



17th November, 2023

TL2023/1117/1A

Justice (R) Maqbool Baqar,
Caretaker Chief Minister Sindh,
Government of Sindh,
Karachi.

Sub: Complaint on the Allegation of Illegal Clearance of Show cause Notice Against Executive Engineer PHE Department, Mirpurkhas in Violation of the Departmental Rules, and Recommendations of the Committee Constituted by Secretary Public Health Engineering (PHE) and Rural Development Department to Investigate the Allegation of Corruption and Irregularities in Tender Pertaining to District Tharparkar & Expenditure made in PHE (O&M) Division Mirpurkhas in context to O&M of UF & RO Plans during 2020-2021.

Dear Sir,

Transparency International Pakistan refers to its complaint regarding illegal expenditure made on repair and maintenance of RO/UF plant in District Mirpurkhas for an amount of Rs.0.280 Billion sent vide TIP letter No TL2021/0618/1A dated 18th June, 2021 (**Annex-A**).

In response to TI Pakistan's complaint, Secretary, Public Health Engineering (PHE) and Rural Development Department, Govt. of Sindh constituted a committee, dated 25-08-2021, comprising of following members to investigate the allegations (**Annex-B**)

- (1) Mr. Abdul Latif Jarwar, Additional Secretary (Tech), PHED, Chairman.
- (2) Mr. Barkat Ali Khowaja, SE PHE Circle Sukku, Member.
- (3) Mr. Shafique Hussain Mdmon, SE PHE Circle Hyd, Member.
- (4) Chairman can co-opt any member for assistance Member.

The committee gave the following findings regarding loss of Rs. 0.28 Billion in PHE Division Mirpurkhas, vide Reference Notification No. SO(T)/PHE/SPPRA Rules/2021, Dated 25.08.2021 (**Annex-C**).

1. Allegation regarding an expenditure of Rs.0.280 Billion for untendered scope of repair and maintenance could not be proved as per record Rs.7.598 million has been utilized through quotations / petty purchase.
2. From scrutiny of record, it has been observed while carrying out procurement process, rules and regulation envisaged under SPPRA were violated.
3. While according technical sanction the higher rates were adopted rather to follow rates in Rate Analysis (Non-Schedule) approved by competent authority.
4. The necessary quotations for the items (not incorporated in Rate Analysis) are not available on record.
5. The designated committee visited following RO plants in random in pursuance to the notification dated 25.08.2021 and observed the situation narrated in the table below:-

S.R.No	Name of Location	Remarks
i)	Doulat Leghari	Neither invoice was available nor evidence of replaced material seen at site or PHE Division Mirpurkhas
ii)	Molidino Khaskheli	-do-
iii)	Makhan Samoo	-do-
iv)	Sth Hari Ram	-do-



6. It was noticed by the committee that amount of items pertaining to rehabilitation/ repair works paid through quotations was repeated in payments made to contractor awarded at later stage. On query from villagers, they intimated that minor wear, tear works were carried out 3 months back which implicated that quotations works shown in measurement book one year back was bogus and embezzlement of funds.

The Committee gave the following recommendations (Annex-D):

1. From perusal of record no evidence of physical work was seen at site.
2. E&D proceedings may be initiated against the following officers, quoted below, with the issue of show cause at first instance.
3. In case no satisfactory reply is received the case may be forwarded to Chief Secretary Sindh for recovery of losses.

S.#	Name of Executive Engineer	Name of Assistant Engineer	Name of Contracting Agency
01)	Ghulam Qadir Memon	Inayatullah Memon	M/s Progressive Construction
02)	Shoukat Ali Memon	Sohail Leghari	M/s Muhammad Sharik Enterprises.
03)	Aijaz Azam	Rashid Hussain Mari	M/s Apex Traders
04)	Aijaz Azam	Muhammad Aslam Dahri	M/s Waqar Builders

4. An amount of Rs.7.598 Million is clear loss to Government of Sindh which requires to be recovered through E&D Proceedings as narrated above.
5. Name of contracting firms need to be black listed in light of SPPRA Rule-35 in addition to amount to be recovered.
6. It is pertinent to mention here that contractors of various districts have taken out membranes from casing and reinstalled same after few days duly washed with cleansing chemicals. This knowledge / allegation was based on information provided by villagers during site visit.
7. It is further intimated that facility of cleaning of membranes with chemicals is available in Karachi. Non availability of replaced membrane/ media and other material gives rise to the allegation that items are reused.
8. This seems a serious issue and to be inquired at a higher level.

Transparency International Pakistan's Comments

Transparency International Pakistan has reviewed the allegations of the complaint, prima facie allegations seem correct. Following are TI Pakistan comments;

1. The findings of the committee constituted by Secretary, PHE & Rural Development Department, Govt. of Sindh, dated 25th August, 2021, are clear that procurement was done in violation of SPPRA Rules 2010.
2. The committee has recommended that the amount of Rs. 7.598 Million is a clear loss to the Govt. of Sindh, which may be recovered through E&D proceedings.
3. The findings of the designated committee that neither invoice nor evidence of the place of material was seen at site over PHA division, Mirpurkhas falls under corrupt and fraudulent practices and in violation of SPPRA Rules 2010, Rule 2(q), "corrupt and fraudulent practices", Quoted below;



SPPRA Rules 2010, Rule 2(q), "corrupt and fraudulent practices": *includes the offering, giving, receiving, or soliciting of anything of value to influence the acts of another party for wrongful gain.*

4. The promotion of Executive Engineer, Mirpurkhas, Mr. Shoukat Memon from BS-18 to BS-19 despite the clear evidence of corrupt practices and the loss of Rs. 7.598 Million to the ex-chequer attributed to his illegal action, is in violation of public servants Code of Conduct and must be investigated in light of departmental Rules and anti-corruption laws, including NAO 1999.

Transparency International Pakistan Recommendations

1. Transparency International Pakistan requests the caretaker Chief minister Sindh to examine the allegations of the complaint in light of findings of the designated committee, constituted by Govt. of Sindh dated 25-08-2021 and SPPRA Rules, and if found correct, take action against the illegal efforts to clear the show cause notice against the Executive Engineer, Mirpurkhas, Mr. Shoukat Memon paving his way for promotion from BS-18 to BS-19.
2. The CM, Sindh is requested to issue directives for implementation of the recommendations of designated committee including the recovery of Rs. 7.598 Million, incurred as a loss to the exchequer.

Transparency International Pakistan is striving for across the board application of Rule of Law, which is the only way to stop corruption, and achieve Zero tolerance against corruption.

With Regards,


Advocate Daniyal Muzaffar
Trustee/Legal Advisor
Transparency International Pakistan

Copies forwarded for the information with request to take action under their mandate to:

1. Chief Secretary, Government of Sindh, Karachi.
2. Secretary, Public Health Engineering (PHE) Department, Karachi.
3. Chairman, National Accountability Bureau (NAB), Islamabad.
4. Director General, Anti-Corruption Establishment Sindh, Karachi.
5. Registrar, Sindh High Court, Karachi.

Note:

This is to clarify that Transparency International Pakistan is not a complainant, it acts as a whistleblower and operate under Article 19-A, of the Constitution of Pakistan which gives the right to public to know how government is being run by public officers. Article 19-A makes the right to access of information pertaining to a public authority a fundamental right, and a three member bench in case of Mukhtar Ahmad Ali vs the Registrar, Supreme Court of Pakistan, Islamabad, headed by Chief Justice Qazi Faez Isa in the landmark judgment on 16 October 2023, in CP No. 3532/2023, has declared that

"What previously may have been on a need-to-know basis Article 19A of the Constitution has transformed it to a right-to-know, and the Access to information is no longer a discretion granted through occasional benevolence, but is now a fundamental right available with every Pakistani which right may be invoked under Article 19A of the Constitution"

18th June, 2021

TL21/0618/1A

Mr. Syed Ahmed Awan,
Secretary,
Public Health Engineering & Rural Development Department,
Government of Sindh,

Subject: Allegation of Violation of SPPRA Rule in Awarding Contract for Rehabilitation, Operation & Maintenance of 623 RO Plants in Tharparkar, 2 MGD RO Plants at Misri Shah and 1 RON plant 1.5MGD at Islamkot, causing loss of over Rs.1 Billion.

Dear Sir,

Transparency International Pakistan has received a complaint on allegation of Violation of SPPRA Rules 2010 in Awarding Contract for Rehabilitation, Operation & Maintenance of 623 RO Plants in Tharparkar, 2 MGD RO Plants at Misri Shah and one RON plant 1.5MGD at Islamkot, causing loss of over Rs.1 Billion.

The complaint has made the following Allegations.

That,

1. A Contract for Rehabilitation/Operation & Maintenance of 623 RO Plants for years 2020/21, was awarded in April 2021, by Public Health Engineering & Rural Development Department, in violation of SPPRA Rules 2010, to a single bidder M/s Oslo Lighting Solution (Pvt) Ltd & Minvera Builders & Innovation (Pvt) Ltd (Joint Venture), at the cost of Rs. 1,433,759,278/- to **Annex-A**.
2. This Contract comprises of one-time payment of Rs. 416,338,143 for Rehabilitation of 623 RO Plants, and annual operation & maintenance payment of Rs.1,017,421,134 are to be paid to the contractor for 12 months.
3. Payment of Rs. 416,338,143 is the rehabilitation cost of 623 RO Plant, which comes to Rs. 668,279 per RO Plant. And Rs. 136,091/month is being paid for operation and maintenance of each plant.

It is to point out that the **Rehabilitation cost** is provided in PC-I by the department, for replacement of **old water membrane**, which is actually included in the monthly operation & maintenance cost.

Theses 623 RO Plants are in operation since last five/six years, and the **operation and maintenance** of these plants was carried out by the previous contractor at Rs 25,000 /RO Plant/Month.

This monthly payment of Rs 25,000 also included the cost of replacement of water membrane, operation & maintenance. The payment of Rs. 416,338,143 is therefore not legal payment, and should not been given to Contractor.



The previous contractor, according to the contract agreement of 2015, was charging Rs. 25,000/- per month from 2015.

While preparing the estimated cost of 623 RO Plants for the purpose of PC-I, according to Planning Commission directives (Planning & Development Division Islamabad), to arrive at the annual increase of cost, 6.5% shall be added to each year. This means on Rs 25,000/month, in 6 years, at 6.5%, shall be Rs 37,000/month. Sindh government was paying Rs 25,000/month/plant, till 6 years and the new contractor is being paid by the department Rs 136,000/ month, just because this contract is awarded on un-competitive rates, which is against the SPPRA Rules.

The government of Sindh is over paying Rs 947,000,000 (Rs 90,000/plant/month, Rs. 560,700,000 and also overpaying Rs. 416,338,143 in the name of Rehabilitation).

4. M/s Oslo Lighting Solution (Pvt) Ltd & Minvera Builders & Innovation (Pvt) Ltd (Joint Venture), in April 2021 was also awarded contract for Rehabilitation /Operation & Maintenance of 2MGD Ro Plant at MISRI SHAH, at the cost of Rs. 211,326,175 although another bidder M/s Muhammad Iqbal Shaikh & Co. has quoted Rs. 209, 095,271, and was the lowest bidder, but his bid has been shown in the comparative statement as Rs. 249,136,000. **Annex-B.**
5. M/s Oslo Lighting Solution (Pvt) Ltd & Minvera Builders & Innovation (Pvt) Ltd (Joint Venture) were awarded for Rehabilitation /Operation & Maintenance 1.5MGD RO Plant at ISLAMKOT, with separate cost for Rehabilitation. **Annex-C.**
6. According to SPPRA Procurement Regulations (Works), Article 2.16 Evaluation Criteria, the annual turnover of the Bidder shall be either equal or twice the estimated cost of project, and M/s Oslo Lighting Solution (Pvt) Ltd & Minvera Builders & Innovation (Pvt) Ltd do not meet this criterion.
7. The process of awarding the contract of 623 RO Plants to a single bidder JV, which does not has previous experience, at additional cost of Rs 947,000,000, and 2 contracts for 2 MGD and 1.5 MGD, must be declared illegal and cancelled

TI Pakistan Observations & Comments.

Prima facie, based on the authenticity of the documents, the three Contracts are awarded against the SPPRA Rules 2010, & SPPRA Procurement Regulations (Works).

TI Pakistan recommendations

Secretary, Public Health Engineering & Rural Development Department may examine the allegations, and alleged violation of SPPRA Rule and Regulations, and specially over payments being made against SPPRA Rules/Regulations, and PC-I requirements. If the allegations are proved to be correct, take action to cancel the 3 Contracts and also take action against all those who are found responsible, and recover Rs 9.4 Billion) 10 times the loss of over Rs 947 Million, under the SPPRA Rule 89, "Integrity Pact" from the contractor.



Transparency International Pakistan is striving for across the board application of Rule of Law, which is the only way to stop corruption.

With Regards

Jus (Rtd) Nasira Iqbal,
Sitar-Imtiaz,
Vice Chair,
Transparency International Pakistan

Copies forwarded for the information with request to take action under their mandate to:

1. PSPM, PM House, Islamabad,
2. Chief Minister, Sindh, Karachi,
3. Registrar Supreme Court of Pakistan, Islamabad.
4. MD, SPPRA, Karachi.



Annex-B 282

GOVERNMENT OF SINDH
PUBLIC HEALTH ENGINEERING AND
RURAL DEVELOPMENT DEPARTMENT

Karachi, dated the 25th August-2021

NOTIFICATION

NO.SO(T)(PHE)/SPPRA Rules/2021: In partial modification of this department Notification of even number dated 20.08.2021 and in pursuance to correspondence made by Transparency International Pakistan, the following committee is constituted to evaluate and furnish its findings & recommendations to proceed further into the matter for tenders pertaining to District Tharparkar & expenditure made in PHE (O&M) Division Mirpurkhas in context to O&M of UF & RO Plants during 2020-21.

- | | | |
|------|---|-----------|
| I. | Mr. Abdul Latif Jarwar, Additional Secretary (Tech), PHED | Chairman. |
| II. | Mr. Barkat Ali Khowaja, SE PHE Circle Sukkur | Member. |
| III. | Mr. Shafique Hussain Meimon, SE PHE Circle Hyd. | Member. |
| IV. | Chairman can co opt any member for assistance | Member. |

TERMS OF REFERENCE:

- ✓ The designated committee will evaluate the procurement procedure in the light of prevailing SPPRA Rules and Regulations for District Tharparkar.
- ✓ The Committee shall look into Transparency International Observations and reply made by executing agency along with counter remarks.
- ✓ The Committee shall also scrutinize response of TIP vide letter No. TL 21/0729/IA, Dated 29.07.2021.
- ✓ The Committee will carry out audit of expenditure made by Executive Engineer, PHE Division Mirpurkhas on account of O&M for UF & RO plants installed in district Mirpurkhas with random physical site inspection.
- ✓ The Committee shall fix responsibility if any in case irregularities & embezzlement of funds observed in District Mirpurkhas.
- ✓ The Committee shall submit report within 15 days.
- ✓ Chairman of Committee along with correspondence of TIP for compliance accordingly.
- ✓ Members of Committee for compliance accordingly.

SAEED AHMED AWAN
SECRETARY TO GOVT OF SINDH

NO.SO(T)(PHE)/SPPRA Rules/2021:

Karachi dated the 25th August-2021

A copy is forwarded for information to:-

1. Transparency International Islamabad Pakistan.
2. The Chief Engineer (O&M) PHE Department Hyderabad.
3. The Superintending Engineer, PHE (O&M) Circle Mirpurkhas.
4. The Executive Engineer, PHE Division Tharparkar @ Mithi.
5. The PS to Minister, PHE&RDD, Govt. of Sindh, Karachi.
6. The PS to Secretary, PHE&RDD, Govt. of Sindh, Karachi.


SECTION OFFICER (TECH)
FOR SECRETARY TO GOVT OF SINDH

Annex-C&D ✓

**REPORT IN RESPECT OF ALLEGATION OF TRANSPARENCY
INTERNATIONAL REGARDING LOSS OF RS. 0.28 BILLION IN PHE DIVISION
MIRPURKHAS.**

Reference: Notification No. SO(T)/PHE/SPPRA/Rules/2021, Dated 25.08.2021.

M/S Transparency International of Pakistan has raised observation regarding illegal expenditure made on repair and maintenance of RO/UF plant in District Mirpurkhas for an amount of Rs.0.280 Billion. The designated committee obtained the record from sitting Executive Engineer (O&M) PHE Division Mirpurkhas. The breakup of expenditure as produced by Executive Engineer concerned is attached as Annexure-I. As per written statement an amount of Rs. 69.562 million has been shown as expenditure made on RO / UF plants of District Mirpurkhas. Out of which Rs.7.598 million has been incurred on un-tendered works through quotations as per SPPRA-Rule 16. The detail of which is attached at Annexure-II, comprising of 4 Pages.

From Scrutiny of record, it has been observed by the committee that in few cases, work order has been issued on the same date on which tenders/quotation were invited by concerned. Executive Engineer (O&M) has accorded the Technical Sanction himself on non-schedule items for which he has no mandate to accord T.S in pursuance to Delegation of Financial Powers 1962 (upto-date amended)

It is further added that the designated committee constituted by Chief Secretary on advice of Honorable Chief Minister Sindh, prepared the "Rate Analysis" for O&M of RO/UF Plants installed in Sindh. The rate for RO membrane 8" x 40" approved as Rs.1,15,000/- while in the detailed Estimate the rate has been approved higher than 1,15,000/- ranging from Rs. 128,225/- to Rs. 137,798/-. This seems financial violation as such the designated committee finalized by Chief Secretary, Sindh recommended the rate amounting to Rs. 115,000/-

Similarly, rates of sand, gravel, carbon and glass grains were incorporated in the rate analysis which was the part of summary duly approved by honourable Chief Minister Sindh concerned Executive Engineer have violated the rates approved by the competent authority and adopted higher rates at his own will.

Besides the rates of items which were not the part of Rate Analysis (Non-Schedule) have been incorporated without obtaining the necessary quotations.

Findings

The committee after scrutiny of documents provided by Executive Engineer PHE (O&M) Mirpurkhas and thorough discussion pointed out following observations.

1. Allegation regarding an expenditure of Rs.0.280 Billion for untendered scope of repair and maintenance could not be proved as per record Rs.7.598 million has been utilized through quotations / petty purchase.
2. From scrutiny of record, it has been observed while carrying out procurement process, rules and regulation envisaged under SPPRA were violated.
3. While according technical sanction the higher rates were adopted rather to follow rates in Rate Analysis (Non-Schedule) approved by competent authority.
4. The necessary quotations for the items (not incorporated in Rate Analysis) are not available on record.
5. The designated committee visited following RO plants in random in pursuance to the notification dated 25.08.2021 and observed the situation narrated in the table below:-

Annex-C&D

S. No	NAME OF LOCATION	Remarks
i)	Doulat Leghari	Neither invoice was available nor evidence of replaced material seen at site or PHE Division Mirpurkhas.
ii)	Molidino Khaskheli	-do-
iii)	Makhan Samoo	-do-
iv)	Seth Hari Ram	-do-

6. It was noticed by the committee that amount of items pertaining to rehabilitation / repair works paid through quotations was repeated in payments made to contractor awarded at later stage. On quarry from villagers, they intimated that minor wear, tear works were carried out 3 months back which implicates that quotations works shown in measurement book one year back was bogus and embezzlement of funds.

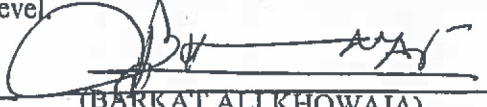
Recommendations:


From perusal of record no evidence of physical works were seen at site as elaborated above. The committee came at the verdict that E&D proceedings may be initiated against following officers with the issue of show cause at first instance. In case no satisfactory reply is received the case may be forwarded to Chief Secretary Sindh for recovery of losses.


S.#	Name of Executive Engineer	Name of Assistant Engineer	Name of Contracting Agency
01	Ghulam Qadir Memon	Inayatullah Memon	M/s Progressive Construction
02	Shoukat Ali Memon	Sohail Leghari	M/s Muhammad Sharik Enterprises.
03	Aijaz Azam	Rashid Hussain Mari	M/s Apex Traders
04	Aijaz Azam	Muhammad Aslam Dahri	M/s Waqar Builders

An amount of Rs.7.598 Million is clear loss to Government of Sindh which requires to be recovered through E&D Proceedings as narrated above. Name of contracting firms need to be black listed in light of SPPRA Rule-35 in addition to amount to be recovered.

It is pertinent to mention here that contractors of various districts have taken out membranes from casing and reinstalled same after few days duly washed with cleansing chemicals. This knowledge / allegation is based on information provided by villagers during site visit. It is further intimated that facility of cleaning of membranes with chemicals is available in Karachi. Non availability of replaced membrane / media & other material gives rise to the allegation that items are reused. This seems a serious issue and to be inquired at higher level.


(BARKAT ALI KHAWAJA)
SUPERINTENDING ENGINEER (DEV.)
PUBLIC HEALTH ENGG. CIRCLE SUKKUR/
MEMBER INQUIRY COMMITTEE


(SHAFIQUE HUSSAIN MEMON)
SUPERINTENDING ENGINEER
(DEV.)HYDERABAD/ MEMBER INQUIRY
COMMITTEE


(ABDUL LATIF JARWAR)
ADDITIONAL SECRETARY (TECHNICAL)
PHE&RDD, GOVT. OF SINDH, KARACHI/
CHAIRMAN INQUIRY COMMITTEE