

Chapter 4

Integrated Audit of a Government Department

4. Higher Education Department

Executive Summary

Higher Education Department is responsible for providing quality education to the students through universities, Government/Government aided/private graduate and post-graduate colleges. Administrative and financial activities of the universities were controlled directly by the Higher Education Department and that of the Government and Government aided and unaided colleges through the Director of Higher Education at Allahabad. Integrated audit conducted during March 2009 to July 2009 covering the period 2004-09 revealed the following:

- Non-adherence to the provisions of budget manual in preparation of budget estimates led to inflated estimation and surrender of Rs 230.60 crore at the closing (31 March) of the respective financial years.
- Both Government and Government aided colleges were short of regular teachers to the extent of 27 *per cent* to 49 *per cent* and 12 *per cent* to 24 *per cent* respectively during 2004-09 and 17 Government colleges did not have even a single teacher in one to five subjects for one to three years during 2006-09.
- The department failed in developing basic facilities in Government aided colleges despite availability of funds during 2007-09, due to non-framing of implementable policies for execution of the scheme.
- Ninety five *per cent* graduate and post graduate colleges did not have proper infrastructure for imparting quality education. There was lack of governance as computerisation of office related work could not be done for the last three years due to non-development of software.
- Internal audit was weak as 88 *per cent* to 96 *per cent* units remained unaudited during 2004-09 and response to external audit was also poor as only five *per cent* audit paragraphs were settled during 2004-09.

4.1 Introduction

Higher education is being provided by the universities (Government and private), Government graduate/post graduate colleges and private graduate/ post graduate colleges (aided/unaided). The Government laid emphasis on qualitative development of educational institutions and higher education in the State.

There are 12 State Universities, one Open University, one Deemed University and six private universities in the State. The universities exercised administrative and financial powers vested in them subject to prior approval of the Government in respect of grant of financial benefits to their employees, increase in posts, etc. One hundred twenty five Government colleges, 335

Government aided colleges and 1,901 self financed colleges were under the control of Director of Higher Education, Uttar Pradesh, Allahabad.

4.2 Organisational set-up

At State level, Principal Secretary/Secretary, Higher Education department (HED) is the supervisory officer for formulation and implementation of higher education policy and proper functioning of the department. Administrative and financial activities of the universities are controlled directly by HED. The Director controlled the activities of the Government, Government aided and unaided colleges. He is assisted by one Joint Director (Administration), two Joint Directors (Education) and a Finance Controller at the Headquarter and by eight Regional Higher Education Officers (RHEOs) with one Finance and Accounts Officer in each RHEO in the field.

4.3 Scope of audit and methodology

The integrated audit covering the period 2004-09 was conducted during March 2009 to July 2009 by test check of records at Secretariat at Lucknow, Directorate at Allahabad, 2 RHEOs, Agra and Lucknow and 12 District Inspector of Schools¹ (DIOSs), 13 Government colleges and Lucknow University. The audit objectives were discussed at an entry conference held (April 2009) with the Secretary of the HED. Exit conference was held in November 2009. Government reply was received and incorporated in the review at appropriate places.

4.4 Audit objectives

The objectives of the audit were to assess whether:

- budget and expenditure controls were effectively exercised;
- proper system for assessment of manpower, their sanction and appointment were in place and implemented effectively;
- project management was efficient and effective;
- proper control was exercised over universities by the Government, and
- a proper monitoring system was in place and effective.

Audit findings

4.5 Budgetary control

The position of budget allotment and expenditure there against during 2004-09 is indicated in **Table 1**.

¹ Firozabad, Mau, Ghazipur, Hardoi, Pratapgarh, Mathura, Basti, Mordabad, Bulandshahr, Aligarh, Bagpat and Maharajganj.

Table 1: Budget allotment and expenditure

(Rs in crore)				
Year	Allotment	Expenditure	Saving	Capital expenditure and its percentage to total expenditure in bracket
(1)	(2)	(3)	(4)	(5)
2004-05	623.22	621.21	2.01	4.34 (1)
2005-06	766.10	763.84	2.26	147.67 (19)
2006-07	799.66	797.88	1.78	30.80 (4)
2007-08	825.18	796.14	29.04	35.17 (4)
2008-09	1,008.73	813.22	195.51	20.37 (3)
Total	4,022.89	3,792.29	230.60	238.35 (6)

(Source: Directorate of Higher Education)

The department did not surrender the savings of Rs 230.60 crore in time

The savings during 2007-08 occurred mainly due to over estimation of salaries (Rs 13.96 crore) and excess allotment of funds to Dr. Ram Manohar Lohia Law Institute, Lucknow (Rs 10.09 crore) by the Government. During 2008-09, saving of Rs 195.51 crore (19 *per cent*) was mainly due to over estimation of salaries, non-fixation of pay of employees according to recommendations of Sixth Pay Commission and non-utilisation of funds of Twelfth Finance Commission fully.

The Director, HED stated (November 2009) that Rs 36.75 crore pertaining to establishment of new colleges by the private management, development of infrastructure facilities in Government aided colleges, etc., could not be spent due to election code of conduct. Reply was not tenable as election code of conduct was in force only from 2 March 2009 whereas funds could have utilized well before the election code of conduct coming into force.

Except in 2005-06, when Rs 117 crore were given for major construction works to Dr. Ram Manohar Lohia Law University at Lucknow, the share of capital expenditure was negligible ranging between one *per cent* and 5 *per cent* only. Very low level of capital expenditure indicated that the efforts of the Government were not focused on improving the infrastructure for providing quality higher education.

Besides, Budget Manual stipulates that all final saving must be surrendered to the Finance department by 25 March, so that these could be utilized elsewhere. The department surrendered entire savings (Rs 230.60 crore) during 2004-09 at the closing (31 March) of the each financial year leaving no time for their utilization.

4.5.1 Inflated budget estimates for salaries

Unrealistic assessment of budgetary requirement led to excess provision of Rs 193.80 crore for salaries

Budget Manual stipulates that budget estimates on account of staff salaries should be prepared on the basis of men-in-position rather than that on the sanctioned strength. Records at Directorate showed that estimates of salaries prepared during 2004-09 were based on the sanctioned strength which included vacant posts also. These inflated estimates were submitted to Government which forwarded these to the Finance Department (FD). The FD also did not curtail the demand for the vacant posts and the budget for salaries was provisioned more

than its actual requirement year after year. Details under the head ‘Salaries’ are given in **Table 2**.

Table 2: Budget allotment and expenditure on salaries

(Rs in crore)

Year	Budget provision	Actual expenditure	Excess provision (column 2- 3)	Re-appropriation	Saving/ Surrender
1	2	3	4	5	6
2004-05	454.73	437.36	17.37	15.88	1.49
2005-06	500.94	484.86	16.08	15.63	0.45
2006-07	617.28	543.27	74.01	72.79	1.22
2007-08	605.05	571.16	33.89	19.93	13.96
2008-09	669.53	617.08	52.45	-	52.45
Total	2,847.53	2,653.73	193.80	124.23	69.57

(Source: Directorate of Higher Education)

4.5.2 Drawal of funds to avoid lapse of budget

Financial rules provide that no money should be withdrawn from the treasury unless it is required for immediate disbursement. In contravention to this, Director, Higher Education withdrew Rs 55.47 crore (2005-06: Rs 8.01 crore; 2006-07: Rs 26.82 crore and 2007-08: Rs 20.64 crore) earmarked for purchase of computers, vehicles and construction of buildings, etc. and deposited the same in Personal Ledger Account (PLA) of U.P. Rajarshi Tandon Open University, Allahabad at the close of the respective financial years (31 March) to avoid their lapsing. Out of the unspent balance of Rs 19.97 crore under the PLA, the department deposited Rs 6.92 crore in the receipt head during 2008-10 and Rs 13.05 crore were still lying unutilized as of March 2009. These drawals also inflated the expenditure of the respective years to that extent. Thus, non-observance of financial rules eroded the reliability of financial reporting of the department.

4.5.3 Irregular transfer of money to Management Fund

The Government prohibited (March 1986) colleges to transfer the student funds and other fee to the Management Fund for utilization. Lucknow Christian College transferred Rs 4.43 lakh from other fee funds to the Management account during 2004-09 and did not refund it as of July 2009. The Government in reply stated (November 2009) that necessary instructions had been issued (November 2009) to all colleges to ensure the compliance of Government orders in respect of utilization of students funds and other fee funds.

4.5.4 Fraudulent drawal

According to Government orders (March 1991), the Principal and the Manager of the college are responsible for timely deposit of subscriptions of saving-cum-group insurance scheme of teaching and non-teaching staff with Life Insurance Corporation (LIC), Kanpur. Records revealed that the Principal, Khardeeha Post-graduate College, Ghazipur was given a cheque of Rs 24,900 in his name for remittance to LIC. The Principal, however, drew (October 2007) Rs 2,24,900 against this cheque by prefixing 2 before 24,900 from joint salary payment

**Withdrawal of
Rs two lakh
fraudulently**

account of the college and deposited it in the college account handled by Principal alone. The amount was drawn by the Principal and misappropriated. The Principal was suspended and a First Information Report was lodged by the college against him in November 2008. Further progress was awaited as of November 2009.

The above irregularities indicated ineffective departmental control over budgetary and financial management.

4.6 Personnel management

4.6.1 Shortage of teachers in colleges

The Government decided (May 1984) the work load of teachers at 24 periods in a week, i.e., on an average four periods per day with 70 students in each class/section to maintain quality of education in graduate and post graduate colleges. U.P. Public Service Commission (UPPSC) was responsible for selection/recruitment of teachers for Government colleges and U.P. Higher Education Service Commission (HESC) for Government aided colleges. Records revealed that a large number of teaching posts in Government and Government aided colleges were lying vacant during 2004-09 as detailed in the **Table 3**.

Table 3: Sanctioned post and person-in-position

Year	Number of posts sanctioned	Persons -in- position	Shortages (2 – 3) and <i>per cent</i> to column 2 in bracket	Number of teachers appointed on contract basis	Total number of teachers available	Shortages as <i>percentage</i> to column 2 in bracket
1	2	3	4	5	6	7
Government Colleges						
2004-05	1,404	1,015	389 (28)	Nil	1,015	389 (28)
2005-06	1,449	1,051	398 (27)	263	1,314	135 (9)
2006-07	1,768	1,041	727 (41)	429	1,470	298 (17)
2007-08	1,958	1,014	944 (48)	765	1,779	179 (9)
2008-09	2,098	1,067	1,031 (49)	765	1,832	266 (13)
Government aided Colleges						
2004-05	12,687	11,148	1,539 (12)	692	11,840	847 (7)
2005-06	12,953	10,917	2,036 (16)	814	11,731	1,222 (9)
2006-07	12,588	10,365	2,223 (18)	1,056	11,421	1,167 (9)
2007-08	12,588	10,028	2,560 (20)	1,082	11,110	1,478 (12)
2008-09	12,588	9,523	3,065 (24)	1,166	10,689	1,899 (15)

(Source: Directorate of Higher Education)

Shortage of teachers in colleges was up to the extent of 49 per cent. Seventeen Government colleges did not have any teacher in one to five subjects for one to three years

The shortage of regular teachers in Government colleges was 389 (28 per cent) in 2004-05 which increased to 1031 teachers (49 per cent) in 2008-09. In Government aided colleges, it went up from 1539 (12 per cent) in 2004-05 to 3065 teachers (24 per cent) in 2008-09. To cope up with the shortage of teachers, the department appointed teachers on contract basis in Government colleges which reduced the shortage to 13 per cent at the end of 2008-09. In Government aided colleges, in spite of appointment of teachers on contract

basis, the shortage rose to 15 per cent during 2008-09 from 7 per cent in 2004-05.

Further, records of 18 Government colleges made available to audit, revealed that against the requirement of three to 39 teachers in different subjects², only one to 16 teachers including teachers on contract basis were available leaving a shortage of one to 27 teachers during 2006-09. In 17 out of these 18 colleges, there was no subject teacher in one to five subjects for one to three years during 2006-09 (*Appendix-4.1*).

In view of large number of vacancies in both Government and aided colleges and non-availability of even a single teacher in several subjects in Government colleges, attainment of the objective of quality education was difficult. The Principals of concerned colleges replied (November 2009) that in the absence of teachers in several subjects, classes could not be run. The Government, in reply, stated (November 2009) that action was being taken by HESC for selection of teachers.

4.6.2 Delay in appointment of teachers

To fill up the teachers' vacancies in aided colleges, the Directorate sent proposals to HESC for selection of 2,947 teachers for different subjects from June 2003 to May 2008. The HESC, however, selected only 723 candidates as of April 2009. The details are as given in **Table 4**.

Table 4: Details of notifications for appointment of teachers in Government aided colleges

Notification number and date	Number of posts notified	Number of posts filled up by the HESC	Date of selection
37 dated 18 June 2003	838	Nil	-
38 dated 29 November 2004	281	Nil	-
39 & 39 dated 03 February 2005 and 27 January 2006	157	58	22 May 2007
40 dated 9 December 2005	245	179	27 September 2006
41 dated 18 January 2007	552	486	--
42 dated 18 August 2007	337	Nil	-
43 dated 21 January 2008	32	Nil	-
44 dated 08 May 2008	505	Nil	-
Total	2947	723	

(Source: Directorate of Higher Education)

There was delay in selection of teachers in Government aided colleges

Records revealed that, in respect of selection of 1,119 teachers, notified (June 2003 and November 2004) by the Directorate, the High Court had stayed selection process and passed (April 2009) final order on the writ petition filed by the aggrieved persons for re-calculation of vacancies adhering to the provisions of Uttar Pradesh Public Services (Reservation of Scheduled Castes, Scheduled Tribes and Other backward classes) Act, 1994. The department approached

² Hindi, English, Mathematics, Economics, Political science, Sociology, Education, History, Physics, chemistry Zoology, Botany

(July 2009) the Supreme Court against the judgment of High Court. Further progress was awaited (December 2009).

Against the remaining 1671 vacancies notified (February 2005 to May 2008), 665 posts (40 *per cent*) only were filled up as of November 2009. On being enquired about the reason for abnormal delay in selection of teachers at HESC level, the Secretary, HESC replied (October 2009) that though the HESC was always inclined to complete the selection process speedily but due to legal wrangling it was delayed. The HESC had delayed the selection process even in cases not involving judicial process.

Besides, against 3065 vacancies in Government aided colleges as of March 2009, the Directorate had notified 2224 vacancies only to the HESC, which indicated that Directorate was also not notifying exact number of vacancies for further action.

4.6.3 Pending court cases

Counter affidavit in 569 court cases was pending for one to more than five years at Directorate level

As of June 2009, 3396 cases involving service matters, honoraria, colleges' affiliation, admissions and selection of lecturers etc. were pending in the High Court³. Out of these, 889 cases related to admissions and affiliation matters and the concerned universities being the primary respondent were responsible for filing the Counter Affidavit (CA). In remaining 2507 cases, CA in 569 cases was pending for one to more than five years at Directorate level. Year-wise details of cases are given in **Table 5**.

Table 5: Pending court cases

Year	Number of cases pending at the end of June 2009	Number of cases in which CA not filed by Directorate as of June 2009
Upto 2004	1,710	228
2005	259	59
2006	183	63
2007	514	65
2008	317	96
2009 (upto June 2009)	413	58
Total	3,396	569

(Source: Directorate of Higher Education)

Huge number of court cases indicated that department was not keen to attend to the problems of staff and others, as a result of which the aggrieved parties approached courts for relief. On this being pointed out, the Government stated (November 2009) that CA could not be filed due to shortage of staff. The Government further stated that no specialized legal cell was set up in the Directorate to look after the court cases properly, in the absence of which, the court cases could not be pursued effectively. Reply confirmed the apathetic attitude of the department for pursuing court cases.

³ Information in respect of cases pending in other courts/benches were not made available by the department.

4.7 Project management

The forthcoming paragraphs would reveal deficiencies in implementation of development schemes/projects.

4.7.1 Development and extension of basic facilities in Government aided colleges

The department failed to utilize the funds in developing basic facilities in Government aided colleges

The Government sanctioned Rs 20 crore (2007-08: Rs 10 crore and 2008-09: Rs 10 crore) for the development and extension of basic facilities and infrastructure in aided colleges. As per the criteria laid (July 2008) by the department, grant at the rate of Rs 10 lakh was to be given to each aided college which had received the non-recurring grant before 1980. The grants were to be given only to those colleges which would spend 65 *per cent* of the total expenditure from their own resources. The scheme involved construction of building and lab for different professional courses in addition to digitalization/renewal of library, strengthening of lab, on line education/e-library, computer lab and existing courses, etc. The department revised the criteria (August 2008) by deleting digitization/renewal, strengthening of lab, on line education/e-library computer lab etc. The colleges were still not prepared to incur 65 *per cent* from their sources as they did not have sufficient financial resources.

Thus, the department could not utilize the grant of 2007-08 which was lying locked up in a PLA (June 2009). The entire grant for 2008-09 was surrendered at the end of financial year. As such, department failed in developing basic facilities in Government aided colleges, despite availability of funds.

4.7.2 Execution of Asevit⁴ Yojna

With a view to encouraging private management/institutions to open self financing colleges in unserved areas, the Government decided (May 1999) to pay grants up to Rs 50 lakh for construction of college buildings, library and purchase of equipment with the conditions, *inter alia*, that the land of the college should be at one place and registered in the name of college and mortgaged in favour of Government for 15 years.

Due to recommendation of ineligible cases by the RHEOs, grant of Rs 20 lakh under Asevit yojna was irregularly paid to two colleges

Records revealed that RHEO, Varanasi certified (2004-05) transfer of land to the Lodi Kisan Mahavidyalaya, Chhitauni, Atraulia, Azamgarh although the transfer had actually not taken place and first installment of Rs 10 lakh was released (April 2005) to the college. In May 2008, the Principal of the college informed the Director that the land was under dispute and hence no construction work was carried out. Similarly, RHEO, Varanasi sent a report to the Director, HE, stating that land had been transferred to Raj Bali Singh Smarak Mahavidyalaya, Halia, Mirzapur in 2005-06 and on that basis, the Director certified that the land was transferred in the name of the college. Accordingly, Rs 10 lakh as first installment was released (January 2007) to this college also. In May 2008, the Revenue department pointed out that the land was transferred

⁴ Unserved

irregularly to the college as the same belonged to a scheduled caste and the land could be transferred only with the permission of DM, Mirzapur.

Orders to recover the amounts along with interest thereon from both Lodi Kisan Mahavidyalaya and Raj Bali Singh Smarak Mahavidyalaya were issued in September 2008 and February 2009 respectively by the Director, HED. No recovery had, however, been effected as of August 2009. The department also took no action against the officers responsible for recommending ineligible cases for release of the grant.

4.7.3 Non-construction of buildings for State Administrative and Management Institute and U.P. Higher Education Service Commission

The department failed to construct buildings for State Administrative and Management Institute and UPHEC despite availability of funds

The National Policy on Education-1986 expressed the need of training educational administrators and heads of institutions in specialized institutions at the National and State levels and also imparting pre- induction training to personnel selected to head the institutions. To fulfill these objectives Government decided (August 2007) to establish a State Administrative and Management Institute at Allahabad and allotted Rs 2 crore in 2007-08 for construction of building on land to be provided by Small Industries department of U.P. Government free of cost. Commissioner, Allahabad division sent (February 2008) a proposal to the Government for transfer of land situated at Karchana Tehsil for construction of the above Institute. Order of the Government for transfer of the above land was, however, awaited as of November 2009. Meanwhile, the allotted amount of Rs 2 crore was surrendered (March 2009). The Government in reply stated (November 2009) that the proposal for transfer of land was under consideration.

The Government also sanctioned (July 2008) Rs 3.40 crore for construction of non- residential/residential building for HESC, Allahabad on the proposal of the Director, HE, as the Commission was functioning in a private rented building with insufficient accommodation. The amount was to be paid to the executing agency after ensuring availability of land for the construction. The department could not arrange the land and the money was surrendered at the end of the 2008-09.

4.7.4 Non-functional law faculty and underutilization of hostel building

The Government issued (April 2000) instructions to State universities that recognition for law courses would be given only to new law colleges and not to a law faculty in the existing colleges. Recognition was to be given after fulfillment of the norms, *inter alia*, construction of lecture hall, common room, library, administrative office, principal's office, examination room, etc.

Law faculty could not be made functional for want of affiliation to the university since the last three years and a hostel building was underutilized

The Government in contravention of its April 2000 order sanctioned (March 2005) Rs 2.73 crore for introduction of law faculty in the Chaudhary Charan Singh Postgraduate College (CCSPGC), Heonra, (District Etawah) to be affiliated to the Chatrapati Sahuji Maharaj University, Kanpur. The total intake capacity of the law faculty was fixed at 500. The building was completed (January 2006) at a cost of Rs 2.44 crore by Uttar Pradesh Rajkiya Nirman

Nigam (Nigam). The law faculty was, however, not functional as of November 2009 as it could not be affiliated to university for want of certified copy of *Khatauni* of the college land and balance sheet of the society which managed the college funds. Expenditure of Rs 2.44 crore incurred on construction of the building proved unfruitful for over 3 years.

The Government also, sanctioned (2003-05) Rs 12.63 crore for construction of a 450 bedded hostel for the above college. The hostel building was completed (June 2005) at a cost of Rs 12.46 crore. Against the intake capacity of 450 students, actual number of students in the hostel ranged between 99 and 389 (2005-06:324; 2006-07:389; 2007-08:147 and 2008-09:99) indicating under utilization of the hostel. On this being pointed out, Principal of the college stated (July 2009) that the shortfall was due to irregular session of B.Ed. classes in previous years. Reply was not tenable as there was no shortfall in actual intake of B.Ed. students against intake capacity of 230 students during 2005-09.

4.8 Failure of Oversight/Governance and Monitoring

4.8.1 Lack of quality assurance in institutions

Ninety five per cent colleges did not have requisite infrastructure for quality education

To ensure that the graduate and post graduate colleges were maintaining requisite standards and imparting quality education to the students, the Government issued (March 2004 and August 2004) instructions that all colleges should get accreditation of the National Assessment and Accreditation Council (NAAC), an autonomous body established by the University Grant Commission (UGC). RHEOs were responsible for submission of report to Government after getting the rating done by the NAAC.

Out of 2361 colleges (Government colleges: 125, aided colleges: 335 and unaided colleges: 1901), only 121 colleges (15 Government colleges; 103 aided colleges and 3 unaided/self financed colleges) were accredited by the NAAC (June 2009) during the last five years. The Government in reply stated (November 2009) that as the remaining colleges did not have sufficient infrastructure, they were not accredited by NAAC. Thus, 95 per cent colleges did not have requisite infrastructure for quality education indicating lack of oversight.

4.8.2 Computerisation

Eight hundred twelve computers purchased at a cost Rs 5.49 crore were not utilized for the intended purposes for the last one to three years

With a view to computerize the working of the Directorate, RHEOs and Government colleges, 187 computers at a cost of Rs 1.65 crores were purchased during 2006-08 and provided to them. As the department neither developed software for maintaining the personnel information system, monitoring of pension cases, court cases, college information system, etc., nor deployed the trained staff, these computers could not be used for intended purposes. Instead, these were used for typing work during the last three years.

Further, to impart computer awareness amongst the students in Government colleges, 625 computers along with allied peripherals⁵ were purchased (March 2009) at a cost of Rs 3.84 crore and made available (March 2009) to all Government colleges. The scheme could not be implemented for want of cable network, laboratories and faculty members in the colleges as of November 2009. Rupees 30.75 lakh allotted for cable networking were remitted (September 2009) into the departmental receipt head by the Directorate as the work awarded to a PSU⁶ for completion by 20 March 2009 had not been completed as of September 2009 due to which all 625 computers remained idle (November 2009). As the department failed to provide logistic support, computers remained idle which indicated lack of governance.

4.8.3 Audit of Boy's Fund accounts

According to Government order (July 1986), Boy's Fund Accounts (BFAs) were to be audited by a Chartered Accountant every year (minimum once in two years) and audited statement to be presented before Management Committee of the colleges. Records of 85 aided colleges in DIOSs revealed that the BFA was not audited in 49 colleges (58 *per cent*) during 2004-09. The Government, in reply, stated (November 2009) that necessary instruction was being issued to colleges for the audit of BFAs by a Chartered Accountant.

Box: 4.1

Weak monitoring of Lucknow University

The Government released Rs 122.10 crore as grants to the university. Records in HED and in Lucknow University revealed:

- No date had been prescribed for finalization of annual accounts and their submission to the Government. The accounts for the years 2006-07 to 2008-09 were still open (November 2009).
- The cash book had not been maintained properly even after directions (March 2009) of the Executive Council.
- The University had not conducted bank reconciliation in any of the eight accounts operated by it. Bank statements and the cash books revealed a variation of Rs. 16.39 lakh as on 31 March 2009.
- Temporary advances of Rs 5.78 crore made during 1996 to March 2009 were outstanding as of August 2008.
- The University neither reconciled the amount lying under the head '8338' with the treasury nor transferred the balances to the head '8009'. Consequently the Treasury, pending reconciliation refused (2007-08) payment of GPF claims aggregating to Rs 48.59 lakh in respect of 67 employees.

⁵ MS office Professional software: 140, Uninterrupted Power Supply (UPS) equipment: 42. and Line Interactive UPS: 373.

⁶ M/s Uttar Pradesh Small Industries Corporation Limited, Kanpur

- Despite refusal of the Government to approve pay revision of 37 different categories of posts, the university paid Rs. 2.81 crore (*Appendix 4.2*) to these employees as of March 2009. Besides, four incumbents working as Drawing Master, Clay figure Modular and Stone carver were irregularly allowed the pay scale of lecturers.
- Three hundred and seventy eight employees were appointed in excess of the sanctioned strength by the university up to November 1997, that too without adhering to the proper procedure for their selection.
- Data relating to admissions to PhD from 2004-05 to 2008-09 revealed that 53 supervisors had 9 to 53 scholars (*Appendix 4.3*) under them against the prescribed norms⁷.
- Physical verification of the 5.5 lakh books costing Rs 14.72 crore (March 2008) had not been done since last three decades.

The above indicated that the HED did not monitor effectively functioning of the university.

4.8.4 Inventory control

Physical verification of stores and stock was not done during 2004-09

According to financial rules, physical verification of stores and stock was to be done annually by the department. The Directorate did not conduct physical verification of its store and stock during 2004-09. As a result, shortage of stores and unserviceable stock, if any, could not be ascertained. For permanent and semi-permanent assets acquired by department, a separate register of assets was required to be maintained. The fixed assets register was not maintained either at the Directorate and RHEO levels or in Government colleges.

The Government in reply stated (November 2009) that necessary instructions had been issued for physical verification of stores and stock and maintenance of fixed assets register.

4.8.5 Internal Audit

Internal audit was not effective

Internal Audit is an integral component of an organisation's management processes, to provide reasonable assurance that the operations are carried out effectively and efficiently, financial reports and operational data are reliable and the applicable laws and regulations are complied with so as to achieve organisational objectives.

The department had an Internal Audit Wing (IAW) functioning under the supervision of Finance Controller in the Directorate with one post of Finance and Accounts Officer, five posts of Auditors and eight posts of Junior Auditors for conducting audit of Government and aided colleges. The department had neither framed any internal audit manual nor chalked out any schedule/ calendar

⁷ A maximum of six candidates under one lecture, eight under one Reader and 10 under one Professor.

for internal audit. Records of IAW revealed that 88 per cent to 96 per cent colleges were not audited during 2004-09 as indicated in the **Table 6**.

Table 6: Un-audited units

Year	Total number of units	Total number of units audited	Total number of units unaudited	Percentage of unaudited units
2004-05	460	19	441	96
2005-06	463	56	407	88
2006-07	459	45	414	90
2007-08	460	50	410	89
2008-09	460	24	436	95

(Source: Directorate of Higher Education)

The department did not furnish the position of paragraphs raised by internal audit and their settlement. Action taken on the audit reports by the department/college administration was also not made available to audit.

On this being pointed out, the Director, HED replied (July 2009) that shortage of staff was the main reason for shortfall in audit. This indicated that proper attention was not given to internal audit which was ineffective. The Government in reply stated (November 2009) that annual calendar for conduct of internal audit was being prepared by IAW.

4.8.6 Lukewarm response to external audit

The position of outstanding audit paragraph in Inspection Reports (IRs) issued by Principal Accountant General (Civil Audit), U.P., Allahabad during 2004-09 was as in **Table 7**.

Table 7: Settlement of audit paragraphs

Year	Opening balance		Addition during the year		IRs/paragraphs settled during the year		IRs/paragraphs outstanding at the close of the year	
	IRs	Paragraphs	IRs	Paragraphs	IRs	Paragraphs	IRs	Paragraphs
	2004-05	66	124	37	75	11	22	92
2005-06	92	177	50	105	04	10	138	272
2006-07	138	272	12	29	-	-	150	301
2007-08	150	301	10	41	19	48	141	294
2008-09	141	294	07	23	10	17	138	300

(Source: Directorate of Higher Education)

There was inadequate response to external audit.

The number of outstanding paragraphs increased from 177 (2004-05) to 300 (2008-09). No paragraph was settled during 2006-07. Besides, out of 29 IRs issued during 2006-09, first reply was not received in respect of 17 IRs (58 per cent) as of March 2009. This showed inadequate monitoring and poor response to Audit. In reply, Government stated (November 2009) that necessary instructions had been issued for effective action.

4.8.7 Control mechanism

The Directorate, HE had not maintained basic records/register like Index register of files, records of proposed, sanctioned, running and incomplete schemes/projects, register of 'asevit chhetra' containing details of applications received for sanction of grants. In reply, the Government stated (November 2009) that necessary action was being taken in this regard.

4.9 Conclusion and Recommendations

4.9.1 Ineffective budgetary and expenditure control

Budgetary controls were inadequate leading to overestimation of budget grants and eventual savings in all the five years which were surrendered on the last day of respective financial years leaving no time for utilisation elsewhere.

Recommendations: Budget preparing process should be strengthened to avoid inflated provisions and funds should be surrendered timely for utilisation elsewhere.

4.9.2 Personnel management

There was shortage of 12 to 49 *per cent* regular teaching staff during 2004-09 in Government and Government aided colleges impacting the quality of education imparted to students. Large number of cases relating to service matters, recognition of colleges, etc. were pending in the High Court, Allahabad, for which, Counter Affidavits (CAs) were not filed in 569 cases and 228 of these were more than five years old.

Recommendations: A time frame for selection of teachers by HESC should be prescribed and adhered to fill up the vacancies in the colleges. A mechanism should be evolved to redress the grievances of employees in service matters, hindrances in recognition of colleges, etc. to avoid legal cases. Legal cell in the Directorate should be strengthened to file CAs timely.

4.9.3 Deficient projects management

The State Administration and Management Institute could not be established as the Government did not make the land available for construction and the fund was surrendered. The department failed to extend basic facilities such as buildings, computer lab, on-line e-library, on-line education, etc. in Government aided colleges, despite availability of funds.

Recommendations: The Government should make the funds and land available on priority basis for establishment of the State Administration and Management Institute to fulfill the need of training to educational administrators and heads of institutions and also for imparting of pre-induction training to personnel selected to head the institutions. The Government should make a pragmatic policy for extension of basic facilities to Government aided colleges.

4.9.4 Failure of governance/lack of monitoring

Ninety five *per cent* of the colleges in the State did not have NAAC accreditation. Internal audit was weak as 88 *per cent* to 96 *per cent* units remained unaudited during 2004-09. Response to external audit was also poor as only five *per cent* audit paragraphs were settled during 2004-09.

Recommendations: The department should ensure necessary infrastructure in the colleges for quality education and should get all the colleges accredited by NAAC. Internal Audit wing should be strengthened to cover all units in a cycle of two to three years.



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