

# GOVERNMENT COLLEGE OF ENGINEERING ,KANNUR

## INTERNAL AUDIT REPORT

### TECHNICAL EDUCATION QUALITY IMPROVEMENT PROJECT (TEQIP)

#### Phase II

#### Part A: Brief Details of the Auditee & Audit

- a. Name & Address of the Auditee : Government College of Engineering,  
Mangattuparamba,Kannur.
- b. Names of the office Bearers : **Principal:** Dr V I Beena  
**TEQIP Coordinator:** Dr. P Mahesh  
Kumar
- c. Name/s of Audit Team Members :**Partner:** Joy P Jacob  
**Articled Assistants:**  
Mr. Ajai Vincent & Mr. Jaison Jose
- d. Days of audit : 3 Days (20/06/16 to 22/06/16)
- e. Period covered in the previous audit : 01/04/2015 - 30/09/2015
- f. Period covered in the current audit : **01/10/2015 - 31/03/2016**

#### Part B: Executive Summary

- a. Objectives of Audit
- i) To evaluate the adequacy of internal control systems and management of funds.  
ii) To ensure the compliance of the laid down policies and procedures as documented in the Project Implementation Plan and Financial Management Manual of the project.
- b. Methodology of audit : , Vouching of all bank and cash transactions, Ledger scrutiny, analysis of fixed assets register, cash book, advance register, checking of bank reconciliation statement, scrutiny of all documents relating to purchase of fixed assets.
- c. Status of implementation of financial management system.
- Finance Management System was implemented in the project Institution under the Board of Governance headed by the Chairman. Different Committees and sub- committees are formed for the implementation of the project under the scheme TEQIP Phase II.
- d. Status of compliance of previous audit reports, including major audit observations pending compliance:
- (Refer Part C)

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## e. Key areas of weakness that need improvement:

### i. Disallowance of expenditure as per the World Bank 'Rules

No.	Observations	Implications with risk involved	Recommendations for improvement	Management Response
Nil				

### ii. Procedural Lapse

No.	Observations	Implications with risk involved	Recommendations for improvement	Management Response
1.	<p><b>Interest on Advance Settlement :</b></p> <p>As per the Government Order number G.O(P) No.419/11/Fin interest at the rate of 18% per annum is to be collected on advances given to parties for project purposes which are not settled within a period of three months. During the course of audit, it was observed that no interest was being collected from the faculties even if the advances were not settled within three months.. Details are furnished below.</p>	<p>This amounts to violation of Government order no. G.O(P) No.419/11/Fin dated 04/10/2011.</p>	<p>It is recommended that the interest at the rate of 18% per annum be charged in cases where the advances are not settled within three months</p>	

Sl No	Name	Date of taking advance	Date of settlement	Amount(Rs.)	Management Response
1	Asjab Nabeel	22-02-16	Not settled	7150	Settled on 28/06/2016. Rs 1665/- received as per receipt No. 14/16-17.
2	Dr Baburaj	29-05-16	Not settled	9175	( TRSM-23)
3	Dr Rajesh KN	29-06-15	19-11-15	65000	
4	Sajith B	22-01-16	Not settled	185000	Settled on 10/05/16. Rs. 2910/- received as per receipt No.01/16-17
5	Vinitha Chellapan	29-02-16	Not settled	14130	Informed
6	Bijesh R	29-07-15	25-11-15	32680	
7	Dhanesh Chatta	29-04-15	29-12-15	13000	
8	Divyalal RK	08-01-16	Not settled	130000	Informed
9	Sri Nishant K	04-01-16	Not settled	175000	Settled on 25/06/16. Rs. 27585 received as per receipt No. 10/16-16
10	Suresh Babu	29-12-15	Not settled	20000	Settled on 30/06-16. Additional amount Rs. 59388/- given as per Vr. .No. 58/16-17.

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11	Vineeth Kumar MT	16-02-16	Not settled	140000	Settled on 25/06/16. Rs. 3541/- received as per Receipt No. 11/16-17.
2.	As per MOU, separate bank account has to be maintained by the institution for each of the Four Funds namely Corpus Fund, Faculty Development Fund, Equipment Replacement Fund and Maintenance Fund and by contributing 0.5%(total 2%) of annual recurring expenditure of the institution. These funds are not to be used during the project period.All transactions occurring during the normal course of operations are to be routed through the Main SB account. It is observed that no contribution has been made to Faculty Development Fund, Equipment Replacement Fund and Maintenance Fund during the year.	It amounts to violation of the terms mentioned in the MOU.	It is recommended to deposit annual contributions to each fund equally as per terms specified in the MOU.		
3.	<b>Fixed Assets : Verification By Management</b> It is informed that periodic physical verification of fixed assets was conducted by the management. However, physical verification reports are not available for our verification..	In the absence of any physical verification reports, the authenticity of the physical verification carried out cannot be confirmed and responsibility on verifying officer cannot be established.	Proper physical verification reports should be maintained, and the same should be signed by the verifying officer.		
4.	<b>Interest Income :</b> Interest credited by bank on Corpus fund, Faculty Development Fund and Equipment Replacement are not accounted in the books.	This results in under-statement of income as well as bank balance in the books.	Proper entry should be passed to bring the income in the books.		<b>This account/fund are current account. Hence there is no Interest.</b>
5.	<b>Verification of Cash:</b> As per the Financial Management Manual, there should be a surprise verification of cash at least once in a month by an appropriate authority and result of such verification should be recorded in the cash book under his date and signature. But it is found that no such verification is performed at the institution.	Verification of cash if not done at reasonable intervals of time may cause improper control on utilisation of cash and maintenance of cash book.	We recommend the institution to have regular checking of cash balances and cross checking with manual cash book maintained at the institution.		<b>Only cheque transaction are carried out.</b>
6.	<b>Improper Receipt Voucher :</b> The receipt book maintained at TEQIP office is not in the name of TEQIP but it is in the name of the college. Moreover, the receipt vouchers are at many times signed only by the Principal in charge but	Receipt vouchers which are not signed/ acknowledged by the recipient does not prove to be authentic. Hence there is no sufficient	This should be rectified as soon as possible.		

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	not by the recipient of cash.	control on receipts of cash.		
7.	<b>MFMR:</b> It is observed that there are differences in expenditure reported in MFMR submitted to the SPFU and expenditure accounted in tally. Details are furnished below	MFMR will not reflect the actual position which is the basis for further disbursement of funds.	Necessary care should be taken to ensure that the entries passed in tally match with the amount recorded in MFMR.	

(Rs.in lacs)

Particulars		As per our observation (As per Tally) (A)	As per the Auditee (As per FMR) (B)	Difference (B-A)	Management Response
Month	Head of Accounts				
January	R&D	0.44	0.36	(0.08)	
	FSD	2.21	2.29	0.08	
March	Academic support	1.88	1.87	(0.01)	
	FSD	4.93	1.96	(2.97)	
	Enhanced Interaction with Industry	1.66	1.65	0.01	
	IOC	1.24	5.04	3.8	

### iii) Accounting Lapse

No.	Observations	Implications with risk involved	Recommendations for improvement	Management Response
1.	<b>Stale Cheque:</b> As per the Financial Management Manual, stale cheques are to be transferred to one consolidated account. During the course of our audit, it was observed that the same was not followed by the institution.	Non-compliance of Financial Management Manual. Books of account will not reflect actual position..	We recommend following the procedures prescribed in the FM manual.	
2.	<b>Retention:</b> As per the Financial Management Manual, separate accounts are to be opened for Security Deposit, EMD and Retention money. But the institution has accounted the security deposits as sundry creditors.	Non-compliance of FM Manual.	We recommend following the accounting guidelines as laid down in the FM manual.	

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3.	<p><b>Prior period error :</b> It is observed that , revenue generated through sale of bid documents are accounted as sundry creditors from financial year 2011-12. onwards. Details are furnished below.</p>	<p>This has resulted in over statement of current liabilities and under statement of income.</p>	<p>The institution has to take adequate steps to correct the accounts.</p>																																																												
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%;">Name of Party</th> <th style="width: 20%;">Amount</th> <th style="width: 30%;">Management Response</th> </tr> </thead> <tbody> <tr><td style="text-align: center;">Accurate</td><td style="text-align: center;">1995</td><td></td></tr> <tr><td style="text-align: center;">College</td><td style="text-align: center;">200000</td><td></td></tr> <tr><td style="text-align: center;">CTL Cochin</td><td style="text-align: center;">2205</td><td></td></tr> <tr><td style="text-align: center;">Data Media Kochin</td><td style="text-align: center;">2205</td><td></td></tr> <tr><td style="text-align: center;">Elcome Technologies</td><td style="text-align: center;">1890</td><td></td></tr> <tr><td style="text-align: center;">Entuple Technologies</td><td style="text-align: center;">2205</td><td></td></tr> <tr><td style="text-align: center;">IGATECH</td><td style="text-align: center;">2100</td><td></td></tr> <tr><td style="text-align: center;">Innovative Instruments</td><td style="text-align: center;">2205</td><td></td></tr> <tr><td style="text-align: center;">Lawrence &amp; Mayo</td><td style="text-align: center;">1890</td><td></td></tr> <tr><td style="text-align: center;">Novateur</td><td style="text-align: center;">2100</td><td></td></tr> <tr><td style="text-align: center;">NVIS Technologis</td><td style="text-align: center;">2205</td><td></td></tr> <tr><td style="text-align: center;">Prompt Machine Tools</td><td style="text-align: center;">1995</td><td></td></tr> <tr><td style="text-align: center;">Radha Electronics</td><td style="text-align: center;">2100</td><td></td></tr> <tr><td style="text-align: center;">Scientific Enterprises Kochi</td><td style="text-align: center;">2310</td><td></td></tr> <tr><td style="text-align: center;">Smartsoft</td><td style="text-align: center;">6300</td><td></td></tr> <tr><td style="text-align: center;">Techser Cochin</td><td style="text-align: center;">4305</td><td></td></tr> <tr><td style="text-align: center;">Tejas Networks, Bangalore</td><td style="text-align: center;">2405</td><td></td></tr> <tr><td style="text-align: center;">Universal Agencies, Trichur</td><td style="text-align: center;">2310</td><td></td></tr> <tr> <td style="text-align: center;"><b>TOTAL</b></td> <td style="text-align: center;"><b>244720</b></td> <td></td> </tr> </tbody> </table>				Name of Party	Amount	Management Response	Accurate	1995		College	200000		CTL Cochin	2205		Data Media Kochin	2205		Elcome Technologies	1890		Entuple Technologies	2205		IGATECH	2100		Innovative Instruments	2205		Lawrence & Mayo	1890		Novateur	2100		NVIS Technologis	2205		Prompt Machine Tools	1995		Radha Electronics	2100		Scientific Enterprises Kochi	2310		Smartsoft	6300		Techser Cochin	4305		Tejas Networks, Bangalore	2405		Universal Agencies, Trichur	2310		<b>TOTAL</b>	<b>244720</b>	
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5.	<p><b>Difference in balance with Corpus Account :</b> During the course of our audit, it was observed that the balance in Corpus Account as on 31.03.2016 as per books of account did not match with the confirmation letter received from the bank.</p> <ul style="list-style-type: none"> <li>• Balance as per books Rs. 189737/-</li> <li>• Balance as per Confirmation Rs. 234237/-</li> </ul>	<p>This implies understatement of income of Rs. 44300/- in the financial statements..</p>	<p>Necessary entries have to be passed to correct the books of account.</p>																																																												
6	<p><b>TDS on payments to contract employees :</b> As per section 194 C of Income Tax Act, TDS @1% is to be deducted on payments made to persons working on contract basis. It is noted that TDS is not deducted on payments made</p>	<p>The penal provisions under the Income Tax Act, 1961 would apply for non deduction of TDS</p>	<p>Proper steps must be taken to ensure that the procedures for the deduction and remittance of TDS are carried out.</p>																																																												

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	to the MIS officers Shijina and Vishnu Prasad C, Accountant Ramnish and data entry operators Mini TP and Nithun Raj working on contract basis.																							
7.	<b>Misclassification of Industrial Visits :</b> Expenses incurred for industrial visits of students is classified and accounted under " Enhanced Interaction with industry." instead of ' Incremental Operating Cost'	This will lead to a violation of the Project Implementation Plan.	It is recommended that the same be accounted under the proper head																					
8.	<b>Difference in Opening balance</b> It is observed that the opening balance of tally accounts was not in agreement with last year's audited Financial statement. The management could not provide a reasonable explanation as to why such differences arose. Refer annexure below:	Difference in opening balance also affects the closing balance of the respective accounts. Actual position of assets and liabilities as on a date cannot be ascertained.	The same should be corrected at the earliest..																					
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 10%;">Sl. No.</th> <th style="width: 35%;">Name of the account</th> <th style="width: 15%;">As per Audited statements (Rs)</th> <th style="width: 15%;">As per Tally accounts(Rs)</th> <th style="width: 25%;">Difference (Rs)</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">1</td> <td>Advance by institution</td> <td style="text-align: right;">1,000.00</td> <td style="text-align: right;">0.00</td> <td style="text-align: right;">1,000.00</td> </tr> <tr> <td style="text-align: center;">2</td> <td>VAT 5%</td> <td style="text-align: right;">0.00</td> <td style="text-align: right;">2,120.00</td> <td style="text-align: right;">(2,120.00)</td> </tr> <tr> <td style="text-align: center;">3</td> <td>Difference in opening balances not rectified.</td> <td style="text-align: right;">0.00</td> <td style="text-align: right;">1000.00</td> <td style="text-align: right;">(1000.00)</td> </tr> </tbody> </table>					Sl. No.	Name of the account	As per Audited statements (Rs)	As per Tally accounts(Rs)	Difference (Rs)	1	Advance by institution	1,000.00	0.00	1,000.00	2	VAT 5%	0.00	2,120.00	(2,120.00)	3	Difference in opening balances not rectified.	0.00	1000.00	(1000.00)
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### iv) Accounting books & records not maintained

No.	Observations	Implications with risk involved	Recommendations for improvement	Management Response
1.	<b>Petty Cash Book :</b> The institution is required to maintain the Petty Cash Book as per the Financial Management Manual given by MHRD. But it is observed that the same is not maintained by the institution.	It amounts to clear violation of FM Manual.	We recommend maintaining Petty cash books.	
2.	During the course of our audit it was observed that the payment to faculties for taking remedial classes was made as a single payment to the EAP coordinator and not to the individual faculties. The records of	Actual payments made to individual faculties cannot be ascertained..	The institution is recommended to give separate receipts to each faculty taking remedial classes. Proper documents	

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	payment to individual faculties and their acknowledgement on receipt of payment are not available at TEQIP office.		have to be kept at TEQIP office regarding the payments. To ensure transparency in the system, accurate records are to be kept at institutions	
3.	<b>Record of Security Deposits:</b> The project institution is required to maintain proper records related to Security deposits collected from different parties. Details of security deposits along with its date of expiry are to be recorded clearly in register. We have noticed that many of the deposits are omitted to record in the register.	Proper control cannot be placed on security deposits collected and refunded.	The institution is required to maintain proper records related to security deposits.	

### Part C: Compliance of previous Audit Reports:

- **Internal Audit Report**

Observations	Description	Management Response	Status of implementation
As per the Government Order No.1993/2013/H.Edn, training material charges per programme per person should not be more than Rs 150/ and Rs 50/ for faculty/staff and students respectively. It is observed that expenditure of Rs 385/- per bag was incurred for the purchase of 150 jute bags in relation to NCSEE 2015 conducted during the year. An amount of Rs. 35,250/- is to be disallowed.	An amount of Rs.35,250/- is to be disallowed.	<b>The item was procured as per Government procedure by inviting tenders from qualified vendors. The lowest item meeting specification was selected. No vendor quoted price below Rs.385/-.</b> <b>Hence objection may be relieved.</b>	This irregularity has not been rectified.
<b>Interest on Advance Settlement :</b> As per the Government Order number G.O(P) No.419/11/Fin interest @18% p.a is to be collected on advances given to faculties for project purposes which are not settled within three months. During the course of audit, it is observed that no interest was being collected from the parties even if the advances were not settled within three months. In the absence of adequate information regarding the date of submission and	This amounts to violation of Government order no. G.O(P) No.419/11/Fin dated 04/10/2011.	<b>Steps had taken for the timely settlement of advances</b>	This irregularity has not been rectified.

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settlement of the bill, we are unable to quantify the interest amount that should have been collected by the Institute.			
<p><b>Performance Security:</b> As per the Procurement Manual, performance security deposit of 5% on the contract price shall be obtained for the procurement of goods/works. It shall be refunded within one month of completion of supply of goods/works or after the expiry of warranty period as the case maybe. It is observed that the same was not collected in case of Procurement of Books which amounted to Rs. 26,007/- ( i.e. 5% on the contract value of Rs. 520,140/-)</p>	The procedure laid down in the Procurement Manual is not being followed.	<b>The procurement item under “Books” does not require any maintenance period or liability period and hence are not coming under the clause of warranty period. Moreover no advance payment is made on these two packages. The payment is made only after the complete supply of books. Hence security deposits were not collected for these two packages.</b>	We agree with the management’s response.
<p><b>Incomplete agreement :</b> The Fixed Asset Procurement agreement is not signed by the Principal (Head of Institution) and two witnesses.</p>	The agreement becomes incomplete and void if the relevant parties have not signed the same.	<b>The agreements for all the contracts are signed by Principal and two witnesses. Steps had taken to ensure the completeness of agreement and performance security register.</b>	This irregularity has not been rectified.
As per the PIP, each institution is to maintain a separate Bank Account for each of the Four Funds namely Corpus Fund, Equipment Replacement Fund, Maintenance fund and Faculty Development Fund by contributing 0.5%(total 2%) of annual recurring expenditure of the institution. These funds are not to be used during the project period.All transactions occurring during the normal course of operations are to be routed through the Main SB account. But it is observed that the Performance Security collected during Procurement of goods in the form of Demand Drafts are being transferred to Corpus Fund Bank A/c.	It is not as per the prescribed norms.	<b>Already transferred to main account</b>	This irregularity has not been rectified.
<p><b>Stale Cheque:</b> During the course of our audit, it was observed that the stale cheques are not transferred to a separate account as prescribed in the Financial Management</p>	It amounts to violation of FM Manual.	<b>It will be done</b>	This irregularity has not been rectified.



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Manual.																																						
<p><b>Difference in MFMR :</b> As per the PIP and FM Manual of TEQIP, each institution is required to submit to SPFU, Financial Monitoring Report containing the details of money expended on various activities. It is on the basis of these reports that the funds are being allotted to institutions. During the course of audit, it is observed that the amount accounted in books (tally) as expenditure are not matching with amount recorded in MFMR for the month of August 2015 and September 2015 as detailed below.</p>	MFMR will not reflect the actual position of amount spent for each activity.	<b>Uniformity in MFMR and tally is ensured</b>	This irregularity has not been rectified.																																			
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<p><b>Petty Cash Book :</b> The institution is required to maintain the Petty Cash Book as per the FM Manual. But it is observed that the same is not being done by the institution.</p>	It amounts to violation of FM Manual.	<b>Started maintaining petty cash book</b>	Irregularity still continues																																			
During the course of our audit it was observed that the payment to faculties for taking remedial classes was made as a single payment to the EAP coordinator and not to the individual faculties.	The veracity of the actual payment made cannot be ascertained.	<b>Done as suggested</b>	This irregularity has not been rectified.																																			

- **Statutory Audit Report**
  - General Observations:

Observation	Description	Management Response	Status Of Implementation
The institute is not annexing the actual bus tickets and train tickets. Instead they are claiming the TA as per KSR rules.	Each faculty/experts can claim their TA/DA according to their grades prescribed in relevant rules. But the same should be supported by actual bills.  Taxi Bills Should be annexed in case	As per instruction from SPFU we are following the practice that only for air travel, officers are requested to submit the actual tickets and not for other conveyances.	Implemented. But effective control can be placed upon proper documentation with original travel bills and trip sheets

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	of Taxi Travels .But the institute in most cases is not annexing any trip sheets for travels, instead of this they are claiming Rs.16 per km as per the Government Order.	Instead, the concerned officer is giving a declaration regarding the journey performed in the TA form. Regarding travel by taxi it is instructed that trip sheet should be attached only when we claim more than Rsl6/km. Hence objection may be relieved.	for all.
The Payment made under the head “ Academic Support to Weak Students “ for remedial classes conducted is paid in the name of EAP Coordinator. The institute is not maintaining separate receipts for payment to individual faculties. Moreover submission received from each faculty for their claim in respect of remedial class is handled by EAP Coordinator and there is no documentation for the same at TEQIP Office.	The institute is required to maintain separate receipts for each faculty in case of payment of remuneration instead of paying the amount to a single person. Submission from each faculty is kept in the file in which its payment is related. No acknowledgement on receipt of payment is filed at Teqip office.	Noted for future guidance. Hence objection may be relieved.	Irregularity still continues.
The tally vouchers numbers are not in order with the payment vouchers in physical form.	There should be clear linkage between the tally vouchers and the payment vouchers in physical copy so as to understand the transaction	Necessary steps have been initiated for renumbering of the tally voucher with the cash book voucher.	This irregularity still continues.

- Faculty and Staff Development for improved competence based on Training Needs Analysis:

Observation	Description	Management Response	Status Of Implementation
An external faculty development programme on “knowledge management, practice & application “attended by Mr .Hemachandran (Workshop Superintendent) N on 18-22 November 2013 amounting to Rs.68503/-.	During the course of our audit we observed that Ship Bill amounting to Rs.14700/- of which original invoice is not found. Hence it is disallowed.	As per the instruction from SPFU, only for air travel officers are requested to submit original tickets. Here the concerned officer had submitted a document which proved that the amount claimed was as per existing rates. (Attached as Annexure 3). So the payment may be ratified.	Not rectified.
An external faculty development programme CEP course on 'Energy Management' was attended by Mr.Sailesh from 18th to 22nd November 2013.	Boarding Pass for flight travel is not attached .Hence amount of Rs.4683/- is disallowed.	Requested the officer to submit the same.	Not rectified.
Registration fee of Rs.4000 paid to Dr.Govindan P AP in ME.	Original Invoice not found for the same. Only a duplicate copy is annexed. So Registration fee amounting Rs.4000/- is not	Concerned officer is now doing post doctoral fellowship at Denmark. He is informed to produce the	Not rectified.

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	allowed. {Note : Ref: Voucher No.678}	same.	
Registration fee of Rs.2000 /-paid to Dr.Govindan P AP in ME.	Original Invoice not found for the same. Only a duplicate copy is annexed. So Registration fee amounting Rs.2000/- is not allowed. {Note : Ref: Voucher No.681}	Concerned officer is now doing post doctoral fellowship at Denmark. He is informed to produce the same.	Not rectified.
An in house STTP on 'recent advances in power system' was conducted by the institution during 16th to 20th December 2013.	1. Excess Taxi Fare Claimed Rs.2772/- is not allowed. 2. Excess amount spend on Training Material & Stationary Provided to Faculty is Rs.19969/-(Laptop Bag and Book) is not allowed.	1. Taxi fare claimed was Rs 16/km as per Govt rules 2. The programme mentioned was a STTP for five days. The coordinators followed the DTE rules for conducting such STTP programmes. Also it may please be noted that the total expenditure for the programme was Rs. 78982/ When the sanctioned amount for similar DTE course is Rs 90000/. (Attached as annexure 5). Hence the expenditure may be ratified. Also it may please be noted that for all other in-house programmes except these type of STTPs, the institute had taken steps to limit the material charges to Rs. 150/faculty.	Irregularity still exists.
STTP on 'MasterCAM& solid works - 2014'	Excess amount spend on training material and stationary is Rs.10500/- is not allowed.	Same as given for Section 8. Here the total expenditure was Rs.52693/-.	Irregularity still exists.
Registration Fee of Rs.1000/-For the Second National Conference held at GEC Kannur paid to In-house Faculty Dr.Govindan P	Proper Receipt voucher for the same is not furnished. So the same is not allowed.	Concerned officer is now doing post doctoral fellowship at Denmark. He is informed to produce the same.	Irregularity still exists.
STTP on 'Recent trends in bioenergy-2014'(RTIBE 2014) conducted during 24-28 March 2014.	Excess Training Materials and stationary claimed Rs.9800/- is not allowed	Same as given for Section 8. Here the total expenditure was Rs.82041/-.	Irregularity still exists.

○ **Academic Support For Weak Students:**

Observations	Description	Management Response	Status of implementation
Remedial Class payments amounting to Rs.64800/- on 29.04.2014.	Attendance register for taking remedial class is not found. Moreover payment is made to EAP Coordinator as a single payment not to respective faculties.	Attendance register was kept by concerned nodal officer.  Regarding the payment to individual faculty, it will be	Irregularity is rectified.  Irregularity still continues.

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		noted for future guidance.	
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○ **Institute Interaction With Industry**

<b>Observations</b>	<b>Description</b>	<b>Management Response</b>	<b>Status of implementation</b>
An in house programme “Kerala state entrepreneurship meet” conducted by the institutions during 28-29 march 2014 of which Rs.481004/- is spent.	<p>1. TA bill amounting to Rs.38102/- in connection with distribution of brochures in various districts is not supported by any external vouchers. Hence is not allowed.</p> <p>2. TDS not deducted for payment to Aster ad media of Rs.98080/- in connection with event management. And it is subject to TDS under section 194 c of IT Act 1961.</p>	<p>1. Group of students comprising of 4 or 5 travelled to almost all engineering colleges in Kerala to distribute the brochures of the programme and to invite the students. It was really an appreciable work done by the students and it was not easy for the students to keep all the bills and tickets for the travel and food expenditure incurred which lasted for more than one month. So the faculty who was in charge of that programme submitted a voucher amounting Rs.38102/. This was approved by the finance committee of the institute after making a thorough assessment regarding the possibility of expenditure incurred by the students. Principal and HODs are the members of this committee. Hence the payment may be ratified.</p> <p>2. Noted for further guidance.</p>	<p>The irregularity not rectified.</p> <p>Irregularity not rectified.</p>

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Industrial training of faculty at Keltron component complex ltd amounting to Rs.112,236/-	The Institute is signed MOU with Keltron component complex ltd. So registration fee Rs.112,236/-paid to the company is subject to TDS under section 194 C of the Income Tax Act 1961. {Note: Ref: Voucher No.681 dated 08/08/2014.}	Noted for further guidance.	The irregularity exists. Tds has not been deducted under section 194 C of Income Tax Act, 1961.
Campus Placement Programme Conducted by M/s Tata Consultancy Services	TA Bill is not allowed for Rs.2500/-	Was done due to oversight. May be ratified.	The irregularity exists.
Campus recruitment by Nest Technologies	Travelling Allowances and Lodging expense is not allowable amounting to Rs.26717/-	Was done due to oversight. May be ratified.	The irregularity exists.

○ **International Travel Support Scheme**

Observations	Description	Management Response	Status of implementation
Presentation of paper at International conference on harnessing technology in Caledoian college of engg,Muscat by Dr K M Peethambaran amount Rs. 36946/-	Approval From SPFU is obtained. But as per guideline by NPIU the institute is required to obtain approval from MHRD.	Approval from SPFU is obtained on 8.3.2014. NPIU insisted to obtain the permission from MHRD for international travel w.e.f 1.10.2014. All the international travels prior to that date were sanctioned by SPFU only.	The said irregularity is not rectified, but for the International Travels thereafter, approval from MHRD was obtained.
Presentation of paper at International conference on harnessing technology Caledoian college of engg,Muscat Dr T D John amount Rs. 36946/-	Approval From SPFU is obtained. But as per guideline by NPIU the institute is required to obtain approval from MHRD.	Same as in 1 above.	Not rectified.
Geo congress 2014 at Atlanta,USA by Dr VandanaSreedharan amounting to Rs 249415/-	Approval From SPFU is obtained. But as per guideline by NPIU the institute is required to obtain approval from MHRD.	Same as in 1 above	Not rectified.
Presentation of paper titled 'A reliable system for non-contact ECG measurement with minimal power line disturbance on ICBET 2014 at Penang, Malaysia by AhammedMuneer K V amounting Rs. 78469/-	Approval From SPFU is obtained. But as per guidelines by NPIU the institute is required to obtain approval from MHRD.	Same as in 1 above	Not rectified.

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Presentation of paper at Valencie,Spain amounting to Rs. 218480/-	Approval From SPFU is obtained. But as per guidelines by NPIU the institute is required to obtain approval from MHRD.	Same as in 1 above	Not rectified.
'HEFAT 2014' international conference on heat transfer,fluid mechanics and thermodynamics amounting to Rs. 222711/-	Approval From SPFU is obtained. But as per guidelines by NPIU the institute is required to obtain approval from MHRD.	Same as in 1 above	Not rectified.
Presentation of paper on 'Dynamical systems and differential equations held at Madrid,Spain amounting to Rs.157361/-	Approval From SPFU is obtained. But as per guidelines by NPIU the institute is required to obtain approval from MHRD.	Same as in 1 above	Not rectified.
Presented a paper on 'Compaction behavior of organo clay amended sand bentonite mixtures' in 7th international congress on environmental geo technics by Rs. 256189/-	Approval From SPFU is obtained. But as per guidelines by NPIU the institute is required to obtain approval from MHRD.	Same as in 1 above. Here the sanction from SPFU was obtained on 20.9.2014	Not rectified.

### Part D: Serious Observations:

#### Difference in Opening Balance;

It is noted that the opening balance of tally accounts was not in agreement with last year's audited financial statement.

Sl. No.	Name of the account	As per Audited statements (Rs)	As per Tally accounts(Rs)	Difference (Rs)
1	Advance by institution	1,000.00	0.00	1,000.00
2	VAT 5%	0.00	2,120.00	(2,120.00)
3	Difference in opening balances not rectified.	0.00	1000.00	(1000.00)

### Part E: Other Observation:

As per voucher no. 281/15-16, advance has been paid to Mr. Nishant K for industrial visit to 5 industries. The faculty has not yet submitted the report on the visit made.