

OFFICE OF THE PRINCIPAL ACCOUNTANT GENERAL (G&SSA) KERALA, NR: THRISSUR

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Dated:

No. QA (HQ) IV/ III/ 12- 12/ 14-18/

To The Vice-Chancellor
Kerala University of Health Sciences,
Thrissur

Sub: Inspection report on the accounts and registers of your office of the period
9/12/09 to 28/2/14

I am forwarding here with the report on the audit of the accounts and registers of your office for the period 9/12/09 to 28/2/14, and request you to furnish your reply through the

so as to reach this office not later than four weeks from the receipt of the report. In this connection, a reference is invited to Article 63 @ of the Kerala Financial Code Vol. 1 impressing upon the essential need for furnishing complete replies to the objections expeditiously.

The report has been prepared on the basis of information furnished and made available by the auditee. The office of the Principal Accountant General (G&SSA), Kerala disclaims any responsibility for any misinformation and or non information on the part of auditee.

Receipt of the documents may kindly be acknowledged.

Yours Faithfully,

For Deputy Accountant General (G&SSA)

Copy of the letter with a copy of the report forwarded to:

The Director
Medical Education Department
Thrissur
For information and necessary action.

For Deputy Accountant General (G&SSA)

(45)

REPORT ON THE LOCAL AUDIT OF ACCOUNTS AND REGISTERS OF KERALA
UNIVERSITY OF HEALTH SCIENCES THRISSUR FOR THE PERIOD
07.12.2009 TO 28.02.2014

PART-I

A. Introductory

The local audit was conducted under Section 14 of the CAGs DPC Act from 24.03.2014 to 01.04.2014.

The Government in G.O.(MS) No.475/2008/H&FWD dated 01.08.2008 decided to establish the Kerala University of Health Sciences in the State.

The Kerala University of Health Sciences Act 2010 was enacted on 24 Jan 2011 to establish and incorporate a University of Health in the State and as per the provisions of the Act all educational institutions conducting various Medical, Dental, Ayurveda, Sidha, Unani, Nursing, Pharmaceutical and all paramedical courses in Government, Aided and Self financing sector in Kerala need to be affiliated to the University.

Dr. K. Mohandas was the Vice Chancellor of the University during the period of audit.

Govt had appointed the Director of Local fund Audit u/s 68 of KUHS Act for the audit of accounts.

As per Section 67 of KUHS Act internal audit is being done by a firm of Chartered accountants.

Annual accounts for the year 2011-12 was finalized.

Grant-in-aid has been received during 2012-13:

Source	Amount (Rs.)	Purpose
State Govt	Plan-9,93,85,344	Creation of Infrastructure
		Salary Expenditure Rs.1,80,00,000
	Non Plan-3,45,00,000	Non salary expenditure Rs.1,65,00,000

B. Outstanding paras in previous Inspection Reports.

-Nil-

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PART-II

B. Important Irregularities.

I) Provisional/Continuation of Affiliation Fees & Administration Fees - Shortage in realization of revenue - Rs.14.98 lakh.

Section 50 of the Kerala University of Health Sciences Act 2010, vide Notification No.15194/Leg.H1/2010/Law dated 24.01.2011 read with G.O.(P) No.125/2013/H&FWD dated 04.04.2013, stipulates that the University shall affiliate all the professional medical or other colleges or institutions imparting education in Modern medicine, Dental, Ayurveda, Homeopathy, Siddha, Unani, Yoga, Naturopathy, Nursing, Pharmacy and other paramedical and allied subjects in Government, Aided or self-financing sector, which before the date of commencement of this Act remained affiliated to the different Universities (except Deemed Universities) in the State of Kerala. Section 53 stipulated that the affiliated college or recognised institution may apply for continuation of affiliation or recognition for the courses of study for which affiliation or recognition was granted ordinarily six months prior to the date of expiry of such affiliation or recognition.

In this connection, the following observations were made:

- 1) The University has prepared the Statement of Demand, Collection and Balance or year-wise analysis of Annual Administration Fees due from Aided/Unaided Colleges and Provisional Affiliation Fees/Continuation of Provisional Affiliation Fees due from Government/Aided/Unaided Colleges for the year 2010-11 only. Since the consolidated lists of colleges having courses with Permanent Affiliation or colleges required to remit Provisional Affiliation/Continuation of Provisional Affiliation for the year 2011-12 onwards were not prepared, the position of pending collection in the past years was not ascertainable. The delay in preparation has resulted in short realisation of affiliation/continuation of affiliation fees/Annual Administration fees from some colleges as given below:

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Sl. No.	Name of college	Type of fees	Year to which pertains	Amount due for remittance (Rs.)
1	Ezhuthachan College of Pharmaceutical Sciences, Neyyattinkara	Annual Administration Fees	2012-13	2,39,500 →
2	Govt. Dental College, Kottayam	Balance amount of Application fees/Continuation of Affiliation Fees/ Application fees enhancement of seats for BDS & MDS courses	2010-11 to 2014-15	9,18,300 2,70,000 D: 11/7/19 21/3/14
3	Institute of Paramedical Sciences, Kannur Medical College	Balance amount of Annual Administration Fee and Continuation of Affiliation fee	2010-11 to 2013-14	1,89,400 7,76,000 not Remitted
4	AWH Special College, Kallayi, Calicut	Balance amount of Annual Administration Fee	2011-12 to 2012-13	91,200 D: 15/20/15 21/4/14
Total				14,38,400

2) In pending cases, fines stipulated by University for each year should be collected from the defaulting colleges. (The 4th GC Meeting held on 06.06.2011 decided to charge late fee @ 5% on the amount payable subject to a minimum of Rs.2,000/- for the year 2011-12 and 2012-13 from the defaulting colleges). The University has not maintained any records regarding the fines imposed, collected and amount pending collection from the defaulting colleges. In its absence, it could not be ascertainable whether the fines were promptly imposed and collected.

In response to the audit query it was stated that DCB for the years from 2011-12 were under preparation and short realization of fees would be checked with reference to the DCB and dues collected from colleges if any. Also stated that details of fines collected were being maintained but not produced.

II) Non remittance of Pension Contribution to General Revenue

In respect of the following officials, pension contribution @ 15% of the maximum of the scale of pay, as stipulated under Rules 146 of KSR Part - I was not remitted to General Revenue of GOK as detailed below:

Sl. No.	Name of official	Post held	Deputation period	Scale of pay	Amount pending remittance (Rs.)
1	Dr.Praveenlal Kuttichira	Dean (Research)	2011 (from 16.11.2011) to 2013	37400-67000	2,56,275
2	Sri S.Rafeek, Assistant	Assistant	2013 (from 11.11.2013)	13900-27040	6,760
Total					2,63,035

When the non-remittance of pension contribution was brought to notice it was replied that non allotment of F.S. Account No. delayed the remittance of pension contribution of the incumbents and would be paid as soon it is received.

III) Procurement of transformers-non supply reg.

The KUHS issued purchase order vide No. 5988/works/KUHS/2012 dated 03.12.12 to M/s Kerala Electricals & Allied Engineering Co Ltd Kochi for the supply and installation of two 750 KVA transformers for the new Administrative building nearing completion at a total cost of Rs.30,16,817. In letter No.014/2013/works/KUHS dated 29.01.2013 an amount of Rs.15,08,408 was released being 50 % advance for the supply of transformers. As per the Corporate Guarantee Certificate furnished by the firm the transformers are to be supplied within 4 months from the issue of supply order. But it is noticed that the transformers have not been supplied by M/S KEL though one year elapsed since advance of Rs. 15.08 lakh was released in March 2013.

On this being pointed out it was replied that the firm was requested to postpone the supply due to delay in completion of administrative building and other infrastructure. The original date of completion of the main building had been extended due to reasons beyond the control of the contractor and this has affected the installation of the transformers.

IV) Idling of Diesel Generators.

An agreement was executed on 27.02.2013 with M/S BHEL Electrical Machinery Kasaragod for the supply and erection of 500 KVA & 250 KVA DG sets at the new Administrative Building nearing completion at a total cost of Rs.58, 71,000. As per the

agreement the DG sets are to be delivered within three months from the date of purchase order. Advance payment of Rs. 29, 35,500 was also sanctioned and purchase order issued vide No.041/2013/IDP/works/KUHS dated 28.02.2013.

M/S BHEL supplied the DG sets on 25.03.2013 in Invoice dated 21 March 2013 for Rs. 39, 92,000 and Rs. 18, 79,000 each. As per the agreement, the DG sets are warranted against defective material and poor workmanship for a period of 18 months from the date of supply or 12 months from the date of commissioning whichever is earlier. Balance amount of Rs.20,54,850 was paid vide letter no 080/2013/IDP/works/KUHS dated 18.04.2013 and balance 15% was withheld as retention.

Though the DG sets were supplied in March 2013 these have not been installed and commissioned till date. Any further delay in the installation and commissioning would forfeit the warranty period.

When the idling of the two DG sets costing Rs. 58.71 lakh for the last one year was brought to notice it was replied that these could not be installed as the plant room and other facilities were not completed by the contractor and now the room had been completed and the DG sets would be installed and commissioned in May 2014.

V) Delay in completion of construction of Administrative Block.

As per order No. 1531/2011/IDP/works/KUHS dated 23.11.2011 AS was accorded by KUHS for the work of construction of Administrative Block Building for Rs. 24.60 crore. The work was awarded to M/S HLL Lifecare Ltd TVM at a total cost of Rs. 24.60 crore. Accordingly an Agreement was executed with M/S HLL Lifecare on 11 Nov 2011. The Agency shall complete the work within 18 months of the date of starting the work. The start of the work shall be the date of signing of contract agreement or handing over of hindrance free site whichever is later. The work was awarded to M/S Cherian Varkey Construction Co (P) Ltd Kochi by M/S HLL. The site was handed over to the contractor on 06.02.2012.

As per para 5.1 of the agreement on delay for damages in the event of delay in execution and completion of any part of the works in accordance with the programme

for completion of work , M/S HLL shall be liable to pay as mutually agreed pre estimated loss or damage, the damage @ 0.05% of the total contract value payable to the contractor per week of delay or part thereof subject to a total of 5 % of the total contract value payable to the contractor under this contract.

As per the agreement the contractor shall complete the work before 06.08.2013 but the work has been partly completed and running Bill for Rs. Rs.18 crore submitted. But no liquidated damages for delay in completion have been recovered from the contractor. The damages payable for the delay comes to Rs. 36.90 lakh (approx). It may be intimated in this connection whether request for extension has been received from M/S HLL Lifecare before date of expiry of completion of construction as per the agreement and date of extension granted and approved by the KUHS.

In response to the audit query it was replied that the contractor had requested for extension of time up to 28.02.2014 which was placed before the Governing Council and is under consideration. Also stated that a sum of Rs.95.35 lakh towards penalty for delay in completion had been withheld pending decision of the Council. Progress in this matter may be reported to the audit.

VI) Advances pending adjustment.

Advances are released to Nursing, Ayurveda, Medical, Dental , and Para medical colleges for conducting Theory and Practical Examinations by KUHS. As per the records produced advances sanctioned from June 2012 to Oct 2013 are still pending adjustment as shown below.

Sl No.	Examination	No. of colleges	Advance Amount pending
1	Theory Examination	174	Rs. 8,67,800
2	Practical Examination	177	Rs. 37,31,900
Total			Rs. 45,99,700

When the non-adjustment of advances paid from June 2012 onwards amounting to Rs.46 lakh was brought to notice it was replied that timely and meticulous follow up of advances pending with colleges were delayed due to acute shortage of staff and

many claims were found defective and wanting in details taking considerable time affecting the settlement of advances timely.

VII) Absence of enabling mandate for recruitment of non-teaching staff by KPSC.

As per Section xv of Chapter II of KUHS Act 2010 and University Statutes 96 of Chapter IV Part II, the recruitment to the post of non-teaching staff shall be made through Kerala Public Service Commission. But, Government has not made any enabling mandate for the facilitation of the recruitment through the KPSC so far. Though the matter is brought to the notice of the Government in May 2013, the position remains the same. Even though the workload and functions are increased substantially, the University is functioning without adequate staff - who are either on deputation from other Universities or from Government Departments or on contract employment for 179 days.

When the delay in enactment of provisions for recruitment through KPSC was pointed out it was replied that the University had requested Govt repeatedly to create more posts for the smooth working of the University and to take necessary steps for recruiting through KPSC.

VIII) Non-constitution of Senate and University Ethics Committee.

Section 19 of the Kerala University of Health Sciences Act 2010 provides for the constitution of the following authorities by the University:

- 1) The Senate
- 2) The University Ethics Committee

Though the University was established in December 2009, the above authorities were not constituted so far.

As per Section 21 of the Act, the Senate shall have the powers (i) to formulate the broad policies and programmes of the University (ii) to suggest measures for the improvement and development of the University (iii) to review current academic programmes and collaborative programmes (iv) to suggest new academic programmes consistent with the social requirements in Medical Education (v) to suggest institution of

new degrees, diplomas, certificates and other academic distinctions etc. Section 37 provides that the University Ethics Committee shall be formed for examining the research projects undertaken by the University centres and to give advice to the affiliated colleges for maintaining ethical principles in research and clinical trial work.

The non-constitution of the authorities would adversely affect the objectives of the University. It is not clear how the powers envisaged for these authorities have been executed by the University.

When this was pointed out it was replied that senate was not constituted due to the delay in the publication of the statute and the 1st Statute was approved by Govt only in June 2013. The process of constituting the senate had been started by appointing dean (Students affairs) to conduct the election, requested Govt to nominate members to the senate, electoral rolls prepared for conducting election, etc.

IX) Internal Control System.

1) Delay in audit of accounts for the year 2012-13.

Section 67 of the Kerala University of Health Sciences Act 2010 stipulated that the accounts of the University should be audited every year within six months of the close of the financial year by the Chartered Accountants appointed by the Governing Council. The audited accounts should be published by the University and a copy thereof together with the copy of the auditor's report should be placed before the Senate and submitted to the Chancellor and the Government.

Even though 11 months have elapsed after the close of the financial year 2012-13, the accounts of the University for 2012-13 is still not audited and finalized. On this being pointed out it was replied that Annual accounts for 2012-13 was under finalization and audit would be taken up as and when internal audit by Chartered Accountant was over.

2) Operation of temporary posts without continuance sanction.

Government, vide G.O.(MS) No.41/2012/H&FWD dated 04.02.2012, created the following 17 temporary posts for a period of one year:

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| i) Administrative Officer | - 1 No. |
| ii) Asst. Controller of Examinations | - 1 No. |
| iii) Section Officer | - 1 No. |
| iv) Assistant | - 8 Nos. |
| v) Data Entry Operator | - 4 Nos. |
| vi) Asst. Engineer (IT & Electrical) | - 1 No. |
| vii) Hardware Technician | - 1 No. |

Government, vide G.O.(MS) No.329/2013/H&FWD dated 19.07.2013, accorded sanction for continuance of these posts for one more year which expired on 03.02.2014 and no further extension was sanctioned by Government till date.

In response to the audit query it was stated that the university had already requested Govt to make the 17 posts permanent.



For Deputy Accountant General (SGS-III)