

E-mail : kwafin@vsnl.com
Website : www.kwa.kerala.gov.in



Tel : 91-0471-2328654
Fax : 91-0471-2324903

KERALA WATER AUTHORITY

Jala Bhavan
Thiruvananthapuram-695 033
Kerala, India
Dated, 10.01.2020

No.KWA/HO/IA-10585/2019

From

The Accounts Member

To

The Executive Engineer,
Quality Control Division,
Kerala Water Authority
Thiruvananthapuram.

Sir,


Sub:- KWA – Internal Audit of Quality Control Division, Thiruvananthapuram
for the period from 01.04.2014 to 31.03.2019 – Report forwarding of -
Regarding

- Ref:-
1. No.KWA/HO/IA-/TP/1360/2008 dated, 01.11.2019 of the Accounts Member, KWA, Thiruvananthapuram
 2. Para No. 4.5.3. of KPWA Code
 3. Article 63(c) of the KFC Volume I

The Audit report of Internal Audit conducted from 16.12.2019 to 24.12.2019 for the period from 01.04.2014 to 31.03.2019 is forwarded herewith for further necessary action. The replies to the audit remarks to be furnished within 4 weeks from the date of receipt of the report.

Yours faithfully,

Acc: Audit report – 1 No.


For Accounts Member
FM&CAO(i/c)

Copy submitted to the Managing Director/Technical Member, CE(HRD&GL) Kerala Water Authority for favour of information.

**AUDIT REPORT ON THE AUDIT OF RECORDS AND REGISTERS OF
THE QUALITY CONTROL DIVISION, THIRUVANANTHAPURAM FOR
THE PERIOD FROM 01.04.2014 TO 31.03.2019**

Part – I

A. INTRODUCTION

Quality Control Division, Thiruvananthapuram was formed on 8th May 2003. There are two sub divisions viz. Thiruvananthapuram and Thiruvalla under this Division. District labs at Kottayam, Alappuzha and Pathanamthitta are functioning under Thiruvalla Sub Division. Sub Divisional Lab and District Lab at Thiruvananthapuram and Kollam are functioning under Sub Division, Thiruvananthapuram. The major functions of Quality Control Division include Preparation of action plan, Inspection of the treatment plants, Collection of samples from urban and rural drinking water source under National Rural Drinking Water Quality, Monitoring and surveillance programme. The only responsibility vested with the Division is monitoring the surveillance of the schemes. It acts as a referral agency to guide public as well as the Government in cases relating to quality of drinking water.

B. OFFICERS IN CHARGE

**Name of the officers in charge of the offices during the period
01.04.2014 to 31.03.2019.**

01/02/2014 to 18/04/14	: Smt. A.Vijayam (EE)
19/04/14 to 9/05/14	: Sri.John Koshy (AEE in full additional charge)
10/05/14 to 4/12/14	: Smt. A.Vijayam(EE)
05/12/14 to 6/02/14	: Sri. N.T Abraham(EE)
06/02/14 to 20/12/14	: Smt. Sajila.S (AEE in full additional charge)
21/12/14 to 27/07/15	: Sri. N.T Abraham (EE)
28/07/15 to 03/08/15	: Sri.John Koshy (AEE in full additional charge)
04/08/15 to 30/09/15	: Sri. N.T Abraham (EE)

01/10/15 to 15/10/15	: Sri. Joseph. M.A (AEE in full additional charge)
15/10/15 to 12/01/06	: Sri. Jochen Joseph (EE)
12/01/16 to 21/01/16	: Sri. Joseph. M.A (AEE in full additional charge)
21/01/16 to	: Sri. M.Madhu (EE)
01/04/16 to 09/08/16	: Sri.M.Madhu (EE)
10/08/16 to 08/09/16	: Sri.Joseph M.A (AEE in full additional charge)
09/09/16 to 30/11/16	: Sri. John Morris (EE)
01/12/16 to 25/12/16	: Smt. Archana Rajendran AEE, QCSD, Thiruvananthapuram (Full Additional Charge)
26/12/16 to 17/02/17	: Smt. Sheeja.A (EE)
18/02/17 to 20/02/17	: Sri. Santhosh Kumar.S AEE, QCSD, Thiruvalla (Full Additional Charge)
21/02/17 to 31/03/17	: Sri. Abdul Latheef.K.V.M
01/01/17 to 17/06/17	: Sri. Abdul Latheef (EE)
18/06/17 to 22/6/17	: Sri. Suresh Chandran EE, PH Division (North), in full addl. charge
23/6/17 to 13/5/18	: Sri. John Morris
14/5/18 to 30/5/18	: Smt. Archana Rajendran AEE, QCSD, Thiruvananthapuram (Full Additional Charge)
31/5/18 to 12/6/18	: Sri. John Morris
13/6/18 to 26/6/18	: Sri. Santhosh Kumar.S AEE, QCSD, Thiruvalla (Full Additional Charge)
27/6/18 to 30/6/18	: Sri. John Morris.
30/6/18 to 20/8/18	: Sri. Santhosh Kumar.S AEE, QCSD, Thiruvalla (Full Additional Charge)
20/8/18 to 26/9/19	: Sri.T.V.Narayanan Namboothiri
26/9/18 to 30/6/19	: Smt. Geetha Kumari.L
1/7/19 to 14/07/19	: Sri. Santhosh Kumar.S AEE, QCSD, Thiruvalla (Full Additional Charge)
15/7/19 to	: Smt. Lekshmy.M

C. INTERNAL CONTROL MECHANISM

The Internal Control System in the Division is not satisfactory due to following reasons.

1. Improper preparation of cash book in Division and Sub Division
2. Wrong entry of closing balance in operative account column
3. Non entry of closing balance in Non operative account column
4. Monthly accounts submitted only upto 8/2016
5. Non reconciliation of bank accounts (Sub Division)
6. Reconciliation entry in cash book without proper authentication(Division)
7. GST Registration is not done by the Division
8. Absence of clerical staff in Division and Sub Division

Part – II

A. Nil

B.

1. Discrepancies noticed in Cash book

1. Signature of the writer of cash book is not seen.
2. Verification entry by a person other the writer of cash book is not seen.
3. Monthly abstract of cash book is not written from 04/2018 to 08/2018.
4. Cash balance certificate as per rule 92(a) (IV) of KTC Vol. I is not written from 04/2018 to 08/2018.
5. Mandatory Certificate of the head of office has not been recorded on the first page of cash book eg from 1.4.2018 to 23.08.2018 and from 1.09.2018 to
6. For the month 8/2018, an amount of Rs. 2,36,708/- was written as bank interest without proper authentication.
7. Several pages in cash book was left blank without proper authentication.
8. Several recovery entries are not seen recorded in the receipt side of cash book. For example the recovery amounts Rs. 90 + Rs. 90 as IT and KCWWF vide CBV No. 17 of 7/17 and Rs. 87 + Rs. 87 as IT and KCWWF vide CBV No. 18 of 7/17 are not recorded in the on receipt side of cash book.

9. In the abstract of cash book for the month of 1/19 it is written as 7299 instead of 9132.
10. Cash book written upto 30/11/19 only.
11. Non operative closing balance entry is not seen recorded in cash book.

2. Cheque memo register

On verification of cheque memo register of A/c No. 57047105327, it is seen that closing balance on 8/2018 is Rs. 7,89,802/- but the opening balance of 9/2018 is written as Rs. 8,25,418/-. Reason for the differences in the cheque memo register shall be intimated to audit.

3. Reconciliation of bank accounts

On verification of reconciliation of bank account no. 57047105327, it is noticed that the reconciliation statement in From CB₂₅ is not prepared up to 8/2018. In the month of 8/2018, an amount Rs. 2,36,708/- is entered in cash book as interest without proper identification or authentication. The details are as shown below.

A/c No.	Month	Cheque memo	Bank statement	Difference	Remark
57047105327	7/18	1821806	2133902	312096	Rs. 2,36,708/- entered in cash book as Interest
	8/18	789802	825418	35616	Rs. 8,25,418/- entered as opening balance as on 1.09.2018

Reason for the entry of Rs. 2,36,708 and Rs. 8,25,415 shall be intimated to audit.

4. Amount debited by bank

On verification of bank statements, it is seen that the following amounts are debited as bank charges. The details are as shown below.

09/18	= 265
02/19	= 71
03/19	= 354
07/19	= 265

Even though Kerala Water Authority is an autonomous body the services is purely bonafied for public interest and hence the KWA is bound to get all concession just like govt. departments.

Urgent necessary action shall be taken to identify the total debited amount upto 10/19 (ie for 2bank accounts) and re credited the same. Action shall also be taken to avoid such debiting in future.

5. Improper maintenance of Trial balance register

As per KWA manual and circular, it is specified that all ARU's should maintain Trial balance Register, ledger and Journal register for strengthening of KWA accounting system. The Quality Control Division has maintained the trial balance register and ledger upto 8/2016 only. The journal register is not maintained till date. Urgent necessary action shall be taken to maintain these registers and intimated to audit.

6. Non remittance of interest credited by bank

On verification of cash book it is seen that an amount of Rs. 2,73,597/- is entered as interest credited by bank up to 7/19. As per KWA manual any amount collected towards interest from bank by account rendering units shall be credited into Non operative account. This practice is not done by the Division. The amount collected as interest shall be remitted into Non operative account and intimated to audit.

7. Huge debit balance in Account code 2812

On verification of trial balance as on 8/2016, it is seen that an amount of Rs.10,66,790/- is exist as debit balance in account code 2812. It reveals that the journal entry has not done during the preparation of trial balance. Necessary action shall be taken to rectify this defect under intimation to audit.

8. Non remittance of 1% KCWWF collections income as KWA

As per Kerala Water Authority manual one percentage from each bill of the contractor shall be recovered towards Kerala Construction Workers Welfare Fund and the amount collected shall be remitted the welfare board. Out of the collected amount, one percent should be retained in Kerala Water Authority towards collection charges. But this practice was not done by the Quality Control Division, Thiruvananthapuram one percent of KCWWF collected shall be remitted into Non operative account and intimated to audit.

9. Delay in commissioning of equipment

Name of work : Supply and installation of laboratory equipments for Quality Control Division.
Agreement No. : No. 4/2016 – 17 dated. 03-11-2016
Name of firm : M/s Universal Agencies, Palakkal Angadi, Thrissur.

M/s Universal Agencies Palakkal Angadi, Thrissur had supplied the Fume Chamber on 12.01.2017 ie with in agreement period. But the commissioning of the equipment was done only on 19.09.2019. Reason for the delay in commissioning of the equipment for more than two years shall be intimated to audit. During the course of audit, Executive Engineer replied that the delay in occurred due to make hole on the wall of the lab building which is below the OHSR of WSS to Kottayam and the reply is not satisfactory for dropping the para.

10. Non renewal of Bank Guarantee

On scrutiny, it is noticed that two bank guarantees are not renewed till date. The details are as follows.

Name of firm	Amount	Name of bank	Validity from
Scientific enterprises	9800	IDBI Kochi	27.10.18
M/s Industrial and laboratories equipments Pvt Ltd	7700	Dena Bank, East Fort	13.07.2018

Reason for the non renewal shall be intimated to audit.

11. Monthly Accounts

On verification, it is noticed that the monthly accounts submitted to FM&CAO up to 8/2016 only. As per para 22.04.15 of KPWA code the monthly accounts is due to reach the Account General's office by such date between 7th and 10th of the every month. Hence the non submission of monthly accounts is high irregular. Delay in submission will affect the closing and finalization of accounts. Urgent necessary action shall be taken to submit the accounts up to 11/19 and intimated to audit.

12. Improper maintenance of Bank Guarantee register and EMD/Security Deposit Register

On verification of Bank Guarantee register, EMD register and Security register it is seen that these are not maintained properly. This causes the non renewal of bank Guarantees, non crediting of time barred securities etc. It is also noted that the security deposits received are not recorded on the register. More over the register is not maintained in proper form. As per accounts manual Chapter VI, the EMD/Security deposit register should be maintained in Form FA 5 and that of bank Guarantee register in Form FA6.

Urgent necessary action shall be taken to maintain these register in the prescribed format and intimated to audit.

13. Non crediting of time barred security deposit

As per para 15.4.1 of Kerala public works account code, it is specified that the balance under deposit unclaimed for more than three completed years should be credited into Revenue as lapsed deposit. Many time barred Fixed Deposit receipt received as security deposit from suppliers were not seen credited into Non operative account, which is highly objectionable. Such type of lapsed deposit shall be listed out and the same may be credited into Non operative account with intimation to audit.

QUALITY CONTROL SUB DIVISION, THIRUVANANTHAPURAM

14. Non disposal of scrap/Unserviceable items

On verification, it is noticed that there are huge quantities of scrap unserviceable items dumped in the premises of office for which no action has been taken for disposal. Necessary action shall be taken for the disposal of same and intimated to audit.

15. Late remittance of the collection amount

As per rule the revenue collected will be remitted into Non operative account in the next day itself. But on verification of receipt book (CB2), bank statement and chalan receipt from 1-04-2014 to 31-03-2019 the following late remittance were noticed (List separately attached)

Reason for the late remittance shall be intimated to audit.

Date	Receipt No	Amount	Deposited into Bank	Water cash	Sample Quality Control Sub Division, TVM
------	------------	--------	---------------------	------------	--

16.02.18 16.02.19	0964083 0964084	4250/- 850/-	19.02.2018		
31.03.18 31.03.18	0989047 0989048	850/- 850/-	03.04.2018		
30.05.18	0989216	850/-	1.06.2018		
07.07.18	0989313 0989314 0989315 0989316	850/- 850/- 850/- 850/-	10.07.2015		
29.10.18	040584	850/-	31.10.2018		
14.11.18	040625	850/-	16.11.2018		
23.11.18	040653	850/-	26.11.2018		
30.11.18	040668	850/-	03.12.2018		
05.12.18	040687	850/-	07.12.2018		
10.12.18	040693	850/-	12.12.2018		

16. Recasting of Earned Leave

As per GO(P) No. 75/07/Fin dated. 27/02/2017, the leave earned by an employee @ 1/22 for the period spend on duty can be recasted @ 1/11 for the period spend on duty, on completion of three years of continuous service. But in the case of Sri. Sajilal, Peon Earned leave account is not seen recasted. This benefit may be extended to the all eligible employees. Necessary action shall be taken recast the earned leave and intimated to audit.

17. Irregular declaration of probation

- a) Smt. Sabi.R.V has recruited through KPSC and joined duty as Overseer Gr. III in the AN of 16.03.2016. The incumbent had been regularized with

effect from AB of 16.03.16. As per order No. KWA/QCDN/Estt/229/2018 dated. 06/06/2019. Executive Engineer, Quality Control Division, her probation has been declared with effect from 16.03.2018AN instead of 17.03.2018FN. More over necessary entries are not noted in the service book. Hence the irregular declaration of probation shall be modified and excess salary if any disbursed shall be recovered from the incumbent and intimated to audit.

- b) Smt. Chithra.R, joined duty as Bacteriologist on the AN of 02.06.2006. The incumbent had been regularized with effect from AN of 02.06.2006. As per order No. KWA/QCDN/Estt/229/2018 dated. 30/08/2019 of Executive Engineer, Quality Control Division, Thiruvananthapuram her probation has been declared with effect from 02.06.2008 AN instead of 03.06.2008 FN. Hence the irregular declaration of probation shall be modified and excess salary if any disbursed shall be recovered from the incumbent and intimated to audit.

18. Earned Leave Account

On verification service book of Sreeja.K, Senior Sanitary Chemist, the Earned leave entry from 29.03.2004 to 18.10.2005 is not seen recorded. From 19.10.2005 to 17.11.2008, she has availed 30 days Earned leave. This is not entered in leave column. Urgent necessary action shall taken to rectify these defects and accordingly balance shall be arrived and intimated to audit.

19. Stamp Account Register

On verification of the stamp account register, it is seen that the same is not maintained properly. The amount of stamp issued on a particular date in the stamp account register do not agree with the value of stamp as per the despatch register on that date. The above defects shall be rectified and intimated to audit.

20. Non settlement of temporary advance

On verification of Temporary advance register imprest register it is seen that some advances are not settled in proper time limit and the others are not settled till date. The details are as shown below.

Temporary Advance not settled in proper time limit

Name and Designation	Temporary Advance	Cheque No and date	Settled date
Sunil Kumar.D, AE	Rs. 15000/-	678731 – 2/04/2016	CBV 23 to 38 of 10/16
Suresan.V, AE	Rs. 2000/-	735775 –11/04/2016	CBV 39 to 47 of 10/16
Sunil Kumar.D, AE	Rs. 3000/-	735776 -11/04/2016	CBV 48 to 57 of 10/16
Sunil Kumar.D, AE	Rs.3000/-	735798 -27/05/2016	CBV 55 to 65 of 10/16
Sunil Kumar.D, AE	Rs.15000/-	678742 -17/06/2016	CBV 66 to 76 of 10/16
Sunil Kumar.D, AE	Rs.10000/-	169445 -23/08/2016	CBV 25 to 34 of 04/17
Sunil Kumar.D, AE	Rs.15000/-	678752 -08/09/2016	CBV 55 to 67 of 1/17
Sunil Kumar.D, AE	Rs.3000/-	169457 -08/09/2016	CBV 48 to 54 of 1/17
Suresan.V, AE	Rs.2000/-	169469 -30/09/2017	CBV 35 to 42 of 4/17
Suresan.V, AE	Rs.20000/-	678794 -19/06/2017	CBV 27 to 47 of 11/17
Vinod.K, AE	Rs.5000/-	403721 -30/01/2018	CBV 57 to 67 of 06/18
Vinod.K, AE	Rs.15000/-	619508 -30/05/2018	CBV 54 to 63 of 11/18
Nisha Liz.W, AE	Rs.15000/-	974424 -06/10/2018	CBV 69 to 96 of 4/19

Temporary Advance not settled till date

Name and Designation	Temporary Advance amount	Cheque No and date
Vinod.K, AE	Rs. 20,000/-	619530 – 1/11/2018
Vinod.K, AE	Rs. 5000/-	010528 –22/01/2019
Vinod.K, AE	Rs. 20,000/-	619540 -16/01/2019
Vinod.K, AE	Rs.5000/-	010554 -23/02/2019

Imprest not settled till date

Name and Designation	Temporary Advance amount	Cheque No and date
Self	Rs. 2000/-	010496 – 29/11/2018
Self	Rs. 3000/-	010524 –14/01/2019
Self	Rs. 2000/-	367174 -02/03/2019
Self	Rs.3000/-	367186 -26/03/2019

As per GO (P) 419/11/Fin dated. 04/10/2011 it is specified that the temporary advance sanctioned to meet contingent expenditure of specified kind or any specific occasion granted to the government officials should be adjusted by detailed bills and voucher as soon as possible and not being more than three months. In case of default interest at the rate of 18% per annum will be charged on the unutilized portion of the advance from the date of drawal to the date of re fund of advance.

In case where the adjustment bill not submitted with in the prescribed time limit, the entire amount of advance may be recovered in lump, on the expiry of such time limit interest at the rate of 18% will be charged in the entire amount of the advance from the date drawal to the date of recovery. Hence the reason for the not settlement of temporary advance and imprest shall be intimated to audit.

21. Improper maintenance of cashbook and cheque memo register

On scrutiny of cash book, cheque memo register and bank statement it is noticed that huge difference exist between the three figures.

Account Number	Month	Balance as per cash book	Balance as per cheque memo	Balance as per Bank status
67219699990	12/18	517835	324379	399953
57047105178	12/18		21725	301570
Total		517835	346104	701523

67219699990	01/19	419986	225673	301247
57047105178	01/19		21756	311784
Total		419986	247429	613031
67219699990	02/19	288581	98149	173723
57047105178	02/19		17875	297366
Total		288581	116024	471089
67219699990	03/19	320589	56089	134212
57047105178	03/19		90744	384477
Total		320589	146833	518689

It reveals the following.

1. Many of the cash book entries are wrong.
2. Closing balance entry is wrong (ie cheque memo balance is not written as closing balance of cash book. [From 04/2014 onwards ie the audit period].
3. Non operative entry column is not correct. Daily collection amount should be remitted into Non operative account and the same is entered in the cash book. This practice is not seen. Cash balance as per opening balance is not seen remitted into Non OP Account (ie This entry is not seen in the cashbook) closing balance of non operative account is not entered in the cash book.
4. Recovery entries are not entered in the cash book (For eg Recovery of IT Rs. 653 Vide CBV No. 32 of 4/13).
5. The Account code 9134 entered in receipt side of cash book instead of code No. 9139.
6. Authentication of writer of cash book is not seen.
7. Verification entry of person other than writer of cash book is also not seen.
8. Monthly abstract is not seen on the cash book.
9. Overwriting is seen in the cash book. Difference in cash book and Bank statement reveals the lack of reconciliation

The following rectifications are recommended by audit for proper accounting system of sub division.

1. Strict verification of cash book must be done to correct the figures entered from the beginning by a authorized person.
2. Ensure that the closing balance of cash book agree with closing balance of cheque memo register.
3. Entries regarding the collection should be entered in the cash book on the same day and the remittance entry, in the next day itself to non operative account. The withdrawal by FM & CAO should be entered on the payment side and closing balance of Non operative account entered in the cash book.
4. Recovery entries should be entered in the receipt side of the cash book.

22. Monthly Accounts

Monthly accounts of Sub Division submitted only up to 8/2016. Urgent necessary action shall be taken to submit the accounts up to 11/2019 and intimated to audit.

23. Non remittance of interest credited by Bank

As per KWA manual interest credited by bank shall be entered in to cash book and the same shall be remitted to FM & CAO. This practice was not done by the Sub Division. Urgent action shall be taken to remit the amount and intimated to audit.

24. Reconciliation of Bank accounts

Sub Division has not done the reconciliation till date. As per KWA manual volume V chapter III E (6 & 7) Bank reconciliation shall be done on monthly basis such reconciliation shall be prepared in Form CB 25 Urgent action shall be taken to complete the up to date reconciliation and intimated to audit.

25. Absence of Clerical staff

There are 25 staff working under the Division including Sub Division. Even though there is three sanctioned strength for L.D. Clerk/U.D. Clerk, no clerk is

posted to this Division. Monthly collection of the Sub Division is approximately 1, 50,000. Absence of clerical staff may cause the following.

1. Improper preparation of Cash Book.
2. Non maintenance of pay bill register, service book and other registers.
3. Preparation of monthly accounts (Monthly accounts submitted only up to 8/2016 only).
4. Preparation of reconciliation statement (Sub Division has not done the reconciliation till date)

Urgent necessary action shall be taken to post clerical staff in Division.

26. Pending Paras of Local Audit report

On verification, it is seen that 39 Nos paras are pending up to 2018 – 2019 towards the local audit report conducted by Accountant General's Office. Urgent necessary action shall be taken to drop the paras and intimated to audit.


Internal Auditor
**For Accounts Member
FM&CAO(i/c)**
