

OVERVIEW

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This Report of the Comptroller and Auditor General of India contains one Performance Audit paragraph, one Subject-specific Compliance Audit paragraph and five Compliance Audit paragraphs including instances of non-adherence to codal provisions, absence of supervisory control, loss of assistance/revenue, wasteful expenditure, providing of undue benefit, etc., involving ₹1394.64 crore. The major audit findings are mentioned below.

Performance Audit

Functioning of University of Calicut

Performance Audit of University of Calicut, established in 1968 as Kerala's second University, revealed significant administrative, academic, and financial shortcomings. The strategic plan lacked Syndicate approval and timelines and key quality assurance mechanisms such as the College Development Council (CDC) and a centralised Management Information System (MIS) were not in place. The CDC functioned as a branch of the University only, without representation of the State Government and Principals of affiliated colleges. Syllabi of 24 out of 45 categories of programmes were not revised as per UGC norms. As the approved amendment to the Statute was yet to take effect, stakeholders such as industrialists, entrepreneurs and students were not included in any of the 119 Boards of Studies. The University of Calicut was ranked at 64th position in the NIRF ranking in 2019 and improved its position to 54th in 2020. Thereafter there was steady drop in the ranking and the University stood at 89th position in 2024. The University's distance education programmes conducted in 2020-21 lacked UGC recognition, affecting 32,651 students. Furthermore, non-adherence of UGC norms in Ph.D. admissions and poor research outcomes, with 41 out of 145 research scholars not submitting their theses despite substantial funding were observed.

We observed delay on the part of the University, ranging from four to five months in preparation of annual accounts and seven to eight months in submission of accounts to Kerala State Audit Department (KSAD). There was also delay of 10 to 19 months in conduct of audit by KSAD. Deficiencies in financial management were evident from the loss of central assistances. Even after 47 years, a self-sustaining pension fund was not created and advances drawn by officials during the period from 1975-76 to 2023-24 worth ₹6.79 crore remained unsettled. Irregularities in Human resource management included appointment of guest faculties exceeding the permissible limit and teachers without required qualifications being appointed on contract/hourly basis in University departments, affiliated colleges and in teacher education centres. Grant of promotions to candidates without adhering to UGC norms and promotions granted to posts discontinued by the Government were also noticed. Examination processes suffered from inconsistencies in evaluation, non-finalisation of results, non-awarding of eligible moderation marks, awarding of excessive moderation marks and delay in conduct of examinations and publication of results. Despite a Committee Report recommending reclamation

of 105.7 cents of land was available since 2012, the University was yet to take a decision. Basic infrastructure facilities such as classrooms, accessibility features like lift, ramp/rail remained inadequate in the selected Departments. Out of 169 buildings, 74 buildings had not been assigned building numbers, indicating that the buildings were constructed without obtaining permission from LSGIs. This constituted a violation of Kerala Panchayat Building Rules and rendered the buildings unauthorised.

Recommendations:

- i. The University may ensure that defined timelines and milestones are fixed for achieving Strategic Plan of the University along with mechanism for monitoring the progress of achievement.
- ii. Guidelines issued by UGC /Regulatory bodies may be adhered to and amendments made may be placed before the immediate Syndicate meeting for timely incorporation into the University's Regulations. Further, Government may prescribe a timeline for such incorporations.
- iii. In order to safeguard academic standards and protect students' interests, University may ensure that programmes offered are recognised by the UGC.
- iv. Government may ensure that the University's accounts are duly prepared and submitted to the Kerala State Audit Department (KSAD) within the stipulated timeframe, and that the KSAD completes the audit in accordance with the prescribed schedule.
- v. Government and the University may ensure strict compliance with the conditions prescribed for receiving funds from the UGC and other centrally sponsored schemes. Additionally, proper monitoring mechanisms should be in place to oversee the utilisation of these funds.
- vi. Government may, in consultation with the University ensure that services of adequate number of qualified faculties are available in its institutions.
- vii. University may consider implementing an objective and rigorous answer script evaluation system and hold evaluators accountable for laxity in valuation process and also incorporate adequate checks in the tabulation software to ensure that moderations are provided to students uniformly as per regulations.
- viii. University may ensure that all institutions under its jurisdiction meet at least a minimum set of infrastructure standards, which must be outlined based on the current guidelines of the UGC and other relevant regulatory bodies.
- ix. University may formalise agreements with all parties to whom land and buildings were leased out. These agreements must include provisions for the periodic revision of rent or lease rates to ensure alignment with prevailing market conditions.

(Chapter II)

Subject-specific Compliance Audit

Regulation of Co-operative Societies in Kerala

The Subject Specific Compliance Audit (SSCA) of the Department of Co-operation, Government of Kerala, conducted from July 2024 to February 2025, evaluated the regulation of 16,393 co-operative societies under the Kerala Co-operative Societies Act, 1969 (KCS Act) and Rules for the period 2019-24. The audit aimed to assess statutory compliance, administrative controls and monitoring mechanisms and revealed systemic deficiencies that undermined the development of co-operative movement in Kerala.

As of March 2024, 12,416 societies were functional, 3,291 were non-functional and 686 were under liquidation. Delays in registration were rampant, with 60 *per cent* of 248 applications processed beyond the mandated 90 days, including cases delayed up to 1,007 days. Classification of societies, required to be revised every three years, was not done, leading to outdated staffing norms. The Co-operative Examination Board conducted recruitments by not adhering to current classifications, resulting in excess staffing in four societies. The post of Co-operative Vigilance Officer, mandated to be handled by a Deputy Inspector General of Police, was held by Joint Registrars until August 2024. Of 247 vigilance reports, 195 were delayed by six months to over five years, with inadequate follow-up on 185 cases.

Non-functional societies, labelled “Dormant” or “Records Not Available” (RNA), persisted for up to 46 years, with 3,355 RNA and 302 dormant societies awaiting revival or liquidation, risking record loss and unrecovered dues. The Co-operative Audit Monitoring and Information System (CAMIS) displayed outdated data, excluding unaudited societies, and showed discrepancies in the number of functional societies with the figures of Registrar of Co-operative Societies.

The Department surrendered significant Plan funds, with utilisation dropping to 12.47 *per cent* in 2023-24 due to pending clearances and expenditure restrictions, violating the fiscal discipline requirements laid down by the Kerala Budget Manual. Outstanding Government/National Co-operative Development Corporation loans and shares totalled ₹1,173.29 crore, with ₹492.94 crore remaining unrecovered in 315 cases in test checked districts. We observed mismatches in data maintained by RCS with that of Joint Registrars. Uncollected audit fees amounted to ₹16 crore, with ₹6.63 crore pending over five years, alongside ₹35.44 crore and ₹140.72 crore owed to the Co-operative Member Relief Fund and Professional Education Fund, respectively.

Of 15,273 audit certificates issued, 7,172 were delayed by two to 22 months, and 2,487 were not forwarded to societies. No rectification reports were submitted for 12,786 audit certificates, leaving defects like misappropriation unaddressed. Inspections were irregular, with 354 societies uninspected for five years and no rotation registers maintained. Over 147 arbitration and 9,047 execution cases remained pending for over five years, locking up funds.

Overall, the compliance to strict adherence to timelines of registration, mandatory triennial revisions of classification, a centralised online platform for transparency, statutory action on dormant/RNA societies, timely audits and

inspections, and recovery of dues was not efficient. The RCS must ensure that societies repay loans, remit fees, and utilise assistance effectively to restore accountability and strengthen Kerala's co-operative sector.

Recommendations:

- x. The RCS may ensure that registration and returning/rejection of applications of societies are done in adherence to prescribed timelines.
- xi. Government/RCS may devise a system to revise the classification norms and classify societies every three years. It may be ensured that societies submit latest classification certified by the Registrar while applying for recruitment through the Co-operative Examination Board.
- xii. Government may ensure that the Department establishes a centralised and inclusive online platform that enables citizens to view the details of all registered co-operative societies, in the interest of improving public trust, accountability and accessibility.
- xiii. The RCS may take steps to avoid delay in forwarding Special Reports and Vigilance Reports and initiate timely action on these reports. The timelines prescribed for inquiries/inspections under Sections 65, 66 and 68 should be strictly adhered to.
- xiv. The RCS may review Audit Certificates/Memoranda issued by Director of Co-operative Audit including significant deficiencies in working of societies and ensure that the observations of DCA are acted upon by societies in a timely manner.
- xv. Government may consider introducing IT systems to enable conduct of audit and issue of Audit reports and Audit Memoranda and real time monitoring of the same.
- xvi. Government/RCS may consider introducing MIS to track accounting of Government assistance and to ensure that the societies repay their outstanding dues of Government/NCDC loans and shares within prescribed time limit.

(Chapter III)

Compliance Audit paragraphs

Audit noticed instances where funds released by the Government of Kerala for creating public assets for the benefit of the community remained unutilised/blocked due to misappropriation of Government money, loss of assistance/revenue, wasteful expenditure on buildings, providing of undue benefit, etc., owing to lack of administrative oversight and concerted action at various levels. The details are given below.

Misappropriation

- Violation of codal provisions and laxity on the part of the Head of the Office resulted in suspected misappropriation of ₹1.05 lakh as short remittances at the Office of the Assistant Executive Engineer, Harbour Engineering Sub Division, Thalai, Kannur District.

(Paragraph 4.1)

Loss of assistance/revenue

- Failure on the part of Kerala Fishermen's Welfare Fund Board in claiming eligible income tax exemption and consequent deduction of tax at source on the interest income resulted in avoidable revenue loss of ₹72.02 lakh.

(Paragraph 4.2)

- Government of Kerala's lack of timely action in releasing the Government of India (GoI) assistance to Government Medical College, Kozhikode led to a loss of ₹6.85 crore of GoI funds, thereby increasing the burden on the State exchequer. This also led to blocking up of ₹1.37 crore of GoI funds on incomplete works of setting up of College of Paramedical Education at Government Medical College, Kozhikode.

(Paragraph 4.3)

Wasteful expenditure

- An expenditure of ₹84.32 lakh incurred by the Scheduled Castes Development Department on the construction of a community hall at Pattuparambu Scheduled Caste Colony, Thykkattusserry Block, Alappuzha proved wasteful, as the construction was undertaken on a private land without ensuring the transfer of ownership of land to the Department.

(Paragraph 4.4)

Providing undue benefit

- Incorrect deduction of amount for work not executed in the case of two works by Water Resources Department resulted in bestowal of undue benefit tantamount to ₹53.78 lakh to the contractors.

(Paragraph 4.5)