

KERALA WATER AUTHORITY



5

ANNUAL ACCOUNTS

FOR THE YEAR

1988-89

HEAD OFFICE, WATER WORKS CAMPUS, THIRUVANANTHAPURAM-695 033

PHONE : 68654
TELEX : 0435-379 KWA IN
FAX : 91-471-64903

KERALA WATER AUTHORITY



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FOR THE YEAR

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HEAD OFFICE, WATER WORKS CAMPUS, THIRUVANANTHAPURAM-695 033

PHONE : 68654
TELEX : 0435-379 KWA IN
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AUDIT CERTIFICATE

I have examined the Income and Expenditure account for the year ended 31st March 1989 and the Balance Sheet as on 31st March 1989 of the Kerala Water Authority. I have obtained all the information and explanations that I have required, and subject to the observations in the appended Audit Report, I certify as a result of my audit, that in my opinion these accounts and balance sheet are properly drawn up so as to exhibit, a true and fair view of the state of affairs of the Kerala Water Authority, according to the best of information and explanations given to me and as shown by the books of the organisation.

(Sd/-)

ACCOUNTANT GENERAL (AUDIT).

Thiruvananthapuram,
20th December 1991.

KERALA WATER AUTHORITY

EXPLANATORY NOTE ON THE ACCOUNTS FOR THE YEAR ENDED

31st MARCH 1989.

Kerala Water Authority (the Authority) was established by the Government of Kerala (the Government) with effect from 1st April 1984 under the Kerala Water and Waste Water Ordinance, 1984 to provide for the development and regulation of water supply and waste water collection and disposal in the State of Kerala and for matters connected therewith. The Ordinance was replaced by the Kerala Water Supply and Sewerage Act 1986 (The Act).

In accordance with Section 16 of the Act, as from the date of establishment of the Authority, all properties and assets, vested in the Government for the purpose of the Public Health Engineering Department shall vest in and stand transferred to the Authority, and (ii) all rights, liabilities and obligations of the Government or the Local Body or Kerala State Rural Development Board in so far as they pertain to the execution of water supply and sewerage schemes shall be the assets, rights, liabilities and obligations of the Authority and to be valued in such manner as the Government may determine.

Under Section 29 of the Act, the Authority shall cause to be maintained such books of account and other books in relation to its accounts and prepare an annual Statement of Accounts and Balance Sheet in such form and in such manner as the regulations made under section 65 of the Act may require.

In order to arrive at the value of properties Assets, rights, liabilities and obligations transferred to the Authority, all the Fixed Assets including work - in - progress were valued at current costs and values less necessary adjustment for depreciation thereon. The approval of the Board of the Authority has been obtained for the valuation of the Fixed Assets and capital work-in-progress and is subject to approval of the Government. The Net Current Assets were valued based on the documents books and records available with the Authority and other relevant sources. The above evaluation has been carried out periodically and subject to the approval of the Government.

As per G.O. (Rt) No. 2401/87/LAD dated 17th August '87, Government had accorded sanction to the Authority to introduce and implement an Accrual Accounting System from the financial year 1987-88. As required under section 29 of the Act, the Authority had evolved Accounting Manuals for the maintenance of the books of account and preparation of financial statements which had been approved by the Board of the Authority. The approval of the Government is awaited.

The Accrual Accounting system was made fully operational with effect from 1st April 1988. The accounts for the year 1988-89 have been prepared generally in accordance with the accounting principles contained in the Accounting Manuals. Wherever deviations have taken place suitable disclosures have been made in the relevant paragraphs in the notes on accounts.

(Sd/-)

Finance Manager &
Accounts Officer

(Sd/-)

Technical Member

(Sd/-)

Managing Director

Place: Thiruvananthapuram

Date: 30th October 1991

KERALA WATER AUTHORITY
BALANCE SHEET AS AT MARCH 31, 1989

	<u>Sch. Ref.</u>	<u>Current Year</u> Rs.
SOURCES OF FUNDS		
1) Kerala Water Authority Fund		
a) Capital	A	4903169954.45
b) Reserve & Surplus	B	—
2) Kerala Water Authority Loan Fund		
a) Secured Loans	C	539569862 00
b) Unsecured Loans	D	<u>986072237.53</u>
Total		<u>6428812053.98</u>
APPLICATION OF FUNDS		
1) Fixed Assets	E	5660645707.17
2) Investments	F	—
3) Net Current Assets		
a) Current Assets	G	1323597925.24
b) Current Liabilities	H	<u>693667862.91</u>
		629930062.33
4) Loans and Advances	I	95121541.00
5) Miscellaneous Expenditure not written-off	J	—
6) Accumulated Excess of Expenditure over Income	K	<u>43114743.48</u>
Total		<u>6428812053.98</u>

Schedules A to K and Notes 1.01 to 1.08 and 2.04 form an integral part of this Balance Sheet.

Sd/
Finance Manager &
Chief Accounts Officer

Sd/-
Technical Member

Place : Thiruvananthapuram
Date : 30th October 1991

Managing

KERALA WATER AUTHORITY

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED MARCH 31, 1989

	Sch. Ref.	Current Year Rs.	Prev. Year Rs.
INCOME			
Operating Income			
Consumers	L	169935879.40	165761217.05
Others	M	1465723.04	2342408.47
		<u>171401602.44</u>	<u>168103625.52</u>
Grants and Subventions			
Govt. of Kerala		219774000.00	113720000.00
Interest Income	N	2590018.57	1394517.49
Other Non-operative Income	O	5285211.72	4553707.02
		<u>399050832.73</u>	<u>287771850.03</u>
EXPENDITURE			
Operating & Maintenance expenses	P	146672170.26	130574574.94
Payment & Provision to employees		177440514.65	150742515.13
Office expenses	Q	11887659.12	9139184.21
Travelling & Conveyance expenses		4695346.49	4342557.77
Administrative expenses	R	1638410.55	2178867.50
Issue and project expenses written-off	S	0.00	0.00
Assets and Losses written - off	T	0.00	0.00
Provision for Doubtful Debts	U	0.00	0.00
		<u>342334101.07</u>	<u>296977699.55</u>
Interest on			
Secured Loans		52989993.00	36214013.00
Unsecured Loans		19503180.29	13184001.56
		<u>72493173.29</u>	<u>49398014.56</u>
Depreciation		<u>122875088.81</u>	<u>123396352.96</u>
TOTAL EXPENDITURE		<u>537702363.17</u>	<u>469772067.07</u>
Transferred to Capital work-in-Progress		<u>56318260.11</u>	<u>82449336.50</u>
		<u>481384103.06</u>	<u>387322730.57</u>
Surplus of Expenditure over Income		<u>82333270.53</u>	<u>99550880.54</u>

Rules L to W and Notes 2.01 to 2.04 form an integral part of this Income and Expenditure Account

Sd/-

Manager & Chief
Accounts Officer

Sd/

Technical Member

Sd/-

Managing Director

Thiruvananthapuram
30th October 1991

KERALA WATER AUTHORITY

SCHEDULES FORMING PART OF BALANCE SHEET, 1988-89

Current Year
Rs.

CAPITAL

1) Net value of Assets taken over	3571065787 87
2) Contributions from State Govt.	1165513095 98
3) Donated Capital Assets .	545600.00
4) Capital cont. from others	<u>166045470.60</u>
Total	<u>4903169954.45</u>

RESERVES & SURPLUS

Balance as per last Balance Sheet	39218526 85
Less : Excess of Income over Expenditure	(8233270 33)
	(43114743 48)
Add : Transfer to Schedule K	<u>43114743.48</u>
Total	<u>—</u>

SECURED LOANS

1) Loan from LIC of India	539569862.00
2) Interest accrued and due	—
Total	<u>539569862.00</u>

UNSECURED LOANS

1) Loan from Government of Kerala	776819500.00
2) Loan from Industrial consumers	68660910 00
3) Deposit from Local bodies	8765356.73
4) Security Deposits	14249922.60
5) Earnest Money Deposits	295450.42
6) Water Connection Deposits	1379641 12
7) Sewer Connection Deposits	97982.00
8) Deposit work-water supply & Sewerage	24994588.73
9) Other deposits	4216469.78
10) Unclassified Deposits	<u>86592416.15</u>
Total	<u>986072237 53</u>

Account Code	←-----→			←-----→			←-----→			
	Balance as on 1-4-88	Cost/value additions during year	Del as on 31-3-89	Depreciation Balance as on 1-4 88	Block Depreciation for the year	Del value as on 31-3-89	Net Block As on 31-3-89	Previous year Year		
1011	Free hold land 598256123.54	5247559.00	0.00	603503682.54	0.00	0.00	0.00	603503682.54	598256123.54	
	Lease Hold									
1012	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
1013/4	Land Development Expenditure 69653091.00	8000.00	0.00	69661091.00	0.00	0.00	0.00	69661091.00	69653091.00	
102	Civil works 1206205094.44	11067.00	0.00	1206216161.44	330872149-21	27457334-21	0-00	358329483-42	847886678-02	875332945-23
103	Buildings 258868828.06	0.00	0.00	258868828.06	72731861-84	4342213-29	0-00	77074075-13	181794752-93	186136966-22
104	Plant and machinery 335717631.12	1101054.05	0.00	336818685.17	178179769-17	10659777-83	0-00	188839547-00	147979138-17	157527861-95
105	Mains and Network 3507529959.28	0.00	0.00	3507529959.28	1252685720-40	75535524-26	0-00	1328221244-66	2179308714-62	2254844238-88
106	Roads Bridges and culverts 53423194.00	0.00	0.00	53423194.00	35755174-64	1145501-57	0-00	36900676-21	16522517-79	17666019-36
107	Vehicles 29632103.69	1627418.50	0.00	31259522.19	17948102-28	2011762-09	0-00	19959864-37	11299657-82	11684001-41
108	Furniture, Fixtures and Office equipments 28172480.47	2773247.73	0.00	30945728.20	12323457-65	1722975-56	0-00	14046433-21	16899294-99	15849022-82
Total	6087458505.60	10768345.28	0.00	6098226851.88	1900496235-19	122875088-81	0-00	2023371324-00	4074855527-88	4186962270.41

	This year (Rs.)	Previous year (Rs.)
Gross value of fixed assets	6098226851.88	6087458505.60
Less: Acc. Depreciation	2023371324.00	1900496235.19
Net value of fixed assets	4074855527.88	4186962270.41
Add: C.W.I.P. A/c code 11	1585790179.29	1234009767.09
Total	5660645707.17	5420972037.50

KERALA WATER AUTHORITY
SCHEDULES FORMING PART OF BALANCE SHEET

	<u>Current Year</u>
	Rs.
INVESTMENTS	<u>—</u>
CURRENT ASSETS	
1) Inventory	
a) Stores Tools & Spares	134272449.29
b) Consumables	1890756.32
c) Others	470342.92
	<u>136633548.53</u>
2) Sundry Debtors	
a) Consumers	
i) Local Bodies Dues-Water & Maintenance charges	607077574.19
ii) Others	110314423.22
b) LIC loan repayment due from Local Bodies	179259161.80
c) Others	725394.00
	<u>897376553.21</u>
3) Cash & Bank Balances	
a) Bank & Treasury Balances	227240628.42
b) Cheques & bills in transit	26754.00
c) Cash on hand	149285.69
	<u>227416668.11</u>
4) Inter Office and Suspense Account Balances	62171155.39
Total	<u><u>1117783925.24</u></u>
CURRENT LIABILITIES AND PROVISIONS	
1) Current Liabilities	
a) Sundry Creditors	36754604.80
b) Statutory Employee deduct.	
i) General Provident Fund	60409341.47
ii) NMR PF	3413816.20
iii) Others	714468.26
c) Sales-tax collections	720428.16
d) Tax deducted at source	263018.13
e) Other current Liabilities	516340761.85
f) Interest Accrued but not due - L I C	11441516.00
	<u>630057954.87</u>
2) Provisions	—
3) Suspense Account Balances	63609908.04
Total	<u><u>693667862.91</u></u>

KERALA WATER AUTHORITY

SCHEDULES FORMING PART OF BALANCE SHEET Contd...

	<u>Current Year</u> Rs.	<u>Prev. Year</u> Rs
		SCHEDULE-I
Loans & Advances to Employees:		
GPF Refundable Advance	5250885.35	4863094.35
NMR PF Refundable Advance	986238.60	528881.60
Others	7217479.50	5689707.81
Interest accrued on loans to Employees	107567.00	118874.00
Advances for expenses	4616557.35	124882.90
Advances to Sundry Creditors	69621293.81	42361791.17
Claims recoverable	1677182.79	344542.71
Advance tax paid	398931.10	189579.10
Deposit with KSEB	3175258.00	1965660.00
Deposit with PWD	1925313.00	170000.00
Deposit with others	46158.00	0.00
Prepaid Expenses	98676.50	0.00
	<u>95121541.00</u>	<u>56357013.64</u>
Total		SCHEDULE-J
	0.00	0.00
EXPENDITURE NOT WRITTEN-OFF		SCHEDULE-K
ACCUMULATED EXCESS OF EXPEND. OVER INCOME.		
Transfer from Schedule B	43114743.48	0.00

Sd/-
Finance Manager &
Chief Accounts Officer

Sd/-
Technical Member

Sd/-
Managing Director

: Thiruvananthapuram
: 30th Oct 1991

KERLA WATER AUTHORITY

SCHEDULES FORMING PART OF INCOME AND EXPENDITURE ACCOUNT Contd...

	<u>Current Year</u> Rs.
OPERATING INCOME - CONSUMERS	
1) Operating Income - Water supply	23020400.08
a) Domestic Consumers	22525913.22
b) Non - domestic Consumers	15844837.65
c) Industrial Consumers	<u>61391150.95</u>
2) Operating Income - Sewerage	5141.50
a) Domestic Consumers	0.00
b) Non - domestic Consumers	0.00
c) Industrial Consumers	<u>5141.50</u>
3) Income from Local bodies	108539586.95
Total	<u>169935879.40</u>
OPERATING INCOME - OTHERS	
1) Centage Charges	529828.50
2) Storage Charges	2285.10
3) Supervision Charges	388031.73
4) Miscellaneous recoveries	<u>545577.71</u>
Total	<u>1465723.04</u>
INTEREST INCOME	
1) Interest on loans and advances	12962.00
2) Interest on Deposits	<u>2577056.57</u>
Total	2590018.57
OTHER NON-OPERATING INCOME	
1) Income as Recoveries	1110893.77
2) Claims Recoverable	230171.00
3) Miscellaneous Income	<u>3944146.95</u>
Total	<u>5285211.72</u>
OPERATING & MAINTENANCE EXPENSES	
1) Consumption of Stores Tools & Spares	31859072.96
2) Consumables	6624654.86
3) Power Charges	65555155.89
4) Insurance	29456.50
5) Other Operating Expenses	2580985.85
6) R & M of Water Supply	29023422.10
7) R & M of Sewerage	3907555.30
8) Vehicle Maintenance	<u>7091866.80</u>
Total	<u>146672170.26</u>

KERALA WATER AUTHORITY

SCHEDULES FORMING PART OF INCOME AND EXPENDITURE ACCOUNT (Contd...)

	<u>Current Year</u> Rs.	<u>Prev. Year</u> Rs.
EXPENSES		SCHEDULE-Q
Rent	1436969.00	1352203.46
Rates & Taxes	491290.20	325224.35
Postage, Telegram, Telephone & Telex	3307192.30	2384300.14
Printing & stationery expenses	2905042.70	1226198.34
Exhibition & Publicity expense	2331455.35	1978959.43
Training & other expenses	81862.30	62283.40
Other Office expenses	<u>1333847.27</u>	<u>1810015.09</u>
Total	<u>11887659.12</u>	<u>9139184.21</u>
ADMINISTRATIVE EXPENSES		SCHEDULE-R
Board Meeting Expenses	5813 90	4252 20
Professional fees	600117.95	1199014 45
Payments to auditors	912910.00	848028.00
a) Audit Fees	0.00	0.00
b) Audit expenses	0.00	0.00
c) Certification fees	0.00	0.00
d) Other payments	<u>912910.00</u>	<u>848028.00</u>
Bank Charges	28756.25	24175.59
Donations	0.00	0.00
Other administrative expenses	<u>90812.45</u>	<u>103397.26</u>
Total	<u>1638410.55</u>	<u>2178867.50</u>
PROJECT EXPENSES WRITTEN-OFF	<u>0.00</u>	SCHEDULE-S <u>0.00</u>
ASSETS AND LOSSES WRITTEN-OFF	<u>0.00</u>	SCHEDULE-T <u>0.00</u>
PROVISION FOR DOUBTFUL DEBTS	<u>0.00</u>	SCHEDULE-U <u>0.00</u>
PERIOD ADJUSTMENTS	<u>0.00</u>	SCHEDULE-V <u>0.00</u>
CONTRIBUTIONS TO RESERVES	<u>0.00</u>	SCHEDULE-W <u>0.00</u>

Sd/-
Manager &
Accounts Officer

Sd/-
Technical Member

Sd/-
Managing Director

Thiruvananthapuram
30th October 1991

KERALA WATER AUTHORITY

NOTES ON THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH 1989

1. **BALANCE SHEET**
- 1.01. **Capital Account** Current Year Rs. 49031.17
Previous Year Rs. 51721.17
 (Schedule - A)
- The capital Account consists of (i) the investment of the Government in the Authority of transfer of Net assets on the date of establishment of the Authority amounting to Rs. 42811.06 lakhs (Rs. 42811.06 lakhs) after recognising an amount of Rs. 7100.40 lakhs (Rs. 7100.40 lakhs) IAPWD liabilities quantified presently (ii) all contributions and Grants (Plan) received by the Authority since its formation amounting to Rs. 11655.13 lakhs (Rs. 7650.14 lakhs) adjusting an amount of Rs. 2262.62 lakhs vide Govt Directive No. WAM (R) 1/2 dated 26-04-89 (iii) all assets received by way of donations valued at fair market value amounting to Rs. 5.46 lakhs (Rs. 5.46 lakhs); and (iv) all other miscellaneous contributions received from various sources amounting to Rs. 1660.45 lakhs (Rs. 1317.17 lakhs).
- 1.02 **Secured Loans** Current Year Rs. 5395.17
Previous Year Rs. 4794.17
 (Schedule - C)
- The secured loan represents (i) the balance of loan availed by the local bodies and State Rural Development Board from L.I.C of India prior to the formation of the Authority liability of repayment was transferred to the Authority amounting to Rs. 1792.54 lakhs (Rs. 1802.46 lakhs); and (ii) the balance of loan availed by the Authority from L.I.C since its formation amounting to Rs. 3603.11 lakhs (Rs. 2991.54 Lakhs). The above loans have been guaranteed by the Government and no provision has been made towards commission payable.
- 1.03 **Unsecured Loans** Current Year Rs. 98600.71
Previous Year Rs. 7670.71
 (Schedule - D)
- 1.03.1 No provision has been made towards interest on loan from Government of Kerala.
- 1.03.2 All Deposit figures stated are subject to reclassification and its subsequent reconciliation with individual divisions.
- 1.04 **Fixed Assets** Current Year Rs. 56558.41
Previous Year Rs. 54208.41
 (Schedule-E)
- 1.04.1 The value of fixed assets represents (i) the value of Fixed Assets and Capital Work-invested in and transferred to the Authority amounting to Rs. 42182.80 Lakhs and additions made by the Authority since its formation, after providing for depreciation thereon.
- 1.04.2 The Fixed Assets Register has been prepared upto the year 1986-87 and is in the process of being updated.
- 1.05 **Current Assets** Current Year Rs. 13236.81
Previous Year Rs. 11177.81
 (Schedule-G)
- 1.05.1 The Stock figures stated are subject to reconciliation with individual divisions and subsequent reclassification.

The Current Assets include dues from local bodies on account of (i) loans availed from L. I. C. amounting to Rs. 1792.60 lakhs (Rs. 1802.46 lakhs); and (ii) water and maintenance charges amounting to Rs. 6070.78 lakhs (Rs. 4544.20 lakhs) for which confirmation of balances have not been obtained.

The Sundry Debtors balances have not been reconciled and no provision been made towards doubtful debts.

The reconciliation of Bank Balances with the bank statements and the cheques and bills in transit have not yet been carried out.

The reconciliation of Inter office Account balances is in progress.

Current Liabilities

Current Year Rs. 6936.68 lakhs

(Schedule-H)

Previous Year Rs. 1309.98 lakhs

The interest on G. P. F. has been provided for on the opening balance @ 12 % per annum. The actual amount of interest will be incorporated when the same is finalised.

The G. P. F. Balance have not been reconciled with the individual accounts and the same is in progress.

The balances due to N. M. R. employees on account of provident fund as at 31st March, 1984 has not yet been ascertained and not included in the current liabilities. The finalisation of dues on this account is in progress.

The liability on account of Gratuity and Pension to the employees as on 31st March, 1984 is not included as the same is not quantified and intimated by the Government to the Authority. The subsequent liability has also not been provided for and same is being accounted on cash basis.

The amount recognised in IAPWD Rs. 7100.40 lakhs has been considered and out of this Rs. 22.62 crores has been adjusted as Grant in Aid by Government and the balance to the extent of Rs. 4837.79 lakhs included in Other Current liabilities as Dues to Govt.

The suspense account and Control Account balances comprise the following:
Imprest Account Balances : Rs. 9.77 lakhs credit representing the negative balances in the Imprest Accounts of various divisions, subject to reconciliation.

Control Account Balances - Collections and Capital Expenditure : Rs. 736.59 lakhs (Credit) representing the mistakes committed by divisions in the filling up of DCB Statement and statement of Abstract of Works Register.

Cash & Bank Suspense : Rs. 110.27 lakhs (Debit) representing the differences in Receipts and Payments statements for the years 1984-85 to 1988-89. Carry forward errors, remittances in to bank not accounted in the Cashbook and Cash in transit not accounted correctly.

Loans & Advances

Current Year Rs. 951.22 lakhs

(Schedule-J)

Previous Year Rs. 563.57 lakhs

Balances of Loans & Advances given to employees together with interest thereon have not been reconciled with individual accounts.

1.08 ACCUMULATED EXCESS OF EXPENDITURE OVER INCOME
(Schedule-K)

The excess of expenditure over income has been set off against carried forward Income relating to earlier years to the extent of Rs. 392.19 lakhs.

2. INCOME AND EXPENDITURE ACCOUNT

2.01 Operating Income

(Schedule - L)

The operating income from consumers represent the water. Sewerage and maintenance demanded by the Authority from consumers and local bodies during the year.

2.02 PAYMENT AND PROVISION TO EMPLOYEES

The wages of certain categories of employees have been charged to operation and expenses or capital expenditure as per the system of accounting followed in the and no reclassification was carried out.

2.03 Depreciation

Depreciation has been provided for on straight line method so as to write off 90% of value of fixed Assets over the estimated useful life of the Assets concerned.

2.04 GENERAL

2.04.1 In order to absorb project overheads on Capital works, a transfer of revenue capital works-in-Progress @ 10% in the case of Bilateral schemes and @ 22% in other schemes on the capital Expenditure incurred during the year has been made.

2.04.2 Previous year figures have been regrouped/reclassified wherever necessary.

Sd/-
Finance Manager &
Chief Accounts Officer

Sd/-
Technical Member

Sd/-
Managing Director

Place : Thiruvananthapuram
Date : 30th Oct 1991

Report on the Kerala Water Authority for the year ended 31st March 1989

INTRODUCTION

The Kerala Water & Waste Water Authority was established on 1-4-1984 by the Kerala Water & Waste Water Ordinance, 1984 (No.14 of 1984) to provide for the development and regulation of water supply and waste water collection and disposal. The ordinance was replaced by an Act of the Legislature in August, 1986. The nomenclature of the Authority was changed as Kerala Water Authority by the Act. The Authority took over all the functions of the erstwhile Public Health Engineering Department of the Kerala State Government.

ORGANISATIONAL SET UP:

The Kerala Water Authority is a body corporate consisting of ten members namely one Chairman, Managing Director, four Secretaries to Government (ex-officio) in charge of Public Health Engineering Department or Kerala Water Authority, Finance Department, Local Administration Department and Development Department, two members representing the Local Bodies, one member belonging to Scheduled Caste/Scheduled Tribe and one Technical Member. The members are appointed by Government. The Authority executes its programmes through three Regional Offices managed by Chief Engineers, nine Circle offices managed by Superintending Engineers and forty-one Divisions managed by Executive Engineers spread over the State of Kerala.

AUDIT:

The audit of the accounts of the Authority has been entrusted to the Comptroller and Auditor General of India under Section 19 (3) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 for a period of 10 years with effect from the annual accounts for the 1984-85 to 1993-94. (As per Section 29 (2) of the Kerala Water Supply and Sewerage Act, 1986).

HIGHLIGHTS :

Depreciation reserve had not been created though Rs. 59.49 crores were charged as depreciation during the years 1984-85 to 1988-89.

No steps had been taken by the Authority to revise the rates of taxes and charges so as to achieve an economic return on fixed assets.

There were no repayments for the loans taken from Government. No provision was made for interest liability.

Three industrial consumers had defaulted in payment of water charges for Rs. 22.46 lakhs. LIC loan repayments due from the local bodies amounted to Rs. 1792.59 lakhs of which Rs. 665.15 lakhs is due from the Kerala State Rural Development Board. The assets and liabilities taken over from the Board by the Authority remained to be settled.

Water and maintenance charges due from local bodies amounted to Rs. 6070.78 lakhs. Non-adoption of closing balance of cash as on 31-3-1988 as opening balance on 1-4-1988 under certain heads resulted in under-statement of closing balance of cash by Rs. 4.40 lakhs as on 31-3-1989.

Provident Fund Accounts for 1988-89 had not been completed.

RULES AND REGULATIONS :

In terms of Section 64 of the Act, the Government may make rules for carrying out the purposes of the Act, especially in regard to the salaries and allowances and other conditions of service of officers and employees of the Authority, the manner of operation of funds by the Authority, the manner of

making provision for depreciation reserve and for its utilisation, the manner in which the accounts of the Authority shall be published, the extent of contributions and the manner of making such contributions by local bodies etc. No such rules have been made by Government (October 1991). However, on the finalisation of rules, the Government ordered that the rules and regulations applicable to the Government would be followed by the Authority.

In terms of Section 65 of the Act, the Authority may frame regulations with the approval of the Government for the administration of the affairs of the Authority and such regulations may provide, inter alia, for the following matters, namely:-

- a) The summoning and holding of meetings of the Authority, the time and place where such meetings are to be held, the conduct of business at such meetings and the number of persons who shall form a quorum there at;
- b) The powers and duties of the employees of the Authority;
- c) The management of property of the Authority;
- d) The execution of contracts and assurance of propriety on behalf of the Authority;
- e) The limits upto which the Managing Director shall be competent to incur recurring or non-recurring expenditure in any financial year without such expenditure being included in the statements, programmes and financial estimates submitted to Government as required in Section 28 of the Act;
- f) The preparation of annual statement of accounts and balance sheet by the Authority etc.

Regulations on matters other than (a) and (b) above had not been framed (October 1991).

6. ASSETS AND LIABILITIES:

In terms of the provisions of Section 16 of the Act, all properties and assets including works, buildings, vehicles, machineries, water supply and sewerage services etc. and so much of subsoil appertaining to the water mains and sewers as may be necessary for the purpose of deepening, repairing or maintaining of such water mains, sewers etc., which were vested in the Government Public Health Engineering Department (PHED) stood transferred to the Authority on its formation. All the rights, liabilities and obligations of the Government pertaining to the PHED became the rights, liabilities and obligations of the Authority. All the assets, rights, liabilities and obligations of Kerala State Rural Development Board constituted under the Kerala State Rural Development Board Act, 1971 pertaining to the execution of water supply and sewerage scheme in the panchayat areas and the right to recover arrears of annual instalments from panchayats towards expenditure on water supply and sewerage schemes became the assets, rights, liabilities and obligations of the Authority. In terms of sub-section (2) of Section 16 of the Act, the cost of the properties and assets so transferred to the Authority and the liabilities and obligations undertaken should be valued in such manner as Government may determine. Authority had valued the fixed assets and works-in-progress as on 31-3-1989 at Rs. 56,468.49 lakhs, which is pending approval of Government. The value of other rights, liabilities and obligations have also been approved by the Authority. According to the schedule of fixed assets and liabilities prepared by the Authority, the Net Block assets as at 31-3-1989 was as follows:

		Rupees
Gross value of fixed assets	:	609,82,200
Less Accumulated depreciation	:	202,33,700
Net value of fixed assets	:	407,48,500
Add Capital works in progress	:	158,57,900
Total	:	566,06,400

Government had not yet approved the valuation of fixed assets transferred to the Kerala Water Authority. Further the assets register, had been prepared for the year upto 1986-87 only. In spite of having been pointed out in the Audit Reports for 1986-87 and 1987-88, the defect continued to

DEPRECIATION RESERVE:

The valuation of the net assets as on 31st March 1984 had been made after charging accumulated depreciation amounting to Rs. 142.85 crores on the fixed assets upto 31st March 1984. The accumulated depreciation for the years 1984-85 to 1988-89 worked out to Rs. 59.49 crores. Section 26 of the Act provides that the Authority shall create a 'Depreciation Reserve' and make annual provision therefor in accordance with such principles as may be prescribed. However, no such reserve has been created so far (October 1991).

ANNUAL REPORT :

As per Section 56 of the Act, the Authority shall, after the end of each financial year, prepare and submit to Government a report giving an account of its activities during the previous financial year and such report shall be placed before the State Legislature as soon as possible after it is received by the Government. No such report for previous year (1986-87 and 1987-88) had been submitted to Government so far (October 1991). Non-preparation of the Annual Reports for the years 1984-85 onwards had been commented in the Audit Reports for 1986-87 and 1987-88. In spite of that the defect continued to persist.

ANNUAL ACCOUNTS ON COMMERCIAL PRINCIPLES:

Under Section 29 of the Act, the Authority shall cause to be maintained such books of accounts and other books in relation to accounts and prepare an annual statement of accounts and present an annual statement of accounts and balance sheet in such form and in such manner as may be prescribed. Till 1986-87 the Authority had only a Receipt and payment Account.

The Authority switched over to the commercial system of accounting from 1987-88 and annual accounts for 1988-89 had been prepared on that basis.

PLACING OF ACCOUNTS BEFORE THE STATE LEGISLATURE:

Under Section 29 of the Act, the Authority's annual accounts as certified by the Auditors with the Audit Report thereon are to be forwarded to Government for placing before the Legislature. The certified annual accounts with the Audit Reports for 1985-86 & 1986-87 forwarded to Government in April 1991 and August 1991 respectively remained to be placed before the Legislature. The certified annual accounts for 1987-88 with the Audit Report thereon 9-10-1991 remained to be got approved by the Water Authority Board before being placed before the Legislature (October 1991).

BUDGETARY SUPPORT FROM THE STATE GOVERNMENT:

(a) As per Section 24 of the Act, Government may after due appropriation by law of the State Legislature from time to time, make grants, subventions, capital contributions and advance loans to the Authority on such terms and conditions as the Government may determine. Such financial support by the State Government has been steadily increasing year after year. While the financial support for 1987-88 increased by Rs 442.92 lakhs as compared to 1986-87 (vide para 11 of Audit Report for 1987-88), it had increased by Rs.2848.67 lakhs during 1988-89 as compared to 1987-88 as shown below:

	Current year (1988-89)	Previous year (1987-88)
		(Rupees in lakhs)
Grants and Subventions	2197.74	1137.20
Contributions	4004.99	1729.20
Loans and Advances	2142.38	2240.82
Grants for flood relief	0.23	15.54
Grants for drought relief	307.24	690.40
Western Ghat Development Programme.	<u>20.21</u>	<u>10.96</u>
	<u>8672.79</u>	<u>5824.12</u>

According to the terms and conditions governing the grant of loans, the loans Rs. 2142.38 lakhs received by the Authority during the year are repayable in 9 annual instalments, repayment of the first instalment commencing from the first anniversary of availing the loan, carried interest at 13½ per cent per annum and in case of default, penal interest at 2½ per cent payable. The Authority had not so far (October 1991) paid any instalment of the loan received in 1988-89 and also Rs. 5625.82 lakhs received during the earlier years. No provision had been made for the interest accrued on Government loans but pending payment.

The request of the Authority (June 1989) to treat the loans received upto 1988-89 as contribution was pending decision of the Government (October 1991).

(b) SPECIFIC GRANTS :

According to the pattern of financial assistance for Western Ghat Development Project effective from 1981-82, 90 per cent of the assistance is treated as grant and the balance as loan. However, the entire financial assistance of Rs. 20.21 lakhs was shown under Capital Contribution from State Government in the Balance Sheet as was done during earlier years also. This practice continued to persist in spite of this having been pointed out in Para 16 of the Audit Report for 1987-88 also.

12. WORKING RESULTS:

Section 23 of the Act envisages that the Authority shall not as far as practicable incur any loss in taking credit for any grant subvention, capital contribution and loans from the Government under Section 24, carry on its operations at a loss and shall so fix and adjust its rates of taxes and charges as to enable it to meet as soon as feasible, the cost of its operations, maintenance and debt service and shall so far as practicable to achieve an economic return on its fixed assets. The rate of economic return has been specified and no scheme has been drawn out to run the Authority without any loss. The Authority has stated (December 1991) that a Cost and Revenue study is in progress.

13. WATER AND SEWERAGE CHARGES:

(a) The water and sewerage charges actually collected during 1988-89 amounted to Rs. 134.12 lakhs (as against Rs. 1699.36 lakhs accounted on accrual basis) showing a decline of Rs. 1565.24 lakhs as compared to the previous year. A consolidated demand, collection and balance statement as on 31st March 1989 had not been prepared and reconciled with the amounts actually due from the consumers.

(b) As per agreements executed with Carbon and Chemicals Limited and Cochin Chemicals Limited in 1986 for the supply of water to them against the loans received from them an amount of Rs. 117.07 lakhs was payable by them as water charges for 1988-89. The aggregate loan amount (Principal and interest) due for repayment as on 31st March 1989 was Rs. 117.07 lakhs and the balance of Rs. 33.33 lakhs was outstanding.

is payable by the Companies. Against this, the actual collection was Rs. 29.00 lakhs only, leaving an arrears of Rs. 10.87 lakhs. Added to the arrears of Rs. 11.59 lakhs for 1987-88, the total amount pending collection amounted to Rs. 22.46 lakhs.

Further, the difference of Rs. 6.20 lakhs in the arrears shown in the Demand, Collection and Balance Statement for 1987-88 and that shown in the previous year remained to be reconciled (October 1991).

CURRENT ASSETS - IRREGULAR ADJUSTMENT

The statement in Form MA 15 to be furnished by the Accounts rendering units along with the monthly accounts relates to issue of materials departmentally for which no recovery towards their cost is made from the contractors. Necessary adjustment crediting 'stock' and debiting the concerned works is done at the headquarters. Steel and cement are generally issued on cost recovery basis and would not figure in Form MA 15. But an amount of Rs. 192.48 lakhs being the cost of steel and cement issued departmentally but wrongly included in Form No. MA 15 was adjusted by Headquarters resulting in double adjustment one by the Accounts rendering Unit and the second by Headquarters which resulted in excess credit to the inventory by Rs. 192.48 lakhs and understating the 'Application Funds' in the balance sheet to the same extent.

The closing balance under Account code 1312 (stock of cement) and Account code 1339 (stock of consumables) closes with credit balance of Rs. 27,21,918.59 and Rs. 6,79,017.42 respectively which is apparently incorrect.

Similarly, the head office in March, 1989 debited Rs. 1,59,119.80 to account code 3111 and Rs. 1,6,38,667.26 to Account code 3112 considering that steel and cement issued to maintenance work through contractors are not on cost recovery basis as these were included by the Divisions in Form MA 15, while it was not so. This resulted in excess expenditure of Rs. 7,97,787.06 under "Operating and Maintenance Expenses" (Schedule P) and overstating by the same amount the "excess of expenditure over income" in the Balance sheet.

5. SUNDRY DEBTORS.

(a) L.I.C. loan repayment due from local bodies.

(Current Year - Rs.1792.59 lakhs Previous Year - Rs.1802.46 lakhs)

As per Schedule G to the Balance Sheet, a sum of Rs.1792.59 lakhs was due from the local bodies towards loan repayment to life Insurance Corporation of India. This amount comprised the following.

	(Rupees in lakhs)
(i) From Panchayats.	665.15
(ii) From Municipalities.	534.26
(iii) From Corporations.	593.18
	<hr/>
Total.	1792.59

The dues of Rs. 665.15 lakhs from Panchayats represent the balance of the loan availed by the Kerala State Rural Development Board. The loan was utilised for water supply schemes implemented by the Panchayats. According to the statement of assets and liabilities forwarded by the Board, Rs. 28.16 lakhs was shown as due to them from the Kerala Water Authority. The assets and liabilities of the Kerala State Rural Development Board taken over by the Kerala Water Authority as prepared by the Authority has not been reconciled with those of the Board so far (October, 1991). Government's approval to these assets and liabilities was also pending. A similar comment was included in the Audit Report for 1987-88 also (Para 14) but no progress had been made in settling the accounts with the Kerala State Rural Development Board nor in getting the dues collected from the Municipalities/Corporations.

The dues from the Municipalities/Corporations had not been reconciled with Demand, Collection and Balance statement duly accepted by the local bodies.

- (b) Water and Maintenance charges due from the local bodies amounted to Rs. ...
- (c) GENERAL COMMENTS.
- (i) Division-wise and year-wise break-up were not available.
- (ii) Confirmation of balances from the defaulters had not been obtained.
- (iii) No provision had been made in the accounts for doubtful debts.

16. CASH AND BANK BALANCE :

The Opening Balance as on 1st April, 1988 does not agree with the closing balance March, 1988 in respect of Bank balance under Account Code Nos. 1511, 1512, 1513 and respect of cash in hand (Account Code 153) as indicated below:-

Account Code.	Opening Balance as on 1-4-1988.
	Rs.
1511	8,12,13,269.73
1512	6,09,709.24
1513	5,82,51,766.54
1514	3,40,85,014.52
153	<u>33,95,171.87</u>
	<u>17,75,54,931.90</u>

The closing balance of cash as on 31-3-1989 is thus understated in the 4,40,190 08. The difference has not been reconciled (November 1991).

17. INTER-OFFICE AND SUSPENCE ACCOUNT BALANCE :

(Current year - Rs. 6,21,71,155.39
Previous year - Rs. 3,72,83,592.34).

The inter office account balance for the current year is accounted by the following

	Dr. Rs.
Materials	
Stock of Stores	13,49,26,048.99
Tools and Spares	-
Consumables	-
Plant and Machinery	6,28,040.03
Vehicles	1,47,783.90
Furniture, Fixtures, etc.	-
I.P.D. Expenses	-
Capital expenditure Others	66,000.00
Fund transfer	-
IOA - Cash	-
IOA - Bank drawings	-
IOA - Treasury	-
	<u>36,96,17,765.90</u>

- Bank Non-operative Account.		5,41,27,705.38
- Contra	2,14,290.45	3,12,673.15
- Others	8,37,917.00	
- Other expenses		23,16,398.32
- Other income		
- Other liabilities	<u>36,19,019.50</u>	
	<u>51,00,56,865.77</u>	<u>44,78,85,710.38</u>
Balance (Debit)		Rs. 6,21,71,155.39

In spite of a similar comment in the Audit Report for 1987-88 (Para 18 of the large balance Inter Office Account continued to persist pointing out the necessity for expeditious reconciliation clearance.

OTHER CURRENT LIABILITIES (Rs. 5163.41 lakhs).

The outstanding amounts of unadjusted debits/ credits under 'Items adjustable by PWD' were as follows.

	Debits (Rupees in lakhs)	Credits
1975-76	10.29	0.78
1976-77	12.54	2.84
1977-78	7.96	6.81
1978-79	21.10	0.79
1979-80	74.25	3.71
1980-81	141.91	5.40
1981-82	333.82	7.64
1982-83	1059.72	8.45
1983-84	3223.82	11.21
1984-85	2153.91	5.22
1985-86	109.11	Negligible
1986-87	4.82	..
	<u>7153.25</u>	<u>52.85</u>
Net (Dr)	7100.40 lakhs	

In January 1989 and February 1989, the State Government ordered that Rs.2262.62 lakhs pertaining to the period after the formation of the Water Authority is 1984-85 to 1986-87 would be treated as grant-in-aid and necessary adjustment had accordingly been made in the accounts for 1988-89. The balance of Rs.4887.78 lakhs pertaining to the earlier periods had been shown as dues to Government and included under current liabilities.

The Authority is still in the process of identification of Schemes/works for which the materials procured by debit to IA PWD were used, whether any adjustment was made in the Divisional Accounts etc. In the absence of these complete details any adjustment effected by the Headquarters office do not reveal the correct position.

19. LOANS AND ADVANCES :

(i) In paragraph 15 of the Audit Report for 1987-88 it was mentioned that in respect of amounts paid to employees for house building, purchase of motor cycles and other conveyances, balances were not maintained and consequently confirmation of balances at the end of each year had not been obtained from the employees. It was also stated that the recoveries towards House Building and Motor Car Advance taken by the employees from the State Government prior to 1st April 1988 had not been made over to Government. Further, the liability of the Authority in this regard had not been assessed and included in the assets and liabilities as on 31st March 1984. This defect continues to persist in the accounts for 1988-89 also.

(ii) Advances to sundry creditors, included advances to Director of Municipal Administration (Account Code 1663) - Rs. 165.20 lakhs and Advances to Director of Panchayats (Account Code 1664) - Rs. 325.47 lakhs. The confirmation of balances had not been obtained from these Government Officers or from any of the persons/agencies against whom advances are outstanding.

Advances to Contractors (Account Code 1661) should close with a debit balance; but they were closed with a credit balance of Rs 13.04 lakhs and had been included under "other current liabilities" (Schedule H). This required reconciliation and rectification.

Sundry creditors-Contractors (Account Code 2811) which is a liability by nature closed with a debit balance (Rs. 303.78 lakhs) and was included under "Advances Sundry to Creditors". The confirmation for the debit balance required to be investigated and the defect rectified.

20. PROVIDENT FUND

(i) General Provident Fund.

The accounting of credits and debits for 1988-'89 against individual P. F. accounts has not been completed. The annual account slips had not been issued from 1987-88 onwards.

(ii) The interest on G. P. F. had been provided provisionally @ 12 per cent only on the debit balance, pending finalisation of account. This does not show a fair picture as the credits / withdrawals during the year had not been taken into account.

(iii) Kerala Non-muster roll (NMR) Provident Fund.

The balances due to NMR Employees on account of Provident Fund as on 31st March 1988 had not been ascertained and included in the current liabilities.

21. PENSION AND OTHER RETIREMENT BENEFITS

The expenditure on pension and other retirement benefits during the current year was Rs. 106.94 lakhs. As per Sub section 19(2) of the Act, the sums outstanding in the credit accounts of employees transferred to the Authority from 1-4-1984 in pension, gratuity and other retirement benefits are required to be transferred to the Authority and the Authority shall pay the pension, gratuity and other retirement benefits to the employees retiring from the Authority. The Government's share in the pension and retirement benefits for the period of service of the employees, prior to 1st April 1984 had not been transferred to the Authority. The amount is also not shown as a liability in the Authority's account as it was not quantified and intimated by Government. The omission was pointed out in paragraph 21 of the Audit report for 1987-'88 also.

22. CLOSING CASH BALANCE CERTIFICATES

Out of 51 cash balance certificates due for the year 1988-'89, only 31 Certificates had been received. Public Health Divisions, Trivandrum and Alleppey and Investigation, Planning & Development

Trivandrum had not furnished the cash balance certificate continuously for three years viz. 1986-87, 1987-88 & 1988-89. Six account rendering units including the office of the Secretary, the Authority's Headquarters and three Superintending Engineer's offices had not furnished the certificate for the last two years.

INTERNAL AUDIT

Internal audit wing started functioning from August 1984 with a staff of 7 members headed by an Assistant Accounts Officer. The wing was brought under the supervision of an internal Auditor from 1987-88 onwards. As may be seen from the following table, in none of the years from 1984-'85 to 1988-'89 (except 1985-'86) the number of offices inspected by this wing reached the double digit though the target was 26 every year

Year	No. of offices		Shortfall in inspection
	Due for inspection	Actually inspected	
1984-'85	26	6	20
1985-'86	26	15	11
1986-'87	26	6	20
1987-'88	26	5	21
1988-'89	26	8	18

Out of 54 offices, inspections were pending from 1985-'86 in 39 offices. The shortfall in inspection is attributed by the authority to shortage of staff. Toning up the internal audit machinery and bringing down the arrears in field inspections are necessary for the efficient functioning of the offices. Mention was made in Paragraph 25 of the Audit Report for 1987-88 also about the unsatisfactory functioning of the wing; the position continued to be unsatisfactory.

4. INSPECTION REPORTS AND OBJECTIONS PENDING SETTLEMENT

The position of Inspection Reports issued by the Accountant General and pending settlement was as follows:-

Year	PENDING SETTLEMENT		
	No. of Inspection Reports	No. of paragraphs	No. of Inspection Reports for which even first replies not received
1985-'86	10	24	2
1986-'87	28	155	5
1987-'88	31	76	2
1988-'89	35	128	
Total	104	383	14

Some of the important audit observations commented in the Reports are-idle outlay, non-completion of works, unauthorised execution of works, non-recovery of amounts for unused materials, excess payments pending recovery etc.

As regards objections issued in Central audit, there were 21 items relating to 1988-89 value of which is Rs. 1.07 lakhs, still pending settlement. The important categories of objections are:

Want of supporting documents relating to medical reimbursement claims

Error in computing the value of work done.

Difference in value of work done and that entered in Part-III Memo of payment.

Rs. 4770

Rs. 730

Rs. 518

It is necessary that the audit observations and objections are attended to on top priority so that corrective measures could be taken in time and excess/fraudulent payments are prevented.

26. OTHER TOPICS OF INTEREST LOSS DUE TO DELAY IN SETTLING TENDERS

The Superintending Engineer, PH Circle, Kozhikode invited tenders for the supply of 200 CID joints for Vadakara Division in February, 1988. The validity period of the lowest offer was Rs 72.76 per set was upto 20th May 1988. This was recommended to the Chief Engineer and his acceptance was communicated on 11th May 1988. The supply order was placed on 27th May 1988, long after the validity period. The firm declined to accept the order and alternative arrangements made in purchasing 3090 sets @ Rs. 90/- per set resulted in an expenditure of Rs. 53271/-

The Superintending Engineer attributed the delay in placing the supply order to administrative reasons.

Thiruvananthapuram,
December 1991

Sd/-

ACCOUNTANT GENERAL (AUDIT)

**REPLY ON THE POINTS RAISED IN THE AUDIT REPORTS
ON THE ACCOUNTS KERALA WATER AUTHORITY FOR THE YEAR 1988-89**

No remarks called for

-do-

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Remarks given under relevant paragraphs
Draft rules on the following matters have been forwarded to Government

Technical Service Special Rules
Reimbursement of Medical Expenditure
Manner of Operation of Funds
Depreciation reserve and its utilisation
Powers of Auditor and Publication of Accounts
Surcharge
Payment of TA, DA and Sitting allowance to members of the Authority.

Regulations on matters (c), (d) & (e) have been finalised and forwarded to Government for approval. New draft regulations have to be prepared on item (f)

Necessary action has been taken to update the assets Register.

The depreciation has been charged in the Income and Expenditure Account and the depreciation reserve created has been properly shown in the schedule 'E' of the Balance sheet.

Action has been taken to comply with the requirement of section 56 of the Act at the earliest.

No remarks called for

The certified Annual Accounts of Kerala Water Authority for 1984-85, 1985-86, 1986-87 & 1987-88 together with the Audit report and reply furnished to the points raised in the Audit report have been forwarded to Government for placing before the State Legislature

1. a) No further remarks

b) Action is taken to clarify this from Government

2. A cost and revenue study which is in progress will analyse the effect to alternative systems of revenue generation etc. and propose methods for Kerala Water Authority to routinely collect and analyse data on the cost of services and revenue to recover these costs. The draft final report is under examination of the Authority.

3. Consolidated DCB is prepared from 1989-90 onwards

4. The matter is under detailed scrutiny and the rectification on the above matter if any will be carried out in the subsequent accounts

5. a) Steps are in progress, to settle the accounts with K.S.R.D. Board

b) Action has been initiated to recover the dues from the local bodies

c) Necessary action has been taken to obtain divisionwise, year wise details.

16. CASH AND BANK BALANCES

The difference if any between the Reported and Book figure are being reconciled.

17. Steps are in progress for the reconciliation of Inter-Office Account.
18. Steps are being taken for clearance of I.A.P.W.D.
19. i. Action is being taken to maintain broad sheets
- ii. Steps are being taken to obtain the confirmation of balances from the D.M.A. and D. Account Heads 2811 and 1661 are under investigation.
20. No further remarks.
21. The Share of the Government of Kerala on account of pension and other retirement benefits of such employees for the portion of their service under the erstwhile PHED had not been worked out. The non-plan grant in aid being released to Kerala Water Authority by the Government from its Budgetary provision taken care of the expenditure on this account a separate exercise is being done to find the pension share of Government.
22. The defaulted units are intimated and on receipt of the cash certificates it will be furnished to Audit.
23. Action has been initiated to increase the number of days of internal audit so as to cover all account rendering units and thereby reducing the arrears in the internal audit.
24. The Regional Chief Engineers, Superintending Engineers and the Divisional Engineers already been directed to bestow personal attention in the matter of early clearance of outstanding inspection reports and audit objections.
25. No further remarks.

Sd/-

MANAGING DIRECTOR