

Chapter-VIII

Financial assistance to Local Bodies and Others

Financial assistance to Local Bodies and Others

8.1 General

8.1.1 Autonomous bodies and authorities are set up to discharge generally non-commercial functions of public utility services. These bodies/authorities by and large receive substantial financial assistance from Government. Government also provides financial assistance to other institutions such as those registered under State Co-operative Societies Act, etc. to implement certain programmes of the Government. The grants are intended essentially for maintenance of educational institutions, construction and maintenance of charitable institutions, school and hospital buildings, improvement of roads and other communication facilities under municipalities and local bodies. During 2001-02, financial assistance of Rs 215.03 crore was paid to various autonomous bodies against Rs 210.31 crore paid during 2000-01. Department-wise break-up of the amount paid during 2001-02 was as under:

Table No. 8.1

(Rupees in crore)

S. No.	Name of the Department	Amount
1.	Education	76.02
2.	Housing and Urban Development	61.62
3.	Agriculture	40.40
4.	Transport	21.05
5.	Art and Culture	4.52
6.	General Administration	2.93
7.	Industries	2.89
8.	Tourism	2.66
9.	Law and Justice	1.22
10.	Ladakh Affairs	1.01
11.	Health and Family Welfare	0.55
12.	Others ^ϕ	0.16
	Total:	215.03

Delay in furnishing of utilisation certificates

8.1.2 The financial rules provide that where grants are given for specific purposes, certificates of utilisation should be obtained by the departmental officers from the grantees and after verification these should be forwarded to the Accountant General within 18 months from the date of their sanction unless specified otherwise.

^ϕ Social Welfare and Nutrition: Rs 15.69 lakh; Public Works Department: Rs 0.35 lakh; Irrigation and Flood Control: Rs 0.20 lakh

8.1.3 In respect of grants paid up to 2000-01, 8569 utilisation certificates for an aggregate amount of Rs 1129.60 crore were awaited as on 30 September 2002. Department-wise break-up of certificates not received up to 30 September 2002 in respect of grants paid during 1999-2001 is given in *Appendix-24*. In absence of utilisation certificates it was not clear as to how the departmental officers satisfied themselves whether and to what extent recipients utilised the grants for the purposes for which these were paid.

Delay in submission of accounts

8.1.4 In order to identify the institutions which attract audit under Sections 14/15 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971, Government/heads of departments are required to furnish to Audit every year detailed information about the financial assistance given to various institutions, the purpose for which such assistance was sanctioned and the total expenditure of the institutions. The detail of defaulting department which had not furnished information for 2001-02 is given in *Appendix-25*. The particulars of bodies/authorities whose annual accounts for 2001-02 and earlier years were awaited are indicated in *Appendix-26*.

Audit arrangement

8.1.5 Audit of two organisations viz., Ladakh Autonomous Hill Development Council and Khadi and Village Industries Board falls under Section 19 (3) of Comptroller and Auditor General's (DPC) Act, 1971. Audit of accounts of Khadi and Village Industries Board for the years 1999-00 to 2001-02 (period entrusted) had not been conducted due to non-receipt of the accounts from the Body. Ladakh Autonomous Hill Development Council (LAHDC) was established by the State Government in June 1995. Though the State Government constituted separate fund for recording transactions of the Council under Major Head 8448-Deposits of Local Funds-113 LAHDC Fund, rules for its management had not been framed by the Government. The Council had also not prepared its accounts since inception. Pending receipt of formal request from the Governor for taking up audit of the Council under Section 19 (3) of the CAG's (DPC) Act, 1971, its audit was taken up (July 2002) under Section 14 of the Act, *ibid*.

8.1.6 The audit of accounts of the following bodies had been entrusted to Comptroller and Auditor General under Section 20(1) of the CAG's (DPC) Act, 1971, for different periods as detailed below:

Table No. 8.2

S.No	Name of the body	Period of entrustment	Date of entrustment
1.	Sher-i-Kashmir University of Agricultural Sciences and Technology, Srinagar	1998-99 to 2001-02	6 June 2002
2.	Jammu and Kashmir Employees Provident Fund Organisation, Srinagar	2000-01	19 March 2002

8.1.7 The primary audit of local bodies viz., Jammu and Kashmir Co-operative Supply and Marketing Federation Limited and Srinagar and Jammu Municipalities is conducted by the Registrar, Co-operative Societies and Finance Department respectively.

Audit under Section 14

Overall results of audit of autonomous bodies

8.1.8 Accounts for 2001-02 and earlier years were received (July 2002) from 19 bodies/authorities (*Appendix-27*). Audit of 17 bodies/authorities was conducted during the year as these attracted audit under Section 14 of the Comptroller and Auditor General's (DPC) Act, 1971. Some main points noticed as a result of the audit of these Bodies/Authorities are given in the paragraphs that follow.

Grants remaining unutilised

8.1.9 Out of total available grants of Rs 121.48 crore, grants aggregating Rs 25.28 crore meant for developmental and educational purposes and implementation of beneficiary-oriented schemes, remained unutilised with the following bodies/authorities which were audited during 2001-02 for the years indicated against each:

Table No. 8.3

(Rupees in crore)			
S.No	Name of Body/Authority	Year of account	Amount unutilised
1.	District Rural Development Agency, Rajouri	2000-01	0.18
2.	Jammu Urban Development Agency	2000-01	0.71
3.	District Rural Development Agency, Kupwara	2000-01	0.11
4.	District Rural Development Agency, Srinagar	2000-01	0.07
5.	Jammu University, Jammu	2000-01	5.00
6.	Srinagar Municipality, Srinagar	2000-01	9.17
7.	Academy of Art, Culture and Languages, Srinagar/Jammu	2000-01	0.01
8.	District Rural Development Agency, Kathua	1999-00	0.25
9.	District Rural Development Agency, Jammu	2000-01	0.18
10.	District Rural Development Agency, Kargil	2000-01	0.24

S.No	Name of Body/Authority	Year of account	Amount unutilised
11.	District Rural Development Agency, Udhampur	2000-01	0.49
12.	Jammu Municipality, Jammu	2000-01	3.52
13.	District Rural Development Agency, Baramulla	2000-01	0.18
14.	Jammu and Kashmir Energy Development Agency, Jammu	2000-01	1.85
15.	District Rural Development Agency, Anantnag	2000-01	0.12
16.	Islamia College of Science and Commerce, Srinagar	2000-01	0.22
17.	Jammu and Kashmir Sports Council, Srinagar/Jammu	2000-01	2.98
	Total		25.28

8.1.10 No specific reasons for underutilisation of grants and non-refund of unutilised grants to the sanctioning authorities were intimated. Sanction to carry forward of these unutilised grants to the following years was also not obtained by the bodies/authorities concerned.

Outstanding advances

8.1.11 Advances aggregating Rs 2.60 crore given by the following bodies/agencies to contractors/suppliers, executing agencies for various purposes, were outstanding at the end of the year as indicated against each:

Table No. 8.4

S. No	Name of body/authority	Year	Amount (Rupees in crore)
1.	Jammu and Kashmir Sports Council, Srinagar/Jammu	2000-01	0.74
2.	District Rural Development Agency, Baramulla	2000-01	0.21
3.	District Rural Development Agency, Kargil	2000-01	0.08
4.	District Rural Development Agency, Srinagar	2000-01	0.20
5.	District Rural Development Agency, Anantnag	2000-01	0.29
6.	District Rural Development Agency, Udhampur	2000-01	0.74
7.	District Rural Development Agency, Rajouri	2000-01	0.13
8.	Jammu and Kashmir Energy Development Agency, Jammu	2000-01	0.21
	Total		2.60

8.1.12 Action taken by these agencies for recovery/adjustment of these advances was not intimated (October 2002).

Outstanding audit observations

8.1.13 Audit observations on the accounts of bodies/authorities are conveyed to them in the form of Audit Inspection Reports (AIRs) and copies thereof are endorsed to the Government/Body for taking necessary action and for rectification of defects within a reasonable time. The status of AIRs issued up to March 2002 and outstanding at the end of September 2002 was as indicated below:

Table No. 8.5

S. No	Name of the body	Number of AIRs	Number of paragraphs	Earliest year from which outstanding
1.	State Pollution Control Board	1	7	1987-88
2.	Jammu and Kashmir Sports Council, Srinagar	3	24	1994-95
3.	Jammu and Kashmir Social Welfare Advisory Board	3	26	1985-86
4.	Jammu and Kashmir Academy of Art, Culture and Languages	5	38	1995-96
5.	Jammu University	6	58	1992-93
6.	District Rural Development Agencies	62	300	1981-82
7.	Desert Development Agencies	9	71	1987-88
8.	Jammu Municipality	3	40	1995-96
9.	Jammu and Kashmir Housing Board, Jammu	3	36	1979-80
10.	Islamia College of Science and Commerce, Srinagar	4	17	1994-95
11.	Jammu Urban Development Agency	5	40	1994-95
12.	Jammu and Kashmir Co-operative Supply and Marketing Federation Limited	1	4	1994-95
13.	Srinagar Development Authority	1	12	1998-99
14.	Srinagar Municipality	3	62	1996-97
15.	Kashmir University	1	21	1996-97
16.	Jammu and Kashmir Energy Development Agency	4	34	1996-97
17.	Jammu Development Authority	3	17	1994-95
18.	Kashmir Urban Development Agency	1	11	1998-99
	Total	118	818	

8.1.14 The department-wise abstract of performance of the autonomous bodies receiving grant-in-aid is indicated in the *Appendix-28*.

Section-A-Review

Education Department

8.2 University of Jammu

The University of Jammu was established in 1969 with the objectives of imparting education, providing for research, advancement and dissemination of knowledge, holding examinations, conferring degrees, diplomas and other academic distinctions.

Highlights

- The University had not prepared its accounts since inception as a result of which its financial position was not ascertainable.

(Paragraph: 8.2.4)

- The receipts of the University were understated to the extent of Rs 7.84 crore during 2001-02, as the amount was not transferred to the University account by the Directorate of Distance Education.

(Paragraph: 8.2.7 (a))

- The University borrowed Rs 1.30 crore from the Housing and Urban Development Corporation Limited despite availability of funds, resulting in avoidable interest payment of Rs 48.96 lakh.

(Paragraph: 8.2.7 (b))

- There was delay in declaration of results of postgraduate courses ranging between 6 and 28 weeks during the academic sessions of 1999 to 2001.

(Paragraph: 8.2.10)

- The number of students who applied for re-evaluation of their results increased from 4984 in 1997 to 9291 in 2001. The percentage of students declared successful after re-evaluation ranged between 24 and 29 during this period indicating evaluation in the first instance was not done with due care.

(Paragraph: 8.2.12)

- Expenditure on salaries of the excess manpower maintained by the University aggregated Rs 44.47 crore during 1997-98 to 2001-02.

(Paragraph: 8.2.15)

- Advances aggregating Rs 80.33 lakh were outstanding against 414 employees as of March 2002.

(Paragraph: 8.2.21)

Introduction

8.2.1 The University of Jammu, covering Jammu Division of the State was established in 1969 on bifurcation of the University of Jammu and Kashmir under Kashmir and Jammu Universities Act, 1969. The main objectives of the University are to impart education in such branches of learning as it may think fit, make provision for research and for advancement and dissemination of knowledge, hold examinations, confer degrees, diplomas and other academic distinctions. The University established (March 1976) Directorate of Distance Education (DDE) with a view to providing education at the doorstep of the learners.

Organisational set-up

8.2.2 The University Council, headed by the Chancellor, is the supreme authority of the University. It comprises of 15 members including the Vice-Chancellor, Pro-Chancellor and the Education Minister. The University Council is responsible for making statutes, approving developmental plans and financial estimates on the recommendations of the University Syndicate[#]. The University Syndicate, the chief executive authority, is vested with the responsibility to frame budget estimates, control and manage libraries, appoint paper setters and examiners and to give directions for holding examinations. The University has also an engineering wing headed by an Executive Engineer for executing construction and maintenance works.

Audit coverage

8.2.3 A review on the working of the University, based on the test-check of records for the period 1997-98 to 2001-02 was conducted during October 2001 to March 2002 under Section 14 (1) of the Comptroller and Auditor General's (DPC) Act 1971. Out of 27 administrative sections and 33 teaching departments, records of 19 administrative sections and 14 teaching departments, covering an expenditure of 22 *per cent*, were test-checked in audit. Important findings as a result of test-check are discussed in the succeeding paragraphs.

Non-preparation of accounts

8.2.4 The University was required to prepare annual accounts in terms of Section 38 of the Act, *ibid* which were to be audited by an auditor appointed by the Government. The University had not prepared its accounts since its inception. The register of assets had also not been maintained, in absence of which, details of its assets was not ascertainable.

[#] University Syndicate comprises Vice-Chancellor, Education Advisor, Financial advisor, etc.

Receipt and expenditure

8.2.5 The University receives funds from the State Government to meet its day to day expenditure. In addition, it receives grants for specific schemes/projects from the University Grants Commission (UGC) and the Central Government. Income in the form of fee, fines, rent of hostels and residential buildings also accrues to it.

8.2.6 The position of receipts and expenditure worked out in audit, collaterally from the cash book and statements of receipts and payments during 1997-98 to 2001-02 was as under.

Table No 8.6

(Rupees in crore)

Year	Opening balance	Grants-in-aid received from		Receipt		Total	Expenditure	Closing balance
		State Government	UGC/GOI	Internal	Others*			
1997-98	2.96	12.53	2.06	3.19	2.30	23.04	17.82	5.22
1998-99	5.22	8.95	1.60	3.07	5.66**	24.50	21.38@	3.12
1999-2000	3.12	21.59	1.88	5.08	3.91	35.58	28.97&	6.61
2000-01	6.61	20.94	5.65	5.77	4.86	43.83	38.44	5.39
2001-02	5.89	20.66	3.00	6.28	5.12	40.95	33.96	6.99
Total		84.67	14.19	23.39	21.85		140.57	-

8.2.7 The variation of Rs 50 lakh between closing balance ending March 2001 and opening balance on 1 April 2001 was not explained (August 2002).

Following further points were noticed:

(a) Only a part of the fee realised by the Directorate of Distance Education (DDE) was transferred to the main account of the University. This resulted in understatement of University receipts and wrong reporting of its financial position to the Government. As on 31 December 2001, the DDE had retained Rs 7.84 crore with it, of which, Rs 2.90 crore were kept in the savings account and Rs 4.94 crore as FDRs. During August 1998 to December 2001, amounts ranging between Rs one crore and Rs three crore were retained in savings account rather than investing them in FDRs, thereby incurring interest loss of Rs 17.29 lakh^ψ.

(b) For construction of 48 residential staff quarters, the University obtained (1995) a loan of Rs 1.30 crore from Housing and Urban Development Corporation (HUDCO) at an interest rate of 17.5 per cent. The

* These include receipts on account of deposits, advances and loans taken from other sources

** Includes loan of Rs 1.60 crore raised from the DDE

@ Includes repayment of loan of Rs 46 lakh to DDE

& Includes refund of examination fee of Rs 5.17 lakh and transfer of Rs 14.83 lakh to different funds of the University

ψ Calculated at rates applicable from time to time

loan (released in four^ϕ instalments) was repayable in 36 quarterly instalments. As of March 2002, the University repaid an amount of Rs 90.21 lakh (in 25 instalments) towards principal and Rs 89.62 lakh towards interest. The University had sufficient funds[#] at its disposal in its savings account on the dates loan instalments were received. Had the University utilised its own resources, payment of interest of Rs 48.96 lakh (Rs 89.62 lakh as interest paid minus Rs 40.66 lakh interest earned on savings) could have been avoided.

(c) Variation of Rs 26.20 lakh between balances shown by the bank and those depicted by the DDE in its books as on 31 March 2001 had not yet been reconciled (March 2002).

(d) According to UGC instructions, unspent balances, out of grants received from the Commission meant for specific schemes/projects were to be returned to the sanctioning agencies after completion of the scheme/project. It was seen that unspent balances aggregating Rs 15.64 lakh in respect of 39 schemes completed between 1991-92 to 2000-01 had not been refunded to the sanctioning authority (February 2002). Besides, utilisation certificates for Rs 1.30 crore were not submitted to the UGC (March 2001) as required.

Preparation of budget estimates

8.2.8 Budget estimates are required to be approved by the University Council. Test-check revealed that while budget estimates for 1997-98 and 1999-2000 were not approved by the Council, estimates for 2000-01 were approved on 26 April 2000. Further, budget estimates were not prepared on realistic basis as expenditure of the University fell short of the estimates (revised) by Rs 10.34 crore during 1998-99 to 2000-01 as detailed below:

Table No 8.7

(Rupees in crore)

Year	Budget estimates (revised)	Actual expenditure	Savings
1998-99	23.86	18.25	5.61
1999-2000	27.04	24.60	2.44
2000-01	36.35	34.24	2.29
Total	87.43	77.09	10.34

8.2.9 Similarly, internal receipts during 1997-98 to 2001-02 exceeded the budget estimates by Rs 5.29 crore.

Academic activities Delay in holding of examinations

8.2.10 The result of post-graduate courses for the academic sessions 1999 to 2001 were delayed by more than 6 to 28 weeks. It was also noticed that examination of the fourth semester for the academic sessions of 1999 to 2001 were held, belatedly between July and September in respect of all courses (except in case of Home Sciences and Botany for the session 2001) against the

^ϕ 1 January 1995: Rs 46.98 lakh; 1 April 1995: Rs 36.48 lakh; 1 July 1995: Rs 25.08 lakh; 1 October 1995: Rs 21.26 lakh

[#] 1 January 1995: Rs 1.53 crore; 1 April 1995: Rs 92.67 lakh; 1 July 1995: Rs 75.85 lakh; 1 October 1995: Rs 81.74 lakh

prescribed months of May/June every year. Deputy Registrar (Examinations) attributed (August 2002) the delay to administrative reasons.

Defective evaluation

8.2.11 The number of students who applied for re-evaluation of their results and the number of students declared successful after re-evaluation during 1997 to 2001 was as under:

Table No 8.8

Year	Number of students who applied for re-evaluation	Number of students declared successful after re-evaluation	Percentage of students declared successful
1997	4984	1202	24
1998	6905	2010	29
1999	8438	2419	29
2000	8390	2338	28
2001	9291	2611	28

8.2.12 Between 24 to 29 *per cent* of the applicants were declared successful after re-evaluation during 1997-2001 indicating that evaluation in the first instance was not done with due care. On this being pointed out in audit, the Registrar University stated (August 2002) that questions set in the question papers being of essay/subjective type, the assessment/evaluation by different examiners was invariably non-identical.

Non-issuance of degrees

8.2.13 Statutes of the University provide for holding of convocations annually to award degrees to graduate/post graduate and professional students. Test-check revealed that 10746 certificates in respect of graduate/post graduate and professional courses, pertaining to the academic sessions 1970 to 2001 were either not prepared or were not issued (April 2002). On this being pointed out in audit, Assistant Registrar (Certificates) stated (August 2002) that some degrees for 1975, 1976, 1981 and 1984 could not be issued due to non-payment of statutory dues by the candidates and some degrees were pending for want of correct postal address of the candidates.

Excess manpower

8.2.14 The position of teaching and non-teaching staff (excluding staff engaged on research, distance education and on deputation) *vis-à-vis* the student intake capacity of the University for the period 1997-98 to 2001-02 was as under:

Table No 8.9

Particulars	1997-98	1998-99	1999-2000	2000-01	2001-02
Intake capacity of students	1144	1179	1214	1228	1204
Teaching staff	214	232	234	239	253
Non-teaching staff	888	947	947	984	984
Total teaching and non-teaching staff	1102	1179	1181	1223	1237

Ratio of teaching staff to non-teaching staff (UGC)	1:4 (1:3)	1:4 (1:3)	1:4 (1:3)	1:4 (1:3)	1:4 (1:3)
Ratio of teaching staff to students (UGC norm)	1:5 (1:12)	1:5 (1:12)	1:5 (1:12)	1:5 (1:12)	1:5 (1:12)
Staff required <i>vis-à-vis</i> UGC norm:					
Teaching	95	98	101	102	100
Non-Teaching	285	294	303	306	301
Total	380	392	404	408	401
Excess teaching/non-teaching staff <i>vis-à-vis</i> UGC norm	722	787	777	815	836
Total expenditure on salaries (Rupees in crore)	8.54	10.53	14.91	16.39	16.44
Excess expenditure on salaries worked out proportionately (Rupees in crore)	5.60	7.03	9.81	10.92	11.11

8.2.15 Records relating to consolidated cadre-wise sanctioned strength of the staff were not maintained by the University. The University had also not fixed norms for requirement of teaching and non-teaching staff. However, a comparison with the norm recommended by the UGC (1996) revealed that the University had excess manpower (teaching/non-teaching) ranging between 722 and 836 persons as worked out above, on whom expenditure on salaries aggregated Rs 44.47 crore during 1997-98 to 2001-02. This formed 32 *per cent* of the total expenditure of the University (Rs 140.57 crore) during this period.

8.2.16 The University stated (August 2002) that as far as teaching staff is concerned, proposals are submitted to UGC in five years plans and after visits by its team creation of new positions is recommended. Regarding non-teaching staff, the University contended that posts are filled up after obtaining proper sanction of the Financial Advisor. The fact, however, remains that the overall strength of the teaching/non-teaching staff was in excess of the recommended norm of the UGC.

Library

Non-conducting of physical verification

8.2.17 The University has a central library and various departmental libraries. As of May 2002, there were 3.50 lakh books* in these libraries. The University Act provides for physical verification of the books of central library at least once in three years and those of departmental libraries, annually. Notwithstanding this, physical verification of the libraries had not been conducted since inception.

8.2.18 The library books taken on loan are to be returned within two weeks and one month by students/scholars and teaching/non-teaching staff, respectively. The borrowers, who failed to return books on due date were liable to pay overdue charges at specified rates. It was, however, seen that fresh books were issued to borrowers without getting back the books issued previously. As a result, books ranging between 3 and 14 in case of

* Central library: 3.30 lakh books; Other libraries: 0.20 lakh books

students/non-teaching staff and between 3 and 77 in case of teaching staff, issued from time to time were outstanding against 266 borrowers. Non-observance of the prescribed rules resulted in 1824 books and 19 journals issued since 1971, remaining outstanding against these borrowers, for which overdue charges of Rs 1.72 lakh^s were not recovered.

Delayed/non-receipt of journals/periodicals

8.2.19 Payment for purchase of journals and periodicals were released to suppliers in advance. It was seen that the journals/periodicals were supplied, belatedly by the publishers with delays ranging between one and 27 months. By the time these journals/periodicals reached the readers, they had lost their topical utility. It was also noticed that journals for which advance payments of Rs 2.27 lakh had been made in March 2000 and March 2001, were not received (March 2002) from the publishers.

Non-strengthening of library facilities

8.2.20 The UGC released^w grant of Rs 5.49 lakh under Information and Library Network (INFLIBNET) Programme for strengthening library facilities with the ultimate objective of net working all universities and academic institutions to ensure sharing of available information. In addition, Rs 4 lakh were released by the University out of its own resources for development of infrastructure during 1999-2000 and 2000-01. Test-check revealed that during April 1997 to December 2001, automation work of only 20000 books, (out of 3.50 lakh books) was done though the staff posted in the INFLIBNET Section was paid salary of Rs 7.49 lakh. Thus on an average, 16 books were automated in one day^z at a cost of Rs 37.45 each. Slow progress in automation resulted in non-achievement of the desired objectives.

Outstanding advances

8.2.21 Adjustment accounts of advances paid to various employees for conducting examinations, undertaking tours, making purchases, etc. are to be submitted within one month from the date of completion of examination, tour etc. Test-check revealed that advances aggregating Rs 80.33 lakh paid from time to time since 1981 were outstanding against 414 employees as of March 2002.

Other points Non-conducting of physical verification

8.2.22 According to the statutes of the University, all heads of departments are required to conduct periodical physical verification in respect of stores held by them. Test-check of records of seven departments revealed that no stock verification of stores/stock items was conducted since inception (except physics department). In physics department, stocks valued at Rs 1.45 crore

^s Excluding overdue charges in respect of books issued by the Botany Department in respect of which full particulars viz. date of issue and cost of books was not indicated in the issue/accession register

^w May 1994: 4.45 lakh; August 1998: 1.04 lakh

^z Calculated at 265 working days per year

rendered unserviceable due to floods of 1988 had not been disposed of as of August 2002.

Locking up of funds

8.2.23 The University procured (March 1998) a high pressure liquid chromatograph at a cost of Rs 14.75 lakh for use by the post-graduate students and research scholars in the Department of Biosciences. A further expenditure of Rs 1.76 lakh was incurred on purchase of voltage stabiliser and air-conditioners. The equipment was, however, not put to use (August 2002) for want of trained technical staff. This resulted in locking up of funds of Rs 16.51 lakh, besides non-realisation of intended objective. On this being pointed out in audit, the Registrar University stated (August 2002) that efforts were on to provide training to the staff to handle the equipment.

Internal audit

8.2.24 Though the University had an Internal Audit Cell headed by Deputy Registrar (Finance) it had not prepared internal audit manual laying down the functions, extent and periodicity of audit of various departments/wings of the University. Out of 38 departments, internal audit of only 20 departments was conducted (October 2002). Findings of these reports were not laid before the University Council as required.

8.2.25 The above points were referred to Government/University in June 2002; reply had not been received from the Government as of October 2002.

Section-B-Audit Paragraphs

Science and Technology Department (Jammu and Kashmir Energy Development Agency)

8.3 Imprudent cash management

Imprudent cash management in the Jammu and Kashmir Energy Development Agency resulted in interest loss of Rs 19.81 lakh.

8.3.1 Jammu and Kashmir Energy Development Agency (a society registered under the Societies Registration Act (VI) of 1960) implements various Centrally sponsored schemes aiming at harnessing new and renewable sources of energy in the State. Funds received by the Society from the Government for the purpose were kept in current account with the Jammu and Kashmir Bank Limited (a Government company).

8.3.2 Records of the Society revealed (January 2001) that the Chief Executive Officer of the agency retained cash balances ranging between Rs 87 lakh and Rs 2 crore for periods ranging between 8 and 11 months in its three bank accounts during May 2000 to December 2001. Retention of heavy cash balances in the current account and non-assessment/investment of surplus cash in short/long term interest-bearing securities from time to time indicated imprudent cash management in the Society resulting in loss of interest of Rs 19.81^φ lakh.

8.3.3 The matter was referred to Government/department in April 2002; reply had not been received (October 2002).

^φ Calculated at interest rates allowed by Jammu and Kashmir Bank on short-term deposits for the period May 2000 to December 2001

Tourism Department

(Sher-i-Kashmir International Conference Centre)

8.4 Idle investment on tetronix colour printer

Improper assessment of the requirement of the Tetronix Colour Printer by Sher-i-Kashmir International Conference Centre, resulted in idle investment of Rs 17.44 lakh for about five years. The interest cost on non-performing asset worked out to Rs 11.99 lakh.

8.4.1 The Tetronix Colour Printer (TCP) was purchased in February 1997 by the Sher-i-Kashmir International Conference Centre (SKICC) from a Chandigarh based firm at a cost of Rs 17.44 lakh. The TCP was proposed to be used with Apple Macintosh Computer system, purchased earlier, to produce colour brochures, posters, tourist literature, etc. for use during National and International conferences/conventions on promotion of tourism in the State. The computer system was also expected to be used by other departments/organisations for creation of graphics, designing calendars, preparation of colour combination for carpet and handicraft industry in weaving carpets, etc.

8.4.2 Records of the Centre, however, revealed that the TCP was not put to any use since its purchase. Non-use of the printer was attributed (June 2001) by the Financial Advisor and Chief Accounts Officer, SKICC to (i) non-holding of enough conferences, (ii) lack of demand from other departments/organisations and (iii) frequent power cuts and high cost of its running. The reasons put forth were not tenable as the printer had not been used even though 638 conferences/ meetings were held at the Centre during February 1997 to April 2002. Further, as other constraints mentioned could be foreseen, the decision for the purchase was taken by the SKICC without assessing requirement/viability of the printer properly, which resulted in locking up of Rs 17.44 lakh for about five years (January 2002). Cost of locked up funds was Rs 11.99* lakh.

8.4.3 The matter was referred to Government/department in February 2002; reply had not been received (October 2002).

* Calculated at the minimum borrowing rate of 13.75 per cent per annum

8.5 Payment of idle wages

Injudicious action of the Secretary Tourism Department to post 7 employees in the Sher-i-Kashmir International Conference Centre without ascertaining their requirement and subsequent inaction to utilise their services fruitfully in other institutions/organisations resulted in payment of idle wages of Rs 82.27 lakh to them for the three years ending March 2002.

8.5.1 The Secretary to Government, Tourism Department posted (October 1983/April 1984) 3 interpreters/translators and 4 lady receptionists in the Sher-i-Kashmir International Conference Centre (SKICC), a registered society, without ascertaining their requirement. Following a query raised by the Finance Department, a committee was constituted (June 1984) by the department for ascertaining utility of the lady receptionists in the Society. The committee observed (August 1984) that their services were not required by the Society and recommended their adjustment in other organisations. The Society sought (December 1989) their repatriation/adjustment in other institutions/organisations mentioning that no international conferences were being held at the centre.

8.5.2 The department, instead of taking the recommended/required action, issued orders (September 1993) for their permanent absorption in the Society. Due to non-utilisation of services of these employees, idle wages of Rs 82.27 lakh for the three years ending March 2002 were paid. On this being pointed out (June 2001) in audit, as an interim measure, one interpreter/translator was posted to look after the business centres of the Society, the other adjusted as Liaison Officer, Delhi while the third interpreter and the four lady receptionists continued to draw idle wages (March 2002).

8.5.3 The matter was referred to Government/department in April 2002; reply had not been received (October 2002).

**Srinagar/Jammu
The**

**(L .V.Sudhir Kumar)
Accountant General Jammu and Kashmir**

Countersigned

**New Delhi
The**

**(Vijayendra N. Kaul)
Comptroller and Auditor General of India**