



भारतीय लेखा तथा लेखापरीक्षा विभाग
INDIAN AUDIT AND ACCOUNTS DEPARTMENT
प्रधान महालेखाकार (सामान्य एवं सामाजिक क्षेत्र
लेखापरीक्षा) का कार्यालय
शाखा कार्यालय: करुणाकरन नंब्यार रोड,
त्रिशूर, केरल - 682 020

OA (HQ) III/V/12-364/15-16/ 21

Dated: 07-04-2016.

OFFICE OF THE PRINCIPAL ACCOUNTANT GENERAL
(GENERAL & SOCIAL SECTOR AUDIT),
BRANCH OFFICE : KARUNAKARAN NAMBIAR ROAD,
THRISSUR, KERALA - 680 020

To
The Registrar,
Kerala University of Health Sciences,
Mulakunnathukavu, Thrissur - 680 596.

Sir,

Sub: Inspection Report on the accounts and registers of your office for the
period from 01-02-2015 to 31-01-2016.

I am forwarding here with the report on the accounts and registers of your
office for the period from 01-02-2015 to 31-01-2016 and request you to furnish
your reply through The Secretary to Government, Health & Family
Welfare Department, Thiruvananthapuram 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.I, 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 document may kindly be acknowledged.

Yours Faithfully,

For Deputy Accountant General (SGS III)

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

The Secretary to Government Health & Family Welfare Department,
Secretariate, Trivandrum.

For information and necessary action

For Deputy Accountant General (SGS III)

REPORT ON THE LOCAL AUDIT OF ACCOUNTS AND REGISTERS OF
KERALA UNIVERSITY OF HEALTH SCIENCES,
MULANKUNNATHUKAVU, TRISSUR FOR THE PERIOD 1.02.2015 TO
31.01.2016,

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PART I

A. INTRODUCTORY

Kerala University of Health Sciences was established by the Kerala University of Health & Sciences Act 2010 for ensuring proper and systematic instruction, teaching, training and research exclusively in Modern medicine, Homeopathy and Indian Systems of Medicine including Ayurveda, Sidha, Yoga, Naturopathy, Unani and allied subjects and also to have a uniformity in the various academic programmes in medical and allied subjects. This university situated at Mulankunnathukavu, Trissur, commenced its activities from the academic year 2010-11. This university is mandated to affiliate all colleges and institutions in Kerala imparting professional education in health care. So far 272 professional colleges have been affiliated to this university.

The audit under Section 14 of the CAG's DPC Act 1971 was conducted from 1.3.2016 to 10.3.2016.

Officer in charge

Dr. M. K. C. Nair, Vice-Chancellor was in charge of this University during the period covered by audit.

B. PREVIOUS INSPECTION REPORTS PENDING

1. OA (HQr) IV/III/12-12/2014-15 -Part IIB-II VI to VIII & IX (2),
2. OA (HQr) III/IV/12-446/2014-15 -Part II A – I, II, Part II B – I to XI

PART II

B. IMPORTANT IRREGULARITIES

I ADDITIONAL WORK OF VALUATION CENTRE

Chief Secretary's committee met on 17.11.2012 considered 19 proposals including the 'Additional work of valuation centre', recommended to accept the tenders (vide G.O (RT) No.2037/2012/PWD dated 6.12.2012). It was recommended in the meeting that the tender of M/s. K.V.Joseph & sons, Engineering contractors, Edappally, Kochi @ 31.50% above ER towards which tender excess @25% above was to be accepted OR Re-tender - was recommended by Chief Secretary's committee and accepted by Government. The Administration sanction was given for Rs.7.16 crores (Order No.4837/works/2011/KUHS, dated 22.12. 2011), and Technical sanction was given for Rs.8.13 crores (Reg.No.55/CE/BL/2012-13 dated 4.7.2012) against the Estimate PAC Rs.6,00,95,685/-. However the Valuation centre building was inaugurated by Hon' ble Chief Minister on 5.6.2015 even before completion of the building in all respects and not handed over to KUHS so far (letter dated 25.2.2016, addressed to the EE)

It was also noticed that for the above work an amount of Rs.88.80 lakh was sanctioned (Part II & final bill) for payment to the contractor (as per the file 97/2015/Project & works-cvb-addl/KUHS). Administrative approval was accorded by VC to the work at a cost of 90.00 lakh (dated 9.1.2015) and was sanctioned by re-appropriating Rs.1.00 crore from the earmarked fund for 'Central Research facilities' (2014-15). This work was tendered by the EE and awarded @5% above the estimate rates to M/s.Kuriekal Projects, Edappally, Kochi with a contract PAC of Rs.9447656/. The work started on 25.2.2015 was to be completed on or before 24.8.2015 as per agreement. This office had executed MOU on 28.1.2015 with EE, PWD, to pay the cost of bill to the contractor and to remit statutory taxes and levies within 15 days on presenting the PWD's passed contractors bill. It was also stated that PWD agreed to complete the work within the period of three months' starting from the date of commencement of the execution. Executive Engineer (letter dated 8.12.2015) stated that the work was commenced on 25.2.2015 and completed on 26.8.2015 with total upto date bill amount Rs.88,79,858/-. KUHS had

sanctioned Rs.83,22,474/- after deducting retention money of Rs.5,57,384/ (sanctioned amount -Rs.46,26,286/-27.4.2015 Part I bill & Rs.30,74,598/ CCI & final bill after deducting KVAT @ 4%, Income tax @2% & KCWWF @1%).

The following Observations are offered-

1. The order of release of the fund (Plan) Centre Research facilities)-Rs.1.00 crore released by Government during 2014-15 was not available in the file. Hence the purpose or conditions for utilisation of the fund could not be ascertained in audit.
2. There is no penalty clause in the MOU regarding the non-completion of the work in time. The actual date of completion of work was stated as 26.8.2015 instead of 24.5.2015 as per agreement ie three months from the date of commencement on 25.2.2015, whereas the date of completion of the work as informed by the EE was 8.12.2015. No extension of time was requested either by PWD or by the contractor and no ratification for the extension of time was granted by KUHS. This attracts penal action as per the PWD rules.
3. The work for 90 lakhs is an additional work which was done by the contractor after starting or completion of the structure of the main Valuation building. In the additional work (estimate report) provisions included for earth work excavation to level the ground, flooring with designer tiles in the car porch, fixing panels of aluminum composite panel cladding with alu frame work in the front parapet etc were included. But the schedule of items in the tender and passed bills did not tally with the items required by the university as requested to PWD. It is noticed that the University authorities without verifying the items of works in the original estimate made payment to executed items of work in the additional work bill such as clearing of jungle including uprooting of rank vegetation, trees and saplings etc, RCC work in beams, suspended floors, roofs, having slope of 150 landings etc.
4. The present position of the building may be intimated to audit with reason for the delay in handing over the new building *by PWD*
5. The amount of rent reimbursed to the evaluators who attended the valuation work for the period from 16.6.2015 may be furnished to audit with number of staff (category wise)

II. PENSION CONTRIBUTION OF THE EMPLOYEES ON DEPUTATION

Scrutiny of the records relating to remittance of Pension and leave salary contribution of the employees on deputation (from other Universities and Government departments) revealed that the amounts to be remitted by the University in the respective Heads were not remitted properly.

Sl. No	Year	Period	Amount Remitted (Rs)	Amount as per
1	2010	Upto 31-12-2010	328039	Amount incl staff on depu Central Govt
2	2011	1-1-2011 to 31-12-11	1030553	
3	2012	1-1-2012 to 31-12-12	1325473	
4	2013	1-1-2013 to 31-12-13	1624141	2379820 (up 1,53,787 (L.S
5	2014	1-1-2014 to 31-12-14	2194696	
6	2015	1-1-2015 to 31-12-15	1014762	

It was noticed that Pension and leave salary contribution of the employees on deputation for the year 2015-16 was worked out and remitted only in respect of 23 employees from other universities excluding the 35 employees from other Government department.

It was noticed that due to mis-interpretation of the Government order, the leave salary and pension contribution of the the employees from Government departments (35 numbers) were not recovered by this university (autonomous body which has its own revenue).

It was further noticed that Calendar Year has been taken for the period of one year for pension and leave salary contribution calculation. As per the Foreign Service rules (KSR), for assessment of LS and Pension contribution, salary drawn in a financial year is to be reckoned instead of Calendar year. The authority under which calendar year was taken as the norm for remittance of LS and Pension contribution was not clarified by the university to audit.

The reply attached may please be checked for confirmation.

III. NON-INCORPORATION OF IMPORTANT PROVISIONS IN STATUTES

For getting affiliation of this University, the self-finance colleges in the medical field should execute agreement with Government of Kerala, regarding 50% seat sharing and has admitted students under management quota only. In the 21st meeting of the Governing council dated 14/7/2014 vide decision No.21.03 also decided that continuation of provisional affiliation for

the year 2014-15 shall only be granted to colleges who have entered into agreement with Government of Kerala regarding 50% seat sharing.

The records made available to audit revealed only four colleges out of the 272 colleges had entered into agreement with GoK but all the colleges under this University had given affiliation. It was explained in the minutes that (Agenda 22.09 of 22 GC) University cannot insist on NOC from GoK as this has not been incorporated in the Statutes of the University.

IV. PRINTING OF ANSWER BOOKS AND ENVELOPS FOR UNIVERSITY EXAMINATION BY OUTSOURCING-

(1) During the period 8/2015 to 12/2015 (2015-16) this institution had printed a quantity of 5 lakh numbers each of 52 pages and 12 pages (practical examination) and 3lakh numbers of 32 pages answer books for examination purpose, by a private firm 'Manipal Technologies'. During 2013-14 and 2014-15 the cost of Printing of answer books was Rs. 77.55 lakh and Rs.42.09 lakh respectively.

This institution had also printed envelopes of different types for a cost of Rs 18.42 lakh by M/s. Lipi Enterprises, Malappuram.

Government of Kerala had issued orders to all State Government departments, state government autonomous bodies to print the required official documents at Government presses, KBPS (Kerala Books & Publication Society) or at C-apt. The printing order shall be issued to private firms only when the said institutions report their inability to print the said material. This instruction was not observed by this State autonomous body.

It is observed that if the said materials were printed at the above said government/government owned autonomous printing firms (KBPS), the cost of printing would be less compared to the presently/previously paid amounts towards this printing/purchase cost.

However the issue/purchase of printed answer books of confidential nature and envelopes from private firms without giving the print order to the Government firms requires clarification.

(2) It is also noticed that the unused/balance answer books (out of the supplied quantity to each college in each academic year) was not accounted separately and received back from the concerned colleges for keeping the confidentiality of the Public examination and to avoid malpractice and misuse of the said unused answer books for another examination.

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V. NON-CHECKING OF VALIDITY OF BANK GUARANTEE

Bank Guarantees from different agencies/colleges were received towards security/performance guarantee of works for starting new colleges. If the validity period is expired, the guarantee did not serve the purpose of intended security deposit and guarantee for the performance. The register made available to audit revealed that the periodical check to watch the expiry of the bank guarantee provided by the different agencies is not being done as detailed below

Name of firm/agency	Amount of B.G	Date of expiry	Date of Last renewal
HLL	1,23,00,000	6.2.2014	30.9.2015
"	7,50,500	31.3.2014	15.7.2015
"	5,24,160	31.3.2014	31.3.2015
"	11,71,500	30.9.2014	30.11.2015
"	4,62,000	30.9.2014	30.11.2015
"	3,12,400	30.6.2014	30.6.2015
"	2,04,490	30.9.2014	30.11.2015
"	1,75,700	"	"
"	5,72,730	30.11.2014	"
"	14,60,390	21.7.2015	Not renewed
"	2,25,597	30.9.2015	Not renewed
"	12,00,000	5.8.2014	31.3.2015
Almas college of nursing	10,00,000	26.8.2014	26.8.2015
Red crescent college of nursing	5,50,000	30.9.2015	Not renewed
JDT Islam college of physiotherapy	10,00,000	14.7.2014	14.7.2015
Karuna college of pharmacy	10,00,000	31.12.2015	Not renewed
JDT Islam college of physiotherapy	10,00,000	28.7.2014	28.7.2015
KSIDC	2,14,00,000	4.7.2014	Not renewed

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It was replied that M/s.HLL has completed the entrusted works before the expiry of the mentioned bank guarantees and orders have been issued to release the same as per the requests from the said firm.

Audit observed that the Bank guarantee is collected against the security of the work done, i.e., to meet the expenditure of damages or repair works which will occur in the performance-guarantee period.

VI. NON- REALIZATION OF REVENUE TO THE TUNE OF RS. 11.52 CRORE

The Demand, Collection and Balance (DCB) statement pertaining to the year 2014-15 related to fee collection from various educational institutions furnished to audit shows that revenue receipts of Rs.11.52 crore in 51 cases related to the 8 medical branches (Ayurveda, Homeopathy, Medical etc) up to 31.3.2015 is pending realization.. It was noticed that no penalty or fine have been imposed on the defaulted institutions.

Action taken to collect the fee from the defaulted institutions may be intimated to audit.

VII. APPLICATION FEE AND AFFILIATION FEE RECEIVABLE/COLLECTED BY OTHER UNIVERSITIES.

The Kerala University of Health Sciences was established by the 'Kerala University of Health Sciences Act 2010. The University commenced its activities from the academic year 2010-11. As on 31.1.2016, there are 272 institutions affiliated to this University in which 194 institutions were from other universities. Demand collection and balance statement for the year 2014-15 revealed that application fee and affiliation fee collected by other Universities during the period of transfer of the institutions to KUHS have not been fully handed over. The details of amounts to be received from each university could not be ascertainable from the records made available to audit.

The non-collection/non-remittance of the amount by the concerned universities and non-taking up of any initiative action to collect the amount by the University is brought to notice for specific remarks.

VIII. IMPROPER MAINTENANCE OF VALUABLE REGISTER, SECURITY DEPOSIT/EMD REGISTERS

Following deficiencies were noticed during test check of the registers maintained by the university-

1. Valuable Register/D.D. register- This register is maintained by the Tapal section instead of finance section and did not bear the most required details

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Per letter no. OA(H&S)/111
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such as date of receipt of the DD/cheque, date of presentation at bank/treasury, credited/dishonoured with proper attestation of the concerned officer.

2. EMD register/Security register- Date of receipt of DD/cheque/FD receipt received against EMD of a particular work is not recorded. Details such as EMD of which tenderer is accepted, which amount is merged to Security deposit or against performance guarantee, whether returned to the tenderer. In the EMD released cases, the date of release due to rejection of tender or after acceptance /conversion of security deposit were not specifically recorded. Hence there are a lot of cases of EMDs lying in the register not refunded to the concerned parties. An amount of Rs.15,95,396/- related to EMD were not included in the Annual Accounts 2014-15. Moreover no higher officers checked or certified the entries in EMD register.

IX IRREGULAR SANCTION OF IMPREST ADVANCE (ANNUAL ACCOUNTS)-

(1) As per the Annual accounts for the year 2014-15, the amount of Imprest advance given to CE finance under 'Current assets in Schedule 8' is Rs.38266/-.

The Imprest advance is meant for meeting expenditure of urgent/unforeseen nature and will be recouped monthly limited to the admissible amount to the concerned officer to be kept as Imprest. Hence the reason for sanctioning an amount of Rs.28266/ in excess against the allowable Imprest amount of Rs.10,000/ requires clarification.

X. ADVANCES PENDING ADJUSTMENTS - RS. 4.02 CRORE

On verification of Annual accounts for the year 2014-15 it was observed that an amount of Rs. 15622395/- was still pending final adjustment towards advances given for different purposes as detailed below..

Sl.No.	Details of Advances	Amount(Rs.)
1	Advances to other staff	237660
	Conduct of Exams	
2	Advance to the conduct of Exam - Ayurveda	1177402
3	Advance to the conduct of Exam- Dental	1134187

4	Advance to the conduct of Exam- Homeo	160982
5	Advance to the conduct of Exam- Medical	5102394
6	Advance to the conduct of Exam- Nursing	4240940
7	Advance to the conduct of Exam- Paramedical	416425
8	Advance to the conduct of Exam- Pharmacy	1904555
9	Advance to the conduct of Exam- Sidha	47850
10	Mobilization advance to Contractor KAICL	1200000
	Total	15622395/-

As per the KFC provisions, the release of advances is not permitted without adjustment of the previous paid advances. Hence non-adjustment of advances released for conducting examinations in all the years without adjustment of previously paid advances without any restriction requires clarification.

Action may be taken for the final settlement of the advances under intimation to Audit. As per register of Temporary Advances the following amounts were seen kept un adjusted till date.

Permanent Advance to CE

Amount

Cheque
No

Date

For meeting Examination	410562	171906	03-04-12
	421000	171969	27-04-12
	150000	189250	05-09-12
	393732	189273	10-09-12
	351583	189413	20-10-12
	275000	718162	15-12-12
	300000	203125	15-06-13
	400000		30-07-13
	400000		02-09-13
conduct of closing ceremony	75000	508707	22-12-14
For payment of casual labours	6000	553976	24-12-14

Reason for non- settlement of advances was not furnished to Audit.



For Deputy Accountant General (SGS-III)