

# Overview

## Introduction

This report of the Comptroller and Auditor General of India (C&AG) relates to matters arising from compliance audit of the transactions of seven Scientific and Environmental Ministries/Departments of the Government of India. The report contains 11 paragraphs involving ₹ 32.49 crore relating to weaknesses in procurement and contract management, inefficient project management, irregular financial benefits extended to employees, deficient internal controls, etc.

An overview of the specific audit findings included in this report is given below:

### **Follow up of performance audit of procurement of stores and inventory management**

Based on 32 recommendations made in Audit Report of the Comptroller and Auditor General of India No. 13 of 2010-11 (Performance Audit), Department of Atomic Energy (DAE) submitted a detailed action plan with measurable timeframes to implement the audit recommendations. A follow up audit was carried out to examine the extent of compliance by DAE to the proposed action plan.

The follow up audit showed that full implementation was achieved in only six out of 32 recommendations made. While partial implementation was seen in action proposed for seven recommendations, the progress was insignificant against 16 recommendations. No progress was made against actions stated for three recommendations.

Deficiencies in planning for procurements, adherence to time schedules and contract management persisted. Implementation of computerisation of materials management functions remained insignificant.

Thus, on the whole, action taken by DAE against its own stated plan was largely inadequate.

*(Paragraph 2.1)*

### **Non-installation of Steam Turbine Generator**

Due to inefficient contract management by Heavy Water Board and Directorate of Purchase and Stores, Mumbai, a Steam Turbine Generator could not be installed even after lapse of more than 10 years. This resulted in blocking of ₹ 2.06 crore incurred in its procurement besides loss of opportunity to generate electricity estimated at ₹ 40 crore.

*(Paragraph 2.2)*

### **Irregular administrative and entitlements operations**

Institute for Stem Cell Biology and Regenerative Medicine, Bengaluru did not follow Government rules and regulations in its administration and entitlements matters. This resulted in irregularities such as recruitment of staff without sanction for creation of posts, payment of higher entitlements of ₹ 2.86 crore to its staff, recruitment of in-eligible candidates, etc.

*(Paragraph 3.1)*

### **Unfruitful expenditure on procurement of BSL-3 facility**

Centre for Cellular and Molecular Biology, Hyderabad procured a Bio-Safety Level-3 facility by making 100 *per cent* advance payment without ensuring proper installation of the same. There were problems in the facility that could not be rectified, which resulted in unfruitful expenditure of ₹ 1.90 crore incurred in its procurement.

*(Paragraph 4.1)*

### **Computerisation in administration, finance and related areas**

Department of Space (DOS) undertook in-house development of Computerised Working in Administrative Areas (COWAA). COWAA was implemented in all centres of DOS. The system lacked proper inbuilt validation checks and application controls. Certain business rules were not incorporated. Data entry into the system was not regular. Consequently, information generated from the system was incomplete, inaccurate and inconsistent leading to poor data integrity and significant dependence on manual operations, which defeated the purpose of working in a computerised environment.

*(Paragraph 5.1)*

### **Implementation of Telemedicine programme**

Department of Space could not ensure effective utilisation of satellite communication for providing health services to patients in rural and remote areas even after incurring expenditure of ₹ 30.18 crore. Out of 389 networks established, only 150 were operational. In addition, selection of beneficiary hospitals was irregular, satellite capacity for remote and interior areas of the country was inadequate and Ka band ground terminals worth ₹ 14.12 crore could not be utilised.

*(Paragraph 5.2)*

### **Wasteful expenditure on material for propellant tanks**

Department of Space did not prepare a definite time based action plan for phasing out a material found to cause failures in propellant tanks of launch vehicles. This resulted in wasteful expenditure of ₹ 3.49 crore towards the cost of one propellant tank and 65 tonnes of the material kept in stock that was ultimately quarantined.

*(Paragraph 5.3)*

### **Loss due to delayed commissioning of equipment**

Department of Space waived off liquidated damages for delay in supply and commissioning of a system on-board a satellite having limited operational life and thereby extended undue benefit to the contractor to the extent of ₹ 1.16 crore. Besides, the delay resulted in proportionately lesser use of its operational life.

*(Paragraph 5.4)*

### **Unfruitful expenditure on consultancy services**

Department of Space hired a firm for providing architectural and other consultancy services for construction of a building in New Delhi without following due diligence in selection of the firm. The firm could not comply with the initial design requirements of the statutory authority and DOS rescinded the contract and decided to carry out the work in-house. Consequently, payment of ₹ 1.04 crore made to the firm was rendered unfruitful.

*(Paragraph 5.5)*

**Non-establishment of desalination plants and wasteful expenditure**

National Institute of Ocean Technology, Chennai undertook a project on establishment of desalination plants in six islands of Lakshadweep without conducting detailed survey of locations, techno-economic conditions and assessment of its resources for execution of the large scale project. As a result, out of six plants planned, only two plants were established. Of the remaining four plants, one plant was established but remained non-functional even after spending ₹ 4.32 crore due to site related issues, resulting in wasteful expenditure. NIOT incurred expenditure of ₹ 37.54 crore on the project. An amount of ₹ 69.28 crore remained idle with NIOT.

*(Paragraph 6.1)*