

Audit Inspection Report on the transaction audit of Executive Engineer, Electricity Store Division, Dehradun of UPCL for the period from October, 2008 to March 2016. The transaction audit was carried out in exercise of the power conferred by section 19 of the C & AG, DPC Act 1971 read with section 143 of the Companies Act 2013. The transaction audit was conducted by Shri Vikas Dhyani AAO and Ms. Purna Bhadula, AAO under the partial supervision of Shri Mukesh Kumar, Audit Officer during the period from 15.06.2016 to 25.06.2016.

“The Audit Inspection Report has been prepared on the basis of records /data/ information made available by the Executive Engineer, Electricity Store Division, Dehradun. The office of the Accountant General (Audit) Uttarakhand, Dehradun will not be responsible for any incorrect information made available”

PART-I-A

A. INTRODUCTORY

The last audit of the division was conducted by Shri B. Darshan Singh, AAO under the supervision of Shri J. R. Dhaundiyal, Sr. Audit Officer covering the period upto September 2008. During the present audit, accounts and records for the period from October 2008 to March 2016 were generally examined.

The following officers held the charge of the division since last audit to date.

Executive Engineer:

Shri Jaswant Singh, Executive Engineer since last audit to 11.04.2011

Shri R. K. Govil, Executive Engineer since 11.04.2011 to 28.02.2014

Shri Vivek Rajput, Executive Engineer since 04.03.2014 to 21.02.2015

Shri Gaurav Sharma, Executive Engineer since 22.02.2015 to till date

Divisional Accountant

1 Shri V.P. Kailkhura, since last audit to 09/2012.

2 Shri. Narendra Kumar, since 10/2012 to till date.

(B) Outstanding Paras of old AIRs

Sl. No.	Period	Part II-A	Part II-B
1.	09/2002 to 11/2003	--	03
2.	12/2003 to 11/2004	01	03
3.	12/2004 to 10/2005	01	1 to 3
4.	11/2005 to 06/2006	--	2 & 3
5.	07/2006 to 09/2007	--	1 to 6
6.	10/2007 to 09/2008	02	01

(C) PERSISTENT IRREGULARITIES

-----Nil-----

(D) RECORDS NOT PUT UP

-----Nil-----

Part-II-A

-----Nil-----

Part-II-B

Para 1: Deficiency in IT implementation regarding material management.

In order to record all types of receipt, issue & balances of any type of material under store division, a software namely Material Management System (MMS) was developed by IT section of UPCL which involves all the material receipt/issued by store centres and it also helps in monitoring the daily/monthly/yearly transactions & balances of any type of material of concerned Store Superintendent/Asst. Store Keeper/Junior Engineer. The basic transaction is entered by the concerned Store Superintendent/Asst. Store Keeper/Junior Engineer but any kind of upgradations/modifications in the system can be done only by IT section of UPCL.

During scrutiny of item balances as on 31.03.2011 to 31.03.2016, it was observed that in the Electricity Store Centre, Rishikesh in the books of Asst. Store Keeper, the receipt & issue of 20 various types of scrap materials was cent percent same in quantity, item code & item description. On being this pointed out it was confirmed from Store Centre, Rishikesh & its Asst. Engineer(Store) that this scrap was issued to another ASK of the same centre long back but the same was not updated in the system till date by the IT section which shows that the system is showing incorrect data for last six years. The same should have been reconciled in the system long back which was not done by the IT section. This shows poor updating of data regarding MMS by IT section.

The division accepted the audit observation and stated in its reply that the material in question was actually received in the year 2011 and the same was issued in that year itself but the figures are reflecting in each year's account is due to some IT/ Software related problems. The important and critical observation raised by audit is now taken care of and the same is now corrected in the Material Management Software. This shows that IT system/ MMS was not reflecting accurate data/ figures and the same should have been improved by the time.

The matter is brought to the notice of the management.

Para 2: Avoidable Loss of ` 2.74 Lakh

UPCL floats tenders for procurement of transformers from various vendors as per its requirement. The contract is awarded to the lowest bidder (L-1) after competitive bidding. In order to calculate L-1, unit rate F.O.R. destination cost is taken. This unit rate includes unit packing, forwarding, freight, insurance, transit and storage insurance etc. per unit. The Electricity Store Division, Dehradun have its 05 Centres located at Dehradun, Rishikesh, Roorkee, Haridwar & Kotdwar and its sub-centres at Tehri, Uttarkashi, Srinagar & Chamoli. The freight charges etc. per unit is same for any destination i.e. Centre/Sub Centres of ESD, Dehradun & ESD, Haldwani.

During scrutiny of records it was observed that most of transformer vendors are located at Roorkee which also has a Store Centre under the jurisdiction of ESD, Dehradun. The charging of same freight by the vendor which is located in Roorkee to the Roorkee Centre is not justified. This resulted in loss of ` 2.74 Lakh during the years 2012-13 to 2015-16 (**Annexure-II**). Provisions in the agreement should have been made well before in time to avoid the loss.

The division stated in its reply that at the time of order it was not clear how much quantity is destined for which place and it was only at the time of dispatch instructions when the destination is actually decided based on the requirement of material at the different store centres. The rates taken are average in nature considering all the store centers and are believed to be average out of any profit/ loss to the vendor as well as Corporation. Further, the matter does not pertain to the Store Division as all the Contracts of supply were done by the Contract and Procurement Section in UPCL Headquarters. However, the division accepted the fact and stated that the observation would certainly be considered and taken in right spirit by the C&P section in the future course of time. The reply of division is not convincing as even if at the time of order the quantity and destination of material was not clear, necessary provisions could have been made in the contracts well in time. These provisions would minimise the cost of freight charges etc. in case of supply to the centres located at the same stations. In the absence of which UPCL suffered avoidable loss of ` 2.74 crore

The matter is brought to the notice of the management.

Para 3: Undue favour to contractor

UPCL awarded contract for supply of 400 Nos. (dated 25.05.2012) 63 KVA Al. wound Distribution Transformers to M/s Shree Ram Transformers Pvt. Ltd. and a counter offer for 150 Nos. (dated 24.05.2012) of Transformers was also given M/s United Electricals Pvt. Ltd. Roorkee.

During scrutiny of records it was observed that M/s United Electricals delayed the supply almost all time as per the delivery schedule given in purchase order. Despite this, additional order of 200 Nos. transformers of same capacity & specification was also given to M/s United Electricals Pvt. Ltd. Roorkee on 14.06.2013 with a delivery schedule of 150 Nos. up to 31.08.2013 & balance 50 Nos. in 09/2013. It is pertinent to mention here that this delivery schedule was modified on 05.08.2013 as per request to the firm (07/2013) and the modified delivery schedule was – 25 Nos. up to 07/2013, 50 Nos. up to 08/2013, 50 Nos. up to 09/2013, 50 Nos. up to 10/2013 & 25 Nos. up to 11/2013. The delivery schedule is given to the firm as per the requirement of the transformers in the field unites/divisions to maintain quality power supply round to the clock but here in this case the delivery schedule was modified/delayed as per the convenience of the firm. Further, UPCL's step to give additional order to a firm which is already delayed in supply as per delivery schedule & modifications in delivery schedule as per conventions of the firm was not in order. This resulted in undue favour to firm.

The division stated in its reply that the matter does not pertain to the Store Division and all the supply contracts are done by the C&P section of the UPCL headquarters. The observation has been forwarded to the relevant section for reply.

The matter is brought to the notice of the management.

Annexure-II

Details of Freight Charges of Various Firms (in respect of supply in Roorkee Centre of the Store Division)

Year	Name of Firm	P.O. No.	Capacity of T/f	Total No. of T/f's	Unit Freight Charges as per P.O.	Total Freight Charges
2012-13	M/s United Electricals & Transformers, Roorkee	486/CCP-II/12 dt. 24.05.2012	63 KVA	7	513.00	3591.00
2012-13	M/s Shri Ram Transformers, Roorkee	1141/CCP-II/13 dt. 11.12.2012	25 KVA	112	400.00	44800.00
2012-13	M/s United Electricals & Transformers, Roorkee	1140/CCP-II/13 dt. 11.12.2012	25 KVA	137	297.00	40689.00
2012-13	M/s Shri Ram Transformers, Roorkee	494/CCP-II/12 dt. 25.05.2012	63 KVA	36	500.00	18000.00
2014-15	M/s Shri Ram Transformers, Roorkee	271/CCP-II/24 dt. 27.02.2015	25 KVA	40	500.00	20000.00
2014-15	M/s Shri Ram Transformers, Roorkee	271/CCP-II/24 dt. 27.02.2015	25 KVA	19	500.00	9500.00
2014-15	M/s Bansal Transformers, Roorkee	791/CCP-II/24 dt. 13.06.2014	25 KVA	127	450.00	57150.00
2015-16	M/s Bansal Transformers, Roorkee	1732/CCP-II/13 dt. 16.12.2015	25 KVA	120	672.00	80640.00
Total						274370.00

PART III

-----NIL-----

Sr. Audit Officer/ES-I