

# Internal Audit Manual and Checklists for U.H.B.V.N

AN ELECTRICITY DISTRIBUTION UTILITY  
SECOND EDITION - 2018

An Initiative from

UTTAR HARYANA BIJLI VITRAN NIGAM  
PANCHKULA (HARYANA)





## UTTAR HARYANA BIJLI VITRAN NIGAM LIMITED

(A power distribution & retail supply Utility, Govt. of Haryana)  
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From: Company Secretary,  
UHBVN, Panchkula

To: Chief Auditor,  
UHBVN, Panchkula

Memo No. 4622/CS/UH/BOD (182.31)

Dated: 03.05.2018

Subject: **Draft Internal Audit Manual - 2018.**

Please refer to the memorandum sent by your office on the above subject for placing in the meeting of Board of Directors.

Following are the extracts of Minutes of Meeting of the Board of Directors held on 30.04.2018:

*The proposal as contained in the memorandum was considered and approved by the Board of Directors.*

Further necessary action in the matter may please be taken accordingly and the action taken report/ compliance report be sent to this office latest by 11.05.2018 positively.

Supdt. /Corp. Affairs  
for Company Secretary  
UHBVN, Panchkula

ok @ 3/5/18



**SHATRUJEET KAPUR, IPS**  
Chairman-cum-Managing Director  
UHBVN & DHBVN



**Uttar Haryana Bijli Vitran Nigam**  
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D.O. No. : \_\_\_\_\_

Dated : \_\_\_\_\_

## FORWORD

It gives me immense pleasure to know that Uttar Haryana Bijli Vitran Nigam has brought out Internal Audit Manual along with checklists for the auditors working in Power Distribution utilities incorporating the experience gained during the past eighteen years.

This Manual will help define the process of Internal Audit, its applications and checklists for various activities, reporting and follow up measures to enhance the value addition in the business process of the Nigam. I am sure that it would prove to be a very useful guide for the Internal Audit staff and also provide positive learning to operations, maintenance, construction and various staff functions about the Do's and Don'ts.

I congratulate Director Technical Sh. Naresh Sardana, Chief Financial Officer Sh. Amit Dewan and their entire team who have put in tremendous efforts in preparation of the manual in a short span of time. I wish them Godspeed.

Shatrujeet Kapur, I.P.S  
Chairman-cum- Managing Director,  
UHBVN, Panchkula



**NARESH SARDANA**

**DIRECTOR/ TECHNICAL-I**

**UTTAR HARYANA BIJLI VITRAN NIGAM**  
Vidyut Sadan, C-16, , Sector-6, Panchkula-134109

## **PREFACE**

As is well known, Auditing is a systematic independent examination of data, statements, records, operations, and performances (financial or otherwise) of an enterprise. The need for Internal Audit Manual in Power Distribution organization is felt to streamline the Audit process in the backdrop of the following:-

- Reform in the Power Sector to improve efficiency in generation, transmission and Distribution.
- Compliance with Regulatory Commission's requirement.
- New Electricity Act of 2003.
- To achieve the UDAY targets

In addition to the above, increasing volume in the business of distribution of Power and significant investment made in distribution network and technology up-gradation, enhanced the demand for a good Internal Auditing System. Internal Audit Manual intends to cover all such areas mentioned above and it would serve as a handbook for the Internal Auditors and other concerned officers.

UHBVN is indebted to Sh. Shatrujeet Kapur, CMD, UHBVN for his continuous encouragement for creating new benchmarks of improvement in every activity. He has been tremendous source of inspiration for such endeavour.

I congratulate personally and on behalf of UHBVNL Management Sh. Amit Dewan, Chief Financial Officer and his team of Officers for their valuable contribution for the initiative towards our aim for achieving "Business Excellence".

We believe in a Preventive Audit approach rather than punitive, a Learning Audit approach rather than a fault finding. The success of the initiative largely depends on rightful use and involvement of each and every employee to be careful in using the resources of the Organisation with the responsibility, dignity and transparency. Based on the experience gained the Internal Audit Manual would be updated in future to get more mileage in its application.

The second edition of the Internal Audit Manual has been brought out after updating all aspects since the publication of the last edition (First) in the year 2009. Although every care has been taken to update the Internal Audit Manual as correctly as possible yet any clerical error if any, may be brought to the notice of the Chief Auditor, UHBVN, Panchkula.

The present Internal Audit Manual is the result of sincere efforts of Sh. Anurag Nanchahal, Financial Advisor/HQ, Ms Neelam Kumari, Chief Auditor, besides valuable contribution from Sr. AOs Heera Lal, Devender Malik, Rachna Garg, Shama Goel & Sanjay Verma, AO, Parveen Jain, SO/RA and Jai Pal, RA (Rtd.).

**Naresh Sardana,**  
Director Technical-I,  
UHBVN, Panchkula

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# Chapter 1

## INTERNAL AUDIT CHARTER

### 1.1 Internal Audit

“Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization’s operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.”

Concept of Internal Audit is a dynamic one. It is experience gaining and applying the same in subsequent Audits and it should never be a routine exercise.

Internal Audit is a part of internal control system of the Nigam. Internal Audit organization conducts perpetual audit of Revenue Accounts to detect leakage of revenue from energy bills of various types of consumers and conduct the audit of expenditure accounts of all accounting as well as head office units to detect irregularities, fraud, misappropriation and embezzlement etc. Internal audit also see whether rules & instructions issued from time to time, are being followed or not. Further, the Internal Audit not only detects irregularities, fraud, misappropriation, embezzlement but also educate the audittee office staff about the latest instructions so that such short comings / mistakes are not repeated in future.

### 1.2 Purpose of Manual

This manual describes the internal audit process of Uttar Haryana Bijli Vitran Nigam (UHBVN) covering various aspects such as audit charter, audit organization structure, objectives of internal audit, audit approach, the period to be covered, the scope and extent of checking, documentation, submission of reports, the follow-up of reports, and the system for ensuring compliance of internal audit observations.

Detailed guidelines in respect of all the areas to be covered by internal audit have also been included. The purpose of this manual is to act as a quick reference guide for all internal auditors in relation to the internal audit methodology and to have uniformity in reporting. The purpose of internal audit is:-

- a. To detect irregularities, embezzlement and fraudulent transactions.
- b. To ensure good governance, risk management and internal control.
- c. To provide valuable support and assurance to the Nigam.
- d. To act as a tool for a good corporate governance practice.
- e. To give recommendation for the improvement of the Nigam’s financial position.
- f. To facilitate the organization for comply with laws and regulations.

### **Principle of Internal Audit**

**Integrity, Objectivity and Independence:** The internal auditor should be

straight forward, honest and sincere towards his work. He should be impartial and independent.

- 1) **Confidentiality:** The internal auditor should not disclose any confidential information to third party without the permission of concerned authority or unless there is a statutory or a regulatory requirement to do so. All the work of internal audit will be confidential to the Nigam and will not be disclosed to third parties, except for external auditors, without both parties' consent. Internal Auditor shall be prudent in the use of information acquired in the course of their duties. Audits are to be conducted with impartiality and integrity. Internal Auditor shall have an obligation to exercise honesty, objectivity and diligence in performance of their duties and responsibilities. Internal Auditors holding the trust of the Nigam, shall exhibit loyalty in all matters pertaining to the affairs of the Nigam.
- 2) **Professional Skills and Competence:** The internal audit should be performed by the trained and competent persons. It is expected that Internal Audit should be carried out by the internal auditor with due diligence and professional care.
- 3) **Work performed by others:** While carrying out internal audit, there may arise the need to delegate the work to his assistants or experts. He should carefully delegate and supervise the work performed by others because he is responsible to the work delegated by him to others.
- 4) **Documentation:** The internal auditor should maintain the important documents and working papers as evidence of work performed by him as per instructions of the Nigam.
- 5) **Planning:** Determining the nature, timing and extent of audit procedure, the audit plan should be designed. The internal auditor should plan his work in order to complete the work in a timely manner. He should ensure that appropriate attention is devoted to significant areas of audit. In case of any problem arise regarding the scope of audit, the matter will be referred to the Chief Auditor
- 6) **Evidence:** The internal auditor should obtain sufficient and appropriate audit evidence based on his professional judgments to enable him to draw reasonable conclusions.
- 7) **Internal Control and Risk Management Systems:** The role of internal auditor is to suggest improvements in internal control and risk management systems. For this purpose, the internal auditor should:
  - a) Understand the risk management and internal control framework established.
  - b) Perform the steps in assessing the framework.
  - c) Review the adequacy of framework.
  - d) Perform risk-based audits on the basis of risk assessment process.
- 8) **Reporting:** On the basis of conclusions drawn and audit evidence obtained, the internal auditor should give his report and suggest remedial

action. In case he comes across any frauds or misappropriation, he should immediately bring the same to the notice of management.

### **1.3 Applicability**

The methodologies described in this manual are mandatory. If Internal Auditor believes that application of the methodology is not appropriate for a particular project, or it will be inefficient to apply the standard methodology, then this should be discussed with the Head of Internal Audit at Head Quarter.

### **1.4 Distribution**

This manual shall be distributed to all Internal Audit staff and appointed Internal Auditors for their reference. The Internal Audit Manual has been uploaded on Nigam's website for reference of all concerned.

## **2. Objectives**

The objective of internal audit is to provide independent advice and assurance to management that the policies, operations, systems and procedures for which they are responsible comply with relevant regulations, legislation & standards.

2.1 The broad objectives of Internal Audit shall be as under:-

- Determine the accuracy and authenticity of financial and statistical records.
- Verify whether the accounting principles, policies and practices have been followed while preparing financial statements.
- Verify whether the assets are existing and properly maintained. Also ensure that the assets are acquired and disposed under proper authorization.
- To ensure that the instructions issued by the Nigam are followed meticulously and timely.
- To educate the staff of the Sub- Divisions with the view to increase their efficiency.
- To ensure that the accounting and financial management systems are reliable and effective in design and to assess the extent to which they are being followed;
- To review the efficiency, adequacy and application of accounting, financial and operating controls and thereby ensuring the accuracy of the books of accounts.
- To verify that the system of internal check is effective in design and operation in order to ensure the prevention/early detection of embezzlement, frauds, misappropriations and misapplications
- To identify areas of significant inefficiencies in existing systems and to suggest necessary remedial measures;
- To confirm the existence of financial propriety in all decisions and verify compliance to Government and statutory requirements.
- To report compliance of guidelines issued by the Nigam from time to time.

- Detection and prevention of errors and frauds.
- The internal check system existing in the Nigam is effective and efficient.
- Ensure that proper compliance is maintained with policies of Nigam, Government and other statutory institutions.
- Review the overall operational efficiency and internal control system of the Nigam to ensure accomplishes the desired goals.

### **3. Scope & Prioritization of Areas**

The Scope of the internal audit system can be broadly divided into the following:

- 1) Review of Systems
- 2) Review of Transactions
- 3) Review of Sanctions
- 4) Review of Internal Control
- 5) Review of Operations

**3.1 Review of Systems:** A systems' audit means for verifying the efficiency of a system by performing end to end walkthrough for sample transactions of completely / partially automated process. For instance in auditing the system of purchases, the audit procedure would be followed the purchase indent from its origin in the indenting department through the payment of the particular supplier's bill and the corresponding postings in the books of account as well as stock records. Such an audit provides a means of verifying whether the system, laid down in the manuals or by other means is actually being followed or not. It also provides a better understanding of the system and helps to disclose errors, incompleteness or irregularities in the systems of accounting or in the system of internal check. It also does not mean that manuals cannot be updated. Internal Audit in consultation with concerned department can advise updation of manuals and systems.

**3.2 Review of Transactions:** The audit of transactions involves an examination of supporting documents and accuracy of the transactions. The primary purpose of audit of transactions is to verify the effectiveness of internal control. The objectives of such audit are listed below:-

- 1) Transactions carried out are valid.
- 2) Recording of the transactions are proper.
- 3) Transactions are properly verified before recording.
- 4) Transactions are properly classified and recorded in correct Accounts Head.
- 5) Transactions are recorded without delay.
- 6) Transactions are properly included in the records and correctly summarized.

### **3.3 Review of Sanctions**

Sanctions consist of:

- a) Administrative Sanction

- b) Financial Sanction
- c) Technical Sanction

An audit of sanctions means verifying the followings:

- a) All transactions are covered by sanctions.
- b) The Authority sanctioning is competent to do so by virtue of the powers delegated to her/him by the provisions of any rules, regulations or orders framed or passed by the management.
- c) The sanction accorded must be definite and must need no reference to the sanctioning authority itself or to any higher authority.

**3.4 Review of Internal Control:** A review of the internal control is a means by which audit can determine areas where opportunities for error or fraud exist in the system as a whole. Audit must ensure that no one person should be in a position to control all phases of processing chances of error or defalcation. As far as practicable the work of an individual should be independent or checked by the work of others. Similarly procedures must also be checked so as to ensure that one aspect of the control is automatically checked by a subsequent step. Audit must ensure that independent controls by management are functioning satisfactorily.

**3.5 Review of Operations:** A review of the operations means audit of day to day functioning of any of the department of the Nigam. It would be a check on efficiency of process followed in department and an assessment of process design and control gaps. Audit must ensure that the documented procedures have been updated from time to time, based on any changes in technology, environment or regulatory changes.

#### **4. Internal Audit Process**

##### **a) Planning**

- While planning the Internal Audit it shall be planned in such a way that the operations of the Auditee are not disturbed and the staff concerned are least effected.
- Internal audit will also consult with the Unit Heads in developing the forward program of audit based on a preliminary risk evaluation.

##### **b) Execution**

- During the Course of Audit periodic review shall be made to assess the progress.
- Is there any situation, which requires more verification than the planned days the same shall be communicated to the Corporate Office for information and extension of the time.
- The audit party shall intimate the concerned auditee offices about the dates of inspection and period of audit.

##### **c) Reporting**

- Based on the observations made during the course of audit a Preliminary Audit Report will be furnished seeking the Auditee / User Department to furnish their replies /

clarifications.

- On receipt of replies / clarifications from the Auditee Unit / User Department a Final Audit Report will be made which shall consist of the following namely:-
- The reports should be complete, accurate, objective, convincing, clear, concise, constructive and timely.
- Auditors should report deficiencies in internal control that they consider significant.
- Performance audit reports should not concentrate solely on adverse assessment of the past but should be constructive. Recommendations should, as far as feasible, suggest what improvements are needed and how to achieve them.
- Economy is minimizing the cost of resources used for an activity, having regard to appropriate quality. Economy issues focus on the cost of the inputs and processes. Economy occurs where equal-quality resources are acquired at least cost.
- Effectiveness is the extent to which objectives are achieved and the relationship between the intended impact and the actual impact of an activity. Effectiveness addresses the issue of whether the scheme, program or organization has achieved its objectives.
- Issues which require clarification from the Management.
- Issues which warrant action by the Management in case of gross negligence / fraudulent transactions.
- A statement showing the Revenue Assessed and Realized with a brief description for each issue (to enable the management to formulate instructions for arresting revenue leakage of similar nature in other units).
- A list of observations, which are repetitive in nature.
- The final audit reports are sent to the concerned accounting unit seeking compliance / replies to the audit observation. The replies to Internal Audit report shall be furnished by the concerned accounting unit after approval by the head of office. The replies shall be examined by the Internal Audit wing. Individual para shall be settled if the units have either intimated compliance or the explanation is satisfactory.
- At every meeting of the Audit Committee a report on the Internal Audit Progress will be tabled for review.

**d) Follow Up**

- Internal audit will follow up the progress on implementation of approved audit recommendations.
- Progress reports will be periodically included in agenda for Audit Committee Meetings.
- The Chief Auditor shall hold an exit conference with head of the auditee office to sort out the problems in settlement of

audit paras, charging, realization of amount of half margins and to educate/apprise off the field staff with latest instructions of the Nigam. A written record of the proceedings of the exit conference, duly signed by both parties, shall be kept on record.

**5. Support to / from User Departments**

During the course of Audit of any user department / unit, the Internal Audit staff shall have reasonable access to all the relevant records / documents / systems and staff concerned.

**6. Training and Capacity Building**

- As a part of programme the Internal Audit staff will also be provided with necessary training by nominating them to important conference / seminars (either in-house or outside).
- The benefit of the training / guidance to internal audit shall also accrue to the organization in form of improved skills and performance.
- The internal audit staff shall be imparted necessary training to assess the financial implications due to change in various provisions due to amendments in the existing statutes or applicability of new rules and regulations in the various Acts.

## **Chapter 2 (a)**

### **INTERNAL AUDIT IN POWER DISTRIBUTION ORGANISATION**

The purpose behind bringing out “Internal Audit Manual & Checklists” is to -

- a) Provide a Handy guidance tool for Audit Based on Areas of Concern;
- b) Have systematic and uniform approach to Internal Audit;
- c) Set new Bench Marks by introducing “Value Based Audit” approach.

Care has been taken to prepare this Internal Audit Manual based on the experience gained at grass root level, which mainly focuses on Revenue and works related activities. However it deals with other areas also with same degree of importance. It intends to serve as a handbook for the internal auditors and other concerned officers.

The scope and coverage would generally depend on the Internal Audit Findings and the importance attached to each finding / activity. To keep pace with the fast changing accounting environment like enactment of Electricity Act, 2003, applicability of the provisions of Companies Act, 2013, Income Tax Act, 1961, Goods and Service Tax, GST and mandatory Indian Accounting Standard issued by the ICAI, proper accounting of the transactions is to be practiced precisely. Such approach is required not only to ensure that financial statements of Nigam represents true & fair view of the affairs of the Nigam but also as tool to measure & compare the efficiency of the field offices in implementing power sector reforms.

#### **CORE COMPETENCE & EXCELLENCE**

A Successful Internal Audit Team will need to demonstrate the Core Competencies such as:

- Communication
- Decision Making
- Work Standards
- Continuous Improvement & Innovation

#### **INTERNAL AUDIT ORGANISATION IN UHBVN**

The Audit wing of the Nigam is headed by Chief Auditor who reports to the Chief Financial Officer. The major findings of the Internal Audit report are put up to the management for taking appropriate view / action where ever required. A summary of Internal Audit report is also put up to the Audit Committee for their perusal and direction.

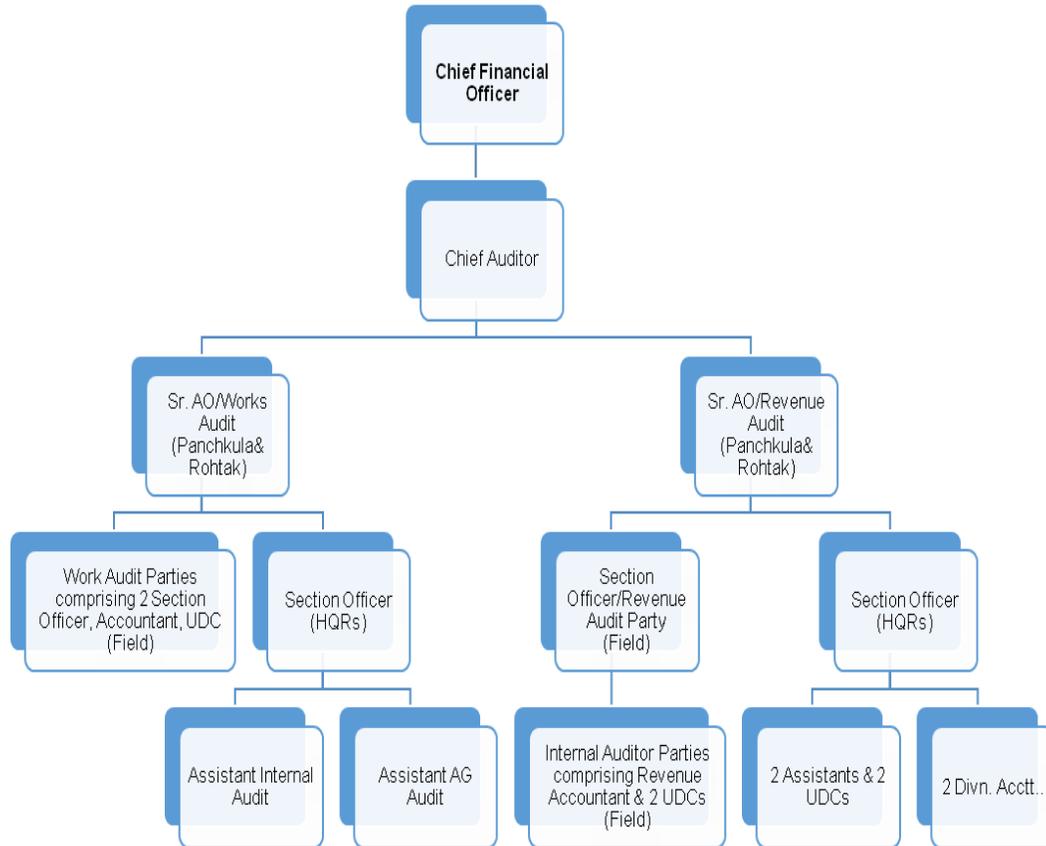
Some of the activities of internal audit have been outsourced by the Management to bring in professional approach in Nigam. In order to strengthen the Internal Audit System and to bring the arrear of audit within the ambit of

Electricity Supply Act, the decision of the Whole Time Directors meeting dated 01.03.2017 has been put into exercise for conducting Audit w.e.f. 01.04.2016.

- High value and low value sub-divisions have been identified on rate of return basis..
- For the audit of low value sub-divisions penal of Chartered Accountants firms has been framed.

The Internal Audit team of the Nigam is placed under the Functional control of Chief Auditor at Corporate Office level, who in turn reports to CMD / Director/T-I through Chief Financial Officer for all administrative and technical requirements. Time to time review meetings are held with Director/T-I and with officers of AG (Audit), Haryana for speedy and appropriate compliance / review of Audit Paras & Inspection Reports and for settlement of audit paras.

**Audit Organizational Structure:**



1. **General:** The Internal Audit Department is a tool for management which is responsible for checking of expenditure accounts as well as for checking of Revenue accounts of the Nigam. The Revenue Audit wing of the Internal Audit Department is responsible for the audit of consumer's as well as cash collection accounts. The Revenue Audit Wing is headed by Sr. AO/RA and

the audit is got carried out through Internal Revenue Audit Parties. The Internal Revenue Audit Party forms a part of the staff of Internal Audit Department and the audit work done by them is controlled by the Chief Auditor.

- 1.1. Ordinary an Internal Audit Party (IAP) consists of one Revenue Accountant and two UDCs. They are primarily meant for audit of consumers accounts of various sub-divisions as per scope of audit as provided by the office of Chief Auditor.
  - 1.2. For better control of IAPs/RAPs, even distribution of work and for convenience of field offices to contact the concerned audit parties for audit matters, the jurisdiction of each IAP is fixed and out of all sub-divisions under the jurisdiction of an IAP one Sub- Division is fixed as head-quarter of the Internal Audit Party. All the correspondence with the Internal Audit Parties by the head- quarters or by the field offices is made at the head-quarter of the IAP.
  - 1.3. The Revenue Audit Parties (RAP) consists of a Section Officer and two Revenue Accountants. Works audit parties (WAP) consist of a Section Officer and two Divisional Accountants. The RAP is primarily responsible to carry out the test audit of consumers' accounts over and above the audit carried out by the Internal Audit Parties. Besides, the RAPs are responsible for conducting Special Audit, wherever and whenever required and assigned by the Chief Auditor.
  - 1.4. For the better control a unique number is assigned to each IAP/RAP.
2. **Object of audit:** The inspection of the Sub-divisional offices by the Divisional Accountants attached to respective Divisions, of the divisional and Sub-divisional offices by the Accountant General's Inspecting staff and of the divisional offices by the Chief Engineer/Superintending Engineer are of the nature of test audits only. But the audit of consumer's accounts of the subdivisions by the Internal Audit Party will be perpetual audit i.e. audit of all revenue transactions connected with the consumers' accounts of the Sub-Division. The main object to this perpetual audit is that the accounts of a month/quarter are, for certain, audit during the following month/quarter and the mistakes and irregularities, if any committed during the course of the accounts month/quarter detected at the earliest possible with as little delay as possible. Each Sub-divisional office will, therefore, have to be audited monthly/quarterly in rotation. In addition to the above, the Internal/Revenue Audit Parties are expected to educate the staff of the sub division with a view to increase their efficiency in accounts work. Not only the record/books of the sub divisions be audited, corrected and brought upto date but verbal instructions should also be imparted to the sub divisional staff in revenue/accounts matters, pointing out the errors committed by them and explaining the proper procedure to be followed. The instructions may be imparted with a view to minimize the mistakes. It is

needless to say that minimization of the mistake will not only reduce the workload of sub divisional staff and audit but also increase their efficiency and will facilitate them to give attention towards other areas of accounts/revenue matters. This will also result into elimination of cases of loss of revenue and harassment to consumers.

3. **System of Checking by Internal Audit parties:** The Internal audit parties should check all the relevant record and entries by ticking with Red Ball pen instead of Red pencil and duly stamped signature.
4. **Register of Special Points:** A register of special points shall be maintained at headquarters in Revenue Audit Section. All the points referred to Internal Audit Wing for special investigation by the higher authorities or management shall be entered in this register. Further, the revenue audit wing shall also be responsible to enlist and post all the point for special investigation/checking based on the reports received from field offices, complaints and the circulars/instructions issued by the Nigam from time to time in the said register. Separate pages may be allotted keeping in view the gravity of points of investigation and types of points. These points shall be reviewed from time to time and shall be conveyed to the Internal Audit Parties/Revenue Audit Parties or Special Audit Parties being deputed for audit. The compliance by the audit parties in this regard shall also be watched and reviewed from time to time.
5. **Maintenance of Daily Progress Register:** Incharge of Internal/Revenue Audit Party should maintain a diary to show the daily work done by himself and his UDCs. All members of the party should sign the diary daily. The diary should be maintained in a register duly bound and page numbered. The pages should be numbered before the register is brought to use. Particulars of the work done by each member of the audit party from day to day should be briefly written up in the Progress Register as well as the detail of daily HMs raised be uploaded in the system for monitoring at HQtr. level.
6. **Intimation of visit:** The tour programme of each Internal/Revenue Audit Party shall be prepared and issued by the Chief Auditor (Revenue Audit). The tour programme shall be prepared on quarterly basis and in such a way that all the offices under the jurisdiction of Audit Party are audited in rotation. Immediately after receipt of approved tour programme. The incharge of Audit Party should give to the SDO of concerned Sub division/office sufficient notice in advance of the dates of their visit to enable him to be present.
  - 6.1. While submitting the intimation of visit the incharge of Audit Party should ask the SDO incharge Sub-Division/Office to keep ready all the record which was not produced during previous visit of the Sub-Division/Office and the cases which he wants to get audited.

- 6.2. Ordinarily the actual movements should be in accordance with the tour programme; but if in any case, a change is anticipated, the approval should be obtained from headquarter.
- 6.3. **Permission to leave temporarily the station of duty or grant of casual leave to the audit staff:** All matter regarding leave, leaving the station, change in programme, etc., should invariably be referred to the Head Office in time and prior sanction should be obtained.
7. **Procedure of audit:** Immediately after his arrival in the Sub divisional office the Internal/Revenue Audit Party should carry out a casual inspection of the consumers' accounts of the Sub division to see and ensure that internal control over the upkeep and maintenance of consumers and revenue accounts exists and the same are maintained strictly in accordance with the instructions laid down for the same. The Audit Parties should also check and ensure that the checks prescribed for the supervisory staff/officers are being carried out by the supervisory staff/officers meticulously and that the checking being carried by them is reliable and effective.
- 7.1. In every OP sub-division there should be a separate room for sitting of Internal Audit party adjacent to room of SDO and Revenue Section so that Revenue record could be checked easily without the interference of the consumers. A land mark of Audit room is required in every OP sub-division and it is the primary responsibility of SDO/OP to provide proper sitting arrangement along-with sufficient furniture and steel almirah.
- 7.2. On the 1st day of visit the Revenue Accountant Incharge of the party will meet the SDO incharge of the Sub Division personally and shall issue a Half Margin asking him to intimate whether any priority work (e.g. cases prepared under Land Recovery Act, award (s)/decision(s) of Arbitrator/Court/Negotiation Committee/Competent authority etc.) is pending for the audit or not. The IAP will also ask the SDO to intimate about the new connection released and the connections permanently disconnected after last visit of the audit party and produce the relevant record in respect of such connection. The HM in question will be signed by both i.e. SDO and Revenue Accountant incharge of the Audit Party as a case of joint note of discussion or Minutes of Meeting and will be returned by the SDO on the same day or latest by the next working day after recording the reply. The IAP shall audit all the cases so reported by the SDO incharge of the Sub Division on the priority basis but it would be the duty and responsibility of the Sub Divisional Officers to produce all relevant record demanded by the audit. The responsibility of delay in auditing/pre-auditing of such cases due to non-production of record will rest upon the SDO and CA/UDC (R) of the Sub Division/Sub Office concerned.

7.3. The actual cash in hand with the cash balances of both the Cash Books (General and Revenue cash book) shall be checked on the 1st day of visit by the incharge of the Audit Party. Occasional checking of cash during the visit shall also be conducted by the IAPs/RAPs.

7.4. **Issue of Half Margin:** Each and every observation on checking of the accounts/record including under-assessment, omission, irregularities and non-following of instructions should be pointed out through Half Margin.

The IAPs/RAPs are required to prepare and issue the Half Margins on the printed Half Margin Pads supplied by the headquarters.

However, the audit party shall not issue any half margin of over-assessment or for the refund. Such cases noticed if any, should be brought into notice of SDO verbally and the issue regarding allowing of refund should be left on them.

7.5. The Half-margin should be prepared in duplicate by using carbon paper and the original half-margin should be handed over to the SDO incharge of the Sub-division. The duplicate half margin shall remain in the Half Margin Pad/Book.

7.6. The RAPs/IAPs will maintain a register of issue of half margin on the prescribed Register and in accordance with the instructions as printed on the Half Margin Register. Separate registers will be opened for each Sub Division/Sub Office. The RAP/IAP shall prepare the half margins on the daily basis and shall hand over the same to the SDO or his authorized representative on the same day or latest by the next morning. The SDO shall also ensure that no delay in receipt of the half margin is caused by him or by his authorized nominee. The inspecting officers while conducting the checking of Sub Division/Sub Offices will also scrutinize the Register of Half Margins and shall ensure that there is no delay in issue and handing over the half-margins.

7.7. All the half margins issued by the Audit Party shall be first entered in the prescribed Half Margin Register and then shall be handed over to the concerned SDO. Acknowledgement of the receipt of the half margin shall be given by the SDO himself in the appropriate column of the Half Margin Register.

However, the SDO can issue an Office Order to effect that the half margins will be received by any other official (Name & Designation to be mentioned) on his behalf but in such case he would have to endorse the copy of the same to the concerned IAP and also the Chief Auditor. In case, he (SDO) issues such order, he (SDO) would be held responsible for the disposal of HM, as if he had personally received the HMs.

- 7.8. On the closing day of audit inspection, the RAP/IAP shall prepare, a list of all the half-margins issued during the visit showing their disposal by the Sub Division. This list shall be signed by the Incharge RAP/IAP as well as by the Incharge of the Sub Division/Sub Office or his authorized nominee and a copy of the same shall be submitted to the concerned Sr. AO/RA and Chief Auditor. They shall scrutinize the list and take up the matter with concerned SDO for disposal of pending half margins, if any.
- 7.9. **Disposal of Half-Margins by Sub Division:** The observations made by the Internal Audit through Half Margin should be scrutinized by the SDO and the amount of short assessment where found chargeable, should be charged to the consumers accounts within ten days on the receipt of the half margin in addition to the period required for issue of notice to the consumer as per Regulation 12.1 (ii) (a) of the Sales Manual - 2013. The half margins not involving any under-assessment should also be disposed-off immediately by expediting the information asked for or by complying the observations as made in the half margin. The importance of the half margin should not be assessed on the basis of involvement/non-involvement of the short/under-assessment and all the half margins issued by audit should be disposed off as per scheduled time given in regulation 12.1 of Sales Manual-2013.
- 7.9.1. Where the amount pointed out by the Audit Party is not found chargeable, the half margin should be returned to the Audit Party after recording the detailed reply/justifying the reasons and quoting the instructions under which the amount pointed out in the half margin is not chargeable. The half margins not involving any under-assessment should also be disposed off accordingly.
- 7.9.2. The Audit Party shall examine the reply submitted by the SDO for non-charging of half margin and shall drop the half margin in case the same is found justified/in order. In case the reply submitted by the SDO is not found/considered as in order or justified, the same shall be returned back after recording the instructions/reasons for which the reply submitted by the Sub-Division/office cannot be accepted.
- 7.9.3. In case the SDO is convinced with the further observations made by the Audit Party, he should accept and comply with the observation made in the half margin. Where the SDO feels that the audit observations are not correct, he should refer the case to his XEN (OP) within 10 days of the receipt of the Half Margin giving full justification for non-acceptance of the Half Margin.
- 7.9.4. The XEN (OP) should examine and consider each case referred to him with reference to the observations raised by the audit and reply submitted by the SDO and convey his decision to the SDO

within 10 days of the receipt of reference from SDO. In case the audit observations are not accepted by him, a copy of the reply should also be endorsed to the Internal Audit Party simultaneously along-with a copy of the Half Margin.

- 7.9.5. The Internal Audit will review the decision of the Executive Engineer and in case the audit is not satisfied with the reply, the complete case should be referred to the Chief Auditor within one week of the receipt of reply from the XEN / (OP).
- 7.9.6. The Chief Auditor shall review the case and where he / she upholds the view of the Internal Audit; he / she will take up the matter with the SE/OP and CE/OP concerned and ensure its settlement within two months from the date of first reference.
- 7.9.7. The Chief Auditor shall submit a quarterly statement to the Management indicating the cases, which have been taken up by him / her with the SEs & CEs (OP) and have not been settled within two months from the date of his/her first reference.
- 7.9.8. In case above instructions for the disposal of the half margins are not observed by the SDO incharge Sub- Division/office is not followed meticulously and disposal of the half margin is delayed without any cogent/justified reasons failing which the responsibility of the concerned officer/official shall be fixed as per regulation 12.5 (at Sr. No. 9 of Annexure-'A') of Instruction No. 10.13 of Sales Manual-2013 which is reiterated as under:-

Clause No.	Reason for sustaining Loss by the Nigam	Extent of Responsibility	
		Commercial Assistant (CA)	SDO
9	(i) Loss (including Financial interest Loss) sustained by the Nigam due to non returning or delay in returning of Half Margins issued by the Audit.	30%	70%

- 7.9.9. On the closing day of the audit inspection, the IAP will again discuss with the SDO incharge of the Sub Division/office on all the important issues, including the general irregularities noticed in the upkeep and maintenance of consumer accounts, if any, suggesting further action to be taken by the Sub Division/Sub Office. A joint discussion note of the discussion held will be prepared on the half margin and will be signed by both. The details of the records not produced to the audit shall also be recorded on the H.M. itself.

7.9.10. Non-production of record (NPOR) cases should be taken seriously. The officer/official who has not produced record to audit inspite of follow of due procedure by the Revenue Accountant as per **Annexure-‘B’ at Page No.117-118**. The incharge of auditee office will prepare draft Show Cause Notice and send it to the competent authority for taking disciplinary action against the officer/official who has not produced the record to audit.

7.9.11. The IAPs are required to submit their report of audit on the prescribed Performa listed at Chapter-8 of this Internal Audit Manual within 10 days of close of audit. The IAPs shall also enclose the copies of the half-margins issued on the 1st day and closing day of the audit inspection as well as the original copies of Half Margins of major paras more than Rs. 10,000/- duly charged along with responsibility sheet of un-realized major paras as per norms of responsibility to be fixed according to Annexure-‘A’ (see at Page-113).

### **Books and References:**

The Internal Audit parties are expected to be abreast with the following books and references in order to discharge their duties efficiently and effectively:-

- Account Code Volume-III
- Departmental Financial Rules
- Punjab Financial Rules
- Banking Instructions
- Punjab Public Works Department Code
- Civil Service Rules Volume I, II, III,
- Manual of instructions
- Manual of Orders
- Delegation of Power
- UHBVN Procurement Manual
- Haryana Schedule Rates etc.
- Standing Orders/Executive Instructions issued by the Internal Audit Wing
- Application and Agreement Forms for all categories of consumers
- Schedules of Tariff for all categories of consumers.
- Schedule of General and miscellaneous charges
- Abridged Terms and conditions of Supply for all categories of consumers.
- Model agreement for public Lighting Supply and Special agreements with Industrial and Bulk Supply Consumers.
- Regulation for duties and responsibilities of various functionaries responsible for the upkeep and maintenance of consumers’ accounts.
- Sales Manual Instructions, Sales Circular and other allied books issued by the Head Office.

## Chapter 2(b)

### ANALYTICAL PROCEDURE

At each and every stage of audit, internal auditor should use the analytical procedure. Analytical audit procedure is nothing but the method which helps in comparing relationship among data. This method is introduced at planning stage of audit, during the course of audit and near the end of audit while reviewing the financial statement.

Analytical audit procedure includes:

1. Comparison of current year data with previous year data.
2. Comparison of actual results with budgeted data.
3. Study of relationship between financial and non-financial information.
4. Inter Utilities Comparison for analysis of information and review.

“Analytical procedures” means the analysis of significant ratios and trends, including the resulting investigation of fluctuations and relationships that are inconsistent with other relevant information or which deviate from predicted amounts”. Analytical procedure helps the Internal Auditor to make an assessment of the information collected during audit.

#### **Factors to be considered while performing analytical procedure as substantive procedure:**

1. Objectives of analytical procedure.
2. Availability of business information and its sources.
3. To check whether the available information is reliable or not.
4. Comparison between information available.
5. Understanding the effectiveness and efficiency of the internal control system.
6. The auditor should determine the suitability of substantive analytical procedure for a particular item.
7. The substantive analytical procedure is adopted for those transactions which tend to be predictable over time.
8. The expectation of the auditor should be sufficiently precise; any misstatement can be easily identified.
9. As substantive procedures when their use can be more effective or efficient than tests of details in reducing detection risk for specific assertions in the Audit Report.
10. If, difference is more than acceptable difference, then the auditor shall further investigate to rule out the possibility of misstatement.

### **Objective and Nature of Analytical Procedure:**

1. Analytical procedure assists the internal auditor in understanding of business environment. After understanding the business environment, internal auditor plans the nature, timing and extent of internal audit procedure.
2. Analytical procedure helps the internal auditor decide on risk assessment procedure.
3. Identify the non-expected factors such as errors, frauds and unusual transactions.
4. Analytical procedure comparison of prior period information, budgets, forecasts and ratios of the entity with the similar industry information.
5. It also compares relationship between financial and non-financial information.
6. Obtaining evidences while using substantive analytical procedure.
7. Design and perform analytical procedure for reliability on financial statement and cost statement at near end of audit.
8. To help the auditor in forming an opinion on financial statement and cost statement.

Following matters are to be considered while determining the extent of analytical procedure:

- The reliance on internal control system.
- The availability of information of the industry.
- The importance of the matter, which is being examined.

### **Analytical Procedures at the end of Internal Audit:**

The internal auditor should apply analytical procedure at the end of the internal audit for deriving the conclusion on the systems, controls and operating efficiency of the business. The areas, where further work needs to be done, should be identified by internal auditor before arriving at any conclusion.

### **Extent of Reliability on Analytical Procedures:**

The extent of reliability of analytical procedure depends on following factors:

- a) Materiality of items involved.
- b) Internal audit procedure.
- c) Assessment of risk and control risk.
- d) The accuracy of result of analytical procedure.

## Chapter 3

### DOCUMENTATION AND WORKING PAPERS

Audit Documentation is a written record from which auditor draws conclusions that support him to make representations in his audit report. Written documents include audit planning, audit procedures, evidence of audit and final audit conclusions. Audit documentation is also known as working papers or work papers.

#### **Form and Contents of Internal Audit Documentation:**

- 1) Proper working papers show professionalism while conducting an internal audit. It also shows how the work was done from the primary stage till the preparation of audit report. Internal audit documentation may be done on paper or in electronic form. E.g.: Correspondence, memoranda, e- mails and other important matters.
- 2) The internal audit documentation should be in detail so that the internal auditor is in a better position to finalize the audit report. It is impractical to document each and every observation. Therefore the extent of documentation should be based on professional experience of the internal auditor.
- 3) The documentation should be prepared in such a manner that it helps to understand the nature, time and extent of the audit to the reviewer who does not have any previous connection with the internal audit.
- 4) Audit documentation should mention the audit evidences obtained and the conclusions derived from it.
- 5) The auditor should review the audit work and date on which such review take place.
- 6) The auditor should assemble the audit files on a timely basis. He should not delete the assembled audit files before the end of his retention period.

#### **Objects of Working Papers:**

- 1) The working papers help the internal auditor to save time in preparing the audit report.
- 2) Duplication of work can be avoided with the help of working papers if there are frequent transfers of staff performing the audit.
- 3) Future audit work can be done on the basis of working papers of prior years.
- 4) The internal auditors with the help of working papers can advise the client on the weaknesses of internal control system and accounting system to avoid future risk.
- 5) The auditor should record the work performed and date of work completed by him.
- 6) The working paper provides direction to audit staff.

7) The working paper is important for future planning of the audit work.

**General Guidelines for the Preparation of Working papers:**

- a) **Completeness & Accuracy:** The working papers should be complete, accurate and conclusive.
- b) **Clarity and Understanding:** Working papers should be simple to understand and should reveal the nature and scope of the work performed by the auditor.
- c) **Relevance:** The audit working papers should contain information which is important and necessary for the purpose of internal audit.
- d) **Logical:** The working papers should be arranged in a logical manner.
- e) **Neat and clean:** Working papers should be neat and legible. Working papers should not be sloppy.

**Audit Conclusion and Corrective Measures**

**Audit Conclusion:**

When all the audit procedures and checks are completed, the audit is concluded. The internal auditor should review the working papers and see that the audit has been conducted according to plan and it has achieved its objectives. He should list down any audit procedure which was not completed because records were not produced by the department or due to lack of time. The auditor should check the supporting evidence for each observation that is proposed to be put in the report. He should, then, prepare a draft report which will include his report on.

Effectiveness of controls and any major / minor weaknesses in them; Non-compliance with laws, codes and government orders with assessment of possible loss; and any matters relating to propriety of transactions. Internal auditors are expected to contribute a wealth of information to their organizations.

When the internal audit process comes to an end, the auditor has sufficient data and information, working papers, audit evidence and also has full information about the internal controls in existence and their effectiveness. On the basis of this information, the auditor draws his conclusions as to the reliability of the control mechanism and percentage of assurance that can be relied upon.

Auditor's conclusion is based on reasonable assurance and not absolute assurance. As per the Auditing Standards, the auditor should obtain competent, relevant and reasonable evidence to support his judgment and conclusion. The principal source of evidence for audit conclusions should be the records of the auditee. It is the primary duty of audit to ensure that the audit conclusions drawn about the financial statements subjected to audit are based on sufficient, competent and relevant evidence, evaluation of the quality of internal control mechanisms and computer assisted audit techniques (CAATs).

**Corrective Measures:**

Based on the auditor's observations, management may take suitable decision for putting in place correctives measures. This will enable to put suitable controls so as to manage the risks. This may include issuing suitable guidelines by the management to concerned team leads about specific measures to be implemented and giving feedback in a timely manner.

**Report Writing and Audit Report**

'The internal auditor's report should contain a clear written expression of significant observations, suggestions/recommendations based on policies, processes, risk, controls and transaction processing taken as whole and management's responses.'

**Report Writing:**

It is an art and science of communication of facts and interpretation to the recipient for achieving particular objectives. Report writing is an art because the preparation of the report presents the facts collected in his own style. Every auditor has his own individual way of presenting the facts, understanding the various options which are beneficial for the business. Report writing is also known as a science because it involves application of skills, techniques and methods. The science of report writing also improves the efficiency of the operations like utilization of resources, decision making, etc.

An audit report will be effective only if the desired result is achieved and appreciable by the Management.

**Process:**

In an internal audit, the engagement letter contains the details of what is to be communicated. Hence, the terms of engagement and auditor's opinion are the basis of the audit report. The audit report should start from the recipient's expectation.

After designing the framework for report writing, further details in the report depend upon communication with the entity and the nature of work done during the audit. At the pre-audit meeting, discussions are conducted with the management and operating personnel, on the basis of which, the objectives of audit are decided. The quality of field work is reflected in quality of audit report.

**Points to be considered while writing an audit report:**

- 1) The internal audit report should be structured in such a way that it explains as to why the recommendations and suggestions of the internal auditor should be accepted by the management.
- 2) The designations of the officials should be included instead of using their names.
- 3) Auditor should avoid subjective words, which does not present clear picture e.g.: appears, seems, etc.
- 4) Auditor should use a specific percentage or a number than words like

large, many, huge, etc.

- 5) The format of the internal audit report should be as per the requirements of the organization.
- 6) The purpose of writing the audit report should be clear.
- 7) Simple and lucid language should be used while writing the audit report. Use of technical jargon / uncommon words should be avoided.
- 8) The internal audit report should give proper idea regarding decision making process.
- 9) If the internal audit report contains a material error or mistake, the internal auditor must, immediately, communicate the same to the recipients of the report.

## Chapter 4

### AUDIT OF L.T. SUPPLY REVENUE UNITS (Sub-Divisions)

Low Tension (LT) supply Revenue unit covers the consumers having connected loads upto 50 KW and existing consumers as on 30.09.2010 with load up to 70 KW who are availing their supply of electricity 230/400 voltage on LT supply. Frequency of Billing is monthly and bi-monthly.

#### A. Review of Internal Control System

The functions of LT Revenue unit / center are generally segregated into:

- Release of new services
- Measuring the electricity consumption
- Billing the electricity consumption
- Distribution of Bills to the consumers
- Collection of dues from consumers
- Depositing the collections into bank
- Transfer of Funds to Head Office

In each of the above functions there must be a proper system of internal control to ensure that there is no scope for lapses. Study the function-wise duties & responsibilities for personnel engaged in revenue units as enunciated in the Manual of Instructions and Manual of duties and responsibilities for various functionaries. Obtain a copy of compliance letter vis-à-vis percentage checks prescribed and followed.

#### B. Review of Meter Reading Books

Review of Meter Reading Books is a vital area where the application of Analytical Review procedures such as comparative analysis & trend analysis would be of much help.

#### Important issues to focus:

Sr. No.	Description	Proposed Meter Reading code	Remarks
1	Meter ok	Ok	
2	Premises Lock	PL	
3	Meter Faulty	MF	
4	Meter Change Non Compliance	MC	
5	Round Complete	RC	
6	Meter not found	MNF	
7	M&T Seal broken	MSB	
8	Reading not taken	RNT	
9	Site not found	ANT	Address not traceable
10	Dead Stop	MDS	
11	Hole in Body	HOLE	
12	Glass broken	GB	
13	Meter Burnt	MB	

**C. Review of Billing of the Electricity Consumed**

While verifying the Bills for electricity consumed, the following factors shall be kept in view:

- a) Category of Consumer
- b) Purpose of Supply / nature of supply
- c) Unit Rate applied
- d) Applicability of Fixed Charges
- e) Applicability of various Surcharges such as Demand Surcharge, Capacitor Surcharge, delayed payment surcharge, maximum demand indicating charges etc.
- g) Monthly Minimum Charges (MMC)

**D. Importance of Master Data / Basic Documents:**

During the course of Audit the following documents are very vital for the purpose of Billing:

- a) Test Report
- b) Agreement with the Consumer
- c) Breakup of Load into Plant Load & Lighting Load
- d) Availability or otherwise of the Capacitors and its rating
- e) Multiplication Factor of the Meter
- f) Existence of Terminal Cover Seals
- g) Pole Number, code of the DT & Feeder code

**E. Audit of Sub-Division Office**

The Audit of Sub-Division Office will consist of three segments:

- a) **Transaction Audit:** This segment will cover all relevant transactions viz., Measurement of Energy, Billing, Accounting, Collection of Dues, and Remittance into banks and further transfer to H.O/ Account.
- b) **Systems Audit:** This segment will cover the aspects of Review of Internal Control System, Assessment of the existing controls, suggestions on further improvement in internal controls systems etc.
- c) **Compliance Audit:** This segment covers the status of compliance with the guidelines / instructions issued by the Nigam, rules, regulations and Directives issued by statutory & Regulatory Authorities.

## Chapter 5 (a)

### AUDIT OF H.T. (SUPPLY) REVENUE UNITS

High Tension (HT) Revenue unit covers all consumers who have loads more than 50KW. The HT consumers will avail supply in 11KV / 33KV or high voltages. Frequency of Billing is monthly.

#### A. Review of Internal Control:

Ensure that the laid down system of Internal Control is properly being implemented. Since the number of consumers are low and the value of transactions is high, there shall be a system of 100% verification in almost all the activities. Further the Internal Check shall be more objective.

#### B. Important features of HT Billing:

- a) Voltage of Supply (Viz., 11KV / 33KV or high)
- b) Contracted Maximum Demand / Recorded Maximum Demand
- c) Load Factor (for the purpose of allowing Incentive to consumers & levy of penalty)
- d) Billing of Colony consumption at a separate rate
- e) Minimum off-take and Billing (in cases of consumption less than the specified level)
- f) Open Access (allowing a consumer to purchase electricity from third party using the network of the Nigam)
- g) Import & Export of Electricity (in case of Billing of consumers having Captive power Plants)

#### C. Important areas to focus:

- a) Decrease of Loads (Contracted Maximum Demand) and its impact on billing
- b) Increase of Loads ( Contracted Maximum Demand ) and its impact on billing
- c) Termination of Agreement and sanction by competent authority
- d) Lighting Load whether segregated or not?
- e) Metering of Colony consumption.
- f) Levy of Fuel Surcharge Adjustment and its accounting treatment as Prior period Income / Charge.
- g) Levy of Cross Subsidy surcharge & Additional Surcharge in case of Open Access.
- h) Levy of SLDC Charges in case of Persons operating Capital Power Plants (CPPs) and export of energy to the DISCOM / State Grid

#### D. Review of Agreements with Consumers:

The service agreement with the consumer shall be reviewed at periodic intervals as there may be changes in the business of the consumer or there may be changes in the Tariff conditions / *Principles of Categorization* for Billing.

## Chapter 5 (b)

### CHECKLIST FOR THE AUDIT OF H.T. (SUPPLY) REVENUE UNITS

#### Scope of Audit of HT Unit includes but is not limited to:

- 1) Review of Internal Control System;
- 2) Review of additional load released / reduced;
- 3) Review of Service Agreements vis-à-vis billing;
- 4) Review of Billing system vis-à-vis Tariff order and Voltage of supply;
- 5) Review of Electricity Duty collected / remitted;
- 6) Review of Rebates / incentives allowed;
- 7) Review of Additional Consumption Deposits;
- 8) Review of Interest on Consumption Deposits;
- 9) Review of Surcharges levied;
- 10) Review of levy of Transmission charges, wheeling charges & Open Access Charges vis-à-vis Tariff Order / Agreements;
- 11) Review of Annual Testing of Meters / Inspection of Services;
- 12) Review of Remittance of Collections into the Bank Account;
- 13) Review of Bank Reconciliations;
- 14) Review of timeliness of transfer of funds to Head Quarters.

#### **A) CHECKLIST FOR AUDIT OF BILLING ACTIVITIES**

1. Verify the purpose of supply from the Agreement and cross check the same with the Test Report obtained.
2. Verify the Category of Billing vis-à-vis the Purpose of supply as per agreement & Test Report.
3. Trace the readings from the Meter Reading Card / AMR Data to the Bills / Ledger of the consumer.
4. Verify whether the meter is being tested at least once in a year by the M&P Division.
5. Ensure that the observations on the Annual Meter Test by the M&P Division are considered while billing for the month in which the test is conducted.
6. Check whether there is any change in the Multiplication Factor (MF) of the meter and cross check the same with the Consumer Account. In case of Meter Change (MC) check that the MF of the new meter installed is updated in the consumer account.
7. Ensure that connected voltage in KV as per Test Report is considered for Billing in the Consumer account.
8. Check whether the prescribed Load Factor is maintained for giving Incentive to the consumers.
9. Are there any instances where the Load Factor is more than 100%? If so what are the inferences that are drawn from the same and what remedial action was taken for avoiding such instances.
10. Whether the meters were tested during the annual testing and what are the remarks of testing?
11. Check whether the wheeling / open access charges as notified in the tariff order / open access agreement are levied for the quantum of energy wheeled for third party sales.

**B) CHECKLIST FOR SYSTEMS AUDIT**

1. Check whether there a mechanism of 100% verification of billing within the sub-division.
2. Obtain a copy of exceptions generated and review the action taken thereupon and the impact of the same on the revenue of the sub-division
3. Cross-verify the data from the MIS reports with the actual data as per the books of account.
4. Check whether the Meter Readings are acknowledged by the consumer or his representative? Is there any mechanism of joint reading mechanism? *If so ask for a copy of the joint readings and cross check the same with the billing data?*

**C) CHECKLIST FOR TRANSACTION AUDIT**

- 1) Check whether all the receipts are recorded in the Cash Book and are banked on the same day?
- 2) Are there any receipts through Online Collections / Electronic Clearance System (ECS).
- 3) Verify the Bank Reconciliation Statements (BRS) and observe the ageing of the funds deposited pending credit to the Nigam's bank account.
- 4) Are there any instances of Cheque Bounces (for insufficient funds) and the action taken under the provisions of the Negotiable Instruments Act, 1881 apart from disconnecting the service and recovery of the applicable bank charges etc?
- 5) Are there any instances of acceptance of collections through cheques from consumers whose cheques had bounced earlier?
- 6) Check whether collections received in the form of cheques are credited to the consumer account after the same has been credited to the Nigam's bank account and delayed payment charges are levied for instances of credits after the due date for payment.
- 7) Check whether the permanent receipt issued specifies that payments through cheques / Demand Drafts are subject to realization.
- 8) Check the Interest on the ACD / Meter Security Deposit is credited to the consumers account before the due date where applicable.

## Chapter 6 (a)

### GENERAL INSTRUCTIONS FOR CARRYING OUT AUDIT OF CONSUMER'S ACCOUNTS

These are the general instructions for guidance of audit parties which are not exhaustive but illustrative only. Members of audit team are advised to refer, Standing/Executive Instructions issued by this office and other relevant instructions issued by the Nigam from time to time.

#### **(A) Cash and Cash Account**

- (i) Check physical cash balances in Chest and compare with balances as per both Cash Books (General & Revenue cash) on the first day of visit.
- (ii) Check the posting made in the Revenue Cash Book with reference to the CCR Books, Daily statement download from Pragyaware Website, Bank Scroll, RO-4, BA-16 Receipt Book and other collection agencies used during the period of audit.
- (iii) Check and reconcile the amount remitted into bank as per revenue cash book/remittance register with the statement of remittance / Bank statements as supplied by the bank and further transfer to the H.O Account.
- (iv) Check and ensure that entry of all the dishonoured cheques has been made in the Revenue Cash Book & simultaneously in the SC & A Register then further to take action to recover the amount from the consumer. If the due date of the bill has already been lapsed then the amount of surcharge on account of non-payment be added and recovered from the consumer.
- (v) Check and reconcile the cash realization posted in consumers' ledgers with the amount received as per Revenue Cash Book/ CCR Book.

#### **(B) Checking of New Cases.**

- (i)
  - Check all applications for new connections received during the audit period with reference to the charges recoverable at the time of receipt of application viz. a viz. ACD, Meter Security, service connection charges and processing charges etc.
  - Also check that all the documents required to be submitted along-with A&A Form, including proof of ownership and certificate of premises not being defaulter has been obtained and placed in the Consumer Case File.
  - Also check that the amount mentioned on the A&A Form tally with the amount actually received as per BA-16 receipt.
- (ii) Check all cases of release of new connections with regard to:-
  - Completion of Service Register, Test Report Register etc.
  - Preparation & sanction of estimate for release of connection and actual expenditure incurred on release of connection.

- Correct and full cost of service line worked out, entered in the Electrical Measurement Book and verified by the SDO in case of Industrial, AP and Bulk Supply connections and for other cases verified by the subordinate officials.
- Updating of Connected Load Register.
- Recovery of all charges recoverable under the instructions prevailing at the time of release of connection.
- Starting of 1<sup>st</sup> billing immediately after release of connection with actual reading and allied charges i.e. meter service charges/ services rent and capacitor charges (if supplied by the Nigam). In addition to it may also be verified whether the CA-21 register / MSR, tally with the entry recorded in the ledger as well as in the MCO.

**(C) Checking of cases of extension/reduction of load/Contract demand**

- (i) Check that the load has been sanctioned by the appropriate competent authority
- (ii) Check if the charges prescribed for the extension/reduction of load have been calculated, charged correctly and further got deposited from the applicant / consumer.
- (iii) Check that the revised load/Contract demand has been entered in ledger/updated in master file and billing has been started on the revised load/Contract demand.
- (iv) Check that the meter rent has been revised if meter/metering equipments were changed at the Nigam's cost.
- (v) Check that the Multiplying factor has been recalculated and entered in master data file/ledger and billing started on correct MF if meter and/or CTs/PTs were changed.
- (vi) Check that the connected load register has been updated accordingly.
- (vii) Check the capacity of the meter as well as the transformer is correct according to their load.
- (viii) Check that difference of final reading & IR in case of change of meter has been charged.

**(D) Checking by vigilance and other checking agencies/staff (LL-1)**

- (i) Check and ensure that the record of LL-I performa has been maintained properly and control register be also checked to avoid any misuse of any performa by the staff of the Sub-Division.
- (ii) Check that the Assessment of loss to the Nigam by theft of energy / malpractice / resale of energy etc. and compounding charges (Civil & Criminal Liabilities) has been made correctly. Notices have been issued to consumers under proper acknowledgement or through approved

mode and the FIR have also been lodged in all theft cases wherever required. Further it may be ensured the amount assessed on the basis of LL-I from has been got deposited correctly from the consumer or charged through SC & AR.

- (iii) Also check that the proper action for the recovery of charges has been taken by the Sub-Divisional officers / officials.

**(E) Checking of M&P Report.**

- (i) Check CT/ PT register maintained in the sub-division to ensure that all connections where the CT/PT is installed are entered in the register.
- (ii) Check whether all CT/PT meters have been checked within the prescribed period by the M&P Divisions.
- (iii) Check whether the working of the meter has been declared within permissible limit and status of all seals has been reported ok?
- (iv) Check whether the Multiplying Factor as worked out by the M&P and entered in ledger is the same and billing is being made correctly. Further it may be ensured that the reading taken by the SDO during billing and the reading taken by the M&P should be matched.
- (v) Check whether the consumer has been charged correctly where the loss of revenue was observed / reported by the M&P.
- (vi) Check that the penalty for exceeding the contract demand has been charged correctly, where MDI was reset after exceeding beyond permissible limit.
- (vii) Check whether notice has been issued and action for clubbing of load has been taken where more than one connection has been reported in the same premises.
- (viii) Also check that the billing is made on the basis of clubbed load in case of consumer has not submitted documentary evidence for eligibility of having separate connection in the same premises.
- (ix) Check whether the observations raised in the checking report have duly been compiled by the S/Division and /or got complied from the consumer? Also check that there is no loss/apprehension of loss in case observations were not attended properly.

**(F) Checking of SJOs , SCOs, RCOs, MCOs, TDCOs, PDCOs**

- (i) Check that all the columns of SJOs have been completed correctly by the incharge who joint the connections further confirmed that the reading, connected load, meter No and position of meter seals has been matched with the TDCOs effected earlier against which now SJOS has been issued.
- (ii) Check that all the column of the SCO has been completed correctly by the incharge who release the connection and also ensured the entry of meter exist in the CA-21 register.

- (iii) Check SCO and verify from the consumer ledger that Initial Reading, Connected Load, Date of Connection etc. has correctly been entered in the advice register and sent for preparation of bill and it may also be ensured that the same data has correctly been entered in master data / ledger.
- (iv) In case of RCO check and verify from the consumers' ledgers that Initial Reading, Connected Load, Date of re-connection etc. has correctly entered in the advice register and sent for billing section and the same has correctly entered in master data / ledger.
- Check that the category, load, site & all other conditions of supply are the same as were before disconnection and no alteration has been allowed.
  - Check that the MMC from the date of disconnection to date of RCO has also been recovered.
- (v) In case of MCO, check and verify from consumer ledgers that Final Reading of old meter, initial reading and MF of new meter have correctly been entered in the ledger and future billing has been made correctly.
- Check and verify that the average charges for the defective period, billing upto final reading & other charges chargeable, if any, have correctly been charged.
- (vi) In case of TDCO on consumer request in case of seasonal industry, check that the MMC as per KW or part thereof of the connected load for one month following the billing month (not the date of effecting TDCO) in which temporary disconnection has been allowed and no minimum charges will be levied thereafter. (No fixed charges are leviable during the period of TDCO).
- Check that during the period of temporary disconnection beyond one month, the consumption upto 5 % of the monthly average consumptions of proceeding six months (or less, if six months consumption is not available) will be charged at 200% of normal tariff. In case of access consumption than the said limit of 5%, the temporary disconnection 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.
- (vii) In case of TDCO on consumer request check that the billing for the month in which temporary disconnection was allowed has been made as normally. The billing for the next month is made on the MMC after allowing consumption upto MMC and thereafter the billing is made on double of tariff rate applicable (without levy of MMC).
- Check that the consumption during the months of disconnection (excepting month of disconnection and next) does not exceed to the extent of 5% of average consumption recorded during preceding six months (or less if not available) and if exceeded the billing has been started as normal from that month.
  - Check that no consumption is allowed after TDCO where separate NDS connection has been allowed.

- (viii) In case of PDCO check and verify that the billing upto final reading has been made, dismantlement of the service line has been made and the dismantled material has been entered in Dismantlement Register (CA-104), dues outstanding has either been paid by the consumer or the same has been recovered by adjusting the consumer's security and notice has been issued for recovery of balance amount, if any.
- Check that proper action for recovery of balance amount is being taken.
- (ix) Check that the Head Cashier of sub-division has maintained dishonored cheques register showing the amount of dishonored cheque and penalty as per Supply Code Regulation No. 29/2014 & date duly signed by the SDO.

**(G) Checking of consumers' ledgers**

- (i) Check that the tariff rates, meter rental/service rent and fixed charges, if any as are applicable to each category of the consumers are correct and all component of Schedule of Tariff has been made applicable and nothing has been left out.
- (ii) In the case of HT consumers check that the LT Surcharge, Steel Furnace Surcharge, penalty for exceeding the contract demand has correctly been charged where it was applicable.
- (iii) Check all cases of minus billing as reported through exceptional report/MIS so as to ensure that the minus billing is due to genuine reasons and not otherwise.
- (iv) Check all cases of dial over (round complete), high consumption, nil consumption as reported through exceptional report/MIS so as to ensure that the same are due to genuine reasons and not otherwise.
- (v) Check all cases of faulty/defective meters as reported through exceptional/MIS reports so as to ensure that the billing is being made as per detail given below and prompt action is taken for replacement of the same (as per clause 6.9.1 of Regulation 29/2014).
  - (1) In case of defective/sticky/dead stop/burnt meter, the consumer during the defective meter shall be billed provisionally in the following manner:-
    - (a) On the basis of the consumption recorded during corresponding period of previous year when the meter was functional and recording correctly.
    - (b) In case the same is not available, then on the basis of average consumption of the past 6 months immediately preceding the date of meter being found/reported defective.
    - (c) If period of installation of meter is less than six months, then the consumer shall be billed on the basis of average consumption of the period from the date of installation of the meter to the date of the meter being found/reported defective.
    - (d) In case no previous correct consumption data is available, owing to new connection or otherwise, the consumer shall be billed provisionally for the units as mentioned in the table below:-

**(i) For Domestic Supply / Bulk Supply/ Non Domestic supply consumer:-**

Category	Consumers fed through Rural feeders	Consumers fed through Urban feeders
	No. of units per KW of the sanctioned load or part thereof per month	
Domestic Supply / Bulk domestic supply	40	50
Non - Domestic Supply		
For General	75	150
For Restaurants, Hotels Petrol pumps and Cinemas	120	180
For Nursing Homes and Hospitals with indoor nursing facilities, shopping malls, mobile towers	120	240

**(ii) For other categories of consumers, the quantity of units consumed per month shall be worked out as per the following equation:**

In cases where tariff is levied on the basis of connected load:

$$KW \times DF \times H \times D$$

In cases where tariff is levied on the basis of contract demand:

$$CD \times DF \times H \times D$$

Where KW	=	Sanctioned contract demand in KW or KVA, as the case may be.
CD	=	Contract Demand
DF	=	Demand factor
H	=	Number of working hours per day.
D	=	No. of days per month

In the above equation, the demand factor, number of working hours per day and number of days per month, for various categories of consumers, shall be taken as below:-

Sr. No	Category of consumers	Demand factor		No. of working hours / day	No of days/ month
			Rural feeder		
1	L.T. Industries having load up to 20 KW	80%	8	10	25
2	L.T. Industries having load above 20 KW	80%	8	16	25
3	Public water works	100%	6	12	30
4	a)Street/public lighting, b)Independent hoarding/decorative lighting	100%	8	10	30
5	Bulk supply (On LT)	50%	10	16	30
	Bulk Supply (On HT)	60%	10	20	30

6	HT Industrial Supply				
	a)Continuous Process Industry	80%	8	20	30
	b)General Industry	80%	8	12	25
7	Agriculture Supply	100%	8	8	20
8	Railway traction and DMRC	80%	-	20	30

Based upon the above data, the consumer shall be billed (provisionally) for the units as mentioned in the table below:-

Sr. No.	Category	No. of units in kWh or KVAh (as the case may be) per kW of the connected load or part thereof or per KVA of the contract demand per month.	
		Consumers fed through Rural feeders	Consumers fed through Urban feeders
1	LT industries having load upto 20 KW	160	200
2	LT industries having load above 20 KW	160	320
3	Public water works	180	360
4	a) Street / public lighting b) Independent hoarding/ decorative lighting	240	300
5	Bulk supply (On LT)	150	240
	Bulk Supply (On HT)	180	360
6	HT Industrial Supply		
	a)Continuous Process Industry	192	480
	b)General Industry	160	240
7	Agriculture Supply	160	160
8	Railway traction and DMRC	-	480

Provided that any evidence provided by consumer about conditions of working and/or occupancy of the concerned premises during the said period(s), which might have had a bearing on energy consumption, may be considered by the licensee.

The defective meter shall be replaced by the licensee within 7 days of its being so established on checking. The burnt meter shall be replaced as per the timeline mentioned under Regulation 5.8 of supply code circulated vide SC No. 25/2016

(2) After installation of new meter, the account of the consumer, billed provisionally in the manner as specified under Regulation 6.9.1 (1) above, shall finally be overhauled in the following manner:-

(a) In case the consumer was billed provisionally in the manner as specified under Regulation 6.9.1 (1) (a) above, then no further overhauling of the account is required in case there has been no extension of load during the period the meter remained defective. In case there has been extension of load during the period the meter remained defective, then the account of the

consumer shall finally be overhauled on the basis of average consumption of ensuing corresponding period recorded by the new meter.

(b) In case the consumer was billed provisionally in the manner as specified under Regulations 6.9.1. (1) (b) to 6.9.1 (1) (d) above, then the account of the consumer so billed shall finally be overhauled on the basis of average consumption of ensuing corresponding period recorded by the new meter.

(c) In case of seasonal industries, the account shall be overhauled on the basis of average consumption of ensuing corresponding period after installation of new meter.

(3) In case, the Maximum Demand Indicator (MDI) of the meter at the consumer's installation is found to be faulty or not recording at all (unless tampered), the demand charges shall initially be calculated based on maximum demand recorded during corresponding period of previous year, when the meter was functional and recording correctly. In case, the recorded MDI of corresponding period of past year is also not available, the average maximum demand as available for lesser period shall be considered.

After installation of new meter or rectification of the MDI, the demand charges so levied shall finally be overhauled in the following manner.

(a) In case the demand charges were charged on the basis of maximum demand recorded during corresponding period of previous year and there has been no increase in the sanctioned contract demand during the period the MDI remained defective, no further overhauling of the account is required.

(b) In case the demand charges were charged on the basis of maximum demand recorded during corresponding period of previous year and there was increase in the sanctioned contract demand during the period the MDI remained defective, the demand charges shall be reviewed on the basis of MDI recorded by the new meter during the ensuing corresponding period. In case these charges are more, the additional amount shall be charged and in case these are less than the amount already charged then no refund shall be made.

(c) In all other cases, where the demand charges were levied on the basis of average maximum demand of lesser period and not on the basis of MDI recorded during corresponding period of previous year, the demand charges shall be reviewed on the basis of MDI recorded by the new meter during the ensuing corresponding period. In case these charges are more, the additional amount shall be charged and in case these are less than the amount already charged then no refund shall be made.

**(H) Checking of SC&AR Register**

- Check all entries made in the SC&AR with reference to correctness and also check that the same has been posted in the next billing.
- Where any amount has been charged to the consumer account,

check that the same has been charged correctly and as per instructions of Nigam and there is no under-charging.

- In case of refunds, check that the refund allowed was admissible as per instruction and observing all usual formalities i.e. the approval of competent authority was obtained before allowing the refund.
- Also check that concurrence of audit was obtained before allowing the refund out of the amount charged on behalf of audit.
- Check that main abstract of SC & AR has been prepared at the end of month in the SC & A register and a certificate under the signature of SDO/CA has been recorded that the entries of all SC & AR have been posted in consumers ledgers A/c and are tallied with ledgers of concerned categories of consumers .

**(I) Checking the records of JEs/AFMs**

- Check all the record of JEs/AFMs which is directly/indirectly related to consumers' accounts viz.-a-viz. CA-21, CA-22 are meant for maintaining of record of meters, Initial Reading of the meter when installed at consumer premises and final reading with meter status is entered when meter is removed from consumer premises, connected load register etc.
- Check Form-4 which is used to record the material received, issued to the work concerned and balance material lying in the Form-4 register tally with the physical verification authenticated by mentioning the certificate by the user (JE / AFM) after completion of work.
- Check EMB which is used to record the material used on the work and CA-104 which is used to record the dismantled material.

**(J) Exercising of prescribed checks by the supervisory staff.**

Check that the checking prescribed for the supervisory staff is being carried out by them as per Uttar Haryana Bijli Vitran Nigam, Regulation No.1 (Instruction No. 10.13 of Sales Manual-2013) for duties & responsibilities of various functionaries responsible for the up keep & maintenance of consumer accounts. The cases of losses of revenue should be examined with a view whether the loss could be avoided in case the prescribed checks had been carried out.

**(K) Action taken on the exception list generated by computer billing Agency**

The audit parties during audit inspection will check that the action (as required to be taken in each list) is taken promptly by the Sub-Divisions and shall point out omission, irregularities discrepancies noticed, if any.

<b>Sr. No.</b>	<b>Name of exceptional lists</b>	<b>Action to be taken by (OP) staff</b>
1.	List of bills to be checked before issue.	All such bills are required to be checked and where any discrepancy is noticed to be corrected before the same is issued and delivered to the consumers. This is required to minimize complaints regarding issue of incorrect bills to the consumers.
2.	Faulty/ defective meters. Meter Burnt. Meter Glass Broken. M&T seals found broken.	<p>Copies of these lists should be immediately passed on to JE/AFM of area incharge for verification of the meter. Where the meters are found faulty/defective/burnt/glass broken/ M&amp;T seals broken, the same should be replaced immediately and where working of meter is found within permissible limit, the corrective advice is to be sent to billing center.</p> <p>It is also to be verified and checked that the average on adhoc units billed to the consumer are not less than actual consumption recorded by the meter even if it is faulty. In such cases difference should be charged immediately to avoid accumulation of dues and average units based on the connected load/reasonable consumption should be got enhanced besides immediate replacement of the defective/faulty meter.</p> <p>The consumer account is required to be overhauled as per instructions given in this Chapter at Sr. No. (G) (v) as mentioned above.</p>
3	Negative reading, Dial over, High/Nil/ low consumption.	The actual reading shall be got verified through JE/AFM Incharge of area and further action shall be taken as per report of finding.
4	Provisional (PL) basis.	<p>Where the premises are found locked and the licensee is unable to read the meter, the provisional billing shall be done in the manner as prescribed as per clause at Sr. No. (G) (v) (1) as mentioned above and the account shall finally be overhauled on the basis of the actual units recorded by the meter when the licensee is able to read the meter.</p> <p>If premises is found locked on two successive meter reading dates and there is no advance for</p>

		adjusting the bill and previous bill is not paid, then the connection shall be disconnected.
5.	Meter or Reading correction	The bills issued before and after making correction in the previous data/master data file shall be checked to ensure its correction.
6.	PDCO/RCO/Status change cases	All the cases appearing in this list are to be checked to ensure its correction and charging of additional amount/average charges, if any, under the existing instructions.
7.	List of new connections	The particulars entered in the master data file at the time of starting of billing is shown through this statement. It shall be checked that the billing has been raised from actual data of connection and that all the particulars of consumer as entered in the master data file are correct.
8.	Meter change cases	The final reading as well as new initial reading shall be verified to ensure its correction. It shall be further checked and ensured that where any additional amount including average charges is required to be charged the same is charged. The cases in which the meter has been changed being defective and which were being billed on 'PL' basis are to be checked with care to ensure that the PL charges are not adjusted by the computer.
9.	List of defaulters	A list of such consumers who were issued bills in the last month and have not made payment is being supplied along-with each billing cycle. For example while issuing the bills for cycle 12 the list of defaulters for cycle 11 is supplied. The Sub Division shall examine these lists and take action to get realized the payment by issue of TDCO/PDCO. A list involving defaulting amount more than a specific amount can be obtained from the computer center on specific request.

**(L) Action taken on the Check list generated by computer billing Agency regarding realization of amount**

The checklists as under are supplied by the computer-billing agency regarding realization of amount as posted in the computer ledger. The action required to be taken on these lists is explained against each. The audit parties shall check these exceptional lists on cent percent

basis and shall point out omission/irregularities etc. if any,

<p>1. Payment first listing</p>	<p>These lists can be considered as a print out of CCR Book/Bank Challan as the case may be. These lists are generated batch card wise and date wise. The Sub Division is required to check that the amount as shown in payment first listing agrees with the amount shown in the CCR Book. In case there is any difference in the amount as shown in the check list and amount shown in the CCR Book/Bank Challan, the account wise discrepancies is to be ascertained and the mistake is to be set right through SC&amp;AR. Necessary remarks has also be recorded in these check list to avoid duplicity.</p> <p>These lists shall be properly maintained in a separate folder.</p>
<p>2. Payment final listing (Ledger-wise and date-wise)</p>	<p>The amount as shown in the payment first listing is segregated ledger wise and group wise. Through these statements the amount to be posted in the ledger at the time of next billing cycle is shown. In other words only the realization as appearing in the payment final listing should be found posted in the ledgers. These check lists therefore should be maintained ledger wise or should be placed with ledger. These check lists are much important and require double-checking. All the entries of this checklist must appear in payment first listing and all the realization posted in the ledger must appear in these check list. The Sub Division shall therefore, carry out the checking of the same accordingly.</p>
<p>3. Payment final listing (Group-wise &amp; date wise abstract)</p>	<p>Group-wise and date wise totals of payment final listing are shown in this list. This list is generated at the time of each billing cycle or for the batch cards submitted by the Sub Division. As such, at least 4 lists are supplied during a month. Reconciliation of cash realization as posted in the consumers ledger and amount received as per Revenue Cash Book can be made only with this statement. These lists are, therefore, required to be maintained in a separate folder.</p>
<p>4. Check list of SC&amp;AR</p>	<p>The amount debited/credited to the consumers' account through SC&amp;AR is shown in this checklist. It is therefore, required to be checked that all the entries made in the advice register appears in the check list and vice versa only the amount as shown in the advice register is appearing in the check list. Further in ledger also all the items appearing in the checklist and vice versa only the amount appearing in the checklist should be found posted. These lists should also be placed with ledgers.</p>

**(M) Compliance of previous audit observations**

- Check all the record which was not produced during previous visit or was pending for auditing.
- Check that the audit observations as raised during previous audit inspection have been attended & complied with properly.
- Check all the cases prepared under Dues Recovery Act (LRA Cases) put up during visit. Also check all refund cases put up for verification & comments and forward the same to the Chief Auditor duly commented.
- Check that the under-assessment pointed out and charged by the Sub-Division during previous checking has been posted in consumers' account in the next billing cycle.
- Check and report the realization of the under-assessment pointed out during previous visits and reported earlier.

**(N) Checking of connection released under self execution scheme and billing of HT industrial consumer connected through independent feeder.**

- (i) Check that all formalities have been made before release of connections under self execution Scheme as per the direction of the HERC Regulation on duty to supply electricity on request and difference of estimated cost and service connection charges has also been checked / compared.
- (ii) Check in the light of decision of HERC dated 12.06.2012 that in case more than one connection is released for the independent feeder, the base of billing will be continued to the energy recorded by the meter at the S/Stn. The losses between the energy recorded by the S/Stn meter and the energy meter installed at the respective premises of the consumer shall be apportioned on a pro-rata basis, in proportion to their consumption, amongst the consumers irrespective of the distance of the feeder.

**(O) Check the billing of Open Access Consumers**

- Check the billing of all consumers whose connections have been released under Open Access. As per HERC, Regulation No. HERC/25/2012, the Sr. AO/RA, Panchkula or any representative from Chief Auditor Office will check the adjustment sheets of all Open Access consumers after preparation of consumer wise statement of Open Access Energy cases by O/o CE/Commercial, UHBVN, Panchkula.

**(P) Checking of the capacity of transformers commensurate with load installed by the HT consumers**

- Check that the capacity of transformer commensurate with load installed by the HT consumers as under, because the tendency of installation of higher capacity transformer adds losses to system:-

<b>Sr. No.</b>	<b>Sanctioned Contract Demand (in KVA)</b>	<b>Permissible capacity of T/F (in KVA)</b>
1.	50-60	63
2.	61-80	100
3.	81-135	160
4.	136-170	200
5.	171-210	250
6.	211-250	315
7.	251-335	400
8.	336-420	500
9.	421-525	630
10.	526-670	800
11.	671-835	1000
12.	836-1050	1250
13.	1051-1250	1500
14.	1251-1670	2000
15.	1671-2085	2500
16.	2086-2500	3000

1. SDO/OP will invariably write on the demand notice, the maximum capacity of the transformer which can be installed by the consumer.
2. The officer / official verify the Test Report will ensure that the capacity of the transformer installed, is as per the Demand Notice.
3. M&P will also ensure that capacity of the transformer is matching with the sanctioned load and in case it is more than the connection may not be released without compliance of instruction may not be released without compliance of instructions in this regard.
4. CE/ Govt. of Haryana will also not approve connection where the capacity of the transformer is found more than the permissible limit.
5. This policy will be applicable in case of extension / reduction of loads also.

- (Q)** Check that the uniformity in multiplying factor in LT & HT, CT operated meters installed at premises of LT/HT consumers are as per detail given below:-

LT CTs (Type Ratio)	Load limit
(i) LT CTs of ratio 50/5A (WPL Type)	Load upto 25 KW
(ii) LT CTs of ratio 100/5A (Ring Type)	Load above 25 KW and upto 50 KW

#### **HT CT's**

Sr. No.	Load in KVA	CT Ratio
1.	1-100	5/5
2.	101-200	10/5
3.	201-300	15/5
4.	301-500	25/5
5.	501-1000	50/5
6.	1001-2000	100/5
7.	2001-3000	150/5
8.	3001-4000	200/5
9.	4001-5000	250/5
10.	5001-6000	300/5

**(R) Checking the billing being generated through R-APDRP system (Developed by M/s HCL Technology).**

Check the bills being generated through R-APDRP server. The job of generation of bills under R-APDRP scheme have been outsourced to the Private Agency i.e. M/s HCL. Technology Now the field offices are operating the system themselves under the supervision of the representative of M/s HCL regarding input data consisting of meter blank, master files for new consumer connection and amount received from the consumers through various sources and SC&AR etc. To bring about the transparent billing system and to avoid any manipulation in the consumer accounts various training about the system have been organized at the level of Chief Auditor, Panchkula / Rohtak office from time to time. So audit party shall check billing of all categories of consumers of high value Sub divisions within the schedule tour program allotted to them. The bill revision statements along-with other checks as prescribed in case of other billing agencies should be checked.

**(S) Checking of ACD revised and interest allowed by the Sub Division**

Check whether the ACD has been revised every year and the rate of interest as per Nigam every year at the end of every financial year has also been given to the consumers timely and necessary register to this effect has been maintained by the CA in the Sub Division. In case of monthly billing, operation sub divisions are required to maintain data of ACD along-with its division and interest. In case of bi-monthly billing, the data of ACD and interest thereof is maintained by billing agencies itself. The audit parties are required to check whether the consumer-wise advices sent by sub division to the billing agencies are correct. In case, there is variation, the cases should be pointed out.

**Chapter 6 (b)**  
**CHECKLIST FOR AUDIT OF LT SUPPLY**

Scope of Audit of Sub-Division includes but not restricted to:-

- 1) Review of Internal Control System (Percentage Checks);
- 2) Review of Meter Reading Books / Test Reports;
- 3) Review of Billing vis-à-vis Applicable Tariff Order;
- 4) Review of adherence to the General Terms and Conditions of supply;
- 5) Review of Electricity Duty collected / remitted;
- 6) Review of Theft and Mal-practice cases;
- 7) Review of Advance Consumption Deposits;
- 8) Review of Rebates / incentives to consumers;
- 9) Review of Installment mechanism;
- 10) Review of levy of various surcharges;
- 11) Cross Verification of facts / information with the records maintained by the field offices and the Billing Agencies to ensure correct billing;
- 12) Review of Remittance of Funds into Bank Account;
- 13) Review of Bank Reconciliations;
- 14) Review of timely transfer of funds to Head Office;
- 15) Review of Performance of the Spot Billing Agencies;
- 16) Review of Information furnished for MIS;
- 17) Review of Performance of the Private Collection Agencies;

**A) CHECKLIST FOR --SYSTEM AUDIT**

- 1) Are the percentage Checks prescribed being done by the staff members concerned?
- 2) Ensure that the duties of all the Collection personnel (Bill collectors / Revenue Cashiers) are rotated at periodic intervals.
- 3) Check whether the Checks performed by the staff members are being reviewed by the S.D.O. at periodic intervals.
- 4) Check whether the observations on performing the checks are properly documented.
- 5) Ensure that necessary action is taken against the abnormalities noticed during the Percentage Checks.
- 6) Check whether there is a system of Credits Reconciliation in practice in the Sub-Division and enquire about the action taken for the un-reconciled credits.

- 7) Check whether the system of Debits Reconciliation is in practice in the Sub-division and the Debits as per the Debit Reconciliation are compared with the Debits as per the Consumer Ledger to ensure that all debits raised are posted in the respective consumer ledgers.
- 8) Check whether the system of Reconciliation of receivables from consumers as per the Consumer Ledger with the Financial Ledger is followed. What is the action taken for the un-reconciled transactions?
- 9) Check whether the system of Reconciliation of Security Deposit as per the Consumer with the Financial Ledger is followed.
- 10) Check whether all the Bank accounts are properly reconciled. Compare the Schedule Closing Balance as per (Collecting Bank Accounts) and the closing of respective Banks as per the Bank statements / scrolls.

**B) TRANSACTION AUDIT**

- 1) Check whether all the master data of all new connections is posted in the *Consumer Master card*.
- 2) Check whether New Services are billed from the data of release of supply.
- 3) Check whether Meter Readings for all the connections are obtained.
- 4) Check whether the Abnormalities in meter readings are generated as an exception and immediate action is taken to obtain the correct readings.
- 5) Check whether the Test Reports are available for the connections and confirm that the purpose of supply, load and other factors are properly posted in the Consumer Master.
- 6) Ensure that the *Categorization of Billing* is purely based on the purpose of supply.
- 7) Ensure that the provisions of General Terms & Conditions of Supply are followed while billing in respect of additional loads observed.
- 8) Verify all the meter changed slips and ensure closing reading of old meter and new reading of the changed meter were correctly recorded in the Meter Reading Registers.
- 9) Ensure that Top entries and initial readings for all the services are entered in the Meter Reading Register.
- 10) Verify the Meter Reading Register to ensure that, Stuck Up/Burnt meter services, Premises lock, and Reading not furnished services are properly billed as per the guidelines prescribed.
- 11) Verify category/load/name/premises change connections and ensure that the changes were duly supported with the revised test reports and other proper documents.
- 12) Ensure that *fixed charges* Security deposit were duly collected

from the consumer if the connected load has exceeded the contracted load as compared with the test report and revised test report received.

- 13) Ensure that the fixed charges are duly levied according to the new loads as per revised test reports.
- 14) Ensure that the income is accounted on accrual basis in respect of various surcharges. For example *Surcharge on ACD*, *Surcharge for delayed payment* etc.
- 15) Verify all the M.C.O.s and ensure that closing reading and new reading of the changed meter were correctly recorded in the Meter Reading Registers.
- 16) Verify the receipts of the additional consumption deposit amount and ensure that the Additional Consumption Deposit collected is posted to the credit of the respective consumer account.
- 17) Check whether there is a periodic reconciliation of collections made by the outside collection agencies with the amounts collected from them.
- 18) Verify the *Changes Register / Corrections Register* and cross verify the changes / rectifications with the complaints / requests received from the consumers.
- 19) Ask for exceptional reports for connections with lesser loads but having significant consumption and enquire about the reasons there for. In appropriate cases check whether *service line and development charges* & security deposit is collected from the consumer for the additional loads observed as above.
- 20) Ensure that all the collections received are banked on the same day or on the next working day.
- 21) Check whether collections received in cheques are credited to the consumer account only on realization of the proceeds and in case of delay, appropriate delayed payment charges are levied.
- 22) Check whether there is a blacklist of consumers (even for collections through outsourced collection agencies) whose cheques were dishonored and collections through Cheque from them are not allowed.

**C) COMPLIANCE AUDIT**

- 1) Check whether the Regulations issued by the Haryana Electricity Regulatory Commission are being complied with.
- 2) Check whether the Instructions issued by the Head Office on various subjects including Tariff Directives of the Electricity Regulatory Commission are implemented.
- 3) Check whether the provisions of Electricity Act 2003 are followed in letter & spirit.

## Chapter 6 (c)

### CHECKLIST FOR VERIFICATION OF BANK RECONCILIATION

#### RECEIPT ACCOUNT:

- 1) Verify the bank scroll along with pay in slips for each month.
- 2) Ensure that there should not be any cheques outstanding for more than 6 Month without crediting to the Nigam Bank Account.
- 3) Ensure that there should not be any wrong credits to the Nigam Bank Account.
- 4) Check whether the bank charges levied by the banker are properly accounted for.
- 5) Cross check the total collections with Bank Reconciliation Statement and Cash of Trial Balance.
- 6) Ensure that the closing balance shown by the Bank Pass book/Scroll of all banks should be agreed with closing bank balance for Collecting Bank.
- 7) Check that remittance of receipts to the corporate office is being made in accordance with the agreement with the Bank.
- 8) Check whether balance confirmation certificates as well as statement of account have been obtained from Banks periodically.
- 9) Check whether list of wrong debit/ credit appearing in bank statement is being maintained and action being taken to get them rectified.
- 10) Check whether the dishonored cheques have been properly accounted for.

#### DRAWING ACCOUNT

- 1) Cross verify the Balance as per the Cash Book (Bank Column) with Balance appearing in the Schedule against Drawing Account and Balance in the Bank Statement / scroll.
- 2) Ensure that Banking Cash Transaction Tax (BCTT) levied, if any, on withdrawal of cash is properly accounted.
- 3) Cheques issued but not presented for payment for exceeding 3 months shall be reversed duly crediting to the relevant liability account but not expenditure account.

**Chapter 6 (d)**  
**CHECKLIST FOR REFUND OF SECURITY DEPOSITS**

- 1) Verify the request from the Consumer for refund of deposit.
- 2) Verify that the ACD review statement as prepared by sub-division is enclosed with the proposal.
- 3) Verify the Load particulars and Consumption pattern for the past 1-year as certified by the XEN/ A.E.E. with specific remarks on duration/reduction of load and reason thereof.
- 4) In case of proposal for refund due to reduction of loads of Industrial consumers, the production data (quantity) for the past 1-year with the details of energy utilized (captive generation/third party purchases & from DISCOM) may be obtained and analyzed.
- 5) Security Deposit as per the Consumer's Records shall be reconciled with the Balance as per the Books of the Unit.
- 6) Verify the details of dues/arrears, if any, on other services in the name of the consumer.
- 7) Verify the details of Court Cases pending and the amounts involved with brief details of the case pertaining to the consumer.
- 8) Verify the details of AG/Internal Audit Queries/Paras/Short falls pending with reference to the Consumer.
- 9) In case of termination of Connection, the Permanent Receipts issued to the consumers for the security deposits shall be returned. In the absence the consumer shall be requested to produce an indemnity bond.
- 10) Check whether the connection has been transferred in the past 3 years and ensure that the earlier dues/ arrears were recovered and the previous consumer has, in writing, transferred the consumption deposit also while affecting the name transfer.

**Chapter -7**  
**EFFICIENCY AUDIT**

**To improve the efficiency in working, the following services as notified by the Commission and time frame within which these are to be provided also given as under:-**

Sr. No.	Particulars	Time limit (working days)
1.	<p><b>Release of new connection / additional load / demand</b></p> <p>(a) Release of connection where service is feasible from existing network.</p> <p>(b) Release of connection where network expansion / enhancement required for providing connection (except Agricultural)</p> <p style="padding-left: 40px;">i. For LT connection</p> <p style="padding-left: 40px;">ii. For 11 KV connections</p> <p style="padding-left: 40px;">iii. For 33 KV connections</p> <p style="padding-left: 40px;">iv. Above 33 KV level connections</p>	<p>Within 30 days from receipt of complete application charge and document.</p> <p>Within 30 days from receipt of complete application charge and document.</p> <p>Within 71 days from receipt of complete application charge and document.</p> <p>Within 97 days from receipt of complete application charge and document.</p> <p>Within 167 days from receipt of complete application charge and document.</p>
2.	<p><b>Meter complaints</b></p> <p>(i) Inspect and check correctness</p> <p>(ii) Replace slow / fast meters / creeping /stuck /defective</p> <p>(iii) Replace burnt meters if cause not attributable to consumers</p> <p>(iv) Replace burnt meters in all other cases</p>	<p>Within 7 days of receipt of meter testing fee.</p> <p>Within 7 days of its being established on checking.</p> <p>Within 7 days of receipt of complaint.</p> <p>Within 24 days hours of payment of charges by consumers.</p>
3	<p><b>Shifting meter / service connection and other services</b></p> <p>(i) Shifting of meter / service connection</p>	<p>Within 15 days after receipt of request along with prescribed charges</p>

	(ii) Shifting of LT/HT lines upto 11 KV (iii) Shifting of HT line exceeding 11 KV (iv) Shifting of transformers	Within 45 days after receipt of request along with prescribed charges. Within 45 days after receipt of request along with prescribed charges. Within 60 days after receipt of request along with prescribed charges.
4.	<b>Complaint about consumer bills and restoration of supply</b> Resolution of complaint on disputed electricity bills	(i) Within 24 hours of receipt of complaint if no additional information is required. (ii) Within 7 hours of receipt of complaint if additional information is required. .
5.	<b>Reconnection of supply following disconnection due to non-payment of bill</b>	(i) City and Towns within 6 hours of receipt of payment from consumers (ii) Rural area within 12 hours of receipt of payment from consumers
6	<b>Distribution of transformer failure</b>	(i) City and Towns Within 24 hours (ii) Rural Area within 48 hours

The standard of performance are defined by the Haryana Government on the recommendation made by HERC vide notification date. The 7<sup>th</sup>, May, 2015. The audit shall ascertain the extent to which these standards are being met.

**Chapter -8**  
**Reporting of Audit**  
**Office of the Chief Auditor, UHBVN, Panchkula**  
**Report of Audit**

NAME OF OFFICE INSPECTED \_\_\_\_\_

PERIOD OF AUDIT \_\_\_\_\_

DATE OF VISIT \_\_\_\_\_

The summary of the audit carried out and observations as noticed by the Internal Auditors while conducting audit is submitted as under:-

Comments/ Remarks of RA
----------------------------

1. The accounts of all the connections as per scope of audit and period of audit according to tour programme have been checked in accordance with rules and instructions prescribed for the audit of their accounts.
2. All the M&P Reports received from XEN's M&P during the period from the last date of visit in the Sub-Division/office to date as available in the prescribed register of the Sub-division / office have been checked with the relevant records and difference in assessment and other discrepancies have been pointed out through HMs/Audit Report/Note and the compliance report is enclosed.
3. The connections which were due for checking by the M&P authorities have been pointed out to the SDO/JE to get these checked.
4. All the job orders have been checked with the relevant records and average/other charges recoverable on the basis of report on the job orders have been found recovered and the amount not less charged has been pointed out through the HMs.
5. The correctness of all the items of Sundry charges and Allowances Registers No . \_\_\_\_\_ has/have been checked by me and its posting in consumer's ledger by Sh. \_\_\_\_\_UDC. The discrepancies noticed have been brought into the notice of the SDO/JE through HMs.
6. The comparison of the amount of entries in CCR books with the duplicate copies of RO4 along-with totals/progressive totals of CCR Books have been checked by Sh. \_\_\_\_\_UDC.
7. The cash postings into the consumer's ledgers/Abstract ledger have been checked in detail for the month(s) provided for the audit by Sh. \_\_\_\_\_UDC and also reviewed upto date and totals found tallied with the totals of CCR book / Revenue Cash book except for the month(s)\_\_\_\_\_



<b>Comments/ Remarks of RA</b>
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15. \_\_\_\_\_ No. of connections for which the meters are lying inoperative/dead-stop/burnt etc. and have not been replaced for more than three months are as under:-

Category, No. of inoperative meters not changed for

3 months                      6 months                      1 Year and above.

16. The cash in the chest as per both Revenue & General Cash Book has been checked and counted on \_\_\_\_\_(Dated) and found to be Rs. \_\_\_\_\_as detailed below which is correct. (If in correct, please quote the difference.).

- a) General Cash \_\_\_\_\_
- b) Revenue Cash \_\_\_\_\_
- c) Imprest/Advance \_\_\_\_\_

17. The General / Revenue cash book and Remittance Register for the period \_\_\_\_\_ have been audited with the relevant records.

The Remittance Register has been reviewed upto date and observed as under:-

- a) Cash has been deposited on the same day or on the next working day.
- b) The entries of the Remittance Register are signed by the SDO while handing over the cash and thereon verification of remittance from pay-in-slip on the afternoon of the same day, as required under the rules/instructions.
- c) The M.T. Order no. and date is obtained from the bank and entered in the Remittance Register.
- d) Detailed report on the cases of delayed remittances of cash/cheque(s) and its transfer by the bank is enclosed /as under:-

Receipt		Deposit		Date of Transfer	Delay in	
Date	Amount	Date	Amount		Deposit	transfer

18. The Demand and Collection Statement(S) for the month(s) has been checked and its balances have been got tallied with those of consumer's ledgers /Abstract ledger and also with the figures intimated to the Divisional Office.

19. The Electrical Measurement Books in respect of connections released during the month(s) provided for audit inspection have been checked by way of a general examination and the defects noticed have been pointed out in the report/Audit Note. Also the service line charges of all those

connections for which the length is more than 30 meters as per EMBS have been checked with reference to consumer cases/estimate and charges recoverable are being charged or have been pointed out through HM. In case the difference in actual measurement and a sanctioned estimate is more than 5% such cases have been pointed out.

Comments/ Remarks of RA
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20. The defaulting ledger is being maintained properly and the statements submitted to the divisional Office found correct. The details of the defaulting amount for the month of \_\_\_\_\_ is as under:-

Category	Defaulting Amount	
	As per statement	As per ledger

21. Other points of less importance have been included in the audit Note which has been issued to the SDO vide memo No. \_\_\_\_\_ dated \_\_\_\_\_

Sr. No.	Name of Official	Designation	Signature
1.			
2.			
3.			

Certified that all the records required to be checked as per scope and instructions issued through standing order / executive instructions have been audited and necessary audit observations thereon included in the Audit Report / Note.

Name of RA.....  
 Incharge RAP/IAP.....  
 UHBVN.....

## UTTAR HARYANA BIJLI VITRAN NIGAM

Office of the Chief Auditor, Panchkula

### STATEMENT OF RECORDS AND DOCUMENTS NOT PRODUCED BEFORE THE AUDIT PARTY

NAME OF OFFICE AUDITED .....

MONTH(S) AUDITED.....

AUDIT INSPECTION CONDUCTED FROM .....TO.....

Records not produced related to the current audit inspection

Sr. No	Particulars of records	Name of officers / officials responsible	Reasons

Name of RA.....  
Incharge RAP/IAP.....  
UHBVN.....

**Note: Whether the guidelines/instructions regarding NPOR issued by Chief Auditor, UHBVN, Panchkula vide memo No. CA/RA/L/UB-27/Ch-2 dated 13.12.2012 has been followed or not (As per Annexure-‘B’ Page No.117-118). If not followed the reasons of the same be explained.**

**UTTAR HARYANA BIJLI VITRAN NIGAM**  
OFFICE OF THE CHIEF AUDITOR, PANCHKULA

**INPUT STATEMENT NO.1**

Month.....

Name of office .....

<b>(A)</b>	<b>INTRODUCTORY</b>				
	1.	Code no.			
	2.	Diary No.	(a.) No. (b.) Date		
	3.	Party No.	RAP/IAP No.		
	4.	Month(s) audited			
	5.	Audit Inspection Conducted	(a.) From (b.) To		
<b>(B)</b>	<b>ABSTRACT OF MINOR OB</b>				
	6.	Debit	(a.) Paras (b.) Amount	No. Rs.	
	7.	Transferred in (Dr.)	(a.) Paras (b.) Amount	No. Rs.	
	8.	Withdrawn (Cr.)	(a.) Paras (b.) Amount	No. Rs.	
	9.	Transferred out (Cr.)	(a.) Paras (b.) Amount	No. Rs.	
	10.	Realized (Cr.)	(a.) Paras (b.) Amount	No. Rs.	
<b>(C)</b>	<b>HALF MARGIN ACCOUNT</b>				
	11.	OUTSTANDING HALF MARGIN AS PER PREVIOUS FORWARDING MEMO.	(i) Major (ii) Minor (iii) General	<b>No</b> <b>No</b> <b>No</b>	
	12.	Issued during audit inspection	(i) Major (ii) Minor (iii) General	<b>No</b> <b>No</b> <b>No</b>	
	13.	HMs returned	(a) Old (b) New	i. Major ii. Minor iii. General i. Major ii. Minor iii. General	<b>No</b> <b>No</b> <b>No</b> <b>No</b> <b>No</b> <b>No</b>
	14.	HMs Outstanding / Balance	(c) Old (d) New	i. Major ii. Minor iii. General i. Major ii. Minor iii. General	<b>No</b> <b>No</b> <b>No</b> <b>No</b> <b>No</b> <b>No</b>
<b>(D)</b>	<b>Breakup of Outstanding HMs</b>				

	15.	Outstanding for less than 3 months	(a) General	<b>No.</b>	
			(b) Evaluated	<b>No.</b>	
			(c) Amount	<b>Rs.</b>	
	16.	Outstanding for more than 3 months but less than 6 months	(a) General	<b>No.</b>	
			(b) Evaluated	<b>No.</b>	
			(c) Amount	<b>Rs.</b>	
	17.	Outstanding for more than 6 months but less than one year	(a) General	<b>No.</b>	
			(b) Evaluated	<b>No.</b>	
			(c) Amount	<b>Rs.</b>	
	18.	Outstanding for more than one year	(a) General	<b>No.</b>	
			(b) Evaluated	<b>No.</b>	
			(c) Amount	<b>Rs.</b>	
<b>(E)</b>		<b>CAUSEWISE BREAKUP OF UNDER ASSESSMENT DETECTED</b>			
	19.	Wrong application of Tariff		<b>Rs.</b>	
	20.	Non-Levy of average charges / overhauling		<b>Rs.</b>	
	21.	<b>MDI Penalty</b>		<b>Rs.</b>	
	22.	<b>Non Levy of Surcharge</b>		<b>Rs.</b>	
	23.	<b>Non issue of bill</b>		<b>Rs.</b>	
	24.	<b>Difference of reading (KWH &amp; KVAH)</b>		<b>Rs.</b>	
	25.	<b>Wrong Multiplying Factor</b>		<b>Rs.</b>	
	26.	<b>Un-posted item of SC&amp;AR</b>		<b>Rs.</b>	
	27.	<b>Irregular refund / wrong refund</b>		<b>Rs.</b>	
	28.	<b>Change of category of tariff</b>		<b>Rs.</b>	
	29.	<b>Dishonour Cheque/ penalty</b>		<b>Rs.</b>	
	30.	<b>Double posing of cash entry</b>		<b>Rs.</b>	
	31.	<b>Theft of Energy</b>		<b>Rs.</b>	
	32.	<b>Non levy of ACD</b>		<b>Rs.</b>	
	33.	<b>Incorrect meter rent / service rent</b>		<b>Rs.</b>	
	34.	<b>Electricity Duty (ED)</b>		<b>Rs.</b>	
	35.	<b>FSA differences</b>			
	36.	<b>Difference of Fixed Charges</b>			
	37.	<b>MMC Difference</b>		<b>Rs.</b>	
	38.	<b>Line losses of Independent Feeders</b>		<b>Rs.</b>	
	39.	<b>Unauthorized extension of load penalty (EOL)</b>		<b>Rs.</b>	
	40.	<b>Service Connection Charges</b>		<b>Rs.</b>	
	41.	<b>Cost of meter</b>			
	42.	<b>PLEC Charges</b>			
	43.	<b>Total</b>			
<b>(F)</b>		<b>ABSTRACT</b>			
	44.	<b>Petty</b>			
	45.	<b>Minor</b>			

	46.	Major			
	47.	Un-accepted (UA) as per Draft Audit Para (s) attached			

Name of RA.....  
 Incharge / IAP/ RAP.....  
 UHBVN.....

Report of RA (HQ) : Checked / scrutinized / corrected and is submitted for approval please.

RA/(HQ)

SO/RA

AO/Sr.AO/RA





**MAJOR HALF MARGIN WISE RESPONSIBILITY STATEMENT :**

Statement showing the Half Margins accepted and the persons responsible

Name of Sub-Division.....

IAP No.....

Period during which the audit conducted from .....to.....

Period Audited.....

Sr. No.	FM. No. & Date	HM No. & Date	Total amount involved	Officer/Official responsible				Remarks
				Name	General Provident Fund Account No.	%age	Amount	
1	2	3	4	5	6	7	8	9

The below noted check points are required to be submitted along-with forwarding memo by RA/Audit party which must be checked by the audit party while conducting the audit in OP sub-division \_\_\_\_\_.

Sr. No.	Introduction	Remarks.
1.1	Total No. of connection in the sub- division as on ----- i. General ( DS, NDS & AP)----- ii. Power-----	
1.2	The date of last audit conducted by the IAP	
1.3	The period of audit of previous tour	
1.4	The period of audit of present audit	
1.5	The date of last inspection carried out by XEN	
1.6	The date of last inspection carried out by SE	
<b>2.</b>	<b>Checking of cash transaction handled by Head Cashier / Cashier.</b>	
2.1	Tally of cash Balance of General Cash Book with the cash lying in chest on the first day of tour.	
2.2	Comparing transfer entry of BA-16 in Revenue Cash Book with original / duplicate copy of BA-16).	
2.3	Checking of transfer entry of CCR book's in Revenue cash book.	
2.4	Comparing the entries of R.I. B (Remittance into bank ) register with Revenue cash book.	
2.5	Checking of transfer entry form Revenue Cash book to General Cash Book (Receipt and RIB).	
2.6	Entries of Dishonored cheques in Revenue Cash Book / RIB Register / CCR Book / RO4 with Red Ink.	
2.7	Checking of cheque Dishonored register along with SC&AR concerned.	
2.8	Checking of ACD Register / Meter Security Register.	
2.9	Interest on ACD / Meter security register.	
<b>3.</b>	<b>Checking of Consumer Accounts handled by CA section.</b>	
	While the billing of DS/NDS categories has been computerized the following list supplied by the computer cell should be checked.	
	General Parameters:	
3.1	List of MCO case.	
3.2	List of defective / burnt / glass broken / M&T seal broken.	
3.3	List of negative amount bills.	
3.4	List of inconsistent reading	
3.5	Master file of new connection with consumer case files.	
3.6	Advise Form 71 or 75.	
3.7	Issue to TDCO / PDCO on defaulting amount.	
3.8	Checking of Meter Blank (Reading Record).	
3.9	Reconciliation of cash.	
<b>4.</b>	<b>LT Ledgers:</b>	
4.1	<b>100%</b> checking or ledgers with relevant record i.e. meter reading , SC & AR & CCR Book etc.	
4.2	Checking of M&P and vigilance checking report.	

4.3	Checking of MCO's / SJO's / RCO's on various stages	
4.4	Issue of TDCO / PDCO on defaulting amount.	
4.5	Checking of M.F with relevant record i.e. MT-1, SJI, SCO etc.	
4.6	Reconciliation of cash in power ledgers along with main cash abstract list.	
<b>5.</b>	<b>Checking of Revenue statement.</b>	
5.1	Main abstract ledger (Revenue)	
5.2	Demand collection statement.	
5.3	Line losses statement	
5.4	Connections on independent feeders ( comparison view with consumption of feeder meter and consumer meter)	
5.5	Statistical statement a long with consumer ledgers.	
5.6	Permanent defaulter ledgers along with defaulting amount statement.	
<b>6</b>	<b>Record of Consumer Clerk:</b>	
6.1	Service Register	
6.2	Demand Notice Register	
6.3	Test Report Register / Seniority Register	
6.4	Checking of New Connections / EOL /ROL and billing thereof . Test report Register / Seniority Register Test report Register / Seniority Register.	
6.5	Statement of connection released & sanctioned load	
6.6	Register of connection released under self – execution scheme.	
<b>7</b>	<b>Record of JE/AFM's:</b>	
7.1	CA-21 & CA-22	
7.2	CA-104 (I) Dismantle Register.	
7.3	Connected load Register.	
7.4	Form -4 Register	
7.5	EMB	
7.6	LL-1 , Forms Register.	
7.7	TDCO / PDCO Register.	
7.8	Defaulting amount register for Power Connection.	
<b>8</b>	<b>Record of SDC.</b>	
8.1	LL-1 Control Register i.e. issued and disposal thereof .	
8.2	Forms issue Register i.e. RO4, BA-16 CCR Book, Form-4 EMB, SMB, CA-104 , CA-21&22 Cash Book etc.	
8.3	Estimate sanction Register (self execution scheme & Deposit Estimate)	
8.4	Incumbency Register of Officer / official in the office.	
8.5	Office of Register for distribution / allocation of work to the officials.	

**Name of RA/.....  
Incharge / IAP/ RAP.....  
UHBVN.....**

## Chapter 9

### AUDIT OF EXPENDITURE UNITS

The Audit of Expenditure units such as Division Offices, Circle Offices & Corporate Office, consists of Revenue and Capital Expenditure.

#### A. CHECKLIST FOR AUDIT OF REVENUE EXPENDITURE

##### Verification of Revenue Expenses incurred vis-à-vis Delegation of Powers

The following aspects need to be kept in view during the audit of revenue expenditure:

- a) Purpose of the Expenditure and the benefit derived there from (from propriety view).
- b) Proper Sanction for incurring such expenditure and the procedure laid down in the Delegation of Powers / instructions issued from time to time.
- c) In case DOP is deviated, it must be ensured that the same has proper ratification.
- d) In case of expenditure involving statutory payments, Delegation of Powers would not generally interfere.
- e) The provisions laid down under Tax laws shall also be observed.
- f) Classification of Expenditure under proper heads of account shall also be observed, as misclassification would not reveal the true and fair view.
- g) Deferred Revenue Expenditure should be spread over the life of the benefit.

#### B. CHECKLIST FOR SYSTEMS AUDIT

Comprises, Verification of Internal Control for the Revenue Expenditure.

1. Review the Budget allocation for the Expenditure.
2. Verify the authority for sanction of expenditure with reference to Delegation of Powers.
3. Review the procedure of Internal Check relating to payments.
4. Ensure that there is a division of work (i.e. one individual's work should be automatically checked by another).
5. Ensure that there should be periodic changes in work allocation (individuals shall be rotated from one work to another).
6. Check whether the payment is done duly complying the prescribed procedure (i.e. production of bill, counter sign of check measurement, pass order, payment authorization etc.)
7. Check whether the employees are complying the provisions of Statutory Laws that are applicable to the Nigam.
8. Ensure whether there is a proper training for the employees periodically so that they can accustom to the changes in the Laws / Regulations / Procedures.
9. Apply analytical review procedures to each component of expenditure with respect to earlier years and analyze the results.

**C. CHECKLIST FOR TRANSACTION AUDIT**

Transaction Audit refers to verification of transactions that took place.

Checklist for verification of Revenue Expenditure:

1. Verify the work bills with respect to terms and conditions of Contract.
2. Check whether the Expenditure charged relates to the current year only.
3. Verify that in case of Theft of Assets, Gross Block should be reduced by the value of the asset lost; ensure that Provision for Depreciation also reduced apart from making suitable provision for loss of asset, if any.
5. Ensure that O & M expenditure should not be charged as Capital and vice-versa.
6. Verify the utilization of Funds received from H.O. Ensure that there should not be any mis-utilization of funds (i.e. there should not be any diversion of funds).
7. Ensure that all the material including transformers dismantled against O & M works has been returned to Nigam's store in appropriate quantity. In case, the same has been dismantled in length and numbers but to be returned in weight, the proper conversion formula should be adopted as per size of material which should be mentioned on SRW.

**D. CHECKLIST FOR COMPLIANCE AUDIT:**

Compliance Audit refers to verification of status of compliance with various statutes (viz., Income Tax, GST, Companies Act, Employees Provident Fund etc.)

1. Verify whether Tax is deducted (TDS) from work bills duly applying correct rate of tax.
2. Ensure that while making TDS from salaries, loss should not be considered other than income from house property. Additional income, if any, voluntarily disclosed by the employee can be taken into account.
3. Ensure that TDS in respect of salaries has to be made by applying the average rate of tax
4. Ensure that the Tax Deducted is remitted to the authorities within the due date.
5. Verify whether the employer's contribution and employee's contribution towards EPF is paid within the due date prescribed by the relevant Act.
6. Verify whether the instructions issued from time to time by Corporate Office are being followed.
7. Ensure that Quarterly Return in respect of TDS is being filed within the due dates prescribed.
8. Verify whether any compensation to be paid as per Court Decree is settled within the time according to the court order.

## **E. CHECKLIST FOR AUDIT OF CAPITAL EXPENDITURE (CAPITALISATION)**

- 1) Check whether the Work has Technical Sanction as per the Delegation of Powers (DOP)?
- 2) Check whether the Work has Administrative Sanction as per the DOP?
- 3) Ensure that the work has Budget allocation and is included in Annual Capex Plan;
- 4) Check for the project under which it is covered and observe the project conditions and due dates with goals envisaged.
- 5) What is the project duration and what is the estimated period for completion of the work.
- 6) Whether the project is funded out of Internal Accruals or out of Borrowed Funds. If the sources are out of borrowings then ensure that related finance charges are capitalized.
- 7) Check whether the portion of employees cost is (Administration & Supervisory Charges) also considered for capitalization.
- 8) In respect of works involving Improvement of existing assets (i.e. capacity enhancement & extension of facilities) ensure that the materials removed, which do not have further use, are dealt with under the procedure laid down for De-Capitalization.
- 9) Verify the sanctioned estimate to ascertain the cost of contribution by the consumer.
- 10) Ensure that the work order is issued for the total cost of the estimate and for complete work instead of in piece meal.
- 11) Ensure that work orders are issued as per terms and conditions laid down in Purchase Regulation approved by the Nigam.
- 12) Ensure that the consumer has procured the Material (such as Distribution Transformer, Conductor, or Cable etc.) from the list approved by the Nigam.
- 13) Ensure that after such acquisition testing is done in the case of Distribution Transformer.
- 14) Ensure that the Consumer has produced the original bills in support of the purchase of materials from the list of approved vendors.
- 15) Ensure that the XEN/AE has check-measured the work as is done in respect of any other work.
- 16) Check whether the employee costs of the dedicated staff is fully capitalized and in case of supervisory & partially involved staff ensure that proper share of the employee cost is capitalized.
- 17) Check whether the work is within the Budget allocation & sanctions / approvals accorded and in case of cost overrun enquire about the reasons and as to its justification.

- 18) Check whether the additional quantities are within the powers of the sanctioning authority for original work, if not ensure that necessary ratifications are obtained.
- 19) Is there any system of Quality Check (QC) either by the third party or by the staff of the DISCOM?
- 20) Ensure that the remarks of the QC authority are complied with.
- 21) Check whether the component of Price variations is also capitalized suitably.
- 22) In case of labour on Contract ensure that full labour cost is capitalized even though contractor's bills are not fully cleared.
- 23) Check whether the additions to fixed assets are entered in the Fixed Assets Register.
- 24) Ensure that the Date of Completion of work is observed and verify the same with the measurement book.
- 25) Check the work completion certificate by the Competent Authority (Physical Closure and Financial Closure) in the case of completion of work.
- 26) Ensure that the completion reports in respect of deposit work have been obtained from the field offices and such completed deposited work has been transferred to fixed assets.
- 27) Whether timely adjustment is made in the accounts books for excess/ shortage/ losses of assets and of those scrapped / declared unserviceable and obsolete under proper authorization.
- 28) Verification of Load Chart: Verify the services billed, consumption billed, demand raised and collected, un-collected demand, arrears accumulated, specific consumption and specific revenue for the total load incident on the DTR in question.
- 29) Ensure whether precautionary safety measures are also ensured i.e. fencing of Distribution structure, etc.,
- 30) Ensure that the expenditure has enduring benefit.
- 31) Ensure that the instructions issued for Capitalization are properly being adhered.
- 32) Ensure that for Turnkey works (both fully and partial), the cost of asset is accounted for in the respective divisions books (even though the amounts spend by the consumers) and the corresponding credit is shown as Consumer Contribution for Capital Works.

## **F. CHECKLIST FOR AUDIT OF DE-CAPITALISATION**

- 1) Check whether the Assets De-commissioned / scrapped / survey reported have proper supporting documents indicating:
  - a) Date of De-commissioning / survey-reporting;
  - b) Served Life of the Asset;
  - c) Estimated useful life of the Asset;
  - d) Original Cost / Book value at the time of capitalization;
  - e) Value assessed, if any;
  - f) Reasons for survey-reporting / de-commissioning;
  - g) Destination of the De-commissioned asset (whether sold as it is or after dismantling into various items of scrap);
  - h) Check for the Sanction of the Survey-report w.r.t. the DOP.
- 2) Ensure that the accumulated depreciation is also arrived at to determine the loss / gain on scrapping of the asset.
- 3) Check whether the gains on De-capitalization are recognized only after realization but not on assessment while survey-reporting.
- 4) Ensure that the Original Cost of the asset and its Accumulated Depreciation thereof is reversed (reduced from the Gross Block of assets).
- 5) Check whether the reasons for scrapping of assets are available and justified for those assets whose estimated useful life is not over?
- 6) Ensure that the loss due to survey-reporting / scrapping of asset is accounted on accrual basis considering prudence principle.
- 7) Check whether the basis of valuation of scrap is reasonable & justified.

### **Review of utilization of funds**

During the course of Audit of Expenditure unit the following aspects shall be observed:

- a) Purpose for which the funds are received and spent.
- b) Check whether the amount fell due at the time of payment.
- c) Ensure that at the time of making a request for funds check whether the bills are received and the expenditure is incurred pending payment.

## **G. CHECKLIST FOR REVIEW OF ENERGY AUDIT ACTIVITIES**

- 1) Verify the Meter Readings from the Boundary Meters duly adjusting for the energy exported and imported by intervening feeders, if any.
- 2) Check the methodology for assessment of consumption from un-metered services (agriculture), which shall be based on the sample metering of DTRs & extrapolation methodology as approved by UHBVNL.
- 3) Ensure the Billed energy in KWH is as per the Debit Consolidation / FPR.
- 4) Cross-verify the total Input and Output of electricity with sum of Feeder-wise / DTR-wise input & output.
- 5) Cross verify the total Input of electricity with the same in the Power Purchase Bills abstract duly reconciling for the Export / Import of Electricity and the electricity wheeled for third party purchases / sales.
- 6) Ensure that necessary steps are taken to reduce the losses of Feeders having abnormal losses.
- 7) Check whether the decline in percentage of losses is reflected on the revenue of the division.
- 8) Verify the impact of Interruptions on the computation of energy consumed and analyze the reasons thereof.

### **Verification of Depreciation provided on the Fixed Assets:**

It shall be ensured that the depreciation is computed as per the prescribed rates for each category of asset considering the date of Capitalization for new assets and the date of De-Capitalization in case of assets retired. As per the accounting policy of the Nigam fixed assets will be depreciated up to 90% of the cost of the assets only and after which no further depreciation will be provided. Ensure that a proper control exists for this aspect.

**Chapter 10**  
**AUDIT OF PURCHASES, STORES AND WORKSHOPS INCLUDING**  
**PAYMENT OF WORK CONTRACT BILLS**

Inventory in Distribution Nigam includes materials bought for capital works and maintenance works. The peculiarity of some of the items of inventory is that they can be used for both Capital Works and for Maintenance works.

- Review of process of Tendering and Ordering system
- Review of procedure for purchase (refer Purchase Manual)
- Review of Internal Control System in the Stores
- Audit of Pricing of Issues & returns
- Review of valuation of Inter-stores transfers
- Review of ABC analysis, Age-wise analysis
- Review of levels of inventory
- Periodic physical Verification of Inventory

**A. CHECKLIST FOR AUDIT OF STORES & PRICING**

- 1) Check whether initial records and other books of accounts are maintained properly.
- 2) Check whether the Requisitions Books is maintained properly and whether the Books are issued by XEN/ SDO Stores only.
- 3) Check whether the Stores is maintained.
- 4) Check whether the stores accounts are closed on the prescribed dates of the month and recorded in the accounts of respective months.
- 5) Check whether the quantity reconciliation is done monthly with reference to the abstract of stock receipt, issues and balances.
- 6) Check whether the priced stores ledgers are maintained properly duly recording the closing balances for each transaction.
- 7) Check whether the pricing of Stores Received is done as per the provisions of Purchase Order.
- 8) Check whether the Stores Issues are valued as per the prescribed pricing method.
- 9) Check whether the monthly stock balance is as per the approved reserve limits.
- 10) Verify whether total value of the closing balance of the various folios in the Stores Priced Ledger Abstract are correctly drawn and the total figure of all the closing balances in the abstract is shown in the stock reconciliation certificate while showing the closing balance in the financial ledger.
- 11) Check whether the stock reconciliation certificate is prepared monthly and action initiated in clearing the differences :-

- a) In respect of excesses and shortages as per the Stock Verification Reports, explanations of the departmental staff have been obtained, examined and approval of the concerned officers is available for the adjustments carried out in the stock ledgers as well as in the value ledger.
  - b) Check whether stock verification/ handing over report adjustments are made for the variations.
- 12) Check that the accounting for all material transactions are being made in the same period in which physical event of receipts, issues etc. has taken place.
- 13) Review the valuation of Inter-stores transfers :-
- a) The valuation of inter-stores receipts & issues shall be made based on the latest transaction value or on the weighted average price.
  - b) In some cases the valuation is done on the basis of cost of such materials.
  - c) For proper treatment of valuation of Inter-stores transactions the guidelines issued by the Head Office shall be adhered to.
- 14) Whether physical verification of all stores and workshops is being carried out as per norms fixed by Nigam in MOI or instructions issued from time to time.
- 15) Whether shortages of oil and parts of damaged T/Fs is being accounted for and intimated to concerned divisions through IUT for effecting the recovery from the delinquent officers/officials.
- 16) Whether make and serial number wise/capacity wise record of all the T/Fs (repaired and new) is being maintained in all the stores and workshops.
- 17) Where required by Audit in special circumstances, the auditable entity shall conduct physical verification of stores, stocks, assets, services and deliverables in any form in the presence of the audit officer. Any such request shall be made with the approval of Chief Auditor.
- 18) Whether serial No. wise record has been maintained in respect of repair and new transformers being received in and issued from stores.

**B. Check list for drawl and proper utilization of material by Operation Division.**

1. Whether all the material drawn has been taken in record properly.
2. Whether record of material utilized on maintenance activities have been maintained properly with reference to consumer complaints, job order etc.
3. Whether material dismantled from maintenance works has been taken in books properly and returned to store immediately. it should specifically be checked whether accurate quantity of material has been returned to store while converting it from meters to Kg and numbers to Kg as per norms

fixed by the store.

4. Whether all the damaged T/Fs dismantled from field has been returned to store immediately and properly i.e. within warranty period or out of warranty period as the case may be.

**C. Check list for the dismantled material received from field offices**

1. Whether dismantled material received on SRWs is converted from meters and numbers into KG by proper formula as per specific size of material which should be mentioned on SRW.
2. Whether usable dismantled material returned by field offices is accounted for separately from scrap material.

**D. CHECKLIST FOR AUDIT OF PURCHASE OF MATERIALS**

- 1) Examine the EMD Payable and the mode of payment.
- 2) Verify and ensure that the quantity of materials purchased is commensurate with actual field requirement to ensure that there is no over stocking / stock-out.
- 3) Verify the correctness of the name of the supplier mentioned in the bill with that as per Purchase Order.
- 4) Verify the Purchase Order No. & Date mentioned in the bill with that as per Purchase Order.
- 5) Verify the material specification mentioned in the bill with that as per Purchase Order.
- 6) Cross verify the contents of Delivery Challans i.e., the details of material dispatched, with that as per invoice/bill.
- 7) Obtain a copy of Stores Received Book which is duly attested in token of acknowledgement for goods received and cross verify the receipt of material at stores with the material dispatched as per Delivery Challans.
- 8) Abnormality in quantity purchased with respect to physically available stock in stores is to be verified for proper analysis.
- 9) Verify the correctness of rates claimed in the bill for material supplied with the agreed rates.
- 10) Verify whether the agreed delivery terms are complied by the supplier.
- 11) Verify whether the bill was put for payment as per the due dates for Payment.
- 12) Whether price variation rate claimed as per the approved orders.
- 13) Is the sanction for purchases made in accordance with D.O.P
- 14) Verify whether there is a budget provision for the material intended for purchase.
- 15) Is the indent placed before approved suppliers/tenders?

- 16) Are tenders called for in respect of material intended for purchase?
- 17) Is the bill limited to the quantities as per purchase order/agreement?
- 18) Is the penalty clause and calculation thereon included in the bill for delayed supplies?
- 19) Is a statement of advance payments and recoveries from suppliers prepared and attached for necessary adjustments in bill/payment?
- 20) Are the rates of centralized items purchased in line with the Purchase Orders of Corporate Office?
- 21) Whether the cash discount clause is properly taken into account for payments being made within stipulated time.
- 22) Whether the P.O. is closed after the supply of material within the tolerance limits as per the clause in the contract?
- 23) Whether the GH 26.6 "Adv. To Suppliers" properly adjusted after completion of supplies.
- 24) Whether bank guarantee is submitted by supplier as per terms of purchase order. Further the audit will check that Bank guarantee has been got confirmed from the bank for its authentication.

#### **E. CHECKLIST FOR PAYMENT OF WORKS CONTRACT BILLS**

- 1) Verify whether there is a budget provision for the Works Contract.
- 2) Verify whether the sanction for work estimate is made in accordance with Delegation of Powers.
- 3) Are the tenders evaluated for technical and commercial feasibility?
- 4) Is the tender with the lowest quotation accepted? If not, reasons for the same are to be analyzed.
- 5) Confirm whether the approval is obtained from Competent Authority in case of tender other than lowest tender is accepted (copy of such approval is to be enclosed).
- 6) Cross verify the following particulars of bill with that as per Work Order, Sanction Letter and Agreement.
  - a) Nature of the work;
  - b) Estimate No. .... and Sanction No. ....;
  - c) Contact/Agreement No. and date;
  - d) By whom entered;
  - e) Name of the Contractor;
  - f) Face value of the Contract/Agreement;
  - g) Particulars of Bill No. date and amount.
- 7) Verify all the components of the bill including the quantity, rate, material and labour with Sanctioned Estimate. Explanation should be called for in case of difference, if any.

- 8) Are there any variations in quantities *beyond +/- 10%*?
- 9) Ensure correct accounting of such material supplied in order to recognize the movement in Stock.
- 10) Details of period during which the work covered in the present bill was executed.
- 11) Confirm whether copies of the relevant Measurement Book in which measurements for work done are recorded enclosed.
- 12) Verify the details of the work done, material and labour used in the work as per work in progress/Completion report/bill submitted by the contractor with the entries in the Measurement Book maintained by the concerned Officer.
- 13) Verify whether the Security Deposit is furnished as per requirement.
- 14) Whether bank guarantee is submitted by Contractor as per terms of contract & whether the same has been got confirmed from the banker of its authentication.
- 15) Ensure whether the components of the bill are in accordance with the contract/agreement.
- 16) Verify and compare the total value of bills so far paid including present bill with face value of the contract. Confirm whether the total of bills to date is within the limits.
- 17) Verify whether the status of work as mentioned in work-in-progress/ work completion certificate within the agreed time schedule.
- 18) Whether the cash discount clause is properly taken into account for payments being made with the stipulated date.
- 19) Whether a statement of advance payments and recoveries from contractors is prepared for necessary adjustment in bills?
- 20) Ensure whether recovery clauses included in the bill are as per agreement duly confirming the compliance with various statutory laws enactments (like Income Tax, GST etc).
- 21) Compare the quantity of material physically utilized in the Contract with the envisaged quantity as per Sanction and abnormal variations +/- 10%; shortfall or excess should be analyzed for reasons.
- 22) Verify whether the work is completed or not? If yes, confirm whether a Work Completion Report is submitted for proper treatment in accounts

regarding capitalization of Work-In-Progress expenditure and corresponding entries in Fixed Assets Register.

- 23) In respect of completed works verify whether the contractor has submitted Handing Over letter after Completion of works contract in case of Job Works/ Works given on Turnkey basis (wherever applicable).
- 24) Verify whether the material is in the custody of Nigam, against which payment has been made to contractors and a certificate to this effect has been recorded by the concerned Xen/SDO.

**Chapter 11**  
**AUDIT OF M&P DIVISIONS**

**A. CHECKLIST FOR AUDIT OF METERS & PROTECTION WING**

**REVIEW OF REPAIRS AND MAINTENANCE OF METERS:**

- 1) Review of complaints regarding Meter problems received with the Consumer Complaints Register.
- 2) Verify the Test Report on the complaint attended by the concerned officer.
- 3) Verify the transfer meters with regard to the Transfer Note submitted.
- 4) Review of Reports submitted on the meters removed regarding failure and error.
- 5) Verify the receipt of repaired meters from the contractors along with Delivery Challan.
- 6) Review of quality test and inspection report of the repaired meters.
- 7) Verify the accounting of repaired units into rolling stock.
  - a) Nature of Repairs;
  - b) Standard Schedule of Rates (SSR) for each part of repaired item;
- 8) Verify whether proper record has been maintained of all the defective/theft suspected meters checked by M&T lab received from field offices.

**B. CHECK-LIST FOR VERIFICATION OF PROTECTION DIVISION:**

- 1) Verify the periodical maintenance of Vacuum Circuit Breakers(VCBs) and Oil Circuit Breakers(OCBs).
- 2) Review of periodical maintenance record and comments recorded therein by the Inspecting officer.
- 3) Review of record of complaints regarding Breakers.
- 4) Verify the Inspection Report on the complaint attended by the concerned officer.

**(i) REVIEW OF REPAIRS OF TRANSFORMERS, DAMAGED DURING THE WARRANTY PERIOD:**

- a) Verification of transformers warranty expiry date.
- b) Review of complaints regarding Transformer problems received.
- c) Verification of Inspection Report on the complaint attended by the concerned officer.
- d) Verification of sending the failed transformer to the supplier with regard to the Transfer Note submitted.
- e) Verification of receipt of repaired Transformers from the supplier along with Delivery Challan.
- f) Review of quality test and inspection report on the repaired transformers received.
- g) Verification of accounting aspect of repaired units received from the supplier into rolling stock.
- h) Verification of Maintenance of Transformer Information and Management System (TIMS) records.

**(ii.) REVIEW OF ROLLING STOCK MECHANISM:**

- a) Review of Transformers and Meters received for repairs accounted into rolling stock with reference to Transfer Notes.
- b) Verification of Transformers and Meters sent for repair to contractors with reference to Transfer Notes.
- c) Verification of repaired transformers received from contractors with reference to delivery Challan.
- d) Verification of issue of transformers and meters to field offices with reference to Transfer Notes.
- e) Verification of Rolling Stock Ledger maintained with reference to requisitions and receipt notes.

**(iii.) REVIEW OF SYSTEM OF SCRAPPING OF TRANSFORMERS & METERS**

- a) Verification of Inspection Report on the complaint received from field officer recommending for scrapping.
- b) Verification of Number of times repairs carried out on transformers before it is recommended for scrapping.
- c) Verification of authority for survey reporting of Transformers and Meters.
- d) Verification of Number of units of Transformers and Meters scrapped with the Transfer Note and Stores Receipt.
- e) Verification of accounting aspect regarding transfer of scrapped material to stores with respect to Transfer Note.
- f) Verification of transfer of coils and copper wire scrapped to stores with reference to Transfer Note.

**Chapter 12**  
**AUDIT OF REVENUE SECTION OFFICES & SUB-DIVISION OFFICES**

The activities of Sub-Division Office would normally comprise of -

- a) Release of New connections;
- b) Ensuring Meter Readings and Billing of services;
- c) Disconnection of Services in case of default in payment;
- d) Maintenance of Feeders and Transformers;
- e) Attending to fuse off calls and other complaints;
- f) Periodic Verification of loads etc.
- g) Issue of notices for Additional loads detected;
- h) Issue of notices for Theft & Mal-Practice cases detected during inspection.
- i) In case of Sticky Meter/Burnt Meter / Defective meters recommending the Assessed consumption, review of Meter Reading Book

**(I) CHECKLIST FOR AUDIT OF RECORD BEING MAINTAINED IN DIVN. OFFICES**

- 1) Whether recovery of the amount receivable and outstanding in various heads of GH-28 is being made by DDOs regularly.
- 2) Whether shortage intimated by stores and workshops in respect of damaged T/Fs is accounted for properly in the account of Sr. AO store and work shop Dhulkote. The amount is reconciled with accounting units through IUT and the amount has been booked in final head.
- 3) Whether responsibility of all delinquents is being fixed as per norms of Nigam for the losses and procedural lapses. Disciplinary action has been initiated against delinquents as per instruction issued vide M.D/uhbvn Panchkula memo no.Ch-4/UH/P-306 dated 07.10.09. As per these instructions the requisite formalities like issue of SCN/ giving opportunity to the employee before effecting such recoveries must be observed, so as to avoid any legal complication/loss to the Nigam at later stage for such recovery.

**(II) CHECKLIST FOR AUDIT OF SUB-DIVISION OFFICE**

**A) VERIFICATION OF TECHNICAL RECORDS:**

- 1) Verify the Consumer Service Connection Application Register with reference to Applications received, Date of application and Follow-up action by the concerned officer/ official.
- 2) Verify the New Services Connection Issue Register and verification of time taken in the release of services and recording the reasons for delay, if any.
- 3) Annual verification of services as per the Master Data by the

- concerned officer.
- 4) Verify whether seals are provided to the meters fixed and stock register for the seals on hand with the particulars of Receipts, Issues and Balance.
  - 5) Verify the Meter Issue Register with the particulars of Receipts, Issues and Balance.
  - 6) Verify the Meter Observation Register and follow-up action on the complaints and steps taken to rectify any defects identified.
  - 7) Verify the Meter Readers Observation Register and follow-up action on the complaints and steps taken to rectify any defects identified by the meter reader and action taken on critical observations made by the meter reader.
  - 8) Verify the Register of Defective Meters and steps taken to replace the same and method of calculating consumption units for the defective meters as per Terms and Conditions and also recording the assessed consumption for Stuck-up and burnt meters.
  - 9) Verify the Disconnection and Reconnection Register and to verify for all the disconnected services that the R.C. fee has been collected before reconnecting.
  - 10) Verify the Register of Fuse off Calls and verification of time taken to respond to the calls duly issuing acknowledgement for every complaint.
  - 11) Verify the Register of Maintenance of Distribution Transformer and Failure of DTR's, particularly to observe
    - a. Warranty period of damaged transformers;
    - b. Specification of the problem;
    - c. Repairs and Maintenance expenses incurred;
    - d. Time taken for rectification;
  - 12) Verify the Meter Reading Books (MRB's) to verify
    - a) Tri-Vector meter readings;
    - b) Recorded Maximum Demand, Exceeding Contracted Maximum Demand;
    - c) Power Factor
    - d) *Addition of 3% Load Losses to the consumption, if any;*
    - e) Remarks and authorizations from the concerned officers.
  - 13) Verify the Consumer Complaints Register and verification of time taken to respond to the complaints duly receiving acknowledgement.
  - 14) Verify the 11 KVA / 33 KVA Feeder-wise Losses Register to verify :-
    - a) The Feeder-wise draws;
    - b) The Feeder-wise consumption recorded;
    - c) The Technical losses (like line losses, load losses and Commercial losses);
    - d) The periodical analysis prepared on Feeder losses.
  - 15) Verify the Register of Theft of Materials to verify the :-

- a) Item-wise particulars of materials lost;
  - b) Police complaint lodged;
  - c) Recovery of materials lost;
  - d) Responsibility fixed on the person for the theft of materials.
- 16) Verify the cheques collected and submitted to Division Office without delay.
- 17) Verify the Imprest Cash Register to verify the :-
- a) Expenditure incurred with reference to the vouchers and bills;
  - b) Imprest cash balance on hand;
  - c) Daily closing of register by duly arriving at the closing balances and authorization;
  - d) Periodical submission of vouchers along with supporting bills to the Division Office.
- 18) Verify the Attendance Register, Leave Register, Holiday's Register.
- 19) Verify the Accidents Register with details regarding cases filed and follow-up action.
- 20) Verify the Register of Vehicles to ensure that the:-
- a) Number of vehicles under sub-division control Owned and Hired;
  - b) History book of the owned vehicles along with 'C' book;
  - c) Road tax payment details;
  - d) Insurance premium paid is valid;
  - e) Vehicle-wise expenditure incurred with reference to Driver salary, Repairs & Maintenance and Petrol expenses.
- 21) Verify the Register of Assessed consumption for Burnt & Stuck-up meters to ensure that:-
- a) Steps taken to replace the Burnt & Stuck-up meters;
  - b) Method of calculating consumption units for the defective meters;
  - c) Recording the assessed consumption for Stuck-up and burnt meters.
  - d) Release of connections strictly in order of seniority.
- 22) Verify the Register of Service Connections with reference to :-
- a) Number of service connections at the beginning of the year and at the closing of the year;
  - b) Number of service connection Under Disconnection and their Reconnection by duly connecting outstanding amount with Reconnection Fee;
  - c) Number of New service connection released during the year.
- 23) Verify the Register of Temporary Service Connections with reference to
- a) Date of release of Temporary service;

- b) Date of closure;
  - c) Amount collected as deposit;
  - d) Recording of consumption and billing.
- 24) Verify the Register of Break downs and Line Losses with reference to MIS reports submitted and the Energy Audit Report of the Sub-Division.

**B) VERIFICATION OF CONSTRUCTION RECORDS:**

- 1) Verify the Register of Estimates sanctioned with reference to copy of estimate and correlating the estimate sanctioned to expenditure on works done.
- 2) Verify the Register of Measurement Books (M.Books) with reference to bills submitted by contractors and work completion certification by AE /JE and sanction of payment particulars.
- 3) Verify the Register of Consumable Materials with reference to requisitions, receipts, issues and balance in hand.
- 4) Verify the Register of Work orders to check particulars of work orders with reference to
  - a) Estimate sanctioned;
  - b) Indent particulars;
  - c) Drawl of materials;
  - d) Expenditure on Labour charges;
- 5) Verify the type of work orders like operated and closed with reference to estimates and sanctions and that are pending in respect of :-
  - a) Capital works;
  - b) Service connection related works;
  - c) Deposit Contribution Works;
  - d) Improvement Works (Enhancement of capacity).
- 6) Verify the Register of Land & Buildings with reference to Title Deeds and Lease Agreements and to ensure that the register is updated and cross verify the same with Fixed Assets Register and Schedule of Fixed Assets at the Corresponding Operation Division Office.

**C) VERIFICATION OF GENERAL RECORDS:**

- 1) Verify the Register of Accidents with particulars of the Person met with accident and Damage claims with respect to the accidents and the details sent to the division office for making provision and payment.
- 2) Verify the Register of Agreements (Revenue) entered with H.T. Consumers with reference to the copies of agreements.
- 3) Verify the Register of T.A. Bills with respect to the T.A. Bills submitted by the employees duly verifying journey along with applicable Rates and Sanction.

- 4) Verify the Register of Consumer Grievances and follow-up action taken by the AE concerned.
- 5) Verify the Register of Check Readings, Inspection of Services along with discrepancies noticed and measures taken to rectify them permanently.
- 6) Verify the Register of Miscellaneous and Contingent expenses with reference to the vouchers and bills submitted. The expenses are like Telephones, House Rents, Property taxes, Vehicle taxes and Insurances etc.,
- 7) Verify the Register of Theft of Energy & Malpractices cases with reference to the initial orders passed by the SDO concerned and recovery of the amount.
- 8) Verify the Temporary Advances Register with reference to the :-
  - a) Date of taking advance;
  - b) Purpose of taking the advance;
  - c) Particulars of closing the advance within the time prescribed by submitting vouchers and bills for the expenditure incurred.
- 9) Verify the Register of Tools and Plant with reference to the:
  - a) Name of the Asset;
  - b) Quantity purchased / available;
  - c) Physical Verification of items;
  - d) Classification of assets in the Books of Accounts.
- 10) Verify the Register of Theft of Materials;
  - a) Verification of Item-wise particulars of materials lost;
  - b) Verification of Police complaint lodged;
  - c) Verification of recovery of materials lost;
  - d) Responsibility fixed on the person for the theft of materials.
- 11) Verify the Register of Suits filed with respect to the individual suit-wise docket maintained.
- 12) Verify the following Establishment Records:
  - a) Register of Attendance;
  - b) Register of Leaves;
  - c) Register of Pay bills of O&M ;
  - d) Register of Casual Leave Applications;
  - e) Register of Un-disbursed Wages & Salaries with the break-up of outstanding employee-wise.

**Chapter 13**  
**AUDIT OF POWER PURCHASE AND ENERGY AUDIT**

**A. CHECKLIST FOR AUDIT OF POWER PURCHASE**

- 1) Verification of Power Purchase Bills: The following aspects need to be checked:-
  - a) Variable charges for KWH of electricity received duly verified with the regional energy account;
  - b) Fixed Charges are based on PLF and year of operation
  - c) Transmission charges, SLDC Charges and Unscheduled Interchange charges have been accounted for correctly.
  - d) Over drawl/ under drawl of energy against allocated share of energy has been accounted for correctly.
  - e) That energy bills raised by various central power supplying agencies are as per energy account, tariff notifications of GOI and orders of Central Electricity Regulatory Commission.
  - f) Adjustments of energy charges for the energy purchased from neighboring states on bilateral basis have been carried out as per the agreements / MOU signed between the parties.
  - g) Verification of PPAs with Central and State Agencies.
  - h) Verify tendering process for purchase of Power from open market.
  - i) Levy of trading margin as per terms of contract.
  - j) Surcharge and rebate payable or receivable are adjusted or charged in the bills.
  - k) Sale/ Purchase/ Reconciliation of co-generation is in accordance with the guidelines/ instructions prescribed by the CERC/ SERC/ NRPC or any other regulatory body.
  - l) Verify the unit rate levied w.r.t. the respective schedule in the agreement based on the year of operation.
  - m) Ensure that the U.I. Charges are calculated properly as per CERC regulations.
  - n) Ensure that the delegation of powers is duly adhered to for passing the Bills for payment.
  - o) Ensure the payment is made only after availing the full credit period.
  - p) Ensure that the bill for escalation in fuel cost is properly verified along with the conditions in the agreement with the Generator.
- 2) Verification of documentation in case of short term lending (directly or indirectly) to other DISCOMs in case of Pool account mechanism.
- 3) Ensure that the U.I. Charges are calculated uniformly w.r.t. the agreement.
- 4) Ensure the payment is made only after availing the full credit period.
- 5) Verify the documentation in respect of the Letter of Credit / Bank Guarantee for each of the Agreement.

- 6) Ensure that the schedule of Mandatory Annual Shut Down by the Generator is considered and planned with an alternative supply from any other generator to meet the requirements during that period.
- 7) In case of Billing Disputes, if any, ensure that the supply is not interrupted and the dispute is resolved through arbitration mechanism or any alternative forum as specified in the agreement.

### **ENERGY AUDIT (BALANCE CHECK)**

Energy Audit is an activity to consider the input of energy and energy consumed (both billed and unbilled) and to arrive at the Aggregate Technical & Commercial (AT & C) losses and to analyze the reasons thereof. Based on the analysis an action plan is normally chalked out for reduction of the Losses.

### **B. CHECKLIST FOR REVIEW OF ENERGY AUDIT ACTIVITIES**

- 1) Verify the Meter Readings from the Boundary Meters duly adjusting for the energy exported and imported by intervening feeders, if any.
- 2) Check the methodology for assessment of consumption from un-metered services (agriculture), which shall be based on the sample metering of DTRs & extrapolation methodology as approved by UHBVNL.
- 3) Ensure the Billed energy in KWH is as per the Debit Consolidation / FPR.
- 4) Cross-verify the total Input and Output of electricity with sum of Feeder-wise / DTR-wise input & output (obtain from the respective circles).
- 5) Cross verify the total Input of electricity with the same in the Power Purchase Bills abstract duly reconciling for the Export / Import of Electricity and the electricity wheeled for third party purchases / sales.
- 6) Ensure that necessary steps are taken to reduce the losses in case of Feeders having abnormal losses.
- 7) Check whether the decline in percentage of losses is reflected on the revenue of the division / circle / Nigam.
- 8) Verify the impact of Interruptions on the computation of energy consumed and analyze the reasons thereof.
- 9) Verify the progress on metering of un-metered services and ensure implementation of comprehensive metering plans.

## Chapter 14

### AUDIT OF ADMINISTRATION, PF & PENSION PAY and ACCOUNTS SECTION

Audit of Administration and Pay & Accounts Section would cover the following

- Verification of Establishment Records
- Review of Internal Control System
- Review of system of periodic appraisal of performance of employees
- Pre / Post-check of pay fixations
- Post-check of pay fixation anomalies
- Review of system of allocation of duties & responsibilities
- Review of system of rotation of duties
- Review of personnel policies implementation

Review the training imparted to employees at all levels so that organization is benefited in form of improved skills and performance.

#### A. CHECKLIST FOR AUDIT OF ADMINISTRATION

##### Audit of Administration Department:

- 1 **Verification of Stamps Account Register:** Verify the Purchase of stamps and issues to various departments and the balance stamps on hand. For the balance stamps on hand physical verification has to be done periodically.
- 2 **Verification of Appointments / Roster Register:** Whether all the appointments are as per the appointment letters issued by Corporate Office and the joining is within the time allowed for joining and if there is any delay, permission letter from higher authorities be checked. In the case of contract appointments agreements has to be verified.  
Whether records are maintained cadre-wise as well as employee-wise and the service registers has to be maintained by duly entering all the information time to time.
- 3 **Incumbency Register :** Verify cadre-wise appointment details like Date of joining, Date of leaving/retiring from the current place of working and the No. of vacancies due to above transfers and retirements.
- 4 **Verification of Probationers Register:** The following are to be verified.
  - a. List of probationary employees in each department;
  - b. Date of commencement of probation;
  - c. Date of completion;
  - d. Date of passing of qualifying tests.

5. Ensure that budgets pertaining to administration activities like transportation, communication, hospitality, maintenance, security, horticulture, lease, etc. have been approved by competent authority.
6. Ensure compliance to various policies / guidelines issued by the Nigam for the various administration activities.
7. Ensure monitoring of terms and conditions of administration contracts like security, maintenance, etc. is happening on regular basis.

**B. CHECKLIST FOR AUDIT OF PAY & ACCOUNTS, PENSION AND PAY FIXATION MATTERS**

**Audit of Pay and Accounts Section**

- 1) Verify the Register of Incumbency with reference to sanction number.
- 2) Verify the Register of Service Books maintained for all the staff.
- 3) Verify the financial charger registered (FCR) for pension payments maintained up-to-date and register of life certificates for pensioners maintained.
- 4) Verify the pay bills with reference to sanctions, emoluments drawn with reference to rates applicable and whether the claims are supported by sanction of leave, increments, pay slip, LPC etc wherever required.
- 5) Verify the Service Registers for the accuracy of pay fixation made with reference to orders in force.
- 6) Verify the TA bills to see whether the claims admitted are in accordance with the rules.
- 7) Check whether cross-reference to the original pay bills is made whenever supplementary claims are made.
- 8) a) Verify the Register of Long Term Loans maintained for loans sanctioned by the Nigam.  
b) Check whether the Register of Recoveries towards long-term loans is maintained.
- 9) Check whether the Rules and Regulations prescribed for sanction of long-term loans are fulfilled.
- 10) Check whether proper entry is made in the records to ensure prompt recovery of festival, education and other short term advances.
- 11) Verify the pension, and gratuity sanctioned with the register to ensure that the fixations are in accordance with the rules prescribed.
- 12) Verify the Register of Superannuation up-to-date and superannuation notices issued in time.
- 13) Verify the register of recoveries to be made as per the inspection reports of AG and Internal Audit maintained and recoveries are observed.

### **C. CHECKLIST FOR AUDIT OF PENSIONS**

1. Ensure that Pay fixation statements must be attached to the Service Register and attestations must be observed with signatures of officers for pre-check and post check wherever necessary.
2. Ensure that enclosed certificates must have been attested by concerned authorities.
3. Ensure that Controlling Head of the office must attest all the Service Register entries.
4. Ensure that One year retirement notice has been entered in the Service Register.
5. Ensure that the incumbent's last relief entry with Dispatch Number should be entered in Service Register (Retirement Entry).
6. Ensure that in L P C, last pay must be tallied with Service Register Entry.
7. Ensure that all recoveries must be shown in no dues certificate.
8. Ensure that all Audit paras pending should be attended before finalization and submission of pension proposals with proper entries in the Service Register.
9. Ensure that service book has been verified from First page to last page. All the increment entries and pay fixation statements are verified and pasted to the Service Book are also verified. Whether pay fixations was pre-checked by the concerned authority.
10. Verify whether the pension proposal is correctly filled by the incumbent. All the certificates shall be verified and counter signed by the Unit Officer.
11. Ensure that before sending the GPF final withdrawal application in New Format they should sent the no due certificates along with the final withdrawal application.
12. Ensure that leave account must be tallied with Service Register and Terminal Leave must be attested and recommended by the concerned authorities.
13. Ensure that the proposals of deceased employee should be collected from the dependents.
14. Ensure that in case of deceased employee the death certificate & legal heir certificate must be in original attached to the pension proposals.

### **D. CHECKLIST FOR AUDIT OF PAY FIXATIONS & ANOMALIES**

#### **i.) Check list for Pre / Post-check of pay fixations:**

- 1) Verify the Service books for any punishments / suspensions and for calculation of period of service.
- 2) Verify the option opted by the employee for the pay fixation with effect from date of issue of orders or date of increment.

- 3) Verify whether any audit objections are pending against any pay fixations / service matters.
- 4) Verify proper authorization in the pay fixation statements by the concerned higher authority.
- 5) Verify the pay fixation entry in the service register duly signed by the concerned higher authority.

**ii.) Post-check of pay fixation anomalies:**

- 1) Verify the Service books for any punishments / suspensions and for calculation of period of service.
- 2) Ensure that the pay fixation anomaly statements are prepared in accordance with the B.P. and as per the eligibility clauses.
- 3) Verify the Seniority list along with roster points.
- 4) Verify the options opted by Senior and Junior at each pay fixation stages.
- 5) Verify the promotion channel for Senior and Junior in accordance with Seniority list.

**iii.) Basic Principles to be followed**

- The stepping up should be done with effect from the date of fixation of pay of the junior employee at a stage above the pay drawn by the senior employee after introduction of master scale.
- Both junior and senior should belong to the same cadre and the posts to which they are promoted should be identical and in the same cadre.
- The scale of pay of the lower and the higher posts in which they are appointed should be identical.
- The promotions shall not have been ordered relaxing the qualifications or under unqualified quota.

## Chapter 15

### AUDIT OF INVESTMENTS, BORROWINGS & GRANTS-IN-AID

#### Audit of Investment Activity

Investment activity in a DISCOM would normally comprise of placing the surplus funds in short-term deposits.

#### A. CHECKLIST FOR AUDIT OF INVESTMENTS

- 1) Check whether there is a Board Resolution authorizing the Investment of funds and for the disposal of the investments.
- 2) Ensure that the mode of investment sanctioned by the Board and the pattern of investment are the same.
- 3) Ensure that the guidelines for inter-corporate investments / borrowings are adhered to while making any inter-corporate investments.
- 4) Check whether the latest quotes for the securities to be invested are obtained.
- 5) At the time of investment ensure that the quotes obtained are valid (as the quotes are valid for a limited period of time says, 24 hours / 36 hours etc).
- 6) Before investing ensure that the options available for investing are ranked based on the following criteria:
  - a) Maturity date;
  - b) Rate of return (annualized);
  - c) Put / Call options attached;
  - d) Yield To Maturity (YTM);
  - e) Net Present Value;
  - f) Internal Rate of Return (IRR);
  - g) Flexibility of investment into small lots;
  - h) Lock-in period;
- 7) In case of Investments out of Ear-marked funds ensure that the return from the investments is also re-invested.
- 8) Any amount that could not invested [difference between the amount available for investing and the amount invested (in lots)] is placed under a short-term deposit including the return thereof on the deposit.
- 9) Ensure that the Premium paid on Securities redeemable at face value is being amortized over the life of the security.
- 10) Ensure that the discount accrued on securities redeemable at face value is recognized as income considering the prudence convention.
- 11) Ensure that the income from investments prior to the date of acquisition is reduced from the cost of the investment.

For the purpose of Capital expenditure and to execute certain

projects/Schemes like APDRP & HVDS the need for funds would arise. The same is met either through Borrowings or through Grants in aid when the internal generation of funds is not sufficient to meet the needs.

In case of Borrowings (carrying interest) the emphasis shall be on the following:

- a) Documentation, Hypothecation / pledging of assets and creation of charge etc;
- b) Servicing the Borrowings (Payment of Interest / Principal);
- c) Payment terms and other conditions attached thereto.
- d) Borrowings at most competitive rates

In case of Grants in Aid it may need the following aspects shall be observed:

- a) Issue and allotment of Equity, if envisaged;
- b) Adherence to conditions attached with the Grants-in-aid;
- c) Lock-in period etc;
- d) Compliance with Accounting Standards.

## **B. CHECKLIST FOR AUDIT OF BORROWINGS AND GRANTS-IN-AID**

- 1) Verify the Funding options available for the project (capital expenditure), if Internal Accruals are insufficient then only borrowings would be justified.
- 2) Ensure that the conditions attached to borrowings are not prejudicial to the interests of the Nigam.
- 3) Ensure that all the loan covenants are appraised to the Board for according proper sanction.
- 4) The following factors are very vital for any borrowing :-
  - a) Rate of interest (simple or compounding);
  - b) Tenure of the loan;
  - c) Moratorium period;
  - d) Put / call options attached;
  - e) Documentation charges & commitment charges;
  - f) Pre-payment charges;
  - g) Interest on overdue installments;
  - h) Penal interest for failure to adhere to certain conditions.
- 5) Ensure that the Policy framework for inter-corporate borrowings formulated by the management is duly adhered to.
- 6) While selecting a funding agency ensure that the recommendations of the Nigam are followed.
- 7) In case of Borrowings in Foreign Funding agencies (ECBs) ensure that the provisions of Foreign Exchange Management Act and the guidelines of Reserve Bank of India are followed.
- 8) Check whether secured and unsecured loans are exhibited so distinctly in ledger that secured loans accounts indicate the nature of security offered.

- 9) Check whether the terms and conditions of the loan are being duly complied with.
- 10) Check that accounting entries in loans ledger and other subsidiary books of accounts are being properly maintained and timely updated.
- 11) Ensure that Ind-AS-21 on “The effects of changes in foreign exchange rates” is complied with while accounting for the Borrowings in foreign exchange and their end use.
- 12) In case of Grants-in-aid Check whether the same is treated as Equity and the procedure for issue and allotment of shares is duly followed.

## Chapter 16

### AUDIT OF PROJECTS AND CONSTRUCTION ACTIVITIES

The role of projects and constructions activities in a DISCOM is important as they are intended for the purpose of creation of Fixed Assets.

In Projects Wing (at Corporate Office) the activities mainly comprises of the following:

- a) Project feasibility study based on the need of the project;
- b) Project finalization and selection of contractors / partners for execution;
- c) Selection of sources of funding (equity / borrowings) and mobilization of resources as well;
- d) Project implementation which involves allocation of works contracts;
- e) Review of progress of works (both Financial and Physical progress);
- f) Coordination with the funding agencies.

In Construction Division (at Circle level) the activity comprises of the following:

- a) Execution of Agreement with the Contractor selected;
- b) Documentation with the Contractor like execution of Performance bank guarantee & insurance cover for the works;
- c) Check-measurement of the works done / in progress;
- d) Passing of bills for payment (part & final);
- e) Adherence to Quality Check recommendations;
- f) Compliance with statutory obligations for various deductions & adherence to conditions of the agreement.

#### **A. CHECKLIST FOR AUDIT OF PROJECTS & CONSTRUCTION ACTIVITIES**

- 1) Verify the Project Feasibility Report and examine the following factors :-
  - a) Total Project Cost (including pilot project cost);
  - b) Total Resources required and available;
  - c) Composition of Resources into Equity and Borrowed funds;
  - d) Ensure that the IRR of the project is more than the Cost of Capital of the Nigam;
  - e) Ensure that the project with shortest pay back has been selected;
  - f) Ensure that the Risks associated (e.g. inflation, availability of materials etc) are also properly factored;
  - g) Ensure that the projections prepared reflect the inherent assumptions underlying the project;
  - h) Ensure that the Net Present Value from the project is positive;
  - i) Ensure that the Moratorium period for the project is properly

- negotiated and is reflected in the payment schedule;
- j) Ensure that correct Corporate Tax rate is applied for arriving at the Profits after Tax (not just MAT rates).
- 2) Selection of Funding Agency:
    - a) Ensure that a comparison chart is prepared listing out the various conditions and their financial impact;
    - b) Verify the loan covenants to ensure the options for conversion of Debt to equity;
    - c) Verify the Documentation for Borrower of funds and the charges created along with the hypothecation / pledging of assets;
    - d) Verify the loan sanction letter and the drawing schedule;
    - e) Ensure that drawl of funds are as per the schedule and there are no over / under drawl of funds;
    - f) In case of levy of commitment charges enquire about the reasons for non-drawl of funds and ensure that the same is also capitalized as part of finance charges.
  - 3) Selection of Contractor / Agency for implementation: Similar procedure laid down for selection of contractors may be applied here also.
  - 4) Ensure that Performance guarantee is insisted and EMD is forfeited in case of failure to execute the project as promised.
  - 5) Ensure that the statutory Deductions / obligations like EPF, workmen compensation etc., are to the Contractor's account.
  - 6) Ensure that in case of composite contracts of Purchase of equipment and erection thereof proper treatment of GST are properly done duly referring to latest circulars / notifications / advanced rulings by appropriate authorities.
  - 7) Ensure that the omissions pointed by the Quality Control (QC) Wing are rectified by the contractor or else applicable recovery has been affected.
  - 8) Ensure that Performance Guarantee period clause is also insisted.

## **B. CHECKLIST FOR DEPOSIT CONTRIBUTION CAPITAL WORKS**

Deposit Contribution (DC) works contemplates shifting of lines or poles etc., at the request of the consumer. This request is made in general by the local authority in the case of road widening etc. At times this kind of request is made by the consumers individually also.

- 1) Ensure that the work involved is assessed with reference to the cost.
- 2) Ensure that the estimate is sanctioned by the competent authority, as per the Cost Data.
- 3) Ensure that the amount as per the sanctioned estimate is deposited with Nigam by the consumer in advance before the work is taken up.

- 4) Verify the copy of the sanctioned estimate.
- 5) Verify copy of work order and ensure that the work order is issued for the total cost of the sanctioned estimate.
- 6) Ensure that the work has been completed within the time schedule and work order has been closed with the total expenditure incurred.
- 7) Ensure that the total expenditure is accounted for properly with reference to the materials cost and labour portion duly verifying requisitions, bills and vouchers.
- 8) Ensure the billing of supervision charges for the work supervision done by Nigam officials.
- 9) Insist for the work completion certificate by the competent authority in the case of completion of work.
- 10) Verify consumer representation for the refund of balance deposit and approval of the concerned authority and ensure that the balance amount refunded is correct.

#### **C. CHECKLIST FOR VERIFICATION OF WORK ORDERS**

- 1) Check for the type of work to be carried out (say Capital / Service Connection / Development / Repairs to Fixed Assets etc).
- 2) Check whether there is a Technical sanction and Budget allocation.
- 3) Check whether the Work Order is not in excess of Budget sanctioned.
- 4) Check whether there are excess draws of materials and it has been brought it to the notice of Divisional Engineer.
- 5) Check whether credits for transfers are posted and are treated as per the guidelines of De-capitalization.
- 6) Check whether Register of Work Orders is maintained and is updated.
- 7) Check whether SRWs are adjusted in the accounts.
- 8) Check whether Materials drawn / Labour cost incurred and accounts not rendered is indicated in the last pay certificate (LPC) of the SDO on transfer/retirement.
- 9) In respect of Work Orders shown as closed verify the ledgers.
- 10) Check whether check measurement certificates are issued.
- 11) Check whether the material has been received in the custody of concerned official /officer of Nigam against which secured advance has been issued to contractors and a certificate to this effect has been given on the bills.

## Chapter 17

### AUDIT OF INFORMATION SYSTEMS & DATA PROCESSING

The DISCOM is in the process of implementation of an E.R.P for the automation of the Book Keeping and Accounting, Stores, HRD and other areas. Billing Activity and Consumer Account Maintenance is already under Computerized Environment.

In Information Systems Audit the more emphasis is on the areas of Controls such as:

- 1) Access Controls
- 2) Input Controls
- 3) Application Controls
- 4) Output Controls
- 5) Security Controls
- 6) Disaster Recovery and Management

The above controls are explained briefly in the following paragraphs.

- 1) Access Controls: These controls are the systems and procedures for accessing the Information Systems (SAP) of the Nigam.
- 2) Input Controls: These controls are the systems and procedures for the input of the data into the Information Systems (SAP).
- 3) Application Controls: These controls are the systems and procedures for processing the data that is available in the Information Systems.
- 4) Output Controls: These Controls are the systems and procedures for getting the output of the data / information from the Information systems.
- 5) Security Controls: These Controls are the systems and procedures for protecting the Information systems and related Assets from various threats.
- 6) Disaster Recovery and Management: This part deals with the preparedness of the Organization for any event of Disaster and Recovery of Data and Management of the Information Systems in Disaster and Restoring the Information Systems.
- 7) Audit should have the right of access to the IT systems, irrespective of the fact whether the systems are owned, maintained and operated by the auditable entity or by any other agency on behalf of the auditable entity.

## CHECKLIST FOR AUDIT OF INFORMATION SYSTEMS AND ELECTRONIC DATA PROCESSING

### A) Audit of Access Controls:-

- 1) Enquire about the access options available to each user of the system (SAP / BMS etc).
- 2) Ensure that the Number of Users and the Number of Logins are matching and in case of unmatched Logins check whether the accounts are active and if so ensure that those accounts are immediately de-activated.
- 3) Is there a register containing the User Id's and the details of the users along with the privileges attached to their account?
- 4) Is there a document containing the Approved Privileges matrix for each user department?
- 5) Check whether the privileges attached to a user account are in line with the duties & responsibilities assigned to the user considering the job profile of the user.
- 6) Ensure that there is a system of auto time out in case of no use of the system for a specified period.
- 7) Verify whether there is a System of de-activation of user accounts in the event of no use for a specified period.
- 8) Verify whether the accounts of all users who were transferred / expired / resigned / retired are de-activated.
- 9) Is there a system of mandatory password / PIN change immediately after the account has been first accessed?
- 10) Is there a system of compulsory password / PIN change after an interval of specified period (say for every 3 months).
- 11) Ensure that the log is generated for all login attempts (both successful & unsuccessful) along with the IP address of the computer with date & time of attempt.
- 12) Check whether there is a system of verification of user access log at periodic intervals and action is initiated in cases of unauthorized attempts.
- 13) Ensure that this user access log file is not accessible for the users of the information systems and the Systems Security Administrator can only access it and all the previous log files are saved separately.
- 14) Ensure that the applications / software / operating systems installed in the computers of the Nigam are legally valid and the source application is under proper security (under the control of the head of the unit in a secured vault).
- 15) Check whether the unused user Id and password / PIN is under Safe Custody of the Systems Administrator and the same are covered under the Annual Physical Verification of Assets / Stocks. In case of missing User Ids and Password / PIN ensure that the same are de-activated immediately.

**B) Audit of Input Controls:**

- 1) Ensure that the Data Input is through an application / program only.
- 2) Whether the log for users accessing the Data Server is generated and the same is reviewed by the Data Base Administrator (DBA).
- 3) Ensure that Data Entry & Data Modifications are not permitted for data captured through Spot Billing Machines (SBM) / AMR Devices / Card Readers / Scanners.
- 4) Check whether there is a check to ensure that the Data ported from the SBM / AMR is not over written with another set of data either manually or through SBM or through an application.
- 5) Ensure that Modifications to Data ported from the SBM / AMR has valid authorization from the concerned Officer responsible for readings and the Data Base Administrator.

**C) Audit of Application Controls :-**

- 1) Check whether Data Integrity Controls are deployed in the application to reject any junk / unwanted data.
- 2) Check whether the application has Boundary Controls to test the reliability of the application at the lower and upper boundaries of any logic.
- 3) Check whether the Conditions laid down in the Tariff Order and the General Terms and Conditions of Supply and the Instructions issued from time to time are properly incorporated in the programming logic. (For eg. Relation between the purpose of supply and the Category, Relation between the Voltage of supply and the Tariff, Load and the Category of Billing as some categories cannot exceed certain load limits).
- 4) Ensure that Exception Handling is commensurate with the complexities of the Tariff Conditions.
- 5) Check whether there is a provision for generating Exceptions available to the user based on given criteria.
- 6) Ensure that there is proper documentation for the conditions in Tariff and the corresponding Business Logic in the Application, which should be validated jointly by an Officer responsible from the User Department and the Chief Programmer.
- 7) Is there a system of testing the Controls vis-à-vis the Tariff conditions with Test data and check whether such Test data and results are available for verification?
- 8) Check whether the application is tested with Test Data on every occasion of modifications to the application either with the introduction of new conditions or at the time of modification of Tariff.
- 9) Check whether the module consisting of Tariff (Viz., unit rate, Fixed Charges, Surcharge etc) is not accessible by any officer from the User department / IT wing except the Chief of the User Department for the Nigam with the written authorization from the Director concerned.

- 10) Ensure that data entry is not permitted in the Application Development Section / Wing of the IT department.
- 11) Whether the source code of the application available with the Nigam? Whether the vendor support for up-gradation and maintenance of the application is in live condition?
- 12) Ensure that the periodic updates (in the form of patches) are also stored separately.

**D) Audit of Output Controls:**

- 1) Ensure that the outputs are available for printing only.
- 2) In the event of outputs are allowed for saving the data ensure that the data is in a tamperproof condition (may be by converting into a PDF document).
- 3) Ensure that while generating the bill for the second and subsequent time the bill must bear a caption that it is a duplicate copy.
- 4) Ensure that the outputs generated are saved for future reference and there is no need for the generation of fresh outputs for the old data.
- 5) Ensure that in case of generation of Account copy / Balance confirmation from the Application a disclaimer shall also be included as a footnote that any omissions / errors observed may be informed for correction.
- 6) Ensure that the Outputs (for consumer ledger) shall include two segments where the first segment will indicate the transactions of billing and dues and the second segment will indicate the Memoranda items such as ACD due etc.
- 7) Ensure that the monthly Disconnection List will exhibit both the Current Dues and the Un- collected portion of ACD separately.

**E) Audit of Security Controls:**

- 1) When the Application can be accessible from a remote terminal check whether a log is generated for the same.
- 2) Check whether the Application can be accessible through Internet. Are there any controls to place restrictions on accessing the application through Internet?
- 3) Check whether a Firewall is activated on all the Terminals in the Network.
- 4) Ensure that the IS environment has proper security and intrusion detection system and persons having proper authorization shall only be permitted.
- 5) Ensure that there is a proper fire protection system (using Carbon Dioxide only) is in place.
- 6) Ensure that the Fire extinguishers are refilled on the due date, even if so far not used.
- 7) Check whether the Fire extinguishers are within the accessible reach of the users.
- 8) Check whether the Server Room is protected from Dust, Heat,

Magnetic Interference and Electro-magnetic Radiation.

- 9) Ensure that beverages, water and any other liquids are prohibited in the server room.
- 10) Ensure that all the output modes (including backup using Memory cards, Pen drives, Optical Disks, Tapes etc) other than display & printing are de-activated on all other terminals in the network except at a central location where regular backups are taken.
- 11) Ensure that all the backup devices (such as Optical Disks, Pen drives, Memory Cards / chips etc) brought by the users are not permitted inside the IS environment and the same are retained at the security stage only and check that any deviations from the same are properly documented.
- 12) Ensure that Terminals having access to ECS, EFTS and Internet Banking are placed in a closed chamber, which is under lock & key. As far as possible ensure that Biometric Security Systems are deployed on such computer apart from regular user Id and Password / PIN.
- 13) Check whether there is a proper documentation for all the transactions made through ECS / EFTS / Internet Banking with automatically generated Transaction Number and the Name of the Officer doing the transactions and the authorization for the same.
- 14) Ensure that there is a record for all unsuccessful attempts for making transactions through ECS / EFTS / Internet Banking along with the No. of attempts and the quantum of funds involved.

**F) Disaster Recovery and Management:-**

- 1) Ensure that backup of the data is taken at periodic intervals?
- 2) Check whether the backup has been tested before being placed in a safe vault.
- 3) Check whether the backup is placed at an offsite location.
- 4) Is there any record maintained where a log file is maintained for the frequency of backup taken and place of storage of the backup data?

## Chapter 18

### CHECK LIST FOR AUDIT OF OUTSOURCING ACTIVITIES

The management of the Nigam has decided to outsource various activities with a view to improve quality & time frame of service to consumer.

As part of the implementation of the above policy, the Nigam has engaged the services of professionals and technically qualified / competent persons / organizations on contract basis, subject to renewal on performance.

In this process the following works have been outsourced by the Nigam to competent persons. Technical:

1) Computer Operators

**Billing & Collection:**

- a) Private Meter Reading, Preparation of Bills ,Bill distribution and Collection
- b) Spot Billing and collection
- c) Complaint centre
- d) Internal Audit by Pvt. Firm of Chartered Accountant.

**Check list for verification of Outsourcing of Technical activities:**

- i) Estimate sanction as per the delegation of powers.
- ii) Tender schedule note approval by competent authority.
- iii) Whether applications received within due dates.
- iv) Tender opening on the due date and acceptance on the basis of lowest tender or based on negotiations.
- v) Verification of agreement, consisting of Time Schedule, Value of work, Terms and Conditions, EMD amount and Escalation clauses.
- vi) Verification of ratification agreement for exceeding the clauses of agreement.
- vii) Execution of work as per specifications.

## Chapter 19

### STATUTORY COMPLIANCES

#### I Companies Act, 1956

1. To ensure that following registers / books are maintained (if applicable):
  - a. Register of Investments
  - b. Register of Deposits
  - c. Register of securities bought back
  - d. Register of charges
  - e. Register of members
  - f. Index of members
  - g. Minutes books
  - h. Books of Accounts
  - i. Register of particular of contracts
  - j. Register of directors, MD, Secretary
  - k. Register of Investments/ Loans/ Guarantees made
  - l. Register of records destroyed
  - m. Register of Inspection
  - n. Register of director's attendance
  - o. Fixed Assets Register
2. Ensure whether properly signed Annual Return is filed within 60 days of AGM?
3. Ensure whether Balance Sheet is adopted at the AGM and three copies are filed within 30 days of AGM?
4. Ensure for any Change in Office during the year, whether Form 18 filed with ROC within time?
5. Ensure timely filing of any resolution or agreements during the year to be filed with ROC in Form 23.
6. Ensure whether Form 25C is filled with ROC within 90 days of any whole time director/MD appointment during the year.
7. Ensure in case of any charge created or modified during the year, Whether Form 8 & 13 filed within 30 days.
8. Ensure whether notice was sent and whether attendance recorded for all the board meetings held during the year.
9. Ensure whether in all meeting quorum was present, circular resolutions noted, previous minutes got confirmed, minutes entered into minutes book and signed.

10. Ensure whether AGM is held within 15 months of last AGM, held on working day and working hours, provisions of notice, explanatory statement, quorum, chairman, proxy, attendance, register of directors shareholdings, minutes are complied with.
11. Ensure whether notice was sent before 21 days for AGM with Balance Sheet, Directors Report, and Compliance Certificate.
12. Ensure recording of Minutes in minutes book of AGM.
13. Ensure whether all provisions of Extra-Ordinary General Meeting are complied in case any EGM was held during the year.
14. Ensure whether approvals have been taken in case any loan has been given to Director or his interested relative, firm, Nigam.
15. Ensure whether all contracts, in which director is interested, are entered into Register and vote of each director is mentioned.
16. Ensure whether provisions of director's appointment, re-appointment, removal, if any, and resignation, consent, by rotation, disqualification, register are complied with.
17. Ensure whether all directors have disclosed their interest in Form 24AA before end of financial year, recorded in register, put-up to Board?
18. Ensure whether borrowings are within limit and whether special approval of members obtained for excess borrowings.
19. Ensure whether any prosecution initiated or show cause notice or compounding done during the year.
20. Ensure whether all requirements are complied pertaining to any resolution passed by Postal Ballot.
21. Exceptions, if any should be highlighted in the Internal Audit Report.

## **II Employees Provident Fund & Misc. Provisions Act, 1952**

1. Ensure Declaration / Nomination forms (Form 2) are filled by every employee who joins the fund for the first time.
2. Ensure addition of employees is recorder in Form 5 on monthly basis.
3. Ensure monthly record showing aggregate amount in recoveries made from the wages of all members and the aggregate amount contributed by the employer is maintained as stated under the Act.
4. Verify statements submitted by the contractors to UPCL showing PF recoveries from his employees within 7 days of the close of every month
5. Ensure timely submission of Consolidated Annual Contribution Statement in Form 6-A to the Commissioner after the close of the period.

6. Ensure timely deposit of PF contribution with the appropriate authorities on a monthly basis as required under the Act.
7. Ensure PF amount is calculated at the prescribed rates.

### **III Payment of Gratuity Act, 1972**

1. Ensure gratuity is paid to employees who have rendered continuous service for a period not less than 5 years within 30 days of superannuation, retirement, resignation, death or disablement due to accident or disease.
2. Ensure whether abstract of the Act and Rules made there under as given in Form U are displayed in English and in the language understood by the majority of employees at or near the main entrance of the establishment.
3. Ensure Form L is submitted when gratuity becomes due within 15 days of the receipt of application for payment of gratuity
4. Ensure Form M is submitted when gratuity is found not admissible within 15 days of the receipt of application for payment of gratuity.

### **IV Payment of Wages, Minimum Wages Act, ESI, Labour Cess Act, Building and other construction workers Act and other Labour Acts**

1. Ensure as a principal employer, the contractor has taken the license in the applicable labour acts and complied with the provisions of these Acts.
2. Ensure that proper monitoring mechanism is in place with adequate documentation and contractor's bills are processed only after ensuring compliance to these acts.

### **V Taxation Compliances**

#### **Income Tax Act,1961**

1. Ensure deduction of tax at source (TDS) at prevailing rates
2. Ensure monthly deposit of TDS by 7th of next month.
3. Ensure timely issuance and collection of Monthly/ Yearly TDS Certificates (quoting PAN No of the deductee) as per the provisions of Income Tax Act,1961.
4. Ensure filing of Form 15G / 15H in case of non-deduction / lower deduction of TDS.
5. Ensure filing of quarterly returns within 15 days after the expiry of each quarter. Correct PAN details in quarterly returns.
6. Ensure that TDS rates are ascertained by verifying the PAN No. of the assesses.
7. Ensure that there is no case where TDS needs to be deducted but was not deducted.

8. Ensure submission of income tax return within the due date mentioned under section 139 to avoid interest under section 234A, 234B and 234C.
9. Check to ensure timely payment of advance as per the provisions of the Act.
10. Check to ensure whether tax audit was done on or before the due date under section 44AB.
11. Check payments made in cash under section 40A.
12. Verify assessment status and assessment orders.

## Chapter 20

### PRINCIPAL ACCOUNTANT GENERAL /AUDIT HARYANA

#### (ROLE OF VARIOUS OFFICES)

Office of Principal Accountant General, Haryana conducts the audit of expenditure/revenue accounts of all accounting units as well as head office units on annual basis. A PAG audit party points-out the irregularities/ shortcomings through test audit notes and general audit paras for compliance of audit observations within 30 days. The inspection Report involving outstanding audit paras are issued to auditee office and to the office of Chief Auditor for monitoring purpose. C&AG Reports are issued to Additional Chief Secretary (Power) Govt. of Haryana to furnish the reply of audit paras for onward submission to Haryana Vidhan Sabha to be discussed in the meeting of Committee on Public Undertaking. Chief Auditor being a Nodal Agency perform the duty of sending replies after collecting from concerned auditee offices and ensure further submission to Haryana Vidhan Sabha and PAG office after observing the due procedure.

The procedure of PAG/Audit starts from issue of General Paras to COPU Paras which is briefly explained as under:-

<b>Sr. No.</b>	<b>Category of Paras</b>	<b>Reply to be submitted within No. of days</b>	<b>Office to whom paras issued</b>	<b>Office by whom the reply is to be submitted to PAG office</b>	<b>Reply to be approved by</b>	<b>Name of office where replies is to be submitted</b>
1	General Para	30 days by auditee office directly.	Auditee office	Concerned auditee office.	Directly by concerned office.	PAG office, Chandigarh
2	Advance Para	30 days by auditee office directly.	Auditee office	Concerned auditee office.	Directly by concerned office.	PAG office, Chandigarh
3	Potential Draft Para	30 days by auditee office	Auditee office	Concerned auditee office	Directly by concerned office.	PAG office, Chandigarh
4	Draft Para	6 weeks	MD/PS/A CS Power	MD/PS/ACS Power (as received from	Concerned Director	PAG office Chandigarh

Sr. No.	Category of Paras	Reply to be submitted within No. of days	Office to whom paras issued	Office by whom the reply is to be submitted to PAG office	Reply to be approved by	Name of office where replies is to be submitted
				audittee office through HOD and submitted by Chief Auditor duly approved by MD).		
5	C&AG Report	3 months	MD/PS/A CS Power	ACS/PS Power (as received from audittee office through HOD and submitted by Chief Auditor duly approved by WTDs).	Concerned Director	Haryana Vidhan Sabha, PAG Office and Finance Deptt. (B&C branch) in Civil Secretariat, Chandigarh
6	CPU Report (recommendations of COPU Committee)	3 months	ACS/PS Power	ACS/PS Power (as received from audittee office through HOD and submitted by Chief Auditor duly approved by WTDs).	Concerned Director	Haryana Vidhan Sabha, PAG Office and Finance Deptt. (B&C branch) in Civil Secretariat, Chandigarh

The reply is to be submitted by the authority to which audit paras are issued. In this way the General Paras are issued to the auditee office, so the reply of the same is required to be submitted by the same office directly. The Draft paras are issued to MD/ACS Power by Principal AG. The reply is accepted by PAG only when it is duly approved by MD/ACS Power. Similarly, C&AG reports are issued by Finance department, Haryana to Managing Director / Additional Chief Secretary/Principal Secretary/Power for compliance of audit observations. After the approval of WTDs replies are to be submitted to Haryana Vidhan Sabha through ACS Power for discussion in committee on public undertaking meetings.

The C&AG report shall be put up to the Hon'ble Chairman-cum-Managing Director immediately after its receipt by the Chief Auditor for convening a meeting to review as well as discuss the report and imparting directions to concerned HODs for furnishing the replies of the paras of the report within 15 days positively, so that same may be put up to WTDs for approval and onward submission to Haryana Vidhan Sabha through Additional Chief Secretary/ Power within 3 months as prescribed by State Government.

## Chapter 21

### INSTRUCTIONS AND GUIDELINES FOR BRINGING UP UNIFORMITY IN AUDIT PRACTICES AND FIXATION OF RESPONSIBILITY OF THE OFFICERS / OFFICIALS BY THE AUDIT PARTIES IN UHBVN.

(A) **Revenue Audit:**

i) **Fixing of responsibility of concerned employees in case of short assessment pointed out by Revenue audit:**

The audit party shall not fix responsibility in deviation to the previous practices in UHBVN. However, cases of fraud, embezzlement & misappropriation shall be reported by the audit party direct to the Chief Auditor as here to fore. The cases of unrecovered half margins of major paras shall be dealt with as per procedure given under sub para (IV) and (V) below.

ii) **Monitory limit for H.Ms shall be as under:**

**Petty:** upto Rs. 2500/-

**Minor:** Rs.2501/- to 10,000/-

**Major:** Above Rs.10,000/-

iii) **Disposal of Half Margins:**

The existing procedure as laid down in Regulation 12.1 of Duties and Responsibilities of various functionaries for the up keep and maintenance of consumers' accounts of respective companies shall be followed. For disputed H.Ms the instructions issued by UHBVN vide S/C No.43/2012 & DHBVN vide S.C. No. 1/2013 shall be followed.

iv) **Fixing of responsibility in case of un-realized major paras**

During March every year, the RA shall submit lists of major paras to SDO where the amount is still outstanding. The SDO shall make all out efforts to recover the amount from consumers and disconnect the supply of defaulting consumers after due procedure. Where the amount is still un-recovered, the RA/AO (Inspection) shall refer the cases of Major paras along-with responsibility sheet/incumbency as per Annexure A to the Xen/SE/CE (OP) concerned for taking disciplinary action against the employees at fault. Such cases shall be considered and dealt with by the committee as follows:-

Sr. No.	Committee Members	Amount involved in HM
1	XEN/OP (Member Secretary) & AO (Nominated by Chief Auditor )	Rs.10,000/- to Rs.1,00,000/-
2	SE/OP (Member Secretary) & Sr. A.O (Nominated by Chief Auditor )	Rs.1,00,001/- to Rs 5,00,000/-
3	Chief Engineer/OP of respective Zone (Member Secretary ) & Chief Auditor	More than Rs.500,000/-

**v) Procedure to be followed by the Committee:**

- 1 The meeting of the committees shall be convened in September each year.
- 2 The concerned SDO/Op will be the presenting officer in the above said committee, who will produce the relevant record to the committee.
- 3 Meeting shall be convened by Xen, SE and Chief Engineer in First week, Second week and Third week of every September and inform all the members of the committee. Further regular meetings may also be called to settle the Para's.
- 4 The committee shall examine each case and recommend the extent of responsibility in view of the existing instructions of the Nigam. The Committee will finalize each case within a period of 15 days but not later than two months in any case, after the case is presented to the Committee.
- 5 The Member Secretary of the committee shall submit the findings / report of the committee (if employee is found negligent for performing legitimate duties) to the concerned Cadre Controlling / Administrative authority for taking disciplinary action against the employees at fault with a copy to the office of Chief Auditor , who will monitor and pursue the matter with concerned authority.
- 6 In Case there is any difference of opinion between the members of the Committee, the case shall be referred by the Member Secretary to the Chief Auditor , whose decision shall be final. If the Chief Auditor feels necessity to take advice of any authority including CGM / Commercial, he can take the same and the decision of Chief Auditor will be final in the cases involving upto Rs. 5 Lacs and in cases above Rs. 5 lacs, the decision of Director / Finance will be final.
- 7 The meeting of the committee is mandatory as per para (c) above, if the meeting of committee is not hold by the Member Secretary than the case will be put-up by the Chief Auditor on the report of Audit Party for initiating disciplinary action against the Member Secretary besides exercising of powers for fixing the responsibility at his level.

On the report of Committee or decision of the Chief Auditor the cadre controlling / administrative authority shall initiate necessary disciplinary action including recovery of the penalty as per the Para No: (v) (d) proposed by the committee, issue of Show Cause Notice / Charge Sheet, showing the amount in the NDC etc. against the delinquent officer / official.

**vi) Duties & responsibilities of various functionaries responsible for up keep and maintenance of consumer accounts:**

The extent of responsibility of various officers / officials, to be fixed in the cases where Nigam's revenue is embezzled / misappropriated by the employees or Nigam is put into losses by fraud/ negligence etc. is attached as **Annexure-A.**

**(vii) Monitoring system for implementation of the instructions at Chief Auditor level.**

The office of Chief Auditor shall monitor the overhaul implementation of the instructions. To watch out the system it has been decided that the audit parties shall report the detail of all Major Paras along-with name of employees responsible for the lapse in the office of Chief Auditor for monitoring the realization and responsibility of the delinquents fixed by the committee. In case of any contravening with the implementation of the instructions by any authority, the matter shall be referred to the Management for initiating disciplinary action against the delinquents at fault. The NDCs of the employees shall be issued by the office of Chief Auditor after obtaining realization from the SDOs / Xens / RAs or subject to the decision of the committee regarding involvement of the individuals.

**(B) Works Audit:**

The instructions to be followed for Works Audit are amended / reiterated as under:

**1. Loss due to theft of material & Inventory in stores:**

**(a) Where the loss is due to theft of material installed in the field.**

Within 24 hours SDO shall take up the matter with police authority for lodging the **FIR**. After seven days he shall write to SHO under registered cover with a copy to XEN. Within seven days concerned XEN shall take up the matter with SHO/DSP with a copy to SE concerned, who will pursue the matter further. The above procedure shall be followed strictly. In case of non-lodging of FIR, the responsibility of the officer/official shall be fixed as under:

(i) XEN	10%
(ii) SDO	40%
(iii) JE/AFM	50%

**(b) Where the loss is due to theft of inventory / stores: FIR** must be lodged in all cases. After investigation; the responsibility should be fixed despite lodging of FIR & extent of responsibility fixed by competent authority as per investigation report.

**2. Missing parts/shortage of oil in transformers:**

The shortages should be communicated to concerned Xen within 15 days of return of material by the stores organization. And the same, in turn, will be communicated to concerned SDO and the JE/AFM within 7days of receipt of information from stores. The JE/AFM will be given an opportunity to defend his case within 30 days to concerned XEN/SDO and the SDO will verify/submit his report to XEN within 15 days of receipt of representation from JE/AFM. The XEN will decide the case on merits and waive off the permissible shortage (as per applicable DOP) within 15 days from receipt of case from SDO. Any non-communication/ non-adherence to the above

schedule will be personal responsibility of concerned authority. No amnesty will be offered to any JE/AFM if his representation is not made within 30 days of communication of shortages to him.

The Xen shall investigate the shortage within 6 months and amount waived as per existing DOP and balance amount recovered from concerned JE/AFM. If the amount is not recovered from the responsible officers/officials by the Xen within 6 months of intimation, loss of interest shall be recovered from the Xen/ Accountant / Head Clerk equally.

**3. Non-submission of MAS accounts:**

Non preparation of MAS Accounts or delay in preparing of the same not only falsifies the position of account but also provides ample opportunity to the field staff to commit misappropriation of material. The officer/officials shall be held responsible in case they fail to submit the MAS account within one month of completion of works.

Responsibility shall be fixed by the Chief Accounts officer to the extent as under:-

(a) If MAS A/cs not prepared & submitted duly completed in all respect:

XEN	SDO	JE/AFM
5%	20%	75%

(b) If MAS A/cs submitted duly completed in all respect, but not checked finalized within one month:

XEN	SDO	JE/AFM	Divnl Actt.
5%	25%	60%	10%

The disciplinary action will be recommended by the CAO against the JE/AFM, SDO & XEN at fault and action will be taken by the respective Cadre Controlling Authority.

**4. Un-sanctioned / excess over estimates:**

No responsibility shall be fixed for preparation of works/ deposit estimates on lower side. The excess expenditure is to be regularized within 3 months of completion of works, failing which the responsibility shall be fixed and disciplinary action shall be taken at the close of the financial year. No material is to be sourced against unsanctioned estimates. Amount may continue to be shown in the OB if the same is not regularized within 3 months. The Divisional Accountants shall not pass the bills against excess/ unsanctioned estimates. If Xen over rules, the Divisional Accountant will make the payment but Xen will be fully responsible. Divisional Accountant must convey the monthly cumulated expenses of annual estimates to concerned SDOs with a copy to Xen. All the annual estimates would be analyzed by Divisional Accountant every 3 months, future expenses should analyzed in consultation with Xen/SDOs.

**5. Ensuring minimum inventory levels with field officers:**

JE/AFM shall submit list of material to SDO by 10th day of 1st month of every quarter. The SDO shall check the list by 17th and submit the checked list to Xen on 18th, to SE on 19th and to CE on 20th of same month.

**6. Non-production of record by the official/ officer to the audit:**

The office of Chief Auditor shall intimate the record not produced by the respective official / officer / office in the NDC of the employee / retiree. In such cases, the NDC may be issued by the office of Chief Auditor subject to the condition that the checking of record may be got done by the Xen / SE / CE concerned (NDC calling office) from the concerned DA before finalizing of the consolidated NDC. If any recovery comes to the notice during the checking/ audit of record, the same shall be affected by the Xen / SE / CE concerned (NDC calling office) at his own level, under intimation to the Chief Auditor.

**(Note: The instructions relating to non-production of records shall be applicable in Revenue Audit as well. However, the previous instructions / guidelines for NPOR circulated by this office vide memo No: CA/RA/UB-27/Ch-2 dated: 13.12.2012 be also followed by all concerned)**

7. Norms of responsibility to be fixed in the cases of irregularities where direct losses to the Nigam are detected during Works Audit and recovery to be effected from the delinquent officers/ officials:

Sr. No	Type of irregularities	Percentage extent of responsibility					
		Xen	SDO	JE/AFM	DA	HC	CA/UDC
1.	<b>Shortages work out while analyses of work of LD system improvement of LD system construction work etc.</b>	-	25	75	-	-	-
2.	Non deposit of estimated amount in case of deposit works carried out by the department/Nigam on behalf of the other department/Govt.	10	30	50	10	-	-
3.	Non recovery of excess payment made to meter reading bill distribution/ cash collection/billing contractors etc.	20	20	-	30	-	30
4.	Drawl of excess pay and non recovery thereof.	20	-	-	30	-	50
5.	Various types of embezzlements i.e. postage stamps fictitious payment cash embezzlement and embezzlement of material drawn from Nigam store/purchased.	Dealing:80% Supervisor: 20%					

8. Other irregularities of General Nature for which no recovery/responsibility for recovery of individual is to be fixed but disciplinary action is to taken against delinquent officers/officials:

Sr. No.	Type of responsibilities irregularities
1.	Misuse of Nigam's vehicles & excess consumption of petrol/diesel thereon.
2.	Material damaged during warranty period but not replaced by the firm and performance B.G. released/recovery not affected.
3.	Loss to the Nigam due to issuing defective PO's.
4.	Mis-utilization of material without any approval of the competent authority.
5.	Loss due to damaged transformers in excess of permissible limit i.e. 2% per month and 24% per annum.
6.	Excess consumption of material while completing the work.
7.	Non lodging of apprentice stipend claims.
8.	Fatal/Non fatal accident cases-viz- Payment of compensation their against.
9.	Non-maintaining of civil advances schedule and all other advances.
10.	Irregularities while making purchases/emergency purchase.
11.	Incurring of expenditure in excess of sanctioned estimates/without sanctioned of estimates.
12.	Detail of surplus material supplied to SE/Disposal but not timely auctioned by the SE/Disposal.

**Note: In case of irregularities detected during the course of audit, not covered under the above stated irregularities then it will be apportioned among various concerned functionaries with the approval of Chief Auditor.**

**9. Freezing of responsibility/amount shown in NDC by the office of Chief Auditor:**

The NDC shall be issued prior to six months from the date of retirement. The amount shown in the NDC prior to 6 months of retirement of the employee as reported by the Audit till date shall be frozen.

10. Before affecting recovery from their pay / retirement benefits, required formalities such as issue of SCN, giving opportunity of hearing to the officials must be observed so as to avoid any legal complications / loss to the Nigam at a latest stage.
11. The proposed changes should be made applicable prospectively to avoid any refunds to the retirees in whose NDCs the amounts were shown and recovered withheld. However, all previous cases may be put up by the concerned DDOs to the proposed committees for review / examining the issues in the light of the proposed changes.

The above instructions have been issued with the approval of Whole-Time-Directors of both distribution companies. The above instructions supersede previous instructions issued in this regard from time to time.

**(Annexure-A)**

Sr. No.	Modus operandi adopted for embezzlement/misappropriation or reasons under which loss sustained to the Nigam.	Extent of Responsibility					
		Cashier	Head Cashier	Ledger Keeper	UDC (R)	Comml Asstt.	SDO
1.	A Computer Generator Consumer's Ledgers: (i) Non-recording of amount received from the Consumers in CCR Book.	60%	5%	-	30%	5%	NIL
	(ii) Less recording	60%	5%	-	30%	5%	NIL
	(iii) a. Submission of fictitious advice to the billing agency- in the case of existing consumers b. In the case consumers			60%	20%	10%	10%
				60% CC	20%	10%	10%
	B. Manual Consumer's Ledgers: (i) Non-recording of amount received from the Consumers in CCR Book	60%	5%	-	30%	5%	
	(ii) Less recording of the amount in the CCR Book than that the amount actually received from the consumers.	60%	5%	-	30%	5%	
2.	Less totaling of CCR Books.	60%			30%	5%	5%
3	Non-transfer /less transfer of cash from the CCR Book to the Revenue Cash Book.		60%				40%
4	Non-deposit/less deposit of the amount in the Bank than that of the amount has shown remitted as per Revenue Cash / Remittance Register.		60%				40%
5	(i) Omission in bringing forward of unpaid balances outstanding against defaulting consumers from previous month. (AP & Gen.)			60%	25%	10%	5%
	(ii) Omission in bringing forward of unpaid balances outstanding against defaulting consumers from previous month. (Incl., Temp. & others			60%	20%	10%	10%
	a) In the case LT Industrial cases					60%	40% JE
	b) In the case LT Industrial cases					60%	40%

6	Intentionally under billing of energy charges & Elec. Duty etc. in respect of:						
	(i) General AP & S.P. consumers			60%	25%	10%	5%
	(ii) L.T. Industrial Consumers (under spot Billing)			60% JE		30%	10%
	(iii) H.T. Industrial Consumers (under spot Billing)					30%	70%
7	a. Non-posting of amount charged through SC&AR / Loss sustained by the Board due to delay in posting thereof (AP & Gen)			60%	25%	10%	5%
	b. Non-posting of amount charged through SC&AR / Loss sustained by the Board due to delay in posting thereof (Incl., Temp & others)			60%	20%	10%	10%
8	(i) Bogus posting of cash realization in to consumer's ledgers.			60%	25%	10%	5%
	(i) Allowing and posting of fictitious refunds into consumers ledgers.			20%		30%	50%
	(ii) Allowing and posting of under authorized refunds.			20%		30%	50%
8	Bogus posting of cash realization in to consumer's ledgers.			60%	25%	10%	5%
	Allowing and posting of fictitious refunds into consumers ledgers.			20%		30%	50%
	Allowing and posting of under authorized refunds.			20%		30%	50%
9	C. Losses.	As per findings of the committee					
	i) Loss (including financial, interest loss) sustained by the Nigam due to non-returning or delay in returning of half margin issued by the audit.						
	ii) Losses on half margin issued by IAP/RAP and charged by the S/Divisional Staff						

10	Loss sustained by the Nigam due to non issue of bills in time.						
	(i) In case consumer case file after release of new connection is not returned by the JE.			20% CC			75% JE 5% AE
	(ii) In case file is received from JE but advice is not submitted to billing Agencies.					100% CA/ CC	
	(iii) In case reading is not taken by the Meter Reader timely		90% MR			5%	5% SDO
11	Incorrect bogus certificates given on the RIB statement without physical verification of total.		50%				50%
12	Non pursuance of realization of cheques/DDs/Pay orders sent for collection into local bank by the Head Cashier of the Sub Division		60%				40%
13	Non adjustment of dishonoured cheques deposited by Head Cashier into Bank in the relevant record by making reserve entry and charging of amount through SC& AR from consumers.						
	a) If not intimated to Billing Section.		90%				10%
	b) if intimated but not adjusted in Billing Section.			70%		25%	5%
14	Non pursuance of transfer of funds from local banks to Main Bank Branch regularly causing loss of interest to Nigam.		40%				60%
15	Under casting of totals in revenue Cash book/Gen. Cash Book.		70%				30%
16	Use of RO-4 without requisite certificate of Head Clerk/SDC.	50%	20%	25% SDC			5%

**Note:-**

1. The responsibility as above is over and above of the responsibility of the officer(S)/ officials(S) who is held direct responsible in the case and his responsibility is to considered to the extent of 100%.
2. In case the amount of embezzlement / misappropriation / loss sustained by the Nigam could not be recovered from any accused the same shall be recovered from the other staff involved in the same proportion.

3. The proportion of abstract Ledger, Monthly Abstract of SC&AR and reconciliation of cash realization posted in the consumer's ledger is a most important function in the sub division to avoid chances of embezzlement etc. as such non-compliance of the same by the Sub Division 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 in the consumer ledger reconcile with the amount received as per CCR book /Revenue cash book. The Divisional office who supplied a bogus certificate regarding reconciliation of cash realization shall also be held responsible.
4. All the records / ledgers audited by the audit wing, must be duly signed by the auditor on his rubber stamp at the end of the record with a certificate that the record has been audited by him and up to the date mentioned on the certificate.
- 5. The interest @18% per annum shall be charged in the case under these Regulations.**

**Guidelines for Production of Record to the Audit Parties – showing of NPOR relating to the revenue audit in the NDCs of the employees at the time of retirement / death**

Guidelines regarding NPOR issued with the approval of Whole Time Directors in circulation on 31.10.2012 to all concerned vide Chief Auditor, UHBVN, Panchkula memo No. CA/RA/L/UB-27/Ch-2 dated 13.12.2012 for strict compliance which are given as under:-

Non-Production of Record are shown in the NDC of the individuals at the time their retirement and pensionary benefits are released only after the production of record to the audit parties, causing unnecessarily delay in releasing the pensionary benefits. **However, it is very difficult for the employees to get the record produced at the time of their retirement from the office. Other than offices from where he stood retire.** Keeping in view the genuine grievance of the employees and also to avoid court cases against the Nigam, the following guidelines have been framed which needs to be implemented by the officers / officials of the auditee offices as well by the audit parties:-

1. Audit parties will issue the Memo / Half margin on the first day, where they will give the complete detail of record required for conducting audit. The RA / SO Incharge, Audit Party, shall pursue in writing the detail of NPOR on weekly basis in writing by name with the officer incharge of the auditee office. After 10 days the matter shall be taken with next Controlling Officer for Production of Record with a copy to this office. On the last date of the tour, the audit party shall write a letter in name of officer incharge of audit office with a copy to the next officer as well as to the office of Chief Auditor mentioning therein clear cut detail of record not produced to the audit party along-with the name of delinquent officers / officials.
2. Thereafter, it shall be the duty of the officer incharge of the auditee office to get produced the record to the audit party at the earliest but not later than in the next visit of the audit party and initiate disciplinary action against the delinquents at fault with a copy to this office.

- 3. In future, the office of Chief Auditor shall issue clear-cut NDCs of the employees / retirees without showing NPOR in respect of Revenue Audit only so that the retiree can get the pensionary benefits in time.**
4. In case of any lapse noticed at later stage, the officer incharge shall be fully responsible if the employee involved for NPOR is retired from the Nigam's services, otherwise the officer incharge and the concerned official both shall be responsible for NPOR and the dues, if any, shall be recovered from the salary of the employees by issuing show cause notice besides initiating disciplinary action under the P& A Regulation against them.

# Glossary

<b>Abbreviation</b>	<b>Description</b>
IAP	Internal Audit Party
SDO	Sub Divisional Officer
CA	Commercial Assistant
RAP	Revenue Audit Party
HM	Half margin
CCR BOOK	Consumer Cash Received Book
MDI	Maximum Demand Indicator
ACD	Advance Consumption Deposit
MMC	Monthly Minimum charges
LT Supply	Low Tension Supply
HT Supply	High Tension Supply
MCO	Meter Change Order
CTs	Current Transformers
PTs	Potential Transformers
MB	Meter Burnt
SJO	Sundry Job Order
SCO	Service Connection Order
TDCO	Temporary Dis-connection Order
PDCO	Permanent Dis-connection Order
KW	Kilo Watt
KVAH	Kilo Volt Ampere Hours
KWH	Kilo Watt Hours
RIB	Remittance into Bank
PF	Power Factor
SC & AR	Sundry Charges & Allowance Register
SAP	Systems Applications & Products in data Processing
RC	Round Complete
RNT	Reading Not Taken
MNF	Meter Not Found
GB	Glass Broken