

CHAPTER IV : MINISTRY OF HEALTH AND FAMILY WELFARE

All India Institute of Medical Sciences

4.1 Unauthorised expenditure on learning resource allowance

All India Institute of Medical Sciences reimbursed learning resource allowance to its faculty members and Group A officers in violation of instructions of the Ministry.

All India Institute of Medical Sciences (the Institute) was reimbursing learning resource allowance (LRA) up to ₹ 20,000 per annum to its faculty since April 2000. The allowance was aimed to help faculty members for enrolling in scientific societies and purchase of books, journals and other learning resource material.

The Institute with the approval of its Standing Finance Committee (SFC) decided (December 2002) to extend the benefit of LRA up to ₹ 10,000 per annum to its Group A officers. The proposal after being ratified by its Governing Body was forwarded to the Ministry for approval. The proposal also sought approval for enhancing the LRA of faculty members to ₹ 24,000 per annum.

The Ministry considered the proposal in consultation with the Ministry of Finance and conveyed (July 2004) to the Institute that existing scheme of reimbursement of LRA should be stopped immediately and instead faculty members/ Group A officers may be allowed to send requisitions to the Library administration for purchasing books or journals relating to their work. It further advised the Institute to form an expert committee which would prepare a list of the professional societies or bodies related to the work of the faculty members/ Group A officers, and the Institute may pay directly to such societies.

The matter was repeatedly taken up with the Ministry once in December 2004 (after getting the approval of Standing Finance Committee meeting in October 2004) and again in September 2005 (after getting the approval of Governing Body in July 2005) to further enhance the LRA limit of the faculty members to ₹ 36,000 per annum and allow LRA to Group A officers. The proposal was not agreed to (December 2005) by the Ministry.

However, the Institute continued payment of LRA and expenditure on LRA during March 2009 to December 2011 was ₹ 3.22 crore. Records relating to expenditure incurred before 2009-10 were not provided to Audit.

The Institute stated (May 2013) that there is no provision under the AIIMS Act, 1956 that financial proposal or the recommendations of the SFC are to be sent to the Ministry for approval unless the SFC forwards the same. The Institute also stated that the proposal for LRA was sent to the Union Health and Family Welfare Minister in his capacity as the President of the Institute and no reference was made to the Ministry for LRA. Therefore, there was no irregularity for grant of LRA and its continuation.

The reply of the Institute is contrary to the provisions of the Section 25 of the AIIMS Act, 1956 which stipulates that the Institute shall carry out such directions as may be issued to it by the Central Government for the efficient administration of the Act. Further, the letters were clearly sent to the Ministry with the request to approve the proposal and the prudence demands that once the proposal is rejected by its Ministry in consultation with the Ministry of Finance, that the practice be stopped immediately.

Audit further noted that the Ministry despite having its representative in the SFC of the Institute, failed to refrain the Institute which persisted with the violation of its instructions.

The matter was referred to the Ministry in December 2012; their reply was awaited as of June 2013.

4.2 Excess payments on procurement of surgical items

Delay in initiating tendering process resulted in procurement of surgical items at higher prices resulting in avoidable payment of ₹ 51.53 lakh.

The All India Institute of Medical Sciences (the Institute) carries out its mandated functions of patient care and research through its main hospital (consisting of various departments and wards) and six centres¹. The Institute follows a decentralised purchase system having separate budgets allocated for the main hospital and all centres /departments. However, for procurement of common surgical and other items that are required at the main hospital and the various centres of the Institute, rate contracts are concluded in a centralised manner by the Store Section (Director Office (DO)) on the basis of requirement communicated by various departments.

The Store Section (DO) entered into rate contracts with three firms for the supply of six items² for the periods of two years from 13 May 2008 (two

¹ Cardiothoracic and Neurosciences Centre, Jai Prakash Narain Apex trauma centre, Rotary Cancer Hospital, Centre for Ophthalmic sciences and Centre for Dental Education and Research and the Centre for Behavioural Sciences.

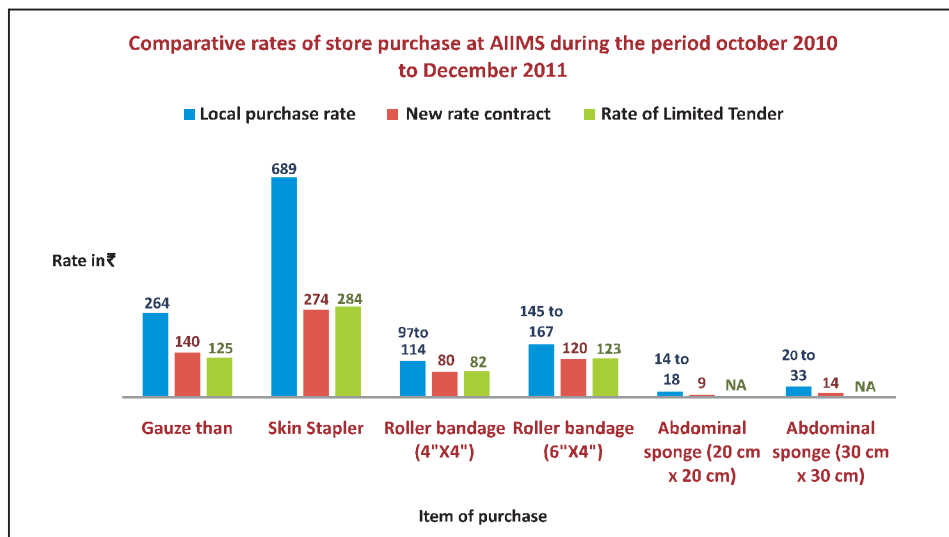
² Gauze absorbent than (A thin loosely woven surgical dressing.), Abdominal sponges (20cmX20cm and 30cmX30cm), roller bandages (4”X4” and 6”X4”) and Skin Stapler

firms) and 1 February 2008 (one firm). The rate contracts on these items expired in January 2010 and May 2010 respectively.

The process for next contracts was initiated in November 2009 and finalised in December 2011 by taking more than two years.

Audit observed that the Institute did not initiate tender enquiry well in time to ensure that the fresh rate contracts are finalised before the expiry of existing contract.

Consequently, the Surgical Store resorted to local purchase of these items, prior to the finalisation of fresh contracts, which came into force in December 2011 and March 2012. Further some centres viz. Institute Rotary Cancer Hospital (IRCH), Dr. R. P. Centre for Ophthalmic Sciences and J.P.N. Trauma Centre also procured the items through limited tender enquiry in the absence of a rate contract. Audit noted that these centres had paid much lower rates for the items. The graph below indicates comparative rates paid by the Institute under different arrangements during the period October 2010 to December 2011.



Thus the Surgical Store procured the items at substantially higher rates. The payments made by it were higher by 18 *per cent* to 152 *per cent* in comparison to the procurements made by the centres. This difference was even more significant if the rates were to be compared with the new rate contract. Thus, the Institute procured these surgical items at higher rates resulting in avoidable payment of ₹ 51.53 lakh. The details are given in the **Table-A**.

The Management stated (April 2013) that the finalisation of the rate contract for multiple items is an intricate process that takes 9 to 12 months to conclude. However, in the instant case due to administrative and other reasons beyond

the control of Store Section (DO) as well as abnormal increase in rate of cotton which is used in these items, the rate contract could not be concluded in time. It also stated that the Hospital Stores resorted to purchase through the approved local purchase chemist in exigency in order to cater to the immediate requirements so that the patient care does not suffer.

The reply of the department establishes the fact that the Institute did not initiate timely action for concluding the rate contracts. Further, delay in finalisation of rate contracts also led to local purchase being made at higher rates.

The matter was referred to the Ministry in March 2013; their reply was awaited as of June 2013.

Table-A

Amount In ₹

Sl. No.	Period	Rates of local purchase	Quantity Purchased	Total Payment	Rates under New Rate Contract	Excess payment with respect to the new RC	Rate under Limited tender Enquiry	Excess payment with respect to rates under LT
1	2	3	4	5=3*4	6	7=(3-6)x4	8	9=(3-8)*4
Gauze Than								
1.	November 2010 – February 2011	211.2	7000	1478400	139.23	503790	125	603400
2.	March 2011 – December 2011	264	20000	5280000	139.23	2495400	125	2780000
						2999190		3383400
Skin Stapler								
1.	October 2010 – September 2011	689.04	2796	1926556	273.87	1160815	283.5	1133890
						1160815		1133890
Roller bandage 4"x4"								
	December 2010 – February 2011	96.8	2000	193600	80.33	32940	82.1	29400
	March – December 2011	114.4	6500	743600	80.33	221455	82.1	209950
						254395		239350
Roller bandage 6"x4"								
	December 2010 – February 2011	145.2	2000	290400	120.49	49420	123.14	44120
	March – December 2011	167.2	8000	1337600	120.49	373680	123.14	352480
						423100		396600
Abdominal Sponge 20 cm x 20 cm								
	November 2010	14.08	1005	14150.4	8.8	5306.4		
	December 2010	15.84	5100	80784	8.8	35904		
	January 2011	14.08	4200	59136	8.8	22176		
	February 2011	14.08	4200	59136	8.8	22176		

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March 2011	15.84	3600	57024	8.8	25344	
April 2011	17.6	6300	110880	8.8	55440	
April 2011	18.48	2100	38808	8.8	20328	
May – December 2011	18.48	19500	360360	8.8	188760	
					375434.4	
Abdominal Sponge 30 cm x 30 cm						
October 2010	23.94	15000	359100	14.3	144600	
November 2010	19.54	6000	117240	14.3	31440	
December 2010	26.4	15300	403920	14.3	185130	
January 2011	19.54	10110	197549.4	14.3	52976.4	
February 2011	26.4	10200	269280	14.3	123420	
March 2011	26.4	13200	348480	14.3	159720	
April 2011	29.04	15300	444312	14.3	225522	
May – December 2011	32.56	89200	2904352	14.3	1628792	
					2551600	
Total					7764535	5153240