

INTERNAL AUDIT REPORT OF PROJECT DIVISION PERUMBAVOOR

PERIOD OF AUDIT : 02/04/2016 TO 13/04/2016

PERIOD COVERED : 04/2011 TO 03/2015

AUDIT TEAM

- 1. Smt. Leelamony S, Accounts Officer & I A in charge**
- 2. Smt. Rajeswari, Divisional Accountant**
- 3. Sri. P S Reghu, Head Clerk**

Part I

INTRODUCTION

The Project Division, Perumbavoor is having the jurisdiction of 4 Taluks under Ernakulam district viz. North Paravoor, Kunnathunadu, Aluva and Kanayammi.

1. Pending Reports on Local Audit Report

2005-06	Part II B	XV
2008-09	Part II B	IX, XII
2009-10	Part II B	I, III, IV (1, 2, 3)
2010-12	Part II B	III
2012-13	Part II B	I, II, V
2013-14	Part II B	I, V, IX, XII, XIII
2014-15	Part II B	I, II, III, IV, V, VI, VII, VIII, IX, X, XI

2. Internal Audit Reports 2009-2011

Paras II b, c, d & e

Work file I

V a, b

3. Pending Reports of Internal Audit during the period 01-04-2011 to 31-03-2013

Part II A

Para I, II, III, IV & V

General Irregularities

Para VI - 5, VII, VIII, IX & XI

A. STAFF POSITION (Attached separately)

2. INTERNAL AUDIT REPORTS 2009-2011

On verification of reply submitted by the Executive Engineer for the internal audit report for 2009-2011, the following facts were noted.

Satisfactory replies/further details for the following paras are still pending. Part II b,c,e,d. Work I and V.

Regarding the reply to the para for monthly accounts, it was stated that action is being taken to rectify the errors noted in Audit. But no action is seen taken to rectify the errors. Necessary action may be taken to rectify errors as early as possible and fact intimated to audit. Journal vouchers should be prepared and expenditure booked under respective head of account and rectify the errors.

Part II A

Major Irregularities

Nil

Part II B

Other Major Irregularities

During the internal audit the following registers and vouchers were verified and noted deficiencies:

I. Cheque memo register

(1) Corrections in entries

Corrections in cheque memo register should be done neatly by scoring out the wrong entry by a single line and the correct entry should be written in red ink above that. No correction shall be done using whitener.

(2) Closing balance remaining in Treasury Account

Treasury account has a balance of Rs. 5,617/- from 31/03/2005 onwards after transferring Rs. 74,450/- into operative account. Special directions from Managing Director has been issued to close the treasury account and to credit the balance amount in the SB account now operating. This has not been done yet. Hence action should be taken to close the treasury account and intimated to audit.

II. Cash book

The following observations are made

- (1) Abstract of 8/12 has not been written in Cash book
- (2) Non transferring of fine and other income recovered from contractors payment into non-operative account.

It is noticed that the fine recovered from Contractor Sri. K O Jose of Rs. 22,441/- on 20/11/2012 as per audit objection and letter from Executive Engineer Iringalakkuda has been remitted to non-operative account on 22/06/2013. But in some other cases of fine recovered the amount has not been remitted in non-operative account.

Eg:

Sl. No.	Date	Head	Amount	Name of Contractor
1	27/04/2011	7211	1100	Sri. C P Eldho
2	26/05/2011	7211	1000	Sri. K O Jose
3	25/01/2012	7211	15000	Sri. K O Jose
4	19/03/2012	7211	3902	Sri. E M Paulose
5	23/04/2012	7211	5000	M/s SMS Paryavarom (2500+2500)
6	20/09/2012	7211	500	Sri. P C Varghese
7	13/01/2014	7299	36168	Sri. K O Jose

8	16/01/2014	7211	1500	Sri. Paulson Chacko
9	24/09/2014	7211	45500	Sri. M V Rajeev

If the fine is charged after requesting fund, the fund includes the fine amount also which is to be transferred to non-operative account. The reason for the non-remittance shall be reported to audit and similar omissions if any shall be verified and rectified.

(3) Non-remittance of liability recovered from contractors in to non-operative account.

As per letter No. SE/KKD/D1- 326/07 Vol II dated 20/03/2013 of Superintending Engineer, PH Circle Kozhikode, Rs. 14,96,397/- has been recovered from Sri. VP Abdul Azeez contractor (as liability for not executing work of technology mission - AQ WSS to Azhiyoor Village - after executing agreement) from his payment of GIDA work on 30/05/2013 in the head 2729. This amount has not been transferred to PH circle Kozhikode or non-operative account. The liability should be taken in 7299 or 7211 code and to be remitted into non-operative account and the fact may be intimated to PH circle Kozhikode. The result may be intimated to audit.

III. Registers

Remittance of Income Tax, Value Added Tax, Kerala Building And Other Construction Workers Welfare Fund (KCWWF) are done regularly as per the registers which is maintained properly.

IV. Security Deposit Register

(1) Non-crediting of lapsed deposit

As per para 15.4.1(2) of KPWA code balance unclaimed SD for more than 3 accounting years should be credited into Government as lapsed deposit. As per the SD register following SD are found idling for years.

Sl. No.	Ast. No.	Work Details	Contractor	Amount	Nature of SD
1	24/08-09	NC/PC Vazhakulam Kizhakkambalam		10000	KVP dated 02/04/2005
2	58/08-09	Macc of Perumbavoor Municipality 08-09	M Johny	35200	2 year POTD dated 09/03/2009
3	59/08-09	Macc of Vallom store yard TP at Kanjirakkadu for 1 year	M Johny	9400 4800 2 years POTD	SBT Perumbavur Performance guarantee 4,400/-
4	60/08-09	Washing cleaning Tank Kanjirakkada for 08-09	M Johny	17,000/-	NSC dated 26/05/2009 4 numbers
5	17/09-10	Asamannor Pf extension of pipe line and Permbavoor WSC to SC colonies	M Johny	18,500/-	KVP 10,000/- 03/07/1997, SBT Deposit Rs. 8,500/- dated 11/03/2009
6	19/09-10	Asamannor Pf extension of pipe line and Permbavoor WSC to SC colonies	M Johny	7,600/-	POTD 2 years
7	27/09-10	Asamannor Pf	M Johny	23000	POTD

		extension of pipe line and Permbavoor WSC to SC colonies			
8	7/10-11 agreement No. dated 08/10/2010	NC/PC Vazhakkulam	M Johny	20200	POTD dated 30/09/2010

Similar cases should be verified and action for forfeiting lapsed securities shall be done under intimation to audit. The amount so obtained should be accounted in the head 7299 not in 2721 or 2731 as it will not be counted an income of Kerala Water Authority.

V. Receipt Book

Receipt book and remittance balance are found correct. Remittance total of each day and date of remittance shall be noted in the receipt book overleaf.

VI. Bank Reconciliation is done regularly

VII. Trial Balance

Debit balance in Income Tax, Value Added Tax, KCWWF etc. remittance. As on 03/2015 trial balance, following debit balances are found.

Head of Account	Debit Balance
2841	115468.00
2835	17612.00
2895	186336.00
2812	6570019.00
1651	45550.00
1662	309315.00
2829	18777.00

The debit balance in 2841, 2835, 2895 and 2829 means excess remittance made than that recovered. This irregularity may be corrected and intimated to audit. Debit balance in 2812, 1651, 1662 shows non-settling of advance remittance to suppliers and non-settling of advance TA. Reason may be furnished and corrections should be done properly.

VIII. SERVICE BOOKS

On verification of service books (16 number) maintained in the Division it is noted that the SBs are maintained properly.

The following points are noted:

(1) Raju MM, D'Man Grade I

As per entries in page no. 122 and 123, the incumbent was sanctioned CML for 5 days from 18/02/2014 to 22/02/2014. Also 5 days is seen deducted in period in days for calculation of earned leave as on 01/04/2014.

But entries regarding the leave sanctioned with necessary leave certificate as per rule 93(iii) Part I KSR is not seen recorded in the SB. The same may be furnished.

(2) K S Aharaf D'Man Grade I (HG).

(a) "Sanctioned commuted leave for 14 days from 16/05/2015 to 29/05/2015 on medical ground". Necessary leave certificate is not seen recorded

(b) "Sanctioned commuted leave on medical ground from 30/05/2015 to 08/06/2015. The total number of days of leave is not recorded. Also necessary leave certificate is not recorded.

(c) "Sanctioned commuted leave on medical ground on 09/06/2015" Necessary leave certificate is not recorded.

The above details may be recorded and fact reported.

IX (1) GPF pass book and Advance Register

On verification of GPF pass book, it is noted that the pass books are maintained properly. DA arrears are credited regularly.

In GPF advance register it is found that details of advances taken are not recorded in the register since 22-06-2009. The reason for not maintaining the register for the last 5 years shall be explained.

Also the register shall be updated and fact intimated to the audit.

(2) Increment control Register

Maintained properly

(3) Non-Operative Account Control Register

Page number certificate is not seen recorded. First 6 pages are seen kept blank.

The entries made in the register are not seen authenticated by the Head of Office from 12/2015 onwards and the entries are made in a casual manner. The above facts may be attended and register shall be maintained properly.

(4) Stamp Register

Page number certificate is not seen recorded. The entries made in the register are not seen supervised by JS/DA and also not seen authenticated by the Executive Engineer. The register shall be maintained properly with relevant column such as remark/initials of Head of office etc. and with proper verification, initials of Head of office.

(5) Attendance Register and Casual leave Register for 2015

Casual leave account is not seen carried over in the register from August 2015 onwards.

In casual leave register, page number certificate is not recorded. The details of Casual Leave are seen recorded, but without any supervision and initials of Head of office. The registers shall be updated with proper supervision and authentication and shall be produced before next audit for verification.

(6) Incumbency Register

Page number certificate is NIL. The details furnished are insufficient. All the registers such as SB register, Sanctioned Strength Register etc. shall be maintained properly as per Account Manual, with proper periodical verification and supervision. Also Travelling Allowance Advance cum Bill Register shall be maintained with one page for one incumbent, recording facts regarding advance availed etc.

X. WORKS AUDIT

A. Name of work

NABARD aided to RWSS to Koovapady panchayath - supplying, laying and commissioning of 5974 m of 250mm D1K9 clear water pumping main (zone I) from treatment at kodanad.

Agreement No. 23/SE/PHC/CHN/08-09 dated 21/01/2009.

PAC : Rs. 2.02 Crore

Contractor : Shri. K O Jose

Irregularities

1. Receiving the materials from work through white paper receipt

The balance materials from above work and the contractors supply of materials for future maintenance were taken by the Assistant Engineer-III through white paper which is highly irregular. It had to be done through MASTN and appropriate entry should be made in the MAS - Register. On enquiry the present status of the materials are not known to the present Assist Engineer. So the cost of the materials may be recovered from the Assistant Engineer concerned unless the status of materials is reported and explained.

2. Non-recovery of the cost of balance materials from contractor

As per the MAS - statement of the subject work file it is noted that certain materials were balance with contractor. Out of that all materials except 250mm CIDF Bend - 13 Nos. were seen handed over to concerned Assistant

Engineer. The cost of the Bend was not recovered from the contractor while the final payment was made which is irregular. So the cost of the materials may be recovered from the contractor and intimated to audit otherwise the same may be realised from the incumbent concerned.

3. Unauthentic transfer of materials

On verification of MAS statement of the subject work it is noted that 250mm C1 D/F valve - 1 No. and 200mm CJ D/F valve 2 Nos. had been transferred from this work to NABARD aided WSS to Koovapady pt. Inter connection work at Mayurapuram tank site and NABARD aided WSS to Koovapady pt. interconnection work at Kaayuthiryal tank site respectively Vide MASTN No. Nil dated 14/12/2010 and No. Nil dated 10/12/2010. The genuinity of this MASTN is susceptible on the following grounds.

1. The transferor and transferee of materials are the same Assistant Engineer and it has not been counter signed by the Executive Engineer.
2. The material transferred work files are not produced for audit and so could not verify the utilisation.

B. Name of Work

NABARD aided RWSS to Koovapady panchayat supplying laying testing and commissioning of 250mm D1K9 clean water pumping main from treatment plant to GL tank at Kodumadu zone II.

Agreement No. 22/SE/PHC/CHN/2008-09 dated 22/01/2009.

PAC : Rs. 2,30,00,624

Contractor : Sri. K O Jose

Irregularity

1. Materials received in paper receipt

On scrutiny of MAS account of the final bill of the subject work, it is noted that certain balance materials from work were taken into custody by the Assistant Engineer through white paper instead of MASTN which is highly irregular. The present physical status of these materials is unknown since the MAS - Register

has not been produced by the concerned Assistant Engineer to audit. So the Executive Engineer may be directed to verify the records, material status and report to audit. If it is not found, the cost of the materials may be recovered from the Assistant Engineer concerned. The details of materials are as follows:

1. 250mm DI pipe : 131.70 meters
2. 250mm DI collar : 25 nos.
3. 200mm CI D/F valve : 2 nos.
4. 80mm Air valve - 7 nos.

2. Using of MASTN - Without Proper Authentication

On verifying the MAS statement of the subject work it is seen that 250mm C1 D/F valve, 1 no. and 200mm CI - D/F valve - 2 nos. were transferred to another work - Inter connection work and Kayuthiyar tank site through MASTN - vide No- nil date 17/12/2010. The transfer of materials is under doubt due to following reasons.

1. The MASTN - is not duly counter-signed by Assistant Executive Engineer since the transferor and transferee are the same.
2. The inter connection work file were produced for audit and hence the utilisation of materials could not be ensured.

So the Executive Engineer may verify the utilisation of the materials and report to the audit; failing which it will be treated as the liability of Assistant Engineer concerned.

Name of Work

C. NABARD aided RWSS to Koovapady panchayath supplying, laying, testing and commissioning of various sizes of PVC pipes for distribution system - zone I.

Agreement No. : 28/SE/PHC/CHN/2008-09 dated 31/03/2009

PAC : Rs: 2,61,66,215/-

Contractor : Sri. E M Poulouse

Irregularity

Whereabouts of the materials - not known

As per the MAS statement of the subject works, final bill, the balance materials from work were handed over to department. But there is no supporting documents (MASTN) of transferring the materials attached to the files. So the present status of the materials may be reported to audit. If it is not found the cost of the same may be realised from the Assistant Engineer III. The list of materials are as follows:

1. 63mm PVC pipe 6 kg - 18.2 metre
2. 75mm pvc pipe 6kg - 5.5 metre
3. 90mm pvc pipe 6 kg - 49.1 metre
4. 20mm C1 pipe - 382 metre
5. 50mm C1 pipe - 5.3 metre
6. 80mm C1 pipe - 9.4 metre
7. 100mm C1 pipe - 15.3 metre
8. 50mm GM valve - 5 nos.
9. 65mm GM valve - 1 no.
10. 80mm GM valve - 1 no.
11. 100mm GM valve - 1 no.
12. 125mm GM valve - 1 no.
13. 200mm C1 valve - 1 no.
14. 25mm air valve - 1 no.
15. 40mm air valve - 1 no.

Name of work

D. Deposit work - GIDA improvement of WSS to Elamkunnapuzha, Njarakkal and Nayarambalam Panchayath - construction of 17.90 lakh litre capacity OHSR at Njarakkal.

Agreement No. : 5/2010-11/CE/CR/CHN dated 26/02/2011
Tendered PAC : Rs. 4,91,11,787
Accepted PAC : Rs. 5,69,30,942 (28% above)
Contractor : Sri. V P Abdul Azeez

Tendered PAC : Rs. 4,91,11,787
Accepted PAC : Rs. 5,69,30,942 (28% above)
Contractor : Sri. V P Abdul Azeez
Time of completion : 12 months ie. On or before 25/02/2012
Inordinate delay in completion of work

The subject work was awarded to the constructor Sri. V P Abdul Azeez with a time of completion of 12 months ie. on or before 25/02/2012. But the contractor could not complete the work on due date and the time of extension was given two times up to 31/12/2015 by imposing fine as per CI-18 of special condition of NIT. But even after repeated instructions from the office, the contractor has not taken any step to resume the work deliberately. Now the work is in a condition of abandoned in the mid-way. Now four years have been elapsed from the proposed date of completion. So urgent action may be taken for arranging the work at the risk and cost of the contractor and recommend to include his name in the blacklist forthwith and the details intimated to audit.


Internal Auditor


Accounts Manager


Accounts Member