017  | M/s Darshan Electric Store             | 5,755       | Purchase of Electric Material |
| 24     | 15.5.2017  | 20168514  | 15.5.2017  | M/s Ram Chand Sun Shine Electric Store | 80,153      | Purchase of Electric Material |
| 25     | 22.5.2017  | 20168538  | 22.5.2017  | M/s Mushtaque Ahmed                    | 87,048      | Purchase of Electric Material |
| 26     | 22.5.2017  | 20168539  | 22.5.2017  | M/s Mushtaque Ahmed                    | 94,736      | Purchase of Electric Material |
| 27     | 22.5.2017  | 20168540  | 22.5.2017  | M/s Mushtaque Ahmed                    | 92,883      | Purchase of Electric Material |
| 28     | 22.5.2017  | 20168541  | 22.5.2017  | M/s Mushtaque Ahmed                    | 89,006      | Purchase of Electric Material |
| 29     | 22.5.2017  | 20168542  | 22.5.2017  | M/s Mushtaque Ahmed                    | 91,508      | Purchase of Electric Material |
| 30     | 22.5.2017  | 20168543  | 22.5.2017  | M/s Mushtaque Ahmed                    | 87,287      | Purchase of Electric Material |
| 31     | 22.5.2017  | 20168544  | 22.5.2017  | M/s Mushtaque Ahmed                    | 90,735      | Purchase of Electric Material |
| 32     | 23.5.2017  | 20168547  | 23.5.2017  | M/s Doultani Electric Works            | 92,497      | Purchase of Electric Material |
| 33     | 23.5.2017  | 20168548  | 23.5.2017  | M/s M.B Electric Store                 | 94,029      | Purchase of Electric Material |
| 34     | 23.5.2017  | 20168549  | 23.5.2017  | M/s Mukesh Electric Store              | 93,409      | Purchase of Electric Material |
| 35     | 23.5.2017  | 20168550  | 23.5.2017  | M/s M.B Electric Store                 | 84,689      | Purchase of Electric Material |
| 36     | 24.5.2017  | 20168564  | 24.5.2017  | M/s Doultani Electric Works            | 131,924     | Purchase of Electric Material |
| 37     | 8.6.2017   | 20463809  | 8.6.2017   | M/s Doultani Electric Works            | 94,173      | Purchase of Electric Material |
| 38     | 8.6.2017   | 20463810  | 8.6.2017   | M/s M.B Electric Store                 | 93,462      | Purchase of Electric Material |

[Amount in Rupees]

| Vr. No       | Date      | Cheque No | Date      | Paid to             | Amount Paid      | On A/c of                     |
|--------------|-----------|-----------|-----------|---------------------|------------------|-------------------------------|
| 39           | 8.6.2017  | 20463811  | 8.6.2017  | M/s Mukesh Kumar    | 94,278           | Purchase of Electric Material |
| 40           | 8.6.2017  | 20463812  | 8.6.2017  | M/s Mukesh Kumar    | 92,539           | Purchase of Electric Material |
| 41           | 21.6.2017 | 20463844  | 21.6.2017 | M/s Tajdar          | 95,500           | Purchase of Electric Material |
| 42           | 21.6.2017 | 20463845  | 21.6.2017 | M/s Tajdar          | 94,545           | Purchase of Electric Material |
| 43           | 21.6.2017 | 20463846  | 21.6.2017 | M/s Tajdar          | 94,545           | Purchase of Electric Material |
| 44           | 21.6.2017 | 20463847  | 21.6.2017 | M/s Tajdar          | 94,545           | Purchase of Electric Material |
| 45           | 21.6.2017 | 20463848  | 21.6.2017 | M/s Tajdar          | 94,545           | Purchase of Electric Material |
| 46           | 21.6.2017 | 20463849  | 21.6.2017 | M/s Tajdar          | 94,545           | Purchase of Electric Material |
| 47           | 21.6.2017 | 20463850  | 21.6.2017 | M/s Tajdar          | 94,545           | Purchase of Electric Material |
| 48           | 21.6.2017 | 20463851  | 21.6.2017 | M/s Tajdar          | 94,545           | Purchase of Electric Material |
| 49           | 21.6.2017 | 20463852  | 21.6.2017 | M/s Tajdar          | 94,545           | Purchase of Electric Material |
| 50           | 21.6.2017 | 20463853  | 21.6.2017 | M/s Tajdar          | 94,545           | Purchase of Electric Material |
| 51           | 21.6.2017 | 20463854  | 21.6.2017 | M/s Tajdar          | 92,062           | Purchase of Electric Material |
| 52           | 21.6.2017 | 20463855  | 21.6.2017 | M/s Tajdar          | 85,950           | Purchase of Electric Material |
| 53           | 21.6.2017 | 20463856  | 21.6.2017 | M/s Tajdar          | 92,062           | Purchase of Electric Material |
| 54           | 21.6.2017 | 20463857  | 21.6.2017 | M/s Tajdar          | 92,062           | Purchase of Electric Material |
| 55           | 21.6.2017 | 20463858  | 21.6.2017 | M/s Tajdar          | 95,500           | Purchase of Electric Material |
| 56           | 21.6.2017 | 20463859  | 21.6.2017 | M/s Tajdar          | 95,500           | Purchase of Electric Material |
| 57           | 21.6.2017 | 20463860  | 21.6.2017 | M/s Tajdar          | 95,500           | Purchase of Electric Material |
| 58           | 21.6.2017 | 20671446  | 21.6.2017 | M/s Tajdar          | 95,500           | Purchase of Electric Material |
| 59           | 21.6.2017 | 20671447  | 21.6.2017 | M/s Tajdar          | 20,628           | Purchase of Electric Material |
| 60           | 21.6.2017 | 20671461  | 21.6.2017 | M/s Mushtaque Ahmed | 95,376           | Purchase of Electric Material |
| 61           | 21.6.2017 | 20671462  | 21.6.2017 | M/s Mushtaque Ahmed | 95,376           | Purchase of Electric Material |
| 62           | 21.6.2017 | 20671464  | 21.6.2017 | M/s Mushtaque Ahmed | 95,376           | Purchase of Electric Material |
| 63           | 21.6.2017 | 20671473  | 21.6.2017 | M/s Mushtaque Ahmed | 95,376           | Purchase of Electric Material |
| 64           | 21.6.2017 | 20671479  | 21.6.2017 | M/s Mushtaque Ahmed | 95,376           | Purchase of Electric Material |
| 65           | 21.6.2017 | 20671480  | 21.6.2017 | M/s Mushtaque Ahmed | 95,376           | Purchase of Electric Material |
| <b>Total</b> |           |           |           |                     | <b>6,766,627</b> |                               |

## Annex-SUK3

### Unauthorized appointments over and above the sanctioned posts

#### District Council Ghotki AIR Para.21

[Amount in Rupees]

| Name of Posts                | Sanctioned Post | Working Strength | Name of Working Officers   | Monthly Gross Salary |
|------------------------------|-----------------|------------------|----------------------------|----------------------|
| Accounts Officer<br>(BPS-17) | 1               | 2                | Mr. Raja Khan              | 42,384               |
|                              |                 |                  | Mr. Muhammad. Umer Mangrio | 67,079               |

#### District Council Ghotki AIR Para. 22

[Amount in Rupees]

| Name          | Post             | Sanctioned Post | Monthly Gross Salary | Annual Salary |
|---------------|------------------|-----------------|----------------------|---------------|
| Mr.Barkat Ali | Purchase Officer | NIL             | 33,266               | 399,192       |

## Annex-SUK4

### Illegal occupation of government property

[Amount in Rupees]

| Sr. | Bung:/<br>Quarter<br>No. | Type of Bungalow/<br>Quarter | Name Allottee                                 | Location             | Remarks                       |
|-----|--------------------------|------------------------------|---|----------------------|-------------------------------|
| 1   | 2                        | Chief Officer House          | Tahir Shah & Kareem Bux<br>(Papoo)            | Near GPO<br>Khairpur | Occupied by<br>Private Person |
| 2   | 4                        | Accounts Officer<br>House    | Amanat Ali Zaidi (NAB) and<br>Shahida Parveen | Near GPO<br>Khairpur | Occupied by<br>Private Person |
| 3   | 5                        | Employees Quarter            | A. Hafiz chandio (Advocate)                   | Near GPO<br>Khairpur | Occupied by<br>Private Person |
| 4   | 7                        | Employees Quarter            | Shafi Asad Shar and G. Qadir<br>Soomro        | Near GPO<br>Khairpur | Occupied by<br>Private Person |
| 5   | 9                        | Employees Quarter            | Intelligence Officer Khairpur                 | Near GPO<br>Khairpur | Occupied by IBA<br>Office     |

**ANNEXURES**  
**LARKANA DIVISION**

### Un-Authorized Payment of Conveyance Allowance

(Amount in Rupees)

| S #      | Officer's Name   | Designation   | Period                   |
|----------|--|---------------|--------------------------|
|          | <b>Town Officer</b>  |               |                          |
| 1        | Mr. Aijaz Ali Mallah   | Town Officer  | 23-08-2013 to 29-06-2015 |
|          | Conveyance Allowance not deducted @ Rs.5,000/- per month despite the provision of Cultus Car to Town Officer | <b>Months</b> | <b>Amount</b>            |
|          |  | Sep-13        | 5,000                    |
|          |  | Oct-13        | 5,000                    |
|          |  | Nov-13        | 5,000                    |
|          |  | Dec-13        | 5,000                    |
|          |  | Jan-14        | 5,000                    |
|          |  | Feb-14        | 5,000                    |
|          |  | Mar-14        | 5,000                    |
|          |  | Apr-14        | 5,000                    |
|          |  | May-14        | 5,000                    |
|          |  | Jun-14        | 5,000                    |
|          |  | Jul-14        | 5,000                    |
|          |  | Aug-14        | 5,000                    |
|          |  | Sep-14        | 5,000                    |
|          |  | Oct-14        | 5,000                    |
|          |  | Nov-14        | 5,000                    |
|          |  | Dec-14        | 5,000                    |
|          |  | Jan-15        | 5,000                    |
|          |  | Feb-15        | 5,000                    |
| Mar-15   |  | 5,000         |                          |
| Apr-15   | 5,000  |               |                          |
| May-15   | 5,000  |               |                          |
| Jun-15   | 5,000  |               |                          |
| <b>A</b> | <b>Sub-Total</b>   |               | <b>110,000</b>           |
| 2        | Mr. Ahmed Yar Kariro   | Town Officer  | 10-07-2015 to date       |
|          | Conveyance Allowance not deducted @ Rs.5,000/- per month despite the provision of Cultus Car to Town Officer | Jul-15        | 5,000                    |
|          |  | Aug-15        | 5,000                    |
|          |  | Sep-15        | 5,000                    |
|          |  | Oct-15        | 5,000                    |
|          |  | Nov-15        | 5,000                    |
|          |  | Dec-15        | 5,000                    |
|          |  | Jan-16        | 5,000                    |
|          |  | Feb-16        | 5,000                    |
|          |  | Mar-16        | 5,000                    |
|          |  | Apr-16        | 5,000                    |
|          |  | May-16        | 5,000                    |
|          |  | Jun-16        | 5,000                    |
| Jul-16   | 5,000  |               |                          |

(Amount in Rupees)

| S #      | Officer's Name | Designation              | Period         |
|----------|----------------|--------------------------|----------------|
|          |                | Aug-16                   | 5,000          |
|          |                | Sep-16                   | 5,000          |
|          |                | Oct-16                   | 5,000          |
|          |                | Nov-16                   | 5,000          |
|          |                | Dec-16                   | 5,000          |
|          |                | Jan-17                   | 5,000          |
|          |                | Feb-17                   | 5,000          |
|          |                | Mar-17                   | 5,000          |
|          |                | Apr-17                   | 5,000          |
|          |                | May-17                   | 5,000          |
|          |                | Jun-17                   | 5,000          |
| <b>B</b> |                | <b>Sub-Total</b>         | <b>120,000</b> |
|          |                | <b>Grand Total (A+B)</b> | <b>230,000</b> |

**Annex-LRK2****Irregular withdrawl of Cash for Payment of Staff Salary instead of Payment through Cheques**

[Amount in Rupees]

| Sr.          | DATE     | VNO | CNO      | HEAD              | PARTICULOURS                                   | PAID TO              | AMOUNT           |
|--------------|----------|-----|----------|-------------------|--|----------------------|------------------|
| 1            | 9/8/2011 | 15  | 913758   | Daily wages staff | Daily wages staff for the month of July 2011   | Maqbool Ahmed Shaikh | 384,000          |
| 2            | 26.8.11  | 29  | 913770   | Daily wages staff | Daily wages staff for the month of August 2011 | Maqbool Ahmed Shaikh | 452,000          |
| 3            | 4.10.11  | 59  | 347005   | Daily wages staff | Daily wages staff for the month of Sep 2011    | Maqbool Ahmed Shaikh | 476,000          |
| 4            | 1.12.11  | 102 | 347047   | Daily wages staff | Daily wages staff for the month of Nov 2011    | Ali nawaz HC         | 126,000          |
| 5            | 3.1.12   | 120 | 347068   | Daily wages staff | Daily wages staff for the month of Dec 2011    | Ali nawaz HC         | 126,000          |
| 6            | 2.3.17   | 201 | 18466822 | Daily wages staff | Daily wages staff for the month of Feb 2017    | Ayaz Ahmed SW        | 799,614          |
| 7            | 8.6.17   | 310 | 19539321 | Daily wages staff | Daily wages staff for the month of May 2017    | Ayaz Ahmed SW        | 783,076          |
| 8            | 16.7.12  | 19  | 349038   | Daily wages staff | Daily wages staff for the month of Feb 2012    | Ali nawaz HC         | 714,000          |
| <b>Total</b> |          |     |          |                   |  |                      | <b>3,860,690</b> |

**Annex-LRK3**

**Non-construction of record of 39.16 Acres of Valuable Land of Municipal Committee**

| <b>Sr.</b>   | <b>Total Area of survey Nos.</b> | <b>Purchased from</b>                             | <b>Registration No.</b>   | <b>Share of Municipal Committee</b> | <b>Remarks</b>              |
|--------------|----------------------------------|---|---------------------------|-------------------------------------|-----------------------------|
| 1            | 18-18 Acres                      | Haji Jial Khan S/o Motio Khan Shaikh              | 1820 dated 03-06-1967     | 1-10 Acres                          | Occupied by Private persons |
| 2            | 18-18 Acres                      | Ghulam Rasool S/o Gul Muhammad                    | 660/1819 dated 5-3-1967   | 1-10 Acres                          |                             |
| 3            | 97-14 Acres                      | Amanullah Khan, Mehranullah Khan, Habibullah Khan | 668/1827 dated 05-03-1967 | 22-07 Acres                         |                             |
| 4            | 12-04 Acres                      | Muhammad Achar S/o Sahib dino                     | 659/1818 dated 12-05-1966 | 12-04 Acres                         |                             |
| 5            | 18-08 Acres                      | M. Chuttal S/o Deen Muhammad                      | 662/1821 dated 5-3-1967   | 2-25 Acres                          |                             |
| 6            | 3-30 Acres                       | Rasool Bux S/o Ameer Bux Shaikh                   | 669/1828 dated 5-3-1967   | 3-30 Acres                          |                             |
| <b>Total</b> |                                  |   |                           | <b>39-16.5 Acres</b>                |                             |