

This inspection report has been prepared on the basis of information provided by Executive Engineer, Electricity Distribution Division, Vikasnagar, 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 Executive Engineer, Electricity Distribution Division, Vikasnagar, Dehradun for the period April 2015 to March 2016 was carried out in exercise of the power conferred by section 19 of the C&AG, DPC Act 1971 read with section 143 of Companies Act 2013. Audit Inspection was conducted by Shri Amit Kumar Mishra, AAO, Shri A.P. Singh, AAO and Shri Vikas Dhyani, AAO under the partial supervision of Shri Mukesh Kumar, Sr. AO during the period from 27.02.2017 to 06.03.2017.

Part-I

1. **Introduction:-** The last audit of this unit was carried out by Shri Roshan Lal Sharma, AAO and Shri Ghanshyam Das Pal, AAO under the partial supervision of Shri Sohrab Husaain, Sr. AO in which accounting records of the period from April 2014 to March 2015 were generally examined. In current audit, accounting records of the period from April 2015 to March 2016 were generally examined.

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

The function of the Electricity Distribution Division, Vikasnagar, Dehradun is to distribute electricity to all over rural areas of Dehradun district and keep as well as expand the electricity distribution system to this area. The geographical jurisdiction of the division is Vikasnagar area in Dehradun district.

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

Electricity Distribution Division, Vikasnagar, 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 March 2016 month was selected for detailed examination and May 2015 was selected for Arithmetical Accuracy.

(in `)

Year	Revenue	Expenditure	Profit
2015-16	2272566222.35	195729975.70	--

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

The Electricity Distribution Division (Rural) Dehradun is an electricity distribution division of UPCL which is officiated by the Executive Engineer.

Part-II-A

Para 1: Short deduction of Liquidated Damages amounting to ` 57.50 lakh.

An agreement was entered between M/s Capital Electech Pvt. Ltd. and Uttarakhand Power Corporation Limited for execution of work of laying of LT Aerial Bunch Cable with supply and erection of LT XLPE AB cable and associated material on Turnkey basis on 26.12.2013. Time period for completion of work was six months (29.05.2014) from the date of issue of Letter of Award i.e. 29.11.2013. As per conditions of agreement, in case of failure of completion of work in stipulated time penalty shall be imposed at the rate of 0.1 percent per day on the contract value of such portion of the complete scope of the work which cannot in consequence of the delay be used commercially and efficiently subject to the condition, that maximum penalty of all works shall not exceed more than 10 percent of the contract value of scope of work.

During scrutiny of records it was noticed that contractor could complete only supply by 30.06.2014 against stipulated completion period of six months i.e. 29.05.2014 and no erection work was started till then. The first bill of erection was raised on 09.09.2014 after delay of 102 days and division deducted 10 percent penalty on the value of first erection bill only. The material supplied was not commercially and efficiently used due to delay (minimum delay 102 days) in erection thereby attracting the penalty clause of maximum 10 percent of scope of work as per terms of agreement. The total value of supply made was ` 5.77 crore and erection was 2.33 lakh under this agreement. Therefore the penalty amounting to ` 57.95 lakh should have been deducted maximum to 10 percent of the scope of work. Division has deducted penalty amounting to ` 45,676 which has resulted in short deduction of penalty valuing to ` 57.50 lakh (` 57.95 lakh - ` 0.45 lakh).

Division accepted the audit observation and stated in its reply that process for realisation of the amount of Liquidated Damages has been started and updated position of the same will be intimated to audit at the earliest. The reply of the management is not tenable as the management did not furnish any documents regarding recovery of LD in support of reply.

The matter is brought to the notice of the management.

Part-II-B

Para 1: Non recovery of additional Security amounting to ` 81.59 lakh

As per para 2.2.1 of UERC Regulations 2007, security of the consumers should be assessed in end of each financial year in respect of those consumers who have been given the connection for supply of electricity, the security should be equal to average consumption of two month bill of the financial year. In case security reassessed exceeds the amount of security already deposited, the differential amount will be demanded as additional security by given a notice to the consumers within the 45 days. In case the additional security which is not deposited within the stipulated period, the electricity supply of such consumers can be disconnected.

Scrutiny of billing files and other related records of the large & heavy consumers, it was noticed that the average two months bills of consumers exceeded the amount of security already deposited which worked out to ` 81.59 lakh. As per circular in question, amount of this additional security was required to be recovered within 45 days. This amount should have been recovered from consumers within the stipulated period which was not recovered.

Management stated in its reply that notices to concerned consumers are being issued to deposit the amount of additional security. Efforts were also being made by the division for realization of the additional security. The reply is not convincing as the amount of additional security should have been recovered within 45 days but a huge amount was yet to be realized till date.

The matter is brought to the notice of the management.

Para 2: Non deduction of Building and Other Construction worker welfare cess

As per provisions of Building and Other Construction Workers' Welfare Cess Act, 1996, UPCL has to collect one percent cess on cost of construction and deposit the same through bank draft in the name of Labour Commissioner/ Secretary, Uttarakhand Bhawan and other construction labour welfare board, Shram Bhawan, Haldwani. In this regard, a letter from Labour Commissioner/ Secretary dated 15.06.2012 was written to Managing Director, UPCL.

During scrutiny of records it was noticed that an agreement was entered between M/s Capital Electech Pvt. Ltd. and Uttarakhand Power Corporation Limited valuing ` 13.38 crore for execution of work of laying of LT Aerial Bunch Cable with supply and erection of LT XLPE AB cable and associated material on Turnkey basis on 26.12.2013 for three divisions namely EDD (Rural) Dehradun, EDD Vikasnagar and EDD Rishikesh. The total cost of construction in Vikasnagar Division was ` 5.79 crore including supply and erection. Division has not deducted the labour welfare cess equivalent to one percent of cost of construction amounting to ` 5.79 lakh which resulted in violation of provisions of Building and Other Construction Workers' Welfare Cess Act , 1996.

Division accepted the audit observation and stated in its reply that process for realisation of the amount of Labour Cess has been started and updated position of the same will be intimated to audit at the earliest. The reply of the management is not tenable as the management did not furnish any supporting documents and mechanism how to deduct the labour cess.

The matter is brought to the notice of the management.

Para 3: Non returning of Revenue Receipt Books

In order to realize the electricity dues from the consumers EDD (Rural) Dehradun issued revenue receipt books to the SDO's/collecting agents. After realization of revenue the counterfoil of receipt books should have been returned to the Division in order to check that revenue receipt books were used properly.

During scrutiny of revenue receipt book issue register, it was noticed that 14 revenue receipt books issued to sub divisions for revenue collection were not returned to the division till date. These books are lying with the subdivision/ collecting agents since April 2013 to January 2016. Moreover out of 14 revenue receipts books three were reported as Not found/ Lost and no FIR against them were lodged. As period ranging from one to three years had been elapsed from the date of issue of Revenue Receipt books, the possibility of misuse of these receipt books cannot be ruled out as receipt books are important document in order to check the revenue realisation.

Division accepted the audit observation and stated in its reply that these receipt books are being reconciled and searched for. When all the receipt books will be reconciled/ received, the details of the same will be intimated to audit. As these receipt books are lying unreconciled for a long time i.e. 01 to 04 years, the possibility of misuse of these receipt books cannot be ruled out.

The matter is brought to the notice of the management.

Para 4: Non- realization of Revenue

The purpose of establishing distribution division in different parts of the State is to provide electricity to the consumers of different categories. One of the most important functions of the division is to realize electricity charges consumed by the consumers. The realisation as per the targets fixed by the UPCL is intimated monthly to the division indicated efficiency of the division and good financial health of the UPCL. The revenue collected/ realised by the division is intimated through monthly commercial diary of the distribution division. Review of the commercial diary of the division for the month of March 2016 revealed that there are huge arrears pending for realisation from almost all the categories of consumers as follows:

(` in Lakh)

Sl. No.	Category of Consumers	Arrears as on March 2015	Arrears as on March 2016
1.	Domestic Consumers	1022.33	1249.40
4.	Government Irrigation System	1085.18	1657.34
Total		2107.51	2906.74

The arrears has risen up to an alarming stage amounting to ` 2906.74 lakh as on March 2016 in comparison to previous year's i.e. ` 2107.51 lakh which is harmful for the sound financial health of the Company.

Division stated in its reply that in 2015-16, arrears were increased due to release of 2200 new connections and fictitious arrears. In order to reduce fictitious arrears, work of permanent disconnection is in progress and for other arrears, realization were made through section-3 so that arrears can be reduced. Reply of the division is not convincing as arrear has risen up to an alarming stage despite the efforts made by division.

The matter is brought to the notice of the management.

Para 5: Non- realization of Initial Security Deposit

As per UERC norms, UPCL collects security deposit from all categories of consumers at the time of releasing connections. The rate of Security deposit varies on different categories of consumers. During scrutiny of the records, it was observed that there are six non-domestic consumers (RTS-2) whom connection have been released without depositing the required security deposit by them. This resulted in non- realisation of Security deposit by ` 1.83 lakh and violation of UERC regulations. The details are as follows:

Sl. No.	Name of the consumer	Consumer No.	Category	Load (in KW)	Security Deposit @ ` 1000 per KW
1.	Tehsildar, Vikasnagar	Vn00000001169	RTS-2	50	50000
2.	Tehsildar, Chakrata	Vn000000016366	RTS-2	11	11000
3.	ADM Office, Vikasnagar	Vn00000001027	RTS-2	40	40000
4.	Abdur Rehman	Vn000000016246	RTS-2	12	12000
5.	Sushil Kumar	Vn000000014531	RTS-2	25	25000
6.	GBPU of Agriculture & Tech	Vn00000001133	RTS-2	45	45000
Total					1,83,000

Division stated in its reply that these above mentioned connections were approved and released by Electricity Distribution Division (Rural) Dehradun. After creation of this division these connections were transferred by Rural Dehradun division. Records relating to security deposit of these consumers are being demanded from Rural Dehradun division. The reply of the division is not convincing as the fact of non-deposit of security deposit is regularly shown in the electricity bills of the consumers therefore, the same should have been reconciled well in time. It is also pertinent to mention here that two connections namely Sushil Kumar and

GBPU of Agriculture & Tech. (at Sl. No. 05 & 06 respectively) were released by Vikasnagar division. This shows division's carelessness in realising security deposit.

The matter is brought to the notice of the management.

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:-

Sl. No.	Period	Part II-A	Part II-B
1.	07/2006 to 06/2007	01	1,2,3,4
2.	07/2007 to 09/2008	-	1,2,3,4
3.	10/2008 to 3/2011	01	04
4.	4/2011 to 3/2012	02	1,2,3,4
5.	4/2012 to 3/2014	1, 2	1,2,3,4
6.	04/2014 to 03/2015	01	1,2,3,4

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 unit

NIL

Part V

Acknowledgement

1. Office of The Accountant General (Audit) Uttarakhand, Dehradun expresses gratitude towards Electricity Distribution Division, Vikasnagar 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 M. L. Tamta, (last audit to 30.04.2015)	Executive Engineer.
(ii)	Shri S. K. Gupta, (01.05.2015 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 (concerned sector) within one month of receipt of the letter.

Sr. AO/ES-I