

KERALA WATER AUTHORITY

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KERALA WATER AUTHORITY Internal Audit Wing

UIN : IAR/01/2026-2027

Internal Audit Report

PROJECT DIVISION ADOOR

PERIOD OF AUDIT : 23/04/2026 to 30/04/2026

PERIOD COVERED : 01/04/2019 to 31/03/2026

Audit Team

SRI.SUNIL AUGUSTINE , INTERNAL AUDITOR
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Part -1

A.Introduction

The Internal Audit of the Project Division, Adoor was conducted over a period of Seven working days, from 23.04.2026 to 30.04.2026.

This audit covered the financial period from 01.04.2019 to 31.03.2026, with the last audit completed up to 31.03.2019. The Project Division Adoor operates under the administrative control of the P.H. Circle, Thiruvalla. The division exercises jurisdiction over 42 Grama Panchayath and 2 Municipalities within the Pathanamthitta District. The division is presently overseeing the implementation of various water projects, categorized under the following schemes Jal Jeevan Mission (JJM), KIIFB, KRFB deposit and NABARD. **Total schemes 25 Nos with total Administrative Sanction amount Rs. 2232.49 crores.** The scheme-wise details of Administrative sanction amount are as follows.

1. Jal Jeevan Mission (JJM)	- 19 schemes	- 1953.29 crores
2. KIIFB (Kerala Infrastructure Investment Fund Board)	- 3 schemes	- 134.42 crores
3. NABARD	- 1 Scheme	- 120.00 crores
4. KRFB deposit	- 1 scheme	- 0.78 crore
5. State plan	- 1 scheme	- 24. crore

B. Officers In charge

Executive Engineers

Sl.No	Name	From	To
1	Y Sajeeda	05.10.2018	31.05.2020
2	Manu B	31.05.2020	08.06.2020
3	Thomas John	08.06.2020	21.08.2020
4	Rekha P S	21.08.2020	18.04.2021
5	Harikumar.J(Full Adl.Charge)	19.04.2021	27.05.2021
6	Manjumol S(Full Adl.Charge)	28.05.2021	27.06.2021
7	Ancil.G(Full Adl.Charge)	28.06.2021	03.08.2021
8	Sunil.S	04.08.2021	07.10.2023
9	Vipin Chandran P R	07.10.2023	26.11.2023
10	RekhaAliceGeorge(FullAdl.Charge)	27.11,2023	03.03.2024
11	Vipin Chandran P R	04.03.2024	Continuing

Divisional Accounts Officers

Sl.No	Name	From	To
1	Dileepkumar N K	28.05.2018	30.10.2020
2	Sreelatha R(Full Adl.Charge)	01.11.2020	24.11.2020
3	Dileepkumar M I	25.11.2020	31.05.2023
4	Ashifa M S (Full Adl.Charge)	01.06.2023	08.02.2024
5	Lathika N R	08.02.2024	21.10.2025
6	Anilkumar G	21.10.2025	Continuing

c. Financial Analysis

Year	2023-24	2024-25	2025-26
Estt. Expenditure	2,31,92,800	2,35,52,431	3,11,58,810
Contingencies	2,18,961	2,40,686	5,33,404
Capital Exp.	1,46,29,80,840	98,58,37,568	1,08,32,89,860
Main. Expenditure	Nil	Nil	Nil
Total			

Part II(A)

Para I : Major structural redesign and financial irregularities resulting in undue benefit to the Contractor: WSS to Konni Medical College

Construction of 5 MLD WTP and 10 LL OHSR at Konni Medical College

Project Component	Details
Name of the Work	WSS to Konni Medical College - Construction of 5 mld WTP, 10LL OHSR and laying 300 mm CWPM

Name of the Contractor	Sri. P.C. Shaji
Agreement No. & Date	15/SE/PHC/TVLA/2017-18 dated 01/12/17
Contract Period	Commenced 06/03/2018; Completed 14/09/2020
Accepted PAC (Lump Sum)	₹588 Lakhs
Final Bill Expenditure	₹5,86,96,512 (CC IV and Final Bill on 06/03/2021)
Recovery for Non-execution	₹1,03,488

The fundamental issue identified in the Construction of 5 MLD WTP and 10 LL OHSR at Konni Medical College is a major structural alteration from the original sanctioned design which was not reflected in a revised estimate. While the original estimate envisioned the WTP components (clariflocculator, filter house, flash mixer) and the 10 LL OHSR as separate structures, the contractor's approved design sandwiched these into a single unit. Specifically, all structures except the clariflocculator were constructed inside the column footing of the 10 LL OHSR. Despite this deviation, the Superintending Engineer (SE) decided on November 17, 2020, that a revised estimate was unnecessary because the work was a Lump Sum (LS) tender. This decision directly contravened to **Section 1601.1.6 of the PWD Manual**, which mandates a revised estimate for major structural alterations regardless of the contract type. The Section clearly specifies the need of RE when :-

Major Structural Alterations: When there is a major structural alteration in the design, even if the total cost of the project remains within the sanctioned amount or the accepted contract price.

Deviations in Scope: When the nature of the work is fundamentally changed from what was originally sanctioned in the Technical Sanction (TS).

Lump Sum Contracts: Crucially, the manual clarifies that the requirement for a revised estimate is not waived simply because a contract is awarded on a **Lump Sum (LS)** basis. If the structural design used during execution differs significantly from the original design on which the TS was based, a revised estimate with a comparative statement must be prepared.

In the context it is noticed, regarding the 5 MLD WTP and 10 LL OHSR at Konni, the violation of Section 1601.1.6 is the core of the audit objection:

- **Failure to regularize design changes:** The merging (sandwiching) of the WTP components into the OHSR structure constituted a "major structural alteration." Under Section 1601.1.6, this necessitated a revised estimate to account for the deleted quantities of concrete, steel, and earthwork.

- **Irregular decision by the SE:** The decision of the Superintending Engineer (SE) on November 17, 2020, stating that a revised estimate was not required because it was a Lump Sum tender, is in direct contradiction to this specific provision of the KPWD Manual.
- **Loss of financial control:** Without the revised estimate mandated by this section, the Kerala Water Authority lacked the Comparative Statement (Appendix 1600F) required to calculate the value of unexecuted works. This led to the extension of an **undue benefit to the contractor, Sri. P.C. Shaji**, as the Authority paid for structural elements (foundations, columns, and beams) that were omitted in the merged design.

By bypassing Section 1601.1.6, the executing officers removed the mechanism used to protect the Authority from paying for unperformed work, resulting in the ghost payments identified by the Accountant General.

The breakup schedule, which forms the basis for payment, was prepared based on the original estimate rather than the actual design executed. This mismatch led to "unbalanced payments" where the Kerala Water Authority (KWA) likely paid for structural elements that vanished due to the sandwiching of buildings. Further noticed that by merging the structures, the need for separate footings, columns up to two floors, and ground floor slabs for the OHSR was eliminated. Furthermore, the backwash tank was integrated into the OHSR, yet the OHSR's final capacity was found to be only near 10 LL instead of the required 13 LL (10 LL OHSR + 3 LL backwash).

The financial recovery for these non-executed works was grossly inadequate. While the AG and internal reports indicate massive reductions in quantities for concrete, reinforcement, and rock blasting due to the shared structural components, only a meagre amount of ₹1.03 lakh was deducted from the final bill of ₹5.88 crore. The lack of a comparative statement (Appendix 1600F) meant the executing authority could not accurately determine the value of deleted items. It is evident that **the failure to prepare Appendices 1600E and 1600F** is not merely a clerical oversight but a **procedural violation of the KPWD Manual** and tantamount to fraud. This omission effectively disabled the Authority's ability to perform its fiduciary duty, as these documents are the only technical means to quantify the "ghost" works and ensure that the contractor, **Sri. P.C. Shaji**, was not paid for materials that were never utilized in the integrated structural design. This suggests a significant financial loss to KWA, as payments were released for the "ghost" components included in the original breakup but omitted in the actual construction. This suggests a significant financial loss to KWA and a clear extension of financial advantage to the contractor through the non-deduction of costs for works not actually performed at the site.

It has been pointed out by the Accountant General in Part II B Para II of LAR 2020-22 that the Chief Engineer (SR) provide a detailed justification for why a revised estimate and revised technical sanction were not obtained following the major structural redesign of the Konni WTP, as required by PWD Manual guidelines. Furthermore, requested clarification on how the recovery of only ₹1.03 lakh was

deemed sufficient when the merging of the WTP and OHSR structures eliminated entire sets of foundations, columns for two floor heights, and three layers of brace beams. The failure to update the breakup schedule to match the actual design appears to have resulted in substantial overpayment for unexecuted works.

To accurately quantify the loss sustained by KWA, it is recommended that a high-level technical expert team, at Head Office level to be constituted to conduct a technical audit. This team should perform a rigorous built-to-design verification, comparing the actual physical measurements at the site against the quantities billed in the breakup schedule. This inspection must specifically evaluate the volume of concrete and steel saved by the sandwiched construction and the actual capacity of the integrated OHSR/backwash tank to determine the exact extent of the financial irregularity and fix responsibility on the officers who approved the inaccurate breakup schedule. **The total loss sustained by the Kerala Water Authority (KWA) due to these irregularities is non-negotiable and shall be recovered from the contractor in full, without fail, by invoking the relevant penal clauses of the agreement.**



Para II :Scrutiny of Administrative Sanction and Physical Progress of JJM Schemes

(a)WSS to Enadimangalam, Erathu, Ezhamkulam & Kalanjoor Panchayath

Critical delay in Component Execution (WTP and OHR)

A serious technical imbalance is observed between the distribution network and the production components. Component No. 1 (FHTC provision) is 85% physically

complete with 146 km of pipeline laid; however, Component No. 2 (17 MLD WTP at Chayalodu, including pump sets and OHSR construction) with a TS amount of ₹1,990.8 Lakhs is reported to be still "under tendering stage." The execution of distribution lines and FHTCs (8,031 nos) without the simultaneous completion of the Water Treatment Plant and storage reservoirs renders the pipeline investment "dead" or "idle," as no water can be supplied to the consumers until the production wing is commissioned. This lack of synchronized project management violates the fundamental principles of public works execution and leads to the deterioration of buried pipes before they are ever charged.

(b)WSS to Kuttoor Panchayath

Idle Investment in Distribution Network and FHTCs The physical progress report indicates that Component No. 3 (Providing 4,329 FHTCs) and Component No. 2 (Pipeline from Varattar Bridge to Othara road) are 100% physically complete, with a cumulative expenditure of approximately ₹1,074 Lakhs. However, Component No. 4, which involves the construction of the 15LL OHSR at Kuttoor and Clear Water Pumping Main (CWPM)—the primary source and storage infrastructure—is still reported as "Under tendering stage." As per the KPWD Manual, work components of a scheme should be synchronized to ensure that the assets created are put to immediate use. Completing the distribution network and household connections while the reservoir and pumping main remain untendered has resulted in a "dead investment" of over ₹10 Crores. The pipeline and FHTCs will remain dry and prone to damage until the storage and pumping components are commissioned, leading to a failure in achieving the project's objective of providing water to the Kuttoor population.

(c)WSS to Ezhamkulam Panchayath

A major technical and financial bottleneck exists regarding Component No. 3 (25LL OHSR at Kunnathumala). While the distribution network and FHTC provision (Component No. 1) have reached 86% physical progress with an expenditure of approximately ₹24.86 Crores, the construction of the OHSR, which is the essential storage and pressure-balancing infrastructure for the scheme, has only recently "started" (0% reported physical progress). The execution of distribution lines without the corresponding storage reservoir and pumping main results in significant "dead investment," as the completed pipeline network remains non-functional. This practice contradicts the efficient management of public funds as it prevents the immediate utility of the assets created.

(d)WSS to Erathu Panchayath

The project currently shows a severe lack of integration between the distribution infrastructure and the production/storage components. Component No. 1, which entails the laying of 224.41 km of pipeline and the provision of FHTCs, is 83% physically complete with an expenditure of approximately ₹29.71 Crores. Conversely, Components No. 2 (CWPM, CW Sump at Paruthippara) and No. 3 (15LL and 4LL OHSRs) are still reported to be in the "under tendering stage." This disconnect creates a "dead investment" scenario where massive financial resources have been deployed for pipeline networks that cannot be commissioned or utilized without the corresponding source and storage infrastructure. This lack of synchronization is a

significant deviation from prudent project management practices.

(e) Delay in Finalization of Tendering

The ongoing status of critical components (No. 2 and No. 3) in the tendering stage, despite the pipeline works being nearing completion, indicates a failure to initiate procurement processes in a timely manner. With the original completion date for the pipeline work passing in February 2025, the project is significantly behind schedule. The continued delay in tendering the reservoirs and pumping mains further extends the idle period of the already completed pipeline, increasing the risk of infrastructure deterioration and preventing the delivery of water to the intended beneficiaries.

(f) WSS to Kalanjoor Panchayath

The report highlights a critical failure in project synchronization. Component No. 1 (Supplying, laying, and providing 3,000 FHTCs) is 58% physically complete with an expenditure of ₹667.79 Lakhs. Meanwhile, Component No. 2—which includes the Intake Well, Pump house at Kaduvathodu, Pump sets, Raw Water Pumping Main (RWPM), and the 7LL OHSR—is still "under tendering stage." As per the KPWD Manual, the creation of distribution networks must coincide with the availability of source and storage infrastructure. In this instance, the investment of over ₹6.6 Crores in pipelines and household connections remains entirely idle and non-functional because the intake and storage components have not even been contracted. This asynchrony risks the deterioration of the already laid pipes and represents a failure to provide the intended service to the population.

(g) WSS to Kadapra Panchayath

Regarding Component No. 1 (Providing 4,910 FHTCs), it is observed that the Accepted PAC (APAC) is ₹1,051.45 Lakhs, which is 6.51% above the Tendered PAC (TPAC) of ₹987.1 Lakhs. Conversely, for Component No. 2 (Kadapra balance work), the APAC is significantly lower than the TPAC. The high tender premium accepted for the primary component has contributed to the depletion of the AS, yet the physical progress of the balance work remains at 72%. The justification for accepting such high tender premiums while facing a negative AS balance needs to be explained.

(h) WSS to Peringara Panchayath

While the report indicates that physical progress for Component No. 1 (Supplying, laying & providing 2188 FHTCs) is at 99.5%, there is a notable shortfall in service delivery. Out of the 2,188 proposed FHTCs, only 1,373 have been provided to date. This failure to achieve the target despite nearly full physical completion of the pipeline network indicates a major gap in project implementation. The Executive Engineer must provide a technical explanation for this significant shortfall and clarify the action plan for completing the remaining 815 connections, given that the expected date of completion (31/03/2025) has already lapsed.

(i) WSS to Mallappally Panchayath

A critical discrepancy is observed between the reported physical progress of pipeline laying and the actual provision of Functional Household Tap Connections (FHTCs). For Components No. 1 through 4, the physical progress is reported as

100%; however, the targeted FHTC figures show a massive shortfall:

- **Zone 7 (Narakathani):** 385 FHTCs provided against 700 proposed.
- **Zone 8 (Parakkathanam):** 246 FHTCs provided against 800 proposed.
- **Zone 9 (Kattamala):** 241 FHTCs provided against 700 proposed. This indicates that despite the completion of pipeline laying, nearly 60% of the intended beneficiaries in these zones are yet to receive functional connections. The expenditure of approximately ₹12.38 Crores remains largely "sub-optimal" as the primary objective of the Jal Jeevan Mission (JJM) to provide water to every household has not been met. The technical or administrative reasons for this shortfall must be explained.

(j)WSS to Enadimangalam & Anicad Panchayaths

In Enadimangalam Panchayath, while Component No. 1 (Supplying, laying & providing 8031 FHTCs) has reached 85% physical progress with an expenditure of ₹22.47 Crores, the core production component—Component No. 2 (17 MLD WTP at Chayalodu, including transformer, Pumpset, and 15LL OHSR)—is still reported to be in the "Under tendering stage." As per the KPWD Manual and JJM guidelines, the distribution network must be synchronized with the source and storage works. Completing nearly 146 km of pipeline without a functional Water Treatment Plant or Reservoir results in a significant "dead investment," as the assets created cannot be put to use for the intended beneficiaries until the production wing is commissioned.

In Anicad Panchayath, despite the reported 100% physical completion of pipeline laying for Component No. 1, there is a noted shortfall in the provision of FHTCs. Out of the 3,043 total targeted FHTCs for the panchayath, only 1,741 have been provided. This indicates that while the infrastructure (pipes) has been laid, the ultimate objective of providing functional tap connections to 1,302 households remains unfulfilled. The Executive Engineer must provide a technical justification for this gap and state whether the completed lines have been successfully pressure-tested and commissioned.

(k)WSS to Mallappally, Anicad, Kottangal (Kottangal Pyt)

Significant "Dead Investment" due to asynchronous execution Across all reviewed schemes, there is a recurring failure to synchronize the production and distribution components of the water supply systems:

- **Enadimangalam:** 85% of FHTCs (₹22.47 Cr investment) are complete, but the 17 MLD WTP and OHSR remain "under tendering stage."
- **Kuttoor:** 100% of pipeline work and FHTCs (₹10.63 Cr investment) are complete, yet the 15LL OHSR and CWPM are still "under tendering."
- **Kottangal:** 85% physical progress in distribution, while the 3 MLD WTP and OHSR are untendered. This practice results in massive public expenditure remaining idle. Completed pipelines are prone to deterioration and illegal

tapping before they are ever formally commissioned, effectively stalling the benefits of the Jal Jeevan Mission.

Alarming Shortfall in Functional Tap Connections (FHTCs) Despite reports of "100% physical progress" in pipeline laying, the actual delivery of functional connections is significantly lower than targeted:

- **Ezhamkulam:** 86% progress reported, yet only 3,079 FHTCs provided against a target of 9,537.
- **Kottangal:** In the Perumpara zone, only 590 FHTCs provided against 1,753 proposed. Reporting high physical completion without achieving the corresponding service delivery target misleads stakeholders regarding the actual reach of the scheme.

(l)WSS to Kozhencherry

The component No. 2 (Zone 2) is marked as 100% physically complete, the status of actual connections provided is not fully reflected in the summary. For Component No. 3 (Zone 1), physical progress is 70% with only 79 FHTCs provided against a target of 1,201. This wide disparity between pipeline infrastructure completion and the actual delivery of functional tap connections constitutes a failure to meet the primary objectives of the Jal Jeevan Mission (JJM). The Executive Engineer must explain the technical and administrative reasons for this significant shortfall.

(m)WSS to Kollamula & Vechoochira Panchayaths

The physical progress report for Component No. 2 (Providing & laying 2841 FHTC) shows a physical progress of only 1%, yet the contractor (Strefa Projects) has already completed the supply of DI and PVC pipes. The report indicates that 2,586 meters of pipe have been laid out of a total requirement of 50,340 meters. This massive procurement of materials without the corresponding progress in laying constitutes a "blocked investment" of public funds. Storing large quantities of PVC and DI pipes at site for extended periods without installation leads to inventory carrying costs and the risk of material degradation or theft, which violates the principles of efficient resource management.

Non-Commencement of Storage and Pumping Infrastructure A severe technical imbalance is observed regarding Component No. 3 (Construction of 1 LL OHSR, 1 LL GLSR, 4 LL OHSR, Sump, and Pumphouse). Despite having a TS amount of ₹990 Lakhs and an agreement (68/SE/PHC/TVLA/2023-24) dated 12/02/2024, the work is reported as "**Not started.**" Initiating the supply and laying of distribution pipes (Components 1 and 2) while the primary storage reservoirs and pumping stations have not even commenced ensures that any pipes laid will remain dry and non-functional for an indefinite period. This lack of sequencing is a direct breach of the KPWD Manual's guidelines on project synchronization.

(n)Water Supply Scheme (WSS) to Mylapra, Malayalappuzha & Vadasserikkara

The physical progress of the Water Supply Scheme (WSS) to Mylapra reveals a concerning decoupling between pipe laying and essential infrastructure development. While the primary component involving the laying of 2839 FHTCs shows a 54% physical completion rate with 31 km of pipeline already in the ground, this progress is rendered functionally dormant by the status of the 1.5 LL GLSR (Ground Level Service Reservoir). The reservoir is still in the tendering stage as of March 2026, despite the Administrative Sanction being granted nearly four years prior in May 2022. This lack of synchronization means that even if the pipeline work reaches 100%, no water can be supplied to the beneficiaries until the storage and distribution headworks are completed, potentially leading to the deterioration of the laid pipes due to prolonged disuse.

(o) Water Supply Scheme (WSS) to Malayalappuzha

The physical progress of the Water Supply Scheme to Malayalappuzha Panchayat indicates a severe imbalance in execution that threatens the project's overall viability. While the FHTC component shows a 45% physical completion rate with 46.71 km of the total 103.525 km pipeline laid, the project has already bypassed its original completion deadline of April 17, 2024, by two full years. Most critically, the two major 6LL OHSR (Overhead Service Reservoir) components at Thompilkottaram and Cheenkalthadam remain in the tendering stage as of March 2026. This logistical disconnect suggests that a substantial portion of the distribution network is being laid without the necessary storage infrastructure to make it functional, effectively creating a "dead investment" in buried pipelines that cannot provide water until the reservoirs are completed, which may take another 18 to 24 months.

(p) Water Supply Scheme (WSS) to Vadasserikkara

The physical progress of the Water Supply Scheme to Vadasserikkara Panchayat reveals a critical operational bottleneck that threatens to render the substantial work on the Water Treatment Plant (WTP) redundant. The 9 MLD WTP at Maniyar is nearly complete at 95% physical progress, with civil and finishing works largely finalized. However, this progress is entirely negated by the fact that both the intake well cum pump house at Maniyar and the 6 LL OHSR at Pezhumpara remain in the tendering stage as of March 2026. Without a functional intake well to source raw water or a reservoir to store treated water, the 321 Lakhs invested in the WTP remains an idle asset. Furthermore, the FHTC component shows a dismal 27% progress, with 99 km of pipeline still to be laid, indicating that the distribution network is significantly lagging behind the production capacity.

(q) WSS to Perunad & Athikkayam Villages

The physical progress of the Water Supply Scheme to Perunad and Athikkayam villages indicates a significant stagnation across all major components, resulting in a project that is largely non-functional despite several years of activity. While the Administrative Sanction dates back to September 2021, the primary FHTC component stands at a meager 25% progress, with only 9 km of the required 35.9 km pipeline laid. Furthermore, the expected completion dates for all active components—ranging from March to December 2025—have either already passed or are rapidly approaching with the majority of the work still outstanding. Although permission from

the Forest Department has finally been obtained for the Attathode area, the slow pace of laying the 200mm DI K9 pipeline, which is only 22% complete, suggests that the primary transmission and distribution network remains disconnected, rendering the 80% completed tank work at Nellimala an idle investment.

(r)WSS to Naranamoozhy

The physical progress of the Water Supply Scheme to Naranamoozhy reveals a state of near-total project failure, most notably evidenced by the complete abandonment of the primary distribution network. The contract for supplying and laying 1348 FHTCs was effectively terminated after the contractor stopped all site work in December 2023, leaving the project with zero percent physical progress on its most critical component. While a secondary component involving the 150m DI K9 gravity main shows 20% progress, this is a minor achievement that fails to compensate for the stagnation of the broader distribution scheme. With the original completion date of January 2024 having lapsed over two years ago, the absence of any functional FHTC infrastructure means that the 1872 Lakhs sanctioned for this project remains largely unutilized and the intended beneficiaries continue to lack water supply.

(s)WSS to Seethathode

The physical progress of the Water Supply Scheme to Seethathode Panchayat demonstrates a critical lack of integrated project execution, where completed minor components fail to provide any functional utility due to the absence of core infrastructure. While several smaller pipeline segments and FHTC installations are marked as 100% complete, the most significant capital-intensive components—including the construction of multiple GLSRs, sump tanks, pumping mains, and clear water pumping stations—remain stagnant in the "Under tendering stage." This represents a failure in project planning, as the completed distribution works cannot deliver water without the primary reservoirs and intake headworks, which have been languishing in the tendering phase since at least mid-2023.

(t)WSS to Kulanada Mezhuveli (Kulanada Pyt)

The physical progress of the Water Supply Scheme to Kulanada Panchayat exhibits a severe lack of logistical coordination that risks turning a massive investment into a collection of stranded assets. While the distribution network component is reported at 84% physical progress with 147 km of the 173 km pipeline already laid, this accomplishment is undermined by the total absence of progress on the production and storage components. Both the 11 MLD Water Treatment Plant (WTP) and the 20 LL Overhead Service Reservoir (OHSR) at Kadalikunnu remain in the "Under tendering stage" as of March 2026. This represents a fundamental planning failure where the distribution lines have been prioritized despite having no water source or storage facility to feed them, potentially leading to the siltation or damage of the buried pipelines before the scheme ever becomes operational.

(u)WSS to Kulanada Mezhuveli (Mezhuveli Pyt)

The physical progress of the Water Supply Scheme to Mezhuveli Panchayat demonstrates a significant imbalance between distribution network coverage and the essential storage infrastructure required for functionality. While the primary component for supplying and laying 4507 FHTCs is relatively advanced at 82% completion, with 112 km of the 144 km pipeline already laid, the project has failed to meet its original completion deadline of July 26, 2024. Most critically, the construction of the 12 OHSR at Maladevarkunnu, which includes the Clear Water Pumping Main from the WTP, remains in the tendering stage as of late March 2026. This logistical disconnect suggests that the extensive pipeline work already executed will remain largely idle and non-functional until the overhead reservoir and pumping systems are finalized, a process that is likely to extend well beyond the current fiscal year.

(v)WSS to Elanthoor- Mallappuzhassery (Elanthoor Pyt)

The physical progress of the Water Supply Scheme to Elanthoor Panchayat demonstrates a commendable achievement in distribution network coverage, yet it faces critical functional risks due to delayed headworks. While the installation of 4764 FHTCs and the 79 km distribution network is reported as 100% complete, the scheme's ultimate success depends on the Pumping Main from Pariyaram and the associated booster pumphouse. This component is currently only 43% complete, with 16 km of the 33 km line still to be laid. The expiration of the original completion date in November 2023, now pushed to March 2025, suggests that the completed FHTCs may remain non-functional for an extended period, leading to potential public dissatisfaction and technical deterioration of the unused network.

(w)WSS to Elanthoor- Mallappuzhassery (Mallappuzhassery Panchayath)

The physical progress of the Water Supply Scheme to Mallappuzhassery Panchayat reflects a project that has technically reached its distribution milestones but remains under intense scrutiny regarding its actual operational reach. While both major components—the alteration of existing FHTCs and the supply and laying of 2,701 new FHTCs—are reported at 100% physical completion, the "Present Status" notes a significant discrepancy in actual service delivery. Despite the 83.3 km distribution network being fully laid, the report indicates that only 582 FHTCs have been functionally provided out of the proposed 2,701. This suggests that while the pipe-laying work is finished, the actual connection and commissioning phase is lagging severely, leaving nearly 80% of the intended beneficiaries without the promised water service despite the contract period having ended in April 2023.

(x)WSS to Elanthoor- Mallappuzhassery Scheme

The provided progress reports reveal a recurring pattern of systemic misalignment between the development of water distribution networks and the underlying production infrastructure. Across all three schemes (Omalloor, Pramadam, and Elanthoor-Mallappuzhassery), there is a pronounced focus on laying pipelines and

providing household connections while the essential source works—such as intake wells, water treatment plants (WTPs), and service reservoirs—remain delayed, in the tendering stage, or entirely non-functional. This creates a situation where significant public funds are converted into "dead assets" that cannot deliver potable water to the intended beneficiaries, thereby failing the core objectives of the Jal Jeevan Mission (JJM).

(y)Water Supply Scheme to Ranni Angadi Panchayath

The physical progress of the Water Supply Scheme to Ranni Angadi Panchayat reveals a critical failure in sequencing that has severely impacted the project's utility and delivery. Although the initial contract for 2,316 FHTCs is marked as 100% complete in terms of pipe laying, the "Present Status" explicitly notes that zero Functional Household Tap Connections (FHTCs) have been provided, with only 970 House Tap Connections (HTCs) installed. This disparity indicates that while the infrastructure for water distribution has been physically laid, the core objective of providing functional tap connections remains unfulfilled despite the contract's deadline passing over a year ago. Furthermore, the primary infrastructure required to supply water—the 9m intake well, pump house, and associated mechanical components—remains in the tendering stage as of March 2026, meaning that even if the distribution network were fully completed today, there is no system to pump or treat water for the beneficiaries.

(z)Water Supply Scheme to Kottanad Panchayath

The physical progress of the Water Supply Scheme to Kottanad Panchayat reveals a critical imbalance between distribution network completion and the essential transmission infrastructure required for functionality. While the primary component for supplying and laying 4,706 FHTCs is significantly advanced at 92% completion, with the entire 74.5 km pipeline already laid, the actual delivery of services is nearly non-existent. The status report indicates that only a single functional tap connection (FHTC) has been provided out of the 4,706 proposed, despite the project being well past its original April 2024 completion deadline. This stagnation is directly linked to the slow progress of the 9 MLD Water Treatment Plant (WTP) at Kumbalathanam and the associated pumping mains, which are currently only at 75% and 5% physical progress respectively. The 5% progress on the Clear Water Pumping Main (CWPM) from Kumbalathanam to Pannikkunnumala is particularly alarming, as it indicates the primary artery for the entire system remains largely unconstructed four years after the initial administrative sanction.

(aa)Water Supply Scheme to Chenneerkkara Panchayath

The physical progress of the Water Supply Scheme to Chenneerkkara Panchayat reveals a severe disconnect between distribution network expansion and the development of the primary source and treatment infrastructure. While the supplying and laying of 4,510 FHTCs is reported as 74% physically complete, with 148.9 km of the 157.5 km pipeline already laid, this accomplishment is entirely compromised by the lack of progress on core components. The 11.5 MLD Water Treatment Plant (WTP) at Umminikkavu is still at the "Agreement executed" stage

with 0% physical progress, and the critical 450mm Raw Water Pumping Main (RWPM) from the well at Thompilkadavu remains languishing in the tendering stage. This represents a significant planning failure where miles of distribution piping are being buried in the ground without any functional means to supply them with treated water, a delay that has already pushed the project beyond its original March 2024 completion date.

(ab)WSS to Chennerkkara, Omalloor (Omalloor Panchayath)

The physical progress regarding component 1 (FHTC and Pipe laying), the physical progress is reported at **55%**, with **114.36 km** of pipe supplied but only **76.45 km** actually laid. This indicates a "supply-heavy" progress where funds are being utilized to purchase materials that sit idle rather than completing the functional installation. Furthermore, the contract period ended on **04/10/2023**, yet as of March 2026, the work is nowhere near completion, marking a delay of over 30 months. Financially, the expenditure for this component is **1187.5 Lakhs** against a contract value of **2463.75 Lakhs**, which roughly aligns with the 55% physical progress; however, the pending bills totaling nearly **14.75 Crore** (if interpreted by the raw figures) suggest a massive backlog in payments or disputed claims that could lead to litigation or contractor abandonment.

Component 2, which includes critical infrastructure like the **10LL and 5.5LL Over Head Service Reservoirs (OHSR)**, remains in the "under tendering stage" as of March 2026. Since these reservoirs are essential for providing the pressure required for the Functional Household Tap Connections (FHTCs) mentioned in Component 1, the 55% progress in pipe laying is currently "dead investment." Without the reservoirs and the Clear Water Pumping Main (CWPM), the pipes already laid cannot deliver water, representing a failure in synchronized project management.

(ac)WSS to Pramadam, Kottayam (Pramadam Panchayath)

The project was sanctioned in May 2022 with a substantial outlay of 10,280.7 Lakhs. As of March 31, 2026, nearly four years later, the project faces a critical imbalance. While 2,029.5 Lakhs has been expended, the primary components (Intake well, pump house, Water Treatment Plant, and reservoirs) remain stuck in the "under tendering stage." This indicates that the department has prioritized the distribution network—specifically the laying of pipes and FHTCs—before establishing the source, treatment, or storage infrastructure. Investing heavily in a distribution network without the corresponding treatment and pumping capability creates "dead assets" that cannot deliver potable water, rendering the expenditure largely unproductive in terms of service delivery.

Furthermore, the physical progress for Component 1 is reported at 55%, with 117 km of pipe laid. However, the original completion date for this component was May 2025. Given that this deadline has passed by nearly a year without the supporting infrastructure (WTP, intake, and reservoirs) even being tendered or under construction, the project suffers from severe planning misalignment. The presence of pending bills with submission dates in 2025, combined with the "under tendering" status of the critical remaining components, suggests a breakdown in the synchronization of project phases. This delay likely exposes the exchequer to cost

escalation and, more importantly, delays the provision of safe drinking water to the intended 9,669 households, a core objective of the Jal Jeevan Mission.

(ad)WSS to Aranmula

The WSS Aranmula project, sanctioned with an Administrative Sanction (AS) of **8,372.3 Lakhs** in May 2022, demonstrates a classic "top-down" implementation failure where distribution infrastructure significantly outpaces the production and storage capacity. Component 1, involving the supplying and laying of pipes for 8,187 FHTCs, reports a physical progress of **88%** with an expenditure of **3,005.45 Lakhs**. However, the functional utility of these connections is nearly zero because the critical infrastructure required to treat and transport water is severely lagging.

The **8.5 MLD WTP at Kottakkakam** (Component 4), which is the "heart" of the scheme, only reached the "Agreement Executed" stage by March 2026. This means that while 132.74 km of distribution pipes have been laid at a cost of over 30 Crores, there is no facility to treat the water they are meant to carry. Similarly, the **Raw Water Pumping Main (RWPM)** from the Malakkara intake (Component 5) is still "Under Tendering," meaning the source remains disconnected from the (non-existent) treatment plant.

The project also faces severe financial and temporal management issues. The **22.5 LL OHSR at Paruthanpara** (Component 3) is at 80% progress but has already exceeded its expected completion date of August 2024. Furthermore, the report shows massive pending bills totaling over **3.7 Crores** (1.63 Cr for pipe laying and 2.15 Cr for the reservoir). Such large unpaid dues, some dating back several months, risk contractor litigation and further work suspension. In summary, the project has created a massive network of "dry pipes" that represents a significant "dead investment" until the intake, WTP, and pumping main are commissioned, which likely won't occur until 2027 at the current pace.

Financial Progress Summary of Water Supply Schemes

The percentage of expenditure has been calculated relative to the **Administrative Sanction (AS)** amount to reflect the overall utilization of the sanctioned project cost.

Name of Scheme	AS (Lakhs)	TS (Lakhs)	APAC (Lakhs)	Total Expenditure (Lakhs)	% of Expenditure (vs AS)	% of expenditure incurred for laying of pipes
WSS to Kuttoor Panchayath	3,154.00	3,862.43	1,233.73	1,265.21	40.11%	34.0%
WSS to Ezhamkulam, Erathu	36,478.50	24,482.52	10,243.39	8,489.11	23.27%	23.22%

& Kalanjoor						
WSS to Nedumpram, Niranam, Kadapra & Peringara	4,847.00	4,628.85	2,839.39	2,902.31	59.88%	47.23%
WSS to Kozhenchery	1,297.00	1,953.87	1,064.65	884.05	68.16%	44.35%
WSS to Mallappally, Anicad & Kottangal	12,993.35	11,906.20	7,274.15	4,068.05	31.31%	28.21%
WSS to Ranni Perunad	3,291.70	1,953.70	1,588.99	181.16	5.50%	1.72%
WSS to Mylapra, Malayalappuzha & Vadasserikkara	18,569.00	15,524.17	8,476.38	2,081.34	11.21%	9.29%
WSS to Kollamula & Vechoochira	3,195.00	3,016.87	1,707.12	218.92	6.85%	3.95%
WSS to Naranamoozhy	1,872.00	1,205.71	725.16	20.14	1.08%	0%
WSS to Seethathode	7,870.00	7,169.66	2,427.50	568.12	7.22%	7.20%
WSS to Kulanda & Mezhuveli	12,886.07	11,130.81	6,445.81	5,360.55	41.60%	41.50%
WSS to Elanthor & Mallappuzhassery	3,830.00	4,731.34	2,861.12	2,737.34	71.47%	63.05%
WSS to Ranni Angadi & Kotta						15.57%

nad	11,607.00	10,407.70	4,607.61	2,103.29	18.12%	
WSS to Chenne rkkara & Omall oor	11,384.81	8,391.83	5,210.76	3,417.32	30.02%	28.76%
WSS to Pramad om & V Kottay am	10,280.70	8,009.12	4,674.68	2,029.52	19.74%	19.61%
WSS to Aranm ula	8,372.30	6,605.70	3,649.99	3,389.19	40.48%	39.76%
TOTAL	151,928.43	124,981.51	65,034.52	39,112.45	25.74%	22.03%

The overall expenditure stands at approximately **25.74%** of the total Administrative Sanction. A critical point for audit consideration is the **AS-TS Gap** in several projects, such as the Ezhamkulam and Mylapra schemes, where the Technical Sanction issued is significantly lower than the Administrative Sanction. This indicates that major components of these schemes are yet to reach the tendering or execution stage, which will likely lead to delayed benefits for the target population despite the availability of sanctioned funds. A critical observation for audit consideration is that **22.03%** of this total expenditure has been utilized exclusively for the supplying and laying of pipes. While distribution networks are fundamental to providing Functional Household Tap Connections (FHTCs), the relatively low proportion of expenditure on integrated components suggests that source sustainability and treatment infrastructure are still in nascent stages for several schemes.

To address these systemic failures, a high-level monitoring mechanism at the Chief Engineer level must be established to oversee all the major schemes and bypass local administrative bottlenecks. This oversight should include mandatory monthly reviews and direct intervention in inter-departmental hurdles, such as Right of Way permissions. Furthermore, strict administrative accountability must be enforced by fixing responsibility on officials who misrepresented facts or authorized payments in violation of the PWD Code. Specific disciplinary actions and charge-sheeting are necessary to restore organizational discipline. To regulate unnecessary litigation and ensure contractual discipline, the Division must proactively invoke "Risk and Cost" clauses at the first instance of wilful default and initiate formal blacklisting proceedings for chronic non-performers., thereby preventing the creation of non-performing assets.

Part.II(B)**Para I: Non Crediting of time barred /unclaimed securities & EMD's as revenue of KWA**

As per Para 15.4.1(iii) of the KPWA code, balance amount unclaimed for more than three years should be credited to the revenue as lapsed deposit. On verification of security deposit and EMD Registers showed that security Deposits received by Project Division Adoor the form of FDR's, TD etc were not credited as lapsed deposits even after the expiry of stipulated period of three years.

Non initiation of timely action to credit the lapsed deposits to the Revenue account resulted in the loss of revenue amounting to Rs7.93 Lakhs

Though the validity period of the securities had expired, no action was seen initiated by the controlling officers either to renew/ release/ forfeit the deposit documents. Periodical physical verification should be conducted at regular intervals to avoid the lapse mentioned above. The following security documents are found time barred and unclaimed.

Security Deposits				
SL.No.	Name of contractor	Name of instrument	Bank/ Treasury/Others	Amount
1	m/s Nandhu & radha Dev.pvt.Ltd co	FD No.67223912315 Dtd.16/05/2013	SBI Kowdiar	51000
2	K Vincent Paul	JKNo.270094/7990/0500617197 Dtd.30/01/2019	Treasury	16400
3	K Vincent Paul	JK No.270093/1799010500617146 Dtd.30/01/2019	Treasury	7450
4	Abu mathew	JK No.599158 Dtd.12/02/2020	Treasury	12000
5	Janardhanan Nair	FD No.799010501017090 Dtd.06/06/2020	Treasury	15800
6	Sajan Joy	JL No.0377163 Dtd.03/12/2020	Treasury	182500
		JL No.0486301		

7	N A Francis	Dtd,25/01/2021	Treasury	58000
8	P T Thomas kutty	JLNo.0505198 Dtd,09/06/2021	Treasury	400000
9	Rineesh M	JLNo.0747329 Dtd,25/02/2022	Treasury	50000

Total Rs.793150/-

Action may be taken for forfeit of securities and credit the same Non-Operative account of KWA and intimate to Audit.

Para II :Conveyance Allowance-Irregularity noticed

On verification of the Service book of Sri Baiju Babu, Overseer Gr III, it is noticed that conveyance allowance has been sanctioned without any authentication from the competent authority. As per G.O(P) No. 364/80/Fin dated 11.06.1980 Rules, the conveyance allowance to physically challenged employees shall be sanctioned by the Chief Engineer. The incumbent joined KWA on 30.03.2023 FN and noticed that has been drawing the CA from since 2023 onwards(as per Service Book), which is irregular. Necessary action may be taken either to regularize the irregularly admitted amount or to recover the same and intimated to audit

Para III : GIS & SLI

On verification of the salary bill and other related documents, it is noticed that mandatory GIS and SLI were not deducted from some employees. As per GO (P) No.156/2021/FIN Dated, 26/11/2021&GO(P) No.159/2021/FIN Dated, 30/11/2021, **1.5%** of the basic Bay should be deducted as subscription in GIS and SLI, but it is understood that there are employees who have not deducted 1.5%.The details are as follows.

Sl no	Name	Designation	Basic pay+DA	SLI recovered	Short recovery of SLI	GIS recovered	Short recovery of GIS
1	Vipin Chandran P R	Executive Engineer	159435	600	1792		2392
2	Manojkumar. K	Asst Exe Engineer	129060	1500	436	1000	936
3	Rekha Alice George	Asst Exe Engineer	145530	600	1583	600	1583
4	VISAKH M J	Asst Exe Engineer	96930	1500	0	1000	454
5	Predeepkumar P K	Asst Exe Engineer	96930	1200	254	1100	354
6	Anil Kumar.G	DAO	94500	1000	418	1000	418
7	Ajikumar R	Jr.Superintendent	83970	1300	0	900	360

8	Rejivas V A	Asst Engineer	88020	1300	20	1100	220
9	Pradeesh Kumar G	Asst. Engineer	76275	1400	0	1000	144
10	Anu.V	Asst. Engineer	76275	1000	144	1000	144
11	Naveen Antony Gil Roy	Asst Engineer	74520	1000	118	1000	118
12	Arya M S	Asst Engineer	76275	2000	0	1000	144
13	Muraleedasan Pillai.K.N	U D. Clerk	78165	500	672	900	272
14	Pramod.S	U D. Clerk	72765	1000	91	1000	91
15	Prakash.P.V	U. D. Clerk	67770	500	517	600	417
16	Shari S Nair	LDC	50490	700	57	700	57
17	Rajamma C.	Sl..Gr. Typist	81945	300	929	800	429
18	Beena A.	D'man Gr I	60075	500	401		901
19	Rajina R S	D'man Gr I	57105	1300	0	800	57
20	Suma K.N.	D'man Gr I	69390	1800	0	800	241
21	Reghu Raj	Asst. Engineer	74520	2000	0	900	218
22	Aneesh Kumar.S	Overseer Gr III	50490	300	457	500	257
23	Sumayya	Overseer Gr III	49275	300	439	500	239
24	Baiju Babu	Overseer Gr III	39825	1000	0	500	97
25	RAJITHA L R	D MAN Gr. II	57105	300	557	800	57
26	Amjathukhan U.	Senior Graduate Driver	57105	1500	0	800	57
27	Vishnu A D.	Office Attendant	34830	1000	0	400	122

This should be resolved and reported to Audit Win

Para IV : Failure to update hired vehicle details in the VEELS portal and non-appointment of a Nodal Officer – Violation of Government Circulars

Reference: Circular No. 59/2020/Fin dated 22/10/2020 issued by Finance (IT Software) Department.

During the audit of the subdivision's records, it was observed that the mandatory directives issued by the Government regarding the **Vehicle Management**

System (VEELS) have not been complied with. Despite explicit instructions to register all vehicle and driver details on the portal (www.veels.kerala.gov.in), the Subdivision has failed to update the data for hired vehicles and has not appointed a Nodal Officer to coordinate these activities. Specifically, the hired vehicles currently in use by the Division, have not been recorded in the VEELS software as required by the prevailing guidelines.

According to **Circular No. 59/2020/Fin**, every Head of Department or Office is required to appoint a Nodal Officer to coordinate VEELS-related activities, who must register and obtain a username and password to manage the portal. It is noticed that the following vehicles are hired in this Subdivision as follows:

Sl No.	Vehicle No.	Contractor	Purpose
1	KL 03 AH 6776	John Mathew	T Project Division
2	KL 03 AH 6767	John Mathew	T Civil Work
3	KL 23 V 9096	Althaf M	Civil Work

It is the responsibility of this Nodal Officer to ensure that information regarding all types of vehicles—including those on a **hired or contract** basis—and all categories of drivers (permanent, temporary, or hired) are entered into the software. Furthermore, the circular mandates that from the 2020-21 financial year onwards, monthly usage details and all vehicle-related expenses must be accurately recorded in VEELS.

The audit further notes that the 'Vindex' generated by VEELS is now mandatory for submitting any vehicle-related activities and is strictly required for the processing of wages for contract or daily wage drivers. Hence the failure to update the portal with accurate information is a serious lapse. Although the deadline for completing these entries was **30/11/2020**, the division remains in non-compliance. The Subdivision is directed to immediately appoint a Nodal Officer in consultation with the Division, complete the registration of the aforementioned hired vehicles, and submit an explanation for this non-compliance with Government directives

Para V: Irregularities and non-execution of vital project components.-JJM-Mallapuzhassery

Name of Work	JJM-WSS to Mallapuzhassery pt- Pipe line extension to various places in Mallapuzhassery and Providing FHTCs (III SLSSC)	
Name of contractor	Sri Lisson k George.	
Work order date	SE/PHC/TVLA/1881/2021/JJM-MLPSY	26/03/2022

Agmt Number and date	01/SE/PHC/TVLA/22-23 dated 04/04/2022	04/04/2022
PAC	7,98,98,980/-	
Completion date	04/04/2023 (12 months)	
Time extended up to		

i) Non-execution of vital project components

On verification of the final bill and completion documents for the work "**JJM-WSS to Mallapuzhassery pt- Pipe line extension to various places in Mallapuzhassery and Providing FHTCs (III SLSSSC)**" executed by **Sri Lisson K. George** under Agreement No **01/SE/PHC/TVLA/22-23 dated 04/04/2022**, the following discrepancies in execution have been noted:

Sl no	Item no	Item description	Quantity as per agreement	Quantity as per final bill
1	II(9)	50 mm double acting Air Valve	10	0
2	I(14)	CI Man hole cover heavy(560mm)	30	0
3	II(10)	Industrial type pressure gauge	30	0

It is observed that although the Probable Amount of Contract (PAC) was **₹7,98,98,980/-**, critical technical components designed for the longevity and operational safety of the water supply scheme were entirely omitted during execution. Specifically, the non-installation of 50 mm double-acting air valves and industrial-type pressure gauges—which are integral to managing hydraulic surges and monitoring line pressure—presents a significant technical risk that may lead to frequent pipe bursts and escalated maintenance costs in the future. Furthermore, the total absence of CI Manhole covers suggests that necessary chambers may not have been completed to the required standard.

Therefore, the Executive Engineer is requested to provide a detailed explanation justifying the reasons for the non-execution of these essential items and clarify whether any technical sanction was obtained for these deviations from the original approved estimate

ii) Irregularity in adoption of Lump Sum tender basis for line extension Works

On examination of the work allotment records, it is observed that the contract has been awarded on a lump sum basis, which deviates from the standard procurement practices mandated for the Kerala Water Authority. While the Kerala Public Works Department (KPWD) Manual (Revised 2012/2021) and **Chapter 7 of the Kerala Public Works Account Code** do provide provisions for Lump Sum Contracts, such arrangements are strictly limited to specific works where the nature of the project allows for costs to be accurately estimated in advance without the necessity for frequent measurements. According to established norms, this format is primarily reserved for specialized Water Supply Components treated as single functional units, such as Water Treatment Plants (WTP), Over Head Reservoirs (OHR), or Intake Wells, where the design is fully finalized prior to tender. The adoption of a lump sum tender for general pipeline extensions or works involving variable quantities is inconsistent with these regulatory guidelines, as it bypasses the transparency of the Item Rate or Percentage Rate Contract systems.

Hence, the office is required to clarify the technical and administrative justifications for opting for a lump sum arrangement in this instance and state whether the prior concurrence of the competent authority was obtained for this departure from the standard KPWD Manual procedures.

Para VI: Violation of NIT Conditions – Unauthorized Delegation of Contract through General Power of Attorney in Vehicle Hiring Contract

It is noticed during the verification of agreement files relating to Agreement No. **09/2025-26/EE/PDA dated 24.01.2026** for the work “**Hiring of Vehicle with minimum 7 seat capacity and having cubic capacity below 1500cc without driver under Project Division Office, Adoor for the period of one year (2025–2026)**”, that the tender was awarded in the name of **Sri. John T. Mathew**, Contractor, Thattaradiyil House, Mathoor P.O., Pathanamthitta.

However, on scrutiny of the connected records, it is seen that after obtaining the tender, Sri. John T. Mathew executed a **General Power of Attorney** in favour of **Sri. Jerin Verghese Joy**, authorizing him to transact, manage, execute documents, sign MBs, bills, correspondence, applications, declarations and other matters connected with the said project.

As per Clause **9.16 – Subletting of Contract**, the contractor shall not at any time assign, sublet his contract or any part thereof to any person or allow such person to become interested therein in any manner whatsoever without the previous permission in writing of the Executive Engineer in charge of the work. Any contravention of this condition shall entitle the Authority to rescind the contract and tender the contractor liable for any loss or damage arising there from.

The agreement with Kerala Water Authority was executed by the contractor, while substantial authority for execution, management and operation of the contract was delegated to the Power of Attorney holder. Such delegation of extensive contractual and operational powers to another individual amounts to indirect transfer/subletting of contract and is in violation of the NIT conditions.

This arrangement raises serious audit concerns regarding violation of tender conditions and possible unauthorized subletting of contract.

Hence, the circumstances under which the successful bidder, after securing the contract, delegated extensive operational and contractual powers to another individual through General Power of Attorney may be explained in detail with supporting records, approval orders, tender condition provisions, and justification for accepting the same

Para VII : Parking of Funds

On examination of the Cash Book and Bank Statements as of **31/03/2026** reveals that substantial funds are being held in Division accounts despite the cessation or completion of specific scheme activities. The details of these balances are as follows:

Sl. No	Bank Account No.	Closing Balance (₹)	Description of Account
1	67242270973	17,36,376	NABARD

The retention of these funds, totalling **₹17,36,376**, in divisional accounts without immediate requirement is irregular and results in the unnecessary parking of public money. This balance must be remitted to the **Head Office (HO) Account** immediately to ensure centralized fund management and fiscal discipline

Para VIII : Belated/non settlement of Temporary advance

In accordance with Article 99 of the Kerala Financial Code (KFC) Vol. I and the guidelines stipulated in G.O(P) No. 419/11/Fin dated 04/10/2011, temporary advances sanctioned for specific contingent expenditures must be adjusted through the submission of detailed bills and vouchers within a strict three-month timeframe. Failure to comply with this adjustment period triggers a mandatory interest charge of 18% per annum on the entire advance amount. Furthermore, even in instances where adjustment bills are submitted punctually, any unutilized portion of the advance attracts the same 18% interest rate calculated from the date of drawal to the date of refund. Despite these clear regulatory provisions, it has been observed that several officers have failed to settle their temporary advances within the prescribed period, and more alarmingly, additional advances have been authorized before the previous liabilities were cleared.

Sri.Anpulal.S, Assistant Engineer

Date	Cheque No	Amount	Settlement details
Balance as on 08/2020	-	3929/-	Settlement details not available
28/09/2020	698940	4000/-	Settlement details not available

06/11/2020	698963	40000/-	Settlement available	details	not
29/01/2020	699011	40000/-	Settlement available	details	not
04/03/2021	302202	70000/-	Settlement available	details	not
17/03/2021	302214	70000/-	Settlement available	details	not
17/03/2021	302214	42000/-	Settlement available	details	not

On verification of the advance register and related accounts for the period under report, it is observed that a temporary advance amounting to ₹2,69,929/- was sanctioned to Sri. Anpual S. for departmental purposes. However, a scrutiny of the settlement vouchers reveals that only an amount of ₹1,36,748/- has been adjusted to date, leaving a significant balance of ₹1,33,181/- outstanding and unsettled. This retention of public money for an indefinite period is a serious violation of applicable Rules.

Sri.Ashwin Sherief, Assistant Engineer

Date	Cheque No	Amount	Settlement details		
13/10/2020	698954	50000/-	Settlement available	details	not
06/11/2020	698962	20000/-	Settlement available	details	not

Smt.Sreelekha R, Assistant Engineer

Date	Cheque No	Amount	Settlement details		
29/01/2021	699010	70000/-	Settlement available	details	not

-

Sri.Kunjumon.A, Assistant Engineer

Date	Cheque No	Amount	Settlement details		
07/01/2021	699003	15000/-	Settlement details not available		
06/03/2021	302204	65000/-	Settlement available.	details	not

In this context the audit observes the following

1. Applicable penal interest as per Rules may be recovered in case of belated settlement of Temporary Advance and remitted to NOA and intimated

Strict disciplinary action may be taken against the responsible persons who have not settled the Temporary Advance and to recover the amount with applicable penal interest till date for the amount not settled

Para IX : Service matters

(i) Earned Leave not re-casted 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 under mentioned incumbents of this office the leave at the rate of 1/11 has not been re-casted yet.

- a. Ragina R S , Dman Gr I

(ii) Discrepancies in Leave Account

- a. **Ragina R S , Dman Gr I**

LWA leave taken on :-

01/02/2023 to 30/04/2023 = 89 days

Total 89 days are not seen deducted from Half pay leave Account

- b. **Pradeeshkumar .G, Assistant Engineer**

Paternity Leave taken on:-

18.10.2019 to 27.10.2019 =10 days

not seen deducted from Earned Leave Account

- c. **Rejitha R , OA**

1. Earned Leave taken on :-

01/04/2025 to 10/04/2025 = 10 days

Total 10 days not seen deducted from Earned Leave Account(page 34)

2.Special Casual Leave taken on:-

08/04/2024 to 22/04/2024 = 15 days

Total 15 days are not seen deducted from E/L Account(page 30)

3.CML taken on :-

12/02/2025 to 20/02/2025 = 9 days

Total 9 days are not seen deducted from E/L Account(page 31)

4.CML taken on :-

03/03/2025 to 21/03/2025 = 19 days

Total 19 days are not seen deducted from E/L Account(page 32)

(iii) Irregular Increments sanctioned without declaring probation

- a) **Suma K N , Dman Gr I**

Joined duty as Dman Gr I on 19/01/2022. Probation not declared in the cadre of

Dman Gr I Irregular increments sanctioned prior to the declaration of probation may be rectified and Excess amount drawn may be recovered and reported to Audit.

b) Baiju Babu, Overseer Gr III

Joined duty as Overseer Gr III on 30/03/2023. Probation not declared in the cadre of Overseer Gr III. Update may be reported to Audit

(iv). Non-Update of Earned Leave and Half Pay Leave Accounts in Service Books

On verification of the Service Books maintained in the office, it was noticed that the **Earned Leave Account** and **Half Pay Leave Account** of **Smt. Raji, Overseer Grade III** have not been updated properly in the Service Book.

Further scrutiny revealed that similar instances of non-update of leave accounts are seen in other Service Books also.

All similar pending cases of non-update of Earned Leave and Half Pay Leave Accounts in Service Books shall be updated promptly and report to Audit.

Para X :Scrutiny of Administrative Sanction and Physical /Financial Progress of KIIFB Schemes

1)WSS to Perinadu and Athikkayam Villages-Phase II

The KIIFB-funded Water Supply Scheme for Perinadu and Athikkayam Villages-Phase II is managed by the Kerala Water Authority's Project Division in Adoor under Administrative Sanction G.O. (Rt) 14/2017/WRD, which allocated ₹4,140 lakhs for the project. As of March 31, 2026, the total expenditure incurred stands at ₹2,984.88 lakhs, representing approximately 72.1% of the original sanctioned amount. The physical progress of the scheme is divided into three primary packages, all of which are now reported as completed. Package I, contracted to Sri. EM Paulose, involved clear water pumping mains and distribution across seven zones and was completed with an expenditure of ₹1,827.42 lakhs. Package II, handled by Sri. Biju Augustin, included the construction of pump houses, a 0.5 LL GLSR at Mundamala, and distribution for four additional zones, totalling ₹944.23 lakhs in expenditure. Package III, executed by M/s Electric Consultants, and finalized the electrical infrastructure including transformer erection and power allocation with a total cost of ₹81.16 lakhs.

From the details provided, there is a notable discrepancy between the Accepted PAC of ₹2,775.44 lakhs and the actual expenditure of ₹2,984.88 lakhs, indicating that while the project remained within the overall Administrative Sanction, it exceeded the contracted amounts by approximately **₹209.44** lakhs. It is imperative to verify whether formal Technical Sanctions or Revised Administrative Sanctions were obtained to authorize this excess expenditure, as it represents a deviation from the originally contracted financial framework. **Please provide documentation confirming that these variations—likely stemming from extra items or price escalations—were approved by the competent steering committee or KIIFB**

officials prior to disbursement.

2) Renovation and Augmentation of the 25 MLD Water Treatment Plant (WTP) at Kallissery and the 33 MLD WTP at Thiruvalla serves the Thiruvalla and Changanassery Municipalities and adjoining Panchayats

The KIIFB-funded project for the Renovation and Augmentation of the 25 MLD Water Treatment Plant (WTP) at Kallissery and the 33 MLD WTP at Thiruvalla serves the Thiruvalla and Changanassery Municipalities and adjoining Panchayats. Authorized under Administrative Sanction Vide GO. No. (Rt) 14/2017/WRD dated 11.01.2017 for ₹5,800 lakhs, the scheme aims to benefit a population of 145,207. As of March 31, 2026, the total project expenditure reached ₹3,719.73 lakhs, which is approximately 64.13% of the sanctioned amount.

Physical progress across the five packages reveals a mixture of completed milestones and ongoing structural work. Package I, which included the construction of a 10 MLD WTP and renovation of the 25 MLD plant at Kallissery, was completed on 15.10.2021 by M/s J & B Engineering and Construction Company, despite an initial agreement date of 27.09.2019. Similarly, Package II, involving the construction of overhead service reservoirs (OHSR) at Thirumoolapuram and Thiruvalla along with transmission mains, was completed on 31.10.2021. Package IV, focused on substation upgrades, and Package V, covering dedicated feeders, are both marked as "Work completed". However, Package III (a) remains in progress, with the report noting that columns have been raised only upto the brace level and the fourth-floor beam is completed for the 15 LL-OHSR at Thiruvandoor.

Audit concerns primarily center on timeline slippages and financial variances within specific packages. Packages I and II experienced delays of approximately two years beyond their contractual completion dates, which necessitates a review of extension of time (EOT) justifications and any applicable liquidated damages.. In this connection please clarify the following:-

The reason for the inordinate delay in the construction of 15 LL-OHSR at Thiruvandoor(package III(a))

The reason for not invoking the LD Clause against the contractor for this inordinate delay.

Para XII : Inordinate delay in commissioning the scheme-Deprival of drinking water to Public

Name of Work: JJM 5th SWMS WSS to Mylappara Malayalappuzha and Vadasserikkara panchayath-Construction trial run and commissioning of 9 MLD WTP and allied works at Maniyar.

Source of file:PDA/DB/138/2023

(1)Work Order Dated 05-09-2023

(2)Agreement No.SE/PHC/TVLA/2023-2024.Dated,04/10/2023

(3)No.SE/PHC/TVLA/1141/2023-24/JJM/MANIYAR.Dated,06/06/2025 regarding

the time extension order

The subject work was awarded to the Contractor M/S.Chicago Constructions International (P) LTD vide ref.1st cited above. The contractor has executed the agreement vide ref.2nd cited. As per the work order conditions, the work should be completed by the contractor on or before 03/01/2025 (ie.within 15-months from the date of work order).The contractor could not complete the work within the stipulated time. The time of completion of the work has already been extended up to 03/10/2025 without applying LD Clause.

Eight part bills (CC 1st to CC 8th) have been processed during this period for an amount of Rs.108819827/-. This work has not been completed till the date. Since this work was not completed within the agreement period, the public has not received the desired results from this project. No documents showing time extension granted after 03/10/2025 are found in the file. Under the above circumstances the following points may be clarified.

1. Whether any time extension granted beyond 03.10.2025
2. Present status of the work with total expenditure.
3. If completed, the date of completion and copy of FA12 to be produced.
4. If this work has not been completed to date, please provide a clear reason for this

Part III

Local Audit Reports- Serious Non-Compliance and Pendency of Audit Observations – Immediate Rectification Directed

The Internal Audit team's comprehensive review of the Local Audit reports reveals an alarming state of non-compliance within the Project Division, Adoor , where 40 Audit Paras remain pending for disposal. This includes the major irregularity of 2020-22. This prolonged delay is particularly concerning as several pending observations involve significant financial commitments. The failure to resolve these matters reflects a fundamental lapse in financial discipline and exposes the organization to substantial audit risks and potential fiscal irregularities.

A critical review of the limited replies submitted to date indicates that the documentation is not in the prescribed format and lacks the necessary supporting evidence required for formal settlement. This suggests a deteriorating trend of non-responsiveness and a lack of administrative oversight regarding audit compliance.

In view of the above, it is hereby directed to review the entire list of outstanding observations and submit revised, comprehensive replies for all 40 pending paras. All submissions must be strictly substantiated with relevant vouchers, certificates, and supporting documents as per the statutory requirements. These replies must be presented in the proper format and forwarded to **RAO on or before 31.05.2026**. Failure to comply with this timeline will be viewed as a deliberate dereliction of duty and may result in the matter being escalated for further disciplinary action.

The year wise details are as follows

SI NO	YEAR	SI Number of pending paras		Total number of Pending Paras
		In Part II A	In Part II B	
1	06-07		2,4	2
2	13-14		6	1
3	17-18		1,2,5	3
4	18-19		2	1
5	19-20		2	1
6	20-22	2	2,3,5,6	5
7	22-23		1,2,3,4,5,	5
8	23-24		1,2,3,4,5,6,7,8,9,10,11	11
9	24-25		1,2,3,4,5,6,7,8,9,10,11	11
TOTAL				40

Part IV

Best Practices

NIL

Part V

Acknowledgement

Internal Audit Wing acknowledges the co-operation external by the audit the institution.

SUNIL AUGUSTINE
INTERNAL AUDITOR