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KERALA WATER AUTHORITY

Jalabhavan
Thiruvananthapuram – 695033
Kerala - India

File No. KWA/JB/27/2026-DA3(AUDIT)

Dated: 10-02-2026

UIN:IAR/07/2025-26

KERALAWATER AUTHORITY Internal Audit Wing - Internal Audit Report **W S Division Attingal.**

Team Members

1. Sri.Sunil Augustine, Internal Auditor.
2. Sri.Sivakumar S V, Junior Superintendent .
3. Sri.Aneesh M , Head Clerk
4. Sri. Deepak Nair P, Head Clerk.

Part-1

A. Introduction

The Water Supply Division, Attingal functions under the Public Health (PH) Circle, Thiruvananthapuram, and is entrusted with the operation, maintenance, and execution of deposit works of water supply schemes catering to Attingal Municipality, Varkala Municipality, and the adjoining Grama Panchayaths. The Division plays a vital role in ensuring uninterrupted and safe drinking water supply to both urban and rural areas within its jurisdiction, in accordance with the standards and directives of the Kerala Water Authority.

The Division comprises two Sub Divisions, namely, Water Supply Sub Division, Attingal and Water Supply Sub Division, Varkala, which are responsible for the day-to-day maintenance of water supply infrastructure, execution of approved works, and implementation of deposit and extension schemes. The activities of the Division involve substantial financial transactions, contract management, and administrative control, necessitating periodic audit scrutiny.

An internal audit of the Water Supply Division, Attingal was conducted during the

period from **14.11.2025 to 29.11.2025**, covering the accounts, records, and activities for the period from **April 2019 to March 2025**. The audit was undertaken to examine the propriety of financial transactions, compliance with Kerala Water Authority rules and orders, adherence to contractual conditions, and the effectiveness of internal control mechanisms. The observations noted during the course of audit are detailed in the succeeding parts of this report

Local Audit of AG

Local Audit wing of Resident Audit officer conducted Audit upto 31.03.2024. There are 36 pending paras to be settled under W S Division Attingal.

B.Officers In Charge.

Attached as **Appendix A.**

C.Financial Analysis

Year	2022-23	2023-24	2024-25
Establishment Expenses	Rs.13949535/-	Rs.23493915/-	Rs.88099929/-
Contingency Expenses	Rs.1537341/-	Rs.4467600/-	Rs.2777664/-
Capital Expenditure	Rs.475555381/-	175397633/-	Rs.104505849/-
Maintenance Expenditure	Rs.968303/-	Rs.15560924/-	Rs.27832183/-

D. Objective and Scope of Audit

The objective of audit was to check whether effective Internal Control system existed in the Division and whether the execution of works were carried out as per the relevant Acts and Rules. The scope of Audit included verification of the records relating to viz. Establishment matters, Revenue, work register, tender/agreement register, work files, cash book, monthly accounts and vouchers, etc .

Part II

A.Major Irregularities

NIL

B. Other Incidental Findings

I.Parking of Funds – Division Level

(1).On verification of the Cash Book and Bank Statements as on 31.10.2025, it was observed that substantial amounts of funds have been parked in various bank accounts maintained by the Division, instead of being transferred to the Head Office (HO) account. The details are given below:

Sl. No.	Bank Account No.	Closing Balance as per Bank Statement (Rs.)	Description of Account
1	57034853549	58,16,634	O&M
2	67222693563	32,14,616	State Plan
3	57034853797	1,05,419	Non-Operative

The retention of such huge idle balances in multiple bank accounts is contrary to the provisions of the KWA Financial Code, which stipulates that funds shall be kept only to the minimum extent required for immediate expenditure and that surplus balances shall be promptly remitted to the Head Office account.

(2) Parking of Funds – Sub Division Level

Further verification of the Cash Book and Bank Statements of the Sub Division as on **31.10.2025** revealed that considerable funds are parked in the following accounts:

Sl. No.	Bank Account No.	Closing Balance as per Bank Statement (Rs)	Description of Account
1	67260951825	16,49,397	SPC Deposit
2	57034853232	49,782	Online Account for Tax Remittance

Parking of funds in these accounts, without transferring the surplus to the HO account, is in violation of KWA Financial Code – Part I, rule 72,73 & 74 which mandates effective cash management and avoidance of idle balances.

In view of the above, the parking of funds at both Division and Sub Division levels is highly irregular and in clear violation of the KWA Financial Code.

The concerned officers are directed to:

1. Transfer the amounts unnecessarily parked in the above accounts to the HO account immediately.
2. Furnish detailed written explanations justifying the retention of such huge balances.
3. Ensure strict adherence to the provisions of the KWA Financial Code in future to avoid recurrence.

Non-compliance of the above directions will be viewed seriously, and responsibility will be fixed on the officers concerned as per rules.

II. Non Crediting of time barred /unclaimed securities & EMD's as revenue of KWA

As per Para 15.4.1 (iii) of the Kerala Public Works Accounts (KPWA) Code , all Security Deposits and Earnest Money Deposits (EMDs) remaining unclaimed for more than three years shall be credited to Revenue as lapsed deposits.

Further, Rule 93 of Kerala Financial Code (KFC), Volume I stipulates that amounts not claimed within the prescribed period shall not be retained indefinitely and shall be brought to Government account without delay.

In addition, Rule 47 of KFC, Volume I mandates that proper registers shall be maintained and periodical verification conducted to ensure timely adjustment of deposits and remittances.

On verification of the Security Deposit Register and EMD Register of Water Supply Division, Attingal, it was observed that Security Deposits and EMDs received from contractors in the form of FDRs, NSC, KVP, Post Office deposits, Treasury Deposits and

Term Deposits were not credited to Revenue as lapsed deposits, even after the expiry of the stipulated period of three years.

Audit scrutiny further revealed that:

- Several deposit instruments had expired validity, yet
- No action was initiated by the controlling officers for renewal, release, forfeiture or crediting of such deposits.
- Periodical physical verification of security instruments, as required under Rule 47 of KFC, was not conducted.
- The registers were not reviewed regularly, resulting in accumulation of time-barred and unclaimed securities.

Due to the non-initiation of timely action to credit lapsed deposits to Revenue, the Division failed to realise revenue amounting to Rs.12.92 lakh, causing avoidable loss of revenue to KWA.

Audit identified 37 instances of time-barred and unclaimed Security Deposits, details of which are furnished below:

Security Deposits				
SL.No.	Name of contractor	Name of instrument	Bank/ Treasury/Others	Amount
1	B.Dileepkumar	FD No10032 Dtd.29/04/2012	Melvettur SCB	4000
2	R.Manilal	No.887 Dtd.03/05/2013	NIL	1300
3	T.Thankappan	No.67295300725 Dtd.24/09/2014	SBI	13500
4	Vrindavan Associates	No.67360293226 Datd,22/04/2016	Nil	14300
5	M/s.Nandhu&Radha	No.67373903602 Dtd,25/08/2016	Nil	5800
6	M/s.Nandhu&Radha	Nil	Nil	48200
7	M/s Aqua Purification	Nil	Nil	23500
8	T.Thankappan	No.36822046116 Dtd,29/04/2017	Nil	19000
		No.36822058359		

9	T.Thankappan	Dtd,29/04/2017	Nil	25800
10	T.Thankappan	No.36822059646 Dtd,29/04/2017	Nil	25800
11	K.V.Rajeshkumar	No.20380300004506 Dtd,15/06/2017	Nil	11000
12	VinodBhasker	No.37164897022 Dtd,14/09/2017	Nil	37100
13	B.Vinod	No.37168047740 Dtd,15/09/2017	Nil	39800
14	T.Thankappan	No.37214411154 Dtd,05/10/2017	Nil	24000
15	T.Thankappan	No.37180216000 Dtd,20/09/2017	Nil	34100
15	Ansar	Nil	Nil	3600
16	Sarath Raj	Nil	Nil	5900
17	Sarath Raj	Nil	Nil	4150
18	Sarath Raj	Nil	Nil	4400
19	Sarath Raj	Nil	Nil	3300
20	M/s.Union Electricals	No.328101 Dtd,21/08/2018	Nil	6400
21	VinodBhasker	Nil Dtd,12/11/2018	Nil	45000
22	S.Anilkumar	No.Nil Dtd,23/11/2018	Nil	32400
23	B.S.Sreekumar	No.Nil Dtd,17/12/2018	Nil	4400
24	Sarath Raj	Nil Dtd,25/02/2019	Nil	41150
25	S.Jayakumar	No.799010500	Nil	24250

		Dtd,06/05/2019		
26	Sarath Raj	No.508615 Dtd,25/01/2020	Treasury	11000
27	B.S Sreekumar	No.518687 Dtd,27/01/2020	Treasury	5950
28	G.Bharathan	No.518644 Dtd,22/01/2020	Treasury	42550
29	G.Bharathan	No.220080 Dtd,14/05/2020	Treasury	71300
30	G.Bharathan	Nil Dtd,14/05/2020	Federal Bank	10200
31	G.Asokan	No.0240304 Dtd,27/08/2020	Treasury	4600
32	G.Bharathan	No.10660300107942 Dtd,19/07/2021	Federal Bank	4000
33	S.Anilkumar	No.1773603 Dtd,13/09/2022	Treasury	170200
34	Arunkumar.S O	No.1734762 Dtd,27/09/2022	Treasury	103400
35	Arunkumar.S O	No.1734763 Dtd,27/09/2022	Treasury	103400
36	M/s Water World	No1269782 Dtd,Nil	Treasury	123000
37	B.Rajendran	No.1456847 Dtd,17/12/2022	Treasury	140250

The continued retention of time-barred Security Deposits and EMDs, in contravention of Para 15.4.1 (iii) of KPWA Code and Rules 93 and 47 of KFC, Volume I, indicates serious procedural lapses, ineffective internal control, and lack of supervisory intervention in the Division.

The Division shall Initiate immediate action to forfeit the time-barred and unclaimed securities and credit the amounts to the Revenue / Non-Operative Account of KWA, as

applicable.

1. Conduct periodical physical verification of all Security Deposit and EMD instruments at regular intervals, as prescribed.
2. Ensure strict maintenance and review of Security Deposit and EMD Registers.
3. Fix responsibility on the officials concerned for non-compliance with codal provisions.
4. Intimate compliance to Audit without further delay.

III.Trial Balance- Accounting Defects

As per Rule 32 of the Kerala Financial Code (KFC), Volume I, all monetary transactions shall be accurately classified and recorded under the appropriate heads of account, and balances shall correctly reflect the financial position of the office.

Further, Rule 36 of KFC, Volume I stipulates that advances shall be adjusted promptly and shall not be allowed to remain outstanding for unduly long periods.

As per Rule 52 of KFC, Volume I, all recoveries and deductions effected from employees and contractors shall be remitted to the appropriate account without delay, failing which the liabilities will be overstated.

In addition, Para 11.2 of the KPWA Code prescribes that trial balances shall be reviewed periodically and discrepancies reconciled in liaison with the Accounts Wing / Head Office.

On verification of the Trial Balance as on 31.03.2025 of the Division, the following defects and irregular balances were noticed, indicating misclassification, non-adjustment and incorrect settlement of advances and liabilities:

Account Code	Dr/Cr Balance	Amount	Remarks
1661	Credit	18184560/-	This resulted in the over settlement of advances than expenditure
1651(Adv. for travelling)	Debit	13/-	Due to short settlement of advances taken
1659	Credit	62132/-	This resulted in the over settlement of advances than expenditure
1662(Adv to Suppliers)	Debit	10197228/-	Due to non settlement of advances given to suppliers
1669(Adv to Contractors-Bank loan)	Credit	25639613/-	Over settlement of advances than expenditure
2731(EMD of contractors)	Debit	616357/-	Over settlement of advances than deposit received
2821(HR deductions)	Credit	4134/-	Over statement of current liability due to non remittance of rent recovered from employees

2829(Other deductions)	Credit	652820/-	Over statement of current liability due to non remittance of rent recovered from employees
2899(Other dues)	Credit	9535/-	Over statement of current liability due to non remittance of rent recovered from employees

Audit also noticed that other variations exist in the Trial Balance, which were not analysed or reconciled.

The abnormal debit and credit balances indicate:

- Improper adjustment of advances, in violation of Rule 36 of KFC, Volume I.
- Incorrect classification of deposits and liabilities, contrary to Rule 32 of KFC, Volume I.
- Non-remittance of recoveries, resulting in over-statement of liabilities, in contravention of Rule 52 of KFC, Volume I.
- Lack of periodic review and reconciliation of accounts, as required under KPWA Code provisions.

The presence of persistent and abnormal balances in the Trial Balance as on 31.03.2025 reflects serious deficiencies in accounting controls and financial management. Failure to reconcile and rectify these discrepancies compromises the accuracy and reliability of the financial statements of the Division.

The Division shall:

1. Rectify all abnormal balances in the Trial Balance by carrying out detailed scrutiny and reconciliation.
2. Settle all outstanding advances immediately, in accordance with Rule 36 of KFC, Volume I.
3. Remit all recoveries and deductions to the appropriate Government / KWA accounts without delay.
4. Conduct comprehensive reconciliation of Trial Balance in liaison with the Head Office Accounts Wing, as prescribed.

Intimate compliance details to Audit with documentary evidence.

IV. Non-accounting /remittance of Centage Charges

As per Order No. KWA/JB/P2/663/17 dated 24-09-2018 issued by the Managing Director, Kerala Water Authority, the rate of centage charges has been revised and fixed as follows:

- **13.78%** (or applicable rate) in respect of works executed for Local Self Government Departments (LSGDs) and Quasi-Government Organisations, and
- **22.5%** in respect of works executed for Private Parties.

On verification of the Deposit Register, Trial Balance, and connected records, it is observed that centage charges have not been accounted under the prescribed Head of Account 6515, nor remitted to the Non-Operative Account, as required.

Despite substantial deposits received from LSGDs during the period under audit, no centage charges have been booked, indicating clear non-compliance with the directions of the Managing Director.

The details of centage charges liable to be collected and remitted, as worked out from the deposit register for the period 2021-22 to 2024-25, are furnished below:

Financial Year	Deposited by	Deposited Amount	Centage Charge calculated @13.78%
2021-2022	LSGDs	70092609/-	9658761/-
2024-2025	LSGDs	38120895/-	5253059/-
Total		10,82,13,504/-	1,49,11,820/-

Further scrutiny revealed that deposits pertaining to the period from 2022-23 to 2023-24 have not been credited as per tally records, which is found to be suspicious and warrants detailed verification.

It is also noticed that the entire deposit amounts received from LSGDs and other departments were immediately transmitted to the Head Office account on receipt, without segregating and apportioning the centage portion. Due to the failure to intimate the centage component to the Finance Member & Chief Accounts Officer (FM & CAO), the said amount has not been accounted as revenue income of KWA, as it should be.

As per Rule 6 and Rule 7 of the Kerala Financial Code, Volume I, all receipts due to Government or Autonomous Bodies shall be correctly classified, promptly accounted for, and remitted without delay. Further, Rule 48 of KFC stipulates that failure to account for revenue receipts constitutes financial irregularity.

Centage charges being revenue income of Kerala Water Authority, the non-accounting and non-utilization of the same has resulted in loss of revenue to the Authority, adversely affecting its financial position.

Audit Observation

- Non-booking of centage charges under Head of Account **6515**
- Non-remittance of centage charges to the Non-Operative Account
- Non-compliance with Managing Director's order dated 24-09-2018
- Violation of provisions of Kerala Financial Code
- Possible suppression / misclassification of revenue

The Division shall:

1. Calculate and account centage charges for the entire period from inception, including previous years.
2. Immediately book the centage charges under the correct Head of Account (6515).

3. Remit the centage charges to the Non-Operative Account without further delay.
4. Reconcile deposits for the period 2022-23 to 2023-24 and explain discrepancies with supporting records.
5. Intimate FM & CAO with year-wise details for proper revenue accounting.
6. Initiate corrective measures and fix responsibility for the lapses noticed.
7. Report compliance to Audit within the stipulated time.

V. Conveyance Allowance-Irregularity noticed

During the audit, on verification of the Service Books of certain incumbents under W S Division Attingal of Kerala Water Authority, it was noticed that Conveyance Allowance (CA) has been sanctioned and drawn without the sanction/authentication of the competent authority, in contravention of the provisions of the Kerala Financial Code and Government Orders.

The details of irregular drawal are furnished below:

1. Smt. Saranya S. Sasidharan, Surveyor Grade-II

The incumbent joined service on 26.06.2020 and has been drawing Conveyance Allowance from the date of joining onwards without sanction by the competent authority. As per existing Government Orders, Conveyance Allowance admissible to physically challenged employees shall be sanctioned only by the Chief Engineer. The drawal of CA without such sanction is therefore irregular.

2. Cases of drawal without prior sanction

Sl.No	Name	Designation	Date of Joining
1	Sri.Sanil.D (G77380)	D'Man Grade-II	01/07/2024
2	Sri.Abhilash S Kumar (G69155)	Overseer Grade-III	30/12/2022

3. Smt. Ramla A. K., UD Clerk

The incumbent joined service on 28.04.2021 and has been drawing Conveyance Allowance from the date of joining onwards without sanction/authentication by the competent authority, which is irregular.

Rules Violated

The irregularities noticed are in violation of the following provisions:

- Kerala Financial Code, Volume I
 - **Rule 7:** Every Government servant is responsible for exercising the same vigilance in respect of expenditure incurred from public funds as a person of ordinary prudence would exercise in respect of expenditure of his own money.

- o **Rule 29:** No authority shall incur or authorise expenditure from public funds unless such expenditure is covered by a valid sanction of the competent authority.
- o **Rule 33:** All claims against Government shall be supported by proper sanction and vouchers, and the Drawing and Disbursing Officer (DDO) is personally responsible for the correctness of the claims.
- o **Rule 92:** The DDO shall ensure that pay and allowances are drawn strictly in accordance with rules and orders in force and that no payment is made without proper authority.
- o Conveyance Allowance to physically challenged employees is admissible only with the sanction of the Chief Engineer. Drawal without such sanction is irregular and liable for recovery unless regularised by the competent authority.

The sanction and drawal of Conveyance Allowance in the above cases are not in accordance with the provisions of the Kerala Financial Code and Government Orders, due to absence of sanction by the competent authority. The expenditure incurred is therefore irregular and constitutes a lapse on the part of the controlling officers/DDOs concerned.

The Controlling Officer / Drawing and Disbursing Officer shall:

1. Obtain ex-post facto sanction from the competent authority (Chief Engineer), wherever admissible under rules, or
2. Recover the irregularly drawn amount from the incumbents concerned, in accordance with the provisions of the Kerala Financial Code and Government Orders, and report compliance to Audit without delay.

Further, all similar cases, if any, shall be reviewed forthwith, and corrective action taken to ensure strict compliance with the Kerala Financial Code and Government Orders in future.

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

As per the provisions of the Apprentices Act, 1961 read with the Apprenticeship Rules, Government of India shall reimburse 25% of the prescribed stipend, subject to a maximum of Rs.1,500/- per month per apprentice, to all employers engaging apprentice trainees, through the National Apprenticeship Promotion Scheme (NAPS).

On verification of the Trial Balance, Stipend Register, and related records, it is noticed that reimbursement claims have not been preferred through the Skill India Portal for the eligible period. Although reimbursement under NAPS 2.0 was discontinued with effect from March 2022, the stipend disbursed during the period June 2019 to March 2022 was fully eligible for reimbursement.

However, no claim has been submitted for the said period, resulting in non-realisation of Government dues amounting to Rs.10,02,207/-, as detailed below:

Year	Stipend disbursed	Reimbursement portion
2019-22	4008830/-	10,02,207/-

This constitutes a lapse in financial management and is in violation of Rule 3 of

Kerala Financial Code, Volume I, which stipulates that all Government dues shall be promptly assessed, **claimed**, and realised. Further, as per Rule 10.4 of KFC, it is the responsibility of the controlling officer to ensure that all eligible claims are properly preferred and accounted for.

The failure to prefer reimbursement claims has resulted in avoidable financial loss to the Authority, warranting explanation.

Immediate action shall be taken to:

1. Prefer reimbursement claims for the eligible period (06/2019 to 03/2022) through the Skill India Portal, if permissible under extant Government of India guidelines, and
2. Intimate the action taken and amount realised to Audit without delay.

VII.(1) GIS & SLI W S Dn Attingal

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. Anju U , Overseer Gr III
2. Anil kumar K, Head operator
3. Sreelakshmi R S , O A

(b). Non deduction of SLI

1. mukesh M L , meter reader
2. Anju U , Overseer Gr III
3. Anil kumar K, Head operator
4. Sajan V P , Worker
5. Vishnu V J, Worker
6. Sreelakshmi R S , O A

(c). Short Recovery of GIS & SLI

Sl No	Name of Employee	Designation	Pay	Pay +18%DA	1.5% of Pay	SLI recovered	Short recovery of SLI	GIS recovered	Short recovery of GIS
1	MUNEERSHA M	FITTER	29500	34810	522	600	0	500	22

2	BIJI M	Head clerk	55200	65136	977	300	677	505	472
3	ASHAR M H	HEAD OPERATOR	47800	56404	846	1000	0	800	46
4	GIREESH G	HEAD OPERATOR	47800	56404	846	1300	0	800	46
5	RAJESH V	HEAD OPERATOR	59300	69974	1050	1000	50	1000	50
6	SAJITH KUMAR S	HEAD OPERATOR	55200	65136	977	1000	0	800	177
7	SUHEER A	HEAD OPERATOR	47800	56404	846	800	46	800	46
8	VINEETH V S	HEAD OPERATOR	47800	56404	846	1000	0	800	46
9	VEERENDRAKU MAR	METER INSPECTO R	51400	60652	910	800	110	800	110
10	MUKESH M L	METER READER	25800	30444	457	0	457	800	0
11	GIRIJA G R	OA	28700	33866	508	700	0	500	8
12	BYJUMON R S	OPERATOR	44500	52510	788	700	88	800	0
13	RAJEEV T	OPERATOR	44500	52510	788	700	88	800	0
14	REJITH R	OPERATOR	44500	52510	788	300	488	800	0
15	SAJEEV KUMAR K	OPERATOR	45600	53808	807	300	507	800	7
16	SHAJEER S A	OPERATOR	43400	51212	768	300	468	800	0
17	SUJITH S	OPERATOR	45600	53808	807	1000	0	800	7
18	ANJU U	OVERSEER GR III	27200	32096	481	0	481	0	481
19	ARUN C P	SENIOR PLUMBING INSP	50200	59236	889	1600	0	800	89
20	SISURAJ K L	UNSKILLED WORK ER	52600	62068	931	300	631	1000	0
21	SUNIL R	WORKER	53900	63602	954	300	654	800	154
22	JAYAKUMARI P	AE	71800	84724	1271	500	771	1000	271
23	ANILKUMAR K	HEAD OPERATOR	55200	65136	977	0	977	0	977
24	BINOY P	HEAD OPERATOR	47800	56404	846	1000	0	800	46
25	SURESHBABU C	HEAD OPERATOR	52600	62068	931	300	631	800	131
26	PREMLINA T	OA	25100	29618	444	500	0	400	44
27	ARUN DAS S S	OPERATOR	44500	52510	788	700	88	800	0
28	SINDU V	UDC	60700	71626	1074	800	274	1000	74
29	SAJAN V P	WORKER	23000	27140	407	0	407	800	0
30	VISHNU V J	WORKER	23000	27140	407	0	407	800	0
31	SABU S L	AEE	93400	11021 2	1653	2000	0	1500	153

32	ASWATHY R	DMAN GR II	32000	37760	566	500	66	500	66
33	REKHA K R	HC	60700	71626	1074	600	474	800	274
34	SREELAKSHMI R S	OA	23000	27140	407	0	407	0	407
35	ANIL KUMAR A R	UDC	46700	55106	827	500	327	800	27

2. GIS & SLI(W S Sub dn Varkala)

(a). Non deduction of GIS

- 1.Nandhu A, Meter Reader
- 2.Vijimol V, Overseer Gr II
- 3.Lekshmi Salim, D Man Gr I

(b). Non deduction of SLI

- 1.Lekshmi Salim,Dman Gr I

(c). Short Recovery of GIS & SLI

sl no	Name of Employee	Designation	Pay	Pay +18%DA	1.5% of Pay	SLI recovered	Short recovery of SLI	GIS recovered	Short recovery of GIS
1	DEEPTHI S CHANDRAN	AEE	85000	100300	1505	600	905	1000	505
2	NANDU A	METER READER	25800	30444	457	0	457	800	0
3	SUJITH S	PLUMBER	29500	34810	522	500	22	800	0
4	SHEEBA BABY	Head clerk	56500	66670	1000	300	700	800	0
5	GOPALAKRISHNA PILLAI	AE	63700	75166	1127	1000	127	500	627
6	AJITH R	HEAD OPERATOR	47800	56404	846	1000	0	800	46
7	DEEPU B	HEAD OPERATOR	47800	56404	846	800	46	800	46
8	JOY D	HEAD OPERATOR	50200	59236	889	300	589	800	89
9	SATHEESAN S	LASCAR	28700	33866	508	500	8	800	0
10	NIYAS M N	METER INSPECTOR	49000	57820	867	1000	0	800	67
11	GEORGE A	METER READER	46700	55106	827	1000	0	800	27

12	PRAVEENKUMAR	METER READER	56500	66670	1000	300	700	800	200
13	RENADEV S S	OPERATOR	44500	52510	788	700	88	800	0
14	VIJIMOL V	OVERSEER GR II	27200	32096	481	0	481	600	0
15	KAVITHA K	UDC	51400	60652	910	800	110	800	110
16	PREM MOHANG	UDC	53900	63602	954	300	654	800	154
17	NAZEERKHANA	Unskilled Worker	42300	49914	749	700	49	800	0
18	NASEER M	UNSKILLED WORKER	63700	75166	1127	500	627	800	327
19	GIREESH KUMAR S	DMAN GR I	51400	60652	910	1200	0	400	510
20	LEKSHMI SALIM	DMAN GR I	36500	43070	646	0	646	0	646
21	AJITHKUMAR G	HEAD CLERK	55200	65136	977	1000	0	800	177
22	ANJANA RAJAN	UDC	35600	42008	630	500	130	800	0
23	AJAYESH K V	UDC	51400	60652	910	1000	0	400	510

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. Maintaining of Current Account for Establishment (Salary) Purpose – Irregular

On verification of the Cash & Bank Management Register (CMR) and Bank Reconciliation Statement, it is noticed that the Establishment/Salary transactions of the Division are being routed through Current Account No. 67162430511 maintained at SBI, Varakkala Branch.

It is observed that the said account is maintained as a Current Account, which is in clear violation of existing instructions issued by Head Office, wherein it has been categorically directed that ARUs shall not maintain Current Accounts for Establishment or Salary purposes, and that all such transactions shall be operated only through Savings Bank (SB) Accounts.

As per Kerala Financial Code, Volume I, Rule 92 & Rule 140, Government money shall be kept only in approved interest-bearing accounts unless otherwise specifically permitted by Government. Further, Rule 89 of KFC, Volume I stipulates that idle balances of Government funds shall be avoided and all reasonable steps shall be taken to ensure accrual of interest on public funds.

As on 31.03.2025, an amount of Rs.6,50,488/- is lying in the said Current Account. Since Current Accounts do not earn interest, the Division has suffered avoidable loss of Government revenue due to non-accrual of interest. No sanction or exemption from the competent authority has been produced to justify the maintenance of a Current Account for

Establishment purposes.

The continuation of a Current Account for salary transactions is therefore highly irregular, financially imprudent, and contrary to Government financial discipline, besides being in violation of KFC provisions and Head Office directions.

Audit Conclusion

The maintenance of a Current Account for Establishment purposes has resulted in avoidable financial loss to Government and reflects non-compliance with statutory financial rules and administrative instructions.

1. Immediate action shall be taken to convert the existing Current Account into a Savings Bank Account without further delay.
2. A compliance report along with documentary evidence shall be furnished to Audit.
3. Responsibility shall be fixed for non-compliance of Head Office instructions and violation of KFC provisions.
4. Future maintenance of accounts shall strictly adhere to Kerala Financial Code and Government orders.

IX. Missing Remittance of Water Charges in Non-Operative Account

On verification of the Bank Statement of the Non-Operative Account (A/c No. 57023195953) maintained by the Division, it is observed that water charges collected during the period from 01-02-2025 to 11-02-2025 have not been remitted into the bank. Consequently, the said amount is not reflected in the Bank Statement for February 2025.

This constitutes a serious lapse in financial discipline, as all Government receipts collected shall be remitted into the Government account without delay.

As per Rule 7 and Rule 92 of the Kerala Financial Code, Volume I, all moneys received on behalf of Government shall be promptly and fully credited into the appropriate bank account, and retention of Government money outside the authorized account is strictly prohibited. Further, Rule 150 of KFC, Volume I stipulates that personal responsibility is fixed on the officer handling cash for any delay or failure in remittance of receipts.

The non-remittance of collected water charges also violates the Government of Kerala general financial principles, which mandate daily or next-working-day remittance of revenue collections to ensure transparency, prevent misappropriation, and facilitate accurate accounting.

In the absence of bank credit, the correctness of revenue accounting and reconciliation cannot be ensured, and the possibility of temporary misutilization or misappropriation of Government funds cannot be ruled out.

The Division is therefore directed to:

1. Produce documentary evidence such as bank challans, scrolls, or remittance statements evidencing the remittance of water charges collected during February 2025,

2. Explain the reasons for delay/non-remittance, and
3. Fix responsibility on the officer(s) concerned, failing which the amount is liable to be treated as temporary misappropriation, attracting action under relevant provisions of KFC and Government Rules.

X. Bank Reconciliation statement -Irregularities

1. Operative Account

(A/c No. 67162430511 – WS Sub Division, Varkala)

On scrutiny of the Bank Reconciliation Statement of the Operative Account for the month of 05/2025, the following irregularities were noticed:

a) Non-accounting of Bank Charges

An amount of Rs.78/- debited by the bank towards bank charges has been reflected in the bank statement. However, the same has not been accounted in the Cash Book, resulting in understatement of expenditure.

This is in violation of Rule 92 of the Kerala Financial Code, Volume I, which stipulates that all bank debits shall be promptly accounted in the Cash Book.

b) Outstanding Cheques – Non-cancellation of Outdated Cheques

An amount of Rs.38,011/- is shown under *cheques issued but not presented for payment* as per List-D of the reconciliation statement. Out of this, Rs.25,555/- pertains to outdated cheques, which remain uncanceled and uncredited to the Cash Book.

Failure to cancel outdated cheques and recredit the amount constitutes improper maintenance of accounts, contravening Rule 91(b) and Rule 96 of KFC Volume I, which mandate timely review of outstanding items and accurate reflection of balances.

2. Non-Operative Account

(A/c No. 57023195955)

On verification of the bank statement and the Non-Operative Account Control Register, it is noticed that Bank Reconciliation has not been carried out, which is a serious financial irregularity.

- Balance as per Bank Statement as on 30/04/2025 : Rs.2,360/-
- Balance as per Cash Book as on 30/04/2025 : Nil

The opening balance and closing balance have not been recorded in the Cash Book, and reconciliation has not been done.

Due to the non-reconciliation of the Non-Operative Account, the correct financial position of the account could not be ascertained, which adversely affects the reliability of the accounts.

This is in gross violation of Rule 92 and Rule 124 of Kerala Financial Code, Volume I, and also contrary to the accounting discipline prescribed under Government of Kerala Treasury and Accounting Rules. Non-reconciliation of bank accounts also violates the financial control norms prescribed for Kerala Water Authority.

Audit Conclusion

Non-accounting of bank charges, non-cancellation of outdated cheques, and failure to reconcile the Non-Operative Account indicate weak financial control and improper supervision. Such lapses, if continued, may lead to misstatement of accounts and financial irregularities.

1. Bank charges shall be immediately accounted in the Cash Book.
2. Outdated cheques shall be cancelled forthwith and the amount recredited to the Cash Book.
3. Bank reconciliation of the Non-Operative Account shall be completed without delay.
4. Opening and closing balances shall be properly recorded in the Cash Book.

Responsibility for lapses shall be fixed, and strict compliance with KFC and Government rules shall be ensured in future

XI. Bank charges W S Sub Dn Varkala

On random verification of the bank statement of the Non-Operative Account of Kerala Water Authority – W.S. Sub Division, Varkala for the period 01-01-2021 to 31-07-2022, it is noticed that the bank has levied Monthly Average Balance Charges (MAB – CHGSBCH) and allied debits on several occasions, on the ground that the prescribed minimum balance was not maintained during the relevant months. In addition, debits towards FID Loans are also seen.

A total of 39 instances of such debits have been noticed during the above period, the details of which are furnished in the statement appended. These charges represent avoidable expenditure and have resulted in recurring financial loss to KWA due to improper maintenance and monitoring of the Non-Operative Account.

Sl no	Date	Description	Amount
1	01-01-2021	MAB CHGSBCH	593.03
2	31-01-2021	MAB CHGSBCH	1.97
3	01-02-2021	MAB CHGSBCH	593.03
4	20-02-2021	FID LOANS	178.50
5	28-02-2021	MAB CHGSBCH	1.47
6	01-03-2021	MAB CHGSBCH	593.53
7	31-03-2021	MAB CHGSBCH	1.97
8	03-04-2021	MAB CHGSBCH	593.03
9	30-04-2021	MAB CHGSBCH	1.97
10	03-05-2021	MAB CHGSBCH	593.03
11	31-05-2021	MAB CHGSBCH	1.97
12	03-06-2021	MAB CHGSBCH	593.03
13	30-06-2021	MAB CHGSBCH	1.97
14	02-07-2021	MAB CHGSBCH	593.03

15	31-07-2021	MAB CHGSBCH	1.97
16	02-08-2021	MAB CHGSBCH	593.03
17	31-08-2021	MAB CHGSBCH	1.97
18	01-09-2021	MAB CHGSBCH	588.03
19	17-09-2021	FID LOANS	177.00
20	30-09-2021	MAB CHGSBCH	1.97
21	01-10-2021	MAB CHGSBCH	588.03
22	01-11-2021	MAB CHGSBCH	588.03
23	30-11-2021	MAB CHGSBCH	1.97
24	01-12-2021	MAB CHGSBCH	588.03
25	31-12-2021	MAB CHGSBCH	1.97
26	01-01-2022	MAB CHGSBCH	588.03
27	31-01-2022	MAB CHGSBCH	1.97
28	01-02-2022	MAB CHGSBCH	588.03
29	28-02-2022	MAB CHGSBCH	1.97
30	02-03-2022	MAB CHGSBCH	588.03
31	31-03-2022	MAB CHGSBCH	1.97
32	02-04-2022	MAB CHGSBCH	588.03
33	30-04-2022	MAB CHGSBCH	1.97
34	04-05-2022	MAB CHGSBCH	588.03
35	31-05-2022	MAB CHGSBCH	1.97
36	01-06-2022	MAB CHGSBCH	588.03
37	30-06-2022	MAB CHGSBCH	1.97
38	01-07-2022	MAB CHGSBCH	588.03
39	31-07-2022	MAB CHGSBCH	1.97

Audit Findings

1. The levy of MAB charges indicates failure to ensure maintenance of minimum balance as stipulated by the bank, which reflects lapse in financial management and supervision.
2. The Non-Operative Account ought to have been maintained strictly as per departmental instructions, without attracting penal charges.
3. The debits were not promptly reviewed, disputed, or reversed with the bank, resulting in accumulation of loss over an extended period.
4. Verification of bank statements prior to 01-01-2021 has not been produced for audit, indicating incomplete scrutiny of earlier periods.

Violation of Rules

- Kerala Financial Code (KFC)
 - Rule 12 & Rule 22: Mandates that Government money shall be handled with due care and economy, and avoidable expenditure shall not be incurred.
 - Rule 47: Drawing and Disbursing Officers are responsible for ensuring that public funds are managed efficiently and losses are prevented.

- General Financial Principles of Government of Kerala
 - All officers entrusted with financial powers shall ensure prudence, economy, and avoidance of wasteful expenditure.
 - Any loss sustained to Government due to negligence shall be fixed on the responsible officials.

The levy of repeated MAB charges is an irregularity of serious nature, leading to avoidable loss to KWA.

1. Immediate action shall be taken to take up the matter with the concerned bank for reversal/refund of the MAB charges, citing the lapses noticed.
2. In case the bank fails to reverse the amount, the loss sustained to KWA shall be made good from the officials responsible, as per rules in force.
3. Bank statements prior to 01-01-2021 shall be verified in detail, rectified wherever necessary, and a compliance report submitted to Internal Audit without delay.
4. Necessary instructions shall be issued to ensure that such lapses do not recur in future.

XII.Charge not Imposed on Returned Cheque of water charge

W S Sub Dn Varkala

During the random verification of the bank statements of the Non-Operative Account of W.S. Sub Division, Varkala, it was observed that in certain cases of dishonour of cheques remitted towards water charges, the consequential financial and accounting actions were not carried out as required.

It is noticed that when the cheques remitted by consumers towards water charges were returned unpaid by the bank, the original credit given to the consumer's account was not reversed, and the outstanding water charge liability was not reinstated in the billing system. Though the bank reversed the transaction and debited the amount to the Division's account, the corresponding debit was not effected in the respective consumer ledgers.

Further, the bank charges/penalty levied by the bank for the returned cheques were not debited to the concerned consumers' accounts, resulting in avoidable financial loss to the Authority and understatement of consumer dues.

Sl no	Date	Description	Amount
1	20-02-2021	OUT-CHQ RETURN 85Alterations on instrument-other than Date field	2,669.00
2	17-09-2021	OUT-CHQ RETURN 05Pl contact Drawer/Drawee Bank and present again	14,604.00

Rule Position

- As per the Kerala Water Authority Water Supply Regulations, the liability of water charges remains with the consumer until realisation of payment, and any payment dishonoured by the bank shall be treated as non-payment.

- As per KWA Accounting Rules and Procedures, all dishonoured cheque amounts shall be re-debited to the concerned consumer accounts, and the related bank charges shall be recovered from the consumer.
- As per Government Financial Rules (KFR), any loss arising due to non-recovery of dues and charges shall be viewed seriously, and responsibility shall be fixed on the officers concerned.

Audit Observation

Non-reversal of dishonoured cheque credits and non-debiting of bank charges have resulted in:

- Understatement of water charge arrears
- Non-recovery of bank penalty charges
- Incorrect consumer ledger balances
- Potential revenue loss to KWA

The Sub Division shall:

1. Collect complete details of dishonoured cheques relating to water charge remittances from 2019 to the current date from the concerned bank.
2. Reverse the original credit entries in the consumer accounts for all such dishonoured cheques.
3. Reinstate the outstanding water charge amounts in the billing system.
4. Debit the bank return charges/penalties to the respective consumers' accounts as per rules.
5. Effect recovery of the amounts due and update the records accordingly.
6. Submit a detailed compliance report with documentary evidence to the Internal Audit Wing without further delay.

Failure to take timely corrective action shall be viewed seriously and may attract further action as per rules.

XIII. Service Book

(1). Leave Account –Irregularities noticed

On verification of the Service Book of Smt.Mubeenabeevi ,D man Gr II, several irregularities noticed in the leave account. The Earned leave and commuted leave taken has not seen deducted in the leave account. Hence it is hereby directed to regularize the leave account of the incumbent and submit with proper authentication before the conclusion of the audit

(2) 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 and their sub divisions the leave at the rate of 1/11 has not been re-casted yet.

- a. Sinishath,D'Man Grade-II, Water Supply Division Atingal
- b. Asik.P,UD Clerk, Water Supply Division Atingal
- c. Deepa Raj.J R,LDC, Water Supply Division Atingal
- d. Suheer.A,Operator, Water Supply Sub Division Atingal
- e. Syam.C L, Operator, Water Supply Sub Division Atingal
- f. Jayakumari.P,AE, Water Supply Sub Division Atingal
- g. Simi.C,D'Man Grade-I, Water Supply Sub Division Atingal
- h. Ajith.R,Operator, Water Supply Sub Division Varkala
- i. Anjana,UDC, Water Supply Sub Division Varkala
- j. AkhilRaj.R,Unskilled Worker, Water Supply Sub Division Varkala

(3) Non-Deduction of Paternity Leave from E/L Account

(a)Rajeev.T,Operator Water Supply Sub Division Attingal has availed paternity leave for 10-days from 04/05/2022 to 13/05/2022. In the earned leave calculation, above Leave were not seen deducted from earned leave account.

(b)Ajith.R,Operator Water Supply Sub Division Varkala has availed paternity leave for 10-days from 21/04/2015 to 30/04/2015. In the earned leave calculation, above Leave were not seen deducted from earned leave account

(4)Non-Deduction of Leave taken from E/L Account

- i. Sinishath.R,D'Man Grade-I,Water Supply Division Attingal has availed 6 days of Commuted Leave taken during the period from 01/07/2023 to 21/07/2023. In the earned leave calculation 6 days was not seen deducted from earned leave account.
- ii. Bipin Joseph,JS, Water Supply Division Attingal has availed 14 days of Commuted Leave during the period from 02/05/2024 to 15/05/2024. In the earned leave calculation 14 days was not seen deducted from earned leave account.
- iii. KavithaK,LDC Water Supply Sub Division Varkala has availed 2 days of Commuted Leave during the period from 22/04/2024 to 23/04/2024. In the earned leave calculation these days was not seen deducted from earned leave account.
- iv. Ramla.A K,UDC, Water Supply Sub Division Varkala has availed 8 days of Earned Leave during the period from 04/07/2024 to 11/07/2024. And She has availed Special casual leave for 7-days on medical ground(Covid-19). In the earned leave calculation 8 days of Earned Leave and 7-days of Special casual leave was not seen deducted from earned leave account
- v. Remya.M,D'Man-I Water Supply Sub Division Varkala has availed 5 days of Commuted Leave during the period from 13/05/2025 to 17/05/2025. In the earned

leave calculation 5 days was not seen deducted from earned leave account.

- vi. Sreesankar.V S,UDC, Water Supply Division Attingal has availed Special casual leave for 5-days from 10/06/2022 to 14/06/2022 on medical ground(Covid-19). In the earned leave calculation 5 days was not seen deducted from earned leave account.
- vii. Prem Mohan,UDC, Water Supply Sub Division Varkala:-Earned Leave taken is not accounted during calculation of earned leave account.Earned Leave account is not updated on taking earned leave.Earned Leave not calculated during the period from 01/03/2023 to 31/08/2025 and commuted leave from 28/03/2023 to 05/04/2023 not accounted for. This should be rectified and intimated to audit.

(5) Non-Deduction of Dies-Non from E/L Account

Sinishath.R,D;Man-I- 28/03/2022 & 29/03/2022

BibinJoseph,JS -21/01/2025

Sabitha.G,OA -28/03/2022 & 29/03/2022

Bindu.P,OA -28/03/2022 & 29/03/2022

(5) Erroneous calculation of Half Pay Leave Account

On verification of the Service Book Vol I of Sri Anilkumar G ,HeadOperator, WS Subdivision, Attingal it is noticed that the balance HPL arrived as on 31.12.2015 is 164 nos. But on carrying over the leave account in Vol II of the Service book, the leave account has been freshly calculated from the date of joining ,ie 1.1.2005 to 31.12.2019 and the balance calculated as 300 nos.,which is erroneous. The same shall be rectified and intimated.

(6) Irregular increment sanctioned.

a)On verification of the Service Book of Smt Geethu Sugathan, D Man Gr II, WS Sub division Varkala the following points were noticed

The incumbent joined duty as Overseer Gr III on 19.06.2023. Then she was appointed as D Man Gr II through KPSC and joined duty on the 18.11.2023 .First increment sanctioned wef 1.06.2024 is irregular as the incumbent is eligible for increment only wef 01.11.2024.The same may be rectified

b)On verification of the Service Book of Smt.Anjana TS, D Man Gr II, WS Sub Division Attingal the following points were noticed

The incumbent joined duty as Overseer Gr III on 29.09.2022.Then she was appointed as D Man Gr II through KPSC and joined duty on the 24.05.2023.First increment sanctioned wef 1.09.2023 is irregular as the incumbent is eligible for increment only wef 1.05.2024.The same may be rectified.

Arrears irregularly claimed if any may be recovered and intimated.

XV.DCB arrears of water charge(W S Sub Dn Varkala)

On verification of the DCB statement as on 31/10/2025 it is seen that the following amounts are pending against various categories.

Domestic : 36829087/-

Non Domestic : 3816659/-
 Industrial :434976/-
 Special :51587/-
TOTAL - 41132309/-

Reason for this huge arrears and action taken to collect the amount shall be reported to audit.

XVI. Huge arrears of water charge (W S Sub Dn Varkala)

On the scrutiny of arrear list of consumers under W S Sub division Varkala , it is noted that following consumers have huge arrears as noted below. Urgent action may be taken to recover the arrear amount and the fact may be reported to audit.

Sl no	particulars	Nos	Consumer no
1	Between 2 lakh to 3 lakh	2	VAR/3285/N VAR/5185/N
2	Between 1 lakh to 2 lakh	10	
3	Between 50,000 to 1 lakh	9	
4	Between 25,000 to 50,000	41	

XVII. Unmarking Revenue recovery after the settlement of arrears in eAbacus (W S Sub Dn Varkala)

On the random verification of the Revenue Recovery register for the month of September 2025 , it is seen that after the settlement of balance outstanding arrears by the Consumers, it has not been unmarked in the "RR Recommendation " in the eAbacus. This likely stems from a reconciliation error between recorded payments and the underlying accounting records. Improper workflow procedures leading to inconsistencies, duplications and confusions. Due to the human errors from the officials lead to wasting time and effort of the consumer by contacting the KWA ,providing proof of payment and resolving the administrative error. The period prior to September 2025 shall also be verified and reported to Internal Audit.

XVIII.Non compliance of Order to confiscate/ allocate the deposit amount of Special /casual connections towards pending water charges

As per Order No. KWA/HO/RMC/R1/1054/2020 dated 30.01.2021, of the Accounts Member, directions were issued to intensify the realization of water charges of Special/Casual connections .As part of it directions were issued to allocate the deposit amount of the defaulted Special Casual consumers towards the pending water charges. The lethargic attitude in realizing the revenue may be viewed seriously

SL No.	Consumer No.	Amount	Status
Varkala Section			
1	VAR/249/S	2736	Live
2	VAR/232/S	2110	Live
3	VAR/201/S	2038	Live
4	IWS/136/S	2146	Live
5	CRY/185/S	4627	Live
6	KP3/38/S	6194	DC on 03/07/2025

Immediate action may be taken to allocate the security deposit towards pending water charges by issuing prior notice.

XIX. Non-maintenance of Meter Reading Check Report

Office: W.S. Sub Division, Varkala

As per **Para XIV (1) & (2) – Reading Duties and Responsibilities** of the *Kerala Water Authority Employees' Regulations, 1999* of Kerala Water Authority, the duties of the Meter Inspector include:

1. Conducting **periodical inspection of water meters** and submitting reports regarding proper maintenance and correctness of meter readings.
2. Maintaining a **register showing working areas of meter readers** under his control.
3. Conducting **minimum 5% check reading** of the readings taken by meter readers and submitting weekly progress reports to the office.

Audit Observation

During verification of records at W.S. Sub Division, Varkala, it was noticed that:

- No records were available to show that **periodical inspections of meters** were carried out by the Meter Inspector.
- The **mandatory 5% check reading register** was not maintained.
- No **weekly progress reports** relating to check readings were seen on file.
- Hence, the supervisory control mechanism prescribed in regulations to ensure correctness of billing and prevention of revenue leakage was not exercised.

Failure to conduct check readings weakens internal control over water charge assessment and may lead to:

- Incorrect billing
- Loss of revenue
- Non-detection of defective/stuck meters

The Meter Inspector, W.S. Sub Division, Varkala **failed to discharge statutory supervisory duties**, resulting in absence of prescribed internal control over meter reading verification.

Audit Requirement

The Executive Engineer may furnish:

1. Reasons for non-conduct of mandatory 5% check readings.
2. Period from which the lapse is continuing.
3. Steps taken to:
 - Conduct pending check readings
 - Fix responsibility
 - Prevent recurrence

Remarks on the above observation may be furnished to Audit.

XX. Non-replacement of Faulty Water Meters Resulting in Revenue Risk

Office: W.S. Sub Division, Varkala

As per records produced for audit, **88** service connections under W.S. Sub Division, Varkala were having **faulty water meters**. However, only **5 meters** were replaced during September and October, leaving the balance faulty meters unattended. In the absence of functional meters, assessment of water charges on **actual consumption basis** is not feasible, which may lead to **short assessment of revenue** and consequential loss to Kerala Water Authority.

Non-replacement of defective meters indicates failure of revenue safeguard measures and internal control, violating principles of financial propriety laid down in **Kerala Financial Code Vol. I**, which require departments to ensure prompt realization and protection of Government revenue.

Audit Requirement:

The Executive Engineer may intimate:

1. Reasons for delay in replacement of faulty meters.
2. Period for which meters remained defective.
3. Action taken to replace all faulty meters and prevent recurrence.

Progress of replacement of faulty meters may be reported to Audit.

XXI. Belated /Non settlement of Temporary advance W S Sub division Attingal

1. As per Article 99 of KFC Vol.I and related GO(P) No. 419/11/Fin dated, 04/10/2011, the temporary advances sanctioned for meeting contingent expenditure of specific kind or on a specific occasion which should be adjusted by detailed bills and vouchers within three months and in case if default, interest @ 18% per annum shall be charged. In cases where temporary advance is not fully utilized, but the adjustment bills are submitted in time, interest @ 18% per annum will be charged on the unutilized portion of the advance from the date of drawal to the refund of advance. It is noticed that some of the officers were not settled the temporary advance in time. Moreover further amount allowed without settling previous advance taken.

Smt.Rukana, Assistant Engineer

Date	Cheque No	Amount	Settlement details
11/06/2018	483198	40000/-	Settled on 11/2018. Belated settlement
28/06/2018	483216	5410/-	Settled on 11/2018. Belated settlement

Sri.Nandu R Nair, Assistant Engineer

Date	Cheque No	Amount	Settlement details
29/06/2018	483218	6000/-	Settled on 10/2018. Belated settlement

11/07/2018	191266	8000/-	Settled on 10/2019. Belated settlement
24/07/2018	191281	25000/-	Settled on 10/2019. Belated settlement
17/09/2018	191342	5000/-	Settled on 10/2019. Belated settlement
22/09/2018	191347	15000/-	Settled on 10/2019. Belated settlement
08/10/2018	191371	6000/-	Settled on 10/2019. Belated settlement
09/11/2018	191406	5000/-	Settled on 10/2019. Belated settlement
25/02/2019	768413	21000/-	Settled on 10/2019. Belated settlement
18/03/2019	768447	9693/-	Settled on 10/2019. Belated settlement
09/04/2019	952249	6000/-	Settled on 04/2020. Belated settlement
09/04/2019	952250	25000/-	Settled on 04/2020. Belated settlement
10/04/2019	952257	75000/-	Settled on 04/2020. Belated settlement
13/05/2019	666421	4531/-	Settled on 10/2019. Belated settlement
06/06/2019	666452	20000/-	Settled on 01/2021. Belated settlement
14/08/2019	666556	32000/-	Settled on 01/2021. Belated settlement
30/10/2019	666663	5000/-	Settled on 04/2020. Belated settlement
14/11/2019	666687	5500/-	Settled on 12/2020. Belated settlement
29/11/2019	666696	8000/-	Settled on 04/2020. Belated settlement
29/11/2019	666698	12000/-	Settled on 04/2020. Belated settlement
28/12/2019	666733	20000/-	Settled on 11/2020. Belated settlement
02/06/2020	666855	15400/-	Settled on 11/2020. Belated settlement
17/06/2020	666893	5775/-	Settled on 11/2020. Belated settlement
25/05/2022	666405	51317/-	Settled on 03/2024. Belated settlement
19/07/2022	978238	6000/-	Settled on 03/2024. Belated settlement
31/08/2022	978270	45000/-	Settled on 03/2024. Belated settlement
20/06/2023	978501	57530/-	Settled on 01/2024. Belated settlement
10/11/2023	978598	12500/-	Settled on 03/2024. Belated settlement

07/12/2023	978717	20000/-	Settled on 07/2024. Belated settlement
18/12/2023	978725	11500/-	Settled on 07/2024. Belated settlement
23/12/2023	978731	26400/-	Settled on 07/2024. Belated settlement

Sri.Nissar, Assistant Engineer

Date	Cheque No	Amount	Settlement details
26/11/2018	191421	25000/-	Settled on 04/2019. Belated settlement
11/02/2019	768405	25000/-	Settled on 06/2019. Belated settlement
19/03/2019	768448	90000/-	Settled on 12/2019. Belated settlement
30/05/2019	666447	71414/-	Settled on 10/2019. Belated settlement
30/08/2019	666590	50000/-	Settled on 12/2019. Belated settlement
14/11/2019	666688	5500/-	Settled on 04/2020. Belated settlement
13/01/2020	666765	11715/-	Settled on 04/2020. Belated settlement
13/01/2020	666766	10884/-	Settled on 04/2020. Belated settlement
14/01/2020	666770	5320/-	Settled on 04/2020. Belated settlement
31/01/2020	666797	15000/-	Settled on 04/2020. Belated settlement
27/04/2020	666853	35000/-	Settled on 09/2020. Belated settlement
27/07/2020	666927	30000/-	Settled on 11/2020. Belated settlement
07/10/2020	666973	100000/-	Settled on 03/2021. Belated settlement
12/09/2022	978284	50000/-	Settled vide CBV No.88 of 03/2024. Belated settlement
08/05/2023	978469	75000/-	Settled vide CBV No.84 of 03/2024. Belated settlement
14/09/2023	978558	50000/-	Settled vide CBV No.89 of 03/2024. Belated settlement
09/11/2023	978598	20000/-	Settled vide CBV No.86 of 03/2024. Belated settlement
25/11/2023	968603	25000/-	Settled vide CBV No.87 of 03/2024. Belated settlement

Sri.Ashik, Assistant Engineer

Date	Cheque No	Amount	Settlement details
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02/04/2024	978620	30000/-	Settled vide CBV No.52 of 08/2024. Belated settlement
02/04/2024	978621	10000/-	Settled vide CBV No.51 of 08/2024. Belated settlement
12/04/2024	978630	41920/-	Settled vide CBV No.72 of 10/2024. Belated settlement
13/05/2024	978654	6676/-	Settled vide CBV No.72 of 10/2024. Belated settlement

Smt.Jayakumari.P, Assistant Engineer

Date	Cheque No	Amount	Settlement details
05/11/2024	978884	50000/-	Settled vide CBV No.58 of 04/2025. Belated settlement
05/11/2024	978886	20000/-	Settled vide CBV No.68 of 03/2025. Belated settlement

Sri.Ajmal.A, Assistant Engineer

Date	Cheque No	Amount	Settlement details
03/10/2024	978856	45000/-	Settled vide CBV No.71 of 03/2025. Belated settlement

2. WSSubdivision Varkala

Smt.Jayakumari.P, Assistant Engineer

Date	Cheque No	Amount	Settlement details
27/06/2023	597559	41595/-	Settlement details not available
02/08/2023	704026	11564/-	Settlement details not available
16/08/2023	704043	63427/-	Settled vide CBV No.62 of 3/2024. Belated settlement
16/08/2023	704044	80358/-	Settlement details not available
25/08/2023	755093	6580/-	Settlement details not available
25/08/2023	755094	11995/-	Settlement details not available
25/11/2023	755178	15800/-	Settled vide CBV No.63 of 3/2024. Belated settlement

Smt.Jisha.S.G, Assistant Engineer

Date	Cheque No	Amount	Settlement details

07/08/2023	704034	10000/-	Settled vide CBV No.70 of 3/2024. Belated settlement
16/08/2023	704045	61525/-	Settled vide CBV No.73 of 3/2024. Belated settlement
24/08/2023	755088	15500/-	Settled vide CBV No.68 of 3/2024. Belated settlement
26/10/2023	755152	10000/-	Settled vide CBV No.69 of 3/2024. Belated settlement
25/11/2023	755175	69244/-	Settled vide CBV No.75 of 3/2024. Belated settlement
25/11/2023	755177	11600/-	Settled vide CBV No.67 of 3/2024. Belated settlement

Smt.Alfiya.A.A, Assistant Engineer

Date	Cheque No	Amount	Settlement details
30/04/2024	372515	28500/-	Settlement details not available
13/06/2024	372555	101869/-	Settled vide CBV No.28 of 10/2024. Belated settlement
24/06/2024	372566	14000/-	Settled vide CBV No.31 of 10/2024. Belated settlement
25/11/2024	Nil	14750/-/-	Settlement details not available
15/02/2025	127342	15134/-	Settlement details not available

Sri.Jesh.J, Assistant Engineer

Date	Cheque No	Amount	Settlement details
07/03/2025	127372	3000/-	Settlement details not available
24/03/2025	Nil	3391/-	Settlement details not available
24/03/2025	Nil	3000/-	Settlement details not available
04/04/2025	Nil	3400/-	Settlement details not available
23/04/2025	Nil	14000/-	Settlement details not available
28/05/2025	Nil	2250/-	Settlement details not available

Smt.Pushpalatha, Assistant Engineer

Date	Cheque No	Amount	Settlement details
10/04/2025	127389	5281/-	Settlement details not available
23/04/2025	Nil	6000/-	Settlement details not available

23/04/2025	Nil	5000/-	Settlement details not available
23/04/2025	Nil	146000/-	Settlement details not available
20/06/2025	336371	4000/-	Settlement details not available
12/06/2025	336361	2900/-	Settlement details not available
26/05/2025	127423	4500/-	Settlement details not available
03/07/2025	336391	1800/-	Settlement details not available
12/06/2025	336364	4000/-	Settlement details not available
18/06/2025	Nil	2351/-	Settlement details not available
18/06/2025	Nil	3200/-	Settlement details not available
26/06/2025	Nil	1200/-	Settlement details not available

Smt.Remya, Assistant Engineer

Date	Cheque No	Amount	Settlement details
02/08/2025	Nil	10000/-	Settlement details not available

Sri.Gopalakrishna Pillai, Assistant Engineer

Date	Cheque No	Amount	Settlement details
05/08/2025	33649	10000/-	Settlement details not available

In this context the audit observes the following

- It is noticed that further temporary advances were allotted before the settlement of advances already allotted repeatedly, which is irregular.
- Applicable penal interest as per Rules may be recovered in case of belated settlement of Temporary Advance and remitted to NOA and intimated

Strict 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

XXII. Non-disposal of Unserviceable Department Vehicles

Office: W.S. Division, Attingal

Audit scrutiny revealed that the following departmental vehicles, reported as unserviceable for a long period, are lying idle in the Division Office campus without initiating disposal action, despite specific direction in the earlier Special Audit Report:

Sl No.	No.and make	Remarks
1	KL01G8845 Mahindra Jeep	WS SubDivisionAttingal.Auction process not

		initiated
2	KL16F9025 Ambassador Car	WS Division Attingal. Auction process not initiated

The Divisional authorities failed to act on prior audit directions and did not initiate timely auction proceedings, indicating **weak asset management and non-compliance with financial rules**.

The Executive Engineer shall:

1. Report reasons for non-compliance with earlier audit direction.
2. Initiate immediate action for condemnation and auction of the above vehicles as per rules.
3. Intimate present status and expected date of disposal to Audit.

Action taken report may be furnished to Audit without delay.

XXIII. Sale of scrap –Irregularity noticed (W.S.Division Attingal)

On verification of the scrap disposal details of the Division store, the following points were noticed.

The total survey report value of scrap - Rs. 5888494/-

Accepted PAC -Rs. 7053874/-

IT (Tax collected at Source) -Rs. 141077/-

GST @ 18% -Rs. 1269697

The work was awarded to Sri. Siyad Hamza, Hamza Traders, 20/174, New Bazar, Alappuzha.

- The contractor has remitted an amount of **Rs. 7053874/-** in two instalments. Rs. 3053875/- & Rs. 4000000/- on 25.07.2025. Instead of accounting the same in NOA, the same has been accounted in Deposit Account (57034854429) which is highly irregular.
- Further the contractor has remitted the TCS amount in two instalments to the TAN no. of EE (TVDE00091A) on the following dates
Rs. 70539 on 04.08.2025 vide challan No. 00824 and Rs. 70539 on 16.09.2025 vide challan No. 00368. The same has not been taken into account.

As the sale of scrap is an income of the KWA, non accounting of the income in the NOA is irregular and needs explanation.

XXIII. Non-recording of Date of Work Order / Date of Agreement in Agreement Register (W S Division Attingal)

Audit verification of the Agreement Register revealed that the **Date of Work Order** and **Date of Execution of Agreement** were not recorded in the register. Non-recording of these

essential particulars weakens contract monitoring, affects tracking of commencement of work, and may lead to issues in enforcing contractual terms, including levy of penalties for delay.

The lapse indicates non-maintenance of prescribed basic records, contrary to record-keeping requirements under the **Kerala Water Authority procedures** and the principles of financial control embodied in **Kerala Financial Code Vol. I**, which stress proper maintenance of accounts and subsidiary registers to safeguard Government interest.

Audit Requirement:

The Executive Engineer shall ensure that the Agreement Register is updated with the missing details forthwith and furnish compliance report to Audit .

XXV.Non - Recovery of SGST/CGST from the contractors bill(WS Sub Division Varkala)

On verification of the accounts of 08/2025, it is noted that f SGST/CGST from the contractors bill is not seen recovered even after adding 18% GST to the bill. As the recovery of the GST portion is mandatory as per Rules the non deduction of the same is highly irregular and needs explanation.

Sl no	Name of contractor	Cheque no. and date	Amount	SGST to be recovered	CGST to be recovered
1	Sri G Suresh	336448 /27-08-25	204115	2041	2041
2	Sri Manu S	336448 /27-08-25	6904	69	69
3	Sri Santhosh G	336448 /27-08-25	8036	80	80
4	Sri Santhosh G	336448 /27-08-25	11572	116	116
5	Sri Sugathan S	336448 /27-08-25	7073	71	71
6	Sri Sugathan S	336448 /27-08-25	4885	49	49
7	Sri B Dileep Kumar	336448 /27-08-25	41469	415	415
8	Sri B Dileep Kumar	336448 /27-08-25	12712	127	127
9	Sri B Dileep Kumar	336448 /27-08-25	42362	424	424
10	Sri B Dileep Kumar	336448 /27-08-25	11804	118	118
11	Sri.Jorly.S	336448 /27-08-25	7277	73	73
12	Sri.Jorly.S	336448 /27-08-25	19849	198	198
13	Sri.Jorly.S	336448 /27-08-25	11172	112	112
14	Sri.AbdulFazil	336448 /27-08-25	5724	57	57
15	Sri.Santhosh Kumar	336448 /27-08-25	48086	481	481
16	Sri.Santhosh Kumar	336448 /27-08-25	15467	155	155
17	Sri.Santhosh Kumar	336448 /27-08-25	72720	727	727
18	Sri.Santhosh Kumar	336448 /27-08-25	32609	326	326
19	Sri.A.Santhosh Kumar	336448 /27-08-25	9034	90	90
20	Sri.A.Santhosh Kumar	336448 /27-08-25	12974	130	130

The payment prior to Sept25 may also be verified and effect necessary recovery and intimated.

XXVI. Non-recovery of Cost of Departmental Materials from Contractor

Office: W.S. Division, Attingal

Name of Work: Corpus Fund 2018-19 – W.S. Scheme to Panthuvila Ambedkar Colony and nearby SC habitats in Pulimath Panchayath

Work Order: KWA/PHC/TVM/D1-3654/2019 dated 15-11-2019 of SE, PH Circle, TVPM

Agreement No.: 15/2019-20 dated 05-12-2019

Contractor: Visakh M.R., Attukal Bhavan, Karamana P.O., TVPM

Audit scrutiny of records, with reference to the Special Audit Report of the Internal Audit Wing No. KWA-JB/5136/2023-HC1(Audit) dated 03-01-2024, revealed that the final bill of the work was passed without effecting recovery towards unreturned departmental materials. File verification showed that materials valued at **Rs.2,30,261/-** were outstanding for recovery from the contractor. Despite lapse of more than two years, no action has been taken to realise the amount, resulting in undue financial benefit to the contractor and loss to Kerala Water Authority.

The lapse is in violation of:

- **Kerala Financial Code Vol. I** — principles of financial propriety and rules relating to custody, issue, accounting and recovery of value of Government stores.
- Provisions in KFC regarding **adjustment and recovery of Government dues before passing final bills.**
- Relevant provisions of **Kerala Service Rules** which make responsible officers accountable for loss caused to Government due to negligence or omission.
- Conditions of contract and agreement requiring return or recovery of cost of issued materials.

Passing of final bill without recovering material cost indicates **serious lapse in financial control and contract management**, besides non-compliance with earlier audit observation.

The Executive Engineer shall:

1. Report reasons for non-recovery of Rs.2,30,261/-.
2. Initiate immediate recovery action with interest as admissible under rules.
3. Fix responsibility for the lapse.
4. Intimate present status of recovery to Audit.

Action taken report may be furnished to Audit urgently.

XXVII. Non Crediting of time barred /unclaimed securities & EMD's as revenue of KWA(W S Dn Attingal)

1. 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 WS Sub Division Varkala the form of FDR's, NSC, KVP, Post Office, 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 Rs.37650/-

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	T.Thankappan	No.10501465217 Dtd.01/03/2021	Treasury	9850
2	T.Thankappan	No.10501465221 Dtd.01/03/2021	Treasury	16950
3	Banerji.R	No.503825 Dtd.22/03/2021	Treasury	7650
4	Abdul Fazil	No.JL782458 Datd,16/08/2021	Treasury	3200

2.Non Crediting of time barred /unclaimed securities & EMD's as revenue of KWA(W S Sub Dn Attingal)

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 WS Sub Division Attingal the form of FDR's, NSC, KVP, Post Office, 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 Rs.101555/-

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	P.Sajeer	No.1615 Dtd.Nil	Treasury	300
2	H.Ruby	No.1784	Treasury	1500

		Dtd.Nil		
3	Rajesh	No.68 Dtd.Nil	Treasury	1170
4	Rajesh	No.69 Datd,Nil	Treasury	735
5	S.Raheem	No.7016 Dtd.13/04/05	DCB Attingal	1200
6	B.S.Sreekumar	No.46707 Dtd.12/04/06	DCB Attingal	700
7	B.S. Sreekumar	No.0800220 Dtd,26/07/2006	Union Bank	1700
8	B.Dileepkumar	No.7875 Dtd,20/11/2009	Nil	Nil
9	Bharathan.G	No.3183398 Dtd,05/06/2021	Federal Bank	9000
10	Sudheesh.K J	No.0240168 Dtd,Nil	Nil	17850
11	Sreekumar	No.JL0207718 Dtd,Nil	Treasury	5800
12	Sarath Raj	No.JL0207754 Dtd,Nil	Treasury	8130
13	Sarath Raj	No.JL0207755 Dtd,Nil	Treasury	6120
14	Bharathan G	No.Nil Dtd,Nil	Federal Bank	5000
15	Bharathan G	No.3183398 Dtd,Nil	Federal Bank	6100
16	Bharathan G	No.10660300108783 Dtd,Nil	Federal Bank	5000

17	Bharathan G	No.10660400103684 Dtd,Nil	Federal Bank	25000
18	K.Unni	No.JL1196860 Dtd,09/02/2022	Treasury	6250

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

Part III

I. Local Audit Reports-Pending Paras

IA team has reviewed the pending Paras in Local Audit reports. There are **36** pending Paras under W S Division Attingal 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

WATER SUPPLY DIVISION, ATTINGAL				Total number of Pending Paras
SI NO	YEAR	SI Number of pending paras		
		In Part II A	In Part II B	
1	08-09		1,4,7,11	4
2	10-11		8	1
3	13-14		1,9	2
4	14-15		1,7,8	3
5	16-17		1	1
6	17-18		1	1
7	18-19		4,7	2
8	19-23	1	1,2,3,4,5,6,7,9	9
9	23-25		1,2,3,4,5,6,7,8,9,10,11,12,13	13
				36

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

Part IV

Best Practices

NIL

Part V

Acknowledgement

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

INTERNAL AUDITOR

Appendix A.

Incumbency details of Executive Engineers from 01.04.2019 to 31.03.2025

SI No.	Name	Date of Joining	Relieving Date	Remarks
1	Smt.Lekshmi	01/04/2019	20/06/2019	
2	Sri.Satheesh Sharma(charge)	20/06/2019	08/07/2019	
3	Sri.Byju V	08/07/2019	21/02/2023	
4	Sri.Jayaraj S L (Charge)	21/02/2023	06/03/2023	
5	Sri. Santhosh V	06/03/2023	31/03/2025	

Incumbency details of Technical Assistant from 01.04.2019 to 31.03.2025

SI no	Name	Date of Joining	Relieving Date
1	Sri.Satheesh Sharma	01/04/2019	01/01/2020
2	Sri.Baiju S	07/01/2020	19/07/2022
3	Sri.Sabu S L	19/07/2022	25/07/2022
4	Smt.Deepthi S Chandran	25/07/2022	25/11/2023
5	Sri. Santhosh V	04/12/2023	31/03/2025

Incumbency details of Divisional Accounts Officer from 01.04.2019 to 31.03.2025

SI No.	Divisional Accounts Officer	Date of Joining	Relieving Date
1	Sri. A Rakesh kumar	01/04/2019	01/10/2020

2	Sri.Balakrishanan A(charge)	01/10/2020	25/11/2020
3	Smt.Sherly S	25/11/2020	11/08/2021
4	Sri.Chandra babu achary V	11/08/2021	01/02/2024
5	Sri.Manoj B	02/02/2024	31/03/2025