

Inspection report has been prepared on the basis of information provided by Electricity Secondary Works Division Haldwani. The office of the Accountant General (Audit) Utrakhand, Dehradun disclaims any responsibility for any misinformation, non submission or submission of incomplete records.

Audit inspection of accounting records of Electricity Secondary Works Division Dehradun for the period from April 2016 to March 2017 was carried out in exercise of the power conferred by section 19 of the C&AG, DPC Act 1971 read with section 143 of Companies Act 2013. Audit Inspection was conducted by Sh. Roshan Lal Sharma, AAO and Shri Ghanshyam Das Pal, AAO under partial supervision of Sh. Ashutosh Shukla, AO during the period from 01.11.2017 to 07.11.2017.

Part-I

1. **Introduction:-** The last audit of this unit was carried out by Shri Ghanshyam Das Pal, AAO from 21.06.2016 to 27.06.2016 under supervision of Shri Sohrab Husain, Sr. AO in which accounting records of the period from October 2011 to March 2016 were generally examined. In current audit, accounting records of the period from April 2016 to March 2017 were examined.

2. **(i). Functions and geographical jurisdiction of the unit:**

The main functions of division are to construction of 33/11 KV Sub station and preparation of 33 KV line.

The jurisdiction of the division is Kumaun zone.

(ii) Auditing methodology and scope of audit:

This inspection report is based on findings of audit month March 2016 months were selected for detailed examination.

(iii)

Year	Revenue	Expenditure	Profit
---NA---			

(iv) Organisation structure of the Corporation and reporting lines.

The Electricity Secondary Works Division Haldwani. is a Division of UPCL which is officiated by the Executive Engineer.

Part-II A

Para 1: Not refunded excess amount ₹ 0.84 crore of SPA grant and submitted full amount's Utilisation Certificate in Tawaghat 33/11 KV Sub-station.

Consequent to the June 2013 disaster in Uttarakhand , largely affecting districts of Pithoragarh, Bageshwar, Chamoli, Uttarakash and Rudraprayag, on request of the State Government, the Government of India had approved a medium and long term construction packages to assist the State. For the reconstruction of HT and LT lines and distribution sub-stations, construction of 33/11 KV substation and installation of additional power transformer to rehabilitate the distribution network and connecting power supply, the state has proposed an amount of ₹ 54.19 crore of which an SPA of ₹ 50.00 crore is approved. Power distribution network got badly affected due to natural calamity of 16th and 17th June 2013. For strengthening of Distribution system in Pithoragarh, UPCL had submitted proposal for construction of 33KV Substation at Tawaghat (Pithoragarh) & Associated lines (Project code 10024) amounting to ₹ 234.76 lakh alongwith 3 *per cent* contingency ₹ 5.94 lakh and 15 *per cent* supervision charge of ₹ 30.62 lakh to the Government of Uttarakhand. Govt. of Uttarakhand had sanctioned/released the amount against SPA Construction Fund as per letter No. 3749/XVIII(2)/F/15-12(14)/2014 TC dated 02-01-2016.

The work for construction of 33/11 KV sub-station and its associated line at Tawaghat (Pithoragarh) was awarded (March 2014) to M/s RSI Switchgear Private Ltd., F 252-253, RIICO Industrial Area Kahrani Alwar Rajasthan on turnkey basis at the contracted cost of ₹ 1.28 crore excluding ₹ 24.50 lakh being the value of 3MVA transformer as the transformer was issued by the UPCL. As per clause 14, the scheduled date of completion of the work was nine months from the date of handing over the land to the contractor.

During the audit it was observed that the date of start of work was 27-05-2014 and the work was actually completed on 19-10-2015 in spite of 26.02.2015 (after nine months) by a delay of 233 days and expended the amount ₹ 110.61 lakh, excluding 3 MVA transformer valuing ₹ 24.40 lakh which was to be supplied by the corporation. Further, as per terms and conditions No.15 of the agreement if the contractor could not complete the work within scheduled time period, the contractor was liable to pay penalty @ of 0.1 *per cent* per day subject to maximum of ten percent of the contract value of work for delayed execution of work, which worked out to be a maximum of ₹ 11.06 lakh. Against which, division deducted the amount of penalty of ₹

6.03 lakh only from the running bills of the contractor and after completion of the project the deducted amount of penalty was refunded to the contractor without proper justification.

Further, it was also observed that the division had issued old and used 3 MVA transformer, which was manufactured in 1987 (28 years old) to that substation against the value of new transformer's price of ₹ 24.50 lakh. UPCL had submitted utilisation certificate of ₹ 234.76 lakh against the total incurred cost of ₹ 150.41 lakh (including land cost ₹ 5.12 lakh). UPCL has also not refunded the excess fund to GOU amounting to ₹ 0.84 crore.

Division in its reply stated that competent authority had given time extension to the contractor, hence division had refunded the deducted amount of penalty. The valuation of 3 MVA transformer were also given by Store Division and the Utilization Certificate for the project was also submitted by the headquarter wing of UPCL.

The reply of the division is not acceptable as the time extension to the contractor was given after the recommendation of division and the old and used power transformer has also been installed by the division.

The matter is brought to the notice of higher Management.

Para 2: Undue delay for completion of apada work and favour to the contractor.

Consequent to June 2013 disaster in Uttarakhand , largely affecting districts of Pithoragarh, Bageshwar, Chamoli, Uttarakash and Rudraprayag, and on request of the State Government, the Government of India has approved a medium and long term construction packages to assist the State. For the reconstruction of HT and LT lines and distribution sub-stations, construction of 33/11 KV substation and installation of additional power transformer to rehabilitate the distribution network and connecting power supply, the state has proposed an amount of ₹ 54.19 crore of which an SPA of ₹ 50.00 crore is approved. Power distribution network got badly affected due to natural calamity of 16th and 17th June 2013. For strengthening of Distribution system in Bageshwar, UPCL had submitted proposal for construction of 33/11 KV Substation and its associated line at Karmi (Bageshwar) amounting to ₹ 439.00 lakh to the Government of Uttarakhand but Govt. of India did not approve the project.

In spite of non approval of the project, UPCL had awarded (March 2014) the work for construction of 33/11 KV sub-station and its associated line at Karmi (Bageshwar) to M/s RSI Switchgear Private Ltd., Alwar, Rajasthan on turnkey basis at the cost ₹ 378.54 crore excluding ₹ 24.50 lakh being the value of 3MVA transformer as the transformer shall be issued by the UPCL. As per clause 14, the schedule date of completion of the work was nine months from the date of providing the land to the contractor.

During the audit it was observed that the date of start of work was 28-06-2014 and date of completion was 27-3-2015 but the work was actually completed on 08-11.2015 after a delay of 220 days amounting to ₹ 380.32 lakh excluding 3 MVA transformer valuing ₹ 24.50 lakh (Repaired) supplied by the corporation. Further, as per terms and conditions of the agreement if the contractor could not completed the work with scheduled period, the contractor was liable to pay penalty @ of 0.1 *per cent* per day subject to maximum ten percent of the contract value of work, which work out maximum of ₹ 38.03 lakh against which division deducted the amount of penalty ₹ 1.03 lakh only from the running bills of the contractor and after completion of the contract the deducted amount of penalty was refunded to the contractor without proper justification. Due to undue favour of the contractor the division suffered a loss of ₹ 38.03 lakh.

Division in its reply stated that competent authority had given time extension to the contractor, hence division had refunded the deducted amount of penalty.

The reply of the division is not acceptable as the time extension to the contractor was given after the recommendation of division and the old and used power transformer has also been installed by the division.

The matter is brought to the notice of higher Management.

Part-II B

Para 1: Irregular payment to the contractor other than awardee.

The work for execution work of supply and installation of 11KV automatic multiple step switched capacitor banks on turnkey basis under package-B (Kumaon and Rudrapur Zone) was awarded to M/s Taxus Infrastructure and Power Projects Pvt, Ltd, Delhi vide work order no 336/C (C&P-I)/42/2015-16 dated 18.03.2016 and executed agreement on 18.03.2016 at the contracted value ₹ 11.72 crore.

During checking of the records revealed that above contractor has executed the aforesaid work of ₹ 17.57 crore till date. But during payment of the bills, the division has made above payment to another firm M/s Swastik Diagnostic and Equipments Pvt. Ltd Delhi. Thus, the payment of ₹ 17.57 core to the firm other than the contractor to which the work was actually awarded is financially irregular and against the financial provisions.

It was stated in reply that the firm M/s Swastik was joint venture partner of the contractor and the payment was given to another firm on the request of the contractor.

The reply is not tenable as the payment was not be made to the firm other than contracted firm.

The matter is brought to the notice of the higher management

Para 2: Non recovery of excess salary amounting to ₹ 5.12 lakh.

Govt. of Uttarakhand had issued a order dated 9.11.2015 regarding implementation of option for fixation of pay in the Revised pay structured which has been implemented in 1.1.2006 for permanent employees of UPCL which were appointed before 14-06-2013. As per UPCL letter dt.21/11/2015 the option will be applicable under following terms and conditions:-

1. Employees shall be benefited for time scale of 9 year, 14 year and 19 year and will be given option to choose the same within three months from the date of issue of this order. Employees who had not submitted their option within prescribed period will be entitled to the benefit of ACP applicable in sixth pay commission.
2. For obtaining the benefits of time scale, office will fix their pay as per fifth pay commission applicable before 31-03-2009 and the recovery if any will be adjusted from their dues.

During the audit it was observed that one JE had given option (February 2016) for fixation of their pay as per fifth pay commission and opted for sixth pay commission after being given first time scale benefits .The division had fixed his pay as on 01-06-2006, at ₹ 5600 instead of ₹ 15060/- per months as per old pay and revised this pay after giving him first time scale of pay ₹ 17440/- per month as per sixth pay commission and calculated ₹ 3,20,438/- outstanding as recovery against them. Even after lapse of more than one year the division did not recover the aforesaid amount from the concerned JE.

Further, a similar case has also been noticed in which Corporation had issued a letter against the employees who was drawing third time scale in the pay scale of ₹ 8550-13500 (Grade pay ₹ 5400/-) will be drawn ₹ 6600/- grade pay instead of ₹ 5400/- w.e.f 01.01.2012 as per head quarter letter dt. 15/07/2013 and if any amount were recoverable against this order, the excess amount will be recovered in one lump sum in their bills.

As per the letter one Office Assistant-I has also opted the same in July 2015 and division has calculated excess recovery amounting to ₹ 1,73,150/- against the employee and recovery against him is yet pending.

In turn division having accepted the audit observation and stated that the recovery of said amount will start from the employee's salary w.e.f. next month.

Recovery of the same shall be watched.

The matter is brought to the notice of higher Management.

Para 3: Undue favour to contractors by not taking insurance cover by contractors.

UPCL entered into three turnkey agreements no. 256/C/C&P-I/32/2015-16 (Mishrilal)/ dated 27.02.2016 amounting to ₹ 4.75 crore with M/s Mishrilal Associates Pvt. Ltd. and agreement no. 01/C(C&P-I)/36/2015-16(Vertex Power) dated 1.1.2016 amounting to ₹ 7.13 crore with M/s Vertex Power Control Pvt. Ltd. and agreement no. 336/C (C&P-I)/42/2015-16 (Package –B)/ Taxus dated 18.03.2016 amounting to ₹ 11.72 crore with M/s Taxus Infrastructure & power projects for construction and commissioning of various substations and associated lines.

During scrutiny it was observed that the progress of the above contractors was very poor and that they have also not deposited copy of insurance policy, which must be provided by the contractor as per clause 7 of the agreement, for safeguarding the equipments and materials. As per the clause 7.4 of the agreement, insurance cover should be in the joint name of UPCL and contractor. Further, as per clause 42.7 of the general conditions of the agreement, if the contractor fails to provide the documents of insurance, the employer (UPCL) can take such insurance and charge it from the contractors.

It was noticed that contractor has neither submitted their insurance policy nor the division has taken the insurance as per above clause, thus division not only extended undue benefit to the contractors to the extent of insurance premium but also risked its financial stake by not taking insurance on its own.

Division replied that the necessary correspondences is to be made to obtain insurance policy and division has furnished the copy of only one insurance policy i.e. Mishrilal Associates.

The reply of the division is not convincing as division was required to take the insurance policy on their own by considering the fact that most of the zones of Uttarakhand fall in high seismic zone and appropriate insurance should have been taken to protect the interests of UPCL.

Part III

Detail of unsettled paras of previous inspection reports:-

Sl. No.	Inspection Report period and number	Part- II (A) para number	Part-II (B) para number
1.	4/1991 to 3/1992	1	-
2.	4/1992 to 3/1993	1,2,3,4 & 5	1
3.	4/1993 to 3/1995	1,2,3 & 4	1,2
4.	4/1995 to 3/1997	1	1
5.	4/1997 to 3/1999	1	1
6.	4/1999 to 3/2000	-	1,2,3 & 4
7.	4/2000 to 2/2001	1,2	1
8.	3/2001 to 1/2003	-	1,2,3,4 & 5
9.	2/2003 to 3/2004	-	1,2
10.	4/2004 to 9/2006	1	1
11.	10/2006 to 9/2007	-	-
12.	10/2007 to 9/2011	1	1
13.	10/2011 to 03/2016	1	1

Compliance report of unsettled paras of previous inspection report-

For furnishing of reply of the outstanding paras of old Inspection Reports an audit Memo No. 44 was issued to the Company. In turn division stated that replies of these outstanding paras of old Inspection Reports are being prepared and same would be furnished as early as possible.

Part IV
Best practices of the unit

No good practices or innovation noticed during the course of audit

Part V
Acknowledgement

1. Office of The Accountant General (Audit) Utrakhand, Dehradun expresses gratitude toward Electricity Secondary Works Division Haldwani and their officers and employees for promptly providing desired documents and information including infrastructure related co-operation during the course of audit.

Though following documents were not produced during audit:

-----NIL-----

2. **Persistent irregularities.**

-----NIL-----

2. **The following officers held the charge of head of the office during the audit period:**

Sl. no.	Name	Post
1.	Sh. Ravi Kumar	Executive Engineer
2.	Sh. R.S. Bisht	Accountant

Minor and operational irregularities which could not be resolved at the time of audit and have been included in Temporary Audit Note with the request that the compliance report on the same may be sent to Sr. DAG/DAG (concerned sector) within one month of receipt of the letter.

