

Chapter IX

Conclusion

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The State Government implemented the Government e-Procurement System developed by NIC (GePNIC) in 2008. In the absence of a formal Agreement/MoU with NIC, there was lack of clarity on the timelines, deliverables, roles and responsibilities and service levels for this IT application. Further, there was no recourse for the State Government when key Modules (Indent Management, Vendor Management, Contract Management) of the application remained unimplemented even after 14 years. Even in the e-Tendering Module, key functionalities such as master data management for contractors, integration with the Works and Accounts Management Information System and Contractor Database Management System had not been implemented. These missing functionalities and the key dependencies had resulted in continued manual processes outside the system for bid evaluation and award of contract, which were the most crucial business processes intended to be covered by the e-Procurement application.

In the e-Tendering Module, the full mapping of business rules into appropriate application controls had not been completed. This had resulted in the absence of enforcement of the minimum period for submission of bids, absence of enforcement of two-cover process based on tender value, absence of functionality in the system to manage privileged bidders. These missing business rules had contributed to instances of incorrect selection of bidders, incorrect computation of tender fees and award of contract at amounts higher than bid amounts during the continued manual processes for bid evaluation and award of contract.

There were deficiencies in the validation controls to verify inputs submitted during the bidder registration process, with discrepancies such as mapping of incorrect/ duplicate Digital Signature Certificates (DSC), Permanent Account Numbers (PAN) and mobile numbers to the registered bidders. There were deficiencies in the processing controls for computation of total tender value based on BoQ entered by TIAs and computation of total bid value based on BoQ entered by bidders. There were also deficiencies in the application controls to prevent the submission of bids after expiry of tender closing time and to enforce chronological and logical sequencing of user actions in the system.

There was a material risk of access to and modification of data, including decrypted bid data, at the back end of the system without maintaining database

Administrator logs to record user actions, which was highly irregular. There were also other significant lapses in system controls for information security, such as gaps in sequential numbers in database tables, unreliable and incomplete user logs, use of hashing algorithms with lower than prescribed strength, absence of provision to verify Digital Signatures and non-maintenance of web and application user logs.

In conclusion, the responsibility of ensuring compliance with executive instructions related to procurement continued to remain on the individual users, instead of shifting and being borne by the e-Procurement system through the implementation of application controls. Hence, the objectives of implementing the e-Procurement system have not yet been fully achieved.

Bhubaneswar
The

(ATUL PRAKASH)
Accountant General (Audit-II), Odisha

Countersigned

New Delhi
The

(K. SANJAY MURTHY)
Comptroller and Auditor General of India