SPECIAL AUDIT REPORT

ON

IRREGULARITIES IN NTDC

AUDIT YEAR 2022-23

AUDITOR-GENERAL OF PAKISTAN

PREFACE

The Auditor General of Pakistan conducts audit under Articles 169 and 170 of the Constitution of the Islamic Republic of Pakistan 1973, read with Sections 8 and 12 of the Auditor General's (Functions, Powers, Terms and Conditions of Service) Ordinance 2001. The Special Audit on the irregularities in National Transmission and Despatch Company (NTDC) was carried out on the basis of complaints in public interest.

The Directorate General of Audit Power conducted Special Audit during July 2022 to August 2022 on irregularities in NTDC pointed out by different stakeholders with a view to report significant findings to the relevant stakeholders. Audit examined the record of NTDC as per ToRs and also assessed, on a test check basis, whether the management complied with applicable laws, rules and regulations in managing the affairs of NTDC. The Special Audit Report indicates specific actions that, if taken, will help the management to operate the Company in an efficient manner. Observations included in this report have been finalized in the light of discussions in the DAC meeting held on November 28, 2022.

The Special Audit Report is submitted to the President in pursuance of Article 171 of the Constitution of the Islamic Republic of Pakistan 1973, for causing it to be laid before both houses of Majlis-e-Shoora [Parliament].

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(Muhammad Ajmal Gondal)
Auditor-General of Pakistan

Islamabad
Dated: 12 September, 2023

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ABBREVIATIONS AND ACRONYMS

ADB	Asian Development Bank
AGP	Auditor General of Pakistan
ALAO	Assistant Land Acquisition Officer
AM (North)	Asset Management North
BoD	Board of Directors
BoQ	Bill of Quantity
BoR	Board of Revenue
CASA	Central Asia-South Asia
CDT	Capacity Demonstration Test
CE	Chief Engineer
CE (PIU)	Chief Engineer (Project Implementation Unit)
COD	Commercial Operation Date
CPPA(G)	Central Power Purchasing Agency (Guarantee)
DC	Deputy Commissioner
D&E	Design & Engineering
DFO	Divisional Forest Officer
DISCOs	Distribution Companies
DMD	Deputy Managing Director
EHV	Extra High Voltage
GENCOs	Generation Companies
GFR	General Financial Rules
GM	General Manager
G/S	Grid Station
GSC	Grid System Construction
HSD	High Speed Diesel
HR	Human Resource
HVDC	High Voltage Direct Current
IPPs	Independent Power Producers
ITB	Instructions to Bidders
JDs	Job Descriptions
JICA	Japan International Cooperation Agency
JPY	Japanese Yen
KIBOR	Karachi Inter Bank Offer Rate

KM	Kilo Meter
KV	Kilo Volt
LAC	Land Acquisition Collector
LAO	Land Acquisition Officer
LD	Liquidated Damages
L&IR	Labour & Industrial Relation
MD	Managing Director
MoU	Memorandum of Understanding
MP&M	Material Procurement & Management
MRCC	MR Construction Company
MVA	Mega Volt Ampere
MW	Mega Watt
NAB	National Accountability Bureau
NEPRA	National Electric Power Regulatory Authority
NJ	Neelum Jhelum
NPCC	National Power Control Centre
NTDC	National Transmission and Despatch Company
OE	Owners Engineer
PD	Project Director
PEC	Pakistan Engineering Council
PEL	Pak Elektron Limited
PPMCL	Power Planning & Monitoring Company Limited
PKR	Pakistani Rupees
PMLTC	Pak Matiari-Lahore Transmission Line Company
PPA	Power Purchase Agreement
PPAC	Provincial Price Assessment Committee
PPRA	Public Procurement Regulatory Authority
PVT.	Private
RFO	Residual Furnace Oil
RoW	Right of Way
SECP	Securities and Exchange Commission of Pakistan
SJS	Senior Joint Secretary
SOP	Standard Operating Procedure
SSA Wing	Special Sector Audit Wing
ST	Steam Turbine
T&P	Tools & Plant

T/L	Transmission Line
ToR	Terms of Reference
TSA	Transmission Service Agreement
USD	United States Dollar
WAPDA	Water and Power Development Authority
XEN	Executive Engineer

EXECUTIVE SUMMARY

The Directorate General of Audit Power, Lahore received various complaints regarding irregular appointment of Managing Director (MD) NTDC, irregular extension granted to the MD, financial irregularities within NTDC, violations of contractual provisions and alleged corruption by the management of NTDC.

Initially, the complaints were assigned to the Branch Audit Office EHV-I NTDC Lahore for conducting a fact-finding inquiry. The Branch Audit Officer could not probe the matter due to non-cooperation and non-provision of record by the management. Later on, Director General Audit Power constituted a committee with a direction to submit a comprehensive fact-finding report against the allegations levelled in the complaints. The management of NTDC did not provide requisite record to the committee again. The committee, on the basis of limited record, recommended to conduct a Special Audit in order to arrive at factual position. Subsequently, Special Audit was conducted on the directions of AGP.

After detailed scrutiny of record, 29 observations were framed highlighting various issues ranging from appointment of MD to irregularities in contract management and procurement. The same will help NTDC to improve compliance with prevalent rules & regulations.

a) KEY AUDIT FINDINGS

i. Irregular, non-transparent appointment of Managing Director NTDC.[1]
ii. Non-Appointment of Managing Director NTDC on regular basis.[2]
iii. Unjustified increase in minimum loading limit of M/s Lalpir and Pakgen from 20% to 50%.[3]
iv. Excess payment to PMLTC without capacity demonstration test - Rs. 13.346 million[4]

[1] Para # 4.1.1
[2] Para # 4.1.2
[3] Para # 4.2.1
[4] Para # 4.2.2

v. Loss due to delay in interest payment - Rs. 228.505 million.[5]

vi. Un-authentic/irregular payment to contractor - Rs. 56.73 million.[6]

vii. Non-recovery of excess amount paid to District Collector Chakwal - Rs. 50.92 million.[7]

viii. Unjustified payment on account of crops compensation without proof of ownership - Rs. 710.71 million.[8]

ix. Unjustified release of retention money - Rs. 27.95 million.[9]

x. Irregular award of contract in violation of instructions to bidders - (JPY-2,971.81 million + PKR 1,658.61 million).[10]

xi. Un-justified revision/increase of cost estimate – Rs. 43.83 million.[11]

xii. Irregular award of contract to technically non-responsive bidder - Rs. 1,988 million.[12]

xiii. Irregular award of contract without approval of revised estimates amounting to - Rs. 277.433 million.[13]

xiv. Loss of revenue due to non-provision of energy as a result of collapsed Transmission Lines - Rs. 252.00 million.[14]

xv. Loss due to execution of sub-standard/under-specification work - Rs. 147.70 million.[15]

xvi. Irregular award of contract due to significant change in design - Rs. 2,144.79 million.[16]

xvii. Loss due to non-completion of project within stipulated timelines - Rs. 2,216.39 million.[17]

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[5] Para # 4.2.3
[6] Para # 4.2.4
[7] Para # 4.2.5
[8] Para # 4.2.6
[9] Para # 4.3.1
[10] Para # 4.3.2
[11] Para # 4.3.3
[12] Para # 4.3.4
[13] Para # 4.3.6
[14] Para # 4.4.1
[15] Para # 4.4.2
[16] Para # 4.4.3
[17] Para # 4.5.1

xviii. Doubtful crop compensation payment(s) on HVDC Matiari to Lahore transmission line - Rs. 324.981 million.[18]

xix. Irregular Commissioning of HVDC Pak-Matiari-Lahore Transmission Line without resolving discrepancies – US $ 307.30 Million.[19]

[18] Para # 4.5.6
[19] Para # 4.5.7

1. INTRODUCTION

After unbundling of WAPDA, NTDC was incorporated as a public limited company in November 06, 1998 under the Companies Ordinance 1984 (now Companies Act 2017), with its head office at Lahore. After issuance of certificate for commencement of business, NTDC started its commercial operations from March 01, 1999. NEPRA granted Transmission License to NTDC in December 2002 to engage in the exclusive transmission business for a term of thirty (30) years.

The company is responsible for evacuation of power from the hydroelectric power plants, thermal units of public owned Generation Companies (GENCOs) and Independent Power Producers (IPPs) to the power distribution companies (DISCOs) through primary (EHV) network.

Longitudinal network extends from North to South. Hydro-generation is carried out mainly in northern part of the country and major thermal generation is in South & in lower middle part of the network. Summary of existing portfolio of NTDC is as under:

KV	No. of Grid Stations	Transmission Line	MVA Capacity
500 kV	16	5,970 – km	22,350
220 kV	45	11,322 – km	31,060
Total	61	17,292 – km	53,410

(Source: NTDC Website)

The Special Audit of NTDC was included in the Audit Plan 2022-23 as per the directions of the AGP.

2. AUDIT METHODOLOGY

Following audit methodology was adopted during execution of the Special Audit:

- Interviews and discussions were carried out with the relevant officers of NTDC. Details are as under:

Sr. No.	Name & Designation of officer	Date	Issue Discussed (TOR)
1	Waseem Khokhar Chief Internal Auditor	15.07.2022	Regarding production of record from different formations.
2	Masood Anjum, Deputy Manager HVDC	18.07.2022	Issues related to 660 KV HVDC Transmission Line
3	Hamid Moeen, Manager HR	19.07.2022	Pending Inquiries and appointment of MD NTDC
4	Saeeda Kiran Manager L&IR		
5	Mamoona Shabeer Deputy Manager L&IR		
6	Azhar Saleem Company Secretary	20.07.2022	Appointment of MD NTDC
7	Chief Engineer EHV-I Islamabad	02.08.2022	Crop Compensation of NJ Transmission Lines and issues related to Chakwal Grid Station.

- Reviewed selected record/documents/information/data relating to complaints & ToRs.
- Examined inquiry reports.
- Reviewed contract agreements
- Reviewed payments made to the contractors sanctioned by the Project Directors/Chief Engineers EHV Offices/Chief Engineer MP&M and released by Chief Financial Officer.

3. AUDIT SCOPE

Numerous complaints regarding irregular appointment of Managing Director NTDC, irregular extension granted to the MD, financial irregularities within the NTDC, violations of contractual provisions and alleged corruption by the management of NTDC were received in the O/o the DG Audit Power, Lahore. Accordingly, Special Audit was conducted as per approved ToRs to examine:

1. Factual position of the corrupt practices, as claimed and sub-standard work in 220 KV/1,321 KV Jhampir Grid Station as per the inquiry report of Jhampir-I, 220 KV and 132 KV Grid Station.
2. Factual position of issuance of certificate of Commercial Operation Date (CoD) without execution of pending discrepancies/key punch items of 660 KV HVDC line from Matari to Lahore.
3. Reasons as to why CoD of Pak Matari to Lahore project was issued on 2,800 MW instead of 4,000 MW.
4. Factual position with regard to appointment of MD NTDC Mr. Manzoor Ahmad as to whether appointment of MD NTDC and other appointments of the high-ups were made in a transparent manner or not.
5. Transparency in the process of retention money released to M/s Usman & Co Rs.27.953 million and reasons for losses of Rs.66.69 million caused to NTDC.
6. Transparency in the process of award of contracts.
   - 220 KV Grid Station Now Shera.
   - 500 KV Grid Station Faisalabad.
   - 500 KV Grid Station CASA 1,000 MW.
   - Techno Economic Study for 765 KV Line.
   - Pak Matiari – Lahore 660 KV HVDC Line Project.
7. Transparency in the process of land compensation at 500 KV Grid Station Chakwal.
8. Factual position of increase in contract price for the work "construction of 220 KV transmission line Chashma-Bannu in favor of M/s MR Electric Concern Lahore from contract price Rs.929.52 million to 2.15 billion.
9. Transparency in the process of crop compensation for Rs.2.00 billion on Neelum Jhelum Transmission Line project.
10. Violation of PPRA Rules 2004 in the process of award of contracts.

11. Authenticity and genuineness of inquiry reports conducted by NTDC against corrupt officers of NTDC.
12. Factual position as to why Mr. Manzoor Ahmed was selected as MD NTDC being the junior most officer.
13. Factual position as to whether capacity payment was in line with the provisions of agreements signed between NTDC and M/s PM & TC for execution of Pak Matiari to Lahore 4000 MW HVDC Transmission line project.
14. Factual position of loss of Rs.15.00 billion due to revision in minimum loading limits of M/s Pakgen and Lalpir from 20% to 50% which resulted in increase of basket price of electricity and its further financial repercussions on increase in cost of energy per KWH
15. Viewpoint of NEPRA on the revision of minimum loading limits of M/s Parker and Lalpir from 20% to 50%
16. Factual position of alleged corruption in the complaints against Mr. Manzoor Ahmad the then PD EHV-II Hyderabad and XEN EHV-II Hyderabad.
17. Manipulation in award of civil contract against tender No.XEN/Civil/EHV-II/NTDC/Hyd/2/2021-22 in construction of boundary wall, 17 water towers, 2 security offices and 01 guard cabin at 500/220 KV Grid Station Jhampir-II.
18. Any other issue worth highlighting.

4. AUDIT FINDINGS

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4.1 Organization and Management

4.1.1 Irregular, non-transparent appointment of Managing Director, NTDC

According to Schedule-I of Public Sector Companies (Appointment of Chief Executive) Guidelines, 2015, “The principles of transparency, merit and equal opportunities shall be followed while making appointment to the position of the chief executive”.

According to Para-3 of Schedule-I of Public Sector Companies (Appointment of Chief Executive) Guidelines, 2015, “the Board shall shortlist the applicants from the following sources:

- Those shortlisted through the database,
- Those applying against the public advertisement, and
- Those derived through the succession plan”.

According to Para- 5(c) of Schedule-I, “Interviews shall be conducted on merit and against clear criteria, as set out in the fit and proper test as well as the vacancy profile. Reasons for decisions shall be recorded.”

As per Schedule-II regarding the fit and proper criteria for Chief Executive (2) & (i), “he must possess personal qualities such as honesty, integrity, diligence, independence of mind and fairness, and has the ability to represent a cohesive vision and strategy to all; (i)- whether the person is or has been subject to any adverse findings or any settlement in civil/criminal proceedings particularly with regard to investment, formation or management of a company or body corporate, or the commission of financial misconduct, fraud, financial crime, default in payment in taxes or statutory dues etc”.

During Special Audit of NTDC, it was observed that on resignation of Mr. Azaz Ahmad MD, NTDC, BoD in its 209th meeting recommended a panel of three candidates for the appointment of MD NTDC as a stop-gap arrangement. During scrutiny, it was noticed that out of the three shortlisted candidates, two were from within the Board of Directors and the third was Mr. Manzoor Ahmad, the then GM NTDC. Subsequently, Ministry of Power notified Mr. Manzoor Ahmad, GM NTDC as MD NTDC vide notification dated 15.11.2021 on acting charge basis as a stop-gap arrangement for six months. In this regard, audit observed the following:

1- The process of nomination was not transparent as process/rationale/justification of short-listing was not mentioned in the minutes of the Board meeting.

2- The recommendation of two directors from NTDC BoD for the post of MD NTDC was a clear instance of conflict of interest.

3- Short-listing was not done as per Schedule-I-3(c) which stated that short-listing could be done through succession plan. According to Seniority list of General Managers (Technical) as on 02.12.2020 Mr. Manzoor Ahmad was at 7th position when he was appointed as MD NTDC. Neither reasons were recorded for rejection of top (06) GMs nor reasons were mentioned for the selection of Mr. Manzoor as prescribed in the Schedule-I (5) (c). In view of the above, the said nomination could not be termed as per merit and on equal opportunities.

4- Moreover, the officer was declared “Not yet fit for promotion” in his Performance Evaluation Report for the year 2020**.**

5- He was found guilty and censured under E&D Rules in the inquiry of 500/220/132 KV grid station NTDC Chakwal.

Non-adherence to rules resulted in irregular appointment of the officer as MD, NTDC.

The matter was taken up with the management in August, 2022. The management replied that BoD of NTDC recommended three names of available candidates based on fit and proper criteria. The Federal Cabinet approved the appointment of Mr. Manzoor Ahmad as MD on stop-gap arrangement for six months or till the appointment of regular MD, whichever is earlier. The reply furnished by the executive was not tenable as the detailed justification / rationale for shortlisting and further selection of the officer was not provided to audit.

The DAC in its meeting held on November 28, 2022 directed the management to submit detailed reply with working papers, minutes of HR Committee and summary forwarded by Ministry of Power to Cabinet Division.

Audit recommends implementation of DAC's directives.

4.1.2 Non-Appointment of Managing Director, NTDC on Regular Basis

According to Schedule-I (7) (2) of Public Sector Companies (Appointment of Chief Executive) Guidelines, 2015, "it shall be ensured that the appointment of Chief Executive is finalized at least thirty days before the date of expiry of the term of the incumbent Chief Executive so that the appointment is made by the Board within the period stipulated under sections 198 and 199 of the Ordinance."

During Special Audit of NTDC, it was noticed that on resignation of Mr. Azaz Ahmad, MD NTDC on 02.11.2021, Mr. Manzoor Ahmad, GM NTDC was appointed as MD on acting charge basis as a stop-gap arrangement for a period of six months. Subsequently, the process for appointment of regular MD was initiated and panel of three candidates duly approved by BoD in its 220th meeting (13.03.2022) was conveyed to Ministry of Energy (Power Division) for final selection. It was further observed that instead of finalizing the process of appointment, Ministry appointed Dr. Rana Abdul Jabbar as MD NTDC again on acting charge basis as a stop-gap arrangement for a period of six months. The same was against the provision of Corporate Governance Rules and Guidelines of SECP. NTDC had been managed on temporary arrangement since November, 2021 and the process of appointment of regular MD was pending in the Ministry since March, 2022.

Non-adherence to rules resulted in non-appointment of MD NTDC on regular basis.

The matter was taken up with the management in August, 2022. The management replied that the para pertained to Ministry of Energy (Power Division), Islamabad.

The DAC, in its meeting held on November 28, 2022 did not agree with the management's reply and directed to submit detailed reply with complete record to audit.

Audit recommends implementation of DAC's directives.

4.2 Financial Management

4.2.1 Un-Justified increase in minimum loading limit of M/s Lalpir and Pakgen from 20% to 50%

According to Grid Code 2021, CC 6.3.1 (g) Table CC-4 Reference minimum load ceiling and Ramp rate for Thermal Generators are as under:

Sr. No.	Thermal Generation Technologies	Minimum Load ceiling (% of Registered Capacity)	Ramp rate (% of Registered Capacity/min)
6.	Steam Turbine (RFO/HSD/Gas)	20%	2-5%

(Source: Grid Code 2021)

During Special Audit of NTDC, it was observed that minimum loading limit of M/s Lalpir and Pakgen was increased from 20% to 50% which gave room to supply more energy to these high cost RFO plants despite having low-cost power plants on higher merit order.

A meeting on single point agenda regarding Minimum Load Operation was held on 19th January 2021 in National Power Control Center (NPCC) with the representatives of CPPA-G & Power Plants team and it was concluded that NPCC will submit a detailed working (Financial implications and technical study) to CPPA-G highlighting the implications of change of minimum loading limit. NPCC vide letter no. 2666-68/GMSO/NPCC dated 01.03.2021 stated that there would be no adverse operational effect on National Grid System from changing the minimum load limit of AES Lalpir and AES Pak-Gen from 20% to 50%. Any financial impact and legal aspect would have to be considered by the power Purchaser i.e. CPPA-G". Moreover, a third-party study was also conducted by IPPs to validate the stance through Power Planners International (Pvt.) Limited.

Central Power Purchasing Agency (Guarantee) Limited, amended the PPA on the basis of recommendations received from NPCC on 20th April 2021 through its BoD resolution no. 69. It was worth mentioning that neither CPPA-G worked out the financial implication of the amendment nor NPCC considered it while recommending the said amendment.

Later on, NPCC vide its letter no. 6220-26/GM(SO)/NPCC/DDPC-I/Lalpir/Pakgen dated 29.04.2021 informed MD NTDC that increasing the minimum loading limit of such type of power plants would have adverse impact on the system. Subsequently, the then Managing Director NTDC vide its letter no. MD/NTDC/2187-91 dated 17.05.2021 recommended that minimum load should be kept at 20% as per the 1994 power policy and original PPAs". The recommendations of NTDC were revised after execution of amendments by CPPA which was pointless.

Afterwards, NEPRA being the regulator of Power Sector issued show cause notice to CPPA/NPCC and it was decided on 06th April 2022 that a fine would be imposed on NTDC (NPCC). It was further observed that financial implications were to be calculated after detailed review/analysis of EMO, Energy Purchases before and after from the said IPPs and the loss due to less energy purchased from the cheaper/economic power plants. Moreover, financial implications appeared to be recurring which would have effect on basket price as well as circular debt.

Non-adherence to Grid Code 2021, CC 6.3.1 (g) Table CC-4 Reference minimum load ceiling and Ramp rate resulted into amendments in PPs which would cause loss to the company.

The matter was taken up with the management in August, 2022. The management replied that NPCC gave recommendations on the basis of the report of consultant (PPI) wherein; technical parameters were deliberated upon and evaluated. On the other hand, CPPA-G replied that amendment in PPA did not have any adverse effect on circular debt. The reply was not tenable because without calculation of financial impact it was unjustified to increase in minimum loading limit of M/s Lalpir and Pakgen.

The DAC in its meeting held on November 28, 2022 directed PPMCL management to inquire the matter through a high-level inquiry committee and submit its report to Audit within 02 months.

Audit recommends implementation of DAC's directives.

4.2.2 Excess payment to PMLTC without capacity demonstration test - Rs. 13.346 million

According to Section 8.4 of Transmission Service Agreement (TSA), "testing of contracted capacity after COD (a) during each demonstration period a test (the "Annual Capacity Test") shall be conducted to determine the tested transmission capability of HVDC transmission project".

During Special Audit of NTDC, it was observed that PMLTC (Pak Matiari-Lahore Transmission Line Company) was required to arrange Capacity Demonstration Test (CDT) to assess carrying capacity of 4000 MW. Unfortunately, NTDC conducted CDT on 2800 MW based on maximum available capacity in Aug-2021.

Despite lapse of eight months from the date of CoD i.e. 1st of Sep-2021, NTDC had not conducted the test at 4,000 MW. The approved NEPRA tariff for line was @ 4,000 MW and PMLTC was billing accordingly @ 4,000 MW. The financial impact of excess 1,200 MW was calculated as under:

Sr No.	Invoice month	Invoice submission date	Invoice due date	Total amount of invoice (Rs.)	NEPRA Tariff @ Per Kwh/hr	Un-Justified payments of 1200 MW without CDT*
1	Sep-2021	01-Oct-2021	01-Nov-2021	2,650,176,000	0.9202	1,104,240
2	Oct-2021	01-Nov-2021	01-Dec-2021	2,738,515,200	0.9202	1,104,240
3	Nov-2021	01-Dec-2021	31-Dec-2021	2,650,176,000	0.9202	1,104,240
4	Dec-2021	03-Jan-2022	02-Feb-2022	4,110,153,600	1.3811	1,657,320
6	Jan-2022	01-Feb-2022	03-March-2022	4,110,153,600	1.3811	1,657,320
7	Feb-2022	01-March-2022	31-March-2022	3,762,662,400	1.3998	1,679,760
8	March-2022	01-April-2022	01-May-2022	4,165,804,800	1.3998	1,679,760
9	April-2022	06-May- 2022	05-June- 2022	4,031,424,000	1.3998	1,679,760
10	May-2022	02-June-2022	02-July-2022	4,165,804,800	1.3998	1,679,760
					Total	**13,346,400**

Source: Conversion *1200 MW = 1200000 KW*

Non-adherence to transmission service agreement clauses for capacity demonstration test resulted into excess payment to PMLTC amounting to Rs. 13.346 million.

The matter was taken up with the management in August, 2022 and it was replied that NTDC was passing LDs to relevant IPPs for non-utilization of HVDC line @ 4,000MW. Up to April-22, total LD invoices amounting to 53,981,096 US$ had been raised to relevant IPPs. The reply was not tenable because LD was neither adjusted against payment invoices nor recovered.

The DAC in its meeting held on November 28, 2022 directed the management to inquire the matter through PPMCL management and provide its Report to Audit within 02 months.

Audit recommends implementation of DAC's instructions.

4.2.3 Loss due to late payment to PMLTC- Rs. 228.505 million

According to Section 9.5 (d) of Transmission Service Agreement "Late payments by both parties of amounts due and payable under this agreement shall bear interest at a rate per annum equal to the Delayed payment rate-KIBOR plus two percent (2%) per annum calculated for the actual number of days for which the relevant amount remains unpaid on the basis of three hundred and sixty-five (365) days in a year".

During Special Audit of NTDC, it was observed that PMLTC submitted its invoices on monthly basis and the due date of the invoice was thirty days from the date of submission of invoice. NTDC did not pay a single invoice on or within the due date of thirty days; therefore, PMLTC became eligible for late payment interest on KIBOR+ 2% on the outstanding balances. The detail of delayed payments charged on invoices was as under:

Sr No.	Invoice month	Invoice submission date	Invoice due date	Total amount of invoice (Rs.)	Delayed interest payment (Rs.)	KIBOR Plus 2%
1	Sep-2021	01-Oct-2021	01-Nov-2021	2,650,176,000	19,184,018	10.71%
2	Oct-2021	01-Nov-2021	01-Dec-2021	2,738,515,200	11,955,743	12.30%
3	Nov-2021	01-Dec-2021	31-Dec-2021	2,650,176,000	14,139,231	13.46%

4	Dec-2021	03-Jan-2022	02-Feb-2022	4,110,153,600	32,509,192	12.75%
5	Sep-2021	28-Dec-2021	27-Jan-2022	3,72,911,0400	70,007,934	12.74%
6	Jan-2022	01-Feb-2022	03-March-2022	4,110,153,600	80,709,702	13.08%
			Total	**19,988,284,800**	**228,505,820**	

(Source: NTDC Private Payment Cell)

Non-adherence to prudent financial management strategies resulted into loss due to late payments to PMLTC amounting to Rs.228.505 million.

The matter was taken up with the management in August, 2022 and it was replied that NTDC submitted the invoice raised by PMLTC after verification to CPPA-G. After receiving money from CPPA-G, it was paid to PMLTC. Therefore, whatever the money was received by NTDC was transferred to PMLTC and the interest invoice due to delayed payment was also being raised to CPPA-G. The reply was not tenable because as per the contract clause 9.5 of the contract, NTDC was bound to pay within thirty days of receiving of invoice.

The DAC in its meeting held on November 28, 2022 directed PPMCL management to inquire the matter and submit its report to Audit within two months.

Audit recommends implementation of DAC's directives.

4.2.4 Un-authentic/ irregular payment to contractor - Rs. 56.73 million

According to section-iv of revised book of financial power 2007 of NTDC, the variation/change orders in original contract/work order: GM can accord approval of revised estimates/work upto 15%.

During Special Audit of NTDC, it was observed that a contract regarding construction of 132 KV Double circuit transmission line including survey for tower stacking, installation of conventional & pile foundations, transportation, erection, stringing, testing and commissioning from 132 KV wind power plants Thatta grid station to Ghulam Ullah Town Lot-I was given to M/s Usman & Co. and M.R. C.C. (Joint Venture) at a contract price of Rs. 129.68 million. Later on, the work was revised with 43.99% variation i.e Rs. 186.41 million which falls in the competency of BoD. However, the approval was accorded irregularly by GM (GSC) Hyderabad and final payment was made to contractor but revised estimate/revised BoQ was not provided to check the final claim of the contractor. The authenticity of payment could not be ascertained without revised estimate/revised BoQ, which needed justification.

Non-adherence to guidelines resulted in un-authentic/un-audited payment to contractor for Rs.56.73 million.

The matter was taken up with the management in August, 2022 and it was replied that revised estimate was based on actual work done for the said T/Line after the changes in design were approved by the Chief Engineer (T/L Design) NTDC, Lahore and was technically sanctioned / approved by General Manager (PD/GSC) South NTDC Hyderabad being the competent Authority. Moreover, actual work on site was verified by the field formation / Division and the payment was released based on approvals and work done accordingly. The reply was not tenable because the approval of variations of 43.99% did not fall under the competency of GM. The evidence of pre-audit of final invoice alongwith revised/actual BoQ items were not presented.

The DAC in its meeting held on November 28, 2022 did not agree with the stance of management and directed PPMCL to constitute an inquiry committee and submit its report to Audit within one month besides verification of record.

Audit recommends implementation of DAC’s directives.

4.2.5 Non-recovery of excess funds paid to District Collector Chakwal Rs. 50.92 million

According to rule-11 of the GFR, “every public officer is expected to exercise the same vigilance in respect of expenditure incurred from public moneys as a person of ordinary prudence would exercise in respect of expenditure of his own money and expenditure should not be prima facie more than the occasion demands”.

During Special Audit of NTDC, it was observed that Rs. 234.624 million was deposited in district treasury Chakwal on 01.05.2021 on account of land acquisition for construction of 500 KV Chakwal substation along with associated transmission lines. The original land proposed for said project was de-notified and new site was proposed with estimated amount of Rs.183.704

million. Subsequently, the land was handed over to NTDC; however, no documentary evidence(s) showing the refund / recovery of Rs. 50.92 million being excess was provided.

Non-adherence to rule-11 of GFR, resulted into non recovery of excess payment paid to district collector Chakwal amounting to Rs. 50.92 million.

The matter was taken up with the management in August, 2022 and it was replied that estimated amount of Rs. 234.624 million was deposited by LAC to district collector Chakwal office for purchasing land of 500 KV Chakwal G/S after issuance of section four of Land Acquisition Act. Thereafter, PPAC committee had announced the cost of Rs. 183.704 million. All payment was still in district collector's account and no payment was disbursed to any land owner. After disbursement, remaining amount, if any, would be transferred to NTDC account. The reply was not tenable because the remaining amount was neither recovered nor distributed also evident from the record produced to audit.

The DAC in its meeting held on November 28, 2022 directed the management to effect recovery and get the record verified from Audit within 02 weeks. No further progress was intimated till finalization of this report.

Audit recommends implementation of DAC's directives.

4.2.6 Unjustified payment for crops compensation without verification - Rs. 710.71 million

According to section-III (1) of WAPDA Guidelines for Enforcing Responsibility for Losses due to Fraud, Theft or Negligence of Individuals, 1982 (amended up to June 01, 2001), "all losses whether of public money or of stores, shall be subjected to preliminary investigation by the officer in whose charge they were, to fix the cause of the loss and the amount involved".

During Special Audit of NTDC, it was observed that crops compensation on account of 500 KV transmission line Neelum-Jhelum project (I&II) was paid to general public without verification of bonafide cultivators i.e., "Gurdaveri" issued by BoR, which needed justification.

Non-adherence to guidelines resulted in unjustified payment without verification for Rs.710.71 million.

The matter was taken up with the management in August, 2022 and it was replied that it was not in practice to take “Gurdaveri” for construction activities of transmission line. Presently, our field staff (ALAO / LAO) made crops assessment as per site situation in favor of person having possession of crops / trees. In rural areas people had joint family system and had not transferred property from their ancestors. In order to avoid severe Right of Way (RoW) issues, amount of compensation for damages was divided among all members. Therefore, it was quite impossible to ensure property validation. Moreover, there were large number of tenants doing cultivation in field of other landowners. According to policy, compensation was to be paid to tenants for their crops not to landowners. The reply was not tenable because payments were made without verification /validation of bonafide cultivators. Moreover, there should be an approved SOPs for disbursement of crop compensation to eligible people.

The DAC in its meeting held on November 28, 2022 directed the management to get the record of payment verified within 15 days from Audit. No further progress was intimated till finalization of this report.

Audit recommends implementation of DAC’s directives.

4.2.7 Unjustified payment for crops compensation to Forest Department - Rs. 184.61 million

According to section-III (1) of WAPDA Guidelines for Enforcing Responsibility for Losses due to Fraud, Theft or Negligence of Individuals, 1982 (amended up to June 01, 2001), “all losses whether of public money or of stores, shall be subjected to preliminary investigation by the officer in whose charge they were, to fix the cause of the loss and the amount involved”.

During Special Audit of NTDC, it was observed that crops compensation on account of 500 KV transmission line Neelum-Jhelum project (I&II) was paid to Forest Department without proper estimates. It was worth mentioning that NTDC had paid full cost of trees and wood of said trees was also handed over to forest department, which was un-justified.

Non-adherence to guidelines resulted in unjustified payment to forest department for Rs. 184.61 million.

The matter was taken up with the management in August, 2022 and it was replied that before cutting of forest trees proper estimate of trees to be cut / removed was provided by office concerned of Divisional Forest Officer (DFO) after joint site visit with NTDC, consultant and contractor team and number of trees required to be cut down in T/Line corridor were marked. After getting necessary approval from their competent authorities, demand notice on the basis of approved estimate having number of trees marked during joint visit was forwarded to NTDC. The office concerned of NTDC paid the desired amount through cheque in favor of DFO concerned. The trees' cutting was carried out by the concerned forest office and clear corridor was provided to NTDC for execution of transmission line accordingly. The reply was not tenable because no estimates were provided till finalization of this report.

The DAC in its meeting held on November 28, 2022 directed the management to get payment record verified within 15 days from Audit.

Audit recommends implementation of DAC's directives.

4.3 Procurement and Contract Management

4.3.1 Unjustified release of retention money - Rs.27.95 million

According to section-III (1) of WAPDA Guidelines for Enforcing Responsibility for Losses due to Fraud, Theft or Negligence of Individuals, 1982 (amended up to June 01, 2001), "all losses whether of public money or of stores, shall be subjected to preliminary investigation by the officer in whose charge they were, to fix the cause of the loss and the amount involved".

During Special Audit of NTDC, it was observed that contract regarding construction of 132 KV Double circuit transmission line including survey for tower stacking, installation of conventional & pile foundations, transportation, erection, stringing, testing and commissioning from 132 KV wind power plants Thatta grid station to Ghulam Ullah Town Lot-I was given to M/s Usman & Co. and M.R. C.C. (Joint Venture) at the contract price of Rs. 129.68 million. Later on, the work was revised with 43.99% variation i.e., Rs. 186.41 million with 15% retention money i.e., Rs. 27.95 million. The retention money was released to contractor without attaining the Defect Liability Period satisfactory completion certificate and clearance of punch list, which needed justification.

Non-adherence to guidelines resulted in un-justified release of retention money of Rs.27.95 million.

The matter was taken up with the management in August, 2022 and it was replied that retention money was released to the contractor after attaining the completion and Defect Liability certificate. Moreover, as the said T/L had not been handed over to AM/GSO but still under the control of EHV. Hence the punch list was not available. The reply was not tenable because retention money was released to contractor without attaining the Defect Liability Period, satisfactory completion certificate and clearance of punch list, which needed justification.

The DAC in its meeting held on November 28, 2022 directed the management to get the record verified from Audit within 07 days. No further progress was intimated till finalization of this report.

Audit recommends implementation of DAC's directives.

4.3.2 Irregular award of contract in violation of instructions to bidders (JPY-2,971.81 million + PKR 1,658.61 million)

According to para-2.1(a) of bidding documents regarding eligible bidders, "bidding is open to all firms and persons meeting the following requirements: duly licensed by the Pakistan Engineering Council (PEC) in the appropriate category relevant to the value of the works".

Further, according to sub-clause-4.7 of Instructions to Bidders (ITB), "a successful foreign bidder will be required to obtain license from Pakistan Engineering Council (PEC) in the appropriate category for this project."

During Special Audit of NTDC, it was observed that the contract for design, manufacture, supply, installation, testing and commissioning of plant for 500/220/132 KV Faisalabad West substation (financed under Japan International Cooperation Agency (JICA) Loan no. PK-P58 & Tender No. FW(I)-001) was awarded to M/s Grid Solutions SAS, France at the total price of JPY- 2,971.81 million + PKR 1,658.61 million. It was clearly mentioned in Para-2.3.1 (a) of the criteria for determination of responsive bids that the successful foreign bidder shall be required to provide license from Pakistan Engineering Council (PEC) in the appropriate category; however, the same was not produced till the award of contract. The bid of M/s Grid Solutions SAS, France should have been declared technically non-responsive during the technical evaluation on the basis of non-provision of PEC license but the same was not done. Moreover, the price evaluation committee reiterated the same and recommended to get the said license but the same was not done and the contract was awarded ignoring the said requirement. It is worth mentioning that PEC issues these licenses after evaluating technical expertise (equipment in hand, skill sets required for the job, etc.) and financial viability (bank statements, balance sheets, etc.) of the contractors. It was difficult to ascertain the said expertise in the absence of the said license.

Non-adherence to instructions to bidders resulted in irregular award of contract (JPY-2,971.81 million + PKR 1,658.61 million).

The matter was taken up with the management in August, 2022 and it was replied that prior to signing of the contract, M/s GE SAS applied for registration of PEC. In this context, the contractor had deposited the required fee of Rupees 3,360,000 to PEC. The registration was under process and the response of the PEC was still awaited. The reply was not tenable because the said contractor should have been declared technically non-responsive as per the sub-clause 4.7 of ITB.

The DAC in its meeting held on November 28, 2022 directed PPMCL management to inquire the matter under the convenorship of Senior Joint Secretary Admin (SJS) and submit its report to Audit within 02 Months.

Audit recommends implementation of DAC's directives.

4.3.3 Unjustified revision/increase of cost estimate – Rs. 43.83 million

According to section-III (1) of WAPDA guidelines for enforcing responsibility for losses due to fraud, theft or negligence of individuals, 1982 (amended up to June 01, 2001), "all losses whether of public money or of stores, shall be subjected to preliminary investigation by the officer in whose charge they were, to fix the cause of the loss and the amount involved".

During Special Audit of NTDC, it was observed that the estimate for civil works, testing & commissioning of 220 KV/132 KV grid station, Nowshera under Power Transmission Enhancement Investment Program Tranche-IV (ADB Loan No. 3203-Pak) was initially Rs. 286.125 million including the cost of erection/installation of Rs. 42.96 million. The lowest bid received against the said estimate was at Rs. 522.32 million. BoD directed re-bidding because the lowest bid was far above the engineer's estimate. Later on, the estimate was revised to Rs. 329.13 million which included Rs. 43.83 million on account of erection/installation cost. The revision was unjustified as erection/installation cost was already included in the previous estimate. The revision resulted in duplication of erection/installation cost. The contract was awarded to M/S Pak Electron Limited (PEL), Lahore at Rs. 393.70 million (excluding provisional sum PKR 25.00 million). It seemed that the work estimate was revised merely to accommodate bidders and to reduce gap between estimates and bids.

Non-adherence to guidelines resulted in un-justified revision/increase in estimate upto Rs. 43.83 million.

The matter was taken up with the management in August, 2022 and it was replied that estimate for tender was ultimately scrapped i.e., ADB-72. The retendering was initiated as ADB-72R and accordingly the estimate from third party (NESPAK) was considered during the evaluation process which indicated that there was no duplication of any item in the said estimate. The reply was not tenable because in the original estimate the cost of Rs. 43.83 was already included.

The DAC in its meeting held on November 28, 2022 directed the PPMCL management to provide detailed/revised reply to Audit within 07 days.

Audit recommends implementation of DAC's directives.

4.3.4 Irregular award of contract to technically non-responsive bidder - Rs. 1,988 million

According to section-III (1) of WAPDA Guidelines for Enforcing Responsibility for Losses due to Fraud, Theft or Negligence of Individuals, 1982 (amended up to June 01, 2001), "all losses whether of public money or of stores, shall be subjected to preliminary investigation by the officer in whose charge they were, to fix the cause of the loss and the amount involved".

During Special Audit of NTDC, it was revealed from NAB letter dated 04.11.2020 that M/s M.R. Electric Concern (Pvt.) Limited possessed PEC license Category-2 which had financial limit of Rs. 500 million but the contract was awarded far above the limit, which needed justification.

Non-adherence to guidelines resulted in irregular award of contract to technically non-responsive bidder Rs. 1,988 million.

The matter was taken up with the management in August, 2022 and it was replied that said transmission line was under heavy conflict-affected area at that time. During that time, Operation Zarb-e-Azb was under progress by Pakistan army and no one was willing to work in that conflicted zone M.R. Electric concern was the only bidder who submitted the bid and was awarded the contract for an amount of Rs. 929.5 million after evaluation from Design Department NTDC. Furthermore, during the execution of work, MR. Electric concern's category was changed from C2 to C1 in March 2015 which had the financial limit of Rs. 1800 million. The reply was not tenable because at the time of award the contractor was technically non-responsive.

The DAC in its meeting held on November 28, 2022 directed the PPMCL management to constitute fact finding inquiry committee and submit its report to audit within 15 days.

Audit recommends implementation of DAC's directives.

4.3.5 Loss due to procurement of sub-standard T&P items - Rs.9.228 million

According to section (ix) of Technical Provision and Specifications (General 1.1) of the bidding documents, "All design, equipment, material and workmanship shall comply with and be tested in accordance with requirements of the specifications, Equipment or parts which are not covered by the specifications, shall comply with approved National Standardizing bodies."

During Special Audit of NTDC it was observed that EHV-I procured T&P items under the requisition raised by Asset Management (North) NTDC vide Tender No. PD-EHV-01-2020 at 500KV T/L 'M' Division at 500KV Grid Station Multan. EHV-I prepared tender for supply of said T&P items and work was awarded to M/s Orbit Agencies being the lowest responsive bidder. M/s Orbit Agencies did not submit performance certificate to fulfill the operational / quality assurance criteria. The bid evaluation committee awarded contract without obtaining performance certificate. It was worth mentioning that GM (PA) NTDC and CE (PM&E) NTDC in their report U.O. No. 1838 dated 16.07.2020 declared that T & P items supplied by the contractor were substandard. The whole process of procurement of T&P Items was flawed on the following points:

- Flawed estimates were prepared
- Sample material was not inspected
- When T&P Items were ready for delivery, a pre-shipment inspection was not conducted
- AM (North) NTDC did not raise any objection about performance / quality of T&P Items

This state of affair showed sub-standard procurement and negligence on the part of supervisor.

Non-adherence to Section IX, Technical Provision and Specifications (General 1.1) of the bidding documents, resulted into procurement of sub-standard T&P items amounting to Rs. 9.288 million

The matter was taken up with the management in August, 2022 and it was replied that upon reservations raised by Asset Management (North), an Inspection Committee was constituted and necessary testing of T&P items was carried out from RTL Lab Faisalabad & testing results were found satisfactory and other substandard T&P items were also got replaced. Now the said T&P items were being used in Asset Management from last two years & no complaint observed so far. The reply was not tenable as inspection report was not shared with audit till finalization of this report.

The DAC in its meeting held on November 28, 2022 directed the management to re-verify the T&P items from GM (Performance Assessment) Lahore and submit its report to audit.

Audit recommends implementation of DAC's directives.

4.3.6 Irregular award of contract without approval of revised estimates - Rs. 277.433 million

According to central public works code 3 revised estimates, clause - 97 "when any excess over a sanctioned estimate is foreseen, and there is likely to be unavoidable delay in the preparation of a revised estimate, an immediate report of the circumstances should be made to the authority whose sanction will ultimately be required. When a revised estimate is submitted, it must be accompanied by a statement comparing it with the latest existing sanction of competent authority, and by a report showing the progress made to date"

During Special Audit of NTDC, it was observed that original estimate for construction of boundary wall, 17 Nos Watch Towers, two (02) Security Offices and one guard Cabin at 500/220 Kv Grid Station Jhampir-II was Rs.176.902 million. The tender was floated and two bidders participated. M/s I.H Malik offered lowest bid for Rs. 238.815 million which was 35% higher than estimate. The work was retendered and again two bidders participated and M/s I.H Malik again quoted the lowest bid price i.e., Rs. 277.433 million which was 56.82% higher than approved estimate i.e., Rs. 176.902 million. However, the bid evaluation report stated that the bid was 3.92% below the Engineer's estimate. This was managed by only a sentence "its quoted bid price has been compared with the Engineer's estimate (inclusive of Flat Inflation as per SoP) which comes out to be 3.92% in bid evaluation report. Award of contract without approval of revised estimate needed justification.

Non-adherence to central public works code clause resulted into award of contract without approval of revised estimates Rs. 277.433 million.

The matter was taken up with the management in August, 2022 and it was replied that ex-post facto vetting, and technical sanction of revised inflated estimate would be obtained from competent authority and provided to Audit accordingly. The reply was not tenable as vetting and technical sanction of revised inflated estimate was required prior to acceptance of bids.

The DAC in its meeting held on November 28, 2022 directed the management to constitute an inquiry committee and submit its report to Audit within 02 months.

Audit recommends implementation of DAC's directives.

4.3.7 Irregular execution of work without approval of MD NTDC - Rs. 26.472 million

According to PPRA Rules (Procurement Planning Clause, sub clause 11 "approval mechanism"), "all procuring agencies shall provide clear authorization and delegation of power for different categories of procurement and shall only initiate procurement once approval of the competent authorities concerned has been accorded"

During Special Audit of NTDC, it was observed that in two works namely (a) construction of new office building & store / work at 220 KV Grid Station, Toba Tek Singh (Extension Project) for Evacuation of Power from 1,230 MW RLNG power plant Near Trimmu, Jhang amounting to Rs. 21.288 million and (b) construction of Crane Path at 220 KV Grid Station GSO NTDC Toba Tek Singh for extension work (Evacuation of Power from 1,230 MW RLNG Plant Near Trimmu, Jhang) amounting to Rs.5.184 million were awarded without approval for sanctioning work orders & arrangement of budget from MD NTDC. Two officers i.e. Addl. C.E. (EHV-I) NTDC and XEN (EHV-I) were exonerated after formal inquiry proceedings by the NTDC management and mere warning letters were served on the basis of said allegations instead of fixing responsibility upon the person(s) at fault.

Non-adherence to PPRA Rules resulted in irregular execution of works amounting to Rs. 26.472 million which needed justification.

The matter was taken up with the management in August, 2022 and it was replied that all codal requirements for execution of work including prior approvals of MD NTDC before initiating the procurement process and all relevant rules of PPRA Rules were followed during procurement. No irregularities/ discrepancies were found in the process. The reply was not tenable because inquiry report revealed that those contracts were awarded without approval for initiating work orders & arrangement of budget from MD NTDC.

The DAC in its meeting held on November 28, 2022 directed the PPMCL management to inquire the matter and submit its report to Audit within 02 months.

Audit recommends implementation of DAC's directives.

4.3.8 Loss due to re-tendering of construction work at Jhampir-II grid station - Rs. 38.618 million

According to section-III (1) of WAPDA Guidelines for Enforcing Responsibility for Losses due to Fraud, Theft or Negligence of Individuals, 1982 (amended up to June 01, 2001), "all losses whether of public money or of stores, shall be subjected to preliminary investigation by the officer in whose charge they were, to fix the cause of the loss and the amount involved".

During Special Audit of NTDC it was observed that original estimate for construction of boundary wall, (17) Watch Towers, (02) Security Offices and (01) guard Cabin at 500/220 KV Grid Station Jhampir-II was Rs. 176.902 million. Bids received from two contractors namely M/s I.H Malik & Co and M/s Al-Arab Associates for Rs. 238.815 million and Rs. 269.969 million respectively. The bid evaluation process was annulled due to non-availability of biding files / documents with bid evaluation committee. Same work was floated for retendering and two contractors submitted their bids namely M/s I.H Malik (Rs. 277.433 million) and M/s Tameer Associates (Rs. 309.070 million) and work was awarded to M/s I.H Malik at contract price of Rs. 277.433 million. Re-tendering of the same contract resulted into loss of Rs. (238.815 – 277.433) 38.618 million to NTDC.

By not adhering to section-III (1) of WAPDA Guidelines, the NTDC management irresponsibly handled the case of tendering which resulted into loss of Rs. 38.618 million.

The matter was taken up with the management in August, 2022 and it was replied that during the process of bid evaluation, office of Manager (Civil) NTDC was in the process of shifting from 2nd Floor of PIA Tower to 4th Floor of WAPDA House, Lahore. During this time, the bidding documents were misplaced. To carry on the bid evaluation process, Chief Engineer (MP&M) was requested to provide additional copies of bids. However, it was intimated by Chief Engineer (MP&M) vide letter No. CE/MP&M/M(P)/AM-II/24510-12 dated: 15-06-2021 that M/s. Al-Arab had only submitted one copy of the bidding documents. Therefore, it was not possible for the bid evaluation committee to carry out the evaluation and retendering of subject work which was carried out after intimating and soliciting approval from MD NTDC. The reply was not tenable because NTDC sustained loss in shape of re-bidding due to misplacement of bidding/tendering documents.

The DAC in its meeting held on November 28, 2022 directed the PPMCL management to inquire the matter and submit its report to Audit within 02 months.

Audit recommends implementation of DAC's directives.

4.3.9 Unauthorized payment to contractor – Rs. 36.08 million

According to para-4.3(1) of specification and drawings portion of contract agreement "excavation shall consist of removal, hauling dumping and satisfactory disposal of all materials from required excavations for leveling the site area and construction of civil works. Excavation in rock by means of drilling, blasting, chemicals etc. shall also be done by the contractor wherever required."

According to para-4.4(1) of specification and drawings portion of contract agreement, "filling and backfilling shall be executed as construction proceeds along with the removal of shoring and other materials at filling and backfilling site. When sheeting is to be let and buried in order to prevent shear failure of soil or due to some other inevitable reasons, it shall be done according to the direction of the engineer."

During Special Audit of NTDC, it was observed that the contract was awarded to M/s Usman & co. – Yu & co. (joint venture) for the civil works, erection, testing & commissioning from 220 KV AIS grid station, Jhimpir at Rs. 324.08 million. The scrutiny of record revealed that two amendments (No. 01 & 02) were made after award of contract regarding excavation and filling & backfilling works amounting to Rs. 36.08 million (Rs. 32.998 + Rs. 3.095 million). The said work was already included in the contract specification and drawings. It was the responsibility of the contractor to complete the said work as per the estimate. The amendments for already included work were made despite the fact that the same were categorically pointed out by the consultant in its letter dated 14.06.2016. The amendments resulted in duplication of work and payment amounting to Rs. 36.08 million which was unjustified and needed recovery as well as investigation.

Non-adherence to contractual provisions resulted in un-justified payment to contractor valuing Rs. 38.08 million.

The matter was taken up with the management in August, 2022 and it was replied that amendments had been made in consultation with all stakeholders to complete the project activities within targeted timeline. Payment was made to contractor as per actual work done at site with the directions of the Engineer as per contract clause 4.4 (1). The reply was not tenable because as per above referred clauses the same work was already part of BoQ items.

The DAC in its meeting held on November 28, 2022 directed the management that matter may be looked into through Chief Auditor NTDC and factual position be intimated to Audit within 07 days.

Audit recommends implementation of DAC's directives.

4.4 Planning and Design

4.4.1 Loss of revenue due to non-provision of electricity- Rs.252.00 million

According to NEPRA Performance Standards 2005, Part-II 03-System Reliability, the reliability of a transmission system shall be monitored by recording loss of supply incidents. Loss of supply incidents shall be reported individually with details of location, time, duration of incident and maximum demand lost.

During Special Audit of NTDC, it was observed that two (02) towers bearing No. 102 & 103 of 220 KV Chashma-Bannu Circuit I&II Transmission Lines collapsed and generation was cut off for two months. The letter of Chief Engineer Asset Management (North) NTDC, Islamabad dated 27.09.2020 revealed that the said shut-down resulted in loss of 14.40 million units. The NTDC had to bear loss of Rs. 252.00 million due to energy not served.

Non-adherence to NEPRA Performance Standards 2005 resulted in loss of Rs. 252.00 million due to energy not served.

The matter was taken up with the management in August, 2022 and it was replied that during the period NPCC tried to make the maximum power dispersion through alternate circuits. NPCC was the right forum to comment on the outage of 14.40 million units which might not be exact. The outage period was utilized, and maximum shutdowns were availed by maintenance teams for overhead maintenance of transmission lines which was performed every year during outage of Chashma Plants for scheduled maintenance. Furthermore, it is evident from the status of flood reports issued by Chashma Barrage authorities that it was a natural non-anticipated disaster. The loss might be taken as catastrophic effects and no human intervention was possible at the time to avoid the incident. The reply was not tenable because the detail of alternate circuits and detail regarding any catastrophic effects was not provided to Audit till finalization of this report.

The DAC in its meeting held on November 28, 2022 directed the management to provide departmental inquiry report to Audit for verification.

Audit recommends implementation of DAC's directives.

4.4.2 Loss due to execution of sub-standard/under-specification work - Rs. 147.70 million

According to section-III (1) of WAPDA guidelines for enforcing responsibility for losses due to fraud, theft or negligence of individuals, 1982 (amended up to June 01, 2001), "all losses whether of public money or of stores, shall be subjected to preliminary investigation by the officer in whose charge they were, to fix the cause of the loss and the amount involved".

During Special Audit of NTDC, it was observed that a contract was awarded to M/s M.R. Electric Concern (Tender No. NPP-02-2013) for survey, tower staking, foundation, erection, stringing, testing and commissioning of 220 KV Chashma-Bannu transmission line at Rs. 2,144.79 million. Out of total 383 towers, 130 towers were of pile foundations and 253 towers with conventional foundations. The minutes of the meeting dated 14.06.2016 revealed that 16 towers were built below/under specification (pile foundation). The contractor was expected to construct 4,284 line-meter single pile foundation of 1,220 mm dia whereas actual construction of pile foundation was 3,002 line-meter with 915 mm dia. It is worth mentioning that the contractor also admitted the under-specification work in the said meeting; however, no responsibility was fixed against the contractor. He was neither black listed nor the said amount was deducted from his retention money. This state of affair showed sub-standard work and negligence on the part of management.

Non-adherence to guidelines resulted in loss due to sub-standard work Rs. 147.70 million

The matter was taken up with the management in August, 2022 and it was replied that in case of Tower Nos. 77, 137, 237, 238, 239, 245, 246, 307, 308, 309, 310, 311, 332, 342, 343 and 344, when it was revealed that the pile foundations of the above-mentioned towers were under design, a joint site visit of the Design (Civil), EHV and contractor M/S MREC was conducted on 30-

07-16 to ascertain the remedial measures for those towers. After the site visit CE Design NTDC vide letter No.12926-32 dated 26-08-2016 proposed Tie beams as protective/re-strengthening measures. These protective/re-strengthening measures in the form of tie beams were executed at contractor's own cost as a penalty. Hence responsibility for the under-design work was fixed on the contractor M/S MREC in the form of remedial measures (Construction of Tie beams) at their own cost, which was successfully implemented. The reply was not tenable because contractor was neither blacklisted nor any penalty was imposed. Furthermore, no action was taken against those in management, responsible for certifying this substandard work.

The DAC in its meeting held on November 28, 2022 directed PPMCL management to inquire the matter and submit its report to Audit within 02 months

Audit recommends implementation of DAC's directives.

4.4.3 Irregular award of contract due to significant change in design – Rs. 2,144.79 million

According to PPRA Rules – 2004 Section 23(3) "Any information, that becomes necessary for bidding or for bid evaluation, after the invitation to bid or issue of the bidding documents to the prospective bidders, shall be provided in a timely manner and on equal opportunity basis. Where notification of such change, addition, modification or deletion becomes essential, such notification shall be made in a manner similar to the original advertisement."

During Special Audit of NTDC, it was observed that the contract was awarded to M/s M.R. Electric Concern (Tender No. NPP-02-2013) for survey, tower staking, foundation, erection, stringing, testing and commissioning of 220 KV Chashma-Bannu transmission line at Rs. 2,144.79 million. The original contract price was Rs. 929.51 million in which total 333 towers were included. Out of these, 318 towers were of conventional foundations and 15 towers were of pile foundations. An inquiry was conducted to probe the increase in estimate under the convenorship of Mr. Abdul Rauf, General Manger (Projects) NTDC. The inquiry report revealed that 50 towers were not included in the original estimate; hence, the total revised quantity of towers increased to 383 towers. Subsequently, type of towers foundations was also revised due to unrealistic and incorrect estimates. Out of total 383 towers, 130 were of pile foundations and 253 of conventional foundations. Therefore, original price of contract also increased to Rs. 2,144 million (130% change). Due to change of BoQ price and specifications, transparency in award of contract could not be termed as regular, which needed justification. Moreover, it was the duty of Chief Engineer design to review the technical data & drawings as well as finalization of routes & profile for T/L as per his JDs. The then Chief Engineer (CE) (Design) admitted during the inquiry that the design was prepared without site visit and was prepared on the basis of Google Maps/Satellite Images. It is worth mentioning that no responsibility was fixed against CE (Design) in the said inquiry.

Non-adherence to guidelines resulted in irregular award of contract due to change in design for Rs.2,144.79 million.

The matter was taken up with the management in August, 2022 but no reply was intimated till finalization of this report.

The DAC in its meeting held on November 28, 2022 directed the PPMCL management to inquire the matter and submit its report to Audit within 02 months.

Audit recommends implementation of DAC's directives.

4.5 Monitoring and Evaluation

4.5.1 Loss due to non-completion of project within stipulated timelines - Rs. 2,216.39 million

According to Project Monitoring Report sent to Ministry of Planning, Development & Special Initiatives (Projects Wing) requested vide letter no. F.No. 001-871(08)/PW/IS/2020 dated: 29th October 2020 on the Subject "Monitoring of PSDP Project 500 KV Chakwal Grid Station along with allied T/Ls (NTDC)", the target completion date of the project was 2022.

During Special Audit of NTDC, it was observed that project estimates of "500 KV Chakwal Grid Station along with allied T/Ls (NTDC)" was approved in PC-1 amounting to Rs. 6,710 million on 12.04.2017 with target completion year of 2022. Following irregularities were observed:

- the project was not completed and PC-1 was revised to Rs. 8,926.39 million on 18.11.2019 with target completion year 2023.

- The difference between original and revised approval of the same project resulted in loss of Rs. 2,216.39 million to NTDC due to non-completion of project within stipulated time period e.g. 2022.
- the revised target completion date was 2023 and so far, merely land acquisition process had been completed. It would not be possible to complete the project in 1.5 years which would further result in time over-run and subsequently cost over-run.

Due to non-adherence to compliance with the target completion date of the project, NTDC made a loss of Rs. 2,216.39 million.

The matter was taken up with the management in August, 2022 and it was replied that PC-I was revised from Rs. 6,710 million to Rs. 8,926.36 million as target date of project was changed from 2022 to 2023. The PC-I amount was increased due to PKR to USD fluctuations. Delay in this project was due to land acquisition issue, court cases/inquiries. Presently, NTDC had obtained the possession of land on 07.07.2022. The reply was not tenable as the project cost had increased by Rs. 2,216 million merely due to land acquisition issue which could have been considered at the time of planning. Moreover, no work plan had been chalked out for completion of project within stipulated time.

The DAC in its meeting held on November 28, 2022 directed the Chief Internal Auditor NTDC to inquire the matter and submit its report to Audit within 15 days.

Audit recommends implementation of DAC's directives.

4.5.2 Loss due to non-return of damaged material to store - Rs. 6.35 million

According to section-III (1) of WAPDA Guidelines for Enforcing Responsibility for Losses due to Fraud, Theft or Negligence of Individuals, 1982 (amended up to June 01, 2001), "all losses whether of public money or of stores, shall be subjected to preliminary investigation by the officer in whose charge they were, to fix the cause of the loss and the amount involved".

During Special Audit of NTDC, it was observed that two (02) nos. towers bearing No. 102 & 103 of 220 KV Chashma-Bannu Circuit I&II

Transmission Line collapsed and were not returned to store valuing Rs. 6.35 million. The detail is as under:

Sr. No	Description	Unit Rate (Rs.)	Qty	Amount (Rs.)
01	Basic Body 220 KV (D/C) EB Tower Complete	3,178,608.33	02	6,357,216.66

Non-adherence to guidelines resulted in loss of Rs. 6.35 million due to non-return of damaged material to store.

The matter was taken up with the management in August, 2022 and it was replied that the said collapsed towers could not be recovered as same were submerged in the excessive flood water in the river. This fact was reflected by BoQ and the intimation by the contractor of the project and the payment was made according to the BoQ excluding the amount for shifting of aforesaid towers. The reply was not tenable as the matter was required to be investigated to ascertain the factual position and decide the fate of loss sustained to the company.

The DAC in its meeting held on November 28, 2022 directed the PPMCL management to provide departmental inquiry report to Audit for verification.

Audit recommends that the management needs to ensure compliance with DAC's directives.

4.5.3 Pending inquiry committee reports

According to WAPDA Manuals of General Rules Section 6(6) "The Inquiry Officer or the Committee, as the case may be, shall within ten days of the conclusion of the proceedings or such longer period as may be allowed by the competent authority submit his or its findings and the grounds thereof to the competent authority."

During Special Audit of NTDC, it was observed that the NTDC management constituted different inquiry committees at different levels about issues relating to various irregularities in works, corruptions, annulment of tendering process, procurement of substandard materials, fraudulent & collusive practices, complaints received from various stakeholders etc. Out of numerous inquiries, 18 inquiry files were received from Inquiry Cell of NTDC which showed that three inquiries were still pending and three inquiries report were missing in files **(Annex-I)**.

Non-adherence to section 6(6) of WAPDA manual of General Rules resulted into not finalization of the inquiries as per prudent practices.

The matter was taken up with the management in August, 2022 and following status of inquiries shared by the management:

Inquiry No.	Status	Audit Comments
Enq-1614	Inquiry committee was constituted by the MD NTDC at his own level vide order dated 17.02.2021, instead of L&IR Section. Therefore, no inquiry report was received in this office (L&IR) and no proceedings were done.	The report of enquiry committee, if finalized, it may be produced to audit.
Enq-1657	Inquiry committee was constituted vide order dated 11.02.2022. Report received in this office on 02.08.2022 and is under process in this office.	The report of enquiry committee along with its approval from competent authority may be produced to audit.
Enq-1659	Inquiry committee was constituted by MD NTDC vide order dated 16.02.2022. Report is still awaited.	Efforts should be accelerated for finalization of enquiry report.
Enq-1621	Inquiry committee constituted vide order dated 27.05.2021. The report was directly submitted to MD NTDC by the convener vide letter dated 07.07.2021. The report was sent to Addl. Director NEPRA, Islamabad, by GM (Technical) NTDC vide letter No.2020-22 dated 10.09.2021	The report of enquiry committee, if finalized, it may be produced to audit.
Enq-1629	Inquiry committee was constituted on 02.08.2021. The convener was	The report of enquiry committee, if finalized, it may

	changed on 30.11.2021. Report directly submitted to MD NTDC by the convener. A copy of report is to be obtained from convener.	be produced to audit.
Enq-1660	Inquiry committee was constituted vide order 24.02.2022. Report received in this office on 22.07.2022 and is under process in this office.	The report of enquiry committee along with its approval from competent authority may be produced to audit.

The pending inquiries be finalized at the earliest. The finalized inquiries were not provided to audit for scrutiny.

The DAC in its meeting held on November 28, 2022 directed the management to get the record verified from Audit within 03 days. No further progress was made by the management till finalization of this report.

Audit recommends implementation of DAC's directives.

4.5.4 Unsatisfactory inquiry committee recommendations

According to WAPDA letter no. No. GM (Admn)/DD (R)/07456/3/62542-63311 dated: 17th July, 1982 Section 3(2) "When an investigation into a case of loss due to theft, fraud or neglect discloses a defect of system and when irrecoverable loss is due to that cause, a report shall be made to the Authority through the usual channels and the Manager Finance concerned with a recommendation for rectifying the defect."

During Special Audit of NTDC, it was observed that NTDC management constituted different inquiry committees at different levels about issues relating to 220KV Chashma-Bannu T/L, 500KV Grid Station Jamshoro (Part - II) and Thar Matiari, Gujrat S/S and 500 KV G/S, Haveli Bahadurshah project. The inquiry committees submitted their recommendations, which were not in line with the proceedings of inquiries. It is worth mentioning that no responsibility was fixed against persons at fault in the inquiries listed below:

Sr. No.	Subject of Inquiry	Inquiry No.	Allegations proved in findings	Recommendations	Audit Comments
1	The matter of collapse of 220KV Chashma-Bannu T/L	1628	Collapse of 220 KV Chasma-Bunnu T/L	Investigation must be carried out by qualified consultants Modern computer simulator with mathematical technique to avoid such incidents in future.	As the allegations leveled were proved as per the proceedings of inquiry committee and its findings. Hence, responsibility against the persons at fault was required to be fixed and penalties under relevant rule should be imposed.
2	Damage of 220KV Bus Bar Disconnector D8Q11 Red Phase and 450MVA, 500/220 KV Auto Transformer T1 Red Phase unit on dated 01.09.2021 at 500KV Grid Station Jamshoro (Part - II)	1634	Damage of 220 Kv Bus bar disconnector D8Q11 Red phase and 450MVA, 500 /220KV auto transformer T1 Red Phase unit on dated: 01.09.2021 at 500 KV Grid station Jamshoro.	Occurred due to both natural and technical reasons. Incidents cannot be attributed to any human error or negligence.	As the allegations leveled were proved as per the proceedings of inquiry committee and its findings. Hence, responsibility against the persons at fault was required to be fixed and penalties under relevant rule should be imposed.

3	Compliant against forgery, bogus and fake purchase / work orders on behalf of M/S. Potential Engineers Pvt Ltd in favour of M/S. Transfo Power industries in Thar Matiari, Gujrat S/S and 500 KV G/S, Haveli Bahadurshah project	1637	M/s Syed Shamsi one of the three partner/CEO of M/s potential engineers pvt. Ltd. Has issued fake purchase orders on behalf of m/s potential engineers to m/s transfo power in order to obtain category C-I License from PEC in five codes in favor of M/s transfo power.	NTDC has no jurisdiction to decide the said case, it must be decided by appropriate forum.	As the allegations leveled were proved as per the proceedings of inquiry committee and its findings. Hence, responsibility against the persons at fault was required to be fixed and penalties under relevant rule should be imposed.

Non-adherence to Authority's instructions resulted into non- finalization of inquiries as per prudent practices.

The matter was taken up with the management in August, 2022 and following status of inquiries shared by the management:

Inquiry No.	Status
Enq-1628	Inquiry committee constituted on 02.08.2021. Report received on 20.01.2022 and sent to GM(D&E) CE (MP&M) NTDC (duly approved by MD (NTDC) vide letter dated 31.01.2022 for implementation.
Enq-1634	Inquiry committee was constituted vide order dated 06.09.2021. Report received vid letter dated 24.02.2022 and forwarded to GM (AM/ GSO) South Hyderabad (duly approved by MD (NTDC) vide letter dated 15.04.2022 for implementation.
Enq-1637	Inquiry committee was constituted vide order dated 30.09.2021.

	Report received vide letter dated 23.12.2021 and the matter closed with the approval of MD NTDC vide letter dated 02.02.2022.

The reply was not tenable as allegations were proved from the proceedings and findings of inquiry committee reports, hence responsibility against the person (s) at fault was required to be fixed and penalties under relevant rule should have been imposed.

The DAC in its meeting held on November 28, 2022 directed the PPMCL management to inquire the matter and submit its finding/outcomes to Audit within 02 months.

Audit recommends implementation of DAC's directives.

4.5.5 Non-return of electric spares by contractor - Rs. 40 million

As per Para-75 of WAPDA Accounting Manual 1978, on completion of the work, the excess material will be returned to warehouse or transferred to another work.

During Special Audit of NTDC, it was observed that a work of 500 KV transmission line 3rd circle Jamshoro, Moro, Dasu to Rahim Yar Khan under contract No. ADB-65R Lot-I was awarded to the contractor M/s China National Electrical Engineering Company, who provided fake operational certificates for this work. Furthermore, the contractor did not hand-over the spares worth Rs.40 million to NTDC. Completion certificates were issued by NESPAK without obtaining the punch list / status of spare parts. An inquiry committee was constituted by the Deputy Manager (L&IR), NTDC dated 01.07.2020 under the convenorship of Chief Engineer, Project Implementation Unit CASA-1000, NTDC. The inquiry committee submitted its report on 24.03.2021 in which committee did not fix responsibility on the person(s) at fault to award contract on bogus operational certificate and did not dig out the causes for non-recovery of spares.

Non-adherence to WAPDA Accounting Manual resulted into non-return of spares by contractor amounting to Rs. 40 million.

The matter was taken up with the management in August, 2022 and it was replied that Chief Engineer (T/Line Design) designated NTDC Warehouse

Multan for returning of balance material and the material was under shifting process. The reply was not tenable as the spares were still to be recovered.

The DAC in its meeting held on November 28, 2022 directed the management to get the record verified relating to return of spare and bogus completion certificate from internal audit and provide the same to Audit for verification.

Audit recommends implementation of DAC's directives.

4.5.6 Doubtful crop compensation payment(s) - Rs. 324.981 million

According to rule-11 of the GFR, "every public officer is expected to exercise the same vigilance in respect of expenditure incurred from public moneys as a person of ordinary prudence would exercise in respect of expenditure of his own money and expenditure should not be prima facie more than the occasion demands".

Further, according to Finance Division Economic Survey of Pakistan 2017-18 "Pakistan has two cropping seasons, "Kharif" being the first sowing season starting from April-June and is harvested during October-December. Rice, sugarcane, cotton, maize, moong, mash, bajra and jowar are "Kharif" crops. "Rabi", the second sowing season, begins in October-December and is harvested in April-May"

During Special Audit of NTDC it was observed that an amount of Rs. 324.981 million paid to 3,774 claimants against crop compensation of HVDC transmission line Matiari to Lahore. The record of payment checked on sample basis and found that inappropriate crop compensation was paid e.g., Register no. 16,17, 18 showed that some claimants were paid for Maize crop while rest of claimants received payment for wheat crop, both crops having different group Kharif & Rabi. Register no. 19 depicting that most of claimants paid for rice and some claimants paid for wheat crop, both crops were also having different group Kharif & Rabi. Moreover, the record showed that receiving record from the claimants against the payments was missing which is tantamount to dubious payments. "Gurdaveri" – ownership/bonafide cultivator certificate issued by BoR (Board of Revenue) was not available in single file of sample selected. It is pertinent to note that SOPs for payment of crop compensation had not been framed by NTDC management.

Due to non-adherence to the Kharif and Rabi grouping of crops and improper documentation of crop compensation record, NTDC made doubtful payment of Rs. 324.981 million.

The matter was taken up with the management in August, 2022 and it was replied that more than one crop from four main crops i.e., Rice, Wheat, Maize and Sugarcane could be sowed at one time. For example, sugarcane was a one-year crop therefore, any other crop may be present with it. Similarly, maize could be cultivated three times in one year therefore, any other crop might be present with Maize etc. Problems related to ownership of land were too much complicated and NTDC project people had neither legal coverage nor any SOP for the payment of crop compensation. Therefore, NTDC priority was always to complete the projects by solving such types of problems by considering / confirming that the crop compensation money should go in the hands of that person who was actually cultivating the land. The reply was not tenable as NTDC had neither legal coverage nor any SOP for the payment of crop compensation and making payments on regular basis.

The DAC in its meeting held on November 28, 2022 directed the PPMCL management to inquire the matter and submit its report to Audit within 02 months.

Audit recommends implementation of DAC's directives.

4.5.7 Irregular Commissioning of HVDC without resolving discrepancies – US $ 307.30 million

NEPRA during tariff determinations, directed to follow international standards for the design, construction and operation HVDC project. The authority directed for the design reviews and monitoring of the project implementation by the Independent Engineer / Owner's Engineer to check the project company's compliance to the agreed international Standards, as ensured by the company as per clause 49.12 of the NEPRA Tariff Determination for HVDC Project.

During Special Audit of NTDC, it was observed that Owner's Engineering (OE) pointed out discrepancies with respect to work of Pak-Matiari-Lahore Transmission Line Company **(Annex-II)**.

Despite discrepancies in the said HVDC line, CDT Test was conducted and CoD was announced on 01.09.2021 without rectification of the discrepancies pointed out by OE in phase implementation report. The tariff allowed by NEPRA to PMLTC was based on the fulfillment of prudent requirement of OE. Moreover, NTDC tested and commissioned the HVDC Pak-Matiari to Lahore Transmission Line without resolving the discrepancies which is unjustified.

Non-adherence to NEPRA requirements resulted into irregular project cost of US $ 307.30 million.

The matter was taken up with the management in August, 2022 and it was replied that commissioning of line was entirely not related with such type of discrepancies which were normally taken as punch list of the construction work and such types of punch list items were always present on the projects during construction phase and were rectified after the completion of main construction work. The reply was not tenable because the rectification report was not produced to audit till finalization of this report.

The DAC in its meeting held on November 28, 2022 directed the management to get the latest status of case from M/s BARQAB consultants and submit the same to Audit within 15 days for verification. No further progress was intimated till finalization of this report.

Audit recommends that the management needs to ensure compliance with DAC's directives.

4.6 Overall Assessment

National Transmission and Despatch Company (NTDC) links power generation units with load centers spreading all over the country (including Karachi). It establishes and governs one of the largest interconnected networks. The Company is responsible for evacuation of power from the Hydroelectric Power Plants (mainly in the North), the Thermal Units of Public (GENCOs) and Private Sectors (IPPs) (mainly in the South) to the Power Distribution Companies through primary (EHV) Network. It was observed that procurement and contract management had numerous issues including award of contract without approval from competent authority and procurement of sub-standard material. HVDC transmission line Pak-Matiari to Lahore was commissioned on

2,800 MW instead of 4,000 MW while the payment to PMLTC was made on 4,000 MW capacity and the Interest payment on outstanding balances of PMLTC was KIBOR Plus 2% which put an extra burden on NTDC due to poor operation/financial management. Moreover, payment of crop compensation was made without proper documentation and outstanding balances with DC Chakwal with respect to land acquisition were not received which showed poor financial management in NTDC.

5. CONCLUSION

NTDC is a key stakeholder in Pakistan's power sector in terms of despatch network. With a network of over 17,292 KM T/L, its operations are spread all over Pakistan. It is of crucial importance that NTDC management complies with the prevalent rules & regulations while performing its activities. After detailed scrutiny of record, it is concluded that there are various issues in the operations of NTDC ranging from appointments to contract management and payment of crop compensation. Ministry of Energy (Power Division), being the parent ministry, can play a significant role in making appointments transparent and in regulating matters of crucial nature.

6. RECOMMENDATIONS

1. Appointments of management at different levels of NTDC must be in-line with rules and criteria set for the purpose.
2. The practice of appointment of MDs on temporary arrangement basis may be avoided.
3. PPRA rules may be complied with in letter and spirit.
4. Contractual provisions may be followed in letter and spirit.
5. Final payments be made after vetting of revised estimates/BoQs from the competent authority.
6. Inquiries may be initiated into the matters of crop compensations and responsibility be fixed on the person (s) at fault.
7. SOPs may be framed and approved for payment of crop compensation
8. Fresh Capacity Demonstration Test be conducted for Pak Matiari-Lahore Transmission line at 4,000 MW

ACKNOWLEDGEMENT

We wish to express our appreciation to the management and staff of National Transmission & Despatch Company (NTDC) for the assistance and cooperation extended to the Auditors during this assignment.

ANNEXES

Annex-I
(Para # 4.5.3)

Sr. No.	Subject of Inquiry	Inquiry No.	Inquiry Initiation date	Name of Convener	Status
1	Irregularities committed by concerned departments of NTDC during Testing under section 8.2 & 8.3 of the TSA for 660KV Matiari - Lahore HVDC Transmission Project	1614	17.02.2021	Engr. Malik Javed Mahmood GM (AM) North	Pending
2	Complaint filed by Mr. Safdar Ali, Proprietor, Khan & Co (Contractor) for releasing payment against different works	1657	01.02.2022	Mr. Khalid Saleem Manager (Pension) o/o CFO NTDC	Pending
3	Complaint filed M/s Toper consultant (Pvt) Ltd to the secretary, Power Division against misrepresentation of facts by M/s Sinohydro Corporation in its bid against Contract No. RFB-DASU-TL-01 i.e. design, supply, installation, testing & commissioning of 6756KV Double Circuit Transmission Line, Dasu-Mansehra-Islamabad (Lot-I & Lot-II)	1659	16.02.2022	Muhammad Mustafa GM (Technical), NTDC	Pending
4	The breakdown incident on 22.05.2021 of 500KV T/L Port Qasim - Matiari (Collapse of tower No. 420 and damage to the cross arms of Tower No. 419, 422, 423 & 424) and 500KV T/L Dadu - Jamshoro (Tower No. 368 & 369)	1621	27.05.2021	Muhammad Mustafa GM (TSG), NTDC	07.07.2021 Report missing in file
5	Annulment of tendering process of consultancy services regarding RFP for procurement of consultancy services for construction & supervision of	1629	02.08.2021	Muhammad Sakhawat GM (PA) NTDC	13.09.2021 Report missing in file

	220/132KV sub-station (New 220/132KV Mirpur Khas substation alongwith extension works at 220KV D.I. Khan sub-station) included in ADB-200 Tranche-II of 2nd multi-tranche financing facility (MFF-II) of power transmission enhancement investment programme under ADB Loan No. 3577 PAK under NTDC own resources				
6	Loss of Rs. 1.2 billion due to violation of PPRA Rule-2004 in ADB-301C: Procurement of plant, design, supply, installation, testing & commissioning of 220KV overhead & underground T/L (Lot-I & Lot-II)	1660	24.02.2022	Mr. Umar Farooq GM (PA) NTDC	06.06.2022 Report missing in file

Annex-II
(Para # 4.5.7)

Sr. No	Reference of OE Report	Description	Remarks	Items	Reference
1	5.1.1	As Built HVDC Transmission Line Civil Works	The low comprehensive strength test results of 379 Nos. un-verified foundations, are annexed in the report (vol 2 App 4). The project company however without taking any further corrective measures on these sub-standard foundations, started tower erection works in the same condition	379 Foundations	Volume 2 Phase Implementation Report app-4
2	5.1.2	As Built M&L Electrodes Lines Civil Works	The low comprehensive strength test results of 13 No. un-verified	13 Foundations	Volume 2- Phase Implementation Report app-6
3	5.1.4	Lean Under Foundation	OE did not agree with the stance that placement of lean under the foundation was optional and only for easiness in construction, otherwise that contributes no structural value addition to the main works nor measured separately, and was already included in the lump sum rate. The issue was later discussed in the NTDC-OE-Company join meeting, in which it was advised to calculate the same separately for final decision by NEPRA.	24,798.160 Volume of Lean (cum)	Volume 2 Phase Implementation Report app-3 & 5
4	5.3.1 (ii)	As Built Quantity of HVDC T/L Tower Materials	As referred to in the report section 4.5.2, summary of towers observed to be having galvanization defects, and that not even attended by the project company as per the MOU signed with NTDC in this regard.	No. of Towers 44	Volume 2 Phase Implementation Report app-9