

Maharashtra State Electricity Distribution Co. Ltd.
“Internal Audit Section”

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CGM /IA /Capex Recon/

Date : 14.12.2010

CIRCULAR No. 1

Sub: Reconciliation of Capital Expenditure as per Financial Account with expenditure reported as per physical progress reports submitted by concerned C.E's at H.O.

Ref: i) Financial Accounts Statements for the year 2010-11 (Sept.2010).

ii) Capital Expenditure reports received from the field offices for FY 2010-11.

It is observed that the scheme-wise expenditure submitted with financial accounts for the first half of this year 2010-11 is not matching with expenditure reported as per physical progress report. In fact expenses reported based on payment made to the contractors should be always less than expenditure booked in the books of account, as we are loading HoS (H.O. Supervision Charges) & GEC (General Establishment Cost) on payment to contractor, however it is observed in many circle scheme wise expenditure is very less as compared to payment made against the scheme. It means that while preparing scheme wise expenditure, the following points are not being thoroughly checked at circle level before submitting capital expenditure statement to Head office.

- i) Payment made to contractor
- ii) Outstanding liability provided
- iii) Charging of GEC & Head office supervision

Further it is observed in many circles that 100% booking of expenditure as against 70 %payment made to contractors in INFRA & GFSS work has not been done, due to which expenditure is less shown in books of Accounts. Therefore it is instructed to Asst Manager (F&A) of all circles to check the expenditure booked for the period April 2010 to Sept 2010 in Division offices & resubmit the scheme-wise expenditure.

For verifying booking of expenditure , division-wise information for the period April 2010 to Sept 2010 to be called in following format.

Division Name:

Rs.in Lakhs

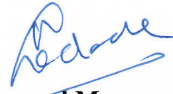
CV / JV no	Date	Name of contract or	Scheme Name	Payment made	Amount of Material debited	HoS & GEC	Total Expenditure	Funding arrangement	Reference of HO Approval	MERC 's approval
1	2	3	4	5	6	7	8	9	10	11

In addition to above, total of scheme-wise expenditure should tally with amount worked out in following formula.

Particulars	Capital expenditure
Addition in Capital Expenditure during the FY 2010-11 (Sept.2010 tallied with accounts) (i.e. difference between Closing balance & Opening balance shown in Schedule-21)	
Add: Amount of WIP transferred to Asset during the FY 2010-11 (Sept.2010 tallied with accounts) (i.e. Addition shown in Schedule-19A)	
Total Capital Expenditure booked during FY 2010-11 (Sept.2010 tallied with accounts)	

Further it is instructed to show all schemes in statement as reflected in the books of accounts of division office even though some schemes may not be in Performa prescribed by H.O.

In view of above , it is instructed to Asstt.Manager(F&A)'s to circle offices to verify the expenditure as stated above & resubmit the Capital Expenditure statement for the period April'10 to Sept'10 up to 03.01.2011.


Chief General Manager (I/A)

- 1) Superintending Engineers & Assistant Managers (F&A), O&M Circles.
- 2) Deputy Managers / General Managers (F&A), Zonal Offices.

Copy f.w.c.to

- 1) Chief General Manager (CF / CA / IT)
- 2) Chief Engineer (Infra / Dist. / DSPC / APDRP / IR / LM)

Copy s.w.r.to,

- 1) Director (Projects / Operations / Finance)