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KERALA WATER AUTHORITY

Jalabhavan
Thiruvananthapuram – 695033
Kerala - India

File No. KWA-JB/2755/2026-DA1(AUDIT)

Dated: 07-05-2026

UIN:IAR/11/2025-26

KERALAWATERAUTHORITY

Internal Audit Wing - Internal Audit Report
P H Division Muvattupuzha.

Team Members

1. Sri.A Shaji , Accounts Officer.
2. Sri.Sivakumar S V, Junior Superintendent .
3. Sri. Deepak Nair P, Head Clerk

Part-1

A. Introduction

The Final Audit of the accounts and transactions of Kerala Water Authority – P.H. Division, Muvattupuzha was conducted by the Internal Audit Wing as per the proceedings of the Accounts Member dated 21.02.2026. The audit was carried out during the period from 05.03.2026 to 21.03.2026 (13 working days) covering the financial years from 01.04.2017 to 31.03.2025. The previous audit was completed up to 31.03.2017.

The Division functions under the jurisdiction of P.H. Circle, Muvattupuzha and is headed by an Executive Engineer. The Division comprises three Sub Divisions viz. Muvattupuzha, Kothamangalam and Piravom. The Muvattupuzha Sub Division consists of three Sections namely P.H. Section, Muvattupuzha; P.H. Section, Koothattukulam; and P.H. Section, Vazhakulam. The Kothamangalam Sub Division consists of P.H. Section No. I and P.H. Section No. II, Kothamangalam. The Piravom Sub Division consists of three Sections namely P.H. Section, Piravom; P.H. Section, Elanji and P.H. Section, Mulamthuruthy.

The findings of the audit are based on the records made available during the course of audit and are subject to verification of additional records, if any, produced later. The important audit observations noticed are detailed in the succeeding paragraphs for necessary action.

Local Audit of AG

Local Audit wing of Resident Audit officer conducted Audit upto 31.03.2025. There are 17 pending paras to be settled under P H Division Muvattupuzha.

B.Officers In Charge.

Attached as **Appendix A.**

C.Financial Analysis

Year	2022-23	2023-24	2024-25
Establishment Expenses	Rs.171858561/-	Rs.181123807/-	Rs.173309195/-
Contingency Expenses	Rs.3398427/-	Rs.5189808/-	Rs.3298805/-
Capital Expenditure	Rs.424961124/-	Rs.323111745/-	Rs.242387895/-
Maintenance Expenditure	Rs.37267980/-	Rs.50920881/-	Rs.59937404/-

D. Objective and Scope of Audit

The audit was conducted with a view to ascertain whether the financial transactions were in accordance with the rules and orders in force, whether proper accounts and records were maintained, and whether the system of internal control was adequate and effective. During the course of audit, records such as Cash Book, Ledger, Works Registers, Measurement Books, Contractor Bills, Stock Registers, and other connected documents were verified on a test-check basis. Relevant provisions of KWA Accounts Manual and Government orders were also referred to during audit.

Part II

A.Major Irregularities

Irregularities in JJM Phase I - Elanji Panchayath

Name of work :- JJM Elanji Panchayath-Providing FHTCs to rural households in Elanji Panchayath

Name of Contractor	M/s The Kerala Agro Industries Corporation Ltd
Work order	SE/PHC/MVPA/D2/JJM-T-17/2020-21Dt 29/12/2020
Agreement no. and date	25/2020-21/SE/PHC/MVPA dated 16/01/2021
APAC	1,38,64,913/-
Time of completion	On or before 31/03/2021
Time extension	Up to 30/11/2022
Date of completion	Fore closed (SE/PHC/MVPA/E3/JJM/T-18/2021-21 Dated 22/02/2025
Total value of work done	40,58,508/- (CCVIII th and Part)
Total Expenditure incurred	40,58,508/-

The work of providing Functional Household Tap Connections (FHTCs) to rural households in Elanji Panchayath under the Jal Jeevan Mission (JJM) was awarded to M/s The Kerala Agro Industries Corporation Ltd for an Agreed PAC of ₹1,38,64,913. The scope of the work was to provide **1200 FHTCs** to the households of Elanji Panchayath .The formal agreement (No. 25/2020-21/SE/PHC/MVPA) was executed on 16.01.2021 with an initial completion date of 31.03.2021. However, the project encountered significant delays, leading to seven successive extensions of time granted by the

agreement authority. These extensions eventually moved the completion deadline to 30.11.2022, primarily due to factors such as heavy rain, slushy terrain, and limited water availability in the Panchayath.

Despite these extensions, the firm was only able to provide **485 connections out of the originally contracted 1200 FHTCs**. The records indicate that the Panchayath expressed disinterest in providing further connections where water source availability could not be guaranteed. Consequently, it was decided in a constituency-level review meeting to include the remaining households in Phase 2 of the JJM project. Following a meeting held on 27.01.2025 between the Executive Engineer and the contractor, the Superintending Engineer issued an order (No. SE/PHC/MVPA/E3/JJM/T-18/2020-21) dated 22.02.2025 to pre close the Phase 1 contract.

The total value of work done and expenditure incurred at the time of pre- closure amounted to ₹40,58,508. Notably, the authority opted to release the contractor from the remaining obligations **without invoking risk and cost factors or imposing fines** citing the specific geographical challenges and the transition to the second phase of the mission. The Executive Engineer has been directed to ensure that the remaining connections are processed under the available administrative sanction funds

Upon the pre-closure of the initial work, the balance work was split into four distinct components and rearranged for execution; **these four works have subsequently undergone pre-closure as well.**

Name of the project	APAC	Work order date/Agreement	Status
JJM-Phase I-Balance work –Elanji Panchayath-Providing FHTC to rural households-200 nos and allied distribution network-Part I pipeline work	23,98,295/-	Agmt 49/23-24 dated 10/08/2023 (Contractor: Cijoe PS)	Preclosed vide Order No.A3-8675/2023 dated 13.11.2024 of EE
JJM-Phase I-Balance work –Elanji Panchayath-Providing FHTC to rural households-200 nos and allied distribution network-Part II pipeline work	42,49,522/-	Agmt 31/22-23 dated 10/08/2023 (Contractor: Cijoe PS)	Pre closed vide Order No.A3-8675/2023 dated 13.11.2024 of EE
JJM-Phase I-Balance work –Elanji Panchayath-Providing FHTC to rural households-200 nos and allied distribution network-Part III pipeline work	26,84,438/-	Agmt 58/23-24 dated 19/08/2023 (Contractor: Gicon Builders)	Pre closed vide Order No.A3-8672/2023 dated 22.1.2025 of EE
JJM-Phase I-Balance work –Elanji Panchayath-Providing FHTC to rural households-200 nos and allied distribution network-Part IV pipeline work	19,91,975/-	Agmt 47/23-24 dated 10/08/2023 (Contractor: AV Sajeev)	Pre closed vide Order No.A3-8848/2023 dated 04.03.2025 of EE

The implementation of Functional Household Tap Connections (FHTCs) in Elanji Panchayath under the Jal Jeevan Mission (JJM) reveals a pattern of systemic planning failures, procurement irregularities, and a lack of financial discipline.

Summary of Work Execution and Physical Progress

The project was characterized by repeated pre-closures. After the initial contractor (M/s Kerala Agro Industries Corporation Ltd) failed to meet the target, the remaining work was split into four separate contracts. All four subsequent contracts also underwent pre-closure with significant shortfalls.

Name of the Project	Contractor	APAC (₹)	Proposed Connections	Connections Given	% Achieved	Status
Original Work (Phase I)	Kerala Agro Ind.	1,38,64,913	1200	485	40.4%	Pre-closed 22.02.2025
Balance Work Part I	Cijoe P.S.	23,98,295	200	37*	18.5%	Pre-closed 13.11.2024
Balance Work Part II	Cijoe P.S.	42,49,522	200	38*	19.0%	Pre-closed 13.11.2024
Balance Work Part III	Gicon Builders	26,84,438	200	32	16.0%	Pre-closed 22.01.2025
Balance Work Part IV	A.V. Sajeev	19,91,975	115	34	29.5%	Pre-closed 04.03.2025

Balance work - Part I & Part II

The work "Jal Jeevan Mission (JJM)-Phase-I-Balance work- Elanji panchayath-Providing FHTC to rural households 200 Nos and allied distribution network (Part 1 and Part 2)" was awarded to Sri. Cijoe P.S. under Agreement Nos. 49/2023-24 and 51/2023-24 dated 10.08.2023. Although the contract aimed to provide a total of 400 connections, only 75 connections were physically achieved. Sanction was subsequently accorded by the Executive Engineer, P.H. Division, Muvattupuzha on 13.11.2024 to preclose the works without invoking risk and cost factors, citing limited possibility for further line extensions in the area.

A review of the project records reveals that the original work was short-closed citing a lack of beneficiaries in Elanji Panchayath; however, the balance work was still split into four distinct works rather than one comprehensive contract. The Executive Engineer must justify the necessity of splitting the work, as this often circumvents higher-level technical sanctions. Furthermore, the final bill was finalized despite the non-execution of essential items (Item Nos. 1.002, 1.004, 1.005, etc.), and time extensions were granted up to 10.08.2024 without fines despite a completion date of 09.02.2024. Serious irregularities were also noted in the use of unstamped receipts for material transactions instead of the mandatory Material Store Account Transfer Note (MSATN), violating Article 133 of the

KFC and Chapter VII of the KPWA Code.

Balance work -Part III

The work "Jal Jeevan Mission (JJM)-Phase-I-Balance work- Elanji panchayath- Providing FHTC to rural households 200 Nos and allied distribution network-Part III-Pipe line work" was awarded to M/s Gicon Builders under Agreement No. 58/2023-24 dated 19.08.2023. Although the contract stipulated 200 FHTCs, the contractor reported a lack of feasible line extensions and provided only 32 connections. Consequently, the Executive Engineer issued an order on 22.01.2025 to preclose the work.

An examination of records reveals a serious chronological anomaly where the formal order to preclose was issued on 22.01.2025, but the official sanction for the extension of time was granted only on 27.06.2025, nearly six months after the project had been legally closed. This suggests the contract was in a state of default at the time of preclosure. Furthermore, the decision to split the balance work into four parts remains unjustified given that the original work was already short-closed due to a lack of beneficiaries. The post-facto sanctioning of a time extension appears to be an irregular attempt to regularize unauthorized delay. Since the contractor failed to achieve even 20% of the target, the absence of liquidated damages requires detailed legal justification.

Balance work -Part IV

The work "Providing FHTC to Rural households-115nos and allied distribution network-Part IV-Pipeline Work" was awarded to Sri. A.V. Sajeev under Agreement No. 47/2023-24/EE/PHDN/MVPA dated 10.08.2023. Out of the 115 connections mandated, only 34 connections were provided. Despite this poor performance, the work was preclosed on 04.03.2025 without invoking risk and cost clauses, transferring the remaining 81 connections to future phases.

The audit notes that the original work's failure due to beneficiary shortage should have informed the restructuring of the balance work; instead, the work was split into four parts and subsequently short-closed again for the same reasons. Additionally, serious procedural irregularities were observed in the accounting of materials, where the division utilized unstamped receipts instead of the mandatory MSATN. This reliance on informal documentation violates Article 133 of the Kerala Financial Code and the KPWA Code, undermining the integrity of the store's ledger and making it impossible to verify actual material consumption against the work done. The Executive Engineer must explain the failure to enforce standard accounting procedures and the decision to release the contractor without penalty.

In this connection the audit observes that Unjustified Splitting of Work

A critical analysis of the project timeline reveals a significant procedural anomaly that suggests an attempt to regularize irregularities. It is observed that the "Balance Works" (Parts I, II, and III) were not only rearranged but also **short-closed much before the original work was officially pre-closed on 22.02.2025.**

Specifically, Balance Works Part I and II were pre-closed on **13.11.2024**, and Part III on **22.01.2025**—all prior to the formal termination of the parent contract (ie **22.02.2025**). **This indicates that the Division rearranged and executed "balance work" while the original contract was technically still active and valid.** Such a sequence of events is fundamentally flawed; balance work can only be logically and legally carved out after the original contract is terminated or short-closed. The fact that these sub-divided works were themselves short-closed before the original work was

settled demonstrates a total breakdown of administrative control and suggests an irregular attempt to exhaust funds or hide the failure of the initial project scope

The original work was pre-closed citing a lack of water source and beneficiary interest. However, the balance work was subsequently split into four distinct components instead of being tendered as a single comprehensive package. The Executive Engineer must justify the technical or administrative necessity of splitting this works into four works. Splitting contracts often circumvents higher-level technical sanctions and limits the benefits of economies of scale, especially when all four parts ultimately faced the same fate of pre-closure for the exact reasons cited in the original contract. The expenditure incurred for all the four works to be submitted for verification

Thus allotted works also failed to achieve the intended benefit and thus a huge loss incurred to KWA which needs explanation.

Part II B **Other Incidental Findings**

I. Parking of Funds – Division Level

On verification of the Cash Book and Bank Statements of the Division as on 28.02.2026, it was noticed that substantial amounts are retained in various bank accounts maintained by the Division, even after the completion/cessation of the respective scheme activities.

The details of such balances are given below:

Sl. No	Bank Account No.	Closing Balance (Rs)	Description of Account
1	67242033125	47,10,382	NRDWP
2	10090100451003	11,65,323	MPLADS
3	67242032927	17,03,787	O&M
4	714101059412	3,53,91,391	Deposit other than Local Bodies
Total		4,29,70,883	

It is observed that an amount of Rs.4,29,70,883/- is lying idle in the Divisional accounts without any immediate requirement. Retention of such huge balances in Division accounts is irregular and amounts to parking of funds, which is against the principles of sound financial management and the provisions of the Accounts Manual.

As per codal provisions and financial discipline, surplus funds pertaining to completed or inactive schemes are to be promptly remitted to the Head Office account to ensure proper fund utilization and centralized financial control.

II. NON-CREDIT OF LAPSED SECURITY DEPOSITS TO REVENUE – Rs.6.88 LAKHS =

As per the provisions contained in Para 15.4.1(iii) of the Kerala Public Works Account Code, balances of Security Deposits and Earnest Money Deposits remaining unclaimed for more than three complete financial years shall be treated as lapsed and credited to Government Revenue.

During the verification of Security Deposit and EMD Registers of the Division, it was noticed that several security instruments, including Treasury Deposits, Fixed Deposit Receipts and Post Office deposits, remained unclaimed beyond the stipulated period of three years. However, no action has been taken by the Division and sub offices to credit

these lapsed deposits to the appropriate Revenue Head.

The details of such time-barred deposits are given below:

a)PH Division Muvattupuzha

Sl. No	Name of Contractor	Instrument Details	Bank/Treasury	Amount (Rs)
1	NV Baby	No. 901111	Post Office	3,400
2	NV Baby	JL334913 dt. 24.11.2017	Treasury	34,000
3	Jose Joseph	JL817508 (2 Nos) dt. 17.01.2018	Treasury	10,400
4	Thomas V.P.	303146 dt. 17.03.2018	Treasury	20,500
5	Manual George	JKN95259 dt. 19.07.2018	Treasury	4,100
6	K. Khalid	799010500633096	Treasury	14,000
7	Mohammed Rafeeq	799010500721784	Treasury	25,800
8	M/s Suras Agencies	799010500721963	Treasury	13,700
9	Saju Paul	799010500773466	Treasury	7,700
10	Paulose M.V.	799010500784870	Treasury	18,700
11	Paulose M.V.	799010500784861	Treasury	21,000
12	Sabu Varghese	(2 Nos)	Treasury/PO	51,000
13	Thomas V.P.	356354 dt. 25.01.2021	Treasury	8,850
14	Sivanandan V.R.	0762619	Treasury	32,000
15	Saji John	JL0764545	Treasury	4,500
16	M/s Union Electrical Engg. Works	JL0762337 dt. 08.06.2021	Treasury	5,700
17	Jijo Mathew	JL0762834 dt. 23.06.2021	Treasury	3,750
18	K.M. Sabu	JL1094750 dt. 15.09.2021	Treasury	11,000
19	M/s Arun Electricals	JL0369617 dt. 25.10.2021	Treasury	5,900
20	Sivanandan V.R.	1203945 dt. 23.02.2022	Treasury	11,500
21	Gineesh Vijayan	JL1379295 dt. 14.03.2022	Treasury	7,900
22	Sibu Xavier	1380696 dt. 13.04.2022	Treasury	17,000
23	Sreejithlal M.S.	JL1491562 dt. 04.08.2022	Treasury	55,800
24	Abdul Karim	JL1492953 dt. 02.08.2022	Treasury	31,900
25	Gineesh Vijayan	JL1205142 dt. 30.07.2022	Treasury	12,500
26	Ajesh Gopi	JL1492943 dt. 30.07.2022	Treasury	15,500
27	Laiju P. Varghese	JL1491595 dt. 11.08.2022	Treasury	6,000
28	Laiju P. Varghese	JL1491595 dt. 11.08.2022	Treasury	13,000
29	M.V. Poullose	JL1491761 dt. 24.09.2022	Treasury	50,000
30	Jijo Mathew	JL1491774 dt. 28.09.2022	Treasury	10,500

Total - Rs.5,27,600 /-

b)PH Subdivision Muvattupuzha

Sl. No	Name of Contractor	Instrument Details	Bank/Treasury	Amount (Rs)
1	Bijumon N.S.	1142215 dt. 06.03.2014	Post Office	3,400
2	M.V. Mathew	3023825872 dt. 27.02.2015	Post Office	4,000
3	K.S. Sunilkumar	3042169902 dt. 24.04.2015	Post Office	1,800
4	M/s Universal Machines	3323952308 dt. 05.07.2016	Treasury	2,800
5	Bijumon N.S.	3323952154 dt. 15.07.2016	Treasury	5,000

6	Bijumon N.S.	3323946452 dt. 15.07.2016	Treasury	5,000
7	P.V. Abraham	(2 Nos)	Treasury	2,400
8	P.V. Abraham	(2 Nos)	Treasury	2,400
9	George Justin	DD046975	Post Office	5,000
10	Siby Xavier	1109828 dt. 07.02.2014	NSC	4,800
11	Mathew M.V.	1109847 dt. 05.03.2014	NSC	3,000
12	M/s Arun Electricals	36928394507 dt. 05.06.2017	SBI	6,500
13	Reji P.K.	JK183957 dt. 04.02.2020	Treasury	10,010
14	M/s Arun Electricals	0216352 dt. 10.06.2020	Treasury	10,000
15	M/s Arun Electricals	0228083 dt. 23.07.2020	Treasury	10,400
16	M/s Arun Electricals	0236153 dt. 10.06.2020	Treasury	4,700
17	M/s Arun Electricals	JL0367142 dt. 10.06.2020	Treasury	5,500

Total - Rs.86,710/-

c)PH Subdivision Piravom

Sl. No	Name of Contractor	Name of Instrument	Bank/Treasury/Others	Amount (Rs)
1	Sivanandan V R	FD No.0140262, Dt.13/07/2020	Treasury	5,500
2	K M Sabu	FD No.3108670, Dt.26/08/2020	CSB Ltd	10,000
3	A M Mathai	FD No.0143074, Dt.15/10/2020	Treasury	7,800
4	P Prasanna Kumar	A/c No.64326, Dt.30/06/2021	Post Office	25,000
5	K J George	FD No.pmp/sol/003/2021, Dt.28/06/2021	Solvency	25,000

Total: Rs.73,300/-

III. Bank Reconciliation Statement – Irregularities

1. P.H. Sub Division, Muvattupuzha

Verification of the Bank Reconciliation Statements (BRS) and Non-Operative Account Control Register revealed serious lapses in reconciliation of bank accounts.

(a) **Non-Operative Account No. 570121212635**

It was observed that the reconciliation of the above Non-Operative Account (NOA) was not carried out.

- Balance as per Bank Statement as on 31/03/2025: Rs.5,128/-
- Balance as per Cash Book as on 31/03/2025: Rs.14,15,221/-

The huge variation indicates that the correctness of the account balance could not be ensured due to non-reconciliation.

2. P.H. Sub Division, Kothamangalam

(a) **Operative Account No. 67054650346**

Scrutiny of the Bank Reconciliation Statement for the month of February 2026 revealed the following:

Sl. No	Nature of Irregularity	Amount (Rs)	Remarks
1	Amount deposited but not credited by bank (List A)	13,648	Includes entries pending since 2022
2	Old entries pending in List D (amount to be recredited)	88,294	Long pending without clearance
3	Amount already debited and transferred to NOA on 03/04/2018 but still carried forward	16,343	Incorrect carry forward

The persistence of long-pending entries reflects lack of proper monitoring and reconciliation.

- Non-reconciliation of accounts resulted in ascertainment of correct bank balances.
- Possibility of misappropriation, omission, or accounting errors cannot be ruled out.
- Financial statements derived from such unreconciled balances are unreliable.

Audit Objection

Immediate reconciliation of the Non-Operative Account shall be carried out and verified with bank records.

1. Long pending entries in List A and List D shall be cleared without further delay.
2. Incorrect entries carried forward shall be rectified.
3. Monthly reconciliation should be strictly ensured and reviewed by the controlling officer.
4. Compliance report along with updated BRS shall be furnished to Audit.

(b Non-Operative Account No. 57010270870

Verification of the Bank Reconciliation Statement of Non-Operative Account No. 57010270870 for June 2025 revealed serious discrepancies.

- The BRS contains incorrect figures carried forward from previous years (since 2018).
- The Cash Book shows a negative balance of Rs.-2,354/-, indicating incorrect reconciliation.
- The same errors have been continued year after year without rectification.

Since the account is non-operative, reconciliation should be straightforward, and the balances as per bank and cash book should agree.

- Continuous incorrect reconciliation undermines the reliability of accounts.
- Negative balance in cash book indicates serious accounting defects.
- Lack of corrective action over years reflects weak financial control.

Audit Objection

The Bank Reconciliation Statement shall be completely reviewed and corrected by eliminating all past errors.

1. The balances as per bank and cash book shall be matched and verified.
2. Strict monthly reconciliation shall be ensured without fail.
3. Responsibility for the continued lapse shall be fixed.
4. Any recurrence of such irregularities will be viewed seriously.

IV. Non-Compliance with Centage Charge remittance and accounting Procedures

The failure to adhere to the financial protocols established by Managing Director Order No. KWA/JB/P2/663/17 dated 24/09/2018 has led to a significant omission in the Kerala Water Authority's revenue reporting. Although centage charges are fixed at 13.78% for LSGDs and Quasi-Government Organizations and 22.5% for private parties to cover administrative overheads, a verification of the Deposit Register and Trial Balance confirms that no such charges have been booked under the designated Head of Account **6511**. While primary deposits were promptly transferred to the Head Office, the centage portions were neither apportioned nor reported to the FM & CAO, causing these vital funds to remain unrecognized as actual revenue in the Authority's financial statements.

While a formal request was submitted to the FM & CAO to apportion and include centage charges accrued up to June 2024 into the appropriate accounts, this action remains pending and has not yet been reflected in the books. Furthermore, the revenue recognition gap continues to widen as the centage charges for the subsequent period—spanning from July 2024 to January 2026—have also not been remitted. The following table summarizes the outstanding centage charges for this recent period that require immediate reconciliation and transfer to the non-operative account to mitigate further financial loss.

Financial Year	Deposited by	Deposited Amount (₹)	Centage Charge Due (₹)
July 2024- January 2026	LSGDs / Others	1,43,82,374	15,90,413
Total		1,43,82,374	15,90,413

The non-compliance with the Managing Director's directives is hereby brought to your notice for immediate rectification. The office is directed to calculate the centage charges for the previous periods as well, initiate corrective measures to book these amounts under Head of Account **6511**, and ensure their remittance to the non-operative account. A detailed explanation and a report on the corrective actions taken must be furnished to the audit team to settle this objection.

V. Irregular Admission of Conveyance Allowance

During the verification of Service Books in various Sub Divisions under the Division, it was observed that conveyance allowance was sanctioned and drawn without obtaining

approval from the competent authority.

As per prevailing rules, conveyance allowance to physically challenged employees shall be sanctioned only with the approval of the Chief Engineer, based on proper certification and eligibility. However, in the following cases, the allowance has been drawn without such mandatory sanction, constituting procedural irregularity and unauthorized drawal.

Details of Irregular Drawal

P.H. Sub Division, Piravom

Sl. No	Name of Employee	PEN	Designation	Date of Joining	Remarks
1	Prince Thomas	G77992	Electrician	25/07/2023	Conveyance allowance drawn without CE sanction
2	Gokul N M	G71673	Operator	19/07/2023	-do-

P.H. Sub Division, Muvattupuzha

Sl. No	Name of Employee	PEN	Designation	Date of Joining	Remarks
3	Syam Bhaskar	SG14795	Fitter (HG)	22/12/2015	Conveyance allowance drawn without CE sanction

P.H. Sub Division, Kothamangalam

Sl. No	Name of Employee	PEN	Designation	Date of Joining	Remarks
4	Sunil C K	G12283	Head Operator	22/12/2001	Conveyance allowance drawn without CE sanction

It is observed that the above incumbents have been drawing conveyance allowance from their respective dates of joining without obtaining the required sanction from the competent authority.

VI. Non reimbursement of stipend(25%)to Apprentice trainees from Govt of India .

The failure to claim eligible NAPS reimbursements totaling **₹6,76,919** for the 2017 -2020 period constitutes a significant administrative lapse and a loss of valid receivables. It is noticed that the reimbursement for the period from April 2020 has been claimed . While NAPS 2.0 transitioned to a Direct Benefit Transfer (DBT) model in March 2022, the 25% stipend subsidy (capped at ₹1,500 per month) remains recoverable for the preceding legacy period. To rectify this, the Division must immediately reconcile stipend records with the Skill India Digital portal and submit all pending claims; should the portal restrict retrospective entries, a formal representation supported by apprenticeship contracts must be filed with the **Regional Directorate of Skill Development and Entrepreneurship (RDSDE)**. Furthermore, a comprehensive review of all previous periods is required to identify any additional forfeited funds. To ensure future compliance and prevent recurrence, **accountability must be established and responsibility fixed** for the oversight that led to this financial lapse, with a final report on recovery and disciplinary actions submitted to resolve the audit objection. If claimed the details may be furnished.

Summary of Unclaimed Reimbursements

Year	Stipend Disbursed	Reimbursement Portion (25%)	Status

2017-2020	₹27,07,675	₹6,76,919	Pending Claim
Total	₹27,07,675	₹6,76,919	

VII.(1) Short /Non recovery of 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 pay 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.

(a).Non deduction of GIS

- 1.SUNIL C K, Head Operator
- 2.PRASANTH M S ,Head Operator
- 3.SABU N S , meter inspector
- 4.BABU G , meter reader
- 5.RAJESH KUMAR V.P.meter reader

(b).Non deduction of SLI

- 1.Sakeeb M A ,operator
- 2.ShahulHameed K K,operator
- 3.SabarilalP , operator
- 4.RAJESH KUMAR V.P.,Meter reader

(c). Short Recovery of GIS& SLI

Sl. No	Name of Employee	Designation	Pay (Rs.)	Eligible SLI (1.5%) (Rs)	SLI Recovered (Rs)	Short / Excess SLI (Rs)	GIS Recovered (Rs)	Short / Excess GIS (Rs)
1	Nisha Issac	Executive Engineer	110300	2018	2100	0	2000	18
2	Ambily C N	Tech Assistant	95600	1749	600	1149	1700	49
3	Shijukumar K	RO	79000	1446	2000	0	1400	46
4	Anoop B Nair	JS	62200	1138	1000	138	1600	0
5	Devadas	UDC	50200	919	500	419	900	19
6	Nissamudheen K M	UDC	50200	919	1000	0	900	19
7	Ebin Jacob	LDC	43400	814	500	314	1300	0
8	Muhammed Basheer K M	Driver Gr I	40300	756	1000	0	700	56

9	Bindhu V B	JS	71800	1346	1600	0	1300	46
10	Swapna M R	UDC	70000	1313	1000	313	1300	0
11	Rajesh M A	OA	44500	834	500	334	900	0
12	Rekha C	HC	56500	1059	1000	59	2000	0
13	Bijukumar	Operator	56500	1059	1000	59	900	159
14	Baiju George	Operator	36500	684	1000	0	600	84
15	Renjith K B	Operator	47800	896	1000	0	800	96
16	Shine K S	HOS	60700	1138	1100	38	1100	38
17	Mangalananda n M	Meter Inspe ctor	40300	756	300	456	800	0
18	Arun Gopi	Operator	32000	600	500	100	800	0
19	Anish N Nair	Operator	36500	684	600	84	1400	0
20	Varghese E V	Operator	47800	896	1500	0	800	96
21	Syam S Bhask ar	Fitter	38300	718	600	118	800	0
22	Sakeeb M A	Operator	27200	510	0	510	800	0
23	Shahul Hamee d K K	Operator	27200	510	0	510	800	0
24	Sabarilal P	Operator	27200	510	0	510	800	0
25	Dalia Raman	OA	31100	583	300	283	600	0
26	Jayan P K	AEE	55200	1035	1500	0	1000	35
27	Nasser K K	UDC	52600	986	1000	0	400	586
28	Geetha K T	UDC	52600	986	500	486	400	586
29	Raveendradas P S	Dman II	42300	793	700	93	800	0
30	Jithin V P	Dman II	31100	583	500	83	800	0
31	Binoy M J	HOS	56500	1059	1000	59	1000	59
32	Sunil C K	Head Operat or	68400	1283	1000	283	0	1283
33	Thankachan T K	Operator	44500	834	1000	0	800	34
34	Ashokraj P S	Operator	41300	774	700	74	800	0
35	Prasanth M S	Head Operat or	47800	896	1000	0	0	896
36	Praveen V V	Operator	36500	684	1500	0	600	84
37	Unnikrishnan E T	Operator	33800	634	1000	0	600	34
38	Stephen N E	Operator	32900	617	1500	0	600	17
39	Edison K K	Operator	44500	834	1500	0	800	34
40	Pratheesh M K	Operator	47800	896	1500	0	800	96
41	Sabu N S	Meter Inspe ctor	55200	1035	1000	35	0	1035
42	Bijumon M S	Meter Reade r	50200	941	800	141	900	41
43	Navas K S	Meter Reade r	47800	896	700	196	900	0
44	Babu G	Meter Reade r	44500	834	300	534	0	834
45	Varghese U V	Fitter	40300	756	700	56	800	0
46	Nafeesa P M	OA	31100	583	800	0	500	83
47	Sindhu K	AEE	85000	1594	600	994	1500	94

48	Remya P S	HC	56500	1059	1000	59	1100	0
49	Mercy Cheriyan	Sel. Typist	63700	1194	1100	94	1200	0
50	Shobha M P	OA	51400	964	300	664	1000	0
51	Manju P R	HC	56500	1059	1000	59	1100	0
52	Rajesh Kumar V P	Meter Reader	55200	1035	0	1035	0	1035
53	Jibi M	Operator	53900	1011	1300	0	900	111
54	Joshymon K J	Head Operator	47800	896	800	96	800	96
55	Biju N K	Operator	44500	834	300	534	800	34
56	Reji P K	Operator	44500	834	700	134	800	34
57	Siju E C	Operator	47800	896	800	96	800	96
58	Ajikumar E V	Operator	47800	896	900	0	800	96
59	Aji J Payattuthara	Operator	44500	834	900	0	800	34
60	Shylendran M	Meter Reader	44186	828	800	28	800	28
61	Krishnakumar S U	Meter Reader	47800	896	500	396	100	796
62	Badusha K N	OA	31100	583	500	83	800	0
63	Rajesh P	Head Operator	62200	1166	2000	0	1100	66
64	Adarsh K C	Operator	44500	834	1000	0	800	34
65	Aravind Jayan	AE	55200	1035	900	135	1000	35

GIS short recovery mentioned is notional. The same may be revised as per slab mentioned in the GO (P) No.156/2021/FIN Dated,26/11/2021&GO(P) No.159/2021/FIN Dated,30/11/2021

VIII. Failure to Remit Handling Charges Collected from KCWWF Contributions – Rs.78,611/-

During the audit of accounts of the Division for the period **2022-25**, it was observed that while the statutory 1% contribution towards Kerala Construction Workers' Welfare Fund (KCWWF) was being remitted to the Welfare Fund Board, the handling charges deducted along with the contribution were not remitted as per prescribed procedure.

As per Order No. KWA/JB/LS4/WPC/43331/2023 dated 06.03.2024 issued by the Managing Director, KWA, in compliance with the judgments of the Hon'ble High Court of Kerala in WP(C) Nos. 43331/23, 43298/23 and 43327/23, the handling charges collected from contractor bills are required to be remitted to the Non-Operative Account (NOA) of the Authority.

However, audit scrutiny revealed that though handling charges were systematically deducted from contractor bills, the same were not remitted to the NOA, resulting in retention of funds outside the prescribed accounting system.

Details of Non-Remittance

Financial	1%	KCWWF Handling	Charges	Status	of
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Year	Contribution	Deducted	Remittance
2022-23	35,21,277	35,213	Not Remitted
2023-24	28,39,520	28,395	Not Remitted
2024-25	15,00,331	15,003	Not Remitted
Total	78,61,128	78,611	Pending Remittance

Audit Objection

Immediate action shall be taken to remit the total handling charges of Rs.78,611/- to the Non-Operative Account (NOA) under proper head of account.

IX. Non-Remittance of Accrued Interest to Head Office (Head of Account: 7131) – Rs.1.168 Crores

During the audit of the Trial Balance and Cash Book of the Division and its Sub Divisions, it was observed that interest accrued under Head of Account Code 7131 was not remitted to the Head Office as required under financial regulations.

Scrutiny of records revealed that remittance entries were not properly updated and finalized, resulting in accumulation of interest amounts over multiple years without transfer to Head Office. This has led to misstatement of financial position at the Division/Sub Division level and corresponding shortfall in Head Office accounts.

Details of Pending Remittance – Division Level

Sl. No	Financial Year	Amount (Rs)
1	2017-18	9,64,160
2	2018-19	29,05,060
3	2019-20	10,38,633
4	2020-21	3,44,273
5	2021-22	11,58,061
6	2022-23	18,96,911
7	2023-24	14,80,518
8	2024-25	17,55,626
Total		1,15,43,242

Details of Pending Remittance – Sub Divisions

P.H. Sub Division, Muvattupuzha

Sl. No	Period	Amount (Rs)
1	03/2018 – 03/2025	92,809
2	2025-26 (up to 12/2025)	17,859
Total		1,10,868

P.H. Sub Division, Piravom

Sl. No	Financial Year	Amount (Rs.)
1	2023-24	16,680
2	2024-25	17,158
Total		33,838

Total Pending Remittance

Grand Total: Rs.1,16,87,948/-

Immediate action shall be taken to transfer the entire outstanding amount of **Rs.1,16,87,948/-** to Head Office under the appropriate head.

X.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 Division/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:

SI No.	Vehicle No.	Contractor	Purpose
1	KL39F8270	Laiju Varghese	Revenue
2	KL05AG5411	Laiju Varghese	Mace.

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 Division/Subdivision is directed to immediately appoint a Nodal Officer, complete the registration of the aforementioned hired vehicles, and submit an explanation for this non-compliance with Government directives.

XI. Travelling Allowances allotted –Discrepancies noted

During the verification of Travelling Allowance (TA) bills and TA control Register, it was observed that several claims were processed and disbursed without the necessary supporting documentation, such as official sanction orders or approved tour programs. This practice is in direct contravention of **Rule 114, Part II of the Kerala Service Rules (KSR)**, which stipulates that no journey shall be undertaken without the prior sanction of the competent authority. Furthermore, the procedural requirements for preferred claims necessitate that TA bills be accompanied by **proper orders** to justify the official necessity of the travel. The absence of these documents renders the expenditure unauthorized, as the validity of the mileage and incidental expenses claimed cannot be authenticated against official records.

- a. Further on random verification of the TA bill admitted to **Sri Nithin K Backer, U D Clerk** for the month of **June 2023**, the following discrepancies were noted :-

Train Class Downshift: As per his pay range, the incumbent is eligible only for travelling in IIIAC. The difference between II AC and III AC fares must be deducted from the total bill. If the journey was already performed in II AC, the reimbursement must be capped at the prevailing III AC fare for that specific route on the date of travel.

Daily Allowance (DA) correction: Since the Rs. 500 "Full DA" was flagged as ineligible, the amount should be adjusted

Bus Charge: Claims of Rs. 140 for bus fare are often flagged if they exceed the standard "Ordinary" or "Express" bus rates for the distance covered. This will be adjusted to the actual Government-approved rate for that distance.

It is also noted that the purpose of travel is for submitting certain tapals to Head office. But there is no documentary evidence attached along with the bills. The necessity of giving the tapals in person may be produced .Explanation may be called for from the official concerned for passing the bills irregularly.

- b. The TA bills were finalized without adhering to the mandatory ceilings set forth in **G.O. (P) No. 137/2016/Fin dated 09.09.2016**, as noted during the verification of the register.

It is therefore recommended that all future TA claims are strictly supported by the requisite orders as per KSR and by adhering the mandatory ceilings. The irregular payments identified during this audit should be regularized by producing the relevant orders post-facto, failing which the amounts involved may be liable for recovery. All the TA bills admitted during the period from 2022 may be verified.

XII. Medical Reimbursement – Irregular Admission of Claims

A. Division Muvattupuzha

During the course of audit, it was observed that the Managing Director, KWA had issued Circular No. KWA/HO/E11-6207/2015 dated 29.11.2019, prescribing strict guidelines for regulating medical reimbursement claims, particularly to curb irregular claims under Ayurvedic and Homoeo systems and to ensure compliance with Medical Reimbursement Rules.

However, verification of medical reimbursement claims in P.H. Division, Muvattupuzha revealed that certain inadmissible and suspected bogus claims were sanctioned in violation of the above Circular and Rules.

As per Proceedings No. A6-739/M/Dn/11 dated 01.08.2023 & 25.08.2025 of the Executive Engineer, payments were effected on 12.03.2025 (CBV No. 41/03/2025) without proper scrutiny.

Details of Irregular Claims

Sl. No	Name of Incumbent	Designation	Bill No. & Date	Name of Supplier	Nature of Irregularity	Amount to be Recovered (₹)
1	Smt. Sreedevi S	Junior Superintendent	Nil	Consultation Fee	Consultation fee wrongly admitted without valid bill	250
2	Smt.	Junior	392 dated	Ayur Vaidic	Inadmissible	/798

	Sreedevi S	Superintendent	24.06.2023		suspected bogus bill	
3	Smt. Sajeena M Jalal	Sr. Grade Typist	Not available	Ayur Vaidic	Inadmissible / suspected bogus bill	1,650

Total Amount to be Recovered: Rs.2,698/-

B. P.H. Sub Division, Kothamangalam

Verification of records revealed that medical reimbursement claims were admitted in violation of the MD's Circular dated 29.11.2019.

Sri. Praveen V.V., Operator submitted Ayurvedic bills along with allopathic medicine bills, which were admitted without adhering to rules.

As per Proceedings No. AB-600/92 dated 24.03.2025 of the Assistant Executive Engineer (CBV No. 36/01/2026), the following claims were sanctioned:

Sl. No	Name of Patient	Relation	Bill No. & Date	Supplier	Amount (Rs)
1	Smt. Prasanna Vijayan	Mother	1092 dated 05.08.2024	Grace Ayurveda Hospital, Perumbavoor	2,929
2	Smt. Prasanna Vijayan	Mother	1051 dated 23.05.2024	Grace Ayurveda Hospital, Perumbavoor	3,668

Total Amount: Rs.6,597/-

Audit Objection

The amount of Rs.6,597/- shall be recovered in lump from Sri. Praveen V.V., Operator, and compliance reported to Audit.

C. P.H. Sub Division, Piravom

Verification of medical reimbursement bills revealed multiple instances of irregular and inadmissible claims sanctioned without adhering to prescribed rules.

As per Proceedings No. PHSP-A2/783/2014 dated 21.04.2025 of the Assistant Executive Engineer, the following excess and inadmissible payments were noted:

Details of Excess / Irregular Claims

Sl. No	Name	Designation	Bill No. & Date	Nature	Excess Amount (₹)
1	Sri. Rajesh Kumar N T	Operator	102571 dated 19.03.2015	Excess consultation fee	200
2	Sri. Manjunadhan R	Head Operator	RAC/36681 dated 12.02.2025	Excess consultation fee	160
3	Sri. Manjunadhan R	Head Operator	047660 dated 12.02.2025	Superintend charges	250
4	Sri.	Head	130972 dated	Excess consultation fee	200

	Manjunadhan R	Operator	21.02.2025			
5	Sri. Manjunadhan R	Head Operator	81666 dated 13.02.2025	Excess consultation fee	270	
6	Sri. Manjunadhan R	Head Operator	RAC/35205 dated 31.01.2025	Excess consultation fee	150	
7	Sri. Sreeraj N N	Operator	DEC/V/01 dated 30.12.2024	Non-admissible Ayurvedic treatment	9,499	
8	Sri. Ajikumar E V	Operator	A559/24 dated 01.12.2024	Ayurvedic bill without essentiality certificate	22,470	
9	Sri. Sujih S	Operator	069204 dated 18.10.2024 & 28.10.2024	Repeated consultation & within inadmissible period	400	

Further, as per Proceedings dated **18.07.2022**, an amount of **Rs.950/-** was irregularly admitted towards spectacles for mother (Sri. Manu Madhavan, Operator).

- Admission of bogus and unsupported bills
- Excess consultation fees beyond admissible limits
- Reimbursement of Ayurvedic treatments without eligibility
- Lack of essentiality certificates
- Failure of scrutiny by sanctioning authority

In this connection the entire inadmissible amounts shall be recovered from the concerned officials.

1. Responsibility shall be fixed on officers who sanctioned the claims.
2. The Divisional Accounts Officer shall conduct a detailed verification of all medical reimbursement claims from 2017 onwards to identify similar irregularities.
3. Compliance report shall be submitted to Audit without delay.

XIII. Irregular Maintenance of Service Book and Excess Drawal of Pay and Leave Benefits (Division Level)

During the course of audit, verification of Service Books, Earned Leave (EL) Accounts, and SPARK records revealed multiple irregularities in the maintenance of leave accounts and sanction of increments. The discrepancies indicate non-compliance with Kerala Service Rules and lack of proper scrutiny by the Drawing and Disbursing Officer.

As per Rule 3, Kerala Financial Code (KFC) Part I, the Drawing and Disbursing Officer is responsible for ensuring correctness of claims and proper maintenance of records.

A. Non-deduction of Earned Leave – Commuted Leave

Sl. No	Name & Designation	Period	No. of Days
1	Sri. Muhammed Bhasheer K M, Driver	06.06.2016 to 24.06.2016	19 days

The above Commuted Leave has not been deducted from the Earned Leave account as required under rules.

B. Non-accounting of Special Disability Leave

Sl. No	Name & Designation	Period	No. of Days
1	Smt. Remya P R, Draftsman Grade I	18.01.2021 to 17.04.2021	90 days

The above leave has not been properly recorded in the Service Book and leave account.

C. Non-accounting of Leave Without Allowance (LWA)

Sl. No	Name & Designation	Period	No. of Days
1	Smt. Athira Appu, Draftsman Grade I	06.07.2024 to 25.09.2024	90 days

The above leave has not been accounted for in the leave records and SPARK system.

Such lapses may result in excess leave benefits and indicate violation of Government Leave Rules and KFC provisions.

Audit Objection (A-C)

The irregularities shall be rectified by:

1. Effecting necessary deductions in the Earned Leave account
2. Updating Service Book and SPARK records
3. Verifying leave accounts from the beginning of service
4. Furnishing compliance report with supporting documents

D. Irregular Sanction of Increment Prior to Declaration of Probation

During audit, it was observed that:

- Sri. Devadas M A (Probation declared on 03.04.2025)
- Sri. Nisamudeen K M (Probation declared on 27.07.2025)

were sanctioned increments for periods prior to declaration of probation, which is irregular.

As per Kerala Service Rules, increment is admissible only from the date of declaration of probation. The irregular sanction has resulted in excess drawal of pay and allowances.

This indicates failure in scrutiny and violation of Rule 3, KFC Part I.

Audit Objection

Pay shall be re fixed restricting increment from the eligible date

1. Excess amount drawn shall be worked out and recovered
2. Compliance report with detailed calculation shall be furnished

E. Irregular Grant of Increment after Long Leave Without Allowance – P.H. Sub

Division, Piravom

On verification of the Service Book of Sri. Rajesh, the following was observed:

- Joined as LDC on 15.02.2006
- Availed Leave Without Allowance from 01.01.2007 to 22.09.2021 (for going abroad)
- Rejoined on 23.09.2021
- Probation declared on 22.09.2023
- Promoted as UDC on 08.03.2024 and pay fixed at Rs.34,700
- Increment sanctioned on 01.09.2024, raising pay to Rs.35,600

The above increment is **irregular**, as:

- LWA period does not count for increment
- Increment is admissible only after completion of required qualifying service
- Eligible date of increment is 01.03.2026, not 01.09.2024

The irregular sanction resulted in excess drawal of pay and allowances and indicates violation of KSR provisions and KFC

Audit Objection

1. Pay shall be re fixated correctly
2. Increment shall be restricted to the eligible date
3. Excess amount drawn shall be recovered from the incumbent

Compliance report with detailed calculation and Service Book entries shall be furnished to Audit

XIV. Non-implementation / Partial Implementation of e-Office System – Violation of KWA Orders and Government Directions

During the course of audit, verification of records and functioning of offices under the Division revealed that the e-Office system has not been implemented in its true spirit, as mandated by Kerala Water Authority and Government directives.

It was observed that the Division continues to process a majority of files manually, and the adoption of e-Office is only partial and non-uniform. In particular, the AB and DB Sections are scarcely utilizing the e-Office platform, with implementation assessed to be below 20%. Most files are still handled outside the e-Office system, thereby defeating the objective of digital governance.

Thus, mandatory and uniform implementation of e-Office across all sections under the Division has not been ensured.

Relevant Orders / Circulars

Order No. KWA-JB/1/2023-E1 dated 27.03.2023

Kerala Water Authority ordered the implementation of e-Office in Head Office and

subordinate offices, with instructions to ensure paperless file processing and online movement of files. Circular No. 12662/PA to MD/2021/KWA dated 10.01.2022 Issued in line with the Government decision to declare Kerala as a Totally Digitally Governed State, mandating adoption of digital systems in office functioning.

- e-Office system is not fully implemented in the Division
- File processing is predominantly **manual**
- **AB and DB Sections show extremely low adoption (below 20%)**
- Lack of uniform implementation across sections
- Non-compliance with KWA orders and Government directions

Furnish a detailed compliance report to Audit

XV. Belated / Non-Settlement of Temporary Advances – Violation of KFC Provisions (Sub Divisions: Muvattupuzha & Piravom)

According to **Article 99 of the Kerala Financial Code (KFC) Vol. I and G.O. (P) No. 419/11/Fin dated 04/10/2011**, temporary advances sanctioned for specific contingent expenditures must be adjusted with detailed bills and vouchers within **three months**. Failure to comply necessitates the levy of **18% interest per annum** on the outstanding amount.

During the audit, it was observed that several officers failed to settle their temporary advances within the prescribed timeframe. These lapses not only result in the accumulation of huge outstanding liabilities but also lead to an avoidable loss to the Government exchequer by way of interest.

Suresh PS ,PH Section Muvattupuzha Assistant Engineer

Date	Cheque No	Amount	Settlement details
26/04/2019	162098	10000/-	Settled vide CBV 40 to 56 dated 12/2019. Belated settlement
09/05/2019	162112	10000/-	Settled vide CBV 59 to 78 dated 11 /2019. Belated settlement

Sri.C N Unnikrishnan Elayath, Assistant Engineer

Date	Cheque No	Amount	Settlement details
17/04/2020	75336	14000/-	Settled vide CBV 135 Of 02 /2021. Belated settlement
20/04/2020	75338	20000/-	Settled vide CBV 140 Of 03 /2021. Belated settlement
26/05/2020	608207	3500/-	Settled vide CBV 142 Of 02 /2021. Belated settlement
29/05/2020	608211	1000/-	Settled vide CBV 143 Of 02 /2021. Belated settlement
19/06/2020	608244	3500/-	Settled vide CBV 144 Of 02 /2021. Belated settlement

Smt KK Jayasree, Assistant Engineer

Date	Cheque No	Amount	Settlement details
30/09/2022	705151	5000/-	Settled vide CBV 100 of 03/23. Belated settlement
13/04/2023	403250	10000/-	Settled vide CBV 98 of 03/24. Belated settlement
17/04/2023	403251	20000/-	Settled vide CBV 193 of 01/24. Belated settlement
02/05/2023	403268	5000/-	Settled vide CBV 99 of 03/24. Belated settlement
16/05/2023	855100	10000/-	Settled vide CBV 70 of 10/23. Belated settlement

3/06/2023	855129	20000/-	Settled vide CBV 82 of 01/24. Belated settlement
14/07/2023	855168	15000/-	Settled vide CBV 95 of 01/24. Belated settlement
19/08/2023	170610	3750/-	Settled vide CBV 91 of 01/23. Belated settlement
14/09/2023	170643	10000/-	Settled vide CBV 92 of 02/24. Belated settlement
30/09/2023	170658	10000/-	Settled vide CBV 93 of 02/24. Belated settlement
10/10/2023	170672	15000/-	Settled vide CBV 94 of 02/24. Belated settlement

Smt Dinil Varghese, Assistant Engineer

Date	Cheque No	Amount	Settlement details
04/08/2025	582230	25000/-	Settled vide CBV 120 of 01/26. Belated settlement

Soby Paul, Assistant Engineer

Date	Cheque No	Amount	Settlement details
20/08/2018	738624	10000/-	Settled vide CBV 104 of 03/19. Belated settlement
31/08/2018	738639	15000/-	Settled vide CBV 129 of 03/19. Belated settlement
06/09/2018	738646	20000/-	Settled vide CBV 161 of 03/19. Belated settlement

Ajosh Abraham, Assistant Engineer

Date	Cheque No	Amount	Settlement details
30/10/2020	835761	3000/-	Settled vide CBV 169 of 03/21. Belated settlement
05/11/2020	835778	10000/-	Settled vide CBV 170 of 03/21. Belated settlement

Sarath Mohan, Assistant Engineer

Date	Cheque No	Amount	Settlement details
23/09/2023	170656	53100/-	Settled vide CBV 86 of 02/24. Belated settlement
10/10/2023	170670	10000/-	Settled vide CBV 88 of 02/24. Belated settlement
17/10/2023	170676	3500/-	Settled vide CBV 84 of 02/24. Belated settlement
20/10/2023	170690	27800/-	Settled vide CBV 87 of 02/24. Belated settlement

Sabu KV, Assistant Engineer

Date	Cheque No	Amount	Settlement details
11/04/2023	403239	5000/-	Settled vide CBV 68 of 08/23. Belated settlement
12/04/2023	403249	10000/-	Settled vide CBV 69 of 08/23. Belated settlement
24/04/2023	403255	3500/-	Settled vide CBV 82 of 08/23. Belated settlement
10/07/2023	855164	3500/-	Settled vide CBV 79 of 03/24. Belated settlement
13/09/2023	170642	3500/-	Settled vide CBV 84 of 01/24. Belated settlement
14/09/2023	170645	10000/-	Settled vide CBV 90 of 02/24. Belated settlement
10/10/2023	170671	10000/-	Settled vide CBV 91 of 02/24. Belated settlement

B. P.H. Sub Division, Piravom

Audit scrutiny revealed both belated settlement and non-settlement of temporary advances. It was also observed that fresh advances were sanctioned before settling previous advances, which is irregular.

1. Smt. Shabana A L, Assistant Engineer

(Multiple advances during 05/2025 to 10/2025 – all settled belatedly during 12/2025 to 02/2026)

2. Sri. Aravind Jayan, Assistant Engineer

Several advances settled belatedly

Two advances remain unadjusted:

Date	Cheque No.	Amount (Rs)	Status
12.11.2025	940805	5,000	Not settled
18.12.2025	940854	15,000	Not settled

3. Smt. Devika V S, Assistant Engineer

(Multiple advances during 2025 – all settled belatedly)

In this context the audit observes the following

1. Penal interest at 18% per annum shall be calculated for all belated settlements of advances, recovered from the responsible officials, and remitted to the Non-Operating Account (NOA).
2. All outstanding advances shall be settled immediately, with recovery of applicable interest wherever required.
3. No further advances shall be sanctioned unless previous advances are fully settled.
4. Responsibility shall be fixed on officials who failed to settle advances in time and on officers who sanctioned further advances in violation of rules; a detailed compliance report including interest calculations, recovery particulars, and status of pending advances shall be furnished to Audit.

XVI. Non-allocation of Security Deposit of Defaulted Special/Casual Connections – Delay in Realisation of Water Charge Arrears (Sub Divisions: Muvattupuzha, Piravom & Kothamangalam)

During the course of audit, it was observed that security deposits of defaulted Special/Casual water connections were not adjusted against outstanding arrears, despite specific directions issued by the Kerala Water Authority.

As per Order No. KWA/HO/RMC/R1/1054/2020 dated 30.01.2021 of the Accounts Member, KWA, all controlling officers were directed to allocate security deposits of defaulting Special/Casual consumers towards pending water charge arrears, after following due procedure, as part of strengthening revenue realisation.

However, audit verification revealed that the above directions have not been complied with in the following Sub Divisions:

A. Sub Division, Muvattupuzha

Sl. No	Consumer No.	Last Payment Date	Amount (Rs)	Status
1	MPA/114/S	20.12.2024	4,856	Live
2	PDP/434/S	21.11.2024	3,255	Disconnected
3	PAI/28/S	15.10.2024	2,630	Disconnected
4	MRY/15/S	18.12.2024	4,198	Disconnected
5	KVA/54/S	17.02.2024	4,568	Disconnected
6	MPA/2/S	07.11.2016	18,690	Disconnected

B. Sub Division, Piravom

Sl. No	Consumer No.	Last Payment Date	Amount (Rs)	Status
1	PV1/73/S	21.03.2023	5,248	Disconnected

2	PV1/100/S	01.07.2025	4,036	Disconnected
3	MND/12/S	14.11.2023	6,389	Disconnected

C. Sub Division, Kothamangalam

Sl. No	Consumer No.	Last Payment Date	Amount (Rs)	Status
1	KMG/61/S	20.12.2024	4,951	Disconnected (21.03.2025)

Security deposits of defaulting consumers were not appropriated towards arrears, despite prolonged default Arrears remain unrealized for extended periods, including cases pending from earlier years Non-compliance with Head Office directions indicates weak internal control and poor revenue management Lack of timely action results in avoidable financial loss to the Authority A detailed compliance report indicating action taken and amount realized shall be furnished to Audit without delay.

XVII. Pendency in Field Verification (eTapp Assignments) – Sub Division, Piravom

During the course of audit, a comprehensive verification of the eTapp software revealed significant pendency in field verification assignments under P.H. Sub Division, Piravom.

It was observed that 89 field verification assignments (as on 12.03.2026) remain pending, indicating abnormal delay in processing service-related tasks. The accumulation of such a large number of pending cases reflects deficiencies in task management, lack of effective supervision, and inadequate monitoring mechanisms at the Sub Division level.

Immediate action shall be taken to clear the entire backlog of pending field verification assignments. A time-bound mechanism shall be introduced to ensure prompt verification of future applications. Responsibility shall be fixed on officials concerned for undue delay in processing assignments. Effective monitoring and supervisory control measures shall be strengthened to avoid recurrence. A detailed compliance report indicating the number of cases cleared and present status shall be furnished to Audit without delay.

XVIII. Pendency in eTapp Assignments and Systemic Failure of Internal Control Measures (Sections : Kothamangalam, Muvattupuzha & Piravom)

During the course of audit, verification of eTapp / e-Abacus system revealed significant pendency in execution of assigned works across multiple Sub Divisions. The delay in completion of field-level assignments indicates systemic failure in task management, weak supervisory control, and lack of accountability.

It is observed that non-completion of work in the system leads to incorrect levy of water charges, which consumers are not liable to pay, thereby exposing the Authority to litigation risk and reputational damage.

A. P.H. Section, Kothamangalam

Audit scrutiny revealed that several work orders assigned since **2023 onwards remain incomplete**, with delays exceeding two years in certain cases.

Details of Pending Assignments (Sample Cases)

Appl. No.	Date	Consumer ID & No.	Field Officer	Service Type
KWA/CS-	02.02.2023	3263115756	-Shameera	Temporary Disconnection

114483		NRG/206/N	P.A	
KWA/CS-169654	28.03.2023	3263128572 PMM/342/D	- Rema K.C	Disconnection & Reconnection
KWA/CS-198510	09.05.2023	3263133344 VDA/931/D	- Afeefa Basheer	Permanent Disconnection
KWA/CS-222981	07.06.2023	3263138643 PMM/1162/D	- Anju George	Temporary Disconnection
KWA/CS-263529	28.07.2023	3263105808 KT1/1044/N	- Anju George	Temporary Disconnection

(Several similar cases pending up to 2026)

B. P.H. Section, Muvattupuzha

1	KWA/CS-269337	02/08/2023	3262143478 - ENR/2783/D	SAINABA N.N	Temporary Disconnection
2	KWA/CS-356763	27/11/2023	3262146247 - ENR/3221/D	SAINABA N.N	Temporary Disconnection
3	KWA/CS-395318	10/01/2024	3262148134 - KVA/4054/D	SAINABA N.N	Temporary Disconnection
4	KWA/CS-428487	02/02/2024	3262134145 - MJR/3053/D	SAINABA N.N	Permanent Disconnection
5	KWA/CS-438306	05/02/2024	3262111491 - ENR/797/D	SAINABA N.N	Reconnection
6	KWA/CS-503396	15/03/2024	3262146905 - ENR/3465/D	SAINABA N.N	Temporary Disconnection
7	KWA/CS-544366	21/05/2024	3262144801 - ENR/3134/D	SAINABA N.N	Permanent Disconnection
8	KWA/CS-563143	15/06/2024	3262145072 - MJR/4101/D	SAINABA N.N	Temporary Disconnection
9	KWA/CS-564728	19/06/2024	3262138379 - KVA/3388/D	SAINABA N.N	Permanent Disconnection
10	KWA/CS-578590	06/07/2024	3262135586 - KVA/3137/D	SAINABA N.N	Temporary Disconnection
11	KWA/CS-578761	06/07/2024	3262120201 - ENR/1450/D	SAINABA N.N	Temporary Disconnection
12	KWA/CS-596916	31/07/2024	3262143848 - ENR/3021/D	RAJESH PR	Temporary Disconnection
13	KWA/CS-600436	05/08/2024	3262130080 - ENR/1910/D	RAJESH PR	Temporary Disconnection
14	KWA/CS-601799	07/08/2024	3262124266 - KVA/1880/D	RAJESH PR	Permanent Disconnection
15	KWA/CS-603820	08/08/2024	3262113603 - ALY/446/D	RAJESH PR	Permanent Disconnection
16	KWA/CS-606638	13/08/2024	3262131656 - ENR/2016/D	RAJESH PR	Temporary Disconnection
17	KWA/CS-610861	19/08/2024	3262129882 - KVA/2344/D	RAJESH PR	Temporary Disconnection
18	KWA/CS-615532	26/08/2024	3262111887 - MJR/1179/D	RAJESH PR	Permanent Disconnection
19	KWA/CS-627324	12/09/2024	3262127404 - MJR/2259/D	RAJESH PR	Temporary Disconnection
20	KWA/CS-633226	24/09/2024	3262148401 - KVA/4068/D	RAJESH PR	Temporary Disconnection

21	KWA/CS-633530	25/09/2024	3262138442 - KVA/3451/D	RAJESH PR	Permanent Disconnection
22	KWA/CS-636040	27/09/2024	3262143654 - ENR/2925/D	RAJESH PR	Permanent Disconnection
23	KWA/CS-643544	08/10/2024	3262132413 - KVA/2646/D	SAINABA N.N	Permanent Disconnection
24	KWA/CS-651861	18/10/2024	3262136711 - MJR/3159/D	RAJESH PR	Permanent Disconnection
25	KWA/CS-657274	25/10/2024	3262148275 - KAL/2690/D	RAJESH PR	Temporary Disconnection
26	KWA/CS-669982	12/11/2024	3262100697 - ENR/111/D	RAJESH PR	Permanent Disconnection
27	KWA/CS-760603	05/02/2025	3262110398 - ALY/417/D	SAINABA N.N	Reconnection
28	KWA/CS-785012	04/03/2025	3262143239 - KAL/2549/N	SAINABA N.N	Disconnection and Reconnection
29	KWA/CS-809495	03/04/2025	3262137072 - KVA/3225/D	SAINABA N.N	Temporary Disconnection
30	KWA/CS-839652	19/05/2025	3262143469 - ENR/2774/D	RAJESH PR	Permanent Disconnection
31	KWA/CS-844981	27/05/2025	3262144046 - PDP/3144/D	FEBYMOL KB	Disconnection and Reconnection
32	KWA/CS-850888	06/06/2025	3262151053 - KAL/3019/D	RAJESH PR	Permanent Disconnection
33	KWA/CS-853983	10/06/2025	3262117995 - KAL/564/D	RAJESH PR	Temporary Disconnection
34	KWA/CS-868760	30/06/2025	3262139643 - MJR/3659/D	SAINABA N.N	Permanent Disconnection
35	KWA/CS-878829	12/07/2025	3262150380 - ENR/4557/D	RAJESH PR	Permanent Disconnection
36	KWA/CS-896091	01/08/2025	3262144285 - ENR/3048/D	RAJESH PR	Permanent Disconnection
37	KWA/CS-937872	27/09/2025	3262150791 - PDP/3314/D	FEBYMOL KB	Temporary Disconnection
38	KWA/CS-946316	09/10/2025	3262149045 - ENR/4226/D	RAJESH PR	Temporary Disconnection
39	KWA/CS-968434	06/11/2025	3262144186 - ENR/3039/D	RAJESH PR	Permanent Disconnection
40	KWA/CS-974109	15/11/2025	3262120056 - KKM/1307/D	FEBYMOL KB	Disconnection and Reconnection
41	KWA/CS-985889	02/12/2025	3262123722 - ALY/925/D	SAINABA N.N	Temporary Disconnection
42	KWA/CS-997889	15/12/2025	3262137148 - PDP/2853/D	FEBYMOL KB	Temporary Disconnection
43	KWA/CS-1003242	19/12/2025	3262123788 - KAL/822/D	SAINABA N.N	Permanent Disconnection
44	KWA/CS-1004459	19/12/2025	3262101488 - PDP/327/D	FEBYMOL KB	Temporary Disconnection
45	KWA/CS-1011468	26/12/2025	3262147454 - ENR/3762/D	RAJESH PR	Permanent Disconnection

46	KWA/CS-1021887	06/01/2026	3262120971 - KKM/1502/D	FEBYMOL KB	Reconnection
47	KWA/CS-1058613	27/01/2026	3262119830 - PDP/1081/D	FEBYMOL KB	Reconnection
48	KWA/CS-1066829	31/01/2026	3262144630 - MJR/4081/D	SAINABA N.N	Permanent Disconnection
49	KWA/CS-1083641	11/02/2026	3262126617 - PDP/1866/D	FEBYMOL KB	Reconnection
50	KWA/CS-1087641	16/02/2026	3262146259 - ENR/3231/D	SAINABA N.N	Reconnection
51	KWA/CS-1087971	16/02/2026	3262101059 - ALY/249/N	SAINABA N.N	Permanent Disconnection
52	KWA/CS-1088949	17/02/2026	3262137086 - KKM/2269/N	FEBYMOL KB	Reconnection
53	KWA/CS-1092645	20/02/2026	3262129819 - KVA/2326/D	SAINABA N.N	Temporary Disconnection
54	KWA/CS-1094658	21/02/2026	3262104261 - ALY/337/N	SAINABA N.N	Temporary Disconnection
55	KWA/CS-1098028	24/02/2026	3262100767 - MRY/11/N	MANGALANANDAN M	Temporary Disconnection
56	KWA/CS-1098338	24/02/2026	3262117625 - KKM/667/D	FEBYMOL KB	Temporary Disconnection
57	KWA/CS-1101989	27/02/2026	3262133133 - KAL/1089/D	SAINABA N.N	Temporary Disconnection
58	KWA/CS-1102272	27/02/2026	3262143505 - ENR/2810/D	SAINABA N.N	Temporary Disconnection

C. P.H. Section, Piravom

Audit scrutiny revealed pending assignments under field verification:

Sl. No	Consumer No.	Consumer Name	Assigned Officer	Date	Service
1	RMG2872	Kurizpalli (Boban Mathew)	Habeeb N.A	24.02.2026	Reconnection

Though limited in number, the pendency reflects lack of timely execution and supervision. All pending eTapp assignments shall be completed on a war-footing within a stipulated time. A comprehensive review shall be conducted across all sections to identify similar pendency. Responsibility shall be fixed on field officers and supervisory officials for delays. Loss, if any, incurred to KWA or consumers due to non-completion shall be Assessed

A detailed compliance report indicating action taken and pendency cleared shall be furnished to Audit without delay.

XIX. Discrepancies in Section-wise Configuration and Consumer Mapping in Abacus Billing Software – P.H. Sub Division, Muvattupuzha

During the course of audit, verification of records and the Abacus Billing Software maintained in P.H. Sub Division, Muvattupuzha revealed inconsistencies in the configuration of sections and allocation of consumers in the system.

It was observed that three sections are functioning under the Sub Division, namely Muvattupuzha Section, Vazhakulam Section, and Kothattukulam Section. However,

system verification disclosed the following discrepancies:

- Vazhakulam Section has not been created in the software under the Sub Division.
- Though Kothattukulam Section has been created in the system, the consumers and route-wise details have not been mapped or assigned to the said section.
- Consumers pertaining to Vazhakulam Section and Kothattukulam Section are presently grouped under Muvattupuzha Section in the system, instead of being maintained section-wise, resulting in improper consumer mapping.

Hence it is observed that

Detailed explanation shall be furnished for the non-creation of Vazhakulam Section in the Abacus Billing Software, non-assignment of consumers and route-wise details to Kothattukulam Section, and the mapping of all consumers under Muvattupuzha Section..It shall be verified and reported whether any financial discrepancies have arisen due to the above irregularities, including instances of incorrect billing, misallocation of revenue, or any other related issues. Immediate corrective action shall be taken to create all sections in the system, assign consumers and route-wise details correctly, and ensure proper section-wise segregation in the software. System controls shall be strengthened to ensure that the software configuration accurately reflects the actual field structure and that periodic verification is conducted; a compliance report with supporting records indicating corrective measures taken and present status shall be furnished to Audit.

XX. Inaction in Conducting Auction of Obsolete and Unserviceable Materials and vehicle – Loss of Revenue and Weak Asset Management

a)Obsolete and Unserviceable Materials

Despite explicit and repeated directives from the Head Office of the Kerala Water Authority (KWA) to dispose of obsolete and unserviceable materials in a time-bound manner, there has been a significant lack of initiative in executing these instructions. During the audit process, it was observed that substantial quantities of such materials remain uncleared and stacked across various campuses, specifically at the Division and Kothamangalam Subdivision premises. This prolonged inaction not only leads to the gradual deterioration and loss of the residual value of the scrap but also results in the unproductive blockage of valuable storage space and potential environmental hazards. The failure to conduct timely auctions indicates a lapse in internal controls and a disregard for departmental guidelines, ultimately depriving the Authority of significant revenue that could have been realized through the prompt disposal of these assets

b)Prolonged Retention of Condemned Vehicle and Delay in Auction Disposal

During the verification of records at the PH Subdivision, Kothamangalam, it was observed that a Mahindra Jeep (Registration No. KEF 5737, 1983 Model) has been retained in the office garage for an inordinate period awaiting disposal through public auction. Despite the vehicle being effectively decommissioned and stored for several years, no tangible progress has been made toward its final sale..

The continued retention of this aging asset results in several administrative and financial irregularities. Firstly, the vehicle occupies valuable garage space that could be utilized for operational purposes. Secondly, the prolonged exposure to environmental factors and the natural process of deterioration significantly reduce the scrap value of the vehicle, leading to a potential loss of revenue for the department. Lastly, the failure to finalize the auction process despite internal reminders indicates a lapse in the timely execution of asset management protocols. It is recommended that immediate steps be taken to value the vehicle and complete the auction formalities to prevent further depreciation and to clear the encumbered storage space.

XXI. Dilapidated condition and revenue loss at Division Guest House

During the course of the audit, it was observed that the Guest House under the jurisdiction of the Division is in a state of severe dilapidation primarily due to a prolonged lack of systematic maintenance. A physical inspection and subsequent enquiry revealed that the structural integrity of the facility is further compromised by the precarious state of the retaining wall, which is currently under threat from potential landslides. Despite the guest house being situated in a high-potential scenic location that offers significant opportunities for generating non-water revenue, the building continues to deteriorate.

This continued inaction regarding essential repairs and preventive maintenance has resulted in the gradual devaluation of the property, representing a direct financial loss to the Kerala Water Authority (KWA). The failure to safeguard the asset not only risks the total collapse of the existing structure but also ignores a viable source of recurring income. Consequently, the audit recommends that the Division immediately explore all possibilities for a comprehensive renovation and stabilization of the premises. By restoring the guest house and securing the retaining wall, KWA can preserve a valuable physical asset and leverage its location to enhance institutional revenue through tourism or official use.

XXII. Non-execution of Work and Failure in Procurement – JJM Project (P.H. Division, Muvattupuzha)

The technical audit of the work "JJM-RWSS to Paipra- Phase II, Package I – General Electrical Works" reveals a **complete standstill in execution despite the lapse of significant time since the award of the contract**. The project, intended to supply, erect, and commission submersible pumpsets at WTP Nirappu, Chennarthadom, and Zoolamkuzhy PH, remains uninitiated as of the audit date.

Particulars	Details
Name of Work	JJM-RWSS to Paipra- Phase II, Package I – Supply, erection, commissioning, and testing of submersible pumpsets at WTP Nirappu (7.50 lps/52m), Chennarthadom (6 lps/125m), and Zoolamkuzhy PH (9 lps/110m) – General Electrical works
Name of Contractor	Sri Bince George
Work Order Number & Date	A2/1117/2023 dated 12/07/2023
Agreement Number & Date	41/23-24/EE/PHDN/MVPA dated 29/07/2023
Probable Amount of Contract (PAC)	₹7,18,000/- + GST
Scheduled Date of Completion	28/01/2024 (6 months)

Percentage of Physical Progress	0%
Financial Progress (Bills Submitted)	0%

It is observed during the audit that the work has not commenced even after 18 months from the date of the work order, primarily due to the reported non-availability of pumpsets meeting the required efficiency standards in the market. Although a pumpset with an efficiency of 72.64% was available, it was not utilized for installation. **The audit notes with concern that the Division has failed to take proactive measures to procure pump sets of the required capacity or resolve the technical bottlenecks, leading to a total stagnation of the project and the non-fulfillment of the objectives under the Jal Jeevan Mission which requires detailed explanation.**

XXIII. Inordinate Delay and Idle Capital in JJM – Paipra Phase II Project (Division Level)

Inordinate Delay and Idle Capital in JJM Paipra Phase II Project

Name of Work	JJM-Phase II-RWSS to Paipra-Providing full coverage in Paipra Panchayath- Package I
Contractor	Sri A. Dominic
Agreement No. & Date	27/2022-23/SE/PHC/MVPA dated 15.12.2022
Probable Amount of Contract (PAC)	₹28,18,73,986/-
Original Completion Date	30/11/2023
Extended Completion Date	31/03/2026 (4th extension)
Total Expenditure to Date	₹10,84,43,398/-
Bill Status	XII th and Part Bill
Materials in MAS Balance	90mm PVC: 55,665.3m; 110mm PVC: 6,949m; 160mm PVC: 5,925m
Legal Status	Interim Order in WP(C) No. 47848/2025 for release of payments

The technical audit of the work "**JJM-Phase II-RWSS to Paipra-Providing full coverage in Paipra Panchayath- Package I**" reveals a critical failure in project management and administrative coordination. Although the formal agreement for this project was executed on December 15, 2022, the audit observes that the essential applications for Right of Way (ROW) through the portal were significantly delayed and submitted only in the later months of 2023. Despite the lapse of over three years since the project's inception, formal road cutting permission from the PWD has not been obtained to date. This administrative bottleneck persists even though the Kerala Water Authority (KWA) forwarded the required security deposits in the form of Bank Guarantees as early as July and August 2023.

The present status of the work reflects a state of tardy progress, with only 1,114 functional household tap connections (FHTCs) provided against a target of 5,800. While the original completion date was fixed for November 30, 2023, the department has granted four extensions up to March 31, 2026, without imposing fines. Furthermore, a

significant amount of capital remains idle; approximately 5,000 meters of pipe are currently held as balance in the Materials at Site (MAS) account, specifically including 55,665.30 meters of 90mm PVC pipe and 6,949 meters of 110mm PVC pipe.

In this context, the Audit observes that the primary reason for the failure to obtain tar-cutting permission, even after a lapse of three years, stems from the department's delayed initiation of the ROW application process. This persistent lack of progress has directly resulted in the deprivation of potable drinking water to the targeted public. Furthermore, as all retained amounts and deposits were released in compliance with the High Court Judgment in WP(C) No. 47848/2025, the department's financial leverage to ensure the contractor completes the remaining work remains remote. The Division must provide a definitive timeline for completion and justify the lack of corrective actions during the extension periods. A detailed report on the present status of the work along with the documentary evidence of the ROW application shall be submitted to audit for further verification.

XXIV. Irregularity in the Execution of O&M Works via Quotation Method

During the audit of work files pertaining to the **PH Subdivision**, it was observed that Operation and Maintenance (O&M) works within the **Mulanthuruthy** and **Piravom** Sections were executed through the **Quotation Method** rather than the mandatory **Open e-Tender** process. As detailed in the table below, these works covered several major local bodies, indicating a scope of work that necessitates competitive price discovery.

Section	Areas Covered
Mulanthuruthy Section	Mulanthuruthy Panchayath, Edakkaattuvayal Panchayath, and Maneed Panchayath
Piravom Section	Pampakkuda Panchayath, Piravom West Zone, and Ramamangalam Panchayath

This work arrangement strategy stands in direct violation of **G.O. (P) No. 3/2017/SPD dated 11.02.2017**, which mandates that all departmental works exceeding the prescribed financial threshold must be processed through the Electronic Tender System (e-Tendering) to ensure transparency. Furthermore, **KPWD Code (Revised) Para 7.1 and 7.2** stipulate that public tenders are the standard requirement for all works, and the adoption of a quotation-based approach—without a documented "Urgency Certificate" as per **KPWD Code Para 2102**—suggests an intentional attempt to bypass the competitive bidding process.

The use of quotations for recurring O&M works also contradicts **Section 1403 of the KPWD Manual**, which limits such methods to small-value or emergency works where a formal tender is practically impossible. By avoiding the e-Tender platform, the Subdivision has failed to demonstrate that the works were awarded at the most economical market rates, potentially resulting in avoidable expenditure for the exchequer.

In view of these findings, it is requested to provide the specific circumstances that prevented the use of the mandatory e-Tendering platform for these sections must be furnished to Audit for further verification

XXV. Procedural Irregularities, Time Overrun and Cost Escalation in JJM Phase II RWSS to Thirumarady Panchayat

The work "JJM Phase II RWSS to Thirumarady Panchayat – Supply, Laying of Distribution System and Providing FHTC Package II" under PH Division, Muvattupuzha was administratively sanctioned for Rs.4557.56 lakh, with an estimated PAC of Rs.2473.31 lakh. The work was awarded at Rs.2024.64 lakh (2.63% below estimate) vide Agreement No. 30/2022-23 dated 07/02/2023, with stipulated date of completion as 29/07/2023.

Audit scrutiny revealed that the work has not been completed even after the lapse of more than 2½ years from the agreed date of completion. Though extensions of time were granted on several occasions, the latest being up to 30/09/2025, the contractor has again requested further extension up to 03/03/2026. The reasons cited for delay include difficulty in obtaining road cutting permission from PWD, which indicates inadequate planning and failure on the part of the department to ensure timely statutory clearances before commencement of the work.

It was further observed that 13 extra items amounting to Rs.211.25 lakh were introduced during execution, resulting in revision of PAC to Rs.2402.18 lakh as per orders dated 09/01/2026. However, CC Bills up to the 6th and part bill were passed on 17/08/2024 including these extra items, even before according administrative sanction. This constitutes a serious financial irregularity, as payments were effected without prior sanction of competent authority.

Further, the supplemental agreement for the extra items was executed only after passing the CC Bills and revision of estimate, indicating post-facto regularisation of irregular expenditure. Such practice is in violation of established financial rules and undermines financial discipline.

Audit also noticed that no penalty was imposed on the contractor despite abnormal delay and repeated extensions granted, which reflects failure in enforcement of contract conditions and indicates undue favour extended to the contractor.

The above lapses point to deficiencies in planning, contract management and financial control, leading to abnormal delay, irregular execution and cost escalation.

It is observed that

1. The Executive Engineer shall furnish a detailed explanation for non-completion of the work even after repeated extensions, along with the present status of the work and the probable date of completion.
2. Clarification shall be provided regarding the circumstances under which payments were made for extra items prior to obtaining sanction, and the reasons for executing the supplemental agreement only after passing the bills.
3. Justification shall be furnished for non-imposition of penalty as per agreement conditions despite delays in execution.
4. Details of physical progress shall be submitted, including the number of Functional Household Tap Connections (FHTCs) provided.

Part III

1. Local Audit Reports-Pending Paras

IA team has reviewed the pending Paras in Local Audit reports. There are **17** pending Paras under P H Division Muvattupuzha for want of disposal. This includes paras having financial commitments. In spite of repeated directions and reminders, Division failed to submit proper replies for the pending Paras. The details are as follows

P H DIVISION, Muvattupuzha				Total number of Pending Paras
SI NO	YEAR	SI Number of pending paras		
		In Part II A	In Part II B	
1	07-08		IV	1
2	08-09		XVIII	1
3	19-21		IV	1
4	22-24		III,VI,VII,VIII,IX	5
5	24-25		I,II,III,IV,V,VI,VII,VIII,IX	9
			Total	17

It is noticed that some of the replies submitted were not in its proper form and hence this may be revised and submitted.

2. Prolonged Pendency in Settlement of Stock Verification Discrepancies

- During scrutiny of Stock Verification records of the Division, it was observed that seven audit paragraphs relating to stock discrepancies remain outstanding for an inordinate period, pertaining to the period from 04/2017 to 05/2022, including references such as Para IV(b), V(b), VI(b), VII(a, b, e), Para VIII and General Remarks (a, b, c).
- Records indicate that in all the above cases, liabilities have already been assessed and finalized; however, recovery of the assessed amounts has not been effected at the Divisional level, and the delay extending up to nine years in certain cases reflects serious lapses in financial control and ineffective follow-up action.
- The continued pendency of these cases exposes the department to risks such as misappropriation of stores and assets, permanent financial loss, and liabilities becoming time-barred and irrecoverable.
- The failure to settle these long-pending audit paragraphs indicates administrative negligence and lack of accountability in safeguarding public funds.

A comprehensive compliance report, supported by documentary evidence of recovery and settlement, shall be furnished to Audit urgently; any further delay in settlement will be viewed seriously, and responsibility shall rest with the Divisional Officers concerned.

Part IV

Best Practices

NIL

Part V

Acknowledgement

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

SUNIL AUGUSTINE

INTERNAL AUDITOR

Appendix A.

<u>Incumbency details of Executive Engineers from 01.04.2017 to 31.03.2025</u>				
SI No.	Name	Date Joining	of Relieving Date	Remarks
1	Smt.Sheela P K	22/08/2016	02/07/2020	
2	Sri.Harikrishnan M	02/07/2020	11/08/2021	
3	Sri.Manu B	11/08/2021	31/05/2022	
4	Sri.Saji T N T A (Full addl Charge)	31/05/2022	22/07/2022	
5	Smt.Liny Francis PA to SE (Full addl Charge)	22/07/2022	27/07/2022	
6	Sri.Ratheesh kumar S	27/07/2022	12/10/2023	
7	Sri.Ouseph M E (Full Addl charge)	12/10/2023	29/12/2023	
8	Smt.Renjana S Madhavan	29/12/2023	29/12/2023	
9	Sri.Ouseph M E (Full Addl charge)	30/12/2023	08/01/2024	
10	Sri.Prasadh K P	08/01/2024	23/07/2025	
11	Smt Ambily CN(Full Addl charge)	24/07/20205	30/07/2025	
12	Smt Nisha Issac	01/08/2025	continung	

Incumbency details of Technical Assistant from 01.04.2017 to 31.03.2025

SI no	Name	Date Joining	of Relieving Date
1	Smt.V K Jaysree	01/04/2017	28/07/2018
2	Sri.Saji T N	30/07/2018	22/07/2022
3	Smt.Shaijarani V S	22/07/2022	06/05/2023
4	Smt.Ambily C N	10/07/2023	Continue

Incumbency details of Divisional Accounts Officer from 01.04.2017 to 31.03.2025

SI No.	Divisional Accounts Officer	Date of Joining	Relieving Date
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1	Smt.Marykutty Joseph	01/04/2017	31/07/2018
2	Sri.T V Philiphs	01/11/2018	22/08/2019
3	Sri.Pradeepmon Varghese	06/09/2019	25/07/2022
4	Smt.Sreedevi P R	26/07/2022	Continue