

INTERNAL AUDIT REPORT OF PROJECT DIVISION PALAKKADU

PERIOD OF AUDIT: 08/09/2016 TO 30/09/2016

PERIOD COVERED: 01/04/2011 TO 31/03/2016

AUDIT TEAM

- 1. Sri. K.J. Nizar, Internal Auditor**
- 2. Smt. Rajeswari, Divisional Accountant**
- 3. Sri. P.S Reghu, Head Clerk (HG)**
- 4. Sri. B.Manoj, Head Clerk**

Part - I**A. INTRODUCTION**

The project division, Palakkadu is functioning from 01/07/2009, for arranging project which covering all Panchayats and Municipalities in Palakkadu district.

The audit covering the period from 01/04/2011 to 31/03/2016 was conducted from 08/09/2016 to 30/09/2016.

OFFICERS IN CHARGE

KERALA WATER AUTHORITY					
WS PROJECT DIVISION, PALAKKAD					
Incumbency details of Executive Engineer, Asst. Exe. Engineer and Asst. Engineers, Divisional Accounts Officer, Junior Superintendent for the Period 01-04-2011 to 31-3-2016					
Sl. No.	Name	Designation	Period		Remarks
			From	To	
Executive Engineer :					
1	Sri.K.G.Unnikrishnan	Executive Engineer	01-04-2011	06-10-2012	
2	Sri.M.V.Sivasankaran,AEE I	In charge	07-10-2012	22-11-2012	
3	Sri.C.Sunilkumar,AEE II	In charge	29-11-2012	02-12-2012	
4	Sri.E.V.Rajagopalan	Executive Engineer	03-12-2012	30-04-2015	
5	Sri.C.Sunilkumar,AEE II	In charge	01-05-2015 FN	04-07-2015 AN	
6	Smt.UshaRadhakrishnan	Executive Engineer	06-07-2015 FN	continuing	
Asst.Executive Engineer I					
1	Sri.M.V.Sivasankaran	Asst.Executive Engineer	01-04-2011	26-12-2013 FN	
2	Sri.C.Sunilkumar,AEE II	In charge	26-12-2013 FN	23-01-2014	
3	Sri.K.Krishnankutty.K	Asst.Executive Engineer	24-01-2014	31-05-2015	
4	Sri.C.Sunilkumar,AEE II	In charge	01-06-2015	04-07-2015	
5	Sri.P.A.Subaiyar,AE II	In charge	05-07-2015 FN	07-07-2015 AN	
6	Sri.Saleemkumar,AE I	In charge	08-07-2015 FN	09-09-2015 FN	
7	Smt.ManjuRanii,HD	In charge	09-09-2015 FN	15-09-2015 AN	
8	Smt.P.A.Suma	Asst.Executive Engineer	16-09-2015 FN	continuing	
Asst.Executive Engineer II					
1	Sri.C.Sunilkumar	Asst.Executive Engineer	01-04-2011	04-07-2015	
2	Sri.P.A.Subaiyar, AE II	In charge	05-07-2015 FN	15-09-2015 AN	

3	Sri.Baby George	Asst.Executive Engineer	16-09-2015 FN	continuing	
---	-----------------	-------------------------	---------------	------------	--

Asst.Executive Engineer III

1	Sri.Jayachandr'an.R	Asst.Executive Engineer	01-10-2013	26-12-2013	AEE post of IPD Sub division merged to WSP Division 01/10/2013
2	Sri.A.S.Raju, AE	In charge	27-12-2013	09-01-2014	
1	Sri.C.Sunilkumar, AEE II	In charge	10-01-2014	04-01-2015 AN	
2	Sri.M.K.Sunilkiimar	Asst.Executive Engineer	05-01-2015 FN	11-05-2015 AN	
3	Sri.K.Krishnankutty, AEE I	In charge	12-05-2015 FN	31-05-2015 AN	
4	Sri.C.Sunilkumar, AEE II	In charge	01-06-2015 AN	04-07-2015 AN	
5	Sri.P.Saidalavi, AE III	In charge	05-07-2015 FN	15-09-2015 AN	
6	Sri.Baby George, AEE II	In charge	16-09-2015 FN	14-02-2016	
7	Sri.Rathishkumar.S	Asst.Executive Engineer	15-02-2016	continue	

Assistant Engineer I

1	Sri.M.Karthikeyan	Asst.Engineer	01-04-2011	05-11-	
3	Sri.Salcemkumar.M	Asst.Engineer	06-11-2014	09-09-2015	
4	Sri.P.A.Subaiyar, AE II	in charge	09-09-2015	11-10-2015	
5	Sri.T.Nazar	Asst.Engineer	12-10-2015	07-02-2016	
5	Sri.M.Karthikeyan	Asst.Engineer	08-02-2016	continue	

Asst.Engineer II

1	Sri.C.V.Benny	Asst.Engineer	01-04-2011	28-05-2011	
2	Sri.A.S.Raju, AE IV	in charge	29-05-2011	01-03-2013	
3	Sri.P.A.Subaiyar	Asst.Engineer	02-03-2013	20-01-2016	
4	Sri.T.Nazar, AE I	in charge	21-01-2016	07-02-2016	
5	Sri.T.Nazar	Asst.Engineer	08-02-2016	continue	

Asst.Engineer III

1	Sri.P.Saidalavi		01-04-2011	continue	
---	-----------------	--	------------	----------	--

Asst.Engineer IV

1	Sri.A.S.Raju	Asst.Engineer	01-04-2011	09-01-2014	
2	Sri.P.A.Subaiyar, AE II	in charge	10-01-2014	02-03-2014	
3	Sri.K.Yusaf	Asst.Engineer	03-03-2014	19-11-2014	
4	Sri.P.Saidalavi, AE III	in charge	20-11-2014	27-11-2014	
5	Sri.Abdunasar.P.T	Asst.Engineer IV	28-11-2014	30-11-2014	
6	Sri.P.Saidalavi, AE III	in charge	01-12-2014	28-02-2015	
7	Smt.ManjuRani.M	in charge	01-03-2015	01-06-2015	
8	Sri.P.A.Subaiyar, AE II	in charge	02-06-2015	11-10-2015	
9	Sri.T.Nazar, AE II	in charge	12-10-2015	continue	

Head Draftsman

1	Sri.M.S.Babu	Head D'Man	01-04-2011	22-09-2011	
2	Sri.M.Karthikeyan, AE I	in charge	23-09-2011	03-10-2011	
3	Sri.K.P.Abdulla	Head D'Man	04-10-2011	06-10-2012	
4	Sri.M.Karthikeyan, AE I	in charge	07-10-2012	28-02-2013	
5	Smt.P.Raji	Head D'Man	01-03-2013	26-02-2014	
6	Sri.P.Saidalavi, AE III	in charge	27-02-2014	02-03-2014	
7	Sri.K.Yusaf, IV	in charge	03-03-2014	19-11-2014	

8	Sri.P.A.Subaiyar,AE II	in charge	20-11-2014	27-11-2014	
9	Sri.Abdunasar.P.T	in charge	28-11-2014	30-11-2014	
10	Sri.P.A.Subaiyar,AEII	in charge	01-12-2014	02-01-2015	
11	Smt.ManjoRani.M	Head D'Man	03-01-2015	26-04-2015	
12	Sri.P.A.Subaiyar,AE II	in charge	27-04-2015	30-05-2015	
13	Smt.ManjiiRarii.M	Head D'Man	31-05-2015	18-08-2015	
14	Sri.P.A.Subaiyar,AE II	in charge	19-08-2015	26-08-2015	
15	Smt.ManiiiRani.M	Head D'Man	27-08-2015	15-09-2015	
16	Sri.P.Saicialavi,AE III	in charge	16-09-2015	17-09-2015	
17	Smt.ManjBRani.M	Head D'Man	18-09-2015	02-11-2015	
18	Sri.P.Saktalavi,AE III	in charge	03-11-2015	20-01-2016	
19	Sri.T.Nazar,AE II	in charge	21-01-2016	07-02-2016	
20	Sri.R.Moliandas, D'ManGr.I	in charge	08-02-2016	Continue	

Divisional Accounts Officer

1	Sri.Sivanandan.S	DAO	01-04-2011	22-10-2012 FN	
2	Sri.AbdulBasheer.T.K	DAO	22-10-2012 AN	23-01-2013	
3	Sri.K.Mphanan	in charge	24-01-2013	30-03-2013	
4	Sri.VKNarayanankutty,UDC	in charge	31-03-2013	05-05-2013	
5	Sri.N.K.DileepkUrnar,JS	in charge	06-05-2013	11-07-2013	
6	Sri.V.K.Naayanankutty,UDC	in charge	12-07-2013	06-09-2013	
7	Smt.N.Umamaeswary,UDC	in charge	07-09-2013	20 ² 0122014 AN	
8	Sri.T.V.Philips,JS	in charge	20-01-2014	08-05-2014	
9	Smt.S.K.Shameem	DAO	09-05-2014	01-12-2014 FN	
10	Sri.M.P.Unnikrishnan	DAO	01-12-2014 AN	25-01-2016 FN	
11	Smt.T.V.Many	DAO	25-01-2016 AN	05-07-2016	

Junior Superintendent

	Sri.K.Mohan	Junior Superintendent	01-04-2011	31-03-2013	
	Sri.V.K.Narayanankutty,UDC	in charge	01-04-2013 AN	06-05-2013 FN	
	Sri.N.K.Dileepkumar	Junior Superintendent	06-05-2013 FN	11-07-2013 AN	
	Sri.V.K.Narayanankutty,UDC	in charge	11-07-2013 AN	06-09-2013 AN	
	Smt.N.Umamaheswary,UDC	in charge	06-09-2013 AN	20-01-2014 FN	
	Sri.T.V.Philips	Junior Superintendent	20-01-2014 FN	09-05-2014 FN	
	Sri.M.A.Abish,UDC	in charge	09-05-2014 AN	01-06-2014	
	Smt.Elsy Varghese	Junior Superintendent	02-06-2014	31-01-2015 FN	
	Sri.Arurnughan.O	Junior Superintendent	31-01-2015	25-01-2016 FN	
	Sri.V.K.Narayanankutty,UDC	in charge	25-01-2016 AN	31-03-2016	

PROJECT DIVISION, PALAKKADU

PART II

A. Major Irregularities

NIL

PART III

B. Other Major Irregularities

I. Cash book

- (a) No mandatory certificate of number of pages is seen entered in the registers.
- (b) Cash book abstracts are not seen written from 04/2012 to 03/2013 and 06/2013 to 01/2014.
- (c) Certificate of cash balance is not seen written from 09/2013 onwards.
- (d) On 02/04/2011, the imprest account is seen booked under the head of account 3499 instead of 1532.
- (e) Transfer of fund to Head office from Non-operative account is seen recorded in receipt side of cash book. It should be in the (head of account) payment side in 9134. ^{the head of alc} The above defects may be rectified and reported to audit.

II. Cheque Memo Register

Following general facts noted for correction and future guidance.

3 numbers of SB Accounts are maintained other than non-operative account.

1. Salary 67086988402
2. Works 67147923898
3. NRDWP 67221379782
4. Non-operative account 67151051035

- (a) Fund is seen transferred from the account of works to the account of salary and vice versa without specifying the purposes several times. Transferring of fund from one account to other without specific reason comes in the purview of fund diversion. This may be avoided and if ^{is needed} comes so, reason should be stated in the relevant records.

Establishment payment is seen given from works account and fund to be credited in salary account is seen credited in works account. This practice should be avoided in future.

- (b) It is noted that charge handed over entry is initialled by the Executive Engineer but 'taken charge' entry is not seen recorded in cheque memo registers. The entries of "taken charge" should be made signed by the concerned officer.
- (c) In the cheque memo register of works for 05/2013 Rs. 2,83,873/- is seen transferred from salary account but in cheque memo register of salary such a transfer entry is not seen in 05/2013. In cash book the entry in the payment side of the same is also not seen. This may be corrected and report to audit.
- (d) Rs.19,100/- is seen in excess as written in closing balance of CMR of works in 08/2011. From 08/2011 to 04/01/2013 corrections are made in the balance column of CMR. On 07/09/2011 an entry in pencil is seen as "Adjustment cheque issued - Rs. 5100/-" which is not account^{ed} and no cheque issued. This may be cleared to audit. In the balance column of Cheque Memo register corrections are seen from 08/2011 to 04/01/2013. On 07/09/2011 an entry in pencil is seen as "Adjustment cheque issued - Rs. 5100/-" which is not accounted and no cheque issued. This may be checked and cleared under intimation to audit.

III. Bank reconciliation

- (a) On verification of Bank reconciliation statement as on 30/04/2014 of works account No. 67147923898 it is seen that Rs. 1,83,899/- is recorded as "transfer from non-operative account but not recorded in cash book as per list E". But list E is not attached and no such transfer seen in non-operative accounts' bank statement for 04/2014. It is replied that Rs. 1,83,899/- ^{is the} interest accrued from SB A/c No. 67147923898 and same has been remitted into non-operative account. The details of the remittance with copy of Bank statement in which the same entry

recorded may be submitted to audit along with ^{the corrected} corrected Bank reconciliation statement with details of list A, B, C, D, if any.

- (b) As per reconciliation of works account for 01/2012 and 02/2012 it is seen that amount of Rs. 4,74,000/- and 36,000/- respectively are credited in bank but not taken in cash book. This amount is seen credited in cheque memo register on 27/02/2013. The source of this fund is not traced out and marked in cheque memo. In the Bank statement of 02/2012 Rs. 36,000/- is not seen. This may be cleared to audit with copy of reconciliation of 02/2012 and 03/2012.
- (c) Rs. 7,53,502/- is seen as interest accrued in the three SB accounts maintained in this Division for the period 05/2012 to 05/2014.

On audit enquiry it is replied that the same will be remitted to non-operative account shortly. The details of the remittance may be submitted to audit.

IV. Monthly Accounts and Trial Balance

- (a) The CB-27 for the month 03/2013 and 03/2014 shows variations in receipt side and payment side amount of account code 9139 which is to be tallied and should not project in Trial balance.

In Trial balance of following years the status of 9139 shows the discrepancy:

Year		Dr	Cr
March 2012	9139	-	10.00
March 2013	-	-	30.00
March 2014	9139	6038.00	-
March 2015	-	-	856255.00
March 2016	-	-	1168207.00

This incorrect accounting may be corrected and copy of revised CB 27 and trial balance may be submitted to audit.

- (b) In 9212 and 9219 credit balance / debit balance seen in trial balance which means the control account codes are not journalised properly . As per trial

balance of 03/2013, the figure against 9212 is Rs. 1160940/- in debit balance which is not possible. Same as in the case of 03/2014, 03/2015 and 03/2016. Similarly 9219 will not come in trial balance if properly journalised especially in credit balance but it is seen that 9219 has huge amount as credit balance in 03/2014 and 03/2016.

(c) On verification of trial balance for 03/2016 debit balance ^{gr} seen in following head of account.

2841 – Rs. 21,048/-

2895 – Rs. 37,406/-

Which implies excess ^{remittance} remitting of income tax and KCWWF.

Similarly in the case of

LIC 2825 -Rs. 2,194/- and

Prof.tax 2826 - Rs. 1,250/- as debit balance.

The above may be verified and corrected and copy of the corrected trial balance may be submitted to audit.

(d) Closing balance of Rs. 03/2016 in SB Accounts are as follows ^{as} per cheque memo register.)

Salary	2290742.00
NRDWP	727693.00
Works	368320.00
Total	3386755.00

This is posted in trial balance as follows:

1511A	2012844.00	
1511B	4410030.00	
1511C		3036119.00
Total	3386755.00	

The occurrence of the split up may be explained to audit.

(e) Rs. 7,46,98,011/- is posted under the head 1669 in debit. The details of this payment may be submitted to audit.

WORKS

✓ **Non-keeping of Material Account Register**

On verification of work files, it is noted that huge quantities of materials, including future maintenance are transferred to the custody of concerned Assistant Engineer when the works completed. Then all these materials are being transferred to maintenance division's store through MRN under this office ie. to PH Division, Shornur and PH Division Palakkad. But this office has not been maintained a Material Account Register which denotes the material transaction. So how much quantity of materials transferred to each division are not known. So Material Account Register should be maintained by concerned Assistant Engineer so as to enable the stock verification team to verify the physical status of materials transferred in receiving division.

Name of Work

ARWSS to Pattambi – construction of 1.05LL capacity sump if pump house at TB compound, Pattambi.

Agreement No.: 72/00-07/EE/PH/SRR dated 06/10/2006.

Tender PAC: Rs. 6,52,722/-

Accepted PAC :Rs. 7,91,085 (35% above)

Contractor : Sri. Mohammed Ali

Date of completion : 3 months from the date of agreement.

Irregularities

1. Non-imposing fine for belated execution of agreement

The work order of the subject work was sent to the contractor on 21/08/2006 and directed to execute the agreement on or before 11/09/2016. But the contractor is seen executed agreement on 06/10/2016 ie. 25^{days} elapsed from the due date. No fine as per NIT condition for belated execution of agreement had been imposed. An amount of Rs. 7,910/- (1% of the PAC) should have

been levied as fine against the contractor. So the same may be recovered from the contractor and report to audit. Failing which it may be treated as the liability of the concerned officer.

2. Non-Termination of contract

The subject work was awarded to Sri. Mohammed Ali, Contractor with a time of completion of 3 months ie. On or before 03/01/2007. But the contractor had been completed first part (construction of sump) only on 20/11/2007 and submitted the CC 1st and part bill. After that he had stopped the work for a long period. This office has not seen taken any steps for terminating the contract and complete^{ing} the work at his risk and cost so far. At the same time several other works under this division has been executed by him. Instead of terminating the contract, the same contractor has been allowed to continue the completion of balance allied works by granting extension of time of completion from 21/11/2006 to 30/01/2011 without imposing fine which is highly irregular and irresponsible. So the Executive Engineer may be reply^{ed} for the following:-

1. Non-terminating the contract
2. Non-executing the work at risk and cost.
3. Non-imposing fine for the extension of time of completion

3. Irregular use of power of sanctioning

The subject work was awarded to the contractor at 35% above the estimate rate by the Chief Engineer (NR), Kozhikode vide order No. KWA/CE/NR/D11:3615/06 dated 07/08/2006. As per rule the CE could give sanction ~~25%~~ 25% above only. Beyond that, ^{which will be} the power of MD and government. So reply may be sought from the CE for misusing the power of sanctioning.

4. Non-accounting and non-recovery of cost of rubbles got from work

In due course of the execution of work, the contractor has been executed 25.28 m³ of granite rock blasting as extra item. But on verifying the bill module there is no record of useful materials got from work. As per rule

minimum 50% of materials should have been got. So the cost of 12.5m³ rubbles may be recovered from the contractor and report to audit.

Name of Work

NRDWP – XIV – 2011 – CWSS to Kuzhalmandam, Thenkurissi and Kannadi Panchayaths in Palakkad District

Renovation of existing intake well and associated structure, design, construction, trial running, commissioning and maintenance of 9.5 MLD water treatment plant, supplying, laying, testing, commissioning and maintenance of 300mm, 250mm and 200mm DI clear water pumping main 200mm PVC gravity main, design, supply, erection, commissioning and maintenance of raw water and clear water pump sets and transformer etc.

Agreement No. 7/13-14/SE/PKD dated 27/05/2013

PAC :Rs. 3,42,00,000/-

Contractor : M/s Navin Constructions

Irregularities

1. Non-Levey of fine for belated execution of agreement

The work order of the subject work was sent to the contractor on 02/05/2013 which directed to execute the agreement on or before 23/05/2013. But the firm is seen executed the agreement on 27/05/2013 ie. 4 days elapsed from due date.

No fine is seen imposed for belated execution of agreement. Fine as per NIT *condition* should have been levied. As such an amount of Rs. 15,000/- may be imposed and recovered from the firm towards fine and report to the audit.

2. Short levy of fine for the extension of time of completion

The subject work was awarded to the firm with the time of completion on or before 26/11/2014. Whereas the contractor could not complete the work in due time. Hence first time extension was granted up to 30/07/2015 without

imposing fine. But the contractor has failed to complete the work within the extended time. Whereas the firm requested further time of extension up to 30/03/2016 from 30/07/2015. The Superintending Engineer is seen granted the extension up to 30/03/2016 by imposing a fine of Rs. 10,000/- which is not so. Fine as per NIT should have been imposed.

LD clause as per agreement had to be implemented. Delay in giving payment of CC bills is not at all a reason for exempting LD clause. So the fine as per LD clause may be realised from the contractor in the following ways.

Balance amount of work to be done is Rs. 3,56,82,376/-

Limited to maximum 10% of the contract value. Rs. 34,20,000/-

Name of Work

VICM
NRDWP – XIV – SLSSC – 2011 – CWSS to Peringottukurissi and Kathannur Panchayats in Alathur Taluk in Palakkad District Package -1. Renovation of the existing intake well and associated structure, design, construction and trial running commissioning and maintenance of 300 mm D1 raw water pumping main and 200mm D1 clear water pumping main and distribution system using PVC, D1 and GI pipe of various size. Design, supply, erection, commissioning and maintenance of pump sets transformers.

Agreement No.: 20/12-13/SE dated 07/03/2013

Accepted PAC :Rs. 9,82,33,321/-

Contractor : M/s Chicago construction

Irregularity

Irregular releasing the retention – money before completing the work

On verification of the work files it is noted that the retention money recovered from each part bills were released to the contractor before completing the work which is highly irregular and against NIT condition. As per clause 8.14.1 of NIT – on the grant of completion certificate to the contractor by the Engineer in charge of the work and within one month of the commencement of the maintenance

period, 3% of the contract value out of the total 8% of the security deposit shall be refunded to the contractor. Balance 5% of the security deposit will be released as follows. 1% on completion of 12 months. Balance 2% on completion of full guarantee period. The above work was completed on 31/12/2014 and the trial run was started on 06/04/2015. Before completing the work, the retention money Rs. 57,71,000/- recovered from the CC bill has been released on 14/08/2014 to the contractor which lead to the loss of Kerala Water Authority in terms of interest. More over the amount set part for trial running and commissioning and maintenance Rs. 41,14,453/- each, was also seen released on 24/03/2015 which is highly irregular and violation of NIT. So the Executive Engineer may be explained with specific remarks for non-complying with NIT to audit.

Likewise releasing and recouping of retention money, amount set part for trial running and commissioning and maintenance is also noted in the following works of same contract.

Name of work

NRDWP – WSS to Anakkara, Pattithara and Kappur Panchayats in Pattambi Taluk in Palakkad District

Agreement No.: 09/13-14/SE dated 02/07/2013

PAC :Rs. 3,37,87,530/-

Contractor : Chicago Constructions

Executive Engineer may also be stated the reason for showing bias to a particular contractor in releasing the recovered amount by violating the norms, to audit.

Name of Work

CRWSS to Kudumba and Polpally villages in Palakkad district:

Supply laying, testing, commissioning and maintenance of major pipes and distribution system zone I and III – using PVC, D1 and GI pipes from 280mm PVC to 20mm GI – including construction of valve.

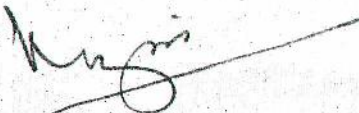
PAC :Rs. 1,60,99,220/-

Contractor : Mohammed Rasheed

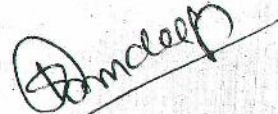
Irregularity

Shortages of materials

On verification of CC final bill and MAS, it is noted that 23.75 meter of 280mm PVC 6 Kg pipe and 53.80m of 200mm DI pipe are balance and transferred to Assistant Engineer vide MRN No.: 17 dated 11/03/2014 when the work was completed. But when the same materials transferred to maintenance division, Shornur, the Assistant Engineer could transfer only 20 meter of 280mm PVC 6Kg pipe and 15 meter of 200mm DI pipe vide MRN 84 of 20/09/2016. The short of transfer of materials are 3.75 meter of 280mm PVC pipe and 15 meter 200mm DI pipe. The Assistant Engineer concerned has been failed to produce utilisation details of materials short. So the cost of the materials may be calculated at market rate and recovered from the Assistant Engineer concerned and report to audit.


Internal Auditor


Accounts Manager


Accounts Member