



BANGALORE ELECTRICITY SUPPLY COMPANY LIMITED

(Wholly owned Government of Karnataka undertaking)

Inspection cum Review Report of Jayanagra Division, BESCOM

(Focus areas- Finance and Accounts)

Venue: Jaynagar Divisional Office, Jaynagr BESCOM Bangalore

Date: 06/05/2014

Chaired by: Director (Finance), BESCOM,

MEMBERS PRESENT:

Cross Functional Team members	Divisional Officers	Consultant Team
1 Venkateshaiah. DGM(Personnel) 2 Ramprasad AGM(Rev) 3 Dhatri Joshi AEE to D(F) 4 Asha S AGM(Revenue) 5 Padmavathi G AGM(Revenue)	1 D Nagraju EE(E) 2 Sujatha AO 3 Ramkrishna AO(I/A)	1.Sri Vasuki, Dhiya Consulting , Hyderabad 2. Sri. Avinash Chenna, Ideck, Bangalore

S1	Review of the performance of the division was taken up covering the following key areas:
1	Review of Accounts – Trial balance, General ledger and connected registers and records like cash analysis, stock compilation, pricing, JV analysis etc.
2	Cash and Bank accounts with specific focus on requisition for funds and utilization, cash suspense, operative account reconciliation
3	BRS of sub-divisions with focus on remittances to banks and their transfer to the main account
4	Annual counting of stores and implementation of orders
5	Review of DCB with focus on movement of balances, Demand and collection review – category wise, withdrawal procedures followed and entries made
6	HT applications status from technical section
7	Capital and revenue budgets and their utilization
8	Review of Cost Registers and capitalization procedure
9	Review of Fixed Assets Registers, Dismantled Assets registers etc.,
10	Establishment matters
11	Schedules and Other Registers
12	Review of BR, BBR, RVR registers, SCL etc.,
13	Statutory Payments/AG Para Clearances etc

Sl. No	Focus Area	Particulars/ Issues	Key personnel responsible	Deadline	Follow up officer.	Remarks
1	Review of accounts – Trial balance, General ledger and connected registers and records like cash analysis, stock compilation, pricing, JV analysis etc.	<ul style="list-style-type: none"> • Credit balance of Rs. 15.58 Crs. under Sundry Debtors - LT 7 category was observed. This balance is against 40515 number of LT7 installations in the entire division. This needs to be immediately reconciled and correct balance has to be reflected against this Account code. • Under account code 47.609- Revenue receipts pending classification, a debit balance of Rs.8.94 crs is shown. On an examination of month on month movement of balances under this head, it was seen that no effort is being made to reconcile and correctly reflect the “revenue receipts pending classification”. This needs to be reconciled immediately and correct balance is only reflected in this account code. • Un-remitted revenue of Rs 3.69 crs is shown in the TB for March 2014 (Unremitted revenue as on 31st March 2013 was Rs. 1.21 Crs). This shows that a huge amount of revenue collected on the last day/days of the year have remained unremitted to the Bank/s. Though an explanation was given that the last two days of the financial year were holidays and the cash collected on these two days has remained unremitted, this issued needs to be examined and addressed both at the division level as well as at the corporate office level (GM (expenditure)) to avoid such recurrence in future • Under some “Sundry debtors” heads of account, credit balances are seen, without any proper explanation. This needs to be examined and correct balances reflected. 	AO	30 th May	GM (F&T), DCA and AO (I/A) to follow up. GM expenditure	Such major issues had to be resolved immediately, so as to reflect the correct financial position of the Company in FY 13-14 accounts. Some of the issues, could invite adverse comments from C&AG
2	Cash and Bank accounts with specific focus on requisition for funds and utilization, cash suspense, operative account	<ul style="list-style-type: none"> • Test checked the requisition for funds and the utilization of funds for one particular set and found to be as per the procedure suggested. 	AO			Requires to be closely monitored by the internal audit as well as official superiors.

	reconciliation.					
3	BRS of sub-divisions with focus on remittances to banks and their transfer to the main account	<ul style="list-style-type: none"> • BRS, CBR and other related cash accounts of the division were reviewed. It was observed that there is an error in calculation and advised to rectify the same. • There is a delay in transfer of funds to main account. 	Sub division AAO's	Immediately	AO Internal Audit	
4	Capital and revenue budgets and their utilization.	The total budget allocated for capex works is Rs 1801.20 lakhs. However the financial progress achieved is Rs 799.82 lakhs (44.41%)	AEE(T)		EEE	Reasons for under utilization of budget allocated may be examined and explained.
5	Review of Cost Registers and capitalization procedure	<ul style="list-style-type: none"> • Capitalization of assets is not made for want of CR's/work completion certificates for some of the work. This has to be insisted upon and completed works have to be capitalized without delay. During discussions, it was told that about 232 CRs are still pending. • On a review of the C Registers for Service connection works, it was observed that in some cases, without drawl of major materials (as per the estimate), service connection to consumers has been given. This needs to be examined in detail and such instances to be avoided. The reviewed work order numbers are • Work Order No.s – B-3866 dt:24.05.13 • B-3868 dt:30.05.13 • B-3877 dt:25.09.13 	AO	30 th May-2014	DCA and AO(I/A) GM (accounts)	Action as necessary has to be initiated immediately
		<ul style="list-style-type: none"> • Estimates for "Repairs to UG cables" are 				

		<p>sanctioned under 14- CWIP.</p> <ul style="list-style-type: none"> On a review of the report forming part of the estimate and discussions with the staff, it was informed that these works are taken up to repair the faults found in UG cabling. Division has quoted a reference issued from Corporate office in the year 2009, as per which they are sanctioning the estimates under 'Capital' had. Cost of these estimates is generally in the range of Rs.20,000 to 40,000. Generally, works of this nature are required to be taken up under "R&M", reasons for issue of work award under 14- series needs to be examined and clarified across all divisions by GM (Accounts). Works sanctioned under "Self execution":- It was observed that during the year FY 14 about 492 works have been permitted and of them for 427 works is taken furnished to the accounts section for capitalization. Division office has been advised to review the status of the remaining works also and to submit the inventory for the completed works to accounts section immediately so that capitlisation entries can be passed and incorporated in the accounts. 				
6	Review of Fixed Assets Registers, Dismantled Assets registers etc.,	<ul style="list-style-type: none"> Dismantled Assets Register is not maintained. 	AO	30 th May-14	DCA	Dismantled Asset Register to be maintained.
7	Schedules and Other Registers	<ul style="list-style-type: none"> Reviewed some of the subsidiary registers. Up to date postings duly tallied with the general ledger numbers has to be ensured month on month 	AO		AO(I/A)	Registers and records have to posted update month on month
8	Review of BR, BBR, RVR registers, SCL etc.,	<ul style="list-style-type: none"> Reviewed the registers. Postings in some of the registers are in arrears for few months. This needs to be updated. 	AO	Immediately	DCA	Registers and records have to posted update month on month
9		<ul style="list-style-type: none"> Review of inspection register shows that in 2009, Team from corporate office has visited 				

	Reviews of inspection reports of various inspecting officers	<p>the office and reviewed and recorded its observations</p> <ul style="list-style-type: none"> • Subsequently, no other high ranking officer seems to have visited the office and taken up a detailed review of work in accounts and finance areas. 				To be inspected and monitored regularly by higher officers
10	Pending CR's	<ul style="list-style-type: none"> • There 232 pending CR's for the completed works. 	AO	30 th May-14	DCA	Action has to be taken for obtaining the pending CR's.
11	Non recovering of audit short claims and BBC amount	<ul style="list-style-type: none"> • Audit short claim to be recovered – Rs. 55.82 lakhs • BBC to be recovered – Vigilance Rs. 102.55 Crs and MRT Rs. 39.02 Crs. • Excess and irregular payment to be recovered Rs. 6.38 lakhs <p>More than Rs 200 lakhs of audit short claims has remained unrecovered. DF has instructed the EE and his team to recover the amount with in the next 3 days and submit a report to his office.</p>	AO		DCA	Immediate efforts are to be made to collect the BBC and Audit Short Claim amount.
12	Advances to be regularized	<ul style="list-style-type: none"> • Advance of T.A. Rs 0.30 lakhs • Medical Advance Rs 14.22 lakhs • Advances to staff against expenses Rs 3.31 lakhs <p>Action has to be taken to review each item and recoveries/adjustments if any have to carried out immediately</p>	AO		DCA	Case wise review has to be made and action initiated
13	Inspection of division stores	<ul style="list-style-type: none"> • It was observed that some materials are in excess quantity than the required. • It was observed that there are 4377 number of 3 phase meters available in the stores as against the requirement of around 500. • Similarly 36 number of 100 KVA TC's were available in the store at the time of inspection. However as per store transactions, the total number of 100 KVA TC's issued for FY 13-14 was only 28. • Action needs to be initiated to divert the materials to the other stores, where they are required. • Also materials issued under suspense are not regularized immediately. 	AEE(O)		EE(E)	Materials issued under suspense to be regularized immediately.

14	Scrap materials to be disposed	<ul style="list-style-type: none"> About Rs. 1.60 lakhs worth scrap materials are to be disposed off. Necessary action as per rules has to be initiated immediately. 	AEE(O)		EE(E)	
15	Other observations	<ul style="list-style-type: none"> DCB register not maintained. Computer print outs are taken monthly and filed. Register has to be maintained duly pasting the computer printout month on month with attestation of AO and AAO. About 43 HT applications are pending. Status of these applications has to be followed up and action taken to ensure compliance from Bescom side if any at the earliest. 	AO/AEE(O)	Immediate	DCA	
16	Compliance to Inspection reports	<ul style="list-style-type: none"> The BBC claimed by MT/Vigilance needs to be collected. The balance BBC and short claims demanded and no collected are as listed below. Vigilance -102 lakhs MT-39 lakhs Audit short claim -55 lakhs 	Sub division AEE's and AAO's	Within one week	EE(E)/A(O)	All the balance BBC to be collected on priority basis by taking necessary action.

A meeting of all the AEEs/AAOs/AEs/JEs was called in the A.N. In the meeting it was pointed out that:

1. Billing efficiency has to be improved from the current level of 98% to 100%
2. 24502 number of Zero consumption installations and 505 number of DL installations are reported. Periodical inspection of Zero consumption/DL/Vacant installations have to be carried by the field officers and their reports have to be submitted to Revenue section
3. 74735 number of inactive installations is reported in the division. Case wise analysis of such installations have to be carried out and action as per regulations has to be taken to ensure that these consumers do not indulge in miss-use/theft of power
4. Ensuring maintenance of Meter readers' observations book, daily review and further action by field staff is very essential. Field staff has to focus on this and ensure that revenue of the company is not lost on account of inaction on that part of Bescom staff.
5. Revenue arrears review and action to recover the dues:- All cases of arrears with above 5,000 have to be reviewed and immediate action is taken to disconnect such installations for non-payment.

Director (Finance)

BESCOM

Copy to:

1. The Chief Engineer (E), BMAZ, BESCO, Bangalore
2. The Superintending Engineer (E), South Circle, BESCO., Bangalore
3. The Executive Engineer (E), Jaynagar division.
4. PS to MD
5. MF/OC

