



भारतीय लेखा तथा लेखापरीक्षा विभाग
INDIAN AUDIT AND ACCOUNTS DEPARTMENT
प्रधान महालेखाकार (सामाजिक एवं सामान्य क्षेत्र लेखापरीक्षा), केरल,
शाखा कार्यालय, करुणाकरन नम्बियार रोड, तृशूर केरल-680020
OFFICE OF THE PRINCIPAL ACCOUNTANT GENERAL (SOCIAL AND
GENERAL SECTOR AUDIT) KERALA, BRANCH OFFICE, KARUNAKARAN
NAMBIAR ROAD, THRISSUR - 680 020

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OA (HQ) III/V/12-64/2017-18/ 654

To

The Kerala University of Health Science,
Mulamkunnathkavu, Thrissur

Sir,



**Sub: - Inspection Report on the accounts and registers of your office for the
Period from 01.02.2017 to 31.12.2017**

I am forwarding herewith the report on the audit of the accounts and registers of your office for the period **01.02.2017 to 31.12.2017** and request you to furnish your reply through the **The Secretary to Government (H&FWD), Govt. Secretariate, 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 documents may kindly be acknowledged.

Yours faithfully,

For Deputy Accountant General (SGS III)

Copy of the letter with a copy of the Report forwarded to:
The Secretary to Government (H&FWD)
Govt. Secretariate,
Thiruvananthapuram 695001.

for information and necessary action.

For Deputy Accountant General (SGS III)

relevant portion to
concerned Branch / section

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**REPORT ON THE LOCAL AUDIT OF THE ACCOUNTS AND REGISTERS OF KERALA
UNIVERSITY OF HEALTH SCIENCES, MULAMKUNNATHUKAVU, THRISSUR FOR
THE PERIOD 01-02-2016 TO 31-12-2017.**

PART-I

Introduction

The Kerala University of Health Sciences was established on the 7th of December 2009 through an Ordinance promulgated by the Governor of Kerala (the Kerala University of Health & Allied Sciences Ordinance 2009 – 25 of 2009). The Kerala State Legislature passed the Kerala University of Health Sciences Act (Act 4 of 2011) which received the assent of the Governor on 22nd January 2011 and was notified on the 24th of January 2011. The Act envisages ensuring of proper and systematic instruction, teaching, training and research exclusively in modern medicine, Homoeopathy and Indian systems of Medicines including Ayurveda, Siddha, 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 in Mulamkunnathukavu, Thrissur commenced its activities from the academic year 2010-11. This University is empowered to affiliate all Health Care Professional Colleges & Institutions throughout the State of Kerala. The University currently has 282 colleges, belonging to all the disciplines and branches of the health sciences affiliated to it.

The local audit under section 14 of the CAG's DPC Act 1971 was conducted from 08-01-2018 to 19-01-2018 covering the period 01-02-2016 to 31-12-2017. Dr. M.K.C. Nair was the Vice Chancellor of the University at the time of audit and Dr. (Smt.) M.K. Mangalam held charge of the Registrar.

M/s Shankar & Moorthy, Kozhikode, Chartered Accountants, was the Statutory Auditors of the University for the year 2016-17 who conducted the internal inspection of the Institution for the above period.

PART-II

A. Significant Audit findings.

--Nil--

B. Other incidental findings

I. Construction of mezzanine floor and ventilation system in Administrative Building.

The main building of the University called the 'Administrative Building' is a multi-storied building with 8 floors. The building was constructed at a cost of Rs.275.28 lakh and was occupied and used since July 2014.

Audit noticed that during the year 2017, the University initiated action to construct a mezzanine floor and a ventilation system in the Administrative Building at a cost of Rs.53 lakh. As per the proposal for the work, the space available for the storage of records is stated to be inadequate and much difficulty was being experienced in the proper storage of records. Further it was stated that the structural glazing provided for the building affects the air circulation inside the

building and the existing provisions for ventilation was found to be inadequate. Due this, the staff was finding it difficult to stay inside during the summer season.

A request to accord Administrative Sanction for the work by utilizing the grant-in-aid of Rs.1250 lakh provided in the budget under the head "2210-05-001-93" was submitted to the Government in December 2016. Government vide G.O.(Rt).No.117/2017/H&FWD dated 17.01.2017 accorded Administrative Sanction for the work at a cost of Rs. 53 lakh.

The preparation of the plans estimates, tendering of the work and execution are being handled by the Works Wing of the University. The work was tendered and awarded in May 2017 and the work is under progress.

In this context, Audit observes that though considerable amount was spent on constructing a multi-storied building for the University, the same was done without proper study of the requirements of various wings leading to lack of sufficient space for storage of records. Further, inadequacies in design of the building have led to poor ventilation. As a result, the University has to incur avoidable additional expenditure of Rs.53 lakh to implement solutions to these problems. The additional expenditure of Rs.53 lakh could have been avoided if proper assessment of the requirement of various sections was done and the requirement of proper ventilation were made before finalizing the plan.

In the reply furnished to the Audit Enquiry, it was stated that this work was necessitated not due to the faulty design of the building, but due to the increasing volume of records to be kept as years progress, more and more colleges and course are being brought under the University. Further, it was also stated that building was originally planned and designed to be fully air conditioned one and the ventilation system was provided accordingly. But air-conditioning was provided only in selected areas when constructed. Since providing air conditioning involves huge initial investment and recurring expenses, it was decided to provide a ventilating fan to enhance the air flow inside the building.

But Audit observes that a proper assessment of the number of wings required for the university, volume of records etc. could have been assessed considering the future growth of the University and number of affiliated colleges and courses. A study of the situations in other Universities in the State regarding size of various wings, volume of records maintained etc. could have provided a more realistic criteria for assessment of space requirements. Further, the cost of centralised air-conditioning and recurring expenses also could have been assessed at the time of planning itself. This could have averted the need for additional expenditure currently being incurred.

II. Purchase of furniture without inviting tender.

As per paragraph 7.5 of the Store Purchase Manual, except for the purchase of Stores through the methods given in the paragraphs 7.3 and 7.4 (i.e. purchase of stores upto a value of

Rs.15,000 without inviting quotation and purchase of stores of value above Rs.15,000 and upto Rs.1,00,000 after inviting quotations), a Purchasing Officer should obtain stores by inviting tenders/quotations in all cases except the cases mentioned in specific cases listed in the paragraph.

On verification of File No.4082/Purchase/16/KUHS relating to purchase of furniture, Audit noticed the following:

1. The Purchase Committee in its meeting held on 15.10.2015, decided to purchase furniture items required for the Evaluation Centre and existing Administrative Office Building from M/s Forest Industries (Travancore) Ltd. at an earlier rates of Supply Order No. 035/2013/Purchase /KUHS dated 16.02.2013 and rates offered vide FIT letter dated 26.04.2014. As existing rates of cushion chairs for evaluators were not available, it was decided to negotiate the rate for this item with FIT before placing orders. The items of furniture were as follows :

For Evaluation Centre:		
(i)	Wooden cot	: 94 Nos.
(ii)	Single draw table	: 94 Nos.
(iii)	Teak wood arm chair	: 94 Nos.
(iv)	Wardrobe (Almirah)	: 47 Nos.
(v)	Evaluation table	: 140 Nos.
(vi)	Chair with cushion for evaluators	: 140 Nos.
For existing Administrative Office Building :		
(i)	Workstation	: 13 Nos.
(ii)	Office chairs (medium back rolling chairs)	: 65 Nos.
(iii)	Chairs for visitors waiting	: 20 Nos.
The total cost of furniture for Evaluation Centre and Administrative Office were calculated approximately as Rs.53.39 lakh and Rs.58.60 lakh respectively.		

The Committee further decided to purchase plastic chairs of 100 or 200 nos. depending on the requirements following usual purchase procedures.

2. Subsequently, a proposal was submitted by the Administrative Officer on 28.01.2016 for purchase of 15 'Bravo' model office chairs directly from Godrej dealer M/s Lakshmi Agencies, Thrissur stating that it as an emergency situation considering the fact that there is acute shortage of chairs for the newly appointed Assistants and those employed on contract basis. It was also stated that as per the list furnished by the Furniture & Equipments Section, the requirement of computer/office chair was 57 chairs. It was stated that the authorised agency of Godrej M/s Lakshmi Agency was contacted and the agency had furnished an invoice for Rs.2,13,550/- for 25 chairs. He also suggested that remaining chairs (57 - 15 = 42) chairs may be purchased through tender procedure. The proposal for purchase of 15 office chairs directly from M/s Lakshmi Agencies was approved by the Vice Chancellor on 29.01.2016. On the basis of the approval, supply order was issued on 30.01.2016 vide letter No.621/Purchase/2015/KUHS dated 30.01.2016. The chairs were delivered and taken into stock and payment was also made.

3. The Permanent Purchase Committee held a meeting on 03.02.2016 and the purchase of furniture for Administrative Building and Evaluation Centre were again discussed. The Committee

ratified the purchase of 15 office chairs directly from M/s Lakshmi Agencies. Based on the decision of the Permanent Purchase Committee in the meeting, the Administrative Office conducted a negotiation with M/s Lakshmi Agencies on 11.03.2016 and the dealer furnished a revised estimate for 9 items at a cost of Rs.23,72,049/-. Hence proposal for purchase of the furniture directly from the dealer at a cost of Rs.23,72,049/- was submitted which was approved by the Vice Chancellor on 23.03.2016. On the basis of the approval, sanction for the purchase was issued by the Registrar vide Order No.181/2016/Purchase/KUHS dated 29.03.2016 and supply order to M/s Lakshmi Agencies, Thrissur was issued vide Letter No.4082/Purchase/2016/KUHS dated 29.03.2016.

4. The dealer, in reply to the supply order, stated that they were ready to furnish the agreement for supply of the items and requested the University to waive off the security deposit amount as they are very dedicated and service oriented for the past 25 years. They also requested to make 50% payment at the time of supply and delivery of the goods. In response, the University directed the dealer to furnish a bank guarantee in lieu of Security Deposit and agreed to make 50 per cent payment of the total cost of the furniture at the time of delivery.

An Agreement for supply of the furniture was signed between the University and the dealer M/s Lakshmi Agency on 1st June 2016.

Payment of 50 per cent advance to M/s Lakshmi Agency was sanctioned vide Order U.O.No.285/2016/Purchase/KUHS dated 04.06.2016.

M/s Lakshmi Agency submitted a 'Samruddhi Deposit Receipt' dated 02.06.2016 (No.SDR/F 4362678) for Rs.1,21,152/- in lieu of the Bank Guarantee.

5. The Governing Council in the 32nd meeting held on 30.05.2016 ratified the purchase of Office Furniture from M/s Lakshmi Agencies but directed that care has to be taken to follow all the formalities and procedures in future more meticulously.

In the above context Audit observes the following :

- (i) The University failed to comply with the Store Purchase Manual in the purchase of the furniture. As per Paragraph 7.5 of the Manual, the University should have invited tenders for the purchase of the furniture as the value of purchase was beyond Rs. 1,00,000/-. But instead, the University resorted to purchase directly from the dealer of a particular product citing emergency situation which arose due to new appointment of Assistants and persons on contract.
- (ii) Paragraph 7.5 clearly lists out the cases in which tenders/quotation need not be issued. One of such instances is natural calamity or any other emergency as declared by the Govt. As there was no such situation which warrants declaration of an emergency by the Govt. and no such emergency was declared by the Government, the high value purchase without inviting tenders was a clear violation of the Store Purchase Manual. It is also noted that none of the other listed instances which are exempted from the tendering process applies to the subject purchase made by the University.

- (iii) Though the supplier had to furnish Security Deposit, the Supplier sought waiver from furnishing the same. But the University gave an option to furnish a bank guarantee instead of Security Deposit. But it is noticed that the supplier furnished a Samruddhi Deposit Receipt instead of a bank guarantee. In the deposit Register, the name of the holder of the deposit was computer printed as 'M/s Lakshmi Agencies' and subsequent to the printing of the receipt, the words "The Registrar Kerala University of Health and Sciences" was handwritten next to the name of the holder. But the addition of the Registrar of the University was not authenticated by the Bank or M/s Lakshmi Agencies by affixing a signature. This indicates that the Fixed Deposit was originally made in the name of M/s Lakshmi Agencies only and it is doubtful whether the same is in the joint name of the dealer and the University. If a situation arises wherein the University requires to realize any loss from the dealer by encashing the FD receipt, the concurrence of M/s Lakshmi Agencies would be required. Hence, in effect the Deposit does not substitute for a Security Deposit or Bank Guarantee. Hence the acceptance of such a Fixed Deposit Receipt in lieu of Security Deposit was irregular and not in accordance with the directions in the Store Purchase Manual.

In the reply of the University, it was stated that the University used to purchase furniture mainly from the Forest Industries (Travancore) Ltd. on the basis of the rates already finalised by the Government. But purchase of furniture from FIT requires a lot of time as they start procurement of wood only on receipt of the order and manufacturing process thereafter. Hence, when newly appointed Assistants joined the University, it became necessary to purchase furniture urgently and hence the purchase was made from M/s Lakshmi Agencies. Appointment of new staff could have been foreseen sufficiently early when the procedure for selection for the post of Assistants was initiated and the process of purchase adopting tender procedures started early. Hence there is no justification for avoiding tender procedure in purchase.

III. Construction of Utility Building.

The 28th meeting of Governing Council of the University decided to entrust CPWD the preparation of Detailed Project Report and the construction of a Utility Building for the University. The proposed building is to house the Bank, Post Office, Students Union Office, canteen for staff and public, mini conference hall etc. The DPR and Preliminary Estimate for Rs.856 lakh (Rs. 81056000 for Work Outlay + Rs. 4539124 for Departmental Charges) were submitted (May 2016) by the CPWD and the University Technical Committee meeting held on 15.6.2016 scrutinised the preliminary estimate and found that the estimate was prepared as per the current rates and guidelines of the CPWD in preparing the preliminary estimates. The Committee decided to recommend to Government to accord Administrative Sanction for the work and the University vide letter No.17182/Works/UB/KUHS/2015 dated 9.8.2016 submitted a proposal seeking Administrative Sanction for construction of Utility Building at KUHS Campus at an estimated cost of Rs.856 lakh.

The meeting of the Special Working Group for Health & Family Welfare Department held on 15.11.2016 considered the proposal and approved the same subject to the specific condition that the expenditure shall be met from the provision available under the appropriate head of account. Government vide GO(Rt)No.3370/2016/H&FWD dated 27.12.2016 accorded Administrative sanction for an amount of Rs.856 lakh for the implementation of the scheme 'Construction of Utility Building at KUHS Campus' by meeting the expenditure from the provision in the Budget 2016-17 and to transfer credit the amount to the implementing agency as per the requirement.

A MOU was signed between the CPWD and KUHS (February 2017) for undertaking the construction work of Utility Building at KUHS. As per the MOU, a minimum of 33.33% of the sanctioned amount shall be deposited by KUHS with CPWD and remaining fund shall be deposited in two instalments as and when demand is raised by CPWD.

Though CPWD vide letter dated 21.1.2017 requested to deposit 1/3rd of the sanctioned amount (Rs.285 lakh), in February 2017 they enhanced the demand for deposit to Rs.400 lakh for the work and University vide Order dated 25.3.2017 deposited an amount of Rs.400 lakh with the CPWD.

CPWD vide Notice inviting e-Tender dated 23.5.2017 invited online item rate bids for the work in which the estimated cost of the work was only Rs.443 lakh. The work of Construction of Utility Building including Internal Electrical installations, fans, fittings was awarded to M/s Sathish Associates vide CPWD letter of acceptance dated 6.7.2017 (Agreement No.15/TRCD/2017-18) and the construction work is in progress.

Meanwhile, the 40th Governing Council meeting held on 24.7.2017 accorded permission to address the Government for sanction to use the savings amount from the Construction of Utility Building amounting to around Rs.350 lakh for construction of an Auditorium attached to Administrative Block in the University.

In response to a letter from the University to utilise the saving in construction of Utility Building, CPWD furnished (September 2017) a Preliminary Estimate for the work of Construction of Auditorium amounting to Rs.4,51,33,300/- (Work outlay) + Rs. 31,59,400/- (Departmental Charges).

The following observations are made:

1. As per Section 1601.1.1. of the Kerala Public Works Manual, Preliminary estimate shall be submitted for works costing up to Rs. 2.00 crore, beyond which detailed estimate shall be submitted in order to accord administrative sanction for all works, except those mentioned in section 1801.1.1. But Audit noticed that CPWD had furnished only a Preliminary Estimate for the work amounting to Rs.856 lakh (Rs. 81056000 for Work Outlay + Rs. 4539124 for Departmental Charges) on 20.05.2016. The University sought Administrative Sanction on the basis of the preliminary estimate which was also granted by the Government. Neither the University nor the Government

called for a detailed estimate for according Administrative Sanction for the work which was required for works costing above Rs.2 crore. Hence the A.S. accorded was in violation of the provisions of Kerala Public Works Manual.

2. On the basis of this Preliminary estimate for the construction of a Utility Building, the University obtained administrative sanction from the Government for an amount of Rs. 856 lakh. But the estimated cost put to bid by CPWD was only Rs.4,43,25,772/- (Civil : Rs. 4,09,84,514/- + Electrical: Rs. 33,41,258/-). The bid amount of the selected contractor was stated to be Rs.377 lakh. It is therefore evident that the preliminary estimate boosted by 193.22 % above actual estimate. In response to a Government query (November 2017), the University replied that the CPWD officials have stated that the Preliminary Estimate was prepared to include provisions to offset any cost escalation that may occur due to any delay in getting the Administrative Sanction and hence the variation. It was also stated that selected contractor had quoted an amount much below the estimate amount due to severe competition in the field. Both the reasons cited are neither convincing nor acceptable. Even if provision for cost escalation is included in the estimate, it cannot result in an estimate which was almost double the amount of estimate without such a provision. Further, the estimate cost put up for tendering by CPWD was only Rs.443.26 lakh and not Rs.856 lakh. Hence the argument that the contractor had quoted a reduced amount due to severe competition does not hold. The boosted estimate had resulted in according Administrative Sanction for almost double the actual cost resulting in extra expenditure to the Government exchequer at the time of financial crisis.

3. Though the University has an engineering wing, no detailed estimate is seen demanded from the implementing agency for scrutiny of the estimate amount in excess of Rs.2 crore. This has resulted obtaining allocation of fund in excess of actual requirement from Government.

In reply to the Audit Enquiry, it was replied that the staff strength of University's Engineering Wing was inadequate and was attending to the execution of minor works and maintenance works only and does not have enough manpower to scrutinize the estimate submitted by other agencies. In view of the experience in this work, University has to insist on submission of details estimate in case of works with estimate above Rs.2 crore while entrusting works to CPWD in future.

4. Though the initial payment to be made to CPWD as per MOU signed was only 33 1/3 %, the University paid an amount of Rs.400 lakh in the first instance itself. This could have been avoided as payment of only 33 1/3 % was agreed to in the MOU.

In the reply furnished by the University, it was stated that Government had accorded sanction to transfer credit the amount to the implementing agency as per the requirement. Hence CPWD was paid Rs.400 lakhs as advance deposit upon their request. But as per the MOU signed, the University was liable to pay in instalments and initial payment was fixed as only 33 1/3 %.

Payment of the whole amount resulted in undue benefit to the consultant (CPWD) and loss of interest if the portion of the amount remained with the University.

IV. Student Support Scheme

Section XXIII of The Kerala University of Health Sciences Act empowers the Governing Council to institute Fellowship, Travelling Fellowship, Awards, Medals and Prizes in accordance with the Regulations made therein. Further KUHS Statute Chapter VI 4(m) empowers the Governing Council to grant fee concession and scholarship to students. Accordingly the 29th meeting of the Governing Council held on 21.12.2015 has approved the proposal of Finance Committee and decided to implement the Student Support Scheme from 2015-16 onwards.

Under the scheme one-time assistance of Rs.20,000/- per year would be provided to the under-graduate (all streams of medical and allied sciences) students of BPL category having yearly income upto 50,000/-. The assistance is intended to be given as book allowance to the students. The expenditure would be met from the Student Welfare Fund formed by the university for this purpose.

In the year 2015-16 Rs.1,13,40,000/- was released to 567 students. And in the year 2016-17 assistance was provided to 1703 students amounting to Rs.3,40,60,000/-.

Audit observes the following;

1. Before the release of assistance it was not ensured that the student has not received assistance for the same purpose/educational purpose from any other source to avoid duplication of assistance. For example the Schedule Caste Department is providing expensive reference books for SC students studying in professional courses under the scheme book bank. Hence there is a chance of some of the beneficiaries obtaining financial assistance from multiple sources. University has not assessed such a situation and taken appropriate steps to avoid unnecessary additional benefit to such students.
2. Under the scheme the students got admission under Management and NRI quota are not eligible for assistance. Scrutiny of application revealed that no such assurance was given by the Principal. The application form prescribed does not require the applicant to indicate the quota in which he/she obtained the admission. Hence University has no means to verify that the condition is complied with.
3. An amount of Rs.4,54,00,000/- was distributed as assistance(book allowance) for the academic years 2015-16 and 2016-17. There is no system to verify that the financial assistance was actually utilized for purchase of the books. Since the scheme is an ongoing scheme direction may be given to college Principals to submit the vouchers in support of utilization of the assistance so that it can be ensured that the assistance has been utilized for the purpose for which it was intended.

University replied that the assistance given by other Bodies or Institutions were not considered by the Universities while giving assistance under the scheme and Governing Council has decided to give assistance which cannot be related to any other assistance received by the students.

It was also stated that students who got admission under Management Quota and NRI Quota were not granted assistance.

It is noted that the expenditure under this scheme has been increasing gradually and the annual expenditure has crossed Rs. 4 crore. Hence release of this assistance has to be done prudently so as not to create a huge financial burden to the University in future. Hence possibility to restrict the assistance to those who are genuinely in need of the benefit and exclude those who get multiple benefits from the Government and other sources is important. Hence the eligibility criteria may be re-examined.

V. Interior work of Senate Hall

Kerala University of Health Sciences (KUHS) started functioning from 14.07.2014 from the Administrative Office Building in the campus which was completed in Phase I of the construction. The entire 7th floor of the Administrative Building was earmarked for Senate functions. As Phase I of construction did not include finishing items required for the Senate Hall, the University decided to take up the interior work of the Senate Hall (26th Meeting of the Governing Council dated 01.07.2015).

On the basis of a request from the University (March 2016), Infrastructure Development Division of HLL Lifecare Limited submitted (May 2016) a preliminary estimate for the work in two parts, Acoustical Interiors and Audio Visual System. The total estimate amount came to Rs.490 lakhs including 3% contingency charges, 14.50% Service Tax on consultancy and 2.9% Service Tax on Project Cost.

The University engaged M/s HLL LifeCare Ltd. as the consultant for the project. After many meetings of the Technical Committee of University and correspondence with M/s HLL Lifecare Ltd., the proposal for the interior work of the Senate Hall with the final estimate of Rs.341 lakh was approved by the Finance Committee of the University in its meeting held on 22.11.2016. Subsequently the General Council approved the proposal of the Finance Committee in its meeting held on 25.11.2016.

As per the State Budget for the year 2016-17, there was an allocation of Rs.1250 lakh for the Kerala University of Health Sciences under the head of account "2210-05-001-93" as grant-in-aid non-salary. Hence the University requested the Health and Family Welfare Department, Government of Kerala to accord Administrative Sanction for an amount of Rs.341 lakhs for the project.

The Government accorded Administrative Sanction vide G.O.(Rt)No.117/2017/H&FWD dated 17.01.2017 for the following works at a total cost of Rs.394 lakh :

- | | | | |
|------|--|---|--------------|
| (i) | Interior Works for the Senate Hall | : | Rs. 341 lakh |
| (ii) | Construction of a mezzanine floor and ventilation system | : | Rs. 53 lakh |

A notice inviting tender was published by M/s HLL Lifecare Ltd. on 27.03.2017 with last date of receipt of tender on 10.04.2017 with an estimate cost of Rs.3,07,73,223/-. Though tenders

were received from five bidders, only two had qualified in the technical bid evaluation. The lowest bidder M/s Avantika Interior Systems quoted an amount of Rs.3,10,51,018/- (0.90% above Estimated Cost) which was reduced to Rs. 3,08,05,018/- (0.1% above the estimated cost).

The University approved the tender submitted by M/s Avantika Interior Systems Pvt. Ltd. for Rs. 3,08,05,018/- including all taxes except Service Tax (16.08.2017) and requested the Consultant to award the work to the firm and commence execution of the work.

It was also noticed that the consultancy agreement with M/s HLL Lifecare Ltd. as consultant for the project was executed on 27 June 2017.

As per the Notice Inviting Tender, the time for completion of the work was six months.

The following are observed by Audit:

1. Though a decision to take up the interior work of the Senate Hall was taken by the Governing Council in July 2015, it took more than one year and 8 months to tender the work. The approval for awarding the work (August 2017) to the selected bidder took another 5 months after tendering the work.

In reply to an Audit Enquiry, the University stated that the delay occurred as the work could be tendered only after the issue of Administrative Sanction. But Audit noticed that the proposal of Administrative Sanction was sent to the Government on 7 December 2016 and the A.S. was accorded on 17 January 2017. Hence delay at Government level was minimum and the major reason for the delay occurred between the stage of the initial proposal for the work and the final approval of Governing Council. Such delay could prove costly in terms of cost escalation and may be avoided.

2. While the estimate was Rs.341 lakh, the work was tendered and finally awarded for Rs.3,08,05,018/-. It may be stated whether the whole amount of estimate i.e. Rs.341 lakh was deposited with M/s HLL Lifecare Ltd. If so, the details of adjustment of balance Rs.32,94,982/- may please be stated.

VI. Non-collection of fee to the tune of Rs.11.62 crore

The University is collecting various fee such as Application fee, Affiliation fee, Annual Administration fee etc. from various colleges under it. Audit observed that an amount of Rs.11.62 crore is pending realisation from various institution during 2016-17 as detailed below:

Stream	Application fee	Provisional Affiliation fee	Continuation / Permanent affiliation fee	Annual Administration fee	Refundable deposit	Total Rs
Ayurveda	-	450000	50000	-	800000	1300000
Homoeopathy	-	-	132500	-	-	132500
Pharmacy	245000	25000	210000	95000	600000	1175000
Medical	2047500	13620000	31120000	1150000	10600000	58537500
Nursing	4404700	350000	46000	260000	800000	5860700
Dental	420000	31520000	31500	-	14800000	46771500
Paramedical	129000	145000	1869000	1200	300000	2444200
Total	7246200	46110000	33459000	1506200	27900000	116221400

On pointing this out, the University replied that an amount of Rs.8.5 crore approximately was pending consequent to an interim stay by the Honourable High Court of Kerala and necessary direction has been given to the Standing Counsel of the University to vacate the stay in order to enable University to collect the balance fee from the self-financing colleges. In respect of the remaining amount, it was stated that they are to be received from Government Medical Colleges and reminders are being sent to the colleges requesting them to remit the pending fees and that the colleges have informed that the amount will be remitted as and when fund for the same is received from the Government. It was also stated that letters have been sent to the Government of Kerala and Director of Medical Education requesting to take necessary steps to get the arrear amount to the University.

Further progress in collection of the fees may be intimated to Audit.

VII. Demand Collection & Balance Register relating to Affiliation Fee

The University is maintaining a DCB Register for Affiliation fee in which the Demand, Collection, Balance & Excess collection of various fee such as Provisional Affiliation fee, Continuation /Permanent Affiliation fee, Annual Administration fee, Refundable Deposit etc. received from various Colleges are recorded. On a test check of the Register with the DCB statement for the year 2016-17, audit observed that there are differences in the fees remitted as recorded in the register and the DCB statement. Some examples are given in Annexure-I.

The cases shown in the annexure are only illustrative. Since the Affiliation register is a Permanent Register which is authenticated for recording various fees received including the Refundable deposit, the register is to be kept correct, upto date and seen and signed by a responsible officer.

Due to the differences cited, Audit could not assess the correctness of the collection of the Affiliation fee.

In reply to the Audit Enquiry issued, University replied that a report will be submitted after comparing the DCB Register with the DCB Statement.

The report of reconciliation is awaited.

VIII. Non-realization of fine

The 28th Governing Council meeting vide its agenda No.28.05 had resolved to approve the decision of the 8th Board of Examinations with regard to imposing of fine on colleges which fail to provide eligible Internal Examiners at first instance and to cancel the status of the colleges as theory examination centre if such instances are repeated for the second time.

Accordingly University imposed fine (Rs.1 lakh for each specialization/ for 13 colleges including government colleges which have failed to provide eligible internal examiners). The requests of some of the colleges for exemption from remittance of fine was rejected by the Governing Council in the meeting held on 30th July 2016. It was opined that exempting any colleges

from remitting the fine would be an injustice to the colleges which have already remitted the fine.

But scrutiny of concerned documents revealed that still 4 colleges have not remitted the fine to the university as shown below.

SINo	Name of college	Fine to be remitted (Rs.)
1	Govt.Dental College, Kozhikode	3 lakh
2	Govt.Dental College, Thiruvananthapuram	2 lakh
3	PSM College of Dental Science and Research, Thrissur	2 lakh
4	Century International Institute of Dental Sciences and Research Centre, Kasargod	2 lakh
	Total	9 lakh

When non-realization of fine to the tune of Rs.9 lakh was brought to notice of the University for remarks, it was replied that the Governing Council was considering taking appropriate action in this regard and the decision of the Governing Council will be intimated to Audit.

Final reply in the matter is awaited.

IX. Non-settlement of advances

The following advances paid to various colleges for the conduct of Theory and Practical Examination from 2012-13 onwards are pending settlement as on 31.12.2017 as detailed below

SINo	Stream	2012-13	2013-14	2014-15	2015-16	2016-17	Total Rs
1	Medical	24400	196800	33260	257900	208600	720960
2	Nursing	-	19500	-	-	20900	40400
3	Pharmacy	-	5500	-	16000	-	21500
4	Para Medical	-	12000	-	3000	-	15000
5	Ayurveda	-	5500	-	-	-	5500
6	Dental	22500	7000	-	3500	74650	107650
	Total	46900	246300	33260	280400	304150	911010

The University stated in the reply that all available measures are being considered, including one-time settlement of all pending advances, by conducting an Adalat.

Progress in the matter may be intimated to Audit.

X. Contingency Fund

As per Chapter IX clause 5 of the Act the university shall establish contingency fund under separate head of the University accounts which shall be used only for the purpose of meeting any unforeseen expenditure. The said account has not been created and maintained by the University. At present all the expenditure of the university are mainly met from general fund.

No reply was furnished by the University. Reply is awaited.

XI. Non-preparation of Academic Calendar

As per Chapter IV clause XXXVII of the Act the University has to prepare academic calendar of the university according to the Statutes and guidelines from the University Grants Commission, various Central Councils and State Government for each academic year before the expiry of the previous academic year. The University has not published any academic calendar for any of the courses even after 7 years of inception of the University and as such there is no uniform dates for opening and closure of the academic year.

In reply it was stated that the Academic calendar for all courses will be prepared by Board of Studies and it will be submitted to next Academic Council meeting for approval. Further progress may be intimated to Audit.

XII. Expenditure from Student Registration Fund

The university is maintaining a student fund in SBI bearing account number 31340212316. The receipts into this account are fee collected from student towards issue of migration certificate, Identity card, certificate verification, collection towards University Union Fee, Sports fee etc. Only withdrawal from this account (e.g. Rs. 30,00,000 on 2.5.2017 and 35,00,000/- on 5.10.2017) was for transferring to General Fund account in which all the other transactions of the University is met (purchase of consumables, payment of sitting fee, inspection fee, payment of salary etc). Since fees has been collected from students for specific purpose such as sports fees, University Union Fee etc. meeting other expenses from this account is not in order.

When Audit pointed this out, University replied that the expenditure on student welfare such as Student Support Scheme issue of cash awards to academic and athletic toppers are also to be met from General Fund though such specific recovery is not being made from the students. To meet such expenses the support of the student registration fund is required as the General Fund is meant to meet other academic purpose.

But Audit found that amounts are transferred in bulk from the Student Registration Fund, the explanation could not be verified by Audit. Hence details of amount spent under various heads such as Student Support Scheme, issue of cash awards to academic and athletic toppers etc. which have been met from Student Registration Fund and General Fund was not furnished to Audit.

XIII. Indigible Non Practising Allowance during Leave

Dr. MK. Mangalam, Registrar of the University was sanctioned 31 days Commuted Leave from 2.5.2016 to 1.6.2016 vide UO No.357/2016/Admn&Gen/KUHS dated 1.7.2016. During the leave period she was granted Non-Practising Allowance and its DA amounting to Rs.13500/- (Rs.6000 + 125%DA), which is inadmissible. Payment of inadmissible NPA during Commuted leave is brought to notice for remarks.

University replied that necessary steps will be taken for the recovery of excess amount paid as Non-Practising Allowance.

Further report is awaited.

XIV. Indigible payment of Patient Care Allowance

Dr. VV.Unnikrishnan, Associate Professor, Physiology, Govt. Medical College, Thrissur was appointed as Dean (Academic) of the University on deputation basis vide GO(Rt) No.1196/2016/H&FWD dated 20.4.2016. He joined duty on 2.5.2016. On verification of Pay Bill Registers and other records, it is observed that he is being paid Patient Care Allowance (PCA) @

Rs.9824/- for the period 5/2016 to 12/2017. Payment of Patient Care Allowance amounting to Rs.1,96,480/- while not having patient care duties is brought to notice for remarks.

In the reply furnished, it was stated that the University was utilising the services of teachers who are officers of the Department of Medical/Ayurveda Education, Government of Kerala on deputation basis in the various posts where direct recruitment has not been effected. The pay structure of these officers in the parent department includes allowances like NPA, PCA, AGP etc. Since such officers are likely to be recruited on deputation basis for some more years to come, it was necessary that their pay and allowances which they were enjoying in their parent department need to be protected. Lesser pay and denial of Teaching Experience benefits is likely to render the University service unattractive to the academicians and hence on the basis of Governing Council decision, the University has requested the Government to accord necessary sanction for the payment of the allowances which the deputed officers were enjoying prior to their date of commencement of service under the University.

Government's decision in the matter is awaited.

PART-III

Follow up on findings outstanding from previous reports

IR No.OA(HQ)III/V/12-446/14-15

IR for the period 01.03.2014 to 31.01.2015

Part II A

Para I - Avoidable expenditure on road works - Rs. 1.05 crore.

Para II - Infructuous expenditure on construction of rain water harvesting pond - Rs.84.36 lakh.

Part II-B

Para II - Non-deployment of surplus man-power from parent universities avoidable expenditure of Rs.10.35 crore.

Para III - Assessment of land required for Health University

Para IV - One-time Annual Central Assistance (ACA) Plan - Rs.9.94 crore of 2012-13.

Para V - Parking of Grant-in-aid (Plan & Non-Plan) funds

Para VI - Authority for depositing University's funds in Nationalised banks

Para VII - Infructuous expenditure of Rs.16.66 lakh for Coco Lawn done by Coir Board.

Para X - Non-realisation of revenue to the tune of Rs.10.90 crore.

IR No.OA(HQ)III/V/15-16

IR for the period 01.02.2015 to 31.01.2016

Part II B.

Para III - Non-incorporation of important provisions in statutes

IR No.OA(HQ)I/V/12-443/2016-17

IR for the period 01.02.2015 to 31.12.2016

Part II - A

Para I - Non-compliance to the Government direction resulted in excess expenditure and recurring loss to the exchequer.

Part II - B

Para II - Functioning of educational institutions without affiliation of the university for more than two years.

Part VI - Non-realisation of revenue to the tune of Rs.13.51 crore

PART-IV

Best practices
--Nil--

PART-V

Acknowledgement

Audit hereby acknowledges the full co-operation extended by the Vice-Chancellor of the Kerala University of Health Sciences and his staff for the smooth conduct of the audit.


For Deputy Accountant General (SGS-III)