

TECHNICAL EDUCATION QUALITY IMPROVEMENT PROGRAMME

COLLEGE OF ENGINEERING THALASSERY

STATUTORY AUDIT OBSERVATIONS FOR THE FY 2014-2015

Administration of TEQIP

- Principal : Dr.Sajeev V
- TEQIP Co-coordinator : Dr.Rajeev P
- Nodal Officers:-
 1. Procurement : Mr.Ranjith K
 2. Finance : Mr.Anil Rajagopal
 3. Academic : Mr.Chempak Kumar A
 4. Civil Works : Mr.Ranjith K
 5. Equity Assurance : Ms.Rashma T V

COLLEGE OF ENGINEERING, THALASSERY

- MANAGEMENT LETTER
- UTILIZATION CERTIFICATE
- BALANCE SHEET
- INCOME AND EXPENDITURE ACCOUNT
- RECEIPTS AND PAYMENTS ACCOUNT
- STATEMENT OF SOURCES AND APPLICATION OF FUNDS
- STATEMENT OF RECONCILIATION OF CLAIMS TO TOTAL APPLICATION OF FUNDS
- BANK RECONCLATION STATEMENT

PROJECT INSTITUTIONS UNDER STATE PROJECT FACILITATION UNIT, KERALA



K. VENKATACHALAM AIYER & Co.

CHARTERED ACCOUNTANTS

No. XVI/ 118K, Second Floor,
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TECHNICAL EDUCATION QUALITY IMPROVEMENT PROGRAMME (TEQIP II)
COLLEGE OF ENGINEERING, THALASSERY, KERALA
MANAGEMENT LETTER

To

The Director,
State Project Facilitation Unit Kerala,
Directorate of Technical Education,
Trivandrum

We have audited the Project financial statements of *College of Engineering Thalasserry, Kerala under TEQIP Phase II* for the year ending 31st March, 2015 and have issued our consolidated report dated 26-09-2015. The matters involving the internal accounting control structure and its operations that we consider to be material weakness in accordance with the standards referred to above have been dealt with in our audit report.

The following observations were examined during the course of the audit on the accounting records, systems and control:

1. During the course of audit it was observed that the internal control system regarding the procurement of assets is very low.



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1. GENERAL OBSERVATIONS:

Sl No	OBSERVATIONS	AUDITORS REMARKS
I	The Institute is maintaining its accounts in cash basis.	General Procedure as per Financial Management Manual issued by MHRD.
II	The institute is not annexing the actual bus tickets and train tickets. Instead they are claiming the TA as per Kerala State 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 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.
III	The Documentation should be in a correct format as per the government rules .In most cases the files are attached in separate file.	The Institute is required to keep the files and the supporting in the payment voucher file so as to link the payment voucher with the details.
IV	The tally voucher 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.
V	The Institute has given advance of Rs 31500 each to five faculties for participating in Moodle Course.	There is no provision for participating in Moodle Course. So Advances given to Faculties has to be recovered.



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2. During the course of audit it was observed that the FMR submitted by the institution for the year ended March 2015 doesn't tallied with the actual expenditure incurred till the end of March 2015. The details of which are as follows :

Total expense as per FMR : Rs 173.83 Lakhs

Total expense as per Books : Rs 171.98 Lakhs

Difference : Rs 1.86 Lakhs

3. Other Observations are furnished in Annexure I.

For K VENKATACHALAM AIYER & CO

Chartered Accountants

Firm Reg No: 004610S

CA M G SURESH KUMAR B.Sc,FCA,DISA(ICA)

Partner | Membership No:212795



Date : 26.09.2015.

Place : KOTTAYAM

ANNEXURE-I

• INTERNAL CONTROL WEAKNESS

Sl. No	OBSERVATIONS	AUDITORS REMARKS
I	<ul style="list-style-type: none"> During the course of our audit we observed the absence of proper internal control in the institution. The institute is not updating any finance committee minutes and academic committee minutes. The financial sanction is given at the time of settlement of bill. The Procurement coordinator is not updating the PMSS software's in a timely manner. This has been considered as negligence on the part of the authorized official. There are instances where advance has been granted to the employees for in-house /external programmes without obtaining prior submissions. There are instances where advances remain unsettled for more than 3 Months. 	<ul style="list-style-type: none"> The institute is required to frame adequate mechanism, policies and procedures for the smooth functioning of the office. The Role of each member in the committee has to be specifically determined. The delegation of duties must be appropriately designed. The Institute is required to update the minutes of the finance committee and academic committee. The PMSS software's custodian should not be a single person. The PMSS software should be updated as soon as possible. The packages are initiated but not updated till the date of audit. Prior Approval of the all the programmes, activities, procurements are required from appropriate authority before organizing the same. Advance requisition along with justifications and reference of the project budget should be submitted prior to making the expenditure under the programme and prior approval must be taken in all such cases.



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	<ul style="list-style-type: none"> During the course of audit we found that the proceedings were initiated for financial sanction without principal's authorization. 	<ul style="list-style-type: none"> Authorized signatory should have sanctioned the proceedings in order to initiate valid proceedings.
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• Maintenance of Registers

Name of the Register	Audit Observations	Auditors Remarks
Cash Book	<ul style="list-style-type: none"> During the course of our audit we observed that institute is maintaining the cash book as per the format prescribed in Financial Manual. However institute is not maintaining any receipt vouchers and therefore not updating the receipt column of the cash book. Physical Cash verification was not done at regular intervals. 	<ul style="list-style-type: none"> The institute is required to maintain receipt vouchers and update the cash book in the manner prescribed in financial manual. The institute is required to conduct physical verification of cash balance at regular intervals.
Stock Registers	<ul style="list-style-type: none"> During the course of our audit we observed that certain procurements are done at institution level .But for the same no separate stock register is maintained at institution level. Normally payments are made for procurements only after the asset is received at the concerned departmental level. Detailed report are annexed in Annexure-I 	<ul style="list-style-type: none"> The institute is required to update the stock register at the institution level.



<p>Fixed Asset Register</p>	<ul style="list-style-type: none"> • During the course of our audit we observed that the fixed asset register was not prepared as per the format prescribed in financial manual. • The physical verification of the asset is done by the management as on 20/01/2015. The Material discrepancies reported by the management are annexed in Annexure -I • During the period under audit, the students of the institution broke 2 Fire extinguishers which was purchased under TEQIP. Subsequently the institute charged fine from those students and accounted in college fund. 	<ul style="list-style-type: none"> • The institute is required to update the fixed asset register in proper format. • Details are furnished in Annexure -A • The management has not prepared any report on the financial loss suffered on account of fire extinguishers. Moreover stock registers and fixed asset registers are to be updated so as to know the actual position of the asset.
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- Improvement in teaching, training and learning facilities

SL No	OBSERVATIONS	Auditors Remarks
I	<p>Package No: TEQIP II/2014/KL1G13/Shopping/95</p> <p>Name of the Supplier :</p> <p>N K C Ummer PWD Contractor, Thalassery</p> <p>The minor civil works of Rs.4, 13625/- was done by the institute during the financial year 2014-2015 for which following discrepancies and observations were found.</p> <p>(a) The measurement book of the civil works certified by the AE of the institute shows major variation with the agreed measurement with supplier.</p> <p>(b) The Party has not annexed proper documents at the time of opening of tender regarding the qualification criteria for the bidder as provided in the selection criteria.</p> <p>(c) The Concerned party is the main contractor of the college for the past few years.</p> <p>(d) The escalation clause regarding the increase in the contract price has been overwritten. As per the procurement guidelines further negotiation is not permissible.</p>	<ul style="list-style-type: none"> • The procurement of civil works is to be done as per the format prescribed in the procurement Manual. • The selection of the bidder is to be based on the prescribed qualification as per the procurement manual. • As per the procurement guidelines further negotiation is not permissible.
II	<ul style="list-style-type: none"> • The institute was subscribing E-journals of IEEE from M/s Global Information System Technology Private Ltd (GIST) since January 2014. <p>Package Code- Teqip- II/2014/KL1G13/Direct contract/109</p>	<p>Amount of Rs: 97,256.25 /- incurred for the month of January, February & March .Proper actions to be taken to extend the E- Journals period to cover the 2 months missing.</p>



	<p>Package Name-E-Journal IEEE</p> <ul style="list-style-type: none"> • Payment for renewal of subscription for the period 1-01-2015 to 31-12-2015 has to be made in advance as per the terms of the company. However purchase order in this regard was issued on 25th march 2015 and demand draft issued in favour of GIST on 27th March 2015 for an amount of Rs.38,9025/- .This amount was incurred for subscription of E journals from 1-01-2015 to 31-12-2015. • As per the records we verified, it was found that the institution has paid Rs 97,256.25 for the subscription of e journals for the period 1-01-2015 to 31-03-2015, during which no E-Journals of IEEE were accessible. • Stock Register of the library shows that access to E-Journals commenced from 27th March 2015.The terms of the GIST Private Ltd states that access will take up to 10 days once Demand draft is encashed. 	
III	<ul style="list-style-type: none"> • During the course of audit we found that institute has awarded a contract to L3 vendor(Habitat Furniture) for purchase of tables & chairs for Rs.428000,disregarding L2 and L1 vendors who have agreed to execute contract for Rs.349300/- and Rs.327850/- respectively. 	<p>The Excess amount paid in connection with procurement is Rs. 1, 00,150/- .In bird's eye view, the annual maintenance of an item is estimated to be 10 % of the acquisition cost. From an economic view point, contract awarded to Habitat Furniture is not palatable.</p>



- Faculty and Staff development for improved competence based on Training Needs Analysis (TNA)

SL No	OBSERVATIONS	AUDITORS REMARKS
I	A programme "Outcome based education and accreditation" under Faculty and Staff development was conducted by Mr. Ranjith K(AP,ME) at an amount of Rs. 49008/-. Out of this amount Rs.14840 is incurred as flight charges for which no boarding pass is annexed.	<p>This is not a subject oriented programme. The Class is attended by the faculties from different streams of engineering.</p> <p>Boarding pass is compulsory for air travel. Rs.14840/- in connection with the flight travel is not allowed.</p>
II	Excess M Tec Tuition Fee paid to the Faculties amounting to 1,66,650/-	<p>Reimbursement of tuition fee pertaining to higher studies:</p> <p>BoG permitted the following schemes for reimbursement of tuition fee pertaining to higher studies.</p> <ul style="list-style-type: none"> • In case of applicant who sought admission at Govt. Colleges in Kerala State, is eligible for the full reimbursement of tuition fee. • In case of applicant who sought admission at Govt. controlled self financing colleges (like CAPE/IHRD etc), is eligible for reimbursement of tuition fee up to an amount equal to the merit seat fee of that institution. • In case of applicant who sought admission at Private self financing colleges, is eligible for reimbursement of tuition fee up to an amount equal to the merit seat fee of CAPE institution.



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III	Accommodation Charges of Rs. 3600/- paid to Mr. Mahesh M (Instructor, CSE) for attending two day workshop on Android Training on 22 nd and 23 rd March 2014 is in the name of BATHIJA Travels Private Limited .Proper Room Bill is not annexed.	As original room bill is not annexed, Rs3600 is disallowed.
IV	<p>A Communicative English class is conducted for the administrative and non teaching staff by Mr.Usman Koya P T at an amount of Rs. 109469/- and as per our view the above class is not a functional oriented programme.</p> <p>The accommodation expenses amounting to Rs, 7600/- annexed for the above programmes is not in accordance with the programme schedule.</p>	This is not a subject oriented /function oriented programme. The Class is attended by non-teaching staff from different streams of engineering.

• ACADEMIC SUPPORT FOR WEAK STUDENTS

SL No	OBSERVATIONS	AUDITORS REMARKS
I	Remedial Class payments amounting to Rs.64, 800/- on 29.04.2014.	<ul style="list-style-type: none"> Attendance register for taking remedial class is not found. Moreover payment is made to EAP Coordinator as a single payment and not to respective faculties. The receipt voucher from individual faculty is not annexed. Hence we are unable to conclude whether the payment was made to individual faculties. So Rs. 64 800/- paid in connection with remedial class is not an eligible expenditure.



- Providing Assistantships for increased enrolment in existing and new PG Programmes in Engineering disciplines

Sl. No	OBSERVATIONS	AUDITORS REMARKS
I	An amount of Rs.43161/ is paid to Ms Sruthi Veenadharan as scholarship. However she is eligible for scholarship under other scheme and hence she is ineligible to obtain scholarship from TEQIP Fund.	<ul style="list-style-type: none"> • The institutions could also provide teaching /Research Assistantships through TEQIP funds to the enrolled M Tec students/Doctoral students that do not get any scholarships through NDF/other schemes. • The declaration from the students that they are not claiming grant from any other scheme is not proper. The declaration from students must be furnished in a stamp paper. • Rs.43161/- is disallowed.
II	An amount of Rs.39000/- is paid to Mr.Kishor K as scholarship. However he is eligible for scholarship under other scheme and therefore he is ineligible to obtain scholarship from TEQIP Fund.	<ul style="list-style-type: none"> • The institutions could also provide teaching /Research Assistantships through TEQIP funds to the enrolled M Tec students/Doctoral students that do not get any scholarships through NDF/other schemes. • The declaration from the students that they are not claiming grant from any other scheme is not proper. The declaration from students must be furnished in a stamp paper. • Rs.39000/- is disallowed.

III	An amount of Rs41200 is paid to Mr.Ajayan T J , who is eligible for scholarship under other scheme and therefore he is ineligible to obtain scholarship from TEQIP Fund.	<ul style="list-style-type: none"> • The institutions could also provide teaching /Research Assistantships through TEQIP funds to the enrolled M Tec students/Doctoral students that do not get any scholarships through NDF/other schemes. • The declaration from the students that they are not claiming grant from any other scheme is not proper. The declaration from students must be furnished in a stamp paper.
IV	Amount Paid to Ms.Sruthi Krishna K P Rs. 43 355/- who is eligible for scholarship under other scheme and therefore she is ineligible to obtain scholarship from TEQIP Fund.	<ul style="list-style-type: none"> • Rs.41,200/-/- is disallowed. • The institutions could also provide teaching /Research Assistantships through TEQIP funds to the enrolled M Tec students/Doctoral students that do not get any scholarships through NDF/other schemes. • The declaration from the students that they are not claiming grant from any other scheme is not proper. The declaration from students must be furnished in a stamp paper. • Rs. 43 355/- is disallowed.



• INCREMENTAL OPERATING COST

SL No	OBSERVATIONS	AUDITORS REMARKS
1	<ul style="list-style-type: none"> An employability assessment test was conducted at institute by Attest Testing services Ltd on 30th August 2014. The examination fee per student is Rs 250. A list of 246 eligible students were prepared and examination fees of all 246 students amounting to Rs 61500 was incurred. A demand draft in favour of Attest Testing Services Ltd for Rs 61500/- was taken on 23rd August 2014 in advance. However as per the attendance sheet only 188 students participated in the test on 30th August 2014. <p>Besides the copy of email conversation between the placement officer and Attest Testing services Ltd shows that Demand Draft was handed over to Attest Testing Services Ltd on 30th August 2014 after conducting the test and not on 23rd August 2014 as an advance.</p>	<p>The college has paid examination fees amounting to Rs 14500, of 58 students who have not attended the test</p> <p>Examination Fee of 58 students amounting to Rs 14500 is disallowed.</p>



ANNEXURE:-A

MAJOR DISCREPANCIES FOUND IN ASSET PHYSICAL VERIFICATION REPORT

Sl No	Department	Items Not Entered in Stock Register	Items Not Found
1	ME	1. Projector Screen & Board 2. Projector Phase II 3. Tables & Chairs (Class Room Table -4, Office Table -4, S type Chair -4)	
2	IT Lab		<ul style="list-style-type: none"> • Language Lab -HP - 01 to 34 (2 Components Missing) • 1 Plastic Chair is missing • Package : Tables & Chairs 1 office Table Missing • Package : Metallic Shelves & Racks (2 Office Racks Missing)
3	TEQIP office	✓ Package : Audio System Not Yet Unpacked till the date of audit.	
4	Library	1. Package: Computer Chairs & Plastic 5 Numbers of Chair Not Entered.	<ul style="list-style-type: none"> • Print Journals ✓ Invent Impact : Civil Engineering 4 Numbers Missing ✓ Journal on civil engineering 1 Number Missing. ✓ Power today 2 Numbers

