

SECTION 2 – PERFORMANCE AUDITING

Role of the Performance Auditor

46. The main role of the Performance Auditor is to carry out audit visits to assess progress made by all project institutions to achieve specified goals set out in their Institutional Development Proposals, and any institution strategic plan, such as implementation of agreed reforms, accuracy and validity of data, progress in faculty development, utilization of resources and achievement of targets set by the Institution to achieve academic excellence in the context of the TEQIP-II project objectives and the key performance indicators.
47. Performance Auditors can only be assigned by the National Project Implementation Unit and can only operate outside of their ‘home’ State. They should not have any ‘conflicts of interest’ with the institutions to which they are assigned. This allows them to be neutral in their relationship with the institutions and to ‘report as they find’ when carrying out their work.
48. Performance audits are to be conducted periodically until the end of TEQIP-II (December 2014) on a schedule determined by the NPIU. Progress will be monitored against successive evaluations as Performance Auditors will also be interested to note what progress has been achieved since previous Mentor visits and/or Performance Audits.
49. There are seven main areas covered by a Performance Audit (listed below). These cover both TEQIP 1.1 and 1.2 institutions. The performance auditors will assign a grade to each of these seven main areas. This will form the **Institutional Performance Profile**.

PIP Ref	Institutional performance profile	Overall evaluation grades
Component 1: Improving the quality of education in selected institutions		
1.1	Strengthening institutions to improve learning outcomes and employability of graduates	
1.2	Scaling-up postgraduate education and demand-driven research and development and innovation	
1.2.1	Establishing centres of excellence	
1.3	Faculty development for effective teaching (pedagogical training)	
Component 2: Improving system management		
2.1	Capacity building to strengthen management	
2.1.1	Implementation of good governance	
2.2	Project management, monitoring and evaluation	

50. Performance Auditors are expected to evaluate the performance of TEQIP-II Institutions against the goals and targets they have set out in their Institutional Development Proposal, and any institution strategic plan, in the context of the TEQIP key performance indicators² across the seven areas in the table above.
51. The **only variance** between sub-component 1.1 and 1.2 Institutional Performance Profiles is that there will be the option **not** to grade: *PIP Ref 1.2: Scaling-up Postgraduate Education and Demand-driven Research, Development and Innovation* for 1.1 institutions, unless there is postgraduate practice actually taking place, in which case this will be recognised as a contribution to the overall development of the institution and included in the evaluation. **Also, only those institutions selected to be Centres of Excellence will receive a grading against 1.2.1 Establishing Centres of Excellence.** The Performance Auditor will complete all other sections of the Institutional Performance Profile for all TEQIP institutions.

Proper Use of the Evaluation Grades

52. It is important to remember that TEQIP-II is a development project. The grades indicate what developments have taken place, and what other developments are needed. The evidence of some early self-assessments is that ‘confident’ institutions are able to grade themselves honestly and self-critically. This critical depth of analysis is also needed in the performance audits if they are to be of value to the institutions and the project.
53. Performance audits are trying to establish to what extent institutions have been successful in fulfilling their own goals and targets. Proper use of the grading profile should therefore be seen as a development tool, as well as a dipstick evaluation of progress to date. A mature institution will value the external input made by a thorough and fair Performance Audit.
54. **The Institutional Performance Profile grades should be based on sound supporting evidence**, and use the performance auditing evaluation grades 1-3 and grade descriptors below. Performance Auditors are expected to provide a bullet point list of the evidence that supports their evaluation against each question/area evaluated. Providing sound supporting evidence is necessary for three critical reasons. First, so that the development needs of the institutions are accurately identified and the institution is able to make progress by building on its strengths and addressing its weaknesses. Giving a grade which is not supported by the evidence does not help the institution meet its TEQIP goals. Second, documenting evidence promotes accountability, since the Performance Audit reports are public documents. And, third, providing evidence enables the NPIU to verify the grades given by the performance auditor are appropriate.
55. **The grade descriptors have two elements: one relating to the quantity of the evidence for each area being evaluated; and the other relating to the quality of the practice.** So, for example, a grade of 1 means there is substantial evidence (75% or more), which identifies that the practice is of good quality. Therefore, a great deal

² Taken from the PIP with the addition of 2.1.1 the Implementation of Good Governance.

of supporting evidence would be detailed against all the questions/ areas listed in the Annex 4 tables for any Grade 1 to be awarded.

56. If there is no evidence that a given good practice takes place, or the evidence is weak, a grade 3 should be given for that practice or area.

Performance auditing evaluation grades and grade descriptors

1.	Substantial evidence of good practice in the quality and standards achieved against the institutional goals and targets (Assessment identifies clear supporting evidence that at least 75% of the relevant practices are of good quality and there is no malpractice related to the remainder of the provision.)
2.	Some evidence of good practice in the quality and standards achieved (Assessment identifies clear supporting evidence for at least 50% of the relevant practices – there may be still some way to go for the institution to achieve its full objectives but there should be no malpractice related to the remainder of the provision.)
3.	Not in place (there may be one of the three primary reasons for this: a) no evidence can be found, b) there is evidence, but it is not of acceptable quality, or c) that there are plans for development but these have not yet taken place – in which case the auditor can indicate the expected date of completion/ implementation but the grade should remain 3.)

Note: Supporting evidence: The grade descriptors have two elements: one relating to the amount of the evidence (none, some or substantial); and one relating to the quality of the practice about which the evidence is gathered (is it good quality, or not?). So, for example, a grade of 1 means both that the evidence is good quality and that there is a substantial amount to demonstrate that it is of good quality (75% or more for the practices found).

What Makes a Good Performance Auditor?

57. Good TEQIP-II Performance Auditors:

- Will fulfil their responsibilities by basing their work on expert and objective scrutiny and analysis
- Will always aim to be fair, objective and honest, reporting on what they find, and basing their judgements on sound evidence as recorded in the Performance Audit report. It is this sound evidence that will support the evaluation grades given by the Performance Auditors
- Will set high professional standards, undertaking effective evaluation that is consistent with the protocols (as set out in this handbook) and expected by all the stakeholders
- Will be open and approachable and try to build an effective dialogue with all those involved to encourage trust and confidence. They will be committed to communicating clearly and accessibly about all aspects of their work.

58. Good Performance Auditors feedback and explain to institutions what they have found (good and bad practices) constructively.

59. The performance audit should be carried out with dignity and respect from, and for, the institution concerned, even when the messages are challenging. It should also be recognized that carrying out the role of Performance Auditor is demanding on every level. A good performance audit will be helped, therefore, if cooperation is fostered between all those concerned and all maintain a focus that a good

performance audit is serving the interests of promoting, developing and ensuring high quality for Indian students and the country.

General Performance Auditor Duties

60. Each Performance Auditor is expected to carry out the following duties:

- Liaise closely with the Data Auditor and only submit a final report once consideration of the Data Auditor's report has been taken into account. NB: A Performance Audit is only considered complete if both Performance and Data Audits have been carried out and both reports are submitted
- Assess the degree/extent of progress in implementation of Institutional Development Proposal's, and any institution strategic plan's, proposed goals, targets, activities and reforms
- Identify areas for institutional improvement in project implementation
- Feed back to the State Project Facilitation Units and the National Project Implementation Unit the removal of bottlenecks/hurdles in their areas of responsibility which are causing under-achievement in one or more of the activities.

61. The key output of the Performance Auditors' visits is the **Institutional Performance Profile and the supporting evidence**. The Institutional Performance Profile and the supporting evidence will be monitored at the national level for consistency:

- a. To ensure that reports are complete
- b. To ensure that supporting evidence has been included to support all the grades
- c. To ensure that the supporting evidence justifies the grade
- d. To monitor progress in project implementation from one Performance Audit to the next.

62. Performance Auditors will not look into procurement and financial management issues, as these will be covered by separate processes.

Institutional Visits by Performance Auditors

Preparation for a Performance Audit

63. For Performance Auditors to work effectively with the institutions good planning and clear arrangements need to be undertaken by all those involved - Auditors and Institutions alike. Performance Auditors and institutions need to work in partnership in order to ensure good time management and efficient use of their resources.

64. The Performance Auditors will ensure that they have read through (and have readily available for reference during the visit):

- A copy of the Institutional Development Proposal and any institution strategic plan for the respective institution, the TEQIP-II Project Implementation Plan (PIP), and also the guidelines on implementation of reforms, including the Good Practice Guide for Governing Bodies, and the Good Governance Programme Document³

³ The Good Governance Programme Document sets out a programme of self-review, identification of governance development needs and a requirement for all institutions to prepare their own Institutional Governance Guidelines to be completed during TEQIP-II, and by no later than September 2014.

- The most recent Performance Audit Report, Mentoring Report, Head of Institution's filled-in Response Sheet and Institutional Progress Report showing improvements/changes made in view of observations/suggestions made by Performance Auditors and Mentors.
65. The Head of the Institution will ensure that the Institutional Response Sheet (Annex 5) will be made available to the Performance Auditor and the State Project Facilitation Units for State Project Institutions, and the National Project Implementation Unit for Centrally Funded Institutions – at least two weeks before the visit starts. The Institutional Response Sheet is to be signed off by the Head of the Institution.
 66. The Performance Auditor and the Head of the Institution should agree a schedule of activities for the audit visit prior to the start of the visit.
 67. The Data Auditors should visit the institution prior to the Performance Auditors, say a week before or at least at the same time as the Performance Auditors. The Data Auditor can carry out the verification of data and prepare a completed form for the Performance Auditor in advance. This enables the Data Auditor to provide better support to the Performance Auditor during their performance audit visit.
 68. The Data Auditor should check the latest available information available at the institution as entered into the MIS and report their findings to the Performance Auditor.
 69. The State Project Facilitation Units for the State Institutions and the National Project Implementation Unit for the Centrally Funded Institutions are responsible for:
 - Contacting the Auditors and the Institutions to work out the three-day visit schedule and any pre-visit requirements for the Performance and Data Auditors - well in advance of the visit date
 - Ensuring that the blank Institutional Response Sheet is made available to the Head of Institution well before the Auditor's visit and advise the Director/Principal to return the completed Response Sheet at least two weeks before the commencement of the Data Auditor's visit.

Guidelines for the Institution

70. The Institution will ensure that during the visit the Performance and Data Auditors have a private office in which they can work and are provided with normal hospitality, taking account of dietary requirements. Performance and Data Auditors will bring their own computers, but the institutions should enable the Auditors to access the Internet, as necessary, through institutional facilities.
71. The Institution will ensure that any documentation requested before or during the Audit visit, by the Performance and Data Auditors, is supplied either two weeks before the Data Auditor's visit, and in the office room to be used by the Auditors (including all the previous reports of the Performance Audit and Mentoring, the Institutional Response Sheet, and the Institutional Progress Report on changes/rectifications and improvements made since the last audit and any other supporting documentation).

72. Focused Group Discussions are to be conducted by the Auditors alone. During any focused discussion group meeting others should not be present, even as observers.

Focused Group Discussions

73. Focused Group Discussions will be arranged by the host institution in consultation with the Performance Auditor prior to the visit. The Performance Auditor should meet both groups of students and groups of faculty.

74. It is suggested that a random sample of students is selected for the meetings with students:

- **Undergraduate Engineering Students:** Students should be drawn from each year of study, across all disciplines, genders, and general and reserved category students
- **Master's and Doctoral Students in Engineering:** An equal number of students should preferably be drawn from each year of study/research, with balanced distribution across all disciplines and genders.

75. Faculty: A desirable group size will include representatives from each department with balanced distribution across all disciplines and all levels, and both genders.

Procedure and Activities

76. The performance audits will be conducted over three days for each institution.

77. Suggested programme:

Day One:

- a. Studying any additional documentation provided in the base room, such as course documents, samples of student work, administration records/documents as requested to be available during the visit
- b. Discussion with the Head of Institution along with Project Coordinator and project nodal officers
- c. Three Focused Group Discussions [the first two with the undergraduate and postgraduate/research students, and the third with the faculty], each lasting approximately 60 minutes.

Day Two:

- a. Visits to institutional facilities and observation of some teaching and learning activities
- b. Discussions with Deans, Heads of Departments and Senior Management.

Day Three:

- a. Discussion with governing body members, including the Chair of the Governing Body
- b. Completion of the draft Institutional Performance Profile and Supporting Evidence

- c. Oral feedback to the Head of the Institution and the Chair of the Governing Body prior to departure.
78. Performance Auditors will record their evaluations/observations and evaluation grades for each area of performance in the Forms provided (see Annex 4) along with the supporting evidence for the grade assigned (see paragraphs 52-56).
79. The Performance Auditor's evaluation will be based on evidence gathered from:
- Focused Group Discussions with faculty and students
 - Discussions with the Head of Institution, Senior Management including Deans, Heads of Departments, and the Governing Body
 - Selective visits to observe teaching and learning, laboratories, workshops, hostels and the campus in general
 - A sample review of student work, course documentation/records/ and other institutional documentation to look deeper into the utility and relevance of reported actions/processes.
80. At the end of each audit visit Performance Auditors are to provide **oral feedback** on all the key points arising from the audit visit to the Head of the Institution and the Chair of the Governing Body. These key points will be delivered using supporting evidence against the seven categories of the Performance Audit and the draft summary Institutional Performance Profile. (see Annex 4)
81. If this is the second or subsequent visit, Performance Auditors will also give his/her evaluation on any improvements noticed since the last performance audit visit in the supporting evidence.
82. The draft Institutional Performance Profile shared orally with the Head of the Institution and the Chair of the Governing Body during the final feedback meeting should not be disclosed to any other persons associated in any capacity with the institution until the grades have been confirmed by the National Project Implementation Unit.
83. During the oral feedback Performance Auditors may be asked to give a solution to a particular problem identified. It is not the Performance Auditors' role to provide solutions to any one problem, since there may be a number of different ways to solve such problems and this may be viewed as imposing a solution. However, the Performance Auditor will ensure that they articulate the evidence on which they are basing their judgements and recommendations and that follow up action is required to areas of concern. The Performance Auditor can also remind the Institution that the assigned Mentor can assist in identifying possible solutions.

Deliverables following a Performance Audit Visit

84. Following the audit visit the Performance Auditors will ensure that the Institutional Performance Profile and all supporting evidence (completed Annex 4 Forms) and the Data Audit report are sent (electronically) to the National Project Implementation Unit and the concerned State Project Facilitation Unit **within 10 days of completion of the Performance Audit** visit.

85. The reports will be scrutinised at the national level by a senior group of Performance Auditors commissioned to undertake this work by the National Project Implementation Unit within 7 days from receipt of a Performance Audit Report.
86. The National Project Implementation Unit will send a draft copy of the report and supporting evidence to the Head of the Institution and the Chair of the Governing Body and ask them to check it through for factual accuracy within 7 days. Any dispute about grading profiles will be reviewed, but institutions will need to provide clear supporting evidence in support of any concerns. After this period the report will be deemed to be ready for publication.
87. The report, once logged and checked centrally by the National Project Implementation Unit, will be forwarded by the NPIU to the Institution, their Mentor and the State Project Facilitation Unit concerned, within a month from the date of the actual Performance Audit.
88. If there are any delays to this schedule the National Project Implementation Unit will contact the institution concerned and inform them of the reason for the delay.
89. The Performance Audit report is a public document. The institution should therefore make reasonable attempts to ensure it is available to those who wish to see it, for example, by placing it on their website or committing to make copies for whomever should ask. The National Project Implementation Unit will also place the performance audit reports on its website.
90. Feedback on the process should be encouraged in order for improvements to the work of the Performance Auditors to be made.
91. Any complaints about the work of Performance or Data Auditors linked to the States should be made in writing to the State Project Facilitation Unit concerned, which will in turn send a copy to the National Project Implementation Unit.

Further Use of Performance Audit Reports

92. From the evidence/data that is provided by the Performance Audit, the State Project Facilitation Units and the National Project Implementation Unit will generate summary Project Performance Profiles for the State institutions and the Centrally Funded Institutions.
93. The National Project Implementation Unit and the World Bank will use all the individual Institution Performance Profiles and Supporting Evidence as contribution to the overall TEQIP-II project performance evaluation report.
94. The Performance Audit reports will be used by the National Project Implementation Unit to assess the work of individual Auditors. Those who are not adhering to the high professional standards and expectations of the role will be removed from the roster.