

KERALA WATER AUTHORITY**Internal Audit Wing
Internal Audit Report
Public Health Circle, Palakkad****Part I****A. Introduction**

The internal audit was conducted from 24.04.2023 to 29.04.2023, covering the period from 01/04/2011 to 31-03-2023. PH Circle, Palakkad consists of 4 Divisions namely PH. Division , Palakkad, PH. Division , Shornur, Project Division, Palakkad, and Project Division, Chittur.

Local Audit of AG

Local audit wing of Resident Audit officer conducted audit up to 31.03.2019 . There are 8 pending Paras to be settled under PH circle palakkad.

B. Officers In Charge

Attached as **Appendix A**

C. Financial Analysis

Year	2020-21	2021-22	2022-23
Establishment Expenses	₹ 1,15,18,070	₹ 1,46,91,368	₹1,41,28,808
Contingency Expenses	₹ 1,07,766	₹1,43,455	₹ 1,29,215
Capital Expenditure	₹ 4,40,216	₹ 4,61,091	₹ 4,50,658

Team Members

1. Abdul Basheer TK, Internal Auditor
2. Lakshmy R , Divisional Accounts Officer
3. Sreejith S, Head Clerk

D. Internal Control Mechanism**I. Trial Balance of 03/2023**

On verification of the trial balance as on 31/03/2023, it is observed that the following account heads are showing amount as credit/debit balances. These head of accounts are third party payable / control accounts in which all the amounts received should be paid to the respective agencies/departments and to be journalized in the case of control accounts. The error may be rectified and fact report to Audit.

2821 House Rent Deduction

An amount of Rs.54304/- is seen as credit balance. It is understood that the above amount is deducted from the employees against quarters rent. This has to be accounted as revenue. Hence the entry may be verified and corrected and result may be intimated to audit.



2825 (LIC)

An amount of Rs.25682/- is seen as credit balance. The reason for keeping the amount in the account may be explained.

2834 (ST on Tender Sales)

An amount of Rs. 822408/ - showing as debit balance in this account. This may be verified and result intimated.

2843 (TDS from Employees)

The reason for keeping an amount of Rs.4500/- as credit balance, without remitting into income tax department towards the income tax received from employees may verified and reported.

9219 (Control Account Capital Exp Others)

An amount of Rs.408198/- is showing an debit balance in this account. This may be verified and necessary journal entry may be passed and reported.

II.Huge amount parked in Non-operative account

On verification of the Bank reconciliation for the month of 03/2023, it is noticed that, huge amount is parked in the non operative account (Account No. 57028696548). An amount of Rs.18,41,178 is remaining as closing balance as on 31/03/2023. Bank authorities may be contacted to activate sweep transfer facility and urgent action may be taken to transfer the this amount to Head Office Account and fact intimated to Audit.

III. Non Remittance of Bank interest into Head Office Account.

On verification of Trial balance for the year 2020-21,2021-22,& 2022-23, it is noticed that accrued interest were not remitted to the account of Head Office.

Bank Account No	Purpose	Period	Amount
67000682235	Salary Account	2020-21	13673/-
		2021-22	12135/-
		2022-23	8346/-
		Total	Rs.34154/-

Action may be taken to remit the amount to the Account of FM & CAO and the fact intimate to Audit.

IV. Non maintenance of Non operative Control Register-CB 14

As per Accounts Manual Vol V Chapter III F(3),all ARUs shall update Non operative control Register in Form CB14 .It is noticed that the Circle office is not maintaining the Register in CB 14 format which is a serious irregularity. The mandatory register may be maintained and fact intimated to audit.

V. Audit Objection Register.

Even after repeated directions from Head Office, the Audit objection Register(LAR/IAR) has not been maintained in the office.

VI. Non maintenance of Trial balance register and journal register

As per KWA manual and circular it is clearly specified that all ARUs should maintain register for trial balance, Ledger and JV for strengthening KWA Accounting system. PH Circle, Palakkad has not been maintaining the above mentioned registers. These registers should be maintained and fact intimated to audit.



Part II – A
Major Irregularities
-NIL-
Part II – B

Other Irregularities

I Non renewal of Bank Guarantee.

On verification of Bank Guarantee details it is seen that the validity of following BGs had expired and were not revalidated.

SI.No	Agreement No.	Contractor	Amount	Validity Date
1	14/2018-19/SE/Q dated 20.12.2018	Ramky-Vasco LCGC	Rs. 7,48,21,200/-	16/05/2020
2	14/2019-20/SE/Q dated 30.08.2019	Shree Contractors	Rs.85,71,000/-	30/12/2022
3	14/2019-20/SE/Q dated 30.08.2020	Shree Contractors	Rs.9,77,000/-	30/12/2022
4	29/2019-20/SE/Q dated	Paily Abhaham	Rs.5,81,500/-	24/08/2022
5	28/2020-21/SE/Q dated 13.01.2021	Shaji Mathew	Rs.5,10,350/-	4/11/2022
6	15/2020-21/SE/Q dated 13.11.2020	James Paul	Rs.6,00,000/-	04/11/2022
6	15/2020-21/SE/Q dated 13.11.2020	James Paul	Rs.6,00,000/-	11/11/2022
7	17/2021-22/SE/Q dated 22.11.2022	Hassan Musthafa	Rs.5,47,000/-	18/11/2022
8	17/2021-22/SE/Q dated 22.11.2022	Hassan Musthafa	Rs.3,53,000/-	18/11/2022
9	23/2021-22/SE/Q dated 14.12.2021	MK Hansar	Rs.24,33,500/-	05/12/2022

As per Bank Guarantee Rules the bank is liable to pay the guarantee and only if a demand or a claim is lodged with the bank in writing on or before the expiry date of the bank guarantee. All rights under the guarantee shall be forfeited after the expiry of the validity, and the bank shall be relieved and discharged from all liability if no claim is made within the validity period. Due to the non renewal of Bank Guarantee within the time limit stipulated by bank authorities, Kerala Water Authority stands at the risk of losing the Bank Guarantee amount if the contractor leaves the work in midway. Action may be taken to renew the Bank Guarantee and the details of renewal may be intimated to the audit.

II. Unclaimed/Time barred security Deposit/EMD

As per Para 15-4-1 of KPW A code, the security deposit / EMDS are time bared and unclaimed for more than three years should be forfeited and credited to the non operative account of KWA. On verification of SD register, it seen that a large number of security deposit are kept idle and no actions were taken to forfeit the same credit in to non operative account. The details of such Time barred deposit are as follows.

SL.No.	Name of contractor	Name of instrument	Bank/ Treasury	Amount(Rs)
1	Sali.P.Mathai	NSC-22/09 06/03/2010	NSC	100000
2	Bino.K.Kuriyan	NSC-96-EE698801 to 810 Dtd. 22/10/2010	NSC	100000



3	M. Ashraf	T.D.- 468417 Dtd.07/06/2014	Sub postmaster, Malapuram.	100000
4	K.M.Mohammed Basheer	T.D.No.21570 Dtd 07/07/2011	Sub postmaster, Valancherry.	300000
5	K.O.Jose	T.D.No.4/2014-15 Dtd 18/02/2015	Postmaster, Perumbavoor	300000
6	Poulose Abhraham	No.JJ334663 Dtd 02/01/2017	Govt.Sub Treasury, Kolancherry.	3115000
7	M/s Naveen Construction Co	A/C No.3830945619 Dtd 22/11/2017	Postmaster, Ernakulam.	300000
8	Shaji.P.C	TSB No. AA-367664 Dtd 21/03/2018	Sub Treasury, Thodupuzha.	3330000
9	M/s J&B Engg Construction Co.	TSB No.JJ 988341/799010500402571	Sub Treasury, Thiruvalla.	3300000
10	C.T.Thampi	TSB No.AA- 313362/79901050040702 Dtd.26/07/2018	District Treasury, Thrissur	3715800
11	David Mangan	TSB No.JK- 112278/799010500521051 Dtd 06/10/2018	Sub Treasury, Thrissur	4284100
12	Binu Mathew	TSB NO.016112 Dtd 05/11/2018	Sub Treasury, Edathua,	4875000
13	Abu Mathew	JK.No.228815/799010500576536 Dtd. 04/12/2018	District Treasury, Kottayam.	5225000
14	Babu Thomas	TSB No.JK.442529/799010500635247 Dtd .26/02/2019	District Treasury, Piravam.	1051700
15	Babu Thomas	TSB No.JK.442530/799010500635253 Dtd .26/02/2019	Sub Treasury, Piravam.	505000
16	Binu Mathew	TSB.No. JK 418211 Dtd.20/04/2019.	Sub Treasury, Edathua,	2359000
17	Binu Mathew	T.D Account No.10380300303561 Dtd.08/04/2019	Federal Bank	2359000
18	Joseph John	TSB No.452398/799010500695498 Dtd.08/07/2019	Sub Treasury Moovattupuzha.	4673000
19	Joseph John	TSB No.452396/799010500695489 Dtd.08/07/2019	Sub Treasury Moovattupuzha.	3523900
20	C.M.Manoj Kumar	TSB.No. JK.204961/799010500753974 Dtd.19/09/2019	Treasury, Palakkad.	112000



21	C.M.Manoj Kumar	TSB.No. 38783403393 Dtd.20/09/2019	SBI Thodupuzha	111750
22	Binu Mathew	TSB No.336736/799010500774045 Dtd. 24/10/2019.	Sub Treasury, Edathua.	2050000
23	Binu Mathew	A/C 10380300305848 Dtd. 09/10/2019.	Federal Bank	2040000
24	Noble Tech Engg Pvt Ltd.	TSB No. JK.55107/799010500778959 Dtd .24/10/2019	Addl. Sub Treasury, Ernakulam	3147500
25	Noble Tech Engg Pvt Ltd.	TSB No. JK.55106/799010500778916 Dtd .24/10/2019	Addl. Sub Treasury, Ernakulam	5532500
26	Thomas K. Paul	TSB No.JK 277286/79901500771548 Dtd.04/10/2019.	Sub Treasury, Kolancherry.	2200000
27	Mohammed K.K.	TSB No. JK.585411/799010500792983 Dtd.22/10/2019	Sub Treasury, Aluva	987000
28	Horizig	F.D No.381552 Dtd.25/11/2019	Sub Treasury, Malappuram.	330600
29	Horizig	F.D No. 0209107000001410 Dtd.21/11/2019	IDBI Bank	846000
30	David Mangan	TSB.No. JK.586865 Dtd.02/12/2019	Sub Treasury, Thrissur.	1475000
31	Robin Mathew	TSB No.356427 Dtd.04/01/2020	Sub Treasury, Chelakkara.	165475
	Total			₹ 62514325

III. Inordinate delay in complete the work

- A) Name of work: NABARD RFID XX –WSS to Ongalloor- Vallapuzha Panchayath in Pattambi Taluk-Design,construction, trial running and commissioning and maintenance of 10mld Water Treatment Plant & 32 LL GSLR.

Agreement No. 18/17-18/SE/PHC/PKD Dtd: 22/03/2018.

Contractor :- Sri. P.C.Shaji.

Source file:- KWA/PHC/PKD/2372/17.

The above said tender was approved by the Managing Director vide order No.KWA.HO/W/PKD/TD-05/06/2018 Dtd.06/07/2018. The work order issued to the lowest bidder Sri.P.C.Shaji vide order No. KWA/PHC/PKD/23372/17 (NABARD)- Orgalloor Dtd.08/03/2018 and agreement executed by the contractor on 20/03/2018.

The time of completion of the work was 19/09/2019 which is within 18 months from the date of agreement. Time of extension is seen granted to the contractor 4 times for various reasons as requested by the contractor and the 4th time extension was granted upto 30/09/2021 vide order No.KWA/PHC/2372/17 (NABARD-Orgalloor) dtd.25/10/2021.



In the above circumstances the audit observes the following :-

1. The inordinate delay resulted in undermine the objective of the scheme.
2. 18 months have passed since extension of time of completion.
3. Whether the work was completed within the time limit and if not what action has been taken in this regard.
4. Whether Bank guarantee submitted as performance guarantee has been renewed in order to cover the DLP.
5. Date of expiry of defect liability period.

B) Name of work: AMRUTH-2017-18 Augmentation of Palakkad Municipality Phase III- Package II Moothanthara zone.

Agreement No. 09/18-19/SE/PHC/PKD Dtd: 10/10/2018.

Contractor: David Mangan.

Source file: KWA/PHC/PKD/AMRUT/17-18/PackageII- Part II

Administration and Technical Sanction for the scheme were issued vide order No. AS.No.GO(Rt)No.1435/2018 LSGD Tvpd dtd 24/05/2018 and TS No. KWA/CE/NR/43/2018 dtd: 23/07/2018 of CE(NR) for an amount of Rs.5433 lakhs.

Tender Sanction accorded vide Order No. KWA/HO/W/PKD/TD-25/42/2018 dtd: 17/09/2018 and work order issued to Sri. David Mangan, Thrissur vide Order No. KWA/PHC/PKD/AMRUT/17-18- Phase III /Package II –Part II dtd.26/09/2018 of the Superintending Engineer, PHC, Palakkad.

Agreement executed vide No.09/18-19/SE/PHC/PKD dtd:10/10/2018 with time of completion on 25/03/2020. The time of completion was extended upto 31/12/2020 due to the ban on PWD road cutting. The time of completion further extended 3 times due to various reasons and last time extension was granted upto 31/05/2022. Now 10 months elapsed after the issue of last time extension.

Under the above circumstances, the following points may be intimated to audit.

1. Present status of the work.
2. Whether the work is completed within the extended time of completion.
3. Whether the Bank guarantee submitted by the contractor is renewed up to the defect liability period.
4. Copy of work completion certificate in form FA12 may be submitted if the work is completed.

C) Name of work: AMRUTH-2017-18 Augmentation of Water Supply Scheme to Palakkad Municipality - Phase III- Package II (PartI) Moothanthara zone- supplying and laying rider mains

Agreement No. 05/18-19/SE/PHC/P Dtd: 27/07/2018.

Contractor: C.T.Thambi.

Source file: KWA/PHC/PKD/AMRUT/17-18/PackageII-PartI

Tender sanction of the above work was accorded vide order No. KWA/HO/W/PKD/TD-2030/2018 dtd: 06/07/2018. Work order issued vide order No.



KWA/PHC/PKD/AMRUT/17-18/ Package II- Part I dtd,12/07/2018 and the time of completion was 18 months from the date of agreement (ie. 26/01/2020). Further time extension was granted to contractor due to the delay in getting road cutting permission and other various reasons. Vth time extension was granted upto 31/05/2022. Now 10 months elapsed after the expiry of time of completion. No documents available in the file, whether the work is completed as per scheduled time of completion. Under the above circumstances, the following points may be clarified.

1. Present status of the work
2. Whether the work is completed within the extended time.
3. Time of completion of DLP.
4. Whether the bank guarantee extended up to the completion of DLP.
5. If the work is not completed reasons for delay.

IV. Extension of time of completion without insisting renewal of performance / guarantee.

Name of work: Nabard- RFID- XXIII- comprehensive water supply scheme to Agali, Sholayar and Pudur panchayath in Mannarkkad Taluk in Palakkad Dist.

Agreement No. 15/18-19/SE/PHC/PKD Dtd:27/12/2018.

Contractor: Abu Mathew.

Source file: KWA/PHC/PKD/AB-3059/18.

The work order was issued to the above said work under order No.KWA/PHC/PKD/DB-3059/2018 dtd:03/11/2018 with a direction to complete the work within 18 months from the date of work order(ie.02/05/2020).

Further time extension are seen granted to the contractor based on the request of the contractor. Vth time extension is granted up to 30/06/2023. On verification of the agreement register and the connected files it is not clear whether the Bank guarantee submitted as performance guarantee and additional performance guarantee are renewed up to the proposed expiry of defect liability period.

Under this circumstances, the details of performance guarantee available for the work may be intimated to Audit.

V. Service Books

Smt. Ambily.P.B Overseer Gr III

On verification of the Service Book of Smt. Ambily.P.B Overseer Gr III, it is noticed that, the incumbent had joined duty on the AN of 22/09/2016. As per Order No. KWA/JB/E2(B)6063/2015 Vol V Dtd 29/03/2019 of the Deputy Chief Engineer(GL) of KWA Tvpm, provisional appointment in the cadre of Overseer Gr. III has been regularized with effect from 22/09/2016 AN. But as per Order No. KWA/PH/SRR/E1-2016/95 Dtd 05/06/2019 of the Executive Engineer, PH Division Shornur, probation period of the incumbent deemed to commenced from the FN of 22/09/2016 and declared as satisfactorily completed on the AN of 21/09/2018. This is irregular. It is also noted that, on the pay fixation statement for sanctioning increment the pay fixed w.e.f from 21/09/2018. This should be corrected and excess pay drawn by the incumbent from 21/09/2018 up to date recovered and intimate to Audit.



VI. Leave not recasted at the rate of 1/11 days

As per G.O(P) No.75/2007/Fin dated 27/02/2007 the employees who have completed 3 years of service will become eligible for Earned Leave at the rate of 1/11 for the period spent on duty for the first year of service as admissible to a permanent employee. On verification of the Service Book of the following incumbents under this office the leave at the rate of 1/11 has not been re-casted yet. The leave account may be recalculated and the fact intimated to audit.

1. Shani Hameed – UDC (HG).
2. Ambily. P.B Overseer Gr III.
3. P. Geetha Sel. Grade Typist.

VII. Medical Reimbursement Claims

As per the Circular No. KWA/HO/E11/6207/2015 Dtd.29/11/2019 of the Managing Director, KWA, the Audit Team verified the passed Vouchers to findout any malpractices done in claiming the medical reimbursement especially in the case of treatment under Ayurvedic System. On verification the medical files and Vouchers, it is noticed that all the cash bills are kept in the file itself instead of accompanying the same with the passed vouchers. Hence the following directions are issued.

1. All Cash bills passed should be scored and recorded as cancelled.
2. All the Vouchers of the Medical bills passed should be accompanied by the cash bills submitted by the incumbents in order to avoid duplication in payments.
3. All applications should be given inward number and signed by the controlling officer..

Part III

Outstanding Local Audit Paras

Sl.No	Year	Pending
1	2011-12	1
2	2015-16	1
3	2016-17	2
4	2017-18	3
5	2018-19	1
	Total	8

Part IV

Best Practices

NIL

Part V

Acknowledgement

Internal Audit Wing acknowledges the cooperation extended by the auditee institution.

ABDUL BASHEER
Internal Auditor



Appendix A

Kerala Water Authority

P.H.Circle, Palakkad

Audit Enquiry No. 2

Superintending Engineer

- | | | |
|--------------------------------|---|---------------------------|
| 1. Sri.Suresh M | - | 01.04. 2011 to 06.10.2012 |
| 2. Sri. S.Ratheesh | - | 01.12.2012 to 01.07.2013 |
| 3. Sri. Unnikrishnan.K.G | - | 07.09.2013 to 04.04.2015 |
| 4. Smt. Chandravathi.P.K | - | 16.04.2015 to 07.01.2016 |
| 5. Sri. V.M.Prakasan | - | 10.08.2016 to 15.06.2019 |
| 6. Sri. R.Jayachandran | - | 15.06.2019 to 19.06.2021 |
| 7. Sri. E.V.Rajagopalan | - | 09.08.2021 to 31.10.2022 |
| 8. Smt. P.A.Suma (Addl.Charge) | - | 01.11.2022 to 20.11.2021 |
| 9. Sri. R.Jayachandran | - | 21.11.2022 and continuing |

Executive Engineer (PA to SE)

- | | | |
|--------------------------|---|---------------------------|
| 1. Smt. Teresa.P.V | - | 01.04.2011 to 12.10.2011 |
| 2. Sri.Balakrishnan.KV | - | 21.11.2011 to 13.09.2013 |
| 3. Sri A.Purushan | - | 23.09.2013 to 20.12.2013 |
| 4. Sri. M.V.Sivasankaran | - | 26.12.2023 to 06.05.2019 |
| 5. Sri. V.V.Sivaraman | - | 17.06.2019 to 11.12.2019 |
| 6. Smt. P.A. Suma | - | 11.12.2019 and continuing |

Accounts Officer

- | | | |
|--------------------------|---|---------------------------|
| 1. Smt. Anitha P | - | 01.04.2011 to 30.06.2014 |
| 2. Sri. Sivanandan | - | 02.07.2014 to 09.06.2017 |
| 3. Sri. M.P.Unnikrishnan | - | 25.09.2017 to 31.10.2018 |
| 4. Sri. A.Manikandan | - | 01.12.2018 to 25.02.2021 |
| 5. Sri. A.Rajan | - | 08.03.2021 to 01.09.2021 |
| 6. Sri. C.Arumughan | - | 08.09.2021 and continuing |

