AUDITOR-GENERAL OF PAKISTAN

February 2026

Audit Report on Lyari Development Authority FY 2023-24 & 2024-25

Report No: DGAWPS-

Audit Year 2025-26

PREFACE

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

This report is based on audit of ***Lyari Development Authority (LDA)*** for the financial years 2023-24 & 2024-25. The Directorate General Audit Works (Provincial) Sindh, Karachi conducted audit during Audit Year 2025-26 on a test check basis with a view to make an independent assessment of the entity and provide reliable information to the stakeholders for making sound decision making. The report also aims at improving the internal controls of the entity, thereby allowing the management to take corrective action and improve operational efficiency.

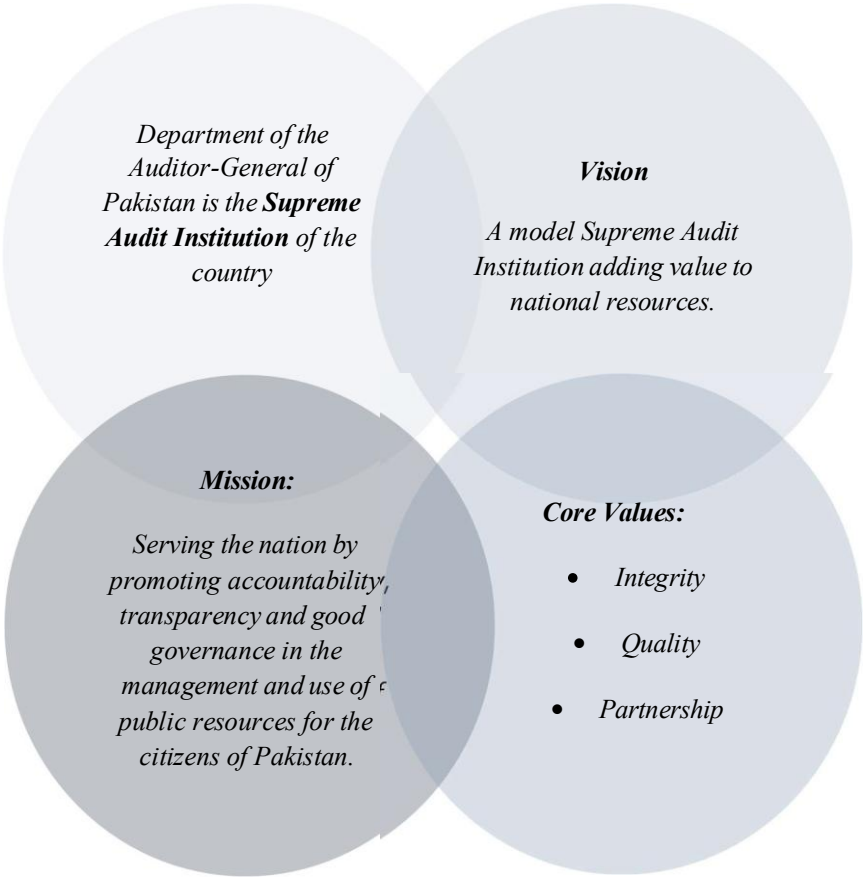
The Audit Report includes key facts about the entity, audit snapshot, findings on systemic issues, conclusion and recommendation for executive action. Audit findings indicate a number of matters related to stated roles & responsibilities of the entity, financial management, human resource management,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

The matter was reported to the management in January, 2025. However, no reply was received. No DAC was convened by the PAO despite written requests.

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

Islamabad: (**Maqbool Ahmad Gondal**)
Dated: February, 2026 **Auditor-General of Pakistan**

Department of the Auditor-General of Pakistan



The Auditor General's organization is the prime institution in the country for ensuring public accountability and fiscal transparency in governmental operations. The organization is expected to bring about improvements in the financial discipline and internal control environment in the executive departments for minimizing the possibility of waste and fraud.

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

AUDIT SNAPSHOT

Why did we do this audit?

Assurance	Test Compliance	Check Controls
To provide independent assurance on utilization of public funds, land management and internal controls of Lyari Development Authority	To examine compliance with applicable laws, rules and regulations governing the authority particularly in land management, procurement practices and delivery of development & housing schemes.	To assess effectiveness of financial management, revenue administration, and internal control systems to ensure transparency, accountability and proper utilization of public resources.

Key Assessments

Weak Revenue collection Mechanism

Revenue performance fell consistently short of budget targets from 2022–23 to 2024–25, with deficits widening from 30% to 73%. Despite varying budget levels, actual collections declined, highlighting persistent weaknesses in revenue mobilization and the need for improved fiscal planning and reforms.

Systemic Governance and Control Weaknesses

Persistent failures in financial attestation, revenue recovery, procurement, asset management, and administrative controls indicate weak governance, poor accountability, and ineffective internal control mechanisms.

Weak Enforement

LDA controls a substantial land area of 55,074 acres, of which 1,342.69 acres, approximately 2.4%, are under encroachment. Although the proportion is relatively small, the affected area is significant and poses risks to development and infrastructure, emphasizing the need for stronger land protection measures.

What did we find?

Key Findings

- Non-conducting of mandatory financial attestation of annual accounts since inception undermined transparency and credibility of financial reporting.
- Widespread encroachment of authority land, irregular allotment of plots, and disposal of land without transparent procedures indicated weak controls over valuable public assets.
- Outstanding dues were not recovered from allottees, reflecting poor revenue management and weak enforcement mechanisms.
- Housing schemes suffered from delays, non-execution of essential components, defective completion of works, and initiation of projects without approved master plans or revised PC-I.
- Multiple violations were observed, including inflated engineer's estimates, award of works to non-lowest bidders, execution on market rates instead of approved CSR, non-imposition of liquidated damages, and lapses in performance securities.

What did we recommend?

Strengthening governance and accountability	Ensure mandatory attestation of annual accounts by Chartered Accountants and timely submission of audited financial statements to the Government.
Protecting public land and assets	Adopt transparent land allotment procedures and a structured anti-encroachment mechanism, supported by strong internal controls and inter-agency coordination.
Improving monitoring mechanism and internal controls	Implement milestone-based monitoring, impose liquidated damages for delays, and fix responsibility for poor execution or cost overruns in development schemes.
Deviseing effective financial decipline and revovery mechanism	Establish a robust dues-recovery framework with accurate records, regular reconciliations, penalties, and legal action against defaulters.
Strengthening service delivey & project management	Align engineer's estimates with CSR/market rates, obtain independent technical vetting, and ensure all projects proceed only after mandatory planning and master plan approvals.

HIGHLIGHTS

ENTITY SUMMARY SHEET — LDA (FY 2023-24 & 2024-25)

Disclaimer: The financial information presented herein has not been independently verified, as LDA financial statements have not been audited by an independent Chartered Accountant firm. Accordingly, the figures cited in this audit report are drawn from the draft financial statements provided by management and are subject to adjustment upon completion of statutory audit.

Description	Detail
Legal Framework of Entity	Lyari Development Authority functions under the Lyari Development Authority Act, 1993, which defines its mandate, powers, jurisdiction, and governance structure.
Key Responsibilities/Mandate and Objectives	Lyari Development Authority is responsible for planned land development and implementation of development schemes within its jurisdiction. Its mandate includes provision of infrastructure and public facilities, regulation and execution of housing and allied works, and coordinated development in accordance with approved plans and government policies.
Total Assets (Current/Longterm)	Fixed assets, including land, buildings, infrastructure works, and development schemes, were not properly recorded, valued, or supported with updated asset registers. Depreciation was not accounted for and ownership and custody of several assets could not be verified since Authority failed to prepare and maintain its annual accounts and balance sheet.
Total Liabilities (Current/Longterm)	Rs. 155.233 million
Income/Revenue	Rs. 215.538 million
Government ADP	Rs. 2,408.117 million
Expenditure	Rs. 2,468.421 million
Receipts	Rs. 2,623.655 million
Cash Balances	-
Funding Sources (Govt/Donor agency)	• Sale/lease of plots and properties • Development charges and fees • Other receipts as authorized by law
Accounting policy	The accounts of Lyari Development Authority are maintained on cash basis of accounting, whereby receipts are recognized when actually received and expenditures are recognized when payments are made.
Status of financial statements	Lyari Development Authority did not prepare complete and reliable financial statements in accordance with prescribed accounting standards and applicable financial rules for the year under audit. The Authority maintained its accounts on cash basis; however, key components of financial reporting, including proper statement of assets and liabilities, notes to the accounts, and reconciliation of balances, were either incomplete or not prepared.
Composite (risk) Rating (derived from audit finding to provide an at-a-glance summary of entity integrity and performance)	C
Compliance Status of audit recommendations	Awaited

TABLE OF CONTENTS

ABBREVIATIONS 1

OVERVIEW OF THE ENTITY 3

AUDIT FINDINGS 5

1 FINANCIAL PERFORMANCE ANALYSIS (FY 2023-24 & 2024-25) 6

2 STATED MANDATE, ROLES AND RESPONSIBILITIES 8

3 FINANCIAL MANAGEMENT 12

4 HUMAN RESOURCE MANAGEMENT 17

5 PROCUREMENT 20

6 OPERATIONAL PROCESSES, TARGETS AND KPIS 27

7 ICT AND DIGITIZATION 30

CONCLUSION 32

RECOMMENDATIONS 33

APPENDICES 34

ABBREVIATIONS

A.A	Administrative Approval
AAR	Annual Audit Report
ADP	Annual Development Plan
AED	Anti-Encroachment Drive
AEN	Assistant Executive Engineer
AGP	Auditor-General of Pakistan
AIR	Audit Inspection Report
ASTM	American Society for Testing and Materials
BER	Bid Evaluation Report
BOQ	Bill of Quantities
BPS	Basic Pay Scale
C/W	Compound Wall
CA	Chartered Accountant
CC	Cement Concrete
CDR	Call Deposit Receipt
CFT	Cubic Feet
CPWA	Combined Public Works Account
CPWD	Combined Public Works Department
CRC	Complaint Redressal Committee
CSR	Composite Schedule of Rate
Cu.M	Cubic Meter
CWT	Hundred Weight
DAC	Departmental Accounts Committee
DAO	District Account Office / Divisional Accounts Officer
DDC	District Development Committee
DDO	Drawing and Disbursing Officer
DG	Director General
DGAWPS	Directorate General Audit Works (Provincial) Sindh
FBR	Federal Board of Revenue
FD	Finance Department
FIR	First Information Report
FY	Financial Year
GFR	General Financial Rules
GoS	Government of Sindh
GST	General Sales Tax
HR	Human Resources
ICB	International Competitive Bidding
ICT	Information and Communication Technology
JV	Joint Venture
KDA	Karachi Development Authority
KPIs	Key Performance Indicators
LDA	Lyari Development Authority
M&E	Monitoring and Evaluation

M&R	Maintenance and Repair
MB	Measurement Book
MfDAC	Memorandum for Departmental Accounts Committee
MPAs	Members of the Provincial Assembly
NCB	National Competitive Bidding
NOC	No-Objection Certificate
O&M	Operation and Maintenance
PAC	Public Accounts Committee
PAO	Principal Accounting Officer
PC-I	Planning Commission Proforma-I
PD	Project Director
PDP	Project Development Proposal
PDWP	Provincial Development Working Party
PEC	Pakistan Engineering Council
POL	Petrol, Oil and Lubricants
PSO	Pakistan State Oil
PWD	Public Works Department
RA	Running Account
RCC	Reinforced Cement Concrete
RFT	Running Feet
SBCA	Sindh Building Control Authority
S/F	Supplying and Fixing
SFR	Sindh Financial Rules
SFT	Square Feet
SGA&CD	Services, General Administration & Coordination Department
SLGO	Sindh Local Government Ordinance
SMBBT	Shaheed Mohtarma Benazir Bhutto Township
SMPA	Sindh Master Plan Authority
SOPs	Standard Operating Procedures
SPPRA	Sindh Public Procurement Regulatory Authority
SRB	Sindh Revenue Board
SST	Sindh Sales Tax
ToRs	Terms of Reference
TS	Technical Sanction
XEN	Executive Engineer

OVERVIEW OF THE ENTITY

Lyari Development Authority (LDA) was established in 1993 under the Lyari Development Authority Act, 1993 as a statutory body of the Government of Sindh to ensure planned development and improvement of socio-economic conditions in designated areas of Karachi. The Authority was created through bifurcation of Karachi Development Authority, and two development schemes were transferred to LDA as notified in the Sindh Government Gazette dated April 11, 1994.

LDA exercises jurisdiction over a control area of 64,524 acres, comprising Hawkes Bay Scheme No. 42 (20,900 acres) and Halkani Town Scheme No. 43 (43,624 acres), representing about 2.91% of Karachi's total area of 2,193,380 acres. Out of Hawkes Bay Scheme, about 11,450 acres were allocated as housing and residential area through gazette notifications issued in July 1984, enabling LDA to plan and execute development activities within its mandate.

The Authority is responsible for preparation and execution of development schemes, provision of land for residential, commercial and industrial use, implementation of public works through public or private sector collaboration, provision of technical expertise, financial assistance for area development, execution of schemes entrusted by Government, and undertaking research in planning and socio-economic development.

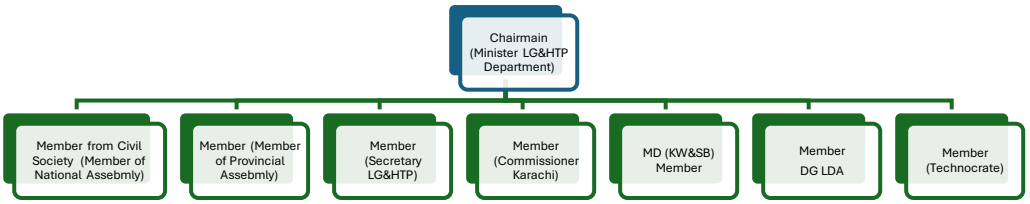
Governing Laws & Policies

- Lyari Development Authority Act, 1993
- Sindh Public Procurement Act, 2009
- Sindh Financial Rules
- CPW Code (A & D)
- Sindh Town Planning Act, 1915

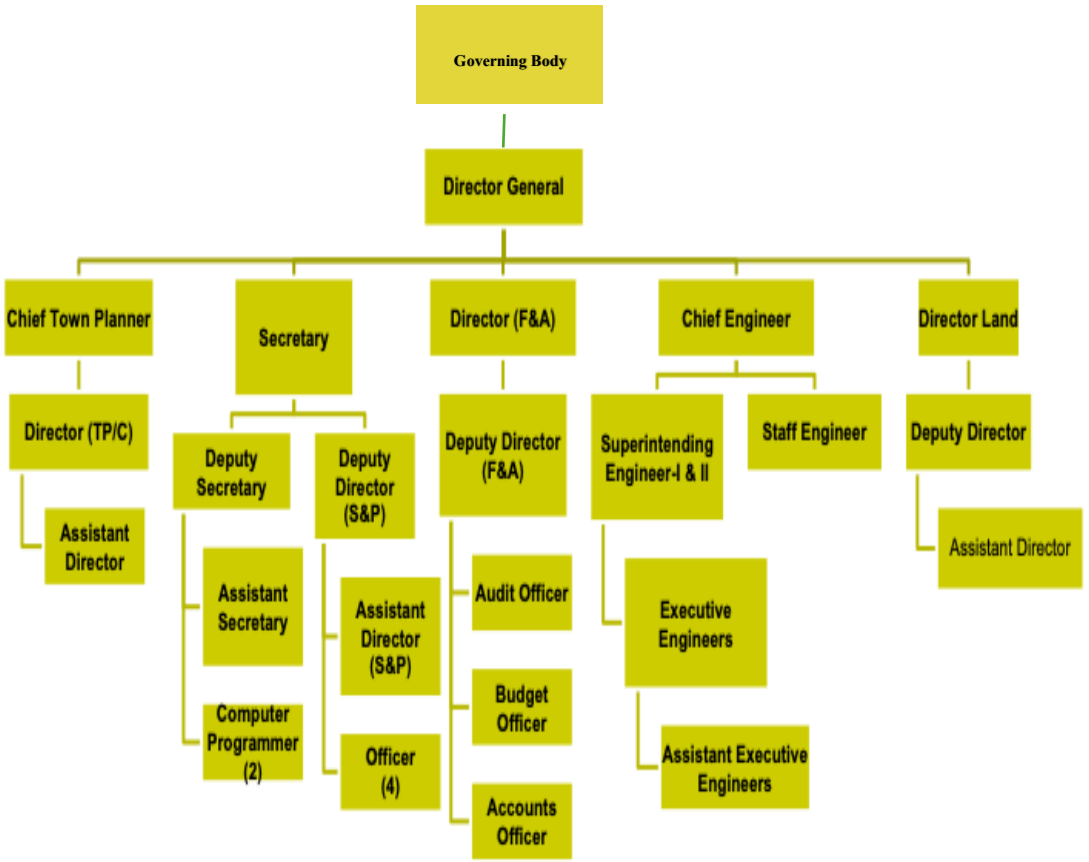
LDA operates under the policy direction of its Governing Body, which oversees major administrative and financial decisions, while day-to-day operations are managed by executive management. Despite its defined mandate, LDA faces challenges due to rapid urbanization, resource constraints, and administrative limitations, affecting the pace and effectiveness of development activities.

The Authority is accountable to the Provincial Legislature and Government of Sindh and is subject to statutory audit by the Auditor-General of Pakistan and financial attest audit by chartered accountant firms.

Governing Body



Organization Structure



AUDIT FINDINGS

SUMMARY

LDA exhibited weak governance and regulatory enforcement, resulting in ineffective safeguarding of public land, encroachments on amenity plots, weak monitoring of development schemes, and exposure to litigation and loss of public assets.

LDA demonstrated weak financial discipline due to expenditure without approval of the competent forum, non-conduct of financial attest audit, significant revenue shortfall, non-recovery of outstanding dues, misuse of pension and provident fund contributions, weak tax compliance, and accumulation of unpaid liabilities.

LDA reflected non-compliance with service rules through irregular appointments and promotions, incomplete employee records, inadmissible allowances, and employee-related payments without mandatory supporting documentation.

LDA's procurement processes remained weak due to non-compliance with procurement rules, execution of works beyond approved scope, splitting of expenditure to avoid competitive bidding, unauthorized extra items, and unjustified rates and quantities.

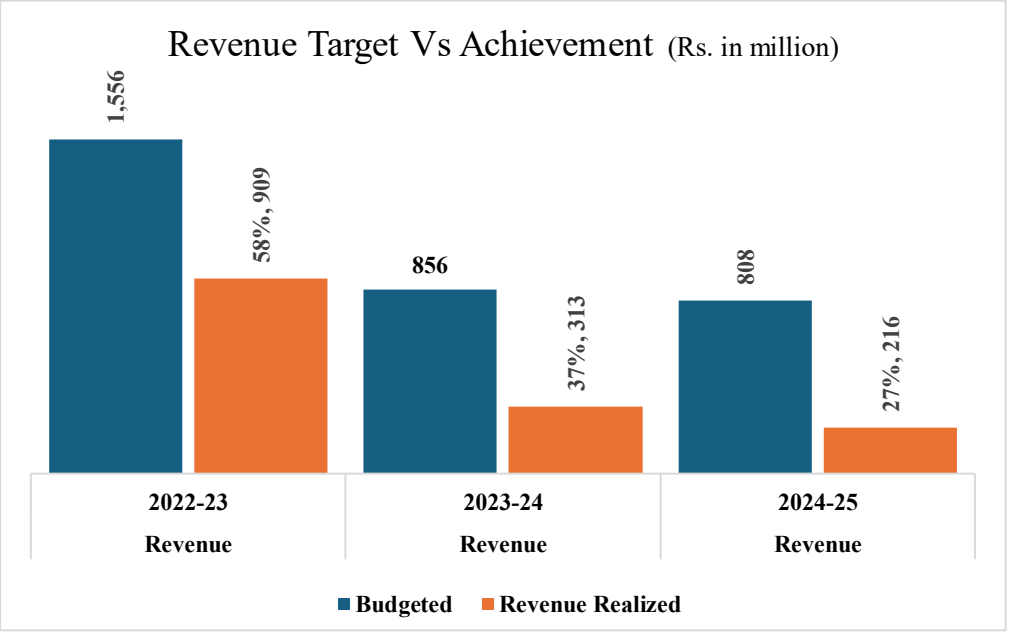
LDA's operational effectiveness remained below intended objectives due to delayed housing and development schemes, ineffective utilization of public assets, non-development of amenity spaces, and weak monitoring of targets and KPIs.

LDA's ICT and digitization framework remained limited, with incomplete digitization of land and property records and underutilization of IT systems, constraining transparency, data integrity, and informed decision-making.

1 FINANCIAL PERFORMANCE ANALYSIS (FY 2023-24 & 2024-25)

1.1 Revenue Performance and Fiscal Sustainability

The revenue analysis for FY 2022-23 to FY 2024-25 shows a persistent and widening gap between budgeted revenue and actual realization. While revenue targets were set ambitiously, realization remained substantially below targets—declining from around 58% in FY 2022-23 to nearly 27% in FY 2024-25. This trend reflects weak revenue forecasting, poor recovery mechanisms, and over-reliance on unrealized receivables, undermining the Authority's fiscal sustainability.[1]

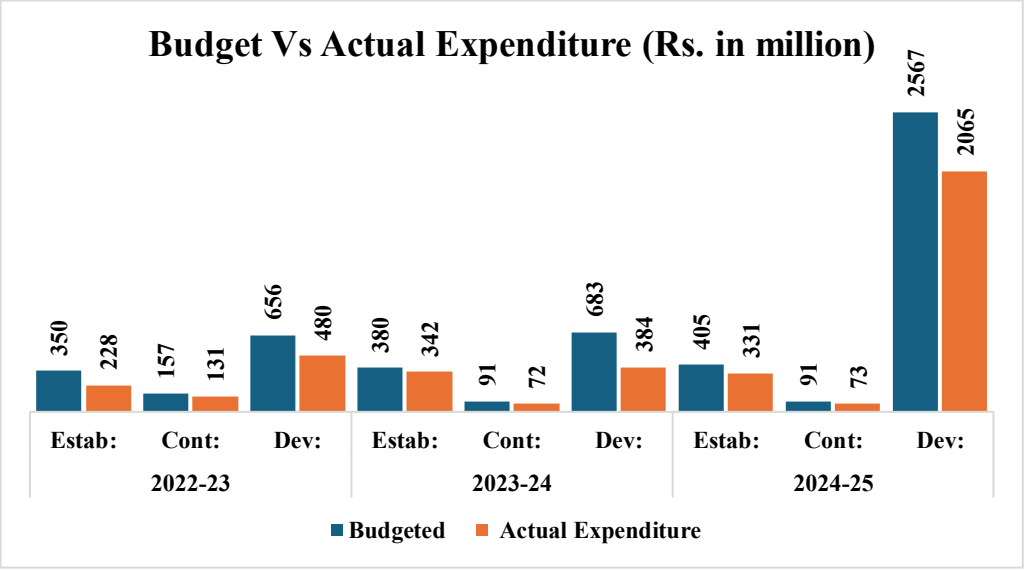


1.2 Expenditure Management and Budget Utilization

The analysis of budgeted versus actual expenditures shows that LDA maintained relative control over establishment and contingency spending but consistently underutilized development funds. In 2022–23, establishment and contingency expenditures were Rs 228 million (35% underspend) and Rs 131 million (17% underspend), while development spending was Rs 480 million against Rs 656 million, reflecting a 27% shortfall. In 2023–24, establishment spending stood at Rs 342 million (10% underspend) and contingency at Rs 72 million (21% underspend), whereas development expenditure declined to Rs 384

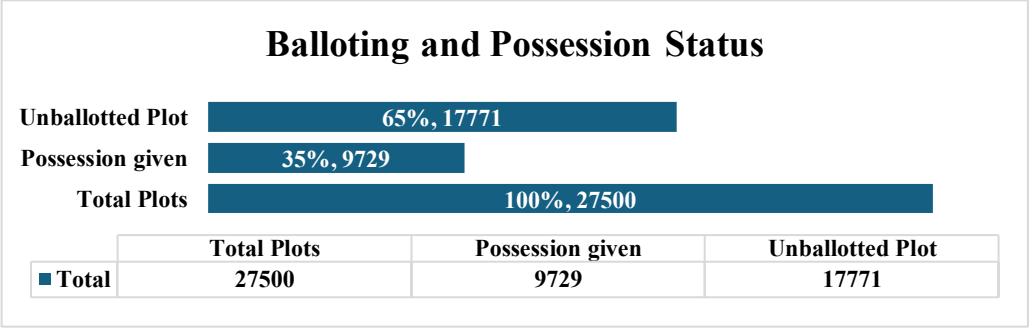
[1] Un-audited Financial Statements of LDA for the year 2024-25

million against Rs 683 million, resulting in a 44% shortfall. In 2024–25, establishment and contingency expenditures were Rs 331 million (18% underspend) and Rs 73 million (20% underspend), while development spending reached Rs 2,065 million against Rs 2,567 million, showing a 20% shortfall. Overall, persistent underspending in development budgets indicates delays in project execution, limiting infrastructure development, service delivery, and LDA's ability to achieve its development and self-sufficiency objectives.



1.3 Prolonged Balloting Process

Despite balloting of 27,500 plots, possession was handed over for only 9,729 plots, while 17,771 plots remain un-balloted. The prolonged delay has created a high risk of deterioration of partially developed infrastructure, exposing the project to future rehabilitation costs.



2 STATED MANDATE, ROLES AND RESPONSIBILITIES

LDA exhibited weaknesses in safeguarding public land and enforcing its statutory mandate, marked by encroachments on amenity plots, unauthorized use of land, irregular allotments, weak monitoring of housing schemes, and non-production of record. Ineffective enforcement mechanisms and poor coordination with relevant agencies exposed public assets to misuse, litigation, and loss of public value.

2.1 Non-completion of public housing scheme and encroachment on LDA's land

According to Section 8(1)(i) & (ii) of Lyari Development Authority Act, 1993, the Authority shall "prepare or cause to be prepared and execute schemes for the development of the area" and "formulate, implement and execute schemes in the field of housing and land development." Further, under Section 20(3), after sanction of a scheme, "it shall be lawful for the Authority to undertake the execution of such scheme," while Section 29 provides that the Authority shall remove encroachments necessary for execution of any scheme.

The public housing Scheme-42, Hawksbay has not yet been completed and handed over to the general public despite lapse of more than 12 to 28 years. An area measuring 1,342.693 acres has been encroached by land grabbers in this public housing scheme. The works already executed have deteriorated, posing risk of wastage of expenditure incurred amounting to Rs5,908.400 million so far. Despite balloting and allotment of 57,289 plots through multiple ballots conducted by KDA and LDA during 1990 to 2012, the scheme remains incomplete. Details of schemes and encroachment are given in **Annex-1 of Appendix-II**:

The failure to complete the scheme, protect the land and maintain executed works reflected weak project management and internal controls. This resulted in blockage of public resources and deprived the general public of housing facilities.

The matter was reported to the management in January, 2025. However, no reply was received. No DAC was convened by the PAO despite written requests dated 19.06.2025, 09.07.2025, 21.07.2025, 15.10.2025, 24.10.2025, 11.11.2025, 25.11.2025 and 28.11.2025.

Audit recommends removal of encroachments, rehabilitation and completion of works, fixation of responsibility for delays and expeditious handing over of the scheme to general public.

AIR LDA 2023-24 & 2024-25 (PDP#05&07)

2.2 Non-completion of low cost SMBBT township

The Government of Sindh, in its Annual Development Plan (ADP) 2011-12, introduced a new scheme at serial No.1598 titled "Development of townships in major urban centers (50,000 plots of 120 sq. yards with all amenities)" across all 23 districts to provide housing for poor people."

The low-cost housing scheme "Shaheed Mohtarma Benazir Bhutto Township (SMBBT)" was initiated in 23 districts of Sindh Province for provision of housing facilities to the poorest of the poor; however, the scheme is still not completed despite the lapse of more than nine years. Audit observed the following irregularities:

i. The scheme was commenced in January 2012 with completion date by December 2016, and revised cost of Rs. 9,421 million.
ii. The scheme was initiated without approval of the master plan from the Sindh Master Plan Authority (SMPA).
iii. An expenditure of Rs. 7,500 million was incurred out of the total revised cost of Rs. 9,421 million.
iv. No work has been executed in eight districts to date due to non-availability of land.
v. The PC-I and revised PC-I did not include provision for essential utilities such as water, electricity, and gas.
vi. Possession of 9729 plots had been handed over out of 27500 Balloted plots whereas 22500 plots are yet to be balloted.
vii. Despite the lapse of considerable time, the risk of deterioration of infrastructure cannot be ruled out

Audit is of the view that commencement of the scheme without master plan approval, non-provision of essential utilities, non-execution of work in eight districts, and failure to complete the project, reflected weak planning and ineffective monitoring. This resulted in prolonged delay, blockage of public funds, and denial of housing facilities to the beneficiaries.

The matter was reported to the management in January, 2025. However, no reply was received. No DAC was convened by the PAO despite written

requests dated 19.06.2025, 09.07.2025, 21.07.2025, 15.10.2025, 24.10.2025, 11.11.2025, 25.11.2025 and 28.11.2025.

Audit recommends inquiry into the matter besides taking remedial measures.

AIR LDA 2023-24 (PDP#06, 07& 12)

2.3 Irregular allotment of Land/Plots

According to Rule 11 of General Financial Rules, Volume-I, "Each head of a department is responsible for enforcing financial order and strict economy at every step. He is responsible for observance of all relevant financial rules and regulations both by his own office and by subordinate disbursing officers." Further, according to Regulation 18-4.1 of Karachi Building & Town Planning Regulations, 2002**,** "No amenity plot reserved for a specific purpose shall be converted or utilized for any other purpose, and its approved land-use category shall not be changed."

The allotment of land/plots was carried out in violation of prescribed procedures and without adherence to applicable rules and regulations.

Sr. No.	Irregularities in allotment of Land/Plots
1	No eligibility criteria provided for allotment of amenity plots.
2	Land allotted for a university without advertisement or defined criteria.
3	Amenity land allotted without approved Terms of Reference (ToRs).
4	Amenity plots allotted prior to land survey and demarcation.
5	No payment details submitted by the allottees.
6	Category B (400 sq. yds.) plots allotted to Karachi Press Club employees regardless of rank or designation.
7	Plots of various categories allotted to KDA and LDA employees without approved criteria.

The irregular allotment of land/plots was due to the prevalence of weak internal controls and non-compliance with established procedures.

The matter was reported to the management in January, 2025. However, no reply was received. No DAC was convened by the PAO despite written requests dated 19.06.2025, 09.07.2025, 21.07.2025, 15.10.2025, 24.10.2025, 11.11.2025, 25.11.2025 and 28.11.2025.

Audit recommends inquiry into the matter besides, fixing of the responsibility on the person(s) at fault.

AIR LDA 2023-24 (PDP#09)

2.4 Irregular allotment of plots other than balloting/auction

According to Section-6 (a) Sindh Disposal of Land Ordinance, 2002, "No plot or flat site shall be disposed of except by open public auction at a price not less than the market price."

Plots of various categories were allotted to employees of Lyari Development Authority, Karachi Development Authority, Karachi Press Club, and employees of Local Government, without following any established criteria, proper eligibility verification, or approval of the competent authority.

The allotment of plots other than open public auction is contrary to the law which indicated favouritism in allotments.

The matter was reported to the management in September, 2025. However, no reply was received. No DAC was convened by the PAO despite written requests dated 19.06.2025, 09.07.2025, 21.07.2025, 15.10.2025, 24.10.2025, 11.11.2025, 25.11.2025 and 28.11.2025.

Audit recommends adoption of fair and transparent policy for allotment of plots.

AIR LDA 2024-25 (PDP#11)

3 FINANCIAL MANAGEMENT

LDA demonstrated weak financial governance characterized by expenditure without approval of the competent forum, non-conduct of mandatory financial attest audit of accounts, significant revenue shortfall against targets, non-recovery of outstanding dues, misuse of pension and provident fund deductions for operational expenditure, non-deposit and non-recovery of government taxes, irregular settlement of previous years' liabilities, and accumulation of unpaid post-retirement liabilities. These deficiencies exposed the Authority to high fiscal risk and undermined financial sustainability.

3.1 Non-conducting of financial attest audit of accounts from Chartered Accountants

According to Section 38(2) of Lyari Development Authority Act, 1993, "The accounts maintained under sub-section (1) shall be audited by not less than two Chartered Accountants. (3) A statement of accounts duly audited by the auditors under sub-section (2) Shall be furnished to the Government, as soon as may be, after the end of every financial year."

The management failed to carry out mandatory financial attest audit of accounts of the authority from the Chartered Accountants since inception of Authority in violation of above Act.

The failure in conducting certification audit of annual accounts reflected lack of transparency, neutrality and authenticity in financial statements. Thus, true and fair view of financial position cannot be ascertained.

The matter was reported to the management in January, 2025. However, no reply was received. No DAC was convened by the PAO despite written requests dated 19.06.2025, 09.07.2025, 21.07.2025, 15.10.2025, 24.10.2025,11.11.2025, 25.11.2025 and 28.11.2025.

Audit recommends financial attestation of accounts be conducted by a reputable audit firms as required under the law in accordance with the established financial guidelines.

Note: The issue was reported earlier also in the audit report for Audit Year 2024-25 vide para number 2.5.6.9. Recurrence of same irregularity is a matter of serious concern.

AIR LDA 2023-24 (PDP#02)

3.2 Expenditure without approval of budget

According to Section 37(1) of Lyari Development Authority Act, 1993,

"The Authority is required to prepare an annual budget estimate of receipts and expenditures for each financial year and submit it to the Government for approval at least six months prior to the commencement of that financial year".

An expenditure amounting to Rs. 509.415 million was incurred without obtaining prior approval from the Provincial Government.

An expenditure made without prior approval pose a risk to unauthorized spending and could lead to financial mismanagement.

The matter was reported to the management in January, 2025. However, no reply was received. No DAC was convened by the PAO despite written requests dated 19.06.2025, 09.07.2025, 21.07.2025, 15.10.2025, 24.10.2025, 11.11.2025, 25.11.2025 and 28.11.2025.

Audit seeks regularization of budget from the Provincial Government at the earliest.

AIR LDA 2023-24 (PDP#16)

3.3 Non-recovery of outstanding dues

As per Rule-41 (a) of Sindh Financial Rules, "The department controlling officers should see that all sums due to Government are regularly received and checked against demand and that they are paid into the Treasury."

The outstanding dues of Rs. 6,526.408 million were not recovered from allottees on account of outer development charges and occupancy & development charges.

Non-recovery of dues amount resulted in a loss of revenue to the authority which reflected poor financial management.

The matter was reported to the management in January, 2025. However, no reply was received. No DAC was convened by the PAO despite written requests dated 19.06.2025, 09.07.2025, 21.07.2025, 15.10.2025, 24.10.2025, 11.11.2025, 25.11.2025 and 28.11.2025.

Audit requires expeditious recovery of outstanding amount from the defaulters along with penalty amount as per rules.

Note: The issue was reported earlier also in the audit report for Audit Year 2023-2024 vide para number 2.4.6.4. Recurrence of same irregularity is a matter of serious concern.

AIR LDA 2023-24 & 2024-25 (PDP#02 & 03)

3.4 Irregular expenditure on POL

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

An expenditure of Rs. 32.386 million was incurred on account of POL. Following irregularities were noticed:

- Payments of fleet cards were made to vendor M/s Macca Mobile Services (Private petrol pump) instead of directly to the designated supplier, M/s Pakistan State Oil.
- POL was drawn and utilized by unauthorized vehicles.
- Log books of vehicles were not maintained.

(Rs. in million)

Sr. No.	Financial Year	Amount
1	2023-24	15.434
2	2024-25	16.952
	Total	**32.386**

The expenditure on POL without maintenance of record reflected poor financial oversight and could lead to mismanagement of funds.

The matter was reported to the management in January, 2025. However, no reply was received. No DAC was convened by the PAO despite written requests dated 19.06.2025, 09.07.2025, 21.07.2025, 15.10.2025, 24.10.2025, 11.11.2025, 25.11.2025 and 28.11.2025.

Audit seeks fixing of the responsibility on the person(s) at fault besides strengthening of its financial controls and maintenance of essential documents for POL expenditures.

AIR LDA 2023-24 & 2024-25 (PDP#15&12)

3.5 Non-recovery of stamp duty

According to Sub-section 22-A of Stamp Act, 1899, "It is the duty of the Competent Authority to recover the stamp duty and affix the same, while execution of agreement @ 0.35 paisa per hundred rupees of the value of the agreement or against tender cost."

The various works were awarded at the cost of Rs. 115.070 million. Later on, schemes were revised at cost of Rs. 178.551 million but stamp duty amounting to Rs. 0.624 million was not recovered. Details are as under:

(Rs. in Million)

Sr. No.	Name of Work	Contractor	Contract Cost	Revised Cost	Stamp Duty
1	Providing and laying of water transmission line maine Hawksbay Scheme 42 to Deh Mandiari SMBBT Karachi.	M/s GM Enterprises	517.568	595.042	0.271
2	Contraction of External utilities on main road Benazir town Deh Mandiari Karachi, water transmission from Hawksbay scheme 42 to Deh- Mandiari	M/s Usmania Construction	81.740	93.960	0.043
3	Construction of Internal development works at Benazir town Hyderabad, Block 6.	M/s Askari Enterprises	29.773	-	0.104
3	Construction of internal development works at SMBBT, Miro Khan.	M/s Zaman & Bro	60.573	69.540	0.031
4	Construction of internal development works at SMBBT, Qamber Shahdadkot Naseerabad	M/s Ali Dino	92.776	106.549	0.048
5	Construction of 60ft wide road at Benazir town Hyderabad	M/s Eastern Company	88.974	99.171	0.036
6	Consultancy services for surveys, preparation of layout plans, detailed design & drawing of infrastructure tender documents Bid evaluation reports and construction	M/s EA Consulting	129.264	262.830	0.467

	supervision for development of townships in major urban centers in Sindh				
		Total	**1,000.668**	**538.09**	**1.001**

Non-recovery of stamp duty resulted into non-realization of government revenue.

The matter was reported to the management in September, 2025. However, no reply was received. No DAC was convened by the PAO despite written requests dated 19.06.2025, 09.07.2025, 21.07.2025, 15.10.2025, 24.10.2025, 11.11.2025, 25.11.2025 and 28.11.2025.

Audit recommends prompt recovery of stamp duty besides fixing of the responsibility on the person(s) at fault.

AIR LDA 2024-25 (PDP#05)

4 HUMAN RESOURCE MANAGEMENT

LDA reflected weak human resource controls due to irregular appointments and promotions, incomplete service records, inadmissible allowances, and employee-related payments without mandatory supporting documentation. Weak pension and payroll management and irregular engagement of consultants and legal advisors undermined transparency, accountability, and compliance with service rules.

4.1 Un-justified drawl of various HR allowances

According to Government of Sindh, Finance Department, Notification No. FD(SR-III)5/20-2008 dated 15.07.2008, "All employees not provided with Government accommodation shall continue to be entitled to house rent allowance @ 45% of the minimum basic pay scale, 2008 in big cities of Sindh under jurisdiction of metropolitan/ municipal corporations and 30% of minimum of basic pay scale, 2008 in other cities. Further, as per Finance Department Govt. of Sindh letter No. FD(SR-III)-5-145-2012 dated 2nd March, 2012, in supersession of this department circulars Nos. FD(SR-III)-5/1-2008 dated 04-01-2008 and No. FD(SR-III)-5-139/2011 dated 12-02-2011, "Sanction of Government of Sindh is hereby accorded for grant of utility allowance to the regular employees of Sindh Civil Secretariat and Provincial Assembly Sindh."

Allowances worth Rs. 23.508 million were paid to the employees contrary to the above Finance Department's notifications. Details are as under:

(Rs. in Million)

Sr. No.	Name of allowance	Due amount	Drawn amount	Excess / unauthorized payment	Remarks
01	Utility Allowance	-	20.289	20.289	Inadmissible
02	House Rent Allowance	7.241	10.460	3.219	Drawn 65% instead of 45% of BPS – 2008
			Total	**23.508**	

Payment of inadmissible allowances resulted in non-adherence of prescribed rules which reflected weak internal controls.

The matter was reported to the management in January, 2025. However, no reply was received. No DAC was convened by the PAO despite written requests dated 19.06.2025, 09.07.2025, 21.07.2025, 15.10.2025, 24.10.2025, 11.11.2025, 25.11.2025 and 28.11.2025.

Audit recommends rationalization of HR expenditure in accordance with financial resources of the authority and recovery of undue allowances.

AIR LDA 2023-24 (PDP#01)

4.2 Irregular upgradation of posts and promotions through change in cadre

According to Rule 9 (1) of the Sindh Civil Servants (Appointment, Promotion and Transfer) Rules, 1974, "Appointments by transfer shall be made from amongst the persons holding appointment on regular basis in the same grade in which post to be filled exists. (2) Except as otherwise provided in any law for the time being in force, transfers of civil servants of various BPS mentioned in column 2 of the table shall be ordered notified by the authorities respectively mentioned in column 3 and in the manner indicated in column 4 of that table".

The employees were promoted through change in cadre and posts were upgraded without observing prescribed rules & regulations and approval from competent authority.

The upgradation and promotions of staff without observance of codal formalities is contradiction of rules which reflected poor human resource management in the organization.

The matter was reported to the management in January, 2025. However, no reply was received. No DAC was convened by the PAO despite written requests dated 19.06.2025, 09.07.2025, 21.07.2025, 15.10.2025, 24.10.2025, 11.11.2025, 25.11.2025 and 28.11.2025.

Audit recommends adoption of technology-based maintenance of HR data to ensure merit-cum-seniority based promotion in future.

AIR LDA 2023-24 & 2024-25 (PDP# 11&13)

4.3 Irregular hiring of legal adviser and tax consultant

As per Para 01 (1) of the Law Department, Government of Sindh Notification No.S.GENL:5-217/78 (N) 33 dated 26-07-1980, "Whenever any vacancy in the Legal Adviser's post is required to be filled, the concerned Department/Council or organization shall send such requisition to the Law Department specifying therein the relevant data as to nature of assignment, financial and other fringe benefits it carries and the tenure for which the appointment is to be made."

Payment of Rs. 4.918 million was made to advocates without consent of the Law Department contrary to the above instructions and their selection criteria was also not available with the record. Details are as under:

(Rs. in million)

Sr.No.	Description	Amount
1	Legal & Professional fee	4.918

The hiring of advocates and their payment without having any criteria for their selection is a violation of rules.

The matter was reported to the management in September, 2025. However, no reply was received. No DAC was convened by the PAO despite written requests dated 19.06.2025, 09.07.2025, 21.07.2025, 15.10.2025, 24.10.2025, 11.11.2025, 25.11.2025 and 28.11.2025.

Audit recommends an effective policy formulation so that litigation cases may be dealt with efficiently in the favor of Authority/Government.

AIR LDA 2024-25 (PDP#14)

5 PROCUREMENT

LDA's procurement processes remained weak, with instances of non-compliance with procurement rules, execution of works beyond approved scope, splitting of expenditure to avoid competitive bidding, unauthorized extra items, and payments at unjustified rates and quantities. These practices indicated inadequate planning, weak contract management, and compromised transparency.

5.1 Defective preparation of engineer estimates

As per Contract agreement, "The Consultant shall prepare specifications, engineer's estimates & tender documents for development of township in major urban centers, including 5000 plots of 120 square yards with all civic services in Shaheed Mohtarma Benazir Bhutto Towns in Sindh".

Engineer's estimates amounting to Rs. 197.049 million was prepared by M/s EA Consulting (Pvt) Ltd for various development works. However, all qualifying contractors submitted bids significantly lower than the estimated costs, with reduction ranging from 30% to 38%. Details are as under:

(Rs. in Million)

S.No.	Package Name	Engineer's Estimate	Bid Price	Diff:	% Decrease	Physical Progress
1	SMBBT/HDY/LAN-006	17.76	12.386	5.374	-30%	98%
2	SMBBT/HDY/LAN-007	13.558	9.448	4.11	-30%	80%
3	SMBBT/HDY/LAN-004	19.102	13.189	5.913	-31%	98%
4	SMBBT/HDY/LAN-005	14.661	10.118	4.543	-31%	99%
5	SMBBT/HDY/LAN-003	18.566	12.793	5.772	-31%	99%
6	SMBBT/KAR/LAN-024	13.796	9.49	4.306	-31%	43%
7	SMBBT/KAR/LAN-027	15.083	10.235	4.848	-32%	27%
8	SMBBT/KAR/LAN-026	16.967	11.349	5.618	-33%	34%
9	SMBBT/KAR/LAN-022	15.76	10.481	5.279	-33%	36%
10	SMBBT/KAR/KEMARI/RD-009	51.797	32.161	19.636	-38%	28%
TOTAL		**197.049**	**131.65**	**65.399**		

The consultant's cost estimation process lacked authenticity and did not reflect market realities resulting in an inflated engineer's estimates. It is evident that the consultant failed to watch the interest of the client i.e. LDA.

The matter was reported to the management in January, 2025. However, no reply was received. No DAC was convened by the PAO despite written requests dated 19.06.2025, 09.07.2025, 21.07.2025, 15.10.2025, 24.10.2025, 11.11.2025, 25.11.2025 and 28.11.2025.

Audit recommends fixing of the responsibility on the person(s) at fault besides strengthening of financial management to prevent such violations in future.

AIR LDA 2023-24 (PDP#04)

5.2 Non-imposition of liquidated damages charges

According to Para-H (5) of the instruction to the procuring agencies, "The conditions of contract contain no overall limit on the contractor's liability. The amount of liquidated damages per day of delay shall be entered by the engineer/procuring agency in contract data. Usually, the liquidated damages are set between 0.05 percent and 0.10 percent per day and the maximum limit is 10 percent of the contract price stated in the letter of acceptance".

Penalty of Rs. 44.443 million was not imposed on the contractors against the schemes which were not completed on the stipulated dates**.** Details are tabulated as under:

(Rs.in million)

Sr. No.	Name of office	Financial Year	Amount
1	SMBBT	2023-24	27.511
2		2024-25	16.932
		Total	**44.443**

Non-imposition of penalty against delayed works reflected undue favor to the contractors.

The matter was reported to the management in January, 2025. However, no reply was received. No DAC was convened by the PAO despite written requests dated 19.06.2025, 09.07.2025, 21.07.2025, 15.10.2025, 24.10.2025, 11.11.2025, 25.11.2025 and 28.11.2025.

Audit recommends recovery and strict implementation of procurement regulation to avoid such irregularities in future.

Note: The issue was reported earlier also in the audit reports for Audit Year 2024-25 vide para number 2.5.6.3. Recurrence of same irregularity is a matter of serious concern.

AIR LDA 2023-24 & 2024-25 (PDP#08 & 03)

5.3 Irregular execution of extra items of works

As per Para 711 of Public Works Department Manual, "The officer competent to sanction tender to the execution of extra item of work not provided in the tender subject to the condition that the amount of the extra item together with the amount of the tender does not exceed the amount of sanctioned estimates."

An expenditure of Rs. 31.423 million was incurred on account of extra items of works without prior approval of competent authority. Details are tabulated as under:

(Rs. in million)

Sr. No.	Financial Year	Amount
1	2023-24	11.334
2	2024-25	20.089
	Total	**31.423**

The execution of extra items without approval of competent authority reflected prevalence of weak internal controls.

The matter was reported to the management in January, 2025. However, no reply was received. No DAC was convened by the PAO despite written requests dated 19.06.2025, 09.07.2025, 21.07.2025, 15.10.2025, 24.10.2025, 11.11.2025, 25.11.2025 and 28.11.2025.

Audit seeks justification in the matter.

Note: The issue was reported earlier also in the audit report for Audit Year 2024-25 vide para number 2.5.6.5. Recurrence of same irregularity is a matter of serious concern.

AIR LDA 2023-24 & 2024-25 (PDP#10 & 08)

5.4 Non-renewal of performance guarantee

As per Performance Security (SPPRA Rule 39), "A Procuring Agency shall, in all procurement of works, carried out through open competitive bidding, require security in an amount sufficient to protect the procuring agency in case

of breach of contract by the contractor, provided that the amount shall not be more than 10% of the contract price. Normally in contracts of works, five percent of total bid cost is obtained as performance security and remaining part is deducted from running bills as security deposit and same must be mentioned in the Data Sheet of Bidding Document. The successful bidder shall furnish to the Procuring Agency a performance security in the form and the amount stipulated in the conditions of contract within a period of fourteen (14) days after the receipt of letter of acceptance."

Performance guarantees against bid security amounting to Rs. 14.060 million were obtained, however, same were expired and the management failed to get it renewed. Details are as under:

(Rs. in Million)

Sr.No.	Name of Work	Contractor	Contract Cost	Expiry Date	Performance security
1	Contraction of External utilities on main road Benazir town Deh Mandiari Karachi, water transmission from Hawksbay scheme 42 to Deh- Mandiari	M/s Usmania Contruction	81.740	20.12. 2022	4.100
2	Construction of Internal development works at SMBBT Daur District Shaheed Benazirabad town	M/s Mehran Shah Babar & Brothers	45.585	30.05. 2024	2.280
3	Construction of internal development works at SMBBT, Miro Khan.	M/s Zaman & Bro	60.573	30.05. 2021	3.030
4	Construction of internal development works at SMBBT, Qamber Shahdadkot Naseerabad	M/s Ali Dino	92.776	23.11. 2021	4.650
				Total	**14.060**

Due to non-renewal of performance guarantee, undue favor was extended to contractors at the cost of government interest.

The matter was reported to the management in September, 2025. However, no reply was received. No DAC was convened by the PAO despite written requests dated 19.06.2025, 09.07.2025, 21.07.2025, 15.10.2025, 24.10.2025, 11.11.2025, 25.11.2025 and 28.11.2025.

Audit seeks justification besides strengthening of internal controls in the organization to avoid such lapses in future.

AIR LDA 2024-25 (PDP#04)

5.5 Irregular award of work to second lowest bidder

As per Regulation No.5.1 of the Procurement Regulation of Works, 2011, "Procuring agencies shall use open competitive bidding as the principal method of procurement for procurement of works. Staff of procuring agency must maintain the highest standards of honesty and integrity in performing their duties by:

- Developing the highest possible standards of professional competence.
- Using funds and other resources for which they are responsible to provide the maximum benefit to the work.
- Complying with both the letter and the spirit of the laws, rules and regulations of the procurement; so that work is awarded without influence of any unfair, corrupt or collusive practices.
- Treating all bidders and suppliers with fairness and impartiality and avoid any business arrangement that might prevent the effective operation of fair and transparent competition."

The work worth Rs. 517.568 million was awarded to second lowest bidder instead of first lowest bidder. Details are as under:

(Rs. in million)

Scheme Name	Bid Quoted	
Providing and laying of water transmission line from Hawksbay Scheme 42 to Deh Mandiari SMBBT Karachi. Construction of external utilities on main road Benazir town laying 24.8 HDPE Pipe (Package-2)	GM Enterprises	New Mahad
Total	**517.568**	**516.986**

The award of work to the second lowest bidder without competitive rates is serious violation of SPPRA rules.

The matter was reported to the management in September, 2025. However, no reply was received. No DAC was convened by the PAO despite written requests dated 19.06.2025, 09.07.2025, 21.07.2025, 15.10.2025, 24.10.2025, 11.11.2025, 25.11.2025 and 28.11.2025.

Audit recommends enquiry in the matter and fixing of the responsibility on the person(s) at fault besides strict adherence to procurement regulations to avoid such lapses in future.

AIR LDA 2024-25 (PDP#06)

5.6 Delay in obtaining of performance security

According to Section-39 of SPPRA, **"**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. (2) Security shall be provided in an appropriate form as described in the bidding documents. (3) Validity of performance security shall extend to cover defect liability period or maintenance period, subject to final acceptance by procuring agency."

The works amounting to Rs. 183.237 million were awarded to contractors. However, bid security was obtained in shape of pay orders but same were returned back to the contractors and performance security was obtained after lapses of 19 months. Details are given in **Annex-2 of Appendix-II**:

The undue favor was extended to the contractors at the cost of the government interests which reflected weak financial controls.

The matter was reported to the management in September, 2025. However, no reply was received. No DAC was convened by the PAO despite written requests dated 19.06.2025, 09.07.2025, 21.07.2025, 15.10.2025, 24.10.2025, 11.11.2025, 25.11.2025 and 28.11.2025.

Audit seeks fixing of the responsibility on the person(s) at fault besides strengthening of internal controls to avoid such lapses in future.

AIR LDA 2024-25 (PDP#17)

5.7 Irregular award of works on offer based rates

As per PC-I, "The work will be executed as per composite of plinth area rate and CSR 2012."

The works amounting to Rs. 332.031 million were awarded on market rates instead of CSR 2012, in violation of instructions in the PC-I. Details are attached.

The undue benefit was extended to the contractor by executing work on market rates instead of CSR-12 which indicated poor financial management.

The matter was reported to the management in September, 2025. However, no reply was received. No DAC was convened by the PAO despite

written requests dated 19.06.2025, 09.07.2025, 21.07.2025, 15.10.2025, 24.10.2025, 11.11.2025, 25.11.2025 and 28.11.2025.

Audit seeks justification in the matter besides strengthening of internal controls to avoid such lapses in future.

AIR LDA 2024-25 (PDP#09)

6 OPERATIONAL PROCESSES, TARGETS AND KPIS

LDA's operational performance remained below intended objectives due to delayed housing and development schemes, ineffective utilization of public assets, non-development and encroachment of amenity spaces, and weak monitoring of targets and KPIs. These shortcomings adversely affected service delivery, efficiency, and value for money.

6.1 Non-execution of essential components of the schemes

As per BOQ of works, "The contractors had to execute various components such as inspection chamber, valve chamber, natural ground compaction, pre-cast boundary wall, neem tree."

The essential components such as inspection chamber, valve chamber, boundary wall and natural ground compaction amounting to Rs. 11.922 million were not executed despite completion of the works. Details are as under:

(Rs. in Million)

Sr.No.	Package Name	Contractor	Contract Cost	Item	Qty	Rate	Amount
01	Construction of Internal Development Works Block No 02 at SMBBT, Deh Mathelo, Ghotki (INF-002)	M/S Shamsher Khan	80,216,620	Construction of Inspection Chamber	207	34400	7.121
				Construction of Valve Chamber	35000	18	0.630
				Natural Ground Compaction	343510	2.10	0.721
02	Development/Infrastructure of Park/Play Ground at SMBBT, Karachi at ST-01,02,06,08, & 09 of Block 28, Deh Mandiari, Kemari, Karachi.	M/S HBK Baber & Brothers	11,975,400	Pre-cast Boundary Wall	1750	1400	2.450
03	Development/Infrastructure of Park/Play Ground SMBBT, Karachi at ST-03,09 of Block 11, Hyderabad (LAN-007)	M/S Rajgan Enterprises	9,447,600	Neem Trees with their watering	2000	500	1.000
						Total	**11.922**

Non-execution of BoQ items of works reflected poor project management oversight.

The matter was reported to the management in January, 2025. However, no reply was received. No DAC was convened by the PAO despite written requests dated 19.06.2025, 09.07.2025, 21.07.2025, 15.10.2025, 24.10.2025, 11.11.2025, 25.11.2025 and 28.11.2025.

Audit recommends inquiry into the matter besides fixing of the responsibility on the person(s) at fault.

AIR LDA 2023-24 (PDP#13)

6.2 Defective completion of scheme

According to Rule 11 of General Financial Rules, Volume-I, "Each head of a department is responsible for enforcing financial order and strict economy at every step. He is responsible for observance of all relevant financial rules and regulations both by his own office and by subordinate disbursing officers." Further, as per Rule 11.1.3(i) of SPPRA, Procurement Regulation (Works), "PC-I of the scheme/work is required to be revised when original scope is modified/changed, even though the cost of the same may possibly be covered by savings on other items in the original rough cost estimate."

The work amounting to Rs. 99.979 million was awarded however, road work was not executed as per specifications mentioned in the approved estimate. The contractor executed items including dismantling of existing road, cartage and preparation of sub-base course, but did not execute the base course and asphalt layers. Further, the original scope of work was also changed / modified without revision of PC-I of the scheme. Consequently, major variations occurred in execution of different components as compared to the technically sanctioned cost. Details are as under:

Improvement of roads, Rehabilitation of sewerage line, water supply, fixation of paver block & CC flooring at Yousuf goth, Dawood goth & old Moach goth Kemari (ADP-1964), Work order# 116 dated 13.4.2023, M/s A. Khan Sherani, Awarded Cost Rs. 99.979 million				
Part	**T.S cost**	**Expenditure**	**Excess / (Saving)**	**Percent**
Road Work	28,628,427	3,955,545	(24,672,882)	(86%)
Paver block	28,740,361	25,613,940	(3,126,421)	(11%)
Sewerage line	24,990,501	69,117,042	44,126,541	177%
Water supply	14,836,766	1,112,166	(13,724,600)	(93%)
Total	**97,196,055**	**99,798,693**		

Non-execution of road work as per approved specifications and unauthorized change in scope without revision of PC-I reflected weak contract management and ineffective project planning, which compromised public welfare and resulted in misutilization of public funds.

The matter was reported to the management in September, 2025. However, no reply was received. No DAC was convened by the PAO despite written requests dated 19.06.2025, 09.07.2025, 21.07.2025, 15.10.2025, 24.10.2025, 11.11.2025, 25.11.2025 and 28.11.2025.

Audit recommends inquiry into the matter besides fixing of the responsibility on the person(s) at fault.

AIR LDA 2024-25 (PDP#10)

7 ICT AND DIGITIZATION

LDA's ICT and digitization framework remained limited and ineffective, with weak controls over computerized records, incomplete digitization of land and property data, and underutilization of IT systems for financial management, HR administration, and monitoring. These gaps constrained transparency, data integrity, and informed decision-making.

7.1 Unjustified award of work for scanning files of land department

According to Rule 11 of General Financial Rules, Volume-I, "Each head of a department is responsible for enforcing financial order and strict economy at every step. He is responsible for observance of all relevant financial rules and regulations both by his own office and by subordinate disbursing officers."

The work amounting to Rs. 2.960 million was awarded to a contractor for scanning of official files. However, the work falls within the routine functions of the department. Following irregularities were also noted:

(i) Advance payment (50%) was paid to the contractor value, i.e. Rs. 1.480 million without justification.

(ii) No Authentication for scanning of 29,000 files was available in the records.

(iii) Bid security/performance security from the contractor was not obtained.

The outsourcing of this task, along with above irregularities, reflected weak financial controls.

The matter was reported to the management in January, 2025. However, no reply was received. No DAC was convened by the PAO despite written requests dated 19.06.2025, 09.07.2025, 21.07.2025, 15.10.2025, 24.10.2025, 11.11.2025, 25.11.2025 and 28.11.2025.

Audit seeks justification in the matter besides fixing of the responsibility on the person(s) at fault.

AIR LDA 2023-24 (PDP#14)

7.2 Unauthorized retention of government vehicles

According to the Directives of the Government of Sindh, as conveyed through the Sindh Information Department, any government officer or individual who fails to return government vehicles after completion of official duty or uses

government vehicles without proper authorization is liable to action, including registration of First Information Report (FIR) under the relevant laws and disciplinary rules.

Seven (07) authority vehicles were remained in possession of unauthorized persons. No major concrete actions were taken by the management for retrieval of the vehicles. Details are given as under:

S#	Reg No.	Name of Officer	Designation	Make of Vehicle	Model	Mission/Vehicle Location
1	GS-447-B	Baqir-ullah Unar /Imran Atta Soomro	Ex-Secy LDA	Toyota Corolla	2014	Outside the office
2	GSA-065	M. Iqbal Memon	Ex-DG, LDA	Toyota Hilux	2011	Outside the office
3	GS-7996	Badar Jameel	Ex-DG, LDA	Suzuki Swift	2010	Outside the office
4	GS-6646	M. Ishaq Khoso	Ex-DG, LDA	Toyota Hilux	2008	Outside the office
5	GL-4258	Izhar	Ex-PS to Ex-Minister	Suzuki Cultux	2009	Outside the office
6	GL-7181	Irfan Ali	Ex-Inspector, SBCA	Suzuki Potohar	1996	Outside the office
7	GSC-339	Shiraz Hussain Mirani	Executive Engineer	Suzuki WagonR	2013	Outside the office

The department's failure to recover government vehicles indicated serious negligence and mismanagement.

The matter was reported to the management in September, 2025. However, no reply was received. No DAC was convened by the PAO despite written requests dated 19.06.2025, 09.07.2025, 21.07.2025, 15.10.2025, 24.10.2025, 11.11.2025, 25.11.2025 and 28.11.2025.

Audit recommends recovery of government vehicles as per rules besides fixing of the responsibility on the person(s) at fault.

Note: The issue was reported earlier also in the audit report for Audit Year 2023-24 vide para number 2.4.6.8. Recurrence of same irregularity is a matter of serious concern.

AIR LDA 2024-25 (PDP#01)

CONCLUSION

The audit of Lyari Development Authority revealed weaknesses in governance, financial management, procurement practices, project execution, and internal controls. Persistent non-compliance with statutory requirements, ineffective revenue realization, weak contract administration, irregular land management, and inadequate oversight of development schemes have collectively undermined transparency, accountability, and achievement of intended public objectives. The absence of timely management responses and non-convening of DAC meetings further aggravated these lapses. Effective implementation of the audit recommendations, coupled with strengthened internal controls, strict adherence to laws and rules, and proactive supervisory oversight, is essential to safeguard public resources, improve service delivery, and restore confidence in the Authority's financial and administrative management.

The audit also observed serious deficiencies in works management, including violations of procurement rules, excess and unjustified execution of works, weak quality controls, delayed completion of schemes, and inadequate post-completion evaluation. Despite repeated audit communications, management responses were not received, and DAC meetings were not convened by the PAO.

These weaknesses have directly affected the general public, as delays in development schemes, poor service delivery, weak land governance, and inefficient utilization of public funds deprive citizens of planned housing, infrastructure, and socio-economic benefits. Such lapses not only hinder urban development but also erode public confidence in the Authority's ability to serve community needs effectively.

These systemic issues indicate weak institutional controls and expose the Authority to financial loss, legal disputes, reputational damage, and erosion of public trust. Timely implementation of the audit recommendations, strengthening of internal controls, strict compliance with laws and regulations, and effective oversight by the competent authorities are essential to improve governance, safeguard public resources, and enhance the Authority's operational effectiveness.

RECOMMENDATIONS

- Ensure statutory financial attestation of annual accounts through the appointment of requisite Chartered Accountants and timely submission of audited financial statements to the Government.
- Institute a comprehensive dues-recovery mechanism, including issuance of demands, imposition of penalties, and initiation of legal proceedings against defaulting allottees.
- Strengthen revenue administration by maintaining accurate allottee-wise records, conducting periodic reconciliations, and enforcing regular supervisory review of recoveries.
- Improve the quality of cost estimation by aligning engineer's estimates with CSR/prevailing market rates, subjecting them to independent technical scrutiny, and fixing accountability for unrealistic estimates.
- Implement a structured anti-encroachment strategy involving boundary demarcation, inter-agency coordination, and prompt eviction actions to safeguard authority land.
- Enforce effective project management practices through revised implementation schedules, milestone-based monitoring, and assignment of responsibility for delays in housing schemes.
- Ensure all development projects are undertaken only after obtaining mandatory master plan and planning approvals from the competent authorities.
- Enforce contract management rigor by timely imposition and recovery of liquidated damages for delays, with extensions granted strictly on documented and approved grounds.
- Regulate land and plot allotments through clearly defined eligibility criteria, transparent disposal methods, and complete verification of approvals and payments.
- Enhance internal financial controls by ensuring timely renewal of performance securities, recovery of government dues, rationalization of allowances, regulated POL usage, and adherence to approved budgets.

APPENDICES

A. Audit Objectives

- Assess whether financial, administrative, and development activities of Lyari Development Authority were carried out in compliance with applicable laws, rules, and regulations.
- Examine the adequacy and effectiveness of internal controls governing revenue collection, expenditure, procurement, and asset management.
- Verify whether public funds were utilized economically, efficiently, and for the purposes intended.
- Evaluate transparency and accountability in land management, allotment processes, and safeguarding of authority assets.
- Review planning, execution, and completion of development and housing schemes in accordance with approved PC-I, master plans, and contractual provisions.

B. Audit Scope

- Maintenance and attestation of accounts, budgeting, expenditure, and financial reporting.
- Revenue realization, recovery of outstanding dues, stamp duty, tender fees, and other government receipts.
- Procurement and contract management, including bidding processes, engineer's estimates, performance securities, liquidated damages, and execution of works.
- Planning and implementation of development and low-cost housing schemes, including compliance with PC-I, revised PC-I, and approved master plans.
- Management of land and assets, including allotment of plots, prevention of encroachments, and protection of authority property.
- Human resource management, including promotions, upgradation, allowances, POL usage, and utilization of government vehicles.

C. Audit Methodology

- Review of relevant laws, rules, regulations, notifications, PC-I documents, contracts, and government instructions.

- Examination of financial records, vouchers, estimates, bills, tender documents, agreements, and supporting schedules produced to audit.
- Analytical review and comparison of estimates, bids, expenditures, and recoveries to identify deviations, anomalies, and control weaknesses.
- Physical verification and site observations, where applicable, to assess execution of works and condition of assets.
- Discussions with management and concerned officials to obtain explanations and clarifications on audit observations.
- Reporting of observations to management, followed by evaluation of replies, where received, and documentation of unresolved issues.

Annex-1

2.1 Non-completion of public housing scheme and encroachment on LDA's land

Sr. No.	Description	Encroachment
01	Block-01	Boundary Wall (20 Acres)
02	Block-07 & 08	Encroached
03	Block- 12-B	Ibrahim Goth
04	Block-14	Boundary Wall
05	Block-15	Planned Boundary Wall/ Container Yard (50 Acres)
06	Block-16	Tyre Godown / Poultry Farm (79 Acres)
07	Block-16-C	Graveyard, illegal Boundary Wall constructed (40 Acres)
08	Block-17 & 18	Poultry Farm (54 Acres)
09	Block-20	Encroached
10	Block-28	Encroached by Container Mafia
11	Block-29	Boundary Wall (40 Acres)
12	Block-30	Un-sanction Goth (21 Acres)
13	Block-34	Encroached by Goth
14	Block-41	Encroached
15	Block-54	Haji Ahmed Goth (Sanctioned 47-32 Acres, Encroached 84 Acres)
16	Block-55	Lashkari Goth (Sanctioned 45 Acres, Encroached 55 Acres
17	Block-62 & 68	Illegal Jhugies & Poultry Farm

Annex-2

5.6 Delay in obtaining of performance security

S#	W.O Dt	Name of Work	Contractor	Awarded Cost	CD dt	Bank	Amount	Performance Security Issue Date	Expiry Date	Amount
1	133 18.4.23	Imp: of roads, Reh: of sewerage lines, Water supply, Fixation pf pver block & CC Flooring at UC-43 Kemari	M/S Allied Business	84,195,000	2653510 15.3.23	HBL	1,700,000	9.10.24	8.10.25	8,480,927
2	113 11.4.23	Reh: of sewerage line< road carpeting, water supply line & Paver blocks at Gabo Pat, Moochko & Mowach goth Dist: Kemari	M/S Creative Builders	99,042,388	26522232 10.3.23	HBL	2,000,000	30.4.25	29.4.26	9,904,238
				183,237,388						**18,385,165**