

This Audit Inspection Report has been prepared on the basis of information provided by Executive Engineer, Electricity Store 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 Store Division, Dehradun for the period April 2019 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 the Companies Act, 2013. Audit Inspection was conducted by Shri Khub Chand, AAO under the supervision of Shri Vikas Dhyani, Sr. AO during the period from 04 February 2021 to 10 February 2021.

Part-I

1. **Introduction:-** The last audit of this unit was carried out by Shri A. P. Singh, AAO and Shri Amit Kumar, AAO under the partial supervision of Shri Vikas Dhyani, Audit Officer in which accounting records of the period from April 2018 to March 2019 were generally examined. In current audit, accounting records of the period from April 2019 to March 2020 were examined.

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

The function of the Electricity Store Division, Dehradun is to receive supply of materials from various suppliers and distribute it among the Electricity Distribution Divisions as per their requirements. The geographical jurisdiction of the division is within the area of Garhwal region.

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

Electricity Store Division, Dehradun 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 October 2019 was selected for detailed examination and October 2019 was selected for Arithmetical Accuracy.

(iii)

(In crore ₹)

Year	Revenue	Expenditure	Profit
2019-20	164.41	163.28	--

The Electricity Store Division, Dehradun is an Electricity Store Division of UPCL which is officiated by the Executive Engineer.

Part-IIA

Para 1: Loss of ₹ 1.98 crore due to non-replacement of defective meters.

UPCL procures meters from various firms/ suppliers as per its requirement. Supply of meters is received and payments thereon was made by store divisions. As per requirement of test division, these new meters are supplied to test division for installation to the consumers' premises. As per prevailing practice and clause of the agreement, the meters are guaranteed for a period of at least five years from the date of receipt of meter at site or UPCL stores. If the meter is found defective within the above guarantee period, supplier have to replace the same free of cost with a new meter along with box with a new serial number within 90 days from the date of lifting of same by supplier, other wise the cost of meter and 15 percent supervision charges are deducted or recovered by Store division from pending bills, bank guarantees or by any other means as deemed fit.

During scrutiny of the records, it was noticed that a total of 17546 defective meters under Guarantee Period were returned to different suppliers for repair/ replacement by during November 2006 to December 2012 by Urban Test Division, Dehradun and 2014 to 2015 by Rural Test Division, Dehradun as detailed below:

Sl. No.	Name of the firm	Urban Test Dehradun			Rural Test Dehradun		
		Number of defective meters (UGP)	Period of return to supplier	Cost of un-returned meter (₹)	Number of defective meters (UGP)	Period of return to supplier	Cost of un-returned meter (₹)
1.	M/s Accurate Meters	3505	20.11.06 to 24.06.08	4434500	3988	2014	3988000
2.	The Conventional Fastner	2724	17.05.07 to 20.12.12	2910900	5272	2015	5272000
3.	TTL Meters	1127	31.10.07 to 23.10.12	1262800	-	-	-
4.	Secure Meters	177	04.02.08 to 01.05.12	871970	-	-	-
5.	Elester Metering Pvt. Ltd.	91	18.12.06 to 23.06.09	410800	-	-	-
6.	Emco Pvt. Ltd.	133	19.02.09 to 15.01.12	66000	-	-	-
7.	M/s HPL Socomec P Ltd.	21	27.04.11 to 18.02.12	21000	-	-	-
8.	M/s Modern Instruments (P) Ltd.	508	23.11.06 to 15.09.07	555600	-	-	-
Total		8286	-	10533570	9260	-	92,60,000

The concerned test division also intimated the store division regarding non replacement of defective meters by suppliers. The defective meters returned to various suppliers/ firms as

mentioned above were not replaced by the suppliers till date. After lapse of five to eight years from the return of defective meters to suppliers, no efforts for replacement of the same were seen in the records of the division. Presently, none of the mention suppliers firm is supplying any material to UPCL, hence, the chances of recovery/ adjustments from the suppliers are remote. Thus due to not taking appropriate action against the suppliers, UPCL has to suffer an avoidable loss of ₹ 197.94 lakh (₹ 105.34 lakh+ ₹ 92.60 lakh).

Division stated in its reply that the records of the suppliers/ firms are being reviewed and appropriate action against the firms would be taken and intimated to audit. The matter would be watched in the next audit.

The matter is brought to the notice of higher authorities.

Part- II B

Para 1:Non- recovery of demurrage from the contractor/ supplier against un-returned defective meters under guarantee period.

Uttarakhand Power Corporation Limited (UPCL) awarded various agreements to M/s Larsen & Turbo (L&T) to procure single phase, three phase and LT-TV meters. As per clause 13 of the Purchase order (Performance Guarantee Period of the Meter), the meter shall be guaranteed for a period of at least five years from the date of receipt of meter at site or UPCL stores. If the meter is found defective within the above guarantee period, supplier will have to replace the same free of cost with a new meter along with box with a new serial number within 90 days from the date of lifting of same by supplier, otherwise the cost of meter and 15 percent supervision charges will be deducted or recovered from pending bills, bank guarantees or by any other means as deemed fit. Such meters will be lifted within 45 days from the date of intimation by test division concerned. Failing which demurrage charges of ₹ 5.00 per day per unlifted meter will be charged. Amount of demurrage charges will be informed by Executive Engineer, Electricity Test Division to Executive Engineer, Electricity Store Division.

During the review of records, it was noticed that defective meters Under Guarantee Period (UGP) has not been lifted by L&T since 06 November 2019 to 31st January 2021 as detailed below:

Sl. No.	Type of meter	No. of un-lifted meters	Month and year in which meter was last sent to supplier	Rate per meter	Total Cost of Un-returned Meters	Demurrage recoverable (at the rate of ₹ 05) since 06 November 2019 to 31 Jan. 2021
1	Single Phase meter	786	06 November 2019	819	₹ 651594	786 x 407 ¹ days x 05 = ₹15,99,510
2	Three Phase meter	112	06 November 2019	2025	₹ 226800	112 x 407 days x 05 = ₹2,27,920
3	LTLTVM /5 meter	15	06 November 2019	2762	₹ 41430	15 x 407 days x 05 = ₹ 30,525
Total					₹ 919824	₹18,57,955

From the above table, it is evident that more than fourteen months have elapsed but the supplier has not lifted the defective UGP meters and no action has been taken by the division against the supplier till date which resulted in accumulation of demurrage amounting to ₹ 18.58 lakh against the supplier which is recurring day by day till the date of lifting of meters by the firm. Besides,

¹ 06 November 2019 to 31st January 2021 = 452 days-45 days (allotted for lifting) = 407 days.

due to non-replacement of meters, loss of ₹ 9.20 lakh as cost of meters cannot be ruled out. Presently, firm is supplying the new meters to UPCL and submitting running bills and payments are being made by the division but no efforts for lifting/ replacing the defective meters was seen in the records of the division.

Division stated that correspondence is being done with the Test division and with the firm regarding delay in lifting the defective meters by the firm and recovery of demurrage payable. Presently, firm is supplying the new meters to UPCL and submitting running bills. After lifting of the defective meters and recovery of demurrage, the same would be intimated to audit.

The matter is brought to the notice of higher authorities.

Para 2: Non disposal of unused material.

Electricity Store Division, Dehradun has five store centers under its jurisdiction located at Rishikesh, Roorkee, Kotdwar, Haridwar and Dehradun where material from various suppliers are supplied as per requirement of field units.

During scrutiny of records of Rishikesh Store Center, it was observed that ACSR Zebra Conductor of 14.758 Kilometer length valuing ₹ 29.52 lakh has been lying unused since April 2009. Date for procurement and the purpose for which it was purchased was not available in the records of the division. As it has been lying since long back, and in absence of records, it is not possible to comment on usability of Zebra Conductor. Procurement of conductor without any requirement/use resulted in blockade of funds of ₹ 29.52 lakh.

Division stated in its reply that the said conductor is of no use in UPCL as UPCL only maintains the 33 kV lines and the conductor is used for the lines of 66 kV and above. In this regard, correspondence with the headquarter is being made if the conductor can be used in PTCUL/ UJVNL. However, the fact remains that procurement of conductor without any requirement/use resulted in blockade of funds of ₹ 29.52 lakh.

The matter is brought to the notice of higher authorities.

Para 3: Non disposal/ reconciliation/ adjustment of assets amounting to ₹ 1.08 crore.

During scrutiny of records relating to the assets of Store division Dehradun, it was noticed that assets amounting to ₹ 1.08 crore were shown under various head since April 2008 as detailed below:

Sl. No.	GI Code	Name Of Assets	Value
1	28.320	Income accrued but not due on investments other than fund investments	₹ 9487214
2	10.710	Trucks, Tampos, Trackers etc.	₹ 883028
3	10.730	Jeeps & Motorcars	₹ 125935
4	27.205	Other Advances	₹ 300000
Total			₹ 1,07,96,177

No records/ details in respect of Sl. No. 01 & 04 is available with the division. However, the same need to be reconciled and adjusted with the accounts of the division.

Further, on discussion with the division, it was apprised to audit that in respect of sl. No. 02 & 03, no running vehicles are owned by the division at present and the amount shown under the head of the vehicles pertain to the old vehicles which are not in use since a long time. This amount is being shown in the trial balance for a period of more than 12 years. The division should have declared the un-utilised vehicles as scrap and disposed off the same so that the amount could be written off from the accounts of the division. Further, non-disposal of the above (Sl. No. 02 & 03) scrap/obsolete vehicle shall further deteriorate their condition resulting in under realization of their value, when disposed off. Such type of item must be disposed off at the earliest as they involve/expenditure on watch and ward and also occupy precious store place.

Thus, due to non disposal of the unused vehicles, the same may deteriorate as well as the funds realised from the disposal may be utilised in the working capital of the company.

Division accepted the audit observation and stated that the chances of usability of the said vehicles are remote as these balances are carried forward before 2008. The decision in respect of declaring the same as scrap is in progress. However, the fact remains that non-disposal of the above (Sl. No. 02 & 03) scrap/obsolete vehicle shall result in under realization of their value, when disposed off.

The matter is brought to the notice of higher authorities.

Part III

Details of unsettled paras of previous inspection reports:-

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
7.	10/2008 to 03/2016	--	03
8.	04/2016 to 03/2018	--	03
9.	04/2018 to 03/2019	--	04

For obtaining the replies of old AIRs, an audit memo number 80 (Book Number 1051) was issued to the management of Store Division, Dehradun. In response, division furnished the reply for the period 04/2018 to 03/2019 and stated that the replies of other old AIRs, will be submitted to Office of the PAG (Audit) Uttarakhand, Dehradun soon with supporting documents.

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 Store 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 Arun Kant (Since last audit to 10.09.2019)	Executive Engineer
(ii)	Shri Gaurav Saklani (Since 11.09.2019 to 27.10.2020)	Executive Engineer
(iii)	Shri Ankit Jain (Since 27.10.2020 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 DAG/AMG-II within one month of receipt of the letter.

Sr. AO/AMG-II (PSUs)