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KERALA WATER AUTHORITY

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Thiruvananthapuram – 695033
Kerala - India

File No.KWA-JB/3199/2023-HC2(AUDIT)

Dated: 30-09-2023

UIN:IAR/08/2023-24

Internal Audit Report Project Division Alappuzha.

Team Members

1. Sri. Abdul Basheer .T.K, Internal Auditor.
2. Sri. Anil.P, Divisional Accounts Officer.
3. Sri. Sreejith.S, Head Clerk.

Part-1

A. Introduction

The internal audit was conducted from 21/08/2023 to 26/08/2023, covering the period from 01/04/2014 to 31/03/2023. Project Division Alappuzha carries out works of 30 Grama panchayaths and 4 municipalities. This project division aims to provide 200748 FHTCs across these 30 panchayaths for an estimated cost of Rs. 1,09,111.47 lakhs under JJM scheme. The division is also responsible to execute the project works related to AMRUT assisted projects.

Local Audit of AG

Local Audit wing of Resident Audit officer conducted audit upto 31.03.2022. There are 9 pending paras to be settled under Project Division Alappuzha.

B.Officers In Charge.

Attached as **Appendix A.**

C. Financial Analysis

Year	2020-21 (in Lakhs)	2021-22 (In Lakhs)	2022-23 (in Lakhs)
Establishment Expenses	Rs.188.58	Rs.313.20	Rs.344.10
Contingency Expenses	Rs.2.78	Rs.136.24	Rs.35.89
Capital Expenditure	Rs.8312.00	Rs.12252.00	Rs. 11567.73

D. Internal Control Mechanism.**1. Trial Balance.****1661 (advance to Contractors)**

An amount of Rs3,27,55,148/- is showing as Debit balance in this account. The reason for showing huge amount of advance paid to the contractors and not settled so far, may be explained. The details of contractors may also be reported.

2811(Sundry creditors contractors)

An amount of Rs.10,94,618/- is showing Credit balance. The reason for not passing the journal entries may be explained, and necessary journal entries may be passed and fact reported.

2821 (House rent deductions)

An amount of Rs.5481/- is showing Credit Balance. Reason for keeping the amount in the account may be explained. If the amount is deducted as KWA quarters rent, the same may be taken as revenue and recorded accordingly.

2829 (other statutory deductions)

An amount of Rs.22,37,408/- is showing as debit Balance. Excess remittance of statutory deductions may be verified and intimated.

3214 (R&M of water mains and network)

An amount of Rs.32,02,260/- Debit Balance. Huge amount of expenditure against R&M may be reported.

9139 (Contra)

An amount of Rs.8,60,781/- showing debit balance under the head 9139 may be verified, corrected and intimated to audit.

9219 (Control A/c. Capital Exp - others)

An amount of Rs.38,52,936/- is showing debit balance in the account. Necessary journal entries may be passed and reported.

All the above cases may be verified and necessary corrective steps may be taken.

II. Huge Amount parked in various Accounts.

On the scrutiny of Bank Reconciliation of various Accounts and Cash Book, it is noticed that huge amount is parked in these accounts. The reason for parking huge amount in these operative accounts may be intimated to audit.

Sl No	Account No	Parked Amount	Remarks
1	67150982098 ARP A/C	100,78,839	
2	37955189112 AMRUT	6,02,12,887	
3	38915473116 NRDWP	1,25,11,014	
4	67150982463 salary	27,67,558	
5	10150100327478 STATE PLAN	2,62,651	
6	10150100327486 KIIFB	19,52,924	
	Total	Rs. 8,77,85,873	

It may reported whether, any unnecessary amount parked in these accounts. Unnecessarily parked amounts may be transferred to head office account and fact report to audit.

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

On verification of Trial balance for the year 2018-19, 2019-20, 2020-21, 2021-22, & 2022-23, it is noticed that the following amounts are seen booked as accrued interest under the head 7131.

Period	Amount
2018-19	Rs. 60,92,633/-
2019-20	Rs. 87,45,469/-
2020-21	Rs.36,17,450/-
2021-22	Rs. 61,25,130/-
2022-23	Rs.33,04,495/-
Total	Rs. 2,78,85,177/-

The details of interest remittance to head office account may be intimated to audit. If not remitted urgent action may be taken to remit the amount to the Account of FM & CAO and the fact intimate to Audit.

Part II-A**Major Irregularities**

-NIL-

Part II-B**Other Irregularities.****I. Non Forfeiture of Time barred /unclaimed securities**

On verification of the Security Deposit register, it is noticed that SD's were pretty old as 2011-12. As per codal provisions, the unclaimed / time barred securities / EMDs shall be forfeited and taken into the account of KWA. But it is noticed that, the same has not been done in this Project Division. Further it may be noted that in the case of Liabilities are existing against the contractors, action taken in this regard may also be reported. The details of such unclaimed Time

Barred Securities and EMDs are as follows.

Time Barred Securities				
SL.No.	Name of contractor	Name of Instrument	Bank/ Treasury	Amount
1	Sandhya M.S	Post Office	No. 864010 Dtd:21/10/2011	8600
2	C.J.Varghese	Corporation Bank	1503610006922 Dtd:07/08/2016	60229
3	Babu Chako	TSA	004004 Dtd:16/07/2018	74200
4	M.S velocity Consulting Engineering Pvt.Ltd	TSA	195897 Dtd:02/08/2018	83800
5	M.S Locus Survey Specialist	TSA	095886 Dtd:23/08/2019	55250
6	M.S Locus Survey Specialist	TSA	4132058502 Dtd:29/08/2018	347800
7	V.S Associates	TSA	467459 Dtd:17/04/2019	11000
8	V.S Associates	SBI	8699009669 Dtd:07/04/2016	13485
9	V.S Associates	SBI	8699009669-1 Dtd:07/04/2016	50000
10	V.S Associates	SBI	37478215657 Dtd:18/07/2019	4895
11	V.S Associates	SBI	35874940100 Dtd:20/06/2020	12045
			Total	Rs.7,21,304/-

EMD				
SL.No.	Name of contractor	Name of Instrument	Bank/ Treasury	Amount
1	M.S Farooq Constructions	SBT	No.162978 Dtd:10/08/2015	50000
2	C.J. Varghese	Canara Bank	954250 Dtd: 09/01/2018	25000
3	C.J. Varghese	Canara Bank	153645 Dtd: 09/12/2016	25000
4	Udayakumar.V.S	SBI	146048 Dtd:08/04/2019	11000
			Total	Rs.1,11,000

II. Slow progress of JJM work - Delay in completing the project

Name of Work:-JJM- Alappuzha District- Aug of ARWSS to Bharanikkave, Thekkekkara, Vallikkunnu,and Krishnapuram Panchayath.-

Design, Surey

investigation works, Supplying laying 400mm DI K9 CWPM from Moonamkutty to Kunnilmukku- Distribution lines and providing FHTC and connected works.

Contractor: Sri.Roy Varghese
Agt No. 38/2020-21/SE/PHC/ALP
Source file : PDA/ACP/JJM/Aug/117-29/20-21

The above work was awarded to Sri. Roy Varghese contractor, vide work order No. KWA/PHC/ALP/DB/JJM-1448/20-21 dated: 11/01/2020. The time of completion was 12 months from the date of agreement (ie:11/01/2022) But the contractor has not completed the work within the stipulated time due to the delay in getting road cutting permission. Time extension was granted to the contractor up to 31/05/2022 and further extended up to 31/12/2022 without imposing fine. But on verification of the file it is observed that road cutting permission for various roads are still pending and the work is still not completed. Under the above circumstances the following points may be clarified,

A.What action has been taken to obtain road cutting permission and present status.
B. Whether the time extension request submitted by the contractor has been admitted by the competent authority, if so up to what date time extension granted.
C.Details of supplementary agreement for time extension, executed by the contractor.
D. Present status of the work.

III. Improper voucher accounting of JJM Connection Charges, Meter testing fee &

application fee.

Name of Work: JJM - FHTCs- Purakkad,Aug to Vallikkunnam, Aug to Nooranad,Chunakkara, Palamel,Thamarakkulam etc.

On verification of the cash book entries and bill of connection charges, it is noticed that the passed vouchers against connection charges of the following works recorded in the the cash book are not in order.

Month	No. of F H T C s	Connection/ Meter testing charges
01/2023	205	Rs.1,54,375/-
01/2023	3119	Rs.34,75,375/-
01/2023	9675	Rs.85,11,165/-
		Rs.1,21,40,915/-

The entry of connection charge vouchers under the head of account 6113 in the payment side of the cash book is irregular. The total passed amount of Rs.1,21,40,915/- should be recorded in the payment side of the cash book as an expenditure of the project and should be recorded as revenue in the receipt side of the cash book. Necessary correction entries may be made in consultation with accounts wing of head office and fact intimated to audit.

IV. Non settlement of Advance to Contractors - (Bank Loan Scheme)

On verification of the Ledger Account of Account code of 1669, it is noticed that an amount of Rs.17,51,89,465 /- paid to the contractors as advance (Bank Loan Scheme) is not seen settled even after the elapse of more than 3 years. On further verification of the files it is understood that, all the amounts are paid to the

contractors prior to 01/04/2020. The reason for non settlement of huge amount in the accounts may be verified and reported to Audit with the details of contractors.

V. Work Register - Details of Connection charges- improper recording

On verification of the Work Register and work files of JJM projects, it is noticed that the details related to the claims submitted for connection charges through PFMS and amount received, is not seen recorded. The total expenditure of the project includes the amount of connection charge also. On Verification of the JJM work files and work register the expenditure towards the connection charge is not recorded as an expenditure properly. In some cases the the expenses is seen recorded using pencil. Hence, in order to ensure the receipt of revenue from connection charges, the details of connection charges requested and amount received may be recorded in the respective files/registers and the same has to be monitored properly.

VI. Belated settlement of Temporary advance

On verification of the Temporary Advance Register amounts allotted towards temporary advance is not seen settled within the prescribed time limit by the following incumbents.

Name	Date	Cheque	Amount	Settlement details	Remarks
Aneesh M.S (A.E)	30/03/2022	508718	20,000/-	Not settled	
Bindhu.T (A.E)	04/04/2023	154199	20,000/-	Not settled	

Urgent action may be taken to settle the advances with applicable penal interest as per Rule. The recovered penal interest of belated settlement of Temporary Advances may be remitted to NOA and intimated to Audit.

VII. Incorrect recording of JJM Volunteers wages

On verification of the Cash book and payment of HR wages under the head 3359, it is noticed that JJM volunteers wages are seen booked under the head 3359 (other Casual wages). This is irregular. JJM volunteers wages has to be booked under capital expenditure in the respective head of account for which administrative sanction was accorded. . The total amount of wages of JJM volunteers and HR wages recorded under the head 3359 is as follows.

FY 2020-21 : Rs.2,27,422/-

FY 2021-22 : Rs.11,50,247/-

FY 2022-23 : Rs.43,59,230/-

Hence urgent necessary action may be taken to correct the entries in the case of JJM volunteers wages, in consultation with the Accounts wing of head office and fact intimated to Audit. Similar payments in the previous years may also be verified and corrected.

VIII. Stock Verification Pending Paras

On verification of the Stock Verification files, it is noted that 07 Paras for the

Stock verification report of 04/2008 to 09/2019, are pending for want of settlement. Most of the Paras involves idling of materials in different project cites after the completion of the project , shortage of materials and not maintaining records in division etc. Urgent necessary action may be taken to submit the reply after taking necessary action to complete the process of transferring the balance materials kept in different project cites, and fact intimated to audit.

IX. Idling of department vehicle and non utilization of the service of Driver

It is noticed that department vehicles No.KL 07 AY 6408 of Project Division, Alappuzha is in idle condition since the vehicle completed 15 years and registration of the vehicle is lapsed as per notification No. GSR 29(E) of the ministry of road transport and highway.

It is also noticed that the service of Sri. Ratheesh kumar, Driver of the department vehicle has not been utilized. In this connection, the situation may be reported to Head office, in order to ensure the utilization of the service of the department driver.

The action taken on the idle department vehicle and the duty of department Driver may be reported.

X. Establishment & Service Books

1) Non deduction of GIS

On verification of the salary bills it is noticed that some of the employees were not subscribed to GIS/SLI which is mandatory .The details are :-

1. Sri.Shiras.S.L,Deputy Project Manager II, Project Division Alappuzha
- 2.Smt Sujamol L , Sr.Grade Typist, KIFFB Project Division Alappuzha

2)Sanctioning of increment without declaration of probation.

On verification of the Service book of the incumbent it is noticed that the increments were sanctioned without the declaration of probation in respective cadres.

A.Smt Preetimol R D M, D' Man Gr I :-

The incumbent provisionally promoted as D Man Gr II vide order No. KWA/JB/E4(B)/346/98 vol III dated 23.07.2015. The incumbent will be on probation for a period of one year duty within a continuous period of two years as per rule. It is noticed that annual increments were sanctioned without the declaration of probation. Further the incumbent promoted as D Man Gr I vide Order No. KWA/JB/E4/755/1996 Vol III dated 13.12.2018 of DCE(GL). In this cadre also the probation has not been declared.

B. Smt. Ashamol P, D'man Grade II:-

The incumbent provisionally promoted as D Man Gr II vide order No. KWA/JB/E4(B)/346/98 vol III dated 19.02.2020. The incumbent will be on probation for a period of one year duty within a continuous period of two years as per rule. It is noticed that annual increments were sanctioned without the declaration of probation.

Urgent necessary action for declaration of probation may be taken and Irregular increments sanctioned prior to the declaration of probation may be regularized and excess pay and allowances disbursed, if any may be recovered and intimated.

XI. Inadmissible Medical O.P Reimbursement.

The Audit revealed not admissible Medical Reimbursement claims as per rules was sanctioned and disbursed as stated below which may be recovered from the incumbents.

Medical reimbursement claims-paid - Not Admissible as per rule

Project Division Alappuzha

Proceedings No:UIDSSMT-ALP/21/08 Dtd:28/12/2019. CBV No: 63 of 04/2022					
Sl no.	Name of Employee	Designation	Name of suppliers	Amount	Remarks
1	Priya.P.P	Assistant Engineer	Dental Home,Povidence Hospital, SNMM-Midas Scans	7620	Not admissible
2	Majisha.M	D'Man Gr II	Sahrudaya Hospital	10000	Not admissible
3	Seetha.P	Overseer Grd III	Mattathil Hospital	6957	Not admissible, Father in law
4	SanthoshKumar.B	Overseer Grd III	Giridhar Eye Hospital	14080	Not admissible as per rule. Bill not submitted within 3 months/not medicine)
Total				38657	

12.JJM Volunteers and Associates-
Monthly Expenditure & Recruitment.

On verification of JJM related files and registers, it is noticed that JJM Volunteers and Associates are not recruited through Walking interview giving necessary advertisement in daily news paper. It is also noted that, necessary deed agreement regarding to each volunteers and Associates are also not maintained. Action may be taken in limiting the monthly expenditure of JJM Volunteers and Associates.

Part III

I. Outstanding Local Audit Paras

SI No	Year	Pending
1	2011-12	1
2	2015-16	2
3	2016-17	3
4	2017-18	1
5	2018-22	2
	Total	9

Based on the Audit Committee discussions, direction has been issued to the concerned to prepare the replies and submit to RAO immediately and regular follow up to make the Paras dropped.

Part IV

Best Practices

NIL

Part V

Acknowledgement

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

ABDUL BASHEER

T K

Internal Auditor

Appendix A.

Incumbency details of Executive Engineers from 01.04.2014 to 31.03.2023

SI No.	Name	Date of Joining	Relieving Date	Remarks
1	T.A.Noushad	26/12/2013	16/11/2014	
2	D.Shaji, DY.PM (Addl.Charge)	17/11/2014	05/12/2014	
3	Kishore Babu.S	05/12/2014	06/07/2015	
4	Thomas John	06/07/2015	13/03/2019	
5	Sabeer A Rahim	18/03/2019	03/06/2019	
6	Sheeja .A	03/06/2019	30/07/2021	
7	Abraham Varghese Dy.PM(Addl. Charge)	30/07/2021	15/08/2021	
8	Jayaraj.S.L	16/08/2021	31/05/2022	

9	Ancil.G	31/05/2022	31/05/2022	
10	Hari.N.R (Addl.Charge)	31/05/2022	11/07/2022	
11	Jayakumar.P	11/07/2022	Continue	

Incumbency details of Divisional Accounts Officer from 01.04.2014 to 31.03.2023

SI No.	Divisional Accounts Officer	Date of Joining	Relieving Date
1	Rani Prameela Raphel	02/12/2014	02/02/2014
2	Mathew Varghese.T.V	08/12/2014	18/06/2015
3	Saibia P.A	26/06/2015	07/11/2016
4	Salini.S Head Clerk (Addl.Charge)	22/08/2019	28/08/2019
5	A.C.Shine	29/08/2019	31/05/2022
6	Rajimol.T.P Head Clerk (Addl.Charge)	31/05/2022	19/07/2022
7	Krishnakumar.A	20/07/2022	Continue