



**PERFORMANCE AUDIT REPORT
ON THE ACCOUNTS OF
REHABILITATION OF DHQ/THQ
HOSPITALS IN SINDH
HEALTH DEPARTMENT
GOVERNMENT OF SINDH
FINANCIAL YEAR 2016-17**

AUDITOR-GENERAL OF PAKISTAN

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PREFACE

Auditor-General conducts audit in terms of Articles 169 and 170 of the Constitution of the Islamic Republic of Pakistan 1973, read with sections 8 and 12 of the Auditor-General's (Functions, Powers and Terms and Conditions of Service) Ordinance 2001. Performance Audit of Rehabilitation of DHQ/THQ Hospitals in Sindh, Health Department, Government of Sindh Karachi was conducted accordingly.

Directorate General Audit Sindh conducted performance audit of "Rehabilitation of DHQ/THQ Hospitals in Sindh, Health Department, Government of Sindh, Karachi upto 2017-18 from 06th February, 2018 to 09th May 2018 with a view to reporting significant findings to stakeholders. Audit examined the economy, efficiency, and effectiveness aspects of the project. In addition, Audit assessed, on test check basis, whether the management complied with applicable laws, rules, and regulations in managing the Rehabilitation of DHQ/THQ Hospitals in Sindh, Health Department. The Audit Report indicates specific actions that, if taken, will help the management to achieve the desired objectives of Rehabilitation of DHQ/THQ Hospitals in Sindh, Health Department in an efficient and effective manner. The observations included in this report have been finalized in the light of discussions in the exit meeting.

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

(Javaid Jehangir)
Auditor-General of Pakistan

Dated:

ABBREVIATIONS & ACRONYMS

A/C	Accounts
AC	Air Conditioner
ADP	Annual Development Plan
ASTM	American Society for Testing and Materials
CIF	Cost Insurance & Freight
Co.	Company
CV	Curriculum Vitae
DAC	Departmental Accounts Committee
DAGP	Deputy Auditor General of Pakistan
DDO	Drawing and Disbursement Officer
DGA	Director General Audit
DHQ/THQ	District Head Quarter/Taluka Head Quarter
Dt.	Date
FAM	Financial Audit Manual
FBR	Federal Board of Revenue
FY	Financial Year
Govt.	Government
HAB	Health Advisory Board
IDG	International Design Group
INTOSAI	International Organization of Supreme Audit Institutions
LTD	Limited
M/s	Messrs
NAB	National Accountability Bureau
NIT	Notice for Invitation of Tender
Nos	Numbers
O.T	Operation Theatre
P&D	Planning and Development
PAC	Public Accounts Committee
PC-I	Planning Commission Performa-I
PD	Project Director
PEC	Pakistan Engineering Council
PIU	Project Implementation Unit
POL	Petroleum, Oil & Lubricants
Pvt.	Private
R.A	Running Account
RCC	Reinforced Cement Concrete
RO	Reverse Osmosis

RTO	Regional Tax Office
SOPs	Standard Operation Procedures
SPPRA	Sindh Public Procurement Regulatory Authority
SRO	Statutory Regulatory Order
TMA	Taluka Municipal Administrator
UCs	Union Councils
WO	Work Order

EXECUTIVE SUMMARY

Directorate General Audit Sindh, Karachi conducted Performance Audit of “Rehabilitation of DHQ/THQ Hospitals in Sindh, Health Department, Government of Sindh from 06th February, 2018 to 09th May 2018 upto 30th June, 2017. The main objectives of the audit were 1) to express an opinion on financial statements of the project, 2) to assess whether project was managed with due regard to economy, efficiency and effectiveness, 3) to review project performance against the intended objectives, and 4) to review compliance with applicable rules, regulations and procedures. The audit was conducted in accordance with the ISSAI Standards.

Sindh Government initiated the project of Expansion & Improvement of THQ/DHQ Hospitals in Sindh in Public Sector Development Programmes of Health Department; and the project was financed by Health Department, Government of Sindh. However, the re-revised PC-I was prepared and project was included in ADP of 2016-17, whereas the up-gradation & improvement of districts were increased from three to seventeen along with up-gradation and revamping of Emergency Cum Trauma Centre & Renovation of Existing Buildings. Moreover, the ultimate end of this scheme was to ensure better health-related facilities to the nook and corner of the province by rehabilitation of District and Taluka hospitals and establishing of Trauma Centers in Sindh.

The main findings in the report include irregular award of work without bidding, irregular revision of PC-1 without administrative approval, non-deduction of taxes, less deduction of security deposit, non-imposition of penalties on contractors for delayed/sub quality work, unjustified appointment of Project Directors, irregular award of work without sanction estimates, non-recovery of stamp duty, violation of SPPRA rules, non-maintenance of contractor ledger and work registers etc. More importantly, frequent transfers of PDs, non-availability of funds, lack of monitoring, lack of professionalism and exposure and undue delay in execution of schemes and procurement of equipments also led to non-completion of schemes on time.

Audit recommends management to ensure strict compliance of SPPRA rules, revision of PC-I , if necessary, must be made with the approval of competent

authority, proper deduction of taxes and duly deposition in the government exchequer, timely completion of schemes and procurement of equipments, recovery of stamp duty, award of works with sanction estimates, appropriate maintenance of ledgers, timely monitoring of sites , penalization of contractors/consultants and vendors for not complying with agreements etc. These measures, if undertaken, will surely help the management in achievement of its objectives in a befitting manner.

1. INTRODUCTION

Directorate General Audit Sindh, Karachi conducted Performance Audit on the subject “Rehabilitation of DHQ/THQ Hospitals in Sindh, Health Department, Government of Sindh, from 06thFebruary, 2018 to 09th May 2018 upto 30th June, 2017. Under this project, DHQ/THQ hospitals of seventeen (17) districts of Sindh were aimed to be repaired/rehabilitated and upgraded and forty one (41) Trauma Centers to be established across the province.

The Government initiated moving towards better health of the people of the Sindh Province. It stands acknowledged that overall improvement on the health status of the population can contribute tremendously in poverty reduction and triggering productivity and economic growth in the province. For this the Government commenced the process of upgrading and expansion of the health related facilities through development schemes “Rehabilitation of District and Taluka hospitals in Sindh”.

Initially, the schemes of project for Expansion & Improvement of DHQ Hospitals in Sindh were approved and included during the 2008-09 in Public Sector Development Programmes of Health Department; and the project was financed by Health Department, Government of Sindh. However, the re-revised PC-I was prepared and project was included in ADP of 2016-17, whereas the up-gradation & improvement of districts were increased from three to seventeen along with up-gradation and revamping of Emergency Cum Trauma Centre & Renovation of Existing Buildings.

The provision of Project Implementation Unit was made in PC-I of Rehabilitation of District Head Quarter/ Taluka Head Quarter Hospitals in Sindh and the development schemes will be executed and monitored through Program Implementation Unit (PIU) headed by Project Director.

The Project Implementation Unit shall also have monitoring officers, project engineers and other support staff. The PIU will have to ensure accordance to Standards Operation Procedure (SoPs) for smooth functioning of project activities. So for the execution of projects shall be undertaken by private consultant instead of works & services department and the projects shall be monitored by Project office and Health Advisory Board (HAB) members.

1.1 PROJECT DETAILS

The project consists of seven (07) schemes. The details are as below:

i. Up-gradation of THQ Hospitals to the level of DHQ Hospitals in Sindh (03 Nos) 1. Tando Muhammad Khan 2. Tando Allahyar 3. Jamshoro @ Kotri:

The project was aimed to provide better health services, reduce in mortality rate and impartation of Education to rural population to acquaint. The scheme was administratively approved at cost of Rs.1204.843 million with Rs.741.207 million at capital side, while Rs.463.636 million on revenue side respectively. The scheme was to be completed within three years up to 2011-12. But due to unavoidable circumstance 1st phase work could not be completed in scheduled time. However the work of scheme was also suspended in years 2010 & 2011, due to heavy rains, floods and non-availability of labour force for almost a year.

Later on, the project was included in current financial year 2016-17 with re-revised cost of Rs1,743.695 million.

ii. Expansion & Improvement of DHQ Hospitals in Sindh (03 Nos) 1. Badin 2. Khairpur 3. Shikarpur:

The project was proposed for three years plan under 'Expansion & Improvement of DHQ Hospitals in Sindh 11 (Nos). The scheme was administratively approved at cost of Rs.2787.395 million. However the project was included in current financial year 2016-17 with revised cost of Rs3440.575 million.

The main objective was to improve the Health service delivery by expansion and improved of DHQ hospitals.

iii. Expansion & Improvement of DHQ Hospital in Sindh, Mithi

The project was proposed for three years plan under "Expansion & Improvement of DHQ Hospitals in Sindh 11 (Nos)". Later on this scheme was bifurcated and Expansion & Improvement of Mithi was approved as separate scheme. The scheme was administratively approved at cost of Rs.834.283 (M) vide ADP Scheme No.657 (2015-16).

iv. Expansion & Improvement of DHQ Hospitals in Sindh (06 Nos)
1. Dadu 2. Mirpurkhas 3.Sanghar 4.Thatta 5.Naushehroferoze 6.Mirpur Mathelo

The project was proposed for three years plan under 'Expansion & Improvement of DHQ Hospitals in Sindh 06 (Nos). The scheme administratively approved at cost of Rs.3,248.867 million in financial year 2010-11. However the project was included in current financial year 2016-17 with revised cost of Rs3,248.866 million.

v. Up-gradation of THQ Hospitals to the level of DHQ Hospitals in Sindh (03 Nos) 1. Matiari 2.Kambar@ShahdadKot 3.Umerkot

The scheme was originally approved at cost of Rs.2373.200 million in the financial year 2012-13. However as per approved PC-I, was originally prepared and approval in December 2012. However the project was proposed for three years plan under 'Up-gradation of THQ Hospitals to the level of DHQ Hospitals in newly created Districts in Sindh in financial year 2014-15.

vi. Up-gradation of THQ Hospitals to the level of DHQ Hospitals in Sindh, Kashmore @ Kandhkot

The project was proposed for three years plan under 'Up-gradation of THQ Hospitals to the level of DHQ Hospitals in newly created Districts in Sindh 04 (Nos). Later on this scheme was bifurcated and Up-gradation of THQ Hospital to the level of DHQ Hospital in Sindh, Kashmore @ Kandhkot was approved as separate scheme. The scheme was been administratively approved at cost of Rs.763.227 million in financial year 2015-16.

vii. Up-gradation and revamping of THQ Hospital Sindh. 1. Emergency cum Trauma Centre (Pre-Engineered) (41 Nos.), 2. Renovation of Existing Building (39 Nos.)

To serve the down trodden people of Sindh as is the manifesto of elected Government, the process of Up-gradation & Revamping of the secondary health care facilities i.e all THQ hospitals in Sindh undertaken by the government. To make the best use of existing infrastructure of THQ hospitals of Sindh Province, the process of revamping of 41 THQ hospitals and construction of emergency cum trauma center

have been initiated to improve the dispensation of proper health care facilities/ services to the people. Based on the analysis of available services, up-gradation and reform strategy had been formulated and the improvement would be for the complete spectrum of health services, i.e., infrastructure, equipment & machinery, human resource and other allied facilities which can meet the minimum service standards set by health department.

However, the project was included in current financial year 2016-17 and the scheme has been administratively approved at cost of Rs.3334.161 million.

1.2 Scheme-wise Objectives of Project

The scheme-wise objectives are as under:

a. Up-gradation of THQ Hospitals to the level of DHQ Hospitals in Sindh (03 Nos) 1.Tando Muhammad Khan 2. Tando Allahyar 3.Jamshoro @ Kotri:

- i. The project was aimed to supplement the existing medical facility to the people of newly created Districts which are at present grossly inadequate.
- ii. To decrease the workload on other referral hospitals by providing specialized level health care facility in newly created district level.
- iii. The implementation of the Project will prove to be beneficial by providing comprehensive services in almost all medical specialties.

b. Expansion & Improvement of DHQ Hospitals in Sindh (03 Nos)

1. Badin 2. Khairpur 3.Shikarpur:

- i. Providing high quality medical services like International Standards to the ailments of District in Sindh and ensure 24 hours services of Health facilities.
- ii. To increase number of beds and medical services of DHQ Hospitals to meet the set minimum standards by Health Development Wing, Health Department, Government of Sindh for a District Head Quarter level hospital.

- c. Expansion & Improvement of DHQ Hospital in Sindh, Mithi.**
- i. To improve the Health delivery system by up-gradation of THQ to the level of DHQ Hospital at Mithi.
- d. Expansion & Improvement of DHQ Hospitals in Sindh (06 Nos)**
1. Dadu 2. Mirpurkhas 3.Sanghar 4.Thatta 5.Naushehroferoze
6.Mirpur Mathelo
- i. Providing high quality medical services like International Standards to the ailments of District in Sindh and ensure 24 hours services of Health facilities.
 - ii. To increase number of beds and medical services of DHQ Hospitals to meet the set minimum standards by Health Development for a District Head Quarter level hospital.
- e. Up-gradation of THQ Hospitals to the level of DHQ Hospitals in Sindh (03 Nos) 1. Matiari 2. Kambar@ShahdadKot 3. Umerkot**
- i. The project was aimed to supplement the existing medical facility to the people of newly created Districts which are at present grossly inadequate.
 - ii. To decrease the workload on other referral hospitals by providing specialized level health care facility in newly created district level.
 - iii. The implementation of the Project will prove to be beneficial by providing comprehensive services in almost all medical specialties.
- f. Up-gradation of THQ Hospitals to the level of DHQ Hospitals in Sindh, Kashmore@ Kandhkot**
- i. The main objective was to improve the Health delivery system by up-gradation of THQ to the level of DHQ Hospital at Kashmore
- j. Up-gradation and revamping of THQ Hospital Sindh. 1. Emergency CumTrama Centre (Pre-Engineered) (41 Nos.), 2. Renovation of Existing Building (39 Nos.)**
- i. Providing quality medical services to the ailments of the catchment population of the Taluka concerned.
 - ii. To ensure the emergency medical over especially for found the clock 7 days of the week.
 - iii. To increase the medical services as per the set minimum services standards.

1.3 Project Cost / Financing Plan

The following is the scheme-wise approved cost, releases and expenditure position of development schemes as on 30th June 2017 (the scheme-wise releases and expenditure in attached in graph # 1).

Sr. #	Scheme	Original Cost	Revised Cost	Re-revised Cost	Releases	Expenditure position as per PC-I
1	Up-gradation of THQ Hospitals to the level of DHQ Hospitals in Sindh (03 Nos) 1. Tando Muhammad Khan 2. Tando Allahyar 3. Jamshoro @ Kotri	1,204.843	1,549.399	1,743.695	1481.322	1,215.976
2	Expansion & Improvement of DHQ Hospitals in Sindh (03 Nos) 1. Badin 2. Khairpur 3. Shikarpur	2,740.348	3,440.575	----	2,933.723	2,276.781
3	Expansion & Improvement of DHQ Hospital in Sindh, Mithi	834.283	----	----	80.000	32.181
4	Expansion & Improvement of DHQ Hospitals in Sindh (06 Nos) 1. Dadu 2. Mirpurkhas 3. Sanghar 4. Thatta 5. Naushehroferoze 6. Mirpur Mathelo	3,248.866	3,248.866	----	2,785.792	3,357.446
5	Up-gradation of THQ Hospitals to the level of DHQ Hospitals in Sindh (03 Nos) 1. Matiari 2. Kambar@ShahdadKot 3. Umerkot	3623.76	----	----	980.00	958.652
6	Up-gradation of THQ Hospitals to the level of DHQ Hospitals in Sindh, Kashmore @ Kandhkot	763.227	----	----	40.000	32.880
7	Up-gradation and revamping of THQ Hospital Sindh. 1. Emergency Cum Trauma Centre (Pre-Engineered) (41 Nos.), 2. Renovation of Existing Building (39 Nos.)	3,334.161	----	----	2,242.79	2,029.53

1.4 Scheme-wise allocation and expenditure

The scheme-wise allocation and expenditure are as follows:

1. Up-gradation of THQ Hospitals to the level of DHQ Hospitals in Sindh (03 Nos) 1. Tando Muhammad Khan, 2. Tando Allahyar 3. Jamshoro @ Kotri

Date and Cost of estimation of Project Cost:

(In millions)

Original PC-I In February 2009	Capital	741.207
	Revenue	463.636
	Total	1204,843
Revised PC-I In December 2012	Capital	1084.271
	Revenue	465.128
	Total	1549.399
Re-Revised PC-I In May 2017	Capital	1081.168
	Revenue	662.527
	Total	1743.695

ADP Fund Released and Expenditure:

Year	ADP Allocation			Fund Released			Expenditure incurred		
	Capital	Revenue	Total	Capital	Revenue	Total	Capital	Revenue	Total
2009-10	0	0	0	0	0	0	179.071	0	179.071
2010-11	0	0	0	0	0	0	123.049	0	123.049
2011 to May 2012	0	0	0	0	0	0	100.848	0	100.848
2011-12	26.207	-	26.207	26.207	-	26.207	26.057	0	26.057
2012-13	100.00	170.00	270.00	100.00	170.00	270.00	99.785	72.876	172.661
2013-14	200.00	300.00	500.00	100.00	150.00	250.00	99.607	0	99.607
2014-15	171.208	50.00	221.208	171.208	50.00	221.208	171.208	0	171.208
2015-16	230.390	342.250	572.640	206.635	49.830	256.465	122.865	49.794	172.659
2016-17	115.195	342.247	457.442	115.195	342.247	457.442	77.257	93.559	170.816
Total	843.00	1,204.497	2,047.497	719.245	762.077	1,481.322	999.747	216.229	1,215.976

2. Expansion & Improvement of DHQ Hospitals in Sindh (03 Nos)

1. Badin 2. Khairpur 3. Shikarpur

Date and Cost of estimation of Project Cost:

(In millions)

Original PC-I In February 2009	Capital	1,954.648
	Revenue	785.70
	Total	2,740.348

Revised PC-I In October 2015	Capital	2,516.747
	Revenue	923.828
	Total	3,440.575

ADP Fund Released and Expenditure:

Year	Fund Released			Expenditure incurred		
	Capital	Revenue	Total	Capital	Revenue	Total
2012-13	550.000	237.043	787.043	549.759	222.308	772.067
2013-14	500.000	200.000	700.000	499.134	35.415	534.549
2014-15	232.000	200.000	432.000	231.916	8.449	240.365
2015-16	319.520	590.160	909.680	263.208	380.800	644.008
2016-17	80.000	25.000	105.000	73.535	12.257	85.792
Total	1,681.52	1,252.203	2,933.723	1,617.552	659.229	2,276.781

3. Expansion & Improvement of DHQ Hospitals in Sindh , Mithi

Year	Fund Released			Expenditure incurred		
	Capital	Revenue	Total	Capital	Revenue	Total
2016-17	80.000	-	80.000	32.181	-	32.181

4. Expansion & Improvement of DHQ Hospitals in Sindh (06 Nos)

1. Dadu 2. Mirpurkhas 3. Sanghar 4. Thatta 5. Naushehroferoze
6. Mirpur Mathelo

Date and Cost of estimation of Project Cost:

(In millions)

Original PC-I May- 2010	Capital	2,154.695
	Revenue	1,094.171
	Total	3,248.866
Revised PC-I In October 2015	Capital	2,154.695
	Revenue	1,094.171
	Total	3,248.866

ADP Fund Released and Expenditure:

Year	Fund Released			Expenditure incurred		
	Capital	Revenue	Total	Capital	Revenue	Total
2012-13	1,325.000	40.000	1,365.000	1,281.436	1,236.371	2,517.807
2013-14	400.000	350.000	750.000	398.240	41.011	439.251
2014-15	216.102	100.000	316.102	215.678	1.573	217.251
2015-16	62.500	3.769	66.269	60.918	2.155	63.073
2016-17	38.421	250.000	288.421	7.586	112.478	120.064
Total	2,042.023	743.769	2,785.792	1,963.858	1,393.588	3,357.446

5. Up-gradation of THQ Hospital to the level of DHQ Hospitals in Sindh (03 Nos) 1. Matiari 2. Kambar @ ShahdadKot 3.Umerkot

Date and Cost of estimation of Project Cost:

(In millions)

Original PC-I April-2012 Revised in May-2015	Capital	2541.34
	Revenue	1082.42
	Total	3623.76

ADP Fund Released and Expenditure:

Year	Fund Released			Expenditure incurred		
	Capital	Revenue	Total	Capital	Revenue	Total
2012-13	80.000	0	80.000	79.922	0	79.922
2013-14	525.000	0	525.000	523.430	0	523.430
2014-15	150.000	0	150.000	149.999	0	149.999
2015-16	75.000	0	75.000	55.301	0	55.301
2016-17	150.000	0	150.000	150.000	0	150.000
Total	980.000		980.000	958.652		958.652

6. Up-gradation of THQ Hospital to the level of DHQ Hospital in Sindh, Kashmore @ Kandhkot

ADP Fund Released and Expenditure:

Year	Fund Released			Expenditure incurred		
	Capital	Revenue	Total	Capital	Revenue	Total
2016-17	40.000	0	40.000	32.880	00	32.880

7. Up-gradation and revamping of THQ Hospital Sindh.

8. 1. Emergency Cum Trauma Centre (Pr-Engineered) (41 Nos.) 2. Renovation of Existing Building (39 Nos.)

Date and Cost of estimation of Project Cost:

(In millions)

PC-I April- 2012	Capital	1415.876
	Revenue	1918.285
	Total	3334.161

ADP Fund Released and Expenditure:

Year	Fund Released			Expenditure incurred		
	Capital	Revenue	Total	Capital	Revenue	Total
2012-13	587.500	508.49	1095.99	568.125	447.111	1,015.236
2013-14	500.000	250.000	750.000	499.999	192.575	692.574
2014-15	168.413	50.000	218.413	168.412	5.838	174.25
2015-16	100.000	13.717	113.717	99.474	6.748	106.222
2016-17	39.670	25.000	64.670	33.977	7.271	41.248
Total	1,395.583	847.207	2,242.79	1,369.987	659.543	2,029.53

2. AUDIT OBJECTIVES

2.1 The major objectives of the audit were to:

- i. Review performance of DHQ/THQ hospitals against intended objectives.
- ii. Assess whether DHQ/THQ hospitals were managed with due regard to economy, efficiency, and effectiveness.
- iii. Review compliance with applicable rules, regulations and procedures.

3. AUDIT SCOPE AND METHODOLOGY

3.1 Performance Audit Scope

- i. Randomly reviewed record of transactions with regard to Capital and Revenue components
- ii. Randomly reviewed record of various works executed and procurement made
- iii. Randomly reviewed selection / appointments made for various positions of Project.
- iv. Examined policies and procedures of hiring Consultants and works awarded to them
- v. To examine the bidding process and awarding of works to the Contractors
- vi. Ascertained why the schemes were delayed, PC-Is revised again and again?
- vii. Determined whether project assets are safe, budget properly utilized, and deadlines are met.
- viii. Analyzed whether internal controls are in place
- ix. Determined whether economy, efficiency, and effectiveness was ensured.

3.2 Performance Audit Methodology

- i. Scrutiny of record at PD Office DHQ/THQ Hospitals in Sindh, Health Department, Government of Sindh (From its establishment till the year 2016-17).
- ii. Randomly Visited at various sites where works were in progress
- iii. Random meetings held with Medical Superintendents of hospitals regarding handing over of buildings and procurement of machinery
- iv. Random meetings held with some Consultants and Contractors in relation to works being executed by them at sites.

4. AUDIT FINDINGS AND RECOMMENDATIONS

4.1 Organization and Management

4.1.1 Un-justified appointment of Project Directors

As per Finance Department Notification No FD(SR-III)5/29-2008(B)dated 16 Feb-2009(i)(a) “for Projects costing above Rs500 million (both new and on-going) appointment of Project Director on full time basis is mandatory”

During the audit of office of the Project Director, Rehabilitation of DHQ/THQ Hospitals in Sindh Project Karachi, upto financial year 2016-17, it was observed that, despite the clear order mentioned above that for the projects costing more than the prescribed limit of 500 million the permanent Project Director is mandatory, but in this case all the PDs since 2009 have been appointed on Additional Charge Basis for the project.

Audit holds views that appointment of Project Director on additional charge basis instead of full time was irregular which needs justification

The lapse on the part of the department indicates the improper oversight and absence of internal controls.

The matter was pointed out to the management, and the report was issued to the Project Director/Additional Secretary Health, Rehabilitation of THQ / DHQ Hospitals in Sindh on 30-08-2018 followed by reminder on 11-12-2018 and final reminder on 21-02-2019 for convening DAC meeting. The DAC meeting was not convened by the Principal Accounting Officer till finalization of performance audit report.

The audit recommends that;

- Audit needs justification for appointment of Project Director on additional charge basis instead of full time.
- Internal controls may be strengthened to avoid such recurrence in future.

(O.M # 13)

4.1.2 Un-justified payment of Project Allowance - Rs5.030 million

As per Finance Department Notification No FD(SR-III)5/29-2008(B) dated 16 Feb-2009(i) project allowance would be admissible to regular employees of government of Sindh officers/staff working on projects/priority programs costing above Rs500 million (that is both locally funded and foreign funded).

During the course of audit of Project Director, Rehabilitation DHQ/THQ Hospitals in Sindh Project Karachi, upto the financial year 2016-17, it was observed that, despite the clear order mentioned above that for the project costing more than the prescribed limit of 500 million the permanent Project Director is mandatory, but in the case all the PDs since 2009 have been appointed on Additional Charge Basis. Thus as the appointment of the PDs is un-justified hence the Project allowance cannot be justified and the amount stood irregular and recoverable.(as detailed below):

Sr. No.	Name of official	Project Allowance (P.M)	No. of months	Amount
1	Dr Suresh Kumar	60,000	35	2,100,000
2	Abdul Rashid Sheikh	60,000	15	900,000
3	Abdul Sattar Jatoi	40,000	07	280,000
4	Mr Noor Ahmed Samoo	175,000	10	1,750,000
			Total	5,030,000

The matter was pointed out to the management, and the report was issued to the Project Director/Additional Secretary Health, Rehabilitation of THQ/DHQ Hospitals in Sindh on 30-08-2018 followed by reminder on 11-12-2018 and final reminder on 21-02-2019 for convening DAC meeting. The DAC meeting was not convened by the Principal Accounting Officer till finalization of performance audit report.

The audit recommends that:

- Audit recommends that recovery may be made from concerned officers and deposited into Government treasury under intimation to audit.
- Internal controls may be strengthened to avoid such recurrence in future.

(O.M # 17)

4.1.3 Un-justified appointment of Deputy Project Directors.

As per para-(xxii) of the Guideline on Process / Procedures for Preparation, Approval and Implementation of Development Projects mentioned in the Projects Manual “All sponsoring/executing agencies should provide list of Project Directors with the information/ confirmation whether these Project Directors have been appointed on full time or part time basis and whether they have the requisite qualifications and experience”.

During the course of audit of Project Director, Rehabilitation DHQ/THQ Hospitals in Sindh Project Karachi, upto the financial year 2016-17, it was observed that, the project is concerned with the health services so the Project staff appointed should be a qualified Doctor in order the clearly understand the problem of the project and to make decisions accordingly so the project should be work smoothly. But in this case seven (07) nos of Deputy Project Directors have been appointed with the irrelevant qualifications with the project in violation of the Rule. (as detail below).

Sr. No.	Name of Official	Actual Post	Official Charge	Period
1	MrAyaz Ali	Senior Medical Officer	Addl: PD	
2	Dr. Abdul Rashid Sheikh (Detailment)	Senior Medical Officer	Deputy Project Director	14-03-2012 to 16-05-2012
3	Dr. Syed Farhat Abbas (Detailment)	Senior Medical Officer	Deputy Project Director	24-09-2012 to 12-12-2012 & 12-12-2012 to 25-06-2013
4	Dr. Zulfiqar Ali Dharejo	Senior Medical Officer	Deputy Project Director	01-08-2013 to 08-12-2015
5	Mr. Ahique Hussain Shaikh	Senior Medical Officer	Deputy Project Director	26-06-2012 to till date
6	Dr. Abdul Khalique Domki	Senior Medical Officer	Deputy Project Director	18-01-2016 to 20-07-2016
7	Dr. Muhammad Tayyab Umrani	Senior Medical Officer	Deputy Project Director	08-12-2015 to till date

Due to such irregular appointment the possibility of wastage of the funds and failure of the project cannot be ruled out.

The matter was pointed out to the management, and the report was issued to the Project Director/Additional Secretary Health, Rehabilitation of THQ/DHQ Hospitals in Sindh on 30-08-2018 followed by reminder on 11-12-2018 and final reminder on 21-02-2019 for convening DAC meeting. The DAC meeting was not convened by the Principal Accounting Officer till finalization of performance audit report.

The audit recommends that;

- Appointment of officers with irrelevant qualification may be justified to audit.
- Internal controls may be strengthened to avoid such recurrence in future.

(O.M # 14)

4.1.4 Non-receiving of “technical & clinical training” from the suppliers of medical equipment - Rs.69.640 million

According to the Terms & Conditions of suppliers of medical equipment states that, “Technical training to technical person from factory trained engineers for equipment procured will be provided by the firm” & “Supplier will provide clinical application training application training to the end user by factory trained clinician on end user site for a satisfactory period as per requirement of end user”.

During the course of performance audit of office of the Project Director, Rehabilitation of THQ/DHQ Hospitals in Sindh for F.Y upto 2016-17, it was observed that management of local office has procured various medical equipment under revenue component of ADP schemes amounting to Rs.69,640,000/-. However, suppliers of the medical equipment had failed to provide the Technical training to technical and Clinical training to clinical staff/ end users of that medical equipment as no any training record was produced in this regard. **(Detail at Annex-1)**

Audit is of the view that in the absence of technical and clinical training to staff or concerned persons, quality care and service could not be provided to patients. Hence audit could not authenticate the expenditure so incurred.

The matter was pointed out to the management, and the report was issued to the Project Director/Additional Secretary Health, Rehabilitation of THQ/DHQ Hospitals in Sindh on 30-08-2018 followed by reminder on 11-12-2018 and final reminder on 21-02-2019 for convening DAC meeting. The DAC meeting was not convened by the Principal Accounting Officer till finalization of performance audit report.

The audit recommends that;

- Necessary training may be obtained from the factory trained Engineers and results of the same may be communicated to audit besides fixing the responsibility on the person(s) at fault.
- Internal controls may be strengthened to avoid such recurrence in future.

(O.M # 43)

4.1.5 Non-production of record - Rs.17.366 million

Section 14(2) & (3) of the Auditor General's (Functions, Powers & Terms & Conditions of the Service) Ordinance, 2001, states that; (3) The officer in charge of any office or department shall afford all facilities and provide record for audit inspection and comply with request for information in as complete a form as possible and with responsible expedition. (4) Any person or authority hindering the auditoria functions of the Auditor General regarding inspection of accounts shall be subjected to disciplinary action under efficiency and discipline rules.

During the course of performance audit of office of the Project Director, Rehabilitation of THQ/DHQ Hospitals in Sindh for F.Y upto 2016-17, it was observed that an expenditure of Rs359,774,276/- was incurred under capital and revenue component of the project. However, the various auditable records (**Detail at Annex-2**) was not produced to audit for detail scrutiny:

Audit is of the view that record was willfully not provided to audit resultantly authenticity of expenditures/receipts could not be verified which constituted weak financial management.

The matter was pointed out to the management, and the report was issued to the Project Director/Additional Secretary Health, Rehabilitation of THQ/DHQ

Hospitals in Sindh on 30-08-2018 followed by reminder on 11-12-2018 and final reminder on 21-02-2019 for convening DAC meeting. The DAC meeting was not convened by the Principal Accounting Officer till finalization of performance audit report.

The audit recommends that;

Audit requires production of record besides fixing of responsibility on official(s) at fault and disciplinary action against concerned official(s).

(O.M # 01 & 32)

4.2 Financial Management

4.2.1 Non-reconciliation of expenditure with treasury office - Rs 225.975 million

Rule 100 of Sindh Budget Manual read with clause 7 of Finance Division's letter # FD/B&E-II/1-1(4)/2004-05 dated 5th July 2004, all administrative departments / DDOs should reconcile departmental actual expenditure with Accountant General / District Accounts Office concerned on monthly basis to know any misclassification, error, shortage or excess.

During the course of performance audit of office of the Project Director, Rehabilitation of THQ/DHQ Hospitals in Sindh for F.Y up to 2016-17, it was noticed that the expenditure amounting to Rs.225.975 million (as detail below) was incurred from lapsable Assignment Account No. A-64, under Revenue Component of various ADP Schemes but the same was not reconciled with the Treasury Office Karachi as required under the above rule / government instruction. The same needs to be justified to audit.

Cost Centre	Description	Year	Amount
KQ5036	Expenditure incurred under Revenue Component	2016-17	225,975,973

The matter was pointed out to the management, and the report was issued to the Project Director/Additional Secretary Health, Rehabilitation of THQ/DHQ Hospitals in Sindh on 30-08-2018 followed by reminder on 11-12-2018 and final

reminder on 21-02-2019 for convening DAC meeting. The DAC meeting was not convened by the Principal Accounting Officer till finalization of performance audit report.

The audit recommends that;

- The reasons for non-reconciliation of expenditure statement may be stated to Audit besides fixing of responsibility on the person at fault.
- Internal controls may be strengthened to avoid such recurrence in future.

(O.M # 39)

4.2.2 Irregular exemption from Withholding Tax – Rs. 15.764 million

As per SRO, dt: 11th April 2002 issued by FBR Following are the relevant clauses of the procedure regarding claiming of exemption of income tax through:

- (ii) Tax on supplies will not be deducted by the payers only if goods are imported in the supplier's name and supplied in the same state and no value addition is involved. For this purpose, the supplier may give a written undertaking to the effect that the item mentioned in the invoice has been supplied without any value addition and tax under section 50(5) of the Ordinance has been paid thereon.

During the course of performance audit of office of the Project Director, Rehabilitation of THQ/DHQ Hospitals in Sindh for F.Y upto 2016-17, it was observed that payment amounting to Rs.350.313 million was paid to various suppliers on account of purchase of machinery equipment & medical equipment without observance above prescribed procedure neither the written undertaking regarding value addition nor the original bill of entry/ import documents was obtained. Hence, due to non-obtaining of above mentioned documents, exemption from deduction of I.Tax at source could not be verified and government exchequer may sustained loss amounting to Rs.15.764 million.**(Detail at Annex-3)**

The matter was pointed out to the management, and the report was issued to the Project Director/Additional Secretary Health, Rehabilitation of THQ/DHQ Hospitals in Sindh on 30-08-2018 followed by reminder on 11-12-2018 and final reminder on 21-02-2019 for convening DAC meeting. The DAC meeting was not

convened by the Principal Accounting Officer till finalization of performance audit report.

The audit recommends that;

- It is recommended to deduct the amount of income tax and deposit the same in the government treasury under intimation to audit.
- Internal controls may be strengthened to avoid such recurrence in future.

(O.M # 54)

4.2.3 Clearance of liability without approval of finance department - Rs 197.089 million

As per Finance Department, Government of Sindh issued vide letter No. FD(B&E-XI)2-1/2015-16 dated 08-07-2015 at para-5(p) “Liability of previous years may not be allowed to be cleared unless concurrence is given by Finance Department.”

During the course of performance audit of office of the Project Director, Rehabilitation of THQ/DHQ Hospitals in Sindh, Karachi for F.Y upto 2016-17, it was observed that payment of Rs 197.089 million was made to various contractors/suppliers on account of clearance of previous year's liability under following heads of accounts but approval from the Finance Department, Govt. of Sindh was not found available.

ADP No.	Project ID	Cost Centre	Head of A/c	Year	Amount
655	AAAKQ00001	KQ5036	Plant & Machinery	2016-17	67,352,227
			Furniture & Fixture	2016-17	18,918,736
658	AAAKQ00002	KQ5036	Plant & Machinery	2016-17	101,334,138
			Furniture & Fixture	2016-17	9,484,100
Total previous year liability clear					197,089,201

The above lapse on the part of management indicates improper oversight and absence of systemic internal controls.

The matter was pointed out to the management, and the report was issued to the Project Director/Additional Secretary Health, Rehabilitation of THQ/DHQ Hospitals in Sindh on 30-08-2018 followed by reminder on 11-12-2018 and final

reminder on 21-02-2019 for convening DAC meeting. The DAC meeting was not convened by the Principal Accounting Officer till finalization of performance audit report.

The audit recommends that;

- Irregularity may be regularized under intimation to audit besides fixing of responsibility on the person(s) at fault
- Internal controls may be strengthened to avoid such recurrence in future.

(O.M # 38)

4.2.4 Non-reconciliation of deducted Tax amount – Rs. 17.831 million

As per rule 41 & 41(a) of Sindh Financial Rules, “It is the duty of the controlling officer to see that all sums due to Government are regularly and promptly assessed, realized and credited to public account and the amount collected into the treasury or otherwise accounted for and compare them with the statement of recovery furnished by the Accountant General to see that the amount reported as collected have been duly credited in the public account”.

During the course of performance audit of office of the Project Director, Rehabilitation of THQ/DHQ Hospitals in Sindh for F.Y upto 2016-17, it was observed that heavy amount of revenue realized on account of Income tax from contractors Rs 17.831 million (detail below). However, the same was not reconciled with income tax authorities/ treasury for crediting of revenue into proper head of account.

Year	Head of A/c	Amount
2016-17	Income Tax	17,831,445

The matter was pointed out to the management, and the report was issued to the Project Director/Additional Secretary Health, Rehabilitation of THQ/DHQ Hospitals in Sindh on 30-08-2018 followed by reminder on 11-12-2018 and final reminder on 21-02-2019 for convening DAC meeting. The DAC meeting was not convened by the Principal Accounting Officer till finalization of performance audit report.

The audit recommends that;

- Non-reconciliation of revenue needs to be justified to audit.
- Internal controls may be strengthened to avoid such recurrence in future.

(O.M # 37)

4.2.5 Imprudent decision of handing over of incomplete sites of trauma centre to M.S of Taluka hospitals

According to Article 84 of Audit code, it is an essential function of the Audit to bring to light not only cases of clear irregularities but every matter which in its judgment appears to involve improper expenditure or waste of public money or stores, even though the accounts may be in order.”

During the course of performance audit of office of the Project Director, Rehabilitation of THQ/DHQ Hospitals in Sindh, Karachi for F.Y upto 2016-17, it was observed that management of local office irregularly handed over the 20 sites of incomplete Trauma Centre to concerned Medical Superintendents of Taluka Hospitals which are unjustified and due to this they could not start functioning in the larger benefit of local communities.

Audit is of the view that sites of trauma centers should be handed over to relevant office after completion of all specified work so that they could start working in the interest of public.

The matter was pointed out to the management, and the report was issued to the Project Director/Additional Secretary Health, Rehabilitation of THQ/DHQ Hospitals in Sindh on 30-08-2018 followed by reminder on 11-12-2018 and final reminder on 21-02-2019 for convening DAC meeting. The DAC meeting was not convened by the Principal Accounting Officer till finalization of performance audit report.

The audit recommends that;

- Audit requires the justification for handing over the incomplete sites besides fixing the responsibility on the person(s) at fault.
- Internal controls may be strengthened to avoid such recurrence in future.

(O.M # 36)

4.2.6 Irregular expenditure on account of repair of vehicles Rs 0.599 million

Rule 10 (i) and (iv) of General Financial Rules, volume-I, states 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.

During the course of performance audit of office of the Project Director, Rehabilitation of THQ/DHQ Hospitals in Sindh, Karachi for F.Y upto 2016-17, it was observed that, an expenditure amounting to Rs 599,940/- (detail below) during the year 2016-17 was incurred on repair of various vehicles of local office and following irregularities were observed.

1. That the replaced old spare parts and accessories were not taken into account of the government for ultimate dispersal and credited into government account.
2. Satisfactory work completion report was not found attached with the bill.
3. Acknowledgment from concerned workshop was not obtained.

ADP Scheme No.	Cost Centre	Head of A/c	Amount
656	KQ5036	Repair of Transport	300,000
661	KQ5036	-do-	299,940
		Total	599,940

The matter was pointed out to the management, and the report was issued to the Project Director/Additional Secretary Health, Rehabilitation of THQ/DHQ Hospitals in Sindh on 30-08-2018 followed by reminder on 11-12-2018 and final reminder on 21-02-2019 for convening DAC meeting. The DAC meeting was not convened by the Principal Accounting Officer till finalization of performance audit report.

The audit recommends that;

- Expenditure incurred without adherence of above codal formalities may be justified to audit.
- Internal controls may be strengthened to avoid such recurrence in future.

(O.M # 55)

4.2.7 Irregular expenditure on account of P.O.L Rs 0.500 million

As per Services and General Administration Department Circular No.CTC (SGA&CD)-1(2)/90 dated: 09-12-1991, the following books are to be maintained for each motor vehicle:

- i. Log book and form A should remain in the custody of the driver of vehicle.
- ii. History sheet of the vehicle should remain in the custody of officer in charge of the vehicle showing its movement.
- iii. Consumption account of POL on form-C

During the course of performance audit of office of the Project Director, Rehabilitation of THQ/DHQ Hospitals in Sindh for F.Y upto 2016-17, it was observed that an amount of Rs 500,000/- incurred on purchase of POL during the year 2016-17, but log books, history sheets and petrol consumption account were not maintained. Due to non-maintenance of record the authenticity of the expenditure could not be verified.

In absence of above the audit cannot authenticate the expenditure so incurred.

The matter was pointed out to the management, and the report was issued to the Project Director/Additional Secretary Health, Rehabilitation of THQ/DHQ Hospitals in Sindh on 30-08-2018 followed by reminder on 11-12-2018 and final reminder on 21-02-2019 for convening DAC meeting. The DAC meeting was not convened by the Principal Accounting Officer till finalization of performance audit report.

The audit recommends that;

- Expenditure incurred without adherence of above codal formalities may be justified to audit.
- Internal controls may be strengthened to avoid such recurrence in future.

(O.M # 57)

4.3 Procurement and Contract Management

4.3.1 Non-execution of integrity pact Rs 729.398 million

According to clause 89 of SPPRA, “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”. To encourage fairness, transparency and accountability in procurement by requiring suppliers to certify that they will follow a Code of Business Ethics when providing goods, works and services to Government procuring agencies.

During the course of performance audit of office of the Project Director, Rehabilitation of THQ/DHQ Hospitals in Sindh for F.Y upto 2016-17, it was observed that an expenditure of Rs.729.398 million (statement attached) was incurred on construction/up-gradation of various DHQ/THQ hospitals in Sindh without executing integrity pact as required in SPPRA with parties concerned. **(Detail at Annex-4)**

In audit view point, when a contract is awarded to a successful bidder, it is a condition of the award of contract that the bidder should complete, sign and certify the Integrity Pact document and return it to the procuring agency as part of the contract documents. Hence due to non-execution of same the expenditure incurred could not be authenticated by audit.

The matter was pointed out to the management, and the report was issued to the Project Director/Additional Secretary Health, Rehabilitation of THQ/DHQ Hospitals in Sindh on 30-08-2018 followed by reminder on 11-12-2018 and final reminder on 21-02-2019 for convening DAC meeting. The DAC meeting was not convened by the Principal Accounting Officer till finalization of performance audit report.

The audit recommends that;

- Reasons for non-execution of integrity pact may be justified to audit.
- Internal controls may be strengthened to avoid such recurrence in future.

(O.M # 47)

4.3.2 Award of work to the contractors not registered with PEC - Rs.2,720.803 million

As per PEC letter No. PEC/ Consult/ ES/ 1900017 dated 01-09-2005, non-engineering works shall be constructed except by constructor or operated except by operator licensed as such by the council (PEC). All consulting engineering services in Pakistan shall be entrusting only a consulting engineer duly registered as such with the council (PEC). Further as per Planning & Development Department, Government of Pakistan's letter No. 1(63-A) PP & H/ PD/ 2005 dated 14-09-2005, all respective provincial departments, city/ district government, TMA's UC Administrations, housing, water supply and sanitation agencies must ensure compliance of the instructions given in Pakistan Engineering Council byelaws 1986 & 1987 are fully implemented in all engineering contracts and procurement of engineering services and works in order to restrain from pre-qualification of all such local and foreign firms, which do not abide by PEC laws and rules.

During the course of performance audit of office of the Project Director, Rehabilitation of THQ/DHQ Hospitals in Sindh, Karachi, for F.Y upto 2016-17, it was observed that the works costing Rs.581.249 million were awarded to the contractors but neither the registration of the contractors with Pakistan Engineering Council was evident on record nor record/ details/ registration certificates were produced on demand. **(Detail at Annex-5)**

The lapse indicates improper oversight on part of the department and complete absence of internal controls.

The matter was pointed out to the management, and the report was issued to the Project Director/Additional Secretary Health, Rehabilitation of THQ/DHQ Hospitals in Sindh on 30-08-2018 followed by reminder on 11-12-2018 and final reminder on 21-02-2019 for convening DAC meeting. The DAC meeting was not convened by the Principal Accounting Officer till finalization of performance audit report.

The audit recommends that;

- Above position may please be explained to audit along with relevant record.
- Internal controls may be strengthened to avoid such recurrence in future.

(O.M # 08 & 48)

4.3.3 Non-recovery of stamp duty – Rs0.892 million

According to Para 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 @ 0.30 paisa per hundred rupees of the value of the Agreement.

During the course of audit of Project Director, Rehabilitation DHQ/THQ Hospitals in Sindh Project Karachi, upto the financial year 2016-17, it was observed that work orders amounting to Rs.297.527 million was awarded to contractors and consultant (detail below) on account of various consultancy and construction activities (detail below). However, stamp duty @ 0.30% was not affixed / deducted, resulting into loss to Government revenue which comes to Rs. 0.892 million

O.M. #	Name of Contractor	Work	Work Order No.	Amount of contract	Stamp duty
23	M/s Nawab Brothers	Expansion & Improvement of DHQ Hospital, Khairpur (ADP No. 1205) 2011-12)	PD/DHQ/95/2011 dt.20-8-11	205,625,091	616,875
10	M/s Atif Nazar Associates	Consultancy fee for the work of Expansion & Improvement of DHQ Hospital in Sindh (ADP-675 (2014-15)	N.M	91,902,327	275,706
Total				297,527,418	892,581

The lapse indicates improper oversight on part of the department and complete absence of internal controls.

The matter was pointed out to the management, and the report was issued to the Project Director/Additional Secretary Health, Rehabilitation of THQ/DHQ Hospitals in Sindh on 30-08-2018 followed by reminder on 11-12-2018 and final reminder on 21-02-2019 for convening DAC meeting. The DAC meeting was not convened by the Principal Accounting Officer till finalization of performance audit report.

The audit recommends that;

- The amount in question may be recovered from the person at fault and deposited in the relevant head of account under intimation to audit.
- Internal controls may be strengthened to avoid such recurrence in future.

(O.M # 23, &10)

4.3.4 Non/less-deduction of income tax - Rs 2.684 million

According to letter No.ACIR/unit-05/WHT Zone/RTO-III/KHI/2014/178 dated 31/07/2015 regarding changes in rates of deduction under various sections of Income Tax Ordinance 2001 for the tax year 2015 for “Filers” & “Non-Filers” are payable against the rules as follows:

Description		Tax Rate from 01-07-2015 on ward	
		Filers of Tax Return	Non-Filers
Sales of Goods-Section 153(1)(a)			
1	Companies	4%	6%
2	Other than Companies	4.5%	6.5%
Supply of Services-Section 153 (1)(b)			
1	Companies	8%	12%
2	Other than Companies	10%	15%
Contract payments to residents section 153 (1)(c)			
1	Companies	7%	10%
2	Other than Companies	7.5%	10%
Brokerage & Commission Section 233			
1	Advertisement agencies	10%	15%
2	Other cases	12%	15%

During the course of performance audit of office of the Project Director, Rehabilitation of THQ/DHQ Hospitals in Sindh for F.Y upto 2016-17, it was observed that an amount of Rs.60.324 million was paid to various suppliers on account of purchase of machinery equipment & medical equipment but the Income tax amounting to Rs.2.684 million from the bills of suppliers was less /non-deducted at source nor the exemption certificates produced. Thus government sustained loss due to non/less-recovery of income tax. (Detail at Annex- 6)

O.M #	Payment made to	Particular	Amount of bill	I.Tax deducted	I.Tax to be deducted	Less / Non-deduction
26	M/s T.K Medical Instrument	Split Air Conditioners 1.5 (Dawlance Pakistan) 122 nos. @ 64000/- each	7,808,000	30,000	351,360	321,360
05	M/s T.K Medical Instrument & Others (detail at Annex-6)	Various Machinery & Equipment items	52,516,356	Nil	2,363,236	2,363,236
		Total	60,324,356	30,000	2,714,596	2,684,596

The lapse indicates improper oversight on part of the department and complete absence of internal controls.

The matter was pointed out to the management, and the report was issued to the Project Director/Additional Secretary Health, Rehabilitation of THQ/DHQ Hospitals in Sindh on 30-08-2018 followed by reminder on 11-12-2018 and final reminder on 21-02-2019 for convening DAC meeting. The DAC meeting was not convened by the principal accounting officer till finalization of performance audit report.

The audit recommends that;

- It is recommended to deduct the amount of income tax and deposit the same in the government treasury.
- Responsibility may be fixed on the person(s) at fault under intimation to audit.

(O.M # 05 & 26)

4.3.5 Non-deduction of Sindh Sales Tax on services – Rs.243.426 million

As per Section 8 (1) chapter II of The Sindh Sales Tax on Services Act, 2011 states:“ Subject to the provisions 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 specified in the Schedule in which the taxable service is listed.” Further section 9 (2) chapter II

states: “Where a service is taxable by virtue of sub-section (2) of section 3, the liability to pay the tax shall be on the person receiving the service.” And as per Second Schedule of The Sindh Sales Tax on Services Act, 2011, the rate of tax is 13% on services provided or rendered by persons engaged in contractual execution of work or furnishing supplies.

During the course of performance audit of office of the Project Director, Rehabilitation of THQ/DHQ Hospitals in Sindh for F.Y upto 2016-17, it was observed that a sum of Rs.1872.509 million was paid to various consultants and contractors but 13% SST amounting to Rs243.426 million was not deducted by management of local office while making payment resulted govt. sustained loss.(Detail at Annex-7)

O.M. #	Name of Contractor	Work	Work Order No.	Amount of contract	13% SST
11	Various Contractors (Detail at Annex-7)	Various Construction & Development works	N.M	1776,857,586	230,991,486
65	M/s Atif Nazar Associates	Consultancy fee for the work of Expansion & Improvement of DHQ Hospital in Sindh (ADP-675 (2014-15))	N.M	91,902,327	11,947,302
56	M/s Atif Nazar Associates	Consultancy fee for the work of Expansion & Improvement of DHQ Hospital Khairpur, Shikarpur, Badin	N.M	3,750,000	487,500
Total				1,872,509,913	243,426,288

The matter was pointed out to the management, and the report was issued to the Project Director/Additional Secretary Health, Rehabilitation of THQ/DHQ Hospitals in Sindh on 30-08-2018 followed by reminder on 11-12-2018 and final reminder on 21-02-2019 for convening DAC meeting. The DAC meeting was not convened by the principal accounting officer till finalization of performance audit report.

The audit recommends that;

- The amount of Sindh Sales Tax may be recovered from the consultant / contractors and deposited into govt. treasury through challans under intimation to audit.
- Reasons of non-deduction of SST may be clarified to audit besides fixing of responsibility on the person(s) at fault.

(O.M # 11, 56 & 65)

4.3.6 Excess expenditure on purchase of land Rs. 25.675 million

According to Para-10 (i) of General Financial Rules, volume-I, states that, “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.”

During the course of performance audit of office of the Project Director, Rehabilitation of THQ/DHQ Hospitals in Sindh, Karachi, for F.Y upto 2016-17, it was observed that a sum of Rs. 35.270 million was spent on account of purchase of 15.26 acres of land area for Construction of building for Establishment of Medical college, Mirpurkhas whereas as per Modified PC-I there was a provision of 5.31 acre to be bought. Hence extra land was purchased, so an extra amount of Rs. 25.675 million spent on land which was unjustified and treated as loss to Govt. exchequer. (Detail below)

As per Modified PC-1 land required	5.31 Acres		Over Paid
Land Purchased (6.31+8.35) Acres	15.26 Acres		
Excess purchased	9.95 Acres	2,600,000	25,675,000

The lapse on the part of the department indicates the improper oversight and absence of internal controls.

The matter was pointed out to the management, and the report was issued to the Project Director/Additional Secretary Health, Rehabilitation of THQ/DHQ Hospitals in Sindh on 30-08-2018 followed by reminder on 11-12-2018 and final reminder on 21-02-2019 for convening DAC meeting. The DAC meeting was not

convened by the Principal Accounting Officer till finalization of performance audit report.

The audit recommends that;

- Audit needs justification for purchase of land in excess of PC-I
- Internal controls may be strengthened to avoid such recurrence in future besides fixing of responsibility on the person(s) at fault.

(O.M # 66)

4.3.7 Non-Installation of procured machinery & equipment – Rs.16.299 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 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”

During the course of performance audit of office of the Project Director, Rehabilitation of THQ/DHQ Hospitals in Sindh, Karachi for F.Y upto 2016-17, it was observed that expenditure amounting to Rs.16.299 million was incurred on account of purchase of various medical equipment from M/s Medequips SMC Co. for DHQ Badin hospital under revenue component of ADP Scheme no.427 but the same was not installed by the engineers of M/s Medequips SMC Co. till the end of audit and same was laying idle due to reasons that site was not ready for installation of the same as pointed out in the Medequips’s engineers letter.

W. Order No. & Date	ADP NO. & District	C. No. & Date	Vendor	Particular			Bill Amount
				Item	Qty	Amount	
2127 03/06/16	427 Badin	202263 16-06-16	M/s Medequips SMC	Fluoroscopy Machine 800 MA (Japan)	01	USD 107000 11,181,500	16,299,910
				Digital Color Doppler ultrasound (Japan)	01	USD 32240 3,369,080	
				Cardiac Monitor (Japan)	09	USD 1860 194370	
Total						16,299,910	

Audit is of the view that procurement of medical equipment before the completion of site work was totally unjustified and due to this Guarantee / warrantee period of that equipment was also expiring day to day.

The matter was pointed out to the management, and the report was issued to the Project Director/Additional Secretary Health, Rehabilitation of THQ/DHQ Hospitals in Sindh on 30-08-2018 followed by reminder on 11-12-2018 and final reminder on 21-02-2019 for convening DAC meeting. The DAC meeting was not convened by the principal accounting officer till finalization of performance audit report.

The audit recommends that;

- Audit recommends clarification on the above matter besides fixing of responsibility on the person(s) at fault.
- Internal controls may be strengthened to avoid such recurrence in future.

(O.M # 52)

4.3.8 Non-hoisting of corrigendum on SPPRA website and its publication in leading newspapers - Rs 43.301 million

As per SPPRA Rule 4.10 in case, corrigendum or addendum is issued, following points be taken into consideration:-

- i. Notice is to be advertised in a manner similar to the original advertisement. Affixing of corrigendum on notice board of office of the procuring agency cannot substitute to the requirement of publication in newspaper or hoisting on SPPRA website as the case may be.

During the course of audit of accounts of the Project Director, Rehabilitation DHQ/THQ Hospitals in Sindh, Health Department, Govt. of Sindh, Karachi, it was observed that the NIT for ADP scheme No.1272 (2011-12) i.e. Expansion and improvement of DHQ Hospital in Sindh for Renovation work in existing DHQ hospitals at Thatta called for and posted on SPPRA website & published in daily Dawn as shown last date of opening of tender was 16-2-2012, later on the date was extended to 20-2-2012. In this connection, on 18-2-2012 corrigendum was issued only in daily DAWN Newspaper. The changing of date of opening of tender was not

posted on SPPRA website and not published in three leading newspaper except Dawn.

Name of Firm	W.O.No.& Date	Detail of Work	Contract Price
M/s Nawab Brothers (Pvt)	PD/DHQ/668/2012 20-7-2012	External Development, External services and renovation work for existing main Hospital building of DHQ Hospital at Thatta	43,301,756

The matter was pointed out to the management, and the report was issued to the Project Director/Additional Secretary Health, Rehabilitation of THQ/DHQ Hospitals in Sindh on 30-08-2018 followed by reminder on 11-12-2018 and final reminder on 21-02-2019 for convening DAC meeting. The DAC meeting was not convened by the principal accounting officer till finalization of performance audit report.

The audit recommends that;

- Expenditure incurred without adherence of above codal formalities may be justified to audit.
- Internal controls may be strengthened to avoid such recurrence in future.

(O.M # 35)

4.4 Construction and Works

4.4.1 Expenditure on non-scheduled items without Rate Analysis - Rs.12.526 million

According to Para 8(4) of section-Introduction under Schedule of Rates-2012, the schedule of rate may be found inadequate to carry out certain items of works. In such cases, the only competent body to review the position is the Standing Rates Committee. All such cases should therefore, be referred to the Secretary, Standing Rates Committee for decision of the committee.

During the course of performance audit of office of the Project Director, Rehabilitation of THQ/DHQ Hospitals in Sindh, Karachi for F.Y upto 2016-17, it was observed that an expenditure of Rs 12.526 million was incurred on various non-scheduled items without market rate analysis and without referring such cases for

concurrence of the competent forum, i.e., Standing Rates Committee. (Details below):

W/o no. & Date	C.V No. & Date	Name of Contractor	Name of Work	Name of Item	Rate	Qty	Amount
2055 2013	58 12-06- 17	M/s Abdul Majeed & Co	Up-gradation of THQ Hospitals to the level of DHQ Hospital T.M.Khan	P/L First class Gutka Brick	223.20 Per cft	20164.45	4,500,705
				Polished Porceline Tile full body	176.20 Per cft	19284	3,397,978
				Tiles 16x16	209.25 Per cft	12901.14	2,699,564
1949 02-05- 13	45 09-06- 17	M/s Hi- Tech Constructor	Up-gradation of THQ Hospitals to the level of DHQ Hospital Umerkot	Extra for using SR Cement	25 Per bag	26884	672,100
				Various Electric Work for main building			1,256,225
						Total	12,526,572

Further the supporting documents along-with quotations regarding the rate analysis duly sanctioned by the competent authority in support of the above expenditure were not made available to audit.

The matter was pointed out to the management, and the report was issued to the Project Director/Additional Secretary Health, Rehabilitation of THQ/DHQ Hospitals in Sindh on 30-08-2018 followed by reminder on 11-12-2018 and final reminder on 21-02-2019 for convening DAC meeting. The DAC meeting was not convened by the Principal Accounting Officer till finalization of performance audit report.

The audit recommends that;

- Audit requires fixing of responsibility on the person at fault besides taking remedial measures.
- Internal controls may be strengthened to avoid such recurrence in future.

(O.M # 51)

4.4.2 Non-performance of duty by supervision staff – Rs.61.507 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 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” **AND** according to Sindh Financial Rules Vol. I, Rule # 88, “Every public officer should exercise vigilance in respect of expenditure incurred from Government revenues, as a person of ordinary prudence would exercise in spending his own money”

During the course of performance audit of office of the Project Director, Rehabilitation of THQ/DHQ Hospitals in Sindh, Karachi for F.Y upto 2016-17, it was observed that payment amounting to Rs.61.507 million was made to M/s E.A consultant on account of Up-gradation & Revamping of THQ Hospitals Supervision staff deployed for supervision of Emergency cum Trauma Center (41 Nos) without any justification and performing their duty properly. Hence, payment so made is not treated as useful for the purpose.

The matter was pointed out to the management, and the report was issued to the Project Director/Additional Secretary Health, Rehabilitation of THQ/DHQ Hospitals in Sindh on 30-08-2018 followed by reminder on 11-12-2018 and final reminder on 21-02-2019 for convening DAC meeting. The DAC meeting was not convened by the Principal Accounting Officer till finalization of performance audit report.

The audit recommends that;

- Expenditure incurred without adherence of above codal formalities may be justified to audit.
- Internal controls may be strengthened to avoid such recurrence in future.

(O.M # 34)

4.4.3 Non-obtaining of bid security Rs 71.251 million

As per Rule 37(1) SPPRA “The procuring agency shall require the bidders to furnish a bid security not below one percent and not exceeding five percent of the bid

price, which shall remain valid for a period of 28 days beyond the validity period for bids, in order to provide the procuring agency reasonable time to act, if the security is to be called “

During the course of performance audit of office of the Project Director, Rehabilitation of THQ/DHQ Hospitals in Sindh, Karachi for F.Y upto 2016-17, it was observed that, contract for the consultancy Services was awarded to the contractor M/s International Design Group (IDG) amounting to Rs71.251 million was also made but 1% Bid Security required to be deducted from the bills and be deposited into Govt account was not obtained from the Firm amounting to Rs 0.712 million in the violation of the SPPRA rules

The matter was pointed out to the management, and the report was issued to the Project Director/Additional Secretary Health, Rehabilitation of THQ/DHQ Hospitals in Sindh on 30-08-2018 followed by reminder on 11-12-2018 and final reminder on 21-02-2019 for convening DAC meeting. The DAC meeting was not convened by the Principal Accounting Officer till finalization of performance audit report.

The audit recommends that;

- The irregularity needs to be fully clarified, under intimation to the audit.
- Internal controls may be strengthened to avoid such recurrence in future.

(O.M # 22)

4.4.4 Unauthorized Excess expenditure on execution of various work - Rs1,047.33 million

Para-65 of Public Works Departmental Code states that “When the expenditure upon a work exceeds, or is found likely to exceed, the amount administratively approved for it by more than 10 percent, a revised administrative approval must be obtained from the authority competent to approve the cost, as so enhanced.”

During the course of performance audit of office of the Project Director, Rehabilitation of THQ/DHQ Hospitals in Sindh, Karachi for F.Y upto 2016-17, it was observed that, an expenditure of Rs 207.608 million was made for execution of various works, whereas, in the revised PC-I cost was increased for more than 10 %

from the amount administratively approved by the competent authority. The estimated cost as per revised PC-I was raised by more than 100% then the original cost but no revised administrative approval was obtained from the competent authority, in absence of which the expenditure cannot be admitted to the audit.

(Rupees in million)

O.M No.	Name of Contractor	Name of work	Amount as per Original PC-I	Amount as per Revised PC-I	Excess Expenditure	Excess Expenditure in %
53	M/s Mumtaz & Co.	Upgradation of THQ Hospitals to the level of DHQ Hospitals in Sindh (Kamber)	607.060	910.830	303.77	40.039 %
06	M/s Abdul Majeed & Co.	Upgradation of THQ Hospitals to the level of DHQ Hospitals in Sindh (Matari)	582.940	911.740	328.80	56.40 %
21	M/s National Engineering Works	Improvement of DHQ hospitals T.M. Khan	403.371	818.131	414.76	102.82%
Total			1,593.371	2,640.701	1,047.33	

The matter was pointed out to the management, and the report was issued to the Project Director/Additional Secretary Health, Rehabilitation of THQ/DHQ Hospitals in Sindh on 30-08-2018 followed by reminder on 11-12-2018 and final reminder on 21-02-2019 for convening DAC meeting. The DAC meeting was not convened by the Principal Accounting Officer till finalization of performance audit report.

The audit recommends that;

- Non-obtaining of revised administrative approval needs to be fully justified and the responsibility may be fixed against the officers/ officials responsible for such lapse under intimation to audit.
- Internal controls may be strengthened to avoid such recurrence in future.

(O.M # 06 ,21& 53)

4.4.5 Execution of work without Technical sanction - Rs 2,483.861 million

According to Para -81 of CPWA Code “The papers to be submitted with the project for a work will in general, consist of a report, plan a specification and a detailed estimate of measurement, quantities and rates with an abstract showing the total estimated cost of each item”

As per clause-4 of the contract agreement detailed work Schedule is to be submitted by contractor on CPM after the receipt of the intent.

During the course of performance audit of office of the Project Director, Rehabilitation of THQ/DHQ Hospitals in Sindh, Karachi, for F.Y upto 2016-17, it was observed that, for the scheme “Up gradation of THQ Hospitals to the Level of DHQ hospitals in Sindh (04 NOs)” THQ Kambar, Umerkot, Matiari” was launched and the work awarded to M/s Mumtaz& Co., M/s High Tech Constructor and M/s Abdul Majeed& Co. costing to Rs 2,483.861 million without approval of the detailed working estimate. This indicates that the work has been awarded to the contractor by giving undue favor.

The matter was pointed out to the management, and the report was issued to the Project Director/Additional Secretary Health, Rehabilitation of THQ/DHQ Hospitals in Sindh on 30-08-2018 followed by reminder on 11-12-2018 and final reminder on 21-02-2019 for convening DAC meeting. The DAC meeting was not convened by the Principal Accounting Officer till finalization of performance audit report.

The audit recommends that;

- Expenditure incurred without adherence of above codal formalities may be justified to audit.
- Audit requires fixing of responsibility on the person(s) at fault besides taking remedial measures.

(O.M # 18)

4.4.6 Irregular payment on account of mobilization advance to contractor Rs7.173 million

Upon the written request of the contractor, a mobilization advance in the sum of 10% of the contractor price will be paid against an irrevocable bank guarantee issued by a schedule bank, whose validity should be up to the contract period or till recovery of mobilization advance.

During the course of performance audit of office of the Project Director, Rehabilitation of THQ/DHQ Hospitals in Sindh, Karachi, for F.Y upto 2016-17, it was observed that mobilization advance amounting to Rs 7.173 million was paid to the contractor.

Following observations were made:

1. Verified Bank guarantee from concerned bank was not shown to audit.
2. Terms and condition of re-payment were not signed.

Ch. #& date	Name of Firm	W.O #& Date	Name of Work	Contract Price	Bill Amount	Mobilization Advance
101047 19-2-14	M/s Nawab Brothers (Pvt)	PD/DHQ/668/2012 20-7-2012	External Development, External services and renovation work for existing main Hospital building of DHQ Hospital at Thatta		57,704,647	4,330,175
55887 10-1-13	M/s Z.I.A Services Ltd	PD/DHQ/680/2012 DT. 20-7-12	Renovation work of existing, buildings, External Development & External services at DHO Hospital, Sanghar	28,428,003	0	2,842,800
Total						7,172,975

The matter was pointed out to the management, and the report was issued to the Project Director/Additional Secretary Health, Rehabilitation of THQ/DHQ Hospitals in Sindh on 30-08-2018 followed by reminder on 11-12-2018 and final reminder on 21-02-2019 for convening DAC meeting. The DAC meeting was not convened by the Principal Accounting Officer till finalization of performance audit report.

The audit recommends that;

- Expenditure incurred without adherence of above codal formalities may be justified to audit.
- Internal controls may be strengthened to avoid such recurrence in future.

(O.M # 29)

4.4.7 Use of Carbon-Steel bars without test report - Rs 16.629 million

According to ASTM (American Society for Testing and Materials) A-615/A615M- 12 Standard specification for Deformed and Plain Carbon-Steel Bars for Concrete Reinforcement the steel bars used in the reinforcement concrete has to be tested and should be upto the standards.

During the course of performance audit of office of the Project Director, Rehabilitation of THQ/DHQ Hospitals in Sindh, Karachi for F.Y upto 2016-17, it was observed that, office paid an amount of Rs16.629 million to the contractor on account of RCC work of main building of THQ Hospital Tando Allahyar only, but the payment was made without obtaining mentioned test report. There is possibility that substandard / low quality steel has been used or improper compaction or mixing of concrete material has been followed. Thus the whole expenditure made for this remains irregular and doubtful.

Voucher No. & date	Name of work	Name of Contractor	Item	Part of Bill	Amount
30 th RA Bill dated 12-06-17	Up gradation of THQ Hospitals to the Level of DHQ hospitals in newly created Districts in Sindh (03 NOs) THQ Tando Allahyar	M/s Rehman Builders	RCC 1:1.5:3 in column in S.S G Floor	Main Building	2,057,233
			RCC 1:2:4 in super Structure a) Beam & Lintels		4,613,283
			RCC 1:2:4 in super Structure b) Slabs & Projections		9,958,963
Total					16,629,479

The matter was pointed out to the management, and the report was issued to the Project Director/Additional Secretary Health, Rehabilitation of THQ/DHQ Hospitals in Sindh on 30-08-2018 followed by reminder on 11-12-2018 and final reminder on 21-02-2019 for convening DAC meeting. The DAC meeting was not convened by the Principal Accounting Officer till finalization of performance audit report.

The audit recommends that;

- The reasons for the irregularity needs to be fully clarified and the corrective steps be taken under intimation to audit.
- Internal controls may be strengthened to avoid such recurrence in future.

(O.M # 30)

4.4.8 Non-accountal of various material - Rs1.022 million

Rule-113 of Sindh Financial Rules Volume-I states that “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 its appropriate Stock Register”.

During the course of performance audit of office of the Project Director, Rehabilitation of THQ/DHQ Hospitals in Sindh, Karachi, for F.Y upto 2016-17, it was observed that various items worth Rs 1.022 million (**detail attached**) were purchased for ongoing scheme but not accounted for in the relevant stock register. Due to non accountal, the store items/articles may be misused.

C # & Date	Name of Contractor	W.O. No. & Date	Name of Work	Total work done	Item of work	Qty	Rate	Unit	Amount
195353 7-6-16	M/s National Engineering works	PD/DHQ/986/2012 dt. 12-9-12	Expansion/Improvement of DHQ Hospital at Ghotki @ Mirpur Mathelo	130,072,704	Power Transformer with HT Breaker 200 kVA	1	800,000	per	800,000
					Main distribution board	1	221,719	per	221,719
								Total	1,021,719

The matter was pointed out to the management, and the report was issued to the Project Director/Additional Secretary Health, Rehabilitation of THQ/DHQ Hospitals in Sindh on 30-08-2018 followed by reminder on 11-12-2018 and final reminder on 21-02-2019 for convening DAC meeting. The DAC meeting was not convened by the Principal Accounting Officer till finalization of performance audit report.

The audit recommends that;

- The stocking entries of items are produced to audit for verification.
- Internal controls may be strengthened to avoid such recurrence in future.

4.4.9 Irregular deduction of security deposit - Rs31.543 million

According to Rule-182(A) of Sindh Financial Rule, Volume-I, states that “security deposit lodged by the contractor may be returned to the contractor after expiry of three months from the date of completion of work.

During the course of audit of Project Director, Rehabilitation DHQ/THQ Hospitals in Sindh Project Karachi, upto the financial year 2016-17, it was observed that, a sum of Rs31.543 million was calculated as Security deposit which required to be deducted from the bills. But in the case amount has been shown only but paid in the total amount without any deduction. During the verbal discussion it was intimated that office obtains separate pay order/ cheque from the contractor equivalent to the amount of Security Deposit. If so the process of such deduction is again a wrong practice in violation of the rule.

Moreover, the cheque / Pay order of such amount were also not available in the account record this creates doubt that actually the amount of security deposit has been paid to the contractor by giving undue favor, due to which the amount stood doubtful which is huge loss to the department.

Audit requires fixing of responsibility on the person(s) at fault besides taking remedial measures.

(Rupees in million)				
RA Bill No.	Name of work	Name of Contractor	Upto date payment	Security deposit 05%
23 rd RA Bill dated 12-06-17	Up gradation of THQ Hospitals to the Level of DHQ hospitals in newly created Districts in Sindh (03 NOs)” THQ Kotri	M/s Rehman Builders	175.755	8.787
30 th RA Bill dated 12-06-17	Up gradation of THQ Hospitals to the Level of DHQ hospitals in newly created Districts in Sindh (03 NOs)” THQ Tando Allahyar	M/s Rehman Builders	247.512	12.376
9 th RA Bill dated 12-06-17	Up gradation of THQ Hospitals to the Level of DHQ hospitals in newly created Districts in Sindh (03 NOs)” THQ Tando Allahyar	M/s National Engineering Works	207.608	10.380
Total				31.543

The matter was pointed out to the management, and the report was issued to the Project Director/Additional Secretary Health, Rehabilitation of THQ/DHQ Hospitals in Sindh on 30-08-2018 followed by reminder on 11-12-2018 and final reminder on 21-02-2019 for convening DAC meeting. The DAC meeting was not convened by the Principal Accounting Officer till finalization of performance audit report.

The audit recommends that;

- The above matter may be clarified to audit besides fixing of responsibility on the person(s) at fault.
- Internal controls may be strengthened to avoid such recurrence in future.

(O.M # 09)

4.4.10 Unjustified payment of third party monitoring charges - Rs 1.228 million

According to sub-section 1 of section-I of Appendix 18-A Rule 40-B of Sindh Financial Rules, Volume-II, “Means should be devised to ensure that every Government officer realizes fully and clearly that he will be held personally responsible for any loss arising from fraud or negligence on his part, and that he will also be held personally responsible for any loss arisen 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 capable negligence”.

During the course of performance audit of office of the Project Director, Rehabilitation of THQ/DHQ Hospitals in Sindh, Karachi for F.Y upto 2016-17, it was observed that an amount of Rs 1.228 million was paid to P&D Department (Monitoring Evaluation Cell) on account of 1pc monitoring charges in respect of various ADP schemes of irrigation department. But no monitoring report of third party was received from P&D Department (Monitoring Evaluation Cell) in support of above payment in the local office. Due to non-observing of monitoring report of a third party, the existence and occurrence of works was not ensured prior to making payments.

Cheque No. & Date	Description	Particulars	Amount
288285 12-06-17	M/s. Deputy Director, (MEC) P&D Department, Karachi.	1% TPM Charges	1,228,641/-

The matter was pointed out to the management, and the report was issued to the Project Director/Additional Secretary Health, Rehabilitation of THQ/DHQ Hospitals in Sindh on 30-08-2018 followed by reminder on 11-12-2018 and final reminder on 21-02-2019 for convening DAC meeting. The DAC meeting was not convened by the Principal Accounting Officer till finalization of performance audit report.

The audit recommends that;

- Payment of 1% monitoring charges without receiving monitoring report be justified to audit.
- Internal controls may be strengthened to avoid such recurrence in future.

(O.M # 40)

4.4.11 Use of cement concrete items without laboratory test reports – Rs.7.837 million

According to Para-10 (i) of General Financial Rules, volume-I, states that, “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.”

During the course of performance audit of office of the Project Director, Rehabilitation of THQ/DHQ Hospitals in Sindh for F.Y upto 2016-17, it was observed that, the office allowed an amount of Rs 7.837 million to the contractor on account of cement concrete items of the work but contractor items used for the work without got conducted the lab test reports from Mehran Engineering & Technology Laboratory Tando Allahyar. There is possibility that the cement concrete used does not suit the required work thus whole expenditure made for this remains irregular. (Detail below)

The management failed to observe the Govt. rules and procedures, which reflects the absence of systematic control and financial in-discipline prevalent in the department.

Cheque NO. & Date	W.O. NO. & Date	Name of Contractor	Name Of Work	Item of Work	Rate	Qty	Amount
297195 01-06-17	1950 02-05-13	M/s Z.I.A Services	Expansion & Improvement of DHQ	RCC Work 1:2:4	190	871.05	165,499

Cheque NO. & Date	W.O. NO. & Date	Name of Contractor	Name Of Work	Item of Work	Rate	Qty	Amount
			Hospital in Sindh DHQ Hospital Naushero Feroze	RCC Work 1:1:1	315	141.77	44,657
				RCC Work 1:2:4	230	498.62	114,682
				RCC Work 1:2:4	230	1013.97	233,213
288265 12-06-17	828 27-01-14	M/s National Engineerin g Works	Up-gradation of THQ Hospitals to the level of DHQ Hospital in Sindh (03 Nos.) T.M.Khan	RCC Work(a)	337	80,07.84	2,698,642
				RCC Work(b) Slab / Proje	337	13,592.71	4,580,743
Total							7,837,436

The matter was pointed out to the management, and the report was issued to the Project Director/Additional Secretary Health, Rehabilitation of THQ/DHQ Hospitals in Sindh on 30-08-2018 followed by reminder on 11-12-2018 and final reminder on 21-02-2019 for convening DAC meeting. The DAC meeting was not convened by the Principal Accounting Officer till finalization of performance audit report.

The audit recommends that;

- The reasons for the irregularity needs to be fully justified and the corrective steps be taken under intimation to audit.
- Internal controls may be strengthened to avoid such recurrence in future.

(O.M # 42)

4.4.12 Non-production of scope of work of consultancy services - Rs.3.432 million

Section 14(2) & (3) of the Auditor General's (Functions, Powers & Terms & Conditions of the Service) Ordinance, 2001, states that; (3) The officer in charge of any office or department shall afford all facilities and provide record for audit inspection and comply with request for information in as complete a form as possible and with responsible expedition. (4) Any person or authority hindering the auditoria functions of the Auditor General regarding inspection of accounts shall be subjected to disciplinary action under efficiency and discipline rules.

During the course of performance audit of office of the Project Director, Rehabilitation of THQ/DHQ Hospitals in Sindh, Karachi for F.Y upto 2016-17, it

was observed that payment amounting to Rs.3.432 million was made to M/s E.A consultant on account of providing consultancy and design services for Up-gradation & Revamping of THQ Hospitals in Sindh and Emergency cum Trauma Center (41 Nos) without covering the scope of job as no documents regarding survey, investigation, Architectural, Civil & MEP Design, Preparation of tender documents etc was produced to justify the above payment.

The matter was pointed out to the management, and the report was issued to the Project Director/Additional Secretary Health, Rehabilitation of THQ/DHQ Hospitals in Sindh on 30-08-2018 followed by reminder on 11-12-2018 and final reminder on 21-02-2019 for convening DAC meeting. The DAC meeting was not convened by the Principal Accounting Officer till finalization of performance audit report.

The audit recommends that;

- Expenditure incurred without adherence of above codal formalities may be justified to audit.
- Internal controls may be strengthened to avoid such recurrence in future.

(O.M # 41)

4.4.13 Payment of earth work without compaction test report - Rs 1.010 million

According to ASTM (American Society for Testing and Materials) D1557 - 12 Standard Test Methods for Laboratory Compaction Characteristics of Soil Using Modified Effort, the earth work made with the loose earth ought to be compacted and test should be conducted for such a compaction to measure the degree of compaction required for the work.

During the course of performance audit of office of the Project Director, Rehabilitation of THQ/DHQ Hospitals in Sindh for F.Y upto 2016-17, it was observed that an amount of Rs.1.010 million (detail below) was incurred for the item of earth work was executed for the works provided but compaction test report not produced to audit. In absence of test report the whole expenditure so incurred stood irregular/un-authorized and cannot be admitted in audit.

W/o no. & Date	C.V No. & Date	Name of Contractor	Name of Work	Name of Item	Qty	Rate	Amount
828 27-01-14	55 12-06-17	M/s National Engineering Works	Up-gradation of THQ Hospitals to the level of DHQ Hospital T.M.Khan	Earth Work compaction for 95-100% modified AASHTO Density	3975.4 % 0cft	192,309	764,496
1949 02-05-13	45 09-06-17	M/s Hi-Tech Constructor	Up-gradation of THQ Hospitals to the level of DHQ Hospital Umerkot	Earth Work Compaction	3975.35 % 0cft	61,875	245,975
Total							1,010,471

The matter was pointed out to the management, and the report was issued to the Project Director/Additional Secretary Health, Rehabilitation of THQ/DHQ Hospitals in Sindh on 30-08-2018 followed by reminder on 11-12-2018 and final reminder on 21-02-2019 for convening DAC meeting. The DAC meeting was not convened by the Principal Accounting Officer till finalization of performance audit report.

The audit recommends that;

- Expenditure incurred without adherence of above codal formalities may be justified to audit besides fixing of responsibility on the person at fault.
- Internal controls may be strengthened to avoid such recurrence in future.

(O.M # 46)

4.4.14 Non-depositing of Security Deposit into government account – Rs.45.967 million

As per Rule-39 of Sindh Public Procurement Rules 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”

During the course of performance audit of office of the Project Director, Rehabilitation of THQ/DHQ Hospitals in Sindh, Karachi for F.Y upto 2016-17, it was observed that security deposit amounting to Rs.45.967 million was deducted from contractor’s bills but the amount so deducted neither accounted for nor

deposited into Government account through covering of Form-78 to avoid any type of loss.

The matter was pointed out to the management, and the report was issued to the Project Director/Additional Secretary Health, Rehabilitation of THQ/DHQ Hospitals in Sindh on 30-08-2018 followed by reminder on 11-12-2018 and final reminder on 21-02-2019 for convening DAC meeting. The DAC meeting was not convened by the Principal Accounting Officer till finalization of performance audit report.

The audit recommends that;

- Irregularity may be regularized under intimation to audit, besides fixing of responsibility on the person(s) at fault.
- Internal controls may be strengthened to avoid such recurrence in future.

(O.M # 63)

4.4.15 Award of electric work to un-registered contractor Rs 18.184 million

License from Electrical Inspector is mandatory for execution of electrical works in province of Sindh under the Provision of Rule 18 of Electricity rules 1937 Sindh License.

During the course of performance audit of office of the Project Director, Rehabilitation of THQ/DHQ Hospitals in Sindh, Karachi for F.Y upto 2016-17, it was observed that, electric works were awarded to the same contractors to whom the civil works were awarded. In order to confirm that the contractor is registered for both the areas in the Pakistan Engineering Council, the License was asked but the same was not provided. This creates doubt that the contractor is not registered in PEC for the electric work and the work has been awarded to the un-registered contractor amounting to Rs 18.184 million in violation of rules. It is doubtful that the electric work has been awarded to the civil contractor by giving the undue favor.

Name of work	Name of contractor	Amount
Up gradation of THQ Hospitals to the Level of DHQ hospitals in newly created Districts in Sindh (03 NOs) THQ Kotri	M/s Rehman Builders	1,991,500
Up gradation of THQ Hospitals to the Level of DHQ hospitals in	M/s Rehman	7,461,682

Name of work	Name of contractor	Amount
newly created Districts in Sindh (03 NOs) THQ Tando Mohammad Khan	Builders	
Up gradation of THQ Hospitals to the Level of DHQ hospitals in newly created Districts in Sindh (03 NOs) THQ Tando Allahyar	M/s National Engineering Works	8,731,159
Total		18,184,341

The matter was pointed out to the management, and the report was issued to the Project Director/Additional Secretary Health, Rehabilitation of THQ/DHQ Hospitals in Sindh on 30-08-2018 followed by reminder on 11-12-2018 and final reminder on 21-02-2019 for convening DAC meeting. The DAC meeting was not convened by the Principal Accounting Officer till finalization of performance audit report.

The audit recommends that;

- Audit requires fixing of responsibility on the person(s) at fault besides taking remedial measures.
- Internal controls may be strengthened to avoid such recurrence in future.

(O.M # 45)

4.4.16 Payment against unsatisfactory renovation and upgradation work - Rs49.744 million

SPPRA defines “Consulting Services” as Services of an advisory and intellectual nature provided by consultants using their professional skills to study, design, organize, and manage projects, encompassing multiple activities and disciplines, including the crafting of sector policies and institutional reforms, specialist advice, legal advice and integrated solutions, change management and financial advisory services, planning and engineering studies, and architectural design services, supervision, social and environmental assessments, technical assistance, and programme implementation;

During the course of performance audit of office of the Project Director, Rehabilitation of THQ/DHQ Hospitals in Sindh, Karachi for F.Y upto 2016-17, it was observed that a complaint was lodged on 11-12-2012 by Dr. Lal Mir Shah Sheerazi, Civil Surgeon, Civil Hospital Thatta regarding unsatisfactory renovation and upgradation work in civil Hospital Thatta was carried out by the contractor. In this

connection if any action has been taken against the consultant and contractor regarding unsatisfactory work may be made know to audit.

Name of Firm	W.O. No.& Date	Detail of Work	Word Done Amount
M/s Nawab Brothers (Pvt)	PD/DHQ/668/2012 20-7-2012	External Development, External services and renovation work for existing main Hospital building of DHQ Hospital at Thatta	49,744,408
Total			49,744,408

The matter was pointed out to the management, and the report was issued to the Project Director/Additional Secretary Health, Rehabilitation of THQ/DHQ Hospitals in Sindh on 30-08-2018 followed by reminder on 11-12-2018 and final reminder on 21-02-2019 for convening DAC meeting. The DAC meeting was not convened by the Principal Accounting Officer till finalization of performance audit report.

The audit recommends that;

- Audit requires fixing of responsibility on the person(s) at fault besides taking remedial measures.
- Internal controls may be strengthened to avoid such recurrence in future.

(O.M # 24)

4.4.17 Abnormal delay in starting of work - Rs146.488 million

According to sub-section 1 of section-I of Appendix 18-A Rule 40-B of Sindh Financial Rules, Volume-II, “Means should be devised to ensure that every Government officer realizes fully and clearly that he will be held personally responsible for any loss arising from fraud or negligence on his part, and that he will also be held personally responsible for any loss arisen 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 capable negligence”.

During the course of performance audit of office of the Project Director, Rehabilitation of THQ/DHQ Hospitals in Sindh, Karachi for F.Y upto 2016-17, it was observed that the following work was awarded to M/s Mohammad Aslam, contractor vide work order dated 19-8-2009 and such work was started by the contractor on

24-9-2011 without any justification. The work should had been started after receiving work order. Whereas, in this case the work was started after abnormal delay i.e. 25 months without any justification and reasons.

Bill No.	Name of Consultant	Name of Work	Work Order No.& Date	Amount	Date of Actual Start	Delay Period
1th RA	M/s Mohammad Aslam,	Expansion & Improvement of DHQ Hospital, Khairpur	PD/DHQ/333-34/2009 dt. 19-8-2009	146.488	24-09-11	25 months

The matter was pointed out to the management, and the report was issued to the Project Director/Additional Secretary Health, Rehabilitation of THQ/DHQ Hospitals in Sindh on 30-08-2018 followed by reminder on 11-12-2018 and final reminder on 21-02-2019 for convening DAC meeting. The DAC meeting was not convened by the Principal Accounting Officer till finalization of performance audit report.

The audit recommends that;

- Audit requires clarification on the above matter besides fixing of responsibility on the person(s) at fault.
- Internal controls may be strengthened to avoid such recurrence in future.

(O.M # 03)

4.4.18 Wasteful expenditure on consultancy charges - Rs91.902 million

According to sub-section 1 of section-I of Appendix 18-A Rule 40-B of Sindh Financial Rules, Volume-II, “Means should be devised to ensure that every Government officer realizes fully and clearly that he will be held personally responsible for any loss arising from fraud or negligence on his part, and that he will also be held personally responsible for any loss arisen 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 capable negligence”.

During the course of performance audit of office of the Project Director, Rehabilitation of THQ/DHQ Hospitals in Sindh, Karachi for F.Y upto 2016-17, it was observed that huge amount of Rs 91.902 million was paid to M/s Atif Nazar Associates for consultancy charges was totally unauthorized as all the construction

works was to be got done through Public works Department having qualified/experienced engineers and there was no need to appoint consultant for this project. Hence, the whole expenditure on consultancy stood irregular and due to this authority sustained a heavy loss Rs. 91.902 million in shape of consultancy charges.

The irregularity may be justified and responsibility be fixed at the person at fault.

The matter was pointed out to the management, and the report was issued to the Project Director/Additional Secretary Health, Rehabilitation of THQ/DHQ Hospitals in Sindh on 30-08-2018 followed by reminder on 11-12-2018 and final reminder on 21-02-2019 for convening DAC meeting. The DAC meeting was not convened by the Principal Accounting Officer till finalization of performance audit report.

The audit recommends that;

- Audit requires clarification on the above matter besides fixing of responsibility on the person(s) at fault.
- Internal controls may be strengthened to avoid such recurrence in future.

(O.M # 25)

4.4.19 Irregular award of works without bidding - Rs 1,677.480 million

“Standard Form of Bidding Documents”, this document has been approved by ECNEC in its meeting on 12th November, 2007. The document has been notified by Planning Commission, Government of Pakistan vide Notification No. 8(60)WR/PC/2008 dated 12th February, 2008. It is, therefore, mandatory for all engineering organizations and departments at Federal and Provincial level and district governments to use this document for procurement of civil works funded locally and/or through donor agencies.

During the course of performance audit of office of the Project Director, Rehabilitation of THQ/DHQ Hospitals in Sindh, Karachi, for F.Y upto 2016-17, it was observed that works costing Rs 1,677.480 million was awarded to various contractors is irregular as that the bidding documents of the works (as detail below)

were not produced to audit. It seems that the works were awarded to the contractors without bidding process.

Sr.#	Name of contractor	Name of work	Work order no	Estimate Cost
1	M/s Hi Tech	Expansion& Improvement of DHQ Hospital, Badin	PD/DHQ/2941/2016/ dt. 4-11-16	103,978,254
			PD/DHQ/337-38/2009/ dt. 19-8-2009	348,192,000
			PD/DHQ/1038/2012 dt. 20-9-2013	191,583,000
2	M/s M. Aslam	Expansion& Improvement of DHQ Hospital, Shikarpur	PD/DHQ/985/2012 dt. 12-9-2012	193,708,330
3	M/s Mian Abdul Jabbar	Expansion& Improvement of DHQ Hospital, Shikarpur	PD/DHQ/335-36 dt.19-8-2009	261,556,000
4	M/s Mian Abdul Jabbar	Expansion& Improvement of DHQ Hospital, Khairpur	PD/DHQ/333-34/2009 dt. 9-8-2009	578,462,000
Total				1,677,479,584

The matter was pointed out to the management, and the report was issued to the Project Director/Additional Secretary Health, Rehabilitation of THQ/DHQ Hospitals in Sindh on 30-08-2018 followed by reminder on 11-12-2018 and final reminder on 21-02-2019 for convening DAC meeting. The DAC meeting was not convened by the Principal Accounting Officer till finalization of performance audit report.

4.4.20 Non-accountal of call deposit /Earnest money – Rs650.098 million

As per the Rule 63 of C.P.W.A. Code, Call deposit received from the Contractors on account of award of work may be accounted for in the Cash Book for remittance to the Bank.

During the course of performance audit of office of the Project Director, Rehabilitation of THQ/DHQ Hospitals in Sindh, Karachi, for F.Y upto 2016-17, it was observed that call deposit / earnest money for Rs650.098 million was not accounted for in cash book and call deposit register in violation of rules. **(Detail at Annex-8)**

The lapse on the part of management indicates improper oversight and absence of internal controls.

The matter was pointed out to the management, and the report was issued to the Project Director/Additional Secretary Health, Rehabilitation of THQ/DHQ Hospitals in Sindh on 30-08-2018 followed by reminder on 11-12-2018 and final reminder on 21-02-2019 for convening DAC meeting. The DAC meeting was not convened by the Principal Accounting Officer till finalization of performance audit report.

The audit recommends that;

- Non-accountal of call deposit in relevant books of account may be justified to audit.
- Internal controls may be strengthened to avoid such recurrence in future.

(O.M # 15 & 50)

4.4.21 Non/less deduction of security deposit - Rs50.223 million

According to Para-89(E) of CPWD Code, “security for the due fulfillment of the contract should invariably be taken. The security may take the form of a cash deposit, a deposit of interest bearing securities, a deduction of 10% from the payment to be made on the work done or a personal bond of two persons of known probity and wealth.”

During the course of performance audit of office of the Project Director, Rehabilitation of THQ/DHQ Hospitals in Sindh, Karachi, for F.Y upto 2016-17, it was observed that various works were executed by the contractors, but security deposit was not/less deducted from the bills of contractors, whereas, security deposit was required to be deducted @ 10%. Thus an amount of Rs50.223 million was less deducted from the bill of contractor on account of security deposit. This resulted undue financial aid and loss to the Government by the department. **(Detail at Annex-9)**

The matter was pointed out to the management, and the report was issued to the Project Director/Additional Secretary Health, Rehabilitation of THQ/DHQ Hospitals in Sindh on 30-08-2018 followed by reminder on 11-12-2018 and final reminder on 21-02-2019 for convening DAC meeting. The DAC meeting was not

convened by the Principal Accounting Officer till finalization of performance audit report.

The audit recommends that;

- Non-deduction of security deposit needs to be fully clarified and the responsibility may be fixed against the persons at fault under intimation to audit.
- Internal controls may be strengthened to avoid such recurrence in future.

(O.M # 16, 33 & 44)

4.4.22 Non-Imposition of Liquidated Damages - Rs 147.001 million

As per para-19.3 of contract, “All the suppliers must be completed within the stipulated delivery period. In case of your failure to adhere to the stipulated delivery period the liquidated damages as the rate of 2% per month of the contract price will be deducted. The aggregate amount of such liquidated damages shall in no event exceed 10% of the bid Amount”

During the course of performance audit of office of the Project Director, Rehabilitation of THQ/DHQ Hospitals in Sindh for F.Y upto 2016-17, it was observed that work orders were awarded to various contractors for construction activities and supply of Machinery Equipment and Medical Equipment to different Hospitals in Sindh under capital and revenue component of schemes. However, various work / supply order could not be completed by the supplier within the stipulated period of time. Thus a cumulative penalty (liquidity damages) of Rs147.001 million was required to be imposed upon the contractors under clause-2 of agreement, which was not done **(Detail at Annex-10)**

In audit view point, management of local office extended undue favour to suppliers by not-imposing the penalty on late supply of order. Hence, due to above government exchequer sustained unnecessary loss in this regard.

The matter was pointed out to the management, and the report was issued to the Project Director/Additional Secretary Health, Rehabilitation of THQ/DHQ Hospitals in Sindh on 30-08-2018 followed by reminder on 11-12-2018 and final reminder on 21-02-2019 for convening DAC meeting. The DAC meeting was not

convened by the Principal Accounting Officer till finalization of performance audit report.

The audit recommends that;

- Audit recommends recovery besides fixing of responsibility on the person(s) at fault.
- Internal controls may be strengthened to avoid such recurrence in future.

(O.M # 19& 62)

4.4.23 Unauthorized payment of subletting work - Rs876.150 million

According to the clause-4.1 subcontracting of the standard bidding document (approved by Pakistan Engineering Council) The Contractor shall not subcontract the whole of the Works. Except where otherwise provided by the Contract, the Contractor shall not subcontract any part of the Works without the prior consent of the Engineer. Any such consent shall not relieve the Contractor from any liability or obligation under the Contract and he shall be responsible for the acts, defaults and neglects of any Subcontractor, his agents, servants or workmen as fully as if they were the acts, defaults or neglects of the Contractor, his agents servants or workmen.

During the course of audit of accounts of the Project Director, Rehabilitation DHQ/THQ Hospitals in Sindh, Health Department, Govt. of Sindh, Karachi, it was observed that different works valuing Rs: 876.150 million (detail attached) were awarded to the contractors but after receiving work orders such works were subletted to others contractors and payments were made to the sub-contractors on their running bills without any justification and no permission was obtained from the authority is violation of rule.

Sr. No.	Name of Work	Work Order No.	Name of contractor	Name of sub-contractor	Estimate cost
1	Expansion & Improvement of DHQ Hospital, Khairpur	PD/DHQ/333-34/2009 dt. 9-8-2009	M/s Mian Abdul Jabbar	M/s Nawab Brothers	578,462,000
2	Expansion & Improvement of DHQ Hospital, Shikarpur	PD/DHQ/985/2012 dt.12-9-12	M/s Mian Abdul Jabbar	M/s Mohammad Aslam	193,710,000

Sr. No.	Name of Work	Work Order No.	Name of contractor	Name of sub-contractor	Estimate cost
3	Expansion & Improvement of DHQ Hospital, Badin	PD/DHQ/2941/2016/ dt. 4-11-16	M/s Hi Tech	M/s Nelson Builders	103,978,254
Total					876,150,254

The matter was pointed out to the management, and the report was issued to the Project Director/Additional Secretary Health, Rehabilitation of THQ/DHQ Hospitals in Sindh on 30-08-2018 followed by reminder on 11-12-2018 and final reminder on 21-02-2019 for convening DAC meeting. The DAC meeting was not convened by the Principal Accounting Officer till finalization of performance audit report.

The audit recommends that;

- Audit recommends recovery besides fixing of responsibility on the person(s) at fault.
- Internal controls may be strengthened to avoid such recurrence in future.

(O.M # 07)

4.5 Asset Management

4.5.1 Annual physical verification of stock / stores not conducted

Rule 116 of General Financial Rules, volume-I, states that “annual physical verification of stores and stocks accounts be carried out in prescribed manner by order of the head of office by an authorized independent officer who is not subordinate to and connected with the account keeper’s office staff concerned”.

During the course of performance audit of office of the Project Director, Rehabilitation of THQ/DHQ Hospitals in Sindh, Karachi, for F.Y upto 2016-17, it was observed that, annual physical verification of stores / stocks were not carried out upto the year 2016-17 as any report of stock taking was not found available in the record of local office.

The matter was pointed out to the department during the month of May 2018 but no reply was received.

The audit recommends that;

- Non-conducting of annual physical verification may please be justified to audit immediately.
- Internal controls may be strengthened to avoid such recurrence in future.

The matter was pointed out to the management, and the report was issued to the Project Director/Additional Secretary Health, Rehabilitation of THQ/DHQ Hospitals in Sindh on 30-08-2018 followed by reminder on 11-12-2018 and final reminder on 21-02-2019 for convening DAC meeting. The DAC meeting was not convened by the Principal Accounting Officer till finalization of performance audit report.

(O.M # 12)

4.6 Monitoring and Evaluation

4.6.1 Payment without inspection report - Rs.359.774 million

As per clause 14 of contract following sub clause describe the Inspection:

14.1 Inspection Authority:

The Secretary Health to Government of Sindh, Health Department, Karachi

14.2 Inspection Officer:

- Additional Secretary (PM&I) Cell as representative to Secretary Health Department, Govt. of Sindh, Karachi
- Deputy Project Director “Rehab: DHQ/THQ Hospitals in Sindh”, Karachi.

14.3 Place of Inspection:

- At supplier Premises / Warehouse, supplier will be bond to deliver the Goods at consignee end after inspection of goods inspecting committee.
- Please intimate to the inspection officer in writing under advice to this office as and when the whole / part stores are ready for inspection. The stores should be offered for inspection well in time.

14.4 Inspection Note:

- The inspection Note will be issued by inspection committee after inspecting of stores.

During the course of performance audit of office of the Project Director, Rehabilitation of THQ/DHQ Hospitals in Sindh for F.Y upto 2016-17, it was observed that an expenditure of Rs359,774,276/- was incurred on account of purchase of various Machinery equipment and Furniture fixture items without getting inspection report by the inspection officer as nominated in contract agreement, in absence of the inspection reports, purchase of sub-standard / poor quality of medical equipment and furniture fixture items could not be ruled out. **(Detail at Annex-11)**

Head of A/c	Amount
Machinery & Equipment	350,313,339
Furniture & Fixture	9,460,937
Total	359,774,276

Audit is of the view that payment made to suppliers without obtaining inspection report is clear cut violation of aforesaid rules and regulations and favoritism was extended to the supplier by the management.

The matter was pointed out to the management, and the report was issued to the Project Director/Additional Secretary Health, Rehabilitation of THQ/DHQ Hospitals in Sindh on 30-08-2018 followed by reminder on 11-12-2018 and final reminder on 21-02-2019 for convening DAC meeting. The DAC meeting was not convened by the Principal Accounting Officer till finalization of performance audit report.

The audit recommends that;

- Audit requires clarification on the above matter besides fixing of responsibility on the person(s) at fault.
- Internal controls may be strengthened to avoid such recurrence in future.

(O.M # 04)

4.7 Overall Assessment

- a. **Relevance:** The project is of critical importance considering the health issues prevalent in the society.
- b. **Efficacy:** The project may be useful in the sense that it could cater the health related needs of society at large.
- c. **Efficiency:** The project was time over run and extended for two year due to different administrative issues.
- d. **Economy:** Major activity of the project is of civil works and procurement of equipment. Item rate bidding as prescribed by the World Bank is the prime procurement method, which in comparison to other methods prescribed by Sindh Pubic Procurement Authority is less economical but the quality of civil work in good and satisfactory.
- e. **Effectiveness:** Both components of project are near to completion, however, the delivery of service in remains challenge for administration.
- f. **Compliance with Rules:** Compliance with rules and regulations was made except deviations as pointed out in the report.

5. CONCLUSION

5.1 Key issue for the future:

- The management failure to monitor the proper utilization of the public funds resulted into violation of the rules and canons of financial propriety.
- The lapses on the part of the department indicate improper oversight and absence of internal controls.

5.2 Recommendations

- Cause of deviation from rules and regulation may be justified
- Internal controls may be strengthened.

ACKNOWLEDGEMENT

We wish to express our appreciation to the Management and staff of office of the Project Director, Rehabilitation of THQ/DHQ Hospitals in Sindh, Karachi for the assistance and cooperation extended to the auditors during this assignment.

ANNEXURES

Annexure-1

List of Medical Equipment Purchased Without Getting Training

ADP #	Sr.#	W.O. No. & Date	District	Cheque No.	Date	Vendor	Item	Qty	Rate	Amount
427	1	2158 03-06-16	Badin	202274	16-06-16	M/s Elate C.C Pvt Ltd	Ventilator with all standard accessories Italy	12	Euro 13900 = Rs. 1600,446	26,904,764
							Defibrillator Germany	08	Euro 3090 = Rs.355,782	
							Emergency Resuscitation Trolley fully Equipped Germany	06	Euro 4400 = Rs.506,616	
							Emergency Resuscitation Trolley Germany	15	Euro 1050 = Rs.120,897	
427	2	2300 14-06-16	Badin	202264	16-06-16	Sindh Medical Stores	Fully Automated Chemistry Analyzer	01	USD 12,990 = Rs.1357455	1,357,455
427	3	2216 07/06/16	Badin	-	-	M/s T.K Medical Instrument	Split Air Conditioners 1.5 (Dawlance Pakistan)	66	64000	4,224,000
427	4	2127 03/06/16	Badin	202263	16/6/16	M/s Medequips SMC	Fluoroscopy Machine 800 mA (Japan)	01	USD 107000 11,181,500	16,299,910
							Digital Color Doppler Ultrasound (Japan)	01	USD 32240 3,369,080	
							Cardiac Monitor (Japan)	09	USD 1860 194370	
427	5	2120 03/6/16	Badin	202268	16/6/16	BIOS	X-Ray Machine France	01	Euro 24995 Rs.2877927	20,412,285
							Mammography Finland	01	Euro 39645 Rs.4564725	
							Mobile X-Ray	02	Euro 13780 Rs.1586629	
							Anesthesia Machine UK	05	GBP 11160 1662170	
							Auto Processor	01	JPY 598400	

ADP #	Sr.#	W.O. No. & Date	District	Cheque No.	Date	Vendor	Item	Qty	Rate	Amount
							Japan		553160	
427	6	2123 03-06-16	Badin	206939	16-06-16	M/s Endo Kare	Laprosopic Germany/Japan	01	SGD 90000	9,795,900
427	7	2154 03-06-16	Badin	202283	16-06-16	M/s Universal Enter.	Dialyzer Washing Machine USA	01	USD 9687 1012343	1,012,343
427	8	2122 03-06-16	Khairpur	206940	16-06-16	M/s Endo Kare	Endoscope	01	SGD 53000	4,002,030
427	9	2156 03-06-16	Khairpur	202276	16-06-16	M/s Elate C.C Pvt Ltd	Ventilator with all standard accessories, Italy	15	Euro13900 = Rs.1600,446	32,901,255
							Defibrillator Germany	10	Euro 3090 = Rs.355,782	
							Emergency Resuscitation Trolley fully Equipped, Germany	06	Euro 4400 = Rs.506,616	
							Emergency Resuscitation Trolley Germany	19	Euro 1050 = Rs.120,897	
427	10	2133 03/06/16	Khairpur	202252	16-06-16	M/s Medequips SMC	Fluoroscopy Machine 800 mA (Japan)	01	USD 107000 11,181,500	13,902,680
							Cardiac Monitor (Japan)	14	USD 1860 Rs.194370	
427	11	2119 03-06-16	Khairpur	202255	16-06-16	M/s BIOS	Mobile X-Ray France	01	Euro13780 Rs.1586629	9,731,872
							Mammography Finland	01	Euro 39645 4,564,725	
							Anesthesia Machine with build in ventilator UK	02	GBP 111,160 1662170	
							Inferential Machine UK	01	GBP1720 256,176/-	
427	12	2200 07-06-16	Khairpur	202280	16-06-16	M/s R.T.J	Laprosopic Germany	01	Euro 40300	4,640,142
427	13	2124 03-06-16	Khairpur	206985	16-06-16	M/s Medtrade	Air Drill with attachment Switzerland and/or Austria and/or USA	01	4698600	17,235,041
							Interlocking -do-	01	2999450	
							Reaming Set -do-	01	4114232	
							Reduction Forcep Set	01	1535479	

ADP #	Sr.#	W.O. No. & Date	District	Cheque No.	Date	Vendor	Item	Qty	Rate	Amount
							-do-			
							Bone Small Fragment Fixation Set	01	1998800	
							-do-			
							Wire Insrt. Set	01	1888480	
							-do-			
426	14	2161 03-06-16	Kotri	-	-	M/s Elate C.C Pvt Ltd	Ventilator with all standard accessories Italy	07	Euro 13900 = Rs.1600446/-	14,760,948
							Defibrillator Germany	10	Euro 3090 = Rs.355,782	
426	15	2118 03-06-16	Kotri	-	-	M/s BIOS	X-Ray Machine France	02	Euro 24995 2877924	6,653,941
							Pneumatic Tourniquet set	02	Euro 449046	
426	16	2157 03-06-16	T.A.Yar	-	-	M/s Elate C.C Pvt Ltd	Ventilator with all standard accessories, Italy	07	Euro 13900 = Rs.1600446/-	13,516,285
							Defibrillator Germany	11	Euro 3090 = Rs.355,782	
426	17	2222 03-06-16	T.A. Yar	-	-	M/s T.K Medical	Suction Machine, Italy	22	Rs.109000	18,025,500
							Computer with monitor complete set	23	Rs.85000/-	
							Lift, Italy	02	6,350,000/-	
427	18	2115 03-06-16	Shikarpur	202262	16-06-16	B.I.O.S	Mammography Finland	01	Euro 39645 Rs.4564725	6,151,355
							Mobile X-Ray	02	Euro 13780 Rs.1586629	
427	19	2162 03-06-16	Shikarpur	202275	16-06-16	M/s Elate C.C Pvt Ltd	Ventilator with all standard accessories, Italy	12	Euro 13900 = Rs. 1600,446	25,414,852
							Defibrillator, Germany	10	Euro 3090 = Rs.355,782	
							Emergency Resuscitation Trolley fully Equipped, Germany	06	Euro 4400 = Rs.506,616	
									Total	246,942,558

Detail of Record not produced:

Sr · No	O.M .#	Record																					
1	1	Original bids offered by the vendors of all bidders. NIT alongwith relevant documents submitted to SPPRA for onward hosting on website. Minutes of technical committee and Procurement committee. Comparative statement alongwith reasons for accepting / rejecting bidders. Original performance Guarantee. Documentary evidence of relevant experience, turnover, audited financial statement of successful bidders.																					
2	32	Detail Estimates of all schemes Master file of Project containing approval of competent authority/appropriate forum Detail of scheme wise hiring of consultant PC-II of all schemes. Tender Register and Tender file (complete in all respects) Call Deposit Register. Security Deposited Register Earnest money Register Copy of budget release orders 3rd party Monitoring Reports Physical Inspections reports for procurement made for all schemes (under revenue component). Detail of handing over / taking over for completed schemes Schemes wise work orders. Detail of bidders along with company profile who participated in tender for procurement of machinery equipment, medical equipment and furniture fixture items. Complete file (trail A to Z) of land purchase of construction of building for establishment of medical college Mirpurkhas. Upto-date position of Medical equipment / Furniture & fixture items purchased and issued to various hospitals on following format: <table border="1" data-bbox="333 1160 1201 1308" style="margin: 10px auto;"> <thead> <tr> <th colspan="7">Name of Hospital/institution</th> </tr> <tr> <th>S.No</th> <th>Name of supplier</th> <th>Item</th> <th>Qty</th> <th>Amount Paid</th> <th>Status (Delivered or not)</th> <th>Date of Delivery if delivered</th> </tr> </thead> <tbody> <tr> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> </tr> </tbody> </table> Detail of vehicle procured its allocation / consumption. Detail of vehicles declared condemn. Off-road since start of the project. Defalcation and loss certificate. Minutes of procurement committee Detail of Warranty / Guarantee of machinery equipment and medical equipment items so procured. Detail of items insured. Detail of income tax deducted and deposited into government treasury Consumable / Non-consumable items Register. Details of outstanding dues /liabilities of contractors and consultants	Name of Hospital/institution							S.No	Name of supplier	Item	Qty	Amount Paid	Status (Delivered or not)	Date of Delivery if delivered							
Name of Hospital/institution																							
S.No	Name of supplier	Item	Qty	Amount Paid	Status (Delivered or not)	Date of Delivery if delivered																	

Annexure-3

Detail of Procurement made without adopting prescribed procedure of Income Tax

Sr.#	ADP No	Work Order No. & Date	District	Cheque No.	Date	Name of Supplier	Particular	Amount
1	427	1914 27-05-16	Badin	206933	16-06-16	M/s Medi Urge Pvt. Ltd	O.T Table Centralized Medical Gases Supply syst	16,104,751
2	427	2151 03-06-16	Badin	202273	16-06-16	M/s Noor International	LED Ceiling mounted OT lights for major surgery	5,152,515
3	427	2158 03-06-16	Badin	202274	16-06-16	M/s Elate C.C Pvt Ltd	Ventilator with all standard accessories Italy Defibrillator Germany, Emergency Resuscitation Trolley fully Equipped Germany, Emergency Resuscitation Trolley Germany	26,904,764
4	427	2300 14-06-16	Badin	202264	16-06-16	Sindh Medical Stores	Fully Automated Chemistry Analyzer	1,357,455
5	427	2216 07/06/16	Badin	-	-	M/s T.K Medical Instrument	Split Air Conditioners 1.5 (Dawlance Pakistan)	4,224,000
6	427	2127 03/06/16	Badin	202263	16-06-16	M/s Medequips SMC	Fluoroscopy Machine 800 mA (Japan) Digital Color Doppler Ultrasound (Japan) Cardiac Monitor (Japan)	16,299,910
7	427	2120 03/6/16	Badin	202268	16/6/16	BIOS	X-Ray Machine, France, Mammography Finland, Mobile X-Ray, Anesthesia Machine UK, Auto Processor Japan	20,412,285
8	427	2123 03-06-16	Badin	206939	16-06-16	M/s Endo Kare	Laparoscopic Germany/Japan	9,795,900
9	427	2154 03-06-16	Badin	202283	16-06-16	M/s Universal Enter.	RO Plant Nipro, Germany Dialyzer Washing Machine USA	4,349,677
10	427	2122 03-06-16	Khairpur	206940	16-06-16	M/s Endo Kare	Endoscope	4,002,030
11	427	2257 10-06-16	Khairpur	202272	16-06-16	M/s T.K Medical Instrument	Lift Italy	12,700,000
12	427	2215 07/6/16	Khairpur	1953889	15-06-16	M/s T.K Medical Instrument	Split Air Conditioners 1.5 (Dawlance Pakistan) Various local manufactured M.E	10,815,900
13	427	2156 03-06-16	Khairpur	202276	16-06-16	M/s Elate C.C Pvt Ltd	Ventilator with all standard accessories Italy Defibrillator Germany Emergency Resuscitation Trolley fully	32,901,255

Sr.#	ADP No	Work Order No. & Date	District	Cheque No.	Date	Name of Supplier	Particular	Amount
							Equipped Germany	
							Emergency Resuscitation Trolley Germany	
14	427	2241 07-06-16	Khairpur	206931	16-06-16	M/s Medi Urge Pvt. Ltd	Centralized Medical Gases Supply system	13,406,038
15	427	2133 03/06/16	Khairpur	202252	16-06-16	M/s Medequips SMC	Fluoroscopy Machine 800 mA (Japan)	13,902,680
							Cardiac Monitor (Japan)	
16	427	2153 03-06-16	Khairpur	202281	16-06-16	M/s Universal Enter.	RO Plant Nipro, Germany	3,337,333
17	427	2119 03-06-16	Khairpur	202255	16-06-16	M/s BIOS	Mobile X-Ray France	9,731,872
							Mammography Finland	
							Anesthesia Machine with build in ventilator UK	
							Inferential Machine UK	
18	427	2200 07-06-16	Khairpur	202280	16-06-16	M/s R.T.J	Laparoscopic Germany	4,640,142
19	427	2124 03-06-16	Khairpur	206985	16-06-16	M/s Medtrade	Air Drill with attachment Switzerland and/or Austria and/or USA	17,235,041
							Interlocking	
							-do-	
							Reaming Set	
							-do-	
							Reduction Forcep Set	
							-do-	
							Bone Small Fragment Fixation Set	
							-do-	
							Wire Insrt. Set	
							-do-	
20	426	2161 03-06-16	Kotri	-	-	M/s Elate C.C Pvt Ltd	Ventilator with all standard accessories Italy	14,760,948
							Defibrillator Germany	
21	426	2240 7-6-16	Kotri	208210	09-08-16	M/s Medi Urge	O.T Table Germany	4,317,940
22	426	2118 03-06-16	Kotri	-	-	M/s BIOS	X-Ray Machine France	6,653,941
							Pneumatic Tourniquet set	
23	426	2157 03-06-16	T.A.Yar	-	-	M/s Elate C.C Pvt Ltd	Ventilator with all standard accessories Italy	13,516,285
							Defibrillator Germany	

Sr.#	ADP No	Work Order No. & Date	District	Cheque No.	Date	Name of Supplier	Particular	Amount
24	426	2222 03-06-16	T.A. Yar	-	-	M/s T.K Medical	Suction Machine Italy Computer with monitor complete set Lift Italy	18,025,500
25	426	2221 7-6-16	T.M.Khan	-	-	M/s T.K Medical	Lift (Elevator)	13,204,800
26	426	2223 7-6-16	T.M.Khan	208210	09-08-16	M/s Medi Urge	O.T Table Germany	3,238,455
27	427	2237 7-6-16	Shikarpur	206932	16-06-16	M/s Medi Urge Pvt. Ltd	Centralized Medical Gases Supply system	13,406,038
28	427	2115 03-06-16	Shikarpur	202262	16-06-16	B.I.O.S	Mammography Finland Mobile X-Ray	6,151,355
29	427	2162 03-06-16	Shikarpur	202275	16-06-16	M/s Elate C.C Pvt Ltd	Ventilator with all standard accessories Italy Defibrillator Germany Emergency Resuscitation Trolley fully Equipped Germany	25,414,852
30	427	2155 03-06-16	Shikarpur	202282	16-06-16	M/s Universal Enter.	RO Plant Nipro, Germany	4,349,677
							Total	350,313,339
							If I.Tax @ 4.5 %	15,764,100

Annexure-4

Sr. No.	C.V No. & Date	Name of Contractor	Name of Work	Total Cost of Work (millions)	Upto Running bill No.	Payment made upto date
1	64 12-06-17	M/s Rehman Builders	Up-gradation of THQ Hospitals to the level of DHQ Hospital Kotri	214.99	23 rd R.A	175,754,609
2	55 12-06-17	M/s National Engineering Works	Up-gradation of THQ Hospitals to the level of DHQ Hospital T.M.Khan	202.009	8 th R.A	207,608,312
3	45 09-06-17	M/s Hi-Tech Constructor	Up-gradation of THQ Hospitals to the level of DHQ Hospital Umerkot	397.723	27 th R.A	217,296,396
4	01 01-06-17	M/s Zia Services	Const: of Allied buildings, Residential Buildings, External Development & External Services and Renovation Work at DHQ H Naushero Feroze	107.337	11 th R.A	72,583,765
5	Nil	M/s Medequips SMC	Procurement of various machinery equipment for DHQ Hospitals Naushero Feroze & Sanghar	-	-	13,838,517
6	Nil	M/s BIOS	Procurement of various medical equipment ADP Scheme NO.658	-	-	25,764,300
7	06 29-05-17	M/s Muhammad Aslam	Expension and improvement of DHQ Hospitals in Sindh (04 Nos.) DHQ Hospital Khairpur	376.800	01 st R.A	16,552,869
Total						729,398,768

Detail of Contractors not registered with PEC

Sr. #	Observation Memo No.	Name of contractor	Name of work	Work Order No	Estimated Cost
1	48	M/s Nawab Brothers	Expansion & Improvement of DHQ Hospital, Khairpur	PD/DHQ/993-95 20-8-2011	205,625,091
		M/s Hi Tech	Expansion & Improvement of DHQ Hospital, Badin	PD/DHQ/2941/2016/ dt. 4-11-16	103,978,254
		M/s Mian Abdul Jabbar	Expansion & Improvement of DHQ Hospital, Shikarpur	PD/DHQ/335-36 dt. 19-8-2009	261,556,000
		M/s Nelson Builder	Expansion & Improvement of DHQ Hospital, Badin	PD/DHQ/2941/2016/ dt. 4-11-16	10,089,256
2	08	M/s M. Hasni Builders	External development and external services at DHQ Hospital Dadu	N.A	109,915,994
		M/s PEBI KAPEC & MHB	Construction of DHQ Hospital Dadu	N.A	736,101,000
		M/s Pakistan Electric works	External Development and external services for DHQ Hospital Mirpurkhas	N.A	110,887,536
		M/s PEBI-KAPEC	Construction of DHQ Hospital Mirpurkhas	N.A	736,772,000
		M/s Nawab Brothers (Pvt)	External Development, External services and renovation work for existing main Hospital building of DHQ Hospital at Thatta	N.A	43,301,756
		M/s Muhammad Hasni Builders JCC (JV)	Procurement of services as Construction firm for "Construction of Allied Buildings Residential Building at DHQ Hospital Thatta.	N.A	142,501,309
		M/s Z.I.A Services	Construction of Allied Building, Residential Building, External development & External Services and Renovation work at DHQ Hospital, Naushehro Feroze	N.A	107,337,158
		M/s Z.I.A Services	Renovation work of existing, buildings, External Development & External services at DHO Hospital, Sanghar	N.A	28,428,000
		M/s National Engineering works	Expension/Improvement of DHQ Hospital at Ghotki @ Mirpurkhas Mathelo	N.A	124,310,510
Total					2,720,803,864

Annexure-6

Sr. #	ADP #	W.O # & Date	DHQ/ THQ	Chq # / Dated	Vendor	Particular	Amount Paid	I.Tax 4.5%	I.Tax to be deducted	
						Item	Qty	Rate	Amount Paid	I.Tax @ 4.5%
1	427	2151 03-06-16	Badin	202273 / dt 16-06-16	M/s Noor International	LED Ceiling mounted OT lights for major surgery	05	Euro8,950 = Rs.1,030,503	5,152,515	231,863
2	427	2216 07/06/16	Badin	-	M/s T.K Medical Instrument	Split Air Conditioners 1.5 (Dawlance Pakistan)	66	64000	4,224,000	190,080
3	427	2257 10-06-16	Khairpur	202272 / dt / 16-06-16	M/s T.K Medical Instrument	Lift Italy	02	6,350,000	12,700,000	571,500
4	427	2124 03-06-16	Khairpur	206985 dt / 16-06-16	M/s Medtrade	Air Drill with attachment Switzerland and/or Austria and/or USA	01	4698600	17,235,041	775,577
						Interlocking -do-	01	2999450		
						Reaming Set -do-	01	4114232		
						Reduction Forcep Set -do-	01	1535479		
						Bone Small Fragment Fixation Set -do-	01	1998800		
						Defibrillator Germany	10	Euro3090 = Rs.355,782		
						Pneumatic Tourniquet set	02	Euro 449046		
5	426	2221 7-6-16	T.M.Khan	-	M/s T.K Medical	Lift (Elevator)	02	6,350,000/-	13,204,800	594,216
Total									2,363,236	

Annexure-7

Sr. No.	Cheque No.& date	Name of contractor	Work Order No. & Date	Name of work	Ipc/bill No.	Total work done
1	157117 12-6-15	M/s M. Hasni Builders	PD/DHQ/1953/2013 dt.2-5-2013	External development and external services at DHQ Hospital Dadu	12th RA (as per Contractor 11th RA)	93,620,623
2	173590 8-2-16	M/s PEB-KAPEC & MHB JV	PD/DHQ/440/2013 dt.13-6-2012	Construction of DHQ Hospital Dadu	48th RA (as per contractor 58th RA)	674,112,462
3	157113 12-6-15	M/s Pakistan Electric works	PD/DHQ/1948/2012 dt.2-5-2013	External Development and external services for DHQ Hospital Mirpurkhas	6th RA (As per contractor 3rd RA)	81,027,991
4	157121 12-6-15	M/s PEBI-KAPEC - PEW & FCS JV	PD/DHQ/441/2012 dt. 13-6-12	Construction of DHQ Hospital Mirpurkhas	44th (as per contractor 50th)	602,869,471
5	101047 19-2-14	M/s Nawab Brothers (Pvt)	PD/DHQ/668/2012 dt. 20-7-2012	External Development, External services and renovation work for existing main Hospital building of DHQ Hospital at Thatta	8th RA	57,704,647
6	202297 16-6-16	M/s Muhammad Hasni Builders JCC (JV)	PD/DHQ/81/2014 dt. 27-1-2014	Procurement of services as Construction firm for "Construction of Allied Buildings , Residential Building at DHQ Hospital Thatta.	9th (As per contractor 7th)	31,583,500
7	297195 1-6-2017	M/s Z.I.A Services	PD/DHQ/1950/2013 dt. 2-5-2013	Construction of Allied Building, Residential Building, External development & External Services and Renovation work at DHQ Hospital, Naushero feroze	11th (as per contractor 10th)	77,277,449
8	079566 12-6-13	M/s Z.I.A Services	PD/DHQ/680/2012 dt. 20-7-12	Renovation work of existing, buildings, External Development & External services at DHO Hospital, Sanghar	5th RA	28,588,739
9	195353 7-6-16	M/s National Engineering works	PD/DHQ/986/2012 dt. 12-9-12	Expension/Improvement of DHQ Hospital at Ghotki @ Mirpurkhas Mathelo	10th RA (as per contractor 9th RA)	130,072,704
Total						1,776,857,586
RECOVERY OF SALE TAX @ 13% ON RENDERING SERVICE						230,991,486

Annexure-8

Non-accountal of Call Deposit

Sr. No.	Cheque No.& date	Name of contract	W. Order No. & date	Name of work	Contract price	2% earnest money
1	157117 12-6-15	M/s M. Hasni Builders	PD/DHQ/1953/2013 dt. 2-5-2013	External development and external services at DHQ Hospital Dadu	109,915,994	2,198,320
2	173590 8-2-16	M/s PEB-KAPEC & MHB JV	PD/DHQ/440/2013 dt. 13-6-2012	Construction of DHQ Hospital Dadu	736,101,000	14,722,020
3	157113 12-6-15	M/s Pakistan Electric works	PD/DHQ/1948/2012 dt. 2-5-2013	External Development and external services for DHQ Hospital Mirpurkhas	110,887,563	2,217,751
4	157121 12-6-15	M/s PEBI-KAPEC - PEW & FCS JV	PD/DHQ/441/2012 dt. 13-6-12	Construction of DHQ Hospital Mirpurkhas	736,772,000	14,735,440
5	101047 19-2-14	M/s Nawab Brothers (Pvt)	PD/DHQ/668/2012 20-7-2012	External Development, External services and renovation work for existing main Hospital building of DHQ Hospital at Thatta	43,301,756	866,035
6	202297 16-6-16	M/s Muhammad Hasni Builders JCC (JV)	PD/DHQ/81/2014 dt. 27-1-2014	Procurement of services as Construction firm for "Construction of Allied Buildings, Residential Building at DHQ Hospital Thatta.	142,501,309	2,850,026

Sr. No.	Cheque No.& date	Name of contract	W. Order No. & date	Name of work	Contract price	2% earnest money
7	297195 1-6-2017	M/s Z.I.A Services	PD/DHQ/1950/2013 dt. 2-5-2013	Construction of Allied Building, Residential Building, External development & External Services and Renovation work at DHQ Hospital, Naushero Feroze	107,337,158	2,146,743
8	079566 12-6-13	M/s Z.I.A Services	PD/DHQ/680/2012 dt. 20-7-12	Renovation work of existing, buildings, External Development & External services at DHO Hospital, Sanghar	28,428,000	568,560
9	195353 7-6-16	M/s National Engineering works	PD/DHQ/986/2012 dt. 12-9-12	Expension/Improvement of DHQ Hospital at Ghotki @ Mirpurkhas Mathelo	124,310,510	2,486,210
Total						42,791,105
O.M No. 61 Non-accountal of Call Deposit						
Sr.No.	Name of Contractor	Name of Work	Work order No. / Date	Estimate Cost	Call Deposit	Bank Guarantee
1	M/s Mian Abdul Jabbar	Expension & improvement of DHQ Hospital, Shikarpur	PD/DHQ/335-36 dt. 19-8-2009	584,305,000	12.000	My Bank Latifabad Hyderabad
Total					12.000	

Annexure-09

O.M No.	C.V No. & Date	Name of Contractor	Name of Work	Expenditure	Amount of 5% Less/Non-deduction of security deposit
33	58 02-06-17	M/s Abdul Majeed & Co.	Up-gradation of THQ Hospitals to the level of DHQ Hospital in Sindh (03 Nos) DHQ Hospital Matiari	35.410	1.770
	64 12-06-17	M/s Rehman Builders	Up-gradation of THQ Hospitals to the level of DHQ Hospital Kotri	12.566	0.628
	55 12-06-17	M/s National Engineering Works	Up-gradation of THQ Hospitals to the level of DHQ Hospital T.M.Khan	25.501	1.275
	45 09-06-17	M/s Hi-Tech Constructor	Up-gradation of THQ Hospitals to the level of DHQ Hospital Umerkot	3.387	0.169
	01 01-06-17	M/s Zia Services	Const: of Allied buildings, Residential Buildings, External Development & External Services and Renovation Work at DHQ H Naushero Feroze	5.253	0.262
	06 29-05-17	M/s Muhammad Aslam	Expension and improvement of DHQ Hospitals in Sindh (04 Nos.) DHQ Hospital Khairpur	16.780	0.839
16	26 12-06-17	M/s Mumtaz & Co.	Up gradation of THQ Hospitals to the Level of DHQ hospitals in Sindh (04 NOs)" THQ Kamar	332.812	16.640
	27 12-06-17	M/s High Tech Constructor	Up gradation of THQ Hospitals to the Level of DHQ hospitals in Sindh (04 NOs)" THQ Umerkot	220.888	11.044
	29 12-06-17	M/s Abdul Majeed & Co.	Up gradation of THQ Hospitals to the Level of DHQ hospitals in Sindh (04 NOs)" THQ Matiari	314.565	15.728
44	N.M	M/s Nelson Builder	Expension & Improvement of DHQ Hospital, Badin	10.089	0.504
	N.M	M/s M. Aslam	Expension & Improvement of DHQ Hospital, Khairpur	16.780	0.839
	N.M	M/s Mian Abdul Jabbar	Expension & Improvement of DHQ Hospital, Khairpur, 3 Bed doctors flats (1 No) lower staff flats (2 Noa) Para Medical staff flate (2 Nos)	10.513	0.525
				Total	50.223

Annexure-10

Non-imposition of Liquidity Damages									
Sr. No.	cheque No.& Date	Name of Contractor	Name of Work	Work Order No.	Actual date of start	Stipulated date of completion	Actual Date of completion	Estimate Cost	Penalty @ 10%
1	Nil	M/s M. Aslam	Expension & Improvement of DHQ Hospital, Khairpur	PD/DHQ/333-34/2009 dt. 9-8-2009	20-11-11	30-06-15	work in progress	146,488,498	14,648,850
2	173573 1-2-16	M/s Mian Abdul Jabbar	Expension & Improvement of DHQ Hospital, Shikarpur, Block BCD & Para medical staff	PD/DHQ/335-36 dt. 19-8-2009	10-09-09	30-06-15	work in progress	261,556,000	26,155,600
3	216565 3-1-17	M/s M. Aslam	Residential external & external services & renovation work @ Shikarpur.	PD/DHQ/985/2012 dt. 12-9-2012	19-09-12	30-06-16	work in progress	193,708,330	19,370,833
Total									60,175,283

Non-imposition of liquidity damages							
Sr. No.	RA Bill No.	Name of work	Name of Contractor	Stipulated date of completion	Current status of work	Upto date payment	Penalty
1	26 th RA Bill dated 12-06-17	Up gradation of THQ Hospitals to the Level of DHQ hospitals in Sindh (04 NOs)'' THQ Kambar	M/s Mumtaz & Co.	02-06-15	Work In Prog:	332.812	33.281
2	27 th RA Bill dated 12-06-17	Up gradation of THQ Hospitals to the Level of DHQ hospitals in Sindh (04 NOs)'' THQ Umerkot	M/s High Tech Constructor	09-06-14	Work In Prog:	220.888	22.089
3	29 th RA Bill dated 12-06-17	Up gradation of THQ Hospitals to the Level of DHQ hospitals in Sindh (04 NOs)'' THQ Matiari	M/s Abdul Majeed & Co.	09-06-14	Work In Prog:	314.565	31.456
Total							86.826
G. Total							147.001

Annexure-11

Statement showing the expenditure incurred for purchase of Machinery & Equipment

Sr.#	ADP No	Work Order No. & Date	District	Cheque No.	Date	Name of Supplier	Particular	Amount
1	427	1914 27-05-16	Badin	206933	16-06-16	M/s Medi Urge Pvt. Ltd	O.T Table Centralized Medical Gases Supply system	16,104,751
2	427	2151 03-06-16	Badin	202273	16-06-16	M/s Noor International	LED Ceiling mounted OT lights for major surgery	5,152,515
3	427	2158 03-06-16	Badin	202274	16-06-16	M/s Elate C.C Pvt Ltd	Ventilator with all standard accessories Italy Defibrillator Germany, Emergency Resuscitation Trolley fully Equipped Germany, Emergency Resuscitation Trolley Germany	26,904,764
4	427	2300 14-06-16	Badin	202264	16-06-16	Sindh Medical Stores	Fully Automated Chemistry Analyzer	1,357,455
5	427	2216 07/06/16	Badin	-	-	M/s T.K Medical Instrument	Split Air Conditioners 1.5 (Dawlance Pakistan)	4,224,000
6	427	2127 03/06/16	Badin	202263	16-06-16	M/s Medequips SMC	Fluoroscopy Machine 800 mA (Japan) Digital Color Doppler Ultrasound (Japan) Cardiac Monitor (Japan)	16,299,910
7	427	2120 03/6/16	Badin	202268	16/6/16	BIOS	X-Ray Machine, France, Mammography Finland, Mobile X-Ray, Anesthesia Machine UK, Auto Processor Japan	20,412,285
8	427	2123 03-06-16	Badin	206939	16-06-16	M/s Endo Kare	Laparoscopic Germany/Japan	9,795,900
9	427	2154 03-06-16	Badin	202283	16-06-16	M/s Universtal Enter.	RO Plant Nipro, Germany Dialyzer Washing Machine USA	4,349,677
10	427	2122 03-06-16	Khairpur	206940	16-06-16	M/s Endo Kare	Endoscope	4,002,030
11	427	2257 10-06-16	Khairpur	202272	16-06-16	M/s T.K Medical Instrument	Lift Italy	12,700,000
12	427	2215	Khairpur	1953889	15-06-	M/s T.K Medical	Split Air Conditioners 1.5 (Dawlance Pakistan)	10,815,900

Sr.#	ADP No	Work Order No. & Date	District	Cheque No.	Date	Name of Supplier	Particular	Amount
		07/6/16			16	Instrument	Various local manufactured M.E	
13	427	2156 03-06-16	Khairpur	202276	16-06-16	M/s Elate C.C Pvt Ltd	Ventilator with all standard accessories Italy Defibrillator Germany Emergency Resuscitation Trolley fully Equipped Germany Emergency Resuscitation Trolley Germany	32,901,255
14	427	2241 07-06-16	Khairpur	206931	16-06-16	M/s Medi Urge Pvt. Ltd	Centralized Medical Gases Supply system	13,406,038
15	427	2133 03/06/16	Khairpur	202252	16-06-16	M/s Medequips SMC	Fluoroscopy Machine 800 mA (Japan) Cardiac Monitor (Japan)	13,902,680
16	427	2153 03-06-16	Khairpur	202281	16-06-16	M/s Universtal Enter.	RO Plant Nipro, Germany	3,337,333
17	427	2119 03-06-16	Khairpur	202255	16-06-16	M/s BIOS	Mobile X-Ray France Mammography Finland Anesthesia Machine with build in ventilator UK Inferential Machine UK	9,731,872
18	427	2200 07-06-16	Khairpur	202280	16-06-16	M/s R.T.J	Laparoscopic Germany	4,640,142
19	427	2124 03-06-16	Khairpur	206985	16-06-16	M/s Medtrade	Air Drill with attachment Switzerland and/or Austria and/or USA Interlocking -do- Reaming Set -do- Reduction Forcep Set -do- Bone Small Fragment Fixation Set -do- Wire Insrt. Set -do-	17,235,041
20	426	2161 03-06-16	Kotri	-	-	M/s Elate C.C Pvt Ltd	Ventilator with all standard accessories Italy Defibrillator Germany	14,760,948
21	426	2240 7-6-16	Kotri	208210	09-08-16	M/s Medi Urge	O.T Table Germany	4,317,940
22	426	2118 03-06-16	Kotri	-	-	M/s BIOS	X-Ray Machine France Pneumatic Tourniquet set	6,653,941
23	426	2157	T.A.Yar	-	-	M/s Elate C.C Pvt Ltd	Ventilator with all standard accessories Italy	13,516,285

Sr.#	ADP No	Work Order No. & Date	District	Cheque No.	Date	Name of Supplier	Particular	Amount
		03-06-16					Defibrillator Germany	
24	426	2222 03-06-16	T.A. Yar	-	-	M/s T.K Medical	Suction Machine Italy Computer with monitor complete set Lift Italy	18,025,500
25	426	2221 7-6-16	T.M.Khan	-	-	M/s T.K Medical	Lift (Elevator)	13,204,800
26	426	2223 7-6-16	T.M.Khan	208210	09-08-16	M/s Medi Urge	O.T Table Germany	3,238,455
27	427	2237 7-6-16	Shikarpur	206932	16-06-16	M/s Medi Urge Pvt. Ltd	Centralized Medical Gases Supply system	13,406,038
28	427	2115 03-06-16	Shikarpur	202262	16-06-16	B.I.O.S	Mammography Finland Mobile X-Ray	6,151,355
29	427	2162 03-06-16	Shikarpur	202275	16-06-16	M/s Elate C.C Pvt Ltd	Ventilator with all standard accessories Italy Defibrillator Germany Emergency Resuscitation Trolley fully Equipped Germany	25,414,852
30	427	2155 03-06-16	Shikarpur	202282	16-06-16	M/s Universtal Enter.	RO Plant Nipro, Germany	4,349,677
							Total	350,313,339

Statement showing the expenditure incurred for purchase of Furniture & Fixture

Sr. #	ADP #	W.O # & Date	DHQ/ THQ	Chq # / Dated	Vendor	Particular			Total amount of bill	I.Tax	Amount Paid
						Item	Qty	Rate			
1	427	2045 1/6/16	Badin	195387 / 15/06/16	M/s T.K Medical Instruments	Clean Linen Trolley	03	24600	3,334,000	150,030	3,183,970
						Dirty Linen Trolley	07	57400			
						Treatment Couch	07	147000			
						CCU Beds	17	115000			
						ICU Beds	10	115000			
2	427	2272 10-6-16	Badin	202288 / 16/06/16	M/s R.T.J	Examination Trolley	26	18000	468,000	21,060	446,940
		2041 01-06-16		202287 / 16/06/16		Drip Stand	22	3500	77,000	3,465	73,535
3	427	2167 3/6/16	Shikarpur	206924 / 16/06/16	M/s Noorani Surgical	Baby Cot with mattress	10	9500	267,900	12,056	255,844
						Stretcher	13	13300			
4	427	2282 13/6/16	Khairpur	202289 / 16/6/16	M/s R.T.J	Examination Trolley	58	18000	1,668,000	75,060	1,592,940
						File Cabinet	39	16000			
5	427	2042 01/6/16	Khairpur	202285 / 16/6/16	M/s R.T.J	Bed Side locker	221	8800	3,382,600	152,217	3,230,383
						Over bed table	182	7900			
6	427	1939 27/5/16	Khairpur	202293 / 16/6/16	M/s Al-Jannat Entr.	Ward Screen	98	5000	715,000	32,175	682,825
						Wheel Chair	25	9000			
7	427	1907 27/5/16	Badin	202290 / 16/6/16	M/s R.Z Services	Walker Folding	02	4370	2,154,240	96,941	2,057,299
						Coarse Cloths for Bed (in meters)	12000	49			
						Patients Blankets	525	1220			
						Doctors shirt cloth	4000	59			
						Cloth for technician	4000	59			
						Blue cloths for ward	4000	59			
						Pillow Cotton	500	194			
						Hand Towel 20x40	500	86			
						Hand Towel 27x54	500	138			
8	427	1934 27/5/16	Badin	202294 / 16/6/16	M/s Al-Jannat Entr.	Stretcher	09	14000	198,000	8,910	189,090
						Wheel Chair	08	9000			
9	427	2044 01/6/16	Shikarpur	195386 / 15/6/16	M/s T.K Medical Instruments	Clean Linen Trolley	02	8200	2,810,100	126,454	2,683,646
						Dirty Linen Trolley	10	8200			
						Revolving Chair	12	7200			
						Steel Almirah	19	19300			
						CCU Beds	11	115000			
						ICU Beds	08	115000			
10	427	1973 27/5/16	Khairpur	202251 / 16/6/16	M/s Shohby Traders	Office Table	77	8400	646,800	29,106	617,694
										Total	9,460,937