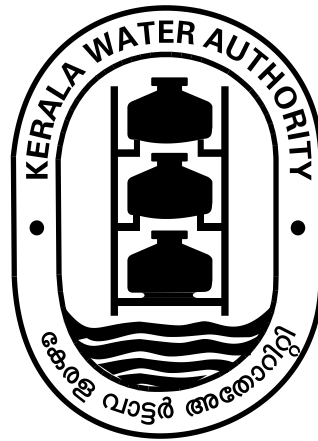


KERALA WATER AUTHORITY



ANNUAL ACCOUNTS

2018-19

JALA BHAVAN, THIRUVANANTHAPURAM-695033

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SEPARATE AUDIT REPORT OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA ON THE REVISED ACCOUNTS OF THE KERALA WATER AUTHORITY FOR THE YEAR ENDED 31 MARCH 2019.

We have audited the attached Balance Sheet of Kerala Water Authority (KWA) as at 31 March 2019 and the Income and Expenditure Account for the year ended 31 March 2019 under Section 19 (3) of the Comptroller & Auditor General's (Duties, Powers & Conditions of Service) Act, 1971 read with Section 29(3) & (4) of the Kerala Water Supply and Sewerage Act, 1986. These financial statements include the individual accounts of 174 units. The preparation of these financial statements is the responsibility of the Kerala Water Authority. Our responsibility is to express an opinion on these financial statements based on our audit.

2. This Separate Audit Report contains the comments of the Comptroller & Auditor General of India (CAG) on the accounting treatment only with regard to classification, conformity with best accounting practices, accounting standards, disclosure norms etc. Audit observations on financial transactions with regard to compliance with the Laws, Rules and Regulations (Propriety and Regularity) and efficiency-cum-performance aspects etc., if any, are reported through Inspection Reports/CAG's Audit Report separately.
3. We have conducted our audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements. An audit includes examining, on a test basis, evidences supporting the amounts and disclosure in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall presentation of financial statements. We believe that our audit provides a reasonable basis for our opinion.
4. Based on our audit, we report that:
 - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - (ii) The Balance Sheet and Income and Expenditure Account dealt with by this report have been drawn up in the format approved by the State Government under Section 29(1) of the Kerala Water Supply and Sewerage Act 1986.
 - (iii) In our opinion, system of maintenance of books of accounts and other relevant records as required under Section 29(1) of Kerala Water Supply and Sewerage Act 1986, were wanting in many respects, in so far as it appeared from our examination of such books.
 - (iv) We further report the following significant audit observations on financial statements under different heads:



A. BALANCE SHEET

1. Sources of Funds

1.1 Kerala Water Authority Fund

1.1.1 Contributions and Grants (Schedule A) - ₹8035,08,38,796

1.1.1.1. Contribution and Grant from GoI - ₹1854,12,91,284

Less amount to Dist. Collectors and Rural Water Sanitation Agency - ₹230,59,63,750

Reference is invited to item No.2.02.4.2 of Notes to Accounts, wherein it was stated that 'amount released to District Collectors for the implementation of Water Supply Schemes to Scheduled Caste/Scheduled Tribes habitations and amount released to Kerala Rural Water Sanitation Agency out of the Government of India Grant was shown as a deduction in the schedule'. In the absence of Utilization Certificate for the amount of ₹230.59 crore shown as deduction from the GoI grants as on 31.03.2019, the correctness of the same could not be ascertained.

1.1.2. Reserves and Surplus (Schedule B) - ₹356,55,04,378

This represents the amount of deposit received against water/sewer deposit works transferred to "Reserve for Deposit Works" on effective completion of such works which are not handed over to the depositors. As per Note No.2.03 of the Statement on Significant Accounting Policies and Notes on the Accounts, works completed under the deposit received upto March 2012 have been transferred to Reserve for Deposit Works as the updation of Fixed Asset register and analysis of asset related items including deposit works are done upto 31.03.2012.

Even though depreciation on these assets was provided for, the amount of reserve equal to depreciation provided for has not been accounted as income in the Income and Expenditure account. Though this has been brought to the notice of the Authority in the previous Audit Reports, no adjustment has been made in the accounts so far.

2. Application of Funds

2.1 Fixed Assets (Schedule E) - ₹113,50,64,37,792

2.1.1 Gross Block- ₹63,49,56,86,804

(1) As per KWA Accounts Manual, Chapter IV B.1.5.1, on receipt of Commissioning Certificate (Form FA 12), the Divisional Office shall forward to Head Office the details of such Work Scheme to be Capitalized as "Capital Work Cost Analysis" in form FA 13. As per Chapter IV C.2.1, on receipt of capital Work Cost Analysis (Form FA 13) from Divisions, the Head Office shall aggregate cost including project overheads, interest allocated (gathered from Register of interest pending allocation form FA14) and such amount shall be transferred to Fixed Assets Account by passing Journal Entry. The details of assets capitalized shall be recorded in Fixed Asset register Form FA15.



As per the Note No.2.07.3, in the year 2018-19 an amount of ₹386.94 crore has been transferred from Capital Work in Progress to Fixed Assets. This was based on an annual statement of schemes completed called for from the Divisions.

In this regard, the above Manual provisions to be followed as and when the projects are commissioned were not followed by the Authority.

(2) The Fixed Asset register has been updated only up to 31.3.2012. As per the notes on accounts (2.07.3), the Fixed Asset register has been updated upto the year 2011-12. Action is in progress to update the same for the financial year from 2012-13. The expenditure incurred towards Water Supply Schemes/ Sewerage Schemes are first booked as Capital Work in Progress and on successful commissioning of the Schemes, the same is transferred to corresponding fixed assets. The analysis and updation of Fixed Assets register and asset related matters were done upto 31.03.2012 only. As per the note, in the year 2018-19 an amount of ₹386.94 crore has been transferred from Capital Work in Progress to Fixed Assets.

In the absence of updated Fixed Assets Register, the correctness of the value of Fixed Assets as on 31 March 2019 and the depreciation could not be confirmed.

2.2. Net Current Asset - ₹ 1418,91,44,210

2.2.1. Current Asset (Schedule G) - ₹2238,25,90,032

2.2.1.1 Inventory - ₹81,97,22,231

As per KWA Accounts Manual, upon receipt of relevant copy of Goods Received Sheet (GRS), the Division shall value the same in accordance with the related supply order. The GRS shall be entered in the Stock Receipt Register (Form MA 10) according to material classification as per the Account Code. The abstract of the same shall be prepared in Form MA 11. On the basis of MA 11, the Account code for the concerned material shall be debited and the Account Code 2812 (Sundry Creditors-Suppliers) shall be credited.

PH Division Irinjalakuda has accounted stock of Pipes (Account Code 1313), Specials (Account Code 1316), Others (Account Code 1319) and Chemicals (Account Code 1331) amounting to ₹ 22,83,085 based on payment to the supplier against account code 2812 in addition to accounting based on GRS.

Due to non-adherence to the Manual provision, the correctness of the stock of material could not be ascertained.

2.2.1.2 Sundry Debtors - ₹1496,62,64,178

2.2.1.2.1 Consumers

2.2.1.2.1.1 Domestic, Non domestic and Industrial dues - ₹1174,33,16,490

The above amount included dues relating to several unidentified connections, disconnected/ dismantled connections as well as cases under dispute on which fines and penalties were on the increase. However individual cases of debtors were not analysed separately for making provisions for doubtful debts. Reference is invited to Note No.2.09.3 wherein it is stated that the sundry debtors balances have not been reconciled and no provision has been



made for doubtful debts. Further, the demand on consumers and corresponding debtors are accounted based on arbitrary estimates in many units. In the absence of provisions for doubtful debts and the method of arbitrary estimation adopted for accounting of demand, the correctness of the amount of Current Assets could not be ascertained in audit.

2.2.1.3 Other Current Asset

2.2.1.3.1 Inter Office and other suspense account balances - ₹ (20,43,97,108)

(1) Inter office Accounts should have 'NIL' balance in the Consolidated Accounts. However, the above head shows balance of ₹ (-) 20,43,97,108 being balance in 21 inter office accounts.

(2) The above includes ₹ (-) 34,60,12,935.28 being the balance under the head IOA – Bank-Non-Operative (Account Code 9134). As per KWA Accounts Manual – Volume – V, Cash and Funds Accounting, Chapter – II, Operating Systems and Procedures, (E) – Banking, Paragraph – 6, Division/Sub-division shall maintain a “Control Register – Non-operative Account” in Form CB-14 wherein the details of deposits into Non-Operative account shall be recorded. Also, the details of transfers effected to the Head Office shall be recorded based on advice received from bank. As per (F) Fund Transfer, Paragraph – 3, a Schedule of transfers effected during the month shall be sent by the units to the Head Office along with monthly accounts. Head Office shall on receipt of such schedule, record the details of transfers effected in Non-Operative Transfer Register in Form CB-32. Details of fund utilized shall also be recorded in that register and hence the balance shall be ascertained.

As per Chapter - III – Accounting Procedures, (F) Fund Transfer, Paragraph – 3, Non-Operative Account, transfer of fund from Sub-division/Divisions to Head office through Non-Operative Bank Account shall be accounted in the cash book (payment side in the Divisions/Sub-divisions book and receipt side in the Head Office books) under the head IOA – Bank- Non-operative (Account Code 9134).

It is seen that the prescribed procedural control through Non-Operative Transfer Register in Form CB-32 and accounting controls through cash book for receipt under IOA – Bank- Non-Operative (Account Code 9134) was not exercised by the Head Office. As such, there is a difference of ₹3,64,10,782.20 between the amount accounted as transferred by Field Offices in 2018-19 under Account Code 9134 and the amount accounted in 2018-19 as received at Head Office bank accounts which is yet to be reconciled. Hence, Audit could not vouchsafe the correctness of balance of the above account.

2.2.2. Current Liabilities (Schedule H) - ₹819,34,45,822

2.2.2.1. Sundry creditors

2.2.2.1.2 For contractors/suppliers - ₹63,51,13,918

As per the stated accounting policy, the Authority follows accrual basis of accounting. However the Authority has not accounted the liability in respect of works completed and certified prior to 31st March 2019 and pending for payment as on 31.03.2019. Since the Authority is not passing JVs for Capital Work in Progress/ Assets and Repairs and Maintenance as and when work is completed/ certified, the actual amount of current liability, work in progress/ assets and repairs and maintenance not accounted as on 31st March 2019 could not be ascertained.



B. INCOME AND EXPENDITURE ACCOUNT

1. Operating Income

1.1. Consumers (Schedule L) - ₹657,88,67,316

1.1.1 Operating Income - Water Supply

1.1.1.1. Domestic consumers - ₹254,59,50,568

The above includes Water Charges from domestic consumers (Account Code 6111) ₹240,19,75,289.05. On test check of accounting records of Divisions (PH Division Alappuzha ₹149233929.00, PH Division Irinjalakuda ₹83847118.00 and PH Division Kozhikode ₹67010170.00), it is seen that the manual revenue records do not provide for the total demand under each category of consumers based on the actual demand raised on individual consumers but based on arbitrary estimates. i.e by applying an average rate on the total number of consumers at four Sub divisions under Alappuzha Division, all the four Sub divisions under Irinjalakuda Division, and two Sub divisions under Kozhikode Division. The Demand Collection Balance reports were not available in billing system eAbacus for the whole year 2018-19 in these Subdivisions. Hence the amount of income accounted for water charges from domestic consumers is not correct for the year 2018-19.

1.1.1.2 Non-Domestic consumers - ₹235,69,38,707

The above includes Water Charges from non-domestic consumers (6211) ₹232,67,61,740.37. On a test check of accounting records of Divisions (PH Division Alappuzha ₹23013372.00, PH Division Irinjalakuda ₹17840030.00 and PH Division Kozhikode ₹150001178.00), it is seen that the manual revenue records do not provide for the total demand under each category of consumers based on the actual demand raised on individual consumers but based on arbitrary estimates. i.e, by applying an average rate on the total number of consumers at four Subdivisions under Alappuzha Division, all the four Subdivisions under Irinjalakuda Division, and two Sub divisions under Kozhikode Division. The DCB reports were not available in billing system e-Abacus for the whole year 2018-19 in these Sub divisions. Hence the amount of income accounted for water charges from non-domestic consumers is not correct for the year 2018-19.

1.1.1.3 Industrial consumers - ₹15,44,19,926

The above includes water charges from industrial consumers (6411) ₹15,32,64,013. On a test check of accounting records of Divisions (PH Division Alappuzha ₹7927658.00, PH Division Irinjalakuda ₹3965182.00 and PH Division Kozhikode ₹2298775.00), it is seen that the manual revenue records do not provide for the total demand under each category of consumers based on the actual demand raised on individual consumers but based on arbitrary estimates. i.e, by applying an average rate on the total number of consumers at four Sub divisions under Alappuzha Division, all the four Subdivisions under Irinjalakkuda Division, and two Sub Divisions under Kozhikode Division. The DCB reports were not available in billing system e-Abacus for the whole year 2018-19 in these Sub divisions. Hence the amount of income accounted for water charges from industrial consumers is not correct for the year 2018-19.



C. GENERAL

(1) The Authority incorporates the current year transactions of the Account Rendering Units (ARUs) through journal at Head Office (HO). The consolidated opening and closing balances of each heads of accounts are retained in the books of Head Office. The ARU wise break-up of the figures of opening and closing balances maintained at HO is not available. The impact of JVs passed at HO is not incorporated in the accounts of ARUs. Hence the correctness of opening and closing balances of various heads of accounts including cash and bank balances of each ARU and of the consolidated accounts could not be confirmed.

(2) During the test check of the units it was seen that debit heads like inventories, bank balances, loan and advance have credit balance and credit heads like EMD, employee deduction, provision for payment to employees, SD/ EMD/bills passed due to contractor/ suppliers and deduction of taxes from contractors/ suppliers have debit balance in the trial balance which is not as per KWA's Accounts Manual.

(3) On verification of accounts at units for the year 2018-19 in respect of various advances to employees, it was seen that the Divisions are not maintaining employee wise breakup of the amount reflected in the account code like 1641 (Onam Advance). It is noticed that individuals are transferred from/ to other units of KWA on receiving the advance. However, the corresponding inter - office adjustment accounts in respect of transfers was not effected. Hence the correctness of the closing balance could not be confirmed.

(4) Bank and Treasury balances of ₹679,71,18,036 includes 28 Bank/Treasury Accounts at HO Finance wing. It is prescribed in the KWA Accounts Manual 1993, Vol. V- Cash and Funds Accounting that "Cash Book in Form CB 8 shall be maintained at all Account Rendering Units (ARUs) and Sub-Divisions" and Head Office Finance Wing is an ARU having a location code of 5000.

However, no cash book is maintained for the 28 Bank/Treasury accounts. Hence the correctness of balance of these twenty eight Accounts could not be verified.

(5) On test check of accounting records of Divisions, it is observed that in Form FA 11 in support of JVs for capital expenditure for each month the prescribed information including scheme, scheme code, name of work and work order number are not mentioned consistently. Due to this the correctness of classification of work expenditure into Revenue (Repairs and Maintenance) and Capital (CWIP/Assets) could not be confirmed.

(6) Investments by KWA are not commensurate with the liability on account of General Provident Fund.

IMPACT OF REVISION OF ACCOUNTS

The impact of revision of accounts for the year 2018-19 at the instance of audit is as follows:

(₹ in crore)

Particulars	Increase	Decrease	Net Increase/Decrease (-)
Assets	36.30	15.41	20.89
Liabilities	169.89	85.40	84.49
Expenditure	75.44	6.38	69.06
Income	5.50	0.04	5.46



D. GRANTS-IN-AID

Out of Grant in aid of ₹793.49 crore, (-) ₹ 59.89 crore is the opening balance. The Authority had utilised an amount of ₹777.17 crore with an excess utilization of ₹43.57 crore as on 31 March 2019. Project wise details of grants-in-aid are enclosed in Annexure II.

(v) Subject to our observations in the preceding paragraphs, we report that the Balance sheet and Income & Expenditure Account dealt with by this report are in agreement with the books of accounts.

(vi) In our opinion and to the best of our information and according to the explanations given to us, the financial statements read together with the Accounting Policies and Notes on Accounts and subject to the significant matters stated above and other matters mentioned in Annexure-I to this Audit Report *give a true and fair* view in conformity with the accounting principles generally accepted in India.

- a. In so far as it relates to the Balance Sheet of the state of affairs of the Kerala Water Authority as at 31 March 2019
- b. In so far as it relates to the Income and Expenditure Account of the surplus for the year ended on that date.

*For and on behalf of the Comptroller
and Auditor General of India*

Sd/-

अनिमचेरियान

ANIM CHERIAN

प्रधानमहालेखाकार (ले.प-1), केरल

PRINCIPAL ACCOUNTANT GENERAL (AUDIT-I), KERALA

तिरुवनंतपुरम/ Thiruvananthapuram

Dated: 01.02.2023.



ANNEXURE I

1. Internal Audit System

Internal Audit of the Authority is conducted by the Internal Audit Wing under the control of Accounts Member.

As on 31.03.2019, Kerala Water Authority had Administration Head Office, Finance wing, WASCON, CE JICA, Regional Offices at Thiruvananthapuram, Kochi and Kozhikode, 14 Circle Offices, 48 Divisions (total 69 ARUs) and 105 Sub divisions under the control of Divisions.

Out of the above, the internal audit for the period upto 31.03.2019 has been completed only in respect of 20ARUs.

As such Audit is of the opinion that Internal Audit coverage does not commensurate with the size and nature of the Authority.

2. Internal Audit

The major deficiencies noticed in the Internal Audit system are

- Internal Audit Manual explaining the mode and procedure to be followed have not been prepared by the Authority.
- The Internal Audit Wing is under the control of Accounts Member instead of under the direct control of the Chief Executive of the Authority.
- There were delays in complying with the audit paragraphs or taking corrective action by the field units.

3. Internal Control

The Internal Control system in the Authority is deficient in the following areas:

1. Bank reconciliation is not being carried out by field offices in some bank accounts as stipulated in Vol. V, Chapter III – Accounting Procedures – (E) 6 of Kerala Water Authority Accounts Manual, 1993.
2. There are huge balances appearing in the inter office adjustment accounts including inter office adjustment accounts for fund transfer.
3. Write off of long pending dues from accounts are done through JVs without specific approval for the same from competent authority.

4. Inadequate accounting information

1. Many of the account balances in Trial balances of Divisions/Sub divisions were altered/ revised at Head Office without proposing journal entries or without recording the reasons for the alteration/revision. The revisions made were not being incorporated in the books of accounts of the concerned Divisions/Sub divisions even after finalising the accounts. As a result, the balances in the Unit trial balances were often at variance with the balances in Trial Balance considered for preparation of consolidated Accounts at the Head Office.



2. Subsidiary Ledgers of receivables and payables are not maintained by Field Units in the absence of which the correctness of the account balances and status of recovery potential/liability could not be ascertained.

3. In the absence of ARU wise break up of balances of each heads of accounts of assets and liabilities, the correctness of the same with the books of the ARUs could not be confirmed.

4. The Accounts Manual provides that the accounts shall contain details such as quantity of clear water produced and sold to domestic and non domestic consumers, Local Bodies, industrial consumers etc. However, the quantitative details of water produced and sold could not be compiled as the Authority did not have the accurate information.

The monthly accounts of Head Office does not include information regarding Finance wing.

5. **Absence of Stores records and physical verification of inventory.**

Priced Stores Ledgers are not maintained or kept up to date. Physical verification of stock is also not being carried out on regular basis. Hence in many of Account Rendering Units the stocks are having negative balances (Credit balances). Inter unit transfers of stock are also not being accounted and reconciled properly.

6. **Revenue records**

The revenue records of field units are also not being maintained properly. Many of the Divisions/Sub divisions are accounting revenue on the basis of arbitrary estimates. Extent of revenue, doubtful of realisation are also not being assessed and systematically provided for.

7. **Physical Verification of Fixed Assets**

Physical verification of Fixed Assets has not been conducted. Hence audit could not ensure the actual existence of the Assets. The Fixed Asset Register is pending updation since 31.03.2012.

The inter office control accounts including control account for transfer of current assets and fixed assets are not reconciled.

8. **Regularity in payment of statutory dues**

The Authority is generally regular in depositing undisputed statutory dues with appropriate authorities except water cess.

Sd/-

**Resident Audit Officer
Kerala Water Authority**

ANNEXURE II
GRANT IN AID

Project wise details of Receipts and Utilisation of Grants-in-Aid during the year 2018-19
(₹ in crore)

Sl. No.	Name of the Project for which grants received	Amount of grant brought forward from previous year	Amount of grant received during the year	Interest / Others	Audit Disallowance recouped	Total Grant received / Funds available	Amount utilized during the year	Amount utilized as on 31.03.2019 carried forward to next year	Remarks
1	NRDWP	0	82.74	-	-	82.74	82.74	-	
2	Earmarked Schemes	-	-	-	-	-	-	-	
3	Others (NWQSM)	2.31	2.12	-	-	4.43	1.86	2.57	
4	Others (NITI Ayog)	18.40	-	-	-	18.40	2.01	16.39	
	Total GOI	20.71	84.86	-	-	105.57	86.61	18.96	
5	GOK (P)-State Plan	(52.14)	329.05	-	-	276.91	305.66	(28.75)	
	JICA	(29.44)	20.56	-	-	(8.88)	25.23	(34.11)	
6	GOK (NP)	-	359.02	-	-	359.02	359.02	-	
7	LAC-ADS	0.98	-	-	-	0.98	0.65	0.33	
	Total GOK	(80.60)	708.63	0	-	628.03	690.56	(62.53)	
	Grand Total	(59.89)	793.49	0	0	733.60	777.17	(43.57)	



Sd/-
Resident Audit Officer
Kerala Water Authority



KERALA WATER AUTHORITY BALANCE SHEET AS AT 31st MARCH 2019

	Schedule Reference	CURRENT YEAR (Amount in ₹)	PREVIOUS YEAR (Amount in ₹)
<u>SOURCES OF FUNDS</u>			
1 Kerala Water Authority Fund			
a. Contributions & Grants	A	80,35,08,38,796	75,97,23,99,796
b. Reserves & Surplus	B	3,56,55,04,378	3,56,55,04,378
2 Kerala Water Authority Loan Fund			
a. Secured Loans	C	1,13,77,90,842	60,74,48,450
b. Unsecured Loans & Deposits	D	77,57,96,99,589	67,01,16,73,001
Total		1,62,63,38,33,605	1,47,15,70,25,625
<u>APPLICATION OF FUNDS</u>			
1 Fixed Assets	E		
Gross Block		63,49,56,86,804	59,57,03,26,168
Less: Depreciation Reserve		20,09,46,62,474	18,71,91,34,667
Net Block		43,40,10,24,330	40,85,11,91,501
Capital Work in Progress		70,10,54,13,462	63,12,48,01,103
		1,13,50,64,37,792	1,03,97,59,92,604
2 Investments	F	63,99,76,906	61,26,44,902
3 Net Current Assets			
a. Current Assets	G	22,38,25,90,032	19,29,15,68,791
b. Current Liabilities	H	8,19,34,45,822	16,49,24,82,182
		14,18,91,44,210	2,79,90,86,609
4. Loans & Advances	I	3,19,31,40,646	2,85,36,94,617
5 Miscellaneous Expenditure to the extent not Written-off	J	-	-
6 Accumulated Excess of Expenditure over Income	K	31,10,51,34,051	36,91,56,06,893
Total		1,62,63,38,33,605	1,47,15,70,25,625

Schedules A to K and significant accounting policies and notes on the accounts 2.01 to 2.10 form an integral part of this Balance Sheet

Shijith. V
Finance Manager &
Chief Accounts Officer

(Vaccant)
Accounts Member

Venkatesapathy. S. IAS
Managing Director



KERALA WATER AUTHORITY
INCOME & EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2019

	Schedule Reference	CURRENT YEAR (Amount in ₹)	PREVIOUS YEAR (Amount in ₹)
INCOME			
1 Operating Income			
a. Consumers	L	6,57,88,67,316	6,22,85,11,241
b. Others	M	9,99,58,464	7,05,04,611
		6,67,88,25,780	6,29,90,15,852
2 Grants & Subventions - Government of Kerala		3,59,02,31,800	2,80,97,47,800
3 O&M Grant from Government of India		-	3,65,69,000
4 Interest Income	N	25,48,96,058	27,01,67,589
5 Other Non-Operative Income	O	1,82,10,50,016	2,28,52,17,089
		12,34,50,03,654	11,70,07,17,330
EXPENDITURE			
1 Operating & Maintenance Expences	P	4,08,54,81,045	3,70,26,70,843
Less: Current year Power charges absorbed by GoK		1,67,13,00,000	-
Net Operating & Maintenance Expences		2,41,41,81,045	3,70,26,70,843
2 Payment & Provision to Employees	Q	8,94,48,14,907	8,56,99,10,020
3 Office expences	R	20,10,80,430	18,00,62,355
4 Travelling & Conveyance Expences		5,33,37,568	5,00,52,748
5 Administrative Expences	S	2,05,50,135	1,53,22,378
6 Debtors written off	T	20,75,36,143	93,98,85,248
7 Assets and losses written off	U	-	-
8 Provision for Doubtful Debts	V	-	-
9 Interest on			
a. Secured Loans		5,27,70,877	6,14,13,690
b. Government of Kerala Loans		2,64,19,65,000	2,64,26,87,000
c. GPF		29,86,63,530	27,49,97,896
		2,99,33,99,407	2,97,90,98,586
10 Depreciation	E	1,37,55,27,807	1,27,42,50,140
		16,21,04,27,442	17,71,12,52,318
11 Transferred to Capital Work-In-Progress	W	37,97,40,700	61,44,68,967
		15,83,06,86,742	17,09,67,83,351
Excess of Income over Expenditure		(3,48,56,83,088)	(5,39,60,66,021)
12 Prior Period Adjustments	X	9,29,61,55,930	2,46,75,976
Excess of Income over Expenditure after prior period adjustments		5,81,04,72,842	(5,37,13,90,045)

Schedules L to W and significant accounting policies and notes on the accounts 2.11 to 2.14 form an integral part of this Balance Sheet

Shijith. V
Finance Manager &
Chief Accounts Officer

(Vaccant)
Accounts Member

Venkatesapathy. S. IAS
Managing Director



KERALA WATER AUTHORITY
SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31st MARCH, 2019

	CURRENT YEAR (Amount in ₹)	PREVIOUS YEAR (Amount in ₹)
SCHEDULE - A		
CONTRIBUTIONS & GRANTS		
1	4,34,53,27,735	4,34,53,27,735
2	51,86,98,41,329	48,76,54,75,329
3	7,13,22,51,632	7,13,22,51,632
Less : Amount released to :	-	-
a. Urban L.C.S Schemes	3,65,25,750	3,65,25,750
b. Rural L.C.S Schemes	3,94,97,200	3,94,97,200
c. Kerala Urban Development Project	3,60,00,000	3,60,00,000
	7,02,02,28,682	7,02,02,28,682
4	18,54,12,91,284	17,25,08,16,284
Less : Amount released to District Collectors and Kerala Rural Water Sanitation Agency	2,30,59,63,750	2,28,95,61,750
	16,23,53,27,534	14,96,12,54,534
5	18,14,530	18,14,530
6	87,82,98,986	87,82,98,986
	80,35,08,38,796	75,97,23,99,796
SCHEDULE - B		
RESERVES & SURPLUS		
Reserve for deposit works	3,56,55,04,378	3,56,55,04,378
	3,56,55,04,378	3,56,55,04,378
SCHEDULE - C		
SECURED LOANS		
1	51,55,63,534	61,05,63,419
2	62,22,27,308	(31,14,969)
	1,13,77,90,842	60,74,48,450
SCHEDULE - D		
UNSECURED LOANS & DEPOSITS		
1	23,32,73,83,580	23,32,73,83,580
2	22,52,33,27,001	19,88,59,40,000
3	4,56,62,47,872	4,54,88,56,509
4	2,60,05,39,088	2,27,31,37,684
5	7,16,60,225	7,72,29,672
6	15,44,65,406	12,11,09,319
7	14,46,95,92,514	13,25,48,07,261
8	9,86,64,83,903	3,52,32,08,976
	77,57,96,99,589	67,01,16,73,001

Finance Manager &
Chief Accounts Officer

(Vaccant)
Accounts Member

Managing Director

SCHEDULE FORMING PART OF BALANCE SHEET AS ON 31-03-2019 (Contd....)

**KERALA WATER AUTHORITY
SCHEDULE OF FIXED ASSETS AS AT 31st MARCH 2019**

SCHEDULE - E

DESCRIPTION	GROSS BLOCK			DEPRECIATION BLOCK			NET BLOCK		
	BALANCE AS ON 01/04/2018	ADDITIONS DURING THE YEAR	AS ON 31-03-2019	BALANCE AS ON 01/04/2018	DEPRECIATION	DEPRECIATION UPTO 31-03-2019	CURRENT YEAR	CURRENT YEAR	CURRENT YEAR
FREE HOLD LAND	1,78,24,08,121		1,78,24,08,121	-	-	-	1,78,24,08,121	1,78,24,08,121	1,78,24,08,121
LAND DEVELOPMENT EXPENDITURE	7,48,73,240		7,48,73,240	-	-	-	7,48,73,240	7,48,73,240	7,48,73,240
CIVIL WORKS	22,98,56,00,767	2,11,16,32,200	25,09,72,32,967	5,96,00,43,154	59,13,44,184	6,55,13,87,338	8,54,58,45,629	17,02,55,57,613	17,02,55,57,613
BUILDINGS	2,04,20,29,914	7,05,25,189	2,11,25,55,103	57,72,28,882	3,79,39,255	61,51,68,137	1,49,73,86,966	1,46,48,01,032	1,46,48,01,032
PLANT AND MACHINERY	5,48,62,21,669	64,18,58,804	6,12,80,80,473	2,69,71,43,339	20,33,25,875	2,90,04,69,214	3,22,76,11,259	2,78,90,78,330	2,78,90,78,330
MAINS AND NETWORKS	26,26,56,59,806	1,05,68,55,000	27,32,25,14,806	9,00,54,69,767	51,35,14,223	9,51,89,83,990	17,80,35,30,816	17,26,01,90,039	17,26,01,90,039
ROADS BRIDGES AND CULVERTS	48,17,28,074		48,17,28,074	19,54,62,426	87,25,167	20,41,87,593	27,75,40,481	28,62,65,648	28,62,65,648
VEHICLES	14,42,86,826	13,90,945	14,56,77,771	10,07,65,123	71,54,688	10,79,19,811	3,77,57,960	4,35,21,703	4,35,21,703
FURNITURE, FIXTURES & OFFICE EQUIPMENTS	30,75,17,751	4,30,98,498	35,06,16,249	18,30,21,976	1,35,24,415	19,65,46,391	15,40,69,858	12,44,95,775	12,44,95,775
Total	59,57,03,26,168	3,92,53,60,636	63,49,56,86,804	18,71,91,34,667	1,37,55,27,807	20,09,46,62,474	43,40,10,24,330	40,85,11,91,501	40,85,11,91,501



	CURRENT YEAR (₹.)	PREVIOUS YEAR (₹.)
GROSS BLOCK OF FIXED ASSETS	63,49,56,86,804	59,57,03,26,168
LESS : ACCUMULATED DEPRECIATION	20,09,46,62,474	18,71,91,34,667
NET VALUE OF FIXED ASSETS	43,40,10,24,330	40,85,11,91,501
ADD : CAPITAL WORK-IN-PROGRESS [ACCOUNT CODE 11]	70,10,54,13,462	63,12,48,01,103
Total	1,13,50,64,37,792	1,03,97,59,92,604

Finance Manager &
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(Vacant)
Accounts Member

Managing Director



KERALA WATER AUTHORITY
SCHEDULES FORMING PART OF BALANCE SHEET (Contd....)

	CURRENT YEAR (Amount in ₹)	PREVIOUS YEAR (Amount in ₹)
SCHEDULE - F		
INVESTMENTS		
Investment for Pension / PF	63,99,76,906	61,26,44,902
SCHEDULE - G		
CURRENT ASSETS		
1 Inventory :		
a. Stores, Tools & Spares	66,89,31,427	78,29,04,171
b. Consumables	15,07,90,804	13,30,26,980
	81,97,22,231	91,59,31,151
2 Sundry Debtors :		
a. Consumers		
i. Local bodies dues - water & maintenance charges	3,21,75,38,784	3,06,47,25,229
ii. Domestic, Non-domestic & Industrial dues	11,74,33,16,490	10,07,72,62,955
b. LIC Loan repayment due from Local Bodies	-	17,61,43,755
c. Others	54,08,904	96,05,532
	14,96,62,64,178	13,32,77,37,471
3 Cash & Bank Balances :		
a. Bank & Treasury balances	6,79,71,18,036	5,79,38,25,768
b. Cash on hand	38,82,695	24,23,715
	6,80,10,00,731	5,79,62,49,483
4 Other Current Assets :		
Inter office & other suspense account balances	(20,43,97,108)	(74,83,49,314)
	22,38,25,90,032	19,29,15,68,791

Finance Manager &
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KERALA WATER AUTHORITY
SCHEDULES FORMING PART OF BALANCE SHEET (Contd....)

	CURRENT YEAR (Amount in ₹)	PREVIOUS YEAR (Amount in ₹)
SCHEDULE - H		
CURRENT LIABILITIES & PROVISIONS		
1 <u>Current Liabilities</u>		
a. Sundry Creditors :		
i. Payment to employees	1,60,53,64,179	1,16,80,55,784
ii. For expenses	71,78,07,563	10,71,74,25,735
iii. For contractors/suppliers	63,51,13,918	(5,60,23,850)
b. Statutory employees deductions :	-	-
i. General provident fund	4,63,16,18,964	4,17,76,58,485
ii. NMR PF	5,60,76,893	5,49,84,673
iii. Others	(4,77,94,723)	(2,81,12,189)
c. GST Collection	6,50,85,816	3,76,70,260
d. Tax Deducted at Source	53,64,849	(1,09,37,496)
e. Other Current liabilities	37,86,97,834	44,67,99,164
f. Interest Accrued on Loans	9,81,81,052	8,93,80,703
	8,14,55,16,345	16,59,69,01,269
2 Control Account Balances	4,79,29,477	(10,44,19,087)
	8,19,34,45,822	16,49,24,82,182
SCHEDULE - I		
LOANS & ADVANCES		
1 Loans & advances to employees	(1,42,49,445)	(1,28,21,681)
2 Advances for expenses	4,16,48,255	3,55,16,730
3 Advances to suppliers / contractors	2,58,37,73,583	2,19,52,79,939
4 Revolving fund to Local Bodies	19,08,803	19,08,803
5 Advances - Others	28,69,234	79,67,912
6 Claims recoverable	20,90,89,486	20,94,45,353
7 Contribution Deposit - KSEB	3,25,75,691	2,82,97,884
8 Consumer Deposit - KSEB	18,80,10,112	18,53,75,974
9 Deposit with PWD	4,69,07,003	4,51,77,997
10 Deposit with others	10,06,07,924	10,06,28,735
11 Advances for capital expenditure	-	5,69,16,971
	3,19,31,40,646	2,85,36,94,617

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KERALA WATER AUTHORITY
SCHEDULES FORMING PART OF BALANCE SHEET (Contd....)

	CURRENT YEAR (Amount in ₹)	PREVIOUS YEAR (Amount in ₹)
<u>SCHEDULE - J</u>		
<u>MISC EXPENDITURE NOT WRITTEN OFF</u>		
Miscellaneous Expenses to the extent not written off	-	-
<u>SCHEDULE - K</u>		
<u>ACCUMULATED EXCESS OF EXPENDITURE OVER INCOME</u>		
Balance as on the begning of the year	36,91,56,06,893	31,54,42,16,848
Add : Current years excess of expenditure over income	-	5,37,13,90,045
Less : Current years excess of Income over Expenditure	5,81,04,72,842	-
	31,10,51,34,051	36,91,56,06,893

Shijith. V
Finance Manager &
Chief Accounts Officer

(Vaccant)
Accounts Member

Venkatesapathy. S. IAS
Managing Director



KERALA WATER AUTHORITY
SCHEDULES FORMING PART OF INCOME & EXPENDITURE ACCOUNT
AS AT 31st MARCH, 2019

	CURRENT YEAR (Amount in ₹)	PREVIOUS YEAR (Amount in ₹)
SCHEDULE - L		
OPERATING INCOME - CONSUMERS		
1	Operating income - water supply	
	a. Domestic Consumers	2,54,59,50,568
	b. Nondomestic Consumers	2,55,82,69,027
	c. Industrial Consumers	2,14,85,95,204
		15,44,19,926
		4,87,25,27,209
2	Operating income - Sewerage	
	a. Domestic Consumers	14,70,734
	b. Nondomestic Consumers	5,99,595
		20,70,329
3	Income from local bodies	1,35,29,70,179
		6,57,88,67,316
SCHEDULE - M		
OPERATING INCOME - OTHERS		
1	Centage charges	9,52,05,339
2	Storage charges	5,77,78,734
3	Supervision charges	97,463
4	Miscellaneous recoveries	33,35,928
		17,68,236
		28,87,426
		7,05,04,611
SCHEDULE - N		
INTEREST INCOME		
1	Interest on loans & advances	26,28,601
2	Interest on deposits	51,59,048
		25,22,67,457
		27,01,67,589
SCHEDULE - O		
OTHER NON-OPERATING INCOME		
1	Income as recoveries	1,68,93,11,234
2	Claims recoverable	2,14,44,29,629
3	Miscellaneous income	2,28,166
		13,15,10,616
		2,28,52,17,089

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Managing Director



KERALA WATER AUTHORITY
SCHEDULES FORMING PART OF INCOME & EXPENDITURE ACCOUNT (Contd..)

	CURRENT YEAR (Amount in ₹)	PREVIOUS YEAR (Amount in ₹)
SCHEDULE - P		
OPERATING & MAINTENANCE EXPENSES		
1 Consumption of Stores, Tools & Spares	5,09,20,494	11,17,66,081
2 Consumables	11,36,84,353	7,46,60,675
3 Power charges	3,15,84,24,446	2,75,36,14,256
4 Insurance	18,18,102	18,78,852
5 Other operating expenses	3,16,46,476	2,30,38,974
6 Repairs & Maintenance of water supply	65,14,03,447	68,03,42,754
7 Repair & Maintenance of sewerage	5,10,27,613	3,36,07,487
8 Vehicle maintenance	2,65,56,114	2,37,61,764
	4,08,54,81,045	3,70,26,70,843
SCHEDULE - Q		
PAYMENT AND PROVISION TO EMPLOYEES		
1 Salaries and Allowances	4,05,28,37,858	5,12,97,40,647
2 Welfare Expenses and other employee benefits	22,72,80,459	11,57,41,797
3 Casual labour wages and other payments	84,90,29,568	82,41,84,012
4 Service Pension and Family Pension	2,57,78,86,099	2,07,19,32,746
5 Commuted Value of Pension	89,36,90,413	24,38,64,771
6 Gratuity of Employees	34,40,90,510	18,44,46,047
	8,94,48,14,907	8,56,99,10,020
SCHEDULE - R		
OFFICE EXPENSES		
1 Rent	33,57,725	29,21,815
2 Rates & Taxes	57,72,914	59,34,737
3 Postage, Telegram, Telephone & Telex	2,55,31,353	1,98,36,148
4 Printing & Stationery	2,10,28,679	2,21,62,453
5 Exhibition & Publicity	2,33,07,440	1,58,77,717
6 Training & other expenses	80,51,511	55,92,675
7 Electricity charges	8,34,26,062	8,02,18,645
8 Other office expenses	3,06,04,746	2,75,18,165
	20,10,80,430	18,00,62,355
SCHEDULE - S		
ADMINISTRATIVE EXPENSES		
1 Board meeting expenses	45,324	2,51,711
2 Professional fees	68,02,873	61,23,391
3 Payment to auditors	74,74,691	52,74,430
4 Bank Charges	5,74,235	10,18,089
5 Other administrative expenses	56,53,012	26,54,757
	2,05,50,135	1,53,22,378

Finance Manager &
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(Vacant)
Accounts Member

Managing Director



KERALA WATER AUTHORITY
SCHEDULES FORMING PART OF INCOME & EXPENDITURE ACCOUNT (Contd...)

	CURRENT YEAR (Amount in ₹)	PREVIOUS YEAR (Amount in ₹)
SCHEDULE - T		
WRITE OFFs		
Local Bodies dues written off	-	93,98,85,248
Consumers Written Off - OTS	20,75,36,143	
	20,75,36,143	93,98,85,248
SCHEDULE - U		
ASSETS WRITTEN OFF	-	-
SCHEDULE - V		
PROVISION FOR BAD & DOUBTFUL DEBTS	-	-
SCHEDULE - W		
TRANSFER OF REVENUE EXPENSES TO CWIP		
Establishment Charges (Share Debit)	37,97,40,700	61,44,68,967
	37,97,40,700	61,44,68,967
SCHEDULE - X		
PRIOR PERIOD ADJUSTMENTS		
PPA of Other Income	11,19,167	1,68,508
PPA of Operating expenses	(83,02,60,954)	(3,11,792)
PPA Operative Expenses of Utilities	10,66,62,16,590	
PPA Stores Consumed	(15,03,48,490)	-
PPA Investements	-	2,48,44,364
PPA Salaries of Employees	(39,05,70,383)	(25,104)
	9,29,61,55,930	2,46,75,976

Shijith. V
Finance Manager &
Chief Accounts Officer

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Accounts Member

Venkatesapathy. S IAS
Managing Director



KERALA WATER AUTHORITY

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2019

1. NATURE OF OPERATION.

Kerala Water Authority (KWA) was established on 1st April 1984 as an autonomous body of Government of Kerala by converting the erstwhile Public Health Engineering Department, for the development and regulation of water supply and waste water collection and its disposal in the State of Kerala and for matters connected therewith through a legislation called “The Kerala Water Supply and Sewerage Act, 1986” with retrospective effect from 01.03.1984. KWA implements Water Supply Schemes in the State with the Grant-in-aid of State Government as well as the Central Government. It also implements Water Supply Schemes for other Departments/Bodies on Deposit works basis. KWA collects water charges at the tariff rates fixed by the State Government from the consumers for the supply of potable water.

2. STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON THE ACCOUNTS.

2.01 BASIS OF ACCOUNTING AND PREPERATION OF FINANCIAL STATEMENTS:

The financial statements of KWA have been prepared in accordance with the Generally Accepted Accounting Principles in India and as per the accounting policies specified in the Kerala Water Authority Accounts Manual. The financial statements have been prepared on accrual basis under the historical cost convention. The gratuity and commutation due on retirement of employees are accounted in the year of retirement itself and amount remain unpaid is shown under current liabilities. The accounting policies adopted in the preparation of the financial statements is consistent with those followed in the previous years.

2.02 GRANT-IN-AID.

2.02.1 KWA receives Grant in aid from the Government of Kerala as well as from Government of India for the implementation of Water Supply/Sewerage Schemes in the State, towards meeting the establishment expenditure and operation & maintenance expenditure.

2.02.2 The Grant in aid received under plan schemes is booked as Contributions and Grants which form part of the Kerala Water Authority Fund. The Grant in Aid received under non- plan is recognized as income for the year and is shown in the Income & Expenditure Account.

2.02.3 During the financial year the total amount of Grants in Aid received are detailed as follows.

₹in Crore				
Sl No.	Source	Amount	Plan/Non Plan	Expenditure (including OB)
1	Government of Kerala	303.79	Plan	347.41
2	Government of Kerala	359.02	Non Plan	359.02
3	Government of India	129.05	Plan	84.59



During the financial year 2018-19, GoK released an amount of ₹202.24 Crore under state plan schemes from the current year's Budget and refunded an amount of ₹101.55 Crore being the amount resumed at the end of the last financial year. Hence the amount available at the disposal for the financial year is only ₹303.79 Crore. KWA utilized an amount of ₹347.41 Crore for State plan schemes from the opening balance and also from retention account.

During the financial year GoK released an amount of ₹327.80 Crore as Non-plan Grant for the year and refunded an amount of ₹31.22 Crore being the Non Plan Grant resumed at the end of the last financial year. Hence, the amount available at the disposal of the Authority for the financial year is ₹359.02 Crore. KWA utilized the entire amount of ₹359.02 Crore during the year itself.

Government of India released an amount of ₹84.86 Crore to Government of Kerala during the current financial year and the same is released to KWA. During the year, GoK has also refunded an amount of ₹25.00 Crore being fund resumed at the end of the last financial year. In addition to the above, GoK released GoI share of ₹20.82 Crore of the last financial year to KWA. Based on the direction of GoI, KWA has refunded the unspent balance of Jalamani scheme of ₹1.63 Crore during the financial year. Hence the amount available at the disposal of the Authority for the financial year is ₹129.05 Crore only. KWA utilized an amount of ₹84.59 Crore and the balance utilized for NRDWP state share.

2.02.4 Contribution and Grants Schedule-(A)

2.02.4.1 This consists of (i) the investment of the Government in the Authority by way of transfer of net assets on the date of establishment of the Authority. (ii) All contributions and Grants (Plan) received by the Authority from Government of Kerala and Government of India since its formation. (iii) All assets received by way of donations valued at fair market value.

(iv) all other miscellaneous grants & contributions received from other sources (Capital) and (v) Interest free fund from GOK being the conversion of GOK loan.

2.02.4.2 Amount released to District collectors for the implementation of Water Supply Schemes to Scheduled Caste/Scheduled Tribes habitations and amount released to Kerala Rural Water Sanitation Agency out of the Government of India Grant is shown as a deduction in the schedule as a part of Gross Concept followed in the preparation of accounts. The amount shown in the Balance sheet represents the actual release made by KWA and not based on utilization.

2.02.4.3 As there was no separate release of funds from Government for Low Cost sanitation (LCS) project, an amount equal to the payment made by KWA for LCS Schemes is shown as a deduction in the schedule.

2.03 RESERVES & SURPLUS.

The Accounts Manual envisages for transfer of deposit money received against water/sewer deposit works to "reserve for deposit works" on effective completion of such works which are not handed over to the depositors. Works completed under the deposit received up to



31st March 2012 have been transferred to ‘Reserve for Deposit Works’ as the updation of fixed assets register and analysis of asset related items including deposit works are done up to 31-03-2012.

2.04 SECURED LOANS.

2.04.1 The secured loan include the outstanding amount of the loan from LIC of India availed by KWA.

2.05 The security for the loan is mainly given as a charge by way of hypothecation of all KWA's movables (save as except book debts) including movable machinery, machinery spares, tools and accessories present and future pertaining to the projects for which loan is taken subject to the prior charges created and or to be created in favor of the borrowers bank for working capital facilities over the borrower raw materials, semi-finished and finished goods, consumable stores, book debts and such other movables as may be agreed to by the bank. The Government of Kerala guarantees loan taken from LIC.

2.06 UNSECURED LOANS

2.06.1 Unsecured Loans include the Loan received for executing the Water Supply Schemes funded by JICA. KWA has requested for conversion of loan received from Government for the period from 2007-08 to 2016-17 amounting to ₹2332.74 crores as grant and to write-off the interest due thereon upto 31/03/2017. Earlier Government vide order GO Rt No: 122/2017/WRD Dated: 15/02/2017 had issued orders for converting an amount of ₹713.00 crores as Capital contribution and written off the interest due on the same amounting to ₹1004 crore (upto 31.03.2007). As the proposal for conversion of loan has not been rejected by the Government and further Orders in favor of KWA is awaited, the provision for penal interest as mentioned in G.O at the rate of 2.50% amounting to ₹58.32 crores for the year has not been provided in the annual accounts. Interest on Government of Kerala loan, amounting to ₹263.74 Crore for the year 2018-19 has been provided.

2.06.2 All the deposit figures stated are subject to reconciliation by individual divisions.

2.07 FIXED ASSETS

2.07.1 The fixed assets of KWA have been shown in the books of accounts at historical cost.

2.07.2 The value of fixed assets ₹11350.64 Crore represents (i) The value of fixed assets and capital work in progress vested in and transferred to the Authority amounting to ₹421.83 Crore and

(ii) The additions made by the Authority since its formation, after providing for depreciation there on ₹10928.81 Crore.

2.07.3 The fixed assets register has been updated up to the year 2011-12. Action is in progress to update the same for the financial from 2012-2013. The expenditure incurred towards Water Supply Schemes/Sewerage Schemes are first booked as Capital Work in Progress and on successful commissioning of the schemes, the same is transferred to corresponding fixed assets. Even though the fixed assets worth ₹3945.62 Crore have been capitalized on



successful commissioning as detailed below, the analysis and updation of fixed assets register and asset related matters is done up to 31-03-2012 only. Year wise capitalization of assets are ;

₹ in crore

Financial Year	Value of Assets Capitalized
2005-06 to 2012-13	2,408.31
2013-14	170.66
2014-15	235.23
2015-16	213.88
2016-17	145.44
2017-18	385.16
2018-19	386.94
Total	3945.62

2.08 **Investment for pension/GPF** represents money kept in Fixed Deposits with District treasury. Interest accrued but not due on the above as on 31-03-2019 is ₹0.39 crore.

2.09 **CURRENT ASSETS**

2.09.1 The stock figures stated are subject to reconciliation with individual divisions.

2.09.2 Closing Stock is valued on FIFO basis.

2.09.3 The sundry debtor's balances have not been reconciled. KWA is treated as "State" and the arrears due are treated as arrears of land revenue and proceeded further for the recovery and as such no provision has been made for doubtful debts. GoK has clarified this vide letter No.WS-C2/18312021-WRD Dated 26.02.2022

2.09.4 The reconciliation of inter office balances is in progress.

2.09.5 The inter office and suspense account balances includes the following:

Inter office Accounts ₹25.80 Crore (Debit) and Cash and bank suspense accounts including accumulated difference in receipts and payment statement for the years 1984-85 to 2018-19 amounting to ₹0.049 Crore (Credit).

2.10 **CURRENT LIABILITIES**

2.10.1 The balance shown under statutory employee's deduction of GPF and NMR-PF is net of advances given to the employees under respective heads.

2.10.2 The GPF balance has been reconciled with individual accounts.

2.10.3 The interest on GPF has been provided at the rate of 7.60% for the period from 01.04.2018 to 30.09.2018 and 8.00% for the period from 01.10.2018 to 31.03.2019



- 2.10.4 Control account balance of ₹4.79 Crore(Credit) represents balance under control account capital expenditure others.
- 2.10.5 The details of receipt of non-cash securities including security pledged in the form of FD's etc and bank guarantee are recorded in register of securities maintained in form FA6 as stipulated in the Accounts manual and is not incorporated in accounts since there is no cashflow.
- 2.11 LOANS AND ADVANCES**
- 2.11.1 Balances of loans and advances given to the employees together with interest thereon have not been reconciled with the individual accounts.
- 2.12 REVENUE RECOGNITION.**
- 2.12.1 Revenue from Water Charges is recognized immediately on rising of bills and necessary provisional income is included in respect of water supplied but remaining unbilled.
- 2.12.2 Unbilled fines and penalties are considered as income, as when collected.
- 2.12.3 Grants and Subventions received towards meeting establishment, operation and maintenance expenditure have been considered as income of the year, based on actual receipt.
- 2.12.4 Interest on bank account/bank FD's are booked on accrual basis.
- 2.12.5 No provision for bad and doubtful debts is provided for in the books of accounts for the year. KWA is treated as "State" and the arrears due are treated as arrears of land revenue and proceeded further for the recovery and as such no provision has been made for doubtful debts.
- 2.13 INTEREST EXPENDITURE.**
- 2.13.1 This include interest for loan taken from LIC and due for the year amounting to ₹5.28 Crore. Interest on Government of Kerala Loan includes interest due on Government loans (₹263.74 Crore), Guarantee Commission (₹0.46 Crore) paid to Government.
- 2.14 DEPRECIATION**
- 2.14.1 Depreciation has been provided for on straight-line method so as to write off 90% of the cost/value of the fixed assets over the estimated useful life of the assets concerned as per the Kerala Water Authority (Depreciation Reserve and its Utilization) Rules1992.
- 2.14.2 The total amount of depreciation reserve created amounting to ₹2009.47 Crore include depreciation of ₹50.09 Crore provided on Fixed Assets created out of Deposit works up to 31-03-2012.
- 2.15 PRIOR PERIOD ADJUSTMENT**
- 2.15.1 Prior period adjustment includes O and M payments made during the year amounting to ₹82.99 Crore.Gok vide order no. G O (Rt) No. 10/2019/POWER dated 14-01-2019 accorded sanction to settle the electricity dues of KWA for an amount of ₹1326.69Crore (including interest @ 6%), as on 30.09.2018, in four installments @ ₹331.61 Crore from 2019-20



onwards, over a period of 4 years. Accordingly Kerala Water Authority has written back an amount of ₹1159.56 Crore for prior period upto 31.03.2018 and ₹167.13 Crore for current year financial year. ₹17.61 Crore represent the amount shown as dues from local bodies for more than 15 years. Neither the details of the above dues nor any claims preferred with local bodies are available with the Authority. ₹0.42 Crore represent the Centage charges and other dues pending for recovery more than 18 years for which no details are available with the Authority. Based on CAG's comments for not providing adequate treatment in accounts, the same had been written off and shown as Prior Period Item. ₹ 39.05 Crore represents the amount of GPF contribution additionally provided towards the employees as on 31.03.2019 based on the reconciliation done with individual balances of the employees.

2.15.2 Stock of specials amounting to ₹2.89 crore and stock of spares amounting to ₹0.42 Crore which was consumed and shown as stock since 31.03.2011 have been properly adjusted during this period. Stock of Steels and Valves amounting to ₹6.60 Crore and stock of Cement amounting to ₹4.45 crore consumed during previous years have been properly adjusted during this period.

2.16 GENERAL

2.16.1 In order to absorb project overheads on capital works, a transfer of revenue expenditure to capital work-in-progress is made @ 5.00 % to 12.50 % for schemes on the capital expenditure.

2.16.2 Previous year figures have been re-grouped/re-classified wherever necessary.

2.16.3 Leave encashment of the employees have been accounted on cash basis.

According to the accounts manual framed under regulation 65 (f) of the Act, provision for gratuity and pension liability accrued shall be made in the accounts of the authority in such manner as may be deemed appropriate by the authority. Accordingly, the gratuity and commutation due on retirement of employees are accounted in the year of retirement itself and amount remain unpaid is shown under current liabilities.

Shijith. V
Finance Manager &
Chief Accounts Officer

(Vaccant)
Accounts Member

Venkatesapathy. S. IAS
Managing Director



KERALA WATER AUTHORITY

REPLY TO THE SEPARATE AUDIT REPORT ON THE KERALA WATER AUTHORITY FOR THE YEAR ENDED 31 MARCH 2019

A. BALANCE SHEET

1. Sources of Funds

1.1 Kerala Water Authority Fund

1.1.1 Contributions and Grants (Schedule A)- ₹8035,08,38,796

1.1.1.1. Contribution and Grant from GoI- ₹1854,12,91,284

Less amount to Dist. Collectors and Rural Water Sanitation Agency- ₹ 230,59,63,750

The amount released to District collectors for the implementation of Water Supply Schemes to Scheduled Caste/Scheduled Tribes habitations and amount released to Kerala Rural Water Sanitation Agency (KRWSA) out of the Government of India Grant was shown as a deduction in the schedule as a part of Gross Concept followed in the preparation of accounts. The amount shown in the Balance sheet represents the actual release made by KWA and not based on utilization. The amount unutilized are received back and accounted whenever the same is reported by the District Collector concerned.

1.1.2. Reserves and Surplus (Schedule B) - ₹ 356,55,04,378

The reserve equal to the amount of depreciation provided on the asset created out of Deposit works as Income will be done upon updation of Fixed Assets Register. As on the date, the Fixed Assets Register is updated only till 31 March 2012. An action plan has been formulated to update the Fixed Asset register and the verification will be conducted of other assets thereafter.

2. Application of Funds

2.1 Fixed Assets (Schedule E) - ₹ 113,50,64,37,792

2.1.1 Gross Block- ₹ 63,49,56,86,804

(1) Fixed Asset register of KWA was updated upto 31.03.2012 only. Necessary actions have been initiated to update the Fixed Asset Register as envisaged in the Accounts Manual. Form FA 15 will be updated along with the Fixed Asset Register updation being done from 2012-13 onwards. It was also directed to all ARUs that the FA13 must be maintained and submitted at the end of every FY. As such capitalisation of fixed assets were done for an amount of Rs 386.94 crore for the year 2018-19.

(2) KWA has formulated a plan for the updation of fixed asset register from 01.04.2012. Systematic recording of Work In progress as suggested by the audit team would be done in the books of accounts in the forthcoming years while incorporating the correction entries regarding the fixed asset register and the matters connected with fixed assets. Fixed Asset Register of the Authority is up dated till 31-03 2012 by a consultant appointed by the Authority. The value of fixed assets capitalised for the year 2018-19 is Rs 386.94 crore and the depreciation thereto have been provided as per rule.



2.2. Net Current Asset - ₹1418,91,44,210

2.2.1. Current Asset (Schedule G) - ₹2238,25,90,032

2.2.1.1 Inventory - ₹81,97,22,231

As pointed out by AG, necessary corrections have already been incorporated in the Annual Accounts.

2.2.1.2 Sundry Debtors - ₹1496,62,64,178

2.2.1.2.1 Consumers

2.2.1.2.1.1 Domestic, Non domestic and Industrial dues - ₹1174,33,16,490

Kerala Water Authority being an autonomous authority, fully owned and controlled by Govt of Kerala, established under the Kerala Water Supply and Sewerages Act 1986 for the development and regulation of Water Supply and Waste water collection and disposal. As such KWA can be treated as "Other Authorities" as provided under Article 12 of the Constitution and hence it is a State within the meaning of Article 12 of the Constitution. GoK have clarified this vide letter No.WS-C2/I8312021-WRD dated 26/02/2022. Since KWA is treated as "State" the arrears are treated as arrears of land revenue and proceeded further for the recovery and the provision for bad debts are not provided. Moreover, out of the total arrears of water charges, majority is due from Govt departments/LSGIs. Earnest efforts are taken to show a realistic arrears by tracing out the unidentified connections.

2.2.1.3 Other Current Asset

2.2.1.3.1 Inter Office and other suspense account balances - ₹ (20,43,97,108)

(a) Instructions are issued for reconciliation of the inter office accounts. As a part of the efforts, the inter office account have been reduced to Rs.20,43,97,108 (Credit) as against Rs.91,82,32,517 (Credit) and is reflected in the revised accounts forwarded to AG.

(b) The amount transferred and accounted by Division/Sub Divisions under Account code 9134 is yearly verified as prescribed in the Accounts Manual. Instructions have been issued to reconcile the balance and rectify the mistake.

2.2.2. Current Liabilities (Schedule H)- ₹ 819,34,45,822

2.2.2.1. Sundry creditors

2.2.2.1.2 For contractors/suppliers - ₹ 63,51,13,918

KWA releases the payments to the contractors on receipt of Budgetary release from the Government. The Payment wise entry for the completed works have been made on yearly basis as and when the payments are effected.



B. INCOME AND EXPENDITURE ACCOUNT

1. Operating Income

1.1. Consumers (Schedule L) - ₹657,88,67,316

1.1.1 Operating Income - Water Supply

1.1.1.1. Domestic consumers - ₹254,59,50,568

The demand for water charge is raised monthly based on the Provisional Invoice Card (PIC) / actual consumption. This is updated in the consumer personal ledger. Since the PIC is prepared based on the actual consumption of the consumers there is no arbitrariness. DCB is prepared by totaling the demand and collection recorded in each and every consumer personal ledger. Consolidated DCB of KWA is prepared by consolidating all the DCBs received from division offices. Hence the DCB statement maintained in the accounts is correct as the same is arrived at after sub-division-wise tallying of Demand and Collection.

1.1.1.2 Non-Domestic consumers - ₹235,69,38,707

The demand for water charge is raised monthly based on the Provisional Invoice Card (PIC) / actual consumption. This is updated in the consumer personal ledger. Since the PIC is prepared based on the actual consumption of the consumers there is no arbitrariness. DCB is prepared by totaling the demand and collection recorded in each and every consumer personal ledger. Consolidated DCB of KWA is prepared by consolidating all the DCBs received from division offices. Hence the DCB statement maintained in the accounts is correct as the same is arrived at after sub-division-wise tallying of Demand and Collection.

1.1.1.3 Industrial consumers - ₹15,44,19,926

The demand for water charge is raised monthly based on the Provisional Invoice Card (PIC) / actual consumption. This is updated in the consumer personal ledger. Since the PIC is prepared based on the actual consumption of the consumers there is no arbitrariness. DCB is prepared by totaling the demand and collection recorded in each and every consumer personal ledger. Consolidated DCB of KWA is prepared by consolidating all the DCBs received from division offices. Hence the DCB statement maintained in the accounts is correct as the same is arrived at after sub-division-wise tallying of Demand and Collection.

C. GENERAL

(1) Up to the Financial Year 31-03-1998, there was no system of preparing individual trial balance with each ARU's, rather a consolidated TB was maintained. In order to have a clear picture of the activities which are taking place at each ARU's, the system of ARU wise trial balance was introduced w.e.f 01-04-1998 and the balances pertaining to cash, bank and DCB in each ARU's was transferred as their opening TB from the single TB which was maintained till date and the rest of the accounts was kept as "KWAC" and as a separate Trial Balance. The Annual Accounts are consolidated at Head office by adding the "ARU wise, during the year transactions" to the consolidated closing balance of previous year (balance after audit)" so as to avoid omissions to arrive at the correct closing balances.



(2) & (3) Up to the Financial Year 31-03-1998, there was no system of preparing individual trial balance with each ARU's, rather a consolidated TB was maintained. In order to have a clear picture of the activities which are taking place at each ARUs, the system of ARU wise trial balance was introduced w.e.f 01-04-1998 and the balances pertaining to cash, bank and DCB in each of the ARUs were transferred as their corresponding opening TB from the single TB which was maintained till date and the rest of the accounts was kept as "KWAC" and as a separate Trial Balance. The balance shown in the above accounts were carried forward from previous years. Instructions have been issued to the divisions to rectify and incorporate necessary corrections/revisions as the case may be to reflect the actual balance after detailed verification. Since, the deviation occurred over the years, same may be corrected in the subsequent years after detailed verification.

(4) The Finance Wing of Head Office releases the funds to the concerned division which are recorded through individual Cheque Memo Register and the same is reconciled every month. In the absence of cash transactions at finance wing, the CMR maintained together with cash book through Tally software serves the purpose. Since, the entire outside payments are effected through the concerned divisions including Secretary's Unit at Head Office alone, Finance Wing of Head Office is maintaining the individual cheque memo register as well as cash book through Tally software. The cash book would be a consolidation of these Cheque Memo Registers which are captured through Tally Software. However, for the proper monitoring of release of funds, finance wing maintains monthly cash flow statement and same is approved by the Board. More over the balances are correctly reflected in the Trial Balance prepared by Finance Wing.

(5) Currently, the entries are made with regard to classification of work expenditure into Revenue (Repairs and Maintenance) and Capital (CWIP/Assets) on actual basis from cash book. Descriptive details are also included in every FA 11 as envisaged in the Accounts Manual. The Journal entries incorporated in the annual accounts in connection with the capital expenditure for each month includes the information regarding scheme, scheme code name of work and work order number in FA 11 form.

(6) From the formation of KWA, it is continuously running at deficit. KWA increases the pay and allowances based on State Pay Commissions recommendations in every five years. Eventhough, the orders are issued by the GoK for crediting the pay revision arrears into the GPF account of the employees, the GoK is not releasing the corresponding additional funds to match the amount transferred to GPF account of the employees. KWA has no other resources to set apart the funds in lump sum. Further, the yearly Budget provision for Non-plan Grant to KWA are not in accordance with the Non-Plan requirements as forecasted by KWA. Due to continuous revenue deficit and non revision of Tariff before 31.03.2019, GPF contribution deducted from the employees are not done to commensurate with the liability on account of Provident fund. more over the monthly deduction amount is utilised for the payment towards GPF Closure, temporary advances and NRA. The amount invested on account of Pension/PF and its accrued interest up to 31-03-2019 are shown as investment in the annual accounts.



IMPACT OF REVISION OF ACCOUNTS

Comments of the Authority not warranted.

D.GRANTS-IN-AID

Grant in aid as per the annexure is fully reflected in the annual accounts of the Authority for the year 2018-19

(V) & (VI) As per the detailed replies given, Kerala Water Authority has done earnest effort to complete the accounts so as to give a true and fair view of its state of affairs for the financial year.

REPLY TO ANNEXURE I

1. Internal Audit System

The present internal audit wing in Kerala Water Authority is functioning satisfactorily. However based on the comments of the audit party that the internal audit coverage is inadequate and that the same needs to be strengthened, action will be taken to strengthen the unit.

2. Internal Audit

- Currently, KWA is following Government procedure for Internal Audit. Separate Audit Manual of KWA is under preparation.
- The Internal Audit Wing of KWA is under the control of Accounts Member who is normally appointed from AG out of IA&AS officers.

There were no delays in complying with the audit paragraphs or taking corrective action by the field units, the replies are given in timely manner.

3. Internal Control

1. Strict instructions were already given to the field offices to reconcile the bank/treasury accounts including non-operative account periodically and pass necessary correction entries by way of JV's.
2. Strict instructions were already given to the field offices to reconcile the inter office adjustment accounts including inter office adjustment accounts for fund transfer
3. Long pending dues from accounts are written off based on the audit observation of AG and the accounts incorporating the same have been approved by the KWA Board, which is a competent Authority.

4. Inadequate accounting information

(1) The Divisions have been instructed to keep the financial ledgers, subsidiary ledgers, journal entries and supporting vouchers up to date. The division offices are maintaining accounts in system and the accounts are captured in Tally ERP9 software.

(2) The consumer wise ledgers of receivables are available in e-Abacus software.



(3) Instructions have been issued to the divisions to incorporate the corrections/revisions made by the head office, in their books of accounts so that there will not be any difference in the opening balance of the unit trial balance with balance in the head office trial balance. Head office section has been instructed not to make any corrections in the account balances of the divisions/sub divisions without proposing journal entries and recording reasons for corrections. Moreover, during the FY 2011-2012 and 2012-2013 have been consolidated at Head office by adding the "ARU wise during the year transactions" to the consolidated closing balance of previous year (balance after audit)" so as to avoid omissions to correct the closing balances as pointed out by AG. This system will continue till the Accounts are current.

(4) Noted for future guidance. Efforts will be taken to comply with the Manual provision

(5) Head Office, KWA does not include the transaction which occur at Finance Wing as the Finance Wing of KWA is considered as a separate ARU (as pointed out by AG) and separate Trial Balances are prepared.

5. Absence of Stores records and physical verification of inventory.

The volume of stock of materials laying in different divisions of Kerala Water Authority is very huge and annual physical verification of all the stores is cumbersome and expensive. However, periodical physical verification is being undertaken by stock verification sub divisions of Kerala Water Authority during their field inspection and differences if any are reported for further action. The inter-divisional transfers of stores are done as per the revised procedure introduced by the Kerala Water Authority to avoid delay. The reconciliation of the inter office materials account is in progress.

6. Revenue records

Action is being taken to computerize the billing and collection of water charge in all the revenue collection centers. Revenue, being water charges due to the authority, is arrived as per the meter reading recorded which is the method followed. There is no estimation of revenue and thus no accounting on estimate basis in the books. The revenue which is written off by way of OTS is properly accounted as and when it occurs. Provisions for doubtful debts are not normally provided.

7. Physical Verification of Fixed Assets

The Fixed Assets Register is updated only till March 31, 2012. An action plan has been formulated to update the Fixed Asset register and the verification will be conducted of other assets thereafter. There are two stock verification parties, headed by two Assistant Executive Engineers, located at Trivandrum and Kozhikode to verify stock of materials. They are taking continuous verification of various offices, and liabilities, if any, on shortage of materials are fixed on Assistant Engineers in charge. An action plan has been formulated to update the Fixed Asset register and the verification will be conducted of other assets thereafter.

8. Regularity in payment of statutory dues

The Authority is regular in depositing undisputed statutory dues including NPS contribution with appropriate Authorities. Water cess have been assessed and remitted.



FINANCIAL RESULTS

Income from operations for the year 2018-19 amounts to ₹875.48 Crores. In addition, a non plan grant of ₹359.02 Crores was received from Government of Kerala to meet the revenue expenditure. The revenue expenditure after capitalising the share debit and interest on LIC/HUDCO/Bank loan comes to ₹1583.07 Crores leaving an excess of expenditure over income ₹581.05 Crores.

INCOME AND EXPENDITURE

₹ in crores

INCOME	2018-19	2017-18
Domestic	254.60	255.83
Non-Domestic	235.69	214.86
Industrial	15.44	16.57
Local Bodies	151.95	135.30
Sewerage	0.21	0.30
Other Income	217.59	262.58
TOTAL	875.48	885.44
O & M Grant from GOI	-	3.66
Government of Kerala - Grant	359.02	280.97
TOTAL	1,234.50	1,170.07
EXPENDITURE	2018-19	2017-18
Operation & Maintenance	241.42	370.27
Establishment	894.48	856.99
Office Expenses	20.11	18.01
Travelling	5.33	5.00
Administrative Expenses	2.06	1.53
Debtors written off	20.75	93.99
Interest	299.34	297.91
Depreciation	137.55	127.42
TOTAL	1,621.04	1,771.12
Less : Transferred to CWIP	37.97	61.45
TOTAL	1,583.07	1,709.67
Excess of Expenditure over Income	348.57	539.60
Prior period adjustment	(929.62)	(2.47)
Excess of Expenditure over Income after prior period adjustment	(581.05)	537.13



SOURCES AND APPLICATION OF FUNDS

₹ in crores

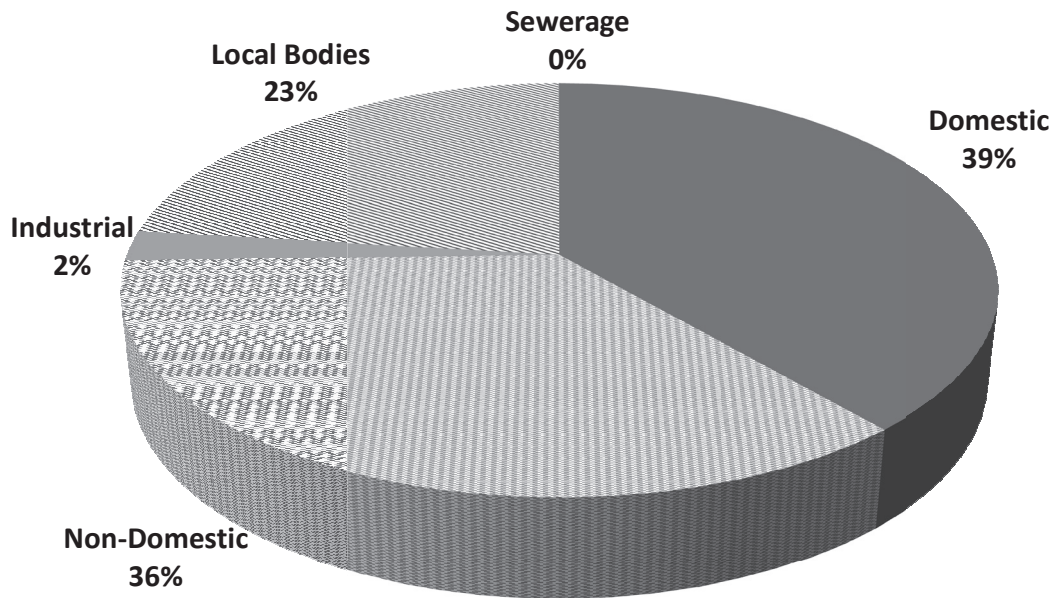
SOURCE OF FUND	2018-19	2017-18
Capital & Reserves	8,391.63	7,953.79
Secured Loans	113.78	60.74
Unsecured loans	7,757.97	6,701.17
TOTAL	16,263.38	14,715.70
APPLICATION OF FUNDS	2018-19	2017-18
Fixed Assets	11,350.64	10,397.60
Investments	64.00	61.26
Net Current Assets	1,418.92	279.91
Loans & Advances	319.31	285.37
Accumulated Excess of Expenditure over Income	3,110.51	3,691.56
TOTAL	16,263.38	14,715.70
CAPITAL RECEIPTS	2018-19	2017-18
Grant from Government of Kerala	303.79	351.53
Loan from Government of Kerala	-	-
Grant from Government of India	129.05	44.27
Capital contribution from other sources - World Bank (Jalanidhi)	-	18.00
TOTAL	432.84	413.80

₹ in crores

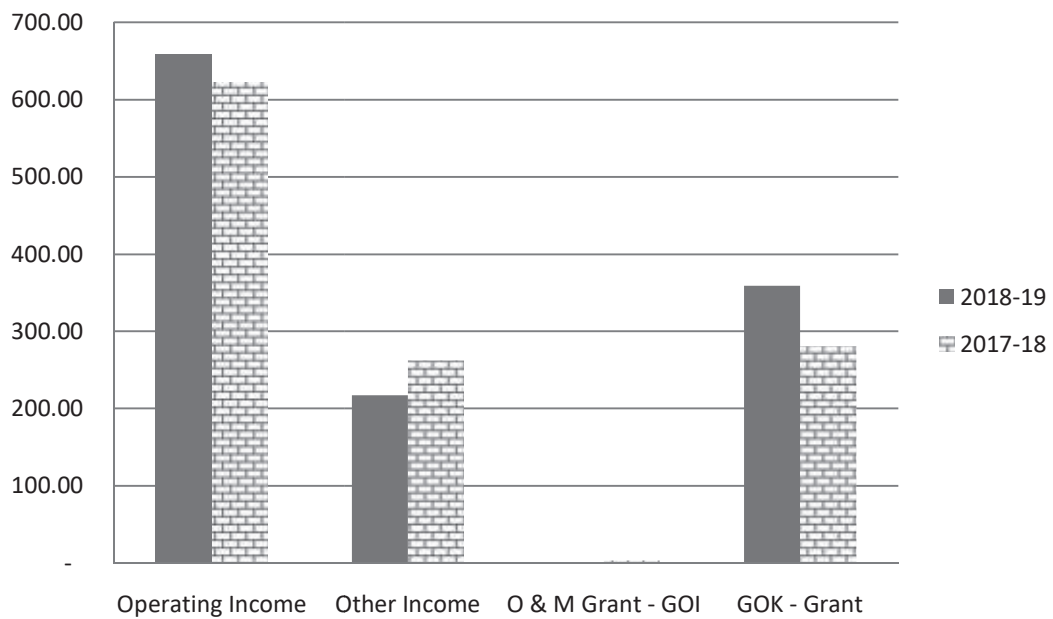
CAPITAL EXPENDITURE	2018-19	2017-18
State Plan Schemes		
Survey & investigation	1.03	0.99
HRD, Research, Development and Quality Control	0.45	1.25
Manufacturing units for Bottled water	5.17	1.95
Sewerage Schemes	0.31	3.92
Renovation of existing civil structures owned by KWA	2.60	8.03
Ongoing Urban Water Supply Scheme	5.32	55.31
Optimisation of production and transmission / replacement of old pipes of existing water supply schemes	55.36	158.61
Rural Water Supply Schemes	16.75	73.34
JBIC assisted Kerala Water Supply Project / JICA	45.80	31.78
Drinking water supply in drought hit areas implemented by KWA	29.13	20.12
Water Supply Schemes - Rural Infrastructure Development Fund NABARD	75.48	68.81
Accelerated Rural Water Supply Scheme	108.23	124.96
Other Schemes	6.99	1.14
TOTAL	352.62	550.21
Centrally Sponsored Schemes		
Accelerated Rural Water Supply scheme	105.40	72.41
TOTAL	105.40	72.41



Operating Income 2018-19

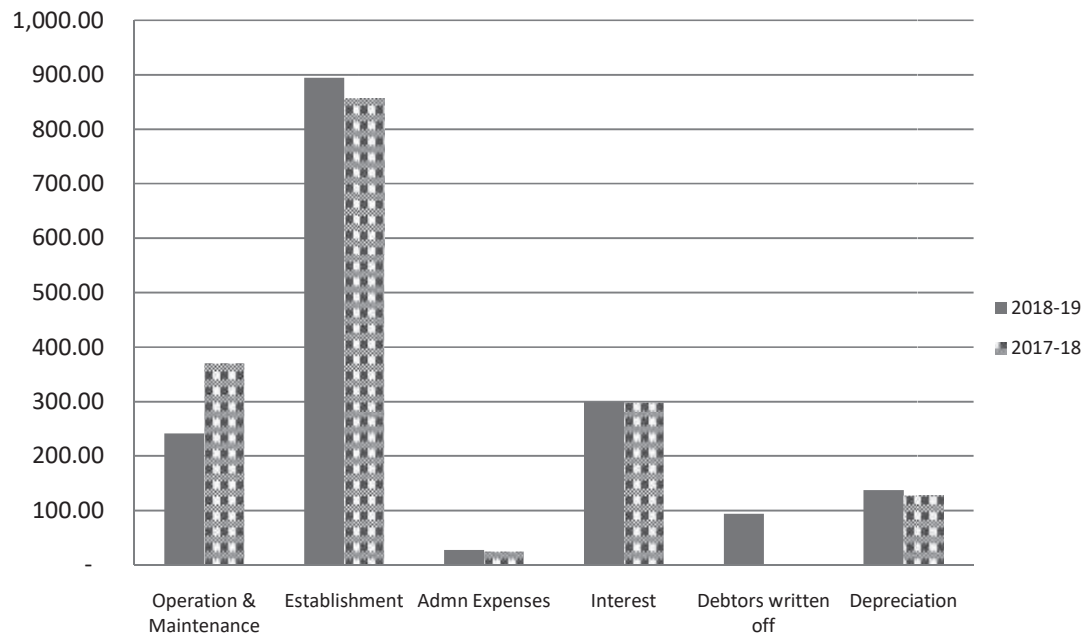


Revenue Receipts (Rs in crores)

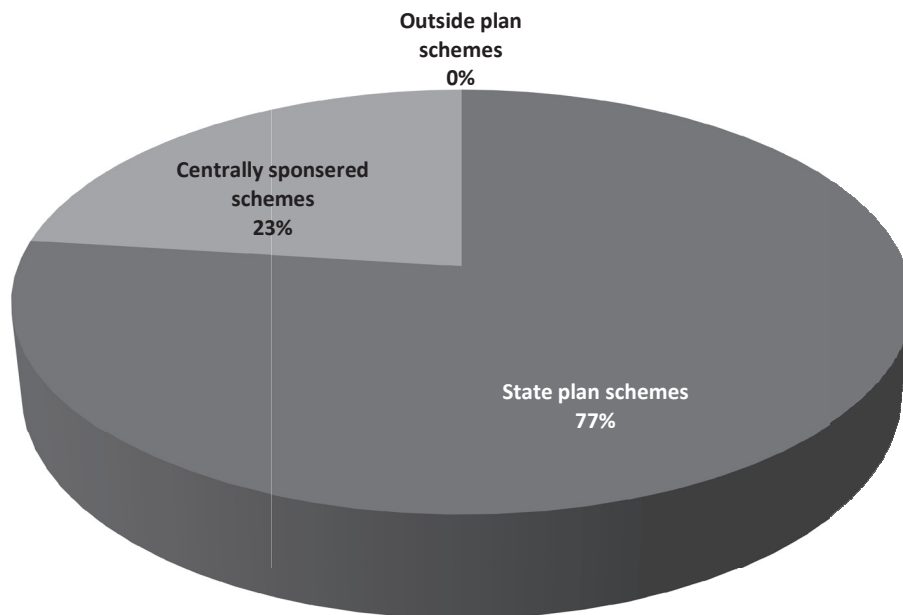




Revenue Expenditure (Rs in crores)



Capital Expenditure 2018-19





Income and Expenditure 2008-09 to 2018-19

