



BANGALORE ELECTRICITY SUPPLY COMPANY LIMITED

(Wholly owned Government of Karnataka undertaking)

Inspection Report of Division Stores, Ramanagara, BESCOM

Date: 14-11-2014

BESCOM OFFICIALS:

1. Sri B.L Guru Prasad, Director(Finance), BESCOM
2. Sri Venkteshaiah, DGM (Personnel), BESCOM
3. Executive Engineer(E), Ramnagar O&M Division.
4. Sri Rama Prasad, AO, Corporate Office, BESCOM.
5. Sri Suresh, AO, Corporate Office, BESCOM.
6. Accounts officer, Ramnagar Division.
7. Accounts officer (Internal Audit), Ramnagar Division.
8. AEE (O), Ramnagar Division.

CONSULTANT TEAM:

- 1 Sri. Vasuki, Director Dhiya Consulting Private limited
- 2 Pisupati Karthikeya, Managing Director, Dhiya Consulting Private limited

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"> Huge quantities of materials like SMC Metering boxes (about 14,500), DTC metering boxes (about 300 numbers), 25 KVA *** rated DTCs (about 200 numbers), Disc insulators (about 2000 numbers), 11 KV pin insulators (about 1100 numbers) etc., are found. Released meters (about 7000) numbers are dumped in the yard and none of these released meters seem to be in re-usable condition | <ul style="list-style-type: none"> There seems to be mis-match between the requirement and the availability. Condition of some materials that laying the yard could deteriorate, if continuously exposed to sun-light/rain | <ul style="list-style-type: none"> 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 | | | | | | | | | | | | |
| 2 | Test check of receipt vouchers/invoices and other records | <ul style="list-style-type: none"> Random verification of September month receipt vouchers, issue invoices, RIs and other documents | <ul style="list-style-type: none"> Postings have to done on day to day basis and there should no delay Entries have to be made in the columns provided for respective heads An abstract of stock receipts and issues with Store ledger folio reference has to be put up at the end of each month to ensure that proper posting of transactions has been done | <ul style="list-style-type: none"> Store keeper and Store officer to ensure this | | | | | | | | | | | | |
| 3 | Counting of stock items | <table border="1"> <thead> <tr> <th data-bbox="741 1129 891 1278">Material</th> <th data-bbox="891 1129 1037 1278">Qty. as ELM stmt. of 13/11/14</th> <th data-bbox="1037 1129 1155 1278">Actual Qty. counted</th> </tr> </thead> <tbody> <tr> <td data-bbox="741 1278 891 1369">RCC poles 8 mtrs.</td> <td data-bbox="891 1278 1037 1369">43</td> <td data-bbox="1037 1278 1155 1369">57</td> </tr> <tr> <td data-bbox="741 1369 891 1460">H.G. Fuse unit 11 KV</td> <td data-bbox="891 1369 1037 1460">82</td> <td data-bbox="1037 1369 1155 1460">100</td> </tr> <tr> <td data-bbox="741 1460 891 1520">HT</td> <td data-bbox="891 1460 1037 1520">1</td> <td data-bbox="1037 1460 1155 1520">8</td> </tr> </tbody> </table> | Material | Qty. as ELM stmt. of 13/11/14 | Actual Qty. counted | RCC poles 8 mtrs. | 43 | 57 | H.G. Fuse unit 11 KV | 82 | 100 | HT | 1 | 8 | <ul style="list-style-type: none"> Action may be taken be as per rules to recover the shortage/account the excess found physical verification. It was observed that 3 printers are lying the stores without being issued Further, about 420 safety belts are in the stock, without being drawn. | <ul style="list-style-type: none"> Store officer/EE |
| Material | Qty. as ELM stmt. of 13/11/14 | Actual Qty. counted | | | | | | | | | | | | | | |
| RCC poles 8 mtrs. | 43 | 57 | | | | | | | | | | | | | | |
| H.G. Fuse unit 11 KV | 82 | 100 | | | | | | | | | | | | | | |
| HT | 1 | 8 | | | | | | | | | | | | | | |

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| | | | metering cubicles 60/5A | | | | | |
| | | | Trivector meter- HT | 5 | 4 | | | |
| | | | 18 KVAR capacitors | 10 | 9 | | | |
| | | | G.O.S 11 KV 400A D/B | 18 | 46 | | | |
| 4 | Compilation of Store accounts by accounts section | <ul style="list-style-type: none"> As on 8/14, the closing stock was Rs 6.51 Crs. As on 3/14, the closing stock was Rs. 4.82 crs, showing a significant increase in stock level Besides, the WDV of release stores (A/C code series 16) is about Rs. 2.15 crs. as on 8/14. | | | <ul style="list-style-type: none"> Inventory that is not immediately required may be diverted to other needy divisions Analysis of WDV items shows that as per trial balance, there is a debit balance of Rs 1.42 crs – Faulty/dismantled assets P&M and Rs. 0.73 crs of - Faulty/dismantled assets Lines, cable network etc. As per the Pricing ledger the value of items pertaining to A/c code 16.2057 come to Rs. 0.21 Crs. only. The difference of Rs 1.21 crs. between accounts and pricing ledger has to be reconciled immediately | | <ul style="list-style-type: none"> CEE Zone/SEE Circle AO O&M AO IA to verify and report | |
| | | Trns. capacity | Faulty transformers | | Repaired good transformers | | Released good transformers | |
| | | 25 KVA | 19 No's | 1.54 lakhs | 40 No's | 3.26 lakhs | 1 No | 0.09 lakhs |
| | | 63 KVA | 29 No's | 3.83 lakhs | Nil | - | 1 No | 0.15 lakhs |
| | | 100 KVA | 14 No's | 2.58 lakhs | 55 No's | 10.02 lakhs | 1 No | 0.01 lakhs |
| | | Total | 62 No's | 7.95 lakhs | 95 No's | 13.28 lakhs | 3 No's | 0.25 lakhs |

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| 5 | Scrap materials | <ul style="list-style-type: none"> As per the list provided there are 17 scrap material items amount to Rs. 27 lakhs (approx.) | <ul style="list-style-type: none"> Value of three items alone is about Rs. 21 lakhs. Some of the items are lying the store house for over 2-3 years without further action Value as per statement is Rs 27 lakhs. Whereas value as per accounts (16.2067) is 73 lakhs. Needs to be reconciled immediately | <ul style="list-style-type: none"> Store officer and EE should take up the matter the Central Stores immediately AO O&M AO IA to verify and report |
| 6 | Obsolete materials | <ul style="list-style-type: none"> As per the list provided there are 35 Obsolete/un-operated material items amount to Rs. 150 lakhs (approx.) | <ul style="list-style-type: none"> Value of four items alone is about Rs. 120 lakhs. <ul style="list-style-type: none"> Aerial fuse 30A 3way 18 lakhs – not operated since 2/14 Aerial fuse 30A 4 way 24 lakhs – not operated since 12/13 High Voltage detector 10 lakhs – not operated since 7/13 Coyote ACSR conductor 68 lakhs – not operated since 8/14 Some of the items are lying the store house for over 2 years without further action | <ul style="list-style-type: none"> |
| 7 | Transformers/Meters issued to Contractors | <ul style="list-style-type: none"> As per Accounts (A/C Code 26.604) there is a credit balance of Rs. 60.90 lakhs as on 31-8-2014 | <ul style="list-style-type: none"> This A/c should always show a debit balance or a nil balance. Reasons for showing credit balances needs to be examined and immediate action to be taken to set right the mistakes | <ul style="list-style-type: none"> AO O&M AO IA to verify and report |
| 8 | Stock excess and shortage pending investigation | <ul style="list-style-type: none"> There is a debit balance of Rs. 21.27 lakhs in account code 22.820 and a credit balance of Rs. 17.52 lakhs in account code 22.810 | <ul style="list-style-type: none"> Entire amount shown in account code 22.820 pertain to one store keeper Mr. Shankar, against whom, it is learnt that departmental proceedings are yet to be initiated. Out of the stock excess of Rs 17.52 lakhs, Rs. 8.54 lakhs excess was found during the tenure of | <ul style="list-style-type: none"> Store officer and EE to take up the matter with SEE immediately AO O&M AO IA to verify and |

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| | | | <p>Mr. Shankar. This issue also needs to be addressed along with the stock shortages pertaining to the employee.</p> <ul style="list-style-type: none"> Reasons for continuing Rs. 8.98 lakhs in stock excess account needs to be examine and immediate action taken | report |
| 9 | Pending CRs | <ul style="list-style-type: none"> 1168 CRs amounting to Rs. 8.40 crs are pending | <ul style="list-style-type: none"> It is reported that some of the CRs are pending for the last 2-3 years For want of CRs, these works, though completed, are not capitalized and has resulted in loss of depreciation No accountability is fixed on officers for not submitting the CRs on time | <ul style="list-style-type: none"> EE and AO O&M to initiate action immediately |
| 10 | Regularisation of tentative work orders issued | <ul style="list-style-type: none"> 40 TWO are not regularised | <ul style="list-style-type: none"> 32 TWOs of current year and 8 TWOs of previous year are not regularized as yet. | <ul style="list-style-type: none"> EE and AEE office for immediate action |
| 11 | CWIP | <ul style="list-style-type: none"> About 84 crs worth capital works are shown as “capital works in progress” | <ul style="list-style-type: none"> NJY – 41 crs. – As stated by EE, out of 14 works 11 are already completed. These works should be capitalized immediately. There are huge debit balances ranging from Rs 8 to 10 crs in account code 14.1407, 14.1507, 14.1797, and 14.2107. Reasons for such huge balances need to be examined and immediate action to capitalize the amount in respect of completed works There is debit balance of Rs. 12.82 crs. in CWIP- Service connection. On a review of the C Registers, it was found that no proper control is being exercised to watch the completion of works and capitalize the works. Some works for which “technical | <ul style="list-style-type: none"> AO O&M AO IA to verify and report |

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| | | | <p>certificates” are furnished by field officers are not capitalised</p> <ul style="list-style-type: none"> • In action on the part of the office, has resulted on loss of deprecation and will affect the P&L account of the company. | |
| 12 | <ul style="list-style-type: none"> • Advance to Contractors | <ul style="list-style-type: none"> • There is a debit balance of Rs. 12.27 crs. as per 8/14 trial balance | <ul style="list-style-type: none"> • As per the statement provided it is seen that, advance is largely given to the following parties <ul style="list-style-type: none"> ○ SPML private limited ○ Ishwara Electricals ○ Sagar steel private limited ○ Maruthi Electricals ○ L.S. Cable private limited • As the advance was given way back in 2007-2013 for most of the contractors, necessary adjustment entries should have been passed by the accounts section, while settling the final bills of these contractors. Continuation of this amount in the advance head needs to be immediately verified and action taken to clear the debit balance with proper explanation for the delay | <ul style="list-style-type: none"> • AO O&M • AO IA to verify and report |
| 13 | Transformer failures | <ul style="list-style-type: none"> • As per the statement provided in October 2014, 61 transformers have failed. | <ul style="list-style-type: none"> • 23 transformers have failed in USD channapatna, of which 11 are 100 KVA transformers • 23 transformers have failed in RSD channapatna, of which 6 are 100 KVA transformers • It was seen that 12, 25KVA transformers have failed. It was reported that all these transformers are on “residual agriculture feeders”. Failure of these transformers needs to be examined more thoroughly and action taken to redress the issue. | <ul style="list-style-type: none"> • |

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| 14 | Inter unit accounts (IUA) | <ul style="list-style-type: none"> No. of ATs for which acceptances are due – 4 numbers amount is Rs. 13.37 lakhs Acceptances pending for the materials received from other divisions Rs. 98.35 lakhs | <ul style="list-style-type: none"> Needs to be cleared at the earliest | <ul style="list-style-type: none"> AO O&M |
| 15 | Released transformer oil, conductors and RCC poles. | <ul style="list-style-type: none"> Proper details in respect of each of these items were not provided. | <ul style="list-style-type: none"> Division is required to maintain details of “credit” provision made in the estimate, actual quantity returned and the difference if any needs to be quantified and action has to be initiated for regularization immediately. | <ul style="list-style-type: none"> AO O&M |

**Director Finance
BESCOM**

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