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KERALA WATER AUTHORITY

No:KWA/HO/IA1-1323/2018

Jalabhavan
Thiruvanthapuram – 695 033,
Kerala, India.
Dated ~~26/04/18~~
17/7/18

From

The Accounts Member,
Jalabhavan, Thiruvananthapuram.

To

The Executive Engineer,
Project Division,
Kozhikkode.


Sir,

Sub:- KWA-Internal audit report of Project Division Kozhikkode for the period from 1/4/11 to 31/3/17- forwarding of reg

Ref:- 1.Period covered by audit 1/4/2011to 31/3/2017.
2. Audit conducted from 7/8/2017 to 19/8/2017.

I am forwarding herewith the audit report of the Project Division Kozhikkode for the period from 1/4/11 to 31/3/17. You are directed to submit the reply to the audit observations made in the report within a month positively.

Yours faithfully,


for Accounts Member
AM S UAD IC
17/7/18

**INTERNAL AUDIT REPORT ON THE INSPECTION OF RECORDS
AND FILES IN PROJECT DIVISION, KOZHIKODE**

THE INTERNAL AUDIT WAS CONDUCTED
FROM 07.08.2017 TO 19.08.2017

PERIOD COVERED : 01.04.2011 31.03.2017

AUDIT TEAM

1. Sri. Sivanandan. S, Internal Auditor
2. Smt. Rajeswary .R, Divisional Accounts Officer
3. Sri. Reghu. P.S. Head Clerk (HG)
4. Sri. G. Manoj, Head Clerk

INTERNAL AUDIT REPORT OF PROJECT DIVISION,
KERALA WATER AUTHORITY, KOZHIKODE

PERIOD COVERED : 01.04.2011 to 31.03.2017

PERIOD OF AUDIT : 07.08.2017 to 19.08.2017

Part – I

A. INTRODUCTION

The Project Division, Kozhikode cover the work in Kozhikode and Wayanad districts. The audit covering the period from 01.04.2011 to 31.03.2017 and was conducted during 07.08.2017 to 19.08.2017

B. OFFICERS IN CHARGE DURING THE AUDIT COVERING PERIOD

I. Incumbency details of Executive Engineers

1.	Sri.K.Mohan	01.03.11 FN to 13.09.13 AN
2.	Sri.E.Mohammed	13.09.13 AN to 19.09.13 FN (Full addl. Charge)
3.	Sri.Balakrishnan.K.V	19.09.13 AN to 06.04.15 FN
4.	Sri.E.Mohammed	06.04.15 FN to 31.05.17
5.	Sri.Satheesh Kumar.P	31.05.17 to 17.06.17 FN (Full addl. Charge)
6.	Sri.Shamsudheen.P	17.06.17 and still continuing

II Incumbency details of Divisional Accountants

1.	Smt.Geetha.P.R	23.07.09 FN to 25.07.11
2.	Sri.Venu.C(HC)	25.07.11 AN to 29.08.11 FN (Full Addl. Charge)
3.	Smt.Rajalekshmi.A.P.	29.08.11 FN to 11.01.13 FN
4.	Sri.Venu.C(HC)	11.01.13 FN to 25.01.13 FN (Full Addl. Charge)
5.	Sri.Abdul Basheer.T.K.	25.01.13 FN to 30.06.15 AN
6.	Sri.Jyothilekshmi.T.K.(HC)	30.06.15 AN to 01.09.15 FN (Full Addl. Charge)

7.	Sri.PremanandanP.K.	01.09.15 FN to 08.11.16 AN
8.	Sri.Aravindakshan.K(JS)	08.11.16 AN to 11.11.16 FN (Full Addl. Charge)
9.	Sri.Prabhakaran.K	11.11.16 FN to 28.06.17 AN
10.	Sri.Rajan.N	30.06.17 FN & continuing

III Incumbency details of Assistant Executive Engineers I & II

1.	Sri.Mohammed.E	19.08.09 FN to 05.01.15AN
2.	Sri. Biju.P.C	04.02.15 FN & continuing
3.	Sri.Jamal.P	05.09.11 AN to 07.10.13 FN
4.	Sri.Biju.P.C	07.10.13 AN to 26.10.13 FN
5.	Sri.Jamal.P.	26.10.13 FN to 18.06.14 FN
6.	Sri.Suresh Kumar.T.K	18.06.14 FN to 25.08.16 FN
7.	Sri.Biju.P.C.	25.08.16 FN to 06.09.16 FN (Addl. Charge AEE I)
8.	Sri.Raveendran T(HD)	06.09.16FN to 17.10.16 FN (Addl. Charge AEE I)
9.	Sri.Muhammad Asharaf	17.10.16 FN & continuing
10.	Sri.Mathew.C.V.	16.08.13 FN to 31.10.13 AN
11.	Sri.Jamal.P	08.02.16 to 08.03.16
12.	Sri.Suresh Babu.T	26.02.16 AN & continuing
13.	Sri.Narayanan.K.	26.02.16 AN & continuing

IV Incumbency details of Head D'Man

1.	Sri.Raveendran.T	21.01.10 FN to 01.02.16 FN
2.	Sri.Mariyam.K.R.	01.02.16 FN to 05.03.16 FN (full Addl. charge)
3.	Sri.Rajan.K.T	05.03.16 FN & continuing

IV Incumbency details of Head Clerks/Junior Superintendent

1.	Sri.Venu.C.V(HC)	01.07.09 FN to 4.02.14 FN
2.	Sri.Subramanian.P(HC)	04.02.14 FN to 05.11.14
3.	Smt.Jyothilekshmi(HC)	07.11.14 FN to 03.09.15

4.	Sri.Rajagopal.K.P(HC)	03.09.15 to 04.03.16
5.	Sri.Praveenkumar.D	04.03.16 to 28.03.16 (Addl. Charge of JS)
6.	Sri.Aravindakshan.K(JS)	28.03.16 FN & continuing

PART II

I The following registers are checked during audit

1. Cash Book
2. Cheque Memo Register
3. FA 1 Register
4. Agreement Register
5. Tender Register
6. Work Register
7. Non Operative Control register
8. Increment control register
9. Pay bill register
10. Incumbency register
11. Income tax register of employees/contractors
12. VAT Register
13. Deposit Register

The mandatory certificate is not seen furnished in the above registers except Agreement Register and Tender Register. The same may be offered and intimate to audit.

II The following registers are not keeping in the office

1. Service Book Register
2. Register of Receipt books
3. Ledger
4. Stamp Register
5. Register of pending audit paras of LAR and IAR

The above mentioned registers may be maintained and intimate to audit

1. Cash Book

Monthly closing of cash book is seen written in pencil and corrections are done in pencil. For Eg. 12/2011 to 12/2012, 8/12 to 4/2013. Monthly abstract are not written from 7/2014 to 10/2014 and 4/2015 to 2/2016. several pages are seen kept blank.

2. Cheque Memo Register

- i. It is noted that the entries of fund received are not authenticated by the Head of office. The balance column of salary account is seen written in pencil from 4/2011 to 8/2011
- ii. Several pages are seen kept blank after entries on 31.03.2013 i.e, 88-101 and new one started on 01.04.2013.
- iii. Several cheques are issued but not authenticated by the Executive Engineer in the Cheque memo register. Eg. Cheque No.288449, 595480, 595481
- iv. Cheques for remittance of LIC and KCWWF are not initialed by Divisional Accountant or Executive Engineer but all other entries are authenticated within that date. The balance is seen written confusingly in blue and red ink on 13.05.2014 and 19.06.2014. Corrections and over writings are found from 01.09.2014 to 31.10.2014 which should be avoided in future.
- v. Abstract of monthly accounts is not seen written in most of the months.

These defects shall rectified and intimated to audit

3. Bank Accounts

5 Nos of SB accounts are maintained in the division and one non-operative A/c.

- | | |
|-------------------------|---------------|
| 1. Salary Account | : 67088406900 |
| 2. MSDP Account | : 67163724168 |
| 3. ARP Account | : 67221385651 |
| 4. SAARK/NABARD Account | : 67148129509 |

- | | | |
|--------------------------|---|-------------|
| 5. UIDSSMT Account | : | 67165063158 |
| 6. Non Operative Account | : | 67094932505 |

Reconciliation is seen done.

4. Monthly Accounts and Trial Balance

- a) On verification of monthly accounts for the month of 3/17, the supporting vouchers are not attached with CB28 while sorting the monthly voucher. This may be done and intimate to audit.
- b) The closing balance in Non-operative column is Rs.4374/- and as per reconciliation statement it is Rs.5000/-. The difference of Rs.626/- may be explained to audit.
As per Note 3 of paragraph 6.6.14 of KPWD Code, it is noted that the reasons for the delay in clearing temporary outstanding in the cash accounts of the 2nd preceeding month should be given by the Divisional offices in the 'certificate of cash balance' on the back of the monthly account on verification.
- c) An amount of Rs.10001/- is seen pending for settlement of temporary advance under A/c code 1659. It is not settled in the end of financial year 2016-17. As the temporary advance is issuing on passed vouchers, the non-settlement of same may be explained to audit.
- d) In the trial balance for 3/17, debit balance is seen in the account codes 2825 and 2843 which implies the excess remittance made in LIC and income tax. The same maybe cleared to audit
- e) A huge amount of Rs.4,85,97,023/- under account code 1669 is seen in the debit side without any details regarding the head of account. This may be clarified to audit.
- f) A debit balance of Rs.2,73,000 under account code 2731 EMD of contractors is seen in the trial balance sheet and it is not known whether the EMD is accepted by cash. The same may be clarified.

III Temporary Advance Register

As per paragraph 6.6.14 of KPWD Code, it is mentioned that the unspent balance, if any, should be remitted back to the disbursing officer after the expiry of a period of three months and suitable adjustments made in the accounts. The account of a temporary advance should be closed as soon as possible. The above said rule is not seen followed some cases Eg. page 34 & 35 of TAR.

Further an amount of Rs.62012/- is seen paid to Sri.C.K.Muraleedharan, Assistant Engineer and he had settled for an amount of Rs.61974/- with a cash balance of Rs.38/- with him. The same is not seen remitted back or carried over to further advance (page 36)

Similar case in page 73. The temporary advance sanctioned to Sri.T.Abdul Hameed for Rs.20316/- and he had settled for Rs.20315/- Rs. 1 is seen with him. The above said amounts may be collected from the Assistant Engineers and remitted into Non operative account and intimated to audit.

IV Tender Register

On going through this register, the work arranged or cancelled are not mentioned in the following tenders and most of the columns are blank

Eg. Tender No.24/2014-15, 28/2014-15, 30/2014-15, 31/2014-15, 32/2014-15
Mandatory certificate is not authenticated by Executive Engineer in the tender register for 2015-16

In the tender register of 2016-17, the remain entries are not seen authenticated by the officer concerned.

Moreover for negotiated tenders and regular tenders are not seen serially numbered and separate serial numbers were given to the same. It is not correct. Only one register must be maintained for all tenders. The same may be done and intimate to audit.

V Deposit Registers

Mandatory certificate is not furnished

VI Retention Money Register

Most of the pages of the contract reference column and work order number column were not filled. Mandatory certificate is not furnished.

While releasing the retention money the cheque issued details are not furnished in many cases. Eg. Sl.No.195, 199, 200, 202, 206, 209 etc. Several entries of release of retention money is simply written without proper attestation. Eg. Sl.No.5, 18, 23, 25, 44, 56, 59 etc.

The register may be updated and intimated to audit.

VII EMD Register

On verification of EMD Register, the following EMD's are kept in the office without releasing or forfeiting the same

1.	Tender No.24/12-13	FD Rt No.2769 dated, 14.01.13 for Rs.5700/-
2.	Tender No.26/12-13	FD Rt No.2770 dated, 14.01.13 for Rs.6100/- FD Rt No.2772 dated, 14.01.13 for Rs.6100/-
3.	Tender No.28/12-13	No EMD is furnished
4.	Tender No.29/12-13	FD Rt No.4571 dated, 21.01.13 for Rs.26400/-
5.	Tender No.30/12-13	EMD is seen released but the details of EMD are not furnished in the register. This may be furnished and intimate to Audit
6.	Tender No.13/13-14	FD Rt No.5022 dated, 05.02.14 for Rs.10250/- FD Rt No.5023 dated, 05.02.14
7.	Tender No.3/14-15	FD Rt No.144076995 dated, 22.06.14 for Rs.8500/- FD Rt No.144076997 dated, 27.06.14 for Rs.8500/-
8.	Tender No.2/15-16	TD Rt No.1466640 dated, 03.08.15 for Rs.11000/-
9.	Tender No.3/15-16 to 8/15-16	No details furnished
10.	Tender No.1/16-17	DD No.257362 dated, 13.05.16 for Rs.3400/- DD No.478127 dated, 13.05.16 for Rs.3400/-
Action may be taken to forfeit the same and similar cases if any and intimate to the audit		
11.	Tender No.2/16-17	TD Rt No.1466809 dated, 01.09.16 for Rs.5000/- TD Rt No.1466808 dated, 01.09.16 for Rs.5000/-

VIII. Security Register

The following long pending security deposits are kept in the office without forfeiting

1.	Tender No.10/10-11	TD A/c No.64667 dated, 26.03.11 for Rs.102600/-
2.	Tender No.5/11-12	TD A/c No.72101 for Rs.68000/-
3.	Tender No.12/11-12	TD A/c No.269359 for Rs.95000/-
4.	Tender No.21/11-12	TD A/c No.3692 for Rs.1600/-
		TD A/c No.3693 for Rs.1600/-
		TD A/c No.3694 for Rs.600/-
5.	Tender No.39/11-12	TD A/c No.207275 dated, 24.07.12 for Rs.67300/-
6.	Tender No.33/11-12	A/c NO.252601 dated, 05.03.12 for Rs.1600/-
7.	Tender No.23/11-12	A/c No.25291 dated, 13.09.12 for Rs.50,000/-
8.	Tender No.19/12-13	A/c No.120078 for Rs.5000/-
9.	Tender No.24/12-13	A/c No.86213 for rs.11400/-
10.	Tender No.25/12-13	A/c No.252140 for rs.16600/-
11.	Tender No. 26/12-13	A/c no.86215 for Rs.12200/-
12.	Limited Tender No.5/12-13	A/c No.155915 for Rs.24000/-
13.	LT No. 6/12-13	A/c No.155914 for Rs.24600/-
14.	LT No. 7/12-13	A/c No.468230 for Rs.39000/-
15.	LT No.8/12-13	A/c No. 468229 for Rs.53000/-
16.	S.O.No.PKD/KKD/D3/ 980/2011(2)	A/c No.25305 for Rs. 2000/-
17.	S.O.No. Nil	A/c No.269138 for Rs.26200/-
18.	Tender No.7/12-13	A/c no.507667 for Rs.30200/-
19.	T.No.27/12-13	A/c No.269153 for Rs.10800/-
20.	T No. 1/1314	A/c No.72369 for Rs.7600/-
21.	T. No.35/12-13	A/c No.536 dated, 10.06.13 for Rs.7200/-
22.	L.T No.01/13-14	A/c No.207591 dated, 30.04.13 for rs.73600/-
23.	L.T.No.02/13-14	A/c No. 120265 dated, 20.07.13 for Rs. 31200/-
24.	L.T.No.03/13-14	A/c No.120264 dated, 20.07.2013 for Rs.57400/-
25.	Tender No.6/13-14	A/c No.468378 dated, 16.01.14 for Rs.12800/-
26.	L.T.No.04/13-14	A/c No.507716 dated, 29.01.14 for Rs.22200/-
27.	L.T.No.05/13-14	A/c No.468385 dated, 29.01.14 for Rs.15400/-
28.	L.T.No.06/13-14	A/c No.468384 dated, 29.01.14 for Rs.13800/-
29.	Tender No.9/13-14	A/c No.507717 dated, 29.01.14 for Rs.61800/-

30.	Tender No.13/13-14	A/c No.802136 for Rs.20000/-
31.	Agt. No.81/13-14	T.D.No.5418 dated, 27.03.14 for Rs.7000/-

The non-forfeitng/non releasing of above Security deposits may be explained to audit and action may be taken to release/forfeit the same and intimated to audit.

IX SERVICE BOOKS

No major irregularities are found

General Irregularities

1. Delay in completion of work

All deposit work are seen completed in the time extended period. It is mainly due to the dealy in getting road cutting and pipeline laying permission from PWD authorities. Executive Engineer may directed to take timely actions in this regard and avoid the delay.

2. Computer copy of MASTN are using

As per our Account Manual MASTN should be book form and pre-machine numbered one, and it should be issued from Division office. But Assistant Engineer of this office is being used computer generated MASTN which is irregular.

3. Non-claiming of DPR from Kalpetta Municipality

This office has been carried out UIDSSMT – work UWSS to Kalpetta Municipality in Wayanad District. Certain component of this project are yet to completed. The original estimate amount of this work was Rs.3217 lakhs. Later certain additional works which cost of Rs.462.17 lakhs are added in addition of original DER. Thus total cost of work will come Rs.3679.17 lakhs. As per GCC- Clause an amount of 1.5% of estimate cost of work can be claimed as preparation charge of DPR by Kerala Water Authority. As such an amount of Rs.55.19 lakhs should be claimed by this office. But this office has not been taken earnest effort for claiming the above amount from Kalpetta Municipality except sending a letter

on 19.06.2012 for claiming Rs.48.26 lakhs which was the DPR charge of original estimate. So urgent action should be taken for collecting the eligible amount and report to audit with Executive Engineer's special remark for non claiming the amount.

Name of Work:

Deposit Work - City Road Improvement Project in Kozhikode District – Shifting KWA utilities – Supplying and laying 160mm PVC pipe along both sides of Kovoov – Vallimadukunnu Road

Agreement No. : SE/PHC/KKD/07/15-16 dated, 30.11.2015

PAC : Rs. 54,84,574/-

Contractor : M/s. Diya Constructions, Kozhikode

Time of completion : 45 days from the date of work order

Irregularity

1. Non-levy of fine for the extension of time of completion

The subject work was awarded to the contractor with the time of completion of 45 days from the date of work order. The work order date is 13.11.2015. As such the work should have been completed on or before 27.12.2015. But the contractor could not complete the work in due time and even did not supply the materials at site. So he applied for time of extension upto 26.01.2016 and granted it. He is seen supplied the pipes on 11.01.2016 ie. in the time extended period. No fine as per NIT has been imposed against him for the time of completion. The reason put forwarded by him was non-getting permission for excise duty exemption from collectorate which is not a genuine reason for exempting from levying fine. Likewise the time of extension is seen granted two times more ie. upto 31.10.2016 and upto 31.12.2016 without fine. So fine as per special condition should be imposed and recovered from contractor in the following way and report with special remark of Executive Engineer for non-imposing fine to audit.

1st 3 months : 1% of the PAC subject to minimum Rs.300 and maximum Rs.15000

Subsequent each 3 months beyond 1st three month : 2% of the PAC subject to a minimum of Rs.600 and maximum of Rs.30000

2. Non-recovery of commissioning and maintenance charge from the final bill

As per item No. 4 of instructions and special conditions an amount equal to 5% of total contract value will be set apart for trial run and commissioning and 1% for one year maintenance. But in the final bill of the above work no such amount recovered against trial run and commissioning and maintenance. The Executive Engineer maybe replied for the lapse and he/she may be individually liable for any maintenance occurred within maintenance period if the contractor failed to attend.

The same irregularities are also noted in the following works. It may also be clarified and the fine recovered from contractor and report to audit by Executive Engineer.

1. Name of Work

City road improvement project in Kozhikode district – shifting KWA utilities – supplying and laying 160mm PVC pipe along both sides of road between Gandhi round and mini bye pass road

Agreement No. : SE/PHC/KKD/08/2015-16 dated, 30.11.2015
PAC : Rs.67,67,514/-
Contractor : M/s. Diya Constructions, Kozhikode
Time of completion : 45 days (on or before 27.12.2015)
Pipe supplied on : 11.01.16 vide GRS No.3490 ie. in the time extended period

2. Deposit work

City road improvement project in Kozhikode district – shifting KWA utilities – supplying and laying 160mm PVC pipe along side of Karamparamba-Eranhipalam road

Agreement No. : SE/PHC/KKD/06/2015-16 dated, 30.11.2015
PAC : Rs.15,45,216/-
Contractor : M/s. Diya Constructions, Kozhikode
Time of completion : 45 days (on or before 27.12.2015)

3. Name of work

NRDWP – XVII – SLSSC – Augmentation of WSS to Unnikulam-Sivapuram Village – supplying, laying, testing and commissioning of pumping main and distribution s system and renovation of existing GLSR

Agreement No. : SE/PHC/KKD/03/2015-16 dated, 29.05.2015

PAC : Rs...../-

Contractor : Sri.N.T. Kuriakose

Irregularity

Non-imposing fine for the extension of time of completion

The above work was awarded to the contractor with the time of completion of 8 months. ie. 11.01.2016. But the contractor could not complete the work in stipulated time. A letter ie. seen sent to the contractor by the Executive Engineer on 28.12.2015 vide No.PKD/KKD/1373/2012 in which stated that the contractor has even not started the work till date and only one month remaining for the expiry of due date. It means the contractor has not started the work deliberately. He then requested for time of extension upto 30.06.2016. and the Executive Engineer is seen granted it without imposing fine which is highly irregular. Fine as per NIT had to be imposed as he deliberately delayed the work for first 7 months without any movement. So fine for 5 months and 20 days maybe recovered from the contract in the following ways

1st 3 months : 1% of the PAC subject to minimum Rs.300 and maximum Rs.15000 = Rs. 15000/-

Remaining 80 days : 2% of the PAC subject to a minimum of Rs.600 and maximum of Rs.30000 = Rs.26667/-

Total time tobe recovered is Rs.41667/-

Details of recovery may be intimated to audit.

Name of work

NABARD Assisted RWSS to Nadapuram village – Design, supply, erection, testing and commissioning of 2 Nos VT pump set and allied items at raw water pumping main at Kuttiady kadav package I

Agreement No. : SE/PHC/KKD/82/2012-13 dated, 19.02.2013

PAC : Rs. 1,03,09,000/-

Contractor : M/s. Emmanuel Enterprises

On verifying the work file of the subject work, the following irregularities are noted and the Executive Engineer may be replied with specific remarks to audit.

1. Releasing of retention money during the course of work

The subject work yet to completed. But the retention money recovered from CC bill is seen released in the course of work which is against the rule. Retention money can be released in the following way.

5% can be released on ground completion of the work and remaining 3% will be released only after defects and liability period is over.

2. Levying of fine without support of a rule

The subject work was awarded to the contractor with the time of completion of 6 months from the date of work order is on 30.07.2013. But during the execution of agreement the firm has reported that the period of completion is insufficient and the period extended to 9 months. As such the Superintending Engineer has been extended the time of completion upto 31.03.2014 vide order No.SE/KKD/D1-1151/2010 dated, 20.01.2014 by imposing a fine of Rs.3000/- only. Here is the doubt is on which ground (Rule) the amount was levied. As per NIT, 1% of the PAC subject to minimum of Rs.300 and maximum of Rs.15000/- for the first 3 months had to be imposed. So it may be clarified.

Conclusion

The report has been prepared on the basis of information furnished and made available by the Auditees.


Internal Auditor