1 ~~September 1998. An expenditure of Rs. 32.86 crore was incurred on the Project up to June 2003. As per Government order and the agreement, the work was to be carried out at a premium of 12 per cent for concrete work and masonry work and five per cent for earthen dam work over the current schedule of rates. No premium was payable for the various other items of work, including construction of feeder and tail channels, as per Government order. Audit observed (January 2004) that five per cent premium was also paid on works related to construction of feeder and tail channels, for which no premium was specified in the Government order or in the agreement. This resulted in excess payment of Rs.25.56 lakh.~~

~~The Government stated (August/September 2004) that the feeder and tail channel were considered most essential part of the dam, construction of earthen dam and construction of feeder channel and tail channel both involves earthwork and therefore premium was paid for feeder and tail channel also. The reply is not tenable as the Government order specified premium only for earthen dam and not for all earth work items of the project, as there were other items like construction of canals and branches involving earthwork for which no premium was specified/payable.~~

Karnataka Power Transmission Corporation Limited

3.11 Implementation of state-wide computerisation project

The Company failed to achieve the objective of state wide computerisation project due to implementation of only one module, which was also faulty, even after spending Rs.14.44 crore.

The Company approved (April 1997) a "State wide computerization" project based on a strategic study conducted (July 1996) by Tata Consultancy Services (TCS). As TCS had already done the strategic study, the software development was also awarded (January 1998) to them for Rs.70 lakh without calling for tenders. The software development covered computerization of five modules of the business activities of 'Finance and accounts', 'Personnel and payroll', 'Project management', 'Maintenance' and 'Billing and Collection' of revenue. The entire project was to be executed by February 1999.

Audit observed that only the 'Billing and Collection' (BNC) module was test run in August 1999 and that too failed to deliver functionalities like generation of statement of Demand, Collection and Balance, disconnection and re-connection memos, partial billing, etc. On the assurance of TCS to modify the module, the implementation across 239 sub-divisions was undertaken (July to December 2000). The Company procured (August/September 2000) hardware valuing Rs.13.75 crore for the second phase implementation.

Meanwhile, as a part of power reforms, the Company was split up and it retained only the transmission activity. The function of distribution was divested (June 2002) to four[*] electricity supply companies; of these only one Company, Bangalore Electricity Supply Company Limited (BESCOM), continued to use the BNC module in parallel with manual ledger system. The contract with TCS was rescinded (January 2003) after payment of Rs.26.10 lakh (against Rs.70 lakh) and BESCOM awarded (June 2003) the work of re-designing, customizing, tuning and maintenance in 52 sub-divisions to Zygox Software Private Limited (Zygox) for Rs.43.20 lakh and hired the consultancy of Can Bank Computer Services Limited at Rs.0.70 lakh for two months. As Zygox also could not rectify the errors in the statement of 'Demand, Collection and Balance' (DCB), the work of development of software for preparation, consolidation and analysis of DCB was awarded (August 2003) to MN Dastur and Company for Rs.12.73 lakh.

Audit of the Billing and Collection software was conducted (November 2003 to January 2004) at one of the pilot sites (E6 sub-division, Bangalore), revealed that:

- there was no check to ensure that bills were raised on all consumers; bills with zero amounts were generated even when there was consumption; bills generated had errors and required manual correction; bills and receipts were raised without master details making it impossible to reconcile with accounts;
- there were unexplained gaps in system generated receipt, duplicate receipt numbers and posting of receipts to ledger was not traceable to its master details;
- manual bills continued to be used for certain categories of tariff; interest was not calculated properly; arrears were carried forward in-spite of its clearance; bills with negative amounts were generated; specific rebate omission; double levy of taxation;
- the statement of 'Demand, Collection and Balance' generated by the module was erroneous and the same was not used for accounting purpose; and
- access control regarding security of operation and changing of data were inadequate to the size and nature of business.

The objectives of computerisation was, thus, not achieved even after spending Rs.14.44 crore on the project.

The Government stated (June 2004) that the package was used in BESCOM with little modifications. The reply is not tenable as the test check in BESCOM has revealed the above major shortcomings. Further, the reply is silent about the implementation of only one module and the discontinuance of the computerization in other three electricity distribution companies after spending Rs.14.44 crore.

[*] Bangalore Electricity Supply Company Limited (BESCOM), Mangalore Electricity Supply Company Limited (MESCOM), Gulbarga Electricity Supply Company Limited (GESCOM) and Hubli Electricity Supply Company Limited (HESCOM).