

This Inspection Report has been prepared on the basis of information provided by Executive Engineer, Electricity Distribution Division, Doiwala. The office of the Accountant General (Audit) Uttarakhand, Dehradun disclaims any responsibility for any misinformation, non submission or submission of incomplete records.

Audit inspection of accounting records of Executive Engineer, Electricity Distribution Division, Doiwala for the period since Inception 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 619(3)(b) of the Companies Act, 1956 & section 143 of Companies Act, 2013. Audit inspection was conducted by Shri Amit Kumar, Assistant Audit Officer and Shri Khub Chand, Assistant Audit Officer under the supervision of Ms. Usha Singh, Audit Officer during the period from 16.12.2017 to 26.12.2017.

### **Part-I**

1. **Introduction:-** The audit of this unit was conducted since Inception and the accounting records of the period since inception( Dec 2014) to March 2017 were examined.

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

The function of the Electricity Distribution Division, Doiwala is to distribute electricity to Doiwala as well as strengthen the electricity distribution system. Geographical jurisdiction of the division is Doiwala.

(ii) **Auditing methodology and scope of audit:**

Electricity Distribution Division, Doiwala was covered in the audit. Inspection reports of all independent Drawing and Disbursing officers are being issued separately. This inspection report is based on findings of audit and March 2016 & November 2016 were selected for detailed examination.

(iii)

(₹ in Lakh)

Year	Revenue	Expenditure	Profit
2015-16	32,80,47,473	4,03,03,345	28,77,44,128
2016-17	39,12,96,082	5,85,58,920	33,27,37,162

(To the extent this information is available & applicable)

(iv) **Organisation structure of the unit and reporting lines.**

The Electricity Distribution Division, Doiwala is an electricity distribution division of UPCL which is officiated by the Executive Engineer.

## **Part II (A)**

### **Para 1: Non Levy of continuous supply charges to the tune of ₹ 19.11 lakh.**

As per RTS-7: LT and HT Industry, the Continuous Process Industry as well as non continuous process Industrial consumers connected on either independent feeders or industrial feeders can opt for continuous supply. The new applicants for continuous supply of power can apply for seeking the continuous supply option at any time during the year. However, continuous supply surcharge (15% of energy charges) for such consumers shall be applicable with effect from the month of May of the respective year.

M/s Flex Foods Ltd. applied (April 2015) for a new industrial connection of 500KVA and opted for continuous supply of electricity. The technical feasibility report for the said connection also confirmed the release of the load as applied for. The supply agreement between M/s Flex Foods Ltd. and UPCL was signed on 15 March 2016 and the connection was released on 22 March 2016.

During the scrutiny of record it was observed that the applicant had applied for a continuous supply connection and the same is being provided, however, the continuous supply surcharge @ 15% of energy charges was not being levied on the consumer. Due to the non levy of continuous supply surcharge, the division suffered a revenue loss amounting to ₹ 19.11 lakh from May 2016 to Nov 2017.

Management in its reply stated that the bills of continuous supply charges have been issued to M/s Flex Foods Limited. However, the fact remains that the realisation of ₹ 19.11 lakh from the said consumer is still pending.

The recovery of the same may be watched in next audit.

## **Part II (B)**

### **Para 1: Non adherence to the terms and conditions of tender documents pertaining to security deposit.**

According to the terms and conditions Pt. 13 of the tenders invited for various works, the successful tenderer shall have to deposit the security equivalent to 10 *per cent* of the order value before signing the agreement in cash or in shape of Bank Guarantee. The amount of Earnest Money may be adjusted with this amount of security.

During the test check, it was observed that the security deposit before signing of the agreement was not collected from the successful tenderer. Due to non availability of the security deposit, the division has no means to financially secure/safeguard itself in the event of non completion/non commencement of work due to any reason. Thus the agreements were signed without complying with the terms and conditions of the tender documents.

Management assured the compliance of the above.

The compliance may be reviewed in the next audit.

**Para 2: Non realization of additional security of ₹ 2.32 crore.**

As per UPSEB order No. 617-CUB/S-8 dated 7.3.1994 (adopted by the UPCL), the security of the consumer should be re-assessed in each financial year and the security should be equal to average of two months bill of the consumer. In case, security re-assessed exceeds the initial security, additional security so worked out will be demanded, by giving notice to the consumers. In case the additional security is not deposited within the stipulated period, the electricity supply of the consumer can be disconnected. Amount of additional security deposited by the consumers may be utilized by the Company as working capital.

During scrutiny of billing files and other related records of the consumers it was noticed that the Division had demanded additional security of ₹ 2.32 crore through monthly bill (May 2017) from the consumers.

Audit noticed that after demanding the additional security in May 2017, the division did not issue any notices to the consumers to deposit the additional security. Thus, the consumers were not properly pursued to deposit the requisite additional security even though the amount of Additional Security could have been utilized by the Corporation as working capital. The additional security was yet to be deposited (December 2017) by the consumers. Non deposition of additional security by the consumers resulted in blocking of funds of ₹ 2.32 crore.

Management stated in its reply that the process of recovery of additional security from the consumers is in process and the realisation of the same shall be intimated to audit.

The reply of the management is not tenable as the additional security is yet to be recovered.

**Para 3: - Blockade of funds due to excess damage of Transformers –₹ 45.74 lakh.**

Distribution transformers are vital equipments for supply of power to consumers and also play vital role in stepping up the voltage of current to the consumers. The age of distribution transformers is estimated to be 25 years, provided that proper maintenance and protection of the device is available.

Uttarakhand Power Corporation Limited (UPCL) had issued guidelines that the damage of transformers should not exceed 3.0 *per cent* of the transformers installed. During scrutiny of relevant records, it was noticed that during the period 2015-16 and 2016-17, the damage rate of transformers was on higher side than the prescribed norms fixed by the UPCL as detailed below:

**(2015-16)**

Sl. No.	Capacity of T/F (in KVA)	No. of T/F installed against each capacity	No. of T/F damaged		No. of T/F allowed as per norms (i.e. 3%)	No. of T/F exceed the damage limit	Issue rate of T/F	Loss due to excess damage of T/F
1	16	56	7	12 %	02	05	37600	188000
2	25	153	19	12 %	04	15	55000	825000
3	63	137	10	7 %	04	06	101100	606600
4	100	134	10	7 %	04	06	134600	807600
	<b>Total</b>	<b>480</b>	<b>46</b>		<b>14</b>	<b>32</b>		<b>2427200</b>

**(2016-17)**

Sl. No.	Capacity of T/F (in KVA)	No. of T/F installed against each capacity	No. of T/F damaged		No. of T/F allowed as per norms (i.e. 3%)	No. of T/F exceed the damage limit	Issue rate of T/F	Loss due to excess damage of T/F
1	16	55	04	7 %	02	02	36000	72000
2	25	160	11	5 %	04	07	56000	392000
3	63	139	09	6 %	04	05	107000	535000
4	100	145	12	7 %	04	08	143500	1148000
	<b>Total</b>	<b>499</b>	<b>36</b>		<b>14</b>	<b>22</b>		<b>2147000</b>

It can be seen from above that against the prescribed norms of 3 *per cent*, actual damage rate ranged between 07 *per cent* to 12 *per cent* during the year 2015-16 and 05 *per cent* to 07 *per cent* during the year 2016-17 which was comparatively on higher side in both the year. Test check of transformer damage reports revealed that out of total damaged transformers (82 nos.), 45 transformers were damaged due to lightening and balance 37 transformers were damaged due to internal faults/other faults. It was also observed that in all the 45 cases where transformers were damaged due to lightning, the Lightning Arrester (LA) was installed on the transformers as intimated by the division. This indicates that the LAs installed on the

transformers were not working or it may not be installed. The damage of transformers in excess of the prescribed norms resulted in blockade of funds of ₹ 45.74 lakh (₹ 24.27 lakh + ₹ 21.47 lakh).

Management in reply stated that due to hilly and difficult geographical terrain, the lightning and internal faults occur in the transformers.

The reply is not acceptable as the fact remains that the damage rate of the transformer is higher than the norms prescribed by UPCL which resulted in blockage of fund of ₹ 45.74lakh.

**Para 4: Non receipt of Revenue Receipt Books.**

As per letter no 1226 / उ०पा०का०ली० / com/ g-83 dated 23 May 2008, Revenue Receipt Books issued for collection of revenue should be returned to the concerned office/ division after consumption of the same.

Review of records revealed that during the period from January 2014 to March 2017, total 1799 revenue receipts books were issued to the various officials of the division/sub-division for collection of revenue. However, only 942 revenue receipts books were returned to the division and balance 857 revenue receipts books (153 relating to 2014-15, 439 issued in 2015-16 and 265 issued in 2016-17) are yet to be returned (December 2017 by the concerned officials.

It was noticed that though the date-wise recording of issuance of Receipt Books (RB) and RB received back is being done but number of RBs pending with officials is not being worked out. This resulted in issuance of further RBs to the officials without receiving back of used RBs from the officials.

As RBs are directly involved in the collection of cash, possibility of misuse of the receipts / embezzlement cannot be ruled out.

Management stated that the documentation of used revenue receipt books is in process. The reply of the management is not tenable as these revenue receipt book should be returned/deposited in the division immediately after its consumption in compliance of the referred order.

The same may be reviewed in the next audit.

**Part III**

(In this part, detail of unsettled paras of previous inspection reports to be reported in below given format.)

Detail of unsettled paras of previous inspection reports:-

<b>Sl. No.</b>	<b>AIR for the period</b>	<b>Part-II-A</b>	<b>Part-II-B</b>
Nil			

Compliance report of unsettled paras of previous inspection report-

<b>Inspection report period and number</b>	<b>Para No. Audit observation</b>	<b>Compliance report</b>	<b>Comments of Audit Party</b>	<b>Remarks</b>
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#### **Part IV**

#### **Best practices of the unit**

NIL

#### **Part V**

#### **Acknowledgement**

1. Office of The Accountant General (Audit) Uttarakhand, Dehradun expresses gratitude towards Executive Engineer, Electricity Distribution Division, Rishikesh 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:**

NII

2. **Persistent irregularities.**

NIL

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

Sr. no.	Name	Post
(i)	Sh. P. S. Rawat (May 2014 to June 2015)	Executive Engineer
	Sh. Ravi Rajara (June 2015 to Sep 2016)	Executive Engineer
	Sh. Shakti Prasad (Sep 2016 till date)	Executive Engineer
(ii)	Shri H.S. Rawat (Nov 2014 till date)	Divisional Accountant (Works)

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.

**Sr. Audit Officer/ES-I**