



TRANSPARENCY INTERNATIONAL-PAKISTAN

5-C, 2nd Floor, Khayaban-e-Ittehad, Phase VII,
Defence Housing Authority, Karachi.
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18th June, 2016

TL16/1401/7B

Chairman,
North Sindh Urban Services Corporation Limited,
A-14 Sindhi Muslim Cooperative Housing Society,
Airport Road, Sukkur.

Reminder

**Sub: Complaint against North Sindh Urban Services Corporation Limited (NSUSC)'s -
Whistle Blowing.**

Dear Sir,


Transparency International Pakistan has sent you a serious complaint dated 14-01-2016 on the allegations of various irregularities against North Sindh Urban Services Corporation Limited (Copy Encl).

On the allegations received and sent to you on 14-01-2016 no response from you has been received in the last five months, and therefore prima facie it appears that the allegations are correct.

You are again requested to look into these 12 allegations, which amount to Billions of Rupees loss to the Exchequer, and send your respond to Transparency International Pakistan.

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

With Regards,


Sohail Muzzafar
Chairman

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

1. Chief Minister, Government of Sindh, Karachi.
2. Chief Justice, Sindh High Court, Karachi
3. Director General, NAB, Karachi.
4. Chief Secretary, Government of Sindh, Karachi.
5. Managing Director, SPPRA, Karachi.
6. Pakistan Resident Mission (PRM), Asian Development Bank, Islamabad.



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14th January, 2016

TL16/1401/7A

Mr. Rafique Ahmed Safi Munshey,
Chairman,
North Sindh Urban Services Corporation Limited,
A-14 Sindhi Muslim Cooperative Housing Society,
Airport Road, Sukkur.

**Sub: Complaint against North Sindh Urban Services Corporation Limited (NSUSC)'s -
Whistle Blowing.**

Dear Sir,

Transparency International Pakistan has received a serious complaint on the allegations against North Sindh Urban Services Corporation Limited, regarding various irregularities.

The complainant has alleged the following;

1. The Sindh Cities Improvement Program was an integral part of the Sindh's Medium Term Urban Sector Revitalization and Vision 2030. The total cost of the Invest Program is USD400 million from 2008 to 2018. The Program consists of the following parts: (1) Urban Planning, Institutional Development and Program Implementation Support. (2) Urban Water Supply and Wastewater Management Improvements. (3) Solid waste Management (SWM) Improvements. (4) Operational and Transition Support Funding. The Execution Agency (EA) for the program is Planning and Development Department (P&DD) Sindh. The EA, through Program Support Unit (PSU-now called Sindh Cities Improvement Program (SCIP), is responsible for the establishment of urban services corporations (USCs). As per FFA, SCIP established, North Sindh Urban Services Corporation Limited, as Public Limited Company. The date of incorporated is 11 November 2008.
2. From the date of incorporation till now what happened to the exchequer money (Public funds).
 - a) A contract of Rs. 674 million was signed for called ICB-04 contract-Improvement of Water Supply in Systems. In this contract BOQ line item for supply of customer water meter was included for the Rs 113.60 million. First of all this BOQ item was included for kickbacks, as their no consumption based metering for domestic water supply in Pakistan. Secondly substandard meter was supplied instead of original meter.
 - b) A contract of Rs. 225 million (at high exorbitant rate) was signed with MMP Pakistan (Pvt) Limited for the sake of kickbacks. First Procurement Guidelines was totally violated. Secondly MMP failed to fulfill its contractual obligations and even then payment has been made for the sake of commission and kickbacks.
 - c) There is bogus billion of POL (Fuel) almost Rs. 15 million each month and other operational expenses Rs. 8.00 million to 10 million each month.
 - d) Through connivance of top management there is SRB tax evasion of almost Rs. 224.78 million all contracts.
 - e) Payment of Rs. 455 million was paid to contractor without pre audit, for the sake of kickbacks and commission. The contractor has not fulfilled his contractor obligation and payment has made.




- f) Almost 2500 to 3000 ghost employees are working in the Company. But no action. Financial impact on exchequer account s Rs. 500.00 million per annum.
- g) Letter of Chairman Audit Committee endorsing all above facts and letter from external auditors that previous CFO has made allegation of fraud but no action taken.
- h) Mr. Abdul Majeed Pathan was appointed as PD SCIP and MD of the Company in violation of the order of the Supreme Court of Pakistan. He was a Deputy Manager at Thata Cement Company Limited, being a non-cadre employee is NOW working as BPS 21 (ON CADRE POSITION) in the Government of Sindh (Excise and Taxation Department). CRL Original Petition No. 89 of 2011 and Civil Review Petition No.193 of 2013.
- i) The BOD of the Corporation has not followed the principle of transparency, merit and equal opportunity and grossly violated the Public Sector Companies (Appointment of Chief Executive) Guidelines, 2015, in relation to the appointment of Chief Executive of the Company.
- j) Governance issue exists at the BOD level, as some of the directors do not qualify as fit and proper person specified by the Securities and Exchange Commission of Pakistan. The whole program and arrangement is full of corruption and corrupt practices and connivance of management and contractors.

The issue raised by the complainant if are genuine, needs to be addressed immediately by the North Sindh Urban Services Corporation Limited (NSUSC) and the Asian Development Bank (ADP), to save loss of Billions of Rupees to the exchequer as alleged by the complainant.

The comments/ clarification maybe forwarded to TI- Pakistan.

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With Regards,



Sohail Muzzafar
Chairman

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