



**SPECIAL AUDIT REPORT  
ON  
POST - OPERATIONS SUSTAINABILITY  
OF  
PESHAWAR SUSTAINABLE BUS RAPID TRANSIT CORRIDOR  
PROJECT**

**TRANSPORT & MASS TRANSIT DEPARTMENT  
GOVERNMENT OF KHYBER PAKHTUNKHWA**

**AUDIT YEAR 2022-23**

**AUDITOR-GENERAL OF PAKISTAN**

SERVING THE NATION BY PROMOTING ACCOUNTABILITY, TRANSPARENCY AND GOOD  
GOVERNANCE IN THE MANAGEMENT AND USE OF PUBLIC RESOURCES

FOR THE CITIZENS OF PAKISTAN

## **PREFACE**

Articles 169 & 170 of the Constitution of the Islamic Republic of Pakistan 1973, read with Sections 8 and 12 of the Auditor-General's (Functions, Powers, and Terms and Conditions of Service) Ordinance, 2001 require the Auditor-General of Pakistan to conduct audit of the accounts of the Federation, the Provinces and any authority or body established by the Federation or a Province. The special audit of post - operations sustainability of Peshawar Sustainable Bus Rapid Transit Corridor Project executed by the Khyber Pakhtunkhwa Urban Mobility Authority was carried out accordingly.

The Directorate General Audit Khyber Pakhtunkhwa conducted special audit of the post – operations sustainability of the Project for the Financial Years 2020-21 to 2021-22 during March 2023 with a view to reporting significant findings to stakeholders. Audit examined the sustainability aspects involving economic, social and environmental impacts envisaged in the Project. In addition, Audit also assessed, on test check basis, whether the management complied with the applicable laws, rules and regulations in managing the Project. The Audit Report indicates specific actions that, if taken, will help management in realizing the objectives of the Project.

Audit findings indicate need for adherence to the regularity framework besides instituting and strengthening of internal controls to avoid recurrence of similar violations and irregularities. The management replies on audit observations have been incorporated in the report.

The department was requested for arranging the DAC meeting. However, the same was not convened till finalization of this report.

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

Dated:  
**Islamabad**

(Muhammad Ajmal Gondal)  
**Auditor-General of Pakistan**

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## ABBREVIATIONS AND ACRONYMS

AA	Administrative Approval
ABS	Anti-lock Braking System
AC	Assistant Commissioner
ADB	Asian Development Bank
ADP	Annual Development Plan
AFD	Agence Francaise de Developpement
BIRP	Bus Industry Restructuring Program
BO	Bus Operating
BOD	Board of Directors
BOQ	Bill of Quantities
BRT	Bus Rapid Transit
BS	Bus Station
CDWP	Central Development Working Party
CEO	Chief Executive Officer
CFO	Chief Financial Officer
COVID	Corona Virus Disease
CPI	Consumer Price Index
DAC	Departmental Accounts Committee
DG	Director General
DMF	Design and Monitoring Framework
EA	Executing Agency
ECNEC	Executive Committee of National Economic Council
EIA	Environment Impact Assessment
EMP	Environmental Management Plan
EPA	Environmental Protection Agency
FAT	Field Audit Team
FBR	Federal Board of Revenue
FS	Financial Statements
FY	Financial Year
GAP	Gender Action Plan
GCC	General Conditions of Contract
GFR	General Financial Rules
GM	General Manger
GRN	Goods Received Note
IA	Implementing Agency
IPSAS	International Public Sector Accounting Standards
ISSAI	International Standards of Supreme Audit Institutions
IT	Information Technology
ITDP	Institute for Transportation and Development Policy
ITS	Intelligent Transport System
JPOI	Johannesburg Plan of Implementation
JV	Joint Venture
KM	Kilo Meter
KP	Khyber Pakhtunkhwa
KPPRA	Khyber Pakhtunkhwa Public Procurement Regulatory Authority
KPUMA	Khyber Pakhtunkhwa Urban Mobility Authority
LARP	Land Acquisition and Resettlement Plan
LRP	Livelihood Restoration Plan
MFDAC	Memorandum for Departmental Accounts Committee
NEQS	National Environmental Quality Standard
NIC	National Identity Card

NIT	Notice Inviting Tender
NMT	Non-Motorized Transport
NOC	No Objection Certificate
NOL	No Objection Letter
NSTL	North South Travel (Pvt.) Limited
NTC	National Telecommunication Company
ODBM	Operational Design and Business Model
PAM	Project Administration Manual
PBS	Pakistan Bureau of Statistics
PC-I	Planning Commission Proforma-I
PDA	Peshawar Development Authority
PIU	Project Implementation Unit
PKR	Pakistani Rupee
PM	Prime Minister
PMU	Project Management Unit
PP	Performance Payout
PPTA	Project Preparatory Technical Assistance
PSD	Platform Screen Door
PTA	Pakistan Telecommunication Authority
PTCL	Pakistan Telecommunication Company Limited
QCBS	Quality and Cost Based Selection
RF	Reserve Fund
RFP	Requests for Proposal
SCC	Special Conditions of Contract
SECP	Securities and Exchange Commission of Pakistan
SOR	Schedule of Requirements
SPS	Safeguard Policy Statement
TA	Technical Assistance
TMTD	Transport and Mass Transit Department
TOR	Terms of Reference
TPC	Trans Peshawar Company
UBL	United Bank Limited
UET	University of Engineering & Technology
UHF	Ultra High Frequency
US	United States
USD	United States Dollars
UTP	Unshielded Twisted Pair
VHF	Very High Frequency
VOC	Vehicle Operating Company
WHT	Withholding Tax
WTP	Willingness to Pay
ZU	Brand name for Trans-Peshawar meaning Let's Go

## EXECUTIVE SUMMARY

The Directorate General Audit Khyber Pakhtunkhwa conducted special audit of post - operations sustainability of Peshawar Sustainable Bus Rapid Transit Corridor Project for the Financial Years 2020-21 to 2021-22 during March 2023. The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). The audit focused on sustainability aspects of the Project which included examination of the financial system, economic & social sustainability, and environmental mitigation & safety measures. For this purpose, all the relevant record was consulted and tested for accuracy and authenticity to arrive at conclusions.

The PC-I of the Project was approved by CDWP and ECNEC on 03.05.2017 and 10.07.2017 respectively at a cost of Rs. 49.453 billion. The PC-I was revised by ECNEC on 14.11.2018 at the cost of Rs. 66.437 billion. The revised cost consisted of Rs. 53.292 billion for Infrastructure Development Component to be executed by Peshawar Development Authority (PDA) and Rs. 13.145 billion for System Operations Component to be executed by Trans Peshawar Company (TPC) under Khyber Pakhtunkhwa Urban Mobility Authority (KPUMA).

The Government of KP contributed Rs. 8.078 billion, whereas the Asian Development Bank in consortium with AFD loaned Rs. 6.995 billion for System Operations Component during the Financial Year 2017-18 to 2021-22. During this time, Trans Peshawar Company generated Rs. 2.500 billion as revenue from operations. Thus, a sum total of Rs. 17.573 billion were available for the component. An expenditure of Rs. 7.104 billion on account of custom duties, Bus Industry Restructuring Program (BIRP) and operational subsidies was incurred against the Government of Khyber Pakhtunkhwa funds. Whereas, Rs. 6.995 billion for procurement of bus fleet, ITS equipment, scrapping cost of the old private vehicles under BIRP and operational cost of Trans Peshawar Company were expended from ADB & AFD loan. Additionally, a sum of Rs. 6.277 billion was also paid to service providers for running & maintaining BRT operations.

The Project was executed by Khyber Pakhtunkhwa Urban Mobility Authority through Trans Peshawar Company. According to the revised PC-I, the Project Operational Model designed for Peshawar Sustainable Bus Rapid Transit Corridor Project is a direct service operational model enabling buses to serve both dedicated corridor as well as off-corridor routes. The Operational Design was built considering 7 routes; 1 trunk route operating inside the corridor, 3 direct services operating both on and off-corridor and 3 feeder services operating off-corridor.

The existence of identified weaknesses in the system has now made the project goals difficult to be achieved especially when major activities / interventions are yet to be completed. The inclusion of beneficial clauses in favour of operator / contractor in the bus operations and ITS contracts to allow advertisement revenue and variable fee from the total revenue generated, not recovering the full electricity cost, non-minimizing dead kilometers and non-capturing the transport demand has contributed towards affecting the financial viability of BRT. The construction activities have been abnormally delayed which resulted into cost-&time overruns. The loss incurred as a result of huge operational expenses against the revenues generated from the bus operations has compelled the provincial government to provide substantial amount of subsidies to the project making it less effective and non-efficient with reference to the project outcomes against the original project goals and objectives. Therefore, without taking immediate economical & cost-effective measures and concrete steps to reduce the burden on government scarce resources, the financial sustainability of the project would remain questionable.

Audit has identified irregularities in the hiring of services, financial management, procurements, contracts management, civil works completions, asset management and environment mitigation processes, affecting the sustainability of the project as envisaged.

### **Key audit findings:**

The key audit findings reported in the special audit report are summarized below;

- The project outcomes could not be achieved as a result of ineffective and inefficient bus operations
- Project is not sustainable because of weak implementation, weak financial model and environmental sustainability issues
- Irregular appointment of CEO
- Loss to the government due to non-recovery of full cost of ZU cards, non-recovery of full electricity cost, theft of electricity cable, allowing non-fare advertisement revenue to bus operator, payment of subsidies on account of BRT operations, allowing salaries adjustment of employees hired by bus operator, non-deduction of liquidated damages, failure in minimizing and controlling dead kilometers, non-recovery of cost of vehicles damaged by fire incidents, and non-deduction of income tax
- Unauthorized expenditure on account of electricity of KPUMA Building, insurance premiums to bus operator, purchase of below specifications security vehicles & flatbed trucks, and additional transportation cost
- Unjustified payment on account of 2.5% variable fee to service provider and sales tax on services
- Undue favor to service providers due to non-transferring required amounts to Joint Reserve Fund Accounts, and acceptance of lesser amounts of bank guarantees
- Non-supply of 12-meter complete BRT fleet
- Irregular award of ITS contract due to non-obtaining of approval from ECNEC and Irregular transfer of legal title and ownership of BRT vehicles to bus operator
- Non / less generation of revenue from leasing out commercial spaces and failure in meeting & capturing transport demand
- Less-achievement of expected yearly income
- Non-provision of boarding platform facilities for elderly and disabled people
- Non-production of detailed auditable record by TPC
- Non-provision of data regarding reduction in CO<sub>2</sub> emissions

### **Recommendations**

On the basis of foregoing irregularities, Audit urges the provincial government to undertake a comprehensive review of the project instruments already executed and take the following actions in order to make the system sustainable;

- Appointment of the CEO and further appointments made by the then CEO during his tenure may be enquired into
- Loss to the government may be made good from the person(s) at fault
- Unauthorized & unjustified expenditure, undue favor to the contractors and non-timely supply of vehicles may be investigated and actions thereon timely taken
- Irregular awarding of contracts may be reviewed and revised contracts beneficial to the Company and Government be entered into with the contractors
- Timely achievement of targets and production of auditable record and reliable data in support of CO<sub>2</sub> reduction in Tons may be ensured

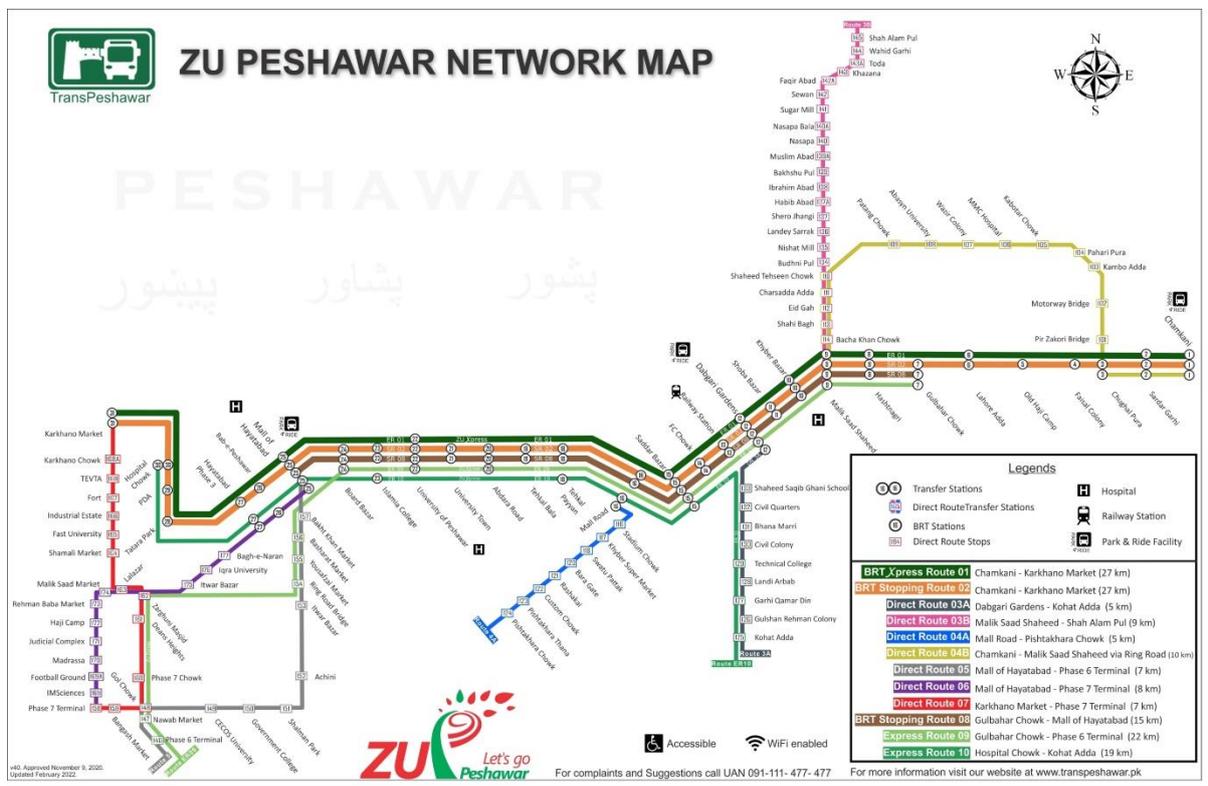
# 1. INTRODUCTION

Peshawar is the capital city of Khyber Pakhtunkhwa. According to the Population Census 2017, the province had a population of 30.523 million. With population growing at the annual rate of 2.89%, the urban mobility in Peshawar had become a challenge, especially when coupled with day time commuting population of adjoining districts of Khyber, Mohmand, Kohat, Charsadda and Nowshera, whose livelihood depend on the metropolitan of Peshawar. Non-availability of road infrastructure, poor quality of public transport, weak traffic management, and increased air & noise pollution required a sustainable solution to these issues of public importance. The provincial government, therefore, conceived a mega project titled Peshawar Sustainable Bus Rapid Transit Corridor Project in the Year 2017. The Project would contribute to develop a sustainable urban transport system in the city through delivery of BRT corridor, focusing on accessibility and people's mobility. It would also contribute to make the city environmentally safer and more business friendly through lowered carbon and climate resilient urban infrastructure and improved access.

- 1.1 The Peshawar Sustainable Bus Rapid Transit Corridor Project launched during the Year 2017 was sponsored by the Government of Khyber Pakhtunkhwa through Transport & Mass Transit Department Khyber Pakhtunkhwa. For the purpose of loan realization, Khyber Pakhtunkhwa Urban Mobility Authority was established which implemented the Project through Peshawar Development Authority and Trans Peshawar Company.
- 1.2 The objectives of the Project are to improve quality of public transport in Peshawar by providing a sustainable model of urban transit system based on the Johannesburg Plan of Implementation (JPOI) 2002 agreed in World Summit on Sustainable Development. JPOI provided multiple anchor points for sustainable transport in the context of infrastructure, public transport systems, goods delivery networks, affordability, efficiency and convenience of transportation. It also emphasized improving urban air quality and health, and reducing greenhouse gas emissions. The Project conceived therefore comprised the following main components;

## **(A) Providing physical infrastructure for Urban Transport System:**

- Construction of a 26-kilometer BRT Corridor in Peshawar and related infrastructure, including 31 BRT stations and dedicated lanes in the median, improved mixed traffic lanes, bicycle lanes, parking, sidewalks, green areas, streetlights and proper drainage to climate-proof the corridor
- Other BRT-related infrastructure, including two depots, one staging facility, offices for KPUMA and Trans Peshawar, a control center, park-and-ride facilities and one parking plaza



**(B) Provision of support services for:**

- Institutional development and capacity building of KPUMA and Trans Peshawar
- Design of the BRT operational plan and business model
- Bus industry transition through negotiations with existing bus operators
- Effective project management, supervision and communication and stakeholder engagement
- Procurement of the BRT fleet, fare collection system and intelligent transport systems

1.3 Through this special audit of post - operations sustainability of Peshawar Sustainable Bus Rapid Transit Corridor Project, the legislature, the end users and key stakeholders would be informed about the sustainability aspects of the project involving economic, social and environmental outcomes of the project in accordance with the feasibility of the project. It will address the following issues;

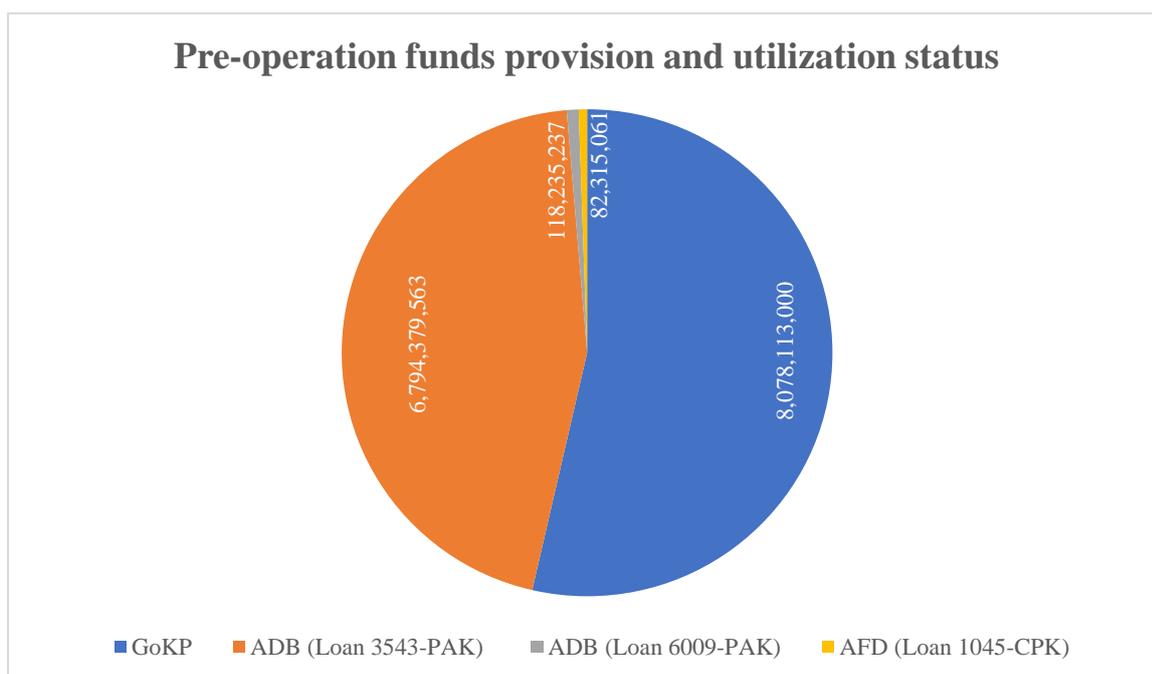
- Whether the key economic justifications of the project i.e. the public transport is accessible and affordable for the passengers, transportation time value for the passengers and the financial operations of the transport company are viable.
- Whether the project caters for the mobility requirements of the socially vulnerable segments of the population including peoples with disabilities, old age, women and children by providing safer and reliable mobility.
- Whether the urban transport system envisaged has reduced carbon emissions, contributed to mitigate the climate change by improving the environment in making Peshawar a more livable place and the model boosted the private sector investment.

1.4 The Asian Development Bank transferred the Project funds into respective designated Assignment Accounts, opened specifically by PDA and TPC to run the Project affairs, whereas payments for procurement of Fleet and ITS equipment etc. are being directly made into supplier / contractor’s bank accounts by ADB through withdrawal applications, submitted by the Project Implementing Agencies. The Government of Khyber Pakhtunkhwa funded the project by allocating funds through provincial ADPs since start of the project.

1.5 Funds provided and utilized, before starting BRT operational activities during the period July 2017 to June 22, except subsidies drawn from Government of Khyber Pakhtunkhwa for meeting operational expenditure, are as under;

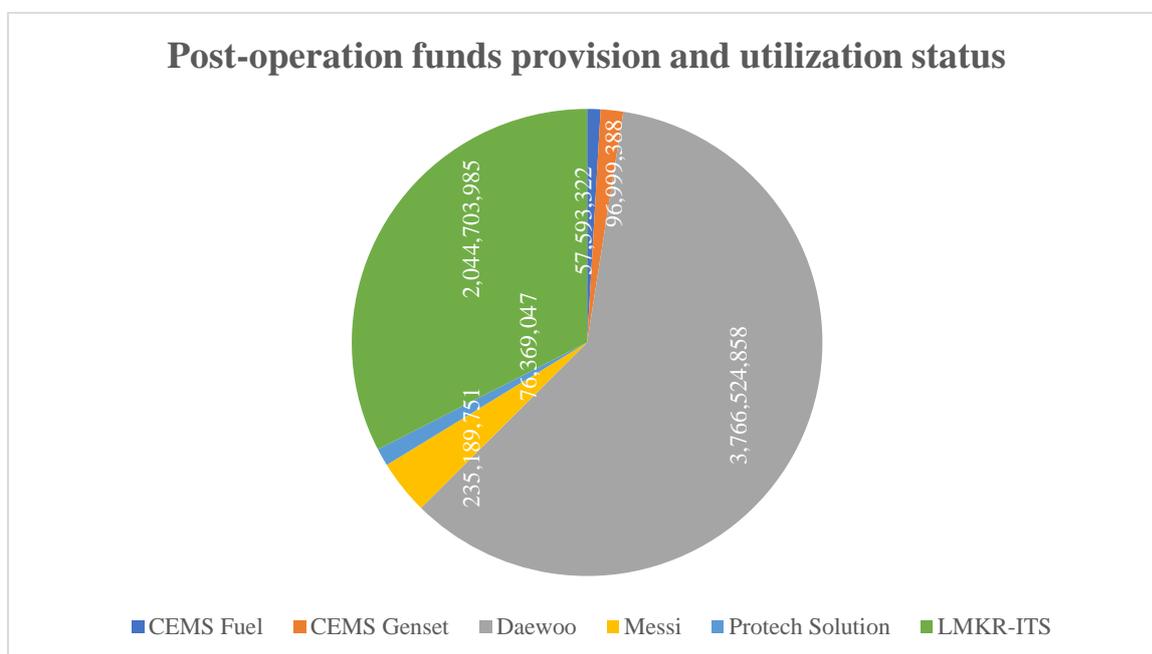
(Amount in Rs.)

Funds Source/share	Total Receipts	Total Payments	Remarks
Government of Khyber Pakhtunkhwa	8,078,113,000	7,104,539,312	Funds from Government of Khyber Pakhtunkhwa were spent on account of custom duties, BIRP and initial operational cost of Trans Peshawar however, subsidies worth Rs.4.402 billion out of total Receipts from provincial exchequer were spent on BRT operations.
ADB (Loan 3543-PAK)	6,794,379,563	6,794,379,563	Funds from ADB loan were spent by TPC on Procurement of BRT Fleet and ITS Equipment, BIRP, ODBM Consultancy and meeting Operational Cost of Trans Peshawar Company for three years.
ADB (Loan 6009-PAK)	118,235,237	118,235,237	Initially, an amount of Rs.88,676,428 was incurred by TMTD from ADB funds on a/c of ODBM Consultancy, which were not accounted for by TPC in its financial statements, being spent by TMTD. However, to run and administer the funds, the authorization was given to TPC by its BoD. later and TPC accordingly spent a sum of Rs.31,579,740.
AFD (Loan 1045-CPK)	82,315,061	82,315,061	AFD funds were incurred by TPC on a/c of Fleet procurement.
<b>Grand Total</b>	<b>15,073,042,861</b>	<b>14,099,469,173</b>	



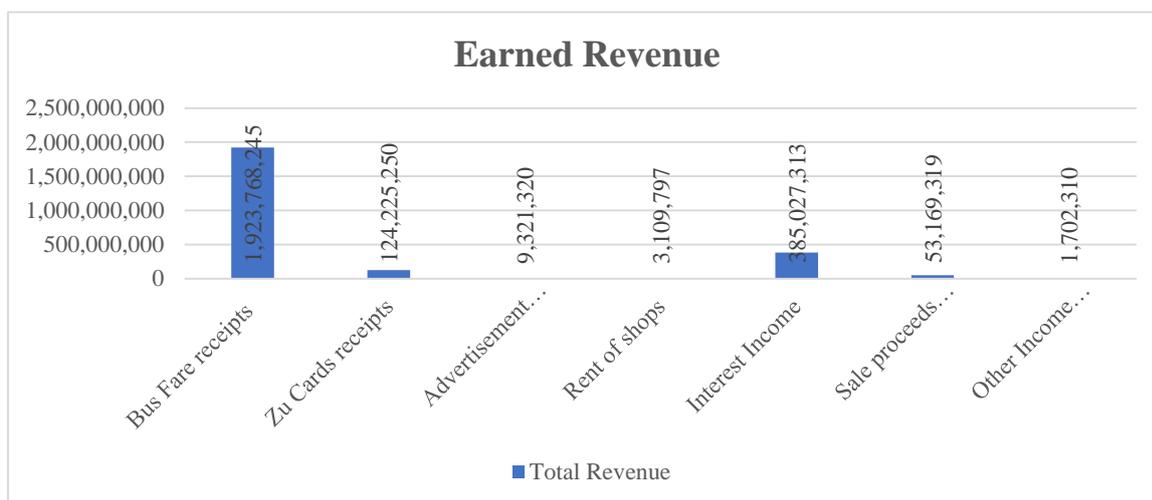
1.6 The bus operations were started on 13<sup>th</sup> August 2020 by Trans Peshawar Company after which the following expenditure were incurred up to 30<sup>th</sup> June 2022;

<b>Operational Expenditure</b>		
<b>For the period 13.08.2020 to 30.06.2022</b>		
<b>S. No.</b>	<b>Name of Service provider</b>	<b>Amount paid to service providers (PKR)</b>
1	CEMS Fuel	57,593,322
2	CEMS Genset	96,999,388
3	Daewoo	3,766,524,858
4	Messi	235,189,751
5	Protech Solution	76,369,047
6	LMKR-ITS	2,044,703,985
<b>Total</b>		<b>6,277,380,351</b>



1.7 The Trans Peshawar Company earned revenue amounting to Rs. 2,500,323,554/- as detailed below;

<b>Own Receipts</b>		
<b>For the period March 2017 to June 2022</b>		
<b>Revenue Source</b>	<b>Total Revenue</b>	<b>Remarks</b>
Bus fare receipts	1,923,768,245	<ul style="list-style-type: none"> <li>• TPC generated Rs. 2060.424 million from bus fleet operations</li> <li>• Interest income was generated on a/c of project balances in the accounts</li> <li>• Other income, Penalty and Tender Fee are one-time receipts</li> </ul>
ZU cards receipts	124,225,250	
Advertisement receipts	9,321,320	
Rent of shops	3,109,797	
Interest income	385,027,313	
Sale proceeds from auction	53,169,319	
Other income, penalty & tender fee	1,702,310	
<b>Total income received</b>	<b>2,500,323,554</b>	



1.8 Financial status of the project is summarized below:

**(Rs in Billion)**

Original/PC-1 cost	Revised PC-I cost	Completion period as per original PC-I	Completion period as per revised PC-I	TPC component share as per revised PC-1	Actual expenditure upto June, 2022
49.346	66.437	30-06-2018	31-03-2019	13.045	9.697 *

- ❖ The provision in revised PC-I for Trans Peshawar Company component is consisted of Intelligent Transport System Procurement (Package-7), Fleet Procurement (Package-9), Fleet Scrapping Compensation and operating cost of Trans Peshawar for 3 Years. The actual expenditure of Rs.9.697 billion incurred on above accounts is not included in expenditures incurred by TPC on BRT operations.

## 2. AUDIT OBJECTIVES

The post operations sustainability assessment will be made as following;

- Routes selection in the project to determine the accessibility of the public transport for users.
- Physical infrastructure design to determine the ease of utilization of transport by vulnerable population.
- Actual contribution of the BRT vis-à-vis planned transportation to determine the effects of interventions on problems of traffic congestion in the city.
- Financial analysis of the Trans Peshawar Company to determine the financial viability through study of actually identified and potential sources of revenue and operational cost.
- Profit maximization and cost reduction strategies adopted so far and their results if any
- Policies, procedures and contracts regarding safeguard of fixed and movable assets, replacement cost, Payment of subsidies and their impact on future viability of the company.
- Environmental analysis to determine the level of pollution including noise and air pollution and accident rate before and after the operation.

## 3. AUDIT SCOPE AND METHODOLOGY

The scope of audit is limited to record pertaining to the above stated objectives which is focused on two years operations of the Trans Peshawar Company i.e. FY 2020-21 to 2021-22. To cover the scope of audit, all the relevant record like PC-I, PC-II, PC-III, minutes of

meetings, government loans and subsidies, monitoring reports, business model, financial statements of the company, company management and staffing structure, procedure adopted by the project management for procurement and provisions for assets etc. was reviewed and internal controls were assessed / tested for effectiveness. Findings of audit were compared with the objectives of the special audit followed by giving necessary recommendations contributing towards making the project financially, socially and environmentally sustainable.

Audit methodology included both qualitative and quantitative analysis based on data collection, data analysis and discussions with the concerned staff.

## 4. AUDIT FINDINGS AND RECOMMENDATIONS

### 4.1 Organization and Management

The Project was executed by Khyber Pakhtunkhwa Urban Mobility Authority through Trans Peshawar Company. The revised PC-I of the project was approved on 14<sup>th</sup> November, 2018 by ECNEC for Rs. 66.437 billion consisting of Rs. 53.292 billion for PDA component and Rs. 13.145 billion for Trans Peshawar component. The Trans Peshawar Company has 74 officers and staff as detailed in the organogram below;



#### 4.1.1 Irregular appointment of CEO due to non-fulfillment of prescribed criteria

According to Trans Peshawar (the Urban Mobility Company) Performance Appraisal Policy, minimum qualification of M.Sc. Engineering / Masters with 20 years post-qualification experience shall be required. Read with the conditions of NIT wherein 20 years of post-qualification experience was required.

Clause 1.10 of the Trans Peshawar (the Urban Mobility Company) Recruitment and Selection Policy provides that appointment of Chief Executive Officer (CEO) Trans Peshawar shall follow the process laid down in Security Exchange Commission of Pakistan's (SECP) Public Sector Companies (Appointment of Chief Executive) Guidelines, 2015.

According to Public Sector Companies (Appointment of Chief Executive) Guidelines, 2015, while making appointment of the chief executive, the board shall evaluate the candidates based on the fit and proper criteria specified in Schedule-II of the Guidelines. The board shall undertake evaluation of the shortlisted candidates on the basis of the Fit and Proper Criteria specified by the Commission. In assessing a person's competence and capability, the appointing authority shall consider matters including, but not limited to the following;

- Whether the person has the appropriate qualification, training, skills, practical experience and commitment to effectively fulfill the role and responsibilities of the position; and
- Whether the person has satisfactory past performance or expertise in the nature of the business being conducted.

During special audit of BRT, it was observed that Mr. Fayaz Ahmad Khan was appointed as Chief Executive Officer (CEO) Trans Peshawar (the Urban Mobility Company) with effect from 27.08.2020 vide Transport Department's Notification dated 14.09.2020 for a period of three years. However, further scrutiny of record revealed that the CEO was not appointed on fit and proper criteria, as he completed his Masters in Engineering Degree in the Year 2004 from University of Waterloo Canada, hence, he did not possess the required post-qualification experience of 20 years at the time of selection process as required under the rules / conditions referred *ibid*.

It is worth mentioning here that during selection of CEO, the candidate was working as Acting CEO / GM Operations of Trans Peshawar as well.

The stance of Audit was further strengthened from the Summary for Chief Minister Khyber Pakhtunkhwa dated 28.07.2020 and minutes of 25<sup>th</sup> meeting of BoD dated 26.08.2020, according to which the Chief Secretary Khyber Pakhtunkhwa observed that "in the meeting of the Board of Directors (BOD), it is not mentioned that the candidates for Chief Executive Officer, have been evaluated on fit and proper criteria and are found eligible / fit".

The lapse occurred due to non-observance of fit & proper criteria for CEO appointment which resulted into irregular appointment.

When pointed out in March 2023, the management replied the required minimum qualification for the CEO position was Bachelor's Degree in Civil Engineering or Business Studies from a recognized university with minimum post qualification experience of 20 years as evident from the job advertisement. The candidate selected for the CEO position has done his BSc. in Civil Engineering from University of Engineering & Technology (UET) Peshawar in 1994 and possessed 25+ years of experience at the time of appointment as CEO Trans Peshawar.

The reply was not tenable. The advertisement was issued in contravention of the Trans Peshawar Performance Appraisal Policy just to favor and select the choice person, already holding the portfolio of Acting CEO at the time of regular CEO appointment, against the required minimum qualification of MSc. Engineering / Masters with 20 years post qualification.

The department was requested for holding of DAC meeting vide letter dated 27.07.2023 followed by a reminder dated 08.08.2023, however, DAC meeting was not convened till finalization of this report.

Audit recommends inquiry into the irregular appointment of the CEO and appointments made by him besides fixing of responsibility on the person(s) at fault.

## 4.2 Financial Management

The Government of KP contributed Rs. 8.078 billion whereas the Asian Development Bank in consortium with AFD contributed Rs. 6.995 billion for Trans Peshawar component during the Financial Years 2017-18 to 2021-22. During this time, Trans Peshawar Company generated Rs. 2.500 billion as revenue from operations. Thus, a sum total of Rs. 17.573 billion was available for the component. The Chief Finance Officer / Manager Finance is responsible for the financial management functions of the company in accordance with the corporate governance rules. The Organogram of CFO's office is detailed as following;



### 4.2.1 Loss to government due to non-recovery of full cost of ZU cards from end users – Rs. 118.683 million

According to Rule 23 of GFR Vol-I, every Government officer should realize fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part and that he will also be held personally responsible for any loss arising from fraud or negligence on the part of any other Government officer to the extent to which it may be shown that he contributed to the loss by his own action or negligence.

Appendix C (Output 1.2 – Fare Structure and Potential Non-Fare Revenue) of the Interim Report 1 – Final version V-0, August 2019 under Package-3, prepared by the Operational Design and Business Model (ODBM) consultant, provides that it is important to have a competitive system. Hence, considering that the distance-based fare structure can provide a competitive service compared to the existing services, and at the same time provides fare revenue proportionally to the operating cost. The adoption of discounted fares depends on an institutional and financial maturity of the BRT system, in order to avoid that the costs of the discounts granted to some users are passed on to other users of the system by means of a higher fare. Thus, it is recommended that the concession of fare discounts be considered only as future action for Zu Peshawar, to be considered when the system is more consolidated in the city making the government to feel more comfortable in granting subsidies for the users. There was neither any provision for distributing the ZU cards free-of-cost in the revised PC-I of the project nor in the Operations Business Plan prepared by the ODBM Consultant.

During special audit of BRT, it was observed that 1,500,000 ZU Smart Cards costing Rs. 283,879,379/- were purchased by the TPC in order to enable the commuters to avail the BRT services. Out of the total purchased inventory, 398,721 cards were distributed free of cost, while the remaining 1,101,279 cards were sold @ Rs.150 per card, generating a total revenue of Rs. 165,191,850 against the cost of Rs. 283,879,379/-, thereby resulting into a loss of Rs. 118,683,149/-.

Moreover, free distribution of ZU cards was neither provided for in the revised PC-I nor in the Operational Design and Business Model.

Audit held that the project management should have either sold all the ZU cards at the price of Rs. 189 (the purchase prices of the cards) or should have recovered the loss incurred as a result of free distribution by selling the 1,101,279 ZU cards at the price of Rs. 257 each.

The lapse occurred due to non-adherence to the rules of propriety and probity which resulted in loss to the government.

When pointed out in March 2023, the management replied that the cost of card was USD 0.88 per card, and in terms of PKR, it was ranging from Rs. 104 to 170. The Board of Trans Peshawar approved the fare media and usage policy, according to which the passengers can purchase ZU cards at a price of Rs. 150 per card. The objective of selling the cards at lower price was to make it affordable for the public to avail the BRT service, and had the card price being kept at a higher level, it would have resulted in lower ridership and revenue loss. Furthermore, the new price of ZU card is Rs. 300.

The reply was not tenable as the cost of the individual ZU card was Rs. 189.25 per card (Rs. 283,879,379 / 1,500,000 cards). The purchase of ZU cards by TPC was sourced from donor funds under the revised PC-I and the Board was not competent to take decisions over-and-above the PC-I provisions. The Board failed to recover the loss incurred as a result of free distribution of ZU cards by not selling the remaining cards at increased price. The stance of TPC regarding low ridership and loss of revenue due to higher card price was not plausible as the project management increased the selling price of cards to Rs. 300 later on.

The department was requested for holding of DAC meeting vide letter dated 27.07.2023 followed by a reminder dated 08.08.2023, however, DAC meeting was not convened till finalization of this report.

Audit recommends recovery of Rs. 118.683 million from the person(s) at fault.

#### **4.2.2 Non-claiming tax credit by TPC due to non-obtaining exemption certificate & charging excessive depreciation due to capitalization of WHT into value of fleet/fixed machinery – Rs. 485.819 million**

According to Section-100C(1) of the Income Tax Ordinance 2001, the persons mentioned in Sub-Section (2)(e) “**a not for profit company registered with the Securities and Exchange Commission of Pakistan under Section 42 of the Companies Act 2017**” shall be allowed a tax credit equal to 100% of tax payable under any of the provisions of this Ordinance including minimum and final axes in respect of incomes mentioned in Sub-Section (3) “**kinds of income eligible for tax credit**” subject to the conditions and limitations laid down in Sub-Section (4) “**eligibility for tax credit**”

During special audit of BRT, it was observed that income tax of Rs. 485,819,630 was paid at import and local stages on account of procurement of fleet, ITS and other fixed assets up to 30<sup>th</sup> June, 2022.

Audit observed the following irregularities;

1. The Trans Peshawar Company was registered under Section-42 of the Companies Act 2017 and a tax credit equal to 100% of tax payable was available for TPC had exemption from tax commissioner been obtained.
2. The TPC capitalized the said taxes paid at import and local stages, in the value of fleet and other fixed machinery and then charged excessive depreciation instead of mentioning these taxes as a separate expense item in the audited financial statements and tax returns.

Audit held that the TPC management should have obtained exemption certificate before importing the vehicles or payment of local taxes paid and afterwards should have mentioned the taxes paid at the import and local stages, as a separate expense item “**Provision for Taxation**” in the financial statements so that the same could have been claimed as tax credit in their tax returns.

The lapse occurred due to in-accurate reflection of tax capitalization in accounts which resulted in overstatement in financial statements and tax returns.

When pointed out in March 2023, the management replied that TPC has already sought an opinion from its advisor on the treatment of taxation under Section 148. The company has also initiated the correct treatment of taxation as advised. The financial statements have been amended accordingly. Once the revised financial statements are approved, the annual income tax returns will be duly amended. The case for a refund will then be presented to the commissioner for appeal.

The department admitted the lapse however, no further progress was shown to Audit till finalization of this report.

Audit recommends taking up the matter with the quarter concerned for tax credit by obtaining exemption certificate and revising financial statements and tax returns accordingly.

#### **4.2.3 Loss to government due to non-deduction of full electricity cost – Rs. 157.098 million**

According to Clauses - 1.11.4, 1.20.1 & 1.20.2 of the Operational Specifications Schedule of the Contract Agreement, signed with North South Travel Pvt. Ltd. on 12-02-2019, TPC shall provide electricity and water connection inside the Depot. The Operator shall be responsible for all costs associated with the consumption of such utilities as further described in the Property Use Agreement. The Operator shall be entitled to use vehicle slow charging facilities installed at the Depot. The costs of electricity used for slow charging the Vehicles at the Depot shall be borne by the Operator. The Operator shall be entitled to use fast charging facilities located at the Depot, the Staging Area and Route end point (if any). The costs of electricity used for fast charging the Vehicles at the Depot, the Staging Area and terminal shall be borne by the Operator.

As per Payment Calculation Schedule of the contract agreement, Kilometer Charge means Kilometer Charge in Pakistani Rupees (PKR 177 per Kilometer) offered in Financial Offer and updated as result of adjustments in accordance with Article 1.3 of Payment Calculation Schedule. Article 1.3 (**Adjustment to Kilometer Charge**) of the agreement states that the relative weighting within the cost structure of the Kilometer Charge is described in the table and shall be used to calculate the variation of cost per Kilometer Charge. Calculation of adjustments is subjected to variation in base values, which for “**Electricity**” category shall be taken as follows:

- For adjustments in electricity, base price considered shall be that of Bid Submission Date. Kilometer Charge will change with increase or decrease in electricity base price.
- The cost increase in electricity will be adjusted Monthly on the basis of Consumer price index variation by Commodity Groups and Commodities for Electricity (Sr.55) mentioned in Price Statistics published by Pakistan Bureau of Statistics, Government of Pakistan”.

During special audit of BRT, it was observed that TPC deducted an amount of Rs.58,250,120 from the operator on account of electricity provided to BRT vehicles through slow & fast charging facilities, installed at the Chamkani Depot from funds of ADB loan. Against the same deducted amount and period, TPC paid an amount of Rs.215,348,121 (estimated) on account of electricity cost due to monthly increase or decrease variation in base

value of PKR 177 per Kilometer, as per Payment Calculation Schedule of the contract agreement.

Audit termed the inclusion of electricity factor, in per Kilometer Charge in the Payment Calculation Schedule and payment thereof on enhanced CPIs, as financial benefit at the cost of government scarce resources to the operator, on the following grounds:

1. The electricity used in the buses was neither produced nor purchased or even supplied by bus operator and it was TPC who provided the electricity from the national grid, as evident from Pre-Bids meeting minutes dated 17-07-2018.
2. No additional or dedicated grid was constructed / installed for the project by the operator. The operator did not incur a single penny from his accounts to supply electricity to the buses therefore, the cost of electricity used in the BRT Vehicles, at the Depot, the Staging Area and terminal through slow and fast chargers, was required to be paid by the operator and not by TPC.
3. Audit requested TPC to provide details regarding actual electricity payments, made to the operator on account of "Kilometer Charge", however, it was not produced. Therefore, for calculating full electricity cost impact, relative weightings within the cost structure of the electricity per Kilometer Charge was taken as per ODBM consultant estimation i.e. PKR 7.41 per KM, representing 4.40 % share of the base value of PKR 177 per Kilometer. By doing so, full electricity cost of Rs.157,098,001 (approximately) was not recovered from M/S North South Travel, as per following summary and the operator was financially benefited by first adding the electricity factor in cost structure in per Kilometer Charge in RFP and contract agreement and then not recovering full cost (**Annexure-I**).

Total actual amount paid for operations to NSTL	per Kilometer charge, estimated by ODBM consultant for electricity	Estimated Paid Electricity cost at Base Price out of total amount (Col-1 * 4.40%)	Estimated Paid Electricity cost due to increase/decrease in Base value Price	Total Estimated Electricity cost paid to bus operator (3 + 4)	Actual Amount deducted from operator through bills for electricity consumed at depot	Loss due to non-recovering full electricity cost from operator (5 - 6)
1	2	3	4	5	6	7
3,917,967,311	7.41 per KM 4.40 percent	182,311,277.51	33,036,843.68	215,348,121.19	58,250,120	<b>157,098,001</b>

The lapse occurred due to uneconomical contract award which resulted in loss to the government.

When pointed out in March 2023, the management replied that the base rate of kilometer charge is based on competitive bidding and its composition is unknown to Trans Peshawar, therefore, it is not possible to calculate the actual impact of each factor such as fuel and electricity. Furthermore, the changes in price of fuel, electricity and other factors are not uniform and constant therefore, effects the overall percentage of each factor in kilometer charge over the period. The electricity amount, calculated by audit on the basis of ODBM estimations model, is not the actual depiction of the bidder quoted price hence, the analysis is not representing the actual amount paid against electricity cost. Under Clause 1.20.1 and 1.20.2 referred ibid, the Operator is responsible for payment of depot electricity bills which is separate from the kilometer charge.

The reply was not tenable. TPC deducted less electricity cost from operator than paid on adjusted enhanced kilometer charge. Detail of actual electricity cost paid, being part of adjusted kilometer charge, was not provided hence, ODBM consultant estimates were made the basis for audit calculations. The bid price estimated by ODBM consultant for the VOC Chamkani contract was Rs.175.89 per Kilometer charge, having PKR 7.41 per KM share with 4.40 percentage for electricity against the accepted bid price of Rs.177 per Kilometer charge, of the successful bidder DAEWOO therefore, even though the accepted Kilometer charge was based on competitive bidding and Daewoo's offered price composition might have been unknown to TPC but the price structure for Kilometer charge, showing cost share and

percentages for each element i.e; Fuel, Electricity etc; developed by the consultant, being Engineer of the Project, should have been followed and implemented by Trans Peshawar. Therefore, it did not matter, whether the estimations of ODBM model for Kilometer charge, actually depicts the successful bidder's quoted price or not. The electricity from depot was used in charging BRT vehicles therefore, all electricity payments made to the operator on account of per Kilometer charge should have been recovered fully by TPC from the operator's accounts, which was not done.

The department was requested for holding of DAC meeting vide letter dated 27.07.2023 followed by a reminder dated 08.08.2023, however, DAC meeting was not convened till finalization of this report.

Audit recommends recovery of full electricity cost from the person(s) at fault.

#### **4.2.4 Unauthorized expenditure on account of electricity of KPUMA Building by TPC - Rs. 14.011 million**

According to Para-9 of GFR Vol-I, as a general rule no authority may incur any expenditure or enter into any liability involving expenditure from public funds until the expenditure has been sanctioned by general or special orders of the President or by an authority to which power has been duly delegated in this behalf and the expenditure has been provided for in the authorized grants and appropriations for the year.

During special audit of BRT, it was observed that electricity charges of Rs. 14,011,846 for office of Khyber Pakhtunkhwa Urban Mobility Authority (KPUMA), situated on the ground floor of KPUMA building, were paid by TPC. The payment was held unauthorized because KPUMA, being a separate authority and independent office with own budgetary allocations for operating costs, was required to pay the electricity charges at their own and not by TPC.

The lapse occurred due to clearing KPUMA's liability by TPC which resulted into unauthorized expenditure.

When pointed out in March 2023, the management replied that the amount in question would be recovered from the quarters concerned.

Irregularity admitted however, no progress was shown to Audit till finalization of this report.

The department was requested for holding of DAC meeting vide letter dated 27.07.2023 followed by a reminder dated 08.08.2023, however, DAC meeting was not convened till finalization of this report.

Audit recommends recovery of full electricity cost from the person(s) at fault.

#### **4.2.5 Unjustified payment of 2.5% variable fee and sales tax to service provider – Rs. 53.568 million**

Sections 18.1 and 19.1 of the Bidding Documents of Procurement of BRT System Control Goods and Services provide that to establish its eligibility and qualifications to perform the contract in accordance with Section 3 (Evaluation and Qualification Criteria), the bidder shall provide the information requested in the corresponding Bidder Response Format included in Section 4 (Bidding Forms). The bidder shall furnish the information stipulated in Section-4 (Bidding Forms), in sufficient detail to demonstrate substantial responsiveness of its bid to the work requirements and the completion time.

As per Section-III-**Project Management Arrangements** of the Project Administrative Manual, Trans Peshawar BRT Company shall be responsible to review and approve inputs of ODBM consultants under the PDA.

During special audit of BRT, it was observed that an amount of Rs.53,568,001 was paid to the joint venture JV LMKR Pakistan, comprising Rs. 46,580,871 on account of 2.5% variable fee and Rs. 6,987,131 for KP Sales Tax on Services, from total fare revenue generated of BRT operations amounting to Rs. 1,923,775,935 through Automatic Fare Collection, in addition to payment of 1,991,135,984 upto 30<sup>th</sup> June, 2022 to the ITS service provider, at enhanced CPIs for four services, as per following detail;

(Amount in Rs.)

Description of four services, performed by ITS contractor	Total Fare revenue generated	Payment made for services rendered excluding variable fee & Tax	KP Sales Tax paid for services rendered excluding tax on variable fee	Variable Fee after Performance Deduction (Excluding Tax)	KP sales Tax paid with variable fee (4 * 15%)	Total Variable Fee Including Tax (4 + 5)	Total payment made to ITS contractor for all four services rendered including variable fee and Sales Tax (2 + 3 + 6)
	1	2	3	4	5	6	7
Station Management Services, ITS Services, Bicycle Sharing Services and Automatic Fare Collection (AFC).	1,923,775,935	1,778,489,266	212,646,719	46,580,871	6,987,129	53,568,001	<b>2,044,703,985</b>

The payment was held unjustified and undue compensation to ITS contractor at the cost of scarce resources of government / TPC because it was paid from fare income in addition to payment for services rendered, despite running into a huge operational loss and reporting of negative yearly cash flows for the BRT project by the (ODBM) Consultant. Besides, it was not taken into account in evaluation of bids in RFP by TPC. It had no provision in financing agreement and the revised PC-I. Therefore, TPC should not have accepted and approved the non-beneficial clauses for 2.5% variable fee in the RFP and contract agreement in favor of the contractor. The payment of KP Sales Tax with 2.5% variable, being not a fit charge, was also held unjustified (**Annexure-II**)

The lapse occurred due to extending undue favor to the contractor which resulted in unjustified payment.

When pointed out in March 2023, the management replied that the variable fee was predefined in the RFP and the contractor did not require to bid against the variable fee. Predefined % age of the variable fee was provided to minimize the bid price against the fare system services.

The reply was not convincing due to the following reasons;

- i. The predefining of 2.5% variable fee in the RFP, so that bidders may not require to offer their bids, defeated the whole purpose of calling open tenders.
- ii. Provision in the financing agreement for ITS was part of the revised PC-I too, hence, beneficial and favorable provisions, taking government interests into consideration, should have been included in RFP and ITS contract.
- iii. By not giving choices to bidders to offer and quote rates against 2.5% variable fee on their own, TPC failed to bring economy.

The department was requested for holding of DAC meeting vide letter dated 27.07.2023 followed by a reminder dated 08.08.2023, however, DAC meeting was not convened till finalization of this report.

Audit recommends to review the existing non-beneficial clauses of the contract agreement to safeguard government interests besides, recovering the variable fee and sales tax on services paid on its behalf from the person(s) at fault.

#### 4.2.6 Loss to government due to less / non-deduction of income tax from Fleet & ITS contractors – Rs. 15.917 million

According to Section-152(2) of the Income Tax Ordinance 2001, every person paying an amount to a non-resident person shall deduct tax from the gross amount paid at the rate specified in Division II of Part III of the First Schedule. As per section-172 (3) where a person is a non-resident person, the representative of the person for the purposes of this Ordinance for a tax year shall be any person in Pakistan –

- b) who has any business connection with the non-resident person. In this clause the expression “business connection” includes transfer of an asset or business in Pakistan by a non-resident;
- c) from or through whom the non-resident person is in receipt of any income, whether directly or indirectly.

During special audit of BRT, it was observed that Trans Peshawar Company deducted less or no income tax amounting to Rs.15,916,903 from payments made to the representatives of fleet and ITS supplier/contractor in Pakistan in violation of sections of income tax referred ibid, as per following detail:

S. No.	Supplier/Contractor	W.A Amount	WHT due	WHT deducted	Less/Non-deducted WHT
1	M/S Xiamen Golden Dragon	125,736,181	25,147,236	15,657,135	9,490,101
2	LMKR Pakistan	91,811,457	6,426,802	0	6,426,802
<b>Total</b>					<b>15,916,903</b>

Audit observed that TPC failed to recover remaining balance income tax from fleet contractor M/S Xiamen Golden Dragon, whereas it did not deduct income tax from ITS contractor, although the Commissioner Income Tax & Inland Revenue Peshawar had categorically refused to accept the plea of granting tax exemption to the ITS contractor, with the direction to deposit income tax.

The lapse occurred due to non-adherence to provisions of Income Tax Ordinance 2001 which resulted into loss to the government.

When pointed out in March 2023, the management replied that Trans Peshawar imported BRT buses, tools and spare parts from M/S Xiamen Golden Dragon, and ITS system from a Joint Venture of LMKR Pakistan, Santel & E-Haulu. Imports are subject to tax collection from importer under section 148 of the income tax ordinance 2001. At import clearance stage, full amount of tax has been paid on the imported items under section 148. As the supplier of ITS system has also provided installation related services of ITS system, payments to the supplier are subject to income tax withholding as per section 152 (2) of the income tax ordinance. The supplier is of the view that tax is not deductible on payments made against imported good. Upon supplier’s request, Trans Peshawar made application to FBR under 152(5A) for granting exemption from withholding of income tax on payments against imports which has been denied. The supplier has filed an appeal in the high court against FBR’s decision. Furthermore, Trans Peshawar has held the remaining payments till payment of outstanding income tax payments by the Contractor. Trans Peshawar will comply with the decision made by the court and will not pay the remaining amount which is more than the income tax payment.

The reply was not tenable. The recoverable income tax was for Local PKR share, to be deducted from representatives of M/S Xiamen Golden Dragon and ITS contractors in Pakistan and it was not related to payment of taxes at import stages.

The department was requested for holding of DAC meeting vide letter dated 27.07.2023 followed by a reminder dated 08.08.2023, however, DAC meeting was not convened till finalization of this report.

Audit recommends recovery of the income tax from the Fleet and ITS suppliers, besides fixing of responsibility for not deducting income tax at the time of making payments to the suppliers.

#### **4.2.7 Less realization on account of difference between actual & due fare income from BRT operations – Rs. 24.389 million**

According to Clause 3.2.11 (a, b & c) of Schedule-B of the contract agreement signed between TPC and LMKR on 31-12-2018, the Contractor shall ensure that all sales and revenues are registered per point-of-sale, such that it allows the Contractor to reconcile sales and revenue per operator shift, ensure the secure storage and transport of cash collected at the Stations and install and operate systems, methods, and processes to prevent, detect, and recover losses caused by system failures and malicious intent, such as passengers evading fares and insider fraud.

During special audit of BRT, Trans Peshawar Company reported fare income of Rs.1,923,768,245 from BRT operations for the period 13<sup>th</sup> August 2020 to 30<sup>th</sup> June 2022.

Audit however, observed on the basis of Kilometer & Fare wise Passenger Ridership data, provided by TPC, that actual due fare to be collected based on ridership, comes to Rs.1,948,157,425 hence, there was a difference between revenue reported and actual revenue to be collected (**Annexure-III**).

The lapse occurred due to weak internal controls which resulted into less realization of fare income of Rs. 24,389,180.

When pointed out in March, 2023, the management replied that “Kilometer & Fare wise Passenger Ridership data” sheet shared by audit was irrelevant and does not mean for revenue estimation. The sheet was maintained by planning department for scheduling and planning purposes to know the share of passenger at each stage. The actual fare income from BRT operations is maintained and checked by the relevant Contract Manager based on settlement reports which is audited by internal auditor and accounts department of Trans Peshawar through system generated reports and bank statements.

The reply was not convincing. The “Kilometer & Fare wise Passenger Ridership data” taken from Operational Control Center, on the basis of which due fare income calculated, was officially communicated by the TPC management in response to an audit written requisition.

The department was requested for holding of DAC meeting vide letter dated 27.07.2023 followed by a reminder dated 08.08.2023, however, DAC meeting was not convened till finalization of this report.

Audit recommends conducting inquiry for ascertainment of factual position and provide daily reports for revenue settlement, real-time passenger information from passenger information displays, comprehensive reports on the operation and maintenance of the Fare System, passengers approached and exited through automatic gates in on-corridor stations and passengers boarded and exited the vehicles through validators at check-in and check-out validation in off-corridor routes.

#### **4.2.8 Non-provision of uninterrupted power supply due to theft of electricity cable – Rs. 3.462 million**

According to Clause 1.2.3 of the Contract Agreement signed on 15.08.2020 between TPC & Mesi Enterprises for Operation and Maintenance of PSD, Street Lights and Electrical Equipment in Peshawar BRT System, the service provider shall be responsible for all material and associated costs for repair of Equipment caused by theft or other scheduled / unscheduled incidents.

During special audit of BRT, it was observed that 03 core electricity cable, measuring 1,197 meters, under security of LMKR Pakistan, were stolen from different parts.

Audit observed that Trans Peshawar Company failed to recover cost of the stolen electricity cable for the same quality and quantity from the service provider i.e. Mesi Enterprises, as the same was not replaced to ensure uninterrupted electricity supply, according to the incident report provided by the Electrical Engineer.

The lapse occurred due to weak administrative controls which resulted into non-provision of uninterrupted power supply to the system due to cable theft of Rs. 3,461,724 (1,197 meters cable theft \* Rs.2,892 per meter - approximate current market rate).

When pointed out in March 2023, the management replied that under the contract, JV LMKR Pakistan is responsible for security of all infrastructure including electrical cables. The cable which was stolen from different sections of the BRT corridor was reinstalled by the ITS contractor within the due time of the contract. As of today, no location which is under Trans Peshawar responsibility is powered off due to non-availability or theft of cable.

The reply was not tenable. The cable theft from different points, had not been installed as shown "Unresolved" in the incident report, duly signed. Besides, inspection report of each "Unresolved" point regarding installation of stolen cable by the security agency may be produced to audit for confirming the areas being no more powered off.

The department was requested for holding of DAC meeting vide letter dated 27.07.2023 followed by a reminder dated 08.08.2023, however, DAC meeting was not convened till finalization of this report.

Audit recommends inquiring the matter for ascertainment of facts.

#### **4.2.9 Extending undue financial favour to bus operator due to allowing non-fare advertisement revenue.**

According to Section 6.1.5 of Vol-I of Technical Specifications of the Contract Agreement signed between TPC and M/S Xiamen Golden Dragon in order to optimize system revenues, some discrete advertising space will be permitted inside the vehicles.

As per Section-III-**Project Management Arrangements** of the Project Administrative Manual, Trans Peshawar BRT Company shall be responsible to review and approve inputs of ODBM consultants under the PDA.

According to output-1.2 of the Final Report, developed by the ODBM consultant on Fare Structure and Potential Non-Fare Revenue, the revenue of this advertising can reach up to 10% of all investment in infrastructure and in order to optimize system revenues, some discrete advertising space will be permitted inside the vehicles.

During special audit of BRT, it was observed that Trans Peshawar Company permitted bus operator M/S North South Travel to affix or display advertising material in dedicated areas on the interior of the Vehicles (12-meter & 18-meter) and back side of only 12-meter bus in agreed designated area and generated revenues out of such advertising activity.

Audit holds the following observations on revenue generation by the operator:

1. Negative yearly cash flows, reported by the (ODBM) Consultant, were submitted to Trans Peshawar for review, therefore, non-beneficial clauses in the RFP and contract agreement regarding allowing advertisement non-fare revenue, in favor of operator, should not have been accepted and approved by TPC
2. The non-fare revenue, generated from displaying advertisements in BRT vehicles, was system-based revenue therefore, to reach up to 10% of the investment made in the

infrastructure, all such revenue should have been credited to government/TPC accounts instead of operator as the operator did not bear the cost of all the BRT fleet, which were procured from foreign funds.

Audit requested the management, to provide the actual amount, generated from advertisement by the bus operator, but it was not provided despite written and verbal requests.

The lapse occurred due to extending undue favor to the contractor which deprived the government from one of its major sources of income.

When pointed out in March 2023, the management replied that the terms and conditions of the contract have been advertised and all bidders applied on the same terms and conditions. Furthermore, rights for advertisement to the Operator is international best practice. The clause related to rights of advertisement inside buses is part of the bidding process and bidders quoted their rate accordingly. From operational perspective and security reasons, it is not possible to provide these rights to the third party. It needs to be noted that the cost of advertisement is inbuilt in the per kilometer rate quoted by the bidder and there is no loss to the government exchequer. Furthermore, this record belongs to the Private Company and it's not a government record as the advertisement rights is of the private company as per the contract.

The reply was not tenable on the following grounds:

- i. If the cost of advertisement was inbuilt in the per kilometer rate of the successful bidder, then it is itself an admission on the part of TPC that the bus operator has been compensated on two accounts i.e; by making payments on enhanced CPIs for adjusted per KM rates and by allowing the advertisement non-fare revenue to the bus operator.
- ii. As far as actual amount generated from advertisement by the bus operator and production of record by M/S North South Travel to Audit for scrutiny is concerned Clauses 9.3, 26.5, 33.3, 38.4.2 of the contract provide for the maintenance and provision of relevant record, by the bus operator for audit purposes.

The department was requested for holding of DAC meeting vide letter dated 27.07.2023 followed by a reminder dated 08.08.2023, however, DAC meeting was not convened till finalization of this report.

Audit recommends to review the existing contract provisions favouring the operator to safeguard government interests besides, provide all auditable record in support of advertisement revenue generated.

#### **4.2.10 Unjustified payment on account of additional transportation cost – Rs. 4.523 million**

##### **Overpayment on account of custom duties – Rs.0.741 million**

According to Section 8 of Special Conditions under Clause 13.1 of the original Contract Agreement, signed between TPC and M/S Xiamen Golden Dragon on 12.03.2018 for procurement of BRT fleet, the Supplier shall obtain staged approvals from the Purchaser during the currency of the contract. As per Delivery and Completion Schedule under Section-6 of the original Contract Agreement *ibid*, first full unit of 12-meter size shall be completed at factory and delivered within 2 months from the date of contract signing. Whereas, as per 2<sup>nd</sup> amendment giving further effect to the original Schedule of Supply of the Contract Agreement, delivery of First Full Unit of the 12-meter size vehicle shall be made within maximum of 2.5 months from the date of Contract signing.

During special audit of BRT, it was observed that Trans Peshawar Company paid Advance payment of US\$ 31,106 and custom duties of Rs.5.849 million for delivery of first unit of 12-meter size vehicle.

Audit observed the following irregularities:

1. The first full unit, required to have been delivered within 2.5 months i.e. up to 25.05.2018, was shown delivered first time in May 2018, second time in November 2018 and for third time the said vehicle was shown to have been handed over to Daewoo in 2022. This shows that first 12-meter size unit of BRT vehicle was delayed and not delivered in time within the stipulated time period from the Contract signing date (12.03.2018), either due to poor designing of vehicles by the consultant or a persistent failure of bus supplier to remedying defects in time.
2. No documentary evidences i.e; Assets Register / Stock Register was found on record nor GRN furnished to audit to authenticate the actual delivery date of first unit of 12-meter size bus.
3. An additional amount of USD 22,300 equivalent to PKR 4,523,109 (USD 22,300 X 202.83 – Prevailing USD exchange rate on 07-06-2022) on account of inland transportation cost was added, after approval of the 2<sup>nd</sup> amendment in the contract agreement, which could have been avoided had the vehicle been delivered in time.
4. An overpayment of Rs.740,999 was made on account of custom duties, due to allowing enhanced rate of USD 177,830 for first unit of 12-meter size vehicle instead of the contract agreed amount of USD 155,300 (**Annexure-IV**).
5. The port of discharge as per contract agreement was Karachi, but the Demand Draft bearing No.011866139 dated 14.05.2018 was prepared in the name of Collector of Custom Model Collectorate Gilgit Baltistan, duly received by AC Customs, SOST Border Gilgit Baltistan.

The lapse occurred due to violation of delivery schedule set forth in Section 6 (Schedule of Supply) of the contract agreement and non-completion of civil work by PDA which resulted into unjustified payment.

When pointed out in March 2023, the management replied that the delivery of the first prototype bus was done as per the provision of the contract agreement clauses SCC/GCC 26.2 and GCC 33.1. The reason for land delivery and additional transportation cost of USD 22,300, was to ensure timely production of remaining units under the circumstances at the time the decision was made. The decision was made by the Board of Directors of Trans Peshawar upon commitment for completion of civil works provided by Peshawar Development Authority and approved the delivery of the first unit through land. The change in the shipment mode was done in accordance with the contract provision GCC 33.1. The delivery of the buses from supplier is done through letter to Trans Peshawar and same is recorded in spread sheet electronically. The USD 22,300 arises due to change in shipment mode from sea to land and has no link with early or delay delivery of the bus. The bus arrived through land at SOST Border Gilgit Baltistan, therefore need to cleared by custom authorities at SOST border.

The reply was not satisfactory due to the following reasons;

- i. The Clause SCC/GCC 26.2 is regarding Tests and Inspections carried out by the supplier, for confirming compliance to the features, inspection and testing of the first full unit at Supplier's factory by the supplier and carrying out the inspection and testing of first full unit (both vehicle types (12 meter and 18-meter sizes BRT vehicles) at factory by the purchaser and were done before production of first unit of 12-meter size vehicle.
- ii. The Clause 33.1, referred by the Management, provides that Purchaser may at any time order the Supplier through Notice in accordance with GCC Clause-8, to make changes within the general scope of the Contract but this clause needs to be read in conjunction with Section-8 of Special Conditions of contract (GCC Clause-11.1) which stipulates that the Scope of Supply shall be defined in Section 6 (Schedule of Supply). [Note: At the time of awarding the contract, the Purchaser shall specify any change in the scope of supply with respect to Section 6 (Schedule of Supply) included in the Bidding Document. Such changes may be due, for instance, if the quantities of Goods and

Related Services are increased or decreased at the time of award.]. **In the instant** case, the change in the scope of supply on account of additional cost due to change of shipment mode was not specified at the time of award of the contract therefore, delivery of the first 12-meter size bus should have been made according to the original Schedule of Delivery. The clauses of the contract agreement, were binding on both the parties, therefore, the non-adherence defeated the very purpose of the agreement.

- iii. Similarly, giving retrospective effect to the original contract cost by making additional payment of USD 22,300, through 2<sup>nd</sup> Amendment entered in the contract with the supplier on 07.06.2022, after elapse of almost four years, when the bus had already been shown delivered in 2018, could not be held justifiable in accordance with Clause-33.3 of General Conditions of the Contract which stipulates that prices to be charged by the Supplier for any Related Services that might be needed but which were not included in the Contract, shall be agreed upon in advance. In the instant case, the additional transportation cost was not agreed in advance.
- iv. After payment of additional transportation cost, the remaining vehicles were not delivered in accordance with clear time schedules given in the Production Authorizations by TPC to the supplier.
- v. Despite written requests, even entry in GRN in support of delivery of first B0001 unit was not produced to Audit for examination till the date of audit.

The department was requested for holding of DAC meeting vide letter dated 27.07.2023 followed by a reminder dated 08.08.2023, however, DAC meeting was not convened till finalization of this report.

Audit recommends recovery of additional costs besides sharing and fixing responsibility between TPC & PDA for non-completion/delivery of civil work and BRT fleet in time.

#### **4.2.11 Unauthorized payment of insurance premiums to bus operator by TPC – Rs. 5.291 million**

According to Clause 34.1.3 (n) of the contract agreement, signed between TPC and M/S North South Travel on 12.02.2019, the operator accordingly warrants and undertakes that all insurance premiums in respect of insurance obligations placed on the Operator in accordance with this Agreement have been timely paid and none are in arrears. Clauses 44.1 and 44.3 of the Agreement provide that the operator agrees to, at their own costs, establish and maintain no less than the minimum types and levels of insurances that are required by Applicable Law and the Operator shall effect and maintain full comprehensive vehicle insurance (including passenger and public liability) in respect of the Vehicles from insurance company, having a minimum rating of AA in long term, on behalf of TPC within 30 days from acceptance of Vehicles, on terms and conditions to TPC's reasonable satisfaction. The Operator shall be liable for and pay all premiums in respect of such insurance.

The Chief Executive officer of TPC apprised the Board of Directors, the following position for payment of insurance premium to the operator, as per Minutes of the 8<sup>th</sup> meeting of Procurement of Board of Directors dated 27-10-2020:

- “The contract with operator was signed on a commitment that soft opening of the project would be held in March, 2019 and full opening in June, 2019, but due to non-completion of civil work, the operation could not be started as planned”.

During special audit of BRT, it was observed that an amount of Rs.5,291,146 was paid to M/S North South Travel by TPC on account of claims of insurance premiums for delay in operations of BRT project, after got approval from the Board of Directors in the 27<sup>th</sup> meeting held on 16-11-2020.

Audit termed the expenditure unauthorized on the following grounds;

1. The bus operator agreed in the contract to pay insurance premiums of all buses for 12 years from the contract signing date i.e. 12.02.2019 and there was no provision of paying the claims of the bus operator, if operations would not have started by a certain given date, communicated or committed by TPC/PDA to the operator.
2. Making commitments and signing contract agreements with service providers, before ensuring actual starting time and period for BRT operations, created undue financial liability for the government.

The lapse occurred due to non-adherence to provisions of contract agreement which resulted in unauthorized payment to the contractor.

When pointed out in March 2023, the management replied that the civil work was to be completed by PDA and subsequent operation were tasked to Trans Peshawar. The contracts related to civil works were to be executed and monitored by PDA, therefore, Trans Peshawar could arrange resources only according to completion times communicated by PDA. Trans Peshawar aligned resources in accordance with timelines committed and communicated by PDA in high level meeting attended by senior officials of the Government. Such commitment was also made in BoD meeting of Trans Peshawar, chaired by the Additional Chief Secretary with DG PDA, Secretary Transport and other senior officials of the Government as participants. In accordance with Clause 8.1 and Clause 1.1.98 of the contract, the vehicle shall be handed over in one month prior to the "*projected start date of roll-out*". Furthermore, the bidder in pre-bid meeting asked for the start date of operations which were communicated as June, 2019. The operator has engaged their resources accordingly since February 12, 2019 and didn't generate any revenue for resources they committed for the project. Further, in accordance with Clause 38.3 of the agreement, TPC Breach of this agreement, entitled the Operator, in addition to and without prejudice to any other right it may have under the agreement or under the term of this agreement to seek specific performance of the terms of this agreement or to terminate this agreement and in either event to recover such costs, loses and damages as it may have sustained.

The reply was not convincing due to the following reasons;

- i. The signing of the contract agreement with the bus operator by the TPC w.e.f 12.02.2019, without first ensuring handing over complete civil structure from PDA, paved the way for bus operator to claim insurance premiums. TPC being the executing agency for operations, failed to assess the right time and period for completion of civil structure, by just accepting empty commitments made by PDA which lacked firm resolve and ownership. Therefore, once both the Parties had agreed and signed the contract agreement then the question of engagement of resources, for reason of allowing insurance premium to the operator, became irrelevant.
- ii. The intimation of the starting date of operations as "June 2019" to the bidders in the pre-bid meeting, was also not in accordance with Clause 1.1.49, which stipulates that the Vehicle Delivery Date should be considered, when these vehicles would be delivered, 1 month prior to the "projected start-date of roll-out" of each milestone of operations of buses. The operations of buses were started partially on 13<sup>th</sup> August 2020, therefore, intimation of an earlier date of operations, stood inconsistent with the agreement clauses.
- iii. The Clause-8.1, referred by the management, is regarding indemnifying and holding harmless TPC and its personnel by the Operator against and from all liabilities, claims, damages, loss, expenses and costs etc; and is not about holding TPC to pay insurance premiums, the payment of which was the responsibility of bus operator.
- iv. The Clause-38.3, referred by the management, is regarding committing a material breach under the Agreement (other than a breach of payment obligations) and failure to remedying the breach within ten (10) Business Days after receipt from the Operator

calling upon it to do so; or committing a breach of any payment obligation in accordance with this Agreement and failure without justification to make payment within thirty (30) Business Days, after receipt from the Operator of a notice calling upon it to do so. This provision would only come into force, had TPC committed any material breach of the agreement or either refused to pay justifiable payments for agreed upon services. Accordingly, this clause would not be applicable in the given circumstances because TPC did not refuse to pay any valid and authorized payment to the operator and fit charges are being paid regularly, while the payment of insurance premiums is to be paid by the operator and not by TPC.

The department was requested for holding of DAC meeting vide letter dated 27.07.2023 followed by a reminder dated 08.08.2023, however, DAC meeting was not convened till finalization of this report.

Audit recommends recovery of insurance payments from the person(s) at fault.

#### **4.2.12 Irregular withdrawal of subsidies from provincial government on account of BRT operations – Rs. 4.403 billion**

According to Article 1 of Schedule 5 of the Loan Agreement, the Borrower, the Project Executing Agency and the Implementing Agencies shall ensure that the Project is implemented in accordance with the detailed arrangements set forth in the Project Administration Manual (PAM). As per Output 2 (Effective Project Management and Sustainable BRT Operations established) of the Project Administration Manual of the Project, subsidy for BRT operation and maintenance costs is not required.

According to Financial Analysis of revised PC-I of Peshawar Sustainable Bus Rapid Transit Corridor Project, with maximum fare of Rs.50 per passenger and capital injection of Rs.500 million at the beginning of the project preparation, the project will be financially sustainable, without requiring any further subsidy once it is in operation.

During special audit of BRT, it was observed that Trans Peshawar has drawn an amount of Rs.4,402,888,558 on account of subsidy from the provincial government to bridge operational loss due to spending more and generating less revenue, since start of BRT operations w.e.f 13<sup>th</sup> August 2020 to 30<sup>th</sup> June 2022, in violation of provisions of Loan Agreement, PAM and revised PC-I.

The lapse occurred due to non-implementation of PAM and revised PC-I which resulted into irregular drawl of subsidies from the provincial government.

When pointed out in March 2023, the Management of Trans Peshawar replied that PAM was drafted in March 2017 and at that time Trans Peshawar management was not on board and no team member was hired. As per Section III of the Project Administrative Manual “Project Management Arrangement” Trans Peshawar is responsible for review and approval of the inputs of the Operational Design and Business Model Consultant (ODBM) under Project Design Advance. The ODBM consultant as part of its deliverable was responsible for preparation of detail Business, Financial and Operational Model of the Peshawar Sustainable Bus Rapid Transit Corridor Project and Trans Peshawar is responsible for review and acceptance of the consultant models. The Peshawar BRT project is not yet completed as three commercial plazas, park and ride spaces and 2 off-corridor routes have not yet been completed / operationalized. However, the subsidy of Rs.4.403 billion drawn is in line with ODBM consultant. The overall subsidy / profit is transparent process and dictated by natural process. Therefore, the withdrawal of subsidy is in response to fulfil the operational cost gap and to provide transport facilities to the residents which is the core objective of the project.

The Management of PDA replied that it is important to comprehend that this project's concept plan, feasibility study, the consequent compilation of the PC-1, in lieu the ODBM consultant's recommendation, all claims/lauds the project assessed as financially self-sustainable. The same was evident from the donor's document PAM and the loan agreement. Therefore, the PC-1 was compiled on the same analogy of a financially self-sustainable model and the same was for adaptation for the end-user Trans-Peshawar, mandated for the management of the operationalization of the bus system. The delay in completion of the Civil works was due to facing several impediments by the JV contractor, issue related to NOC from Pakistan Railways and Cantonment Board and construction of overhead bridges in densely populated areas among others. Moreover, public projects are not just constrained to revenue generations and are focused on better service delivery and economic benefits to the end users. The revenue may vary from the projections however, the Trans Peshawar should control the expenditure as it was very much controllable factor. the project operations were in its very initial stages however, keeping in view the public response, the project will get self-sufficient as and when the complete bus fleet is functional with its extensions, the revenue generation from commercial structures starts and the operational expenditure reduces.

The replies of the both the executing agencies were not satisfactory. By drawing regular subsidies from provincial government, TPC did not ensure to implement the Project implementation in accordance with Loan agreement, PAM and revised PC-1.

The department was requested for holding of DAC meeting vide letter dated 27.07.2023 followed by a reminder dated 08.08.2023, however, DAC meeting was not convened till finalization of this report.

Audit recommends obtaining NOL from donor to regularize the expenditure besides approval from ECNEC for operational subsidies.

#### **4.2.13 Undue favor to service providers due to non-transferring fund to Joint Bank Reserve Accounts – Rs. 113.966 million**

According to Clauses 27.1, 27.2 & 27.4 of the contract agreements, signed with various service providers, the Operator shall establish the Reserve Fund which shall be maintained by TPC as security against amounts which may become due and payable to TPC during the term of this Agreement. The Reserve Fund shall be built up from amounts retained by TPC from payments due to the Operator. TPC shall retain no more than 3% of each payment due to the Operator. The Operator shall name TPC as a co-beneficiary on the Reserve Fund account and execute all documents and do all things necessary to ensure that the bank or other financial institution with whom the Reserve Fund is established is authorized and empowered to, upon first written demand from TPC, immediately withdraw and / or transfer the demanded amounts to TPC with or without objection from the Operator.

As per Clauses 38.1 & 38.2(3) of the Contract Agreement, if the operator commits a material breach of this Agreement and fails to remedy the breach within 10 Business Days after receipt from TPC of a notice calling upon it to do so or such other time as specified by TPC then TPC shall be entitled, to recover such damages as it may have sustained. For purposes of this Agreement, a material breach shall include but not limited to the foregoing, if the Operator fails to provide or maintain the Reserve Fund.

During special audit of BRT, it was revealed that Trans Peshawar Company retained 3% reserve fund amounting to Rs.113,966,578 from payments due to different service providers.

Audit observed that the said funds could not be transferred into the Joint Reserve Bank accounts, to be expressly opened by service providers, which depicts that material breach was

committed by the service providers however, no action for this breach was taken by TPC (Annexure-V).

The lapse occurred due to non-adherence to agreement clauses which resulted into extending undue favor to operators / service providers.

When pointed out in March 2023, the management replied that Reserve Fund are deducted by Trans Peshawar from all the invoices of the Service Providers as per their respective contracts and deposited in the joint accounts. However, the deducted reserve fund is not deposited only for M/S MESSI because of the unavailability of the JV Bank account of being individual company. The issue is not of deduction instead of depositing Reserve Fund in their respective account. When the amount is deducted, it remains in TPC account. Not depositing in Service Provider account gives advantage to Trans Peshawar and not disadvantage. Till March 2022, the total invoices raised and reserve funds details are enclosed. In view of the foregoing, no lapse occurred due to non-adherence to agreements clauses.

The reply was not satisfactory due to the following reasons;

- i. Out of the total required Reserve Fund of Rs.100 million each for M/S North South Travel and JV LMKR Pakistan, an amount of Rs.111.033 million were transferred in the reserve fund, in support of which bank statements were also produced however, reserve fund of Rs.88.967 million was not transferred.
- ii. Funds of the remaining service providers amounting to Rs.25.000 million were not transferred to Reserve Fund, as no supporting documentary evidence were produced for Audit authentication.
- iii. Management admitted that M/S Mesi did not deposit the prescribed amount of reserve fund.

The department was requested for holding of DAC meeting vide letter dated 27.07.2023 followed by a reminder dated 08.08.2023, however, DAC meeting was not convened till finalization of this report.

Audit recommends immediate transfer of full amounts, into designated Reserve Fund Accounts, failing which the contracts of defaulter service providers may be terminated.

#### **4.2.14 Non-production of auditable record by TPC**

According to Section 14 (3) of the Auditor-General's Ordinance 2001, any the officer incharge of any office or department shall afford all facilities and provide record for audit inspection and comply with requests for information in as complete a form as possible and with all reasonable expedition. Any person or authority hindering the auditorial functions of the Auditor-General regarding inspection of accounts shall be subject to disciplinary action under relevant Efficiency and Discipline Rules, applicable to such person.

During special audit of BRT, it was observed that the management of Trans Peshawar Company did not produce the following auditable record to Audit pertaining to the Financial Years 2017-18 to 2021-22 for necessary audit scrutiny;

- i. Log Books of all the 158 vehicles.
- ii. The kWh capacity of each bus of 18 meter and 12 meter and how many kilometers distance / range it can cover with the existing capacity.
- iii. The consumption capacity per liter per kilometer of fuel and electricity per kilometer for each 18 meter and 12-meter sizes Hybrid Electric Diesel Buses.

- iv. Specific Fuel Consumption Chart (for diesel-fuel operation) and Electricity Consumption Chart (for electric operation) besides Vehicle Speed vs. Grade (both loaded and unloaded) which were furnished by the Supplier in shape of performance graphs at part of the Bid Documentations.
- v. Vehicle performance Monitoring providing specific information about Speed (wheel based and Tachometer based), Fuel used and fuel levels, Engine speed (revolutions) and engine hours, Vehicle distance, Tachygraphy performance, Handling information, Engine / propulsion system, coolant temperature, Ambient air temperature, Status of doors and boarding bridges, Time/date, Direction indicators and Vehicle weight etc.;
- vi. The capacity of fuel tanks of each 18-meter and 12-meter sizes buses.
- vii. Quantity of Kinetic Energy captured by Regenerative Braking System per trip per hour per kilometer from vehicle deceleration
- viii. From start of BRT operations till 30<sup>th</sup> June, 2022, the amount of revenue generated from advertisement by the bus operator M/S North South Travel Pvt Ltd.

Due to non-production of auditable record, the auditorial functions could not be performed.

The lapse occurred due to weak internal controls which hindered the auditorial functions and legal mandate of Auditor-General of Pakistan.

When pointed out in March 2023, the management replied that most of the record does not pertain to Trans Peshawar and hence no record is available. As explained by your good self that audit record of any department / organization established by the government shall be audited by Auditor-General of Pakistan. The subject record is not of Trans Peshawar instead this record belongs to a private company. Furthermore, it is to be informed that the nature of the contract signed between Trans Peshawar and the Operator is output based and payment is made based on the running kilometers instead of inputs of fuel, drivers, maintenance etc.

The reply was not tenable. The response of TPC that the relevant record is property of the private company and not belong to TPC is not valid. Clauses 9.3, 26.5, 33.3 and 38.4.2 of the contract agreement authorizes TPC to ask the operator to produce all the relevant record to Audit for examination but it was not done.

The department was requested for holding of DAC meeting vide letter dated 27.07.2023 followed by a reminder dated 08.08.2023, however, DAC meeting was not convened till finalization of this report.

Audit recommends production of all relevant auditable record for audit scrutiny besides fixing of responsibility against the person(s) at fault for not providing record to Audit.

#### **4.2.15 Extra financial burden on government due to allowing salaries adjustment of employees hired by bus operator – Rs. 39.837 million**

According to Clauses 9.4 and 16.1 of the Contract Agreement, signed between Trans Peshawar Company and M/S North South Travel on 12.02.2019, the operator shall solely be responsible for all cost and / or expenses associated with the fit-out, furnishing, administration, office space and / or any and **all operational costs** associated with its operations until the Termination Date **and** that the Operator shall recruit and employ all Employees necessary to provide the Services, including Drivers, mechanics, washer / cleaner, inspectors and all other administrative and management staff.

During special audit of BRT, it was observed that an amount of Rs.39,837,259 was paid by TPC to North South Travel Pvt. Ltd. on account of salaries adjustment of employees of the bus operator per annum on 1<sup>st</sup> January, 2021 & 2022 respectively, as per Payment Calculation Schedule of the Contract Agreement.

The payment was held as extra burden on the scarce resources of government on the following grounds;

1. After signing of the contract agreement, the operator was solely responsible for all costs associated with the fitting-out, furnishing, administration and any or all operational costs for provision of agreed upon services. To perform these services, the operator had to recruit and employ sufficient number of employees for provision of services.
2. An amount of Rs. 11.740 was already included in the base price of Rs. 177 per kilometer for bus drivers, mechanics, administrative and management staff by linking the payment of salaries adjustment as being part of "Payment Calculation Schedule" thereby authorizing the bus operator to claim enhanced payments of salaries adjustment on updated CPIs.
3. therefore, allowing salaries adjustments per annum on actual CPIs basis for 12 years would put extra pressure on government scarce resources.
4. The salaries increase in respect of employees hired by the bus operator was the responsibility of the contractor.
5. The number of staff hired and the minimum wages paid to them was also not made known to Audit, to check the exact impact of actual salaries, being paid to the hired staff by the bus operator and the actual amount received by the operator from TPC on account of employee's salary adjustment.

The lapse occurred due to weak financial controls which resulted in extra pressure on scarce resources of the government.

When pointed out in March 2023, the management replied that as per Clause 5 and 56 of the agreement, the payment to the operator for the provision of services shall be made in accordance with payment calculation schedule and this agreement constitute the entire agreement between the parties in relation to all matters contained in the agreement. The adjustment to the per kilometer rate of Rs. 177 is not in respect of employees but for a fixed portion in per kilometer rate which is adjusted against CPI inflation rate and does not require the number of staff or wages for calculation. Regarding Audit point that the salaries increase in respect of employees hired by Operator was a responsibility of the contractor, Trans Peshawar agrees with audit point that the operator is responsible for adjustment of salaries of its staff. Trans Peshawar is not making adjustment in per kilometer rate based on the number of employees and their wages but as per the CPI inflation on fixed portion of per kilometer rate which is part of the contract.

The reply was not convincing on the following grounds:

- i. The responsibility for payment of all or any portion of the operational cost should have been borne by the service provider because in the approved base price of Rs.177 per Kilometer, the rate of Rs.11.74 for Bus Drivers (Rs.9.83), Mechanics (Rs.0.76), Administrative (Rs.0.39) and management staff (Rs.0.76) was already included besides Rs.66.72 (39.58%) was also made part of the approved base price for Overhead, risk contingencies and profit of the operator therefore, allowing further payment for salaries adjustments in respect of operator staff was held an extra burden on scarce resources of government.
- ii. The salaries were adjusted on January 1, based on CPI inflation, measured in increase percentage on year-on-year basis mentioned in Price Statistics published by PBS, Government of Pakistan hence, the payment of Rs.39,837 drawn was the result of adjustment in salaries. As Trans Peshawar agrees with audit contention, that the

operator is responsible for adjustment of salaries of its staff therefore, appropriate steps are required to protect government interests.

The department was requested for holding of DAC meeting vide letter dated 27.07.2023 followed by a reminder dated 08.08.2023, however, DAC meeting was not convened till finalization of this report.

Audit recommends to review the existing contract provisions to safeguard government interests.

#### **4.2.16 Non / less generation of revenue due to non-utilization of available commercial spaces – Rs. 1096.151 million**

According to Output 1.2 (Fare structure of BRT Operations Plans), prepared by the ODBM consultant, the commercial concession of commercial spaces near or in the stations is a common practice to obtain non-fare revenues for the system. These revenues can be used to pay part of the initial investment or the operational costs of the system.

As per Outputs 1e and 1h (Effective project management and sustainable BRT operations established) of the Project Administration Manual, by 2019, two depots, one staging facility including park-and-ride facilities and commercial areas and one parking plaza were required to be built at Lady Reading Hospital.

According to implementation schedule, reflected in the revised PC-I, Hayatabad Bus Depot will be constructed during 1<sup>st</sup> June 2018 to 28<sup>th</sup> November 2018.

During special audit of BRT, it was observed that various commercial spaces in Hayatabad, Chamkani and Dabgari and at the stations BS-6, BS-07 and BS-08 were available for leasing out to generate revenue. All the estimates, expected to generate revenue from use of commercial spaces, were prepared by ODBM consultant, after proper detailed ground work and site surveys.

Audit observed that Trans Peshawar Company did not exploit fully the commercial spaces available within the stipulated time period before starting of BRT operations, due to non-completion and development of commercial spaces at Hayatabad, Chamkani, Dabgari, Bus Stations-06 & 08, whereas at Bus Station 07 (Gulbahar), 17 shops were developed at commercial spaces and allotted to various shopkeepers but out of these 17 shops, 14 shops were vacated by the lessees, after few months without imposition of penalty because TPC did not bound the shopkeepers through an enforceable agreement involving penalties, resulting into non/less revenue generation of Rs.1,096,150,544 (**Annexure-VI**).

The lapse occurred due to non-adherence to implementation plans of construction works as per PAM and PC-I and non-development of commercial spaces which resulted into non/less generation of revenue for government/TPC.

When pointed out in March 2023, the Management of Trans Peshawar replied that the audit observation referred to the commercial spaces which are to be built as part of the Peshawar BRT project by Peshawar Development Authority (PDA), being the implementation agency of the civil works. These spaces are not yet constructed so this is out of question to expect revenue from a facility which doesn't exist.

The loss of revenue is due to non-completion of civil works by Peshawar Development Authority. The timeline for completion of civil works as per revised PC-I was June 2019, however, the delay of more than 3 years in completion of civil works resulted in loss of potential revenue. The Management of PDA replied that the JV contractor, faced several impediments, that resulted in the slower progress and delaying the overall achievement of the milestones.

The replies were not satisfactory because both TPC and PDA, the executing agencies failed complete the project by not utilizing the available commercial spaces fully nor constituted any building in time.

The department was requested for holding of DAC meeting vide letter dated 27.07.2023 followed by a reminder dated 08.08.2023, however, DAC meeting was not convened till finalization of this report.

Audit recommends fixing of responsibility against the person(s) at fault for non-exploiting the commercial spaces.

### 4.3 Procurement and Contract Management

The Chief Executive Officer is responsible for procurement and contract management of the Trans Peshawar Company. An amount of Rs. 6.995 billion was provided by the Asian Development Bank in consortium with AFD during the Financial Years 2017-18 to 2021-22. The CEO is assisted by the following officers in the performance of his duties as per organogram below;



#### 4.3.1 Irregular awarding of contract for operations & maintenance services of BRT Peshawar - Rs. 3,766.000 million

According to sub-section-2(b) of main section-166 of the Companies Act, 2017, an independent director means a director who is not connected or does not have any other relationship, whether pecuniary or otherwise, with the company, its associated companies, subsidiaries, holding company or directors; and he can be reasonably perceived as being able to exercise independent business judgment without being subservient to any form of conflict of interest provided that without prejudice to the generality of this sub-section no director shall be considered independent if he is or has been the chief executive officer of subsidiaries, associated company, associated undertaking or holding company in the last three years.

According to Rule 19 Sub-Rule (ii), (v) and (x) of the GFR Vol-I, as far as possible financial and legal advice should be taken before entering into a contract, that no condition of unusual character may be entered into the contract, and that if a contract is likely to endure for more than 5 years an unconditional power of revocation maybe provided to Government.

Clause-34.1.3 (e) of the contract agreement signed between TPC and NSTL on 12-02-2019 states that the Operator accordingly warrants and undertakes that it will on operation date hold, in cash, an amount equivalent to the acquisition cost of all required tools, equipment,

furniture and other basic business materials required for the operating of its business, plus the necessary working capital required during the pre-operational and initial operational period.

During special audit of BRT, it was observed that contract for provision of bus operation & maintenance services was advertised on 10.07.2018. Three companies submitted their bids i.e. M/S Daewoo Pakistan Express Bus Services, M/S Platform Tourism and JV Campak Enterprises Pakistan. However, the contract was signed with M/S North South Travel on 12.02.2019, a subsidiary company of M/S Daewoo Express Bus Services. The bus operations started on 13.08.2020 and an amount of Rs. 3,766,524,858 was paid for the services rendered up to 30<sup>th</sup> June, 2022.

The award of contract to M/S North South Travel was held irregular on the following grounds;

1. M/S North South Travel did not participate in the bidding process. On the basis of technical and financial evaluation, M/S Daewoo Bus Express Services was selected as the lowest evaluated bidder. The award was recommended by Technical Evaluation Committee on 04.09.2018 and the same was approved by the BoD on 11.09.2018. The letter of award was also issued to M/S Daewoo Bus Express Services on 30.11.2018. However, in contravention of the above position, agreement was signed with M/S North South Travel Services.
2. The financial proposal, submitted by M/S Daewoo and the attached bid bond of Rs. 20,000,000 in shape of bank guarantee No.0525BGA004138, issued by United Bank Ltd on behalf of M/S Daewoo on 27.07.2018 had expired on 31.01.2019, was accepted by the management by signing the contract on 12.02.2019. The date of expiry of bid bond was tempered with and written as 14 March 2019 against the printed date of 31 January 2019 irregularly, in order to extend the bids validity period.
3. M/S North South Travel had no prior experience in bus operation and maintenance in Peshawar.

As per Memorandum of Association of M/S North South Travel, the company had a total authorized and paid-up capital of Rs.10,000 only hence, the operator did not have sufficient cash flows equivalent to the acquisition cost of all required tools/ equipment etc; and necessary working capital to run its business at the pre-operational and initial operational stages.

4. As the agreement was signed with M/S North South Travel against a performance guarantee of only Rs. 350 million submitted by M/S Daewoo, hence, handing over of government assets worth more than Rs. 6.000 billion was not justified.
5. The Request for Proposal as well as the contract executed, which included provisions of unusual character and duration, were not vetted by the Finance and Law Departments of the Government of Khyber Pakhtunkhwa.
6. The authorized and paid-up capital of Rs.10,000 of NSTL (divided into 1,000 ordinary shares of Rs.10 each) was distributed among their shareholders, as per following detail:

Name	NIC No.	Address	Number of shares taken by each subscriber
Daewoo Pakistan Express Bus Services through Nominee Faisal Ahmad Siddiqui	42301-4823442-9	231-Ferozpur Road Lahore	998
Faisal Ahmad Siddiqui	-do-	-do-	1
Shaheryar Arshad Chisty	42301-1471141-9	40-B Naval Housing Scheme Clifton, Karachi	1

The above position depicts that Mr. Faisal Ahmad Siddiqui, while remaining the CEO of Daewoo Pakistan Express Bus Services, also hold the majority shares as nominee for the said company in the North South Travel Pvt Ltd. and at the same time the same

person, on becoming the CEO also managed and controlled the special purpose company of NSTL as well, in contravention of section-166 referred ibid.

The lapse occurred due to extending undue favour to the bidder which resulted into irregular awarding of contract.

When pointed out in March 2023, the management replied that the contract was executed according to the bidding documents and the formation of special purpose company is as per the contract and in accordance with the laws of Pakistan. Signing of contract with Daewoo Pakistan express bus service limited was subject to the submission of Performance Guarantee worth PKR.350 million. Daewoo delayed the submission of Performance Guarantee. Board of Trans Peshawar decided to extend time for submission of Performance Guarantee. The Performance Guarantee was submitted by Daewoo on 29-01-2019 and the contract was signed on 12-02-2019. Regarding the Audit observation that the date of expiry of the Bid Bond was tempered, Bid Bond was extended by the Bidder to March 14, 2019 and the contract was signed within that period i.e. 12 Feb, 2019. Hence, there is no tempering and the bid bond was extended by the Bank as per the law. In order to have transparency and clear depiction of accounts, the formation of special purpose vehicle company was made part of the bidding document. The Average Annual turnover of Daewoo Pakistan Express Bus Service Ltd was PKR.6.665 billion and its Net worth is PKR.5.184 billion which was considered for evaluation. The evaluation was done on the financial soundness of Daewoo Pakistan Express Bus Service Ltd and not on its subsidiary which actually came into being after the evaluation process is completed.

The reply was not tenable on the following grounds;

- i. The UBL bank had issued the bank guarantee for customer M/S Elahi Group of Companies instead of M/S Daewoo Express Bus Services.
- ii. The Winner Bidder did not furnish the Performance Guarantee worth PKR.350 million in favour of Trans Peshawar, within 21 days of receipt of Letter of Award issued on 30/11/2018 to Daewoo Pakistan Express bus service Limited, as admitted by the management. The BoD had no such authority to relax or waive off any condition of RFP/contract in favour of any bidder in terms of powers conferred to a Board under section 183 (Powers of Board) of the Companies Act, 2017.
- iii. With such non-substantial amount of paid-up capital of M/S North South Travel Pvt. Ltd, government assets worth billions of rupees would not be safeguarded in the event of future default of the operator due to legal disputes / litigation or any other reason. To protect and keep the government interest paramount, TPC did not oblige DAEWOO Pakistan to increase share capital of the company by offering further shares in favour of the government in terms of sub-section-6 of section-83 of the Companies Act, 2017.

The department was requested for holding of DAC meeting vide letter dated 27.07.2023 followed by a reminder dated 08.08.2023, however, DAC meeting was not convened till finalization of this report.

Audit recommends inquiring the irregular award of contract, fixing of responsibility on the person(s) at fault besides review of the contract by the government.

#### **4.3.2 Unauthorized payment due to purchase of below specifications security vehicles & flatbed trucks – Rs. 10.631 million**

According to Clause 4.2.3 (2) & (3) of the Contract Agreement executed on 31.12.2018 between Trans Peshawar Company and JV LMKR Pakistan, the contractor shall provide 3 security vehicles to be stationed at the depots and staging area for rapid response to stations and corridor in case of emergency event. Further Clauses 5.6.3 and 5.6.3.1 of the agreement provide that the contractor shall also procure and deploy 3 flatbed trucks for use as bicycle sharing redistribution vehicles. The vehicles shall be modern flatbed truck vehicles that can carry a minimum of 15 bicycles.

During special audit of BRT, it was revealed that an amount of Rs. 8,470,587 was paid to the ITS contractor JV LMKR Pakistan on account of purchase of 3 security vehicles and Rs. 2,160,000/- on account of purchase of two flatbed trucks, totaling to Rs. 10,630,587/-.

Audit however, on scrutiny of Inspection Report observed that the delivered vehicles were below-specification and not in accordance with the technical specifications, envisaged in the RFP/Contract Agreement, as detailed below;

Vehicle Type	Required Features	Features available
Toyota Hilux security vehicles & Flatbed Trucks	Automatic transmission	Manual
	Vehicle immobilizer	Not installed
	UHF/VHF communications system	Not installed
	Air conditioning	Not installed
Toyota Hilux security vehicles	The vehicles will be branded with the system branding. The Contractor will receive the color and design instructions from the Employer	No branding was done.
	Siren system with flashing lights on vehicle roof	Not installed
Flatbed Trucks	The retribution truck vehicles will be branded with the system branding. The Contractor will receive the color and design instructions from the Employee.	No branding was done
	Anti-lock braking system (ABS)	Non-ABS

The lapse occurred due to non-adherence to technical proposals which resulted into unauthorized payment.

When pointed out in March 2023, the management replied that the approval note is old and during this time branding has been done, siren system with flashing lights has been installed, while UHF / VHF installation was pending because of the non-issuance of NOC from PTA. The FAT team can physically verify these items. The due deduction for non-compliance has already been made.

The reply was not tenable due to following reasons;

- i. Audit contention was established after the management admitted that UHF / VHF was not installed however, no relevant record was produced during field audit in support of deductions made, if any.
- ii. Payment for vehicles which were not according to the technical specifications should not have been made to the contractor.
- iii. The relevant record in support of branding done and siren system installed was not furnished to Audit and the purchased vehicles lacked the features as per Inspection Report, required to be fulfilled according to Technical Specifications. Furthermore, the management did not produce any documentary evidence with their written reply to further authenticate, whether the job was done before or after the end of field audit assignment, for confirmation of actual position.

The department was requested for holding of DAC meeting vide letter dated 27.07.2023 followed by a reminder dated 08.08.2023, however, DAC meeting was not convened till finalization of this report.

Audit recommends fixing of responsibility against the person(s) at fault for accepting and purchasing the below-specifications vehicles.

#### 4.3.3 Loss to the government due to non-deduction of liquidated damages for delayed supply of BRT Fleet – USD 2.114 million

According to Clause 27.2 under Section-7 of General Conditions of the Contract Agreement signed between TPC and M/S Xiamen Golden Dragon on 12.03.2018 for procurement of BRT fleet, except as provided under GCC Clause 32, if the Supplier fails to deliver any or all of the Goods or perform the Related Services within the period specified in the Contract, the Purchaser may without prejudice to all its other remedies under the Contract, deduct from the Contract Price, as liquidated damages, a sum equivalent to the percentage specified in the SCC of the Contract Price for each week or part thereof of delay until actual delivery or performance, up to a maximum deduction of the percentage specified in the SCC. Once the maximum is reached, the Purchaser may terminate the Contract pursuant to GCC Clause 35. Section-8 of Particular Conditions of Contract, provides that the maximum amount of liquidated damages shall be 10% of Contract Price.

During special audit of BRT, it was revealed that 12-meter and 18-meter sizes BRT vehicles were not delivered in time and supplied late by the supplier M/s Ximen Golden Dragon Pvt Ltd., in violation of delivery schedule set forth in Section-6 (schedule of supply) of the original as well as 2<sup>nd</sup> amended Contract Agreement.

Audit observed that the fleet supplier failed to ensure timely delivery, despite 20% advance payment for supply of 220 buses of Rs.1,121,908,938 (US\$ 9,695,969 – 20% of contract price = US\$ 48,479,844 \* 115.7088 – Weighted Average Rate) and revised delivery schedule, made part of the agreement through 2<sup>nd</sup> amendment on 07-06-2022 giving retrospective effect to the original delivery schedule of the contract signed on 12-03-2018. The amendment changed the number of BRT Fleet units to be supplied and time of supply from “**within specified months from the date of contract signing**” to “**within specified months from the date of receiving of production authorization**”. Through this arrangement, the production authorizations, issued by TPC on much later dates and months as compared to the dates and months of original schedule, covered the short-supplied units and period of delay but supply was still not made in time by the fleet supplier. TPC however, did not impose and deduct liquidated damages worth USD 2,114,380 for late supply. (**Annexure-VII**)

The lapse occurred due to extension of undue favor which resulted in loss to the government.

When pointed out in March 2023, the management replied that the delivery of buses was stipulated in Section-6 of the original contract agreement, according to which supply should have been completed in 6.5 months from the signing of the contract agreement i.e. 12.03.2018. The civil work infrastructure, supposed to be completed in 6 months from October 2017, was still not completed. The contract of Trans Peshawar was mainly dependent on completion of civil works. Under such circumstances, imposing the liquidity damages on supplier was not possible as per contract agreement.

The reply was not tenable on the following grounds;

- i. Despite issuance of production authorizations by Trans Peshawar Company in accordance with 2<sup>nd</sup> amendment of the contract agreement, supplier failed to observe and implement delivery timelines for fleet supply.
- ii. The implementation / adherence to provisions of the contract agreement, including Section 6, was binding on both the parties and were equally responsible for non-compliance.
- iii. There was no provision or condition available in the Contract Agreement, which could clearly spell out, that until civil works on corridor, off-corridor, stations and depots, are not completed within a specified timeframe then BRT buses would not be supplied by the fleet supplier. If that would have been the case, TPC would not have given

production authorizations to the supplier to deliver the vehicles. If construction works were not completed fully then signing of a contract for delivery of vehicles much in advance for incomplete structure was not justifiable.

The department was requested for holding of DAC meeting vide letter dated 27.07.2023 followed by a reminder dated 08.08.2023, however, DAC meeting was not convened till finalization of this report.

Audit recommends imposition of liquidated damages upon the supplier and affecting recovery besides fixing of responsibility against the person(s) at fault.

#### **4.3.4 Non-supply of 21-meter complete BRT fleet - USD 9.642 million**

**Undue favor to suppliers / contractors due to acceptance of lesser amounts of bank guarantees – USD 8.007 million & PKR 14.046 million**

According to Section-6 (Delivery and Completion Schedule) of the Contract Agreement executed on 12.03.2018 between Trans Peshawar Company and M/S Xiamen Golden Dragon, delivery of the fourth batch / tranche of vehicles comprising of the quantity required to complete the full order of 12-meter vehicles was required to be made within maximum of 6.5 months ended on 23.09.2018 from the date of contract signing.

As per GCC Clause 16.6 (a) under Section 8 of the Special Conditions of the Contract agreement signed on 12.03.2018 between TPC & M/S Xiamen Golden Dragon, advance Payment at 20% of the contract price shall be made within 28 days of signing of the Contract. Payment shall be made provided that the Supplier presents a request for payment accompanied by an Advance Payment Security in the form of a bank guarantee for an amount equal to the amount of the payment, and shall be **valid until the Goods are delivered**. As per Clause 13.2 of Appendix-I to Particular Conditions of the Contract Agreement, signed on 31.12.2018 between TPC and ITS contractor JV LMKR Pakistan, the contractor shall provide, within 28 days of the notification of contract award, an Advance Payment Security in the amount and currency of the Advance Payment specified in the Contract Agreement. The Advance Payment Security shall **remain valid till the Completion of Works**.

During special audit of BRT, it was observed that out of 155 fleet of 12-meter sizes buses, the supplier M/S Xiamen Golden Dragon delivered only 93 vehicles up to June 2022, leaving 62 vehicles undelivered costing USD 9,642,860 (USD 155,530 price per vehicle X 62 remaining vehicles).

2. In addition to above, Trans Peshawar Company made advance payment 20% amount in US Dollar and Pak Rupees to the fleet contractor M/S Xiamen Golden Dragon against receipt of Advance Payment Securities of the same value, with period ending on 31<sup>st</sup> October 2018. After expiry of the original period, all items of the contract were not completely supplied till date, on which the value of bank guarantees were reduced i.e. 25.01.2022. The reason for reduction in liabilities of the vehicle supplier, by reducing the value of Advance Payment Guarantee without completing all goods, was to give financial advantage to the contractor.
3. Similarly, 20% advance was paid to ITS contractor, with original expiry period ending on 31.12.2019. However, before completing full supply, the Advance Payment Guarantee was reduced from 10.04.2020. The reduction in the value of Advance Payment Guarantee, valid till completion of works, was termed financial favor to the contractor, as detailed below;

(Amount in Rs.)

Name of supplier	Original 20% Advance Payment Amount (US\$)	Original 20% Advance Payment Amount (PKR)	Expiry Date of 20% original Bank Guarantee	Dates on which, after expiry of original period, Bank Guarantees were reduced	Amount of original USD Bank Guarantee reduced to	Amount of original PKR Bank Guarantee reduced to	Undue financial advantage by reducing bank guarantees to US\$ 1-3	Undue financial advantage by reducing bank guarantees to PKR 2-6
-	1	2	3	4	5	6	7	8
Xiamen Golden Dragon	9,695,969	53,583,933	31.10.2018	25.01.2022	3,005,244	39,537,833	6,690,725	14,046,100
LMKR	1,390,440	0	31.12.2019	10.04.2020	73,871	0	1,316,569	0
<b>Total</b>	<b>11,086,410</b>	<b>53,583,935</b>			<b>6,764,601</b>	<b>14,046,106</b>	<b>8,007,301</b>	<b>14,046,108</b>

The lapse occurred due to non-adherence to provisions of contract agreement which resulted into non-supply of vehicles, delay in the project and extending of undue financial favour to the service providers of US\$ 8,007,301 and Rs.14,046,106/-.

When pointed out in March 2023, the management replied that the buses required operational depot and following pre-requisites for start of operation;

- a) Operational Works Shops
- b) Operational Washing Plant
- c) Operational Parking
- d) Operational Fuel Station
- e) Vehicle Operating Company for operation and Maintenance of the buses.

The supplier has delivered 93 number of 12-meter buses out of 155 and all the 65 number of 18-meter buses for Chamkani Depot, where all the above facilities were available. The remaining 62 number of 12-meter buses are to be operated from Hayatabad Depot through a separate bus operator. The depot is being constructed by Peshawar Development Authority and hasn't been completed yet. Upon commitment provided by PDA to the Government and the board of Trans Peshawar, the buses have been ordered and have arrived at port on July 31, 2022. The remaining buses were delayed due to the reasons not in control of Trans Peshawar and buses have now arrived as advised by the audit. The advance payment guarantees were against the 20% of the advance payment for the goods to be supplied by M/S Xiamen Golden Dragon which shall be valid until the goods are delivered. After delivery of the goods, the advance payment against the delivered goods become the partial payment of the delivered goods. Similarly, in case of ITS contract, the Advance Payment Guarantee shall remain valid till the completion of works. The Phase-I of the ITS contract was completed by July 2020 except the items pending for delivery due to non-availability of buses which was delayed due to non-completion of civil works.

The reply was not satisfactory on the following grounds;

- i. The executing agencies i.e. PDA and TPC failed to complete the civil works and to ensure timely delivery of vehicles within the project's approved timelines, due to which the operational activities of the project were affected.
- ii. The delivery and acceptance notes of the newly arrived 62 number of 12-meter buses were not produced to Audit for confirmation and authentication.
- iii. Without delivery of vehicles and completion of works, TPC reduced the bank guarantee of fleet & ITS suppliers in violation of special conditions of contracts which prevail over the General Conditions of Contract.
- iv. The fleet supplier did not deliver full BRT fleet up to 25.01.2022, after expiry of the original period, the dates on which reduction in value of USD and PKR guarantees was

respectively made. The 62 vehicles (12 Meter) worth USD 7,714,288 (USD 155,530 Unit Price X 62 remaining vehicles = USD 9,642,860 – 1,928,572 (20% Advance Payment already made) = USD 7,714,288 value of goods to be delivered) had not yet been delivered till the date of audit i.e. July 2022.

- v. Similarly, works were not fully completed by ITS contractor up to **10.04.2020**, after expiry of original period ended on 31.12.2019. The management’s reply that “Phase-I of the ITS contract completed by **July 2020** and items were pending for delivery”, further validated the audit contention that not all ITS procurement items were delivered up to 10.04.2020.

The department was requested for holding of DAC meeting vide letter dated 27.07.2023 followed by a reminder dated 08.08.2023, however, DAC meeting was not convened till finalization of this report.

Audit recommends fixing of responsibility for non-completion and implementation of the project activities and improper performance of the obligations, imposed by the contract.

#### **4.3.5 Irregular awarding of ITS contract without approval from ECNEC – Rs. 11,325.709 million**

According to Government of Pakistan Planning Commission Ministry of Planning, Development & Reform (Public Investment Authorization Section, Islamabad letter No.20(1)/PIA-I/PC/2019 dated 23-08-2019, the Prime Minister of Pakistan in his capacity as Chairman National Economic Council has authorized CDWP to approve development schemes costing up to Rs.10,000 million. Beyond this cost, the CDWP recommends the projects to the ECNEC for consideration and approval.

During special audit of BRT, it was observed that Trans Peshawar Company awarded the ITS contract to JV LMKR Pakistan at a cost of Rs. 11,325,709,205/- for “Procurement of BRT System Control Goods & Services - Supply, Installation, Testing, Commissioning and Maintenance of the ITS, Fare System, Station Management and Bicycle Sharing System Goods (Hardware and Software) along with provision of corresponding Services for Peshawar Bus Rapid Transit (BRT) System”. However, prior to the awarding of contract valuing more than Rs. 10,000 million, no approval from ECNEC was obtained, which rendered the contract awarding as irregular.

The lapse occurred due to weak management and supervisory controls which resulted into irregular awarding of contract owing to avoiding approval from ECNEC amounting to Rs. 11,325.709 million.

When pointed out in March 2023, the management replied that the BRT System Control Goods and Services was part of the Peshawar Sustainable Bus Rapid Transit Project. The original PC-I of the project was approved by ECNEC through the original PC-1 on July 10, 2017. The ECNEC accorded approval of the revised PC-I on November 14, 2018, for which administrative approval was issued on November 30, 2018. The said contract was awarded after due approval of ECNEC and administrative approval issued by the Transport & Mass Transit Department. Both the PC-I have provisions of allocation of funds for the subject.

The reply was not satisfactory due to the following grounds;

- i. Provision of Rs. 4,018 million (Rs. 1,386 million - Government of Khyber Pakhtunkhwa share and Rs. 2,632 million - ADB + AFD share) was available for Intelligent Transport System Procurement (Package-7) out of a total approved cost of Rs. 66,437.000 million for Bus Rapid Transit System of Peshawar by the ECNEC in the revised PC-I. However, in the instant case, contract costing more than Rs. 11,000

million was entered into and signed with the ITS contractor, therefore, it needed separate approval from ECNEC, in the light of instructions issued by the Planning Commission of Pakistan referred *ibid*.

- ii. The ECNEC approval shown by TPC was actually the Administrative Approval of the revised PC-I costing Rs. 66,437 million of the whole BRT Project, which had only provision of Rs. 4,018 million for ITS contract as stated above. The contract cost exceeded Rs. 10,000 million, therefore, the same should have been sent to ECNEC for consideration and approval, before award contrarily, no separate approval from ECNEC was obtained.

The department was requested for holding of DAC meeting vide letter dated 27.07.2023 followed by a reminder dated 08.08.2023, however, DAC meeting was not convened till finalization of this report.

Audit recommends obtaining approval of the ITS contract from ECNEC besides fixing of responsibility against the person(s) at fault.

#### **4.3.6 Unauthorized and unjustified payment to vehicle operator at pre-operation stage – Rs. 28.895 million**

According to Clauses 2.2.1 and 1.1.28 of the BRT Vehicle Operator Agreement signed between Trans Peshawar Company and M/S North South Travel on 12.02.2019, the Operator shall provide the Services from the Commencement Date until the Termination Date and "Engineering Kilometers" means kilometers travelled in respect of vehicle testing, maintenance, repairs, positioning to and from vehicle suppliers, training and staff transport, for which the Operator shall not be compensated respectively. As per Clause-5.1 of the referred agreement, payment to the Operator for the provision of the Services shall be made **in accordance with the Payment Calculation Schedule**. In accordance with **Payment Calculation Schedule** for each month (m), the Operator shall be entitled to a payment (Monthly Payment) calculated in accordance with the following formula:

$$\text{❖ Monthly Payment (MPm)} = \text{Kilometer Charge (adjusted)} \times (100\% \times \text{OnKm18d} + 70\% \times \text{OnKm12d} + 75\% \times \text{OffKm12d}) \times (1 - \text{PP}\%) - \text{RF}$$

Where: Kilometer Charge means Kilometer Charge in Pakistani Rupees (PKR 177 per Kilometer) offered in Financial Offer and updated as result of adjustments in accordance with Article 1.3 of Payment Calculation Schedule.

OnKm12d means the number of Bus Kilometers driven on the Corridor by 12-metre Vehicles (starting from dedicated Corridor point) during Month (m) **reported by System Control Service Provider**.

OnKm18d means the number of Bus Kilometers driven on the Corridor by 18-metre Vehicles during Month (m) **reported by System Control Service Provider**.

OffKm12d means the number of Bus Kilometers driven outside of the Corridor by 12-metre Vehicles (Starting from dedicated Corridor point) during Month (m) **reported by System Control Service Provider**.

PP% means the Performance Payout Percentage, which shall be ten percent (10%).

RF means any amount to be retained in relation to the provisioning of the Reserve Fund

During special audit of BRT, it was observed that an amount of Rs. 3,718,051 and Rs. 3,093,316/- was paid to M/S North South Travel on account of BRT Vehicle Operation Charges for the period February-March 2020 and an amount of Rs.22,083,491 for the period June-July 2020, totaling Rs.28,894,85.

The payment was held unauthorized and unjustified on the following grounds;

1. The payment on updated Kilometer rates due to increases in CPI for Fuel and Electricity, even before start of actual BRT bus operations, was not approved in the contract agreement and it was the responsibility of the bus supplier to provide testing services.
2. As per approved Note part, the payment was made to the bus operator, before formal launch of BRT, to test the civil work infrastructure, performance of drivers, various components of buses, ITS and check smooth system operations, simulation of real operation and performance of different components of the system. However, the above activities were included and covered under Clause-1.1.28 "Engineering Kilometers", according to which, no compensation would be paid to the bus operator on above accounts therefore, the payment was held unjustified.
3. Being a pre-requisite before making payment as per Payment Calculation Schedule, no report from System Control Service Provider, regarding actual kilometers travelled by each bus, was available at the time of processing payment, which rendered the payment unauthorized.

The lapse occurred due to weak financial controls which resulted in unauthorized / unjustified payment.

When pointed out in March 2023, the management replied that the contract with Operator was signed in Feb 2019 and the pre-operation schedule was operated from Feb 2020.

The reply was not convincing on the following grounds;

- i. The BRT operation services were commenced on 13<sup>th</sup> August, 2020 and before this date no mechanism of payment at the pre-operation stage, without commencement of actual operations, was agreed upon between the two parties in the contract.
- ii. All types of compensation in respect of vehicle testing, maintenance, repairs, positioning to and from vehicle suppliers, training and staff transport was not required to be paid to the bus operator, being part of "Engineering Kilometers".
- iii. The achievement of "Milestones" of the contract i.e. operations of buses, was the responsibility of the operator and as BRT operations were started on 13<sup>th</sup> August, 2020, payment to the operator on account of vehicle operating charges by TPC for the period preceding the date of **operations** stood unauthorized.

The department was requested for holding of DAC meeting vide letter dated 27.07.2023 followed by a reminder dated 08.08.2023, however, DAC meeting was not convened till finalization of this report.

Audit recommends to recover the amount besides fixing responsibility on the persons(s) at fault.

## 4.4 Construction and Works

The Chief Executive Officer is responsible for construction and works of BRT corridor related infrastructure including transport planning and operations. He is assisted by the following officers as per organogram detailed below;



### 4.4.1 Loss to the government due to failure in minimizing and controlling dead kilometers by not allocating routes to the nearest depots – Rs. 249.339 million

According to Appendix B (Output 1.4 – Operational Plan for BRT Services) of the Interim Report 2 – Final version V-0, August 2019 under Package-3, prepared by the Operational Design and Business Model (ODBM) consultant, the criteria for the distribution of routes that would be assigned for each depot/operator was based on a rational operational distribution among the depots, seeking a balanced distribution between the depots (while keeping the assumption that each route would be operated by a single operator) and to minimize dead km by allocating routes to the nearest depots.

During special audit of BRT, it was revealed that 08 routes were required to be allocated to the nearest depots for controlling and minimizing the volume of dead kilometers/empty trips (trips that vehicles have to travel in order to start a service).

Audit however, observed that from Chamkani Depot BRT vehicles on seven routes had to travel to reach Hayatabad Depot to start its operations at 6.00 A.M in the morning and then return back through backward trips to Chamkani Depot at 10.00 PM at night from Hayatabad Depot, without boarding of passengers due to non-completion of the Hayatabad Depot. Similarly, eight routes were operated from Chamkani Depot to stations other than Mall of Hayatabad routes in the morning which return back to Chamkani Depot in the night, without boarding passengers due to flawed operational design. The non-allocation of routes to the nearest depots and the flawed design, empty trips / dead kilometers increased abnormally, and as TPC incurred expenditure on these empty trips with no revenue generation, hence, payment for dead kilometers without any benefit to the general public was held a loss to the government (**Annexure-VIII**).

The lapse occurred due to non-adherence to the ODBM framework which resulted in loss to the government amounting to Rs. 249,338,587/-.

When pointed out in March 2023, the management replied that the Hayatabad Depot is under construction and Trans Peshawar had to operate from Chamkani Depot.

The reply was not tenable as the government money was paid to the bus operator for empty trips leading to dead kilometers without boarding of any passenger and revenue generation.

The department was requested for holding of DAC meeting vide letter dated 27.07.2023 followed by a reminder dated 08.08.2023, however, DAC meeting was not convened till finalization of this report.

Audit recommends recovery and fixing responsibility against the person(s) at fault for not controlling and minimizing dead kilometers.

#### **4.4.2 Non-provision of boarding platform facilities for elderly and disabled people due to deviation from the approved drawing and design**

According to the loan agreement of BRT, 100% of BRT stations achieve universal accessibility for women, children and persons with disabilities.

As per preliminary design report (December 2016) in the original and revised PC-I of the BRT project, each station shall be equipped with escalators to go upstairs and escalator for wheelchair and passengers with limited abilities.

During special audit of BRT, it was observed that boarding facilities on 33 bus stations for elderly and disabled people were not appropriately provided, due to which this section of society was deprived of the benefits of BRT project. Even the stairs provided to enter the station are devoid of proper shelter / cover from sun and rain. As such the service is only being utilized by the younger population.

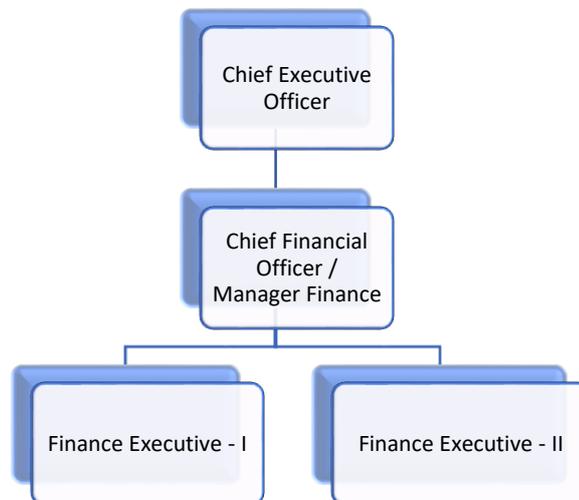
The lapse occurred due to non-adherence to drawing and design of original / revised PC-I which resulted in non-provision of service to a large segment of poor elderly and disabled population.

The department was requested for holding of DAC meeting vide letter dated 27.07.2023 followed by a reminder dated 08.08.2023, however, DAC meeting was not convened till finalization of this report.

Audit recommends to inquire the matter for diverting funds of the escalators and deprivation of service to the population for fixing responsibility on the person (s) at fault.

## 4.5 Assets Management

The Chief Executive Officer is responsible for the Assets Management which includes financial as well as physical assets of the company. He is assisted by the following officers as per organogram detailed below;



### 4.5.1 Irregular transfer of legal title and ownership of BRT vehicles to bus operator valuing Rs. 6,268.312 million

According to Rule 19 sub-rule (ii), (v) and (x) of the GFR Vol-I, as far as possible financial and legal advice should be taken before entering into a contract, that no condition of unusual character may be entered into the contract, and that if a contract is likely to endure for more than 5 years an unconditional power of revocation may be provided to Government.

According to Clause-30 & 31 of Procurement Regulations for ADB Borrowers, the bidding documents must be clearly worded to permit and encourage open competition and shall set forth unambiguously and precisely the borrower's requirements. Where consideration of factors, in addition to price, are to be taken into account in evaluating bids, such factors and an explanation of how they will be quantified or otherwise evaluated must appear in the bidding documents to inform bidders of the method of evaluation.

As per Clause-3.1 (Part C - Ownership Right to the Vehicles) of the Lease-to-Own Agreement, the operator agrees to purchase each Vehicle for the price of PKR.144 for each 12-metre Vehicle and PKR.288 for each 18-metre Vehicle in a period of 12 years. Each lease payment made in accordance with Sub-Clause 2.1.4 and the Payment Specification Schedule shall be credited towards the Operator's purchase of the Vehicles until the Vehicles Purchase Price of PKR 23,472 has been paid in full. Clause-3.2 of the Lease-to-Own Agreement further states that subject to the Operator paying the total Vehicles Purchase Price under this Agreement and provided this Agreement or the BRT Vehicle Operator Agreement is not terminated for any reason prior to its expiry, TPC shall do all things necessary and execute all documents to transfer full title and interest to the Vehicles to the Operator. The Operator acknowledges that this transfer of title and interest to the Vehicles may be conditioned on the Operator's agreement to continue to operate the BRT service till end of BRT Vehicle Operator Agreement.

Para-10.2.1 & 10.2.2 of the feasibility study/ Preliminary Design Report (Final) developed under Project Preparatory Technical Assistance (PPTA) on Peshawar BRT, commissioned by ADB, states that under Technical Assistance (TA), the form of contract proposed to be used for service delivery – at this stage (BRT phase 1 – trunk route) is a “gross cost” contract that is envisaged between Trans Peshawar and the bus service provider(s). Under the gross cost contract, the bus operator (BO) company would procure the vehicles and lease

them to Trans Peshawar based on a fixed pre-determined per-km charge or charge per hour basis. The BO company is in charge of the operations and maintenance of the bus and of employing skilled staff for running the same. The BO company maintains a record of the kilometers travelled each day by the bus and is reimbursed in terms of a fixed per-kilometer charge or per hour charge. The bus operator is able to recover its investment through the fixed per-kilometer or per-hour charge. This charge does not change during the contract period except for standard yearly escalations accorded by Trans Peshawar.

According to Appendix E – Final Version (Output 1.5 – Business Model for BRT Operations) of the Interim Report 2 under Package-3, prepared by the Operational Design and Business Model (ODBM) consultant, an integrated contract for operations and fleet procurement allows for a better allocation of risks and a stronger sense of ownership of the BRT vehicles by the BRT Operators. However separate procurement of the BRT vehicles will most likely lead to faster vehicle procurement.

During special audit of BRT, an amount of Rs.6,268,312,480 was paid by TPC for procurement of 93 vehicles (12 M) and 65 vehicles (18 M) along with allied services, including 20% Advance Payment of Rs.1,121,908,938 for all 220 buses, as per following details;

(Amounts in Rs.)			
Description	Paid from ADB Loan	Paid from Government of Khyber Pakhtunkhwa Share	Total amount paid
Procurement of Fleet, Spare parts & Diagnostic items	4,570,603,898	1,697,708,582	6,268,312,480

It was observed that TPC executed a Lease-to-Own agreement in accordance with RFP for the contract of bus operation and maintenance to transfer the legal title and ownership of all BRT fleet to the bus operator M/S North South Travel, against a payment of Rs.144 for each 12-meter bus and Rs.288 for each 18-meter bus in a period of 12 years, as per contract agreement provisions referred *ibid*. The lease-to-own agreement was held irregular on the following grounds;

1. No financial or legal advice was obtained by the TPC for disposing of government assets in the procurement for services contract. The government interests were not safeguarded because the BRT vehicles procured and to be procured in future by the government would be transferred in a period of 12-years on payment of just Rs. 41,040 (**Annexure-IX-A**).
2. Open competitive auction process as provided in the rules were violated which provided for getting maximum price for disposal of government assets.
3. The ADB procurement regulations were not followed.
4. TPC did not frame clear and express factors / procedures / mechanism in the RFP regarding transfer of legal title and ownership of costly vehicles, in addition to price, that was required to be taken into account while evaluating their bids, in accordance with Procurement Regulations of ADB for Borrowers referred *ibid*.
5. The bidders were not asked in RFP to quote their bids for transfer of legal title and ownership of costly vehicles; instead TPC incorporated the amount in RFP.
6. The prices of the vehicles were not included in the bids, offered by the service operators, because contrary to feasibility study/ Preliminary Design Report (Final), the bus operator (BO) did not procure the vehicles and lease them to Trans Peshawar rather TPC procured the vehicles and lease them out to the bus operator North South Travel.
7. On the basis of data generated from ITS regarding actual KM travelled by each Bus after operation of 636 days (August-20 to June-22), that at the current operational performance level, 64 buses would complete the milestone of 1.2 million KM travelling before reaching the contract expiry period of 12 years, which mean that the bus operator would be the owner of these vehicles, well before the period of 12 years, receive maintenance and supervision charges for 12 years even though government would not

be the owner of these vehicles anymore, and government would have to provide new vehicles to run BRT operations uninterrupted, after expiry of useful life of 1,200,000 KMs, going to be occurred first, before reaching contract expiry period of 12 years. **(Annexure-IX-B).**

The lapse occurred due to extending undue favor to bus operator at the cost of government exchequer which resulted into irregular transfer of legal title and ownership of vehicles.

When pointed out in March 2023, the management replied that object of leasing the buses to the operator was to ensure that passenger safety is not compromised. Moreover, the bid cost would have been on the higher side if the provision of the lease to own had not been added. The current Khyber Pakhtunkhwa Public Procurement Rules allows procedure of “least-out and hire-purchase” (Rule 50-C) as a method of disposal of Public Asset, which is actually the procedure exercised in this tender. This means that this is one of method of disposal of public assets.

The reply was not tenable on the following grounds;

- i. The agreement for transfer of all BRT fleet was not justifiable, in terms of rules referred ibid, Para-167 of GFR Vol-I, Clause-50D of KPPRA Rules, 2014 and requirement of sale of fixed assets under section-15 of fourth schedule of the Companies Act, 2017.
- ii. On the basis of existing actual operational performance level, the legal title and ownership of 65 vehicles would be transferred to the operator between 7 to 11 years against the receipt of a very meager amount.
- iii. PPTA and ODBM consultant recommendation, referred ibid, were not adopted by TPC.
- iv. The bids received were for running kilometers, as admitted by the management, and were offered by bidders to run operations of the BRT system. Trans Peshawar did not distinctly and specifically mention in RFP, the prices of 220 vehicles for bidders to quote their own rates to rationalize their bids, nor evaluation for transfer of vehicles was carried out, hence, without which the bids received could not be held “the best fair value of vehicles”.
- v. The reference of Clause-50C from KPPRA Rules, 2014 by TPC did not refer the next Clause-50-D (Disposal of Assets) sub-section-2, which provides that “The procuring entity shall **determine the baseline or reserve price** of the assets to be disposed of **at the onset of the disposal process**, keeping in view **book value of the asset**. The basis for valuation shall always be **market value**, taking into account that assets shall be sold on “as is, where is basis” without warranties”. TPC did not adopt the prescribed procedure for transfer of government costly vehicles.

The department was requested for holding of DAC meeting vide letter dated 27.07.2023 followed by a reminder dated 08.08.2023, however, DAC meeting was not convened till finalization of this report.

Audit recommends to review the existing mechanism of transfer of legal title and ownership of costly vehicles to safeguard the government interests besides conducting enquiry to fix responsibility on the person(s) at fault.

#### **4.5.2 Loss to government due to non-recovery of cost of 05 vehicles damaged by fire incidents and bus fire investigation charges from vehicle supplier / operator – Rs. 115.809 million**

According to Rule 22 and 23 of GFR Vol-I, any serious loss of immovable property, such as buildings, communications or other works, caused by fire, flood, cyclone, earthquake or any other natural cause, should be reported at once by the Departmental officer to the head of the department and by the latter to Government. When a full enquiry as to the cause and extent of the loss has been made, the detailed report should be sent by the departmental officer concerned to the head of the department, a copy of the report on an abstract thereof being

simultaneously forwarded to the Accountant General. Every Government officer should realize fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part and that he will also be held personally responsible for any loss arising from fraud or negligence on the part of any other Government officer to the extent to which it may be shown that he contributed to the loss by his own action or negligence.

According to Clause-28.2 of the Contract Agreement signed between the Trans Peshawar and vehicle supplier M/S Xiamen Golden Dragon on 12-03-2018, the supplier further warrants that the Goods shall be free from defects arising from any act or omission of the Supplier or arising from design, materials, and workmanship, under normal use in the conditions prevailing in the country of final destination. As per Technical Specifications (Volume-1) of the contract agreement, the warranty shall be provided on the chassis, body, and all vehicle components to protect against any defects in design, workmanship, equipment, or materials. With the exception of the electric storage and propulsion system (i.e., battery packs and electric motors), the warranty for all other parts and components will commence from the date of delivery of the vehicle through the duration of the contract (i.e; 24-month period from the date of delivery of the final tranche) in accordance with SCC/GCC 28.3. For the battery packs and electric motors, the Supplier will provide all necessary replacements for 12 years or 1.2 million kilo meters of service, whichever of these two milestones are realized first. The warranty will stipulate that the Supplier is responsible for all repair and replacement costs due to the premature failure of any part or component due to defects in design, workmanship, equipment, or materials. The warranty will not cover any costs associated repairs or replacements due to the actions of the BRT Vehicle Operators. Among the types of repairs or replacements not covered under the warranty are road collisions or other unscheduled incidents.

During special audit of BRT, it was observed that five vehicles amounting to USD 892,950/- equivalent to Rs.108,559,502 @ Rs. 121.5744 (average exchange rate in 2018) were damaged by internal fire incidents and an amount of Rs. 7,249,590/- was paid by TPC to Bus Fire Investigation Consultant on account of provision of services for investigating and proposing solutions to a series of fires that took place in plug-in hybrid diesel-electric buses, as detailed below;

S. No.	Date of incident	Vehicle Type	Damages occurred due to	Per unit per vehicle USD cost	Average USD rate	Total costs in Rs.
-	-	-	-	1	2	3
1	16.08.20	18 M	MCU, Distribution Box & Batteries	US\$ 270,830	121.5744	32,925,994
2	02.09.20	12 M	MCU & Distribution Box	US\$ 155,530	121.5744	18,908,466
3	11.09.20	12 M	MCU, Distribution Box & Batteries	US\$ 155,530	121.5744	18,908,466
4	16.09.20	12 M	MCU, Distribution Box & Batteries	US\$ 155,530	121.5744	18,908,466
5	16.09.20	12 M	MCU, Distribution Box & Batteries	US\$ 155,530	121.5744	18,908,466
<b>Total</b>						<b>108,559,861</b>

Audit observed the following irregularities;

1. Against the conclusion of Xiamen Golden Dragon, derived from the accident investigation i.e; “The long period of non-operating parking causing abnormal ripple currents through capacitors inside the motor controllers and driving and heavy-duty operating conditions were the main factors behind the incidents of fires occurred”, the Fire Investigation Consultant concluded in the “Final Report on Engineering and Operational Safety Improvement of Hybrid Buses deployed on Trans Peshawar BRT”, that the capacitors on MCUs were the primary cause and there were no abnormalities in the operations, which could have a correlation with the incidents of fires. The Trans Peshawar Company, being the executing agency, was required to fix responsibility on bus supplier however, it was not done and the supplier was not penalized as per contract agreement for defects in the buses supplied.

2. The bus investigation charges were not recovered from vehicle supplier.
3. The damages of Rs.108,559,502 were required to have been claimed from the insurance company against which insurance premium was paid by TPC to the operator.

The lapse occurred due to violation of rules and non-adherence to the contract provisions which resulted in loss to the government.

When pointed out in March 2023, the management replied that the amount in question would be recovered from the concerned quarters. However, no progress was intimated till finalization of this report.

The department was requested for holding of DAC meeting vide letter dated 27.07.2023 followed by a reminder dated 08.08.2023, however, DAC meeting was not convened till finalization of this report.

Audit recommends recovery of the total amount besides fixing of responsibility on the person(s) at fault.

## 4.6 Environment

The Trans Peshawar company functions is responsible for operation of public transport services, as well as monitoring and enforcing appropriate behavior and safe passenger conditions upon the mass transit system. Moreover, Non-Motorized Transport (NMT) is promoted to create a healthy livable environment, for which, sidewalk provisions, pedestrian crossing bridges, and pedestrian underpasses etc; are provided at different locations, as per revised PC-1. The CEO Trans Peshawar company is assisted by the following officers as per organogram detailed below:



### 4.6.1 Non-availability of scientifically proven data on account of reduction in CO2 emissions

#### Non-utilization of funds on account of Environmental Mitigation – Rs.68.00 million

According to Para-14 of Environmental Impact Assessment of the project, the BRT project will play a key role in reduction of CO2 emissions from vehicular movement in Peshawar city with almost 31,000 tons of reduction in CO2 emissions, expected in the first year of operation, and 62,000 tons of reduction in CO2 emissions. expected by the year 2026. As per Para-175 of the revised PC-I, once the project is operational, the overall traffic volumes in Peshawar will be reduced, since the commuters will prefer to travel on the BRT since it will be a more reliable, convenient and economical option. Thus, it is estimated that 30,988 tons of CO2 emission reductions will take place in the first year of the project operation while these reductions will more than double by the year 2026 to 62,145 tons of CO2 and reach over 77,000 tons of CO2 by the year 2036. Under Environmental Impacts, total emission factor for CO2 is expected to reduce by approximately 30,988 tons, when the system is implemented and up to 73,500 tons in more than 10 years after the implementation.

According to article-6 (Schedule-5) of the Loan Agreement, the Borrower shall cause the Project Executing Agency and Implementing Agencies to ensure that the preparation, design, construction, implementation, operation and decommissioning of the Project and all Project facilities comply with (a) all applicable laws and regulations of the Borrower and KP relating to environment, health and safety; (b) the Environmental Safeguards; and (c) **all measures and requirements set forth in the EIA**, the EMP, and any corrective or preventative actions set forth in a Safeguards Monitoring Report.

During special audit of BRT, it was observed that the Environmental Monitoring Reports, furnished by the Peshawar Development Authority, did not establish the exact quantity of Carbon Dioxide (CO<sub>2</sub>) emissions (in Ton), scientifically proven and authenticated by Environmental Protection Agencies, which could be considered as actual reduction in CO<sub>2</sub> emissions, from the start of first year of BRT operations and then for later years remains up to the projected levels, because a recent study conducted by the world bank suggested that air pollution was on the rise in the city of Peshawar which was alarming to note. Regarding the air quality levels in more modern times, Peshawar was observed coming in with a PM 2.5 reading of 63.9 µg/m<sup>3</sup>, putting it directly into the ‘unhealthy’ ratings bracket, a grouping that as the name suggests is detrimental to those who breathe air of this quality. To be classified as unhealthy requires a PM2.5 reading of anywhere between 55.5 to 150.4 µg/m<sup>3</sup>, and with its reading of 63.9 µg/m<sup>3</sup> Peshawar was also placed into 6<sup>th</sup> place out of all cities ranked in Pakistan in 2019, coming in just behind Muridke and Lahore. It is also ranked in at 37<sup>th</sup> place out of all cities worldwide.

2. Furthermore, funds of Rs. 68.000 million (Rs. 58.000 million available from ADB and Rs. 10.000 million from Government of Khyber Pakhtunkhwa) for environmental mitigation, could not be utilized on the agreed upon activities, approved for environmental mitigation measures till the date of Audit.

The lapse occurred due to non-implementation of the project guidelines, non-adherence to plans, measures and requirements set forth for reduction of CO<sub>2</sub> emissions in Environmental Impact Assessment, revised PC-I and non-utilization of available funds which resulted into non-availability of data on reduction of CO<sub>2</sub> emissions.

When pointed out in March 2023, the PDA management replied that the overall environmental performance at foreign funded projects remained satisfactory. Sub-Contractors had also procured the hand-held devices (dust meter and noise level meter) for environmental monitoring and monitored at various project sites accordingly. The latest results (May, June 2022) for these parameters were found meeting the National Environmental Quality Standard (NEQS) limits at all the project sites, except NO<sub>2</sub> parameter at Chamkani Depot due to the mix traffic movement. Ambient air quality parameters were being monitored regularly, through an independent EPA approved laboratory at various BRT project sites, to quantify the status of air quality. In the next monitoring report, CO<sub>2</sub> parameter will also be included for determining the status of CO<sub>2</sub> along BRT Project Corridor and at Building packages and the analysis result will be shared accordingly. For quantification of CO<sub>2</sub> emission, it required detailed study, to engage an independent body/expert to find out the possible/actual emission of CO<sub>2</sub> at project site. The commuters preferred the BRT services; it is more reliable, convenient and economical.

The reply was not tenable due to the following reasons;

- i. The Peshawar Development Authority, being the implementing agency of civil works of BRT Project, did not ensure to prepare, design and implement the Project to comply with all measures and requirements, set forth in the EIA, the EMP, and any corrective or preventative actions, provided in a Safeguards Monitoring Report and Environmental Impacts of Revised PC-1 referred *ibid*.
- ii. The management acceptance, regarding inclusion of CO<sub>2</sub> parameter in the next monitoring report for determining the status of CO<sub>2</sub> along BRT Project Corridor and at

Building packages, and have requirement for a detailed study for quantification of CO<sub>2</sub> emission, so as to find out the possible/actual emission of CO<sub>2</sub> at project site, was itself an admission on the part of PDA, that no scientifically proven data/study of CO<sub>2</sub>, duly certified by Environmental Protection Agencies, was available which could confirm increase/decrease in CO<sub>2</sub> emissions and thus, further validated and supported the audit contention. Funds allocated for environmental mitigation were not used for intended purposes.

The department was requested for holding of DAC meeting vide letter dated 27.07.2023 followed by a reminder dated 08.08.2023, however, DAC meeting was not convened till finalization of this report.

Audit recommends to bring the matter before higher-up and donor for taking appropriate action under intimation to Audit.

## 4.7 Sustainability

The Chief Executive Officer is responsible for achieving financial sustainability of the Trans Peshawar Company along with environmental and social objectives mentioned in the BRT Project. He is assisted by the following officers as per organogram detailed below:



### 4.7.1 Failure in meeting Pay Back Period & financial sustainability of the project due to less-achievement of estimated yearly income – Rs. 10,261.576 million

**Loss due to earning less and spending more on BRT by TPC - Rs. 4272.404 million**

According to revised PC-I table-4 and 5 of the BRT Project, the cumulative annual profits for the ten years payback period were shown as Rs.50,416.900 million against the initial project investment cost of Rs.66,437.000 million. Income of the BRT project was shown as Rs.70,348 million and expenditures for the corresponding period Rs.19,931.100 million.

According to Output 1.3 of the Final Report prepared by the ODBM consultant on Financial Modeling of Future BRT Operations, the purpose of the financial model is two-fold:

- To inform the degree to which the system costs and revenues ‘balance’. The model provides an outlook on the full system fare revenue collected, and if it is sufficient to cover the operational costs related to Vehicle Service Provider, System Control Service Provider and Trans Peshawar Company.
- To inform the appropriate levels of service provider revenues at which the entities can cover their costs and achieve the target cash flow margin.

As per Public Sector Companies (Corporate Governance) Rules, 2013, the Public Sector Company shall not be regarded as conducting its business in a sound and prudent manner if it fails to conduct its business with due regard to the legitimate policy objectives and development targets of the Government.

During special audit of BRT, it was observed that against the expected two years income of Rs. 12,322 million and expenditure of Rs.3986.22 million in accordance with Table -5 of the revised PC-I, TPC only generated revenues of Rs.2060.424 million during 22.5 months of operations from August 2020 to June 2022 due to which the project Pay Back Period, as claimed in the revised PC-I, had suffered considerably and posed a serious question on the sustainability of operations.

2. Furthermore, an amount of Rs. 6,332,828,988/- was incurred on operations of BRT, against which revenue of Rs. 2,060,424,612/- was generated, resulting into huge operational loss of Rs. 4,272,404,376/-. Hence, Trans Peshawar Company was unable to cover its operational costs from the revenue generation of BRT during 22.5 months of operations from 13<sup>th</sup> August, 2020 to 30<sup>th</sup> June, 2022 (**Annexure-X**).

Due to this wide gap, the system fare revenues were not sufficient to cover its operational costs related to Service Providers, and the deficit was bridged by taking subsidies from provincial government and other sources. If subsidies are withdrawn by the government today or even in the future, then running BRT operations smoothly and efficiently would not be possible.

The lapse occurred due to non-adherence to the planned PC-I, less earnings and higher spendings on BRT operations which delayed the Pay Back Period and affected the financial sustainability of the project.

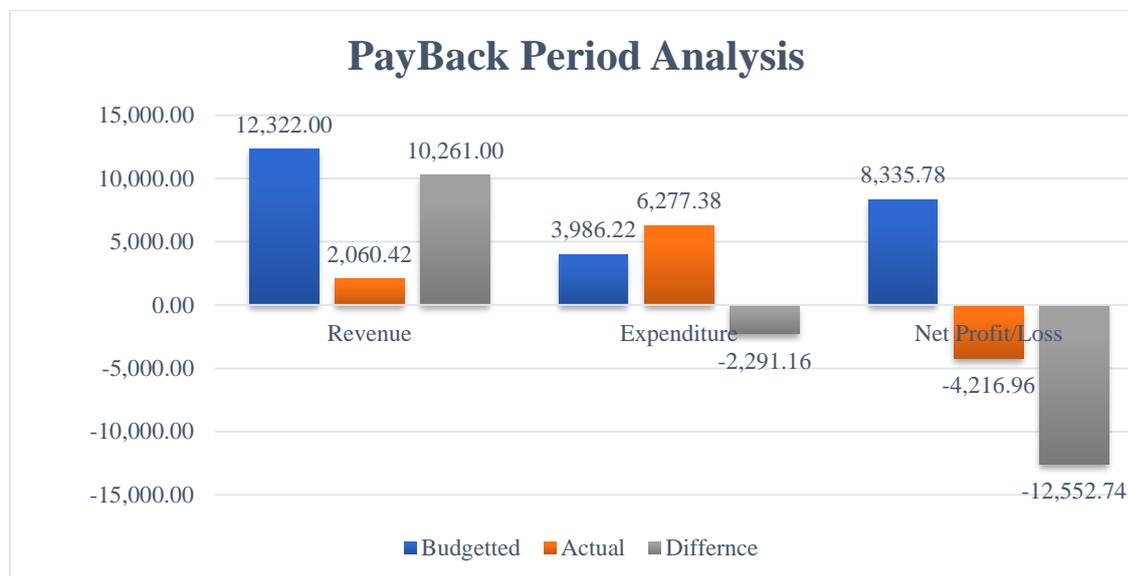
When pointed out in March 2023, the Management of Trans Peshawar replied that Audit refers to the financial and economic analysis as included in the revised PC-1 and quoted the figures of revenues and payments. The financial Model was not prepared by Trans Peshawar and submitted by Peshawar Development Authority as their input. The Management of PDA replied that the Economic/Finance analysis for the project, the cost expense of the project was well stated and the income/revenue was based on daily ridership and the revenue of the commercial facilities of the project. With regard to operational loss, TPC management stated that Peshawar BRT project is not yet completed as three commercial plazas, park and ride spaces and 2 off-corridor routes are not yet completed and operational, and completion of these is not in control of Trans Peshawar, as these are being looked after by Peshawar Development Authority. However, the subsidy drawn amounting to Rs. 4,272 million is in line with analysis / report ODBM consultant.

The replies of Trans Peshawar & PDA were not satisfactory due to the following reasons;

- i. Before giving approval to the revised PC-1, the CDWP on 16.07.2018 formed a committee to rationalize the scope and cost of the project and Trans Peshawar was selected as member of that committee therefore, TPC should have familiarization with the details and plans of revised PC-1.
- ii. The PC-1 was not just mere estimates but was a complete program/plans, detailing scope of the project, including cost and expected revenues, execution mechanism and completion timelines.
- iii. The current performance has indicated that gap, between higher operational cost and revenue generated, would exist in the future even on full functioning of BRT operations and completion of commercial structures. The two implementing agencies, failed to implement and complete the project strictly in accordance with approved plans and targets.
- iv. Running persistent deficit in revenues against the expenditure incurred for a longer period of time would create, chances of break-down of the BRT system eventually. Therefore, taking cost effective steps, at the right time for smooth running of the transport facilities for the intended users, is need of the hour which could not be taken in time.

The department was requested for holding of DAC meeting vide letter dated 27.07.2023 followed by a reminder dated 08.08.2023, however, DAC meeting was not convened till finalization of this report.

Audit recommends to bring the matter into the notice of higher-ups for taking appropriate actions against the person(s) at fault for non-ensuring and less-achieving expected yearly income and awarding service contracts at higher costs which increased the gap between revenue and operational cost.



Source: Table-4 & 5 of the revised PC-I of the Project.

The above graphical representation exhibits that Trans Peshawar company should earn an additional amount of Rs. 12.552 billion in the next 8 years along with the targeted revenues to achieve its payback period as per approved revised PC-I. However, in the current circumstances, the performance with regard to sustainability of the project is not possible.

#### 4.7.2 Less generation of operational revenues due to failure in meeting & capturing transport demand - Rs. 2.500 billion

According to Appendix A (Output 1.1 – Complementary Surveys) of the Interim Report 1 – Final version V-0, August 2019 under Package-3, prepared by the Operational Design and Business Model (ODBM) consultant, the main objective of Transport Modelling within this project is the evaluation of the existing potential demand for the future Peshawar BRT system and its behavior regarding the variables that compose each of the scenarios analyzed. In order to represent the potential demand for the BRT system as accurately as possible, it was decided to subdivide each of the potential users in four large demand groups, according to its travel patterns identified and with the value of time identified by the WTP survey. The model division in different demand groups enables the assessment and calibration of the behavior of users in an independent way, improving the model’s representation of reality. This potential BRT demand matrix is used in the assignment process of the scenarios with BRT system. The results are the passenger by route, maximal load, traveling time, trip length distribution, revenue, etc. Transport demand modelling is based on the analysis and evaluation of trip strategies and alternatives between each pair of origin and destination zones. This strategy or choice for each user depends on the transport supply, including the costs of each possible combination of routes from the trip origin to the final destination. Trip cost is defined as the sum of the time spent on each stage of the trip and the monetary cost for each stage. The total travel time for a public transportation trip can be segregated into:

- Access from the origin to a public transportation stop or station;
- Waiting time;

- In-vehicle travel time;
- Access between stops in case of transfers;
- Access from last stop to final destination.

With FS-10 (5km) – Initial fare of 10 PKR, increasing every 5km, a daily demand of 341,747 passengers was estimated by ODBM consultant.

During special audit, it was observed that TPC failed to meet and capture the daily demand of 341,747 passengers, after starting of BRT operations due to which operational revenues to the extent of Rs.2.5 billion were not generated, as per following detail:

Year	Passengers demand per day (as per ODBM Final Report)	Actual BRT operating days	Required Passenger Demand (1*2)	Actual number of passengers traveled through BRT	Demand of passengers not captured by BRT (3 - 4)	Fare income generated from BRT operations (As per Financial Statements of BRT)	Actual revenue generated per passenger (6 / 4)	Required Revenue from passengers, if demand was met (3 * 7)	Revenue not generated due to non-capturing required demand (8 - 6)
	1	2	3	4	5	6	7	8	
2020	341,747	100	34,174,700	11,110,171	23,064,529				
2021	341,747	355	121,320,185	51,112,000	70,208,185	2,060,424,612	21.03662792	4,572,334,051	2,511,909,439
2022	341,747	181	61,856,207	35,722,453	26,133,754				
<b>TOTAL</b>		<b>636</b>	<b>217,351,092</b>	<b>97,944,624</b>	<b>119,406,468</b>	<b>2,060,424,612</b>	<b>21.03662792</b>	<b>4,572,334,051</b>	<b>2,511,909,439</b>

The lapse occurred due to weak operational planning by management which resulted into less generation of operational revenues.

When pointed out in March, 2023, the management replied that the Peshawar BRT was launched during COVID-19 pandemic in August 2020 and experienced five waves of COVID-19 till 2022. The Peshawar BRT project is not yet completed as three commercial plazas, park and ride spaces and 2 off-corridor routes were not completed and operational. The effect of Covid 19 pandemic was not accounted in ODBM estimation and similarly other factors of incomplete civil works and less buses etc.

The reply was not tenable. The achievable demand of 341,747 per day as per ODBM Consultants survey could be met and captured by implementing the project in true letter and spirits

The department was requested for holding of DAC meeting vide letter dated 27.07.2023 followed by a reminder dated 08.08.2023, however, DAC meeting was not convened till finalization of this report.

Audit recommends to report the matter to competent forum for taking appropriate action against the person(s) at fault for non-capturing transport demand.

## 4.8 Overall Assessment

The project was designed to develop a sustainable urban transport system in Peshawar through bus rapid transit corridor, focusing on accessibility and people's mobility, along with making the city environmentally safer and more business friendly through lowered carbon and climate resilient urban infrastructure and improved access. The unique feature of the project was to limit required operational subsidies, and create additional sources of revenue through parking and commercial activities. However, on the basis of current operational performance level, it has been observed that the project has not been economically sustainable.

### **i. Relevance:**

The project is consistent with the Government of Pakistan's Vision 2030, Framework for Economic Growth, and National Climate Change Policy. It supports the priorities set out in the Khyber Pakhtunkhwa Integrated Development Strategy 2014–2018. It is aligned with ADB's Country Partnership Strategy and Sustainable Transport Initiative, and with the Johannesburg Plan of Implementation (JPOI) 2002 agreed in the World Summit on Sustainable Development to improve quality of public transport by providing a sustainable model of urban transit system.

### **ii. Efficacy:**

The BRT operational plan was designed to ensure that revenue generated from the system will adequately cover system operations and maintenance costs, eliminating the need for operational subsidies. Contrarily, the desired results and targets have not been successfully achieved and the provincial government is regularly providing subsidies to overcome the efficacy shortfalls.

### **iii. Efficiency:**

Despite availability of funds during the initial stages of project execution, the project deliverables could not be completed in time which resulted in cost and time overruns.

### **iv. Economy:**

Due to the cost and time overruns, the project funds are now constrained, whereas, major activities / interventions are yet to be completed.

### **v. Effectiveness:**

Due to non-completion of physical infrastructure & procurement of bus fleet within the stipulated time period and non-realization of the required amount of revenues in order to cover the operational expenses, the project outcomes against the original project goals and objectives could not be achieved.

### **vi. Compliance with Rules:**

The project management has failed to comply with Corporate Governance Rules, General Financial Rules and ADB Procurement Regulations in a number of cases as reported in audit findings.

### **vii. Performance Rating of Project:**

Unsatisfactory.

### **viii. Risk Rating of Project:**

High

## CONCLUSION

The performance of Peshawar Sustainable Bus Rapid Transit Corridor Project was studied by the Bureau of Statistics Peshawar and the Institute for Transportation and Development Policy (ITDP), a US-based organization. The survey conducted by Bureau of Statistics showed the performance of BRT as satisfactory whereas as per ITDP report, BRT Peshawar has been making improvements to walking, cycling, and overall access to the city while also investing in infrastructure upgrades to prepare for a changing climate and more extreme weather events. The report also states that 158 buses carry over 250,000 passengers with an average waiting time of 2.5 minutes between buses. The buses maintain an average speed of 34 km/h for express busses, and 27 km/h for buses stopping more frequently. Out of the total, 38 buses travel per hour in each direction and the buses on express routes arrive every four minutes on average. The Company has a fleet of 158 buses in operation; with the 18-meter buses having a capacity of 125 persons and the 12-meter buses having a capacity of 75 persons. The BRT system has cut down the travel time along the city's east-west corridor by over 60% from 2 hours to just 45 minutes.

However, the special audit of the post - operations sustainability of the project with a focus on financial, social and environmental aspects of sustainability points to some serious irregularities having negative impact on the performance and thus sustainability of the BRT system. The current state of affairs would undermine the government plans to develop a subsidy-free and viable transport system in the city. The legal title and ownership of all the delivered vehicles purchased from the donor funds would be transferred to the Operator, pursuant to the terms of the Lease-to-Own Agreement signed between TPC and the bus operator. At the current performance level of bus operations, 64 BRT vehicles would complete the milestone of 1.2 million kilometers ending its useful life before reaching the contract expiry period of 12 years. After expiry of useful life by these 64 vehicles, the government would have to purchase and provide approximately 34 (18 Meter) and 30 (12 Meter) new buses to replace the vehicles transferred to the Operator to ensure continuous bus operations. As the ADB and AFD loan closing period is December 2022 and December 2023 respectively, the replacement cost of the new buses to be purchased may not be funded by the same donors in future. Under this eventuality, the arrangement of extra finances by the government from own or other sources i.e. foreign donors to purchase the aforementioned new vehicles would not only be difficult but will result in reduction in the services as well. The payment of 2.5% variable fee from the revenues generated to the ITS contractor and giving possession of the non-fare revenue from advertisement to the bus operator, despite having negative cash flows reported in the financial modelling of BRT operations by the consultant starting from first operational year, put an extra pressure on the scarce resource of the government / TPC.

The government at the same time would also require to pay per kilometer bus charges at enhanced updated rates to operator, due to high increase in the prices of fuel and electricity, irrespective of any specific fixed period gap or time limit i.e. if the prices of these two items increases thrice in a week or month, then the government would have to pay the cumulative effect of all these three time increases in the monthly payment invoices accordingly. Furthermore, the salaries in respect of employees of the bus operator were approved in the contract agreement and would be paid as per adjusted KMs per annum, based on CPI inflation. Likewise, cost of Tyres would be adjusted every year on 1<sup>st</sup> of January on the basis of Wholesale Price Index; lubricants would be adjusted monthly on the basis of Wholesale Price Index; and the maintenance cost would be adjusted quarterly on the basis of Consumer Price Index from start of third year of operations. In the same way, monthly payments to ITS joint venture contractor M/S LMKR and other remaining contractors are being adjusted on year-to-year basis, on average general Consumer Price Index of each respective year. All these factors cumulatively contributed in higher operational cost against which insufficient revenues are

being generated from the BRT operations. Owing to this huge operational loss, not only withdrawal of regular subsidies from provincial exchequer has been necessitated so as to run the BRT operations, even though it was neither recommended by PAM nor covered in the revised PC-I, but also have built excessive pressures on the scarce resources of the provincial government as well.

Moreover, construction activities were abnormally delayed and completion of civil works could not be ensured in time by PDA due to which expected revenue required for project sustainability could not be realized in time, which delayed the payback period as well. The development of cost minimization strategies was need of the hour so that pressure on government finances could be minimized but progress on that account could not be seen. Besides, boarding facilities on the bus stations for elderly and disabled people were not appropriately provided thereby defeating one of the basic objectives of the project i.e. providing conveyance opportunities to all the sections of society.

Due to heavy operational loss, the chances of financial survival of the project are at high risk in the existing circumstances. Therefore, to overcome the current financial constraints the project is faced with, Audit recommends to review the existing provisions of contract agreements, develop economical and cost-effective measures for lessening burden on government exchequer besides speedy completion of construction activities. If concrete steps are not taken promptly, financial sustainability of the project would suffer.

## **ACKNOWLEDGEMENT**

We wish to express our appreciation to the management and staff of the Trans Peshawar Company and Peshawar Development Authority for the assistance and cooperation extended to the auditors during this special audit assignment.

**Unauthorized payment on account of utilization of UTP Cable – Rs. 2.681 million**

According to Clause 25.1 of the Contract Agreement, signed between TPC & JV LMKR Pakistan on 31.12.2018, the Employer or its representative shall have the right to inspect and / or test any components of the IT Products and / or Services, as specified in the SOR, or specify such tests to be executed by the Contractor, to confirm their good working order and / or conformity to the Contract at the point of delivery and / or at the Project Site. As per Clause 2.7.2 of the agreement, in station, depot and control center, links should utilize Ethernet and UTP cabling for utilization in 30 stations.

During special audit of BRT, it was observed that an amount of Rs.8,622,216 including Rs.6,534,215 on account of delivery of UTP Cables and Rs.2,088,001 for Sales Tax were paid by Trans Peshawar Company.

Audit held the payment un-authorized because the Facilities Officer from TPC did not inspect and test 75 rolls of UTP Cable at the time of verification of quantity of UTP Cables, which as per ITS supplier in the Inspection Report had already been utilized in installations.

Detail is as under:

Contract price for UTP cable	60% total contract price including 10% advance, 50% with Sales Tax for ITS procurement.	Total Rolls of UTP Cable purchased	Quantity of UTP Cables verified	Quantity of UTP Cables, not verified (3 – 4)	Price of one UTP Cable Roll (1 / 2)	Irregular expenditure due to non-verification of UTP cables (Rs.) (5 * 6)
1	2	3	4	5	6	7
14,370,360	8,622,216	402	327	75	35,747	2,681,025

The lapse occurred due to non-carrying out inspection of UTP Cable before utilization, resulting into authorized payment of 2.681 million.

When pointed out in March, 2023, the management replied that the contract is highly technical, complex and diversified which requires technical knowledge as well as deep understanding of the contract. The type of the contract is Turnkey contract which means that the contractor is responsible to deliver equipment which meets the desired functional specification. The contractor is responsible for design, supply, installation and commissioning of overall system. Due to inherent technical complexity, the turnkey contracts were further coupled with the operation and maintenance of the same system at procurement stage. The objective was to transfer all risks to the service provider which may arise at operations stage. Furthermore, in Turnkey contracts, the quantity of main equipment is specified while secondary items such as cabling etc. are mentioned as complementary item. Even there are many other items which are not mentioned in the BOQ, but the contractor is bound to provide other equipment to commission/ operate the system. Furthermore, the testing of IT equipment's/ cables etc. are not possible when the whole system is not powered up and connected to data center. Once these equipment's are connected and energized then proper technical inspection could be done at that stage. Moreover, the contract BOQ clearly mention "in-station UTP cabling or any other required items for ready to use systems/ Operations" in Lumpsum as per requirement and not in quantity.

Last but not the least, the malfunctioning of the system due to cabling results in breakdown of equipment which further impose liquidated damages on contractor. No such issue reported till date due to cabling during operation & maintenance. In view of forgoing, it is quite clear that contract for UTP cabling is not quantity based but lumpsum and the quality of UTP cabling is in accordance with the standard.

The reply was not satisfactory due to the following reasons:

- i. Irrespective of nature of the contract i.e. whether lump sum or quantity-based, the important fact is that 75-meter length of UTP cable was not available for inspection, before utilization on site to Facilitation Officer of TPC, as per duly signed Inspection Report.
- ii. Quantity and quality testing report of UTP Cable before utilization is required because government has made payments to ITS contractor for procurement of all these items of the contract including UTP cabling, therefore, in absence of proper inspection the payment made was held unauthorized.

The department was requested for holding of DAC meeting vide letter dated 27.07.2023 followed by a reminder dated 08.08.2023, however, DAC meeting was not convened till finalization of this report.

Audit recommends conducting a joint impartial inquiry at the administrative level, with representatives from IT / ST&IT or PTCL / NTC, having technical knowhow and expertise, to check the actual requirement of UTP Cables for 30 stations and take further action in light of the inquiry report.

## 4.2.3 Loss due to non-recovery of full electricity cost – Rs. 157.098 million

SR. NO	MONTH	DURATION	Fuel	Elec	Sal	Total Change	Rate	Bus type	KM TRAVELLED	Amount	177*4.4%	At Base Rate	Electricity Impact due to increase/decrease in Base Price	Total Electricity Impact	Amount withheld and deducted from operator through bills for electricity consumed at depot	Less recovery of electricity charges
1	FEBRUARY 2020	17.2.2020 TO 29.2.2020	5.722801488	4.872034649	0	10.59483614	187.6		7644.00	1433974.93	8	59,531	4.87	37,241.8	96,773.30	
2	MARCH 2020	1.3.2020 TO 24.3.2020	-	0	0	-	185.8		12292.00	2284074.26	8	95,730	0.00	-	95,730.10	
		25.3.2020 TO 31.3.2020	-5.53803681	0	0	-5.53803681	180.3		0.00	0.00	8	-	0.00	-	-	
3	April	1.4.2020 TO 28.4.2020	0	0	0	0	180.3		0.00	0.00	8	-	0.00	-	-	
4	May	1.5.2020 TO 30.5.2020	-	0	0	-	168.9		0.00	0.00	8	-	0.00	-	-	
5	JUNE 2020	22.6.2020 TO 25.6.2020	0.028174157	0	0	0.028174157	168.9	OnKm18d	8150.00	1376390.79	8	63,472	0.00	-	63,472.20	58,250,120
		22.6.2020 TO 25.6.2020	0.028174157	0			118.2	OnKm12d	3505.00	414352.74	8	27,297	0.00	-	27,296.94	
		26.6.2020 TO 30.6.2020	12.000335	0	0	12.000335	180.9	OnKm18d	6994.00	1265093.19	8	54,469	0.00	-	54,469.27	
		26.6.2020 TO 30.6.2020	12.000335	0			126.6	OnKm12d	296.00	37478.88	8	2,305	0.00	-	2,305.25	
6	JULY 2020	1.7.2020 TO 31.7.2020	0	0	0	0	180.9	OnKm18d	37827.00	6842247.64	8	294,597	0.00	-	294,596.68	
		1.7.2020 TO 31.7.2020	0	0	0	0	126.6	OnKm12d	120372.00	15241243.64	8	937,457	0.00	-	937,457.14	
7	August 2020	1.8.2020 TO 31.8.2020	2.224275577	4.21153184	0	6.435807417	187.3	OnKm18d	196684.65	36842663.39	8	1,531,780	4.21	828,343.7	2,360,123.72	
			2.224275577	4.21153184	0		131.1	OnKm12d	303938.16	39853257.44	8	2,367,070	4.21	1,280,045.2	3,647,115.66	
			2.224275577	4.21153184	0		140.5	OffKm12d	37582.94	5279983.25	8	292,696	4.21	158,281.7	450,977.66	
8	September 2020	1.9.2020 TO 30.9.2020	0	-0.225690413	0	-	187.1	OnKm18d	128530.00	24047032.13	8	1,000,992	-0.23	-	971,983.65	
			0	-0.225690413	0	0.225690413	131.0	OnKm12d	259566.32	33994084.76	8	2,021,502	-0.23	58,581.6	1,962,920.86	

			0	-0.225690413	0		140.3	OffKm12d	86895.85	12193188.81	8	676,745	-0.23	19,611.6	657,133.36
9	August 2020 Adj	1.8.2020 TO 31.8.2020	2.224275577	4.21153184	0	6.435807417	187.3	OnKm18d	-2804.65	-525362.70	8	21,843	4.21	11,811.9	(33,654.49)
			2.224275577	4.21153184	0		131.1	OnKm12d	3384.84	443829.73	8	26,361	4.21	14,255.4	40,616.46
			2.224275577	4.21153184	0		140.5	OffKm12d	-474.94	-66723.53	8	3,699	4.21	2,000.2	(5,699.04)
10	October 2020	24.10.2020 TO 31.10.2020	1.017508924	-0.844823083	0	1.862332006	185.2	OnKm18d	71377.14	13221217.27	8	555,885	-0.84	60,301.1	495,584.08
			1.017508924	-0.844823083	0		129.7	OnKm12d	106783.27	13845657.77	8	831,628	-0.84	90,213.0	741,415.16
			1.017508924	-0.844823083	0		138.9	OffKm12d	25261.95	3509460.62	8	196,740	-0.84	21,341.9	175,398.15
11	November 2020	01.11.2020 TO 15.11.2020	0.364341726	-1.162583305	0	1.526925031	183.7	OnKm18d	152237.39	27966540.90	8	1,185,625	-1.16	176,988.6	1,008,636.13
			0.364341726	-1.162583305	0		128.6	OnKm12d	185160.00	23810178.11	8	1,442,026	-1.16	215,263.9	1,226,762.16
			0.364341726	-1.162583305	0		137.8	OffKm12d	61099.05	8418081.75	8	475,839	-1.16	71,032.7	404,806.65
		16.11.2020 TO 30.11.2020	0.782713137	-1.162583305	0	0.782713137	182.9	OnKm18d	148310.58	27129087.34	8	1,155,043	-1.16	172,423.4	982,619.37
			0.782713137	-1.162583305	0		128.0	OnKm12d	170597.13	21844033.20	8	1,328,610	-1.16	198,333.4	1,130,277.09
			0.782713137	-1.162583305	0		137.2	OffKm12d	59512.21	8164515.65	8	463,481	-1.16	69,187.9	394,293.21
12	October 2020 Adj	24.10.2020 TO 31.10.2020	1.017508924	-0.844823083	0	1.862332006	185.2	OnKm18d	25249.35	4621292.35	8	196,642	-0.84	21,331.2	175,310.71
			1.017508924	-0.844823083	0		129.7	OnKm12d	32534.00	4168201.70	8	253,375	-0.84	27,485.5	225,889.32
			1.017508924	-0.844823083	0		138.9	OffKm12d	7884.71	1082330.74	8	61,406	-0.84	6,661.2	54,744.91
13	FEBRUARY 2020 Adj	17.2.2020 TO 29.2.2020	5.722801488	4.872034649	0	10.59483614	187.6		-468.00	-87794.38	8	3,645	4.87	2,280.1	(5,924.90)
14	MARCH 2020 Adj	1.3.2020 TO 24.3.2020	1.776884724	0	0	1.776884724	185.8		-756.00	-140478.37	8	5,888	0.00	-	(5,887.73)
		25.3.2020 TO 31.3.2020	-5.53803681	0	0	-5.53803681	180.3		0.00	0.00	8	-	0.00	-	-
15	JUNE 2020 Adj	22.6.2020 TO 25.6.2020	0.028174157	0	0	0.028174157	168.9	OnKm18d	-1097.00	-185263.89	8	8,543	0.00	-	(8,543.44)
		22.6.2020 TO 25.6.2020	0.028174157	0	0		118.2	OnKm12d	-458.00	-54143.67	8	3,567	0.00	-	(3,566.90)
		26.6.2020 TO 30.6.2020	12.000335	0	0	12.000335	180.9	OnKm18d	-907.00	-164060.55	8	7,064	0.00	-	(7,063.72)
		26.6.2020 TO 30.6.2020	12.000335	0	0		126.6	OnKm12d	-25.00	-3165.45	8	195	0.00	-	(194.70)
16	JULY 2020 Adj	1.7.2020 TO 31.7.2020	0	0	0	0	180.9	OnKm18d	-2592.00	-468847.80	8	20,186	0.00	-	(20,186.50)
		1.7.2020 TO 31.7.2020	0	0	0	0	126.6	OnKm12d	-8213.00	-1039912.39	8	63,963	0.00	-	(63,962.84)

17	November 2020 Adj	01.11.2020 TO 15.11.2020	-0.364341726	-1.162583305	0	-	183.7	OnKm18d	32147.00	5167105.58	8	250,361	-1.16	-37,373.6	212,987.27	
			-0.364341726	-1.162583305	0		1.526925031	128.6	OnKm12d	59313.00	6941869.08	8	461,930	-1.16	-68,956.3	392,973.34
			-0.364341726	-1.162583305	0		-0.782713137	137.8	OffKm12d	10885.00	1283501.60	8	84,772	-1.16	-12,654.7	72,117.66
		16.11.2020 TO 30.11.2020	-0.782713137	-1.162583305	0	-	182.9	OnKm18d	23866.00	3679003.60	8	185,868	-1.16	-27,746.2	158,122.19	
			-0.782713137	-1.162583305	0		0.782713137	128.0	OnKm12d	56062.00	6545743.85	8	436,611	-1.16	-65,176.7	371,434.11
			-0.782713137	-1.162583305	0		-0.782713137	137.2	OffKm12d	12503.00	1499914.10	8	97,373	-1.16	-14,535.8	82,837.58
18	December 2020	01.12.2020 TO 15.10.2020	1.779946761	2.161918528	0	3.941865289	186.9	OnKm18d	169881.00	31392051.30	8	1,323,033	2.16	367,268.9	1,690,302.11	
			1.779946761	2.161918528	0		130.8	OnKm12d	226760.00	29331844.57	8	1,766,007	2.16	490,236.6	2,256,243.53	
			1.779946761	2.161918528	0		140.1	OffKm12d	83225.00	11534265.76	8	648,156	2.16	179,925.7	828,081.97	
		16.12.2020 TO 31.12.2020	1.288592905	2.161918528	0	1.288592905	188.2	OnKm18d	170952.00	31807802.10	8	1,331,374	2.16	369,584.3	1,700,958.47	
			1.288592905	2.161918528	0		131.7	OnKm12d	243471.00	31710621.52	8	1,896,152	2.16	526,364.5	2,422,516.61	
			1.288592905	2.161918528	0		141.1	OffKm12d	98526.00	13749015.12	8	767,320	2.16	213,005.2	980,325.67	
19	January 2021	01.01.2021 TO 15.01.2021	0.749197713	-0.193455515	2.832	10.16322659	198.3	OnKm18d	162053.00	30840814.99	8	1,262,069	-0.19	-31,350.0	1,230,718.72	
			0.749197713	-0.193455515	2.832		138.8	OnKm12d	222840.00	29686565.81	8	1,735,478	-0.19	-43,109.6	1,692,368.29	
			0.749197713	-0.193455515	2.832		148.7	OffKm12d	89518.00	12777338.63	8	697,166	-0.19	-17,317.8	679,848.43	
		16.01.2021 TO 31.01.2021	1.207803429	-0.193455515	0	1.207803429	192.7	OnKm18d	166701.00	31925443.91	8	1,298,267	-0.19	-32,249.2	1,266,018.16	
			1.207803429	-0.193455515			134.9	OnKm12d	233324.00	31279240.03	8	1,817,127	-0.19	-45,137.8	1,771,989.50	
			1.207803429	-0.193455515			144.6	OffKm12d	88415.00	12699480.46	8	688,576	-0.19	-17,104.4	671,471.65	
23	February 2021 Provisional	1.2.2021 TO 28.2.2021	1.152399947	10.68492965	0	11.8373296	204.6	OnKm18d	302067.69	55618426.95	8	2,352,503	10.68	3,227,572.0	5,580,075.13	
			1.152399947	10.68492965			143.2	OnKm12d	427217.90	55063258.64	8	3,327,173	10.68	4,564,793.2	7,891,966.16	
			1.152399947	10.68492965			153.4	OffKm12d	160393.76	22149460.36	8	1,249,147	10.68	1,713,796.0	2,962,942.55	
24	February 2021 Final	1.2.2021 TO 28.2.2021	1.152399947	10.68492965	0	11.8373296	204.6	OnKm18d	302067.69	5796676.05	8	2,352,503	10.68	3,227,572.0	5,580,075.13	
			1.152399947	10.68492965			143.2	OnKm12d	427217.90	5738815.18	8	3,327,173	10.68	4,564,793.2	7,891,966.16	
			1.152399947	10.68492965			153.4	OffKm12d	160393.76	2308465.98	8	1,249,147	10.68	1,713,796.0	2,962,942.55	
25	March 2021 Provisional	1.3.2021 TO 31.3.2021	0	-2.920454193	0	-2.920454193	201.7	OnKm18d	350002.81	63524564.62	8	2,725,822	-2.92	-1,022,167.2	1,703,654.70	

			0	-2.920454193			141.2	OnKm12d	478707.50	60818883.22	8	3,728,174	-2.92	-	2,330,130.69
			0	-2.920454193			151.2	OffKm12d	170505.67	23209739.59	8	1,327,898	-2.92	-	829,944.18
26	March 2021 Final	1.3.2021 TO 31.3.2021	0	-2.920454193	0	2.920454193	201.7	OnKm18d	350002.81	70124061.06	8	2,725,822	-2.92	-	1,703,654.70
			0	-2.920454193			141.2	OnKm12d	478707.50	67137289.42	8	3,728,174	-2.92	-	2,330,130.69
			0	-2.920454193			151.2	OffKm12d	170505.67	25620973.65	8	1,327,898	-2.92	-	829,944.18
27	April 2021 Final	1.4.2021 TO 15.4.2021	1.166480014	-0.684237264	0	1.850717278	199.8	OnKm18d	171687.00	34264119.49	8	1,337,098	-0.68	-	1,219,623.71
			1.166480014	-0.684237264			139.9	OnKm12d	210107.00	29352204.58	8	1,636,313	-0.68	-	1,492,550.28
			1.166480014	-0.684237264			149.9	OffKm12d	72898.00	10911363.92	8	567,730	-0.68	-	517,850.10
		16.4.2021 TO 30.4.2021	0.926009904	-0.684237264	0	0.926009904	198.9	OnKm18d	159557.00	31695722.83	8	1,242,630	-0.68	-	1,133,455.07
			0.926009904	-0.684237264			139.2	OnKm12d	117475.00	16335344.28	8	914,895	-0.68	-	834,514.53
			0.926009904	-0.684237264			149.2	OffKm12d	44284.00	6597705.16	8	344,884	-0.68	-	314,583.03
28	May 2021 Final	1.5.2021 TO 15.5.2021	0	-2.034916093	0	2.034916093	196.9	OnKm18d	51521.00	10079132.61	8	401,246	-2.03	-	296,404.64
			0	-2.034916093			137.8	OnKm12d	59688.00	8173798.78	8	464,850	-2.03	-	343,390.07
			0	-2.034916093			147.6	OffKm12d	8770.00	1286766.46	8	68,301	-2.03	-	50,454.55
		16.5.2021 TO 31.5.2021	0	-2.034916093	0	2.034916093	196.9	OnKm18d	207625.00	40617998.65	8	1,616,984	-2.03	-	1,194,484.05
			0	-2.034916093			137.8	OnKm12d	124871.00	17100094.29	8	972,495	-2.03	-	718,393.34
			0	-2.034916093			147.6	OffKm12d	64559.00	9472332.48	8	502,785	-2.03	-	371,413.34
29	June 2021 Final	1.6.2021 TO 15.6.2021	0	-0.206759991	0	0.206759991	196.6	OnKm18d	236471.00	46268397.55	8	1,841,636	-0.21	-	1,792,743.41
			0	-0.206759991			137.7	OnKm12d	74117.00	10151318.24	8	577,223	-0.21	-	561,898.77
			0	-0.206759991			147.5	OffKm12d	84500.00	12400081.60	8	658,086	-0.21	-	640,614.78
		16.6.2021 TO 30.6.2021	0.729429848	-0.206759991	0	0.729429848	197.4	OnKm18d	242538.00	47631509.02	8	1,888,886	-0.21	-	1,838,738.79
			0.729429848	-0.206759991			138.2	OnKm12d	97984.00	13470004.89	8	763,099	-0.21	-	742,840.22
			0.729429848	-0.206759991			148.0	OffKm12d	107586.00	15846434.98	8	837,880	-0.21	-	815,635.29
30	July 2021 Final	1.7.2021 TO 15.7.2021	0.577471346	0.177446321	0	0.754917667	198.1	OnKm18d	241566.05	47698657.93	8	1,881,316	0.18	-	1,924,181.37
			0.577471346	0.177446321			138.7	OnKm12d	100435.40	13882098.79	8	782,191	0.18	-	800,012.80

			0.577471346	0.177446321			148.6	OffKm12d	108825.44	16116175.00	8	847,533	0.18	19,310.7	866,843.22		
		16.7.2021 TO 31.7.2021	1.005727695	0.177446321	0	1.005727695	199.1	OnKm18d	219487.51	43559112.57	8	1,709,369	0.18	38,947.3	1,748,315.95		
			1.005727695	0.177446321			139.4	OnKm12d	88632.08	12312839.55	8	690,267	0.18	15,727.4	705,994.11		
			1.005727695	0.177446321			149.4	OffKm12d	104016.38	15482183.18	8	810,080	0.18	18,457.3	828,536.86		
31	August 2021 Final	1.8.2021 TO 15.8.2021	0	0.030350163	0	0.030350163	199.2	OnKm18d	243041.00	48289255.12	8	1,892,803	0.03	7,376.3	1,900,179.64		
			0	0.030350163			139.4	OnKm12d	107011.00	14883237.95	8	833,402	0.03	3,247.8	836,649.47		
			0	0.030350163			149.4	OffKm12d	107329.00	15993713.39	8	835,878	0.03	3,257.5	839,135.70		
				16.8.2021 TO 31.8.2021	0	0.030350163	0	0.030350163	199.2	OnKm18d	242635.00	48208587.92	8	1,889,641	0.03	7,364.0	1,897,005.39
					0	0.030350163			139.4	OnKm12d	112080.00	15588241.49	8	872,879	0.03	3,401.6	876,280.69
					0	0.030350163			149.4	OffKm12d	116058.00	17294472.04	8	903,860	0.03	3,522.4	907,382.08
32	September 2021 Final	1.9.2021 TO 15.9.2021	0.580987728	4.135199818	0	3.554212089	202.7	OnKm18d	257822.00	52150665.83	8	2,007,918	4.14	1,066,145.5	3,074,063.22		
			0.580987728	4.135199818			141.9	OnKm12d	127665.00	18076309.73	8	994,255	4.14	527,920.3	1,522,175.30		
			0.580987728	4.135199818			152.0	OffKm12d	136448.00	20699903.57	8	1,062,657	4.14	564,239.7	1,626,896.77		
				16.9.2021 TO 30.9.2021	1.965803269	4.135199818	0	1.965803269	204.7	OnKm18d	244942.00	50025826.25	8	1,907,608	4.14	1,012,884.1	2,920,492.41
					1.965803269	4.135199818			143.3	OnKm12d	142301.00	20344030.71	8	1,108,240	4.14	588,443.1	1,696,683.26
					1.965803269	4.135199818			153.5	OffKm12d	137478.00	21058405.28	8	1,070,679	4.14	568,499.0	1,639,177.66
33	October 2021 Final	1.10.2021 TO 15.10.2021	0.751999334	1.989710817	0	2.741710151	207.4	OnKm18d	238462.00	49399253.42	8	1,857,142	1.99	474,470.4	2,331,612.48		
			0.751999334	1.989710817			145.2	OnKm12d	148605.00	21549275.10	8	1,157,336	1.99	295,681.0	1,453,016.72		
			0.751999334	1.989710817			155.6	OffKm12d	135168.00	21000824.93	8	1,052,688	1.99	268,945.2	1,321,633.62		
				16.10.2021 TO 31.10.2021	4.600781711	1.989710817	0	4.600781711	212.0	OnKm18d	245560.00	51997958.45	8	1,912,421	1.99	488,593.4	2,401,014.67
					4.600781711	1.989710817			148.4	OnKm12d	143011.00	21198061.68	8	1,113,770	1.99	284,550.5	1,398,320.20
					4.600781711	1.989710817			159.0	OffKm12d	141492.00	22470969.84	8	1,101,940	1.99	281,528.2	1,383,467.86
34	November 2021 Final	1.11.2021 TO 04.11.2021	0	3.017102677	0	3.017102677	215.0	OnKm18d	66719.00	14313173.02	8	519,608	3.02	201,298.1	720,905.65		
			0	3.017102677			150.5	OnKm12d	33766.00	5070654.84	8	262,970	3.02	101,875.5	364,845.10		
			0	3.017102677			161.3	OffKm12d	37038.00	5959299.10	8	288,452	3.02	111,747.4	400,199.39		

		05.11.2021 TO 30.11.2021	2.731996579	3.017102677	0	2.731996579	217.8	OnKm18d	425920.00	92533091.87	8	3,317,065	3.02	1,285,044.4	4,602,109.33
			2.731996579	3.017102677			152.4	OnKm12d	264513.00	40226671.70	8	2,060,027	3.02	798,062.9	2,858,090.12
			2.731996579	3.017102677			163.3	OffKm12d	230458.00	37551050.58	8	1,794,807	3.02	695,315.4	2,490,122.35
35	December 2021 Final	1.12.2021 TO 15.12.2021	0	5.155103868	0	5.155103868	222.9	OnKm18d	260285.00	57898302.37	8	2,027,100	5.16	1,341,796.2	3,368,895.79
			0	5.155103868			156.1	OnKm12d	170373.00	26528671.38	8	1,326,865	5.16	878,290.5	2,205,155.44
			0	5.155103868			167.2	OffKm12d	134507.00	22439999.30	8	1,047,541	5.16	693,397.6	1,740,938.07
		16.12.2021 TO 31.12.2021	-	5.155103868	0	1.582351704	221.4	OnKm18d	293600.00	64845399.48	8	2,286,557	5.16	1,513,538.5	3,800,095.30
			1.582351704	5.155103868			154.9	OnKm12d	163678.00	25305298.73	8	1,274,724	5.16	843,777.1	2,118,501.35
			1.582351704	5.155103868			166.0	OffKm12d	142940.00	23677626.20	8	1,113,217	5.16	736,870.5	1,850,087.27
36	January 2022 Final	1.1.2022 TO 15.1.2022	1.311873274	-0.914142275	4.34712	4.744851	226.1	OnKm18d	274824.00	61987177.21	8	2,140,329	-0.91	-	1,889,101.08
			1.311873274	-0.914142275	4.34712		158.3	OnKm12d	152435.00	24067442.26	8	1,187,164	-0.91	139,347.3	1,047,816.50
			1.311873274	-0.914142275	4.34712		169.6	OffKm12d	133581.00	22597123.39	8	1,040,329	-0.91	122,112.0	918,216.79
		16.1.2022 TO 31.1.2022	0.956114956	-0.914142275	0	0.956114956	227.1	OnKm18d	303667.00	68782425.09	8	2,364,959	-0.91	-	2,087,363.75
			0.956114956	-0.914142275			158.9	OnKm12d	171193.00	27143380.05	8	1,333,251	-0.91	156,494.8	1,176,756.33
			0.956114956	-0.914142275			170.3	OffKm12d	146956.00	24964821.82	8	1,144,493	-0.91	134,338.7	1,010,154.64
37	February 2022 Final	1.2.2022 TO 15.2.2022	0	-2.815249062	0	2.815249062	224.2	OnKm18d	285240.86	63826884.38	8	2,221,456	-2.82	803,024.1	1,418,431.77
			0	-2.815249062			157.0	OnKm12d	176176.76	27595518.64	8	1,372,065	-2.82	495,981.5	876,083.15
			0	-2.815249062			168.2	OffKm12d	144374.42	24229443.05	8	1,124,388	-2.82	406,450.0	717,938.05
		16.2.2022 TO 28.2.2022	2.974253561	-2.815249062	0	2.974253561	227.2	OnKm18d	245976.74	55771014.90	8	1,915,667	-2.82	692,485.8	1,223,181.09
			2.974253561	-2.815249062			159.0	OnKm12d	159142.51	25257987.53	8	1,239,402	-2.82	448,025.8	791,376.07
			2.974253561	-2.815249062			170.4	OffKm12d	126998.67	21596081.18	8	989,066	-2.82	357,532.9	631,532.78
38	March 2022 Final	1.3.2022 TO 15.3.2022	-	-4.861763937	0	7.789756152	219.4	OnKm18d	285187.14	62550806.21	8	2,221,037	-4.86	1,386,512.5	834,524.89
			-	-4.861763937			153.6	OnKm12d	185364.11	28459460.31	8	1,443,616	-4.86	901,196.5	542,419.14
			-	-4.861763937			164.6	OffKm12d	148318.27	24398262.26	8	1,155,103	-4.86	721,088.4	434,014.28
		16.3.2022 TO 31.3.2022	-	-4.861763937	0	7.789756152	219.4	OnKm18d	299865.03	65770143.99	8	2,335,349	-4.86	1,457,873.0	877,475.85

			2.927992215	-4.861763937			153.6	OnKm12d	192041.22	29484616.32	8	1,495,617	-4.86	933,659.1	561,957.95		
			2.927992215	-4.861763937			164.6	OffKm12d	156729.56	25781914.55	8	1,220,610	-4.86	761,982.1	458,627.70		
39	April 2022	1.4.2022 TO 15.4.2022	0	-2.844736206	0	2.844736206	216.6	OnKm18d	256100.00	55464992.06	8	1,994,507	-2.84	728,536.9	1,265,969.86		
			0	-2.844736206	0		151.6	OnKm12d	145387.00	22041086.14	8	1,132,274	-2.84	413,587.7	718,686.29		
			0	-2.844736206	0		162.4	OffKm12d	138077.00	22428074.12	8	1,075,344	-2.84	392,792.6	682,551.03		
		16.4.2022 TO 30.4.2022	0	-2.844736206	0	0	216.6	OnKm18d	240407.00	52066272.34	8	1,872,290	-2.84	683,894.5	1,188,395.22		
			0	-2.844736206	0		151.6	OnKm12d	163700.00	24817389.46	8	1,274,896	-2.84	465,683.3	809,212.28		
			0	-2.844736206	0		162.4	OffKm12d	137441.00	22324767.59	8	1,070,391	-2.84	390,983.4	679,407.12		
40	May 2022	1.5.2022 TO 26.5.2022	0	-5.607922068	0	5.607922068	211.0	OnKm18d	403661.00	85159393.74	8	3,143,712	-5.61	2,263,699.4	880,012.44		
			0	-5.607922068			147.7	OnKm12d	285675.00	42187719.06	8	2,224,837	-5.61	1,602,043.1	622,793.76		
			0	-5.607922068			158.2	OffKm12d	225998.00	35758692.32	8	1,760,072	-5.61	1,267,379.2	492,693.25		
		27.5.2022 TO 31.5.2022	9.393340271	-5.607922068	0	9.393340271	220.4	OnKm18d	88893.00	19588545.36	8	692,299	-5.61	498,505.0	193,793.67		
			9.393340271	-5.607922068			154.3	OnKm12d	53446.00	8244187.70	8	416,237	-5.61	299,721.0	116,516.45		
			9.393340271	-5.607922068			165.3	OffKm12d	46612.00	7703598.23	8	363,014	-5.61	261,396.5	101,617.79		
41	June 2022	1.6.2022 TO 2.6.2022	0	18.79580505	0	18.79580505	239.2	OnKm18d	39451.00	9434972.89	8	307,244	18.80	741,513.3	1,048,757.69		
			0	18.79580505			167.4	OnKm12d	23603.00	3951371.72	8	183,820	18.80	443,637.4	627,457.55		
			0	18.79580505			179.4	OffKm12d	19435.00	3486008.56	8	151,360	18.80	365,296.5	516,656.25		
		3.6.2022 TO 15.6.2022	7.775193798	18.79580505	0	7.775193798	246.9	OnKm18d	241290.26	59582272.11	8	1,879,169	18.80	4,535,244.6	6,414,413.18		
			7.775193798	18.79580505			172.9	OnKm12d	156976.00	27133672.02	8	1,222,529	18.80	2,950,490.3	4,173,019.38		
			7.775193798	18.79580505			185.2	OffKm12d	123786.31	22925095.38	8	964,048	18.80	2,326,663.3	3,290,711.12		
		16.6.2022 TO 30.6.2022	13.0795327	18.79580505	0		260.0	OnKm18d	279242.00	72606124.35	8	2,174,737	18.80	5,248,578.2	7,423,314.89		
			13.0795327	18.79580505		13.0795327	182.0	OnKm12d	184058.16	33500064.04	8	1,433,445	18.80	3,459,521.3	4,892,966.31		
			13.0795327	18.79580505			195.0	OffKm12d	141536.47	27600829.09	8	1,102,286	18.80	2,660,291.8	3,762,577.83		
<b>TOTAL</b>										<b>3,917,967,310.51</b>		<b>182,311,277.51</b>		<b>33,036,843.68</b>	<b>215,348,121.19</b>	58,250,120	<b>157,098,001</b>

## Statement showing detail of unjustified payment of variable fee from total revenue generated.

<b>4.2.5 Unjustified payment of 2.5% variable fee and sales tax to service providers – Rs. 53.568 million</b>		
<b>Non-compliance/favorable agreement clauses for operator</b>	<b>Audit Observation</b>	<b>Departmental Response</b>
<p>Clause-1,2 of ADB Procurement Guidelines, 2015 provides that the responsibility for the implementation of the project, and therefore for the award and administration of contracts under the project, rests with the borrower. ADB, for its part, has the obligation to ensure that the proceeds of its financing are used with due attention to considerations of economy and efficiency. While in practice the specific procurement rules and procedures to be followed in the implementation of a project depend on the circumstances of the particular case, five basic principles generally guide ADB requirements:</p> <p>(a) except in any case in which the Board of Directors determines otherwise,</p> <p>i. loans or grants from Special Funds resources can be used only for procurement of goods, works, and services produced in, and supplied from, developed member countries that have contributed to such resources or developing member countries; and</p> <p>ii. loans or grants from ADB's ordinary capital resources or ADB-administered funds can be used only for procurement of goods, works, and services produced in, and supplied from, member countries;</p> <p><b>(b) the need for economy and efficiency in the implementation of the project, including the procurement of the goods and works involved;</b></p> <p>(c) ADB's interest in giving all eligible bidders from developed and developing countries<sup>4</sup> the same information and equal opportunity to compete in providing goods and works financed by ADB;</p> <p>(d) ADB's interest in encouraging the development of domestic contracting and manufacturing industries in the country of the borrower; and</p> <p>(e) the importance of transparency in the procurement process</p>	<p>The extra further payment of 2.5% variable fee with Sales Tax amounting to Rs.53,568,001, from fare receipts by TPC, being operational revenue of the project, put an extra financial burden on scarce resources of the government and tantamount to benefiting the contractor, at government expense because the ITS service provider is already being paid at enhanced CPIs for four services, mentioned on Schedule-6 i.e.; ITS Services, Station Management Services, Bicycle Sharing Service &amp; Fare System Services (Automatic Fare Collection), against which the service provider was paid a sum of Rs. 1,991,135,984 upto 30<sup>th</sup> June, 2022. The action of TPC to allow variable fee from fare receipts did not bring any economy to the government.</p> <p>The foreign funds, incurred on the project, would have to be repaid to the donor in shape of principal amount as well as interest and commitment charges in USD and in such an eventuality, allowing extra payment of 2.5% variable fee, from the fare receipts, by TPC could be termed share compensation to the operator.</p>	<p>The variable fee was predefined in the RFP and the contractor doesn't require to bid against the variable fee also keeping in view the predefined % of the variable fee was to minimize the bid price (compensated) against Fare system services.</p> <p>Allowing Variable fee from fare receipts is the best international practice of transport projects to keep the contractor motivated for system reliability, and integrity and can manage as much number of passengers they can as it will ultimately increase their variable fee invoice against the revenue generated from the BRT system. The payments were made in accordance with the terms and conditions of the contract which were advertised as part of the contract.</p> <p>The bidder has submitted the bid keeping in mind the incentive of 2.5% in the bid hence it is economical and efficient mode of payment.</p>

<p>Clause-31 of Procurement Regulations for ADB Borrowers stipulates that where consideration of factors, in addition to price, are to be taken into account in evaluating bids, such factors and an explanation of how they will be quantified or otherwise evaluated must appear in the bidding documents to inform bidders of the method of evaluation.</p>	<p>The factor of 2.5% variable fee, in addition to price, was not taken into account in evaluation of bids. No explanation was given regarding, quantification or evaluation of variable fee factor in the bidding documents, to inform bidders of the method of evaluation.</p> <p>The 2.5% variable fee was not made for evaluation in RFP by TPC hence, not evaluated in any Technical &amp; Price Bids Evaluation Reports. No bidder including successful one, quoted rates for variable fee on bids form. Thus, the whole process of selection of bidders with regard to payment of variable fee could not be termed as efficient and economical one.</p>	<p>The rate/ percentage for the 2.5% variable fee was kept predefined to avoid the risk of receiving an increased quoted percentage from the contractor and its evaluation was not required.</p> <p>Same response as point b above.</p>
<p>Section-18.1 read with Section-19.1 of Instructions to Bidders of the Bidding Documents of Procurement of BRT System Control Goods and Services provides that to establish its eligibility and qualifications to perform the Contract in accordance with Section 3 (Evaluation and Qualification Criteria), the Bidder shall provide the information requested in the corresponding Bidder Response Format included in Section 4 (Bidding Forms). The Bidder shall furnish the information stipulated in Section-4 (Bidding Forms), in sufficient detail to demonstrate substantial responsiveness of its bid to the work requirements and the completion time.</p>	<p>The bidder's eligibility and qualifications, to perform the Contract in accordance with Section 3 (Evaluation and Qualification Criteria) was not established due to non-asking the Bidders by TPC, to quote prices for variable fee in the corresponding Bidder Response Format, included in Section 4 (Bidding Forms), in sufficient detail to demonstrate the substantial responsiveness of their bids. Therefore, in absence of proper and suitable "Evaluation and Qualification Criteria" for 2.5% variable fee, the bidder's eligibility and qualifications to perform the Contract, could not be established.</p>	<p>It is term and conditions of payment and its evaluation is not required.</p>
<p>7.3-Recurrent Cost Table (Operation and Maintenance Services for ITS, Fare System, Station Management, and Bicycle Sharing System) under <b>Section-IX-Contract Forms</b> of the Bidding Documents (RFP) read as follows:</p> <p><b>Note:</b></p> <ol style="list-style-type: none"> <li>1. The Schedule No. 6 shall include costs of provision of all Services mentioned in the Contract Agreement/Schedule of Requirements.</li> <li>2. The prices for Y2 to Y10 against all items in Schedule No. 6 shall be the same as the prices for Y1, inflated with CPI rate and shall be paid against all items in Schedule No.6 in accordance with Appendix-7 to the Contract Agreement.</li> </ol>	<p>TPC entitled the contractor to receive a payment (<b>Monthly Payment</b>) calculated in accordance with formula, having 2.5% variable fee share as well, by adding it in RFP on "<b>Section-IX-Contract Form</b>" under Appendix-7 (Terms and Procedures for Payment), as a fixed percentage of total receipts generated, without expressly describing any specific condition for attributing it to its acceptability, in the bidding documents.</p>	<p>Once all the revenues and sales are reconciled into the system and bank accounts then the contractor can be qualified to claim a 2.5% variable fee against generated revenue.</p>
<p>According to ITB 20.8 (Section II – Bid Data Sheet) of the Bidding Documents, the prices quoted by the Bidder shall be: i) Fixed for Schedule 1, 2, 3, 4 and 5, ii) <b>Adjustable for Schedule 6.</b></p>	<p>The prices for Schedule-6 were Adjustable which were to be paid on enhanced CPIs hence, there was no further need of giving additional benefit at government expense in shape of variable fee from total receipts.</p>	<p>The bidder has submitted the bid for price schedule No. 6 (recurrent cost) based on the additional revenue in the shape of 2.5% of fare revenue. In the absence of 2.5% of the revenue, the bidder could have quote higher price for schedule No. 6.</p>

<p>Section- 42.1 (Section I – Instructions to Bidders) of the Bidding Documents stipulates that, the Evaluated Bid Price (P) for each responsive bid will be determined as the sum of the Adjusted Bid Price (AP) plus the Recurrent Costs (R); where the Adjusted Bid Price (AP) is determined as:</p> <p>(a) the price of the IT Products offered from within or from outside the Employer’s country, in accordance with ITB 20.5; plus</p> <p>(b) the total price for all Services such as software development, transportation, insurance, installation, customization, integration, commissioning, testing, acceptance, training, technical support, repair, and any other Services.</p> <p>(c) With adjustments for: (i) Products and/or Services that are left out or are necessary to correct minor deviations of the bid will be added to the total bid price using costs taken from the highest prices from other responsive bids for the same Products and/or Services, or in the absence of such information, the cost will be estimated at prevailing list prices. If the missing Products and/or services are scored as a technical failure, the relevant score will be set at zero. (ii) Price adjustment due to quantifiable non material nonconformities in accordance with ITB 35 (iii) Corrections to errors in arithmetic, in accordance with ITB 39.</p> <p>According to Clause – 1.3 Price Evaluation [70%] (Section 3 – Evaluation and Qualification Criteria) of the Bidding Documents, the lowest Evaluated Bid Price (Adjusted Bid Price plus the Recurrent Costs) will be identified by the Employer pursuant to ITB Clause 42. the Adjusted Bid Price will be calculated as follows;</p> <p>a. Price of IT Products Provided and Installed (Schedule Nos. 1, 2, 3,4 and 5); and</p> <p>b. The net present value of the Recurrent Costs (Schedule No. 6)</p> <p>c. Adjustments made for:</p> <ol style="list-style-type: none"> <li>i. Products/Services omitted</li> <li>ii. Non conformities</li> <li>iii. Arithmetic corrections</li> <li>iv. Conversions to a single currency</li> <li>v. Net Present Value of Recurrent Costs.</li> </ol> <p>The Price Schedules in which the above information must be presented are shown in Part 6 of the Bidder Response Format</p>	<p>Had fixed rate of 2.5% for variable fee not been pre-defined in RFP, then different percentages or rates could have been obtained. Possibility of less than 2.5% or even point 001 % could also not be ruled out.</p> <p>In accordance with Section 3 – Evaluation and Qualification Criteria of RFP, the successful bidder offered rates for Contract Price for Goods supply and installation of products including support services during warranty period was PKR 126,346,331.00 &amp; USD 13,904,401.00 (Schedule Nos. 1, 2, 3,4 and 5) and PKR 9,468,264,950 as net present value of the Recurrent Costs (Schedule No. 6) however, TPC agreed to make payment according to Appendix 7 (Terms and Procedures for Payment), by putting variable fee percentage into monthly payment formula under <b>Recurrent Costs (Price Schedule No. 6)</b>, on contract form-IX, as an incentive to bidder from TPC end, despite the fact that allowing share, from operational revenue would put an extra financial burden on</p>	
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and the details of individual Forms are found in Section IV Bidding Forms.	government exchequer specially when cash flows were reported negative by the ODBM consultant.	
Clause-31.1 read with Clause-31.2 of the Bidding Documents provides that to assist in the examination, evaluation, and comparison of the Technical and Price Bids, and qualification of the Bidders, the Employer may, at its discretion, ask any Bidder for a clarification of its bid. The Employer's request for clarification and the response shall be in writing. No change in the Technical Bid or prices in the Price Bid shall be sought, offered, or permitted, except to confirm the correction of arithmetic errors discovered by the Employer in the evaluation of the bids, in accordance with ITB 39. If a Bidder does not provide clarifications of its bid by the date and time set in the Employer's request for clarification, its bid may be rejected.	<p>The successful bidder was asked on 29-11-2018 by TPC for arithmetic clarification and confirmation, <b>for reasonableness of the identical year pricing for the operation and maintenance services across the ten-year duration of the contract</b>, after finalization of Price Bids Evaluation Report on 14-11-2018. Asking for arithmetic clarifications by TPC, after finalization of Price evaluation process, was invalid because as per ITB 39.1, bidders can be asked for arithmetic clarifications during evaluation of price bids and not after finalization of it.</p> <p><b>TPC on 09-11-2018</b>, prior to asking the successful bidder on 29-11-2018 for arithmetic clarification and confirmation, for reasonableness of the identical year pricing, requested the bidder to furnish detailed breakdown of Schedule No.6 as required under "Recurrent Cost Table, Schedule No.6". On the same date, the bidder furnished the detailed breakdown of recurrent cost on account of operation and maintenance of services for ITS, Fare System, Station Management and Bicycle Sharing System for 10 years. The bidder at that time did not mention that 2.5% variable fee would also be claimed but later on 29-11-2018 the bidder communicated that 2.5% variable fee would be claimed as well.</p> <p>The asking of TPC, from successful bidder on two different dates giving two different stances, was done in contradiction of Clause-31.1 read with Clause-31.2 of the Bidding Documents.</p>	The clarification from the bidder were asked in accordance with agreement. The agreement was part of Technical and Financial Evaluation bid report as the bidder quoted bid on the terms and conditions of the agreement.
ODBM consultant reported negative yearly cash flows in his model.	Negative yearly cash flows, had been reported in the Financial Model by ODBM consultant to TPC, which concluded that BRT would be running through operational loss i.e; earning less fare revenue and spending more money on operations, but despite this, TPC agreed to allow payment of variable fee to ITS service provider.	The variable fee of 2.5% is terms and conditions of the contract and has to be paid to the service provider irrespective of positive or negative cashflows.
Non-provision in the Financing Agreement nor revised PC-1.	No provision for making of 2.5% variable fee, from the fare receipts, was available in the Financing Agreement nor revised PC-1.	This is the part of the ITS contract and has nothing to do with the PC-I or the financing agreement.
Additional Sales Tax is not a fit charge.	Additional payment of KP Sales Tax of 6,987,131 was also held un-justified with the payment of 2.5% variable Fee of Rs.5,3568,005, being not a required fit charge.	Sales Tax on Services against Variable fee was paid in accordance with the KPRA rules. This is in addition to the tax charged on monthly fee

	<p>On rendering the service of fare collection, through Automatic Fare Collection (AFC), KP Sales Tax of Rs.212,646,717 had already been paid to ITS service provider, therefore, making another payment of Sales Tax with the payment of 2.5% variable Fee, was tantamount to extra burden on government kitty, which needs recovery.</p>	
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<b>4.2.7 Less realization due to difference between actual &amp; due fare income from BRT operations – Rs. 24,389 million</b>				
<b>Month</b>	<b>Monthly Ridership</b>	<b>Actual Revenue to be collected based on ridership</b>	<b>Actual realized</b>	<b>Less realization (1 - 2)</b>
		<i>1</i>	<i>2</i>	<i>3</i>
Aug-20	1,618,702	39,868,105	1,923,768,245	24,389,180
Sep-20	1,825,817	42,168,505		
Oct-20	682,813	14,556,200		
Nov-20	3,499,664	72,919,300		
Dec-20	3,484,285	72,879,580		
Jan-21	4,094,128	84,403,775		
Feb-21	4,227,544	84,533,170		
Mar-21	4,234,707	85,611,750		
Apr-21	2,879,618	57,922,685		
May-21	1,939,229	40,639,440		
Jun-21	4,369,300	87,238,230		
Jul-21	3,915,165	78,339,635		
Aug-21	4,544,969	91,316,165		
Sep-21	4,388,759	85,044,575		
Oct-21	5,205,652	101,615,210		
Nov-21	5,406,570	102,791,055		
Dec-21	5,906,359	112,996,240		
Jan-22	6,340,659	124,131,915		
Feb-22	6,280,686	120,953,170		
Mar-22	6,814,972	131,828,310		
Apr-22	4,544,882	85,067,645		
May-22	5,323,761	106,431,130		
Jun-22	6,417,493	124,901,635		
<b>Total</b>	<b>97,945,734</b>	<b>1,948,157,425</b>		

**4.2.10 Unjustified payment on account of additional transportation cost - USD 22,300**  
**Overpayment on account of custom duties - Rs. 0.741 million**

Invoice Amount as per contract US\$	1% Insurance added with contract amount (Col-1 x 1%)	Differential Amount in US\$ after adding 1% Insurance (Col-1 + Col-2)	1% Lending charges (3-Col x 1%)	Differential Amount in US\$ after adding 1% lending charges (Col- 3+ Col-4)	Exchange Rate	Assessed Value in PKR (Col-5 * Col-6)	1% Custom Duty deducted on assessed value-PKR (Col 7*1%)	Assessed value after adding custom duty - PKR (Col-7+Col-8)	Sales Tax @ 17% deducted after adding custom duty into assessed value PKR (9*17%)	Additional Sales Tax @3% deducted after adding custom duty into assessed value PKR (9*3%)	Total Assessed value for income tax (Col-9+Col-10+Col-11)	income tax deductible @5.5% on total assessed value for tax (Col-12*5.5%)	Total amount of taxes to be paid as custom duty (Col-8+Col-10+Col-11+Col-13)	Amount of taxes paid	Taxes Overpaid (Col-15-Col-16)
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
155,300	1553	156,853	1568.53	158,422	115.7	18,329,371	183,294	18,512,665	3,147,153	555,380	22,215,198	1,221,836	5,107,663	5,848,662	740,999

*(Amount in Rs.)***4.2.13 Undue favor to service providers due to non-transferring required amounts to Joint Reserve Fund Accounts – Rs. 111.966 million**

<b>S. No.</b>	<b>Name of Service Provider</b>	<b>Required amount of Reserve Fund to be transferred to the Joint Bank accounts</b>	<b>Amount of Reserve Fund transferred in designated account by service providers</b>	<b>Non/Less transfer of Reserve Fund to the Joint Bank Accounts</b>
1.	North South Pvt Ltd.	100,000,000	60,342,936	39,657,064
2.	LMK Resource Pakistan Pvt Ltd	100,000,000	50,690,486	49,309,514
3.	Messi Pvt Ltd	5,000,000	0	5,000,000
4.	Protech Pvt Ltd.	10,000,000	0	10,000,000
5.	CEMS Fueling	10,000,000	0	10,000,000
6.	CEMS Genset			
<b>Total</b>		<b>225,000,000</b>	<b>111,033,422</b>	<b>113,966,578</b>

<b>4.2.16 Non / less generation of revenue due to non-utilization of available commercial spaces – Rs. 1096.151 million</b>							
<b>Area of concern</b>	<b>Reasons of delay</b>	<b>Effect</b>	<b>Estimated Revenue per annum as per ODBM report under output-1.2</b>	<b>Estimated Revenue per month (1/12)</b>	<b>Required revenue (2 *22.5 – Months)</b>	<b>Revenue collected</b>	<b>Less generated Revenue (Rs.) (3 – 4)</b>
			<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>
Non-timely construction of approved civil works at Hayat Abad, Chamkani and Dabgari	Poor planning and frequent changes in designs on the name of site requirements	Abnormal delay	546,258,293	45,521,524	1,024,234,299	-	1,024,234,299
Non-using commercial spaces at BS-06 (Lahore Adda)	Non-development	Earning opportunity was lost	11,523,228	960,269	21,606,053	-	21,606,053
Out of 17 shops developed, at commercial spaces and allotted, 14 shops were returned back, after few months, by shopkeepers.	Non-inclusion of penalty clauses in the agreement	-do-	9,030,000	752,500	16,931,250	947,697	15,983,553
Non-using commercial spaces at BS-08	Non-development	-do-	18,307,538	1,525,628	34,326,634	-	34,326,634
<b>TOTAL</b>					<b>1,097,098,239</b>	<b>947,697</b>	<b>1,096,150,544</b>

**4.3.3 Loss to the government due to non-deduction of liquidated damages for delayed supply of BRT Fleet – USD 2.114 million**

	Delivery & Completion Schedule as per Original Schedule of Supply of the Contract Agreement		Delivery & Completion Schedule as per 2 <sup>nd</sup> Amended Schedule of Supply of the Contract Agreement		Contract Price of the un-delivered and delayed vehicles	Deductible 10% liquidated damages (US\$) of contract price of un-delivered units due to delay occurred
Description of Goods	Delivery Schedule	Due date for arrival of vehicles to the designated place	Delivery Schedule	Due date for arrival of vehicles to the designated place		
	Completion of first full unit at Factory: Two (02) months from the date of contract signing.	-	Completion of first full unit at Factory: Two (02) months from the date of contract signing	-	-	-
12M (155 buses)  Through 2 <sup>nd</sup> Amendment, 175 vehicles of 12 M size will now be procured.	Not available in the original contract	Not available in the original contract	Delivery of First Full Unit of the 12-meter vehicle: Maximum of two and one half (2.5) months from the date of Contract signing	First Full Unit within two and one half (2.5) months from the date of Contract signing w.e.f 12-03-2018. The first full 12 M unit vehicle was required to be delivered within two and one half (2.5) months from the date of Contract signing upto 25-05-2018 however, changes in the detailed design followed by various course of finalization processes, the final version of 12 M (Prototype) was submitted by the contractor on 09-11-2018 while the vehicle was shown delivered in 2022. Besides, TPC did not produce any tangible evidence, regarding delivery of first unit, when it was delivered in 2018, and why it was again re-shown delivered in 2022. The absence of documentary evidences with regard to actual delivery of the vehicle and late supply made the contractor liable for liquidated damages but it was not done.	US\$ 155,530 x 1 = US\$ 155,530 x 10% = 15,553	15,553
	Delivery of first batch/tranche of vehicles comprising a minimum of one quarter (25%) of the 12-meter vehicle quantity say 39 vehicles: Maximum of	1st batch/tranche of the quantities within three and one-half (3 .5) months, ended on 25-06-2018, from the date of contract signing.	Delivery of first batch/tranche of 20 vehicles of 12-meter length: Maximum of Four and a half (4.5) months from the date of	1st Batch/tranche of the quantities within four and one half (4.5) months from the date of receiving of production authorization for 1st Batch/tranche.	US\$ 155,530 x 20 = US\$ 311,060 x 10% = 31,106	31,106

<p>three and one-half (3.5) months from the date of contract signing</p>	<p>Out of required quantity of 38.75 say 39 vehicles (25% * 155 total vehicles), 20 vehicles were delivered late on 11-04.2019 leaving 19 vehicles as undelivered by the scheduled deadline.</p>	<p>receiving of production authorization for 20 Units.</p>	<p>The production authorization was required to be given by TPC on 03-06-2018 and supply completed upto 18-10-2018, but instead the production authorization was issued on 16-11-2018.</p> <p>Hence, showed that on one hand, short delivery of 19 vehicles was made while on the other hand the new quantity of 20 vehicles was also not supplied within the time allowed i.e., 30-03-2019, but despite all this, no liquidated damages were imposed on the supplier.</p>		
<p>Delivery of second batch/tranche of vehicles comprising a minimum of another one-quarter (25%) of the 12meter vehicle quantity say 39 vehicles: Maximum of four and one-half (4.5) months from the date of contract signing.</p>	<p>2nd batch/tranche of the quantities within four and one-half (4.5) months, ended on 25-07-2018, from the date of contract signing.</p> <p>Out of required quantity of 38.75 say 39 vehicles (25% * 155 total vehicles), 30 vehicles were delivered late on 11-10.2019 leaving 09 vehicles as undelivered by the scheduled deadline.</p>	<p>Delivery of Second batch/tranche of 30 vehicles of 12-meter length: Maximum of Four and one half (4.5) months from the date of receiving of production authorization for 30 Units</p>	<p>2nd Batch/tranche of the quantities within four and one half (4.5) months from the date of receiving of production authorization for 2<sup>nd</sup> Batch/tranche.</p> <p>The production authorization was issued on 14-02-2019 with delivery timeline of 15<sup>th</sup> April, 2019, as per 2nd amended schedule of supply from the date of authorization i.e.,14-02-19, the vehicles were required to be delivered within four and one half (4.5) months, ended on 28-06-2019, but supply was made on 11-10-2019 hence, on one hand short supply of 09 vehicles was occurred while on the other hand, delivery was made late but due to financial favour to the supplier by TPC, no liquidated damages were deducted.</p>	<p>US\$ 155,530 x 30 = US\$ 4,665,900 x 10% = 466,590</p>	<p>466,590</p>
<p>Delivery of the third batch/tranche of vehicles comprising of a minimum of another one-quarter (25%) of the 12meter vehicle quantity say 39 12 M vehicles: Maximum of five and one-half (5 .5)</p>	<p>3rd batch/tranche of the quantities within five and one-half (5.5) months, ended on 24-08-2018, from the date of contract signing.</p> <p>Out of required quantity of 38.75 say 39 vehicles (25% * 155 total</p>	<p>Delivery of Third batch/tranche of 42 vehicles of 12-meter length: Maximum of Four and one half (4.5) months from the date of receiving of production</p>	<p>3rd Batch/tranche of the quantities within four and one half (4.5) months from the date of receiving of production authorization for 3<sup>rd</sup> Batch/trench.</p> <p>The production authorization was issued on 28-02-2019 with delivery</p>	<p>US\$ 155,530 x 42 = US\$ 6,532,260 x 10% = 653,226</p>	<p>653,226</p>

	months from the date of contract signing	vehicles), 42 vehicles were delivered late on 01-07-2020.	authorization for 42 Units	timeline of <b>on 15-07-2019</b> , as per amended schedule of supply, from the date of authorization i.e., 28-02-2019 the supply was to be completed within <b>four and one half (4.5) months</b> , but the supply was made late on 01-07-2020 but due to extending financial favor to the contractor, no liquidated damages were deducted.		
<b>SUB-TOTAL LIQUIDATED DAMAGES TO BE DEDUCTED FROM CONTRACTOR FOR 12 M BRT VEHICLES (A)</b>						<b>1,166,475</b>

	Delivery & Completion Schedule as per Original Schedule of Supply of the Contract Agreement		Delivery & Completion Schedule as per Amended Schedule of Supply of the Contract Agreement		Contract Price of the un-delivered and delayed vehicles	Deductible 10% liquidated damages (US\$) of contract price of un-delivered units due to delay occurred
Description of Goods	Delivery Schedule	Due date for arrival of vehicles to the designated place	Delivery Schedule	Due date for arrival of vehicles to the designated place		
18M (65 buses)	Completion of first full unit at Factory: Three (03) months from the date of contract signing	-	Completion of first full unit at Factory: Three (03) months from the date of contract signing	-		
	Delivery of first batch/tranche of vehicles comprising of a minimum of one-quarter (25%) of the 18-meter vehicle quantity say 16 vehicles: Maximum of four and one-half (4.5) months from the date of contract signing	1st batch/tranche of the quantities within four and one-half (4.5) months, ended on 25-07-2018, from the date of contract signing. Out of required quantity of 16.25 say 16 vehicles (25% * 65- total vehicles), no vehicles were delivered within the stipulated period of time but 20 vehicles were delivered late on 17-02-2020.	Delivery of first batch/tranche of 20 vehicles of the 18-meter length: Maximum of Four and one half (4.5) months from the date of receiving of production authorization for 20 Units	1st Batch/tranche of the quantities within four and one half (4.5) months from the date of receiving of production authorization for 20 Units.  The production authorization was issued on 14-02-2019 with delivery timeline of <b>ended on 28-06-2019</b> , as per 2 <sup>nd</sup> amended schedule of supply. Hence, from the date of authorization, supply was to be completed within <b>four and one half (4.5) months</b> but it was made late on 17-02-2020 but no liquidated damages were deducted due to extending financial favor to the supplier by TPC.	US\$ 270,830 X 20=US\$ 5,416,600 x 10% = 541,660	541,660
	Delivery of second batch/tranche of vehicles comprising of a minimum of another one-quarter	2nd batch/tranche of the quantities within five and one-half (5.5) months, ended on 24-	Delivery of Second batch/tranche of 15 vehicles of the 18-meter length: Maximum of	Delivery of 2nd Batch/tranche of the quantities within four and one half (4.5) months from the date of	US\$ 270,830 X 15=US\$ 4,062,450 x 10% = 406,245	406,245

	(25%) of the 18-meter vehicle quantity say 16 vehicles: Maximum of five and one-half (5.5) months from the date of contract signing	08-2018, from the date of contract signing. 15 vehicles were delivered late on 01-07.2020 by the scheduled deadline.	Four and one half (4.5) months from the date of receiving of production authorization for 15 units	receiving of production authorization for 15 units. The production authorization was issued on 28-02-2019 with delivery timeline upto 15-06-2019, as per 2 <sup>nd</sup> amended schedule of supply. Hence, from the date of authorization, supply was to be completed within four and one half (4.5) months but the supply was made on 01-07-2020. Thus, due to extending financial favor to the supplier, TPC did not deduct liquidated damages.		
<b>SUB-TOTAL LIQUIDATED DAMAGES TO BE DEDUCTED FROM CONTRACTOR FOR 18 M BRT VEHICLES (B)</b>						<b>947,905</b>
<b>GRAND TOTAL (A+B)</b>						<b>2,114,380</b>

**Annexure-VIII**

<b>4.4.1 Loss to the government due to failure in minimizing and controlling dead kilometers by not allocating routes to the nearest depots – Rs. 249.339 million</b>							
<b>S. NO</b>	<b>MONTH</b>	<b>DURATION</b>	<b>Updated KM Rate/Km</b>		<b>KM TRAVELLED</b>	<b>AMOUNT OF KM TRAVELLED</b>	<b>DAEWOO DEAD MILEAGE COST</b>
1	August 2020	1.8.2020 TO 31.8.2020	187.318	OnKm18d	12,796	2,396,895	6,241,375
			131.123	OnKm12d	28,261	3,705,615	
			140.489	OffKm12d	988	138,865	
2	September 2020	1.9.2020 TO 30.9.2020	187.093	OnKm18d	7,348	1,374,692	6,245,195
			130.965	OnKm12d	34,055	4,460,067	
			140.320	OffKm12d	2,925	410,436	
3	October 2020	24.10.2020 TO 31.10.2020	185.230	OnKm18d	5,188	961,017.31	2,650,686
			129.661	OnKm12d	12,242	1,587,308.88	
			138.923	OffKm12d	737	102,359.72	
4	November 2020	01.11.2020 TO 15.11.2020	183.704	OnKm18d	10,242	1,881,498.97	10,270,451
			128.592	OnKm12d	23,775	3,057,313.67	
			137.778	OffKm12d	1,678	231,134.64	
		16.11.2020 TO 30.11.2020	182.921	OnKm18d	10,215	1,868,565.11	
			128.045	OnKm12d	23,281	2,981,050.91	
			137.191	OffKm12d	1,829	250,887.29	
5	December 2020	01.12.2020 TO 15.10.2020	186.863	OnKm18d	10,511	1,964,087.56	10,969,235
			130.804	OnKm12d	24,075	3,149,053.80	
			140.147	OffKm12d	1,110	155,530.22	
		16.12.2020 TO 31.12.2020	188.151	OnKm18d	10,995	2,068,673.65	
			131.706	OnKm12d	26,916	3,545,018.43	
			141.113	OffKm12d	616	86,871.69	
6	January 2021	01.01.2021 TO 15.01.2021	191.539	OnKm18d	10,511	2,013,239.87	11,240,321
			134.077	OnKm12d	24,075	3,227,860.51	
			143.654	OffKm12d	1,110	159,422.45	
		16.01.2021 TO 31.01.2021	192.747	OnKm18d	10,995	2,119,200.47	
			134.923	OnKm12d	26,916	3,631,604.59	
			144.560	OffKm12d	616	88,993.51	
7	February 2021	1.2.2021 TO 28.2.2021	204.584	OnKm18d	16,532	3,382,273	9,925,798
			143.209	OnKm12d	44,983	6,441,898.52	
			153.438	OffKm12d	662	101,627	
8	March 2021	1.3.2021 TO 31.3.2021	201.664	OnKm18d	18,441	3,718,890	10,666,705

			141.165	OnKm12d	47,975	6,772,322	
			151.248	OffKm12d	1,160	175,493	
9	April 2021 Final	1.4.2021 TO 15.4.2021	199.813	OnKm18d	8,871	1,772,553	8,233,701
			139.869	OnKm12d	20,414	2,855,289	
			149.860	OffKm12d	782	117,115	
			198.887	OnKm18d	8,495	1,689,487	
		16.4.2021 TO 30.4.2021	139.221	OnKm12d	12,223	1,701,739	
			149.165	OffKm12d	654	97,519	
10	May 2021 Final	1.5.2021 TO 15.5.2021	196.852	OnKm18d	2,984	587,387	5,589,873
			137.796	OnKm12d	2,471	340,479	
			147.639	OffKm12d	146	21,604	
		16.5.2021 TO 31.5.2021	196.852	OnKm18d	10,269	2,021,458	
			137.796	OnKm12d	18,073	2,490,395	
			147.639	OffKm12d	871	128,550	
11	June 2021 Final	1.6.2021 TO 15.6.2021	196.645	OnKm18d	9,678	1,903,038	10,551,229
			137.652	OnKm12d	19,368	2,665,992	
			147.484	OffKm12d	2,169	319,957	
		16.6.2021 TO 30.6.2021	197.375	OnKm18d	10,215	2,016,214	
			138.162	OnKm12d	22,763	3,145,030	
			148.031	OffKm12d	3,384	500,996	
12	July 2021 Final	1.7.2021 TO 15.7.2021	198.130	OnKm18d	10,484	2,077,187	11,451,202
			138.691	OnKm12d	23,130	3,207,932	
			148.597	OffKm12d	3,340	496,325	
		16.7.2021 TO 31.7.2021	199.135	OnKm18d	10,645	2,119,850	
			139.395	OnKm12d	22,067	3,076,069	
			149.352	OffKm12d	3,173	473,839	
13	August 2021 Final	1.8.2021 TO 15.8.2021	199.166	OnKm18d	10,456	2,082,403	11,500,755
			139.416	OnKm12d	22,922	3,195,667	
			149.374	OffKm12d	3,571	533,349	
		16.8.2021 TO 31.8.2021	199.166	OnKm18d	9,782	1,948,227	
			139.416	OnKm12d	22,810	3,180,035	
			149.374	OffKm12d	3,756	561,074	
14	September 2021 Final	1.9.2021 TO 15.9.2021	202.720	OnKm18d	10,510	2,130,490	12,608,039
			141.904	OnKm12d	25,237	3,581,188	
			152.040	OffKm12d	4,123	626,893	
		16.9.2021 TO 30.9.2021	204.686	OnKm18d	10,510	2,151,150	
			143.280	OnKm12d	25,062	3,590,823	
			153.514	OffKm12d	3,436	527,495	

15	October 2021 Final	1.10.2021 TO 15.10.2021	207.427	OnKm18d	10,510	2,179,964	12,895,509
			145.199	OnKm12d	24,535	3,562,437	
			155.571	OffKm12d	3,274	509,331	
		16.10.2021 TO 31.10.2021	212.028	OnKm18d	10,860	2,302,593	
			148.420	OnKm12d	25,547	3,791,691	
			159.021	OffKm12d	3,455	549,494	
16	November 2021 Final	1.11.2021 TO 04.11.2021	215.045	OnKm18d	2,776	596,878	13,096,601
			150.532	OnKm12d	6,791	1,022,292	
			161.284	OffKm12d	883	142,385	
		05.11.2021 TO 30.11.2021	217.777	OnKm18d	17,731	3,861,508	
			152.444	OnKm12d	43,457	6,624,730	
			163.333	OffKm12d	5,197	848,807	
17	December 2021 Final	1.12.2021 TO 15.12.2021	222.932	OnKm18d	10,402	2,318,884	13,963,085
			156.053	OnKm12d	25,954	4,050,170	
			167.199	OffKm12d	2,553	426,885	
		16.12.2021 TO 31.12.2021	221.350	OnKm18d	11,102	2,457,510	
			154.945	OnKm12d	27,522	4,264,394	
			166.013	OffKm12d	2,682	445,243	
18	January 2022 Final	1.1.2022 TO 15.1.2022	226.095	OnKm18d	10,375	2,345,687	14,136,393
			158.266	OnKm12d	24,860	3,934,436	
			169.571	OffKm12d	2,612	442,963	
		16.1.2022 TO 31.1.2022	227.051	OnKm18d	10,995	2,496,331	
			158.936	OnKm12d	27,934	4,439,753	
			170.288	OffKm12d	2,802	477,224	
19	Febuary 2022 Final	1.2.2022 TO 15.2.2022	224.236	OnKm18d	10,402	2,332,441	13,765,226
			156.965	OnKm12d	27,723	4,351,574	
			168.177	OffKm12d	3,325	559,152	
		16.2.2022 TO 28.2.2022	227.210	OnKm18d	8,974	2,038,873	
			159.047	OnKm12d	24,695	3,927,594	
			170.408	OffKm12d	3,260	555,591	
20	March 2022 Final	1.3.2022 TO 15.3.2022	219.420	OnKm18d	10,375	2,276,439	15,049,587
			153.594	OnKm12d	28,667	4,403,092	
			164.565	OffKm12d	3,877	637,952	
		16.3.2022 TO 31.3.2022	219.420	OnKm18d	11,022	2,418,346	
			153.594	OnKm12d	30,071	4,618,778	
			164.565	OffKm12d	4,223	694,981	
21	April 2022 Final	1.4.2022 TO 15.4.2022	216.576	OnKm18d	6,252	1,353,991	8,484,805
			151.603	OnKm12d	18,275	2,770,588	

			162.432	OffKm12d	2,244	364,479			
		16.4.2022 TO 30.4.2022	216.576	OnKm18d	5,336	1,155,561			
			151.603	OnKm12d	16,141	2,446,988			
			162.432	OffKm12d	2,421	393,198			
			210.968	OnKm18d	16,627	3,507,676			
22	May 2022 Final	1.5.2022 TO 26.5.2022	147.677	OnKm12d	43,946	6,489,796	13,289,297		
			158.226	OffKm12d	6,169	976,131			
			220.361	OnKm18d	3,234	712,581			
		27.5.2022 TO 31.5.2022	154.253	OnKm12d	8,995	1,387,570			
			165.271	OffKm12d	1,304	215,543			
			239.157	OnKm18d	1,347	322,234			
23	June 2022 Final	1.6.2022 TO 2.6.2022	167.410	OnKm12d	3,782	633,079	16,513,520		
			179.368	OffKm12d	531	95,161			
			246.932	OnKm18d	8,893	2,195,886			
		3.6.2022 TO 15.6.2022	172.852	OnKm12d	24,046	4,156,418			
			185.199	OffKm12d	3,533	654,231			
			260.011	OnKm18d	10,294	2,676,544			
		16.6.2022 TO 30.6.2022	182.008	OnKm12d	27,589	5,021,441			
			195.009	OffKm12d	3,890	758,527			
			<b>Total financial impact bore by government due to payment of dead kilometers</b>						<b>249,338,587.62</b>

4.5.1 Irregular transfer of legal title and ownership of BRT vehicles to bus operator valuing Rs. 6,268.312 million									
Vehicle Type	Transfer price of 12 M vehicle	Vehicles delivered (12 M)	12 M Vehicles price to be paid by bus operator upon transfer of legal title (2*3)	Transfer price of 18 M vehicle	Vehicles delivered (18 M)	Price to be paid for 18 M bus by operator upon transfer of legal title (5*6)	Vehicles to be delivered (12 M)	Price of remaining 62 Vehicles (12 M) to be delivered upon transfer of legal title (8*3)	Total price to be paid by Bus operator upon transfer of legal title (4+7+9)
1	2	3	4	5	6	7	8	9	10
12 & 18 Meter	144	93	13,392	288	65	18,720	62	8,928	41,040

ODO reading of 158 buses from start of Operations till 30th June 2022							
S. No.	Actual operating Days			Total KMs to be travelled			
	636			1,200,000.00			
	Bus Number (A-Series)- 18m	Total KMs to be travelled	ODO Reading (Actual KMs travelled upto 30th June, 22)	AVG /Day @ 636 operation days till June, 22 (1/636 Days)	Remaining KMs to Achieve 1,200,000 (1 - 2)	Average Number of Days Need to Achieve Remaining KMs (4 / 3)	Average Number of Year Assuming 1 Year = 365 days (5 / 365)
	1	2	3	4	5	6	
1	A0001	1,200,000.00	228,937.00	359.96	971,063.00	2697.668214	7.00
2	A0002	1,200,000.00	220,581.00	346.83	979,419.00	2823.953486	8.00
3	A0003	1,200,000.00	224,158.00	352.45	975,842.00	2768.741299	8.00
4	A0004	1,200,000.00	201,310.00	316.53	998,690.00	3155.167851	9.00
5	A0005	1,200,000.00	219,420.00	345.00	980,580.00	2842.26087	8.00
6	A0006	1,200,000.00	215,111.00	338.22	984,889.00	2911.935717	8.00
7	A0007	1,200,000.00	220,224.00	346.26	979,776.00	2829.562337	8.00
8	A0008	1,200,000.00	213,631.00	335.90	986,369.00	2936.515225	8.00

9	<b>A0009</b>	1,200,000.00	<b>212,183.00</b>	333.62	987,817.00	2960.895133	8.00
10	<b>A0010</b>	1,200,000.00	<b>212,889.00</b>	334.73	987,111.00	2948.966814	8.00
11	<b>A0011</b>	1,200,000.00	<b>109,410.00</b>	172.03	1,090,590.00	6339.596381	17.00
12	<b>A0012</b>	1,200,000.00	<b>214,969.00</b>	338.00	985,031.00	2914.279343	8.00
13	<b>A0013</b>	1,200,000.00	<b>213,267.00</b>	335.33	986,733.00	2942.612725	8.00
14	<b>A0014</b>	1,200,000.00	<b>203,654.00</b>	320.21	996,346.00	3111.53258	9.00
15	<b>A0015</b>	1,200,000.00	<b>202,031.00</b>	317.66	997,969.00	3141.638085	9.00
16	<b>A0016</b>	1,200,000.00	<b>211,384.00</b>	332.36	988,616.00	2974.49086	8.00
17	<b>A0017</b>	1,200,000.00	<b>204,581.00</b>	321.67	995,419.00	3094.551713	8.00
18	<b>A0018</b>	1,200,000.00	<b>227,216.00</b>	357.26	972,784.00	2722.918386	7.00
19	<b>A0019</b>	1,200,000.00	<b>227,026.00</b>	356.96	972,974.00	2725.729494	7.00
20	<b>A0020</b>	1,200,000.00	<b>225,479.00</b>	354.53	974,521.00	2748.794149	8.00
21	<b>A0021</b>	1,200,000.00	<b>212,483.00</b>	334.09	987,517.00	2955.816757	8.00
22	<b>A0022</b>	1,200,000.00	<b>223,626.00</b>	351.61	976,374.00	2776.841083	8.00
23	<b>A0023</b>	1,200,000.00	<b>205,193.00</b>	322.63	994,807.00	3083.425127	8.00
24	<b>A0024</b>	1,200,000.00	<b>188,469.00</b>	296.33	1,011,531.00	3413.472327	9.00
25	<b>A0025</b>	1,200,000.00	<b>205,674.00</b>	323.39	994,326.00	3074.726684	8.00
26	<b>A0026</b>	1,200,000.00	<b>229,361.00</b>	360.63	970,639.00	2691.505548	7.00
27	<b>A0027</b>	1,200,000.00	<b>226,353.00</b>	355.90	973,647.00	2735.724695	7.00
28	<b>A0028</b>	1,200,000.00	<b>228,105.00</b>	358.66	971,895.00	2709.827579	7.00
29	<b>A0029</b>	1,200,000.00	<b>191,784.00</b>	301.55	1,008,216.00	3343.476912	9.00
30	<b>A0030</b>	1,200,000.00	<b>211,689.00</b>	332.84	988,311.00	2969.288891	8.00
31	<b>A0031</b>	1,200,000.00	<b>207,732.00</b>	326.62	992,268.00	3037.964531	8.00
32	<b>A0032</b>	1,200,000.00	<b>202,711.00</b>	318.73	997,289.00	3128.965887	9.00
33	<b>A0033</b>	1,200,000.00	<b>201,892.00</b>	317.44	998,108.00	3144.23894	9.00
34	<b>A0034</b>	1,200,000.00	<b>177,279.00</b>	278.74	1,022,721.00	3669.078436	10.00
35	<b>A0035</b>	1,200,000.00	<b>185,839.00</b>	292.20	1,014,161.00	3470.7806	10.00
36	<b>A0036</b>	1,200,000.00	<b>94,388.00</b>	148.41	1,105,612.00	7449.773615	20.00
37	<b>A0037</b>	1,200,000.00	<b>88,879.00</b>	139.75	1,111,121.00	7950.955299	22.00
38	<b>A0038</b>	1,200,000.00	<b>121,642.00</b>	191.26	1,078,358.00	5638.148732	15.00
39	<b>A0039</b>	1,200,000.00	<b>121,133.00</b>	190.46	1,078,867.00	5664.51266	16.00
40	<b>A0040</b>	1,200,000.00	<b>126,581.00</b>	199.03	1,073,419.00	5393.340896	15.00

41	<b>A0041</b>	1,200,000.00	<b>119,199.00</b>	187.42	1,080,801.00	5766.738278	16.00
42	<b>A0042</b>	1,200,000.00	<b>117,121.00</b>	184.15	1,082,879.00	5880.337804	16.00
43	<b>A0043</b>	1,200,000.00	<b>125,920.00</b>	197.99	1,074,080.00	5424.991105	15.00
44	<b>A0044</b>	1,200,000.00	<b>116,467.00</b>	183.12	1,083,533.00	5916.929156	16.00
45	<b>A0045</b>	1,200,000.00	<b>123,597.00</b>	194.33	1,076,403.00	5538.907158	15.00
46	<b>A0046</b>	1,200,000.00	<b>86,098.00</b>	135.37	1,113,902.00	8228.317406	23.00
47	<b>A0047</b>	1,200,000.00	<b>123,971.00</b>	194.92	1,076,029.00	5520.278484	15.00
48	<b>A0048</b>	1,200,000.00	<b>114,453.00</b>	179.96	1,085,547.00	6032.239365	17.00
49	<b>A0049</b>	1,200,000.00	<b>117,269.00</b>	184.39	1,082,731.00	5872.113824	16.00
50	<b>A0050</b>	1,200,000.00	<b>118,240.00</b>	185.91	1,081,760.00	5818.668471	16.00
51	<b>A0051</b>	1,200,000.00	<b>113,584.00</b>	178.59	1,086,416.00	6083.256233	17.00
52	<b>A0052</b>	1,200,000.00	<b>116,508.00</b>	183.19	1,083,492.00	5914.623133	16.00
53	<b>A0053</b>	1,200,000.00	<b>112,911.00</b>	177.53	1,087,089.00	6123.306002	17.00
54	<b>A0054</b>	1,200,000.00	<b>115,568.00</b>	181.71	1,084,432.00	5967.904195	16.00
55	<b>A0055</b>	1,200,000.00	<b>113,183.00</b>	177.96	1,086,817.00	6107.062121	17.00
56	<b>A0056</b>	1,200,000.00	<b>109,655.00</b>	172.41	1,090,345.00	6324.010943	17.00
57	<b>A0057</b>	1,200,000.00	<b>103,575.00</b>	162.85	1,096,425.00	6732.573497	18.00
58	<b>A0058</b>	1,200,000.00	<b>104,094.00</b>	163.67	1,095,906.00	6695.834688	18.00
59	<b>A0059</b>	1,200,000.00	<b>97,932.00</b>	153.98	1,102,068.00	7157.162603	20.00
60	<b>A0060</b>	1,200,000.00	<b>87,432.00</b>	137.47	1,112,56.00	8093.069448	22.00
61	<b>A0061</b>	1,200,000.00	<b>80,923.00</b>	127.24	1,119,077.00	8795.187672	24.00
62	<b>A0062</b>	1,200,000.00	<b>76,592.00</b>	120.43	1,123,408.00	9328.487153	26.00
63	<b>A0063</b>	1,200,000.00	<b>66,261.00</b>	104.18	1,133,739.00	10882.08756	30.00
64	<b>A0064</b>	1,200,000.00	<b>61,543.00</b>	96.77	1,138,457.00	11765.08542	32.00
65	<b>A0065</b>	1,200,000.00	<b>57,352.00</b>	90.18	1,142,648.00	12671.2953	35.00
	<b>Total</b>		<b>10,437,722</b>				

S. No.	Bus Number (B-Series) -12m	Total KMs to be travelled	ODO Reading (Actual KMs travelled upto 30th June, 22)	AVG /Day @ 636 operation days till June, 22 (1/636 Days)	Remaining KMs to Achieve 1,200,000 (1 - 2)	Average Number of Days Need to Achieve Remaining KMs (4 / 3)	Average Number of Year Assuming 1 Year = 365 days (5 / 365)
		<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>
1	<b>B0001</b>	1,200,000.00	<b>34784</b>	54.69	1,165,216.00	21305.12236	58.00
2	<b>B0002</b>	1,200,000.00	<b>174627</b>	274.57	1,025,373.00	3734.458177	10.00
3	<b>B0003</b>	1,200,000.00	<b>170761</b>	268.49	1,029,239.00	3833.404606	11.00
4	<b>B0004</b>	1,200,000.00	<b>159280</b>	250.44	1,040,720.00	4155.562029	11.00
5	<b>B0005</b>	1,200,000.00	<b>144539</b>	227.26	1,055,461.00	4644.235784	13.00
6	<b>B0006</b>	1,200,000.00	<b>164873</b>	259.23	1,035,127.00	3993.017486	11.00
7	<b>B0007</b>	1,200,000.00	<b>169257</b>	266.13	1,030,743.00	3873.119268	11.00
8	<b>B0008</b>	1,200,000.00	<b>159294</b>	250.46	1,040,706.00	4155.140909	11.00
9	<b>B0009</b>	1,200,000.00	<b>170810</b>	268.57	1,029,190.00	3832.122475	10.00
10	<b>B0010</b>	1,200,000.00	<b>158954</b>	249.93	1,041,046.00	4165.389081	11.00
11	<b>B0011</b>	1,200,000.00	<b>167636</b>	263.58	1,032,364.00	3916.721372	11.00
12	<b>B0012</b>	1,200,000.00	<b>173460</b>	272.74	1,026,540.00	3763.86164	10.00
13	<b>B0013</b>	1,200,000.00	<b>156585</b>	246.20	1,043,415.00	4238.03008	12.00
14	<b>B0014</b>	1,200,000.00	<b>152501</b>	239.78	1,047,499.00	4368.557347	12.00
15	<b>B0015</b>	1,200,000.00	<b>174185</b>	273.88	1,025,815.00	3745.548354	10.00
16	<b>B0016</b>	1,200,000.00	<b>185032</b>	290.93	1,014,968.00	3488.691945	10.00
17	<b>B0017</b>	1,200,000.00	<b>170669</b>	268.35	1,029,331.00	3835.813862	11.00
18	<b>B0018</b>	1,200,000.00	<b>166342</b>	261.54	1,033,658.00	3952.137692	11.00
19	<b>B0019</b>	1,200,000.00	<b>178844</b>	281.20	1,021,156.00	3631.406231	10.00
20	<b>B0020</b>	1,200,000.00	<b>178102</b>	280.03	1,021,898.00	3649.184894	10.00
21	<b>B0021</b>	1,200,000.00	<b>175112</b>	275.33	1,024,888.00	3722.353511	10.00
22	<b>B0022</b>	1,200,000.00	<b>189113</b>	297.35	1,010,887.00	3399.68237	9.00
23	<b>B0023</b>	1,200,000.00	<b>175349</b>	275.71	1,024,651.00	3716.462803	10.00
24	<b>B0024</b>	1,200,000.00	<b>177166</b>	278.56	1,022,834.00	3671.8243	10.00
25	<b>B0025</b>	1,200,000.00	<b>190096</b>	298.89	1,009,904.00	3378.813568	9.00
26	<b>B0026</b>	1,200,000.00	<b>153222</b>	240.92	1,046,778.00	4345.007949	12.00
27	<b>B0027</b>	1,200,000.00	<b>95050</b>	149.45	1,104,950.00	7393.45818	20.00

28	<b>B0028</b>	1,200,000.00	<b>177908</b>	279.73	1,022,092.00	3653.857679	10.00
29	<b>B0029</b>	1,200,000.00	<b>166503</b>	261.80	1,033,497.00	3947.701195	11.00
30	<b>B0030</b>	1,200,000.00	<b>156447</b>	245.99	1,043,553.00	4242.329402	12.00
31	<b>B0031</b>	1,200,000.00	<b>158216</b>	248.77	1,041,784.00	4187.785205	11.00
32	<b>B0032</b>	1,200,000.00	<b>163732</b>	257.44	1,036,268.00	4025.275743	11.00
33	<b>B0033</b>	1,200,000.00	<b>156202</b>	245.60	1,043,798.00	4249.980973	12.00
34	<b>B0034</b>	1,200,000.00	<b>156706</b>	246.39	1,043,294.00	4234.266614	12.00
35	<b>B0035</b>	1,200,000.00	<b>138568</b>	217.87	1,061,432.00	4871.765141	13.00
36	<b>B0036</b>	1,200,000.00	<b>128444</b>	201.96	1,071,556.00	5305.889072	15.00
37	<b>B0037</b>	1,200,000.00	<b>149015</b>	234.30	1,050,985.00	4485.63205	12.00
38	<b>B0038</b>	1,200,000.00	<b>148154</b>	232.95	1,051,846.00	4515.39652	12.00
39	<b>B0039</b>	1,200,000.00	<b>153456</b>	241.28	1,046,544.00	4337.412574	12.00
40	<b>B0040</b>	1,200,000.00	<b>134930</b>	212.15	1,065,070.00	5020.266212	14.00
41	<b>B0041</b>	1,200,000.00	<b>153965</b>	242.08	1,046,035.00	4320.97074	12.00
42	<b>B0042</b>	1,200,000.00	<b>134691</b>	211.78	1,065,309.00	5030.302871	14.00
43	<b>B0043</b>	1,200,000.00	<b>145681</b>	229.06	1,054,319.00	4602.843775	13.00
44	<b>B0044</b>	1,200,000.00	<b>148851</b>	234.04	1,051,149.00	4491.274926	12.00
45	<b>B0045</b>	1,200,000.00	<b>149749</b>	235.45	1,050,251.00	4460.528191	12.00
46	<b>B0046</b>	1,200,000.00	<b>164382</b>	258.46	1,035,618.00	4006.844107	11.00
47	<b>B0047</b>	1,200,000.00	<b>139979</b>	220.09	1,060,021.00	4816.246408	13.00
48	<b>B0048</b>	1,200,000.00	<b>119557</b>	187.98	1,080,443.00	5747.565998	16.00
49	<b>B0049</b>	1,200,000.00	<b>157898</b>	248.27	1,042,102.00	4197.500108	12.00
50	<b>B0050</b>	1,200,000.00	<b>75970</b>	119.45	1,124,030.00	9410.070817	26.00
51	<b>B0051</b>	1,200,000.00	<b>81256</b>	127.76	1,118,744.00	8756.537166	24.00
52	<b>B0052</b>	1,200,000.00	<b>104341</b>	164.06	1,095,659.00	6678.478489	18.00
53	<b>B0053</b>	1,200,000.00	<b>129860</b>	204.18	1,070,140.00	5241.098414	14.00
54	<b>B0054</b>	1,200,000.00	<b>141662</b>	222.74	1,058,338.00	4751.471587	13.00
55	<b>B0055</b>	1,200,000.00	<b>160865</b>	252.93	1,039,135.00	4108.350853	11.00
56	<b>B0056</b>	1,200,000.00	<b>117451</b>	184.67	1,082,549.00	5862.028965	16.00
57	<b>B0057</b>	1,200,000.00	<b>126369</b>	198.69	1,073,631.00	5403.455879	15.00
58	<b>B0058</b>	1,200,000.00	<b>131060</b>	206.07	1,068,940.00	5187.287044	14.00
59	<b>B0059</b>	1,200,000.00	<b>146001</b>	229.56	1,053,999.00	4591.361456	13.00

60	<b>B0060</b>	1,200,000.00	<b>141935</b>	223.17	1,058,065.00	4741.10924	13.00
61	<b>B0061</b>	1,200,000.00	<b>121128</b>	190.45	1,078,872.00	5664.772736	16.00
62	<b>B0062</b>	1,200,000.00	<b>138173</b>	217.25	1,061,827.00	4887.510382	13.00
63	<b>B0063</b>	1,200,000.00	<b>142144</b>	223.50	1,057,856.00	4733.203062	13.00
64	<b>B0064</b>	1,200,000.00	<b>129552</b>	203.70	1,070,448.00	5255.070767	14.00
65	<b>B0065</b>	1,200,000.00	<b>129060</b>	202.92	1,070,940.00	5277.528591	14.00
66	<b>B0066</b>	1,200,000.00	<b>124183</b>	195.26	1,075,817.00	5509.768745	15.00
67	<b>B0067</b>	1,200,000.00	<b>126281</b>	198.56	1,073,719.00	5407.664526	15.00
68	<b>B0068</b>	1,200,000.00	<b>128393</b>	201.88	1,071,607.00	5308.249297	15.00
69	<b>B0069</b>	1,200,000.00	<b>116575</b>	183.29	1,083,425.00	5910.858246	16.00
70	<b>B0070</b>	1,200,000.00	<b>158376</b>	249.02	1,041,624.00	4182.911956	11.00
71	<b>B0071</b>	1,200,000.00	<b>162781</b>	255.94	1,037,219.00	4052.507873	11.00
72	<b>B0072</b>	1,200,000.00	<b>155006</b>	243.72	1,044,994.00	4287.680374	12.00
73	<b>B0073</b>	1,200,000.00	<b>144664</b>	227.46	1,055,336.00	4639.673284	13.00
74	<b>B0074</b>	1,200,000.00	<b>159508</b>	250.80	1,040,492.00	4148.712992	11.00
75	<b>B0075</b>	1,200,000.00	<b>150213</b>	236.18	1,049,787.00	4444.785285	12.00
76	<b>B0076</b>	1,200,000.00	<b>146170</b>	229.83	1,053,830.00	4585.317644	13.00
77	<b>B0077</b>	1,200,000.00	<b>134726</b>	211.83	1,065,274.00	5028.830842	14.00
78	<b>B0078</b>	1,200,000.00	<b>157852</b>	248.19	1,042,148.00	4198.908649	12.00
79	<b>B0079</b>	1,200,000.00	<b>144115</b>	226.60	1,055,885.00	4659.770739	13.00
80	<b>B0080</b>	1,200,000.00	<b>118360</b>	186.10	1,081,640.00	5812.124366	16.00
81	<b>B0081</b>	1,200,000.00	<b>109411</b>	172.03	1,090,589.00	6339.532625	17.00
82	<b>B0082</b>	1,200,000.00	<b>120552</b>	189.55	1,079,448.00	5694.877961	16.00
83	<b>B0083</b>	1,200,000.00	<b>132572</b>	208.45	1,067,428.00	5120.871738	14.00
84	<b>B0084</b>	1,200,000.00	<b>110374</b>	173.54	1,089,626.00	6278.671934	17.00
85	<b>B0085</b>	1,200,000.00	<b>109176</b>	171.66	1,090,824.00	6354.547373	17.00
86	<b>B0086</b>	1,200,000.00	<b>144263</b>	226.83	1,055,737.00	4654.337786	13.00
87	<b>B0087</b>	1,200,000.00	<b>91238</b>	143.46	1,108,762.00	7728.935663	21.00
88	<b>B0088</b>	1,200,000.00	<b>133043</b>	209.19	1,066,957.00	5100.49121	14.00
89	<b>B0089</b>	1,200,000.00	<b>87113</b>	136.97	1,112,887.00	8125.034518	22.00
90	<b>B0090</b>	1,200,000.00	<b>102355</b>	160.94	1,097,645.00	6820.401739	19.00
91	<b>B0091</b>	1,200,000.00	<b>106634</b>	167.66	1,093,366.00	6521.19189	18.00

92	<b>B0092</b>	1,200,000.00	<b>98382</b>	154.69	1,101,618.00	7121.516619	20.00
93	<b>B0093</b>	1,200,000.00	<b>103933</b>	163.42	1,096,067.00	6707.192249	18.00
<b>Total</b>			<b>13,261,753</b>				

Summary shows that on the basis of data generated from ITS regarding actual KM travelled by each Bus, after operation for 636 days (August-20 to June-22, 64 buses, ), at the current operational performance level, 64 buses would complete the mile stone of 1.2 million KM travelling before reaching the contract expiry period of 12 years.

Number of years	Count of buses 18 Meter	Count of buses 12 Meter
7	6	0
8	19	0
9	7	2
10	2	11
11	0	17
<b>Total</b>	<b>34</b>	<b>30</b>

**Statement showing expenditure incurred and revenue generated from BRT operations  
w.e.f 13<sup>th</sup> August, 2020 to 30<sup>th</sup> June, 2022**

<b>4.7.1 Failure in meeting payback period &amp; financial sustainability of the project due to less achievement of estimated yearly income – Rs. 10,261.576 million Loss due to earning less and spending more on BRT by TPC – Rs. 427.404 million</b>		
<b>Expenditure incurred</b>		
<b>S. No.</b>	<b>Name of Service provider</b>	<b>Amount paid</b>
1	CEMS Fuel	57,593,322
2	CEMS Genset	96,999,388
3	Daewoo	3,766,524,858
4	Messi	235,189,751
5	Protech Solution	76,369,047
6	LMKR-ITS	2,044,703,985
<b>Total Expenditure</b>		<b>6,277,380,351</b>
<b>Revenue collected</b>		
<b>S. No.</b>	<b>Revenue Source</b>	<b>Total Revenue Generated</b>
1	Fare receipts from BRT operations	1,923,768,245
2	Receipts collected from sale of Zu Cards	124,225,250
3	Non-fare Revenue from Advertisement	9,321,320
4	Income received from rent of shops	3,109,797
<b>Total Revenue</b>		<b>2,060,424,612</b>