

This Inspection Audit Report has been prepared on the basis of information provided by Executive Engineer, Electricity Civil Construction Division, 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 Executive Engineer, Electricity Civil Construction Division, Dehradun for the period from April 2017 to March 2020 was carried out in exercise of the power conferred by section 19 of the CAG's, (DPC) Act, 1971 read with Section 143 of Companies Act, 2013. The audit of the division was conducted by Shri Amit Kumar, AAO and Shri Naveen Rawat, Auditor under the supervision of Ms. Usha Singh, Sr. Audit Officer during the period from 28 January 2021 to 03 February 2021.

Part-I

Introduction: - The last audit of this unit was carried out by Shri Khub Chand, AAO under the supervision of Ms. Usha Singh, Sr. Audit Officer during the period from October 2007 to March 2017. In current audit, accounting records of the period from April 2017 to March 2020 were generally examined.

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

The function of the Electricity Civil Construction Division, Dehradun is to construct the Civil Work in Dehradun and Haridwar district and the geographical jurisdiction of the division is also Dehradun and Haridwar.

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

Electricity Civil Construction Division, Dehradun was covered in the audit. This inspection report is based on findings of audit and January-2018, December-2018 and February-2020 month were selected for detailed examination.

(iii) Details of expenditure incurred during the period 2017 to 2020 is given in the below:

(₹ in crore)

Year	Revenue	Expenditure	Profit
2017-18	--	₹ 6.27	--
2018-19	--	₹ 6.37	--
2019-20	--	₹ 11.17	--

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

The Electricity Civil Construction Division Dehradun is a Civil Construction division of UPCL which is officiated by the Executive Engineer.

Part II-A

Para 1: In-ordinate delay in execution of work resulted in penalty of ₹ 34.50 lakh.

The Uttarakhand Electricity Regularity Commission (UERC) imposed (01 September 2005) following penalty on Uttaranchal Power Corporation Ltd. (UPCL) for its failure to comply with time bound specific directions given by the Commission in the order dated 09.07.2004 such as providing basic facilities to the consumers:

- i)** UPCL, the licensee company shall pay a penalty of ₹ 1 lakh for contravention of Commission's directions pertaining to billing and collection contained in Commission's order dated 09.07.2004 and listed in para (1) of this order.
- ii)** Till such time that each of the above directions has been fully complied with to the satisfaction of the Commission, UPCL, the licensee company shall pay a continuing token daily penalty of ₹ 2500 with effect from the date of this order.
- iii)** While the one time penalty of ₹ 1 lakh will be paid within 30 days of issue of this order, the continuing penalty of ₹ 2500 per day will be paid within 30 days of close of each calendar month.
- iv)** Expenditure incurred on this account will not be passed on to consumers in tariffs. Whether this expenditure should be borne by the delinquent company or the same should be recovered from the concerned employees is a matter which the Company's Board of Directors may decide.

UERC in compliance of its order dated 01 September 2005 further ordered (January 2016) to extend the bill collection facility/services integrating all the Common Service Centres (CSC) situated across the State within six months from the date of issuance of Order.

In compliance to the above orders, UPCL entered in to an agreement (06 February 2018) with M/s Varda Infratech Pvt. Ltd., Ghaziabad (M/s Varda) costing ₹ 4.51 crore for providing basic facilities to consumers such as Consumer Shed with False Ceiling, Toilet (HE), Shed for water cooler, Septic Tank and Soak Pit, S.S. Benches facilities at various collection centers of UPCL on turnkey basis in the Garhwal Zone.

The work was to be completed within a time of six months from the date of award of work. The work involved providing consumer facilities at 53 places in Garhwal Zone. The scope of the package included design, detailed engineering, civil construction of all material/equipments including the transportation, delivery, storage at site, testing commissioning etc.

During the review of records pertaining to the execution of the said work the following points were observed: -

1. As per the direction of UERC (January 2016), the bill collection facility/services integrating all the Common Service Centres (CSC) situated across the State shall be completed within six months from the date of issuance of Order. However, the contract for the work could be finalised (February

2008) by UPCL HQrs after the lapse of two years for which penalty of ₹ 13.50¹ lakh may be imposed.

2. As stated by the Division, out of work of ₹ 4.51 crore, the Civil Construction Division, Deharadun was assigned the work valuing ₹1.31 crore.
3. Even after lapse of 28² months from the scheduled date of completion the contractor was able to execute works amounting to ₹ 1.20 crore only. The balance work amounting to ₹ 0.11 crore was yet to be executed. This implies that after a lapse of 28 months (up to December 2020) from the date of completion of work, the contractor was not able to finish said work.
4. Further, as stated by the division, the above work at Doiwala Distribution Division could not be completed due to non-availability of land. The reasons for non-completion of work was not found on the record furnished to audit.

Thus, in view of the above facts, it can be seen that the work awarded to Civil Construction Division, Dehradun for providing the consumer facilities at the various billing centers could not be completed even after lapse of 28 months from the date of completion of work.

Also, the above work is being undertaken by UPCL in compliance to Uttarakhand Electricity Regulatory Authority (UERC) directions to provide basic consumer facilities in all collection centres. Non completion of the said work in a timely manner may also attract penalty by UERC costing ₹ 21.00 lakh³ on UPCL for the period of 28 month.

Reply is awaited.

¹ 2500 x 30x 17 (January 2016 to February 2018= 24 month *less* completion period of 06 months)

² August 2018 to December 2020=28 Months

³ 2500 x 30 x 28 (February 2018 to December 2020 *less* completion period six months)

Part II B

Para 1: Non adherence to the terms and conditions of contract in giving time extension and approval for extra item/variation.

Clause No. 5 pertaining to extension of time in general conditions contract states that if the contractor shall desire an extension of time for completion of work, he shall apply in writing to Engineer of the contract through Engineer in charge and a copy thereof is sent to Superintending Engineer under registered cover within 90 days of the date of the hindrance on account of which he desires such extension as aforesaid and the Deputy General Manager, shall in his opinion (which shall be final) reasonable grounds be shown thereof, authorize such extension of time within 3 months from the date of application. If the contractor continues to perform the work beyond the date of completion or extended date without obtaining approval for extension as aforesaid the right of the Corporation to claim compensation under clause 3 shall not be deemed to have waived.

The general conditions of the contract pertaining to the extra items also states that no extra items shall be executed/started by the contractor without the written permission and decision of rates failing which the contractor shall be responsible for any expenditure incurred or risk involved. As such the contractor is strictly prohibited to start extra-items without written permission and decision of rates by superintending engineer/DGM. All extra items shall be submitted to DGM/SE through engineer-in-charge of the contractor under registered cover and DGM's decision in this matter shall be final. Any violation of this clause will mean breach of the contract.

Audit notice that the some cases related to time extension for completion of work to Superintending Engineer after completion of work and after delay of 90 days from the date of hindrance which is highlighted below in which time extension was given in violation the above conditions.

Sl. No.	Name of the work	Contract value	Date of completion	Value of Extra item/variation	Submission of proposal of extra item/variation for approval	Date of approval of Extra item.
1.	Special maintenance repair of distribution transformer Pole plinth and other miscellaneous works at various sites in Dehradun city.	₹ 29.56 lakh	22.02.2019	₹ 28.83 lakh	12.06.2019	12.06.2019

2.	Annual M&R Works of Residential & Non-Residential Buildings at 33/11 KV S/S Kaulagarh, Dehradun	₹ 3.42 lakh	30.06.2019	₹ 3.24 lakh	28.08.2019	31.01.2020
3.	Annual M&R Works of Residential & Non-Residential Buildings at 33/11 KV S/S Arahar, Dehradun	₹ 5.65 lakh	28.082019	₹ 5.16 lakh	28.08.2019	31.01.2020

The extra items/variation were more than forty *percent* and the proposal for approval of the same was sent after the completion of the total work and not prior to taking up the extra item/variation which is not in consonance to the terms and conditions of the contract, which indicates that division did not adhere to the reference norms.

Reply is awaited.

Para 2 (i) Non adherence to the orders of Government of Uttarakhand pertaining to the deduction of royalty.

The use of construction material procured from only authorised sources is permitted in execution of construction/civil works. To check loss of revenue from sale of construction material such as stone ballast, grit, stone dust and also control illegal mining, the contractors are required to submit copies of treasury challans as a proof of pre-payment of royalty and purchase of construction material from authorised sources.

The Government of Uttarakhand vide its order dated 19.05.2016 have revised the rates for royalty in respect of stone/boulders (₹ 8.85/quintal) and sand/stone dust (₹ 7/quintal) and also directed the all the departmental heads to deduct the royalty according to the revised rates and deposit the same to the Government.

During the test check of the records of the division pertaining to the payments made to the contractor in respect of the civil works executed, it was seen that neither the proof of pre-payment of royalty to the exchequer was submitted by the contractor nor the bills showing the purchase of construction material from the authorised sources were produced.

Reply is awaited

(i) Notice inviting Tender

During the review of the records pertaining to the Notice Inviting Tender, it was seen that the Standard Bidding Documents have not been revised in light of the Uttarakhand Procurement Rules. Certain terms and conditions appear to be redundant when seen in reference to the actual practice followed during the execution of the works (extra items/variation, extension of time). The same need to be modified/revised to the extent possible. Also certain essential pre-requisites such as submission of Performance Guarantee by the lowest bidder as mentioned in the Uttarakhand Procurement Rules do not find place in the terms and conditions of contracts. Thus the terms and conditions of the NIT/contracts need to be reviewed in the current scenario.

Para 3: Delay in execution of work

The work for the “Construction of newly created Electricity Distribution Division, Mohanpur (Double Stored-LGSFS)” at Amitabh Textile Premnagar Dehradun was awarded to M/s Elemente Designer Homes (contractor)” at a contract value of ₹ 58.28 lakh (including GST) by the O/o Superintending Engineer executed through the Civil Division. The date of start of work was 10 November 2017 and the scheduled date of completion was 06 months i.e till 10 May 2018. Along with the construction of the new division, the contractor was also required to dismantle the existing old residential double storey building and old damaged substation and also dispose off the dismantled materials out of UPCL area.

During audit it was seen that the contractor submitted two bills i.e. 1st Running bill dated 11 June 2018 and 2nd running bill dated 04 September 2018 for which the payment of ₹ 17.09 lakh and ₹ 32.68 lakh respectively was made. During the discussion, the division apprised the audit that the work pertaining to the construction newly created electricity distribution division Mohanpur was completed and handed over to the division, however the balance work pertaining to the dismantling of the existing structures was not completed till date. The division has deducted a total penalty of ₹ 4.96 lakh for delay in completion of work from the two bills submitted by the contractor.

Thus, the even after lapse of 32 months from the secluded date of completion of the work, the contractor has not completed the work. The division has neither taken any action against the contractor nor has forfeited its security/guarantee. Further, any correspondence with the contractor during this span was not available in the records furnished to audit.

Part III

Detail of unsettled paras of previous inspection reports:-

Sl. No.	AIR for the period	Part-II-A	Part-II-B	Total
1.	07/2006 to 09/2007	--	01	01
2.	10/2007 to 03/2017	--	04	04

Compliance report of unsettled paras of previous inspection report-

For furnishing of reply of the outstanding paras of old Inspection Reports an audit Memo number 1053 book number 31 was issued to the Division.

Part IV

Best practices of the unit

NIL

Part V

Acknowledgement

1. Office of the Principal Accountant General (Audit) Uttarakhand, Dehradun expresses gratitude towards Electricity Civil Construction Division, Dehradun 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	Post
(i)	Shri Rakesh Kumar (26.08.2016 to till date)	Executive Engineer.
(ii)	Shri D.K. Kashyap (October 2016 to September 2019)	Accountant
(iii)	Shri N.C. Kandwal (September 2019 to till date)	Accountant

The compliance report on the AIR may be sent to DAG (AMG-II) O/o the PAG (Audit) Uttarakhand Dehradun within one month of receipt of the letter.

Sr. Audit Officer/AMG-II