



BANGALORE ELECTRICITY SUPPLY COMPANY LIMITED

(Wholly owned Government of Karnataka undertaking)

Inspection cum Review Report of Chandapura Division, BESCOM

(Focus areas- Finance and Accounts)

Venue: Chandapura Divisional Office, Chandapura BESCOM Bangalore

Date: 27/03/2014

Chaired by: Director (Finance), BESCOM,

MEMBERS PRESENT :

Cross Functional Team members	Divisional Officers	Consultant Team
1 Venkateshiah. DGM(Personnel) 2 Ramprasad AGM(Rev) 3 Suresh B AGM(Finance & Tariff)	1 Vijayakumar EEE 2 Krishnappa AO 3 Naryanappa AO(I/A)	1.Sri Vasuki, Dhiya Consulting , Hyderabad

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	Released Transformer oil and Transformer Accounting
14	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"> • General ledger not maintained from 1-4-2013. • No other basic register like cash analysis register, DCB consolidation register, stock compilation register, JV analysis register etc., are also not maintained. • No meaningful analysis could be made on account of non-maintenance of basic registers . • From a review of Trial balance following major observations made:- (Details enclosed as Annexure) 	AO	21 st Apr 14	DCA and AO(I/A) to follow up.	Even the statutory registers are not maintained. This highlights lack of responsibility at various levels. Could invite severe adverse comments from C&AG
2	Cash and Bank accounts with specific focus on requisition for funds and utilization, cash suspense, operative account reconciliation	<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
3	BRS of sub-divisions with focus on remittances to banks and their transfer to the main account	<p>On verification of BRS, CBR and related records, it has been observed that Rs 3.07 Crores has been remitted by the Anekal Sub division to the non-operative account of ICICI bank for the period from August-2012 to February-2014, but the same has not been credited to the BESCO account. As per the statement of ICICI bank, most of the cheques were dishonored for insufficient funds and were returned back to the sub division. The sub division has not made any effort to withdraw the same from cash book and intimate to consumer for payment. On account of this, there is a loss of revenue approximately to an extent of 3.07 crores plus the accumulated interest and cheque dishonor fee.</p>				
4	Capital and revenue budgets and their utilization.	In respect of additional DTC's work, the division has exceeded the sanctioned budget amount.	AEE(T)		EEE	Immediate action has to be taken to re-appropriate the budget from competent authority.
5		<ul style="list-style-type: none"> • "C" registers, are not maintained properly. 				

	Review of Cost Registers and capitalization procedure	<ul style="list-style-type: none"> • There is a work progress of over Rs 27 crores in the 14 series which is more than 3 years of CWIP of the division. • Capitalization of assets is not made for want of CR's. Though Technical certificates are adequate for capitalization, the same are not insisted upon. • Due to non-capitalisation of assets in the respective months, Bescom has lost the benefit of claiming the depreciation in the ARR of respective years. • Released transformer oil cost is credited 16 series which is not correct as per the circular issued by Bescom. 	AO	25 th Apr 14	DCA and AO(I/A)	<p>'C' registers to be maintained properly and asset capitalization has to be done.</p> <p>Completion Reports are pending even for the works completed 3 years back, thereby status of excess material drawn is not known or value can be ascertained</p>
6	Review of Fixed Assets Registers, Dismantled Assets registers etc.,	<ul style="list-style-type: none"> • Asset Register maintained in Excel sheet in the format prescribed. • Dismantled Assets Register are not maintained. • Original value of all assets of the division, accumulated depreciation, and the NFA as per the assets registers vis-à-vis general ledger could not be verified in the absence of General ledger. 	AO	25 th Apr 14	DCA	Dismantled Asset Register to be maintained.
7	Detailed review of Transformers accounting, transformer oil accounting	<ul style="list-style-type: none"> • Accounting entries for released transformers is done properly. • On verification of RI's of failed TC's, it is observed that released transformer oil returned to the stores is lesser than the specified quantity. • 82 No. of failed TC's are yet to be returned to stores. 	AEE(O)		EE/AO	Action has to be taken to return the faulty transformer to stores.
8	Schedules and Other Registers	<ul style="list-style-type: none"> • None of the prescribed schedules are maintained. Hence there seems to be no control over the subsidiary accounts both at the gross level as well at the individual transaction level. 	AO	25 th Apr 14	AO(I/A)	Even the statutorily prescribed subsidiary registers are not maintained. This highlights lack of internal control systems and accountability at various levels. Could invite severe adverse comments from C&AG
9		<ul style="list-style-type: none"> • 				

	Review of BR, BBR, RVR registers, SCL etc.,	<ul style="list-style-type: none"> Except BR register no other register was produced. This clearly demonstrates the insensitive approach of the division. 	AO	25 th Apr 14	DCA	All the basic registers have to be opened and maintained as per the prescribed procedures.
10	Reviews of inspection reports of various inspecting officers	<ul style="list-style-type: none"> Review of inspection register shows that in March 2010, Team headed by S.O Eranna, GM Accounts of corporate office has visited the office and reviewed and recorded its observations. 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
11	Pending CR's	<ul style="list-style-type: none"> There 644 pending CR's for the completed works. 	AO	30 th April	DCA	Action has to be taken for obtaining the pending CR's.
12	Reconductoring works	In respect of 52 number of reconductoring works, there is non/short returning of conductor is noticed. On account of this, there is a loss of 8.58 lakhs.	EE		DCA	
13	Non recovering of audit short claims and BBC amount	At the end of Feb-14, there is an audit short claim of Rs 30.72 lakhs and BBC of Rs 4.40 lakhs which is yet to be recovered	AO	25 th April-2014	DAC	Immediate efforts are to be made to collect the BBC and Audit Short Claim amount.

Condition of the maintenance of basic registers and records is highly unsatisfactory. Ensuring proper internal control systems and procedures is the most important objective and needs to be achieved before the March final accounts of FY 14 is submitted by the Division. The Controller of the Zone, DCA of the circle and the Accounts officer internal audit of the Division should ensure this and submit a joint report by 30th April to the undersigned. Thereafter the final accounts of FY 14 can be submitted to Accounts section of the corporate office.

Once the systems are put in place as per the observations/suggestions above, the division should sustain the same and endeavour to improve the quality of accounts and finances in the months to come.

Director(Finance)
BESCOM

Copy to:

1. The Chief Engineer (E), BRAZ, BESCOM.
2. The Superintending Engineer (E), BRC, BESCOM.
3. The Executive Engineer (E), Chandapura division.
4. PS to MD
5. MF/OC

ANNEXURE

SL	PARTICUALRS	Action
1	Status of Asset Register- Whether Asset Register is up to date with all relevant entries like, Date of Commission, Original Value, 90% of OV , Deprn Percentage etc.	Not maintained
2	Status of Asset Register- Whether Asset Register is up to date with all relevant entries like, Date of Commission, Original Value, 90% of OV , Deprn Percentage etc. (EXCEL hardcopy Blinded)	Not maintained
3	Whether Original value as per asset register tallies to balance shown in Trial Balance. If not, action to rectify the mistake	Not maintained
4	Status of Categorization of all completed/ commissioned works as assets in respect of Other works.	Not maintained
5	Whether Technical /Commissioned certificate is obtained wherever applicable.	NO
6	If Ac code 10.101-Land, 10.208, 10.211 etc (Office Buildings) & 10.7 (Vehicles) is operated, related title deed are in possession of Divisional Office	Not in possession
7	Whether Maintenance of T&P Register is in order. Is T&P counting is ordered during the FY	No
8	Status of "C" Register- Whether "C" Register is up to date	Yes
9	Whether Divisional office is monitoring the CWIP properly	No
10	Whether Any work is pending for long time if "Yes" Reason for that can be intimated.	Not intimated
11	In store counting any excess or shortage is noticed. Remedial measures have been taken	No details
12	Whether Balance under 14.607, 14.708, 14.809, 14.810 etc is maintained at minimum	NO
13	Whether the Estimates sanctioned are within capital budget for the FY	NO
14	Whether the CWIP Incurred is within capital budget for the FY	YES
15	Status of CR pending to be cleared (Technical Section & Accounts Section)	Not maintained
16	Whether works of previous year is spilled over to current FY	YES

SL	PARTICUALRS	Action
17	Whether All prescribed Registers and Schedules are being maintained and posted up to date – Details to be furnished in case of default.	NO
18	Whether group wise good / obsolete / scrape items has been identified.	NO
19	Any Transmission related materials lying in the stores	Not known
20	IUA Pairing is done with concerned Accounting Units	NO
21	General Ledger	Not maintained
22	Cash Analysis/ JV Analysis	Not maintained
23	Reconciliation of Funds transferred and cheques issued from Cash Management of HO during the year is in order	Not done
24	Reconciliation of Remittances made to main Bank A/c from the Branches of Banks .	Not Done
25	Whether Service Registers are up to date . Increment and EL and other essential details are entered in the SR	No
26	Is OM is invariably put up for surrender of leave and entered in the SR	Yes
27	Deduction of recovery out of monthly salary for any enquiry or order is in accordance with orders of respective authorities.	No records
28	Whether maintained vehicle records like log book , etc	
29	Whether any Pension PPO is due for settlement	NO
30	Whether circular file is maintained.	NO
31	Whether Master file is Maintained	NO
32	Whether Income Tax TDS effected from concerned is being paid the statutory authority within time stipulated in the relevant Act? (There should not be any balance of previous month carried over during the month under respective account codes)	

SL	PARTICUALRS	Action
33	Maintenance of DCB is in order	Not maintained
34	Status of DCB Register, Subdivision wise DCB figures tallies to Divisional Figure	Not maintained
35	Subsidy Accounting	Not maintained
36	Allocation of Revenue & Non Revenue	Not maintained
37	Withdrawal Status	Not maintained
38	C B Analysis	Not maintained
39	Adjustment Register (For allocation of Street light & Water supply AT sent from R&RA section	Not maintained
40	Status of AG's audit paras - Details of replies / compliance etc.	Not maintained
41	Every Accounting unit is required to register it with local Income Tax, Service Tax & Sales Tax authorities for remitting VAT. Furnish VAT Registration No and details of monthly returns filed.	Yes
42	Payment of PF to PF authorities along with matching contribution from BESCO .	Yes
44	Has the DCA of the Jurisdictional Circle / Controller of the Zone visited the accounting unit and entered the remarks in the Inspection Register	NO
45	Whether any Cash Misappropriation has occurred and measures taken in this regard	Not ascertainable
n	Whether any Damage to Capital Assets has occurred and measures taken in this regard	No
47	Whether advance against expenses is pending for long duration.	Yes
48	Whether Any theft of materials has occurred and action taken in this regard	No
49	Whether accidents has occurred during course of work and action taken in this regard.	No

SL	PARTICUALRS	Action
50	Property tax is assessed and remitted	No
51	Payment of Rentals,(if any) to KPTCL for BESCO Office in the jurisdiction is made up to date	No
52	Whether TDS Certificate has been sent to KPTCL on deducted amount out of Rental	No