



# **BANGALORE ELECTRICITY SUPPLY COMPANY LIMITED**

**(Wholly owned Government of Karnataka undertaking)**

## **Inspection Report of Division Stores, Kolar, BESCOM**

**Date: 06-12-2014**

### **BESCOM OFFICIALS:**

1. Sri B L Guru Prasad, Director (Finance), BESCOM
2. Sri Vijaya Kumar, Executive Engineer (E), Kolar Division,
3. Sri Rama Prasad, AO , Corporate Office, BESCOM
4. Smt Asha, AO to D(F), Corporate Office, BESCOM.
5. Smt Dhatri Joshi, AEE to D(F), Corporate Office, BESCOM

### **CONSULTANT TEAM:**

- 1 Sri. Vasuki, Director Dhiya Consulting Private limited
- 2 Representatives from IDECK

### **PROCEEDINGS OF THE MEETING:**

Review of the stores was taken up covering the following key areas:

1. General upkeep and maintenance of the store house
2. Test check of receipt vouchers/invoices and other records
3. Accounting of faulty transformers and other released assets
4. Accounting of released transformer oil
5. Materials issued to contractors and return from them
6. Pricing ledger and stores ledger reconciliation
7. List of scrap and obsolete materials and action for disposal
8. Annual counting and implementation of final orders
9. Inter-divisional transfer of materials and their accounting
10. Compliance to inspection reports of inspecting authorities
11. Counting of stock items – some samples etc.,

Sl. No	Focus Area	Particulars/ Issues	Observations	Plan of action & key personnel responsible
1	General upkeep and maintenance of the Store house	<ul style="list-style-type: none"> <li>• Huge quantities of materials like 25 KVA*** rated DTCs, Rabbit ACSR conductor, Poles (PSC,RCC),insulators, G.I Pin, Horizontal cross arms, 2-4pin cross arms, GI Wire, insulated wire, Aerial fuse boards, LT spacers, etc., are found.</li> <li>• Further, review of ELM statement shows that there are several other materials also lying in the stores unutilized.</li> <li>• Heap of released mechanical meters numbers found in the store house.</li> </ul>	<ul style="list-style-type: none"> <li>• It is observed that the availability of materials is more than the requirement.</li> <li>• Materials allotted are more than the requirement of the division. Proper planning of procurement and ensuring of suppliers seems to have not been done.</li> <li>• Further, it was informed that the Rate Contract arrangements are also in place for procurement of needy materials. It has to be strictly ensured that no material that is already available in stores should be procured through Rate contract and only upon exhausting the inventory on hand; the field formations can operate the rate contract arrangements.</li> <li>• Condition of some materials that laying the yard could deteriorate, if continuously exposed to sun-light/rain</li> <li>• Released mechanical meters have to be immediately sent to Central Stores for early</li> </ul>	<ul style="list-style-type: none"> <li>• CEE/ SEE Kolar for needful</li> <li>• EE and Store officer of the Division should act on these observations and take immediate action to reduce the inventory and keep the minimum requirement of inventory without stock pile.</li> <li>• EE has circulated a list of 101 items of materials laying the stores to all the EEs of Bescom in November 2014 to draw and utilize these materials, in case they are required.</li> <li>• If need be they have to escalate the issue to higher levels and ensure prompt action.</li> </ul>

			disposal. While disposing of these meters, GM (Procurement) has to ensure that they are not recycled/re-used elsewhere again.	
2	Test check of receipt vouchers/invoices and other records house	<ul style="list-style-type: none"> <li>• Random verification receipt vouchers, issue invoices, RIs and other documents</li> </ul>	<ul style="list-style-type: none"> <li>• Postings have to done on day to day basis and there should no delay</li> </ul>	<ul style="list-style-type: none"> <li>• Store keeper and Store officer to ensure this</li> </ul>
3	Counting of stock items	<ul style="list-style-type: none"> <li>• Few items have been physically counted and quantities as per “store ledger” and as “physically counted” are shown in <b>Annexure-1</b></li> </ul>	<ul style="list-style-type: none"> <li>• Action may be taken be as per rules to recover the shortage/account the excess found physical verification.</li> </ul>	<ul style="list-style-type: none"> <li>• Store officer/EE</li> </ul>
4	Compilation of Store accounts by accounts section	<ul style="list-style-type: none"> <li>• As on 9/14, the closing stock is stated to be Rs 2.65 Crs.</li> <li>• Besides, the WDV of release stores (A/C code series 16) is about Rs. 20.67 crs. as on 9/14.</li> </ul>	<ul style="list-style-type: none"> <li>• Inventory that is not immediately required may be diverted to other needy divisions</li> <li>• Analysis of WDV items shows that as per trial balance, there is a debit balance of Rs 19.77 crs+0.85 crs. – Faulty/dismantled assets and Rs. 0.05 crs+0.06 crs of – WDV of obsolete/scrapped assets.</li> <li>• As per the Pricing ledger the value of items pertaining to released TCs comes 1.82 crs. only against Rs. 19.77 crs shown in the trial balance.</li> <li>• The difference between accounts and pricing ledger</li> </ul>	<ul style="list-style-type: none"> <li>• CEE Zone/SEE Circle</li> <li>• AO O&amp;M to ensure thorough reconciliation of pricing ledger numbers with accounts/general ledger balances</li> <li>• AO IA to verify and report</li> </ul>

			<ul style="list-style-type: none"> <li>has to be reconciled immediately</li> <li>During the discussions, with the staff, it came to light the when the released good transformers are re-issued, instead of crediting 16.2057, material issues accounting is credited.</li> <li>Pricing ledger has to be maintained in a better condition, by filling up all the columns provided and clearly arriving at the closing balance after each transaction.</li> </ul>																															
	<table border="1"> <thead> <tr> <th>Trns. capacity</th> <th colspan="2">Released faulty TCs</th> <th colspan="2">Released good TCs</th> </tr> </thead> <tbody> <tr> <td>15 KVA</td> <td>75 No's</td> <td>6.21 lakhs</td> <td>15 KVA</td> <td>Nil</td> </tr> <tr> <td>25 KVA</td> <td>75 No's</td> <td>76.80 lakhs</td> <td>25 KVA</td> <td>11.91 lakhs</td> </tr> <tr> <td>63 KVA</td> <td>30 No's</td> <td>51.90 lakhs</td> <td>63 KVA</td> <td>8.08 lakhs</td> </tr> <tr> <td>100 KVA</td> <td>31 No's</td> <td>9.73 lakhs</td> <td>100 KVA</td> <td>17.04 lakhs</td> </tr> <tr> <td><b>Total</b></td> <td>211 No's</td> <td>144.64 lakhs</td> <td></td> <td>37.03 lakhs</td> </tr> </tbody> </table>	Trns. capacity	Released faulty TCs		Released good TCs		15 KVA	75 No's	6.21 lakhs	15 KVA	Nil	25 KVA	75 No's	76.80 lakhs	25 KVA	11.91 lakhs	63 KVA	30 No's	51.90 lakhs	63 KVA	8.08 lakhs	100 KVA	31 No's	9.73 lakhs	100 KVA	17.04 lakhs	<b>Total</b>	211 No's	144.64 lakhs		37.03 lakhs			
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<b>Total</b>	211 No's	144.64 lakhs		37.03 lakhs																														
5	Scrap materials	<ul style="list-style-type: none"> <li>As per the list provided there are 12 scrap material items</li> </ul>	<ul style="list-style-type: none"> <li>Scrap list includes aluminum scrap, aluminum conductor scrap, scrap transformers etc.,</li> <li>Value of these scrap items is Rs. 32 lakhs</li> </ul>	<ul style="list-style-type: none"> <li>Store officer and EE should take up the matter the Central Stores immediately</li> </ul>																														
6	Obsolete materials	<ul style="list-style-type: none"> <li>List provided with the value is not clear.</li> </ul>	<ul style="list-style-type: none"> <li>Needs reconciliation between store and pricing</li> </ul>	<ul style="list-style-type: none"> <li>Store officers and EE to</li> </ul>																														

	Un-operated materials	<ul style="list-style-type: none"> <li>List of 65 items amounting to Rs 8.21 lakhs was provided</li> </ul>	<p>section and the value has to be correctly assigned.</p> <ul style="list-style-type: none"> <li>This statement may be prepared afresh and sent.</li> </ul>	<p>take up the issue with CEE for diversion to the needy divisions within the Zone</p> <ul style="list-style-type: none"> <li>EE to take up the matter with GM (procurement) for distribution across Bescom, wherever required.</li> <li>If they are not needed in any of the divisions, of Bescom, GM procurement can explore the possibility of diverting them to any other ESCOM with in the State and if possible, can propose to DF/DT/MD for further action. If not, can propose suitable action to the DF/DT/MD for clearance from the stores.</li> </ul>
7	Transformers/Meters issued to Contractors	<ul style="list-style-type: none"> <li>As per Accounts (A/C Code 26.604) there is a credit balance of Rs. 10.13 lakhs as on 30-9-2014</li> </ul>	<ul style="list-style-type: none"> <li>This account code should either show a nil balance or a debit balance. Instead credit balance is seen in the trial balance.</li> <li>Details of advances made viz., Name of the contractor, date, amount etc., was not ready available and produced.</li> <li>A schedule/register with contractor wise information should be maintained for watching the receivables from contractors.</li> </ul>	<ul style="list-style-type: none"> <li>AO O&amp;M to reconcile and report</li> <li>AO IA to verify and report</li> </ul>
8	Stock excess and	<ul style="list-style-type: none"> <li>There is a Nil balance in account code 22.810 and a</li> </ul>	<ul style="list-style-type: none"> <li>Account code 22.820 should always show a debit</li> </ul>	<ul style="list-style-type: none"> <li>AO O&amp;M to reconcile and</li> </ul>

	shortage pending investigation	credit balance of Rs. 6,602 in account code 22.820.	<p>or nil balance. But a credit balance is shown.</p> <ul style="list-style-type: none"> <li>Information on the orders on annual counting was not immediately made available.</li> </ul>	<p>report</p> <ul style="list-style-type: none"> <li>AO IA to verify and report</li> </ul>
9	Released transformer oil	<ul style="list-style-type: none"> <li>A statement showing the transformer oil (bad) not returned stores from April 2014 to August 2014 was produced</li> </ul>	<ul style="list-style-type: none"> <li>As per this statement a shortage to the extent of 7,268 liters was observed</li> <li>Upon quantification the value was arrived as Rs.1.94 lakhs</li> <li>Notices have been issued to all Section officers in 10/14 to return the oil immediately.</li> </ul>	<ul style="list-style-type: none"> <li>EE and Store Officer should take action either to get the bad oil returned by the officers or to fix accountability on the officers concerned</li> <li>EE &amp; AO O&amp;M should do this exercise monthly and quantify the loss and take appropriate action for recovery</li> <li>Similar exercise has to be carried out for the previous years also (at least last 3 years) and action initiated.</li> <li>AO IA to follow up and ensure this and report</li> </ul>
10	Released conductors	<ul style="list-style-type: none"> <li>Statement showing the details of redonctoring and credit materials pending provided.</li> <li>List given is not very clear</li> </ul>	<ul style="list-style-type: none"> <li>As per the statement provided, return of released conductors to the tune of Rs.15.64 lakhs is pending.</li> <li>One Section officer i.e. Mr. Gurappa has to return released conductors valued at Rs. 13.36 lakhs</li> </ul>	<ul style="list-style-type: none"> <li>AO O&amp;M – To prepare a complete and clear list</li> <li>EE/AO – To fix accountability</li> <li>AO IA to report the status</li> </ul>
11	Released RCC poles	<ul style="list-style-type: none"> <li>This information was not readily available</li> </ul>	<ul style="list-style-type: none"> <li>It has to be ensured that all the credit items as listed in the sanctioned estimated or replacement of RCC</li> </ul>	<ul style="list-style-type: none"> <li>EE/AO O&amp;M for immediate action</li> <li>AO IA to follow up and</li> </ul>

			<p>poles, especially the iron skeleton is returned to stores</p> <ul style="list-style-type: none"> <li>• This exercise has to be done for at least last 3-4 years</li> <li>• If not, such cases and to be listed and action taken</li> </ul>	report
12	Released good Transformers ( on account of capacity enhancement)	<ul style="list-style-type: none"> <li>• Statements showing the failed transformers as well as released good transformers not returned to stores was provided</li> </ul>	<ul style="list-style-type: none"> <li>• 55 failed transformers amounting to Rs. 24.18 lakhs are not returned to stores.</li> <li>• EE office has initiated monthly recovery ranging from 3000-10000 from the salary of the employees</li> <li>• 27 released good transformers are not returned to stores</li> </ul>	<ul style="list-style-type: none"> <li>• CEE/SEE to review the situation and take appropriate action at the earliest including initiation of departmental action etc.,</li> <li>• EE &amp; AO to follow up regularly</li> </ul>
13	Pending CRs	<ul style="list-style-type: none"> <li>• 1352 CRs amounting to Rs. 12.68 crs are pending</li> </ul>	<ul style="list-style-type: none"> <li>• 5 officials have to submit CRs amounting to Rs 1-3 Crs. in each case</li> <li>• Srinivasapura sub-division alone has to submit 1166 CRs.</li> <li>• As per the information given by accounts section, for want of CRs, these works, though completed, are not capitalized and has resulted in loss of depreciation – which can be approximately be in the range of Rs. 2-3 crs.</li> <li>• EE informed that action is</li> </ul>	<ul style="list-style-type: none"> <li>• CEE/SEE to review the situation and take appropriate action at the earliest including initiation of departmental action etc.,</li> <li>• EE and AO O&amp;M to initiate action immediately</li> </ul>

			being taken to recover the amount from monthly salary of the employees.	
14	CWIP	<ul style="list-style-type: none"> <li>About 28 crs worth capital works are shown as “capital works in progress”</li> </ul>	<ul style="list-style-type: none"> <li>There is debit balance of Rs. 1.14 crs. in CWIP-Service connection.</li> <li>NJY works – As per the information provided Kolar portion is completed. But no capitlisation has been made as yet.</li> <li>RAPDRP – Rs 11.50 Crs. It was informed that the work was completed about 2 years back. But the amount is still shown in CWIP. As per the information provided by accounts section, the work is not yet capitalized. Needs immediate review and action</li> <li>“technical certificates” are not insisted upon from field officers for capitlisation of assets</li> <li>Delay in capitlisation of completed works will result in loss of deprecation and will affect the P&amp;L account of the company.</li> </ul>	<ul style="list-style-type: none"> <li>AO O&amp;M for review and immediate action</li> <li>AP IA to follow up and report</li> </ul>
15	<ul style="list-style-type: none"> <li>Advance Contractors to</li> </ul>	<ul style="list-style-type: none"> <li>There is a debit balance of Rs. 0.44 crs. as per 9/14 trial balance</li> </ul>	<ul style="list-style-type: none"> <li>As per the statement provided it is seen that, advance pertains to 4 contractors.</li> <li>Of which, Rs 0.29 crs pertain to M/s ABB. It was informed that this amount is not cleared and there is a dispute between the</li> </ul>	<ul style="list-style-type: none"> <li>AO O&amp;M to closely follow up the clearance</li> </ul>

			contractor and Bescom. Any advance given to contractors has to be closely watched and cleared.	
16	Transformer failures	<ul style="list-style-type: none"> <li>As per information by provided 465 transformers have failed from April to November 2014.</li> </ul>	<ul style="list-style-type: none"> <li>Highest numbers of failures – 274 numbers are in Srinivasapura sub-division. Of which 80% transformers are of 63 KVA and 100 KVA.</li> <li>Reasons for failure need to be closely analysed</li> <li>If the failure in “residual agriculture feeders” ( post NJY implementation), are reported further examination would be required</li> </ul>	<ul style="list-style-type: none"> <li>EE O&amp;M</li> </ul>
17	Balances under other related account codes	<ul style="list-style-type: none"> <li>Amount recoverable from employees – Rs. 44.09 lakhs</li> <li>Transformers/Meters issues to contractors – Rs. 10.13 lakhs credit balance</li> <li>Advances to staff against expenses Rs. 1.52 lakhs</li> <li>Loans and advances to staff – FA – credit balance of Rs. 1.35 lakhs</li> </ul>	<ul style="list-style-type: none"> <li>Against “debit” heads credit balances are seen in some heads. This needs to be reviewed and action taken immediately.</li> <li>Amount recoverable has to be analysed on case to case to basis and action taken to ensure recovery as per rules</li> </ul>	<ul style="list-style-type: none"> <li>EE/AO O&amp;M</li> <li>AO IA to follow up and report</li> </ul>
18	Buffer stock of transformers	<ul style="list-style-type: none"> <li>ELM statement shows 106 transformers being held as buffer stock</li> </ul>	<ul style="list-style-type: none"> <li>30 transformers of 25 KVA, 16 of 63 KVA and 40 of 100 KVA is held as buffer stock</li> <li>Consequent upon commissioning of NJY feeders, the failure rate has come down.</li> <li>Buffer stock level needs to be reviewed and action taken to reduce the stockpile</li> </ul>	<ul style="list-style-type: none"> <li></li> </ul>

19	Funds drawn in excess of actual requirement	<ul style="list-style-type: none"> <li>While reviewing the cash book balance of the division, it is observed that there is an excess of Rs 7.5 Lakhs for which B R No. details are not furnished.</li> </ul>	<ul style="list-style-type: none"> <li>Reasons for excess funds drawn have to be explained.</li> <li>Audit section has certified the funds requisition statement without verification.</li> </ul>	<ul style="list-style-type: none"> <li>AO O&amp;M</li> <li>AO IA</li> </ul>
209	Asset Registers	<ul style="list-style-type: none"> <li>Review of fixed assets registers</li> </ul>	<ul style="list-style-type: none"> <li>Registers are not up date</li> <li>Postings since FY11-12 are pending</li> <li>To be up dated immediately</li> </ul>	<ul style="list-style-type: none"> <li>AO O&amp;M</li> <li>AO IA</li> </ul>
<p><b>Note: It was observed that shoes have been supplied to division stores, but the division store keeper has not issued the same to section officers. On enquiring, it is learnt that there is a mismatch between shoe sizes required and supplied. The required size is 7, 8 and 9 while the supplied size is 5 and 6. This has happened in most of the divisional stores and corrective action needs to be initiated for rectification.</b></p>				

**Director Finance  
BESCOM**

Copy to:

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

**Annexure-1**

**STATEMENT SHOWING THE DETAILS OF MATERIALS IN STOCT IN KOLAR DIVISION AS ON 05-12-2014**

SL.NO	CODE NO	MATERIAL	Date of posting	Qty as per store ledger	Qty. As per Physical verification	Qty. As per pricing leger	Remarks
1	321304	25 KVA TR.New	5.12.14	327	327	327	They had Buffer stock of 25 ,63 and 100 KVA Transformer, eventhough they had enough 25,63 and 100 KVA new Transformer in stock
2	321304(B)	25 KVA TR.Repair good	2.12.14	37		37	
3	321304(A)	Buffer stock25 KVA TR.		30	30	30	
4	321304(C )	25KVA (NJY)		30		30	
5	321306	63KVA NEW		18		18	
6	321306(A)	BUFFER STOCK		16		16	
7	321306(B)	63KVA REPAIR GOOD	3.12.14	48		48	
8	321310	100 KVA NEW	3.12.14	14	14	14	
9	321310(A)	BUFFERSTOCK	3.12.14	40	40	40	
10	321310(B)	100 KVA REPAIR GOOD	3.12.14	41	41	41	
11	321325(A)	250 KVA REPAIR GOOD	7.11.14	3	3	3	
12	321325	250 KVA NEW	7.11.13	NIL	NIL	3	not properly recorded in pricing ledger but actually 250 KVA tr. in stock is nil and as per inforation given by AEE(O) from last one year there is no supply of 250KVA Tr.
13	279012	2 PIN CROSS ARM	3.12.14	132		132	
14	279014	4 PIN CROSS ARM	5.12.14	5772		5772	

15	61110(A)	CFL BULB	4.12.14	3610		3610	
16	427320	SAFETY BELT	25.9.14	145	145	145	
17	427252	RUBBER HAND GLOUSE	13.10.14	17	17	17	
18	427310	HELMET WITHOUT INDICATOR	22.10.12	95	95	95	Old stock
19	427310(A)	HELMET WITH INDICATER	6.11.13	99	99	99	
20	627300	LEATHER SHOES	27.11.14	26	26	26	
21	627300(A)	SHOE SOCKS	27.11.14	26	26	26	
22	627480	LEATHER WAIST BELT	17.11.14	35	35	35	
23	357530	3 PHASE ELECTRONIC TR. METER		63	63	63	
24	795110	100 KVA FAULTY TR	29.11.14	23		23	Due to improper arrangement in store stock it is not possible to count physically .Instead of code Nos. relating to Faulty Tr. 321542,321537,321532 recorded as 795110,795104,795106. Directed to record proper code.
25	795110©	100 KVA TR SCRAP	11.11.14	3		3	
26	795110(A)	100 KVA TR W.G.P	25.11.14	18		18	
27	795104	25 KVA FAULTY TR.	3.12.14	78		78	
28	795104(C )	25 KVA TR. SCRAP	17.11.14	27		27	
29	795104(A)	25 KVA TR. W.G.P	3.12.14	23		23	
30	795106	63 KVA TR. FAULTY	4.12.14	42		42	
31	795106(C )	63 KVA TR. SCRAP	21.11.14	13		13	
32	795106(A)	63 KVA TR. W.G.P	24.11.14	2		2	