



भारतीय लेखा तथा लेखापरीक्षा विभाग  
INDIAN AUDIT AND ACCOUNTS DEPARTMENT  
प्रधान महालेखाकार (सामान्य एवं सामाजिक क्षेत्र  
लेखापरीक्षा) का कार्यालय, केरल, तिरुवनन्तपुरम - 695001  
OFFICE OF THE PRINCIPAL ACCOUNTANT GENERAL  
(GENERAL & SOCIAL SECTOR AUDIT).  
KERALA, THIRUVANANTHAPURAM - 695 001

No. SGS II (HQ) III / I / 8-3339 / 285  
Dated: 29.10.2014

To

The Principal  
Government College of Engineering  
Kannur-670563

Sir,

Sub:-Report on the Local Audit of the accounts and registers of Government College of Engineering ,Kannur for the period 2013-14 under Section 13 of the Comptroller & Auditor General's (DPC) Act 1971

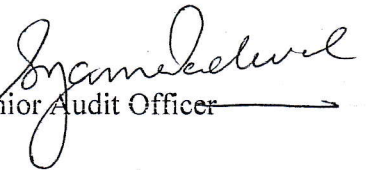
The Report on the Local Audit of the accounts and registers of Government College of Engineering ,Kannur for the period 2013-14 conducted under Section 13 of the Comptroller & Auditor General's (DPC) Act 1971 is forwarded herewith. The replies/remarks to the points raised in the report may please be arranged to be furnished through the Director of Technical Education Thiruvananthapuram, within four weeks from the date of receipt.

The report has been prepared on the basis of information furnished and made available by the Auditee Institution. The Office of the Principal Accountant General (G&SS Audit), Kerala, Thiruvananthapuram disclaims any responsibility for any misinformation and/or non information on the part of Auditee.

In this connection, reference is invited to Article 63(c) of Kerala Financial Code Vol.I impressing upon the essential need for furnishing complete replies to all the paras of the Local Audit Report.

Receipt of documents may please be acknowledged.

Yours faithfully,

  
Senior Audit Officer

Copy to

The Director of Technical Education  
Padma Vilasom  
Fort PO  
Thiruvananthapuram 23  
*Remarks of Government on the reply to each  
.para may be furnished*

Senior Audit Officer

**REPORT ON THE LOCAL AUDIT OF ACCOUNTS AND REGISTERS OF  
GOVERNMENT COLLEGE OF ENGINEERING, KANNUR FOR THE PERIOD  
2013-14.**

**PART I**

**A. Introductory.**

The Govt. College of Engineering, Kannur established in 1986 has an area of 68 acres and is affiliated to the Kannur University. The college offers B.Tech courses in Civil, Mechanical, Electrical and Electronics, Electronics and Communication and Computer Science branches of engineering. The College also offers M.Tech courses in Electrical and Electronics Engineering (Power Electronics and Drives), Mechanical Engineering (Advanced Manufacturing and Mechanical Systems), Electronics and Communication Engineering (Signal Processing and Embedded System) and Civil Engineering (Computer Aided Structural Engineering).

The Local Audit was conducted from 26.09.2014 to 04.10.2014 covering the period 2013-14.

**B. Officer-in-charge.**

<b><u>Name of Principal</u></b>	<b><u>Period of Incumbency</u></b>
Dr. K.C. Raveendranathan	01.04.2013 to 19.06.2013
Dr.T.D.John, HOD (Principal in charge)	20.06.2013 to 16.12.2013
Dr.V.Syamprakash, Principal	17.12.2013 to 31.03.2014 (Continuing)

**C. Departmental Audit.**

The departmental audit was conducted by the Directorate of Technical Education during August 2013 covering the period up to 31.03.2013.

**D. Outstanding Paras in the previous Inspection Reports**

Period of IR	Outstanding Paras
01.10.1996 to 30.09.1997	Part II B – IV i(c), (d)4, ii, iii, 2,3,6, VIII(2)
01.12.2001 to 30.11.2002	Part II B – I(2)
01.06.2007 to 30.06.2008	Part II B – I(2)
01.07.2008 to 31.05.2009	Part II B – II (A) , XI
01.06.2009 to 31.05.2010	Part II B – I, II, V ,X, XI, XII, XIII, XIV, XV
01.06.2010 to 31.03.2012	Part II B – I, II, IV, V, VII, VIII, IX, X, XI, XIII, XIV, XV

**E. Financial Position.**

- a. The following grant was received from Central Government for implementation of various schemes.

(Rs in lakh)

Period	Amount received		Amount utilised		Details of surrender if any	
	Plan	Non-plan	Plan	Non-plan	Plan	Non-plan
2011-12	4		4			
2012-13	196		196			
2013-14	250		250			

b. Grants/funds received from State Government

Period	Amount received		Amount utilised		Details of surrender if any	
	Plan	Non-plan	Plan	Non-plan	Plan	Non-plan
2011-12	99.15	892.37	76.21	892.37	22.94	
2012-13	167	947.15	142.48	947.15	24.52	
2013-14	266.51	1142.93	258.72	1142.93	7.79	

**PART II**

**A. Major Irregularities**

Nil

**B. Other Important Irregularities.**

**I. Non commencement of construction of SC/ST Hostel even after stipulated period of completion resulting in idling of funds amounting to Rs.1 crore –**

The All India Council for Technical Education (AICTE) vide letter dated 03.12.2012 intimated the Govt. of Kerala about its intention to provide financial assistance of Rs.2 crore each to selected Govt. / Aided Engineering Colleges for construction of SC/ST Hostel on the condition that the balance amount, if any, required for the construction would be met by the State Govt.. Subsequently as per intimation dated 13.02.2013 of AICTE, the Govt. College of Engineering at Kannur was sanctioned an amount of Rs.2 crore for the construction of Hostel and on 28.02.2013 the first installment of Rs.1 crore was released to the college. It was specifically stated in the fund released order that the work should be completed within 18 months from the date of release of fund. As such the construction was to be completed by the end of Aug 2014.

The Administrative Sanction of the project was issued vide GO dated 21.05.2013 and the work of construction of Hostel was entrusted to KPWD.

The AICTE vide letters dated 20.05.2014 and 30.06.2014 had specifically called for the details of progress of construction and utilisation certificate in respect of already released fund of Rs.1 crore so as to release the balance amount before the stipulated period of completion of the project. However, it is observed that even though the work was to be completed as early as 31.08.2014, the work is yet to be commenced, resulting in idling of grant of Rs.1 crore in bank account of the college. The non completion of the construction within the stipulated period may also lead to loosing of balance assistance of Rs.1 crore from AICTE. Specific reason if any for non commencement of work even after the lapse of the completion date may be stated.

In reply it was stated that the work has just been started now. The reply is not acceptable since the stipulated period of completion has already been expired and only preliminary work of clearing of proposed site has since been done as on date.

**II. Infertuous expenditure of Rs.3.98 lakh due to non functioning of Biometric Finger Print Attendance Management System –**

The GOK vide order dated 13.09.2010 accorded sanction for implementation of Biometric Finger Print Attendance Management System in various offices. Accordingly the Directorate of Technical Education vide order dated 21.11.2012 accorded sanction for purchase and installation of Biometric Finger Print Attendance Management System in Govt. Engineering College, Kannur at a cost of Rs.3.98 lakh. The supply and installation of the system was entrusted to M/s.KELTRON and an agreement in this regard was executed in March 2013. The said agreement is not having any legal validity since it has been signed by the General Manager of Keltron alone and the Director of Technical Education has not signed the agreement.\*

Though the supply of the system was made by M/s.KELTRON as per invoice dated 18.03.2013 and the payment of Rs.3.98 lakh was made as per order dated 28.05.2013, the college is following the old system of attendance register even now and no report generated

from the Biometric Finger Print Attendance Management System was made available to audit for scrutiny. This shows that the Biometric Finger Print Attendance Management System is not functioning and as such the expenditure of Rs.3.98 lakh incurred for the system is infructuous.

Reason for not using the Bio-metric Finger Print Attendance Management System may be stated.

### **III. Delay in utilisation of fund – TEQIP**

The Technical Education Quality Improvement Programme (TEQIP) was envisaged in 2003 as a long term programme of about 10-12 years to be implemented in three phases for transformation of the technical education system. This is a Centrally sponsored scheme. The project cost would be shared between Central and State Government in the ratio of 75:25. The main objective of the scheme was to strengthen the institution to produce high quality engineers for better employability. The college has so far received a sum of Rs.8 crore under Phase II of the project. Out of the said amount, an amount of Rs.1.98 crore is still retained by the college as unutilised as on 30.09.2014, as per the cash book.

As per the Project guidelines the second phase of the project is to be completed by December 2014. The funding pattern of the scheme stipulates that each Government / Govt. Aided Engineering College is eligible to get a maximum financial assistance of Rs.10 crore during the phase II period of TEQIP. Since the project period is coming to an end in December 2014 and there is delay in utilisation of fund as stated above, the college is likely to loose the remaining financial assistance available under the scheme.

In reply it was stated that about Rs.3 crore was received recently and it is expected to be utilized before December 2014. The reply is not acceptable since the project period would be expired by December 2014 and even now only Rs.8 crore was received and only after its utilization the balance fund of Rs.2 crore (Rs.10 crore – Rs.8 crore) can be requested. Therefore there is every chance of loosing of the balance financial assistance of Rs.2 crore due to delay in utilization of the fund already released.

**IV. Non utilisation of State Plan fund.**

During the financial year 2011-12 to 2013-14, the college has received a sum of Rs.99.15 lakh, Rs.167 lakh and 266.50 lakh respectively under state plan fund. Out of the above only Rs.76.20 lakh, Rs.142.48 lakh and 258.72 lakh respectively were utilised resulting in surrender of Rs.22.95 lakh, Rs.24.52 lakh and Rs.7.78 lakh during 2011-12 to 2013-14 respectively. The non utilization of plan fund is a failure on the part of the college in the effective implementation of various schemes / programmes.

In reply, the surrender of State plan fund has been confirmed by the institution.

**V. Internal Control.**

**1. Rush of expenditure towards the end of the financial year.**

Withdrawal of huge money from Treasury at the fag end of the financial year in order to avoid lapses of funds is a financial irregularity under Article 44(C) of KFC Vol.I. On verification of the Cash Book and connected records, an amount of Rs.1.65 crore (excluding payment for salary and wages) was seen withdrawn from Treasury / Bank for March 2014 alone through Contingent Bills. This indicates a rush of expenditure at the fag end of the year which is irregular.

In reply it was stated that, the above practice would be avoided in future.

**2. Defects in maintenance of Cash Book.**

On verification of the Cash Book of CET, Kannur, the following defects were noticed.

- i. Corrections and overwriting were noticed in several cases. This is irregular.  
Corrections if found essential shall be done by scoring the incorrect entry and inserting the correct entry under proper attestation by the Head of office. Several entries were seen corrected without proper attestation.
- ii. Each and every entry in the cash book must be checked and countersigned by the proper authority. The same not seen done on many of occasions.
- iii. Using correction fluid to correct the mistakes are irregular.

3. **Non-maintenance of Tender Register.**

As per Art.133 of KFC Vol. I each office should maintain a register in Form No.15 to show the details of the tenders invited; the names of tenderers, the date of receipt, date of opening, etc., of tenders and quotations. The tenders received should be serially numbered and entered in this register and then kept under lock and key by the Head of office until taken out on the opening date. Late tenders should also be entered in the Register and the reason for their inclusion or exclusion recorded in the remarks column. Such a Tender Register to watch the tenders was not maintained in the Government Engineering College, Kannur.

In reply it was stated that a register is being maintained. The reply is not acceptable since it is not maintained in the prescribed form and the required details are not available in the register maintained by the institution.

4. **Non utilisation of Special Fee.**

The special fee collected from students in an academic year has to be utilised for the benefit of students and for the specified purposes in the same academic year itself. However, it is seen that the special fee collected amounting to Rs.11,93,940 is still retained by the college without utilisation. Since the above amount relates to previous years the same may be utilised for the benefits of students after obtaining permission from competent authority.

5. **Unclaimed Caution Deposit.**

On verification of the Caution Deposit Register and connected records it is noticed that an amount of Rs.29,000 collected from students towards caution deposit is lying unclaimed for more than three years. Unclaimed amount for more than three years is liable to be lapsed to Government revenue account. Hence the same may be remitted to Govt. account at the earliest.

6. **Advance pending settlement**

As per KFC Article 239 when adjustment bill is not submitted within 3 months, the entire amount of advance should be recovered in lump together with interest at 12.5% per annum on the entire amount from the date of drawal to the date of recovery.



On scrutiny of the advance register and connected records it is noted that the Advance taken on 14.02.2014 by Sri.N.I.Narayanan, Asst. Professor towards purchase of magazines amounting to Rs.15,000 is pending settlement as on date.

It was replied that necessary instructions have already been issued to the concerned official for the settlement of the pending advance.

7. **Non-maintenance of Audit Objection Register.**

As per Art.63 of KFC Vol. I each office should maintain a register in the prescribed format to watch the clearance /remedial action taken in respect of the Audit Objection raised by the Accountant General. Such an Audit Objection Register for watching Audit objection raised by the AG and ascertain the up to date position of each pending para was not maintained in the Government Engineering College, Kannur.

  
Senior Audit Officer