



# KERALA STATE ELECTRICITY REGULATORY COMMISSION

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## TENDER NOTICE

(No.1/2012)

Kerala State Electricity Regulatory Commission (KSERC) invites sealed tenders from reputed Chartered Accountant / Consultancy Firms for carrying out Regulatory audit for estimating the actual Repair & maintenance expenses of KSEB for the year 2010-11

The detailed Terms of Reference (ToR) and application formats (annexure I) are given below which is also available in website of the Commission [www.erckerala.org](http://www.erckerala.org)

Last date & time for receipt of Tenders : 15-03-2012 before 15.00 hours

Opening of bid : 15-03-2012 at 16.00 hours.

The Earnest Money Deposit shall be Rs.10,000/- which shall be in the form of Demand draft drawn in favour of the Secretary, KSERC, Thiruvananthapuram. The successful bidder shall execute an agreement with the Commission with a security deposit of 10% of the bid amount, which can be in the form of bank guarantee also. The payment of professional fee to the selected agency will be made only as per the progress of work, which shall be 15% at the time of inception report, 75% at the time of final report and the balance 10% along with return of security deposit within one month of satisfactory completion of assignment. The Commission reserves the right to amend or withdraw any of the terms and conditions contained in the tender document or to reject any or all the tenders without giving any notice or assigning any reason. The decision of the Commission in this regard shall be final and binding on all. The Offer for the assignment should be submitted to the undersigned in sealed envelopes superscribing the name of the Assignment. Tenders received after the prescribed time will not be accepted.

Secretary

Date : 21-2-2012

Place : Thiruvananthapuram

# **TERMS OF REFERENCE FOR ASSESSING THE ACTUAL REPAIR AND MAINTENANCE EXPENDITURE OF GENERATION, TRANSMISSION AND DISTRIBUTION WINGS OF KSEB THROUGH SAMPLE STUDY**

## ***Introduction***

As per provisions of the Electricity Act 2003, the State Electricity Regulatory Commissions have to determine the tariff for retail sale of electricity based on the reasonable and prudent expenditure of generating companies and licensees. Accordingly, the Commission every year determines the allowable expenses of distribution licensees through the approval of Aggregate Revenue Requirements (ARR) and Expected Revenue from Charges (ERC). Over the years, the Commission observes the unreasonable increase in expenditure of its licensees especially the Kerala State Electricity Board. One such item is repair and maintenance expenses. Among other things, one of the reasons for increase in expenditure appears to be the misclassification of expenditure of capital nature as revenue. The Commission is thus, unable to determine actual level of R&M expenditure from the past data. Considering this, the Commission has decided to undertake a study of R&M expenses of the Board by engaging a consultant. The mandate of this assignment is mainly to assist the Commission to assess the actual R&M expenses from the past data collected from the functional sample field units of KSEB. Accordingly this ToR is issued for inviting proposals.

## ***Objectives***

- a) To study on a sample basis the repair and maintenance expenditure of various functions of Kerala State Electricity Board for the year 2010-11.*
- b) Examine the actual R&M expenses from the vouchers and books of accounts under various account heads and classify them by analysing the nature of expenses and arrive at the actual expenses under various sub-classes. Verification of imprest accounts and M-books are also to be covered.*
- c) Estimate the level of misclassification or any other shortcoming in accounting R&M expenses*
- d) From the above, analyse and suggest the level of R&M expenses as per the accounting policies and rules in force.*
- e) Suggest modifications if any necessary in the present accounting methods adopted by KSEB.*

### **Scope of work**

- a) *Conduct field visits to the selected offices (Account Rendering Units given as Annexure II) of KSEB in three functional levels (Generation, Transmission and distribution) for examining the accounts of 2010-11 for ascertaining the level of R&M expenses as per the accounting policies and rules.*
- b) *Collect from the primary books of accounts or if necessary from bills and vouchers, the details and amount of R&M expenses booked under account heads 74.1 (Repair & maintenance of Plant & machinery) & 74.5 (Repair & maintenance to lines cables, networks etc.) under various categories such as labour, materials etc.,*
- c) *In case materials are used collect the value of materials booked, if necessary from Material Consumption Statements (MCS).*
- d) *Prepare a list of expenses and Categorise the expenses appropriately based on nature of expenses and separate expenses of capital nature.*
- e) *Based on the classification assess on a percentage basis actual expenses that can be categorised into R&M expenses for the study period*
- f) *Document from the examination of data, various misclassification of expenses and other wrong booking of expenses noticed*
- g) *Suggest steps required for streamlining the expenses booking and reporting*

### **Duration of assignment**

The study shall be completed within 2 months from the date of award

### **Deliverables**

- Inception report at the end of 15 days
- Progress report indicating the sample results at the end of one month
- Draft report at the end of two months with a soft copy of the ARU wise list of different category of expenses arrived at under R&M expenses booked
- Final report after one week from receiving comments of the Commission.

Six hard copies of the report and data set along with a soft copy shall be submitted to the Commission.

### **Qualification criteria**

The assignment is expected to carryout by firms having qualified Chartered Accountants to execute the assignment. The Consultants should have adequate experience in matters relating to audit and carried out assignments of similar nature. Chartered Accountant firms currently doing any auditing or consultancy assignment of KSEB shall not be eligible. The consultants should be well versed in the accounting policies and rules, especially in the electricity sector. The consultant shall commit necessary human resources for the study. The consultant may engage more than one team simultaneously for carrying out the assignment. The proposed team shall have at least two persons having adequate experience in the relevant field. The work shall be supervised by experienced chartered accountants to ensure the quality of work. The details on number of teams proposed to depute for the study and the persons included in each team with their qualifications, the schedule of work, etc., to be provided to the Commission along with the bids.

Necessary documentary evidence to prove the qualification, experience and capabilities including manpower are to be accompanied with the bids. The bids shall be rejected summarily without considering the financial bid if the documents proving the capabilities are not provided. The selection of the consultant shall be based on the lowest financial offer, however, the Commission has the right to reject the lowest offer if it feels that the firm does not have adequate capability to execute the work. The Commission shall have the right to terminate the work without compensation, if the progress of at the end of first month is not satisfactory or is not commensurate with the scope of work.

**DETAILED PROPOSAL FOR CONSULTANCY**

*(Three copies of the proposal along with summary to be submitted to the Secretary, KSERC).*

**I. GENERAL INFORMATION**

1. Title of the proposed assignment
2. Name and address of the Organisation/Institution
3. Name and designation of the Key person
4. Contact address of the Key person (email/fax/telephone)
5. Networth / turn over of the Organization/Institution

**II TECHNICAL SPECIFICATIONS**

6. Details of Collaboration with other institutions if any proposed for the assignment
7. Brief review of the State of art in the field
8. Duration of the assignment, proposed team and work plan
9. Facilities available for the proposed assignment in the applicant's Organization
10. Details of assignments undertaken/Previous experience of the proposer in this or related field
11. Biographical sketch of the proposed team
  - a. Name
  - b. Designation
  - c. Date of birth
  - d. Academic qualifications and experience
  - e. Field of major interest
  - f. Contribution in the proposed assignment
  - g. Additional information (if any)

**III FINANCIAL**

Total cost of the assignment

- a. Consultancy charges
- b. Travel

- c. Per diem
- d. Others (give details)
- e. Total (excluding taxes)
- f. Taxes (give details)
- g. Grand total

(Rupees \_\_\_\_\_ )

I do hereby undertake to execute the assignment as per the conditions specified at  
an all inclusive cost of Rs. \_\_\_\_\_ (amount in words).

Signature of key person/principal investigator/head of the team with seal)

**/ ANNEXURE -II/**

	<b>Generation</b>		<b>Distribution Divisions</b>
1	KDPP, Kozhikode	6	Electrical Division, Nedumangad
2	Generation Circle Meencut	7	Electrical Division, Kollam
	<b>Transmission</b>	<b>8</b>	Electrical Division, Punalur
3	Transmission circle, Thiruvananthapuram	9	Electrical Division, Ponkunnam
4	Transmission circle, Palakkad	10	Electrical Division, Ernakulam
5	System Operations Circle, Kalamassery	<b>11</b>	Electrical Division, Mattanchery
		12	Electrical Division, Chalakkudi
		13	Electrical Division, Chittur
		<b>14</b>	Electrical Division, Balussery
		15	Electrical Division, Kannuar
		16	Electrical Division, Tirur
		<b>17</b>	Electrical Division, Pathanamthitta
		18	Electrical Division, Adimaly
		19	Electrical Division, Kasaragod