

This inspection Report has been prepared on the basis of information provided by Executive Engineer, 400 KV (O&M) Division PTCUL, Rishikesh. 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 Executive Engineer, 400 KV (O&M) Division PTCUL Rishikesh for the period April 2016 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. 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 05.09.2018 to 15.09.2018.

Part-I-A

1. **Introduction:-** The last audit of this unit was conducted by Shri Amit Kumar, Assistant Audit Officer, Shri Khub Chand, Assistant Audit Officer and Shri Roshan Lal Sharma under the supervision of Shri B.C. Suyal Sr. Audit Officer in which accounting records for the period from October 2011 to March 2016 were generally examined. In current audit, accounting records of the period from April 2016 to March 2018 were examined.

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

The function of the Executive Engineer, 400 KV (O&M) Division PTCUL Rishikesh is to transmit the electricity to the Rishikesh and keep as well as expand the electricity transmission system to this area. Geographical jurisdiction of the division is Rishikesh and its surrounding area.

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

Executive Engineer, 400 KV (O&M) Division PTCUL, Rishikesh 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 February 2017 and April 2017 month was selected for detailed examination.

(iii)

Amount in `

Year	Revenue	Expenditure	Profit
2016-17	--	35723788.75	--
2017-18	--	41688257.50	--

(To the extent this information is available & applicable)

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

The 400 KV (O&M) Division PTCUL Rishikesh is an electricity transmission division of PTCUL which is officiated by the Executive Engineer.

Part II (A)

NIL

Part II (B)

Para 1: Undue favour to contractor

a) 400 KV (O&M) PTCUL, Division, Rishikesh had invited tender (15 June 2017) for work of Barbed wire fencing around the 800 KV land situated at outer side of 400 KV Switch Yard at 400KV Substation Rishikesh. The opening date of tender was 22 June 2017 against which only two bidders had submitted their bids namely M/s Girvir Singh Rana, Rishikesh at ` 861000/ and M/s Singhal & Co., Rishikesh at ` 999600/- (GST Extra), respectively. The work was awarded to M/s Girvir Singh Rana (Contractor) Rishikesh at ` 861000+ GST extra.

During the scrutiny of records it was seen that the rates quoted by the contractor did not mentioned the claim of GST as extra. In absence of any extra tax demanded by the contractor, the rates quoted are considered as inclusive of all taxed. However, the payments of taxes in addition to the rates quoted were allowed to Contractor during the award of work. Thus payment of GST in addition to the rates quoted by the contractor, the division suffered a loss to the extent of payment of GST.

b) In a similar case for the work of “General Maintenance of Switch Yard at 220 KV Substation, Rishikesh. In which four bidders submitted their bids namely M/s Singhal & Co., Rishikesh at ` 883465.40, M/s Kothari Enterprises, Rishikesh at ` 897380.68, M/s Panwar Enterprises, Roorkee at ` 904425.82 (GST Extra) and M/s Ghasita Contractor, Chandanpur at ` 1513542.00 respectively. The work was awarded to M/s Singhal & Co. at ` 883465 + Taxes Extra.

During the scrutiny of records it was seen that, though the contractor had not demanded any tax in the price bid, the same was allowed to Contractor at the time of awarding the work. Due to awarding of the work to Contractor, the division suffered a loss to the extent of payment of GST. The division in reply stated that after examination of the matter the reply shall be furnished to audit.

The matter is brought to the noticed of the management.

Para 2: Works awarded at exceptionally low rates as compared to the estimates.

During the review of records pertaining to the division, it was noticed that the works were awarded to the contractor by virtue of being the lowest among all the bidders without analysing and establishing the reasonableness of the quoted rates *vis-a-vis* the estimated rates and the prevailing market rates. In some cases even the Abnormally Low Rated (ALR) items were not identified.

In the test check of the records, the following contracts were awarded at exceptionally low rates quoted by the contractor.

Sl. No.	Name of the work	Estimates approved by the competent authority	Awarded value of the contract.	Percent below	Firm to whom work awarded
1.	Work of annual/breakdown maintenance of equipment of different Switch Yards at 220/132 KV Substation Rishikesh and AMC of 110 Volt DC Battery Banks, Chargers and Distribution System	` 9,03,000	` 2,05,220	23%	M/s Singhal & Co.
2.	Annual Maintenance Contract for Erector Hostel at 400 KV S/s Rishikesh	` 3,78,000	` 96,458	26%	M/s Singhal & Co.
3.	Supply of C-Type fired wedge boltless clamps at 220KV Substation Virbhadra Rishikesh.	` 4,97,000	` 1,46,400	29%	M/s Singhal & Co.

From the above table it is clear that the contracts were awarded at very low rates.

Before acceptance of the offer, it is very important to establish the reasonableness of rates on the basis of estimated rates and the prevailing market rates. The abnormally high rates and abnormally low rates should be duly identified and the officials responsible for execution of work should be intimated to exercise appropriate control such identified items.

In the absence of any analysis of the rates quoted the contractor, the reasonableness of the rates cannot be commented. The same needs to be suitably reviewed in all such contracts.

The division in reply stated that the work was awarded to L-1 bidder and after examination of the matter; the same shall be intimated to audit.

The matter would be watched to next audit. The issued is brought to the notice of the management.

Para 3 : Non-disposal of scrap/obsolete material worth ` 3.84 crore.

The Power Transmission Corporation of Uttarakhand Limited (PTCUL) is responsible for transmission of electricity within the state. For this purpose, it constructs and maintains various sub stations of different capacities (KVA's) at different places. For operation and maintenance of its various sub stations and transmission lines, it purchases different components/spares from the market and uses it on need basis. The broken items/scrap items as a result of replacement are required to be sold in the market on earliest basis so the precarious funds thus realized could be utilized elsewhere.

During the course of audit it was seen that a transformer of 240 MVA installed at 400 KV substation Virbhadra Rishikesh was brunt (out of working) on 25-10-2011 at that time the estimated scrap value of the transformers was Rs. 3.79 crore. The transformer is still lying with the division (September 2018). The total scrap & obsolete material of Rs. 3.84 crore (Rs. 3.79 crore scrape material + .05 crore obsolete material) was lying with the division for 7 years but no action for disposal of the same was instated by the division after a lapse of seven years.

The non disposal of the above scrap/obsolete material shall further deteriorate the quality of material resulting the under value of scrap/obsolete material, when disposed off.

The division stated in its reply that the matter has been forwarded to the Head Office for taking decision. The reply of the Division is not acceptable as the fact remains that scrap/obsolete material are yet to be disposed off. The same may be watched in next audit.

Para 4: Non adherence to the terms and conditions of tender documents/agreement pertaining to security deposit.

According to the Special Condition of Contract (Clause 4) of the agreements entered with the contractors – “In order to ensure faithful completion of the contract, successful Contractor shall furnish Performance guarantee in the shape of FDR/TDR/CDR/Bank Guarantee equal to ten percent of the contract value to Concerned Executive Engineer which shall be released after six month from the date of completion of work.

During the test check, it was observed that no security cum performance deposit was collected from the successful contractor before signing of the agreement. Due to non availability of the security/performance 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 agreement signed with the contractor.

The division in reply stated that the compliance of the observation will be ensured in future.

The matter will be watched in 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:-

Sl. No.	AIR for the period	Part-II-A	Part-II-B
1.	04/2009 to 09/2011	--	1 to 3
2.	10/2011 to 03/2016	--	1 to 3

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

NIL

Part V

Acknowledgement

1. Office of The Principal Accountant General (Audit) Uttarakhand, Dehradun expresses gratitude towards Executive Engineer, 400 KV (O&M) Division PTCUL, 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:

NIL

2. **Persistent irregularities.**

NIL

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

Sr. no.	Name	Period	Post
(i)	Shri. Anupam Singh	22.08.2014 to 26.04.2016	Executive Engineer
(ii)	Shri. Vikalp Gautam	27.04.2016 to 24.08.2016	Executive Engineer
(iii)	Shri Intkhab Alam	24.08.2016 to Till date	Executive Engineer

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(ES) within one month of receipt of the report.

Sr. AO/ES-1