

## Chapter II: Audit Framework

### Why we chose this topic?

The Eleventh five-year plan (2007-12) envisaged setting up of eight new IITs for the expansion and upgradation of institutions rendering technical education to meet the skilled manpower needs of the country, while also providing for social equity.

The setting up of new IITs was approved (July 2008) by the Cabinet and eight new IITs viz., IIT Bhubaneswar (IITBBS), IIT Gandhinagar (IITGN), IIT Hyderabad (IITH), IIT Indore (IITI), IIT Jodhpur (IITJ), IIT Mandi, IIT Patna (IITP) and IIT Ropar were set up during 2008 and 2009.

A Performance Audit (PA) was undertaken to assess the setting up of these new IITs i.e., whether the targets set have been achieved as envisaged and whether there is scope for improvement in the overall functioning of these IITs.

### 2.1 Audit Objectives

The PA was taken up with the objectives as to assess whether:

- a. Infrastructure creation of the IIT was carried out economically, efficiently and effectively;
- b. Procurement of equipment and services was made in an economical, efficient and effective manner;
- c. The governing and oversight bodies provided effective stewardship and managed the financial resources in economical, efficient and effective manner; and
- d. Academic programmes and research activities were introduced and carried out as envisaged, in an efficient and effective manner.

### 2.2 Audit Criteria

Audit criteria were derived from the following:

- a. Institutes of Technology Act 1961, as amended from time to time, Rules and Regulations thereunder,
- b. Statutes of the respective IITs,
- c. Outcome Budget of Ministry of Education (MoE) - 2016-17,
- d. Report of Dr. Anil Kakodkar Committee appointed by MoE to recommend *Autonomy Measures to Facilitate IITs Scaling to Greater Heights* (Accepted by IIT Council),
- e. Detailed Project Report (DPR) of MoE on setting up new IITs (2008),
- f. Minutes of meetings of IIT Council/BoG and various committees,
- g. Central Public Works Department Manual/Code and General Financial Rules (GFRs) 2005 and GFRs 2017 and
- h. Agreements of selected infrastructure works.

### 2.3 Audit Scope

The Performance Audit was conducted under Section 19(2) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 read along with Section 23(2) of the Institutes of Technology Act, 1961 covering the activities of IITs over five years (2014-19)<sup>3</sup> in areas of overall management including:

- Creation of infrastructure
- Procurement of equipment and services
- Financial management
- Academic performance

### 2.4 Audit Methodology

The Performance Audit commenced with entry conference held during August 2019 by the five participating field Audit offices of the CAG<sup>4</sup> with the respective Director of the eight IITs under their jurisdiction. In these entry conferences, audit objectives, scope, audit criteria and audit sampling were informed and discussed. Thereafter, the PA was conducted during 2019 and 2020.

Audit Methodology included scrutiny of records, obtaining information through standardised annexures and joint physical inspection of selected infrastructure works.

Exit conferences were held with the respective IITs during November/December 2020 wherein major audit findings and other issues were discussed by the jurisdictional audit office.

### 2.5 Audit Sampling

Audit sampling was adopted in four Audit areas. Samples were drawn for detailed examination using Simple Random Sampling without Replacement (SRSWOR) method (as detailed vide *Appendices 2.1* and *2.2*) as shown in the *Table 2.1*:

**Table 2.1: Audit area-wise Universe and Sample selected for detailed examination**

Sample	Audit area	Universe	Sample selected
1	Infrastructure Projects/works	307	136
2	Procurement of Equipment and Services	9925	437
3	Research Projects	1717	208
4	Faculty	996	307

<sup>3</sup> In respect of some areas for better presentation, the data since inception of the respective IITs has been considered. This includes data related to the formation of the IIT, shifting from temporary/transit campus, master plans for infrastructure and introduction of courses. However, in respect of financial management, the availability of fund and its utilization was considered for the period 2014-20.

<sup>4</sup> Represented by the respective Director General/Principal Director of Audit (Central).

## **2.6 Acknowledgment**

Audit acknowledges the co-operation extended by the IITs' Management during the course of the Performance Audit.

## **2.7 About the Report**

This report is prepared taking into consideration the replies of IITs to the initial observations/draft report and the observations of the Ministry of Education (MoE) to the draft report along with discussions/confirmations during exit conference with respective IITs.