

AUDIT MANUAL

**UTTAR HARYANA BIJLI VITRAN NIGAM
LIMITED**

&

**DAKSHIN HARYANA BIJLI VITRAN
NIGAM LIMITED**

CHAPTER-I

INTRODUCTORY

1. Constitution and function of the Uttar Haryana Bijli Vitran Nigam Limited and Dakshin Haryana Bijli Vitran Nigam Limited.

The erstwhile Haryana Electricity Board was constituted on 3rd May, 1967, under Section 5(1) of Electricity Supply Act, 1948. The Board was responsible for generation, transmission and distribution of electricity. Under Haryana Electricity Reform Act, 1997 the Board had been reorganized in August 1998 by segregating generation, transmission and distribution functions in separate services to be provided by separate companies. Generation service was transferred to Haryana Power Generation Corporation Limited (HPGCL), transmission and distribution services were transferred to Haryana Vidyut Prasaran Nigam Limited (HVPNL). Further, distribution service was transferred from HVPNL to two distribution Companies Viz Uttar Haryana Bijli Vitran Nigam Limited (UHBVNL) and Dakshin Haryana Bijli Vitran Nigam Limited (DHBVNL). Uttar Haryana Bijli Vitran Nigam Limited (UHBVNL) and Dakshin Haryana Bijli Vitran Nigam Limited (DHBVNL) were incorporated on March, 1999 and both the Companies commenced their business from 1st July, 1999.

2. Organisational set up

The business of each company is managed by separate Board of Directors. The number of directors shall not be less than 3 and not more than 7. *At present, UHBVNL has 6 Directors including Managing Director and DHBVNL has 6 Directors including Managing Director.*

The Governor may from time to time appoint the chairman or any of the Director to the office of Managing Director(s) of the Company for such term and such remuneration (whether by way of salary or otherwise) as he may think fit. The tables of organizational set up of the companies are given in **Appendix-A (i) & A(ii)**.

All the rules and regulations of the erstwhile HSEB have been adopted by the companies as per **Appendix-B**.

3. **Accounts, Records, Registers to be Audited.**

The main object of UHBVNL & DHBVNL is to plan, promote, organize, maintain and operate an integrated power distribution system in Uttar Haryana and Dakshin Haryana respectively. The list of units of each company to be audited is given in **Appendix-C (i & ii)**.

The various accounts, records, registers, ledgers etc. generally maintained in the units and offices of each company viz Division, Sub division and sub office, central offices, central stores, divisional stores, workshops and other wings at headquarters which are required to be checked in audit are given in **Appendix- C (iii) to C (xi)**.

4. **General Principles for Company's Finance**

The Authorized Share Capital of the UHBVNL is Rs.3000 crore only divided into 30,000,000 shares of Rs. 1000/- each and Paid up Share Capital of the UHBVNL is Rs.1328.33 crore only divided into 13,283,298 shares of Rs. 1000/- each. The Authorized Share Capital of the DHBVNL is Rs.2000 crore only divided into 20,000,000 shares of Rs. 1000/- each and Paid up Share Capital of the DHBVNL is Rs.1180.86 crore only divided into 11,808,626 shares of Rs. 1000/- each.

Section 27 of Haryana Electricity Reform Act 1997 lays down that:

- (a) The State Government may from time to time advance loans to Generating Company which for the time being is wholly or partially owned by the State Government on such terms and condition not inconsistent with the provisions of this Act or the Electricity (Supply) Act, 1948, as the State Government may determine.
- (b) The State Government may, guarantee from time to time, in such manners it thinks fit the repayment of the principal or the payment of interest (or both) on any loan proposed to be

raised by the company which is for the time being wholly or partly owned by the State Government or the discharge of any other financial obligation of any company provided that the State Government shall, so long as such guarantees are in force, lay before the state legislature during the budget session in every year a statement of the guarantees, if any, given during the current financial year of the State and up-to-date account of the total sums, if any, which have been paid out of State revenues in each case by reason of any such guarantees or paid into state revenues towards repayment of any money so paid out.

- (ii) Section 12 (3) of the Haryana Electricity Reform Act, 1997 lays down that:

The State Government shall be entitled to issue policy directions concerning the subsidies to be allowed for supply of electricity to any class or classes of persons in addition to the subsidies adjusted by the Commission while regulating and approving the tariff structure provided that the State Government shall contribute the amount to compensate such concerned Body or Unit affected by the grant of subsidies by the State Government to the extent of the subsidies granted. The commission shall determine the amount and the terms and conditions on which such amount is to be paid by the state government.

- (iii) Value of fixed assets of the Company in service at the beginning of the year means the original cost of such fixed assets as reduced by aggregate of the cumulative depreciation in respect of such assets calculated in accordance with the provision of the Electricity (Supply) Act and consumer's contribution for service lines.

5. Audit of UHBVNL & DHBVNL

- i) Section 19(I) of the Comptroller & Auditor General (Duties, Power & conditions of Services) Act, 1971 lays down that the audit of Accounts of the Government Companies shall be performed and exercised by him in accordance with provisions of the Companies Act, 1956.
- ii) The Auditor/Auditors of the Company shall be appointed by the Comptroller & Auditor General of India in accordance with the provisions of Section 619 of the Companies Act, 1956.
- iii) The Comptroller & Auditor General of India shall have power to direct the manner in which the Company's account shall be audited by the Auditor/Auditors and to give such

Auditor/Auditors instructions in regard to any matter relating to the performance of his/their functions as such.

- iv) Once at least in every financial year the accounts of the company shall be examined and correctness of the Profit and Loss accounts and Balance Sheet ascertained by one or more auditors.
- v) Auditor/Auditors shall submit a copy of his/their Audit report to C&AG of India who shall have the right to comment upon or supplement the Audit Report in such manner as he think fit.
- vi) Any such comment upon or supplement to the Audit Report shall be placed before the Annual General Meeting of the company in the same manner as the Audit Report.
- vii) The audit of the erstwhile HSEB now UHBVNL & DHBVNL has been assigned by the Comptroller & Auditor General of India to Principal Accountant General (Audit), Haryana. The Principal Accountant General (Audit) in discharge of his duties as an auditor of the Company is assisted by the Deputy Accountant General and a team of Senior Audit Officers/Audit Officers, Assistant Audit Officers & Senior Auditors/Auditors. The Audit is managed through the Economic Sector comprising CA-III and IV Sections in the office of the Principal Accountant General (Audit), Haryana, Chandigarh by deputing Audit parties in all set up of the Company throughout Haryana. The organizational chart of Economic Sector is given in **Appendix-D**.

6. **Scope and extent of Audit**

The extent and process of audit checks to be applied have been prescribed by the C&AG of India vide his confidential letter No. 139/O&M (RC)/46/81 dated 15 October, 1981 (**Appendix-E**).

Guidelines for preparing Performance Audit of various activities of the Company were issued by the C&AG of India vide his No. 68A/Ar G(C)/ 57/52 dated 16 June, 1972 (**Appendix-F**). Besides, other instructions issued by Headquarter from time to time be also kept in view.

CHAPTER-II

7. Regulation of Electricity Business

Haryana Electricity Regulatory Commission was established on 17th August 1998 as an independent statutory body corporate as per the provision of the Haryana Electricity Reform Act, 1997. Haryana was the second State in India to initiate the process of Reform & Restructuring of the Power sector in India.

The Government of India notified The Electricity Act, 2003 with effect from 10th June 2003. The broad objectives of the Electricity Act, 2003 as incorporated in its preamble is to consolidate the laws relating to generation, transmission, distribution, trading and use of electricity and generally for taking measures conducive to development of electricity industry, promoting competition therein, protecting interest of consumers and supply of electricity to all areas, rationalization of electricity tariff, ensuring transparent policies regarding subsidies, promotion of efficient and environmentally benign policies, constitution of Central Electricity Authority, Regulatory Commissions and establishment of Appellate Tribunal and for matters connected therewith or incidental thereto.

8. Filling of Aggregate Revenue Requirement

In exercise of the powers conferred on it by sub section (1) and clause (zd) of section 181 of the Electricity Act 2003 and all other powers enabling it in this behalf, the Haryana Electricity Regulatory Commission notified (19th December 2008) regulations for determination of Wheeling Tariff and Distribution & Retail Supply Tariff. These regulations shall apply where the commission determines Tariff for Wheeling and Distribution & Retail Supply of electricity by distribution licensee (s) under Section 62 & 64 of the Act. Clause 7 of the regulations provides that each distribution licensee (s) for the ensuing financial year shall file the Annual Revenue Requirement (ARR) in the prescribed format for determination of Wheeling Tariff and Distribution & Retail Supply Tariff with all the relevant details, both on hard and soft format, along with requisite fee, each year by 30st November. The generating company shall furnish such additional information, particulars and documents as the commission may require from time to time for the purpose of validating the data provided in the ARR.

9. ***Determination of Tariff***

- (i) *The commission shall, by an order, determine the Wheeling Tariff and Distribution & Retail Supply Tariff, for supply of electricity by a distribution licensee (s) within the area of supply as per the terms and conditions of the license.*
- (ii) *The tariff order shall, unless amended or revoked, continue to be in force for such period as may be specified in the tariff order. In the event of failure on the part of generating company to file the ARR under regulation 7, the tariff determined by the commission shall cease to operate, unless allowed to be continued for a further period with such variations, or modifications, as may be ordered by the commission.*
- (iii) *Tariff determined by the commission and the directions given in the tariff order by the commission shall be the quid pro quo and mutually inclusive. The tariff determined shall, within the period specified by it, be subject to the compliance of the directions to the satisfaction of the commission and their non compliance shall lead to such amendment, revocation, variation and alterations of the tariff, as may be ordered by the commission.*

10. ***Charging of permissible tariff***

- (i) *Regulation 6 provided that no distribution licensee (s) company shall, without prior approval of the commission, charge any tariff.*
- (ii) *The distribution licensee (s) shall not charge a tariff in excess of the tariff determined by the commission and if any distribution licensee (s) recovers a price or charge exceeding the tariff determined under these regulations, without prejudice to any other liability incurred by the distribution licensee (s) the excess amount shall be recoverable by the person who has paid such price or charge along with interest equivalent to the bank rate and the distribution licensee (s) shall be liable to penalties as are prescribed under section 142 and 146 of the Act.*
- (iii) *If the commission is satisfied that the expected revenue of a distribution licensee (s) differs significantly from the revenue it is permitted to recover, it may order the distribution licensee (s) to file an application within the time specified by the commission to amend its tariffs*

appropriately failing which the commission shall suo moto start the proceeding for determination of tariff.

Chapter-III

AUDIT OF RECEIPTS

11. General principles

(i) Definitions of the terms applicable for Tariff

Before taking up audit of a revenue sub division it would be necessary to understand definitions of the terms applicable for tariff.

- a) **Sanctioned Load:-** means total load sanctioned to the consumer by the competent authority of the Company.
- b) **Connected Load:-** means the sum of the rated capacities of all energy consuming apparatus in the consumer's installation, which can be operated simultaneously. Thus it would either be equal to the sanctioned load or less than sanctioned load, which the consumer would be building up in due course of time.
- c) **Contract Demand:-** means the maximum demand agreed to between consumer and the Company. Thus it would either be equal to the connected load (where contract demand has not been declared by the consumer) or less than connected load (whatever is mutually agreed to) but in no case would be more than connected load. This is declared in KVA (Kilo Volt Amperes).
- d) **Unit of Energy**
A unit of energy is 1000 watts hour or one K.W.H. (Kilo Watt Hour).
- e) **Horse Power**
One Horse Power (HP) - 746 watts or 0.746 KW.
- f) **Demand**

Demand or maximum demand of a system means its power requirements (usually measured in KW or KVA) averaged over a suitable and specified interval of short duration. For practical reasons the demand averaged over a period of 30 minutes is taken into consideration because the instantaneous demand, which may be very high (at the time of fault, a switching operation or during a particular process of an industry does not have much effect on the overall system). The maximum demand of an installation is defined as the greatest of all demands, which have occurred during a day or month or a year. The maximum demand is

measured with the help of maximum demand factor. For the purpose of tariff, the maximum demand is taken for the billing period viz. month and is in KVA (Kilo Volt Ampere).

g) **Power Factor**

It is the ratio of the reading of KWH and KVA meters. The standard ratio is taken as 0.85 or one KVA=0.85 KW. For the purpose of conversion of load from KW to KVA, KW is divided by 0.85 and vice-versa. Similarly one KVA=1.14 BHP, by using these ratios we can convert and load from one form of load to another.

h) **Demand Factor**

It is defined as the ratio of the actual maximum demand by a load to the connected load.

Demand Factor = Maximum Demand/Connected Load

i) **Load Factor**

It is defined as the ratio of the average of the power requirement during a particular period to maximum demand. In other words, it denotes the extent of utilization of electric power. Load factor is, improved by reduction of maximum demand which is achieved by increasing the diversity for certain installation.

Load Factor = Average Power/Maximum Power Demand

j) **Connected Load Factor**

The ratio of the average power to the connected load is called connected load factor.

Connected Load Factor = Load Factor/ Connected Load

The Company has given the demand factor and load factor of various industries in the Sales Manual. Thus in case, we know the connected load, demand factor and total theoretical units consumable during a particular period would be as under:-

Units consumed= Load x Load Factor x Number of Hours in period x Demand Factor.

Thus it would in no case be more than load (in KW) x 24 x number of days. e.g. in case of load factor of 100 KW in one month of 30 days the units consumed would be $100 \times 24 \times 30 = 72000$. Any increase beyond this leads to conclusion that either the meter is incorrect or unauthorized extension of load has been restored to by the consumer. This should be investigated thoroughly.

Similarly in the case of H.T. Industrial Supply consumers where demand is measured in KVA the maximum units consumable would be:- reading in KVA x load factor (if known) x

actual power factor x 24x number of days. In case the actual units shown by the KWH meter are more than the theoretical units and meter has been declared OK this would indicate that the readings of MDI (Maximum Demand Indicator) have been incorrectly recorded. Because H.T. Industrial supply tariff is in two parts i.e. while Part-I relates to demand charges Part-II pertains to energy charges, the sum total of two is called the supply of power (SOP). It is of utmost importance that the recording of demand is correct. This is particularly so, as after recording of demand the meter is set back to Zero and no proof of the actual reading of M.D.I. is left. This not only affects the revenue of the Company but also of the State Govt. who receives electricity duty as a percentage of the S.O.P. While checking the tariff application individual consumer files should be screened so as to know the sanctioned load, connected load, contract demand.

In order to check unauthorized extension of load or theft of energy additional charges are to be levied in accordance with Sales Circular No. U-16/2008 and U-24/2011 of UHBVNL and Sales Circular No. D-6/2010 and Sales Instruction No. 7/2011 of DHBVNL.

(ii) Sale of Power

The sale of power is the main source of revenue of the Company. Besides the Company also derive miscellaneous revenues such as rentals from property and meters, sale/hire purchase of apparatus and wiring service connections, re-connection fees, public lighting maintenance, sale of stores etc. Operation divisions of the Company have been entrusted with the work of sale/distribution of electricity to the consumers.

- (iii)** The tariff shall be regulated and approved by Haryana Electricity Regulatory Commission established under the Haryana State Electricity Reform Act, 1997. The main features of the tariff (including general and fuel surcharges) are given in **Appendix-G**.
- (iv)** The guidelines given in the Manual relating to audit of receipts are supplementary to the general instructions contained in Chapter-4 under Section II of the Comptroller And Auditor General's Manual of Standing Order (Technical) Vol. 1. The general principles applicable to demand, collection and accounting of Government revenue laid down in the Public Works Accounts Code and the orders and instructions etc. of the erstwhile Haryana State Electricity Board embodied in Electricity Board Manual of the Instructions, Sales Manual and sales Circulars and other instructions issued by the Regulatory Commission/Company from time to time, are to be followed while conducting Audit of receipts.

(v) In course of audit of receipts in sub-divisions it should be seen that the system of accounting followed is adequate to secure an effective check on the assessment, collection and proper accounting of revenue. The various processes and stages of collection and accounting should be examined in detail in order to ascertain the defects and shortcomings, if any, in the system involving leakages etc.

(vi) ***Classification of consumers***

According to the nature of supply of power, the consumers are classified by the HERC as under:-

a) ***DOMESTIC SUPPLY (DS)***

Available to consumers for lights, fans, domestic pumping sets, lifts, fire hydrants, and house-hold appliances in the following premises:-

(a) Single private house / flat / group housing societies (b) Hostel of Educational Institutions (including Mess/ Canteen), (c) Working Women's hostels run by Red Cross and Social Welfare Department, (d) Anganwadi Workers' training Centers set up by Indian Council for Child Welfare, (e) Places of public worship such as Mandirs, Masjids, Churches, Gurdwaras, (f) and (g) Village Chaupal owned by Gram Panchayat /Communities.

During audit it should be seen that:

- i) *Private dwelling, in which space is occasionally used for the conduct of business by a person residing therein, shall also be served under this tariff.*
- ii) *Where a portion of the dwelling is used regularly for the conduct of a business, the consumption in that portion shall be separately metered and billed under the appropriate Non-Domestic or Industrial power tariff. If separate meters are not provided, the entire supply will be classified under Non-Domestic supply.*
- iii) *Resale of energy is strictly prohibited except where necessary permission/ exemption is granted by Haryana Electricity Regulatory Commission.*
- iv) *A hostel shall be considered as one unit and billed without compounding. The supply for residential quarters/flats attached to the educational institutions for staff-members shall not be compounded.*
- v) *Street lighting in group housing societies shall be billed at domestic tariff.*

b) NON-DOMESTIC SUPPLY

Available to consumers for lights, fans, appliances and small motors to all non-residential premises such as:-

(a) Business houses, (b) Cinemas, (c) Clubs, (d) Public offices, (e) Educational Institutions, (f) Hospitals, (g) Hotels, (h) Nursing Homes / Clinics / Dispensaries, (i) Shops and (j) Malls, (k) street lighting in Anaj Mandis, (l) street lighting in HUDA sectors which have not been transferred to local Municipal Bodies etc.

c) Independent Hoarding / Decorative Lightning

Available to large commercial establishments/Malls/ showrooms etc. who deploy large hoardings to enhance their business visibility. Supply to all such Independent Hoardings / Decorative Lightings should only be released on a standalone basis with independent meters. All other terms and conditions as applicable to NDS shall also be applicable to this category.

d) L.T. INDUSTRIAL POWER SUPPLY

- i) Available to all Industrial loads, agricultural loads (other than agriculture tube well pump sets) e.g. Threshers, "Toka" connections, pumps (other than irrigation) and flood de-watering installed by the Govt. up to a connected load of 50 kW. The consumption for bona-fide factory lighting will be included for charges under this tariff. However, supply to residential quarters if any attached to the factory and outside the factory premises will be separately metered and billed under schedule 'DS'.*
- ii) All the consumers are required to install shunt capacitors of adequate rating and of BIS mark manufactured by the standard firms approved by the Licensee. No new connection shall be released without installation of such shunt capacitors. In case of consumers where the shunt capacitors have not been installed or where these are found missing or in-operative or damaged, one month registered notice shall be served on such consumers to provide the desired quantity of healthy shunt capacitors and in case of non- compliance, a surcharge of 10% of SOP amount shall be levied and it shall continue to be levied till the prescribed capacity of shunt capacitors are installed by the consumers. The intimation of installation of shunt capacitors shall be required to be given by the consumer through the submission of Test Report, which would be duly verified and accepted by the SDO concerned.*

- iii) *If the connected load of a consumer exceeds the sanctioned load, the excess load shall be treated as unauthorised load. Wherever use of unauthorised load is detected by the Licensee, the excess load shall be charged at the rate of Rs 220/- per kW per month for the preceding six months. The consumer will have to submit the revised test report alongwith all relevant documents and Advance Consumption Deposit. The penalty shall remain chargeable upto one month from the date of submission of requisite documents. The competent authority shall sanction the revised load within one month of the receipt of complete documents from the consumer. If there is change in category with the excess load i.e. Low Tension (LT) industrial supply to High Tension (H.T.) industrial supply and it is not possible to regularise it as HT industrial supply, then the consumer will be allowed at his option to have the load sanctioned up to 50 kW and the consumer shall reduce his load to 50 KW otherwise the excess load shall be disconnected.*

Temporary disconnection of supply

- (a) *During temporary disconnection minimum charges shall be payable @ Rs 220/- per kW or part thereof of the connected load.*
- (b) *The industrial consumers seeking temporary disconnection of supply shall submit their written requests giving therein specific reasons for the same to Sub-Divisional Officer (Operations) {S.D.O. (OP)} concerned at least one month in advance of the date from which the disconnection is being sought. Such requests for a maximum period of six months shall be examined and decided by concerned Executive Engineer {Xen (OP)} keeping in view the merits of each case. The request for temporary disconnection beyond a period of six months shall be referred by respective SEs to concerned Chief Engineer (CE (OP)) for decision. While considering such requests for temporary disconnection, the following guidelines are to be kept in view:-*
- i) *The consumer is not a defaulter of Licensee's dues, whether disputed or undisputed.*
- ii) *The consumers seeking temporary disconnection under "Force Majeure Clause" are not required to submit their requests one month in advance as stipulated under above paragraph.*
- iii) *The Force Majeure Conditions for the purpose of this clause will include only the following:-*

- (a) *Acts of God e.g. Floods, Tempests, Earthquake, lightning.*
- (b) *Acts of Civil and Military Authorities e.g. Wars, Mutiny, Civil commotion/disturbances, Riots.*
- (c) *Fires, Strikes, Lockouts.*

Note: The disputes between partners, shortage of funds and raw materials etc. temporary disconnection for a maximum continuous period of 12 months on the merits will not be considered as Force Majeure reasons under this clause.

- (iv) *The disconnections sought under Force Majeure reasons must be supported by documentary evidence issued by concerned Civil Authorities.*
- v) *The Temporary Dis-connection Order (T.D.C.O.) under Force Majeure reasons can be allowed even beyond a continuous period of 12 months by CE (OP) concerned. The CE (OP) will, however, submit periodical report after every six months relating to temporary disconnections allowed by them to the Chief Engineer/Commercial of the Licensee.*
- vi) *The requests for further extension of temporary disconnection who have been allowed T.D.C.O for a period up to 12 months shall be considered only after a minimum period of six months from the date up to which the last disconnection was allowed. For example in case a consumer seeks temporary disconnection for 12 months and the same is allowed from 01.01.2011 to 31.12.2011 and if he applies for further extension, the same will not be allowed before 1st July, 2012. During the intervening period i.e. for the period 1 January 2012 to 30 June 2012, he will be billed on normal tariff as if there were no temporary disconnection.*
- vii) *The industries which are allowed temporary disconnection will pay minimum charges @ Rs 220/-per kW or part thereof of the connected load for one month following the month in which temporary disconnection has been allowed and no minimum charges will be levied thereafter.*
- viii) *During the period of temporary disconnection beyond one month, the consumption of industry for repair work and factory lighting, if any, upto 5% of the monthly average consumption of preceding six months (or less, if 6 months consumption is not available) will be charged at 200% of the normal tariff. In case of excess consumption than the said limit of*

5%, the temporary disconnection facility shall be considered to have been withdrawn from that month and the consumer shall be billed on normal tariff as if there was no temporary disconnection.

e) H.T. INDUSTRIAL AND STEEL FURNACE POWER SUPPLY

Available as primary power for load exceeding 50 kW to:

- (a) All industrial consumers*
- (b) Arc furnaces and mixed load of Arc furnaces and steel rolling mills*
- (c) For all other steel furnaces (including induction furnaces and stainless steel furnaces), Steel Rolling Mills (including cold rolling/ re-rolling, steel/ stainless steel mills), mixed load of such steel furnaces and steel rolling mills*
- (d) Flood de-watering pumping sets installed by the Govt.*
- (e) Lift irrigation system installed by the Govt.*

All consumption for bona-fide factory lighting including those of canteen and Hospital, factory staff quarters, street lighting of the colony and the shopping centre within the factory premises shall be included for the charge under the above tariff.

During audit it should be seen that:

- a) For supply at 3.3 kV and 400 Volts, a surcharge of 10% and 25% respectively is leviable over and above the tariff applicable at 11 KV.*
- b) A surcharge of 15 Paise per kWh on the above tariff shall be leviable for all Arc furnaces, mixed load of Arc furnaces and steel rolling mills, all other steel furnaces (including induction furnaces and stainless steel furnaces), Steel Rolling Mills (including cold rolling/ re-rolling, steel/stainless steel mills), mixed load of such steel furnaces and steel rolling mills, which are being given supply on 11KV. For supply on 33 kV and above, no surcharge is leviable.*
- c) In case supply has been given on H.T but is metered on L.T. side, the energy consumption of such consumers shall be increased by 3% of the recorded consumption to account for transformation losses.*
- d) For new connections, all metering will be on HT side only.*

Temporary disconnection of supply

- (a) *For temporary disconnection of supply minimum charges shall be payable @ Rs 400/- per kW or part thereof of the connected load.*
- (b) *The industrial consumers seeking temporary disconnection of supply shall submit their written requests giving therein specific reasons for the same to Sub-Divisional Officer (Operations) {S.D.O. (OP)} concerned at least one month in advance of the date from which the disconnection is being sought. Such requests for a maximum period of six months shall be examined and decided by concerned Superintending Engineer {S.Es (OP)} keeping in view the merits of each case. The request for temporary disconnection beyond a period of six months shall be referred by respective SEs to concerned Chief Engineer (CE (OP)) for decision. While considering such requests for temporary disconnection, the following guidelines are to be kept in view:-*
 - i) *The consumer is not a defaulter of Licensee's dues, whether disputed or undisputed.*
 - ii) *The consumers seeking temporary disconnection under "Force Majeure Clause" are not required to submit their requests one month in advance as stipulated under above paragraph.*
 - iii) *The Force Majeure Conditions for the purpose of this clause will include only the following:-*
 - (a) *Acts of God e.g. Floods, Tempests, Earthquake, lightning,*
 - (b) *Acts of Civil and Military Authorities e.g. Wars, Mutiny, Civil commotion/disturbances, Riots,*
 - (c) *Fires, Strikes, Lockouts.*

Note: The disputes between partners, shortage of funds and raw materials etc. temporary disconnection for a maximum continuous period of 12 months on the merits will not be considered as Force Majeure reasons under this clause.

- iv) *The disconnections sought under Force Majeure reasons must be supported by documentary evidence issued by concerned Civil Authorities.*
- v) *The Temporary Dis-connection Order (T.D.C.O.) under Force Majeure reasons can be allowed even beyond a continuous period of 12 months by CE (OP) concerned. The CE (OP) will, however, submit periodical report after every six months relating to temporary disconnections allowed by them to the Chief Engineer/Commercial of the Licensee.*

- vi) *The requests for further extension of temporary disconnection who have been allowed T.D.C.O for a period upto 12 months shall be considered only after a minimum period of six months from the date upto which the last disconnection was allowed. For example in case a consumer seeks temporary disconnection for 12 months and the same is allowed from 01.01.2011 to 31.12. 2011 and if he applies for further extension, the same will not be allowed before 1 July, 2012. During the intervening period i.e. for the period 1 January 2012 to 30th June 2012, he will be billed on normal tariff as if there were no temporary disconnection.*
- vii) *The industries which are allowed temporary disconnection will pay minimum charges @ Rs 400 per kW or part thereof of the connected load for one month following the month in which temporary disconnection has been allowed and no minimum charges will be levied thereafter.*
- viii) *During the period of temporary disconnection beyond one month, the consumption of industry for repair work and factory lighting, if any, up to 5% of the monthly average consumption of preceding six months (or less, if 6 months consumption is not available) will be charged at 200% of the normal tariff. In case of excess consumption than the said limit of 5%, the temporary disconnection facility shall be considered to have been withdrawn from that month and the consumer shall be billed on normal tariff as if there were no temporary disconnection.*

Contract Demand

- a) *The contract demand means the maximum kW/kVA for the supply of which the Licensee undertakes to provide facilities from time to time.*
- b) *In case the consumer exceeds his Contract Demand in any month by more than 5%, a surcharge of 25% will be levied on the Sale of Power.*
- c) *If in any case the maximum demand is being measured in kW, the same shall be converted in KVA by the use of actual power factor.*

Power Factor

The monthly average power factor of the plant and apparatus installed by the consumer shall not be less than 90% lagging. The monthly average power factor shall mean the ratio

expressed, as percentage of total kWh to total KVAH supplied during the month. The ratio shall be rounded up to two figures. In case the monthly average power factor falls below 90% lagging, the consumer shall have to pay a surcharge of 1% of SOP charges for every 1% decrease in the power factor upto 80% and 2% of SOP charges for every 1% decrease in Power Factor below 80%. Rebate of 0.5 % on SOP will be allowed for every 1 % increase in Power Factor above 90 %.

Peak Load Exemption Charge (PLEC)

- *Peak Load Hours shall be determined by the distribution licensees from time to time with prior concurrence of the Commission.*
- *HT Industrial consumers with Electronic Tri – Vector Meter for recording consumption during the peak load hours shall be eligible to avail power during peak load hours.*
- *All the eligible HT Consumers as mentioned above can avail 20% of average daily consumption of the billing period immediately preceding the month during peak load hours and shall be billed at extra charge of Rs 2/ kWh over and above the normal tariff. If the consumption of a consumer during peak load hours in a month exceeds 20%, such consumption in excess of 20% shall be charged at Rs 4/kWh extra over and above the normal tariff.*
- *All the eligible HT Consumers who intend to avail power more than 20% during peak load hours, need to exercise their option for availing special dispensation. Those consumers who submit their option for availing power beyond 20% shall be allowed exemption / permission subject to the satisfaction of power utilities and technical feasibility. They will be charged Rs 2/ kWh extra over and above the normal tariff for the energy drawn during peak load hours including FSA and any other charges that may be in vogue. If the consumption of a consumer exceeds the permitted limit during the peak load hours then he shall be charged Rs 4/ kWh extra over and above the normal tariff including FSA and other charges for the quantum of power drawn by him in excess of special dispensation allowed to him.*

f) AGRICULTURAL TUBEWELL SUPPLY

Available for Irrigation pumping sets / Horticulture / Fisheries Lift Irrigation / MITC.

NOTES

- i) *The existing flat rate tube well consumers on rural feeders shall have the option to be governed under metered supply rate. Future tube well consumers will be given only metered supply. The existing tube well consumers given supply from urban feeders shall be given metered supply only.*
- ii) *All AP consumers connected on HVDS shall be given only metered supply. In future no agriculture tube well connection shall be given supply from Urban or mixed urban feeders.*
- iii) *The consumption for bona-fide lighting of the pump or machine house up to 2 light points with a total candle power of 80 watts shall be allowed free of cost per tube well connection for private Irrigation tube-wells (unmetered and metered tube-wells) it will be included in the metered consumption.*
- iv) *The consumption of energy made through plug points shall be charged at the rate of Rs 5/- per plug point per month for private Irrigation Tube wells unmetered and for metered Tube wells, it will be included in the metered consumption.*
- (a) *A. P. Consumers running industries other than threshers and chaff cutters on their tube well connections irrespective of the quantum of connected load shall be given metered supply and charged under relevant industrial tariff. They shall however, be subjected to minimum charges as provided in the relevant industrial tariff.*
- (b) *All the consumers are required to install shunt capacitors of adequate rating and of BIS mark manufactured by the standard firms approved by the Licensee. No new connection shall be released without installation of such shunt capacitors.*
- (c) *In case of consumers where the shunt capacitors have not been installed or where these are found missing or in- operative or damaged, one month registered notice shall be served on such consumers to provide the desired quantity of healthy shunt capacitors and in case of non- compliance, a surcharge of 10% of SOP amount shall be levied and it shall continue to be levied till the prescribed capacity of shunt capacitors are installed by the consumers. The intimation of installation of shunt capacitors shall be required to be given by the consumer through the submission of Test Report which would be duly verified and accepted by the SDO concerned.*

g) BULK SUPPLY

Available for general or mixed load exceeding 10 kW for the following establishments; whether further distribution is involved or not:-

- (i) *M.E.S and other Military Establishments,*
- (ii) *Railways, other than traction*
- (iii) *Central P.W.D*
- (iv) *Hospitals,*
- (v) *Schools/Colleges/Educational Institutions and other institutions*
- (vi) *Other similar Establishments.*

NOTES

- (a) *Only one connection will be given at one contiguous area of reticulation.*
- (b) *The word hospital shall include dispensaries, clinics, nursing homes, maternity homes.*
- (c) *Further distribution of power for resale shall be subject to the relevant provisions of Electricity Act, 2003, the relevant provisions of Haryana Electricity Reforms Act 1997 which are not inconsistent with the Electricity Act, 2003 and rules & regulations made under these Acts.*

h) BULK DOMESTIC SUPPLY

Available for the Colony / Group Housing Society having minimum 70 KW load out of which residential / domestic load should be at least 85% and the balance 15% load shall be for common facilities and no industrial activity will be permitted. The colony / Group Housing Society shall be bounded by boundary wall or fence and should have only secured entry points for ingress and egress. A single point electricity connection shall be provided at the H.T. (11 kV) level (or higher) and further distribution within shall be owned and managed by the Colony / Group Housing Society.

NOTES

- (a) *Domestic load shall include the connected load of lifts, water supply pumps and fire fighting water pumps and shall form part of 85% of the total connected load.*
- (b) *No industrial activity shall be permitted inside the complex.*
- (c) *All other terms and conditions as applicable to Bulk Supply category shall also be applicable to the Bulk Domestic Supply category.*

i) STREET LIGHTING SUPPLY

Available for street lighting system including signal systems and road and park lighting in Municipalities, Panchayats, Institutions, HUDA sectors, Colonies.

j) RAILWAY TRACTION AND DMRC

Available to the Railways for Traction loads and Delhi Metro Rail Corporation (DMRC).

Demand Assessment

- a) *The demand for any month shall be defined as the highest average load measured in Kilovolt amperes during any 30 consecutive minutes period of the month.*
- b) *The billable demand shall be the actual maximum demand or 65% of the contract demand or 100 KVA whichever is higher*
- c) *The contract demand means the maximum kW/KVA for the supply of which the Licensee undertakes to provide facilities from time to time.*

Demand Surcharge

In case the consumer exceeds his contract demand in any month, the excess demand shall be charged @ Rs 125 per KVA or part thereof per month. In case consumer exceeds his contract demand in any month due to shifting of load by the consumer in case of failure of supply at any other point under the jurisdiction of Licensee and for reasons attributable to the Licensee, the excess contract demand shall be determined on the basis of supply at such points taken together.

Power Factor

The monthly average power factor of the plant and apparatus owned by the consumer shall not be less than 90%. The monthly average power factor shall mean the ratio expressed as percentage of total kWh to total kVAh supplied during the month. The ratio shall be rounded up to two figures. In case the monthly average power factor falls below 90% lagging, the consumer shall have to pay a surcharge of 1% of SOP charges for every 1% decrease in the power factor up to 80% and 2% of SOP charges for every 1% decrease in Power Factor below 80%. Rebate of 0.5 % on SOP will be allowed for every 1 % increase in Power Factor above 90 %.

k) PUBLIC WATER WORKS SUPPLY

Available to pumps (other than irrigation) including sewerage disposal/treatment plants etc. installed by the Govt., Govt. undertakings, Municipalities, Panchayats, Religious institutions up to 50 kW.

Pump House Lighting

The consumption for bona-fide pump house lighting will be included for charges under the above tariff.

- a) *All the consumers are required to install shunt capacitors of adequate rating and of BIS mark manufactured by the standard firms approved by the Licensee. No new connection shall be released without installation of such shunt capacitors.*
- b) *In case of consumers where the shunt capacitors have not been installed or where these are found missing or in- operative or damaged, one month registered notice shall be served on such consumers to provide the desired quantity of healthy shunt capacitors and in case of non- compliance, a surcharge of 10% of SOP amount shall be levied and it shall continue to be levied till the prescribed capacity of shunt capacitors are installed by the consumers. The intimation of installation of shunt capacitors shall be required to be given by the consumer through the submission of Test Report which would be duly verified and accepted by the SDO concerned.*

Excess connected load Surcharge

If the connected load of a consumer exceeds the sanctioned load, the excess load shall be treated as unauthorized load. Wherever use of unauthorized load is detected by the Licensee, the excess load shall be charged at the rate of Rs 145/- per kW per month for the preceding six months. In both the cases the consumer will have to submit the revised test report alongwith all the relevant documents and ACD. The penalty shall remain chargeable upto one month from the date of submission of documents the competent authority shall sanction the revised load within one month of the receipt of complete documents from the consumer. In addition, fixed charges shall be applied to the original sanctioned load plus the excess load till complete papers along with advance consumption deposit are submitted for regularizing such extension in connected load.

1) TEMPORARY METERED SUPPLY (T.M.)

A *TARIFF FOR TEMPORARY DOMESTIC AND NON-DOMESTIC SUPPLY*

Available to all domestic and Non-Domestic supply consumers including touring cinemas, theatres, and circuses and for construction purposes as well.

NOTE: The temporary supply for ceremonial purposes (like marriages etc.), touring cinemas, theatres, circuses and the like will be covered under Temporary Non-Domestic Supply.

B. *TARIFF FOR INDUSTRIAL/AGRICULTURAL/BULK SUPPLY*

Available to (a) Industrial consumers, (b) Irrigation pumping, (c) Flood de-watering sets installed by the Govt., lift irrigation, (d) Public water supply and (e) Bulk Supply consumers.

Special conditions for temporary tariffs 'A' & 'B'

- i) If the Licensee provides and installs the service line and meter, the consumer shall be charged four times the relevant charges prescribed in the standard schedule of service and General charges respectively for each period of 30 days or less during which the temporary supply has been given.*
- ii) If a consumer provides the material for the service equipment and meter box (the Licensee installing the same), the consumer shall be responsible for payment to the Licensee all above service and departmental charges at rate of 50% on the cost of labour for erection and dismantlement. In such a case the consumer shall be charged no Service Charges but only four times the relevant general charges (e.g. meter service charges) as referred to in special condition (i)*
- iii) Before any expenditure is incurred in giving temporary supply, cash deposit should be taken in advance from the applicant to cover the following:*
 - (a) If the material is to be provided and installed by the Licensee.*

Service Charges, General Service Charges (meter service charges, etc.) and Energy charges: Calculated according to Special Condition No. (i)
 - (b) If the material is provided by the consumer and the service installed by the Licensee*

Erection and dismantlement charges, General charges (e.g. meter service charges, etc.) and Energy charges: Calculated according to special condition No (ii) including departmental charges.

However, the most important aspect of the tariff (in two parts) is the billing in relation to H.T. Industrial Supply Consumers in whose cases special attention is needed in audit.

12. **Audit Checks**

Various accounts/records maintained in Sub-divisional offices and brief audit checks to be applied in each case are described in the succeeding paras.

13. **Service Connections**

Register of application for service connections should be seen to ensure that:

- (a) The register is maintained properly and kept upto date and all columns of application form are properly filled in.
- (b) The connections are given in the same order as the receipts of applications in prescribed form unless otherwise approved by the competent authority.
- (c) The service connection register is closed every month and a detailed abstract of service connections (category-wise) is prepared showing the number of connections released during the month and number of pending applications. It should also be ensured that the abstract is checked and approved by the Revenue Accountant and Sub Divisional Officer.
- (d) The load is sanctioned by the competent authority as per *SMI-1.11 of DHBVNL read with sales Instruction no. 10/2011 of UHBVNL*.

14. **Detailed Estimates for Service Connections**

It should be seen that:

- (a) The estimate has been sanctioned by the competent authority and the expenditure incurred on the service line is within the sanctioned estimates.
- (b) The monthly service rentals on the justified portion of the service line (leaving 100 feet free) has been worked out correctly as per schedule of general and service charges (**Appendix-G(i)**) and got approved from the competent authority and that the rentals are charged to the consumer through monthly bill.
- (c) The rates shown in the estimates agree with the schedule of general service and service charges approved by the Company. In case of any difference, the reasons for variations should be investigated and rentals got revised accordingly.

- (d) The material requisitioned agrees with that mentioned in the estimates and that there is no excess drawl of material.
- (e) The material required to be dismantled from the premises has been given credit in the estimates and labour charges for dismantlement have also been incorporated in the estimates.

15. Service Connection Order (S.C.O)

It should be seen that:

- (a) After the service connection order has been effected, the consumer's name is entered in the relevant feeder-wise ledger and account number allotted to the consumer in the concerned category.
- (b) The date of connection is entered in the consumer ledger;
- (c) Load of the consumer and multiplying factor of the meter are entered in the ledger as well as in the connected load register;
- (d) The account number, name and load of the consumer are entered in the M C G register in case of agricultural and industrial consumers;
- (e) The service connection order is entered in the Meter Reader Book by the Meter Reader with address and location for recording the readings of the meter at regular intervals.
- (f) Size and amperes of the capacitor, if installed are entered in the consumer ledger.

16. Daily Collection Register

It should be seen that:

- (a) The receipts received through RO-4 and BA-16 are entered in the register; and
- (b) The receipt posted in the Consumer Cash Receipt (CCR) Book / Cash Book tally with the daily collected register;

17. Register of Cheque / Bank Draft received from the consumers and Deposited

It should be seen that:

- (a) all the cheques/bank drafts have been entered in the register detailing full particulars of the consumer;
- (b) these are presented within prescribed time to the bank ; and

- (c) the encashment of these cheques / bank drafts is reconciled with the Bank and in case a cheque is dishonoured the defaulting amount is carried forward to the next month and TDCO (temporary disconnection order) issued, where called for.

18. **Assessment of Energy Charges**

It should be seen that:

- (a) the reading is taken timely and regularly on the dates fixed by the Company by the Meter Reader / JE / SDO. The reading of the HT and LT Industrial Supply consumer is recorded by the SDO / JE;
- (b) the calculation of units consumed are worked out correctly, keeping in view the multiplying factor of the metering equipment. In case of marked variation in month to month consumption and the consumption in corresponding month of the previous year the reasons for such variations, if any, are investigated.

19. **Bills of Current Consumption Charges**

- (a) the bills are prepared in prescribed form in accordance with the tariff applicable to different consumers and that the amount of surcharge(s) has been collected from the consumers who have paid their bills after the stipulated date as per instruction no. 131 of the sales manual;
- (b) The billing in case of defective meters/inaccurate meters of temporary supply has been done in accordance with *Sales Circular No. U-29/2011 and U-06/2007 of UHBVNL and Sales Instruction No. 19/2010 and 4/2011 of DHBVNL*.
- (c) The bills are issued to the concerned consumers through bill distributor well in time as per instruction no 151 to 155 of Sales Manual and action to disconnect the consumer connection has been taken as provided in instruction no. 156 of sales manual.
- (d) The charges of issuing duplicate bills have been raised and realized from the consumers.
- (e) The first bill is issued as per *SMI 6.9 of Sales Manual*.

20. **Collection of Bills**

It should be seen that:

- (a) all the collections are entered in the consumers cash receipt register from the daily cash receipts (form RO-4) issued to the consumers. All receipts above Rs. 500 are countersigned

by the UDC (Revenue)/CA/SDO. Miscellaneous receipts are realized by issue of receipts in Form BA-16, such as, cash security,, cost of burnt meters etc; and

- (b) the amounts so realized and posted in various CCR books and abstracted in one of the CCR Books are accounted for in the Revenue Cash Book.

21. **Consumer Ledger**

It should be seen that:

- (a) the ledger is maintained in the prescribed form and all the column of the ledger are duly filed in;
- (b) the consumption of energy is correctly recorded in the ledger from the Meter Reader Books (Clumjoo) or SDO 's meter sealing record in case of HT Industrial Supply Consumer;
- (c) surcharge for delayed payment, meter rent and other fixed charges have been correctly levied;
- (d) the entries in the sundry charges and allowances register have also been incorporated in the consumer ledger and monthly abstract tallied;
- (e) the collections have been correctly posted from the duplicate copies of revenue receipts (RO-4 BA-16).
- (f) the monthly minimum payment has been worked out correctly;
- (g) the posting in the ledgers have been checked by the UDC and percentage of check has been exercised by the CA/SDO as per Company's orders and a certificate to this effect recorded in the ledger at the close of each month;
- (h) the ledgers are posted monthly and reviewed periodically by the Internal Audit parties;
- (i) cases of old and heavy amounts of arrears are scrutinized to ascertain, whether necessary disconnection notices have been served and;
- (j) the total cash received through bills in each month and entered in the consumer ledgers should be tallied with Revenue Cash Book and Consumer Cash Received Book.

22. **Connected Load Register**

To ascertain the load on a particular transformer, connected load register is maintained for each distribution transformer and before issuing any service connection order the load on the transformer is kept in view, on which the connection is to issued .

It should be seen in audit that:

- (a) the entries of all the SCO's and PDCO's have been made in the concerned connected load register;
- (b) the entry of load of permanently disconnected connection is made and load reduced from the register;
- (c) the load is worked out up to date;
- (d) any change of transformers is recorded in the register; and
- (e) the load on transformer is within prescribed limit.

23. Sundry Charges and Allowance Register

As provided in instruction No. 4 of Manual of Instructions, a register known as Sundry Charges and Allowances Register (SC & A) is maintained in every sub divisional office for recording the transactions for charges on account of miscellaneous services rendered to the consumers, cases of short assessment or writing off the bad debts etc.

It should be seen in audit that:

- (a) details of SC & A register for each month are reconciled with the totals of the SC & A column in the consumer ledger and a certificate of reconciliation is recorded by the Commercial Accountant;
- (b) *no electricity duty or cess shall be levied on the businesses of generation, transmission and distribution of electricity and on computation of electricity and on consumption of electricity within Special Economic Zone as per Sales Circular No. U-01/2011 of UHBVNL and Sales Circular No. D-1/2011 OF DHBVNL.*

24. Register of stock meter (CA-21)

This register is maintained to watch the receipt/issue of new meters (stock meters) to be installed on the premises of new consumers.

It should be seen that:

- (a) all SRs/Challans have been entered in the register;
- (b) issue of meters should be tallied with the service connection order;
- (c) defective meters are returned to M&P Laboratories for repair through challans;

- (d) readings of the meters are recorded on SRs/Challans are tallied with CA-21 as well as with SCO's and consumer ledger; and
- (e) abstract is prepared monthly in CA-21 register category wise tallied with meters in stock.

25. Register of repaired meters (CA-22)

The meters received from M&P laboratory after repairs are entered in this register category wise and are issued for changing defective meters of the old consumers. In addition to this the meters removed against MCOs/PDCOs/TDCOs(on consumer's request) are taken in this register and defective meters so removed are sent to M&P laboratory through challans for carrying out repairs. While reviewing this register it should be seen that:

- (a) meter reading of the removed meter has been recorded in the respective consumer ledger; and
- (b) the reading of the meter received from M&P laboratory through challans has been taken in the register as well as in the RCO's /MCO's and ledger.

26. Inspection of Meters, Maximum Demand Indicators etc.

Rule 57 of the Indian Electricity Rules, 1956 provides that every supplier shall examine, test and regulate all meters, maximum demand indicators and other apparatus for ascertaining the amount of energy supplied before their first installation at the consumer's premises and at such intervals, as may be directed by the State Government in his behalf.

It should be seen in audit that:

- (i) *In all the cases whether dead stop, burnt meters or in-accurate meters found at the premises of the consumers, the adjustment of consumer's account shall be carried out for a period not exceeding six months immediately preceding the date of testing of meter or the rate of removal of such a meter for purpose of test.*
- (ii) *In view of above, it becomes mandatory on the part of the field officers to conduct regular checking of the meters and all the dead stop/burnt in-accurate meters found must be replaced within a period of six months from the date these are found defective failing which the responsibility for loss of revenue of the Company for a period beyond six months will rest with the concerned field Officers/officials.(INSTRUCTION NO. 4.14)*

27. Register of Current Transformer/Potential Transformer (CT/PT) Connected Meters

As per instructions stipulated in SMI-103, the checking of CT/PT and power factor of Industrial consumer is carried out by the SDO/XEN, M&P. It should be seen in audit that:

- (a) M & P reports are entered in the register prescribed for the purpose;
- (b) prompt action has been taken on the M&P reports;
- (c) due recoveries have been effected from the consumers expeditiously; and
- (d) the register has been put to internal audit regularly during each inspection.

28. Temporary Installations

It should be seen that:

- (a) the connections have been sanctioned by the competent authority after fulfilling the requisite formalities and depositing the erection/dismantlement charges in advance as per estimates prepared for the purpose;
- (b) the bills are timely raised and realized from the consumer after applying the correct tariff;
- (c) the security as per instruction is recovered from the consumer with the application;
- (d) the connection is disconnected on due date upto which connection was provided;
- (e) the meter and other equipments installed have been dismantled and taken on record; and
- (f) the account is finally closed after adjusting all dues of the consumer.

29. Register of Receipt Books

It should be seen that:

- (a) the receipt books received through Divisional office/store are duly accounted for in the register;
- (b) the dated signatures have been obtained in the register while issuing the receipt books to the authorized officials/cashier and return of used receipt is properly watched;
- (c) the accounts of all the receipt books are maintained and the total number of unused receipt books tallies with the physical balance of receipt books in hand; and
- (d) the page count certificate has been recorded by the competent authority on each receipt book.

30. Register of security

The consumer who intends to take the power connection is required to deposit the security in the form of (i) Security Deposits for meters and (ii) Advance consumption deposits for supply of energy.

It should be seen that:

- (a) The receipt of security is issued in BA-16 and posted in the security register;
- (b) The interest on security is paid as per instruction of the Company issued from time to time, read with *Sales Circular No. U-9/2011 & U-15/2010 of UHBVNL and Sales Instruction No. 18/2011 and 14/2010 of DHBVNL*.
- (c) Refund of security is allowed as per instructions No. 265 of Sales Manual and entry made in the register and
- (d) Monthly abstract of the security register is prepared and tallied with the monthly accounts.

31. Sundry Job Order Book (S J O)

A Sub Divisional Officer issues sundry job order for carrying out the miscellaneous jobs through the line staff (say AFM/JEs) for maintenance of lines/transformers, meters and for dismantling idle service lines etc.

It should be seen that:

- (a) all the SJOs issued by the Sub Divisional Officer are handed over to the concerned field staff, who after carrying out the jobs will return the same to the Sub Divisional Office in due course;
- (b) the SJO is issued after getting deposited the prescribed fee from the consumer or after having debited the same in the SC & A register against the concerned consumer;
- (c) the material dismantled from the idle lines is entered in CA-104 (Dismantlement Register);
- (d) the cost of bulbs and holders found missing/broken is charged from all the street light consumers; and
- (e) the jobs are carried out only after issuing the sundry job orders.

32. Meter Change Order Books (MCO)

An MCO is issued when a meter is defective, dead stop, creeping forward/backward, burnt, meter glass or M & T seals are broken.

It should be seen that:

- (a) while removing the defective meter final reading of the old meter and initial reading of the new meter has been recorded on the Meter Change Order(MCO) as well as in the concerned Consumers ledger;
- (b) the accounts of the consumers, whose meters were dead stop, creeping back, sticky are overhauled as per Sales Manual Instruction No. 115 and 161; and
- (c) the MCO fee is recovered from the consumer in accordance with instruction No. 104 of the Sales Manual as per rates prescribed in the schedule of general charges (Appendix G).

33. Fuse Replacement Order (FRO)

It should be seen that the fuse replacement charges have been recovered from the consumer as per schedule of general charges.

34. Temporary Disconnection Order & Reconnection Order Books (TDCO/RCO)

Every consumer is expected to make the payment of his dues by the due date. In case he fails to discharge the liability, his premises will be liable for disconnection temporarily after expiry of seven days of grace under clause 24 of the abridged conditions of supply.

It should be seen in audit that;

- a) the temporary disconnection order is issued timely and carried out by the line staff;
- b) the reconnection is allowed only after recovery of the defaulting amount and RCO fee as prescribed in schedule of general and service charges; and
- c) the temporary disconnection is issued by the competent authority and orders of the same obtained on the file in advance as per Sales Manual Instructions.

35. Permanent Disconnection Order (PDCO)

After issue of TDCO, if the consumer fails to get his premises reconnected within reasonable time after fulfilling requisite formalities the disconnection is to be effected on permanent basis.

It should be seen that:

- i) the permanent disconnection order is timely issued and effected by the line staff and handed over to the ledger keeper;
- ii) the account number of the consumer is entered in the defaulting consumer ledger;
- iii) the meter and other equipments installed in the premises of the consumer is dismantled and taken in the books;
- iv) the Account No. of the consumer is entered in the register of the idle Service Connection register;
- v) the PDCO is filed in the consumer file;
- vi) the final reading of the meter is recorded/entered in the ledger;
- vii) in case the meter could not be removed from the consumer's premises due to locked premises or the consumer having not allowed the removal of the meter and other equipments. The cost of the same is debited in the consumer's account ; and
- viii) security of the consumer is adjusted against his dues.

36. Minimum Consumption Guarantee (MCG)

As and when a connection governed by MCG is released the SCO is entered in the MCG register maintained in the prescribed form. Only agricultural and industrial consumers are governed at present by MCG in the UHBVNL & DHBVNL.

It should be seen that:

- (a) the account number, load, date of release of connection and full address of the consumer are recorded in the MCG register;
- (b) the month wise posting of the SOP charges is recorded in the register against each consumer;
- (c) The accounts of the MCG are closed at the end of the year and chargeable MCG if any, debited to the consumer through SC&A register and month and serial number of the letter are recorded in the MCG register; and
- (d) The MCG is worked out as per load of the consumer.

37. Register of Revenue Stamps

The revenue stamp is affixed on the Cash receipt issued to the consumer involving amount exceeding RS. 500/-. An account of Stamps is required to be maintained in a register of Revenue stamps.

It should be seen that:

- (a) The revenue stamps purchased are properly accounted for in the register.
- (b) Balances are correctly worked out.
- (c) Daily issues of stamps (after issuing the stamps with reference to RO-4 and BA-16) are correctly worked out.
- (d) All the revenue stamps were defaced by the Sub Divisional Officer at the time of issue of receipts so as to avoid the chances of their re-use.

38. Meter Check Register of JE, SDO and Inspector

To avoid theft of energy, Operation Wing is required to check the consumer connections and the findings recorded in a register called Meter Check Register. This register is required to be maintained by each JE in charge of the Local Distribution system and Sub Divisional Officer.

It should be seen that:

- (a) a report/register is submitted to the revenue section of the Sub Divisional Office for taking necessary action on the defects noticed at the time of checking; and
- (b) action is taken in case, theft of energy is discovered as per sales circular D- 6/2010 and sales instruction number 7/2011 of DHBVNL and U-24/2011 and U-23/2010 of UHBVNL.

39. Energy Variation Register

In order to investigate the causes of variation in the normal consumption of energy during a month, a register is required to maintain in each operation sub division.

It should be seen that:

- (a) the cases of rise and fall in the consumption are immediately investigated by the sub divisional officer and accounts overhauled; and
- (b) the register is prepared in the prescribed proforma and monthly consumption recorded therein.

40. **Idle Service Connection / Lines**

As and when a PDCO is effected, its entry is made in the register of idle service connection/line to watch dismantlement of the material provided on such connection 6 months of the issue of PDCO.

It should be seen that:

- (a) all the PDCO's executed are entered in the register;
- (b) the dismantlement of the material is made immediately after six months of issue of PDCO;
- (c) the estimates for dismantlement are prepared and sanctioned as per instructions of sales manual;
- (d) all the idle LT and HT lines are entered in the register and tallied with the return submitted to the Div / circle; and
- (e) the material is entered in CA-104 (dismantlement register) and returned to store without undue delay.

41. **Meter Scaling Records (MSR)**

After the meter has been tested in the M&P laboratory and found to be working within the limit of accuracy of cover of the meter will be sealed by the M&P Organization which should not be tampered with by other employees of the Company.

42. **Meter Reader Books**

As and when a connection is released an SCO is handed over/got noted by the Meter Reader to open a page in Meter Reader Book with account number, address and location of the connection to record the reading at the time of meter reading.

It should be seen that:

Action is taken on the reports of the meter readers by the Sub Division in cases where meters are dead stop, sticky, creeping back, seals broken, glass broken, meter burnt and theft of energy.

43. **Report of Burnt Meters/Defective Meters received from M&P Laboratory.**

The meters removed from the premises of the consumers through MCOs/PDCOs are required to be sent to the M&P laboratory for testing and repairs. After checking the meters the M&P lab., intimates the cost of repairs of each meter which is to be charged to the respective consumer through sundry charges and allowances register. While reviewing these reports it should be ensured that the repair charges have been recovered from the concerned consumers.

44. Overhauling of consumer account in accordance with Vigilance Reports

In accordance with the provisions of sales circular No. 62/82 dated 29 October 1982 and sales circular No. 12/83 dated 19th Feb 1983 debits have to be raised promptly on the basis of the checking by vigilance staff/SDO(O), the following officers have been authorized to decide the cases in accordance with the provisions of sales circular No. 45/89 dated 13th December 1989 and sales circular No.11/90 dated 2nd April 1990.

- | | | |
|-------|---|----------------------|
| (i) | Superintending Engineer (OP) Circle | Up to Rs. 30,000 |
| (ii) | Chief Engineer (OP) of the Zone | Above Rs. 30,000 and |
| (iii) | Chief Engineer/Comml. with the approval of Financial Commissioner (Power) FC (P) and Chairman | Above Rs. 1.00 lakh |

45. (I) Cash Book (Revenue)

It should be seen that;

- (a) The delay collection posted in the Consumer Cash Received Book (CCR Book) is correctly taken on the receipt side of the Cash Book and the receipts for amount above Rs. 500/- are countersigned by the Assistant Revenue Accountant/Revenue Accountant /Sub Divisional Officer;
- (b) The daily collection through RO -4 (cash receipts issued to the consumers) is posted in the CCR Books maintained group wise and abstract of each book is posted in the Cash Book. The office copy of the RO-4/BA-6 is kept in the safe custody of the CA / SDO;
- (c) Other recoveries effected from the consumers through BA-16 are posted direct in the Cash Book;
- (d) Payment received through Bank drafts/cheques are credited in the Cash Book without awaiting clearance from the Bank and receipts issued subject to realization of cash.

- (e) All collections from the consumers and other miscellaneous receipts have been deposited in the Bank authorized by the Financial Advisor of the Company for the purpose by the Sub Division.
- (f) The entries from the pay in slips relating to remittances of cash have been made in the remittance register and agree with the Revenue Cash Book.
- (g) Outstation Cheque of the consumers is not entertained as prohibited by the Company. Uncrossed cheques should not be accepted;
- (h) The entries in lieu of the dishonoured cheques returned by the Bank have been made on both sides of the Cash Book in red ink. A note of the dishonoured cheque is also recorded against the relevant entry in remittance register, CCR Book and RO-4. The entry of minus realization is also to be made against the concerned consumer in the consumer ledger.

The dishonoured cheques is returned to the consumer concerned through peon/registered post with the direction to deposit the Company's dues in cash within due date. The cash realized in lieu of dishonoured cheque is entered in the Revenue Cash Book and receipt issued in Form BA-16; necessary surcharge is also recovered where due date has expired before payment of dues in cash.

- (i) In order to prevent the recurrence of cases of misappropriation of revenue of the Company, detailed checks to be exercised by the supervisory staff such as (UDC) (Revenue), Commercial Assistant and the JE/SDO were prescribed in Secretary , Haryana State Electricity Board Chandigarh's Circular memo no. CAO/CAC-IIRG-60/4940 dated the 11th June 1982 (reproduced in **Appendix H**). Exercising of these checks by the supervisory staff may be watched during audit of Cash Book (Revenue), RO 4 BA 16 CCR books etc and
- (j) Abstract of all the CCR Books is prepared in one of the CCR Books and tallied with the abstract of postings made in the consumer ledgers. It should be tallied by the UDC (Revenue) and approved by the RA/SDO.

(2) Register of Cheques and Money Orders

It should be seen that

- (a) Register of cheques and Money Orders received has been maintained in proper form prescribed for the purpose and all cheques and money orders received are entered chronologically in the register;
- (b) All payments received by money orders have been duly entered by the cashier immediately on receipt side of the Register of Money Order received as also in the relevant Cash Book and permanent receipt is issued for each transaction.
- (c) Register of money order received is put up daily to the UDC (commercial)/ Revenue Accountant irrespective of the fact whether any payment has been received by money order or not and that it has been subject to cent per cent inspected; and
- (d) The challans/pay in slips for remittance of these amounts into the Banks are verified to ensure that there is no undue delay in depositing such amounts in the bank.

46. **Electricity duty**

It should be seen that the electricity duty is levied correctly as per rates prescribed by the State Government from time to time and recovered from the consumer along with energy charges. It should also be seen that amount of electricity duty recovered is timely deposited in the bank in State Govt account.

CHAPTER-IV

AUDIT OF EXPENDITURE

47. General Principles

The Audit of expenditure of the Company is conducted under Section 69 (2) of the Electricity (Supply) Act, 1948, as per the general principles of audit defined in section IV of Comptroller and Auditor General's MSO (Tech) Vol I and relevant chapter of OAD Manual and Manual of Instructions for inspection of Public Work Offices. The principles of expenditure and its accounting, embodied in different manuals/books issued by the Government of Punjab and adopted by the Haryana Government are followed in general in respect of Company's expenditure. In addition the instructions issued by the Company from time to time to regulate the expenditure of the Company, as embodied in Manual of Instructions, should also be referred to.

The initial accounts of the Company maintained on monthly basis by various units, projects and divisions of the Company are subjected to test check by the Accountant General (Audit) Haryana, Chandigarh.

The specific audit checks to be applied on various records connected with expenditure are outlined below:-

48. Cash Book (Main)

It should be seen that:

- i) The instructions issued by the Company for writing of the cash book and remittances of cash into Company as incorporated in Instruction No 13 to 17 of the Board's Manual of Instructions are strictly followed. The instructions issued by the Board vide memo No CAO/Comml. Accounts/7534/3333 dated: 16-11-90 and CAO/Comml. Accounts/2466/2968 dated: 24-08-93.
- ii) The money realized by the officers of the Company is paid into Bank for credit to Company accounts and is not directly appropriated towards expenditure. The collections on account

of energy charges and miscellaneous collections are remittance be made at least twice a week or whenever collection exceeds the limit prescribed for the purpose.

- iii) The cash book is balanced on the date prescribed for closing of the cash book i.e. on the last day of month. It should be seen that there is no undue delay in closing of cash book.
- iv) The disbursing officer has attested all the entries in the Cash Book under his dated initials;
- v) The disbursing officer has physically verified the cash balance at different occasions during the month and a certificate in this regard is recorded in the cash book under his dated signature showing actual cash both in words and figures. In case of any discrepancy, it should be seen that a note to this effect has been recorded in the cash book and necessary adjustment entry for excess/shortage made and prompt action taken to investigate the discrepancy. The cash of Sub division/Division should also be checked by the XEN/SA respectively during their periodical inspections;
- vi) The cash balance exhibits the actual cash balance and the amount of imprest/temporary advances given to the staff are not included in the closing cash balances;
- vii) Every payment including repayment of money lodged with the Company is supported by a voucher duly stamped if the amount exceeds Rs 500 setting forth full and clear particulars of the claims and all information necessary for its proper classification and identification in the accounts;
- viii) No cheque is drawn unless the money is intended to be paid immediately. Stamped acknowledgment shall invariably be obtained for all payments. The balance in cash chest should be kept as low as possible so as to avoid risk of loss or misappropriation;
- ix) The transactions in the cash book are entered strictly in chronological order and totals and balances are correctly worked out;
- x) Total of Revenue Cash Book are transferred to the Main Cash Book at the close of each month; and
- xi) Entries on account of unpaid salaries, allowances and bonus of regular staff in the main cash book at the close of each month may be vouchsafed with reference to divisional monthly accounts and SA IV register.

49. Records connected with the cash book

a) Permanent Advance Imprest:

It should be seen that:

- i) the amount of the imprest is kept as low as possible and in no case exceeds the amount sanctioned by the Company;
- ii) the account of imprest cash is kept in duplicate in accordance with the directions given in the imprest form. The explanatory memorandum and the original copy supported by requisite vouchers is forwarded for recoupment;
- iii) imprest holder must at all times be ready to produce the total amount of imprest in vouchers or in cash; and
- iv) the unspent balance or imprest is refunded at the close of the financial year.

b) Temporary Advances

It should be seen that:

- i) the temporary advances is given to the subordinates only for making urgent payment against passed vouchers and accounts thereof is rendered at the earliest; and
- ii) the account of temporary advance is kept in form PHA-3 and is closed in the same way as imprest account.

50. Cheque Books

Cheque books required by the account officer and other disbursing officer are obtained from the bank. It should be seen that:

- i) the cheque books on receipt are carefully examined by the Account Officer/Disbursing Officer who should count the number of cheques contained in each book and record a certificate of count on the fly leaf;
- ii) the cheque books are kept under lock and key in the personal custody of the drawing and disbursing officer. Counterfoils of used cheque books should be carefully kept in record;
- iii) no cheque is issued for sum under rupees twenty and is drawn for cash actually required to meet current disbursement only;
- iv) the register of cheque books is maintained in the form prescribed by the Company;
- v) in case of expiry of the currency of cheques due to non presentation within six month after the date of issue of cheque is received back by the drawer and destroyed and a fresh cheque drawn in lieu thereof. The fact of destruction and the numbers and dates of new cheques and old cheque should be interlinked on the counterfoils of the old and new cheques. It should be

seen that a reverse entry is made on the receipt side of the cash book showing the amount of the cancelled cheque and a fresh entry on the payment side of the cash book is made for the amount of the new cheque;

- vi) on receipt of a report of a cheque having been lost, the drawing officer has obtained a certificate from the bank authorities to the effect that the relevant cheque has not been paid nor it will be paid in future on presentation. On receipt of such certificate, it should be seen in audit that the original cheque was cancelled and certificate kept tagged with counterfoil before issue a fresh cheque;
- vii) the paid cheques of the selected month should be checked in detail with the counterfoils of cheque books and the entries in Cash Book. These should also be checked with paid voucher to see that payments have actually been made to the persons entitled to them; and
- viii) Corrections, if any, made in the counter foils of cheque books do not disclose any financial irregularity and that these have been attested by the drawing officer.

51. Works accounts

A. General Principles

In the execution of works expenditure, the operations of the Company are primarily divided into (i) Capital Works and (ii) Revenue Works (Operations, Maintenance and/or Repairs). The principles governing the classification of expenditure as capital and revenue have been laid down in the paragraph 60 of the Central Public Works Department Code and Article 30 (A) of the Account Code Volume-I.

All estimates for work to be done for private individuals, local bodies, and State Government shall be treated as 'deposit works' and shall be executed out of funds deposited by the beneficiaries.

Whereas capital works are executed by construction divisions/subdivisions e.g. Civil Works Transmissions Divisions, works relating to services to the consumers are executed by the operation divisions. In the case of civil works divisions and other projects, the work is carried out departmentally as well as through contractors. Where works is executed through contractors, the main emphasis should be on the close scrutiny of the terms and conditions of the contracts entered into, so as to see that the rules/orders in force have not been violated. Any payments made or expenditure incurred beyond the scope of the contracts have to be

examined, analyzed and justification ascertained. In audit of the operation and maintenance divisions, the following aspects may be specifically seen:

- i) Maintenance of transformer, transformers damaged within warranty period, missing parts of the damaged transformers
- ii) Losses/theft
- iii) Excess expenditure on maintenance works
- iv) Accident cases (fatal/non fatal)
- v) Any other expenditure of abnormal/doubtful nature and
- vi) Expenditure on redundant sub stations or redundant lines and non dismantlement thereof.

B) Administrative approval for execution of a work/scheme

In the execution of a work or a scheme it should be seen that

- i) It carries the administrative approval of the competent authority as per delegation of powers of the Company under para 2.7 of PWD code.
- ii) There is technical sanction for the work from competent authority as also for material and structural alternations.
- iii) Provisions of para 2.18 of the PWD code are observed.
- iv) Proper estimates and detailed designs have been prepared and approved by competent authority.

C) The estimates for works be examined to ensure that;

- a. the rates applied and sanctioned do not exceed the approved schedule of rates of PWD;
- b. while working out the rates, the tenders accepted for works during the twelve preceding months have been studied and the rise or fall in prices have been taken into account. For non scheduled items, detailed analysis of the rates allowed be examined to ensure that these are correct and reasonable in view of prevailing trend;
- c. the cost of labour and material along with quantity is exhibited separately in the estimate irrespective of the mode of execution of work i.e. departmentally or by contract;
- d. in case of replacement and renewal estimates, credit has been allowed for the dismantled material (original cost less depreciation). Establishment charges and overhead expenses incurred on the original work are not to be credited to the estimates but should be debited to revenue;

- e. the provisions have been made in estimates for establishment and other charges at prescribed rates;
- f. supplementary and revised estimates are drawn as per instructions contained in para 51 of Manual of instructions; and
- g. expenditure incurred in excess over estimate has been scrutinized, analyzed, justified and covered by proper sanction.

D) Muster Rolls

Muster rolls are an important record and should be examined carefully keeping in view the instructions contained in rules 7.12 and 7.13 of the departmental financial rules. In particular, it should be seen that:

- i) the payment through muster rolls is restricted to daily labourers. It does not include labour engaged through contractors. No erasing or cutting is allowed in muster rolls;
- ii) attendance is taken daily and record of attendance is checked at intervals by responsible officer (SDO/XEN) and the sanction of the competent authority to engage the labour on a particular work has been obtained before hand;
- iii) the disbursement of wages through muster roll is under certification of the officer entrusted with the execution of work;
- iv) a systematic record is kept of unpaid wages and subsequent payment and that wages remaining unpaid for three months are regularly reported to the divisional officer. It should be seen that time barred wages not payable vide para 7.40 and 7.74 (sub rule 2) of DFR are not paid subsequently;
- v) progress of work done is commensurate with the wages bill of the work. The daily progress report of work done by the labour is submitted by the subordinate incharge of the work to the SDO/XEN in Form B & R 124 as per para 4.3 of PWD Code;
- vi) Muster rolls manuscript or printed form should be prepared only in the form issued by the divisional officer alone before the date of making presence of the labour and blank or spoiled forms are invariably returned to the divisional officer;
- vii) the forms issued by the divisional office are registered in his office to which their proper use and forms not used for over three months are called for by the divisional office and examined that the rates allowed are in accordance with sanctioned scales;

- viii) the rates allowed are in accordance with sanctioned scales;
- ix) totals for labour deployed each day as per attendance marked are struck daily so that no unauthorized addition or alterations are possible.

E) Measurement Book

The payment made should be checked with reference to entries in the relevant measurement books (MBs) and agreements. Use of material on works such as cement, fly ash, iron rods etc, should be worked out on the basis of the theoretical requirements furnished by the technical branch of the Company/circle/division/sub division so as to ensure that recovery from the contractor has been made for short use.

Following MBs are maintained in the Company:

- i) Stock measurement books (EB form CA-5) for recording receipt of material in stores;
- ii) Electrical measurement books (EMB) for material used in electrical works (EB Form CA-25).
- iii) Measurement book (small) Form DFR (PW) (20) for recording Petty purchases, Civil Works and Misc. Payments;
- iv) Standard measurement book (Large) Form DFR (PW) (20) I for recording permanent structure;
- v) Measurement book for lumpsum contracts (EB Form CA-25).

The detailed procedure for maintaining the MBs has been given in Manual of Instructions MOI (Instruction No 42) which may also be kept in view while test checking the MBs.

It should be seen that:

- i) measurement book have been made use of when the work done or supplies made is susceptible of detailed measurement or counting;
- ii) the measurements have been promptly taken and delay in recording measurement have been avoided and the quantum of check measurements by SDO/XEN has also been complied with;
- iii) general instruction for writing of MBs (given in the leaf attached in the MB) have been complied with;
- iv) the genuineness of the entries in the MB should be test checked with reference to dates and other particulars in TA journals/registers of the subordinates concerned;

- v) the cases of measurements taken in the first instance by subordinates but subsequently reduced by the SDO/XEN, on account of check measurement should be scrutinized and in case this happens frequently in respect of measurements recorded by particular individuals, the cases be reported in audit to higher authorities; and
- vi) measurement once recorded but subsequently cancelled are adequately justified.

F) Analysis of work

During audit the accounts of selected work are analysed in detail. For this analysis it should be seen that:

- i) the estimate of work has been sanctioned by the competent authority and that all charges constituting the estimates are within the scope of sanction;
- ii) the quantities of work actually executed are not at variance with the quantities of work theoretically worked out in the approved estimates. In case of variation detailed scrutiny be made and results together with financial implications pointed out;
- iii) all payments and supplies of materials are strictly in accordance with the terms of contract/agreements and the rates provided in the sanctioned estimate vis-a-viz the schedule of rates;
- iv) any surplus materials at site of the completed works or materials due to or from contractors etc. have been properly accounted for in the accounts/stocks;
- v) in case of work susceptible to measurement, the payment is in accordance with measurement and the rates and quantity of work executed are as per the sanctioned estimates and no financial irregularity or serious accounting error involved;
- vi) the expenditure incurred on the work is not in excess of the sanctioned estimate;
- vii) charges on account of work charged establishment are in order;
- viii) measurement recorded in the MB for the material supplied and used on work are as per store issue records and indents and no fictitious claims for labour or materials are involved;
- ix) the expenditure has been correctly booked against the work and check measurement as per instructions No 42-IV of the MOIs have been made by the SDO/XEN and results recorded on the MB;
- x) the material account of the work be examined so that it may be seen that without sufficient reason materials are not collected in excess of the requirements of works, that charges

- debitable to contractors are not shown in material accounts, that rules relating to the verification of material are observed and differences are adjusted in accordance with rules;
- xi) in case of completed work, quantities of work executed and paid may be compared with quantities of work sanctioned in the estimates and rate approved to verify that there are no variations involving serious financial irregularities.

(G) Form-4 (Register of receipts and issue of stores)

All the transactions of store receipts are accounted for in Form-4 of concerned work.

It should be seen in the audit that:

- (i) All SR, STW, local purchases made are taken in Form-4 and brought forward up to date.
- (ii) There is no arithmetical mistake in totals.
- (iii) The material issued for the work is actually issued for the particular job as per record entries in the SMB/EMB of the work.
- (iv) The dismantled material is taken in CA-104 (dismantlement register) and the material returned to store without any delay.
- (v) All the material is issued on attestation of the incharge of the work and countersigned/approved by SDO.
- (vi) All the balances at the close of the year have been carried forward in the next year's Form-4.
- (vii) The stores drawn are required for immediate use of works and are not drawn too much in advance or in excess of requirements.
- (viii) In the case of Form-4 of M&P Divisions the parts viz meter glass, C-coil, potential coil top bearing and lead seals have been removed from the meters which are to be surveyed off and accounted for in TIE-form 4.
- (ix) The quantity of transformer oil issued for topping up of transformers tallies with the entry in the Maintenance Equipment register of transformers and limit of 8 liters for topping up of transformer upto 100 KVA per year has not been over ruled as laid down in TIE-4.

(H) Work charged establishment

The register of fixed charges in Form DFR (PW) 4 showing the work- charged establishment employed in the Division should be examined to see that the sanction and charges relating to it are in order. The genuiness of entries in the register may be test checked by comparison

with the paid acquittance rolls of the work charged establishment. Sanctions of the competent authority should specify in respect of each appointment.

- (i) Consolidated rate of pay;
- ii) period of sanction;
- iii) full name of the work as given in the estimate of the work; and
- iv) the nature of duties on which the man engaged would be employed.

It should also be verified in audit that the wages, which have become time barred are not subsequently paid.

(I) Register of works (Form PWA-12 and PWA- 13)

It should be seen that

- i) the register has been prepared in accordance with the instructions printed on these forms;
- ii) the posting in the register is correct as per works abstracts; and
- iii) the accounts of the works have been closed immediately after their completion. It should be seen in particular that further charges are not incurred without the permission of the Divisional Officer, which should also be reviewed to adjudge their bonafide; and
- iv) the suspense account “material” be reviewed and its adjustment verified with the connected records.

(J) Works Abstract

An account of all the transactions relating to a work during a month, whether in respect of cash, stock or charges is known as works abstract. It should be seen that

- i) the outlay is posted sub head- wise according to the sanctioned estimate;
- ii) expenditure during a month and upto date progress of expenditure should be reviewed with reference to estimate/progress of work and reasons for variation analysed;
- iii) old outstanding under the sub-head ‘contractors’ ‘material’ and ‘labour’ be reviewed and their genuineness adjudged.

Other important records to be seen in Divisional Audit.

52. Dismantlement Register (CA-104)

The account of the unserviceable material dismantled from the idle lines or due to augmentation or replacement of sub-mains is required to be maintained by each ALM /JE incharge of the work in the proforma given in serial No 35 of MOIs.

It should be seen in audit that:

- i) the register is maintained in the prescribed proforma;
- ii) the authority for dismantlement is recorded in the register;
- iii) the cost of dismantlement is debited to the annual maintenance estimates;
- iv) the entry of dismantled materials is taken in CA-104 on the same day and verified by the Sub-Divisional Officer as laid down in Instruction No 33 (C) of the MOIs;
- v) the survey report of the material which is considered by the SDO to be unserviceable is prepared and submitted to the Executive Engineer for survey of the items;
- vi) the value of unserviceable material is calculated in consistence with their physical condition or mobility;
- vii) the material which can be used on temporary service connection/any other work is transferred in Form-4 of that work and its estimated value debited to the said work as required in Instruction No 33 (C) of MOIs;
- viii) the scrap is returned to store immediately and reference to the SRW No and date recorded in CA-104;
- ix) the material has been dismantled only after a duly approved estimate is prepared. The material dismantled corresponds with original entries in the EMB or has been estimated by two SDO's after physical inspection and site survey. Original estimates, where available may also be referred to in this context to adjudge the bonafide of the estimates so prepared;
- x) the procedure prescribed in Chief Engineer Operation's memo No. 191/3-d-37/IG/74 dated 8.7.1974 (**Appendix-I**) for dismantlement and replacement of Copper Conductor has been adhered to strictly by the concerned staff.

53. Log Book and Maintenance Register of Vehicles

The records of movement of a vehicle is recorded in the log book of the vehicle and the entries regarding repairs, purchase of lubricants are also recorded therein, besides "maintenance register of vehicles". It should be seen in audit that:

- a. The vehicle log books are maintained in the prescribed proforma;

- b. The authority using the vehicle is prominently stated in the log book and he himself should mark the journey as 'private' or 'official';
- c. Monthly abstract is prepared at the close of every month bringing out the KMPL. The KMPL should be compared from month to month and with standards of KMPL prescribed;
- d. The charges of different works are debited to the concerned works as per estimates;
- e. The distance from one place to another as recorded in the log book is correct and petrol/diesel purchased does not exceed the capacity of the tank.
- f. The M.Oil is changed after covering the prescribed mileage as per estimate.
- g. The estimates of each vehicle is got sanctioned from the component authority earlier.
- h. The record of dirty M.Oil changed from the vehicle is kept in the dismantlement register and returned to store
- i. The entries of repair of parts of the vehicles are taken in the maintenance register and the parts dismantled are taken in CA-104 (dismantlement register)
- j. The reasons for frequent repairs/break downs of Company's vehicle are not such as to indicate negligence on the part of the driver or laxity of control.
- k. The replacement of parts for which a life has been fixed, have been made only after completion of the prescribed life. Such cases be reviewed and suitably commented upon in report.
- l. All official journeys outside the headquarters or jurisdiction of the officials are reported by written sanction of the competent authority.
- m. The list of equipment and tools kept with the driver of the vehicle is entered in the log book.
- n. The road taxes and insurance charges are paid and connected entries made in the maintenance register of vehicle.

54. **Register of Tools and Plant and T&P returns**

Each subordinate (including a store-keeper having the charge of tools and plant) is to maintain a register of daily receipt and issues of articles in PWA Form No. 4 as per instruction no. 216 of MOIs

A consolidated account of receipts, issues and balances of tools and plants is to be kept in the sub divisional office in Form DFR (PW) 14 Register of tool and plant.

In case of loss or damage each subordinate is required to make an immediate report to his SDO. The former has to prepare and submit a survey report in form DFR (PWR) 15 of all tools and plant articles, which might have become unserviceable due to wear and tear. These articles should not be written off from the books and disposed off until these are inspected by the sub divisional officer and their survey report approved by the competent authority. Such articles are to be disposed off in the manner ordered in the survey report.

It should be seen that:

- a. the closing balances are correct;
- b. the annual stock taking has been done by a responsible officer. The results of this may be scrutinized in audit to see that no irregularities of serious nature are involved;
- c. there is a certificate by a responsible official, not below the rank of sub divisional officer, that the balances in part II actually represent articles lent or sent out for repairs;
- d. the shortage, if any, noted in part III are not heavy and that there is not undue delay in their adjustment;
- e. office furniture is not issued for use at the residence of officials /officers who are not entitled to this privilege;
- f. the sub divisional register of tools and plant is posted up to date and the monthly account of receipts and issues are received from the SDO on due dates;
- g. the items of tools and plants are not charged off as final issue to a particular work. All the items will be accounted for only in the T & P register;
- h. all the unserviceable/lost/short items are depicted in numerical balances of the T& P register till these are written off;
- i. all the items found surplus are taken into account as receipt and no adjustment for value is made;
- j. physical verification is made by the officer not below the rank of SDO as per instructions of the Company and a dated certificate recorded on the register; and
- k. the repairable items are repaired and brought to use instead of purchasing new, unless their repairs prove to be uneconomical.

55. **Register of Plant and Machinery**

A register of plant and machinery is to be maintained in all divisions to show the description, date of purchase, price paid and the work on which used. When any plant is transferred to another division, an extract from the register is to be forwarded to that division. A column is also to be opened in the register in which reference to the authority under which an Article has been written off or transferred to another division is recorded (as per instruction no 218 of manual of instruction).

It should be seen that:

- a. the register of fixed assets and plant and machinery are properly maintained with all details and have been kept upto date for working of depreciation charges;
- b. the machinery on loan is given after the approval of the competent authority; and
- c. plants and equipments have been duly insured and in case of any damage/loss to these equipments, necessary claims have been lodged with the insurance company and the same has been pursued vigorously. It should also be seen that the expenditure on the replacement/repairs do not exceed the amount of such claims and where heavy amounts have been spent on repairs, the cause thereof be scrutinized.

56. Register of hiring of electrical plants and equipments

Machinery, tools and plants may also, with sanction of the competent authority, be let out on hire to consumer, licensees, contractors, local bodies and private persons. The hiring charges in such cases which arise only occasionally are calculated as per para 4.16 of PWD code. Where there are such cases it should be ensured in audit that:

- i. the equipment are let out after proper verification of the credentials of the parties and their financial position;
- ii. adequate security (equivalent to book value) is realized.;
- iii. an agreement is entered into; and
- iv. rent is regularly realized.

57. Acquisition of land

For execution of works in the Company land has to be acquired and payments made to the owner of the land. The detailed procedure for acquiring land and payments is laid down in

the Land Acquisition Act, 1894. The land acquisition proceedings pass through the following three stages:

- i. issuing a notification for acquiring land either before or after taking possession of land;
- ii. determination of the amount of compensation payable by the Land Acquisition Officer;
- iii. payment of compensation to land owners after the award is announced by the Land Acquisition Officer.

The stage at (b) above is of quasi-judicial character, Interest is, however, payable for delay in payments after the announcement of award as also for delay in issue of notification under Act, after taking over the possession.

As the payment of interest is an avoidable expenditure, information on the following aspects be collected and examined. Due caution is, however, needed in making a comment as all the proceedings are of quasi-judicial nature:

- 1) date of possession of land
- 2) date of notification
- 3) interest owing to delay in notification
- 4) No & date of award
- 5) Amount of award
- 6) Date of actual payment
- 7) Interest due to belated payment
- 8) Remarks

Use of vacant land for cultivation

It should be seen in audit that except the land attached with residences/bungalows/quarters and other residential places, the corporation land is not being used for cultivation without prior permission of the Company as per instruction issued by the erst while Board vide Memo No Ch- 79/425/CB dated 4-5-1978.

58. Register of rents of buildings and lands (Form DFR P.W.6)

It should be seen in audit that the entries relating to the assessment of rent have been made month by month on receipt of timely intimation (with full particulars) of all changes of tenancy from the subordinates incharge of the properties. Besides, it may be seen whether

the total realization of each month have been abstracted at the foot of the register so as to show separately

- a. cash realized in the division;
- b. recoveries by the other disbursing officers adjusted in the divisional accounts.

In case any special services or furniture etc. are provided separately, it may be verified whether the recoveries of these services have been realized and kept separately from that of the rent of the building.

59. Security Deposit Register

In accordance with paragraph 1.154 of the PWD Code (2nd edition) security will be taken from the members of establishment as prescribed by the Company who handle cash and store. A register of security deposited by the employees is required to be maintained. It should be seen in audit that:

- i. the register is maintained in the proforma prescribed by the Company;
- ii. all the columns are properly filled in;
- iii. the balances are transferred and item, cleared from the register at the time of transfer of the employee concerned;
- iv. the amount of security as per norms laid down by the Company is realized;
- v. the progressive total of amount realized against deposit are worked out; and
- vi. the money under security deposits is invested in the manner prescribed.

60. Maintenance & protection Organisation

- i) Installation of healthy fault free and accurate meters at energy consumption and is a very essential step in the distribution of power as the revenue of the company depends upon meters. To ensure periodical checking of meters and their upkeep. UHBVNL has one M&P circle at Delhi having Yamunanagar, Rohtak, Kurukshetra, Panipat divisions under its control and DHBVNL has one M&P circle at Gurgaon having Hisar, Bhiwani, Gurgaon and Faridabad divisions under its control.

ii) Write off of unserviceable meters

When a meter gets damaged or become defective, the sub-division remove the meter from the premises of the consumer by replacing it with a healthy meter. Full cost of meter is

recovered from the consumer as under the abridged conditions of supply of power, consumer is responsible for paying the cost of meter or its repair charges, if the loss or damage is due to default/negligence of the consumer. All the defective and damaged meters are then sent by the operation sub division to the concerned executive engineer, maintenance and protection for testing, duly accompanied by a report stating how the damage had occurred. On receipt of such meters and reports, the prospects of repairing the meter or otherwise are determined after thorough examination. Repairable meters are repaired and the cost of repairs is charged to the annual estimates of the testing laboratory. Where the meters have been repaired, the amount recovered from the consumer is refunded/adjusted after deducting the repair charges.

In case the examination of meter reveals that it is irreparable, a survey report is prepared by the Executive Engineer, M&P and submitted to his Superintending Engineer, for final sanction to write off the meter.

iii) **Register of checking of CT and CT-PT connected meters.**

With a view to ensure regular and systematic checking of meters and power factor, (above 70 KW) with MDI and grid/bulk supply consumer by the sub divisional officer of M&P divisions once in every 6 months. This is in addition to the checking required to be carried out periodically by SDO(O)/Executive Engineer(O)/ Superintending Engineer (O) in accordance with the provisions of Sales Manual Instruction No 103.

It should be seen in audit that:

- i) The prescribed checks are being exercised by the all authorities, as required;
- ii) The results of checking of CT/CT-PT meters are sent to the concerned sub divisional officer, and
- iii) The cases are promptly acted upon and recovery effected from consumers where necessary.
- iv) **Progress register of repaired meters**

With a view to watch the performance of the staff engaged in metering & testing (M&T) laboratories and to guard against accumulation of unrepaired meters the SE, maintenance in May 1976 stipulated that 16 meters per day per head should be repaired/tested by each individual connected with the job. A register is required to be maintained in the laboratories to watch the progress by each individual.

It should be seen in audit that:

- i) the norms fixed by the SE Maintenance vide his memo no, 140/Mtc/TGL-6/6/K, dated 22 May, 1976 are complied with unless there are cogent reasons for it;
- ii) the tested meters are immediately sent to the concerned operation sub division so that the operating wing does not get starved of the meters;
- iii) the progress shown in the register is correct with reference to daily progress register; and
- iv) the total worked out are correct as per conversion formula of different types of meters.

v) **Register of repair charges of meters and other equipments**

All the defective meters are repaired in M&P division and a register of repair charges is required to be maintained to watch recovery from the concerned consumers through concerned operation sub divisions.

It should be seen in audit that:

- i) The repair charges have been worked out properly and the material issued was as per register of spare parts;
- ii) The repair charges incurred by M&P laboratory are communicated to the concerned sub division for adjustment/recovery from the concerned consumer; and
- iii) The testing charges have been levied as per estimate on each meter of a private consumer tested in the laboratory.

STORES

PURCHASE OF STORES

61. **Material Management Organisation**

The company has a centralized system of purchase headed by (i) Chief Engineer, Material Management. (ii) Chief Engineer, Design & Procurement. The payments of material Purchased are, however, made through “Centralized Payment Cells” which is infact a first step in the internal audit of purchases.

62. **Procedure for purchases**

The Company has adopted “the Haryana State Electricity Board (Purchase) Regulation 1974” under section 79 (g) and (k) of the Electricity (supply) Act, 1948 which came into effect on 1st March 1974. The Company has also adopted Delegation of Financial Powers to its officers issued by erstwhile HSEB vide Notification No 130/Reg-155 dated 18 December 1991.

63. **Audit checks on Purchases**

While examining purchase cases following points should be seen in audit in respect of each case examined and a scrutiny sheet as per **Appendix-J** be prepared:-

- a) there are proper indents for stores under purchase and the indents are based on consumption pattern, planned targets of activities and construction programme, after taking into account the pending orders and stock availability;
- b) the indents have been consolidated and detailed specification laid down before inviting tenders;
- c) for all items of stores except for items for which the Company, may otherwise decide, open tenders are invited through advertisement in the newspapers/journals allowing adequate time to the tenderers for submission of tenders;
- d) all the tenders were opened on the due date, place and time specified in the Notice Inviting Tenders (NIT) in the presence of tenderers and all the tenders along with the requisite particulars had been entered in the ‘Register Of Tenders Received’. It should be ensured that all the overwriting, cutting etc. have been attested under the dated initials of the officer opening the tenders.

- e) the comparative statement of tenders received as prescribed in schedule “F” of Purchase Regulations is prepared correctly and checked by an officer other than the one who had prepared the comparative statement and has further been checked by an Account Officer of the attached finance wing. (Regulation No 9 of Purchase Regulation may also be referred to);
- f) in accepting the tenders, the financial status of the tenderers, their capability, the earnest money deposited, security offered, their previous record, guarantees etc. have been taken into account. In case of rejection of lowest tenders, detailed reasons thereof have been recorded in writing. In audit, the reasons may be analysed in depth so as to ensure the same are valid, genuine and do not transgress the financial principles;
- g) no tender received after the due date has been considered and entered on the comparative statement;
- h) the purchase order has been placed by the competent authority;
- i) while reviewing the purchase order in audit it should be seen that it clearly specifies the rates payable to the supplier, payment of excise and VAT on the delivery, quantity ordered, detailed specifications, place of delivery, delivery schedule and date of delivery, penalties for late delivery etc.
- j) the rates mentioned in the purchase order agree with the rates quoted by the tenderers and approved by the competent authority. It should also be seen that total value of the purchase order was also worked out correctly;
- k) a register of purchase order is maintained by the purchasing agency in chronological order;
- l) amendments to the clauses of the purchase order were approved by the competent authority. The impact of amendment on final settlement/execution of order be specifically seen and reviewed.
- m) the purchase orders were not split up to avoid the sanction of higher authorities with reference to the total amount of the order;
- n) wherever purchases had been effected by deviating from general procedure, the sanction of the competent authority had been obtained beforehand. The reasons put forth for such purchase be reviewed and their bonafide adjudged;
- o) the supply register to watch the receipt of material against each purchase order has been maintained and entries made therein are properly authenticated;

- p) in case where the material has not been received according to the stipulated delivery schedules, necessary action, as per terms of the purchase orders, has been taken by concerned purchase agency of the Company;
- q) the material received against each purchase order has been properly accounted for in the concerned books;
- r) charges paid on account of demurrage and wharfages may be reviewed and reasons traced to see that these were paid only under cogent reasons. Where demurrage was occasioned due to fault on the part of supplier, the same should be adjusted against supplier account and not charged to the Company's accounts;
- s) the documents received from the supplier may be reviewed with reference to purchase orders in general and miscellaneous charges added in the bill in particular to verify their validity; and
- t) wherever escalation clause has been agreed to with the supplier, the escalation allowed should be examined and it may be seen that it is allowed only for the genuine increase in the cost of material consumed on the product and that no undue benefit on this account has accrued to the supplier. It should also be examined whether variation clause covers case of decrease in cost etc.

Audit checks to be exercised in respect of records maintained by the purchasing agencies are indicated in the succeeding paras.

64. Store Purchase records:

Audit checks to be exercised in respect of records maintained by the purchasing agencies are indicated in the succeeding paras.

65. Register of Tender Documents sold

It should be seen that:

- a) stock register of tenders forms showing the receipt and sale thereof is maintained properly and balance on a particular day tallies with the physical balance of such forms; and
- b) sale proceeds of the tender forms are properly accounted for in the cash book.

66. Register of Earnest Money Deposits

It should be seen that:

- a) the earnest money deposited by the tenderers has been accounted for in the register under proper attestation; and
- b) all refunds of earnest money deposits are noted in the register under proper attestation.

67. Register of security deposits

It should be seen that

- a) security deposits furnished by the suppliers are noted in the register of security deposits with requisite details and at the time of refund of security deposit, a reference to this effect has been given against the relevant items;
- b) it should be ensured that the security deposits obtained at the time of placing orders remains valid during the currency of the contract. In case the delivery period is extended by the competent authority, the validity of the security deposits should be got extended;
- c) refund of security deposits is made only when supplies/work are completed in accordance with the terms and conditions of work order/ supply order ;
- d) in case where warranty clause is applicable, security deposits are refunded only after the expiry of the warranty period.

68. Register of Samples

It should be seen that:

- a) the register of samples received from the suppliers is maintained in the form prescribed by the Company;
- b) all samples received from the firm are duly entered in the register immediately on their receipt; and
- c) their disposal i.e. sale by auction or otherwise is indicated on the relevant column of the register and properly accounted for in the books (Stores/Cash).

69. Registration of Suppliers

The Company has introduced the system of registration of firms/suppliers vide regulation No 5 of Purchase Regulations. It should be seen that:

- a) the procedure for registration of suppliers has been properly followed;
- b) the list of suppliers have been approved by the Board of Directors of the Company.

70. Central Payment Cell

Payment to the suppliers against order placed by the MMO and CE (D&P) are made by the CPC. Audit checks to be exercised in respect of the records maintained by the Central Payment Cell are indicated below:

(A) Register of Advances to Suppliers

The purchase-cum contract agreements sanctioned provide for advance payment to suppliers against dispatch, documents to be received through Banks. In such cases it should be seen that the dispatch documents have been got retired from the Bank in time and that no extra payment in the shape of demurrage/wharfage charges is involved and the advance paid to the suppliers against purchase order has been noted in the register of advances to suppliers and final adjustment has been watched properly.

(B) Register of Penalties Imposed and Recovered

It should be seen that

- a) the penalties imposed on suppliers are noted in the register;
- b) the recovery effected has been properly accounted for in the books;
- c) in case of default regarding supply, suitable action is initiated to recover the amount due as per terms and conditions of the contract;
- d) the bank guarantee of the firm is released only after getting no demand certificate from consignee and after observing the prescribed formalities and
- e) where any payment on account of wharfage/ demurrage and other incidental charges are involved, those are recovered either from the final bills or from the bank guarantee of the suppliers.

71. Audit of payments

During audit, it should also be seen that;

- a) the necessary particulars of the purchase orders i.e. quantity ordered, advance payments made, quantity dispatched and received and details of other payment/ recoveries have been noted in the requisite ledger;
- b) the payments have been made and regulated according to the rates, terms and conditions of purchase order as amended from time to time;

- c) all recoveries due from the supplier on account of short supply, railway or other freight charges, undercharges paid on behalf of the suppliers, demurrage, wharfage charges have been effected from the supplier's bills;
- d) the payment made may be reviewed with reference to the purchase order and the rates allowed verified to adjudge their correctness;
- e) final adjustment of consignments may be reviewed to see that the material for which payment has been made has actually been received and properly accounted for in the books;
- f) position in regard to advance paid to the suppliers has been properly depicted and is reviewed periodically. All outstanding advances are analysed and action taken where recovery has become doubtful.

72. **Controller of stores**

The allocation of stores purchased by the centralized purchase agency i.e. Material Management Organisation (including (CD/D&P) is made by the controller of stores to central store and divisional stores from where these are issued for use. The detailed procedure to be followed for receipt, issue and accounting of material as prescribed by the erstwhile Board vide Secretary HSEB's Memo No CAO/CAC/B-21 (IV) 1066/1166, dated 15-4-1981 (**Appendix K**). In addition controller of stores is empowered to make purchase of urgent nature upto a monetary limit of Rs 50000 in each case for items under Sr No 28 (C) of HSEB's Delegation of Powers, subject to the following conditions, which should be recorded in writing:-

- i) Reasons which necessitated the emergency purchase;
- ii) Steps taken to avoid such emergency together with the reasons due to which these steps did not succeed;
- iii) Steps taken to avoid such emergency in future.

While conducting the audit of controller of stores, it should be seen that;

- i) The purchase order placed for the emergency purchase are within the powers delegated vide Sr No 28 (C) of the delegation of financial powers;
- ii) The reasons recorded for the emergency purchases are bonafide and do not disclose any deliberate action to create a situation in which some items become critical so that powers of

emergency purchase can be exercised. It should also be ensured that it is not frequent phenomenon;

- iii) The procedure prescribed for effecting purchases in HSEB (Purchase) Regulations, 1974 has been followed in respect of purchase orders issued by the controller of stores and
- iv) all other checks above described for purchase by MMO are to be applied in such purchase also.

73. **Valuation of Stores received**

Valuation of stores is an important aspect requiring attention in audit. It should be seen that the valuation is correct as per following principles:

- i) material received from suppliers are valued at the invoice price plus sales tax, excise and custom duty, freight, insurance/packaging, handling and cartages etc. upto the receipt of goods in the stores. In the absence of such details FOR destination rates are mentioned in the Purchase Order/Invoice are adopted provisionally. If these are also not known, the current market rates or a valuation approved by the competent authority may be adopted;
- ii) Dismantled material returned to stores from works is valued at the depreciated price or the market price whichever is less. Tools and plant totally worn out through wear and tear are to be valued at rates fixed for scrap;
- iii) material received from other divisions/stores of the Company are valued at provisional rates based on the valuation of similar articles and this valuation is adjusted on receipt of debit advice from the transfer; and
- iv) Materials transferred from one stores to another within the same circle are priced at issue rate obtaining in the priced stores ledger of the issuing officer.

74. **Pricing**

The controller of stores fixes the standard prices for issue of materials so as to have a uniform issue rate for each article of stores in the Board on the basis of weighted average. For this purpose, procedure laid down in Instruction No 202 of Manual of Instruction is to be followed. It should be seen that:-

- a) the price fixing card (EB form CA-18) is maintained properly. Its entries should be checked with the purchase order and invoice. The material received should be valued at the invoice

price plus sales tax, excise duty, custom duty, insurance, packing, handling and carriage charges etc., up to the receipt in the store;

- b) other incidental charges, if any, actually incurred on the acquisition of stores on the basis of monthly incidental charges statement in EB Form CA-24 from the various Divisional Stores have been posted correctly in the price fixing card;
- c) the issue rate has been revised half yearly unless occasion demands an earlier revision such as where there are heavy fluctuations in prices;
- d) the quantities in the bin cards agree with balances as per quantity ledger;
- e) all cases, where balances are outstanding in the quantity ledger without corresponding amount as per price ledger and vice-versa, have been scrutinized and action taken to rectify the discrepancy; and
- f) the accounts of receipts/issues and balances of all stores for the selected month are vouched and discrepancies pointed out.

75. Valuation of Stores issued

While examining the issue rate adopted for pricing of store issues, it should be seen in audit that the following principles have been adhered to:-

- i) the issue rate of material is worked out according to weighted average method, i.e by dividing the total value of stores purchased at different rates by total quantity in stock. All incidental charges such as carriage inwards and other miscellaneous expenses are added thereon;
- ii) in case of material returned from a work to stock, the cost of carriage etc. is, however, debited to the work concerned ; and
- iii) the issue rate has been revised half yearly unless occasion demands an earlier revision, such as where there are heavy fluctuation in prices.

76. Central Stores

A. Receipt of Stores

The first step in the receipt of stores is the clearing of packages at destination. While examining this aspect in audit it should be seen that the packages have been cleared promptly on their receipt at the railway station and no demurrages/wharfage charges are paid; nor are there any avoidable expenditure in handling. Any discrepancies in weight or description

noticed on the retirement of the consignment have been promptly brought to the notice of Railway authorities and necessary entries made in Railways receipt register/defective goods register. The case of any damages or loss has been taken up with the consignee after obtaining a certificate of damage and loss from railway authorities.

In case of loss of goods in transit, the claim should be lodged and pursued with the Railways/carrier as the case may be.

B. Verification of stores received and accounting

Materials is received in stores from suppliers, workshop of the company and various works. The record of the detailed count or measurement is kept in the Measurement Book (E.B form CA-5) in the manner prescribed in instruction No 38 based on Rules 7.16 and 7.17 of DFR.

It should be seen in audit that:

- i) The stores received have been counted, measured and physically verified as to quality and quantity before entering the Goods Receipt Note/stock cards. Undue delay in preparation of goods receipt notes should be thoroughly investigated and reasons analysed;
- ii) Responsibility has been fixed for any loss consequent to the failure or delay to report shortages/damages;
- iii) The records are maintained and written by the authorized persons as per MOI (Instruction No 207.);
- iv) The quantity ledger is posted regularly as and when any transaction occurs and that quantity tallies with the invoice/challan/SRW as the case may be;
- v) The maximum and minimum limits have been recorded on the ledger folio and these are adhered to;
- vi) The store ledger has been balanced at the close of an accounting month and balances correctly worked out;
- vii) The stock entries correspond with those of SMB; and
- viii) Those discrepancies pointed out by the stock verifier SDO or other inspecting officers are investigated by the competent authority and action taken to make good the losses.

C. Stores received from works

- i) In the case of stores received from works it should be seen that:-
- ii) a store return warrant in the prescribed form has been prepared by the officer incharge of the work and approved by the Sub-Divisional Officer before returning surplus material from work to store and these stores are entered immediately in the store ledger; and
- iii) reference to the original requisition and the work order for which material was drawn is given in the Store Return Warrant.

D. Stores received from workshop

It should be seen that:

- a) Stores received are as per challans issued by the workshop authorities; and
- b) The material received has been entered in the stock records. The entries should be verified with reference to SRW/Stock Measurement Book.

77. Issue of Stores

The accounts of issues from stock are compiled from approved indents, store requisitions, store challans etc. It should be seen that:-

- (i) Issues are made only on the authority of authenticated and approved stores requisitions forms. The indenting authority is responsible for seeing that a work/job order has been issued for the work and the requisition for stores is limited to actual requirements. It should also be seen that the procedure laid down in Instruction No. 203 and 204 of Manual of Instructions has been adhered to while requisitioning the stores.
- (ii) Proper acknowledgement has been obtained on the requisitions in respect of materials issued;
- (iii) Daily record of stores issue is kept in quantity ledger and the Bin-Cards concurrently on the basis of store requisitions. Lapses in the proper maintenance of these records including variation if any, should be promptly brought to the notice of the higher authorities;
- (iv) Various points incorporated in Instruction No. 207 of Manual of Instructions for guarding against frauds have been duly observed;
- (v) A Bin Card (CA-6) is maintained and hang-up with each bin or receptacle in the store. Balances appearing in the Bin Cards tally at any time with the numerical accounts maintained in the ledger as well as physical existence of the items; and

- (vi) Where materials have been issued to contractors with whom such agreement exists it is to be ensured that the issues were on proper indent/requisition in E.B Form- CA-I/CA-8 duly signed by the SDO. It may also be seen in such cases that the cost of material has been correctly adjusted in the contractor's accounts. The issues may also be compared with estimates to ensure that quantity such as cement, steel etc. issued is as per estimates and no excessive drawl is reported to.

78. Accounting of scrap and empties

It should be seen that:-

- i) all scrap and empties are returned to the stores through stores return warrant and a credit for their value is afforded to the work to which these were debited. In case where particulars of the work where from the scrap was collected are not known the value is credited to miscellaneous revenue of the Company;
- ii) the scrap material is valued properly(based on prevailing rates) and is disposed off periodically with the orders of the competent authority. Fixation of reserve price for the disposal of scrap or stores should be on rational basis duly approved by the competent authority. The rates realized may be reviewed and in case where disposal has been made below reserve price, the reasons may be investigated where any discretion was vested in the authority responsible for disposal below reserve price it should be ensured that this discretion was exercised judiciously; and
- iii) empty cement bags and other empties such as transformer oil barrels, oil drums, paint drums etc, are returned to the stores on completion of the work, accounted for numerically and disposed off periodically with the orders of competent authority.

79. Miscellaneous points to be seen while test checking the stores records

(a) Verification of stores

The stock verification reports for the period under audit should be reviewed to see that the provisions laid down in Instruction No. 209 of Manual of Instruction regarding physical verification of stores have been complied with. Stock found surplus has to be taken as Revenue receipt or Capital receipt as the case may, both in quantity and value in accounts. In case of shortages of stores, the shortages have been adjusted both in quantity and value, the

same are investigated and debited to the personal a/c of the officials at fault, pending recovery. Recovery has been made from the concerned officials and in case the loss has been written off, the grounds on which the loss has been written off, be reviewed and their bonafide examined and commented upon where necessary.

(b) Unserviceable store

When stores including tools and spares become unserviceable, a report is made at once and a survey report prepared. The report indicates the period for which the articles were held in stores or remained in use and the cause of their becoming unserviceable.

In the case of these items it should be seen that :-

- i) complete details of unserviceable stores have been maintained in the proper form and their disposal has been made after observing requisite formalities;
- ii) the survey off reports may reviewed to examine the bonafide of the action, particularly in cases where the stores become unserviceable very often or at short intervals;
- iii) the materials declared unserviceable / surplus due to obsolescence have not been purchased again; and
- iv) the sale proceeds of the disposal of unserviceable stores are accounted for properly in the records.

(c) Loss of Stores

Any loss of stores and equipment due to theft, accident or destruction by fire or otherwise is to be reported to the higher authorities/police.

It should be seen that:-

- i) the loss of stores etc has been reported promptly to the higher authorities;
- ii) the loss has been investigated by the officer, incharge of the store and preliminary report made in the prescribed proforma;
- iii) the departmental inquiry has been instituted as per rule 4.56 of P.W.D code;
- iv) that final police report/investigation report by Inquiry Officer has been received and action as per findings initiated;
- v) where the cases of losses are declared as untraceable, the same have been written off by the competent authority in terms of SR No. 52 of Company Delegation of Financial Powers; and
- vi) unsettled cases be reviewed and where there are delays in finalization the reasons may be scrutinized and analysed.

(d) Sale of stores

When stock articles can be spared without hampering the Company's own works these are sometimes sold to :-

- i) Contractors for departmental works
- ii) Local bodies
- iii) Officers and staff of the Company; and
- iv) Other departments or consumer in works executed for other departments

It should be seen in such cases that;

- i) An additional charge at the rate of 10 percent is levied for supervision charges in terms of para 4.38 of P.W.D code apart from storage charges leviable under rule 6.24 of departmental Financial Rules.
- ii) The sale of stock has been made under the orders of the competent authority;
- iii) The cost of material sold to contractors is recovered from their bills, or in cash in advance; and
- iv) The cost of material sold to departmental officers and staff is made either in cash or deducted from their next month's salaries as laid down in rule 6.24 of D.F.R.

80. Divisional Stores

The audit checks as prescribed for central stores will apply mutatis mutandis to Divisional stores/Sub-stores also.

81. Disposal of obsolete / unserviceable stores and scrap.

It should be seen in audit that:-

- i) Proper identification of non-moving, slow moving and obsolete items of stores is carried out by the Disposal Cell after it receives the intimation of such items from the stores;
- ii) Verification of movement of items on stock is made by the Disposal Cell by periodical visits to various stores;
- iii) Lists of slow moving unserviceable items is circulated by the Disposal Cell all over the Company before deciding their disposal;
- iv) None of the items contained in such lists are purchased afresh; and

- v) Disposal of such stores and scrap is made through tenders or through open auction after considering the suitability of mode of disposal as would be beneficial to the Company;

Audit of establishments records

82. Establishment Pay Bills, TA and Medical Claims

For the audit of these claims the principles of audit enunciated in MSO Technical be kept in view besides specific orders issued by the Company, if any, where house rent has been paid to an employee it should be seen that he has not refused quarter allotted to him by the Company. In such cases house rent is not payable.

83. Overtime Allowance and Honorarium

It should be seen that the rules regarding grant of overtime allowances and honorarium are adhered to in letter and spirit and that Overtime Allowance is granted only in cases of emergency and for the work which is not occasional and of intermittent character and the work cannot be postponed till the next working day.

While scrutinizing these claims it should be seen that;

- i) the sanction to the payment of OTA has been accorded by the authority competent to deploy people on overtime and the urgency involved has been adequately justified;
- ii) there is no apparent circumvention of the requirements in getting the OTA sanctioned for the staff. It should be analysed in circumspection that where the same set of people are repeatedly deployed on overtime there are really justifying reasons for it; and
- iii) the OTA has been worked out correctly and does not exceed the maximum limits prescribed in this regard;

84. Advances to Employees

Various advances are granted by the Company to its employees e.g pay advance, TA advance on tour and transfer, advances to meet medical expenses, house building advances and advance for purchase of conveyance etc.

It should be seen that the grant of these advances is covered by rules and formalities of the Company and the same are adjusted promptly in accordance with the prescribed procedure and orders. The Broad sheet of these advances should be checked to see that entries are

promptly made therein and where recovery entries are not made the reasons for the same be traced.

85. Payment of Pensions

The payment of pension, family pension and death-cum-retirement gratuity be checked with reference to Pension Rules contained in the Punjab Civil Services Rules Vol II as well as the orders issued by the Company from time to time. The following points should inter alia receive special attention in audit;

- a. That the date of superannuation/retirement is correctly recorded in the pension papers and this date corresponds with that worked out with reference to date of birth as per entries on the title page of the service books / orders issued by the competent authority.
- b. That the service, as per entries in the service Book History sheets, not qualifying for pension has been deducted correctly.
- c. That the sanction to the payment of pension and DCRG has been accorded by the competent authority and that the cases have been finalized promptly to avoid hardship to the retiring employees.

86. General Provident Fund

In exercise of the Power conferred by clause (c) of section 79 of the Electricity (Supply) Act, 1948 the Haryana State Electricity Board adopted the regulations framed by the Punjab State Electricity Board in September 1960 for establishing and maintaining a Provident Fund for its employees;

While conducting audit of these funds these regulations be referred to and it should be seen that;

- i) The subscribers Accounts are maintained in accordance with the regulation.
- ii) The interest at rate fixed by the Company is credited to the accounts of the subscribers as per provisions.
- iii) The advances are granted as per provisions of the regulations (Regulation No. 18) and are properly accounted for in the accounts of the subscribers. For this all debit vouchers and sanctions be reviewed with reference to ledger cards and it should be ensured that no debit is left un-posted. It should be also be seen that recoveries of refundable advances are regularly effected from the subscribers.

- iv) The final withdrawals are made in accordance with the regulations No. 31 to 38 and payment cases for the month selected for detailed check be reviewed to see that no debit is left unposted and interest has been worked out at prescribed rates and is correct.
- v) The position of credits may also be reviewed to ensure that balances in suspense account are not mounting.

87. Contributory Provident Fund

The employees who are governed by the Factories Act viz Workshops, sub-station etc, are entitled to the Contributory Provident Fund Scheme. Recovery at the rate of 8 percent of the salary is made every month from the employees who have rendered 120 days continuous service. It should be seen that the recovery is effected from their salaries regularly and this amount along with Company's contribution remitted in time to the Regional Provident Fund Commissioner. The checks prescribed in para 7.62 of the Manual of Inspection (Civil wing) Vol I be kept in view while conducting audit of CP Fund Sections. Penalties, if any, levied by the Regional Provident Fund Commissioner for the infringement of the rules should be commented upon in Audit.

88. Service Books and leave accounts

Service Books of each of the regular non-gazetted employees, and temporary subordinates appointed for more than 06 months, is required to be maintained by the head of office concerned.

- a. That all the columns of the title page of the service book are correctly filled in and attested by the Head of the office.
- b. That all the entries have been made correctly and attested by competent authority.
- c. That the service verification has been done and a certificate to that effect recorded in the body of the service book.
- d. That a statement of family member is affixed in the service book and up dated from time to time.
- e. That leave account is maintained properly and balances are correctly worked out.
- f. That the service books are got signed from the official concerned every year in token of his acceptance of the entries therein.

- g. That the pay fixation done from time to time is in accordance with the orders issued by the Company.

The points mentioned in paragraphs 1.41 (Annexure I(F) of HSEB Manual of Orders (2nd Edition) may also be kept in view.

89. Service stamp and dispatch register

To dispatch the outstation dak service stamps which are obtained from the post office are used and account thereof is maintained in the service stamp and dispatch register.

It should be seen in audit that.

- a. The stamps received from the post office are accounted for in the service stamp register and the totals worked out are correct.
- b. Daily balances of service stamps in the dispatch register are correct
- c. Physical verification is carried out annually by the competent authority and a certificate thereof recorded, and
- d. Letters dispatched should be screened to see that the service stamps have not been used for letters other than official or for Company's purposes.

90. Rent Register of a staff quarter

It should be seen.

- a. That the register is maintained in the prescribed proforma and all the columns filled in properly.
- b. That full particulars necessary for recovery of rent i.e. basic pay, date of next increment etc. of the employee are recorded in each case in the Rent Register.
- c. That the date of occupation and vacation of each quarter are recorded against each employee.
- d. That the Rent rolls are being issued to the concerned officers and recovery of rent is made as per instructions of the Company
- e. That the recovery of rent from the officials in unauthorized occupation of Company's quarter is made as per the scale prescribed by the Company ie at the rate of 40 percent of the pay for two months after 21 days of the quarter becoming due for vacation and 100 percent of pay after two months till the date of vacation (Memo No. Ch-6/WO/A-II-26 dated 31 Oct 1980).
- f. That water charges are recovered as per Company's instructions issued from time to time.

- g. That the quarters are allotted immediately to other employees as and when these are vacated by erstwhile occupants on transfer or otherwise.

CHAPTER - V

AUDIT OF POWER PURCHASE AGREEMENT WITH IPPS

(Ref: Comptroller and Auditor General of India's letter No. 631-CA II/136-98 dated 11th August, 1999)

91. **Introduction**

The growing gap between the demand and supply of power has necessitated policy initiatives by Central Government, which culminated in the decision to invite private investment (both domestic and foreign) in power sector. In line with the GOI policy decision several State Government awarded establishment of power projects to private developers of domestic and foreign origin. In the changed scenario Company are required to purchase power from Independent Power Producers (IPP) by entering into an agreement called Power Purchase Agreement (PPA). The PPA is the heart and soul of a private power project. It defines the rights and obligations of the project developer and Company during the development, construction and operation phases of the useful life of a privately owned power plant.

Trading Business of power was transferred from HVPNL to HPGCL, vide Govt. of Haryana notification No. 1/6/2005-1 Power dated 9.6.2005. Govt. of Haryana vide notification No. 1/1/2008-1 Power transfers the rights relating to Procurement of Electricity/UI draws/dispatches of trading of electricity from HPGCL to UHBVNL and DHBVNL w.e.f. 1.04.2008

92. **Contents of PPA**

Although each PPA has its own specific conditions related to site conditions, fuel, local or foreign IPP etc., a typical PPA may contain the following aspects in the shape of different sections or articles:

(1) Preamble, (2) Definitions and interpretation, (3) Conditions precedent, (4) Development stage, (5) Construction period, (6) Commissioning and entry into commercial service, (7) Plant operation, maintenance and fuel management, (8) Declaration of capacity, availability detraction, (9) Measurement of capacity, availability and energy metering, (10) Capacity charge and payment provisions (11) Fuel Price Provisions, (12) Billing procedures, terms of

payment, (13) Insurance, (14) Changes in tax, change in law, (15) Force Majeure, (16) Termination and buy out provisions, (17) Governing law/dispute resolution, (18) Liability and indemnity, (19) Confidentiality, (20) Representations/warranties/covenants and (21) Miscellaneous.

The PPA may also contain a number of schedules and appendices which may include the following:

(1) Description of Power Station (2) Clearances, (3) Development milestones, (4) Interconnection and transmission facilities, (5) Metering standards and testing, (6) Dispatch Procedures, (7) Capacity payment, (8) Energy payments and (9) Model tariff calculations.

93. **Audit of PPA**

The PPAs are complex documents as some of the sections/articles are included to satisfy the requirements of International lending agencies and also the conditionality of the PPAs normally involve examination of (a) General aspects and (b) Provisions of the PPA.

A) General Aspects:

Before attempting Audit of a PPA the following general aspects are to be examined to judge the justification for the IPP and the selection process of the developer etc.

a) Demand supply projections

The demand-supply projections justifying the need for the setting up of new power plant requires to be scrutinized closely. The authenticity and reasonableness of all factors involved in the long term forecast of demand viz., assumptions in respect of growth rate, plant load factor of the installed capacity, deduction of T&D losses etc., are to be thoroughly examined to ensure that the additional capacity envisaged by establishing private power project may not lead to surplus capacity forcing the Company to back down their own generation from cheap mode while they continue to purchase costly power from IPPs or pay for deemed generation.

In this regard how the base load demand and peak load demand are being calculated, the actual availability of power vis-à-vis the installed capacity in the state may have to be

examined to make suitable comments, if any, on the demand projection methods, gap between installed capacity and availability of power, action required to be taken to maximize the utilization of installed capacity etc.

b) Selection of developers

The process of selection of developers for establishment of IPPs i.e., whether on the basis of MOU/LOI route or through competitive bidding has to be examined to ensure reasonableness of the evaluation methods and cost of the project . In cases of MOU/LOI route projects the reasons for non-adoption of competitive bidding may be examined.

c) GOI Tariff Notification

The GOI issued a Tariff Notification in March 1922 (amended from time to time) setting out parameters for various items like PLF, Station Heat Rate, Incentive for achieving higher PLF, etc. All the Company are required to conclude the PPAs with IPPs keeping in view the limits fixed in the notification. Scrutiny of the various terms of PPA with reference to GOI Tariff Notification is essential to find out deviations, if any, which are detrimental to the interest of the Power Sector Companies.

d) Payment for Created capacity or Deemed generation

The PPAs are basically “take or pay” contract which means payment will have to be made to IPP on created capacity or deemed generation (i.e., whether company takes power or not payment will have to be made) and not on actual power generated and delivered to the company system.

The following points may be examined:

- What is the total name plate capacity contemplated in the agreement and what is the PLF guaranteed?
- Whether the Company has got enough infrastructure to evacuate the power?
- In case it takes all the power that the IPP generates whether the Company will have to back down their own generation and if so, the effect thereof?

- If payment is to be made on created capacity or on deemed generation, what are the circumstances to agree to such conditions by the Company and justification thereof ?
- Whether the power will be sold to a third party in case of Company inability to evacuate the power generated by the IPP?
- If there is third party sale, examine the terms and conditions of wheeling charges?

e) *Purchase and sale of energy*

The purchase price shall be decided and notified by Haryana Electricity Regulatory Commission. It should be seen that no additional payment is paid by HPPC

f) *Payments:*

It should be seen that payment is made within time.

- *If HPPC make full payment before due date rebate as per CERC/HERC rates will be allowed. Whether such rebate availed.*
- *If there is delay in payment, UHBVNL/DHBVNL would be liable to pay interest on delayed amount*

B) *Provisions of the PPA*

The Audit of provisions of PPA broadly involve three stages of operations i.e., (1) Development stage, (2) Construction stage and (3) Operation and maintenance stage.

a) *Development stage*

(i) *Conditions precedent to development stage and construction period*

There are several conditions precedent to each phase. (There could be more than one phase in some projects). These conditions involve clearances in respect of vacant possession of the Power Station Site and Fuel Facility Site, construction of pipe-lines, transmission lines and communication lines (between the Power Station Site and Fuel Facility site) harbor rights (for delivery of construction materials and fuel and for construction of sea and water pipe-lines etc.), project contracts executed by the counter parties. Government of India support

agreement, respective State Government Support Agreement, respective State Government Guarantee, Government clearances in respect of several obligation to be carried out by the Company, concerned IPP's Equity Undertaking and direct agreement between the Company and Lender party to the Financing Agreements and Financial close, etc.

All these conditions precedent are required to be fulfilled in a definite time frame. Non-fulfillment of the conditions precedent gives a right to either party to terminate the agreement by serving a notice within a specified time period.

- (ii) At the Development Stage, the IPPs have certain obligations to fulfill so that work necessary to achieve Development Milestone can be carried out. These obligations involve identification, liaison with the competent authorities for pre-closing clearances, way leaves or harbor rights in connection with the construction, operation and maintenance, preparation, negotiation and entering into project contracts and procurement of finance as well as to make preliminary arrangements for construction. Similarly, Company are under an obligation to assist the IPPs in their Endeavour to fulfill these obligations. Both sides have also to bear certain liabilities in the event of failure to achieve any of the Developmental Mile-stones in the conditions precedent.
- (iii) During construction period, both sides have certain obligations to fulfill. The IPP's obligation is for construction, operation and maintenance of all fuel pipelines, electrical transmission facilities on the IPP's side of delivery point while the Company's obligation is to design, construct and install transmission lines to Power Station Site and fuel facilities site to provide telecommunication instruments and electricity for the purpose of testing and commissioning the power station. The contract provides for specific time limit and target schedule for these activities. Failure to adhere to the specified time schedule will result either in the termination of the contract or in the imposition of construction period liquidated damages.

The PPA does not become effective unless the conditions precedent to its effectiveness are fulfilled or waived by the parties, either naturally or by themselves in the manner provided in the PPA.

The terms and conditions of various items under conditions precedent may be examined with specific thrust on the obligations and liabilities and financial implications on both the sides in fulfilling the conditions precedent.

(iv) Project cost & Financing arrangement

Project cost and arrangements made for financing the project are not generally included in the PPA. These are separate documents where cost of plant and machinery, construction cost, engineering cost, source of finance, terms or repayment of loan and equity participation are available. The terms and conditions for borrowing, whether rupee or dollar, and the debt-servicing thereof is decided by the IPP based on the agreement entered into between the lender and the IPP. The payment of such loans are made by the IPP through capacity payment recovered from the Company.

The following points may be examined:

- Reasonability of Project Cost arrived at.
- Cost estimates in respect of land, plant & machinery, development cost including Third party charges, spare parts and construction cost etc.
- Development expenditure, if any, already incurred by the Company on the project, whether reimbursed by the developer?
- Debt equity ratio including financing agreement in respect of loans, terms of repayment, proportion of dollar loan and rupee loan and debt-servicing in each category of loan and financial implications on the Company
- The equity participation and the extent of Company and the extent of Company share in the equity. Quantum of rupee and dollar equity.
- How plant and machinery will be procured? Whether through competitive bidding or otherwise. Whether Company will be involved in such exercise? Will COMPANY have any say in the technical parameters to be laid down for plant and machinery?

b) Construction stage

(i) Technical parameters, capacity, etc.

PPA specifies the type of power plant (whether combined cycle or open cycle), ambient temperature, atmospheric pressure and power output frequency at which the plant will operate in a particular locality. It specifies the plant installed capacity to be maintained in that ambient temperature, pressure and frequency. Depending on the locality, technical parameters vary. In the operating mode, it specifies installed base load capacity and installed peaking capacity. Some PPAs mention “Black Start” facility to achieve peak load. The fuel used during the first phase may be changed on completion of second phase. The whole plant might then be converted into a totally different fuel fired plant. For example, a plant in the first phase may be distillate fired but on completion of second phase converted into LNG or Naphtha fired.

The technical parameters will vary from PPA to PPA depending on the nameplate capacity of the plant as well as environmental conditions.

The following points may be examined:

- The feasibility of maintaining constant ambient temperature in Indian conditions and achieving installed capacity as per contract and in case of failure by the Company whether any penalty clause is provided in the PPA.
- The station heat rate at which the IPPs plant will function. If this is lower than the rate prescribed by Government of India notification it will give rise to hidden benefits which should be determined to find out the actual return to the generating Company. Whether there are any provisions enabling the Company to receive a part of the savings between the heat rate as determined at the time of the initial performance test and the heat rate estimated at the time of signature of the PPA.
- Base load capacity and peak load capacity envisaged in the power plant and how “peak capacity” will be achieved. Is there “black start” facility provided. If so, examine the financial implications.
- Cost involved in base load capacity and peak load capacity and financial implications thereof.

- Whether the technical parameter provides for alternative use of fuel for meeting base load demand and peak load demand.
- If use of alternate fuel is contemplated to meet base load demand and peak load demand, whether switching over from one type of fuel to another type would need change of burner or can be controlled by electronic devices.
- If there are two phases, type of fuel to be used in the first phase and whether on completion of second phase, the whole plant will be converted into different type of fuel fired plant. If so, the financial implications thereof.
- If the contract is terminated on completion of first phase, financial implication of use of fuel due to non-conversion of plant.

c) Commissioning, testing and entry into commercial service/operation

The PPA provides for a notice to be given by the IPP to the COMPANY prior to entry into commercial service/operation of power plant. Conditions are laid down for the commissioning of the plant, testing of base load and peak load, testing fees, commissioning charges, delivery of active energy and reactive power and liquidated damage in case of non-achievement of base load and peak load and modifications, repairs and improvement of plant by the IPP in the even of failures thereof.

Provisions in the section are, at times, imbalanced due to various relaxation given to IPPs.

The following points may be examined:

- The manner in which commissioning is proposed to be done.
- Conditions of testing.
- Whether Company has to pay Commissioning and Testing fees and also to pay for active power and reactive power generated and released to the Company system during testing? If so, whether there is any financial implication?

- In case of failure to achieve base load capacity and peak load capacity, the financial consequences and grace period given to the company.
- Whether such grace period is too long?
- Terms and conditions for post commercial service period.
- Whether requirements of connection to grid transmission are specified in sufficient detail?
- Whether any specific time frame is set for achieving the commercial service/operation?
- Whether penal provision for delayed entry into commercial service/operation or short fall in initial nameplate capacity are included in the PPA?
- Whether the PPA contain any provisions enabling the COMPANY to exercise monitoring rights when construction is in progress and whether the PPA stipulates submission of authenticated progress report to COMPANY both physical and financial?

d) Fuel, Fuel facilities and Fuel management

The PPAs specify the type of fuel, i.e. distillate, gas, naphtha or coal that will be used/fired to produce power, method of procurement and location or source of the fuel to be used. The fuel could either be imported or indigenous. In some PPAs, there is a provisions for the IPP itself to have its own fuel manager who will then be responsible for negotiating the cost of the fuel as well as locating its source. For this the Company will have to pay fuel management fee to the IPP. Cost of fuel is directly linked to escalation and any risk of exchange rate variation has to be borne by the Company. The PPAs also provide “take or pay” clause and LD Clause according to which in case the Company will be required to either pay liquidated damages or pay the cost of the fuel not utilized for purpose of generation.

Type of fuel to be used, their location and arrangements for procurement are crucial part of the Agreement. It needs thorough and intelligent scrutiny.

The following points may be examined:

- Fuel contract executed, if any.

- The kind of fuel proposed to be used in various phases (in case of more than one phase).
- If it is imported fuel, whether the option for indigenous fuel was explored before accepting imported fuel?
- Whether any agency is appointed as fuel manager? If so, whether it is affiliated to the IPP and whether Company will have to pay fuel management fee and justification for making such payment?
- To what extent the Company will have any say in fuel arrangement?
- The terms and conditions for import of fuel.
- Source of fuel and manner of fixing price.
- Implication of Take or pay'' fuel.
- Financial obligation in the event of fuel procured but not used.

e) Operation and Maintenance stage

(i) Tariff

- (a) Mode of Tariff: Government of India has prescribed a standard Tariff Model (or Fixed rate of return model or Two-part Tariff Model). However, some IPPs have adopted a Fixed Tariff Model, providing for two types of payment, viz. Capacity payment and energy payment, as opposed to the Government of India standard tariff model. The fixed Tariff model as adopted by the IPP's was designed in such a fashion as to give the impression that the net tariff to be paid by the Company will be either equal to or less than the tariff arrived at by adopting the Government of India's standard tariff model. The Company are required to make capacity payment and energy payment separately but both these payments are directly linked to price escalation in labour and material costs and foreign exchange rate variation in respect of loan and equity. The tariff, therefore, though appearing to be fixed, is not really fixed but is only an indicative tariff. Two part tariff model prescribed by the government of India and adopted by some IPPs envisages a 16 percent rate of ROE up to plant load factor (PLF) of 68.5

percent and an incentive of maximum 0.7% return for each percentage increase beyond 68.5 percent PLF.

- (b) Capacity payment and Energy payment: All PPAs provide for payment of capacity charge and energy charge by the Company with reference to created capacity of the plant or deemed generation of plant. It is thus a “take or pay” Agreement. In some PPAs, the created capacity is stipulated to be tested only once whereas, in other PPAs, such test is to be conducted periodically. But in all cases, the Company are required to pay on the basis of created capacity or on the deemed generation and not on the basis of the actual delivery of the power to the Company system.

Besides type of tariff adopted, mode of calculation is complex. Various cost elements are taken into consideration for tariff calculation.

The following points may be examined:

- Examine the Mode of tariff adopted in the PPA.
- Whether the company adopted standard Model or the Two-Part Tariff prescribed by Government of India or (International) Fixed Tariff Model?
- Whether any of the aforesaid mode of tariff has been adopted with any modification?
- Whether two-part tariff notified by the Government of India is modified to accommodate tariff adopted by the Company?
- Examine the implication of Two-Part tariff, rate at which incentive has been given.
- Assumption made in calculation of tariff.
- Rate of return on equity (ROE) contemplated and actual rate of return accruing after including incentive and corresponding Internal Rate of Return (IRR).
- Fixed costs, O&M costs and Variable costs contemplated in tariff and price escalation allowed therein.

- In case of Fixed Tariff Model adopted by the company, check up elements of cost and how the tariff is arrived at.
- What are the elements of cost in Capacity payment and in Energy payment?
- Formula (generally in the Schedule of the PPA) adopted to calculate the Capacity payment to find out elements of price escalation due in labour and material (with dollar component and rupee component), tax incremental charges and various elements that constitute the tariff.
- Is the tariff really fixed or flexible due to escalation clause? If not, to what extent it varies?
- To what extent ROE and IRR is justified?
- Whether the Company made any effort to negotiate for a lower level of incentive, than the 0.7 percent maximum limit prescribed by the GOI?

(ii) Billing Procedure and terms of payment

The billing is stipulated to be done through the bi-directional meter and installation charges are to be paid by the Company. In case of failure of the meter of Company end the reading of the meter at the IPP's end will be taken as final and not the other way round. In case of failure of the meter at both ends the matter will be referred to the Expert.

Payments are to be made by the Company on the basis of the bills presented by the IPP. Energy payment and capacity payments are two different things. The terms and conditions are required to be examined thoroughly.

The following points may be examined:

- Whether any cost data will be made available to the Company?
- In the event of failure of meter, how the charges will be decided?
- Within how many days payments will be made?
- Whether the payment terms stipulate rebate at 2.5/1 percent for payment of bills through LOC or otherwise within one month respectively as per the GOI norms?

- What is the penalty contemplated in the event of failure of payment and nature of securities/guarantees such as revolving LOC, Escrow account, State Government guarantee, GOI counter guarantee etc., obtained by IPPs to secure their payment?
- Whether there is any provision for inspection of meter? If so, check up the terms and conditions.

(iii) O & M and control of Expenditure

The PPAs stipulate various conditions as to operation, modification and maintenance of the power station generally and the nature of maintenance of the plant and machinery as well as parties engaged and the payment to such parties for carrying out operation and maintenance.

The IPP has naturally taken the responsibility of Operation and Maintenance. Charges are required to be recovered from the Company's could there be any say by the Company on selection of agencies engaged for this job?

The following points may be examined:

- Terms and conditions of operation and maintenance.
- Selection of agency to carry out maintenance of the plant and whether COMPANY has got any say in selection of such agency?
- In some O & M contracts, IPPs stipulate minimum guaranteed PLF, which is much higher (above 80 percent) than the normative level of 68.5 percent fixed by the GOI and the O & M contractor is liable to pay penalties to IPPs if the minimum guaranteed PLF is not achieved. On the other hand Company are liable to pay incentive to IPPs for achieving higher PLF above 68.5 percent itself. This needs examination for possible comment.
- Whether COMPANY has got any control on the expenditure incurred for operation and maintenance or in the nature and scope of maintenance?
- Whether the PPA provides for right of access to the power station to the COMPANY personnel?

(iv) Liquidated Damage Provision

There are several liquidated damage (LD) clauses in all these PPAs. The LD clauses are applicable to developmental stage, construction stage and post-commercial entry of the plant, fuel supply contract as well as intake of power created and generated by the Company. Both sides are contractually bound to pay LD equal to amount as specified in the PPA in the event of failures to fulfill contractual obligations and conditions.

LD clauses are provided in the agreement to ensure timely completion of the job in hand. There seems to be doubt in the capability of Company. Therefore, the terms and condition of LD clauses, at times, are heavily biased towards IPPs.

The following points may be examined:

- Quantum of damages fixed for both sides in the event of failure in respect of : (a) the conditions precedent the development stages, (b) Developmental, (c) Construction period, (d) testing and Commissioning of the plant, (e) Post entry into commercial service, (f) Fuel and fuel management, (g) Maintenance of Base load and Peak load, and (h) Payment of billed amounts.
- Equitability of the LD clause, i.e. whether it is unduly favourable to either of the parties particularly the Companies?

(v) Insurance

The PPAs provide for payment of insurance premium on the risk involved at the construction stage, commissioning stage and in the post commissioning stage. Such insurance are to include builders' all risk insurance, comprehensive third party insurance, worker's compensations and insurance against any loss or damage caused to plants and machinery in course of operation or in the event of (in some cases) political Force Majeure. As per PPA, the Insurance Company is selected by the IPP and the Insurance premium is negotiated by them though the same is recovered from the Company. But the claims settled by the insurance companies as a result of damage to the assets either at construction, commissioning or at post-commissioning stage is required to be paid to the IPP who may apply the proceeds of such claim as it deems fit.

This is another method of risk mitigation. IPPs do not like to take any chances. They are at times over cautious. The terms and conditions are not specific as to the use of insurance claims.

The following points may be examined:

- The process of selection of the insurance company; whether the COMPANY has got any say in selection of the insurance company?
- The basis on which the insurance premium is arrived at and whether it is kept flexible or fixed?
- In the event of damage to the insured plant and machinery, who will receive the claim and how it will be accounted for and used?
- Whether adequate safe-guard is provided to prevent double payment of premium by the Company?
- Whether the PPA contains clear provisions with regard to furnishing of all documents relating to insurance, claims, settlements, utilization of proceeds etc., by the developer to Company?

(vi) Tax Exemption

The PPAs provide several tax exemption clause and tax incremental charges.

They are provided to attract IPPs and to lessen the burden on tax payer for a certain period. One has to see the effect on tariff after the tax holiday period is over.

The following points may be examined:

- The extent of exemption given to the Company and the tax incremental charges to be adjusted by the company in calculation of tariff.
- Whether the exemptions given are permissible under existing law of Government of India and if those exemptions are taken into account for calculation of tariff?

(vii) Force Majeure

In the PPA, there are various Force Majeure clauses. Force Majeure means any event or circumstances of a combination of circumstances laid down in the Agreement which are beyond the reasonable control of the Affected Party and which the Affected Party could not have prevented by the Good Industry Practice or by the reasonable skill and care in relation to the construction of any facilities, and any consequences of which, have an effect on the performance by the either party in fulfilling its obligation or on the Company's inability to receive Active Energy into its system at the Delivery Point. In some Agreement the Force Majeure is categorized as Industry Force Majeure, Political force Majeure, and Fuel Force Majeure etc. The PPA provides for making Energy Payment by the SEB throughout the duration of any event or circumstances of Force Majeure and Capacity Payment up to certain specified period following the date of occurrence of such force Majeure equal to the amount calculated on deemed generation for a specified period prior to occurrence of Force Majeure.

The Force Majeure clauses are provided to cover political risks, natural risks and industrial/operational risks. Both the IPPs and lenders are worried and therefore tried to cover all possible risks with the result that the terms and conditions become, at times one sided.

- Examine the procedure and their applicability and to what extent they are equitable.

(viii) Termination & buyout provisions

PPAs contain provisions for termination of agreements with the conditions specified therein. Buy-out provisions are basically under Build Own and Operate (BOO) scheme.

The following points may be examined:

- Whether the termination clauses are on equal footing?
- Whether Company's interest is adequately safeguarded?
- Whether there is any clear cut provision for arriving at the cost of the plant & machinery at the end of the franchise period?
- To what extent the BOO provision will protect the interest of the Company in absence of such provisions?

(ix) **Dispute Resolution**

The PPAs provide for dispute resolution through a Panel consisting of one or two high level representative (s) failing which through arbitrators and Experts who are either Indian or foreigners and such disputes would be settled in a place either in India or abroad.

Disputes are bound to arise in such big contracts. Third party is a must for settling the disputes. However, to what extent it is justified to have a “third national” to settle such disputes needs to be examined.

- Method of dispute resolution is it through Panel of Experts or Arbitrators?
- If it is through panel, who nominates the panel and what control the Company will have and what would be the financial implication?
- If it is through Expert or Arbitrator, is there any pre-agreed party? If so, what is the place for arbitration? If it is outside India, what is the basis of selecting such place?
- Whether the arbitration will be governed by Indian Law or “Foreign Law”?

(x) **Development of Associated Transmission & Distribution System**

The present policy in the power sector mainly focuses on generation capacity addition by the private sector. No doubt, it is most important areas but it in itself alone will not achieve the objective of mitigating the power shortages. Without completion of accompanying transmission and distribution system network, the evacuation and distribution of generated power will be incomplete. Public sector alone may not be able to mobilize adequate funds for laying the additional transmission and distribution system network. Involvement of private sector in this area would also be necessary not only from the point of view of bringing in additional funds but, also from the point of efficient management. The power policy must focus on these areas.

With a capacity addition target of about 40226 MW in the IX Plan, the corresponding investment in the Transmission Sector would be of the order of Rs. 55.000 crore. Although the government has envisaged to find this from Public Sector, the past experience shows that

it is extremely difficult to organize such a huge capital from internal resources without involving private investment.

While auditing the PPAs for capacity addition it should also be examined that the associated Transmission & Distribution System has also been developed to evacuate the additional power. If the Government/Board is not able to provide ample funds what steps they have taken to mobilize funds for private participation in Transmission and Distribution.

(xi) Transmission & Distribution Losses

The T&D losses in India are quite substantial as compared to many other countries. In 1980-81 such losses accounted for nearly 20.6% of the total electricity available. These further increased to 21.8% in 1985-86 and 23.3% in 1989-90. The T&D losses have since started declining and were 22.9% in 1990-91 and 21.8% in 1992-93. In 1997-98 the losses were to the tune of 20.6% it may be noted that the losses indicated are as per the general review conducted by CEA and it is different from losses reported by Company for the Planning Commission discussion. Again as pointed out in our various Audit Reports even the figures reported by various Company are not free from the deficiencies and if the audit observations are given due weightage they may further increase substantially. The significant part of these T&D losses is on account of pilferage. Inadequate T&D system is one of the reasons for poor quality of supply of electricity (voltage fluctuations and break down).

Improvement in reduction of T&D losses would help in reducing the requirement for setting up new power generation capacity. It may be seen that what step the Board has taken to contain T&D losses and efficacy of measures taken which justify the further capacity addition.

(xii) Other points to be checked

The following points may be examined:

- Whether the project offered by the IPPs is technically sound and based on proven technology?
- Environmental clearance, techno-economic clearance and financial clearance.

- Whether the debt equity ratio as per norms fixed by Government of India has been maintained or not?
- Investment plan and borrowing details to assess the interest burden on the project.
- Various concessions given in acquisition of land, non-levy of certain taxes concessional water supply, electricity supply and customs duty etc.
- In many cases Company have appointed foreign merchant bankers as financial advisors to help them in finalizing the PPAs by obtaining World Bank loans towards payment of fees. The mode of selection, the terms and conditions and the fees payable to such merchant bankers and the financial benefit derived by the Company by way of reduction in project cost and tariff should also be scrutinized and may be commented upon if necessary.
- Whether the Company developed necessary infrastructure, expertise, internal control systems, etc., to deal with all matters relating to PPAs viz., negotiations on PPA clauses, follow up on the recommendations/suggestions of the consultants, scrutiny of tariff bills submitted by the IPPs, etc.

These guide lines are not exhaustive and are indicative of broad aspects to be examined in the Audit of PPAs. As each PPA may contain specific/peculiar conditions therefore, suitable comments, if any, may be made duly examining whether the provisions/conditions are in the interest of Company.

CHAPTER VI

AUDIT OF WORKSHOPS

94. **Audit of Workshops**

The Company has its own workshop organization with headquarters at Dhulkote with the main object to manufacture fittings and repair various components departmentally. The organization consists of twelve workshops, ten for repair of distribution transformers and two for repairs of power transformers in different towns of Haryana. Steel structure fabrication workshop at Panipat fabricates line towers and structure for construction and maintenance lines. In addition the general workshops, coil winding workshops and switchgear workshops manufacture accessories, fabricate coils and repair damaged switchgears respectively. The Chief Engineer (Workshops) is the Chief Executive of the workshop organization and is assisted by a Superintending Engineer and six Executive Engineers. In addition to the checks mentioned in the proceeding paragraphs for audit of expenditure, the following points and checks should be specially applied for the audit of workshop.

(i) **Costing System**

Whether there is an efficient costing system for ascertaining the cost of manufacturing of various parts, components, assemblies and final product. How far the cost of the manufactured articles compares with the market price of these articles? Wide variations in the cost should be investigated and brought to light.

(ii) **Utilisation of man power**

Whether any targets has been fixed. How are these were fulfilled and the variation, if any, could be avoided.

(iii) **Comparison with standard Cost**

Whether there is any system of estimating the price in advance. How far the cost of the product compares favourably with the predetermined price?

The excessive incidence in any of the elements of cost should be analysed and investigated.

(iv) **Payment of Taxes**

Payment of taxes and duties such as central excise etc should be specially looked into.

(v) Adjustment of variances

Any variances from the budgeted/standard should be properly scrutinized and adjusted to proper head of account. Since these workshops cater to the departmental use, any profit/loss has to be properly adjusted. The main idea is that the workshops have to run on no profit no loss basis.

- (vi) Record relating to wastages/rejections and expenditure incurred on re-work be properly scrutinized;
- (vii) System of ascertaining idle machine/labour time be examined and detailed analysis of the reasons there of be made;
- (viii) Any loss, theft and damages be specifically highlighted;
- (ix) The actual quantitative consumption of various items viz core laminations, press board, aluminium/copper wire or strips used in coils, oil etc used in the manufacture of transformers should be compared with the norms laid down in the bill of Material prescribed by the designers (M/s BHEL) and excess consumption pointed out.
- (x) It should be seen that set off in Central Excise Duty Admissible, if any, is duly availed of.
- (xi) Items of general use in the field are also manufactured in the General Workshops at Dhulkote/Delhi. Apart from looking into the aspects of men and machine utilization and maintenance of proper records, it should be seen that out put commensurate with inputs and that the wastages/scrap are within permissible limits. Consumption of various items viz iron/copper scrap, M.S flat, angles, channels, pipes, coal etc, should be reviewed and variations pointed out.
- (xii) In case of repair activities of the workshop specific points to be seen are: Whether any norm/targets for repair were fixed and how far the workshop lagged behind in achieving these norms, and whether the shortfall could be avoided? Accumulation of arrears in repairs activities and value thereof be seen. How far these accumulation were due to negligence/carelessness of the staff? Any incentive, bonus schemes paid for either increasing production/repair activity be properly scrutinized and its impact on the cost of manufacture/repair be brought to light.

CHAPTER VII

RURAL ELECTRIFICATION SCHEMES

95. Rural Electrification Scheme

The Rural Electrification Scheme executed by the Board from 1969-70 (first scheme sanctioned 28 March 1970) onwards are financed mainly by loan assistance from the Rural Electrification Corporation (REC). The REC provides 100 per cent of the estimated cost in respect of first scheme and up to 60 per cent in respect of the subsequent schemes in district (80 per cent in the case of special system improvement schemes). The balances being met from the Company's own funds; SL-ST Transformers; SL-Meters and Special Projects-Agriculture schemes are also eligible for financial assistance either by REC alone or/and by the participating commercial banks in the Ratio of 1:2.

The funds provided by REC bear interest on a sliding scale ranging from 13 to 13.5 per cent and are released in 2-4 installments, the release of the second and subsequent installments being related to actual progress towards the implementation of the schemes. The Loans (guaranteed by the state government) are repayable in installments over a period of 2-10 years.

96. Audit Checks

While auditing the Rural Electrification Division/scheme, it should be seen that:

- a. Separate estimates are prepared for works relating to schemes covered under "Ordinary advanced areas" and "ordinary backward areas" and the expenditure is also booked accordingly.
- b. The records are maintained in systematic and methodical manner and depict physical/financial progress.
- c. The reports are prepared on the basis of initial records maintained in the sub-division/Divisions offices.
- d. The completion reports of each scheme is prepared and checked by the concerning authorities.

- e. The expenditure incurred on each scheme is within limit as sanctioned by the REC.
- f. The adjustment of cost is made at the earliest.
- g. The works are taken in hand timely and handed over to operation organization of the Company after completion without undue delay.
- h. The loss incurred on the schemes sanctioned under normal development schemes either out of Company's own funds or from loan sanctioned by State Government is reimbursed to the Company by Government.
- i. All the adjustments of store are carried out before preparation of completion reports of the concerned scheme and unused material transferred to other work (after necessary credits / debits to the concerned work); and
- j. The result of implementation are reviewed and suitably commented upon in the Inspection Report.

CHAPTER-VIII

SELF EXECUTION SCHEME

97. Self Execution Scheme:

Haryana Electricity Regulatory Commission's Regulation No. HERC/12/05 dated 26.07.2005 provides detailed method on "Duty Supply Electricity on Request" for distribution Licensee, under which the consumer may opt either for self execution of work or for carrying out the work through the licensee on paying of expenditure where the supply of electricity requires extension of distribution system. The consumer may opt any of the alternatives.

98. Audit checks

During Audit it should be seen that:

- (i) Written permission is given to the consumer with copy of duly sanctioned estimate
- (ii) Rate of material used is as per estimates provided.
- (iii) Material arranged by consumer is as per specifications of Company.
- (iv) Procedure regarding stepwise checking of material by different authorities is complied with.
- (v) Inspection Charges @ 1.5% of the estimated cost of work is recovered from the consumer.
- (vi) Connections are released in chronological order on the basis of date and time of option received.
- (vii) Proper documentation and records are maintained for connections issued.
- (viii) Guidelines issued by HERC/12/2005 dated 26.07.2005 read with Sales Circular no. U-27/2008 and U-19/2010 of UHBVNL and Sales Instruction no. D-10,11,13/2008 and D-26/2010 of DHBVNL are complied with.

CHAPTER-IX

ANNUAL ACCOUNTS

99. **General**

- i) The Accounts of the Haryana Power Sector Companies viz HVPNL, HPGCL, UHBVNL AND DHBVNL are audited by the Statutory Auditors who are appointed or re-appointed by the Comptroller and Auditor General of India as per provisions of section 619(2) of the Companies Act 1956.
- ii) The Comptroller & Auditor General of India shall have power to direct the manner in which the Company's account shall be audited by the Auditor/Auditors appointed in pursuance of Article 54 of Memorandum & Articles of Association of the Company and to give such Auditor/Auditors instructions in regard to any matter relating to the performance of his/their functions as such.
- iii) These accounts are also subject to supplementary audit conducted by C&AG of India as per provisions of section 619(4) of the Companies Act 1956.
- iv) Any such comments upon or supplement to the Audit Report are required to be placed before the Annual General Meeting of the Company at the same time and in the same manner as the Audit report.
- v) Once at least in every financial year the accounts of the company shall be examined and correctness of the Profit and Loss accounts and Balance Sheet ascertained by one or more auditors.
- vi) As per Section 215 of the Companies Act 1956 every balance sheet and profit and loss account of a company shall be signed on behalf of the Board of directors by not less than two directors of the company one of whom shall be a managing director. The balance sheet and the profit and loss account shall be approved by the Board of directors before they are signed on behalf of the Board in accordance with the provisions of this section.

100. **Application of Accounting Standards**

Accounting Standards for Auditing issued by ICAI shall be followed by the company while preparing the annual accounts and the compliance of the same shall be ensured in audit.

Deviation from the standards shall be commented. A checklist in respect of accounting standards applicable for audit of financial statements are given in the **Appendix (L)**.

101. **Application of Auditing & Assurance Standard 28**

During audit of annual accounts it should be ensured that the auditor's report complies with the Auditing and Assurance Standards-28. A brief checklist of AAS-28 is given in **Appendix-M**.

102. **Application of ISSAI's standards**

In addition to accounting standards issued by ICAI the International Standards of Auditing issued by ISSAI shall also kept in view at the time of auditing of annual accounts of the company. The brief of ISSAI's standards effective for audit of financial statements for period beginning on or after December 15, 2009 is given in the **Appendix L(i)**.

The audit report on the annual accounts (along with all annexure) shall be prepared and submitted within the scheduled time. The formats of reports and other relevant certificates are given in Appendix (O).

CHAPTER - X

MISCELLANEOUS AND GENERAL

103. **Bank Accounts**

The Company has made its own arrangements for conducting its cash transactions through the Banks, which have been approved in consultation with the State Government. The following banks have been appointed as UHBVNL and DHBVNL bankers:

- i) State Bank of India, Panchkula
- ii) State Bank of Patiala, Panchkula
- iii) Central Bank of India, Chandigarh
- iv) Punjab National bank, Panchkula
- v) Canara Bank Panchkula
- vi) Oriental Bank of Commerce, Chandigarh
- vii) Bank of Punjab
- viii) Punjab & Sind Bank, Chandigarh
- ix) Syndicate Bank, Panchkula
- x) United Commercial Bank

The Branch office keeping the Account of the Company sends daily statement of all transactions in it to the Financial Advisor (HQRs) of the company separately for collection account and drawing account. While depositing any money with a Branch of the Bank, specially printed “Pay-in Slips” which will be supplied by the Bank free of cost will be used. These slips will be quadruplicate. Two foils of the pay-in-slip will be returned by the Bank to the depositing officer. One will be retained by the Branch concerned and the other will be sent by it to the Branch maintaining the Company’s Accounts for being passed on to the Financial Advisor (HQRs) with the daily statement of collections. Similarly the paid cheques will be returned by the Bank of the Financial Advisor (HQRs) at the end of every month with

a duplicate statement of Drawing Account, one of which will be returned after verifying receipt of cheques and correctness of the balance.

104. Audit checks on bank accounts

The following audit checks should be applied while conducting the audit of Bank Account:

- i) The drawing limit fixed on each branch has not been exceeded by the drawing officer.
- ii) The statement of Drawing Account be scrutinized to see that it tallies with the statement of paid cheques returned by the bank. In case of variations, the reasons thereof be scrutinized to ensure that proper steps have been taken to reconcile the statement.
- iii) That the statement of “Remittances into Bank” (Form-BA-2) are prepared by each depositing officer in the manner as prescribed in Instruction No. 217(a, b, c) of the “Instructions for the maintenance of Bank Accounts” and forwarded to Financial Advisor (HQRs) through Divisional Officer who will record thereon the following certificate:- “Certified that above amounts aggregating; to Rs.----- as per details, are correct as per amounts of remittances into the Banks shown in the Cash Book”. The statement so received should be tallied with the statement received from the Banks and difference, if any, be scrutinized to see that no embezzlement/misappropriation is involved.
- iv) That the statement of remittances into Banks (Form BA-2) is checked with the supporting pay-in-slips and authenticated by the appropriate official. These should be reviewed to see that these do not indicate any variations.
- v) That the remittances made by the depositing officer are verified with the advices received from Banks. It should also be ensured that deposits made by the field offices are immediately credited to the Company’s account and got adjusted against the cash credit/overdraft outstanding, if any.
- vi) That the outstanding items arising out of reconciliation are properly investigated and if necessary, cleared by personal efforts. Old outstanding items should be minutely scrutinized and final position got recorded and commented on in report.
- vii) That the Bank Ledger (BA-4) is posted correctly from cash Collection Abstract Register.
- viii) That entries for interest on short term deposit/ fixed deposit, transfers, from short term deposits/ fixed deposits and Drawings Account to Collection Account, cheques drawn against

collection account and transfers from collection account to short term deposits/ fixed deposits and Drawing Account, as made in banker's Ledger for Collection Account from Bank (Collection) Account statement should be verified from corresponding entries in the fixed/ short term deposit register and Banker's ledger for Drawing Account made therein independently.

- ix) That the net figure of deposit is reconciled with the monthly schedule of debits to Bankers as received with Divisional Accounts.
- x) That the drawings from this drawing account are limited to the immediate requirements so as to avoid unnecessary incidence of interest.
- xi) That the register of monthly drawing limits is maintained properly i.e. showing limit originally fixed, subsequently increased, total cheques drawn against each where the, unutilized balance against the limits recorded in r/o each drawing officer is heavy with the same drawing officer and on the other hand interest on overdraft is paid where the limit has been exceeded, the case should be linked up properly and financial implications with reference to interest on overdraft be worked out and highlighted in the report.
- xii) That the statement of cheques drawn and encashed (Form-BA-7) and the figure of grand total should be reconciled with the monthly schedule of credits to banks as received with Divisional Accountants.

105. Reconciliation between Company's Book and Bank Account Statement

It should be seen that:

- i) Bank Reconciliation Statements (for each bank) for collection account (Form BA-9) are prepared by Financial Advisor (HQRs) each month as per Banker's ledger and collection account statements received from Banks. These statements should be reviewed to see that variations, if any, properly investigated and brought to the higher authorities.
- ii) The deposits not acknowledged by the Banks are scrutinized and where dates of deposited cheques/Bank Drafts expired, the matter is brought to the notice of higher authorities for immediate action.

- iii) Bank Reconciliation Statements (for each bank) for Drawing account (Form BA-10) are prepared by Financial Advisor (HQRs) each month as per Banker's ledger and Drawing account statements received from Banks.
- iv) The position of unpaid cheques is reviewed and actual position got expedited from concerned Bank.

106. Cash Balance

The position of cash balances lying with the Banks in Company's current accounts should be reviewed from time to time by the officer appointed for the purpose and proposals for transfer of surplus balances to short term deposit/fixed deposits with the Bank are made. This should be seen in the audit that such recommendations are implemented forthwith.

107. System Audit

In order to improve the quality of local audit, sufficient emphasis is to be laid on a system approach. With this end in view, field parties should examine during local inspection of various units whether rules and regulations would require any change with reference to the existing situation and if so, to make concrete suggestions therefor. The audit parties should also examine whether the current rules and regulations are actually being followed. Where any large scale defaults in observance of the rules noticed or in case where the parties come across cases of obsolescence in any of the rules and regulations, the parties should report upon such cases in adequate detail. Headquarter office may prepare a consolidated report on the deficiency/default noticed and send it to the Company. If these are of significant interest, processing comment in the Audit Report after taking into account the remarks of the Company/ Government can also be considered.

Where new schemes are operated and new organizations set up, it will be particularly necessary for audit to enquire the question of prescribing proper rules and regulations in financial and procedural matters, elicit information regarding control mechanism built in these rules and check through local audit parties the actual observance of the prescribed rules and regulations by the subordinate formation of the Company. Where fresh rules and regulations have been prescribed by the Company for any new scheme, it should be seen whether these cover all the areas which will not get covered by existing rules/regulations.

108. Results of inspection and local audit

The main purpose of the inspection of sub-divisions, divisions and other units of the Company is to help the executive as far as possible in accurate and efficient maintenance of accounts and to help plug loop holes where the system of internal check/ internal control has become loose.

109. **Compliance of Inspection report**

Part-I-A (i) Introductory

Besides brief narration/description of the nature and general working of the office inspected, this part should make a mention of records not put up for examination along with the reasons for non-production and special steps taken by the Inspection Officer to ensure their production indicating particularly whether the matter was brought to the notice of the head of the office and if so, what results. The Inspecting Officer should also indicate whether in his opinion there are any records or matters which should be obtained for audit scrutiny.

Part-I-A (ii) Review of old objections

- i) Special attention should be paid to the settlement of maximum number of outstanding paras from previous reports after obtaining their replies and carrying out local verification with this end in view. Inspection staff should establish close rapport with the concern head of office and his staff so that old and routine objections are cleared from the Inspection Report.
- ii) It should be seen that paras which have been taken up in advance are not settled by the audit party. However, latest position alongwith recommendation of the Inspection Officer be recorded separately for being examined at Headquarter in the advance para file; and
- iii) As abstract of outstanding paras to the date of audit is given

Part-II-A Serious Irregularities

Major irregularities which are likely to materialize into draft paras for the audit report should find a place in this section. These cases should be drafted with due care and diligence, keeping a keen eye on the point sought to be established. It is desirable that copies of all important references, which have a bearing on the para, are to be attached with para.

Part-II-B Other Irregularities

Irregularities, which though not major so as to merit notice of higher authorities, but are otherwise important to be mentioned and complied with by the head of the office inspected should find place in this section.

Part-III Test Audit Note

It contains minor irregularities in which a schedule of items settled on spot or which would be settled on verification of the action taken. The procedural irregularities in respect of which the head of office has held out assurance about following correct procedure in future should be noted in this schedule.

Instructions regarding writing and compiling the Inspection Reports

The inspection report should be written by the Inspecting Officer himself who should not leave this work to his subordinates. He should ensure the accuracy of the facts stated, the cogency of arguments and moderation and preciseness of the language used.

Tone and Language of Inspection Report

Criticism is in itself unpleasant Audit should not be made worse by any discourtesy in language. It is possible for an Inspection Officer to take strong position in cases where action taken by officer in charge of the office inspected is contrary to definite rules and orders. But he should be very careful about the tone and language of the report particularly in cases where discretion vests in the Executive but has not, in the opinion of the Inspecting Officer, been exercised with the due regard to the financial interests of the Company. In such cases he should better confine himself to a statement of probability and ask for elucidation and should in no case comment upon the judgment exercised by the concerned officer. Whatever loss, the Inspecting Officer thinks, has occurred should be stated in a form so as to show that the matter requires elucidation and explanation and not in the shape of a final verdict by Audit.

A long report defeats its object merely by its lengths. The Inspection Report must, therefore, be precise and to the point. It should be sufficient to mention the rule/rules and to state how it/these has/have been infringed. The use of strong adverbs and adjectives like ‘serious irregularities’, ‘highly irregular’, ‘special notice’ etc., should be avoided as they serve no useful purpose, but merely irritate the officer incharge to the Office. Any comments, which

may be necessary, will be made by the Head Office after receiving the replies from departmental offices. It is only then that comments can be made effectively.

After the inspection is finished the report should be discussed with the incharge of the office inspected. If the Inspecting Officer, as a result of discussion, deems it necessary to make any modification, he may do so and show the modified report to the Officer. In case of any difference of opinion between the Inspecting Officer and the Officer inspected regarding any portion of the report, the Inspecting Officer and the officer are allowed to record their views in the margin of the report or on a separate sheet which may be appended to the report.

As per instructions of the Company, officer incharge of the office should discuss the inspection report in detail with the Inspecting Officer and properly verify the facts as mentioned in the Audit Objections noticed during the local inspection and record endorsement "Discussed and facts verified" on the Draft Inspection Reports.

Test Audit Notes

All minor points which can be settled finally by the officer should find a place in the Test Audit Note. It should be neatly written in duplicate and must not be more scribing. The Assistant Audit Officer should critically examine the portion contributed by his assistants and verify facts stated by him. The Inspecting Officer should carefully go through the whole of the Test Audit Note and satisfy himself that the objections taken are *prima facie* valid. The Test Audit Note (in duplicate) after signature by the Assistant Audit Officer should be forwarded to the main office along with the Inspection Report. The Test Audit Note should be issued by the Audit Officer (Audit) (HQRs) to the concerned office for necessary replies after incorporating also such paras as were included by the Inspecting Officer in Part-II-B of the inspection Report but are decided to be transferred to Part-III Test Audit Note by the headquarter.

Issues of Inspection Report at Headquarters

The inspection report should be issued within three weeks i.e. 21 days of completion of the inspection at the latest. The following maximum periods are fixed for the several stages involved in the examination and typing of these reports.

Sr. No.	Subject	No. of Days
1.	Submission of report by the Inspection Officer and its receipt by the dealing auditor	3
2.	Examination of report in the section and its submission to the Dy. Accountant General for approval	6
3.	Time for getting the copies of the report typed	6
4.	Issue of the typed copies	6
	Total Days	21

In order to guard against the avoidable delays in issues of the inspection reports, a register should be maintained which should be put up to the Senior Audit Officer (HQ) monthly along with the Arrear report for further action.

The Assistant Audit Officer should ensure that all the draft paras attempted by the Inspecting Officer and approved by the Dy. Accountant General (Commercial) are passed on to CA-III section immediately for further action.

CHAPTER XI

110. WORKING OF ECONOMIC SECTOR, (HARYANA POWER SECTOR COMPANIES)

The Economic Sector for the audit of Haryana Power Sector Companies, comprise two sections CA-III & IV sections in the office of the Principal Accountant General (Audit) Haryana, Chandigarh. The CA-VI sections is dealing with preparation and implementation of audit plan and processing of inspection reports of power sectors companies. The CA-III section is dealing with processing of draft paras and audit of annual accounts of the power sector companies. The working of each section is described briefly hereunder:

a) CA-III section (Draft Para Cell)

- i) Detailed scrutiny of material received from parties and audit section of the purpose of processing of draft paras for inclusion in State Report.
- ii) Detailed examination of draft financial reviews compiled by the inspection staff;
- iii) Compilation of draft commercial chapter relating to Haryana power Sector Companies for inclusion in the Conventional Audit Reports.
- iv) Taking up of paras relating to important financial irregularities in advances with the concerned authority of the power sector companies for the purpose of processing draft paras ultimately.
- v) Processing of draft paras for inclusion in the state audit report
- vi) Preparation of replies to the Comptroller and Auditor General of India's comments on draft paras and financial reviews.
- vii) Examination and issue of Draft Separate Report on Haryana Electricity Regulatory Commission and issue of final SAR to Govt./HERC
- viii) Critical examination of Annual Accounts and draft Audit Comments thereon and certification of annual accounts of Power sector Companies
- ix) Issue of final comments under section 619(4) of the Companies Act, 1956
- x) Finalization of replies to Headquarters Office observation on DPs/Reviews

(b) CA-IV Section (Audit and Miscellaneous Works Section)

- i) Scrutiny, issue and pursuance of Inspection reports of various auditee units.
- ii) Critical examination of agenda notes and minutes of meetings of Board of Directors of Power sector Companies and Thermal standing Committee.
- iii) Grant of leave to staff and officers, posting and transfer
- iv) Assessment of total workload to be undertaken in the next financial year viz-a-viz availability of staff in audit parties, submission of proposals for additional staff if necessary.
- v) Preparation of quarterly tour programme of the field parties and inspecting officers.
- vi) Scrutiny of weekly diaries of the audit parties and verification of TA bills with reference to such diaries, tour programme, casual/ regular leave account.
- vii) Pursuance of outstanding Audit and Inspection Reports and paras with the Management and State Government.
- viii) Holding of Audit Committee Meetings for settlement of old IRs and paras.

Appendix-B

(Referred to in paragraph 2)

1. The Punjab State Electricity Board Rules, 1959
2. The Punjab State Electricity Board (Chairman's Powers) Rules, 1959
3. The Haryana Government Electrical Undertaking (Dues Recovery) Act, 1970
4. The Haryana Government Electrical Undertaking (Dues Recovery) Act, 1972
5. The Punjab State Electricity Board (Administration of Funds and Property) Regulations, 1960
6. The Punjab State Electricity Board (Conduct of meetings) Regulations, 1959
7. The Punjab State Electricity Board (Provident Fund) Regulations, 1960
8. The Punjab State Electricity Board Service of Engineers (Electrical) Regulations, 1965
9. The Haryana State Electricity Board (Legal Services) Regulations, 1991
10. The Punjab State Electricity Board Service of Engineers (Civil) Regulations, 1965
11. The Punjab State Electricity Board Employees Conduct Regulations, 1965
12. The Haryana State Electricity Board (Punishment and appeal) Regulations, 1990
13. The Haryana State Electricity Board Departmental Accounts Examination Regulations, 1998.
14. Regulation for making Advance to the Licensees by the Board under Section 23 of the Act and the manner of payment of such Advance.
15. Regulation for making Contributions by the Board to the Associations and societies under Section 24 of the Act.
16. The Haryana State Electricity Board Purchase Regulations 1974.
17. The Haryana State Electricity Board Schedule of Tariff for supply of energy.
18. Principles governing the terms and conditions and procedure in regard to supply of electricity to consumers other than Licensees.
19. The Punjab state Electricity Board Regulations of Business, 1960.
20. The Haryana State Electricity Board Allotment of Residential Accommodations regulation, 1980
21. The Punjab State Electricity Board (Sale of Electricity to the Licensees) Regulations, 1961.

- 22 Recruitment and promotion policies of various staff and wings.
- 23 The Haryana State Electricity Board Department Account Examination for Engineer Officers/Engineering Subordinate Regulations, 1998.
- 24 The Haryana State Electricity Board Ministerial Service (Head Office) Regulations, 1991.
- 25 The Haryana State Electricity Board Employees of Public relation Wing Regulations, 1991.
- 26 The Haryana State Electricity Board Delegation of Powers.
- 27 The Haryana State Electricity Board Employees Medical Services Regulations, 1991.
- 28 The Haryana State Electricity Board (Workshop organizations) Regulations, 1992.
- 29 The Electricity Act, 2003
- 30 HERC Regulations 20/2008
- 31. Tariff Order for year 2012-13
- 32. Haryana Electricity Reforms Act, 1997

APPENDIX –C(i)

(Referred to in paragraph 3)

List of units to be Audited UHBVNL

Sr. No.	Field Units	Periodicity of Audit
1.	Superintendent Engineer, System Operation and Commercial, Panchkula	A
2.	Superintendent Engineer, ‘OP’ Circle, Jind	A
3.	Superintendent Engineer, ‘OP’ Circle, Sonapat	A
4.	Superintendent Engineer, ‘OP’ Circle, Karnal	A
5.	Superintendent Engineer, ‘OP’ Circle, Rohtak	A
6.	Superintendent Engineer, ‘OP’ Circle, YamunaNagar	A
7.	Superintendent Engineer, ‘OP’ Circle, Panipat	A
8.	Superintendent Engineer, ‘OP’ Circle, Ambala	A
9.	CE, MM, Panchkula	A
10.	Haryana Power Purchase Centre, Panchkula	A
11.	Superintendent Engineer, ‘OP’ Circle, Kaithal	B
12.	Superintendent Engineer, ‘OP’ Circle, Kurukshetra	B
13.	CE, Planning, Design & Construction, Panchkula	B
14.	FA/HQ, Panchkula	B
15.	CAO, Panchkula	B
16.	Superintendent Engineer, ‘OP’ Circle, Jhajjar	C
17.	Superintendent Engineer, Store and Workshop, Dhulkote	C
18.	Superintendent Engineer, M&P Circle Delhi	C
19.	Superintendent Engineer, (Admn.), Panchkula	C
20.	CE, ‘OP’ Zone, Rohtak	C
21.	CE, ‘OP’ Zone, Panchkula	C

APPENDIX –C (ii)

(Referred to in paragraph 3)

List of units to be Audited DHBVNL

Sr. No.	Field Units	Periodicity of Audit
1.	CE, MM, Hisar	A
2.	Superintendent Engineer, 'OP' Circle, Gurgaon	A
3.	Superintendent Engineer, 'OP' Circle, Faridabad	A
4.	Superintendent Engineer, 'OP' Circle, Hisar	A
5.	Superintendent Engineer, 'OP' Circle, Narnaul	A
6.	CE, P&D, Hisar	A
7.	Superintendent Engineer, 'OP' Circle, Sirsa	B
8.	Superintendent Engineer, 'OP' Circle, Bhiwani	B
9.	CGM Comml. And RA Hisar including DGM monitoring & GM/System OP, Hisar	B
10.	FA/HQ, Hisar	B
11.	CAO, Hisar	B
12.	Superintendent Engineer, Construction of Store, Hisar	C
13.	GM. HR & Admn. Hisar	C
14.	Superintendent Engineer, M&P Circle, Gurgaon	C
15.	Superintendent Engineer, M&P Circle, Faridabad	C
16.	CE, 'OP' Zone, Delhi	C
17.	CE, 'OP' Zone, Hisar	C
18.	GM, IT, Hisar	C

APPENDEX ‘C’ (iii)

List of Accounts Records, Register and Ledger maintained in Sub Divisional Offices.

1. Register of application and Agreement from consumers.
2. Register of Service connections
3. Register of cheques received from customers and deposited.
4. Detailed estimates and sanction thereof by competent Authority.
5. Register of work orders
6. Register of capital constructions
7. Register of service connected and disconnected
8. Register of post office cash certificate/ National Saving Certificates
9. Register of Meters
10. Meter Reader's Books (Calmjoo)
11. Fuse replacement order books
12. Register of Blank agreement forms
13. Cash Book (Revenue and Main)
14. Daily Collection Register
15. Receipt Books and Stock Account of receipt books
16. Consumer's Ledger
17. Bill of current consumption charges
18. Temporary Installations
19. Meter change order books
20. T.D.C.O. Books
21. R.C.O. Books
22. P.D.C.O. Books
23. Report CT and CT-PT connected meters checked by M&P
24. Sundry Job Order Books
25. Register of Revenue Stamps
26. Sundry charges and Allowance register

27. M.C.G. Register
28. Connected Load Register
29. Meter check register of JE,SDO/Inspector
30. Energy variation register
31. Register of securities of consumers
32. Register of service case/files
33. Idle service connection/ line register
34. Meter sealing records
35. Load variation register of S.D.O.
36. Monthly returns
37. Any other record not specified herein.

APPENDIX 'C' (iv)

List of Accounts Records, Register and Ledger maintained in Divisional Office.

1. Cash Book (Main).
2. Register of works (Form-27).
3. Purchase order register and files.
4. S.M.B and E.M.B register.
5. All S.M.B and E.M.B (for census)
6. Register of capital assets of (a) Plant and Machinery (b) Land and Misc. Property
7. Register of sanctioned estimate and estimate file.
8. Register of Divisional Accountant Audit Objections.
9. File of inspection by CA & SE of Divisional Offices and by XEN of Sub Divnl. Offices.
10. Pension payment.
11. Pending M.A.S Accounts file.
12. Work order books.
13. Log Book & Maintenance register of vehicles.
14. Register of Muster Rolls.
15. Register of Accident cases.
16. Register of theft cases.
17. Register of receipt books.
18. Imprest registers.
19. Register of Local purchases.
20. Service Books with personal files.
21. Register of sanction to establishment.
22. Pay bills ledgers.
23. Rent register of staff quarters.
24. Register of visitors to Rest House.
25. Register of property taxes.
26. Register of tools and plant.
27. Register of stationary stock.
28. Register of Machinery and equipment.
29. Suspense schedules.

30. Electricity duty return.
31. Register of securities (staff)
32. Telephone and trunk call register.
33. Register of codes and other books of references.
34. Form IV and connected records of all AFM, JEs.
35. Records of sub-station viz. PTW book, Tripping charge, log sheet, dehydration set record.
36. Livery register.
37. Monthly trail balance.
38. Journal.
39. Subsidiary ledgers/personal ledgers.
40. Register of liabilities.
41. Register of claims lodged with various agencies.

APPENDIX 'C' (v)

List of various records, maintained by M&P Divisions

1. Form-4 (Register of receipt and issues) or register of spares with connected records i.e. SRs, STWs, SRWs etc.
2. Monthly Accounts (Trail balance)
3. Estimate Sanction Register
4. Stationary register
5. Livery Register
6. T&P register
7. Index Register of files
8. Log Book with maintenance register
9. Cash Book
10. Register of CT/CT-PT check
11. Register of repair charges of meters and equipments
12. Service Book with personal files
13. Dispatch Register with stamp register
14. Register of meters surveyed off.
15. Progress register of meter repaired by the laboratory
16. Form-27(Works Register)
17. Machinery and Equipment Register
18. Imprest Register
19. Local Purchase Register
20. Purchase order register and file
21. Register of buildings and equipments on hire
22. Register of sanction of staff
23. Register of security (Deposited by employees)
24. Register of Books and Codes
25. Fault Register
26. Journal
27. Subsidiary Ledger/ Personal Ledgers
28. Register of Liabilities

29. Register of claims lodged with various agencies.

APPENDIX 'C' (vi)

List of Accounts Records, Register and Ledger maintained in Circle Offices.

1. Purchase Order register and file.
2. Register of contracts finalized.
3. Tender/quotations register.
4. Register of estimates.
5. Suspense registers.
6. Bill registers (Supplies).
7. Cash Book.
8. Service Books and Leave accounts.
9. Log Books and Maintenance register of vehicles.
10. Budget register.
11. Stock ledger.
12. Register of Tender documents sold
13. Register of registration of contracts.
14. Register of penalties.
15. Contingent expenditure vouchers.
16. Register of advances to suppliers.
17. Register of earnest money deposits.
18. Register of security deposits
19. Targets and achievements of constructions/release of connection.

APPENDEX 'C' (vii)

List of Accounts Records, Register and Ledger generally maintained in Central Store.

1. Register of Purchase Orders and files.
2. R.R. /G.R. register (Inward and Outward).
3. Register of challans.
4. Railway credit notes.
5. Survey report of vehicles.
6. Bill register.
7. General file of triplicate copies of bills.
8. Measurement Books.
9. Store verification reports.
10. Register of losses and claims.
11. Register of demurrages and wharage charges.
12. Store received books.
13. Store issue books.
14. Store ledger.
15. Store Requisition and S.R. Ws.
16. Bin Cards.
17. Gate Passes.
18. Store return warrants.
19. Monthly returns of tools and plants received/issued.
20. Log Books of vehicles.
21. Indent register,
22. Goods receipt notes.
23. Store abstract book (quantity).
24. Register of inter store transfers.
25. Register of unserviceable obsolete/surplus stores.
26. Defective/disputed material registers.
27. Sale order of stores.
28. Railway claims.
29. Insurance claims.

30. General scrutiny of non- moving /slow moving store items.
31. Index register of files.
32. Incoming and out going register of store and vehicles maintained by security staff.
33. Cash book.
34. Stamp and dispatch register.
35. Livery register.
36. Telephone and trunk call register.
37. Service books and leave accounts/personal files.
38. Monthly trial balance.
39. Journals.
40. Subsidiary ledgers/personal ledgers.
41. Register of liabilities.
42. Register of claims.

APPENDIX ‘C’ (viii)

List of Accounts Records, Register and Ledger maintained in Headquarter Offices,

1. Cash Book.
2. Bank Pass Book.
3. Bank Reconciliation statement.
4. Register of investment and securities purchased.
5. Register of call deposits and short term deposits.
6. Register of Bonds issued by the Board including register of periodical investment to Bond holders.
7. Register of Loans received from various sources.
8. Block account of capital
9. Board’s Agenda, notes and resolutions.
10. Sanction to expenditure.
11. Board’s circulars.
12. Ledger cards for general/contributory provident funds.
13. Pay slips of the officers of the Board.
14. Claims Register.
15. Sanctions to secret expenditure.
16. Pay and allowances of employees of the Board.
17. Pay and allowances of officers of the Board.
18. Contingencies including payment of interest on Board’s loan
19. Register of conveyance allowances.
20. Register of House building advances.
21. Register of festival advances.
22. Register of temporary advances.
23. Imprest cash account.
24. Register of pay, T.A. and medical advances.
25. Register of cheques issued or received.
26. Cash allocation register.
27. Pension payment orders including family pension, report on communication of pension and D.C.R.G. gratuity.

28. Accounts of receipt books.
29. Register of miscellaneous receipts.
30. Log books and maintenance register of vehicles.
31. Register of fixed charges and periodical payments.
32. Register of advances to supplier.
33. Supplier Bill Register.
34. Rent register for staff quarters including water charges.
35. Annual accounts and all connected schedules.
36. Register of losses written off.
37. Contingent register.
38. Purchase order register and files.
39. Livery register.
40. Dispensary records.
41. Library records.
42. School/sports records.
43. Records maintained by the public relation officer.
44. Records maintained by the Statistical officer.
45. Broad sheets of various suspense schedules.
46. Various records/registers maintained in the CAO's office.
47. Records maintained in the centralized payment cell.
48. Annual Financial statements.
49. G.P.F. recovery registers.
50. G.P.F. investment registers.
51. Register of payment to foreign supplier
52. Register of payment of customs duty.
53. Register of payment of port trust charges.
54. Register of refund of custom duty/ port trust charges.
55. Register of Property.
56. Register of land and building.
57. Register of furniture and office equipment.
58. Register of stationary stock/forms etc.

59. Any other record not specified herein.

60. Financial ledger.

61. Monthly Trail Balance.

62. Journal.

63. Subsidiary ledger/personal ledger.

64. Register of liabilities.

65. Register of claims.

APPENDIX 'C' (ix)

List of Accounts Records, Register and Ledger maintained by Commercial Directorate.

1. Statement of cost of generation of electricity.
2. Tariff structure of the Board
3. Contracts and agreements for bulk purchase of power
4. Statement of compensation paid to licensees on assumption of control by the Board
5. Targets and achievements of the Board
6. All other records maintained in circle and divisional offices as indicated in Appendix C (ii) & (iv)
7. System efficiency statement
8. Power cuts imposed by the Board from time to time
9. Scrutiny of sales circulars
10. Flying squads reports
11. Disputed consumer cases
12. Court/arbitration cases
13. Any other records not specified above

APPENDIX 'C' (x)

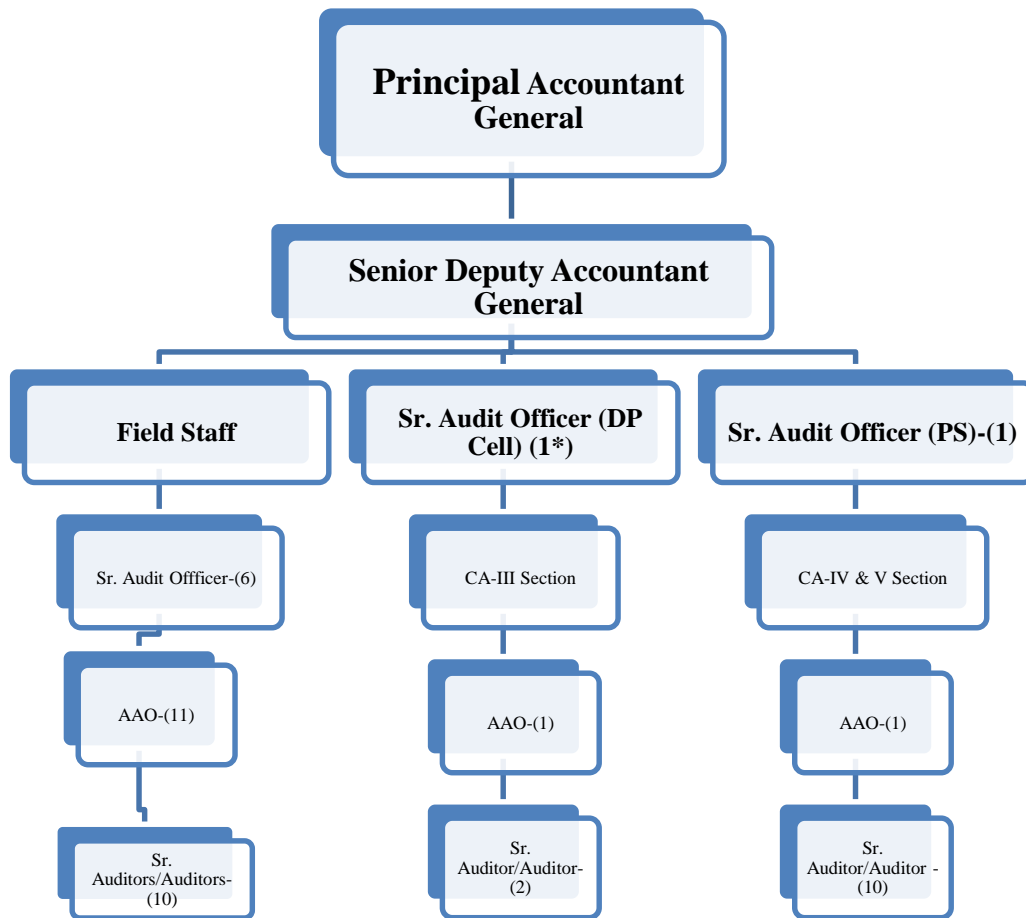
List of Accounts Records, Register and Ledger maintained by Store purchase section/Design Directorate of the Board

1. Requirement files
2. Register of tenders for stores and works
3. Sales of tenders specifications
4. Comparative statements of tenders received
5. Register of advances to suppliers
6. Register of earnest money deposited
7. Register of security deposits
8. Guard file of purchase orders/work orders
9. Retention money register
10. Bill Registers
11. Register of registration of suppliers/contractors
12. Register of penalties imposed and recovered
13. Deposit register for amounts transferred by Accounts Officer
14. Purchase orders/Sales order register
15. Supply Register
16. Court/arbitration cases
17. Defective material reports
18. Remittance Register
19. Sample Register
20. Any other records not specified above

APPENDEX- D

(Referred to in paragraph 5(vii))

Organisational Chart of Economic Sector (Power Sector).



(Sanctioned strength of power Sector)

*1 common Sr. Audit Officer for CA-II and III

APPENDIX-E

(Referred to in paragraph-6)

Quantum of Audit

Prescribed vide C. & Ar. G's letter No. 139/O & M (RC)/46-81 Dt. 15-10-81

Sr. No.	Name of the document to be checked	Process of check	Quantum prescribed	Remarks
1.	2.	3.	4.	5.
1.	Main Cash Book	Checking with relevant documents	Detailed check for one month one general review of the whole year	
2.	Audit of Vouchers	Vouching with reference to sanctions, contracts etc.	Detailed check for one month one general review of vouchers for remaining months	
3.	Register of cheques	Comparison of cheques received with entries in cash Book	Detailed check for one month one general review of vouchers for remaining months	
4.	Register of Cheque Books	Checking of receipts and issues cheque books with supply memo and requisition	-do-	
5.	Cash allocation Register	Check posting from Cash Book	One month	
6.	Imprest register	Checking of granting of temporary item imprest and recoupment thereof	General Review	
7.	Bank Pass Book	Compare with entries in cash Book and checking of reconciliation statement.	One month	
8.	Subsidiary Cash Book (one for each power house)	Check with B.C.R.Cs challans and imprest A/c	One month and general view	
9.	Bill Collector's Remittance challans	Check with duplicate copies of receipts issues to consumers & check totals.	Deposited check for one month & General review for remaining months i.e. same as for audit of vouchers (vide item No. 2)	

10.	<p>Audit of Energy Bills</p> <p>(a)L.T. Consumers</p> <p>(b)H.T. Consumers</p>	<p>Check of accuracy of billing with reference to tariffs, arrears, discount etc.</p>	<p>H.T. 100% for six months in a year.</p> <p>(a)Domestic:-1% of consumers for one month.</p> <p>(b)Non Domestic & Commercial</p> <p>(c)Industrial supply L.T.</p> <p>(d)Cottage Industries</p> <p>(e)Irrigation Agricultural Pump Sets.</p> <p>(f)Others</p> <p>In addition to the routine checks as detailed above. It requires to be ensured by a general review whether there is any system of reconciliation of the amounts actually collected from the consumers and the collections posted in the each Consumers Account.</p>	<p>10% the consumers for one month</p>
11.	Consumer General Ledger	Check carry forward of arrears, posting of bills etc.	-do-	
12.	Register of Misc. Receipts.	Checks with duplicate of receipts, tariffs and documents of assessment.	One month.	
13.	Register of Service Connections	Check accuracy of bills for service connections trace G.G.L.	10% of connection during one month.	
14.	Agreements of L.T. & H.T. connections.	Check with application, tariff G.G.L. etc.	<p>(a)H.T. supply :100% of new agreements.</p> <p>(b)Temporary supply :100% of new agreements.</p> <p>(c)Industrial L.T.</p> <p>(d)Cottage Industries.</p> <p>(e)Irrigation & agricultural pumps</p> <p>(f)Domestic</p>	<p>25% of new agreement</p> <p>Nil</p>
15.	Accounts of Receipts	Check issues with requisition	General Review.	

	Books	and return of used-up Books & balance		
16.	Store Transactions Receipts Issue Physical Inventory sheet	Check with S.R. Book and measurement book, trace, traceout etc. Necessary check with all the relevant record. Check Book balance reference to stock ledger Check of shortage and excesses and valuation.	100% for one month. 10% for one month. General review at the end of the year.	
17.	Register of transit losses	Check with claims raised on Insurance officer, Check valuation of the items.	All cases of loss over Rs. 10 thousand to be specifically reviewed. Out of the cases of below Rs. 10 thousand selecting of 5% cases to be made for review.	
18.	Register of local purchases	Check with P.O's and power or Divisional Officer regarding purchases.	One month and general review.	
19.	Scrutiny of tenders and quotations accepted by Divisional Officers.	Check with original quotation comparative statements sanctions etc.	25% of the tenders upto rs. 3000/- 50% of tenders above Rs. 3000/-	
20.	Register of tenders issued	Trace and Receipts from sale for tender forms to Cash Book.	General Review.	
21.	Register of sanction estimates	Check estimates with reference to schedule of rates etc.	-do-	
22.	(a) Works Abstract (b) Measurement Books	Checking of postings Check prescribed in PWD code.	One month. 100% in the case of works selected for analysis and general review.	
23.	Register of works	Check postings from works abstracts	General Review.	
24.	Contractor's Ledger	Check with R.A. and final bills check debits for materials	One month	

		supplied from the returns received from works.		
25.	Service Book and Leave Accounts	Check entries with rules and orders for pay fixation and increments.	5% of the total strength	
26.	Register of sanction to establishment	Check the actual strength as per pay bills with sanctioned strength as per this register.	General review	
27.	Register of increments	Check of dates of increment	-do-	
28.	Pay Bill including over time register	Check with authority time cards etc.	-do-	
29.	Suspense register	To see that all suspense items are properly authorized ledger balance agree with the balance of the register.	One month	
30.	Register of capital assets	Checking of invoices addition through	One month and general review	
31.	Log books of Deptt. Vehicles	Check trips with requisition check, payment of patrols with receipts etc.	-do-	
32.	Reconciliation of remittance to treasury records, wherever they are having such arrangements	Compare entries in the monthly statements of remittances with entries regarding remittance in cash book etc.	One month	
33.	Register of fixed charges and periodical payment	See that such payments are noted in this register so as to avoid duplicate payment of same claim	General review	
34.	Electric duty returns	See that government duty is collected and remitted properly	-do-	
35.	Rent register for staff quarters	See that rent is properly fixed and collected regularly.	-do-	
36.	Suppliers Bill register	See proper supplier wise records maintained and entries of receipt and payment made	-do-	

37.	Electricity consumption and power house performance reports.	Check with total energy generated and transmitted scrutinize line losses; cost of generation etc.	-do-	
38.	Journal	Vouch with reference to JVs for adjustments, rectifications etc.	Detailed check for the month of March & final/supplementary and adjusting entries passed in connection with annual closing of accounts and general review of the rest of the vouchers..	
39.	<p>Monthly returns to circle office/head office</p> <p>Cash abstracts consumers general ledger</p> <p>working fund reconciliation statements</p> <p>monthly return of receipts of stores</p> <p>monthly return of issues as per Bin cards</p> <p>monthly return of allocation of materials issued</p>	<p>Check with cash abstract register check totals under suspense account with S.A. register.</p> <p>Check with consumers general ledger</p> <p>Check with cash allocate on register and Remittances as per cash book note 40(a) (b) & (c)</p> <p>Check with stores receipts book</p> <p>Check with requisition and returns from sub-stores</p> <p>Check with requisition and return from sub centers reconcile the total with total</p> <p>As per return and issue per bin</p>	<p>One month</p> <p>-do-</p> <p>One month</p> <p>This may be done in case of returns received in the circle office/head office general review</p> <p>General review</p> <p>-do-</p>	
40.	<p>Power House Records</p> <p>Imprest account</p> <p>Bin Cards</p>	<p>Check with vouchers</p> <p>Check with S.R. Notes,</p>	<p>One month</p> <p>One month receipt 100% issue 25%</p>	

	Meter reading statements C.G.L. Audit of B.R.C. Challans & other records if P.H. is also a billing centre. Fuel (Coal & oil) Records	requisition Check Notes etc. Check the statements with reading recorded on meter cards As prescribed for the division -do-	One month 50% Same as per energy bills as per items no. 10 above. One month	
Circle Office Records				
1.	Cash Book	Same as shown for division	One month and general review of remaining	
2.	Audit of vouchers	-do-	-do-	
3.	Journals (one for each power house or scheme)	Vouch with monthly abstracts and returns received from Divisional office adjustments and rectification entries.	-do-	
4.	Main Ledger(do)	Check posting from journals and cash book	One month	
5.	Section Ledgers(do)	-do-	-do-	
6.	Suspense register for suspense account	Same as shown for division	-do-	
7.	Stock ledger and other records connected with stores (where there is a store centre)	-do-	Receipts 100% for one month. Issues 10% for one month	
8.	Register for estimates	-do-	General Review	
9.	Register of contracts finalized in circle office	-do-	All tenders above Rs. 100,000 and 10% of rest	
10.	Budget (estimate) Register	Review the register to see if the actual expenditure has exceeded sanctioned limits.	General Review	
11.	Trail Balance sent to	Check with ledger	One month	

	Head Office.			
12.	Log Book of Vehicles	Same as for Division	General Review	
13	Service books and leave accounts	-do-	5% of total strength	
Head Office Records				
1.	Cash Book Review	Same as for Division	One month and general review of remaining	
2.	Audit of period vouchers	-do-	Detailed check for one month and general review for the remaining period	
3.	Journals	-do-	Detailed check for the month of March and final supplementary & adjusting entries passed in connection with annual closing of accounts and general review of the rest of the vouchers.	
4.	Main Ledger	-do-	One month	
5.	Sectional Ledgers	-do-	-do-	
6.	Bank Pass Book	-do-	-do-	
7.	Reconciliation for remittance into treasury	Verification of remittance shown by Divisions and circles in their returns with reference to treasury Pass Books received directly at Head Office	-do-	
8.	Monthly return of circles offices/Division offices	Check postings to H.O. Book	-do-	
9.	Register of investments and securities purchased	Check purchases & sales with reference to sanction by the Board and payment and receipts as per cash books verify receipts of interest on due dates	100%	
10.	Register of call deposit and short term deposit	-do-	-do-	
11.	Block account of	Same as for division	One month and general review	

	capital accounts			
12.	Scrutiny of Board resolutions	Scrutinize with Electricity Act 2003, and Rule Govt. directives and with reference to propriety	100%	
13.	Scrutiny of sanctions to expenditure	Scrutinize with reference to regularity propriety etc.	General review	
14.	Scrutiny of B/S & Audit Department Circulars	Scrutinize w.r.t. principles of Financial Cost Accounting, resolution of Board etc.	100%	
15.	Annual financial statement	Scrutinize w.r.t. principles of Budgeting	General review	
16.	Schedule of Depreciation calculations	Check arithmetical accuracy scrutiny with provisions of the act, rules and Board's resolution	100%	
17.	Annual Accounts and all schedules connected with the same	Verification of assets liabilities	-do-	
18.	Register of losses written off	Scrutinize w.r.t. losses reported by the units sanctioned of the competent authority	-do-	
Store Purchase section				
19.	Scrutiny of tenders for stores and works	Scrutinize w.r.t. original tender papers, comparative statements, sanction of competent authority	All purchases/tenders finalized by the Board which are in excess of the powers of S.E.'s. 10%b of rest.	
20.	Register of advance to suppliers	See that advances are paid in accordance with rules and that the same are settled without undue delay	One month and general review	
21.	Register of earnest money deposits	See that all receipts are properly noted and all refunds properly authorized and noted against original entry of receipts	One month	

22.	Register of scrutiny deposits	Scrutinize w.r.t. condition of contract. See that proper notes are taken of receipts and refunds and made are satisfactory	-do-	
23.	Register tender document sold	Trace receipts to cash	-do-	
24.	Retention of money register	See that amount are as per contract conditions retained	-do-	
25.	Bill Register (Supplier wise)	See that proper record is kept	General review	
26.	Register of registration of contracts	Trace receipt of fees in Cash Book	-do-	
27.	Register of Penalties recovered from contractors	See that penalties have been levied as per rules	-do-	
28.	G.P.F.. Investment Register	Check w.r.t. resolution of trustees and verify receipt of interest	100%	
Commercial Section				
29.	Statement of cost of generation of electricity	Se that these are complied properly and that all item of cost are taken into accounts	General scrutiny	
30.	Scrutiny of tariff structure	Scrutinize w.r.t. provision of the Act and rules and cost structure	100%	
31.	Scrutiny of contracts for Bulk Purchase of Power	Scrutinize w.r.t. connected correspondence and Board's resolution.	-do-	
32.	Compensation paid to licensee's on assumption of control by the Board	-do-	-do-	
33.	Achievement Audit	Scrutinize w.r.t. targets and actual results	General Review	
<i>Note:- if there is a Division or a circle at Head Offices, the checks prescribed for the Division/Circle will be applicable</i>				
1.	Physical verification of	Physical verification	General review of the register &	

	securities received from subordinate and contractors		obtaining a certificate from for a local management about the existence of the Boards & scrutinize listed in the register	
2.	Physical verification of security deposited received from consumers (Note:- percentage will be selected on rotation that all securities will be verified once in four years)	-do-	-do-	
3.	Disbursement Statement Furnished by Bank Appointed by Electricity Board for payment of periodical interest to bond holders.	—	5%	
I.	Pay and Allowances (Gazetted & Non – Gazetted)	—	—	
(a)	(i) Pay Bills (ii) T.A. Bills (iii) Medical Bills (iv) House Building, conveyance etc. advances	—	One month	
(b)	Pay slips of Gazetted Officers	—	Detailed check to the extent of 50/3% and review of the remaining any slips issued.	
II.	Office contingencies not accounted for through main cash book	—	Detailed check of one month and general review of other month of transactions.	
III.	Pensions	-	One month and general review	
(a)	Verification Reports	-	Detailed check of one month and general review of remaining month	

			vouchers	
(b)	Paid Vouchers	-	-do-	
IV.	General Provident Fund	-	Detailed check of one month and general review of the rest of the period 25% of total subscribers for one month	
(a)	Part of final with draws	-	-do-	
(b)	Check of posting of ledger cards nominations and temporary with draws	-	-do-	
(c)	Annual Interest calculations	-	Detailed check of 25/3% of transactions and general review of the remaining transactions.	
V.	Interest payment Warrants.	-	Detailed check of 5% of transactions and general review of the remaining transactions.	
Note:- Item I to V: It would be sufficient if audit of these items of works initially conducted by Auditors is reviewed generally by AAO and the Inspecting Officer, ensuring. Simultaneously that important item of work, like verification, reports of pension etc. are covered by AAO himself.				
VI.	Detailed checking analysis of works with interesting point noticed as a result of such review to the notice of State Legislature	-	One major and one minor work in each division in each year to be analyzed in detail.	

Appendix –F

(Referred to in paragraph-6)

Copy of Confidential Circular DO No. 68A, Ar.G(C) 57/52 dated June 16 1972 from Shri R.P. Ranga, Chairman, Audit Board EX Office Auditor. Additional Deputy Comptroller and General (Commercial).

As you are all aware, planning has been adopted in our country as the basis for economic development in order to accelerate rate growth in desired directions. One of the areas receiving particular attention in successive plans has been the generation and distribution of power intended to be implemented mainly through the state Electricity Boards, the importance of power in the economic development would hardly need any emphasis if one looks at the allocation of more than Rs 1919 crores to power development in different states (excluding Central spending) out of the total public sector outlay of Rs. 6606 crores in states in the Fourth plan. The fourth plan envisaged increase in power capacity from 14.3 million Kw to 23 Million Kw in 1973-74. At the end of March, 1971, the capacity had reached 16.5 million Kw. And a short fall of 1.8 million Kw. By the end of the plan was apprehended by the planning Commission in its mid-term appraisal. "Power provides the infra-structure to agricultural, industrial and communication developments. Its importance on the overall plan development, therefore, transcends beyond the limits of mere arithmetical dimensions. Its effect on other areas of economic development is quite significant. It is true that even today neither the entire generating capacity nor the entire ultimate distribution to the consumers is under the exclusive charges of the State Electricity Boards. 1st these Boards remain the most important agencies to give material shape to the plan contemplations. The total capital investment in the various electricity boards as on 31 March 1971 was about Rs. 3180 crores which is almost equivalent to 75% of the capital investment in our Central Govt Companies at that time in spite of this massive capital investment one hears frequent reports about power shortage load shedding and stoppage of production in various industries in the context the role of our audit, particularly as the sole Auditors of the State Electricity Boards, in the matters of objective appraisal of the performances of the Boards in this important field has been examined to take stock of what we have done and what should be right thing to do.

I take this opportunity of sharing with you our findings and the steps which we should take to change our approach and techniques of audit to make it more meaningful and constructive.

The overall financial analysis of the published accounts of the various State Electricity Boards for the year ending 31st March 1971 revealed the following :-

		Rupees in Crores
1)	Total Capital Investment	3180
2)	Total Capital work in Progress	853
3)	Total Capital Employed	2357
4)	Gross Revenue (as reduced by purchase price of power)	400
5)	Operating expenses inclusive of depreciation as reduced by cost of power purchase	268
6)	Surplus transferred to Consolidated revenue Accounts	132
7)	Gross Revenue expressed as percentage of capital investment	12.3%
8)	Operating expenses expressed as percentage of Gross revenue	67%
9)	Surplus as percentage of capital investment	4.1%
10)	Percentage of Gross Revenue of capital employed	17.2%
11)	Surplus expressed as percentage of Capital employed	5.7%

Note : this represents the overall average position of all States taken together. There is , however, wide difference between the position obtaining in different States.

According to three undertakings given to the World Bank the Boards have to achieve certain rate of return, the ultimate aim being attainment of rate of return of 11% on Capital. The overall percentage of 5.7% as mentioned above is not only below the rate of return expected but also far below the cost of capital (i.e) prevailing rate of interest. The reason for the low rate of return have to be thoroughly investigated with a view to improving the working of the electricity Boards Broadly speaking, either the cost may be too high or the tariff too low. This is however, an over simplification of the issue. It is therefore, considered necessary to analyse the various aspects to locate the real reasons for low rate of return.

Analysis of technical particulars as available in the subsidiary Statement No XI annexed to the Annual Accounts and study of various other reports (including the Audit Reports) revealed the following general reasons for low return of capital in the country as a whole :-

- (a) That the utilization of installed capacity was as low as 40% on average and
- (b) That the line loss on an average was as high as 20%

Here again, the position varies widely from State to State. It is true that installed generating capacity is the maximum rate of output of electricity, which can be attained under maximum continuous rating. However, there are always certain limitations on output imported by technical consideration, overhauling etc. Accordingly the firm capacity or maximum output capacity or practical plant capacity would be lower than the installed generating capacity. The relation between the installed capacity and the firm capacity depends on various factors like age of the generating set, inherent imbalance in the system etc. Although no indication is available about the firm capacity fixed by the Management in different States broadly speaking, it should not be less than 75% of the installed capacity. Even on that basis the electricity generated was about 53% of the firm capacity. Again, although quite a substantial portion of the electricity sold by the various Electricity Boards was in the form of bulk supply to distributing agencies or extra State supply in bulk, line loss as high as 20% of electricity generated. In other words the electricity available for sale constituted only about 42% of even the firm capacity. This is certainly one of the major

significant points of low return on capital as power generated by only about 40% of the total capacity set up to produce energy fetches revenue. That apart, it involves national loss in the form of non availability of power and consequent loss of production.

One of the general reasons for low utilization of capacity has been the lack of adequate transmission and distribution facilities, the other important reasons being the absence of adequate sustained load. It is true that the installed capacity should have relevance to the maximum demand will be drawn upon only at limited points of time not fetching substantial revenue to match the marginal cost of providing this capacity. There is already some provision in the tariff system for recovery of fixed charge for maximum demand. In order to find out how far phenomenon of absence of load attributed by the Management as one of the reasons for low utilization of capacity has a basis, it is necessary to quantify the "Load factor". The "Load factor" is represented by ratio expressed as percentage of (a) the number of units of electricity sent out to the supply system during a given period (b) the number of units which would have been sent out had the maximum demand on the system been maintained and supplied throughout the period. This study should also be made simultaneously with the study of consumer composition. By and large about 65% of the total supply to the system appears to be for use as industrial power, the next important class being agriculture/irrigation which is about 15% on average. The domestic and commercial consumption accounted for about 10% while public lighting and water sewerage for about 3.5% in some States supply to the railways traction was also significant. From 1971 onwards, there has also been extension of supply for rural electrification schemes. As auditors we might make an attempt to quantify the load factor and the cost of positioning capacity for the consumers contributing to the peak load demand. This will require study in depth of the growth of the load factor and identification of sub period loads at various points at time along with the analysis of the consumer contributing to the same. It will be useful to find out if for supplying electricity to certain selected consumers only at certain points of time additional capacity is to be positioned and maintained, leading to low utilization of capacity on account of absence of load at other points of time. In such a situation the marginal cost of positioning this capacity for certain consumers has to be considered with reference to the marginal revenue flowing from such consumers. It would, however, not be desirable to make

any audit comment suggesting recovery of the entire capacity cost from such consumers without close examination of all relevant points and specific prior approval of this office.

One of the important factors for low utilization of capacity as well as for high distribution loss might be the absence of a state grid system and location of generating plants at different geographical area to serve only those areas through the related distribution system. In the absence of suitable load dispatching stations, there might be occasion for loss of energy in some areas. While there may shortage in other pockets. The distribution system, therefore require careful examination to find out the pattern of generation vis-à-vis the pattern of demand with the ultimate aim of ascertaining if in view of the imbalance between the generation and distribution capacity or gap in the distribution system, there is loss of energy in some sectors, while shortage of power in other sectors.

Of late, there has been emphasis on rural electrification or/and energisation of irrigation pumps. This involves extensive transmission and distribution system. It would be worthwhile to find out the capital investment per route kilometer of the transmission line, the transmission and distribution cost per route kilometer, the number of consumers served by each route kilometers and the revenue earned from such consumers. This might throw up cases of disproportionate distribution cost including additional line loss occurring over a longer distance with reference to revenue earned there against. Objection from the straight cost revenue angle may not be warranted in view of the effect of power supply on agricultural production.

Again, if the growth of the load factor is studied alongwith study of using different generating plants, it should be possible to find out if the entire approach of the Management has been to make full use of high efficiency plants so that plant with higher fuel cost is brought into use only as the load increases.

In the case of thermal generation, Thermal efficiency is very important factor to find out the consumption of fuel. The “thermal efficiency” of the generation is the ratio expressed as a percentage, of (a) the amount of heat energy equivalent to the electricity sent out from the power Station to (b) the amount of heat energy contained in the fuel consumed in generation. Improvements in thermal efficiency make a valuable contribution to coal saving.

According analysis of thermal efficiency will be a very important factor in scrutinizing the cost of generation.

The ratio of capital work in progress to the capital employed, viz about 37% is another significant pointer to the need for making detailed analysis of the capital projects/programs to find out if the generation period in various works has been too long. The longer generation period loads to capitalization of interest during the period the work remains in progress apart from capitalization of pay and allowances to of construction staff. The location of the points of supply with references to generating stations might also indicate the additional capital cost incurred for transmission. The above reasons are likely to be most significant factors in over capitalization and consequently for very low rate of return, another general point warranting examination is the progress of physical achievement in regard to construction work (both generation and distribution) as against the plans targets.

The other aspects requiring examination will be cost analysis and finding out the areas of extravagance, including the system purchases, inventory control credit control, manpower analysis etc. Organisation structure, system of internal control and internal audit have also to be looked not find out any deficiency which serve as hindrance to the attainment of the objective of the Board.

3. It is true that per capita power consumption in India compares very unfavourable with the developed countries and there is scope for creation of further capacity to faster economic growth. At the same time, it has to be ensured that the capacity which has been set up by investing scared national resources are put to optimum use for the benefit of the society at large. With that end in view, the auditors must make detailed examination to get answers inter alia to the question given as an illustrative list (enclosed).

The questionnaire outlines only the basic frame work for directing out scrutiny to the working of the various State Electricity Boards. The condition will vary from State to State. These instructions are not intended to be substitute for exercising audit scrutiny in depth on the spot and altering the strategy of audit depending upon the circumstances prevailing in each case. Free and regular exchange of information between Principal Audit Officers of different Boards is also expected to enrich our experience and make the task easier and

effective. What CAO desires is that the system approach and techniques of audit should be so streamlined as to make really effective and meaningful. The general guidelines are not, therefore intended to inhibit the initiative of the officers in the field, the progress of audit should not also settle down to a routine. If you have any suggestion to make, please do not hesitate to write to me.

4. While the Reviews prepared on the above lines may or may not be included annually in the Conventional Audit Report, the system of annual or continues audit should be so geared that we are in a position to prepare a Review at any time without, much difficulty.

5. For your convenience I enclose 5 more copies of this circular letter for use in our office, you may direct your officers and staff to collect information on their own as far as possible (ie without sending the questionnaire to the Board)

6. Kindly acknowledge receipt.

Enclosure

Circular DO Letter No. 68-A, Ar C(C)/57/72 dated June 18 1972

- (i) How far the capacity installed has been utilized. What is its relation with the firm capacity maximum output capacity?
- (ii) What has been the extent of non-utilisation and loss of generation capacity on account of forced outages? How promptly was the action for repair initiated? Was there any case of Major held up on account of non availability of spares etc? Has case wise analysis of such outages been made from time to time and remedial measures including adequate preventive maintenance adopted? If so, with what result?
- (iii) How much of the power generated and sent out in the system has been sold or has ultimately reached the consumers?
- (iv) What has been the extent of transmission and distribution losses?
- (v) Has there been any case of imbalance between the generation capacity and distribution capacity in any area? Has the loss of estimated amount of energy on account of this imbalance been worked out?
- (vi) Has there been any major case of load reduction due to low frequency, reduction of voltage or load shedding in any particular area? Was it due to imbalance in the transmission system i.e whether it could be met by dispatch of load from other generating plants to this area? What is the estimated amount of potential additional demand in the area where load shedding was resorted to? Who are the major class of consumer (e.g industrial, domestic etc.), who suffered most? Has any scheme been undertaken or contemplated to augment the generating capacity or to remove the imbalance in distribution system to meet their demand?
- (vii) What has been the cost of fuel? Was there any scope for economy in this direction? What is the result of analysis of usage and price variance?
- (viii) What has been the thermal efficiency of generation?
- (ix) What has been the maximum demand on the system?
- (x) What has been the load factor?
- (xi) What has been the reason for the low load factor? Is it due to absence of load? If so what are the reasons for the absence of load? Was it on account of positioning of capacity to meet maximum demand at certain points of time in respect of certain consumers and absence of sustained demand

for the rest of the period? If so, has there been any study of sub period load at different hours of the day including the pattern of demand and the consumer's contribution to such demand? Who contributed to the peak load? What was the total revenue collected from them? How much was for the positioning the maximum demand? How the additional expenditure for positioning facility for meeting the maximum demand of these consumers compares with the total revenue earned from such consumers?

Note : No objection need to be raised on this point without prior approval of this office.

- (xii) Does the study of the growth of the load factor along with the study of use of the different generating plants indicate, that Management have made fuller user of higher fuel into use as and when the load increased? Was it not possible due to imbalance in the transmission and distribution system providing for dispatch of load from one station to the area served by another?
- (xiii) Has there been any deliberate case of discontinuance of bulk purchase from other generating authorities (as for example Central generating Units like Damodar Valley Corporation, Neyveli Lignite Corporation) inspite of lower cost in order to use the capacity of high cost generating plants of the Board itself? If so what is the impact on cost and working results?
- (xiv) What has been composition of supply to each class of consumer like domestic, commercial, industrial, public lighting, irrigation and agricultural, traction, public water and sewerage system, bulk supply to distribution licenses within the states and bulk supply outside the states?
- (xv) What has been the number of consumers in each category? What has been the number of units sold per consumer?
- (xvi) What has been the average price per unit sold to each class of consumer? How does it compare with generation cost generation and distribution cost/total cost?
- (xvii) What has been the average number of units sold per consumer to each class?
- (xviii) What has been the number of units generated per generation employee?
- (xix) What has been the number of units distributed per distribution employees?
- (xx) What has been the gross revenue per employee?
- (xxi) What has been the expenditure per employee in the form of salaries, wages, PF and other amenities?
- (xxii) What has been the transmission cost per unit?
- (xxiii) What has been the transmission cost per unit route kilometer?

Note: This may have to be examined in respect of each distinct distribution system where there is no grid.

- (xxiv) What has been the number of consumer per route kilometer?
- (xxv) What has been the revenue earned from the consumer per route kilometer?

Note I: Were the consumer live in a compact area such examination may not be necessary in depth. However where the consumer are dispersed over wide areas and particularly in rural electrification schemes, such examination might bring out the disproportionate cost of transmission in relation to the revenue earned.

Note II. No objection needs however be taken without prior approval of this office.

- (xxvi) What has been the billing collection and accounting cost per unit sold? What has been the general establishment charges per unit sold?
- (xxvii) Is a part of the loss on generation borne by any other generating authority from whom bulk purchase is made (as for example purchase from Neyveli Lignite Corporation which is sustaining loss on electricity generation)? How does the cost per unit of such bulk purchase compare with the average cost of generation of electricity by the Board from the compare source (vis-à-vis steam Hydel, etc)?
- (xxviii) Have the capital works progressed according to schedule? Or was there delay? What were the reasons for the delay? How did it affect cost of the Project?
- (xxix) What has been the result of analysis of selected capital works? Has there been escalation? What does the variance analysis in regard to usage, price and quantity reveal?
- (xxx) Is the purchase flow regularly or come by fits and starts? Are they made at the most economic prices and at the most opportune time? Do they move regularly? Is obsolescence creeping in with slower turnover? Is the cost of maintaining the present value of inventory prohibitive?
- (xxxi) Who are the major suppliers of the transformers? Is any price preference given to the local suppliers/manufactures. What is the additional cost incurred during the year for giving price preference to local suppliers/manufactures on major items of purchase?

Note : Here again objection need not be raised without prior approval of this office.

- (xxxii) Is the system of taking inventory sound? Has there been a major case of theft, shortage, etc?
- (xxxiii) What has been the trend of maintenance expenditure both of the generating plants as well as the distribution system? Has there been a frequent case of replacement of wires in particular areas/divisions in the transmission and distribution system?
- (xxxiv) What is the extent of slow moving and non moving stores spares etc? Are they insurance items? If not what action has been taken to dispose them off?
- (xxxv) Is the inventory in respect of spares etc of generating plants heavy on account of multiplicity of makes of the plants? How many of these plants are due for retirement within the next three years? What is their installed capacity?
- (xxxvi) Has delay in completion of certain capital works contributed to the delay in retirement of high cost plants? If so, what has been the effect on cost?

- (xxxvii) Was cash adequate to meet pay roll, invoices, loans etc? Must it have added to its borrowings? Where the time and mode of borrowing most opportune?
- (xxxviii) What was the time lag in billing? Could it be accelerated? What was the rate of collection of receivable?
- (xxxix) Is the rebate allowed attractive to consumers to make prompt payment? Are there cases of recurring payment of charges by certain major consumers only after the expiry of the rebate period? Do the Management keep separate consolidated records of nonpayment by due dates? Is prompt action taken to enforce payment by serving notice of or actual disconnection?
- (xl) Does the total receivable from direct supplies of energy of different class of consumers correspond to the total amount for which bills have been sent for the same period? Is such reconciliation statement prepared?
- (xli) What is the system of internal control in billing and collection of revenues? How many cases involving under charged has come to our notice? How effective is the system of collection of over dues? Who are the major defaulters and what is the amount involved?
- (xlii) Are the agreements for supply quite specific? Or do they leave scope for differences of opinion in the matter of interpretation leaving loop holes for loss of revenue?
- (xliii) Has there been any case of substantial remission of revenue?
- (xliv) Has there been any major case of concessional supply to any particular consumer? How does the rate compare with the average total cost of supply?
- (xlv) What is the rationale of the system of tariff? Have you any comments to offer on this rationale? Has there been any major case of supply to any industrial consumer below the cost of generation and / or distribution? What was the reasons for it? How much profit, if any, is being earned by such consumers? Is the Board earning adequate profit to absorb higher cost of electricity?

Note : No such suggestion need be made to the Board without prior approval of this office.

- (xlvi) How effective is the system of internal control and internal audit? At what level are the internal audit report considered? Are important points throughout by the internal audit brought to the notice of the Board? Is action taken on internal audit report promptly?
- (xlvii) Is there any system of technical evaluation of the performances of the generating plants and the distribution system? Are these reports considered by the Board? Is action taken on these reports promptly?
- (xlviii) Has the finance and accounts Branch been properly organised to carry out an effective scrutiny of proposal submitted to Chairman Board?

Sd/-

(A.N Mukhopadhyay)

Asst Comptroller & Auditor General (C)

Appendix-G

(Referred to in paragraph-11 (j)(iii))

TARIFF ORDER

Distribution & Retail Supply Tariff for FY 2012-13 Approved by Haryana Electricity					
Sr. No.	Category of consumers	Tariff for 2011-12			
		Energy Charges (Paise / kWh)	Fixed Charge (Rs per kW per month of the Connected load / per kVA of sanctioned contract demand in case supply is on HT)	FSA (Paise /kWh)	MMC (Rs per kW per month of the connected load)
1	Domestic (LT)				
	Upto 40 units per month	263	Nil	15	Rs80 upto 2 kw and Rs 70 above 2 kw
	41 - to 250 units per month	380	Nil	29	
	251 to 400 units per month	380 (for units 251- 300) 465 (for	Nil	37	

		units 301- 400)			
	401 and above units per month	465 for units 401- 500) 499 (above 500)	Nil	37	
2	Non Domestic				
	Upto 5 kW (LT)	450	Nil	31	180
	Above 5 kW and Up to 20 kW (LT)	450	Nil	31	160
	Above 20 kW upto 50 kW (LT)	470	115	31	Nil
	Existing consumers above 50 kW upto 70 kW (LT)	470	115	31	Nil
	Consumers above 50 kW (HT)	470	115	31	Nil
3	HT Industry (above 50 kW)				
	Supply at 11KV	415	120	31	Nil
	Supply at 33 KV	403	120	31	Nil
	Supply at 66 KV or 132 KV	391	120	31	Nil
	Supply at 220 KV	383	120	31	Nil

	Arc furnaces/Steel Rolling Mills	415+15	120	31	Nil
4.	LT Industry upto 50 KW				
	Upto 20 KW	440	Nil	32	150
	Above 20 kw upto 50kw	440	75	32	Nil
	Existing consumers Above 50 KW upto 70 KW	440	75	32	Nil
5.	Agriculture				
	Metered: (i) with motor upto 15 BHP	25	Nil	Nil	Rs. 200 BHP per year
	(ii) with motor above 15 BHP	25	Nil	Nil	
	Unmetered: (Rs./per BHP/ month): (i) with motor upto 15 BHP	Nil	35	Nil	Nil
	(ii) with motor above 15 BHP	Nil	35	Nil	Nil
6.	Public Water Works	425	145	30	Nil
7.	Lift Irrigation	430	120	30	Nil
8.	MITC	430	120	30	Nil
9.	Railway Traction				

	Supply at 11 KV	455	125	30	Nil
	Supply at 33 KV	443	125	30	Nil
	Supply at 66 KV or 132 KV	431	125	30	Nil
	Supply at 220 KV	423	125	30	Nil
10.	DMRC				
	Supply at 66 KV	395	125	30	Nil
	Supply at 132 KV	380	125	30	
11.	Bulk Supply				
	Supply at LT	440	130	31	Nil
	Supply at 11 KV	430	130	31	Nil
	Supply at 33 KV	418	130	31	Nil
	Supply at 66 KV or 132 KV	406	130	31	Nil
	Supply at 220 KV	398	130	31	Nil
12.	Bulk Supply Domestic (70 kw and above voltage)	360	50	31	Nil
13.	Street lighting	415	Nil	31	150
14.	Independent Hoarding/Decorative Lighting	650	120	31	Nil
15.	Temporary Metered Supply	1.5 times the tariff of relevant category for which temporary supply has			

Notes:

1. 80% of the connected load shall be taken into account for levying fixed charges where leviable in case of LT Industrial Supply.
2. Energy charges for HT industrial and existing LT industrial consumer categories having load above 50 kw to 70 kw are in Paise/kvah
3. Fixed charges for unmetered AP consumers, MITC and lift irrigation category are in Rs. /per BHP/Month
4. Fixed Charges for HT industrial supply category are in Rs. kva of Contract Demand. For Railways and DMRC, the fixed charges are in Rs. /kva of the billable demand. For all the consumer categories (except Bulk Supply Domestic), the fixed charges are in Rs./kw of the connected load or part thereof per month.
5. Fixed charges for Bulk Supply Domestic are in Rs./Kw of the recorded demand.
6. Supply charges in case of Domestic Consumer Category are telescopic in nature.

Appendix-G(i)

(Referred to in paragraph- 14)

Schedule of General and Miscellaneous charges applicable w.e.f 1st September, 2011		
Sr. No.	Description	Charges approved by the Commission
1	A-Schedule of General Charges	
	Connected Load	Application processing fee
	(i) Upto 2 KW	Rs. 10/-
	(ii) Above 2 KW	Rs. 20/- per KW or part thereof subject to a maximum of Rs. 10,000/-
2(a)	Meter Installation Charges: The licensee shall recover meter installation charges as per following rates irrespective of the fact whether the meter has been supplied by the consumer or the licensee	
	(i) Single Phase Meter	Rs. 100 Per meter.
	(ii) Three Phase Meter	Rs. 200 Per meter
	(iii) Three Phase Meter (with CTs & PTs)	3% of the cost of the meter /metering equipment subject to a minimum of Rs. 500/-
2(b)	Meter Inspection & Testing Charges: If the correctness of a meter is challenged by the consumer	
	(i) Single phase	Rs. 50/- Per meter
	(ii) 3-phase whole current i.e. without C.T.	Rs. 100/- Per meter
	(iii) L.T. CT meter	Rs. 500/- Per meter

Schedule of General and Miscellaneous charges applicable w.e.f 1st September, 2011

Sr. No.	Description	Charges approved by the Commission
	(iv) H.T. & E.H.T metering equipment.	Rs. 1000/- Per meter
	(v) LT CTs only	Rs. 500/set
	(vi) HT CTs (11KV) only	Rs. 1000/set
	(vii) HT PTs (11 KV) only	Rs. 1000/-
	Note: If the challenged meter is found to be incorrect the inspection and testing charges refunded to the consumer, otherwise these will be forfeited.	
2(c)	Changing the Meter or its position in the same premises at the request of the consumer with additional material is required. No charges shall be levied if the meter is re-located by the lic	
	(i) Single phase	Rs. 100/ Per meter
	(ii) 3 phase whole current i.e. without C.	Rs. 200/ Per meter
	(iii) L.T. meter with CTs	Rs. 800/ Per meter
	(iv) H.T. & E.H.F metering equipment.	Rs. 1600/ Per mete
2(d)	Re-sealing charges where seals are found broken.	
	(i) Meter cupboard	Rs.30/-
	(ii) Where cut-out is independently sealed	Rs.25/

Schedule of General and Miscellaneous charges applicable w.e.f 1st September, 2011

Sr. No.	Description	Charges approved by the Commission
	(iii) Meter cover or Meter Terminal cover (Single Phase)	Rs.100/
	(iv) Meter cover or Meter Terminal cover (3-phase)	Rs.250/
	(v) Maximum Demand Indicator or CT chamber	Rs.550/
	(vi) P T fuses	Rs.550/
3	Fuse Replacement	
	Replacing Consumer's fuse	Nil
4	Reconnection Charges	
	Domestic consumer	Rs. 100/-
	ii) Non-Domestic consumer	Rs. 200/-
	iii) A.P. consumer	Rs. 100/-
	iv) L.T. Industrial consumer (upto 20 kW) /-	Rs. 500
	v) L.T. Industrial consumer (above 20 kW)	Rs. 1500/-
	vi) H.T. Industrial consumer	Rs. 3000/-

Schedule of General and Miscellaneous charges applicable w.e.f 1st September, 2011

Sr. No.	Description	Charges approved by the Commission
	vii) Bulk Supply & Street Lighting consumer	Rs. 1500/-
5	Testing Consumer's installation	
	i) For initial testing of new installation or of any extension to an existing installation if the installation is found to be in order and the wiring contractor or his representative is present at the site.	Nil
	ii) For initial or subsequent testing of a new installation or an extension to an existing installation if the installation is found to be defective or the wiring contractor or his representative fails to be present:	
	(a) Single Phase LT installation	Rs.100/- (Payable in advance for subsequent visit for the purpose of testing installation.)
	(b) Three Phase LT installation	Rs.200/- (Payable in advance for subsequent visit for the purpose of testing installation)
	(c) Three Phase HT installation	Rs.500/- (Payable in advance for subsequent visit for the purpose of testing installation)

Schedule of General and Miscellaneous charges applicable w.e.f 1st September, 2011

Sr. No.	Description	Charges approved by the Commission
6	Meter Reading Cards (New/ Replacement)(Domestic and Non-Domestic consumers)	
	(i) Provision of meter reading cards including PVC jacket (for DS & NDS consumers)	Rs. 30/-
	(ii) Replacement of meter card found to be missing on consumer's premises	Rs. 15/- per card
7	Supply of duplicate copies of electricity bills:	
	i) Domestic consumers	Rs. 5/-
	ii) Non-Domestic consumers	Rs. 5/-
	iii) L.T. Industrial (upto 20 kW) & AP consumer	Rs. 5/-
	iv) L.T. Industrial (above 20 kW) & Street lighting consumer	Rs. 10/-
	v) H.T. Industrial & bulk supply	Rs. 20/-
8	Supply of duplicate copies of demand notice	
	i) Domestic consumers	Nil
	ii) Non-Domestic consumers	Rs. 20/-

Schedule of General and Miscellaneous charges applicable w.e.f 1st September, 2011

Sr. No.	Description	Charges approved by the Commission
	iii) L.T. Industrial (upto20 kW) & AP consumer	Nil
	iv) L.T. Industrial (above 20 kW) & Street lighting consumer	Rs. 20/-
	v) H.T. Industrial & bulk supply consumer.	Rs. 50/-
	vi) Supply of detailed print out of meter recording	Rs. 50/-
9	Review of electricity bill: If the accuracy of licensee's bill is challenged by the consumer and of the bill is demanded:	
	(i) Domestic, & AP consumers.	Rs. 10/-
	(ii) Others	Rs. 20/-
	NOTE: If the bill is found to be incorrect, the credit of fee will be given to the consumer, otherw will be forfeited.	
10	Meter Security Charges	
	As per regulation 5.6.3 of the Haryana Electricity Regulatory Commission (Duty to supply electricity on request, Power to recover expenditure incurred in providing supply & Power to require supply Regulations, 2005 "the amount of meter security shall be equal to the cost of such meter as shown in the cost data book for that year.	

Schedule of General and Miscellaneous charges applicable w.e.f 1st September, 2011

Sr. No.	Description	Charges approved by the Commission
11	Cost of Meter Cup Board (MCB)	
	a) Single Phase Meter	Rs. 250/-
	b) Three Phase Meter	Rs. 350/-
12	Testing charges of Transformers or other equipment of consumer or private party	
	i) Protective Relays: Testing including current and time setting	Rs. 1100/ per relay
	ii) Power and Distribution Transformers:	
	a) Insulation resistance tests of winding	Rs. 770/- per transformer
	b) General checking of breather and other accessories	Rs. 400/- per transformer
	c) Dielectric strength test of oil	Rs. 220/- per transformer
	d) Testing of buchholz relay and temperature indicators functioning	Rs. 800/- each
	iii) Circuit Breaker 400 volts, 11KV and 33 KV: General checking of breaker and testing of the tripping mechanism	Rs. 800/- each
	iv) Current transformer and potential	

Schedule of General and Miscellaneous charges applicable w.e.f 1st September, 2011

Sr. No.	Description	Charges approved by the Commission
	transformer and meter:	
	a) Testing of LT current transformer	Rs. 165/- each
	b) Testing of 3 phase LT current transformer	Rs. 440/- each
	c) Testing of 11 KV & 33 KV CT	Rs. 550/- each
	d) Testing of three phase 11 KV & 33 KV CT	Rs. 1100/- each
	e) Testing & recalibration of single phase energy meter	Rs. 90/- per meter
	f) Testing & recalibration of three phase LT energy meter without CT	Rs. 330/- per meter
	g) Testing & recalibration of three phase LT energy meter with CT	Rs. 660/- each
	h) Testing & recalibration of HT / EHT metering equipment (i) Without CT & PT	Rs. 2000/- each
	(ii) With CT / PT combined	Rs. 2500/- each
	i) Testing & recalibration of maximum demand indicator	Rs. 660/- each

Schedule of General and Miscellaneous charges applicable w.e.f 1st September, 2011

Sr. No.	Description	Charges approved by the Commission
	j) Testing and adjustment of voltmeter / ammeter	Rs. 165/- each
	v) Checking of capacitor (Other than initial checking on consumer's request:	
	a) 400 volts	Rs. 110/- per job
	b) 11 KV and above	Rs. 110/- per job
	vi) General:	
	a) Dielectric strength of oil of various equipment	Rs. 220/- per earth
	b) Earth resistance test of substation	Rs. 220/- per earth
	c) Measurement of insulation resistance of cables / equipments.	Rs. 220 per sample
	<p>Remarks:</p> <p>i) The above charges include the visiting charge of M&T staff as well</p> <p>ii) The charges of testing vans or trucks if needed for the purpose will be extra. All charges shall be deposited before undertaking the testing work.</p> <p>iii) Test report on prescribed form will be issued by the S.D.O (Operation) / M&T lab, which shall be produced by the applicant alongwith the wiring contractor's test report.</p>	

Schedule of General and Miscellaneous charges applicable w.e.f 1st September, 2011

Sr. No.	Description	Charges approved by the Commission
	The insulation, earth and oil tests as well as general checking and inspections should be performed by the operation sub-division. Other tests requiring M&T lab facilities shall be arranged by the operation sub-division.	
B - SCHEDULE OF MISCELLANEOUS CHARGES		
1	i) Single phase Meter	Rs. 20/-
	ii) Three phase Whole Current Meter	Rs. 30/-
	iii) Three phase C.T. Operated meter	Rs. 150/-
	iv) Three phase L.T. Tri-vector meter	3% of actual cost of meter (s) & metering equipment and the installation of the same
	v) H.T. Tri-vector meter	3% of actual cost of meter (s) & metering equipment and the installation of the same
	vi) E.H.T. Trivector meter	3% of actual cost of meter (s) & metering equipment and the installation of the same
2	Line Service Charges (per month)	Nil
3	Service connection charges (For N.D.S, Industrial and Bulk Supply Consumers in lieu of line service charges): Service connection charges shall be levied in accordance with the provisions of regulation 4 of Haryana Electricity Regulatory Commission (Duty to supply electricity on demand, Power to recover expenditure incurred in providing supply & Power to require security) Regulations, 2010.	

Schedule of General and Miscellaneous charges applicable w.e.f 1st September, 2011

Sr. No.	Description	Charges approved by the Commission
	2005. Till such time the cost data book is submitted by the licensees and approved by the Commission, the following existing charges shall continue to be levied.	
	i) Single phase NDS	Rs.350/- per kW
	ii) Three phase NDS	Rs.750/- per kW
	iii) Bulk supply & L.T. Industrial Supply	Rs.500/- per kW
	iv) H.T Industrial Supply	Rs.750/- per KVA of contract demand
	<p>The above service connection charges shall be applicable where the length of new line to be provided is upto 300 meters. This length of 300 meters would include 11 kV line (whether over-head or cable) and LT Line and service cable. Where this length exceeds 300 meters, the applicant shall be required to pay the cost of 11 kV line,</p> <p>LT Line and service cable in excess of 300 meter as additional service connection charge. The additional cost chargeable would be Rs. 70/-per meter for loads up to 50 kW and at the rate of Rs. 100/- per meter for loads exceeding 50 kW. No component of distribution S/St. transformer to be charged to be charged.</p> <p>In case, the proposed connection is to be released on voltage higher than 11KV, the actual cost involved for releasing the connection would also be worked out and the amount recoverable shall be the highest of the following:-</p> <p>a) Actual cost.</p> <p>b) Rs.500/-per kW in case of Bulk supply, Rs. 750/- kW in case of N.D.S and Rs.750/-per kVA in case of H.T.</p>	

Schedule of General and Miscellaneous charges applicable w.e.f 1st September, 2011

Sr. No.	Description	Charges approved by the Commission
	<p>of H.T. Industrial supply.</p> <p>c) Rs. 4.5 lacs.</p> <p>In case of independent feeder, the cost of controlling Circuit Breakers & terminal equipment Station end for taking out independent feeder shall also be recoverable in addition to the Connection Charges worked out as above.</p> <p>NOTE:</p> <p>While recovering the above service connection charges the benefit of first 30 meters length service is not to be allowed.</p>	
4	<p>Extension In Load: Charges shall continue to be levied in accordance with the provision regulation 4 of Haryana Electricity Regulatory Commission (Duty to supply electricity on Power to recover expenditure incurred in providing supply & Power to require security) Regulation 2005.</p>	
	i) Extension in single phase load in N.D.S. category	Rs.350/- per kW (for extension part only)
	ii) Extension in three-phase load in N.D.S. category	Rs.750/- per kW (for extension part only)
	iii) Extension in load bringing the total load up to 50 kW (both for Bulk and LT Industrial supply).	Rs.500/- per kW (for extension part only)
	iv) Extension in load bringing the total load above 50 kW	

Schedule of General and Miscellaneous charges applicable w.e.f 1st September, 2011

Sr. No.	Description	Charges approved by the Commission
	a) For Bulk Supply	Rs.500/- per kW (for extension part only)
	b) For HT Industrial supply	Rs.750/- per kVA (for extension part only)
	<p>NOTE: Where there is a change of category from L.T. (up to 50 kW) to H.T.(above 50 kW) charges would be levied on the additional kVA demand, calculated as under (as an example):</p> <p>1.Existing Sanctioned Load 40 kW</p> <p>2. Applied Load 150 kW with Contract Demand of 140 kVA</p> <p>3. Additional Demand $140 - (40/0.90) = 95.55$ kVA</p>	
	<p>NOTES:</p> <p>i) The line service charges on the original load, if already being levied, shall continue.</p> <p>ii) While assessing the connected load for working out this charge both general and industrial shall be taken into account.</p> <p>iii) Load exceeding 50 kW shall be catered on 11KV and above. The above limit shall be applied both for new and extension cases after taking into account the existing load.</p> <p>iv) An increase in the connected load without increase in Contract Demand shall not call for payment of service connection charges. However, consumers seeking extension in Contract Demand without sanctioned connected load shall be required to pay service connection charges on KVA</p>	
5	<p>Advance Consumption Deposit (ACD): As per regulation 5.4.1 of the Haryana Electricity Regulations, 2005 new applicants shall deposit consumption charges as follows:-</p> <p>Commission (Duty to supply electricity on request, Power to recover expenditure incurred in purchase of supply & Power to require security) Regulations, 2005 new applicants shall deposit consumption charges as follows:-</p>	

Schedule of General and Miscellaneous charges applicable w.e.f 1st September, 2011

Sr. No.	Description	Charges approved by the Commission
	security at the flat rates given hereunder:	
	Category of consumer	Consumption Security Amount (Rs./ KW thereof of the connected load).
	1. Agriculture Supply	100
	2. Domestic Supply	500
	3. LT Industrial Supply	500
	4. HT Industrial Supply	750
	5. Non Domestic Supply	1000
	6. Bulk Supply	1000
	7. MITC	750
	8. Lift Irrigation	1000
	9. Public Water Works	1500
	10. Street Light	2000
	11. Railways	1500
	NOTES: In case of consumers who are sanctioned additional connected load, the additional consumption security shall be got deposited for the additional connected load, treating it as	

Schedule of General and Miscellaneous charges applicable w.e.f 1st September, 2011

Sr. No.	Description	Charges approved by the Commission	
	connection.		
6	Capacitor Service charges (per month)		
	Capacitor Size	AP Consumers	Industrial Consumers
	(a) Capacitors up to 2 KVAR	Rs. 5/-	Rs. 10/-
	(b) Capacitors of 3KVAR	Rs. 10/-	Rs. 20/-
	(c) Capacitor of 4KVAR	Rs. 15/-	Rs. 30/-
	(d) Capacitor of 5KVAR	Rs. 20/-	Rs. 40/-
	(e) Capacitor of 7KVAR	Rs. 30/-	Rs. 60/-
7	Administration charges for dishonoured cheque: The actual charges levied by the bank recovered by the licensee for bouncing of cheque against payment of charges to the licensee.		
8	Testing Fee for Capacitor, transformer Oil and Insulation Resistance of Cable/ Equipment: Routine checking shall be done by licensee and no charges shall be levied on consumers for such routine checking. However, in case the checking is done at the request of consumer then the following charges shall be leviable.		

Schedule of General and Miscellaneous charges applicable w.e.f 1st September, 2011

Sr. No.	Description	Charges approved by the Commission
	1. Capacitors at 230 / 440 Voltage level	Rs. 200 per visit
	2. Capacitors at 11 KV and above Voltage level	Rs. 400 per visit
	3. Checking of the Transformer Oil	Rs. 200 for first sample and Rs. 150 for additional sample
	4. Checking of insulation resistance of cables and other equipment	Rs. 300 per cable / equipment
9	Shifting charges for tube well	Rs. 7000/- per span for new work and charges for use of old material dismantlement charges for old site work
10	Application Form for new connection (if purchased from the licensee)	
	a) AP & DS category	Rs. 10/-
	b) HT category	Rs. 200/-
	c) All other categories	Rs. 20/-

Appendix –H

(Referred to in Para No. 45 (I) (i))

HARYANA VIDYUT PRASARAN NIGAM LTD

From

The Chief Engineer / Admn
HVPN, Panchkula

To

1. All SDOs / JEs Incharge
Operation Sub Divisional / Sub Offices in HVPNL
2. All Xens/SEs
Operation Divisions / Operation Circles in HVPNL
Memo No CA/RA/Instructions/211-531
Dated 3.2.99

Subject: Duties and responsibilities of various functionaries for the upkeep and maintenance of consumers' accounts in Operation Sub-Divisions / Sub Offices

A number of cases of embezzlement /misappropriation of revenue and public cheatings by the unscrupulous employees came to the notice of erstwhile Board in the past. On detailed enquiry/audit in each case, it was found that he prescribed checks for the proper upkeep and maintenance of consumers accounts/cash accounts were not exercised by the supervisory staff and the cash realization posted in the consumers ledgers was not found reconciled with the total revenue receipts as per CCR Books/Revenue Cash Book. The abstract of the Sundry Charges and Allowance Register was also not found prepared and tallied with the amount posted in the consumers' ledgers. These lapses on the part of the supervisory staff facilitated huge embezzlements/misappropriation of funds.

In spite of instructions contained in the Manual of instruction for the proper upkeep and maintenance of consumer' accounts/cash accounts and exercising of prescribed checks thereon by the supervisory staff, the following instructions were also issued by the erstwhile HSEB in this regard.

- (i) Secretary, HSEB memo No. CAO/CAC-11RF-60/4460-4940 dated 11 Jun 82 further re-iterated vide memo No. CA/RA/HQ/5100-5400 dated 14.2.95,

- (ii) Secretary BSEB Memo No. CA/RA/HQ/Ins/Ch-30 dated 21.6.83
- (iii) Secretary HSEB memo No. CA/RA/HQ/Loose/Ch-05 dated 06.1.83
- (iv) Decision taken in the following Operational Review Committee Meetings.
 - (a) On 17/18.11.86 at Karnal
 - (b) On 9,4,87 at Panchkula
 - (c) On 3.11.87 at Karnal
- (v) SE/EDP(Computer, HVPN Panchkula memo No. 34/Comp-60 dated 3.9.98 and 36/Comp-60 dated 16.9.98 regarding computerized billing and exception reports being supplied along with computer generated ledgers/bills.

Besides, Secretary erstwhile HSEB vide his circular letter No. CA/RA/HQ/4355-4854 dated 4.8.98 has also issued guidelines/procedure for dealing with the cases of loss sustained through fraud, misappropriation, embezzlement or negligence of individual, wherein extent of responsibility to be shared by each officer(s)/Official(s) for the loss sustained by the Board due to embezzlement/fraud/mis appropriation of the funds has been fixed and circulated.

On the direction of the Director Finance the instructions contained in the Manual of Instructions and further circulated from time to time, for upkeep and maintenance of consumer accounts and exercising of prescribed checks thereon by the supervisory staff have been got consolidated as per Annexure which have been approved by the Whole time Directors of the Nigam.

The instructions now contained in the enclosed Annexure to consolidated shape, be followed strictly and meticulously. Non observance of these instructions will be viewed seriously and stern disciplinary action would be taken against the officers/officials found lacking in exercising of checks prescribed for them, besides effecting recovery of the loss sustained by the Nigam in accordance with extent of responsibility fixed vide Secretary erstwhile HSEB memo No. CA/RA/HQ/4355-4854 dated 4.8.98.

These instructions may be got noted from al concerned for strict compliance.

Chief Engineer/Admn.
HVPNL, Panchkula

Endst. No. CA/RA/HQ/Instructions/532-565 dated 3.2.1999

Copy of the above is forwarded to the following for information and further necessary action please.

1. All EICs/CEs in HVPNL
2. All FA & CAOs in HVPNL
3. The CAO HVPNL, Panchkula
4. He Chief Auditor, HVPNL, Hisar
5. FA(HQ) HVPNL, Pkl
6. AG(Audit) Chd

Chief Engineer/Admn
HVPNL, Panchkula

Annexure

Consolidated duty list of various functionaries in the Operator, Sub Division/Sub Offices as circulated by the Secretary erstwhile HSEB from time to time.

A. Superintending Engineer OP Circle

He should visit one worst Sub Division in a division each month to ensure that the revenue staff is working properly and the records are kept upto date and in accordance with the standing instructions of the Nigam (erstwhile HSEB). During his visit to the Sub Divn. he should check up that the concerned XEN has inspected and carried out the checks prescribed for him. He should also carry out the detailed checks and send a copy of his report to the Chairman by name.

B. XEN OP Division

He should visit one Sub Divn. under his jurisdiction every month to ensure that the revenue staff is working properly and the records are kept upto date and in accordance with the standing instructions of the Nigam (erstwhile HSEB). During his visit to the Sub Division he should exercise the following checks and sent a report thereof to his SE/CE every month with a view to ensure that timely action is taken to rectify the deficiencies and safeguard revenue.

- (i) Whether the SDO has framed a billing programme showing the date of reading and issue of bills for each group of consumers and the same is being strictly followed?
- (ii) Whether the meter readings due to be taken by meter readers as per billing programme, have been duly brought by the Meter Reader and recorded in the consumers ledgers upto the date of visit of the XEN in the Sub Division.
- (iii) Whether the consumer bills due for issue upto the date of visit of XEN have been issued?
- (iv) Whether the checks prescribed for supervisory staff i.e. UDC® /Commercial Assistant and the SDO have been exercised at various stages and all the officials/officers have appended their dated initials in token of the same?
- (v) Whether action has been taken for having access to the locked premises; to temporarily disconnected defaulting consumers, to issue meter change orders and to effect the same whenever meter reader and Installation Inspector reports about defective meters.
- (vi) Whether the reconciliation of cash realization has been done every month in respect of each consumer's ledger and consolidated in the Abstract Ledger for the Sub Divn. as a whole and certificate to this effect stands recorded under the dated signatures of the SDO.

- (vii) Whether the SDO has got the monthly abstract of Sundry Charges and Allowance Register prepared and appended his dated signature in token of correctness of posting of the items from the register to the consumer ledger?
- (viii) Whether the SDO has attested all the adjusting entries passed through SC & A Register, So as to ensure their correctness.
- (ix) Whether all the HM's issued by the audit parties have been disposed off in accordance with the time frame circulated vide circular letter No. CA/RA/22055/22565 dated 23.3.79 and further re-iterated vide circular letters No. CA/RA/HQ-126/3407-4007 dated 10.9.86, CA/RA/HQ/R-11/9356-9707 dated 2.12.96 and CA/RA/HQ/R-11/8934-9434 dated 29.12.97 and no half margin is lying pending with the Sub Division?
- (x) The exceptional lists showing the DS/NDS consumers with defaulting amount greater than Rs. 5000.00 being supplied by the computer billing agencies, shall be regularly screened by him for taking immediate steps to effect disconnection with a view to force recovery. Where ever the amount has been piled up beyond reasonable limits and recovery becomes difficult, he shall fix responsibility for not issuing/effecting disconnection orders.
Further all the defaulting cases where amount involved is above Rs. 50000, shall be personally screened by him and the following additional course of action shall be ensured by him.
 - (a) Where connections are lying disconnected, cases shall be processed for recovery of Electricity Dues as arrear of land revenue.
 - (b) Where the connections are running and disputes have been referred to the Arbitrators, step shall be taken for early decision /settlement of such cases by the Arbitrator.
 - (c) Where the disputes are being contested in the courts, SDO/Sen(OP) with assistance of law officers shall initiate steps for getting the stay against recovery vacated, as also for early fixing of hearing dates.

He should adjust visit in such a way that each Sub Divn is inspected by him atleast twice in a year

C. Sub Divisional Officer Incharge Operation Sub Division

- (i) He shall act as custodian of cash chest. The key No 2 of the chest shall remain in personal custody of SDO and key No. 1 in the custody of the Cashier. During temporary absence of the SDO on leave or on tour, key No. 2 shall be transferred to the senior most JE in the Sub Divn.
- (ii) He will be responsible to see that total of day's collection of consumers cash is transferred on the receipt side of the Revenue Cash Book from the CCR Book/Cash Received Challan Book after the entries in the CCR Book/Challan Book have been compared and totals verified by the UDC(R) /CA to the extent of 100% / 10% respectively as prescribed for them. The entry in the Revenue Cash Book and the certificate of transfer recorded in the CCR Book/Challan Book shall be attested under dated signatures of SDO.

- (iii) He shall be responsible for the correct and prompt remittance of all cash collections on the same day and where ever it is not possible in the morning of the next working day. While remitting the cash into Bank the entries in all the 4 copies of each pay in slip on the payment side of the Revenue Cash Book and entries in the Remittance Register shall be attested under dated initials of the SDO in token of having verified the correctness of the amount remitted into Bank as per total collection of the day/previous day and keep the Remittance Register under his safe custody.
- (iv) He shall also be responsible for satisfying himself about the remittances made into Bank by comparison of receipted pay in slips with the entries in the remittance register and on the payment side of the Revenue Cash Book and append his dated initials in token of this verification in the Remittance Register and on the right hand side of the amount entered on the payments side of the Revenue Cash Book.
- (v) He shall satisfy himself that the entries in the CCR Book/Cash received challan book have been duly compared and checked with the amounts mentioned in the duplicate copies of the receipt in form RO-4 and further that the total of the CCR book/Challan Book have been verified and found correct by the UDC(R) to the extent of 100% and checked by Commercial Assistant to the extent of 10% of the entries and that the officials concerned had recorded a certificate in the CCR Book/challan Book regarding their having exercised the prescribed checks and having found the same to be correct.
- (vi) He shall prepare on the spot bills for HT industrial connection and delivering the same to the consumers concerned on scheduled reading/billing date and see that entries of the bills have duly been recorded on the same date in the consumers ledger duly attested under his dated initials.

In case of HT Industrial consumers where HT Electronic Trivector Meters have been installed and the monthly reading is taken through MRI and computerized bills are generated, he shall be responsible to ensure that bills are delivered to the consumers within 2 days from the date of reading.

He shall also ensure that the reading of Medium Supply (now re-designated as L.T Industrial above 20 KW Load) consumers is taken by the JE incharge of the area, the accuracy of the meter is checked at the time of reading by rough method, the reading /checking record is maintained properly and the spot billing is done by them, as is being done by him (SDO) in case of HT Industrial consumers.

- (i) He would be responsible to ensure that total of monthly cash realization posted into consumers ledger agrees with the total monthly realization of each consumer Group as shown in the CCR Book/Challan Book and further that the grant total of monthly realization of consumer cash in respect of all the groups agree with the total monthly realization shown in revenue cash Book. He shall also ensure that a certificate of this reconciliation is recorded by the UDC(R) in respect of each ledger and that a reconciliation certificate of grand total receipt of the month in the Abstract Ledger is

also recorded by the UDC(R) are countersigned by CA wherever posted. Where there is no C.A, the said certificate will be countersigned by him (SDO).

- (ii) He shall also satisfy himself about the accuracy and correctness of bringing forward the unpaid balance outstanding against the defaulting consumers from the previous month in the following manner:-

Total of Col. "Net amount payable" plus total of col. "Surcharge Levied" minus total of Col headed "Realization" is equal to the total of col headed " Balance" of the current month. In token of this verification, the SDO shall add his dated signatures immediately below the total of opening balances brought forward in the abstract ledger.

- (iii) He shall attest each and every entry of charge or refund made in the sundry charges and allowance Register with reference to relevant job order such as SJO, Test Report, under/over assessment of energy or electricity duty in previous month etc.
- (iv) He should also ensure that the entries of charges and allowances made in the sundry charges and allowances register have been duly posted in consumer ledger. This will be done by comparing the totals of sundry charges and the allowances of the month in the Abstract Ledger with those made in the sundry charge and allowance Register under the respective co. at the end of each month.
- (v) He should verify from the Local Branch of the Bank with which he is placed in accounts at least once in a month that the amount remitted into bank by his office have duly been credited to Board's account and transferred to main account of the Board at the head office of the Bank. In token of this, mail transfer No. & date with amount shall be obtained from the Bank and posted against the relevant entries in Register. The outstanding credit, if any, in respect of the cheques remitted shall then be pursued till the amounts are credited to Board's account or take necessary action to recover the amount from the consumer concerned from who the cheques were received.
- (vi) He should ensure that all the HM's issued by the audit parties have been disposed of in accordance with and within the time frame circulated vide circular letters No. CA/RA/22055/22565 dated 23mar 79 and further re-iterated vide circular letters No. CA/RA/HQ/1263407-4007 dated 10 Sep 86, CA/RA/HQ/R-11/9356-9707 dated 02 Dec 96 and CA/RA/HQ/R-11/8934-9434 dated 29.12.97 and that no half margin is lying pending with the Sub Division.
- (vii) Where billing of DS/NDS categories have been computerized he will carry out 25% checking of below noted exceptional reports and shall also ensure that the commercial assistant has carried out 100% checking thereof and the action required to be taken is taken promptly.

S.No	Name of list	Remarks / Utility
1.	(a) Part payment list (b) Excess payment list (c) Double / Duplicate list	To ensure that undue excess double credit is not given to any consumer
2.	(a) Monthly Cash Realization (b) Check list of receipt stubs (c) Ledger wise Cash Segregation Report	These lists shall be tallied with A/c No. amount and days total with corresponding figures in CCR Book.
3.	List of consumer with Bill amount > 5000.00	These bills shall be distributed to consumers only after checking and correction, if any.
4.	Exception list (a) Forced Average i.e. bill prepared on average because the reading was not consistent (b) Consumption more than 800% or less than 25 % of average (c) All vet amount bills (d) PDCO cases (e) MCO cases (f) Board's/Nigam's employees concession	To investigate reason of inconsistency and to send proper advice in the next cycle so that next bill is prepared on reading. To ensure that undue credit or refund has not been given to the consumer For transferring the cases to permanent default ledger To ensure that advises have been fed correctly
5.	(a) Defective Meter cases	(i) To ensure that correct units are being charged

	(b) Burnt meters (c) Glass broken (d) M&T seal broken (e) Premises locked	(ii) To get some meters checked so as to ensure that reporting of Meter Reader is correct (iii) To investigate all cases of glass broken and M&T seal broken (iv) To get the reading of meters which are locked for more than six months.
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Note : The exception reports mentioned at item No. 5 of the above taken shall be passed on the JE concerned and he shall be responsible to ensure that the required action thereon is taken promptly by the concerned JE.

In addition to above he shall also carry out random checking of the following exceptional reports with the same objective and purpose.

S.No	Name of List	Remarks / Utility
1	(a) Defaulter list (b) Defaulting amount >Rs. 5000.00	For issuance of TDCO and PDCO
2	Check list to inconsistent Reading	To take appropriate action so that proper bill is prepared.
3	(a) Check lists of Advices No. 71 to 75 (b) Check list of New Connections	To see that the various advices sent by the S/Divn have been fed correctly by the billing agency
4	Not carried lists of Advices and stubs	To send proper advices in the next cycle.

He shall append his signature on the each list/exceptional report in token of having exercised the above prescribed checks.

(viii) He shall also ensure that the duties assigned to the Commercial Assistant in respect of computerized billing as explained in Para v, vi, vii & viii of duty list of the Commercial Assistant are exercised by him without any excuse, in token of which he will countersign all the certificates to be recorded by the Commercial Assistant. He

shall be considered equally responsible in case the checks prescribed for the Commercial assistants are not carried out by the Commercial Assistant.

D. Junior Engineer In Charge Sub Office

The duties prescribed for SDO, incharge of a Sub Divn. shall be carried out by the Junior Engineer Incharge of a Sub office mutatis mustandis in respect of his sub office.

E. Commercial Assistant

He shall be responsible:-

- (i) For comparison of entries in CCR Book/Cash Received Challan Book with relevant duplicate copies of RO-4 to the extent of 10% of each day's entries. This check should include comparison of all entries of heavy amounts. He will record a certificate in the CCR Book/cash Received Challan Book in token of his having carried out the said check before days collection is transferred to Revenue Cash Book and after the UDC(R) has exercised his 100% check over this work.
- (ii) To Exercise 100% check at the following stages in the maintenance and up keep of consumer ledger and other connected record:-
 - (a) Entries of unpaid charge outstanding against defaulting consumers brought forward from previous month in respect of all industrial consumers.
 - (b) Assessment of energy charges and electricity duty of all industrial consumers
- (iii) To Exercise 10% check over the following :-
 - (a) Entries of cash realization posted in consumer ledger.
 - (b) Entries of unpaid balances outstanding against the defaulting consumers General and AP Connections brought forward from previous month.
 - (c) Entries of assessment of energy charges and electricity duty in respect of general consumers and AP tubewell connections
 - (d) Posting of item of charges and allowances in the consumer ledger from the sundry Charges and allowance Register.
- (iv) He shall append his dated initials on top of each page of consumer ledger in token of correctness of date of issue of the bills and grace date fixed for payment of the bill and also ensure that :-
 - (a) The UDC(R) has exercised his prescribed 100% check and that UDC(R) has recorded certificates wherever required in token of his check before the issue of the bills.
 - (b) That the ledger has been totaled in respect of all cols. Before the bills are issued.

The above duties shall be exercised by the SDO/JE (Incharge of Sub Divn/Office/ where a commercial Assistant has not been posted.

- (v) Where billing DS/NDS categories have been computerized, he shall carry out 100 checking of the below noted lists (exception reports) being generated and

supplied by the Computer Operators. He will also ensure that the action required to be taken on the each exceptional report (as mentioned against each) is taken by the concerned staff.

S.No	Name of List	Remarks / Utility
1.	(a) Defaulter list (b) Defaulting amount > Rs. 5000	For issuance of TDCO and PDCO
2.	(a) Part payment list (b) Excess payment list (c) Double / Duplicate list	To ensure that undue excess /doubt credit is not given to any consumer
3.	(a) Monthly Cash Realization (b) Check list of receipt subs (c) Ledger wise Cash Segregation Report	These lists shall be tallied with A/c No. amount and day's total with corresponding figures in CCR Book.
4.	Check list of Inconsistent Reading	To take appropriate action so that proper bill is prepared
5.	(a) Check lists of Advices No. 71 to 75 (b) Check list of New Connections	To see that the various advices sent by the S/Divn have been fed correctly by the billing agency.
6.	Not carried lists of Advices and stubs	To send proper advices in the next cycle
7.	Assessment Summary	
8.	List of consumers with Bill amount > Rs. 5000.00	These bills shall be distributed to consumer only after checking and correction, if any.
9.	Exception lists (a) Forced Average ie bills prepared on average because the reading was not consistent.	

	<p>(b) Consumption more than 800% or less than 25% of average.</p> <p>(c) All –ve amount bills</p> <p>(d) PDCO cases</p> <p>(e) MCO Cases</p> <p>(f) Boards employees concession</p>	<p>To investigate reason of inconsistency and to send proper advice in the next cycle so that next bill is prepared on reading.</p> <p>To ensure that undue credit or refund has not been given to the consumer</p> <p>For transferring the cases to permanent default ledger.</p> <p>To ensure that advises have been fed correctly</p>
10.	<p>(a) Defective Meter cases</p> <p>(b) Burnt meters</p> <p>(c) Glass broken</p> <p>(d) M&T Seal broken</p> <p>(e) Premises locked</p>	<p>To ensure that correct units are being charged</p> <p>To get some meters checked so as to ensure that reporting of Meter Reader is correct</p> <p>To investigate all cases of glass broken and M&T seal broken</p> <p>To get the reading of meters which are locked for more than six months</p>

Note : The exceptional reports mentioned at item no. 10 of the above table shall be passed on the JE concerned for 100% checking and taking appropriate action.

In token of having exercised that checks, he would append his signature alongwith remarks. He shall also be responsible to reduce/present these reports to the audit parties/other inspecting officers including of EDP Wing, for this purpose all the exceptional reports/list will be kept in a separate folder.

(vi) Each and every Receipt Stub Batch Card will be signed by him and the SDO at the appropriate place on the front side as well as on the back side certifying that the daily totals of cash received through _____ Nos. Receipt Stubs as recorded in the CCR Book No. _____ page Nos. _____ tally with the total amount and nos. of receipt stubs recorded in the batch data (stub batch card).

(vii) He shall carry out 100% checking of amount recorded in the Advice No. 75 with reference to the Sundry Charges and Allowance register. He shall also ensure that the totals of each page are worked out and he shall also verify the totals and record a certificate to this effect as under :-

“Certify that the total as worked out in the advice tallies with the Sundry Charges and Allowance Register under billing cycle Group”.

On receipt of computerized ledger he shall again verify that the totals of columns headed charges and allowance of computerized ledger tally with advices/SC&A Register and in token thereof he shall record the following certificate in the SC & A Register.

“Certified that the ledger wise totals of Sundry Charges and Allowance given in the assessment summary of he ledger tally with the totals of advices /SC&A Register.

viii) He shall also check the other advices prescribed for change of previous reading, MCO, PDCO, RCO, tariff etc and record the below noted certificate on each advice.

Certified that all the entries shown in the advice have been verified and tally with the relevant record of the Sub Division.

After receipt of check lists/computerized ledger(s) he shall again verify that the advices have been entered correctly by the billing agency.

F. UDC (R)

(i) He shall be responsible for exercising of 100% checking over the entries made in the consumer cash received book/cash received Cahllan Book with he relevant duplicate copies of the receipt in form RO-4 and verify the total of book, in token of which he shall record a certificate in his own hand writing and under his dated signatures immediately below the total in the CCR/ Challan Book every day.

(ii) He shall be responsible to check 100% entries of cash realization posted in consumer ledger from duplicate copies of receipt in form RO-4, in token of this check,

he will append his dated initial below the Total of col. Headed “ Realization’ on each sheet of the consumer ledger.

(iii) He shall be responsible to check that total of cash realization posted in he ledger agrees with the total monthly receipt of that groups as per CCR Book/Challan Book and further that the grand total receipts of a month as per Revenue Cash Book agrees with the total cash realization posted in the abstract ledger (For all Groups).

(iv) He shall be responsible to check 100% entries of unpaid balances against defaulting consumers brought forward from previous month in respect of all general and AP consumers. It should be proved that the total of col “Net amount payable’ plus total of col headed “Surcharge levied” minus total of col headed ‘Realization is equal to the total of col headed Balance brought forward. He shall put his dated initials in token of above check on each and every sheet of the consumer ledger at the place provided for his initials.

(v) He shall compare the entries in the consumers bill with the entries in the ledger, to avoid issue of incorrect and forged bills. In token of this e will record a certificate at the end of ledger every month to this effect before the bills are actually signed or the same are stamped with signatures stamp.

Subject : Guidelines/procedure for dealing with the cases of loss sustained through fraud, misappropriation, embezzlement or negligence of individuals.

In the recent past the cases of fraud, embezzlement and misappropriation of Board’s revenue in OP Sub Divns/Sub Offices were on increasing trend and in absence of any specified procedure /guidelines a difficulty was being experienced by the field officers/competent authority to take prompt action for recovery and initiating departmental action against the officials and officers found indicted. Proposal for deciding the procedure /guidelines for dealing with the cases of loss sustained through fraud/misappropriation/embezzlement was under active consideration of the Board. Accordingly, the whole Time Members in their in House meeting held on 21 Jul 98 considered the detailed proposal and decided as under :-

- (i) Immediately after the receipt of audit report of fraud, misappropriation, embezzlement etc, a committee of two officer will be constituted with the approval of MFC comprising of one SE and one Sr Accounts Officer/Accounts Officer from Audit Organisaition to fix the responsibility of the individuals by name involved in the case directly and supervisory officers / officials if laxity of supervision has facilitated the fraud, embezzlement, misappropriation etc. The above committee will

submit the preliminary report within a period of two months or the period specified in each case to the Chief Auditor for further submission of the same to the MFC/WTMs.

- (ii) The cases where the embezzlement of below Rs. One lakh, show cause Notices to the individual/individuals indicted in the preliminary investigation report shall be issued by the concerned Cadre Controlling Authority for effecting recovery of the actual loss for which individual/ individuals is/are held responsible and to take suitable disciplinary action after observing due procedure as per law.
- (iii) The cases where the embezzlement is Rs. One lakh and above, the charge sheets to the individual/individuals indicted in the preliminary investigation report shall be issued by the concerned Cadre Controlling Authority for major punishment besides effecting recovery of share of the loss for which each individual /individuals is /are held responsible after independent detailed investigation/enquiry and in accordance with due procedure of law.
- (iv) The extent of responsibility as mentioned in Annexure 'B' attached with the memorandum would be the guidelines and would be of advisory nature for fixing up the responsibility of individuals/individuals by name.

The above decision of the WTMs may be implemented strictly and meticulously.

All the pending cases may also be decided /disposed off in light of above decision / guidelines.

The above instruction may also be got noted from all concerned.

DA : Annexure 'B'

Issued vide Secy HSEB memo No. CA/RA/HQ/4355-4854 dated 4.8.98

EXTENT OF RESPONSIBILITY TO THE FIXED IN THE CASES WHERE THE BOARD'S REVENUE IS EMBEZZLED / MISAPPROPRIATED BY THE BOARD'S EMPLOYEES

S . N o	Modus operandi adopted to embezzlement / misappropriate Board's revenue						
1.	2.	3.	4.	5.	6.	7.	8.
1)	A. Computer Generated Consumer's Ledgers (i) Non Recording of amount received form the consumers in CCR Book(s) (ii) Less recording of amount in the CCR Book than that of the amount actually received from the consumers.						
	B. Manual Consumer's Ledger (i) Non recording of amount received from the consumers in the CCR Books (ii) Less recording of amount in the						

	CCR Bok than hat of the amount actually received from the consumers.						
2)	Less totaling of the CCR Book(s)						
3)	Non transfer/less transfer of cash from the CCR Book to the Revenue Cash Book.						
4)	(i) Non deposit /less deposit of the amount into Bank than that of the amount shown remitted as per Revenue Cash Book/Remittance Register.						
	(ii) Non accountal of dishonored cheques						
5)	Omission in bringing forward of unpaid balance outstanding against previous month.						
6)	Intentionally wrong under assessment of energy charges and electricity duty etc in respect of						
	(a) General, AP & SP Consumers						
	(b) LT Industrial consumers (under spot billing)	-	-	50%JE	-	30%	20%
	(c) HT Industrial consumers (under spot billing)	-	-	-	-	50%	50%
7)	Non Posting of amount charged through Sundry	-	-	50	30	10	10

	charges and Allowance Register Loss sustained by the Board due to delay in posting thereof						
8)	Non issue of bills/loss sustained by the Board due to non issue of bills in time.						
9)	(i) Bogus posting of Cash realization into consumer's ledger(s)						
	(ii) Allowing and posting of fictitious refunds into consumer's ledger(s)	-	-	50%	30%	10%	10%
	(iii) Allowing and posting of unauthorized refunds						
10)	Financial /interest loss sustained by the Board due to non returning of the half margins issued by the audit			-	-	30%	70%

11. In case the amount of embezzlement/is appropriation /loss sustained by the Board could not be recovered from any accused, the same shall be recovered from the other staff involved in the same proportion.

12. The internal audit party will also be held responsible in case the embezzlement / misappropriation of Board's Revenue is detected out of the audited accounts, for which upto for annual increment of the members of the party would be stopped, keeping in view the gravity of the case and nature of the lapses/omission on their part.

13. The preparation of Abstract Leger, Monthly Abstract of SC&A Register and reconciliation of the cash realization posted into consumer's ledgers is a most important function in the Sub Division to the avoid the chances of embezzlement etc. As such non compliance of the same by the Sub Divisional staff should be viewed seriously and the pay of the concerned ledger keeper, UDC (R)/CA should be withheld till the compliance is not made by them. The concerned SDO should also be held responsible in case he fails to get prepared the monthly abstract ledger in accordance with the instructions and get the realization posted into consumers' ledgers reconciled with the amount received

as per CCR Books/Revenue Cash Books. The Divisional Officer who supplied bogus certificate regarding reconciliation of Cash Realization in respect of whole Division along with the monthly account shall be held responsible.

Sd/-

Secretary

Haryana State Electricity Board

Panchkula

Appendix-I

(Referred to in Paragraph No. 52 (x))

Copy of memo No. 192/Bd-37/L-G/74 dated 08 July 74 from Sec To Chief Engineer (OP) Chandigarh, All S.E.s in HSEB. All Xens in the HSEB, All S.D.O.s incharge of Sub Divisions in the HSEB & all JEs Incharge of sub offices in HSEB.

Subject: Dismantlement and replacement of copper conductor

Before copper conductor is dismantled from or replaced on any LT/HT Line, a proper estimate to indication the exact length, number of spans, size of conductor of different spans should be prepared and shown on a sketch compared with original estimate and or entries made in the Electrical Measurement Book at the time of initial construction (giving reference to page & EMB No.) S.D.O should then verify 100% quantities physically and record a certificate to this effect on the estimate. Similarly Executive Engineer should verify 10% of the quantities in the estimate and size. Actual work should be taken in hand after sanction of the estimates from the competent authority. Dismantlement work should be supervised by an official not below the rank of line Supdt, who will take measurement of the copper, so dismantled, indicating the spans etc from which the some has been dismantled and he will return the dismantled copper to the stores the same day or the following morning positively and get his measurement verified from the SDO, SDOs and XENs should also pay surprise visits to the site of the dismantlement work. If any, loss in transit/pilferage is detected, it will be recovered from the Line Supdt and the SDO Incharge in equal proportion.

S.Es should ensure that the above instructions are implemented strictly, any violation will entail serve/penalty.

This communication be acknowledged by all to whom it has been addressed above, within 3 days of its receipt.

Sd/-

Deputy Secretary/Tech
For Secretary H.S.E.B Chd

Appendix-J

(Referred to in Paragraph No. 63)

Office of the Deputy Accountant General (Commercial) Chandigarh

Scrutiny sheet of purchase cases leading to issue of purchase order(s) by the Chief Engineer, Material Management, UHBVNL & DHBVNL

(Placement)

- | | | |
|-----|---|-----|
| 1. | (a) Name of the Inspecting Officer | : |
| | (b) Name of the Section Officer / Asst Audit Officer | : |
| 2. | Nomenclature of the material purchased | : |
| 3. | Requirement (How assessed) | : |
| | a) Source of requirement | ::: |
| | b) Whether for stock or works | |
| | c) Period for which material required | |
| 4. | Tender Enquiry No. | : |
| 5. | Date of issue of tender notice or its publication in news paper | : |
| 6. | Date of opening of tenders | : |
| 7. | (a) Whether comparative statement was prepared by the management and checked in audit | : |
| | (b) No. and date of purchase proposal | |
| 8. | When was placement of purchase order decided and by whom? | : |
| 9. | No. and date of purchase order | : |
| 10. | Name(s) of the supplier | : |
| 11. | Value of purchase order issued | : |
| 12. | Whether the purchase order was placed on the | : |

lowest Firm. If not, why?

13. Whether earnest money/cash security was :
obtained from the supplier before and/or after
placement. If not, why?
14. Whether contract agreement signed by the :
supplier.
15. Whether any price escalation or variation clause :
was included in the purchase order/contract
agreement. If so, details thereof.
16. Audit comments. :

Adr / Sr. Adr
Audit Officer

Section Officer / Asst Auditor Officer

Sr

Appendix-K

(Referred to in Paragraph No. 72)

**Subject : Material Management Creation of Sub divisional Stores in Operation Sub
– division**

It has been represented to the Board that the SDOs (Operation) have been feeling handicapped in the drawal of stores materials from the Central/Sub Stores and their proper accountal, because of the fact that the operation Sub divisions, which are not located at the same station where Central/Sub Stores are located, have had to draw materials from outstations very often against individual requisitions or alternatively they have been drawing materials in bulk to meet their demand for numerous works involving transfer of materials from one work to the other with the resultant difficulties in proper accountal. This problem has been under consideration of the Board for quite sometime past and it has now been decided that the sub Divisional Offices (Operation) may be provided with sub stores on the same lines on which the sub stores are

functioning at the Div HQs at present. In other words, the Operational Sub Div will be maintaining Stores for quantity account only and that also forming part and parcel of the stock of Controller of stores, where the financial accounts in respect of all such stores, where the financial accounts in respect of all such stores shall be maintained as is being done for Central Stores / Sub Stores at Divisional Headquarters.

2. In this connection, the following detailed instructions are issued for compliance by all concerned meticulously.

(i) The existing sub Stores under the Controller of Stores shall be re-named as Divisional stores and the Stores being provided in Operation Sub Divisions shall be named as Sub Stores functioning under the Controller of Stores in addition to the existing Central Stores and Sub Stores (now re named as Div stores).

(ii) Wherever the Central Stores and the re named Div Stores are existing, the operation. Sub divisions located at the same station will not operate Stores but those Sub divisional shall continue to draw their requirement of materials from the Central/Div Stores as heretofore. The SDO(Operation) of each Division shall draw materials from a particular Divisional Stores with which the operation Division is tagged at present i.e. all the Sub Divisions of a particular Division shall draw materials for the sub Stores from the Central/ Div Stores located at the HQ of the Operation Div \. The stores materials shall be issued by the Central/Div Stores on stores challans in the same manner, as stores are at present being issued from one Central/Divisional stores to the other Divisional/Central Stores.

(iii) The SDO (Operation) shall be responsible for proper storage handling and maintenance of the Sub Stores. In each operation sub Division one of the Line Superintendents will be entrusted the charge of storage, handling the maintenances of stores.

As soon as materials are drawn from the respective Central Divisional Stores against Stores Challans, the Line Superintendents incharge of Stores in the Operation sub Division shall record measurement of such materials in stock Measurement Book and shall enter them in red ink as receipt of stock cards to be maintained in every Sub Store. Copy of the Stock Measurement Book shall be submitted to the Controller of Stores immediately and another copy thereof at the close of the month alongwith stock Accounts.

(iv) Necessary entries relating to issue of such materials shall be recorded. In value ledgers of the issuing Central/Divisional Stores maintained in the office of Central/Divisional Stores maintained in the office of the Controller of stores on the basis of Store Challans received from the issuing Central/Divisional Stores and receipt of materials in the Sub Stores should be watched as “transfer within stores”. Necessary entries of receipt of materials should be recorded only on the authority of the Stock Measurement Book (pages) in the respective value ledgers of the receiving Sub Stores maintained by the Controller of Stores.

(v) With regard to the issue of materials against requisitions by Sub Store, the instructions already issued by the Controller of Stores in the matter of periodical submission of such stores requisitions to the controller of Stores shall continue to be implemented. The Controller of Stores will reiterate there instructions to all SDOs (Operation) regarding periodical submission of stores requisitions. Measurement Book Pages and monthly submission of Stock Account prescribing the particular dates on which such documents are to be submitted.

(vi) The Controller of stores shall circulate standard price for issue of materials whether through Stores Challans or through Stores requisitions. This would facilitate evaluation of stores challans/requisitions and pairing of the corresponding remittance transactions. Likewise SDOs (Operation) though not maintaining Value Ledgers or Value Accounts shall evaluate the Stores requisition on the basis of standard issue prices fixed by the Controller of stores so as to account for the cost of materials issued to works, in the works account of the same month in which materials are drawn from Sub stores against works in the Sub Division for submission to the Operation Division. As the total amount of material issued in a particular month would have been already determined the Controller of Stores after posting such stores requisitions in the value Ledger of the particular Sub Stores shall raise debit for the said amount and both the item of credit by the Operation Divisions and debit by the controller of stores will appear in the same monthly account for the same amount which would result easy pairing at the HQ Office, in addition to the advantage that works will take cognizance of the expenditure for the issue of materials in the same month in which materials are drawn from the Sub stores.

(vii) The Chief Engineer (Operation) will lay down quantitative ceiling limits upto which particular items of materials could be stored in each Sub Store keeping in view

their requirements for the execution of works for a period of two months and with the further provision that the total value of such materials on the basis of standard issue prices shall not exceed Rs. 3 lakh for each Sub Store at any one time.

(viii) while drawing materials from the respective Central/Divisional Stores, the SDO(Operation) Sub Store will indicate the existing balance of each item of materials being requisitioned for the Sub Stores so that it will be responsibility of the XEN/SDO Central /Divisional Stores to ensure that the ceiling limit for each item of material fixed by the Chief Engineer(Operation) is not exceeded. At the item of establishing such stores SDO(Operation) will ensure that all material already drawn for various. Works and lying unutilized with the Line Superintendents (Operation) are returned to the Sub Store through proper stores return warrants and this fact is confirmed to the XEN, SDO, Central/Divisional stores at the time of drawl of stores first on the occasion.

(ix) The Controller and Stores will ensure periodical verification of sores ling in Sub Stores in accordance with the existing instructions as are applicable to other Central/Divisional Stores.

(x) The DO(Operation) shall try to accommodate the Sub Stores in the existing buildings and if in any particular case, it is not possible to do so, the minimum accommodation required for stocking the stores may be hired with the prior approval of the competent authority.

(xi) The SDOs (Operation) will manage handling and maintenance of such stores without employing any extra staff either on work charged or on daily basis nor shall they operate any stock storage estimates nor employ any Store Munishi for the purpose. Likewise the Controller of Stores shall also have to manage the work with the existing staff and no demand for extra staff under the above arrangements will be entertained from any quarter.

3. The above instructions shall be applicable with immediate effect from the commencement of the financial year 1981-82.

Authority : Secretary, Haryana State electricity Board, Chandigarh memo No CAO/CAC/B-21IV)/1066/1166 dated 15.4.1981.

Appendix-N
(Referred to Appendix-L)
(Depreciation Schedule)

Description of Assets	Fair life (years)	Depreciation at the value of the assets (90% of value – residual value)	Depreciation Rate %
Land (owned)	Infinity	-	-
Land (leased)	Period of lease		
Plant and machinery in generating stations/including plant foundations			
Hydro-electric	35	90	2.57
Thermal-electric/waste heat recovery ancillaries and plant	25	90	3.60
Liquid fuel/diesel/gas plants	15	90	6.00
Cooling towers and circulating water systems	25	90	3.60
Hydraulic works forming part of Hydroelectric systems including:			
Dams, spillways, weirs, canals, reinforced concrete flumes and siphons	50	90	1.80
Reinforced concrete pipelines and surge tanks, steel pipelines, sluice gates, steel surge (tanks) hydraulic control valves and other hydraulic works	35	90	2.57
Building & civil engineering works of permanent character excluding those mentioned above (including plant foundations)			
Transformers (including foundations) having a rating of 100 kilo volt amperes and over	25	90	3.60
Others	25	90	3.60
Switchgear including cable connections	25	90	3.60
Lightning arrestors			
Station type	25	90	3.60
Pole type	15	90	6.00

Synchronous condenser	35	90	2.57
Batteries	5	90	18.00
Underground cable including joint boxes and disconnected boxes	35	90	2.57
Cable duct system	50	90	1.80
Overhead lines including supports:			
Lines on fabricated steel operating at nominal voltages higher than 66 kv	35	90	2.57
Lines on steel supports operating at nominal voltages higher than 13.2 kilovolts but not exceeding 66 kilovolts	25	90	3.60
Lines on steel or reinforced concrete supports	25	90	3.60
Lines on treated wood supports	25	90	3.60
Meters	15	90	6.00
Self propelled vehicles	5	90	18.00
Air conditioning plants			
Static	15	90	6.00
Portable	5	90	18.00
Office furniture and fittings	15	90	6.00
Office equipments	15	90	6.00
Internal wiring including fittings and apparatus	15	90	6.00
Street light fittings	15	90	6.00
Apparatus let on hire			
Other than motors	5	90	18.00
Motors	15	90	6.00
Communication equipment			
Radio and high frequency carrier system	15	90	6.00
Telephone lines and telephones	15	90	6.00
Assets by way of transfer schemes or not otherwise mentioned in the above schedule	Reasonable period as determined by the commission on a case to case basis having regard to the nature, age and condition of the assets at the time of its acquisition by Generating company/licensee		

APPENDIX-L

(Referred to paragraph -100)

(Annual Accounts)

CHECKLIST FOR COMPLIANCE OF ACCOUNTING STANDARDS

	Check List				Remarks
	Disclosure of accounting policies (AS-1)				
1.	Whether accounting policies are disclosed				
2.	All these policies should be disclosed in one place in the form of Annexure/Schedule to accounts				
3.	Is there any change in accounting policies				
4.	Effect of change should be disclosed through accounting notes.				
5.	Auditor to refer this change in his report if material and its effect on profit/loss and assets/liabilities.				
6.	If fundamental accounting assumptions are not followed, the disclosure should be made				
7.	Auditor to refer the non-compliance of fundamental accounting assumptions				
8.	Paras-11 and 12 of Form 3CD should be verified with the requirements of AS-1.				
	Valuation of inventories (AS-2)				
1.	Check classification of inventories in raw material, WIP finished goods.				
2.	Valuation of inventories-least of cost or realizable value				
3.	Cost formula used-FIFO, Weighted				
4.	Any change in cost formula				
5.	Borrowing cost is not cost of conversion or other direct cost				
6.	For the purpose of Form 3CD of Income-tax, the excise duty or any tax incurred whether refundable/adjustable is cost				
7.	Disclosure of policy and cost formula				
8.	Physical verification of inventory				

	Check List				Remarks
9.	Third party confirmation				
	Cash flow statement (AS-3)				
1.	If the reporting enterprise falls under the Level-II and Level-III, the accounting standard is not applicable.				
2.	If company is a listed company “indirect method” is to be followed				
3.	Verify the cash flow from operating, investing , and financing activities as per AS-3.				
4.	If reporting enterprises are bank, share broker, Investment Company, report cash flow on net basis for operating activities.				
5.	Disclosure of non-cash transaction by way of note.				
6.	Disclose cash or cash equivalents which are not freely remissible to the company or there is restriction on using those.				
7.	Reconciliation of cash and cash equivalent.				
	Contingencies and events occurring after the balance sheet date (AS-4)				
1.	Refer AAS-19 “subsequent events”				
2.	Read minutes of Board of Directors, Executive Committee for events occurring after balance sheet date, up-to the date of finalization of audit.				
3.	Go through all legal cases and their position up-to the date.				
4.	Go through interim financial statement.				
5.	Check if event has bearing on going concern.				
	Net profit or loss for the period, prior period items and change in accounting policies (AS-5)				
1.	Ensure that prior period term represent only the items due to errors or omission not and change of estimate.				
2.	Make list of prior period items detailing their nature.				
3.	Verify clause 22(b) of Form 3CD of Income tax Act, 1961				
4.	Disclose them separately in Profit and Loss Account				
5.	Make a list of extraordinary items and disclose separately.				

	Check List				N / A	R e m a r k s
6.	Is there any change in accounting policy					
7.	If yes its calculate, impact on current year profit and if material on subsequent year profit.					
8.	Refer these changes in Audit Report, if material.					
	Depreciation accounting (AS-6)					
1.	Check the cost of asset.					
2.	Check the rate of depreciation based on useful life					
3.	In case of companies check whether the depreciation rate is more than Schedule XIV rate. Check whether depreciation on all the assets of the company has been correctly worked out as per rates notified by regulator (HERC). The rates notified by HERC is given in Appendix N .					
4.	If yes, see the disclosure in accounting notes and mention in it audit report also.					
5.	If assets are revalued, check whether depreciation is on revalued value.					
6.	In case of tax audit verify clause 14 of Form 3CD of Income –tax Act.					
7.	Check whether the calculation of managerial remuneration is based on the depreciation rate of Schedule XIV to Companies Act, 1956.					
	Construction contract (Revised) (AS-7)					
Sr.No	Check List					
1.	Check that only the percentage of completion method is followed for recognizing the revenue of construction contract.					
2.	Check the method of making reliable estimate of cost to completion.					
3.	Check the method of calculation of contact revenue					
4.	Check the disclosure requirement as set out in AS-7.					

	Check List				Remarks
5.	Check the accounting policies regarding revenue recognition.				
6.	Is provision for expected loss required				
	Revenue recognition (AS-9)				
1.	Check in case of sales whether the seller has transferred all significant risk and rewards of ownership to the buyer and no effective control on the goods transferred is retained by the seller.				
2.	No significant uncertainty regarding the collection of sale amount exists				
3.	Check whether interest and royalties are recognized on accrual basis with no significant uncertainty in collection of the interest and royalties.				
4.	Due provisions for un-expired warranty if sales is warranty sales				
5.	Accounting policies as regards revenue recognition are disclosed.				
	Accounting for fixed assets (AS-10)				
1.	Check fixed asset register and details as per Schedule –VI, Part-I				
2.	Check the addition and deletion.				
3.	Is there any revaluation or restructuring, if yes, verify				
4.	Check disclosure of revaluation or reduction in balance sheet.				
5.	Asset held for disposal to be separately shown at realizable value or book value whichever is less.				
6.	Check the result of physical verification				
7.	Any CENVAT credit availed on fixed assets any reduced from the fixed assets				
8.	In case of Tax Audit verify point 14 of Form 3CD of Income Tax Act.				
9.	Is any subsidy or grant received for fixed asset, if yes, see treatment as per AS-10 and AS-12.				
10.	Exchange fluctuation properly dealt or not.				
11.	Are fixed assets subject to impairment, if yes, whether AS-28 has been followed wherever applicable.				
	The effects of changes in foreign exchange rates				

	Check List				N / A	R e m a r k s
	(AS-11) (Revised-2003)					
1.	Check whether foreign currency transaction was entered before 1.4.2004					
2.	If yes, AS-11 (pre-revised) shall continue to apply					
3.	If foreign currency transactions are entered on or after 1.4.2004, AS-11 (revised 2003) applies					
4.	If there are foreign operations					
5.	Whether classified as integral or non-integral					
6.	Exchange difference on integral operation and foreign currency transactions to be expensed or recognized as income					
7.	Exchange difference in translation of non-integral operation to be transferred to foreign exchange translation reserve.					
8.	Is there partial or full disposal of net investment in integral foreign operation.					
9.	If yes, transfer proportionately or full amount to income or expense as the case may be Check if there is re-classification of foreign operation					
10.	If yes, apply the re-classification provision					
	Accounting for Government grants (AS-12)					
1	Check whether asset specific grant has been treated as per AS-12					
2	Check allocation of deferred income					
3	Un-apportioned deferred income is disclosed in balance sheet					
4	Grant in nature of promoter contribution credited to capital reserve.					
5	Refund of grant if debited in profit and loss as extra ordinary items.					
6	Accounting policy relating to Government grant is disclosed with accounts.					
7	In case of tax audit verify point 14 (d) (iii) of Form 3CD					
8	Whether Government grant receivable as compensation for expenses or losses incurred in the previous is credited to profit and					

	Check List				Remarks
	loss account and disclosed as an extra-ordinary item.				
	Accounting for investments (AS-13)				
1.	Check initial recording of investment at cost.				
2.	Check investment classified in current and long-term.				
3	Check valuation as per AS-13				
4	Check disclosure of accounting policy as regard investment.				
5	Check the requirements of Schedule VI of Companies Act, 1956.				
6	Auditor report if required covers point u/s 227 (1A) in case of company				
7	In case of bank check RBI Guidelines.				
8	In case of mutual fund check SEBI guidelines.				
	Accounting for amalgamation (AS-14)				
1	Go through the scheme sanctioned under section 394 of Companies Act, 1956 by the court/tribunal				
2.	Whether it is merger or purchase				
3	If merger-pooling interest method of accounting, if purchase- the purchase method of accounting is applied.				
4	Check the disclosure requirements as per AS-14				
5	Check whether the scheme sanctioned prescribes a different treatment to be given to reserves of the transfer or company as compared to AS-14.				
6	If yes, see whether deviation has been reported.				
7	Check whether the notes to accounts give the notes regarding the previous year figure not comparable.				
	Employee benefits (AS-15) (Revised 2005)				
1	Check type of enterprise-Level I or more than 50 employee or less than 50 employee				
2	Check short-term employment benefits are expensed at the time of rendering of services by the employees				
3	Check whether for post-employment benefits- defined				

	Check List				Remarks
	contribution plans or defined benefit plans.				
4	If defined benefits plans-go through the actuary reports				
5	Examine the assumptions made by the actuary are in compliance with AS-15				
6	Check whether projected unit credit method to measure the obligation is followed.				
7	Examine the policy for employee benefits with reference to AS-15				
8	Check whether all disclosures requirements are complied with AS-15				
9	Check whether termination benefits (VRS) is expensed or if incurred upto 31-3-2009 is accordance with accounting policy.				
	Borrowing costs (AS-16)				
1	Check whether enterprise has purchased or constructed any qualifying asset during the period				
2	If yes, whether borrowing cost is incurred				
3	Check amount of borrowing cost per AS-16				
4	Whether borrowing cost is capitalized				
5	Whether capitalization of borrowing cost is as per AS-16				
6	Whether accounting policy as regard borrowing cost is disclosed.				
7	Whether borrowing cost capitalized is disclosed as per accounting note.				
	Segment reporting (AS-17)				
1	Check whether AS-17 is applicable.				
2	If yes, ask enterprise to mark segment reporting.				
3	Check whether segments are truly based on risk and reward				
4	Tally the segments revenue to total revenue in Profit and Loss Account.				
5	Tally the segment asset, segments liabilities with consolidated figure in Balance Sheet				
6	Check secondary segment reporting as per AS-17				
7	Check same accounting policies followed for segment reporting as				

	Check List				Remarks
	followed for preparation of financial statements.				
8	If the reporting enterprise falls under the level-2 and level-3, the accounting standard is not applicable.				
	Related party disclosure (AS-18)				
1	See whether AS-18 is applicable				
2	If yes, follow the audit procedure prescribed in AAS-23				
3	Classify the related parties in to two categories-control and significant influence				
4	Whether disclosure is done as per AS-18				
5	If required, get representation from management				
6	In case of tax audit verify clause 18 of Form 3CD				
7	If the reporting enterprise falls under the level-II and level-III the accounting standard is not applicable.				
	Accounting for leases (AS-19)				
1	Check lease agreement				
2	Verify the Accounting policy as regards lease.				
3	Classify the lease to be financial or operation				
4	If operating-check the accounting as per AS-19 for lessor and lessee				
5	If financial lease-check the accounting as per AS-19				
6	In case of finance lease, verify the implicit rate of interest/discounting factor				
7	If assets are acquired under H.P system, the same should be accounted for as per finance lease				
8	In case of sale of lease back, classify the lease				
9	Check whether accounting is done as per AS-19				
10	Check the detailed disclosure requirements of AS-19				
11	Check whether there is difference in accounting income and taxable income due to lease, if yes create deferred tax as per AS-22				
12	Few disclosure requirements are not applicable to level –II and				

	Check List				Remarks
	level-III enterprises				
	Earnings per share (AS-20)				
1	Check EPS as mentioned in part IV of schedule VI of the Companies Act, 1956 is the basic EPS and has been calculated as per AS-20				
2	If it is listed company-				
	-The basic and diluted EPS must be disclosed on the face of profit and loss statement.				
	-Reconciliation of weighted number of shares and profit available for equity shareholders is disclosed through notes to accounts.				
	-Check whether basic or diluted EPS has been disclosed with and without extra-ordinary income/expense.				
3	Level-II and Level-III enterprises are not required to disclose diluted earning per share.				
	Consolidated financial statements (AS-21)				
1	If company under and audit is holding and is listed, AS-21 applies				
2	Check whether the company is covered by exceptions prescribes in AS-21				
3	Consolidation required as per clause 32 of listing agreement				
	Consolidation procedure shall be as per AS-21				
5	Check disclosure requirements as per AS-21 and General Clarification (GC-5) issued by ICAI				
6	Check the particulars under section 212 of the Companies Act, 1956.				
	Accounting for taxes on income (AS-22)				
1	Check whether AS-22 is applicable for enterprise under reporting				
2	Check whether accounting income and taxable income differ				
3	If yes, is it due to permanent or timing difference				
4	Ignore, if due to permanent difference . Create deferred tax for timing difference.				

	Check List				Remarks
5	Apply prudence for recognizing deferred tax asset				
6	Verify virtual certainly while creating deferred tax asset for an absorbed depreciation and carry forward losses.				
7	Review deferred tax asset				
8	Apply transitional provision if applicable				
9	Present deferred asset and deferred tax liability in balance sheet after investment and unsecured loan respectively.				
10	Disclosure break up of deferred tax asset and liabilities.				
11	Verify accounting policy as per AS-22				
12	Verify other disclosure requirements as per AS-22				
	Accounting for investments in associates in consolidated financial statements (AS-23)				
1	Is company under audit a listed company				
2	If yes, whether it has subsidiary				
3	If yes, whether it has made investment in associate.				
4	If yes, AS 23 is applicable				
5	Investment in associate in consolidated financial statement shall be accounted as per equity method.				
6	Is it first occasion AS-23 applicable? Apply transitional provisions.				
7	AS is not applicable for Level-II and Level-III enterprise.				
	Discontinuing operations (AS-24)				
1	Whether the enterprise has entered into agreement or approval/announced to sell the substantially in its entirety or in piece-meal the assets and liabilities.				
2	If yes, AS 24 applies				
3	Disclosure of “discontinuing operation” separately than “continuing operation” required.				
4	Check manner of disclosure as per AS-24				
5	Disclosure is also required in quarterly results.				
6	Disclosure through notes to accounts is required				

	Check List				Remarks
7	AS is not applicable for Level-II and Level-III enterprises				
	Interim financial reporting (IFR) (AS-25)				
1	AS-25 is mandatory in case of listed company and banks				
2	SEBI guidelines to be considered				
3	Minimum components of an interim financial report to be disclosed				
4	Accounting policy should be the same as followed for annual accounts.				
5	Generally discrete view is followed in AS-25 except for tax				
6	Selected explanatory statements to be enclosed				
7	Format given under AS-25 is suggestive not compulsory, generally listed company has to follow the format prescribed by SEBI.				
8	AS is not applicable for Level II and Level –III enterprises.				
	Intangible assets (AS-26)				
1	Whether asset is intangible asset as per AS-26				
2	Whether recognition criteria as per AS-26 are fulfilled				
3	Useful life is presumed to be 10 years if contrary is not proved.				
4	Residual value taken as NIL				
5	Amortization is on straight line method if pattern of benefit not established.				
6	Goodwill as per AS-14 and 21 excluded.				
7	Addition/subsequent expenditure to				
8	Intangible asset to be recognized on disposal or when no further benefit is expected.				
9	If standard being applicable first time adjustment to any intangible asset as required by AS-26 to be made with opening reserve “Transitional Provision”.				
10	Impairment losses to be recognized				
11	Disclosure as per AS-26.				
	Financial reporting of interest in joint venture (AS-				

	Check List				Remarks
	27)				
1	Check joint venture agreement				
2	Classify type of joint venture into jointly controlled operation, jointly controlled assets or jointly controlled entity.				
3	Check accounting in separate financial statements for jointly controlled operation and jointly controlled assets as per AS-27				
4	Check accounting for jointly controlled entity in separate financial statement and if consolidated statement are prepared in consolidated financial statement				
5	Check transaction between a venture and a joint venture.				
6	Verify disclosure requirement as per AS-27				
7	AS is not applicable to the extent of requirements relating to consolidated financial statements to Level-II and Level-III enterprises.				
	Impairment of assets (AS-28)				
1	Has management reviewed/assessed the asset for impairment?				
2	Consider the indications.				
3	Verify the future cash inflow				
4	Assess the net selling price				
5	Verify the impairment loss				
6	Where net selling price or value in use for individual asset is not determinable, check the cash flow of Cash Generating Unit (CGU)				
7	Also consider goodwill, corporate asset and their allocation.				
8	Verify the impairment loss for Cash Generating Unit (CGU)				
9	Verify allocation of impairment loss in case of Cash Generating Unit (GCU)				
10	Check the disclosure requirements.				
11	Accounting standard is applicable w.e.f 1.4.2004 for Level-I, 1-4-2006 for Level –II and 1-4-08 for Level-III enterprises.				
	Provisions, contingent liabilities and contingent				

	Check List				Remarks
	assets (AS-29)				
1	Check whether there is present obligations a result of past event not recorded in books				
2	If yes, is it probable				
3	Can the amount be estimated reliability				
4	If yes, recognize the provision				
5	If there is possible obligation or amount cannot be estimated reliably disclose the contingent liability				
6	Ensure that happening of ever should not be remote for contingent liability				
7	Ensure that happening of ever should not be remote for contingent liability				
8	Contingent asset neither recognize nor disclosed.				
9	Few disclosure requirements are not applicable for Level-II and Level-III enterprises.				

APPENDIX-L(I)

(Referred to paragraph No. 102)

1. ISSAI 1000 General Introduction to the INTOSAI Financial Audit Guidelines

The INTOSAI Financial Audit Guidelines provide guidance for conducting financial audits of public sector entities. The INTOSAI Financial Audit Guidelines represent the fourth level (Auditing Guidelines) of the International Standards of Supreme Audit Institutions (ISSAI) Framework, where the Founding Principles constitute the first level, the Principles and Guidelines for SAIs constitute the second level and the Fundamental Auditing Principles (the INTOSAI Auditing Standards) constitute the third level.

The INTOSAI Financial Audit Guidelines include the International Standards on Auditing (ISAs) issued by the International Auditing and Assurance Standards Board (IAASB). INTOSAI contributes to the development of those standards by participating in the IAASB Task Forces responsible for developing new standards or revising existing standards.

Practice Notes (PN), which are included in the INTOSAI Financial Audit Guidelines, provide relevant guidance on applying each ISA in financial audits of public sector entities in addition to that provided in the corresponding ISA.

In applying the INTOSAI Financial Audit Guidelines in financial audits of public sector entities, Supreme Audit Institutions recognize that the ISAs and the PNs together form the guidance. If referring in the auditor's report to the fact that the audit was conducted in accordance with the ISSAIs, public sector auditors comply with all the ISSAIs relevant to the audit, as explained in the section on authority

By comparison with the objectives of an audit of financial statements in accordance with the ISAs (i.e. to express an opinion whether the financial statements are prepared, in all material respects, in accordance with the applicable financial reporting framework), the objectives of a financial audit of public sector entities may include additional audit and reporting responsibilities. For example, public sector auditors may be required to report on: a public sector entity's compliance or non-compliance with authorities, including budget and accountability; the effectiveness of internal control over financial reporting; or on the economy, efficiency and effectiveness of programs, projects and activities.

The audit mandate for a Supreme Audit Institution, or the obligations for public sector entities arising from legislation, regulation, ministerial directives, government policy requirements,

The INTOSAI Financial Audit Guidelines do not contain detailed guidance on audit and reporting responsibilities relating to compliance with authorities. Such guidance is contained in the Compliance Audit Guidelines. The Financial Audit Guidelines, when applied together with the Compliance Audit Guidelines, are intended to provide public sector auditors with a comprehensive set of guidance for audits of financial statements in the public sector, when compliance with authorities is included in the objective.

2. **ISSAI 1003 Glossary of Terms to the INTOSAI Financial Audit Guidelines**

Accountability – The principle that individuals, organizations and the community are responsible for their use of public resources and may be required to explain the use of public resources to others.

Appropriation of funds – An authorization granted by a legislative body to allocate funds for purposes specified by the legislature or similar authority

Audit mandate – The auditing authority, responsibilities, discretions and duties conferred on a Supreme Audit Institution under the constitution or other lawful authority of a state.

Audit objective – The objectives of a financial audit in the public sector are often broader than expressing an opinion on whether the financial statements have been prepared, in all material respects, in accordance with the applicable financial reporting framework

Audit organization – An entity of professional accountants and other audit specialized professionals. In the private sector, the organizations may be a sole practitioner, partnership or corporation; in the public sector the organization may be a Supreme Audit Institution.

Audited entity – An organization, program, activity or function subject to audit.

Auditor General – The head of a Supreme Audit Institution constituted under the Auditor General Model.

Authorities – Relevant acts or resolutions of the legislature or other statutory instruments, directions and guidance issued by public sector bodies with powers provided for in statute, with which the audited entity is expected to comply.

Business risk – Refers to the risk that activities – including relevant programs, program strategies, and objectives will not be completed or achieved. In addition, risks related to issues such as the political climate, public interest, and program sensitivity or potential noncompliance with legislation or proper authority are relevant in the public sector context. *Compliance audit* – Compliance audit deals with the degree to which the audited entity follows rules,

- 1 laws and regulation, policies, established codes, or agreed upon terms and conditions etc. Compliance auditing may cover a wide range of subject matters.

- 2 In performing compliance audits in the context of the INTOSAI Fundamental Auditing Principles, there are two concepts of significant relevance:

- (a) Regularity- the concept that activities, transactions and information which are reflected in the financial statements of an audited entity are in accordance with authorizing legislation, regulations issued under governing legislation and other relevant, laws, regulations and agreements, including budgetary laws and are properly sanctioned; and

- (b) Propriety- general principles of sound public sector financial management and conduct of public sector officials.

Comptroller General –The role of Auditor General may be combined with that of Comptroller. The Comptroller function is one of control rather than audit and is performed in advance of expenditure being incurred.

Engagement partner –The partner or other person in the audit organization who is responsible for the engagement and its performance, and for the report that is issued on behalf of the audit organization, and who, where required, has the appropriate authority from a professional, legal or regulatory body.

Financial audit – An independent assessment, resulting in a reasonable assurance opinion, of whether an entity's reported financial condition, results, and use of resources are presented fairly in accordance with the financial reporting framework.

Government business enterprises –have all the following characteristics:

- (a) Is an entity with the power to contract in its own name;

- (b) Has been assigned the financial and operational authority to carry on a business;

- (c) Sells goods and services, in the normal course of its business, to other entities at a profit or full cost recovery;

(d) Is not reliant on continuing government funding to be a going concern (other than purchases of outputs at arm's length); and

(e) Is controlled by a public sector entity.

Government entities – a governmental office, unit, agency, bureau, department, ministry, or a consolidated group of such entities.

Internal control – The whole system of financial and other controls, including the organizational structure, methods, procedures and internal audit, established by management within its corporate goals, to assist in conducting the business of the audited entity in a regular economic, efficient and effective manner; ensuring adherence to management policies; safeguarding assets and resources; securing the accuracy and completeness of accounting records; and producing timely and reliable financial and management information. *Jurisdiction* – The right and power to interpret and apply the law.

Legislature – An officially elected or otherwise selected body of people vested with the responsibility and power to make laws for a sovereign unit, such as a state or nation.

Legislation – A law or set of laws proposed by a government and made official by a parliament.

Performance audit – An audit of the economy, efficiency and effectiveness with which the audited entity uses its resources in carrying out its responsibilities, also known as Value for Money audit.

Practice Note – Included in the INTOSAI Financial Audit Guidelines. The Practice Note explains how to apply the ISA in a financial audit in the public sector. They also contain guidance relevant to audits of public sector entities in addition to what is provided for in the ISA.

Public sector auditor – A person or persons appointed under statute or agreement, a person or persons acting as the agent of a national audit agency or a Court of Accounts composed of judges.

Regularity audit – According to ISSAI 1005 regularity audit embraces:

(a) attestation of financial accountability of accountable entities, involving examination and evaluation of financial records and expression of opinions on financial statements;

(b) attestation of financial accountability of the government administration as a whole;

- (c) audit of financial systems and transactions, including evaluation of compliance with applicable statutes and regulations;
- (d) audit of internal control and internal audit functions;
- (e) audit of the probity and propriety of administrative decisions taken within the audited entity; and
- (f) reporting of any other matters arising from or relating to the audit that the Supreme Audit

Statutory – Decided or controlled by law.

Supreme Audit Institution – The public body of a State which, however designated, constituted or organized, exercises by virtue of law, the highest public auditing function of that State.

3. **ISSAI 1200 Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with International Standards on Auditing**

This International Standard on Auditing (ISA) deals with the independent auditor's overall responsibilities when conducting an audit of financial statements in accordance with ISAs. In exceptional circumstances, the auditor may judge it necessary to depart from a relevant requirement in an ISA. In such circumstances, the auditor shall perform alternative audit procedures to achieve the aim of that requirement. The need for the auditor to depart from a relevant requirement is expected to arise only where the requirement is for a specific procedure to be performed and, in the specific circumstances of the audit, that procedure would be ineffective in achieving the aim of the requirement.

If an objective in a relevant ISA cannot be achieved, the auditor shall evaluate whether this prevents the auditor from achieving the overall objectives of the auditor and thereby requires the auditor, in accordance with the ISAs, to modify the auditor's opinion or withdraw from the engagement (where withdrawal is possible under applicable law or regulation). Failure to achieve an objective represents a significant matter requiring documentation in accordance with ISA 230.

4. **ISSAI 1210 Agreeing the Terms of Audit Engagements**

This International Standard on Auditing (ISA) deals with the auditor's responsibilities in agreeing the terms of the audit engagement with management and, where appropriate, those charged with governance. The auditor is to accept or continue an audit engagement

only when the preconditions for an audit (i.e acceptable financial reporting framework, internal control necessary to enable the preparation of financial statements that are free from material misstatement, provide the auditor with Access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters) are present; and confirming that there is a common understanding between the auditor and management. If the preconditions for an audit are not present the auditor shall not accept the proposed audit engagement. The auditor shall agree the terms of the audit engagement with management, the agreed terms of the audit engagement shall be recorded in an audit engagement letter and shall include:

- (a) The objective and scope of the audit of the financial statements;
- (b) The responsibilities of the auditor;
- (c) The responsibilities of management;
- (d) Identification of the applicable financial reporting framework for the preparation of the financial statements; and
- (e) Reference to the expected form and content of any reports to be issued by the auditor and a statement that there may be circumstances in which a report may differ from its expected form and content.

The auditor shall not agree to a change in the terms of the audit engagement where there is no reasonable justification for doing so. If the terms of the audit engagement are changed, the auditor and management shall agree on and record the new terms of the engagement in an engagement letter or other suitable form of written agreement.

5. ISSAI 1220 Quality Control for an Audit of Financial Statements

This International Standard on Auditing (ISA) deals with the specific responsibilities of the auditor regarding quality control procedures for an audit of financial statements. The audit firm has an obligation to establish and maintain a system of quality control to provide it with reasonable assurance that the firm and its personnel comply with professional standards and applicable legal and regulatory requirements and the reports issued by the firm or engagement partners are appropriate in the circumstances. The engagement partner shall remain alert, for evidence of non-compliance with relevant ethical requirements by members of the engagement team. If matters come to attention that members of the engagement team have not complied with relevant ethical

requirements, the engagement partner, in consultation with others in the firm, shall determine the appropriate action. The engagement partner shall evaluate the threat to independence for the audit engagement and take appropriate action for eliminate such threats or reduce them to an acceptable level by applying safeguards. The engagement partner shall be satisfied that the engagement team, collectively have the appropriate competence and capabilities to perform the audit engagement in accordance with professional standards and applicable legal and regulatory requirements. The engagement partner shall take responsibility for the direction, supervision and performance of the audit engagement in compliance with professional standards and applicable legal and regulatory requirements. On or before the date of the auditor's report, the engagement partner shall, through a review of the audit documentation and discussion with the engagement team, be satisfied that sufficient appropriate audit evidence has been obtained to support the conclusions reached and for the auditor's report to be issued. The auditor shall include in the audit documentation issues identified with respect to compliance with relevant ethical requirements and conclusions reached.

6. ISSAI 1230: Audit Documentation

This International Standard on Auditing (ISA) deals with auditor's responsibilities to prepare Audit documentation for an audit of financial statements. The auditor shall document discussions of significant matters with management, those charged with governance, and others, including the nature of the significant matters discussed and when and with whom the discussions took place. The auditor shall assemble the audit documentation in an audit file and complete the administrative process of assembling the final audit file on a timely basis after the date of auditor's report. In circumstances, the auditor finds it necessary to modify existing audit documentation or add new documentation after the assembly of final audit file has been completed; the auditor shall, regardless of the nature of the modifications or additions, document:

- (a) The specific reasons for making them; and
- (b) When and whom they were made and reviewed.

7. ISSAI 1240: The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements

This International Standard on Auditing (ISA) deals with the auditor's responsibilities relating to fraud in an audit of financial statements, specifically, material misstatements due to fraud. Misstatements in the financial statements can arise from either fraud or error. The distinguishing factor between fraud and error is whether the underlying action

that results in the misstatement of the financial statements is intentional or unintentional. Two types of intentional misstatements are relevant to the auditor – misstatements resulting from fraudulent financial reporting and misstatements resulting from misappropriation of assets. An auditor conducting an audit in accordance with ISAs is responsible for obtaining reasonable assurance that the financial statements taken as a whole are free from material misstatement caused by fraud or error. The risk of the auditor not detecting a material misstatement resulting from management fraud is greater than for employee fraud. The auditor shall maintain professional skepticism throughout the audit, recognizing the possibility that a material misstatement due to fraud could exist. Where responses to inquiries of management or those charged with governance are inconsistent, the auditor shall investigate the inconsistencies.

8. **ISSAI 1250 Consideration of Laws and Regulations in an Audit of Financial Statements**

The requirements in this ISA are designed to assist the auditor in identifying material misstatement of the financial statements due to non-compliance with laws and regulations. Non-compliance may involve conduct designed to conceal it, such as collusion, forgery, deliberate failure to record transactions, management override of controls or intentional misrepresentations being made to the auditor. However, the auditor is not responsible for preventing non-compliance and cannot be expected to detect noncompliance with all laws and regulations.

The auditor is responsible for obtaining reasonable assurance that the financial statements, taken as a whole, are free from material misstatement, whether caused by fraud or error. In conducting an audit of financial statements, the auditor takes into account the applicable legal and regulatory framework. A public sector auditor may be obliged to report on instances of non-compliance to the legislature or other governing body or to report them in auditor's report.

9. **ISSAI 1260 Communication with Those Charged with Governance**

This International Standard on Auditing (ISA) deals with the auditor's responsibility to communicate with those charged with governance in an audit of financial statements. Although the auditor is responsible for communicating, the management also has a responsibility to communicate matters of governance interest to those charged with governance. The auditor shall determine the appropriate person(s) within the entity's governance structure with whom to communicate.

The auditor shall communicate in writing at appropriate time the auditor's views about significant qualitative aspects of the entity's accounting practices, accounting policies, accounting estimates, financial disclosures and significant difficulties, if any, encountered during the audit with those charged with governance. The auditor shall evaluate whether the two-way communication between the auditor and those charged with governance has been adequate for the purpose of the audit. If it has not, the auditor shall evaluate the effect, if any, on the auditor's assessment of the risks of material misstatement and ability to obtain sufficient appropriate audit evidence, and shall take appropriate action.

10. **ISSAI-1265 Communicating Deficiencies in Internal Control to Those Charged with Governance and Management**

This International Standard on Auditing (ISA) deals with the auditor's responsibility to communicate appropriately to those charged with governance and management deficiencies in internal control that the auditor has identified in an audit of financial statements. The auditor shall determine whether on the basis of audit work performed the auditor has identified one or more deficiencies in internal control which constitute significant deficiencies individually or in combination. The auditor shall communicate in writing significant deficiencies in internal control identified during the audit to those charged with governance on a timely basis.

11. **ISSAI 1300 Planning an Audit of Financial Statements**

This standard deals with the auditor's responsibility to plan audit of financial statements. The auditor shall make plan and strategy to carry out the overall audit. The engagement partner and other key members of the audit team on the basis of experience should be involved in planning the audit to enhance overall effectiveness and efficiency of audit. The audit plans and strategy should be well documented and if significant change is made in audit plan and strategy the auditor should record the reasons for the same.

12. **ISSAI 1315 Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and Its Environment**

This International Standard on Auditing (ISA) deals with the auditor's responsibility to identify and assess the risks of material misstatement in the financial statements, through understanding the entity and its environment, including the entity's internal control. The auditor shall obtain an understanding of internal control relevant to the audit. If the auditor identifies risks of material misstatement that management failed to identify, the auditor shall evaluate whether there was an underlying risk of a kind that the auditor

expects would have been identified by the entity's risk assessment process. If the auditor has determined that a significant risk exists, the auditor shall obtain an understanding of the entity's controls, including control activities, relevant to that risk. The auditor shall include in the audit documentation the sources of information from which the understanding was obtained; and the risk assessment procedures performed.

13. **ISSAI 1320 Materiality in planning and performing an audit**

This International Standard on Auditing (ISA) deals with the auditor's responsibility to apply the concept of materiality in planning and performing an audit of financial statements. Misstatements, including omissions, are considered to be material if they, individually or in aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. When establishing the overall audit strategy the auditor shall determine materiality for the financial statement as a whole. In case of public sector entity legislature and regulator are often the primary users of the financial statements. Determination of the materiality for the financial statement as a whole is therefore influenced by law, regulation or other authorities and by the financial information needs of legislature and public. In the audit of public sector entity total cost or net cost may be appropriate benchmarks for programme activities.

14. **ISSAI 1330 Auditor's Responses to Assessed Risks**

This International Standard on Auditing (ISA) deals with the auditor's responsibility to design and implement responses to the risks of material misstatement identified and assessed by the auditor to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement.

When evaluating the operating effectiveness of relevant controls, the auditor shall evaluate whether misstatements that have been detected by substantive procedures indicate that controls are not operating effectively. If there is significant risk, the auditor shall perform substantive procedures that are specifically responsive to that risk. The auditor shall consider the reasons for the assessment given to the risk of material misstatement at the assertion level for each class of transactions, account balance, and disclosure and obtain more persuasive audit evidence. When the approach to a significant risk consists only of substantive procedures, those procedures shall include tests of details. The auditor shall perform audit procedures to evaluate whether the overall presentation of the financial statements, including the related disclosures, is in accordance with the applicable financial reporting framework.

15. ISSAI 1402 Audit Considerations Relating to an Entity Using a Service Organization

This International Standard on Auditing (ISA) deals with the user auditor's responsibility to obtain sufficient appropriate audit evidence when a user entity uses the services of one or more service organizations. Services provided by a service organization are relevant to the audit of a user entity's financial statements, when those services and the controls over them are part of the user entity's information system. This ISA does not apply to services provided by financial institutions that are limited to processing for an entity's account held at the financial institution and the audit of transactions arising from proprietary financial interests in other entities such as partnerships, corporations and joint ventures.

The user auditor shall determine whether a sufficient understanding of the nature and significance of the services provided by the service organization and their effect on the user entity's internal control relevant to the audit has been obtained to provide a basis for the identification and assessment of risks of material misstatement. The user auditor shall evaluate the sufficiency and appropriateness of the evidences. The user auditor is unable to obtain sufficient appropriate audit evidence he should modify the opinion in the user auditor's report.

The user auditor shall not refer to the work of a service auditor in the user auditor's report containing an unmodified opinion unless required by law or regulation to do so. If reference to the work of a service auditor is relevant to an understanding of a modification to the user auditor's opinion, the user auditor's report shall indicate that such reference does not diminish the user auditor's responsibility for that opinion.

16. ISSAI 1450 Evaluation of Misstatements Identified during the Audit

This International Standard on Auditing (ISA) deals with the auditor's responsibility to evaluate the effect of identified misstatements on the audit and of uncorrected misstatements, if any, on the financial statements. The auditor shall accumulate misstatements identified during the audit, other than those that are clearly trivial and determine whether the overall audit strategy and audit plan need to be revised. The auditor shall communicate to the management all misstatements noticed during the audit with the request to correct them. The auditor shall evaluate the effect of uncorrected misstatements on entity's actual financial results. The auditor shall include in the audit documentation all misstatements accumulated during the audit and conclusion as to whether uncorrected misstatements are material, and the basis for that conclusion.

17. ISSAI 1500 Audit Evidence

This standard deals with the auditor's responsibility to obtain sufficient and appropriate audit evidences to draw reasonable conclusions. The auditors shall design and perform procedures for obtaining audit evidences. It should be ensured that:

- a) Relevant, credible, accurate and complete audit evidence has been obtained;
- b) If evidence has been prepared using the work of a management expert, the auditor shall evaluate the appropriateness of that expert's work as audit evidence.
- c) If the evidence obtained from one source is inconsistent with that obtained from another source or the auditor has doubt over the reliability over the information to be used as audit evidence, audit procedure for collecting evidence shall be modified and the effect of the matter, if any, on other aspect of the audit shall be determined by the auditor.

18. ISSAI 1501 Audit Evidence –Specific Considerations for Selected Items

This Standard deals with specific considerations by the auditor in obtaining sufficient appropriate audit evidence in accordance with respect to certain aspects of inventory, litigation and claims involving the entity and segment information in an audit of financial statements. The auditor shall design and perform audit procedures to obtain sufficient appropriate audit evidence regarding:

- (a) Existence and condition of inventory;
- (b) Completeness of litigation and claims involving the entity; and
- (c) Presentation and disclosure of segment information in accordance with the applicable financial reporting framework.

If the auditor assesses a risk of material misstatement regarding litigation or claims that have been identified, the auditor shall seek direct communication with the entity's external legal counsel. The auditor shall obtain sufficient appropriate audit evidence regarding the presentation and disclosure of segment information in accordance with the applicable financial reporting framework.

19. ISSAI 1505 External Confirmation

This International Standard on Auditing (ISA) deals with the auditor's use of external confirmation procedures to obtain audit evidence. The auditor, when using external confirmation procedures, is to design and perform such procedures to obtain relevant and reliable audit evidence. The auditor shall determine the information to be confirmed and collect the information from the appropriate party by sending requests. The auditor shall evaluate whether the results of the external confirmation procedures provide

relevant and reliable audit evidence, or whether further audit evidence is necessary. If management refuse to allow the auditor to send a confirmation request and the auditor on the basis of evidence concludes that management's refusal to allow the auditor to send a confirmation request is unreasonable, or the auditor is unable to obtain relevant and reliable audit evidence from alternative audit procedures, the auditor shall communicate with those charged with governance. The auditor shall evaluate whether the results of the external confirmation procedures provide relevant and reliable audit evidence, or whether further audit evidence is necessary.

20. **ISSAI 1510 Initial Audit Engagement**

This International Standard on Auditing (ISA) deals with the auditor's responsibilities relating to opening balances in an initial audit engagement. The auditor is to obtain sufficient appropriate audit evidence about misstatements that materially affect the opening balances of the current period's financial statements and appropriate accounting policies have been consistently applied or changes thereto are appropriately accounted for and adequately presented and disclosed in accordance with the applicable financial reporting framework. If the auditor concludes that the opening balances contain a misstatement that materially affects the current period's financial statements or the current period's accounting policies are not consistently applied in relation to opening balances or is unable to obtain sufficient appropriate audit evidence regarding the opening balances, the auditor shall express a qualified opinion or disclaim an opinion on the financial statements, as appropriate.

21. **ISSAI 1520 Analytical Procedures**

This International Standard on Auditing (ISA) deals with the auditor's use of analytical procedures as substantive procedures. The auditor shall determine the suitability of particular substantive analytical procedures taking account of the assessed risks of material misstatement and evaluate the reliability of data taking account of source, comparability, relevance of information available and evaluate whether a misstatement that individually or when aggregated with other misstatements may cause the financial statements to be materially misstated and determine the amount of any difference of recorded amounts from expected values that is acceptable without further investigation. The auditor shall design and perform analytical procedures near the end of the audit that assist the auditor when forming an overall conclusion as to whether the financial statements are consistent with the auditor's understanding of the entity.

22. **ISSAI 1530 Audit Sampling**

This International Standard on Auditing (ISA) applies when the auditor has decided to use audit sampling in performing audit procedures. It deals with the auditor's use of statistical and non-statistical sampling. When designing an audit sample, the auditor shall consider the purpose of the audit procedure and the characteristics of the population from which the sample will be drawn. The auditor shall determine a sample size sufficient to reduce sampling risk to an acceptably low level. The auditor shall select items for the sample in such a way that each sampling unit in the population has a chance of selection. The auditor shall evaluate the results of the sample; and the use of audit sampling to provide a reasonable basis for conclusions about the population that has been tested.

23. **ISSAI 1540 Auditing Accounting Estimates, Including Fair Value Accounting Estimates, and Related Disclosures**

This standard deals with auditor's responsibility relating to accounting estimates and disclosure in audit of financial statements. The auditor shall understand the process of making accounting estimates by management and the data on the base of which they are framed. The auditor shall identify and assess the risk of material misstatement associated with accounting estimates and evaluate whether accounting estimates are either reasonable or misstated in the context of applicable reporting framework. The auditor shall ensure that the accounting estimates that give rise to significant disclosure in the financial statements are included in their report. The auditors shall make documentation of the evidences of the auditor's conclusion about reasonableness of accounting estimates and their disclosure that give rise to significant risks.

24. **ISSAI 1550 Related Parties**

This standard deals with the auditor's responsibilities towards related party relationship and transactions. The auditor shall perform the audit procedures and related activities to obtain information relevant to identifying the risks of material misstatement due to error or fraud associated with related party relationship and transactions. Unless all of those charged with governance are involved in managing the entity, the auditor shall communicate significant matters arising during the audit with those charged with governance. The auditor shall evaluate whether identified related party relationship and transactions have been appropriately accounted for and disclosed in accordance with the applicable financial reporting framework.

25. **ISSAI 1560 Subsequent events**

This standard deals with the auditor's responsibility relating to subsequent events that require adjustment in audit of financial statements. The auditor shall perform the audit procedures designed to obtain sufficient appropriate audit evidence that all events occurring between the date of the financial statements and date of the auditor's report that require adjustment or disclosure in the financial statements have been identified. If, as a result of the procedures performed the auditor identifies events that require adjustment of, or disclosure in, the financial statements, the auditor shall determine whether each such event is appropriately reflected in those financial statements in accordance with the applicable financial reporting framework. If, despite such notification, management or those charged with governance do not take these necessary steps, the auditor shall take appropriate action to seek to prevent reliance on the auditor's report.

26. ISSAI 1570 Going Concern

This standard deals with auditor's responsibility relating to management's use of the going concern assumption. The auditor shall obtain sufficient appropriate audit evidence regarding the appropriateness of management's use of the going concern assumption in the preparation of the financial statements. Based on the audit evidence obtained if a material uncertainty exists, the auditor shall determine whether the financial statements adequately describe the principal events or conditions that may cast significant doubt on the entity's ability to continue as a going concern and management's plans to deal with these events or conditions and disclose clearly that there is a material uncertainty related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern and therefore that it may be unable to realize its assets and discharge its liabilities in the normal course of business. If adequate disclosure is not made in the financial statements, the auditor shall express a qualified opinion or adverse opinion in the auditor's report that there is a material uncertainty that may cast significant doubt about the entity's ability to continue as a going concern.

27. ISSAI 1580 Written representation

This International Standard on Auditing (ISA) deals with the auditor's responsibility to obtain written representations from management and where appropriate, those charged with governance in an audit of financial statements. The auditor shall request management to provide a written representation that it has fulfilled its responsibility for the preparation of the financial statements in accordance with the applicable financial reporting framework, including where relevant their fair presentation, as set out in the

terms of the audit engagement. The date of the written representations shall be as near as practicable to, but not after, the date of the auditor's report. If written representations are inconsistent with other audit evidence, the auditor shall perform audit procedures to attempt to resolve the matter. If the matter remains unresolved, the auditor shall reconsider the assessment of the competence, integrity, ethical values or diligence of management, or of its commitment to or enforcement of these, and shall determine the effect that this may have on the reliability of representations and audit evidence in general and the auditor shall include the possible effects on the opinion in the auditor's report.

28. ISSAI 1600 Special considerations- audit of group financial statements (including the work of component auditors).

This ISA deals with special considerations that apply to group audits, in particular those that involve component auditors. A component auditor may be required by statute, regulation or for another reason, to express an audit opinion on the financial statements of a component. In that case, the group engagement team shall request group management to inform component management of any matter of which the group engagement team becomes aware that may be significant to the financial statements of the component, but of which component management may be unaware. If group management refuses to communicate the matter to component management, the group engagement team shall discuss the matter with those charged with governance of the group. If the matter remains unresolved, the group engagement team, subject to legal and professional confidentiality considerations, shall consider whether to advise the component auditor not to issue the auditor's report on the financial statements of the component until the matter is resolved.

29. ISSAI 1610 Using the Work of Internal Auditors

This International Standard on Auditing (ISA) deals with the external auditor's responsibilities relating to the work of internal auditors when the external auditor has determined the internal audit function is likely to be relevant to the audit. This ISA does not deal with instances when individual internal auditors provide direct assistance to the external auditor in carrying out audit procedures. The external auditor has sole responsibility for the audit opinion expressed, and that responsibility is not reduced by the external auditor's use of the work of the internal auditors. The objectives of the external auditor, where the entity has an internal audit function that the external auditor has determined is likely to be relevant to the audit, are:

(a) To determine whether, and to what extent, to use specific work of the internal auditors; and

(b) If using the specific work of the internal auditors, to determine whether that work is adequate for the purposes of the audit.

In determining whether the work of the internal auditors is likely to be adequate for purposes of the audit, the external auditor shall evaluate:

(a) The objectivity of the internal audit function;

(b) The technical competence of the internal auditors;

(c) Whether the work of the internal auditors is likely to be carried out with due professional care; and

(d) Whether there is likely to be effective communication between the internal auditors and the external auditor.

In determining the planned effect of the work of the internal auditors on the nature, timing or extent of the external auditor's procedures, the external auditor shall consider:

(a) The assessed risks of material misstatement at the assertion level for particular classes of transactions, account balances, and disclosures; and

(b) The degree of subjectivity involved in the evaluation of the audit evidence gathered by the internal auditors in support of the relevant assertions.

30. ISSAI 1620 Using the work of auditor' expert

This International Standard on Auditing (ISA) deals with the auditor's responsibilities relating to the work of an individual or organization in a field of expertise other than accounting or auditing, when that work is used to assist the auditor in obtaining sufficient appropriate audit evidence. If auditor's expert has the necessary competence, capabilities and objectivity for the auditor's purposes the auditor shall agree, in writing about the nature, timing and extent of communication between the auditor and that expert, including the form of any report to be provided by that expert. If the auditor makes reference to the work of an auditor's expert in the auditor's report because such reference is relevant to an understanding of a modification to the auditor's opinion, the auditor shall indicate in the auditor's report that such reference does not reduce the auditor's responsibility for that opinion.

31. ISSAI 1700 Forming an Opinion and Reporting on Financial Statements

This International Standard on Auditing deals with the auditor's responsibility to form an opinion on the financial statements. In order to form opinion, the auditor shall conclude as to whether the auditor has obtained reasonable assurance about whether the financial statements as a whole are free from material misstatement due to fraud or error. It also deals with the form and content of the auditor's report issued as a result of an audit of financial statements.

The auditor shall express an unmodified opinion when the auditor concludes that the financial statements are prepared, in all material respects, in accordance with the applicable financial reporting framework.

If the auditor is unable to obtain sufficient appropriate audit evidence to conclude that the financial statements as a whole are free from material misstatement or has obtained audit evidence that the financial statements as a whole are not free from material misstatement, the auditor shall modify the opinion in the auditor's report.

Auditor's Report Prescribed by Law or Regulation

If the auditor is required by law or regulation of a specific jurisdiction to use a specific layout or wording of the auditor's report, the auditor's report shall refer to International Standards on Auditing only if the auditor's report includes, at a minimum, each of the following elements:

- (a) A title;
- (b) An addressee,
- (c) An introductory paragraph that identifies the financial statements audited;
- (d) A description of the responsibility of management for the preparation of the financial statements;
- (e) A description of the auditor's responsibility to express an opinion on the financial statements and the scope of the audit;
- (f) An opinion paragraph containing an expression of opinion on the financial statements and a reference to the applicable financial reporting framework used to prepare the financial statements
- (g) The auditor's signature;
- (h) The date of the auditor's report; and
- (i) The auditor's address.

32. **ISSAI 1705**

This International Standard on Auditing (ISA) deals with the auditor's responsibility to issue an appropriate report in circumstances when the auditor concludes that a modification to the auditor's opinion on the financial statements is necessary.

The auditor shall modify the opinion in the auditor's report when the auditor concludes that the financial statements as a whole are not free from material misstatement; or the auditor is unable to obtain sufficient appropriate audit evidence to conclude that the financial statements as a whole are free from material misstatement.

The auditor shall express a qualified opinion when the auditor concludes that misstatements, individually or in the aggregate, are material, but not pervasive, to the financial statements; or the possible effects on the financial statements of undetected misstatements, if any, could be material but not pervasive.

The auditor shall express an adverse opinion when the auditor concludes that misstatements, individually or in the aggregate, are both material and pervasive to the financial statements.

The auditor shall disclaim an opinion when the auditor concludes that the possible effects on the financial statements of undetected misstatements, if any, could be both material and pervasive.

The auditor shall disclaim an opinion when, in extremely rare circumstances involving multiple uncertainties, the auditor concludes that it is not possible to form an opinion on the financial statements due to the potential interaction of the uncertainties and their possible cumulative effect on the financial statements.

33. ISSAI 1706 Emphasis of Matter Paragraphs and Other Matter Paragraphs in the Independent Auditor's Report

The objective of the auditor, having formed an opinion on the financial statements, is to draw users' attention, when in the auditor's judgment it is necessary to do so, by way of clear additional communication in the auditor's report, to:

- (a) A matter, although appropriately presented or disclosed in the financial statements, that is of such importance that it is fundamental to users' understanding of the financial statements; or
- (b) As appropriate, any other matter that is relevant to users' understanding of the audit, the auditor's responsibilities or the auditor's report.

When the auditor includes an Emphasis of Matter paragraph in the auditor's report, the auditor shall:

- (a) Include it immediately after the Opinion paragraph in the auditor's report;
- (b) Use the heading "Emphasis of Matter," or other appropriate heading;

(c) Include in the paragraph a clear reference to the matter being emphasized and to where relevant disclosures that fully describe the matter can be found in the financial statements.

If the auditor considers it necessary to communicate a matter other than those that are presented or disclosed in the financial statements that, in the auditor's judgment, is relevant to users' understanding of the audit, the auditor's responsibilities or the auditor's report and this is not prohibited by law or regulation, the auditor shall do so in a paragraph in the auditor's report, with the heading "Other Matter," or other appropriate heading.

34. **ISSAI 1710: Comparative Information- Corresponding Figures and Comparative Financial Statements**

This International Standard on Auditing (ISA) deals with the auditor's responsibilities relating to Comparative Information in audit of Financial Statements. The objective of the auditor are to obtain sufficient appropriate audit evidence about whether the comparative information included in the financial statements has been presented, in all material respects, in accordance with the requirements for comparative information in the applicable financial reporting framework. The auditor shall evaluate whether:

- (a) The comparative information agrees with the amounts and other disclosures presented in the prior period
- (b) The accounting policies reflected in the comparative information are consistent with those applied in the current period or, if there have been changes in accounting policies, whether those changes have been properly accounted for and adequately presented and disclosed.

If the auditor's report on the prior period, as previously issued, included a qualified opinion, a disclaimer of opinion, or an adverse opinion and the matter which gave rise to modification is unresolved, the auditor shall modify the auditor's opinion on current period's financial statements.

35. **ISSAI 1720 Auditor's responsibilities relating to other information in documents containing audited financial statements**

This International Standard on Auditing (ISA) deals with the auditor's responsibilities relating to other information in documents containing audited financial statements and the auditor's report thereon. The auditor shall make appropriate arrangements with management or those charged with governance to obtain the other information prior to the date of the auditor's report. If it is not possible to obtain all the other information

prior to the date of the auditor's report, the auditor shall read such other information as soon as practicable. The auditor shall read the other information to identify material inconsistencies, if any, with the audited financial statements. If the auditor identifies a material inconsistency the auditor shall determine whether the audited financial statements or the other information needs to be revised. If revision of the other information is necessary and management refuses to make the revision the auditor shall modify the opinion in the auditor's report along with communicating the matter to those charged with governance, unless all of those charged with governance are involved in managing the entity.

36. **ISSAI 1800 Special considerations in the application of those ISAs to an audit of financial statements prepared in accordance with a special purpose framework**

This ISA deals with special considerations in the application of those ISAs to an audit of financial statements prepared in accordance with a special purpose framework. When applying ISAs in an audit of financial statements prepared in accordance with a special purpose framework, is to address appropriately the special considerations that are relevant to:

- (a) The acceptance of the engagement;
- (b) The planning and performance of that engagement; and
- (c) Forming an opinion and reporting on the financial statements.

The auditor shall determine the acceptability of the financial reporting framework applied in the preparation of the financial statements. The auditor's report shall describe the purpose for which the financial statements are prepared to the intended users or refer to a note in the special purpose financial statements that contains that information. The auditor's report on special purpose financial statements shall include an Emphasis of Matter paragraph alerting users of the auditor's report that the financial statements are prepared in accordance with a special purpose framework and that, as a result, the financial statements may not be suitable for another purpose. The auditor shall include this paragraph under an appropriate heading.

37. **ISSAI 1805 Special Considerations – Audits of Single Financial Statements and Specific Elements, Accounts or Items of a Financial Statement**

The International Standards on Auditing (ISAs) apply to an audit of financial statements and are to be adapted as necessary in the circumstances when applied to audits of other

historical financial information. In the case of an audit of a single financial statement or of a specific element of a financial statement, this shall include whether application of the financial reporting framework will result in a presentation that provides adequate disclosures to enable the intended users to understand the information conveyed in the financial statement or the element, and the effect of material transactions and events on the information conveyed in the financial statement or the element. The auditor shall not express an unmodified opinion on a single financial statement of a complete set of financial statements if the auditor has expressed an adverse opinion or disclaimed an opinion on the complete set of financial statements as a whole.

38. ISSAI 1810 Engagements to Report on Summary Financial Statements

This International Standard on Auditing (ISA) deals with the auditor's responsibilities relating to an engagement to report on summary financial statements derived from financial statements audited in accordance with ISAs by that same auditor.

The auditor shall accept an engagement to report on summary financial statements in accordance with this ISA only when the auditor has been engaged to conduct an audit in accordance with ISAs of the financial statements from which the summary financial statements are derived. If the auditor concludes that the applied criteria are unacceptable or is unable to obtain the agreement of management, the auditor shall not accept the engagement to report on the summary financial statements, unless required by law or regulation to do so. When the auditor has concluded that an unmodified opinion on the summary financial statements is appropriate, the auditor's opinion shall, unless otherwise required by law or regulation, use one of the following phrases:

- (a) The summary financial statements are consistent, in all material respects, with the audited financial statements, or
- (b) the summary financial statements are a fair summary of the audited financial statements.

If the auditor concludes that additional explanation in the auditor's report on the summary financial statements cannot mitigate possible misunderstanding, the auditor shall not accept the engagement, unless required by law or regulation to do so.

Appendix M
(Referred to paragraph no. 101)

Check list to ensure compliance of Auditing & Assurance Standard 28

A Whether the audit report contains the following basic elements:

1. Title
2. Addressee
3. Opening Paragraph
4. Scope Paragraph
5. Opinion Paragraph
6. Date of Report
7. Place of Signature
8. Auditor's Signature

B Whether the type of report to be issued based on audit has been decided, if yes, whether it is properly drafted considering the type of report –

1. Qualified
2. Disclaimer
3. Adverse

C Whether the membership number is mentioned of the member signing the report.

APPENDIX-O

(Referred to paragraph no. 102)

FORMAT FOR COMMENTS AS PER CAG'S CIRCULAR NO. 277/CA-II/COORDINATION/INSTRUCTIONS/2006-07/82-2005, DATED 30.03.2007

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON TH ACCOUNTS OF UTTAR HARYANA BIJLI VITRAN NIGAM (UHBVNL)/ DAKSHIN HARYANA BIJLI VITRAN NIGAM (DHBVNL) FOR THE YEAR ENDED 31 MARCH -----

The preparation of financial statements of Uttar Haryana Bijli Vitran Nigam(UHBVNL)/ Dakshin Haryana Bijli Vitran Nigam (DHBVNL) for the year ended-----in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the company. The statutory auditor/auditors appointed by the Comptroller and Auditor General of India under section 619(2) of the Companies Act, 1956 is/are responsible for expressing opinion on these financial statements under section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body the Institute of Chartered Accountants of India. This is stated to have been done by them vide their audit report dated-----

I on behalf of the Comptroller and Auditor General of India have conducted a supplementary audit under section 619(3) (b) of the Companies Act, 1956 of the financial statements of Uttar Haryana Bijli Vitran Nigam(UHBVNL)/ Dakshin Haryana Bijli Vitran Nigam (DHBVNL) for the year ended----- . This supplementary audit has been carried out independently without access to working papers (in case of non-review of working papers) of the statutory auditors and is limited primarily to inquiries of the statutory auditor and company personnel and a selective examination of some of the accounting records. Based on my supplementary audit, I would like to highlight the following significant matters under section 619(4) of the Companies Act, 1956 which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related Audit report:

- A. Comments on Profitability
- B. Comments on Financial Position
- C. Comments on Disclosure

D. Comments on Auditor's Report

E. Other Comments

(May be arranged in order of decreasing importance)

**For and on the behalf of the
Comptroller and Auditor General of India**

Place:

Signature

Date:

Name of the

PAG/AG

FORMAT FOR NIL COMMENTS AS PER CAG'S CIRCULAR NO. 277/CA-II/CO-ORDINATION/INSTRUCTIONS/2006-07/82-2005, DATED 30.03.2007

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON TH ACCOUNTS OF UTTAR HARYANA BIJLI VITRAN NIGAM (UHBVNL)/ DAKSHIN HARYANA BIJLI VITRAN NIGAM (DHBVNL) FOR THE YEAR ENDED 31 MARCH -----

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The preparation of financial statements of Uttar Haryana Bijli Vitran Nigam(UHBVNL)/ Dakshin Haryana Bijli Vitran Nigam (DHBVNL) for the year ended-----in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the company. The statutory auditor/auditors appointed by the Comptroller and Auditor General of India under section 619(2) of the Companies Act, 1956 is/are responsible for expressing opinion on these financial statements under section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body the Institute of Chartered Accountants of India. This is stated to have been done by them vide their audit report dated-----

I on behalf of the Comptroller and Auditor General of India have conducted a supplementary audit under section 619(3) (b) of the Companies Act, 1956 of the financial statements of Uttar Haryana Bijli Vitran Nigam(UHBVNL)/ Dakshin Haryana Bijli Vitran Nigam (DHBVNL) _ for the year ended----- . This supplementary audit has been carried out independently without access to working papers (in case of non-review of working papers) of the statutory auditors and is limited primarily to inquiries of the statutory auditor and company personnel and a selective examination of some of the accounting records. On the bases of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditor's report under section 619(4) of the Companies Act, 1956.

For and on the behalf of the
Comptroller and Auditor General of India

Place:

Signature

Date:

Name of the

PAG/AG

**FORMAT FOR NON REVIEW CERTIFICATE AS PER CAG'S CIRCULAR
NO. 277/CA-II/CO-ORDINATION/INSTRUCTIONS/2006-07/82-2005, DATED
30.03.2007**

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER
SECTION 619(4) OF THE COMPANIES ACT, 1956 ON TH ACCOUNTS OF UTTAR
HARYANA BIJLI VITRAN NIGAM (UHBVNL)/ DAKSHIN HARYANA BIJLI VITRAN
NIGAM (DHBVNL) FOR THE YEAR ENDED 31 MARCH -----

The preparation of financial statements of Uttar Haryana Bijli Vitran
Nigam(UHBVNL)/ Dakshin Haryana Bijli Vitran Nigam (DHBVNL) for the year
ended-----in accordance with the financial reporting framework prescribed under the
Companies Act, 1956 is the responsibility of the management of the company. The
statutory auditor/auditors appointed by the Comptroller and Auditor General of India
under section 619(2) of the Companies Act, 1956 is/are responsible for expressing
opinion on these financial statements under section 227 of the Companies Act, 1956
based on independent audit in accordance with the auditing and assurance standards
prescribed by their professional body the Institute of Chartered Accountants of India. This
is stated to have been done by them vide their audit report dated-----

I on behalf of the Comptroller and Auditor General of India have decided not to
review the report of Statutory Auditors' on the accounts of Uttar Haryana Bijli Vitran
Nigam(UHBVNL)/ Dakshin Haryana Bijli Vitran Nigam (DHBVNL) for the year
ended 31 March ----- and such have no comments to make under section 619(4) of
the Companies Act, 1956

**For and on the behalf of the
Comptroller and Auditor General of India**

Place:

Signature

Date:

Name of the

PAG/AG

**PROFORMA ON THE PERFORMANCE OF AUDITORS OF GOVERNMENT
COMPANIES & CORPORATION**

To be sent to the Comptroller and Auditor General's office with the endorsement copy of issue of Comments/Nil comments/Non review certificate on the accounts of a Company.				
A	Basic Data			
(i)	Name of the Company/Corporation			
(ii)	Name of the Branch/Unit of the Company /Corporation audited	–		
(iii)	Year of Account			
(iv)	Name of Statutory Auditors and Branch Auditors			
(v)	Name of the Partners, Chartered Accountant Employees and other employees who actually audited the Company/Unit and the man days deployed/spent by the Partners/CA employees/other employees on the audit.			
Name		Man days/hours spent in Audit	TA/DA paid/payable (Rs.)	
			TA	DA
			Out of Pocket expenses paid /payable (Rs.)	
(a) Partners				
(b) Chartered Accountant Employees				
(c) Other employees				
(vi) Audit fee and other remuneration paid/payable to the Auditors by the Company (please give separate entries for each Audit firm and each type of remuneration).				
Name of the Statutory auditor/branch auditor	Audit fees mentioned in the annexure II attached with the appointment letter	Audit fees actually paid by the Company	Details of other remuneration/fee paid/payable to the auditor alongwith amount thereof for the year of account.	
			(i) Tax audit	
			(ii) VAT Audit	
			(iii) Half yearly Financial Reviews/Quarterly Financial	
			(iv) Reviews	
			(v) Others (specifying the nature of services rendered)	
			Total (Rs)	

B	Parameters for assessing the performance of auditor	
1	Has the Statutory Auditors failed to report any non-compliance of Accounting Standard by the Company management?	
2	Has the Statutory Auditors failed to report on all the assertions as specified in Section 227(2) and (3) of the Companies Act 1956?	
3	Whether the Statutory Auditors failed to report on any matter specified in Companies Auditors Report Order, 2003 ?	
4	Whether the Statutory Auditors failed to report non compliance of any of the provisions of Part I and Part II of Schedule VI- of the Companies Act 1956 regarding preparation of Balance Sheet and Profit and Loss Account?	
5	Whether the Statutory Auditors failed to report non-compliance of any of the requirements prescribed by any Regulatory authorities viz Securities and Exchange Board of India, Insurance Regulatory Development Authority, Reserve Bank of India, Department of Public Enterprises, National Housing Board and Administrative Ministry etc. regarding preparation of financial statements?	
6	Whether the Statutory Auditors failed to state (whether possible) the effect of individual qualification and total effect of all the qualifications on profit or loss or state of affairs?	
7	Whether the Statutory Auditors failed to attend all the meetings convened by the DG/MAB/PAG/AG as and when convened by the DG/MAB/PAG/AG ?	
8	Whether the Statutory Auditors failed to submit Report under section 619(3)(a) of the Companies Act 1956 within one month of statutory auditors report ?	
9	Whether the auditor delayed the audit and submission of Audit Report without proper justification.	

C	Assessment of performance of Statutory Auditor (s)	
(i)	Failure by the auditor in any one of the above parameters should be interpreted as serious lapse. Accordingly, if the reply is in affirmative in any one of the above , the performance of the Statutory/Branch auditors may be adjudged as unsatisfactory .	
(ii)	If the performance is assessed as Unsatisfactory,	
a)	Whether any special memo was issued to statutory auditors spelling out the various failures/lapses on account of which their performance is proposed to be considered as unsatisfactory?	
b)	Date of issue of special memo the Auditor.	
c)	Date of reply of the auditor to the special memo.	
d)	Whether the auditor was given an opportunity for personal hearing in case they desired to be heard in person.	
(iii)	The following documents are to be enclosed	
1	A copy of the special memo to the auditors.	

2	A copy of Auditor's reply to the special memo (or the fact of his failure to reply within a reasonable time)	
3	Remarks of the DG/PAG/MAB/AG on the reply of the Auditor in aide-memoire form	
4	A detailed note in the form of speaking order of the DG/PAG/MAB/AG indicating the reasons and justification for considering the performance of the statutory auditors as adverse	

Principal Accountant General

COMPLIANCE CERTIFICATE/ MEMORANDUM OF ASSURANCE

(to be enclosed with each Audit & Inspection Report)

The Audit of the Accounts of the O/o the -----
----- for the year ----- has been conducted as per
guidelines/checklist for audit of Fraud and Corruption issued vide letter no. CA-I/Audit
of Fraud and Corruption /2007-08/449-57 dated 24-7-2007. During the audit, no such
case of fraud/corruption was noticed/* ----- cases were noticed which have been
reported in the Audit & Inspection Report at Para no. -----.

Senior Audit Officer

Group-.....

COMPLIANCE CERTIFICATE OF AUDITING STANDARDS

(to be enclosed with each Audit & Inspection Report)

The Audit of the Accounts of the -----
----- for the year ----- has been conducted in
conformity with the Auditing Standards issued by the Comptroller and Auditor General
of India.

Senior Audit Officer

Group-.....

SHEET FOR COMMENTS ON ACCOUNTS

PART- A		
1.	Name of the Company	
2.	Name of the Party Personnel with dates of attendance	
	i. Supervisory Officer	
	ii. Assistant Audit Officer/Section Officer	
	iii. Auditors	
3.	Year of accounts	
4.	i. Date when the financial statements were approved by the Board of Directors.	
	ii. Date of the Audit Report (Applicable where a separate Statutory Auditors is appointed)	
	iii. Date of receipt of certified accounts along with Auditor's Report. (To be filled by DAG's /AG HQ. Office)	
	iv. Period of Audit	
	v. Details of extension sought for, if any, and the no. of days for which extension granted beyond six weeks.	
5.	Provisional Comments (To be filled by DAG/AG HQ's office)	
5(i)	Date of issue of provisional comments to	
	i. Statutory Auditors	
	ii. Company	
5(ii)	Date of receipts of replies to the provisional comments from :	
	i. Statutory Auditors	
	ii. Company	
5(iii)	Date of sending draft comments to Hqrs	
6.	Date of the AGM in which the accounts for the previous year were adopted.	
7.	Did the Audit Committee have a discussion with Auditor and review the financial statements before their submission to the Board of Directors.	
8.	Whether Statutory Auditors attend the meetings convened for planning and finalization of audit of accounts. If not details of the meetings not attended. (To be filled by DAG/AG's	

9.	Whether all the Audit Enquiries have been replied to by the Management/Statutory Auditors? If not, whether it has been brought to the personal attention of Chief Executive?	
10.	Whether all records/information required by Audit Team were made available. If not, the details of records not produced to Audit.	
PART –B		
I	Review of Statutory Auditor's Report	
1	Whether all the statutory assertions as specified in Sections 227(2) and (3) of the Companies Act 1956 have been stated in the Report.	
2	Whether the requirements of AAS 28 have been fulfilled as regards the form and content of the Report (<i>A Check list is enclosed as Annexure-I</i>)	
3	Whether the Report includes the required statements on all matters specified in CARO 2003. Whether the following requirements of CARO 2003 have been complied with.	
	i. If the auditor is unable to report on any of the matters, whether that fact has been indicated along with reasons.	
	ii. Whether the assessment made by statutory auditors on the adequacy of internal control system is consistent with other observation of the Auditors.	
	iii. Whether the report of auditor on maintenance of proper books of accounts under law is correct and verified. ¹	
4	Qualifications in Auditor's Report Whether the requirements of Section. 227(4) and Statement on Qualifications in Auditor's Report as indicated below have been complied with.	
	i. Has the auditor stated the full information about the subject matter of qualification ?	
	ii. Has the auditor stated the reasons for the qualification?	
	iii. Has the auditor stated all the qualifications in their report itself and also without referring to a report made in earlier years?	
	iv. If any note to accounts is a subject matter of qualification, whether the auditor has stated the full subject matter of the note in his qualification, instead of making a reference to the note.	

¹ The purpose of this item is to verify the audit observations relating to non-maintenance of proper books of record required by the Companies Act and/or any other relevant Act with reference to records of the company. There is no need to examine all the records of the company but where the statutory auditor has made audit observations on this aspect, only those observations need to be examined and not all the records.

	v. Whether the auditor has stated, wherever possible the effect of individual qualification and total effect of all the qualification on profit or loss or state of affairs.	
	If it is not possible to quantify the effect of qualifications accurately, whether the auditor has stated the effect on the basis of estimates made by the management, after indicating the fact that the figures were based on management estimates.	
5.	Whether the auditor has furnished the report u/s 619(3)(a) alongwith Auditors Report u/s 227. If not the date of receipt of report.	
6	Has the auditor complied with all direction issued u/s 619(3) (a) and sub-directions issued?	
7	Whether Statutory Auditors has shared his working papers with the Audit Team as and when asked for.	
8	Whether the opinions expressed by the auditor on the financial statements is fair keeping in view their qualifications.	
9	If the auditor has revised his Audit Report, whether the same is in accordance with ' <i>Guidance Note on Revisions of Auditor's Report</i> '.	
10	Whether Statutory Auditors has issued any communication to those charged with Government under AAS 27? If yes, whether the same has been reviewed. ²	
11	Is there any material evidence regarding non-compliance with any Auditing and Assurance Standards by the Auditor? ³	
II	Review of Financial Statements	
	Whether the following have been verified?	
1	Whether the Balance Sheet and Profit and Loss Account have been prepared in the forms set out in Schedule VI-Part I and Part II of the Companies Act 1956 respectively.	
2	Whether the Balance Sheet abstract and company's general business profile have been stated in prescribed format as required in Part IV, Schedule VI of the Act.	
3	Whether financial Statements have been approved by Board of Directors as required under Sections 215(3) of the Companies Act 1956 and authenticated as required under Section 215(1) of the Act.	

² Communication under AAS 27 can be reviewed either before taking up or during the supplementary audit to review the observations of statutory audit contained therein which may be helpful in deciding the scope and extent of supplementary audit.

³ To be reported only on exception basis if some convincing evidence indicating material non-compliance of AAS are noticed during the normal course of supplementary audit.

4	Whether all significant Accounting policies have been disclosed. ⁴	
5	Whether the Accounting Policies form Part of the financial statements.	
6	Whether any accounting policy is vague leaving scope for mis-interpretation or is against the provisions of Accounting Standards/relevant laws.	
7	If there is a change in accounting policy, whether such change has approval of the competent authority.	
8	Whether auditor have signed their report only after adoption of previous years accounts in AGM as required in Companies Act 1956 and letter of appointment of auditor.	
9	Whether unusual transactions have been dealt within accounts properly. If no, has the Auditor given sufficient comments on it ?	

10	Whether test check revealed that AAS21 regarding due consideration of laws & regulations has been followed by the Auditor is adequately reported?	
III	Compliance with Accounting Standards (AS)	
1	Whether the financial statements complied with the AS as required in Section 211 (3A) of Companies Act 1956	
2	Cases of non compliance if any noticed during test check. (A Check list is enclosed as Annexure II)	
3	(i) Whether the company has made disclosures as required in Section 211 (3B) of Companies Act 1956 and	
4	(ii) IF not. Whether the Statutory Auditors has stated the non compliance in their report .	
IV	Compliance with Assurances :	
	Whether the company has complied with all the assurances given to audit in the previous year(s).	
V	Compliance with requirements of Regulatory Authorities relating to preparation and presentation of financial statement/accounts.	
	Whether the requirements of any, regulatory authorities viz SEBI, IRDA, RBI, BPE, NHB and Administrative Ministry etc. with regard to financial reporting been complied with by the Company? If not, indicate whether specific non compliance has been pointed out.	

⁴ List of the areas where the entity should frame accounting policy as given in AS-I, can be considered as significant areas. In addition to this, based on the experience, DAG/AG's office may be aware of the major significant areas where the company should have an accounting policy. Such examination is not necessary during supplementary audit, it can be done before the start of audit or any part of the year as change in Accounting Policies is not a routine feature of a company and most of the accounting policies remain the same.

VI	Recommendations of Supervisory Officer	
1	Whether any change in time allotted is necessary for future audit?	
2	What are the areas to be focused on in transaction audit?	
3	Other recommendations/remarks	
Part C (The matters included in this part are not exhaustive DAG/AG's office may include other matter according to their requirement)		
1	Whether all the points indicated in the register of important points marked for verification in the accounts audit by the OAD section have been reviewed and action taken	
2	Whether list of audit points which may have some audit value for other RAPs been attached.	
3	Whether the Statutory Auditors' report and the audited accounts of units not selected for audit been reviewed	
4	Whether contribution statement with money value and the name of the RAP/LAP official been attached	
5	A list indicating allocation of duty amongst the party members to be attached along with a certificate signed by all the members of the audit party that duty assigned to him or her was completed.	

Submitted to Sr.DAG/DAG (HQ)

CERTIFICATE

Certified that there is no loss due to fire, theft, fraud, corruption or misappropriation of funds in the-----
----- during the audit period i.e. year –

Sr. Audit Officer

Group-.....



PAYMENT OF MINIMUM WAGES

Certified that wages paid to the labourers in the -----
----- was in accordance with the Payment of Minimum Wages Act, 1948 or D.C Rates
during the year-----

Sr. Audit Officer

Group-.....

S

PAYMENT OF MINIMUM WAGES

Certified that wages paid to the labourers in -----
-- was in accordance with the Payment of Minimum Wages Act, 1948 or D.C Rates
during the year -----

Senior Audit Officer

Group-.....

TITLE SHEET OF THE INSPECTION REPORT

(TO BE SUBMITTED WITH EVERY INSPECTION REPORT)

	Part I General	
1	Name of the concern audited:	
2	Name of party personnel:	
	(i) Local Audit officer:	
	(ii) Asst Audit Officer / SO:	
	(iii) Senior Auditor / Auditor:	
3	Period of audit / year of A/Cs:	
4	Months selected for audit:	
5	Duration of audit (extension granted should be shown separately)	
6	Whether any change in the time allotment is necessary for future audit? If so, justification therefore:	
7	No. of potential draft paras included in Part 1-B of the Inspection Report:	
8	Paragraphs, if any, to be reported to higher authorities in advance and / or to be brought to the special notice of Headquarters:	
9	Whether all items required to be checked as per Manual of Commercial Audit (Part – II) relating to this company / corporation or codified elsewhere have been checked? The items if any, left unchecked may be enumerated with reasons therefore, whether these items can wait for the next audit or should special audit party be sent?	
10	General remarks, if any:	
11	Actual date of submission of report / comments:	

	Part B (FOR PHASE AUDIT)	
1	Whether Part (A&B) and II of the Inspection Report has been discussed with the Head of the undertaking inspected?	
2	Whether statement –I showing allocation of duties among the members of the party has been enclosed:	
3	Whether the quantum prescribed for audit was completed? Are there any points which could not be investigated during the current audit and which required investigation in the next audit? If so, these should be listed with reasons for not checking them during the course of current audit indicating the records from which these were checked during the audit and also the records from which these should be checked in the next audit.	
4	Whether a daily diary indicating the documents /records checked by A.O/S.O/ Sr.Au/ Auditor has been maintained and submitted the headquarters?	
5	Whether a statement of persistent irregularities has been attached?	
6	Whether an introductory para and the chapter for the technical manual has been prepared? If the manual has already been prepared, whether any change there in is required? If so, whether the same has been indicated?	
7	Whether there has been delay on the part of management in replying to the audit queries for more than 7 days in case of resident audit, 3 days in case of other audit? If so, in how many cases?	
8	Whether all the points indicated in the register of important points and points marked for next audit by the hqrs section have been reviewed and action taken thereon?	

9	Indicate the position of outstanding para in respect of Audit Report (Para – II) as under:			
Period of Audit/ Report	No. of paras outstanding (opening)	No. of paras settled	No. of paras outstanding (closing)	Reasons for the paras remaining outstanding
1	2	3	4	5
	(FOR ACCOUNT AUDIT)			
1	List out the important items test checked and indicated there against if any comment has been proposed. (Yes/No)			
2	Whether the points raised in the draft comments have been personally by the LAO with the Head of undertaking and whether the facts mentioned there in have also been verified by him.			
3	Whether the draft comments proposed on accounts of earlier years that dropped by the audit party or the Headquarters office on the assurance of the managements to take out suitable action , have been verified to see that action , as promised , has been taken?			
			Signature of Sr. Audit Officer	

COMPLIANCE CERTIFICATE

(To be given on the letterhead)

We have conducted the audit of accounts of **(Name of the company/Branch/Unit audited)** for the year ended ----- in accordance with the directions/sub-directions issued by the C &AG of India under Section 619 (3) (a) of the Companies Act,1956 and certify that we have complied with all the directions/sub-directions issued to us.

For (name o f CA firm)

Auditor's signature

(Name and membership No.)

Date:

DISCLAIMER STATEMENT

The Inspection report has been prepared on the basis of information furnished and made available by office of _____. The office of the Principal Accountant General (Audit) Haryana, Chandigarh disclaims anyb responsibility for any information and/mis-information on the part of auditee.

Sr. Audit Officer

Group-----

