



भारतीय लेखा तथा लेखापरीक्षा विभाग
INDIAN AUDIT AND ACCOUNTS DEPARTMENT
प्रधान महालेखाकार (सामान्य एवं सामाजिक क्षेत्र
लेखापरीक्षा) का कार्यालय, केरल, तिरुवनन्तपुरम - 695001
OFFICE OF THE PRINCIPAL ACCOUNTANT GENERAL
(GENERAL & SOCIAL SECTOR AUDIT),
KERALA, THIRUVANANTHAPURAM - 695 001

Date: 30/06/2017

No. RAO/KWA/III/IR/2-396/2015-16/ 88

From

The Resident Audit Officer,
Kerala Water Authority,
Thiruvananthapuram.

To

The Executive Engineer,
Public Health Division,
Kerala Water Authority,
Kochi.

Sir,

Sub:- Local Audit Report – Forwarding of – reg.

I forward herewith the Local Audit Report on the inspection of accounts of your office for the year 2016-17 and request you to furnish the reply through the Superintending Engineer, Public Health Circle, Kerala Water Authority, Kochi as required in Para No.4.5.3 of KPWA Code. In this connection, reference is invited to Article 63(c) of the KFC Volume I according to which the replies to the Inspection Report have to be furnished within 4 weeks of receipt of the Report.

The report has been prepared on the basis of information furnished and made available by the Auditee. The Office of the Principal Accountant General (G&SSA), Kerala, Thiruvananthapuram disclaims any responsibility for any misinformation and/or non-information on the part of Auditee.

The receipt of the document may please be acknowledged.

Yours faithfully

sd/-

**RESIDENT AUDIT OFFICER
KERALA WATER AUTHORITY**

Copy along with a copy of the report forwarded to:

1. The Superintending Engineer, Public Health Circle, Kerala Water Authority, Kochi.
2. The Accounts Member, Kerala Water Authority, Thiruvananthapuram for information and necessary action.

**RESIDENT AUDIT OFFICER
KERALA WATER AUTHORITY**

**LOCAL AUDIT REPORT ON THE ACCOUNTS AND REGISERS OF
THE PUBLIC HEALTH DIVISION (KWA), KOCHI FOR THE PERIOD
2016-17**

Part I

a. Introductory

The Public Health Division (KWA), Kochi attends to the maintenance of various Water Supply Schemes and collection of water charges under its jurisdiction. The Division has five Sub Divisions viz., W.W Sub Division, Kochi-16, W.W Sub Division, Kaloor, Kochi-17, WW Sub Division, Vyttila, Kochi-20, W.W Sub Division, Kochi-05 and Sewerage Sub Division, Kochi-16. The Executive Engineer is the head of the Division.

The local audit was conducted from 26.05.2017 to 03.06.2017 under section 19 (3) of the CAG's DPC Act 1971.

As of 31 March 2017 the Public Health Division, Kochi has 1,69,646 consumers under various classes. The total revenue towards water charges during the year 2016-17 was ₹ 7,261.07 lakh.

b. Officer in charge

Smt.M.A.Jessy Jose.N, Executive Engineer from 01.04.2016 to 31.03.2017.

c. Financial analysis – 2016-17

(₹ in lakh)

<i>Category</i>		<i>Amount</i>
Expenditure	Works	765.69
	Establishment	1,010.66
Revenue Collection		7,261.07

d. Internal Audit/Inspection:

No Internal Audit was conducted during the period under audit.

e. Objective and Scope of Audit:

The objective of Audit was to ensure effective Internal Control System in the Division, to see that the execution of works was carried out economically, efficiently, effectively and the revenue collection was effective etc. The scope of Audit included verification of the records relating to works viz., work register, tender/agreement register, work files, cash book, monthly accounts and vouchers, documents relating to collection of water charges etc.

PART II

A. Significant audit findings

Nil

PART II

B. Other incidental findings

I. Replacement of old 300 mm. CI pipe line in Mattancherry & Fort Kochi areas – Excess procurement of pipes and payment of road restoration charges to PWD on inflated rates – loss of ₹ 30.06 Lakh

The work envisaged replacement of replace old and damaged 300 mm. CI pipes, at a total stretch of 1,800 meter with 315 mm. HDPE pipe, 90 mm. PVC pipes in Mattancherry and Fort Kochi area. The AS and TS of the work was accorded for ₹ 87 lakh (including road restoration charges of ₹ 95,000) on 29.06.2012 and 21.07.2012 respectively. The work was tendered on 22.09.2012 with TPAC of ₹ 59.50 lakh and the work was awarded (January 2013) to M/s. TBML Projects Pvt. Ltd. for ₹ 78 lakh.

The comparative statement of TPAC and the quoted PAC is given below:

Item	Tendered Value (₹)	Quoted value (₹)	Difference
Materials	40,20,830	61,98,475	54% above
Working charge	18,24,000	15,91,110	13% below
Construction of valve	95,000	10,415	89% below
	59,39,830	78,00,000	

Scrutiny of the work file revealed that the contractor had supplied the entire quantity of HDPE pipes (1,800 meter) and laid 1,271 meter by July 2013. He repeatedly requested KWA to obtain sanction for cutting the road of the incomplete stretch (500 meter). In a meeting summoned by the MLA at KWA premises (23.12.2014) it was stated that the balance pipe laying work (500 meters) is not required as there is no possibility of obtaining sanction of the Corporation for road cutting. It was decided to commission the scheme with the pipes already laid.

As per the certificate of the Assistant Executive Engineer (April 2016) the balance quantity of 315mm. HDPE pipes and 48 electro fusion couplers are taken into stock. The Executive Engineer certified (August 2016) that the firm had successfully completed and commissioned the work (15.09.2015). The completed value of work worked out to ₹ 71.63 lakh. The contractor was paid the amount. The retention amount was also released to him.

In this connection the following observations are made.

- As per PWD manual, detailed estimate as per Appendix 1600 D shall be submitted in order to accord Technical Sanction of all works. This shall be prepared after detailed investigation of the site by the concerned authority assisted by subordinate officers and on the basis of detailed designs and specifications for the work including source of supply and cost of different materials, cost of labour, hire charges of tools and plant, if any, etc. Due diligence shall be bestowed on the preparation of a detailed estimate so that it

reflects as faithfully as possible the cost of work as can be foreseen at the time of envisaging the work. Terminating the work without taking up the entire work as per TPAC, KWA had incurred infructuous expenditure of ₹ 18.69 lakh as follows.

Length and class of pipe	Actually executed (Mtr./No.)	Estimated Rate (per metre)	Quoted Rate (per metre)	Total value of materials supplied as per quoted rate ₹	Excise duty exemption availed by contractor on unexecuted items @ 10.13% ₹	Amount paid to the contractor for supplies in r/o unexecuted items ₹	Total loss ₹
1,800 m. of 315 mm. HDE	1,271	1,926.8	2,900	52,20,000	(1,800-1,271) X 1,926.85 X 10.13% = 1,03,255	(1,800-1,271) X 2,900 = 15,34,100	1,03,255 15,34,100 16,37,355
Electro fusion couplers 160 No.	112	3,200	4,830			4,830 X 48 = 78,248	2,31,848
Total infructuous expenditure							18,69,203

In the meeting the balance pipe laying work (529 meter) was declared as not required. Had the KWA exercised some vigil in the preparation of DER, as per actual requirement, the work could have been tendered accordingly i.e., laying of 1,300 meter pipes instead of 1,800 meter. Eventhough, the unused materials were brought to stock as certified by the Engineer, the possibility of utilising the balance HDPE pipes in another work is very remote as KWA executes work through contractors where supplies are arranged by the contractor. Moreover, no contractor will provide guarantee for the work in case old pipes are laid.

- It is observed from the final bill that the firm had not constructed the 'valve chambers' as stipulated in the NIT. The tendered rate of valve chambers was ₹ 95,000 and the contractor quoted only ₹ 11,572. From the quoted rates, it is evident that the contractor had no intention of constructing the valve chambers.

Improper handling and maintenance of valves led to frequent bursting of pipes. Valve chambers are an integral part of a Water Supply Scheme. While exempting the firm from the construction of the valve chambers, KWA failed to ensure uninterrupted water supply as envisaged in the project. To avoid such instances in future where the contractor quotes abnormally low rates with the intention of delaying/avoiding unprofitable and laborious works, protective clauses shall be incorporated in the NIT for imposing fines on work not executed. The work shall be deemed as incomplete for all purposes and the statutory deductions shall not be refunded.

- As per PWD estimates prior to 10.10.2012, the restoration width shall be reckoned as 1.5 times of the trench width computed by KWA for laying pipes. However, this circular was modified (vide NH5/D10/1842/85(B)) on 10.10.2012, wherein the restoration width for computing road restoration charges was reckoned as twice the diameter of the pipe subject to a minimum of one meter. The rates charged for BM & BC, BT cutting will be ₹ 3,854/m² and ₹ 1,521/m² respectively. In this case, pipes of 350 mm. dia or lesser were used for replacement, the trench width for reckoning restoration charges (estimate) will be one meter. However, the PWD (Roads) ignoring the modified circular dated 10.10.2012 had computed (07.05.2013) relying on the formula existing prior to 10.10.2012 i.e., 1.5 times the trench width. This has resulted in incorrect tabulation and consequently overpayment of restoration charges to the tune of ₹ 11.37 lakh by KWA.

Nature of work	Rates estimated by the PWD paid in May 2013				Rates computed by Audit based on approved trench width		
	Distance (meter)	Trench width (meter)	Rate per Square Metre (₹/ m ²)	Total (₹)	Trench width (meter)	Rate per Square Metre (₹/ m ²)	Total (₹)
PWD BT surface	1,150	1.1 X 1.5 times = 1.65	1,521	1,150 X 1.65 X 1,521 = ₹ 28,86,098	1	1,521	1,150 X 1 X 1,521 = 17,49,150
Loss on account of payment of excess restoration charges: 28,86,098-17,49,150							11,36,948

- Thus KWA incurred a total loss of ₹ 30.06 lakh due to excess quantity of pipes procured and road restoration charges to PWD on inflated rates, in a scheme where the total project outlay is only ₹ 87 lakh. Moreover, by executing lesser quantity than envisaged in the DER, KWA had not ensured the distribution of uninterrupted potable water to the targeted population.

II. Non collection of sewerage charges from consumers

As per GO (MS) 88/2014/WRD dated 25.9.14, sewerage charges were introduced at 10% of water charges payable by those consumers who have availed sewerage connections. There are 1,148 water consumers having sewerage connections, (as reported by Asst. Executive Engineer) under the Sewerage Division, Kochi of the PH Division, Kochi. In order to realise the sewerage charges from those consumers having water connection, the Sewerage Sub Division, Kochi shall transmit the details to the PH Sub Division concerned so that those consumers can be linked to the e-ABACUS. Out of the 1,148 consumers, only 34 sewerage consumers are linked to the e-ABACUS and sewerage charges @10% of the water charges are being realised. Sewerage charges from the remaining 1,114 consumers has not been realised as the data were not linked to the e-ABACUS. In the absence of the details, the quantum of sewerage charges with reference to the quantity of water consumed could not be worked out in audit. The chances of identifying more sewerage connections than already reported is also there. The responsibility of realising the sewerage charges rests with the Division.

III. Delay in execution of work resulting in blocking up of fund – ₹ 71,41,832

The Administrative and Technical sanctions for the work replacement of old, damaged 700mm. premo pipes with 700mm. DI K9 pipes at Kathrikkadavu-Pulleppady road – supplying, laying, testing and commissioning of 700mm. DI K9 pipe for a stretch of 750m. were accorded on 11.11.2013 and 13.12.2013 respectively for ₹ 190 lakh. The work was tendered during 2013-14 and cancelled due to exorbitant rate quoted by the contractor. Subsequently, the work was retendered twice and the same was awarded, on third call to

Shri.Sunil Mathew for ₹ 157.67 lakh as against the tendered PAC of ₹ 1,22,52,036 (28.68% above). The agreement was executed on 08.04.15 with due date as 07.09.2015. The estimate sanctioned by the Chief Engineer contained the following items:

Particulars	Amount (₹)
Appendix A: Cost of materials	96,50,000
Appendix B: Working charge	31,00,000
Appendix C: Road restoration	53,00,000
LS provision	9,50,000
Total	1,90,00,000

The contractor has not commenced the work for want of permission for road cutting. In this connection, the following observations are made:-

The request for 'road cutting permission' was forwarded to the EE, PWD on 11.02.2016 and to the Corporation on 20.07.15. Reminder was sent on 24.02.2016 for furnishing the estimate so as to remit the restoration charge. The requisition letter for road cutting was forwarded to the EE, PWD after the expiry of the contract. Though the EE, PH Division requested the MD, KWA to remit ₹ 47,41,600 being the restoration charge as demanded by the Corporation (28.02.2017), the fund has not been released. According to the KPW Manual, Funds of plan schemes provided under the various major heads will have to be allotted on the basis of the annual plan/allotment towards the respective schemes. The annual plan/allotment for each of the plan schemes are fixed by the Planning Commission in consultation with the State Government. As the above scheme was accorded by Government as early as on 24.10.2013, request for release of funds, particularly for road restoration charges should have been taken up with Government during tendering stage itself.

As per agreement the work was to be completed by 07.09.2015. The contractor could not commence the work as permission for road cutting was not obtained. The contractor had executed a supplementary agreement for extension

of due date to 31.03.2016. The EE directed (02.12.16) the contractor to commence the work as the Corporation had agreed to road cutting in Kathrikkadavu – Pullepady road. Meanwhile, the contractor requested (01.02.16) the SE to release payment towards the total cost of pipes and specials as against ₹ 71,41,832 released on 31.01.15 (being 80% of the cost of materials supplied at estimate rate). As the request was not considered, the contractor filed a case before the Hon. High Court and the Court in its judgment dated 23.11.2016 directed KWA to take a decision in accordance with law, if required after giving an opportunity of hearing to the petitioner within three weeks. As per the supplementary agreement the contractor had to complete the work by 31.03.16, he was bound to do the work when work front was made available to him. As the sanction for the road cutting was obtained from the Corporation in February 2016, the reason for not taking action against the contractor, including termination of the work at risk and cost and blacklisting may be stated.

IV. Non Completed/Partially Completed Schemes – Improvements to Water Supply Scheme of Chellanam Panchayath – Revised AS pending sanction

AS: KWA/JB/WS/35/2003/dated 16.02.1999 of the MD/KWA dated 16.02.1999 – ₹ 558 lakh

TS: KWA/CE/CR/03/2007 dated 17.10.2007 – ₹ 558 lakh

The work has been completed (22.11.2010) and the scheme commissioned on 10.2.2011. The details of sanctioned estimate and the upto date expenditure on the work is as under:

(₹ in lakh)						
Component	Provision in the Original AS	Accepted PAC	Increase due to tender excess (in percentage)	Revised AS	Status of the work	Remarks
OH tank at chellanam	118.50					The work was abandoned due to the construction of OH tank under JNNRUM

Supply, laying, testing 300mm. DI K9 pipe and 350mm. DI K7 pipe	348.16	573.30	63	582.36	Increase due to execution of extra items	Work completed (except some items of work which was reported to be not essential)
Road restoration	55.05			41.50		
Refurbishment of OH tank	3.20					Not executed as 45LL capacity GL tank constructed under JNNRUM.
Supply and erection of pump sets	9.95	5.39		5.36		
Contingency	23.14			1.03		Soil testing charge
Total	558.00	578.69		630.25		

Audit scrutiny revealed abnormal delay in submitting the revised estimate for obtaining Revised AS. As against the original AS of ₹ 558 lakh, the upto date expenditure on the scheme was ₹ 630.25 lakh. Though the works except some minor items of work such as construction of valve chamber, scouring etc., were completed as early as in November 2010, the proposal for revised AS was submitted to the SE only on 07.04.2015 for onward transmission to the MD, which was returned by the MD on 11.12.2015 for certain clarification on the Revised Estimate. After incorporating the details called for by the MD, the RE was resubmitted on 01.04.2016, which is pending approval.

As per codal provisions, a revised estimate shall be prepared and got sanctioned:

- When there are deletions, additions or alterations to the scope of the work originally sanctioned necessitating revised administrative sanction.
- When there are major structural alterations to the design originally sanctioned.
- When the cost of a work is likely to exceed the TS by more than 5%.

The revised estimate shall not be kept in abeyance till the work is completed or reaches an advanced stage of completion but shall be prepared and got sanctioned as soon as any of the above two conditions are anticipated in the course of execution.

The Revised Administrative Sanction was necessitated mainly due to tender excess. Noncompliance with the codal provision is brought notice for remarks.

The contractor filed a petition before the Hon. Court for releasing the retention amount and clearance of part bill. The court in its judgment dated 18.02.2016 directed the Authority to pay the contractor and again reiterated the same in contempt petition filed by the contractor. Accordingly, the contractor was paid an amount of ₹ 40.69 lakh (20.06.16) diverting the same from the deposit work of KMRL on the direction by the MD. The diverted amount was recouped on 05.10.2016. So, the MD was also well aware of the proposal submitted by the Division for Revised AS.

V. Scrap and other unserviceable materials – disposal – reg.

The Managing Director, KWA constituted (September 2015) a committee to evolve a proper mechanism for the effective disposal of scrap. The Committee submitted its recommendation on 09.10.15 to the MD/KWA. Accordingly, the Chief Engineer (HRD&GL) (vide No.KWA/HO/SP-8174/2014-15/scrap dated 17.11.2015) requested the field officers to take immediate action to quantify the scrap such as PVC, CI, MS, AC, Brass, Copper, Bronze etc., in kilo gram (kg), and water meter, tyres, tube and other unserviceable items in numbers. The estimate and survey report for the disposal of scrap shall be prepared by the Division after consolidating the details of all Sections. The rate for the preparation of the estimate shall be provided by the Purchase Unit and public auction conducted by the Circle Office. Action taken to dispose off the unserviceable materials in line with the above directions may be intimated.

VI. Exercise of duties – Irregularities – reg.

- a) As per the Kerala Water Authority (WS) Regulation 1991, Rule 13, the water consumption is assessed on the basis of actual meter readings. As per orders of the Managing Director, KWA (No.KW/HO/Accounts Member-6/RM) dated 12.05.2005, the Meter Readers are responsible for meter readings under their charge (600 connections in rural areas and 800 connections in urban areas) a month. It was noticed that the meter reading taken in the PH Division, Kochi was below the stipulated number and the Meter Readers are taking reading of the faulty meters as well. The Divisional Officer may initiate appropriate action. The shortfall in meter reading, if any, due to lapse of the Meter Readers shall be recovered from their salary as per rules.
- b) The Meter readers are responsible for reporting the status of meters correctly. They shall see that the bills, cut off notices etc., are served promptly. They shall also be responsible for revenue loss, if any, that may occur to the Authority due to wrong classification, failure to report the status of meters, change of classification, non taking of prescribed number of readings etc., if found out subsequently.

The Meter reader/Meter Inspector shall be rotated in the wards every six months and transferred after three years. However, this was not done in any of the Sub divisions. Action envisaged, by the MD/KWA (May 2005), may be taken.

The Meter Inspectors (MI) shall inspect at least 10 per cent of the readings by the Meter Readers and report to the AE. In shops, hostels, multi storied building etc., where water consumption is more, the MI shall visit every month and report the condition of the meters. The loss to the Authority, if any, due to failure of the MI to detect and report such revenue leakages shall be recovered from their salary as per rules.

Similarly, the AE shall conduct periodical inspection of the premises of the consumers and check the facts reported by the Meter Readers/Meter

Inspectors. The Asst. Ex. Engineers of the concerned Sub Division shall be responsible for the timely collection of water charges.

The Revenue Officials shall be in overall charge of the billing and collection in the Division. They shall keep Sub Divisionwise record of connection under all class of consumers. They shall verify the performance of the meter readers/meter inspectors/billing clerks/supervisory staff and recommend action against erring officials. A weekly review meeting with the revenue staff and AE and fortnightly meeting with revenue officials of the Sub Division and Asst. Executive Engineer shall be conducted.

However, the above officials had failed in discharging their responsibilities to tap the revenue, due to KWA

VII. Pumping mains and transmission mains – Periodical inspection – reg.

Improper handling of valve operations and non maintenance of air valves will result in pipe line failures. KWA vide circular dated October 2014, had issued the following directions to all the CEs/SEs for strict compliance.

- Updated maps of pumping mains and transmission mains are to be kept ready for reference in the section office showing the details of pipes.
- The Assistant Executive Engineer and the Executive Engineer shall verify the map and confirm that all section offices under their jurisdiction have complied with the directions positively.
- Officers in the charge of the pipeline shall inspect the valves periodically. The concerned overseer shall inspect the valves once a month, while the concerned Assistant Engineer has to inspect the valves once in three months and the concerned Assistant Executive Engineer has to inspect the valves once in six months for assuring accessibility and functioning of the sluice valves, butterfly valves and the air valves.
- Valve chambers shall be checked to ensure that they are not damaged, clogged with mud or buried under the pavement/tarred surface.
- The incident report containing full details shall be posted in the KWA portal.

Audit scrutiny revealed that apart from the periodical inspection of ongoing water supply schemes to clear the bottle necks, the Assistant Engineer/Assistant Executive Engineer does not visit sites as stipulated in the circular.

Directions contained in the circular may be strictly complied with and a periodic report of the inspections so made may be furnished to the SE/CE.

VIII. Deposit Account – Improper maintenance – reg.

The Division is maintaining an SB Account (No.57009896684) at SBI, Ravipuram Branch for depositing all funds received towards deposit works of various agencies. As per Bank statement, the closing balance as on 31.03.2017 is ₹ 355.35 lakh. In this connection, the following observations are made:

(i) On a scrutiny of Deposit Register it was noticed that balance amount to be refunded/remitted on completion of work is still retained in the account.

eg. (1) Priya.M.S, Dream Flower Housing Project, Vennala had deposited an amount of ₹ 81,000 and ₹ 16,500 respectively (vide receipt dated 04.04.2012 and 26.07.2012). Total expenditure on the work comes to ₹ 93,502. Balance to be refunded is ₹ 3,998

(2) M/s.Skyline Foundation and Structures Pvt. Ltd, Kadavanthra had deposited an amount of ₹ 95,000 (vide DD No.355181) on 18.04.2015. Total expenditure on the work comes to ₹ 82,370. Balance to be refunded is ₹ 12,630

An abstract of monthly/yearly opening balance, additions, clearance and closing balance of funds received is not seen prepared. In the absence of the abstract of closing balance, audit could not ensure the balance amount under each item of work.

(ii) KWA Board in its 364 meeting held on 30.08.2013 expressed its serious concern over the practice (by the field offices) of diverting the funds towards deposit works to meet establishment expenses including O&M without the consent of the Head office. In order to ensure financial

discipline and transparency over management of funds under deposit works, the Board had resolved to pool the deposit money received at various field offices of KWA to the Head office with certain conditions. As per the conditions, the whole funds in the deposit account of the field offices shall be transferred to the head office on or before 10 December 2013. The details of funds under deposit work such as name of work, AS amount, Depositing agency, amount deposited, amount utilised, balance etc., shall also be submitted to the head office on or before 10 December 2013. The total fund under deposit works of a particular Division or ₹ 25 lakh, whichever is less, shall be allotted to the field offices as an imprest towards deposit works and the deposit money/funds receivable after 15.10.13 shall be collected in the name of FM&CAO, KWA, Thiruvananthapuram. However, the Division has not complied with the directions of the Head Office. PH Division, Kochi had transferred only ₹ 4.30 crore to Head Office on 23.09.2014 leaving a balance of ₹ 23,84,106. Thereafter, no amount was transferred to Head office. The Closing balance as at the end of each month is given below:

Closing Balance as per Bank statement	Amount (₹ in crore)
31.03.2015	1.66
31.03.2016	2.69
31.03.2017	3.55

As per Bank Reconciliation statement of 03/2017, an amount of ₹ 70.67 lakh was credited by the bank on various dates from 10.01.2017 to 31.03.2017. On scrutiny of the bank statement it is noticed that out of the ₹ 70.67 lakh an amount of ₹ 65.92 lakh was transferred by the Directorate of Treasuries via electronic transfer (NEFT). In the absence of abstract of closing balance, the amount credited to bank account, work for which it is credited etc., could not be ascertained.

IX. Revenue Recovery – reg.

A scrutiny of the Revenue Recovery Register (RR) of Sub Division, Pallimukku revealed the following discrepancies:

- a) The RR register Vol.III currently in use, reveals that the register contains 33 cases amounting to ₹ 27.09 lakh. However, the cases were not referred to the District Collector till date. Hundred and thirty nine (139) cases amounting to ₹ 88.80 lakh was referred to the DC during the period February 2016 to August 2016. However, the cases were not followed up to ensure Revenue Recovery.

Out of this arrears, huge amounts pertains to (i) (Con. No.E38/1597/N) – Shri. David OT ₹ 21,90,216 (ii) Con.No.E40/1729/N – Shri.Sreekrishna Shenoy ₹ 10,91,501 (iii) E40/1721/N – Shri. Habeeb ₹ 10,91,501 (iv) Con No.E40/1741/N – Shri.Abdulla Ummer ₹ 10,91,501 (v) Con No.E27/2701/N – Shri.Simon KA ₹ 1,42,770 etc.

- b) The register does not show the details of recovery effected.

Thus, the Revenue Recovery Register maintained in the Sub Division, Pallimukku is incomplete in many respect. Details of cases to be referred to the DC since August 2016 were not recorded in the register. The Divisional Officer may initiate urgent steps to supply the omissions.

The total revenue realisable through RR as on 31.03.2016 is ₹ 122.89 lakh. Details are given below:

(₹ in lakh)

Sub Division	No. of cases	Amount
Kaloor	123	35.47
Pallimukku	119	71.74
Karuvelipady	86	16.04
Vyttila	Not furnished	

Urgent steps may also be taken to realise the revenue due.

X. Huge water charges pending

An amount of ₹ 46.32 crore is due from the Kochi Corporation towards water charges of street taps in the Corporation area. The Secretary, Kochi Corporation had promised the EE to remit ₹ 28.58 crore before 31 March 2017 as 'One Time Settlement'.

It was noticed that the Corporation had not remitted the amount at the discounted rate of ₹ 28.58 crore eventhough the consent for 'OTS' was given by KWA on condition that the dues will be settled before 31 March 2017.

Since the Corporation has not remitted the amount, the matter may be taken up with the Government through KWA, Head Office so that the amount can be recovered by way of adjustment from ways and means to the Corporation.

XI. Revenue pending collection

The DCB Statement for March 2017 indicated the arrear position as given below:

Category of water charges	Amount pending collection (₹)
Domestic	14,78,97,334
Nondomestic	86,93,36,969
Industrial	1,25,57,665
Sewerage	31,288
Water charges from Panchayath	1,02,61,074
Water charges from Corporation	46,32,30,579
Total	1,50,33,14,909

The water charges pending collection amounting to ₹ 136.66 crore as on March 2015 has raised to ₹ 150.33 crore as at the close of 2016-17 i.e., within one year. The increase is ₹ 13.67 crore. The margin of increase of arrears was by 10% from the position as on 31 March 2016 which indicates that adequate efforts were not initiated by the Division for the timely realisation of revenue.

Major share of the arrears relate to a few heavy defaulters. The details of PH Sectionwise consumers with arrears exceeding ₹ 1,00,000 as on 31.05.2017 is given below:

PH section	No. of consumers	Amount involved (₹)
Pallimukku	708	60,97,02,833
Kaloor	127	5,74,68,033
Karuvelippady	132	5,78,09,205
Vyttila	190	12,28,87,567
Total	1157	84,78,67,638

As per provision 14 (c) of KWA Water Supply Regulation, if the water charges are not paid within 30 days of the date indicated in the bills, the AEE shall have the power to cut off the water supply to any premises without notice and the MD, KWA had issued several circulars in this regard (29.05.2009, 31.07.2009, 09.03.2002) directing disconnection of supply to all the defaulted consumers including Government Departments without further notice. In the case of non response to the notices issued, other concrete actions including revenue recovery proceedings/disconnection have to be initiated against the heavy defaulters.

XII.(a) Unidentified connections – action – reg.

The total unidentified connection in the PH Division, Kochi comes to 2,584. It is the responsibility of the Authority to trace out the unidentified water connections so as to enable billing and collection. Action taken in this regard may be intimated.

(b) Faulty Meters – replacement – reg.

The Sub Divisionwise list of faulty meters is as given below.

<i>Sub Division</i>	<i>No. of faulty meters</i>
Pallimukku	7,638
Vyttila	3,405
Kallor	3,622
Karuvelipady	4,889

Urgent action may be taken to replace the faulty meters so as to check illegal excess consumption of water and consequent loss of revenue. The developments in this regard may be furnished.

(c) Staff strength- action - reg.

The staff strength of UDC/LDC under the four Sub Divisions, viz., Pallimukku, Kochi, Vyttila, Karuvelippady and Kallloor are as follows:-

Sub Division	Sanctioned strength	Men in position	Vacancy
	UDC/LDC	UDC/LDC	
Pallimukku, Kochi	13	4	9
Vyttila	6	2	4
Karuvelippady	8	3	5
Kallloor	9	6	3

In the PH Division, Kochi, large number of water connection exist. Appropriate action may be taken to redeploy staff in accordance with the requirement.

XIII. Pump Sets -- Idling - action - reg.

The following pump sets, under the Division were idling for want of repairs.

Sl. No.	Scheme	Make/type	Whether repairable or irreparable
1	Perumanoor Pump House	75 HP. Kirloskar, 6 UP4	Repairable (Stator burnt)
2	-do-	150HP. Kirloskar, 6 UP4	Repairable (leak in Pump side Gasket)
3	EMWSS and Jnnrum Thammanam pump house	Centrifugal Jyothi	Repairable
4	-do-	Centrifugal Crompton Greaves	Repairable
5	Sewerage Treatment Plant, Elamkulam	8HP. Centrifugal/Coupled	—

Action may be taken to repair the pump sets repairable and to dispose off the irreparable pump sets.

XIV. Water connections – Pending – reg.

Details of applications for water connections pending under all categories ar given below:

Sub Division	No. of water connections pending	
	2015-16	2016-17
WW Sub Division, Kaloor	129	100
WW Sub Division, Pallimukku		176

Reason for not providing water connection in violation of the M.D's order may be stated.

PART III

Follow up of outstanding Paras of previous LARs

Sl.No.	Year	Para No.	Audit Objection
1.	2008-09	Part II B Para I	Non-achievement of objective due to delay in arranging the terminated work at the risk and cost of contractor.
2.	2008-09	Para II	Estimated extra liability of ₹ 5.03 lakhs due to delay in re-arranging the terminated work.
3.	2010-11	Part II B Para IV	Deposit works - Expenditure incurred in excess of the amount deposited.
4.	2011-12	Part II A Para I	Non- initiation of timely action resulting in revenue loss ₹ 50 lakh.
5.	2011-12	Part II B Para I	Undue delay in crediting lapsed deposits to non-operative account.
6.	2011-12	Para II	Non remittance of water charges by KadamakudyPanchyath.
7.	2012-13	Part II A Para I	Short collection of connection fee in respect of flats amounting to ₹ 70.49 lakh
8.	2012-13	Part II B Para II	Exorbitant rate allowed for the supply of material

9.	2013-14	<u>Part II A</u> Para I	KSUDP—Strengthening of distribution network in Kochi— Abandoning the work due to insufficient planning resulting in wasteful expenditure of `3.26 crore
10.	2013-14	<u>Part II B</u> Para I	Deposit work – Ernakulam Water Supply Scheme (EWSS) – rerouting of existing 300mm./225mm. CI/AC pipe with 300mm./250mm. DI K9 pumping mains to Navy and Port – Idle investment of ₹ 29.01 lakh
11.	2013-14	Para VII	Suspected case of encroachment of KWA property—follow up regarding
12.	2013-14	Para VIII	Idling of oil tanker regarding
13.	2013-14	Para XI	LSGD Account-- Non reconciliation-- Escrow accounts --reg.
14.	2013-14	Para XIV	Internal Control
15.	2014-15	<u>Part II B</u> Para I	Improper planning leading to idle investment <i>did</i>
16.	2014-15	Para II	Shortage of materials in Stock ✓
17.	2014-15	Para III	Idling materials in stocks <i>did</i>
18.	2014-15	Para IV	Idling of sewage suction cum jetting tanker resulting in avoidable expenditure—₹ 9.23 lakh <i>did</i>
19.	2014-15	Para V	Non collection of sewerage charges from sewerage consumers <i>did</i>
20.	2014-15	Para VII	Revenue pending collection <i>did</i>
21.	2014-15	Para VIII	Unidentified consumers <i>did</i>
22.	2014-15	Para IX	Accounts—discrepancies
23.	2014-15	Para X	Irregular sanction of service weightage for PR 2004 and 2009 and Time Bound Higher Grade Promotion to Smt.Sosamma Daniel, LDC, HG.
24.	2014-15	Para XI	Irregular sanction of reoptionfor Time Bound Higher Grade.
25.	2015-16	Para II	Implementation of the work – Delay – reg.
26.	2015-16	Para IV	Non collection of long outstanding dues towards water charges ₹ 125.09 Crore—non initiation of action to locate the unidentified consumers or initiate revenue recovery proceedings
27.	2015-16	Para V	Discrepancies in Trial balance.
28.	2015-16	Para VI	Non initiation of timely action for repairing the department

			vehicle -tanker lorry -KL-01B -5917 of the Sewerage Sub Division, Pallimukku
29.	2015-16	Para X	Non deduction of income tax on Medical Allowance. ,
30.	2015-16	Para XI	Internal control

Pursued separately through relevant Local Audit Reports.

PART IV

Best Practices noticed during the course of audit

Not noticed.

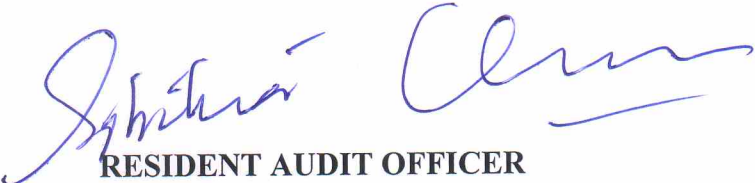
PART V

Acknowledgement indicating cooperation of Audit Unit

The Division cooperated whole heartedly for the smooth conduct of audit. The records and documents called for were submitted on time. The Entry Meeting as well as the Exit Meeting were held with the Executive Engineer. The Audit party expresses their gratitude for the cooperation extended by the Executive Engineer and staff towards the smooth conduct of audit. However, the Executive Engineer has not furnished detailed reply to the AEs.

Sd/-

DEPUTY ACCOUNTANT GENERAL (SGS-II)



RESIDENT AUDIT OFFICER

KERALA WATER AUTHORITY