Annexure - XIX
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MEGHALAYA ENERGY CORPORATION LIMITED
"ACCOUNTS DEPARTMENT"
LUM JINGSHAI SHORT ROUND ROAD SHILLONG- 793 001, MEGHALAYA

No.MeECL/AAD/9/97/AG(Audit)/Pt.II/2016/95 *Dated Shillong, the 29th April, 2016*

To

1. *The Director (Finance), MeECL, Shillong.*
2. *The Director (CA), MeECL, Shillong.*
3. *The Director (Gen), MePGCL, Shillong.*
4. *The Company Secretary, MeECL, Shillong.*
5. *The Chief Accounts Officer, MeECL, Shillong.*

Sub: - ***Minutes of the Audit Committee Meeting held on the 12th February, 2016 for settlement of outstanding audit Paras pertaining to MePGCL.***

Sir,

Enclosed, please find herewith copy of the minutes of the Audit Committee Meeting (AG Audit) held on the 12th February, 2016 as received from the Audit Officer ES-II, Shillong for favour of your information and necessary action.

Divisions/offices concerned have already been intimated vide this office letter No MeECL/AAD/9/97/AG(Audit)/Pt II/2016/94 dt 27.4.2016 and have been asked to furnish further information wherever required at the earliest.

Enclo: As above.

Yours faithfully,

B.P. Singh
Sr. Accounts Officer (Audit)

SE(PM)/AEE(M)

AEE(Bal.Mar)
03/05/16

"SAVE ENERGY FOR BENEFIT OF SELF AND NATION"

कार्यालय, महालेखाकार (लेखापरीक्षा)
मेघालय, शिलांग–793 001
OFFICE OF THE
ACCOUNTANT GENERAL (AUDIT)
MEGHALAYA, SHILLONG-793 001
EPABX- 0364-2228861/62/63; FAX-2223494
Email: agauMeghalaya.gov.in

पत्र संख्या/Ltr.No. ES-II/3-5/2015-16/ 121 दिनांक/Date :7 April, 2016

To

The Director of Corporate Affairs,
Meghalaya Energy Corporation Limited
Lumjingshai, Short Round Road,
Shillong -793001.

Sub: **Minutes of the Audit Committee Meeting held on 12 February 2016 for settlement of outstanding Inspection Reports and paras pertaining to Meghalaya Power Generation Corporation Ltd (MePGCL).**

Sir,

Enclosed please find two copies of the Minutes of the Audit Committee Meeting held on 12 February 2016 at the Corporation Guest House, Lumjingshai, MeECL, Shillong for settlement of outstanding Inspection Reports and paras pertaining to MePGCL. Kindly arrange to return one copy of the same to this office duly signed by you at the earliest.

Yours faithfully,

Enclo: As stated above.

Audit Officer
Economic Sector- II

Memo No. ES-II/3-5/2015-16/ 122-125 **Dated: 7.04.2016**

Copy forwarded for information and necessary action to:-

1. The Secretary, Power Department, Government of Meghalaya, Meghalaya, Shillong – 793001.
2. The Secretary, Finance Department, Government of Meghalaya, Meghalaya, Shillong – 793001.
3. The Chief Accounts Officer, Meghalaya Energy Corporation Limited, Lum-jingshai, Short Round Road, Meghalaya, Shillong – 793001.
4. The Deputy Chief Accounts Officer (Audit), Meghalaya Energy Corporation Limited, Lum-jingshai, Short Round Road, Meghalaya, Shillong – 793001.

Audit Officer
Economic Sector – II

ANNEXURE – A

RECOMMENDATIONS OF AUDIT COMMITTEE MEETING (ACM) HELD ON 12 FEBRUARY 2016 IN RESPECT OF MEGHALAYA POWER GENERATION CORPORATION LIMITED (MePGCL)

Sl. No.	IR & File No.	Para	Brief Description	Money Value	Further Remarks
(1)	(2)	(3)	(4)	(5)	(6)
1.	I/R on the accounts of the Office of the Executive Engineer Stage – IV Civil Maintenance Division (CMD), MeECL, Kyrdemkulai for the period from April 2007 to 31.12.2011. No. CAW(M)/3-35/2011-12/94 dt.07.03.2012.	Part-II B Para-2	Outstanding rent from the Police Department.	₹12.47 lakh	As the Para has been updated as Para 4 of Part II B in new IR for the period 01 March 2012 to 31 January 2016, the para is dropped.
2.	I/R on the accounts of the Office of the Chief Project Manager, MLHEP, MeECL, Amlarem for the period from 01.04.2012 to 31.03.2013. No.ES-II/3-8/2013-14/35-40 dt.18.07.2013.	Part-IIB Para-1(a)	Avoidable payment of excess/deductible amount in respect of insurance policy with M/s ICICI Lombard General Insurance Company.	₹3.16 crore	Para retained and to be examined by next audit.
		Para – 3	Delay in Deposit of Statutory Dues: a) Delay in deposit of deducted forest royalty b) Delay in deposit of deducted VAT.	 ₹10.16 crore ₹1.14 crore	Details of deposit till date along with Challan may be furnished.
3.	I/R on the accounts of the Office of the Executive Engineer, Generation – III Division, MeECL, Byrnihat for the period from 01.08.2011 to 31.08.2013. No.ES-II/3-10/2013-14/52 dated 23.10.2013.	Part-IIB Para-1	Delay in repair of Unit – III Generator	₹20.10 lakh	Reply is under examination.

	I/R on the accounts and records of the Office of the Executive Engineer, Generation-I Division, Meghalaya Energy Corporation Ltd., Sumer for the period from 01.04.2008 to 31.03.2013. No. ES-II/3-12/2013-14/65 dated 17.01.2014.	Part-IIA Para-2	Leakage of MIV of Units-III and IV of Stage-I Power House and financial loss thereof.	₹112.54 lakh	Based on reply and explanations ~~offered by the Division, para is~~ **dropped** subject to verification by next audit. Further, the Division has also taken corrective action in line with the audit observation.
		Part-IIB Para-I	Settlement of Insurance claim in respect of loss to Unit No.3 of Stage-I	₹661.75 lakh	The para has featured in Audit Report 2014-15, hence it is dropped from IR.
5.	I/R on the accounts and records of the Office of the Chief Project Manager, MLHEP, Meghalaya Power Generation Corporation Limited (MePGCL), Amlarem, for the period from 01.04.2013 to 31.03.2014. No. ES-II/3-7/2014-15/38 dated 18.08.2014.	Part-IIA Para-1	Ineffective project planning and implementation led to abnormal increase in project cost besides generation tariff losses.	₹65.55 crore	As the para is of general in nature, **para is dropped** subject to verification by next audit.
		Para-2	Delay in receipt of drawings from consultants and subsequent delay in issue to contractors leading to extra expenditure.	₹0.79 crore	To verification by next audit.
		Para-3	Amendment to tender condition after awarding work resulted in undue favour to the contractor.	₹3.47 crore	Reply of the management will be examined and verified during next audit.
		Para-4	Irregular payment of allowance to employees.	₹48.65 lakh	Till action is taken, para is retained.

		Para-5	Non-recovery of statutory dues from contractor's bill.	₹43.73 lakh.	As the outstanding Statutory Dues have also been included in revised estimates by the management, **para is dropped** subject to verification by next audit.
		Part-II B Para-1	Shortfall in actual plant load factor and actual generation against design plant load factor and design generation resulting in revenue loss.	₹80.07 crore	Para is retained.
		Para-2	Avoidable purchase of land.	₹0.71 crore	As land purchased belong to MeECL alongwith proper title, **para is dropped** subject to verification by next audit.
		Para-3	Delay in construction of 33 KV lines under RGGY Scheme due to non-payment of NPV.	No money value	As the Management has made the payment of NPV, **para is dropped** subject to verification by next audit.
		Para-4	Theft cases.	₹30 lakh	Based on the assurance, **para is dropped** subject to verification by next audit.
		Para-5	Bank Reconciliation Statement.	₹0.85 lakh	Based on action taken by the management which shows the latest adjustment of BRS, **para is dropped** subject to verification by next audit.
		Para-6	Non-Compliance of provisions of CPWD Manual.	No money value	As the Management did not follow the CPWD Manual being a State PSU, **para is dropped** subject to verification by next audit.

6.	I/R on the accounts and records of the Office of the Executive Engineer, HSMD, Meghalaya Power Generation Corporation Limited (MePGCL), Sumer for the period from 01.04.2011 to 31.03.2014 No.ES-II/3-16/2014-15/73-79 dated 31.03.2015	Part-IIA Para-1(a)	Loss of generation:- Loss due to Link Tunnel problem.	₹9.45 lakh	As the repair of Link Tunnel will be covered under Renovation and Modernisation (R&M) work, para is dropped subject to verification by next audit.
		Para-1(b)	Loss due to delay in repairing radial gates.	₹1.80 crore	Para is retained.
		Part-IIB Para-1	Inadequate action taken over the observations of Central Water Commission Dam Safety Organisation.	No money value	To be dropped on compliance.
7.	I/R on the accounts and records of the Office of the CE (C), HP & HC, Meghalaya Power Generation Corporation Limited (MePGCL), Shillong for the period from 01.04.2014 to February 2015 No.ES-II/3-18/2014-15/80-36 dated 27/03/2015.	Part-IIA Para-1	Construction of New Umtru Hydro Electric Project (NUHEP) – Observation thereon.	₹461.27 crore	Para is retained and reply of the management is under examination.
		Part-IIB Para-1	Myntdu Leshka Stage-II HEP of 60 MW	₹27.55 lakh	Para is retained and under further examination.
		Para-2	Survey and Investigation of Umngot Hydro Electric Project.	₹314.14 lakh	Para is retained and under further examination.
8.	I/R on the accounts and records of the office of the ACE(Investigation, Design & Small Hydro), SE(Investigation & Design Circle), EE(Investigation Division-I, MePGCL, Umiam) for	Part-IIA Para-1	Avoidable expenditure on Upper Khri Hydro Electric Project (Stage I&II)	--	The para has featured in Audit Report 2014-15, hence it is dropped from IR.

	the period from 01.01.2012 to 31.12.2014 No.ES-II/3-15/2014-15/18 dated 22.04.2015	Part-IIB Para-1	Internal Control & Internal Audit.	--	As the para is of general in nature, **Para is dropped** subject to verification by next audit.
9.	I/R on the accounts and records of the office of the SE(Ganol), MePGCL, West Garo Hills District, Rongkhon for the period from 01.09.2011 to 31.03.2014 No.ES-II/3-20/2014-15/25-32 dated 19.05.2015	Part-IIA Para-1	Incorrect identification of landowners during land survey led to extra committed expenditure towards land compensation.	₹2.64 crore	Reply is under examination.
		Para-2	Delay in construction of Ganol MHP.	₹356.43 crore	Reply is under examination.
		Part-IIB Para-1	Peculiarities in tendering process.	--	The peculiarities in tendering process like three participating contractors in tender and one of the contractors quote the same rates as estimated by the Division, is a one off case and the Management has assured of the corrective steps taken in tendering process, **para is dropped** subject to verification by next audit.
		Para-2	Non-remittance of Statutory Dues.	₹26.99 lakh	As the Management has remitted the Statutory Dues, **para is dropped** subject to verification by next audit.

10.	I/R on the accounts and records of the office of the EE, Investigation Division-II, MePGCL, Shillong for the period from 01.04.2012 to 31.03.2015 No.ES-II/3-1/2015-16/33-39 dated 25.05.2015.	Part-IIB Para-1	Review of S&I under Investigation Division-II.	₹989.21 lakh	Reply is under examination.

Audit Officer
Economic Sector - II