

The inspection report has been prepared on the basis of information provided by Electricity Test Division Haridwar. 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 Electricity Test Division Haridwar UPCL for the period since inception to March 2018 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 audit was conducted by Shri Ghanshyam Das Pal, AAO and Ajay Bahuguna, AAO under the supervision of Shri Roshan Lal Sharma, AO during the period from 30 July 2018 to 04 August 2018

### **Part-I**

1. **Introduction:-** In current audit, accounting records of the period since inception to March 2018 were generally examined.

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

The main functions of division are to install, repair, and replace to test accuracy of the Electronic Meters. The jurisdiction of the division is Haridwar.

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

Electricity Test Division, Haridwar, Uttarakhand Power Corporation Ltd., was covered in the audit. This inspection report is based on findings of audit and month February 2010, October 2011, February 2013, May 2014, February 2016 and June 2017 were selected for detailed examination and checking of arithmetical accuracy for the month of May 2010, March 2011 October 2013, February 2015, June 2016 and July 2016 . .

(iii)

(In ₹)

Year	Revenue	Expenditure	Profit
2015-16	-	45038232	-
2016-17	-	38606652	-
2017-18	-	31506581	-

(To the extent this information is available & applicable)

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

The Electricity Test Division Haridwar is a division of UPCL which is officiated by the Executive Engineer.

**Part II A**

**NIL**

## Part-II B

### **Para- 1 Loss due to non realization of single phase meters cost amounting to ₹ 10.76 lakh.**

As per Clause 5.9 of Supply Code 2005, cost of replacement of meter shall be borne by the consumer, if it is established, as a result of testing, that the meter was rendered defective due to tampering or any other deliberate act by the consumer.

As above, if meter is supplied by the Licensee, including the replacement of electromechanical meters, the security of the meter and associated equipment may be realised /recovered as per the cost specified in the cost data book.

Scrutiny of the records of the division revealed that the cost of the burnt meters was not charged/recovered from the consumers. The details are as given below-

Name of Test Lab	Average cost of single/three phase Meter (₹)	Number of IDF burnt single phase meter replaced	Number of burnt meter the cost of which taken from consumer	Number of burnt meter the cost which were not taken from consumer	Amount Not realized/taken from Consumer (in ₹)
ETL Mayapur, Haridwar	1000/ 2660	1614	787	827	827000
ETL Sidcul, Haridwar	1000	1372	1208	164	164000
ETL Laksar, Haridwar	1000	1802	1717	85	85000
<b>Total</b>		<b>4788</b>	<b>3712</b>	<b>1076</b>	<b>1076000</b>

During 2013-14 to 2017-18, the division had replaced 4788 numbers of burnt meters out of which, cost of 3712 burnt meters was recovered by the division from the consumers. Thus the cost of 1076 numbers of burnt meters at the rate of ₹ 1000 per meter was not recovered from the respective consumers which resulted in loss of ₹ 10.76 lakhs to the division.

Division in its reply stated that the cost of defective meters have been realized from the consumers in some cases as informed to audit, however efforts are being made now to recover that the cost of defective meters from consumers in maximum cases. Necessary action for the same will be made along with Distribution divisions.

Reply of the division is not convincing as the corporation is a commercial organization and it should have recovered the cost of such defective meters which are out of warranty i.e. 5 to 5.5 years in most of the cases.

**Para2 : Loss of ₹ 11.65 lakh due to non replacement of meter under Guarantee Period.**

Division performs the work of replacement of defective meters from the premises of the consumers. During scrutiny of records, audit noticed that since 2010-11 to 2016-17, division had received total 14218 Single Phase and 697 Three Phase defective meters which was under guarantee period, however division had sent only 12769 single phase and 657 three phase defective meter to the supplier for repair/ replacement and 1449 single phase and 40 three phase defective meters are lying with division for repair/replacement to the supplier till date which may cause financial loss to Company. Since guarantee period of any material is for a certain period, therefore, such material should be returned promptly to the supplier, so that the new material can be received before lapse of the guarantee period.

Due to not changing of defective meter which are under guarantee period, and keeping such meter with the division, the division may suffer a loss of ₹ 11.65 lakh, which is as illustrated in the table below:

Name of ETL	Type of meter	No. of Meter got defective UGP	No. of Meter sent to the supplier for repair/replacement	No. of UGP Meter not sent to the supplier for repair/replacement	Cost of per Meter (₹)	Loss to the Division (cost of one meter*No. of UGP meter not sent to supplier (in ₹)
<b>URBAN Haridwar</b>	Single phase	2129	1776	353	751	265103
	Three phase	236	228	8	1909	15272
SIDCUL Haridwar	Single Phase	4100	3709	391	751	293641
	Three Phase	188	184	04	1909	7636
Laksar- I	Single Phase	3573	3356	217	751	162967
	Three Phase	99	84	15	1909	28635
Laksar –II	Single Phase	4416	3928	488	751	366488
	Three Phase	174	161	13	1909	24817
<b>Total</b>	Single Phase	<b>14218</b>	<b>12769</b>	<b>1449</b>	<b>Total Amount</b>	<b>1164559</b>
	Three Phase	<b>697</b>	<b>657</b>	<b>40</b>		

Division in its reply stated that the defective meters will be send to supplier very soon, and all the meters are still in warranty period.

The reply of the division is not convincing as it does not explain the reason for not sending the meters to supplier till date.

**Para 3 : Delay in execution of work and non replacement of mechanical meter.**

An agreement was entered (14 Sept 2015) with M/s Namdev & Sons, Haridwar by Electricity Test Division Haridwar to replace 1500 no's one Phase IDF Mechanical meters with electronic meters at a value of ₹ 490500 (₹ 327 per meter). The time allotted for completion of work was one year from the handing over of the material.

During the audit it was observed that the work of replacement of mechanical meters was started by the contractor on April 2017 (after 18 months from signing the agreement). Further, till March 2018 (after 27 months from signing the agreement) the contractor was able to replace only 284 meters. It was also observed that the Division had not taken any action to get the work expedited.

Further according to the clause 11 of the terms and conditions of the agreement, the contractor was required to deposit security @ 10 *per cent* of contract value but the contractor had not submitted the same till date. According to the Uttarakhand Procurement Rules, 2008, Performance Security of 5 to 10 percent of the contract value has to be collected from the successful bidder before signing of the agreement. It was seen the contractor has not submitted any performance Security for the contract entered. Due to non availability of the Performance security, the division has no means to financially secure/safeguard its interest in the event of non completion of work.

It was further noticed that the UERC in its Tariff Orders has been repeatedly giving directions to replace all old mechanical meters with new electronic meters in accordance with CEA Regulations.

Thus, the division not only failed to take any action against the contractor for non completion of the awarded work but was also not able to adhere to the directions issued by UERC with respect to replacement of Mechanical Meters with Electronic Meters.

Division in its reply stated that the letter has been issued to contractor to complete the work within a month and the concerned AE(M) has also been directed to complete the auspicious work on priority basis.

**Para 4 : Blockade of funds against un-returned meters-₹ 1.32 crore.**

During the review of records of the Electricity Test Division, Haridwar it was noticed that defective meters which were under the guarantee period were sent back for repair/ replacement to various firms, supplying meters to the division during the period ranging from Oct 2009 to March 2017. The meter were either handed over to the authorized representative of the firm or sent through courier. Latest correspondence of meters sent to the firms under guarantee period but not return by the supplier was not available with the division. In their books of accounts, division had booked ₹ 1.32 crore against the supplier. Firms/suppliers wise details against which the division had booked the amount is not available with the division.

Further, only two firms namely L&T and Genus are currently the supplier of meters to the division thereby giving an opportunity to the division to at least recover the outstanding dues from these two firms or obtain the meters in lieu of the returned meters.

Thus, non recovery of the dues against the meters returned back to various firms has led to blockade of funds amounting to ₹ 52.30 lakh as the same pertains to a period more than 8 years and the chances of recovery are very grim.

Division in its reply stated that the letter has been issued to concerned firms to bring back the material/meter.

The reply of the division is not convincing as the division has not need any efforts to recover the material till date.



### **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) Utrakhand, Dehradun expresses gratitude towards Executive Engineer of the Division 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-----

### 3. Persistent irregularities.

-----NIL-----

### 4. The following officers held the charge of head of the division during the audit period:

Sr. no.	Name	Post	Period
1	Shri Gaurav Sharma	Executive Engineer	03.05.2009 to 03.01.2011
2	Sh. Rakesh Kumar	Executive Engineer	04.01.2011 to 07.08.2011
3	Sh. S.C. Tripathi	Executive Engineer	08.08.2011 to 11.07.2012
4	Sh. D.P. Singh	Executive Engineer	11.07.2012 to 12.05.2015
5	Sh. Arvind Kumar	Executive Engineer	13.05.2015 to 23.11.2015
6	Sh. Anil Kumar mishra	Executive Engineer	23.11.2015 to 01.12.2015
7	Sh. Raghunath	Executive Engineer	01.12.2015 to 27.04.2017
8	Sh. Shailendra Singh	Executive Engineer	28.04.2017 to 11.08.2017
9	Sh. Raghunath	Executive Engineer	12.08.2017 to 04.01.2018
10	Sh. Ravi Kumar	Executive Engineer	04.01.2018 to till date
1.	Sh. Deepak Shukla	DA	1.10.2009 to 30.11.2011
2	Sh. Mahipal Singh	DA	01.12.2011 to 12.09.2016
3	Sh. Hamant Malik	DA	13.09.2016 to till date

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. AO/ES-1**

