



**AUDIT REPORT  
ON  
THE ACCOUNTS OF  
DISASTER MANAGEMENT ORGANIZATIONS  
SINDH  
AUDIT YEAR 2017-18**

**AUDITOR GENERAL OF PAKISTAN**



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## **ABBREVIATIONS & ACRONYMS**

AC	Air Conditioner/Assistant Commissioner
AFS	Annual Financial Statement
AIR	Audit and Inspection Report
DC	Deputy Commissioner
DAC	Departmental Accounts Committee
DDMA	District Disaster Management Authority
DDO	Drawing & Disbursing Officer
DG	Director General
DM	Disaster Management
ERRA	Earthquake Reconstruction & Rehabilitation Authority
FDMA	FATA Disaster Management Authority
FTR	Federal Treasury Rules
FY	Financial Year
GFR	General Financial Rule
NBP	National Bank of Pakistan
NDMA	National Disaster Management Authority
NDMP	National Disaster Management Plan
NGO	Non-Government Organization
NIDM	National Institute of Disaster Management
NLC	National Logistic Cell
PAO	Principal Accounting Officer
PDMA	Provincial Disaster Management Authority
PDMF	Provincial Disaster Management Fund
PDMC	Provincial Disaster Management Commission
Rs	Rupees
SFR	Sindh Financial Rules
SGA&CD	Services General Administration & Coordination Department
SPPRA	Sindh Public Procurement Regulatory Authority
TORs	Term of References



## **PREFACE**

Articles 169 & 170 (2) of the Constitution of the Islamic Republic of Pakistan read with Sections 8 and 12 of the Auditor General (Functions, Powers and Terms and Conditions of Service) Ordinance 2001, require the Auditor General of Pakistan to conduct audit of receipts and expenditure of the Federation and the Provinces or the accounts of any authority or body established by the Federation or a Province.

The report is based on audit of the accounts of Disaster Management Organizations of the Government of Sindh for the financial year 2016-17. The Directorate General Audit (Disaster Management) conducted audit during the year 2017-18 on test check basis with a view to reporting significant findings to the relevant stakeholders. The main body of the Audit Report includes only the systemic issues and as a general principle, attempt has been made to include audit findings having value of rupees one million or more. Relatively less significant issues are listed in the Annexure-I of the Audit Report. The audit observations listed in the Annexure-I shall be pursued with the Principal Accounting Officers at the DAC level and in all cases where the PAOs do not initiate appropriate action, the audit observations will be brought to the notice of the Public Accounts Committee through the next year's Audit Report.

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

Most of the observations included in this report have been finalized in the light of discussions in DAC meetings.

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

Dated: 20<sup>th</sup> February, 2018

S/d  
[Javaid Jehangir]  
**Auditor-General of Pakistan**





## EXECUTIVE SUMMARY

The Director General Audit (Disaster Management) is mandated to conduct the audit of receipts and utilization of funds spent by Disaster Management Organizations of the Federal, Provincial as well as District Governments. The office conducts regularity audit, financial attest audit, compliance with authority audit, audit of sanctions and propriety and performance audit of ERRA, NDMA, DG Civil Defence, PDMAs, FDMA, DDMA and Rescue-1122. The office is presently located at Islamabad with its one sub-office at Abbottabad.

The Directorate General Audit (Disaster Management) has a human resource of 46 personnel with 7,105 man-days available. The annual budget of the Directorate General Audit (DM) for the financial year 2017-18 is Rs 57.851 million.

There are 03 PAOs and 49 auditable formations. As per Audit Plan both expenditure and receipts of these formations were audited on test check basis by selecting 08 out of 49 formations during Audit Year 2017-18.

### **a. Scope of Audit**

Out of a total expenditure of Rs 305.470 million (PDMA Sindh Rs 227.748 million, Relief Department Hyderabad Rs 40.454 million and Civil Defence Directorate 37.268 million) of Provincial Disaster Management Organizations, the DG Audit, Disaster Management audited an expenditure of Rs 89.073 million which in terms of percentage is 29.16 % of auditable expenditure. The audit covered issues of propriety, efficiency and economy in public spending.

### **b. Recoveries at the Instance of Audit**

Recoveries of Rs 34.718 million were pointed out by audit, out of which recovery of Rs 19.294 million was affected during the financial year 2017-18 at the time of compilation of this report. All the recoveries were not in the notice of Executive before audit.

### **c. Audit Methodology**

The Audit Year 2017-18 witnessed intensive application of desk audit techniques which included examining permanent files, computer generated data and other relevant documents along with the policies and rules followed by Auditee. Risk assessment was carried out by performing analytical procedures and reviewing internal controls. Desk review helped auditors in understanding the systems, procedures and environment of the audited entity and identification of high risk areas for substantive testing.

The audit was conducted in accordance with the INTOSAI Auditing Standards as envisaged in Financial Audit Manual (FAM) and the International Standards on Auditing. The overall objective of the audit was to assess compliance with financial rules and adequacy of internal controls. The audit also included review of record, field visit and discussion with management along with analysis and comments on various policies of auditee.

### **d. Audit Impact**

There were no changes in rules, practices and systems during the year on the recommendation of Audit. Hence, Audit impact in the scenario cannot be discussed over here.

### **e. Comments on Internal Control and Internal Audit Department**

The organizations have Internal Control mechanism. However, the same needs improvement. The system of Internal Audit is not in place.

### **f. Key Audit Findings of the Report**

- i. Non-production of Record was observed in a case involving Rs4.384 million.<sup>1</sup>
- ii. Irregular / Non-compliance was observed in 11 cases involving Rs368.763 million.<sup>2</sup>
- iii. Poor Performance was observed in 2 cases.<sup>3</sup>
- iv. Internal Control Weaknesses were observed in 9 cases involving Rs96.049 million.<sup>4</sup>

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<sup>1</sup>Para 2.4.1

<sup>2</sup>Para 1.4.1 to 1.4.8 & 2.4.2 to 2.4.4

<sup>3</sup>Para 1.4.14, 1.4.15

<sup>4</sup>Para 1.4.9 to 1.4.13, 2.5.6, 2.4.6, 3.4.1, 3.4.2

**g. Recommendations**

The PAOs should take necessary steps to evaluate the financial management systems in order to strengthen and institutionalize internal controls. Audit recommends:

- i. Irregular/un-authorized payments need to be regularized or recovered from the responsible as decided in the DAC.
- ii. Internal Control should be strengthened and internal audit be conducted on a regular basis. Internal audit report should be shared with Audit.
- iii. The asset management and inventory control systems needs to be made effective through continuous monitoring.
- iv. The SPPRA rules need to be followed in letter and spirit by ensuring competition in order to benefit the departments while making procurements.
- v. Inquiries ordered by DAC should be completed in time and their findings need to be shared with the audit.
- vi. Clauses provided in the contract may be observed in the letter and spirit.



## SUMMARY TABLES & CHARTS

Table 1 *Audit Work Statistics*

(Rs in million)

<b>S. No.</b>	<b>Description</b>	<b>No.</b>	<b>Budget</b>
1	Total Entities (Ministries/PAOs) in Audit Jurisdiction	03	1,151.031
2	Total formations in audit jurisdiction	49	1,151.031
3	Total Entities (Ministries/PAOs) Audited	03	305.470
4	Total formations Audited	08	305.470
5	Audit & Inspection Reports	08	305.470
6	Special Audit Reports	-	-
7	Performance Audit Reports	-	-
8	Other Reports	-	-

Table 2 *Audit observations regarding Financial Management*

<b>S. No.</b>	<b>Description (Areas)</b>	<b>Amount Placed under Audit Observation (Rsin millions)</b>
1	Asset management	-
2	Financial management (specific)	-
3	Internal controls relating to financial management	96.049
4	Others	373.147
	<b>Total</b>	<b>469.196</b>

Table 3 *Outcome Statistics*

Rs in million)

S.No.	Description	Expenditure on Acquiring Physical Assets (Procurement)	Civil Works	Receipts	Others	Total current year
1	Outlays Audited	-	188.813	-	962.218	1,151.031
2	Amount Placed under Audit Observations /Irregularities of Audit	-	187.189	-	282.007	469.196
3	Recoveries Pointed Out at the instance of Audit	-	8.199	-	26.519	34.718
4	Recoveries Accepted /Established at the instance of Audit	-	8.199	-	11.095	19.294
5	Recoveries Realized at the instance of Audit	-	0.736	-	-	0.736

Table 4 *Table of Irregularities pointed out*

<b>(Rs in million)</b>		
<b>S.No.</b>	<b>Description</b>	<b>Amount Placed under Audit Observation</b>
1	Violation of rules and regulations, violation of principle of propriety and probity in public operations.	367.214
2	Reported cases of fraud, embezzlement, thefts and misuse of public resources.	-
3	Accounting errors (accounting policy departure from IPSAS, misclassification, over or understatement of account balances) that are significant but are not material enough to result in the qualification of audit opinions on the financial statements.	-
4	If possible quantify weaknesses of internal control systems.	96.049
5	Recoveries and overpayments, representing cases of establishment overpayment or misappropriations of public money	-
6	Non-production of record.	4.384
7	Others, including cases of accidents, negligence etc.	1.549

Table 5 *Cost-Benefit*

<b>S. No.</b>	<b>Description</b>	<b>Amount (Rsin million)</b>
1	Outlays Audited (Items 1 of Table 3)	1,151.031
2	Expenditure on Audit	2.038
3	Recoveries realized at the instance of Audit	0.736
4	Cost-Benefit Ratio	1:0.36

## Chapter-1

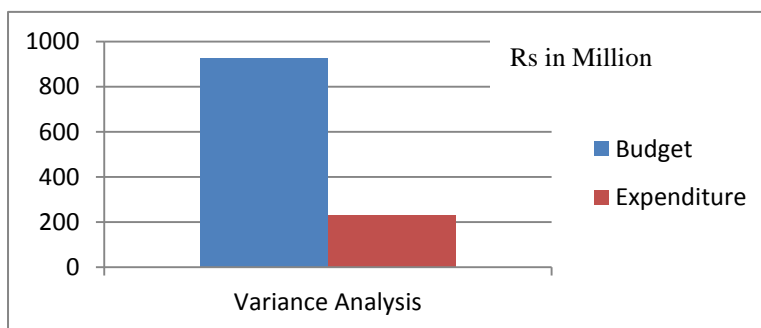
### **Provincial Disaster Management Authority(PDMA), Sindh**

#### **1.1 Introduction of Authority**

The Provincial Disaster Management Authority (PDMA) was constituted under the NDM Act (National Disaster Management Act) in 2010, and specializes in mitigation, preparedness and an organized response to a disaster. PDMA also acts as the coordinating authority, which articulates the coordination mechanism between key provincial departments. In case of emergencies, the PDMA works closely with District Governments to organize initial and subsequent assessment of disaster affected areas, and determine the course of action to ensure long-term rehabilitation of the affected population.

#### **1.2 Comments on Budget & Accounts (Variance Analysis)**

Sr. No.	Financial Year	Funds Released (Rsmillion)	Expenditure (Rsmillion)	Balance(Rsmillion)
1	2016-17	927.297	227.748	699.549



The expenditure incurred was less than the funds released to the entities because no major relief activity was carried out. However, the funds were kept to meet any unforeseen disaster.

#### **1.3 Brief Comments on the Status of Compliance with PAC Directives**

No PAC directives have been issued as this Directorate General conducted audit of Disaster Management organizations of Sindh during the year 2016-17 for the first time and the Audit Report generated by this office has not yet been discussed in the PAC.



## **1.4 AUDIT PARAS**

### **Irregularity & Non-compliance**

#### **1.4.1 Non-approval of PDMA Act & Constitution of Board**

According to Article.15 (1 & 2) of NDMA Act, 2010 the Provincial Government shall, establish a Provincial Disaster Management Authority for the province. The chairperson of the authority shall be the Director General or Provincial Relief Commissioner. The powers and functions of the authority are mentioned in Article 16 of the NDMA, Act 2010.

The audit of PDMA Sindh Karachi for the F.Y. 2016-17 revealed that the Government of Sindh constituted a board of the PDMA vide notification no. SO(C-IV)SGA&CD/4-28/07 with the same Powers and Functions as that of Article 15 (1 & 2) (NDMA Act ). The Minister for Rehabilitation Department was nominated as Chairman of the Board with 8 to 9 other (PDMA Deptt) members . It is further added that the board has approved budgetary allocation for the financial year 2016-17 of PDMA Sindh in its 10th meeting which was held on 25-01-17. Detail at Annexure-II.

Audit is of the view that NDMA ACT 2010 does not provide provision for constitution of board. Therefore, the decisions of board are null and void.

The matter was pointed out to the management in September,2017. In response department replied that, as per schedule II of the rules of business of Government of Sindh the “Framing and alterations of Rules of Business” is the competency of SGA&CD. Therefore, the Government of Sindh is empowered to frame rules of business of any Government organization and accordingly Government of Sindh issued rules of business of PDMA which elaborated the definition of Board i.e. 2(e) “Board” means the Board of Governors of the Authority

Reply is not acceptable as the constitution of board needs legal cover by approval of PDMA Act from Provincial Assembly.

DAC in its meeting held on 11<sup>th</sup>January, 2018 decided to refer the Para to NDMA Islamabad for clarification, and also directed the department to present the PDMA Act before the Provincial Assembly for approval.

No compliance of the DAC directives was shown to audit till finalization of this report.

Audit recommends that the PDMA Sindh Act may be presented before the Provincial Assembly for approval.

PDP#36 PDMA Sindh 2016-17

#### **1.4.2 Irregular Expenditure on Installation of Hand Pumps without Any Survey - Rs164.951 Million**

Chief Minister approved the Summery dated 29.10.2014 for provision & installation of Hand Pumps in Kohistan area subject to observing formalities and transparency.

PDMA Sindh paid an amount of Rs 164.951 million for installation of 1000 hand pumps in Kohistan area on the basis of survey report of concerned Deputy Commissioner. Audit observed that survey was not proper as it was not signed and substantiated by any details of survey conducted. The payments were made to the contractors without verifying the detail of hand pumps installed. This resulted into irregular expenditure on installation of hand pumps as detailed below.

<b>Contractor Name</b>	<b>No. of Well</b>	<b>Detail</b>	<b>Estimate Cost</b>	<b>Expended Amount in million 2014-15 to 2016-17</b>
M/s Modern Engineering Works	115	Installation of Hand Pumps according to UC wise in Distt. Jamshoro & Distt. Thatha	<b>199.971</b>	19.363
M/s Modern Engineering Works	163			27.518
M/s BS Traders	174			29.375
M/s BS Traders	155			26.168
M/s BS Traders	120			20.259
M/s Nevat Mall	86			14.544
M/s Nevat Mall	85			14.375
M/s Nevat Mall	79			13.349
<b>Total</b>	<b>977</b>			

Audit holds that due to weak internal controls the work was executed without authenticated survey which leads to non-transparency.

The matter was pointed out to the management in September, 2017. In response department replied that the payment was made after conducting of Survey

for availability of water at desired depth and nearby to local population. The necessary installation certificates are available.

DAC in its meeting held on 11th January, 2018 directed the department to provide the record for verification.

No compliance of the DAC directives was shown to audit till finalization of this report.

Audit recommends the implementation of the DAC decision.

PDP # 39 PDMA Sindh 2016-17

### 1.4.3 Irregular Payment of Rent Without Assessment-Rs 6.279 Million

S.No 3(b)(V) of the Sindh Delegation of Powers 1962 states that expenditure on rent of non-residential buildings and land with the condition that accommodation is according to the scale prescribed by the government and subject further to the condition that either rent is equal to the rent assessed by the Excise & Taxation Department for the purpose charging the property tax or that the rent to be paid is made the basis of property-tax to be charged by the Excise & Taxation Department.

PDMA Sindh paid Rs 6.279 million to the landlords during financial year 2016-17 on account of rent of buildings for Godown and Office without assessment of rent from Excise & Taxation Department. The detail of expenditure is as under:

Name of Land Lord	Period	Total Period	P.M Rent (Rs)	Total Amount (Rs)	Remarks
Mr. Mohamamd Akram Area 8200 sft	08-09-16 to 08-08-17	11 Months	160,000	1,760,000	Rent of Godown at Hawks Bay Karachi
Jewaat Raam	01-06-16 to 31-05-17	11 Months	375,000	4,125,000	Bangla No 82 Lane No 10 DHA-VI Kheyban E Hilal Karachi
	01-06-17 to 30-06-17	1 Month	394,000	394,000	
<b>Total</b>				<b>6,279,000</b>	

Audit holds that the buildings were hired without observance of hiring policy. Thus the payment made held irregular.

The matter was pointed out to the management in September, 2017. In response department replied that PDMA Sindh invited sealed bids under SPPRA rules for office accommodation. Two bidders participated out of which M/S Jewat Ram

qualified being lowest. Similarly, a building was rented out by PDMA Sindh from Landlord Mr. Muhammad Akram at Hawks Bay Road Karachi. The tenancy agreement are renewed after 11 months with nominal increase in rent compared with local market.

Reply is irrelevant as expenditure was incurred without observing the hiring policy.

In DAC meeting held on 11<sup>th</sup> January, 2018 the department explained that building was hired after observing the economy in rates. However, DAC observed that the policy for hiring should have been followed.

Audit recommends that the expenditure incurred should be regularized from competent forum besides observance of hiring policy.

PDP#37 PDMA Sindh 2016-17

#### **1.4.4 Irregular Appointment of Internees as Contractual Employees Without Observing Service Rules**

According to Article 16 of NDMA Act-2010 that the PDMA has no authority to create any post, as per Schedule II of Sindh Rules of Business the mandate for creation of the post is vested with the Finance Department. Furthermore, Rule 10 of Sindh Civil Servant (Appointment, Promotion and Transfer Part III) Rules 1974 "Initial appointments to posts in BS 11 to 22 shall be made if the posts:

- a. Fall within the purview of the Commission, on the basis of examination or test to be conducted by the Commission
- b. Do not fall within the purview of the Commission, in the manner as may be determined by Government.

PDMA Sindh in its 5<sup>th</sup> Board Meeting dated 17.01.2013 recommended for regularization of the services of 43 internees hired from time to time. Out of these 43 internees, the services of 16 were converted into contractual appointment by PDMA through its letter No DG/PDMA/PF/2573/2013 dated 20.02.2013. An amount of Rs 7.876 million was expended on pay and allowances without creation of any additional posts, and without requisitioned to the Sindh Public Service Commission. Detail of internees along with Pay and Allowances is at Annexure-III.

Audit holds the services of the internees were irregularly converted into contractual appointment without following the service rules.

The matter was pointed out to the management in September,2017.In response the department replied that, PDMA Sindh in its 5<sup>th</sup>Board meeting dated 17.01.2013 recommended for regularization of the services of these employees. The Draft of recruitment rules have been submitted on 13.06.2017 for the approval of Competent Authority. At present these rules are at the stage of Scrutiny by Services Wing, SGA&CD.

Reply is not convincing as the management of PDMA Sindh did not observe the service rules and the regularization was recommended by an unauthorized Board.

DAC in its meeting held on 11th January,2018department replied the case of regularization has been sent to SGA&CD. DAC decided to reconsider the Para after the response from SGA&CD.

No compliance of the DAC directives was shown to audit till finalization of this report.

Audit recommends that the case should be forwarded to SGA&CDfor regularization, besides fixing of responsibility.

PDP#45 PDMA Sindh 2016-17

#### **1.4.5 UnjustifiedPayment of Secured Advance due to Non-supply of Material at Site – Rs13.589 Million**

Rule 2(a) of the Bidding Document provides that the contractor shall be entitled to receive from the Procuring Agency Secured Advance against an Indenture Bond in PWA Form No. 31(Fin. R. Form No. 2) acceptable to the Procuring Agency of such sum as the Directormay consider proper in respect of non-perishable materials brought at the Site but not yet incorporated in the Permanent works.

PDMA Sindh paid Rs 13.589 million as secured advance against materialto contractors for installation of Hand Pumps in various Union Councils of District Jamshoro&Thattha. As per statement recorded on MBs, the material was under the custody of contractors. Audit observed that PDMA neitherobtained any proof for availability of material nor material was verified at site. This resulted into unjustified payment of secure advance. Detail is at Annexure-IV.

Audit is of the view that due to weak internal control the secured advance was paid without supporting record.

The matter was pointed out to the management in September, 2017. In response the department replied that the secured advance was allowed as per provision of the agreement. Necessary Indenture Bond was obtained from the contractors and material brought at site was verified and signed by the Assistant Engineer concerned.

Reply is not tenable as the management of PDMA Sindh did not provide documentary evidence in support of reply.

DAC in its meeting held on 11th January, 2018 decided that Para stands till verification of record.

No compliance of the DAC directives was shown to audit till finalization of this report.

Audit recommends that the record of purchased items along with invoices / bills be provided for audit verification.

PDP#42 PDMA Sindh 2016-17

#### **1.4.6 Irregular Acceptance of Relief Material without Physical Inspection – Rs75.943 Million**

Para 2(G) of the Contract Agreement dated 01.06.2016 provides that the physical inspection shall be carried out of supplies at the time of delivery. The inspection may be carried out either by the purchaser directly or through authorized representative.

PDMA Sindh paid Rs. 75.943 million for purchase of relief goods / items during financial year 2016-17. However, inspection of relief items / goods was not carried out at the time of receipt. Detail of purchases is at Annexure-V.

Audit holds that, the relief items were accepted without conducting physical inspection, in absence of this process the purchased and delivered relief items could not be authenticated.

The matter was pointed out to the management in September, 2017. In response department replied that, all goods / items purchased during FY 2016-17 were counted by the respective in-charge of warehouse.

Reply is not justified because items were not inspected by inspection team as was required under the contract clause.

DAC in its meeting held on 11th January, 2018 decided stock taking and inspection report be verified.

No compliance of the DAC directives was shown to audit till finalization of this report.

Audit recommends the implementation of DAC decision.

PDP#48 PDMA Sindh 2016-17

#### **1.4.7 Irregular Expenditure Without Observing SPPRA Rules-Rs 1.232 Million**

According to Rule 12 of Sind Procurement Regulatory Authority, a procuring agency shall prepare in accordance with Rule 11, all proposed procurements for each financial year and shall proceed accordingly without any splitting or regrouping of the procurements already grouped, allocated and scheduled in the Procurement Plan.

(A) PDMA Sindh paid an amount of Rs 0.715 million for repair of vehicles and purchase of grocery items. Audit observed that the repairs / purchases were made on quotations basis, which also have no dates. Hence, the work order was kept below Rs100,000 to avoid the tendering process. Further, the repairs/purchases were not verified by any officer / official. Details of such purchases are given at Annexure-VI.

(B) An amount of Rs 0.517 million was paid for purchase of Computer Stationery and Air Conditioners by splitting up to avoid tender process.

Audit holds that due to weak internal controls the expenditure was incurred without fulfilling the requirements of SPPRA Rules which resulted into irregular expenditure.

The matter was pointed out to the management in September, 2017. In response, the department replied that the omissions as occurred have been noted and compliance will be ensured in future.

The reply is not acceptable being irrelevant, in support of reply no documentary evidence was provided.

DAC in its meeting held on 11th January,2018decided that record be verified and further directed for formulation of annual procurement plan to avoid the splitting.

No compliance of the DAC directives was shown to audit till finalization of this report.

Audit recommends the implementation of the DAC decision.

PDP#55,56 PDMA Sindh 2016-17

#### 1.4.8 Non-accountal of Relief Item Inventory - Rs 68.794 Million

According to rule 115(a) of Sindh Financial Rule Vol-I, all quantities received in or issued from stores should be entered in the Stock Account under the respective heads on the dates the transactions take place and balance struck every month which should correspond to the quantities in stock at the close of each month.

The Management of PDMA Sindh paid an amount of Rs 68.794 million for purchase of various stock/ relief items. The items were onward transferred to relief units. However, the stock register was not centrally maintained, further, distribution record was also not provided. The detail of items is as under:

Inv / Bill No.	Dated	Paid To	Detail	Qty& Rate (Rs)	Amount (Rs)
-	05-07-16	TK Medical Equipment	D-Watering Pump(40) HP	40 x 470,000	18,800,000
71	08-06-17	Abdullah Hakeem Chacher	D-Watering Pump(40) HP	200 x 199,953	39,990,600
121	27-06-16	Business & Engineering Trends	Fiber Boats 19 ft	65 x 153,900	10,0003500
<b>Total</b>					<b>68,794,100</b>

Audit holds that due to non-maintenance of central stock register/inventory the actual stock position could not be verified and chance of theft/loss cannot be ruled out.

The matter was pointed out to the management in September, 2017. In response department replied that the centralized record/ inventory register is being maintained for the financial year 2016-17.

Reply is not acceptable because documentary evidences were not provided in support of reply.



DAC in its meeting held on 11th January,2018 decided verification of record before settlement of Para.

No compliance of the DAC directives was shown to audit till finalization of this report.

Audit recommends that the stock register / inventory be maintained and the record may be provided to Audit for verification.

PDP #50 & 51 PDMA Sindh 2016-17

### **Internal Control Weaknesses**

#### **1.4.9 Drawl of Inadmissible Allowances – Rs12.744 Million**

S.No. 10(8)(b) of Schedule-II of Rules of Business states that Finance Department examine and advice on matters affecting directly or indirectly the finances of the Provinces including emoluments pension and allowances.

PDMA Sindh paid an amount of Rs 12.744 million on account of utility, authority and mobile allowance to 16 officers after approval of PDMA Sindh Board during the financial year 2016-17. The allowances were inadmissible as the PDMA Sindh was not authorized to allow any allowance without approval of Finance Department. Detailed is as under:

<b>Period</b>	<b>Mobile Allowance (Rs)</b>	<b>Authority Allowance (Rs)</b>	<b>Utility Allowance (Rs)</b>	<b>Total(Rs)</b>
01-07-16 to 30-06-17	20,000 x 12 months	905,000 x 12 months	137,000 x 12 months	12,744,000
	Rs 240,000	Rs 10,860,000	Rs 1,644,000	

Audit holds that payment of allowance without approval of competent forum stands inadmissible.

The matter was pointed out to the management in September, 2017. In response department replied that the Govtof Sindh has allowed 20% Secretariat allowance to the officers / officials posted in Sindh Secretariat which is not extendable to the officers / officials of Sindh Secretariat who are posted in other authorities like PDMA. Further , PDMA in its 7th& 8th Board meetings approved the revision of authority allowance, utility allowance and provision of mobile charges.

The reply of the department was not convincing as the power regarding grant of any allowance vests with the Finance Department. The Authority/ Board is only responsible for the implementing policies and plans for disaster management and has no power to grant any allowance.

DAC in its meeting held on 11th January,2018decided that record be verified and settled the Para to the extent of allowances which are availed by the other PDMAs and NDMA.

No compliance of the DAC directives was shown to audit till finalization of this report.

Audit recommends that inadmissible allowance be recovered from the concerned officersbesides immediate stoppage of allowances.

PDP#46 PDMA Sindh 2016-17

#### **1.4.10 Non- deposit of Profit into Government Treasury-Rs 12.207 Million**

Rule 30(2) of NDMA Act provides that Provincial Disaster Management Fund shall be financed from thegrants made by the Federal Government or Provincial Governments; andloans, aid and donations from the national or international agenciesprovided in accordance with prescribed procedure.

The management of PDMA, Sindh is maintaining PDMA Fund account with Sindh Bank bearing account No. 0333-13334-6100. Audit observed that Rs.200.00 million was released by the Finance Department Government of Sindh in this account vide authority dated 30.05.2014.Profit amounting to Rs 12.207 million was earned on the released amount in daily product account.

Audit holds that due to weak internal controls the earned profit amounting Rs12.207 millionwas not transferred into Govt treasury.

The matterwas pointed out to the management in September, 2017. In response, department replied that according to Chapter VI, Rule 38, sub Rule 5 of the Rules of Business of PDMA“*The Authority may invest the funds in investment schemes, including Government securities for raising funds subject to approval of Board*”.

The reply is not acceptable, because the PDMA Act is not approved from Provincial Assembly.

DAC in its meeting held on 11th January,2018 decided that the Para stands till the verification of record.

No compliance of the DAC directives was shown to audit till finalization of this report.

Audit recommends that the amount being Govt receipt should be deposited in the Govt treasury.

PDP#44 PDMA Sindh 2016-17

#### **1.4.11 Non-imposition of Penalty for Delay in Completion of Work – Rs8.199 Million**

According to rule 7.4 of Standard for Bidding Document, If the Contractor fails to complete the Works within the time for completion , the Contractor’s only liability to the Procuring Agency for such failure shall be to pay the amount as liquidity damages stated in the Contract Data for each day for which he fails to complete the Works.

PDMA Sindh awarded the contract for Installation of Hand Pumps in Kohistan Area to different contractors during financial year 2014-15 with the condition that the work will be completed within (3) months.The work was, however, actually completed during the financial year 2016-17. Thus, penalty @ 1-10% was to be imposed on contractors as detailed below:

(Rs in million)

<b>Contractor Name</b>	<b>No. of Well</b>	<b>Cost in Million</b>	<b>Date of Start</b>	<b>End date</b>	<b>Actual Completion date</b>	<b>Penalty to be imposed</b>
M/s Modern Engineering Works	115	19.363	26-02-15	25-05-16	05-03-17	0.968
M/s Modern Engineering Works	163	27.518	26-02-15	25-05-16	23-02-17	1.378
M/s BS Traders	174	29.375	26-02-15	25-05-16	03-03-17	1.469
M/s BS Traders	155	26.168	26-02-15	25-05-16	30-09-16	1.308
M/s BS Traders	120	20.259	26-02-15	25-05-16	30-09-16	1.013
M/s Nevat Mall	86	14.544	26-02-15	25-05-16	03-03-17	0.727
M/s Nevat Mall	85	14.375	26-02-15	25-05-16	30-09-16	0.669
M/s Nevat Mall	79	13.349	26-02-15	25-05-16	30-09-16	0.667

<b>Total</b>	<b>977</b>	<b>164.951</b>				<b>8.199</b>
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Audit holds that due to weak internal controls the penalty was not imposed and undue favor was given to the contractors

The matter was pointed out to the management in September, 2017. In response department replied that, the extensions of time were granted on recommendation of the concerned Deputy Director (Technical) on genuine grounds and there is no fault of contractors therefore the question of imposing penalty does not arise.

Reply is not acceptable due to reason that the extension was granted without imposing of penalty for delay in completion of work.

DAC in its meeting held on 11th January, 2018 ordered the inquiry for the release of performance guarantee without recovery of delay completion charges from contractors.

No compliance of the DAC directives was shown to audit till finalization of this report.

Audit recommends the implementation of the DAC decision and imposition of penalty.

PDP#38 PDMA Sindh 2016-17

#### **1.4.12 Unauthorized Payment of Allowances on Additional Charge-Rs0.594Million**

Serial No 123(b) of the Esta Code provides that apart from the pay admissible under F.R. 49(a) where applicable, the additional remuneration which may be granted to an Officer, including a Judicial Officer of the rank of Joint Secretary or above, who is called upon to perform additional duties, should not exceed an amount equal to 10% (Revised Rate 20%) of his pay in the original post.

The record of PDMA Sind (Karachi) revealed that an officer Ms.Uzma Ismail, Director, Sindh Benevolent Fund, Services General Administration & Coordination Department was posted on additional charge basis vide Services General & Coordination Department letter dated 24.04.2017 for the post of Director (Finance & Administration) in PDMA Sindh. The payment of honorarium, telephone charges and

international training TA/DA was paid by PDMA instead of parent office as detailed below:

S. No.	Head of Account	Amount (Rs)
1.	Honorarium	253,435
2.	Telephone charges @ Rs 2000 per Month	4,000
3.	International Training	336,588
<b>Total</b>		<b>594,023</b>

Audit is of the view that the officer was holding charge of Director (F&A) on additional charge basis, in PDMA Sindh, therefore the payment of above said allowances was inadmissible.

The matter was pointed out to the management in September, 2017. In response department replied that, the requisition of the services of the officer was already in process of approval on regular/ full-fledge basis. Resultantly, Ms Uzma Ismail was posted on 12.07.2017 as Director (F&A) on regular basis. The Director (F&A) being in-charge of Finance & Admn Wing was assigned to look after all these activities, therefore she was awarded honorarium.

Reply is not acceptable because the allowances were paid before assumption of the charge on regular basis and the honorarium is inadmissible during additional charge.

DAC in its meeting held on 11th January, 2018 decided to recover the honorarium amount from the officer concerned.

No compliance of the DAC directives was shown to audit till finalization of this report.

Audit recommends that the amount paid on account of honorarium be recovered from the officer concerned and deposited into the treasury.

PDP#52 PDMA Sindh 2016-17

#### **1.4.13 Overpayment on Repair & Maintenance of Hand Pumps – Rs0.450 Million**

According to Rule 32(a) of the Sindh Financial Rules Vol-1 that a drawer of pay abstracts or bills for pay & allowances, or contingent expenses will be held responsible for any overcharges.

PDMA Sindh Karachi issued work order dated 28.04.17 for repair & maintenance of 40 De-Watering Pumps @ 45,000. Audit observed bill for 50 pumps were paid instead of 40 pumps without demand for repair and work order of 10 extra pumps.

Audit holds that due to weak internal control excess quantity of hand pumps was repaired, which leads to overpayment of Rs 450,000.

The matter was pointed out to the management in September, 2017. In response department replied that the contract was awarded to M/s Abdul Hakeem Chachar for repair of 40 (approx) De-watering pumps. During the process of tender, ten more dewatering pumps were intimated for repair and included in the total quantity of repairable dewatering pumps.

The reply is not acceptable because excess quantity was got repaired without advertised and approval.

DAC in its meeting held on 11<sup>th</sup> January, 2018 decided that Para stands till verification of record.

No compliance of the DAC directives was shown to audit till finalization of this report.

Audit recommends that the overpaid amount be recovered.

**PDP#47 PDMA Sindh 2016-17**

## Performance

### **1.4.14 Non-preparation of Annual Performance Report as required by NDM Act 2010**

As per Section 41(2) of NDM Act 2010, “Provincial Authority shall prepare once every year, in such form and at such time as may be prescribed by rules, an annual report giving a true and full account of its activities during the previous year and copies thereof shall be forwarded to the Provincial Government which shall lay it before the Provincial Assembly.”

Annual performance reports of PDMA’s activities since promulgation of the Act was required to be submitted to the Provincial Government and Provincial Assembly. Non-provision of said reports implies that PDMA-Sindh did not disclose the performance to Assembly as required above. This was pre-requisite for the discussion in the Provincial Assembly and for taking corrective measures/ feed-back /directions from the legislators.

Audit holds that due to non-compliance of NDMA Act .the elected members to be unaware of the achievements/ lags in the activities undertaken by PDMA-Sindh.

The matter was pointed out to the management in September, 2017. In response, department replied that as per NDMA Act 2010 a yearly report is to be submitted and in compliance to that PDMA submitted its annual report to honorable Chief Minister Sindh for its subsequent submission to Sindh Assembly. Report for the 2016-2017 is also prepared and submitted.

Reply is not acceptable due to reason that the previous annual activities report of PDMA were not yet submitted in Provincial Assembly Sindh.

DAC in its meeting held on 11th January,2018 directed the department to ensure the compliance of the NDMA Act 2010 and submission of the report on annual basis.

No compliance of the DAC directives was shown to audit till finalization of this report.

Audit recommends that the implementation of the DAC decision.

#### **1.4.15 Non-formulation of Provincial Disaster Management Policy**

As per Section 16(1) & 16(2)(a) of NDM Act 2010, “Provincial Authority shall be responsible for implementing policies and plans for disaster management in the province. The provincial authority may formulate the provincial disaster management policy obtaining the approval of the Provincial Commission.”

Provincial Disaster Management Policy was required to be formulated and got approved from the Provincial Disaster Management Commission-Sindh. The record of PDMA Sindh for the F.Y, 2016-17 revealed that there was no disaster management policy formulated to achieve preparedness in case of any disaster.

Audit is of the view that the devising of Provincial Disaster Management (PDM) Policy is a major step towards achieving sustainable development through ensuring that disaster risk management. It also provides a common direction to all government, non-governmental organizations, private sector organizations, media and development partners at provincial and district levels.

The matter was pointed out to the management on 12.09.17. In response, department replied that, Provincial Disaster Management Policy will be formulated and placed before PDMC for approval; after getting primary work done in the Sindh Resilience Project (SRP) being funded by World Bank and Government of Sindh, Presently, PDMA follows NDMA guidelines at Provincial level to cover disaster related matters as and when policy will be finalized the same will be intimated to audit

Reply is not acceptable due to reason that the NDMA Act 2010 was not properly followed.

DAC in its meeting held on 11th January, 2018 directed the department to expedite the formulation of requisite policy.

No compliance of the DAC directives was shown to audit till finalization of this report.

Audit recommends the implementation of the DAC decision.

**PDP#54 PDMA Sindh 2016-17**



## Chapter-2

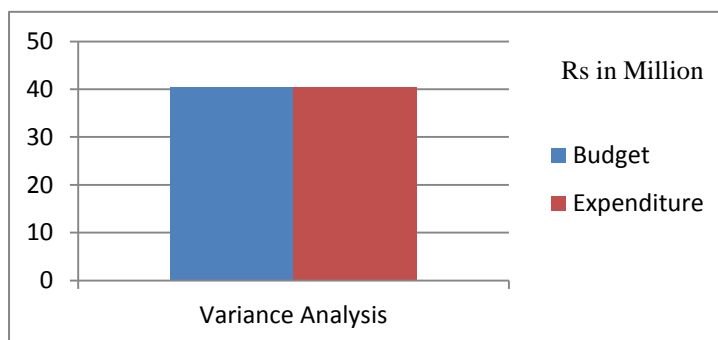
### ***Additional Relief Commissioner Hyderabad/District Disaster Management Authority***

#### **2.1 Introduction of Authority**

The District Disaster Management Authorities were established under the NDM Act (National Disaster Management Act) in 2010 in each District of Sindh. The District Authority is responsible for the District planning coordinating and implementing body for disaster management in the District in accordance with the guidelines laid down by the National/Provincial Authority.

#### **2.2 Comments on Budget & Accounts (Variance Analysis)**

Sr. No.	Financial Year	Funds / Releases(Rs in million)	Expenditure (Rs in million)	Saving
1	2016.17	40.454	40.454	-



#### **2.3 Brief Comments on the Status of Compliance with PAC Directives**

No PAC directives have been issued as this Directorate General conducted audit of Disaster Management organizations of Sindh during the year 2016-17 for the first time and the Audit Report generated by this office has not yet been discussed in the PAC.

## 2.4 AUDIT PARAS

### Non-production of Record

#### 2.4.1 Non-production of Vouched Account –Rs4.384 Million

In terms of Rule 14(2) of Auditor General's (Functions, Powers and Terms and Condition of Service) Ordinance ,2001 the officer in-charge of any office or department shall afford all facilities and provide record for audit inspection and comply with requests for information in complete form as possible and with all reasonable expedition.

During the audit of Additional Relief Commissioner Hyderabad for the period 2016-17 revealed that the following payments were made to the contractors for clearance of outstanding liabilities. The vouched account along with supporting documents was not provided.

Audit holds that due to weak internal controls the record / vouched account amounting to Rs 4.384 million was not produced to audit for scrutiny. In absence of vouched account the expenditure could not be audited. This may lead to hindrance in discharge of constitutional audit function and a chance of mis-use of funds could not be ruled out. Detailed as below:

Cheque No	Dated	Paid to	Detail	FD Release No	DC Name	on Account of	Paid For	Amount (Rs) in Million
2665363	29-03-17	M/s Mohan Lal Hindu	for Affectees of Flood 2010	U.O No. FD(B&E-VII)4(10)/2010 (3010) dated 08.12.16	Shahadkot	Clearance of out Standing Liabilities	Transport	2.760
-	-	M/s Abdullah Khan Gulla Khan	Rain/Flood 2015	U.O No. FD SO(B&E-VII)4(30)/2015-16 (RC/Thatta) dated 14.10.2016	Thatta	Clearance of out Standing Liabilities	rehabilitation of floods damaged cuts along with Karachi Thatta Hyderabad Road	1.624
Total								4.384

The matter was pointed out to the management in November, 2017. In response, department replied that the DCKamberShahadKotis being requested to intimate whether amount of liability paid. DC Thatta prepared a bill and sent to District Accounts Officer Hyderabad for payment. The Account Office Hyderabad objected and desired to furnish the vendor form so that the payment would

be directly paid to the vendor. However the bills / record received and available for verification.

The reply of the management is not acceptable, because in support of rely vouched account was not provided. .

No DAC meeting convened till finalization of this report despite issuance of 02 reminders.

Audit recommends that the vouched accounts may be provided for verification.

PDP#60,61 Additional Relief Commissioner Hyderabad 2016-17

### **Irregularity & Non-compliance**

#### **2.4.2 Irregular Payment without Sanction-Rs40.494 Million**

According to Para No 5(o) of Relief Measures of the Board of Revenue Sindh letter No 2/2500/B.16-17/Bud-II/273 dated 05-08-16 that no liability beyond budgetary authorization/released for a particular time span may be created.

Additional Relief Commissioner, Hyderabad cleared outstanding liabilities of Rs 40.494 million in Financial Year 2016-17 related to relief activities of previous financial years. The detail of the expenditure is at Annexure-VII.

Audit is of the view that payment without observing relief measures issued by the government of Sindh stands irregular.

The matter was pointed out to the management in November, 2017. In response, department replied that Finance Department issued instructions that no liabilities to be paid without prior approval of Finance Department.

Reply is not acceptable as approval of the Finance Department is not provided for clearance of liability.

No DAC meeting convened till finalization of this report despite issuance of 02 reminders.

Audit recommends that expenditure needs to be legalized from competent authority besides fixing of responsibility for non-observing of above instructions.

PDP#57 Additional Relief Commissioner Hyderabad 2016-17

### **2.4.3 Irregular Payment on Transportation Without Monitoring - Rs 7.300 Million**

According to Para No 5(k) of Relief Measures of the Board of Revenue Sindh letter No 2/2500/B.16-17/Bud-II/273 dated 05-08-16 that Fiscal Monitoring Committee shall undertake review of development and non-development expenditure quarterly.

Deputy Commissioner Umerkot paid an amount of Rs 7.300 million to M/s Hakim Khan Chaniyoon and M/s Ghulam Muhammad Samejo Government Contractors for clearance of outstanding liabilities of transportation of goods. Audit observed that the payment was made without reviewing of fiscal monitoring committee.

Audit is of the view that expenditure without review of fiscal monitoring committee stands irregular.

The matter was pointed out to the management in November, 2017. In response, department replied that the payment of Rs 7.300 was the liabilities on account of transportation charges of wheat bags made to the transporters by the Relief Department through District Accounts Officer Hyderabad. The entire process of procurement was made strictly in accordance with SPPRA rules.

Reply is not convincing as issue of fiscal monitoring pointed out by audit was not addressed.

No DAC meeting convened till finalization of this report despite issuance of 02 reminders.

Audit recommends that irregular expenditure needs to be regularized from competent forum.

PDP#62 D.C Umerkot 2016-17

### **2.4.4 Payment on Supply of Ration Bags Without TORs - Rs 3.770 Million**

TORs of Supply Order dated 01.11.12 and dated 03.12.2012 of Relief Department Hyderabad provides that the items will be supplied strictly in accordance with the specification / quality & quantity for rates has been accepted. The items will be supplied within the time mentioned in the invoice after the issuance of work order

and in case of non-submission the supply order stand cancelled / liable of penalty as per rule. The Inspection Committee will check and inspect the supplied items after the supply of equipment and receipted copy of receipts may attach with the bills.

The Additional Relief Commissioner, Hyderabad paid Rs 3.771 million vide cheque no 2513622 dated 18-11-16 to contractor on account of outstanding dues for supply of 10,000 and 40,000 ration bags, purchased for rain affectees of different Districts of Sindh, during 2012-13. Audit observed the purchases were made without observing the codal formalities. In this regard Vigilance Cell (Enquiries & Anti-Corruption Establishment Sindh) Karachi ordered / summoned to M/s Mohammad Iqbal Memon (Govt Contractor) vide letter dated 12.07.13 for inquiry. However, the outcome / findings of inquiry was not available on record.

Audit is of the view that purchases without observing the TORs stands irregular. Further, fact finding inquiry on the issue was also not completed which leads to non-transparency.

The matter was pointed out to the management in November, 2017. In response, department replied that only Rs 770,79,380 was available for payment to contractor. Due to nonpayment the contractor filed a petition in Sindh High Court, who has passed order for payment.

Reply is not convincing as the issue of inquiry was not addressed.

No DAC meeting convened till finalization of this report despite issuance of 02 reminders.

Audit recommends that inquiry on the issue be completed besides fixing of responsibility on persons at fault.

**PDP#59 Additional Relief Commissioner Hyderabad 2016-17**

### **Internal Control Weaknesses**

#### **2.4.5 Unauthorized Retention/Use of Money - Rs 25.000 Million**

According to Rule 88 of the Sindh Financial Rule Vol-1, that every public officer should exercise the same vigilance in respect of expenditure incurred from

Government revenues as a person of ordinary prudence would exercise in spending his own money.

NLC paid an amount of Rs 25.00 million through cheque No.A/19-474273 dated 22.03.05 to Executive District Officer (Revenue) Karachi for acquisition of 10 acres land. Subsequently the requisite land was allotted to some other persons instead of NLC. Later on the said amount was utilized / incurred by District Coordination Officer of defunct City District Government without authorization. SGA&CD Govt of Sind appointed an officer to conduct the preliminary inquiry vide letter No SOI(SGA&CD)-3/10/201 dated 13.12.16. The said amount was refunded to NLC after 11 years vide cheque no 2512866 dated 08.11.16 without inquiring the matter.

Audit is of the view that DCO Karachi used Rs 25.00 million other than purpose without authorization.

The matter was pointed out to the management in November, 2017. In response department replied, that Govt of Sindh has already constituted committee under the Chairmanship of Managing Director Sindh Education Foundation Karachi vide notification No.SO-1(SGA&CD)-3/10/2013 dated 13-12-16 to conduct a preliminary inquiry.

No DAC meeting convened till finalization of this report despite issuance of 02 reminders.

Audit recommends that the matter of inquiry may be expedited, besides fixing of responsibility for unauthorized retention of money for 11 years, and the interest may also be charged.

**PDP#58 Additional Relief Commissioner Hyderabad 2016-17**

#### **2.4.6 Misplacement of Wheat Bags Valuing-Rs 1.549 Million**

According to Rule 40(b) Appendix 18-A of the Sindh Financial Rule Vol-1, every Government servant realises fully and clearly that he will be held personally responsible for any loss sustained by the government through fraud or negligence on his part and that he will also be held personally responsible for any loss arising from fraud or negligence on the part of any other Government servant to the extent to which it may be shown that he contributed to the loss by his own action or culpable negligence.

DC Umerkot received 151,800 wheat bags from Food Department for disbursement to the needy persons / families. Disbursement record revealed that 150,673 wheat bags were distributed, but no record about the balance quantity of 1,127 wheat bags was available. The detail of which is as under:

Detail of non- disbursed Bags	Theft Bags
qty 1127Bags x Rate Rs1375/50 kg (General Rate 1100 /40 kg) <b>Total Value RS =1,549,625</b>  <b>Received 151,800-disbursed150,673=1,127</b>	(542 bags x (rate 1375 / 50Kg)      1375 x 542 = Total Theft Bags Value Rs745,250).

Audit holds that due to weak internal controls and negligence of the department 1127 wheat bags were missing.

The matter was pointed out to the management in November. 2017. In response department replied that, the shortfall bags were 69 instead of 1,127 bags of wheat. These 69 bags were stolen for which he was convicted by Civil Judge Umerkot.

The reply is not justified because the record of bags was not provided.

No DAC meeting convened till finalization of this report despite issuance of 02 reminders.

Audit recommends the record may be provided for verification.

**PDP#63,64D.C UmerKot 2016-17**

## Chapter-3

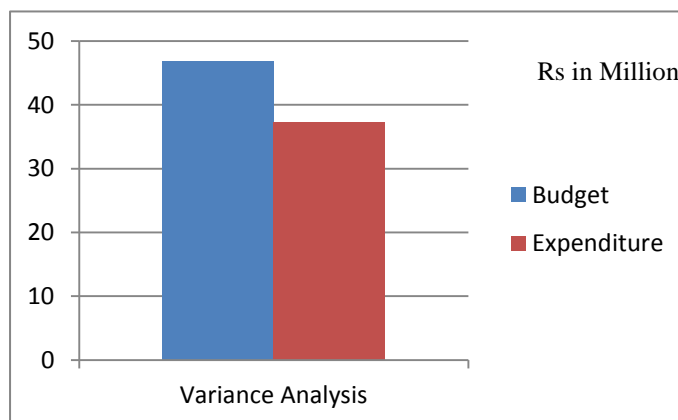
### *Civil Defence Directorate and 4 Civil Defence Offices Karachi*

#### 3.1 Introduction of Offices

The Civil Defence Directorate Karachi is constituted under Civil Defence Act of XXX-1952. The Civil Defence Directorate consists of 1 Head Office and 23 Sub-Offices in the Province of Sindh. This organization specializes in civil defence activities i.e. war situation, In case of emergencies, the Civil Defence works closely with Provincial Government / District Governments and also organize the various trainings for volunteers.

#### 3.2 Comments on Budget & Accounts (Variance Analysis)

Sr. No.	Financial Year	Funds / Released(Rs in million)	Expenditure (Rs in million)	Balance (Rs in million)
1	2016.17	46.823	37.268	9.555



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

No PAC directives have been issued as this Directorate General conducted audit of Disaster Management organizations of Sindh during the year 2016-17 for the first time and the Audit Report generated by this office has not yet been discussed in the PAC.



### 3.4 AUDIT PARAS

#### Internal Control Weaknesses

##### 3.4.1 Recovery of Pay & Allowances for Absent Period - Rs0.974 Million

According to Rule 32(a) of the Sindh Financial Rules Vol-1 that a drawer of pay abstracts or bills for pay & allowances, or contingent expenses will be held responsible for any overcharges.

While scrutiny of the pay and allowances record of the Civil Defence Directorate Karachi for the period of 2016-17 revealed that the following officer and official was found absent from their duty but their pay & allowances were paid. The detail is as under.

Name of Officer / Official	Designation & BPS	P.M Salary (Rs)	Period of Absent	Total Period Detail	Amount of Pay & Allowances (Rs)
ShahbuddinShahjahanLeghari	Deputy Controller BPS-17	68766	17-10-16 to 07-11-16	385 Days	882,497
Majid Ali Khan	Senior Clerk BPS-14	36891	18-10-16 to 31-12-16	75 Days	92,228
<b>Total</b>					<b>974,725</b>

Audit is of the view that due to weak internal controls the pay & allowances were paid to the officer/official who were absent.

The matter was reported to the management in January, 2018. In response department replied that the case of MrShahbuddinShahjahanLeghari, Deputy Controller, Civil Defence is under process and the case of Mr.Majid Ali Khan Senior Clerk is being settled and the recovery will be shown.

Reply is not acceptable as no documentary evidence was provided in support of reply.

No DAC meeting convened till finalization of this report.

Audit recommends disciplinary action should be taken under E&D Rules besides recovery of pay and allowances for absent period.

### 3.4.2 Irregular Payment due to Non-maintenance of Cash Book-Rs 20.743 Million

Rule 34(a) of the Sindh Financial Rules Vol-1 states that cash book on Form No.2 should be kept in the all department for moneys received by Government servants in their official capacity, and their subsequent remittance to the treasury or to the bank, as well as moneys withdrawn from the treasury or the bank either by bills or by cheque and their subsequent disbursement.

Contrary to the above following formations of the Civil Defence Directorate Karachi incurred an expenditure Rs20.743 million on pay & allowances, purchase of IT Equipment & Furniture during the F.Y 2016-17 without maintenance of cash book.

O/S No.	Name of Office	Period	Head of Account	Amount Paid (Rs in million)
1	Civil Defence East Karachi	2016-17	Pay & Allowances	6.720
			Purchase of IT Equipments & Furniture	0.149
2	Civil Defence West Karachi	2016-17	Pay & Allowances	6.120
3	Civil Defence Central Karachi	Apr-17 to June-17	Pay & Allowances	1.634
4	Civil Defence South Karachi	2016-17	Pay & Allowances	6.120
Total				20.743

Audit is of the view that non-maintenance of cash book leads irregular expenditure.

The matter was reported to the management in January, 2018. In response department replied that DDO was not existed and the compliance will shown on next audit.

Reply is not acceptable because the cash book was not maintained.

No DAC meeting convened till finalization of this report

Audit recommends cash book be maintained besides fixing of responsibility for non-maintenance of cash book.

## Annexures MFDAC

### Annexure-I

S. #	AP/ PDP #	FY	Name of Formation	Subject
<b>PDMA</b>				
1	3	2015-16	PDMA-Sindh	Non-deposit of receipt into Govt. Treasury Rs. 8.573 Million
2	4	2015-16	PDMA-Sindh	Non surrender of savings- Rs. 48.029 Million
3	5	2015-16	PDMA-Sindh	Non-deduction of late delivery charges Rs. 4.288 Million
5	9	2015-16	PDMA-Sindh	Irregular purchase of computer stationary Rs 179, 294
6	10	2015-16	PDMA-Sindh	Over payment of TA/DA Rs0.108 Million
7	13	2015-16	PDMA-Sindh	Irregular payment of Honorarium- Rs. 1.777 Million
8	17	2015-16	PDMA-Sindh	Non-Disclosure of Fixed Assets- Rs 1.697 Million
1	31	2016-17	PDMA-Sindh	Non-conduction of Physical Verification
2	17	2016-17	PDMA-Sindh	Irregular Expenditure on POL Rs 3.139 Million
3	15	2016-17	PDMA-Sindh	Irregular Expenditure Beyond the Sanction Power Rs 73.735 Million
4	14	2016-17	PDMA-Sindh	Irregular Re-instatement in Service drawing of pay Rs 292,000
5	22	2016-17	PDMA-Sindh	Non-compliance of Statutory Requirement by PDMA
6	26	2016-17	PDMA-Sindh	Non-establishment of Stockpiles of Disaster Relief Items for Emergency
7	25	2016-17	PDMA-Sindh	Unjustified Expenditure on Purchase of Uniform & Proactive Clothing Rs 356,100
8	30	2016-17	PDMA-Sindh	Unjustified Payment on Denting & Penting of Vehicle Rs 118,000
9	28	2016-17	PDMA-Sindh	Doubtful Expenditure on Purchase of Computer Stationery Rs 82,103
10	34	2016-17	PDMA-Sindh	Irregular Expenditure on Purchase of Tyres Rs 159,730
11	15	2016-17	PDMA-Sindh	Irregular Payment of Medical Re-imburement Rs 1,046,906
12	35	2016-17	PDMA-Sindh	Non-appointment of Internal Auditor for Internal Check
13	36	2016-17	PDMA-Sindh	Payment of TA/DA without Tour Program
14	37	2016-17	PDMA-Sindh	Non-preparation of Annual Financial Statements
15	6	2016-17	PDMA-Sindh	un-authorized Payment from Non-operational PDMF Account Rs 80.131 Million
<b>Relief Commissioner</b>				
1	24	2015-16	Addl. Relief	Non Surrender and refund of Savings, Rs 1.967 Million
16	6	2016-17	Commissioner	Irregular payment of Compensation rs 695,000
<b>Deputy Commissioner Umerkot</b>				
17	4,5,6	2016-17	DC Umerkot	Unfair and Delay in Distribution of Wheat Bags Rs 150,673
18	7	2016-17		Non-obtaining of Performance Security / Guarantee
19	8	2016-17		Un-complete Purchase Process without Integrity Impact
<b>District Disaster Management Authority Hyderabad</b>				

1	27	2015-16	DDMA Hyderabad	Un-due retention of public money Rs. 4.552 Million
<b>Civil Defence Directorate Karachi + 4 Sub Offices</b>				
20	66	2016-17	Civil Defence Directorate Karachi, Civil Defence Office South and Civil Defence Office C	Non-utilization of Budget Rs 7.488Million
21	68	2016-17	Civil Defence Directorate Karachi	Non-auction of Old items / Stock Valuing Rs540,000
22	69	2016-17	-do-	Irregular Expenditure Without Maintenance of Log Book & History Sheet Rs 319,706
23	70	2016-17	-do-	Irregular Expenditure Without Observing SPPRA Rules Rs 196,000
24	71	2016-17	-do-	Unjustified Expenditure on Stationery Without Receiving of Material Rs 140,000
25	72	2016-17	-do-	Irregular Expenditure on Purchase of Uniforms Without Stock Entry Rs 87,000
26	73	2016-17	-do-	Excess Payment on Purchase Than Market Rates Rs 60,000
27	74	2016-17	-do-	Expenditure Made Without Approval of Austerity Committee Rs 125,000
28	75	2016-17	-do-	Irregular Expenditure due to Non-fulfillment of Codal Requirements Rs 42,950
29	76	2016-17	-do-	Non-production of Record
30	77	2016-17	-do-	Non-verification of Service Books from AG Office

#### Annexure-II

Vide No / dated	Meeting Detail	Meeting Held on	Participants	Agenda	Discuss	Decision
PDMA(S)/13 (01)/ 2016 dated 30.01.2017	10th Meeting	25.01.17	1-Justice (R) ZahidQurbanAlvi (Chairmain Sindh Zakat Council 2- MrRiazSoomro Secretary Zakat 3- Mr. Ahmed Junaid Secretary Irrigation Deptt. 4- Comm (R) Syed Salman Shah DG, PDMA 5- Mr. Shahid Ansari Special Secretary Fin Deptt 6- Mr. NiazSoomro Special Secretary LC	No-1 Conformation of Minutes of 9th Meeting  No-2 Approved Budgetary Allocation for F.Y 2016-17 No-3 Extension of Period of contract officer	The DG, PDMA informed that the minutes of meeting of 9th meeting has been signed and approved and duly circulated no any objection was raised.  Passing for 850 million budget of PDMA  DG, PDMA explained	The Board confirmed the minutes of 9th meetings.  Board Approved Budgetary Allocation  Board Approved the extension of contract employees

			<p>Deptt 7- Mr. Aslam Pechuho Addl Secretary Health Deptt 8- Mr. Nisar Hussain Channer Director OPR PDMA 9- Mr. Ahmed Ali Qureshi Director (F&amp;A) PDMA</p>	<p>No-4 Extension of Period of contract officer</p> <p>No-5 Approval of Administrative &amp; Relief Expenditure F.Y 2015-16</p> <p>No-6 Endorsement of previous Board decision</p> <p>No-7 Continuation of Officials Hired on Services Rendered Basis</p>	<p>DG, PDMA explained</p> <p>Approval of the budget of F.Y 2015-16</p> <p>DG, PDMA apprised the PDMA Sindh</p> <p>DG, PDMA apprised that the World Food program has been handed over at Jamshoro and Sukker No sanctions were issued for warehouse</p>	<p>Board Approved the extension of contract employees</p> <p>Board approved the budget of 2015-16</p> <p>Board of PDMA approved and endorsed all previous decisions</p> <p>the Board approved the continuation of officials on hiring basis</p>
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### Annexure-III

S. No.	Name of Employees	Designation	Due date for Renewal of Contract	Expiry date	P.M Pay (Rs)	Total Period Calculated 01-07-16 to 30-06-17	Total Pay Received (Rs)
1	Ajay Kummar Sehwan	Asstt. Director	20-02-17	19-02-18	100,021	12	1,200,252
2	Abdul Rehman	Asstt. Director	20-02-17	19-02-18	93,021	12	1,116,252
3	Shaikh Waqas Shakoor	Accts Assistant	20-07-17	19-07-18	46,966	12	563,592
4	Mehtab Hussain Qureshi	Assistant	20-02-17	19-02-18	47,062	12	564,744
5	Alamgir Memon	Assistant	20-02-17	19-02-18	44,212	12	530,544
6	Bashir Ahmed	Assistant	20-02-17	19-02-18	44,212	12	530,544
7	Khadim Buledi	Dispatch Rider	20-02-17	19-02-18	22,350	12	268,200
8	Naseer Ahmed	Driver	02-06-17	19-02-18	24,350	12	292,200
9	Mubarak	Driver	20-02-17	19-02-18	24,350	12	292,200
10	Muhammad Irfan	Naib Qasid	20-02-17	19-02-18	23,207	12	278,484
11	Muhammad Shahid	Naib Qasid	20-02-17	19-02-18	23,207	12	278,484
12	Ali Asghar	Naib Qasid	20-02-17	19-02-18	23,207	12	278,484
13	Tariq Ali	Naib Qasid	20-02-17	19-02-18	23,207	12	278,484
14	Abdul Hameed	Naib Qasid	20-02-17	19-02-18	23,207	12	278,484

15	Muhammad Sajid	NaibQasid	20-02-17	19-02-18	23,207	12	278,484
16	Muhammad Owais	NaibQasid	20-02-17	19-02-18	23,207	12	278,484
17	Imam	Chowkidar	20-02-17	19-02-18	23,207	12	278,484
18	Attaullah	Chowkidar	20-Feb-17	19-02-18	23,207	12	278,484
<b>Total</b>							<b>7,864,884</b>

**Annexure-IV**

<b>Name of Contractor</b>	<b>Detail of Items / Material</b>	<b>Qty</b>	<b>Analysis Rate (Rs)</b>	<b>Secured Advance 65 %</b>	<b>Rate (Rs)</b>	<b>Amount (Rs)</b>
M/s BS Traders vide MB No 8198	PVC Blind Pipe	12,000 rft	212 rft	65	137.86	1,654,320
	PVC Streamer Pipe	10,000 rft	242.95 rft	65	157.91	1,579,100
	UPCV	12,000 rft	68.0 rft	65	44.20	530,400
	Deep Well Pump	60 No	24,500	65	15,925	955,500
	<b>Total</b>					
M/s BS Traders MB No 6140	PVC Blind Pipe	12,000 rft	212 rft	65	137.86	1,654,320
	PVC Streamer Pipe	9,000 rft	242.95 rft	65	157.91	1,421,190
	UPCV	15,000 rft	68.0 rft	65	44.20	663,000
	Deep Well Pump	68 No	24,500	65	15,925	1,082,900
<b>Total</b>						<b>4,821,410</b>
M/s BS Traders MB No 8197	PVC Blind Pipe	9,000 rft	212.10 rft	65	137.86	1,240,740
	PVC Streamer Pipe	8,000 rft	242.95 rft	65	157.91	1,263,280
	UPCV	9,000 rft	68.0 rft	65	44.20	397,800
	Deep Well Pump	72 No	24,500	65	15,925	1,146,600
	<b>Total</b>					
<b>Grand Total 4,719,320+4,821,410+4,048,420</b>						<b>13,589,150</b>

**Annexure-V**

Bill No.	Dated	Paid To	Detail	Qty.	Rate (Rs)	Total Cost (Rs)
	05-07-16	M/s T.K Medical Instruments Co	Purchase of D-Watering Pumps40 HP	40	470,000	18,800,000
71	08-06-17	M/s Abdul Hakeem Chachar& Sons	Repair of D-Watering Pumps	50	45,000	2250,000
70	07-06-17	-do-	Purchase of D-Watering Pumps30 HP	200	199,953	39,990,600
1121	03-06-17	M/s Business & Engineering Trends	Purchase of Fiber Boats (19ft)	65	153,000	10,003,500
121	27-06-16	M/s Alnusrah International	Life Jackets Adult	1104	1,130	1,247,520
			Life Jackets Child	948	930	881,640
117	13-07-17	-do-	Life Jackets Adult	405	1130	457,650
			Life Jackets Child	195	930	181,350
124	13-07-17	-do-	Life Jackets Adult	1596	1130	1803,480
			Life Jackets Child	352	930	327,360
					<b>Total</b>	<b>75,943,100</b>

**Annexure-VI**

**(A) (i) Unjustified Expenditure on Repair of Transport-Rs338,530**

S. No.	Vehicle No.	Work Order Date	Amount (Rs)
1	GS-9334 Toyota Hilux	21.11.2016	99,600
2	GS-6746 Toyota Hilux	04.11.2016	92,200
3	GS-6746	29.03.2017	97,600
4	GS-9331 Suzuki Cultus	05.05.2017	49,130
<b>Total</b>			<b>338,530</b>

**(II) Unjustified Expenditure on Purchase Without Codal Requirements-Rs 212,492**

Item	Word order Dated	Quotation Detail	Award To	Amount (Rs)
Grocery	29-03-17	M/s Silver Star M/s M.M Traders M/s Modern Traders	M/s Silver Traders	66,865
-	24-05-17	M/s Silver Star M/s M.M Traders M/s Modern Traders	M/S Javed& Sons	68,219
-	11-01-17	M/S Silver Star M/S Global International M/s Zamir Trading	M/s Star Engineering	77,408
			<b>Total</b>	<b>212,492</b>

**(iii) Irregular Expenditure on Purchase and Repair without Codal Requirements- Rs164,465**

S. No.	Head	Date on which cheque issued	Date on which work order issued	Amount (Rs)
1.	Grocery Items	01.02.2017	29.03.2017	66,865
2	Repair of Transport (Vehicle No. GS-6746)	08.02.2017	29.03.2017	97,600
<b>Total</b>				<b>164,465</b>

**Grand Total Rs A+B+C (338,530+212,492+164,465=715,487)**

**(B)(i) Purchase of Computer Stationery Rs 355,000**

S. No.	Month	Head of Account	Amount (Rs)
1	March 2017	Computer Stationery	97,500
2	April 2017	Computer Stationery	99,600
3	May 2017	Computer Stationery	99,500
4	June 2017	Computer Stationery	58,400
<b>Total</b>			<b>355,000</b>

**(ii) Purchase of Air Conditioner 162,360**

S.No.	Month	Head of Account	Amount (Rs)
1	June 2017	A09601-Plant & Machinery	63,360
2	June 2017	A09601-Plant & Machinery	99,000
<b>Total</b>			<b>162,360</b>

**(Grand Total) Rs 355,000+162,360=517,360 (715,487+517,360=1,232,847)****Annexure-VII****PDP#61 Additional Relief Commissioner Hyderabad 2016-17**

Finance Advice No	To Whom Issued	Purpose	Actual Year	Amount Released (Rs in million)
FD(B&E-VII)10(1)Relief/CK/2014(3467) Dated 21-10-16	Commissioner Karachi	Payment to NLC Authorities on A/C of Liabilities utilized during Relief Operation 2010 for Land Compensation	2010	25.000
FD(B&E-VII) 3(542) RC/2012 2014(3467) Dated 21-10-16	Relief Department	Payment of IqbalMemonGovt Contractor on A/c of Outstanding Liabilities	2012	3.770
FD(B&E-VII) 2016/4(30)2015-16 Dated 21-10-16	DC Thatta	Payment to Abdullah Khan Construction Company for Liabilities	2015	1.624
FD/SO(B&E-VII)4/(26)RC/2014-15(Audit) Dated 06-02-17	DC UmerKot	(1) Payment to Ghulam Muhammad SamejoGovt Contractor on A/C Transportation Charges. (2) Payment to Hakim Khan ChaniyoonGovt Contractor on A/C of Transportation charges	2013-14	4.000 3.300
FD(SO(B&E-VII)2016-17 4(10)/2010(3010) Dated 13.03.17	DC KamberShahadPur	Payment to Mohan Lal Hindu Govt Contractor on A/C of Cooked Food	2010	2.760
<b>Total</b>				<b>40.494</b>