

The Audit Inspection Report has been prepared on the basis of information provided by MD Office Uttarakhand Metro Rail, Urban Infrastructure& Building Construction Corporation Ltd. Dehradun. The Office of the Principal Accountant General (Audit) Uttarakhand, Dehradun disclaims any responsibility for any misinformation, non-submission or submission of incomplete records.

Audit inspection of accounting records of Uttarakhand Metro Rail, Urban Infrastructure& Building Construction Corporation Ltd. for the period since inception (March 2017) to March 2020 was carried out in exercise of the power conferred by section 19 of the C&AG's (DPC) Act, 1971 read with section 143 of the Companies Act, 2013. The audit was conducted by Shri Ghanshyam Das Pal, AAO, Sh. Rituraj Mohan Singh, AAO (during 06.07.2020 to 10.07.2020) and Sh. Saurabh, Sr. Auditor under the supervision of Shri Roshan Lal Sharma, Sr. AO during the period from 06 July 2020 to 22 July 2020.

Part-I

1. **Introduction.** The Corporation was incorporated on 23 March 2017 under Companies Act 2013 and this is the first audit of the Corporation. In current audit, accounting records of the period since inception (March 2017) to March 2020 were generally examined.

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

The main function of the Corporation is to plan, design, develop, construct, maintain and/ or operate metro rail or other similar mass rapid transport system of all types and description including mass movers either individually or in association with other undertaking and companies or persons in India and/ or abroad. The geographical jurisdiction of the Corporation is Uttarakhand.

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

Uttarakhand Metro Rail, Urban Infrastructure& Building Construction Corporation Ltd was covered in the audit. This inspection report is based on findings of audit and the month September 2017 and Mach 2019 was selected for detailed examination.

(iii) **Revenue, Expenditure and Profit/Loss for the year 2017-18 to 2019-2020.**

(in lakh)

Year	Revenue	Expenditure	Profit/Loss
2017-18	71.48	77.15	(5.66)
2018-19	209.49	235.89	(26.40)
2019-20	-	655.42	

(iv) Organization structure of the unit and reporting lines.

The Uttarakhand Metro Rail, Urban Infrastructure & Building Construction Corporation Ltd is an undertaking of Uttarakhand Government which is officiated by the Managing Director.

PART-II A

---NIL---

PART-II B

Para 1: Violation of Uttarakhand Procurement Rules

Point No. 18 related to advance payment to suppliers of Uttarakhand Procurement Rules, 2017 provides that the payment to supplier/service provider should be made after completion of supply /service.

- A. However, advance can be paid in the following services: -
- i. For maintenance of Air conditioner, computer or purchase of other valuable equipment.
 - ii. On Turn-key Project.
- B. Further, such advance can be paid with following limitations: -
- i. 30 *per cent* of contract cost, if vendor is a private firm.
 - ii. 40 *per cent* of Contract cost, if service provider is a State/Central Government unit or State/Central Government Public Sector undertakings.

No advance should be given without taking Bank Guarantee from the contractor and mobilization advance should be interest bearing.

During audit, it was noticed that Uttarakhand Metro Rail, Urban Infrastructure and Building Construction Corporation Limited (UKMRC) had sanctioned and released ` 47.20 lakh & ` 20.77 lakh (20% of contract value) as advances to M/s Delhi Metro Rail Corporation Delhi, on 12/2019 and 02/2020 for preparation of DPRs for Ropeway in Dehradun & PRT System in Haridwar. This advance was not in accordance with the services mentioned in the point 18 of Uttarakhand Procurement Rule, 2017. Audit also found that neither the bank guarantee was taken against the advances nor any interest was being charged on the advance paid. It was in contravention of Uttarakhand Procurement Rules, 2017.

The management stated that the UKMRC Board had approved the adoption of procurement policy/manual of DMRC till the Corporation procurement policy/manual is made and approved. It further stated that the payments were made without taking any bank guarantee because the DMRC is a Government Company.

Reply of management is not acceptable because UKMRC being a State Government enterprise was covered under Uttarakhand Procurement Rules, 2017. Hence, all the provisions of these rules are applicable to the Corporation. Also, point 18 permits

advance payment to Government entities only for maintenance of Air conditioner, computer or purchase of other valuable equipment and on Turn-key Projects.

Thus the interest free mobilization advance (₹ 67.97 lakh) which was paid to DMRC was against the provision of Uttarakhand Procurement Rules, 2017.

Matter is brought to the notice of management.

Para 2: Loss of interest ` 8.71 lakh due to not availing the auto sweep facility in saving bank account.

All Nationalized Banks provides Auto Sweep facility on Saving account on which interest is provided up to 5% to 5.25% per cent on the balances on day to day basis leaving ` 50,000/- without any transaction limit. 'Auto Sweep' is a facility which provides the combined benefits of a saving bank account and fixed deposit account and interlinks saving bank account with a fixed account. In auto sweep account, amount in the bank above a limit is automatically transferred to fixed deposit and earns a higher rate of interest.

The Uttarakhand Metro Rail Urban Infrastructure & Building Construction Corporation Limited had maintained saving A/c in Indian Overseas Bank, Dehradun for keeping the Grant received from Government of Uttarakhand. The Grant received in this account is utilized for daily office expenses, payment to suppliers/contractors and salary to their employees etc. There was a substantial idle balance lying in the accounts every month.

During scrutiny of records made available to audit for the period August 2018 to March 2020, it was noticed that the huge average daily balances were lying in saving account but the corporation did not avail the facility of Auto sweep. As such entire amount remained idle in saving account leading to loss of interest. Had the company insisted for the Auto sweep facility in Account, it would have resulted in extra income by way of interest amounting to ` 8.71 lakh (*Annexure A*) at the rate of 5% to 5.25 % per cent per annum during 08/2018 to 03/2020 itself.

The Corporation did not avail the above facility which cannot be viewed as financially prudent act and the availment of this facility could have helped in to improve the financial health of the corporation as corporation did not have any investment policy.

Corporation stated that in the flexi deposit, interest is not available, if amount is not kept for minimum period of 91 days, whereas in the saving account, the interest is earned even for the lesser period also. Further the corporation also stated that the suggestion of audit is noted, to optimize the revenue as well as sources of fund, when the Corporation construction work starts and there will be larger fund available.

The reply of the Corporation is not acceptable, as the interest rates to calculate the loss of interest have been confirmed from the bank concerned. Further, the audit observation is based on actual calculation of interest for each month. The corporation assured that it has

noted the suggestion of audit to optimize the revenue is itself as an acceptance of audit observation.

Matter is brought to the notice of the management.

Annexure-A

(in Rupees)

Loss of interest due to non availing of Auto Sweep facility					
Month	Minimum amount in the account	Minimum balance required for flexi	Amount available for flexi	Interest as per flexi accounts(@5% P.A.)	Interest earned as per saving bank accounts (@ 4% P.A.)
Sep-17	47735003	50000	47685003	198688	790372/-
Oct-17	47990543	50000	47940543	199752	
Nov-17	47605952	50000	47555952	198150	
Dec-17	45631282	50000	45581282	189922	
Jan-18	44226332	50000	44176332	184068	
Feb-18	43999219	50000	43949219	183122	
Mar-18	40916479	50000	40866479	170277	
			Total	1323978	
(a) Loss of Interest = ` 1323978` - ` 790372` = ` 533606/-					
				Interest as per flexi accounts (@5.25% p.a.)	Interest as per S.B. accounts (@3.50 to 3.75 % p.a.)
Apr-18	37897680	50000	37847680	165584	
May-18	36677437	50000	36627437	160245	406674
Jun-18	33259063	50000	33209063	145290	
Jul-18	31220947	50000	31170947	136373	
Aug-18	26582069	50000	26532069	116078	355086
Sep-18	24381950	50000	24331950	106452	
Oct-18	22857106	50000	22807106	99781	
Nov-18	17448749	50000	17398749	76120	259995
Dec-18	64760328	50000	64710328	283108	
Jan-19	57929229	50000	57879229	253222	
Feb-19	56747037	50000	56697037	248050	570195
Mar-19	55515223	50000	55465223	242660	
Apr-19	51618422	50000	51568422	225612	
May-19	48629231	50000	48579231	212534	539579
Jun-19	47437491	50000	47387491	207320	
Jul-19	39752841	50000	39702841	173700	
Aug-19	37160279	50000	37110279	162357	474075
Sep-19	34204755	50000	34154755	149427	
Oct-19	17191625	50000	17141625	74995	
Nov-19	11923646	50000	11873646	51947	342336

Dec-19	4209604	50000	4159604	18198	
Jan-20	1838334	50000	1788334	7824	
Feb-20	22126663	50000	22076663	96585	143223
Mar-20	3532024	50000	3482024	15234	
Total				3428695	3091163
(b)Loss of Interest = ` 3428695 - ` 3091163= `337532/-					
Total loss of interest (a) +(b)= ` 871138/-					

Part III

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

Details of unsettled paras of previous inspection reports:-

-----NIL-----

Compliance report of unsettled paras of previous inspection report-

Inspection report period and number	Para No. Audit observation	Compliance report	Comments of Audit Party	Remarks
	-	-	-	-

Part IV

Best practices of the Division

No good practices or innovation noticed during the course of audit.

Part V

Acknowledgement

1. Office of The Principal Accountant General (Audit) Uttarakhand, Dehradun expresses gratitude towards Managing Director of the corporation and their officers and employees for promptly providing desired documents and information including infrastructure related co-operation during the course of audit.

2. **Documents were not produced during audit:**

-----NIL-----

Persistent irregularities.

-----NIL-----

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

Sl. no.	Name	Post	Period
1	Shri Jitendra Tyagi	Managing Director	(since inception to till date)
2	Sh. Amarjit Singh Bindra	Director (Finance)	from 28.11.2019 to till date
3	Sh. Anil Kumar Srivastva	General Manager (Finance)	
4	3. Sh. P.K. Joshi	Finance Controller	
5	4. Sh. D.C.Lohani	Finance Controller	

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 Deputy Accountant General (AMG-II) office of the Principal Accountant General (Audit), Mahalekhakar Bhawan, Kaulagarh, Dehradun-248195.

Sr. Audit Officer/AMG-II (PSUs)