Financial Administration

Financial administration is concerned with the determination of the sources from which and the conditions under which revenues should be obtained; with the collection of revenue; with the accounting of the amounts collected; with the investment of the surplus funds; with the preparation and adoption of budget; with the execution of budget according to the will of the authority that sanctioned it; with the auditing of accounts of the sums collected and spent by a person independent of the university for the purpose of verifying their accuracy and ensuring that the executive has complied with rules and regulations and finally with the submission of the audit report to the Chancellor and the Court together with the replies to the objections raised by the auditor. Thus, financial administration is concerned with budgeting, revenue administration, grants-in-aid expenditure, accounting and auditing. Although each one of the subjects mentioned above may be treated as an independent subject, nevertheless they form a part of a unified enterprise. We shall now deal with budget.

Budgeting involves a continuous chain of operations, the several links of which are the preparation of an estimate of revenues and expenditure for the administration of the university for a period of one year; the formulation of the proposals for raising revenues, scrutiny of the Finance Committee, approval of
the Executive Council and placing them before the Court for its adoption so that they may have legal authority for enforcing them, and finally the execution of the budget. Thus budget is the starting point of financial control both by the Executive Council and the Court. It is more than that. It is the basis of orderly finance without which there can be no co-ordinated progress. It determines the objects on which money may legally be spent. It prescribes the limits within which expenditure on any particular item should be incurred. Thus, the budget is at once a report, an estimate and a proposal. The Executive Council presents through this document to the Court a full report detailing the manner in which the Executive Council administered the university in previous financial year and a statement of the present condition of the finances of the university. On the basis of these two reports the Executive Council formulates the programme of its own work for the coming year.

Whoever may be the authority that may be entrusted with the preparation of the budget estimates, the personal element looms large in its preparation. In other words, the Treasurer who is entrusted with this work must be a man of sincerity and wisdom. Wisdom enables him to see the future clearly, as clearly as possible. Sincerity compels him to state the truth when he has ascertained it. These qualities must go hand in hand. What is the use of a Treasurer or Finance Officer being sincere if he is not sagacious and what value is wisdom if through lack of sincerity the light is hidden under a basket. It is therefore necessary that the Treasurer who is
the budget making authority should combine both these qualities.

The Treasurer is the officer authorized to prepare the budget. Situated at the centre of university administration, he is in a position to feel the needs and wishes of the departments to appreciate their comparative merits and accordingly calculate and provide for them in the budget. Others may known certain details as well, possibly better than the Treasurer but can have no extensive and objective view of the mass of the details. Moreover the Treasurer charged with the execution of the budget is compelled through concern as to his future responsibility to prepare the plan as well as possible.

Budget: The first essential principle of sound budget system is a properly designed budget form. It facilitates the budget preparing authority in stating his requirements clearly and secures uniformity in the presentation of the budget information. How far this principle has been observed? The university budget form is properly designed. It is divided into four parts of which Part I represents the non-plan or maintenance budget which includes receipts of the recurring grants from the State Government and income from other sources and the expenditure on the maintenance of the university.

Part II represents the development budget for receipts and expenditure of grants received from the UGC and the State Government for financing development schemes under various plans.
Part III represents the receipts and expenditure from various sources under specific schemes and part IV contains deposits on specific accounts held by the university and loans and advances granted to the employees of the university.

Each part is preceded by an abstract of receipts and expenditure. Each contains a number of main headings and subheadings. Against each head the Treasurer is required to furnish the estimated amount for the coming year, actuals of the previous year, estimates of the current year and the revised estimates for the current year. We think that the arrangement is not logical. We suggest that the first column against each head must give the budget estimate of the current year, the actuals of the previous year, the actuals for the first six months of the current year, the revised estimate for the current year and the estimate for the next year. Such an arrangement will enable the members to have an intelligent understanding of the financial position of the university and question the propriety of certain expenditure. Further, the arrangement is logical.

Preparation of the Budget: It is the Treasurer who initiates the preparation of the budget. The Heads of the teaching and non-teaching departments furnish him proposals for the preparation of the revised estimates for the current year and the budget estimates for the coming year. After the receipt of the proposals the budget estimates are prepared and placed before the Finance Committee for scrutiny and advice.
In the preparation of the budget certain limitations should be remembered. Under 'Balances' should be shown only such sums as are likely to remain unutilised at the close of the current year. Second, the opening balance of the revised estimates should be the balance furnished by the auditor after the audit of the previous year's expenditure. The closing balance of the revised estimate should be adopted as the opening balance of the budget estimates. Third, the actuals of the previous year should invariably correspond to the figures recorded in the audited accounts. Fourth, no credit should be taken in the budget for any contribution either from the Government or from private individuals unless it was sanctioned or firmly promised. Fifth, net receipts alone should be shown in the budget. Sixth, adequate provision should be made for all obligatory expenditure. Seventh, while preparing the estimates of expenditure for capital works or for new schemes of expenditure it must be ensured that there would be sufficient funds to meet the expenditure after providing for all obligatory items of expenditure. Further, when a new scheme involving recurring expenditure is included it has to be seen that there would be recurring surplus of receipts over expenditure. Even then, only schemes which have been sanctioned by competent authority should be included in the budget.

Eighth, expenditure on establishment which was not specifically sanctioned by the competent authority should not be included. New proposals should be shown separately.
Ninth, no cut in salaries to secure reduction in expenditure can be resorted to. If the Treasurer is of the view that the expenditure on establishment is excessive he can suggest re-examination of the staffing pattern to the competent authority. The principle involved in this rule is that the university should have a contented staff.

Tenth, while framing the budget of expenditure funds should be allotted for specific purposes for which they have been sanctioned. In other words, special funds should be maintained for special purposes.

The budget estimates should be placed before the Finance Committee for scrutiny. After scrutiny, the Treasurer should prepare a budget note - an important part of the budget. It explains the financial plan in non-technical terms. Tables and figures however carefully framed will not inform the layman of the financial condition of the university as effectively as the budget note does. The budget note deals with all aspects of university finances. It should bring out the salient features of the budget proposals and the financial condition of the university.

After scrutiny by the Finance Committee the budget is placed before the Executive Council for its approval. The approval of the Executive Council with changes in priorities that may be suggested by it is then obtained. The budget is thereafter circulated among the members of the Court sufficiently in advance of date of its meeting. With the presentation of the budget to the
The part played by the Treasurer comes to an end. The adoption of budget by the Court is an obligatory function. The Court must see that the estimates of receipts is exhaustive and accurate; that due provision has been made for all obligatory expenditure and for the due discharge of all liabilities in respect of contracts entered into and that the prescribed balance is maintained.

How did the Court discharge this function? There was no detailed discussion on the various items of the budget in any meeting of the Court. The Court was however very much concerned at growing a mount of deficits in the maintenance budget of the university and constituted committees to suggest improvement of the university finances. One such committee was constituted in 1968 and another in 1972. The court also adopted resolutions to request the Government of Assam to increase the statutory block grant from time to time.

The University budget as finally passed has certain distinctive characteristics. First, the appropriations are annual. That is the allotment made in the budget lapsed at the end of the year should be reserved or appropriated by transfer to deposits or any other head to avoid lapses for disbursements after the end of the year. This type of appropriation is regarded as the most satisfactory one because a definite amount for a definite purpose for expenditure during a definite period is appropriated. In recent times performance budget has come into existence. That is, a
definite sum is allowed for a definite work for expenditure during an indefinite period. This is known as capital budgeting. This type of budgeting is opposed by the university for obvious reasons. It does not afford an opportunity to scrutinise the project. It encourages indifference on the part of the spending authority and seriously impairs the control of the Court over expenditure. It is not true as is generally supposed that annual appropriations prevent long range planning. As a matter of fact whenever a scheme involving capital expenditures spread over a number of years is undertaken, the financing of the scheme is first settled.

The second feature of the university budget is that it is prepared on the basis of what was expected to be actually received or paid during the year. In other words the budget is an estimate of cash receipts and cash payments during the year, irrespective of the fact that such receipts and payments relate to the transactions of that year or the previous year.

Third, the budget is prepared on gross and not on net basis. Receipts are estimated as revenue and entered on the receipt side of the budget and payments on the expenditure side of the budget.

Fourth, the most important feature of the budget is itemization of expenditure. We feel that itemization is necessary. Experience shows that administrative officers having lump sum
amounts at their disposal may have a tendency to spend without looking to the priorities. To check this tendency extreme itemization is resorted to. But authorities on budgeting do not favour extreme itemization. They argue that it prevents the administration from using their discretion in the expenditure of money to the best advantage. Further, they argue that while it may prevent mal-practices, it is not likely to promote efficient administration. It would on the other hand encourage administrators both good and bad to seek more and more funds for each item than they would actually need so that they may have enough money under each item. If the demand is granted they would take care to see that the entire allotment is spent within the year. Again, itemization gives to the court opportunities to interfere in the financial administration of the university. Theoretically, all these arguments may appear to be sound; for to estimate expenditure on small items several months ahead is a difficult task and to adhere to such estimates is more difficult. But the deciding factor is whether itemization really prevents administrators from using his discretion. Does it really encourage wasteful expenditure. Experience of the present writer shows that itemization does not prevent administrators from using funds available to the best advantage. Whenever necessity arose funds were transferred from one head to another. Therefore, itemization had not impaired financial administration of the university.
The final feature is that separate funds existed for separate purposes. If all the receipts are collected and deposited in a single pot and made available for expenditure without any restriction the keeping of the accounts and rendering of reports will be a simple affair. But in the university no such situation can obtain. As a matter of fact there are several pots with independent incomes, earmarked for particular purposes and several limitations being thrown around these funds.

Execution of the Budget: With the adoption of the budget by the Court, the third stage in budgeting begins - the execution of the budget. The Executive Council should remember that the budget appropriations are of two kinds, mandatory and mere authorizations. For instance, the payment of salaries and the redemption of debts are all mandatory. But most of the appropriations made in the budget estimate are mere appropriations and expenditure relating to these items should not be incurred without proper sanction. Further, an appropriation does not mean that an entire amount should be spent; only so much of it as the Executive Council may sanction can be spent. In other words, the amount provided in the budget against any head of account is the maximum amount that is available and the Vice-Chancellor may sanction such amount within the limit
with the sanction given by the Executive Council. The maintenance of the budget is secured by a unified financial direction. The Treasurer has to apply checks on the expenditure within the limits of the budget; but he should look to the progress of education and should not act as a brake to such progress.

Whatever may be the care with which a budget is prepared unforeseen circumstances may arise necessitating additional expenditure. Or extra expenditure may be advisable though not absolutely unavoidable. But supplementary appropriations were not necessarily additions to authorisations already provided in the original budget. Sometimes these appropriations are made entirely for new purposes. So the expenditure side of the budget is not only supplemented but more or less refashioned during the year.

Very often supplementary appropriations are asked for after the obligations have been incurred. Sanction for additional appropriations should be obtained before the close of the year.

Income: The total income and expenditure of Gauhati University from 1955-56 to 1975-76 was as follows:
<table>
<thead>
<tr>
<th>Years</th>
<th>Govt. grants</th>
<th>Others</th>
<th>Total</th>
<th>Expenditure</th>
</tr>
</thead>
<tbody>
<tr>
<td>1955-56</td>
<td>5.0</td>
<td>14.5</td>
<td>19.5</td>
<td>18.5</td>
</tr>
<tr>
<td>1960-61</td>
<td>10.0</td>
<td>50.1</td>
<td>60.1</td>
<td>49.8</td>
</tr>
<tr>
<td>1965-66</td>
<td>20.5</td>
<td>93.4</td>
<td>113.9</td>
<td>97.4</td>
</tr>
<tr>
<td>1970-71</td>
<td>31.0</td>
<td>206.4</td>
<td>237.4</td>
<td>138.4</td>
</tr>
<tr>
<td>1975-76</td>
<td>71.8</td>
<td>294.5</td>
<td>366.3</td>
<td>251.8</td>
</tr>
</tbody>
</table>

From the above it is clear that the total income of the Gauhati University increased enormously during the period. What are the factors responsible for this enormous growth? A comparative study of the receipts in 1955 with that of 1975 shows that grant-in-aid from the State and Union Governments and the University Grants Commission were primarily responsible for this enormous increase. The statutory grant from the State Government increased from the mere Rs. five lakhs in 1948 to Rs. 40 lakhs in 1975. Besides the statutory grant, grants were given for the development of departments. Thus grant-in-aid played a vital, rather a major role in the income of the universities in North East India.
The second factor responsible for the growth of income was fee of various kinds. Except tuition fee all other fees were increased. The increase in fee income was also due to increase in the number of scholars that sought admission. In 1950 the number of scholars admitted to the university and its constituent and affiliated colleges was 7339 but in 1975 it was 78681.

There was also increase in expenditure. From the figures given in the table the general trend was towards increase in expenditure and the increase was enormous. It is by more than 1.3 times. The factors responsible for the increase are various. First, there was increase in the number of colleges and disciplines taught in the university. In the Gauhati University in 1950 there were only twelve departments; but in 1975 there were as many as 23 teaching departments. Of the departments, the science departments are the most expensive.

Second, there was increase in the number of teachers. In 1950 Gauhati University employed only 25 teachers. But in 1975 it was 208. Gauhati University alone employs staff for laboratories, offices and other essential services.

Third, there was revision in the pay scales from time to time which was responsible for the increase of expenditure. Apart
from scales of pay, there was also improvement in the superan-
nuation and other benefits.

The fourth factor responsible for the increase of expen-
diture was the general readiness on the part of the universities
and colleges to adopt progressive policies. The universities were
interested in the construction of buildings, provision of more
facilities for study, opening of new disciplines and so on. Again
when a new department was opened, the head of the department would
try to expand it by introducing new subjects. With the introduction
of new subjects additional staff had to be appointed.

Thus there was enormous increase of expenditure. At the
same time it should be said that there was some amount of extra-
vagance in the expenditure. The Minister for Education referred to
this in the Legislative Assembly. Imagine the number of fourth
grade employees in the service of the Gauhati University in 1965.
It was 567.

Income of the Universities: The universities and colleges
derive their income mainly from two sources, grants and fees. They
have no power to levy and collect taxes. The characteristic feature
of a tax is that it is a compulsory payment made to the State for
common expenditure and there is no qualitative relation between the
tax paid by the individual and the services rendered to him by the State. Local Government institutions like panchayats, municipal boards and local boards have power to levy and collect taxes but the colleges and the universities do not have such power.

What is a fee? It is a charge fixed by a University or college in amount and method of payment which individuals pay as a special compensation for some service rendered by the university or college for some expense which the individuals have caused the university in the exercise of its functions. Thus the ruling principle so far as fees are concerned is that it is a special payment for some special service rendered. The university derives a substantial amount from fees which may be classified into three categories, academic, examination and others. Of the three it is from examinations that 80 percent of the fee is derived. In 1975-76 the Gauhati University derived a sum of Rs. 45 lakhs from this source out of total income of Rs. 54 lakhs from its own sources in the maintenance budget.

We shall now discuss the ethical basis of fees. On this issue there is a keen difference of opinion. Eminent men like Mahatma Gandhi and Jayaprakash Narayan have expressed themselves in favour of fee. The Mahatma had expressed a very definite view
that higher education should be financed not by the State but by different industries and business houses for training the graduates they need. 'Thus, the Tata, wrote Gandhiji, 'Would be expected to run a college for training engineers under the supervision of the State, the Mills Association would run among them a college for training graduates whom they require'. Recently, the Deputy Chairman of the Planning Commission Dr. Lakdawala expressed a similar view in the course of his address to the Conference of Education Ministers. He observed 'We should try to explore the area of self-financing of higher educational activities except in very specific lines where social benefits are high and requisite number of students is not forthcoming'.

Dr. Sriman Narayan also said the same thing. 'There could be no two opinions that our current level of expenditure on higher education needs to be reduced in a planned manner with a view to finding adequate resources for expanding and enriching elementary and secondary education for the benefit of the weaker sections of population. While the importance of higher education for providing top personnel for national projects of specialised categories cannot be under-estimated the fact remains that much larger funds would be urgently required for providing universal elementary education and
Jayaprakash Narayan expressed a similar view. 'I am told' wrote Jayaprakash 'that nearly one third of the total outlay on education in India is spent on higher education which reaches about 10 percent of the appropriate age group. This means that it is mostly the children of the middle and upper classes who benefit at the cost of 90 percent of the people of this country. This is not only unjust, it also helps to perpetuate gross inequalities in income and social status which are directly related to levels of education. I would therefore suggest that all higher education should be made self-financing through fees and private donations. Students coming from economically backward families but having an aptitude for higher education should be given adequate loan scholarships which may be recovered in easy instalments after they begin to earn. Such a system of loan scholarships is in force in certain countries'.

'It is all the more necessary to make professional education self-financing. The products of this education—doctors, engineers, business men are almost automatically co-opted into the elite and earn large rewards in later life. Quite a few of them also emigrate to foreign countries mostly in order to earn higher incomes...
than would generally be possible in India. There is no reason why a poor nation should subsidise their professional training. Such persons must pay compensation to their country for receiving training.

How far these suggestions are acceptable to us? We shall examine the arguments in favour of and against levy of fees.

It may be noted that catalysmic changes have occurred in the pattern of financing of institutions of higher education since 1956. An important change has been the increasing responsibility taken by the Union and State Governments for providing financial support by way of grant-in-aid to universities and colleges. Fees which accounted for about half of the recurrent expenditure of university in 1951 have shrunk to approximately one quarter of the total expenditure. There has also been sharp decline in private benefactions from 14 percent to 10 percent of the recurrent expenditure during the same period. In the United Kingdom the fee contribution to university expenditure accounted for only 8 percent of the total. The Robbins Committee (1961-65) recommended the increase of fee income to 20 percent. In Canada the fee contribution was as high as 27 percent of the recurring expenditure. In West Germany the fee contribution was only five percent of the expenditure and many students including those who receive scholarships are exempted from fee. In East Germany tuition is free.
In Australia fee contribution is only 15 percent of the recurrent expenditure on higher education. Higher education is entirely free or almost free in Afghanistan, Algeria, Argentina, Brazil, Denmark, France, Iran, Iraq, New Zealand, Norway, Poland, Turkey, USSR, UAR and Yugoslavia. In Indonesia the fee is nominal. In the USA private institutions obtain a substantial part of their income from students' fee\(^1\). Thus fees levied in other countries are extremely diverse. The relative contribution from fee in North East India does not compare unfavourably with that in a number of advanced and developing Countries. Rather the tendency in most countries of the world is to keep the fee contribution at a low level.

It is argued that there should be increase in fee so that the financial condition of institutions imparting higher education may improve, as these institutions are often hampered in their work by continuous depletion of resources. The situation in North East India is much more critical. The rapid expansion of higher education, the increase in the cost of administration and the apparent inability of the State Government to provide adequate financial support tell us that we must seek some other source. The present system of low tuition fee amounts to a substantial subsidy of higher education. In 1970-71 out of an annual recurring expenditure of

\(^1\) The World Survey of Education IV. UNESCO 1966
Rs. 1000 per student only Rs. 259 were provided by fee. If the total non-recurring expenditure is included it will be reduced to 15 per cent. Since this subsidy is given indiscriminately to rich and poor alike, the system, it is argued, is inequitable.

Low tuition fees are inconsistent with open door policy in higher education adopted by the Indian Universities. An increase in tuition fee would reduce the scramble for seats in higher education. The resulting decrease in admission would enable the State and the Union Governments to utilise their financial resources to improve the quality of education.

It is reasonable to expect the beneficiaries of the system to bear a reasonable part of the education costs. In North East India there has almost been no increase in students' fee during the past decades, although there was enormous increase in prices. The result of this low cost of education has been a continuous deterioration of the quality of higher education, a situation which must be viewed with equanimity.

Collegiate education substantially increases the earning capacity of those so educated and if these beneficiaries are called upon to pay for their education they would not be substantially worse off from such a change in policy.

But there are argument against raising tuition fees. First, higher fees would provide a disincentive to poor students. It is manifestly contrary to public policy to allow higher education to become the privilege chiefly of those in the upper and upper middle
classes. It would run counter to the existing philosophy in higher education which is identified with equal opportunity with low tuition fee.

Second, higher education has positive correlation with economic production. Hence society has a large stake in the development of higher education as does the individual. In fact social benefits of higher education far outweigh the private benefits. It would therefore not be legitimate to force students to contribute more than a minimum share towards the cost involved.

Third, in developing countries like India where preference is given to boys' education any rise in fees would provide a disincentive to parents to send their daughters to colleges and this would retard girls' education which is already backward.

Fourth, in the current situation of student unrest it would be unwise to give students further reason to protest and disturb the academic life in university and college campuses.

Finally, while the raising of fee is justified as a measure of mobilising much needed additional resources such action should not restrict the flow of talented but economically disadvantaged students to institutions of higher education. Further it should not appear as an antiegalitarian measure and cause resentment on the people who are already suffering from inflation. Therefore there should not be indiscriminate rise in fees.
If uniform rise in fees is not desirable can we have differential fee system, that is, higher fee being charged to students who are not regarded as being suitable for higher education and the usual fee from those regarded as academically suitable coupled with scholarship programme for this category of students. There are a number of difficulties involved in this type of reform. One can easily imagine these difficulties. First it is difficult to determine those who are academically sound. Second there would be two classes of students in the same class and there will be conflict between the classes. Again, it is not practicable to introduce such a scheme as it is discriminatory. This reform was introduced in England. Students from outside the United Kingdom were to be charged higher level of fees than home students. But this was resented to by the Committee of Vice-Chancellor and Principals.

Conclusion: The Indian tradition has favoured keeping higher education free, at least low in cost for students. The benefits to the students and to society are by no means exclusively economic. Furthermore not only the students but the society as a whole is benefitted economically when higher education increases the earning capacity of the students. Again it is impossible to rationalise cost sharing when some of the most important benefits are cultural, social and political rather than economic. Even in the economic sphere how does one calculate the value to society of having a reservoir of educated people available for employment? How to allocate the economic benefits to students between those who prepare for a career with low income or perhaps no income as in the case of many girls who
marry and those who anticipate higher income. Thus there are many questions with regard to higher fee which cannot be answered satisfactorily. The Carnegie Commission 1973 which recommended that students should pay about one third of the educational cost did not answer all these questions.

Audit: The long sequence of events of financial administration commencing from the preparation of budget to the eventual payment of monies ends with audit. Audit is one of the instruments of financial control. The exact function of audit is a systematic examination of the books and records of a business or other organization in order to ascertain or verify and to report upon the facts regarding its financial operations and the result thereof by a person who had no hand in their preparation. Audit is therefore concerned not merely with the verification of accounts; it is also concerned with the validity of collection and payment of monies. In the final analysis audit is the ultimate authorization to pay or to receive. If audit does not validate either payment or the receipt the executive should not pay or receive the amount. If the amounts have already been paid they should be recovered and if the amounts have already been received they should be returned.

Audit must also see that the funds are used for the purpose and in accordance with the conditions established by law. This is called the audit of expenditure. In auditing expenditure the auditor should note whether the executive has observed two principles, economy and regularity. By regularity we mean the spending of money for the purposes for which it has been allotted and in the manner prescribed by law and economy means getting the full value of
money spent. Economy and regularity do not mean the same thing. There may not be any irregularity in the expenditure of amounts and yet the expenditure may be wasteful. So the mission of audit is not merely to discover cases of bad faith but also to protect the ratepayers from the effects of honest stupidity or impractical idealism. If the result of audit discloses any irregularity in the expenditure of amounts the auditor must fix the responsibility and the person concerned should be surcharged. In surcharging a person the auditor should also determine how much an item of expenditure is lawful and how much is unreasonable and unlawful and therefore recoverable. Thus the power to disallow a payment prima facie includes the power to allow a separable part of it. The auditor must also see that the expenditure is lawful and necessary. In fact it must ask every question that is expected from an intelligent taxpayer bent on getting the best value for his money.

Audit may be of two kinds, pre-audit and post-audit. By post-audit we mean auditing of accounts at the end of a given period merely to ascertain whether the transactions were regular. It is just like locking the door after the horse has been stolen. Pre-audit on the otherhand is conducted before payments are made. There can be no doubt that of the two, pre-audit is the most effective. Under pre-audit money will be spent not only economically but also according to the established rules and laws.

Post-audit may be detailed or test audit. Test audit is one which scrutinises a part rather than all the financial transactions and is satisfied if the portion selected for examination reveals
no irregularity. The basis of test audit is confidence in the administration.

The Gauhati University Act provided for post audit by the Examiner of Local Fund Accounts. The North Eastern Hill University Act provides for audit by the comptroller and Auditor & General of India. In the Dibrugarh University the Examiner of Local Fund Accounts is empowered to audit the accounts. But law did not authorise the auditor to issue surcharge certificates against infructuous expenditure. This is the greatest defect in the financial administration of the universities. As a consequence several items of expenditure are irregular.

The Examiner of Local Fund Accounts is independent of the Government of Assam and independent of the University. This position is secured to the auditor so that there may not be any scope for any political influence on the auditor. The Government of Assam has no right or authority to issue directions to the auditor on the manner in which he should conduct audit.

Though the auditor is given an independent position he is required to observe certain limitations. First, as the audit is conducted on behalf of the Government, he should not criticise the orders issued by the Government. He should not prescribe the standards of expenditures for observance by the university. He should not survey or review the activities of the various departments, both administrative and teaching. He should confine himself to the scrutiny of the
accounts placed before him for audit. He should not suggest new sources of income though he may make comments on the financial administration of the university. He should not conduct independent enquiries from private persons for the purpose of verifying facts relating to audit. Whatever information he wants he should ask the Treasurer or the Finance Officer. He is also prohibited from sitting in judgment on the wisdom or the intelligence of the administrator of the university. He should not enforce the audit rules literally and rigidly lest audit may degenerate into an un-intelligent one. For, undue insistence on trifling errors and technical irregularities may result in waste of time without any beneficient results. Finally, all observations must be objective and should be couched in courteous language. Inunendo is prohibited.

Is there need for audit? There can be two opinions on this question. Audit is like a gun behind the door. If there is no audit there will be large scale defalcations and wasteful expenditure. But as we had already noted the existing method of audit is not effective. The auditor has no power to surcharge infructuous expenditure. We therefore suggest that the auditor should be empowered to issue surcharge certificates. The absence of it has resulted in defalcations.

Conclusion: The audit reports issued by the auditor reveal that the financial administration of the universities was not free from defects. Year after year he pointed out innumerable irregularities. Some of these irregularities are repeated year after year. It is
really remarkable that they occurred even though there was internal audit. The only way by which they may be minimised is by authorising the auditor to issue surcharge certificates, will not such a power affect the autonomy of the university. Autonomy does not mean the privilege of mismanagement of finances of the university.

Reports of the Examiner of Local Fund Accounts on the accounts of the universities are considered by the Court. The reports are examined by a standing accounts committee of the Executive Council and it recommends necessary action. Still the position has not improved. We suggest that the accounts should be pre-audited or concurrently audited by the authorized auditors instead of auditing them after the lapse of a year or more. This will forestall occurrence of irregularities and infructuous expenditure in the universities.