

LOCAL FUND AUDIT

Kerala University of Health Sciences

AUDIT REPORT

on the Accounts of

Kerala University of Health Sciences

for the year

2009-10



Office of the Joint Director of Local Fund Audit,

Kerala University of Health Sciences Audit,

Medical College (P O), Thrissur-680596

AUDIT REPORT ON THE ACCOUNTS OF KERALA UNIVERSITY OF HEALTH SCIENCES,
THRISSUR FOR THE YEAR 2009-10

Person responsible for Audit : 1. Smt. Salina Beegum
Joint Director
(1-6-2012 to 30-11-2012)

2. Sri. V S Jayanarayanan
Audit Officer (Hr.Gr.)
(In Charge)
(1-12-2012 to 21-12-2012)

3.D. Sanky
Joint Director
(21-12-2012 continuing)

Time Taken : 1-6-2012 to 31-01-2013

1. Introduction:

Government of Kerala entrusted the audit of accounts of Kerala University of Health Sciences(KUHS) to Local Fund Audit Department (LFAD) under section 68(1) of the Kerala University of Health Sciences Act 2010 [vide GO (Ms) No. 586/2011/fin dated 03.12.2011]. 2009-10 is the first financial year after the inspection of the University and hence the first annual audit by this office. The permission to issue the Audit Report was granted by the Director of Local Fund Audit, vide letter no. L.F - 3791/R2/2014 dated 21/02/2014. So the Audit Report for the financial year 2009-10 is issued here under section 68(4) of Kerala University of Health Sciences Act 2010 and under section 4 (1) of Kerala Local Fund Audit Act 1994. Further necessary action may please be taken as prescribed under section 15 of Keral Local Fund Audit Act 1994 and rule 23 of Kerala Local Fund Audit Rules 1996.

2. Officers of the University for the year 2009-10

Vice Chancellor	:	Dr.K.Mohandas (18-12-2009 to 31-03-2010)
Registrar	:	Dr. T Abdurahiman (19-02-2010 to 31-03-2010)
Nodal Officer	:	Dr. K.Praveenlal (01-04-2009 to 17-12-2009)
Administrative Officer	:	Sri.T. K Narayanan (19-09-2009 to 31-03-2010)

3. Evolution of the University

The concept of establishing a Health University was evolved in the year 2006. For materializing this concept, the Govt. constituted three committees for studying objectives, functions, nature and structure of the new University. As per GO (Rt) No. 3507/2006/H & FWD, the Govt. of Kerala constituted a six member committee headed by Dr. B Iqbal, former Vice Chancellor of Kerala University. The committee conducted a study and submitted its report to the Govt. in 2007. The recommendation of this committee was to set up a University for Modern Medicine and another University for the other streams of medicine viz. Ayurveda, Unani, Sidha and Homeo or comprising all the above categories. Based on this report, as per GO (Rt) no. 2981/2007/H&FWD dated 22-08-2007, the Govt. constituted two committees viz. one headed by Dr. K Sankaran, then the Director of Ayurveda Medical Education and another headed by Dr. V M Janakikutty, then the Senior Principal and Controlling Officer of Govt. Homeopathic Medical College, Thiruvananthapuram. Both these committees studied the subjects and submitted their reports. The committee headed by Dr. K Sankaran recommended to set up a University giving emphasis for Ayurveda research and the committee headed by Dr. V M Janakikutty suggested for setting up a University comprising all medical wings, incorporating affiliating colleges and inter-disciplinary campus research centres. The Govt. conducted a study on these reports. Based on the

cabinet decision, the Govt. of Kerala decided to set up a new University of Health comprising Modern medicine, Ayurveda, Homeo, Unani, Sidha and allied subjects namely 'Kerala University of Medical and Allied Sciences', with Thrissur as its headquarters (vide file no. 43007/S3/08/H&FWD) Subsequently, the Govt. , vide GO(Rt) No. 475/09/H&FWD Tvm. dated 27-08-2008, issued an order establishing a Medical University with Headquarters at Thrissur for all system of medicines including Modern medicine, Ayurveda, Homeopathy, Unani, Siddha and allied subjects under the name 'Kerala University of Medical Sciences'. As per GO(Rt) No. 497/09/H&FWD Dt.21.02.2009, the Govt. appointed Dr. Praveenlal, then Principal of Govt. Medical College, Thrissur as Nodal Officer for setting up and co-ordinating the activities of Medical University at Thrissur. This order also entrusted Dr. Praveenlal to occupy the building identified for functioning the office of Medical University and asked to display a name board in front of the building stating "Kerala Medical University(Campus office)". The Govt. also entrusted the Nodal Officer to mobilize some staffs/officers within his control to assist him in the aforesaid matters. In this order, The Govt. intimated to transfer an amount of Rs.1 crore initially to the account of the Principal, Govt. Medical College,Thrissur for setting up a full-fledged office with adequate facilities including furniture and computers etc. Consequently, a full fledged office was set up expending Rs. 88,98,841.

'The Kerala University of Health and Allied Sciences ordinance 2009' was promulgated by the Hon. Governor of Kerala in the 7th day of December 2009 and the University came into existence on the same day. The Kerala University Health and Allied Sciences Ordinance, 2010 came into effect vide No.15194/Legal/H1/2010/Law dated 08-08-2010. The Kerala University of Health Science Act 2010 came into force as per the notification published as per no. 15194/Leg/H1/2010/Law dated 24-01-2011. In exercise of the powers conferred under section 10(4)(ii) of Kerala University of Health and Allied Sciences ordinance 2009, the Govcernor of Kerala and the Hon. Chancellor of Kerala University of Health Sciences appointed Dr. K Mohandas, former director of Sri. Chithirathirunal Institute for Medical Sciences and Technology as the First Vice Chancellor of this University and assumed charge on 18.12.2009.

Kerala University of Health Sciences, established in 2009 December is one of the biggest University in Kerala. at present there are 238 affiliated institutions in this University . The territorial jurisdiction of the University extends to the whole of Kerala.

4. Authorities of the University

- i. The Senate
- ii. The Governing Council
- iii. The Academic Council
- iv. The Board of Examinations
- v. The Board of Studies
- vi. The Faculties
- vii. The Finance Committee
- viii. The Planning Committee
- ix. The Research Council
- x. The University Quality Assurance Committee
- xi. The University Ethics Committee
- xii. The Students Council

5. Statutory Officers

- i. The Vice Chancellor
- ii. The Pro-Vice-Chancellor
- iii. The Registrar
- iv. The Dean
- v. The Finance Officer
- vi. The Controller of Examinations

The Government sanctioned 67 posts to this University. Presently there are 105 employees are working on deputation and contract basis. During the audit of 2009-10 the audit conducted comprehensive checks in respect administrative and financial matters of the University. Based on this, audit located the following issues which need immediate rectification.

1. The administrative procedures and financial transactions of the University did not have a legal footing because of the non-implementation of Kerala Service Rules, Kerala Financial Code, Kerala Treasury Code and PWD Manual. The University can frame its rules and regulations in respect of the above matters. An early action may be taken to implement the aforesaid rules.
2. In respect of the affiliations of the courses and colleges, an authorised and systematic procedure was not seen adopted. An early action is invited in this regard. The performance Audit of the Affiliation procedure, was conducted by this office and the report of same is being prepared to issue by June 2014.

3. Annual Reports were not prepared and published for the years 2009-10, 2010-11,2011-12. Action may be taken to publish the above.
4. The filing system, authorised vouching, maintenance of proper registers were not done. The interconnections of different sections are not maintained. The quantum of work of the University is not ascertained by conducting work study and the organisational chart of the employees of the University are not prepared. Because of these the internal control is very weak. The above systems may properly be installed in order to have a better internal control.
5. No system exists in respect of stock and stores.

6. The Details of Initial Expenditure for 2008-2009

Government of Kerala allotted 1 crore rupees for setting up and co-ordinating the full-fledged office with adequate facilities including furniture and computers etc., under the head of account 2210-05-001-93-34 other charges-Plan. A sum of Rs. 88,98,841/- has been expended and balance amount of Rs. 11,01,159/- surrendered to Director of Medical Education. The details are furnished below:-

Sl. No.	Details of items of expenditure	Amount spent (Rs.)	Payment Details
1.	Electrification of University temporary building, setting up of lift, Generator, fire & Safety system (File No. U2-3404/KUMAS/09)	55,18,000/-	Full amount paid to the Executive Engineer. PWD (Electrical Division), Thrissur as per chalan receipt no. 296 dated 27/03/2009 for doing work.
2.	Construction of compound wall to the University compound(File No. U2-3405/KUMAS/09)	30,00,000/-	Full amount paid to the Executive Engineer PWD (Building, Thrissur as per Chalan receipt No. 1007 dated 31/03/2009 for doing work.
3.	Purchase of computers and printers for University Office (File No. U2-4721/KUMAS/09)	1,85,068/-	Items purchased from M/s HCL Infosystems under DGs & D rate contract and taken to the University Stock Register
4.	Purchase of digital copier for University Office (File No. U3-4808/KUMAS/09)	53,650/-	--do--
5.	Purchase of furniture for University office (File No. U3-4701/KUMAS/09)	1,32,128/-	Items purchased from M/S SIDCO under State Govt. rate contract and taken to the University stock register.

6.	Purchase of stationery items for University office (File No. U2-4774/KUMAS/09)	9,995/-	Items purchased from M/S Thrissur Medical College Employees Society and taken to the University Stock Register.
	Total Expenditure	88,98,841/-	
	Balance	11,01,159/-	

7. Grant Received

During the year 2009-10, the Government vide order G.O (Rt) No.7426/09/Fin. dated 4-11-2009, authorised the additional expenditure of Rs. 26,50,000/- to meet the contingent office expenditure of Kerala University of Health sciences. As per the GO(Ms) No. 275/09 H&FWD dated 01-08-2009, the finance department has authorised the additional expenditure of Rs. 55,00,000/- Hence the total grant received during the year 2009-10 comes to Rs. 81,50,000/-.

The details are given below

<u>Grant Received</u>	<u>Reference No. and date</u>	<u>Amount</u>
<u>2009-10</u>		
Plan Grant	G.O.(Rt) No.3462/09 H&FWD dated 25-11-2009	26,50,000
Plan Grant	G.O.(Rt) No.1018/2010 H&FWD dated 20-03-2010	55,00,000

		81,50,000

8. Audit Charge:

Audit Charge due for 2009-10 is Rs. 7364/- vide sub section (1) of section 19 of the Kerala Local Fund Audit Act 1994 and Rule 24 of Kerala Local Fund Audit Rules 1996.

➤ Total receipts during the year	-	88,86,850
➤ Annual Income of the University from fees and other revenue receipts	-	7,36,350
➤ Net chargeable income for the year 2009-10	-	7,36,350
➤ Audit Charge for the year 2009-10 @ 1%	-	7,364

PART II
AUDIT OBSERVATIONS

1. Application of Rules:

University has not formulated rules and regulations in respect of service matters, financial matters, treasury transactions, accounting matters and public works. The rules and regulations in respect of these matters are essential for the smooth functioning and conduct of the business of the University. Audit suggests that the competent authority of the university should take appropriate decisions for making Kerala service rules, Kerala financial code, Kerala account code and Kerala Treasury codes applicable in the University.

2. Income From Service-Details Not Known:

As per annual accounts a sum of Rs. 7,36,350/- is received as income from services from various colleges. As per the register they are collected as affiliation fees. For which type of affiliation viz; continuation of affiliation, provisional affiliation, the fees collected is not clarified to audit. The same may be traced out and clarified to audit.

3. Vouchers- Not in Proper Form:

The procedures adopted for vouching are not in orders. On verification, it is noted that bills are not properly vouched and authorised. In certain cases, the competent authority has not even bothered to authorise the bills. This practice is wrong and unwarranted. Consequently, the payment became objectionable. Being an institution funded by Government of Kerala, it is mandatory to use the provisions of Kerala Treasury code unless or otherwise the university framed its own rules and regulations in respect of Treasury and financial transactions. For non-gazetted establishment bills, form No. TR 51 (as per rule 169(b) of KTC Vol I), for gazetted establishment bills, form No. TR 46 (Rule 164(a) of KTC Vol I), for travelling expenses form No. TR – 47 (sec rules 164 (c) of KTC Vol I), for contingent bills, form No TR 61 (sec rules 187 (e) of KTC Vol I), for miscellaneous bills, form No. TR 42 (sec rule 16 of KTC Vol I), for public works petty contract bills as instructed in the Kerala Public works code are used.

4. Personal Register Not Maintained:

On verification, it is seen that many sections in the university are not maintaining the personal registers. The sections under Academic I, are maintaining personal registers. But other sections under Academic II, finance and examination are not maintaining the personal registers. As per the Secretariate Office Manual, which is mandatory to be followed by the Universities, the currents received by each assistant should be acknowledged in the Tapal book and registered in the personal register (form V in appendix I section 48 chapter v of secretariat manual). As soon as

the papers are received in the section, the assistant must at once enter them in the personal register. Section officer should see that all currents received in the section are duly registered in the personal registers of those assistants to whom subjects are allotted. Hence, immediate action may be taken to maintain the personal registers are directed in the Secretariat manual, otherwise it will be difficult to trace out the currents and actions taken thereon.

5. Work Allotment Not Done Properly:

The Govt. Has sanctioned 67 posts to this University, vide G.O (Ms) No. 731/2010/H&FWD dated 3-2-2010 and G.O (MS) No.41/2012 H&FWD Dated 4-2-2012. University appointed 105 employees against this vacancy. The details of sanctioned posts are given below:

1. Vice-Chancellor	1
2. Pro-Vice-Chancellor	1
3. Registrar	1
4. Finance Officer	1
5. Controller of Examinations	1
6. Deans	3
7. Administrative Officer	1
8. Deputy Registrar	1
9. Assistant Registrars	2
10. Assistant Controller of Examinations	1
11. Section Officer	6
12. Assistants/Sr. Grade Assistants	
Sel. Grade Assistants/Accountants	24
13. Data Entry Operators	6
14. University Engineer	1
15. System Manager	1
16. Programmer (IM)	1
17. Junior Programmer	1
18. Confidential Assistant	3
19. Assistant Engineer (IT and Electrical)	1
20. Hardware Technician	1
21. Sergeant	5
22. Driver	3
	
	<u>67</u>

As per the pay rolls of December 2012 the number of staff and statutory officers working in the university is 105. The university staffs include deputation staff, contract staff, Daily wages staff. But in which sections these employees are deployed, what duties and responsibilities they are entrusted with are not made available to the audit. As per order No. KUHS/EXAM I/ESTT 1/1702/2012 dated 08-10-2012, a work study has been conducted in the examination section to assess the work load and work allotment done subsequently. But no such work study/work assessment has been done in the finance section, administrative section and Computer section. It is not evident whether the Engineering and IT sections have been formed. No action is taken to fix the supervisory charge of these sections. One post of hardware technician, one post of sergeant, three posts of Driver are also sanctioned. Employees by way of deputation/contract/daily wages are working against these posts. Under whose supervision they are working is not assigned so far. Audit suggests that a proper work study may be conducted to assess the quantum of work of these sections. An organisational chart comprising all sections may be prepared in this connection with the approval of competent authority and work allotment done. The sections may be renamed using abbreviations.

6. Maintenance of Log Books-Defects:

On verification of Volume-I of log books of Skoda Car NoKL-08-AR-7471 the following defects are noted.

- 1) The fuel efficiency of the car is not seen tested and recorded in the log book.
- 2) The monthly fuel account is not seen prepared and authenticated.
- 3) The columns related to the signature of the officer who used the vehicles are kept blank.

7. I.T. Not Deducted

During the year under audit, Income tax has not been deducted from the Salary of the following officers. It is mandatory to deduct the IT as per I.T. Act,1961. The details are given below.

No.	Name of Officer	Month	Amount
1/9-10	Sri. TK Narayanan	9/09	22699
„	Administrative Officer	10/09	42790
„		11/09	42790
31/09-10		12/09	42790
11/09-10		1/10	42790
„		2/10	42790
			
			236649

27/09-10	Dr K Mohandas, VC	12/09	32129
		1/10	80000
		2/10	80000
			
			192129
			=====

8. Vouching-Not in Proper Order

On verification of vouchers, it is noted that they were not kept the amount were drawn not as per mandatory rules and regulations prescribed in the Kerala Financial Code and Kerala Treasury Code. Many instances are noted for the non attachment of supporting vouchers, non-recording of cheque numbers and non authentication by competent authority. Some instances are enlisted below.

Sl No	Vr.No	Amount	Particulars	Remarks
1	2/09-10	3,231.00	LIC deductions	Miscellaneous bill form not used
2	5/09-10	1077	LIC deductions	Miscellaneous bill form not used
3	6/09-10	9690	Vehicle hire charges	Contingents bill form not used
4	6/09-10	24000	House rent of VC	Bill not authorized month for which rent paid is not specified
5	10/09-10	24000	Conducting conference-advance	Bill not seen authorised and passed
6	11/09-10	42790	Salary bill of Sri TK Narayanan 100 for 1/2011	Bill not stamped, passed, cheque no is not noted.
7	13/09-10	1520	Printing visiting cards, letters etc	Bills are not passed, stock not taken.
8	15/09-10	12000	House rent of VC for months Jan-Feb 2010	Bills are not passed
9	17/09-10	1250	Cleaning charges	Bills are not passed
10	18/09-10	12000	House rent of VC for months Feb-Mar 2010	Bills are not passed
11	25/09-10	120000	Purchase of computers	Stock entry not recorded
12	29/09-10	24000	House rent of VC for monts Mar-Apr 2010	Bills are not passed

The defects pointed out may be rectified in future. Action may be taken to follow the procedures prescribed in the Kerala Financial code and Kerala Treasury code.

9. TA for three months drawn in single bill- irregular

(Vr No 22/9-10, Rs.8020.00)

The rules in KFC and KTC do not provide for drawal of TA of an officer for different months in a single bill. At the end of each month, an officer performing tour journeys has to prefer his TA, for the whole months in a single bill and draws the amount. As per Vr No. 22/9-10 Rs.8020.00 in respect of Sri TK Narayanan, Administrative Officer claimed three months claim for the period 21-09-2009 to 30-11-09 in single bill. This is irregular. This practice may be avoided in future cases.

10. Receipt books not introduced

The receipt should be issued for all kinds of cash received. For the year under audit, no receipt books is seen printed and issued. Hence, action may be taken to print receipt books and same stocked in the safe custody.

11. Daily collection register not maintained

Daily collection register is not maintained for the year under audit. It is mandatory to maintain the daily collection register to record the daily cash collections.

12. DD register not maintained

The DD registers are not seen maintained during the year under audit. The university receives a number of DD in the form of various fees. Presently no authentic records are maintained for watching the receipts and their proper credit of the D.D's. In the concerned registers, column should be provided for the entering the receipt, purpose and date of credit. Separate D.D. registers should be maintained in respect of continuation of affiliation, provisional affiliation, annual administration fee, consent of affiliation etc.

13. Demand Collection Registers

Demand collection registers are not seen maintained during the year under audit. Separate demand collection registers are recommend for continuation of affiliation, provisional affiliation, annual administration and other students fee etc. Action may be taken to maintain the demand collection registers.

14. Stock & store maintenance-Defects regarding

According to the Financial Code Act 120 and Store Purchase Manual Rule 2, the store purchase rules and regulations are applicable to Universities. It is mandatory to maintain the stock registers prescribed in the store purchase manual. But on verification stock and stores essential registers are not seen maintained. Presently all types of stock and stores are entered in one and only stock register namely equipment, machinery and furniture stock register. This practice is not

correct. Moreover, University authorities have not taken any action to delegate the duties and responsibilities of stock and stores to the appropriate officers concerned. All the stock and stores distributed from a single stock regional for all sections. Section wise stock registers not seen maintained and the responsibility of stock keeping not fixed. To put in brief no system exists for proper maintenance of stock and stores. In the absence of this the audit suggests the following instructions for better maintenance of stock and stores.

- I. Separate sections may be formed for the stock and stores in the following respects;
 - 1) General Stock and stores.
 - 2) Electrical & Electronic stock and stores.
 - 3) Civil work stock stores.
 - 4) IT based Stock and stores.
 - 5) Examination stock and stores
- II. Section wise stock registers may be maintained fixing responsibilities for the officers concerned
- III. The stocks marked as assets may be entered in the asset register
- IV. Stock and stores should be issued and replaced based on the written request /intends
- V. The following stock registers should be maintained in the General stock and store sections;
 - 1) Stationery stock register
 - 2) furniture stock register
 - 3) miscellaneous/consumable stock register
 - 4) Tax register
 - 5) Journal stock register
 - 6) Newspaper stock register
 - 7) Dead stock register
 - 8) Register of repairs
- VI. The following stock registers are to be maintained in Electrical and Electronic sections
 1. Electrical item stock register
 2. Electronic item stock register
 3. Repair/work registers
 4. New installation register
 5. Tax registers
 6. Tender/agreement register
 7. Vehicle stock registers
 8. Log book of generator
 9. Fuel/repair register of vehicles
 10. Dead stock register

VII. The stock registers to be maintained in Civil works stock and stores.

1. Technical sanction register
2. Administrative Sanction Register
3. Agreement Register
4. Tender Register
5. Annual Maintenance Contract Register
6. Security Deposit Register
7. Sale tax register
8. Income Tax Register
9. KCWWF register
10. Master Work Register

VIII. The stock registers to be maintained at IT based stock and store sections.

1. Computer Software Register
2. Computer hardware Register
3. AMC Register
4. Computer Maintenance Register
5. Computer stationery/ Consumable register

IX. The following registers are to be maintained in the Examination Stock Wing.

1. General Certificate/ Marklist stock register
2. Tabulation Register
3. Provisional certificate issue register
4. Original Certificate issue registered
5. Marklist issue register

15. Examinations Stock – Defects Regarding:

On verification of stock and stores of examination wing, it is noted that the essential registers required in the examination wing are not maintained. The stock registers of examination stationery, marklist, certificates are seen maintained. In certain stock registers it is noted that the details of stock prepared in the excel sheet are been pasted in the stock registers. This is not the approved way of recording stock and store. Proper attestation should be ensured when there is corrections. Making correction using whitener is prohibited. Steps may be taken to verify stock registers periodically.

16. Stock of Answer Sheets – Defects Regarding:

On verification of the stock and store of answer sheets, mandatory method of stock keeping are not seen followed. The details of issue of answer sheet should be recorded in the concerned stock register. Presently there is no system to ensure that the stock of answer sheets delivered to the

college received by the principal or his authorised officers concerned. A system should urgently be installed to ensure the delivery of the answer sheet to the colleges/ centres directly. The proof of delivery should be collected at once and verified by the University authorities in the next day itself. The principal of colleges should ensure that the answer sheets delivered agree with the Number and serial number. An arrangement may be made for getting the immediate report of the principal of the same to University by online. It should also be ensured for getting a report of issue-balance of answer sheets from the colleges periodically after the examinations/ Group of examinations. The circumstances should not be allowed for keeping the answer sheets in colleges for long time. The back log of answer sheets should be collected after the last examinations of the respective academic year.

17. Stock of Certificates/ Mark lists:

In the University, the printing and stock taking in respect of certificates and marklists are undertaken by the purchase sections. The purchase section issues the certificates and marklists to the exam sections on demand. This practice is not correct. The printing and stock taking of certificates and marklists are done by the controller of examinations. The printing of original certificates and provisional certificates may be done by the controller of examination confidentially and within his risk. The Controller of examination or the officer authorised by him should take the stock in respect of mark list/ original degree certificates. The detailed stock report should be recorded in that page in case of difference in numbers/ damage, in respect of marklist and certificates. In the event of difference in numbers or damages the fact may be, recorded in the main stock register in detail with certificates numbered the fact intimated to higher authorities. All actions in respect of printing, financial transactions, further pursuance in respect of certificates should be done confidentially. When the certificates are distributed to the section officers for entering the details the same should be entered in the stock register of marklist/ certificates maintained at the section officers level. While preparing the degree certificates, the case may be given to avoid cancellations/ corrections. The events of large number of cancellations will be viewed seriously. In case of damage or cancellation they should be entered in General Stock Register in separate pages. Action may be taken to follow aforesaid instructions to instal a system in respect of certificate/ marklist stock keeping under intimation to the audit.

Conclusion :

According to Section 66 (I) of the Kerala University of Health Sciences Ordinance 2009 it is mandatory to prepare Budget and get it approved by the Governing Council. But no such legal formalities are seen done. Along with the performance audit on affiliation, an audit of the

transitory procedures was also conducted and the report will be issued separately by the end of June 2014. The administrative system of the University though in the nascent stage has to be institutionalised as per the requirements of its legal mandate.

Sd/-
Joint Director
Local Fund Audit,
Kerala University of Health Sciences Audit,
Thrissur