

This Inspection Report has been prepared on the basis of information provided by Chairman, Uttarakhand Electricity Regulatory Commission (UERC), Dehradun. 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 Chairman, Uttarakhand Electricity Regulatory Commission, Dehradun for the period from October 2009 to March 2017 was carried out. Audit inspection was conducted by Shri Khub Chand, Assistant Audit Officer, under the supervision of Smt. Usha Singh, Audit Officer during the period from 16.10.2017 to 02.11.2017.

Part-I

Introduction:- The last audit of UERC was conducted by Shri Roshan Lal Sharma, Assistant Audit Officer, from 05.03.2010 to 13.03.2010 under the supervision of Shri O.P.S. Yadav, Sr. Audit Officer, in which accounting records for the period October 2005 to September 2009 were examined.

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

The Commission is a body corporate under the administrative control of the State Government of Uttarakhand. It came into existence on 05.09.2002 vide notification No. 365/9-3-Urja/2002 dated 16.02.2002 issued by the State Government of Uttaranchal. The main function of the Commission is to determine the tariff for generation, supply, transmission and wheeling of electricity within the state. Further, it is also required to regulate electricity purchase and procurement process of distribution licencees.

The Commission is a three member Commission constituted under Section 17 of the Electricity Regulatory Commission Act, 1998 read with Electricity Act 2003.

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

Chairman Office and other wings of UERC were covered in the audit. This inspection report is based on findings of audit and March-2010, May-2010, March-2012, February-2013, January-2014, April-2014, June-2015 and October-2016 were selected for detailed examination.

(iii)

Year	Revenue	Expenditure	Profit
10/2009 To 03/2010	23307226	16768007	--
2010-11	97054182	31548555	--

2011-12	119227214	30462322	--
2012-13	134755766	57574568	--
2013-14	96487659	73551799	--
2014-15	97655685	79054059	--
2015-16	117244477	62641519	--
2016-17	129672908	61474893	--

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

UERC, Dehradun is an electricity regulatory authority. The executive powers rests with the Chairman who is assisted by the Secretary, Director (Finance), Director (Technical) and Director (C/L).

PART II- A

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Part II B

Para 1: - Irregular payment of ` 16.37 lakh on account of honorarium to staff deputed from outsource agency.

According to the Uttarakhand Electricity Regulatory Commission (Recruitment, Control and service conditions of Staff) Regulations 2016, the commission may hire services like housekeeping, security, drivers, peons etc. on outsourcing basis from service agency/service organization.

The commission utilizes the services of various outsourcing agencies for the posts of peon, supervisor, driver, computer operator etc. According to the terms and conditions of the agreement entered by the commission with the outsource agency, the personnel engaged in the services of contract by the commission shall be entitled to claim salary etc. from the contractor only. The agreement nowhere provides for any condition to make any payment to the outsourced employee by the commission.

During the test check of the records, audit observed that the commission has been paying honorarium to the staff engaged from outsourcing agency in the same manner as to its employees every year. The total payment on account of honorarium paid to the outsourced staff during the year 2010-2017 amounts to ` 16.37 lakh. In this regard it is also stated that even if the outsourced employees attended office on additional days as required by the commission, the payment on this account should have been regulated as per the terms and conditions of the agreement as the staff from outsource agency is not a part of UERC. It is rather a part of the outsource agency. Thus, the commission made irregular payment of ` 16.37 lakh to the staff deputed from outsource agency on account of honorarium.

While accepting the audit observation, management stated in its reply that the provisions relating to the payment for works performed after office hours or during holidays were inadvertently omitted in the agreements and the remuneration was paid in the name of extra efforts put in by them after office hours. It was also accepted that the clause related to overtime etc. shall be provided in the future agreements.

Thus, irregular payment of ` 16.37 lakh on account of honorarium was paid to outsource staff without any such provision in the agreement.

In view of the reply, the matter may be reviewed in the next audit.

Para 2 : Deficiencies in employment of staff from outsource agency.

Uttarakhand Electricity Regulatory Commission has been hiring staff such as computer operator, gardener, electrician, supervisor and sweeper etc. from outsource agency, United Manpower and Allied Services. The agreement with the same agency is being extended year after year depending upon the requirement of the Commission.

During the scrutiny of the records it was observed that the commission not even once opted for open tender for the employment of staff from outsourcing agency in the period under audit scrutiny.

Further, it was also noticed that in the meeting of the commission held on 22.08.2014, the commission arbitrarily increased the salary of the computer operators, drivers, supervisors without any such request from the outsource agency on the pretext that the lowest of the applicable scale may be paid. In this context it is stated that the commission enters an agreement with the outsource agency for the supply of manpower and it is not bound to make any payment or increase the salary of the staff on its own.

Thus, the commission deprived itself from taking the benefit of competitive bidding in employment of staff from outsource agency. It also increased its financial outlay unnecessarily by increasing the remuneration of such staff even though any such demand from the outsource agency could not be found on record submitted to audit.

The management has accepted the audit observation and stated that the services from the outsource agency was found satisfactory and accordingly the commission extended the agreement from time to time. The salary was increased without any provision in the agreement. However, commission has noted the observation and assured that in future either open tenders would be floated or staff shall be hired by government approved agency.

In view of above, the matter may be reviewed during 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:-

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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
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Part IV

Best practices of the unit

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Part V

Acknowledgement

1. Office of The Accountant General (Audit) Uttarakhand, Dehradun expresses gratitude towards Chairman, Uttarakhand Electricity Regulatory Commission, Dehradun and their officers and employees for promptly providing desired documents and information including infrastructure related co-operation during the course of audit.
2. Though following documents were not produced during audit:
NIL
3. Persistent irregularities.
NIL
4. The following officers held the charge of head of the office during the audit period:

SI No	Name	Designation	Period
1	Shri. V. J. Talwar	Chairman	July 2007 to December 2010
2	Shri Anand Kumar	Chairman	December 2010 to May 2011
3	Shri Jag Mohan Lal	Chairman	May 2011 to April 2014
4	Shri C.S Sharma	Chairman	April 2014 to October 2014
5	Shri Subhash Kumar	Chairman	October 2014 to till date
6	Shri Vivek Dikshit	Director (F)	Jan 2010 to April 2012
7	Shri Deepak Pandey	Director (F)	June 2013 to till date

1.	Shri N.K. Gupta	Dy. Accounts Officer	December 2009 to May 2014
2.	Shri Radhyshyam	Accounts Officer	May 2014 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-I

