Chapter III

General Controls

3. General controls are the foundation of the IT control structure. These are concerned with the general environment in which the IT systems are developed, operated, managed and maintained. General IT controls establish a framework of overall control for the IT activities and provide assurance that the overall control objectives are satisfied.

Non-constitution of Steering Committee

3.1 All IT organisations should have an IT Steering Committee comprising members of top and senior management which has the responsibility for reviewing, endorsing and committing funds for IT investments. The Steering Committee should be instrumental in devising business decisions for which technology should be provided to support business investments as well as approving how to acquire technology.

Audit noticed that the Company, despite deployment of IT billing systems catering to such a huge consumer base, had not constituted an IT Steering Committee. Absence of such a committee having top level representation resulted in improper monitoring of IT activities of the Company.

The Company stated (July 2020) that an empowered committee comprising MD, UPPCL, MD, DISCOMs and relevant Directors was formed to take important policy decisions with respect to the project since the beginning.

The reply is not convincing as the Company does not have any participation of top level management for effectively monitoring the management of IT related issues.

Non-formulation and adoption of IT related Policies

3.2 The policies lay down the framework for daily operations in order to meet the goals set by the governing body. Some of the key policies that guide the IT governance within the organisation include human resource policy, outsourcing policy, documentation and document retention policies and IT security policy.

Audit noticed that the Company developed an IT policy in 2012 but it was neither approved nor adopted by the Board of the Company. In absence of a defined adopted procedure, the Company could not adhere to an IT structure in the organisation to carry out uninterrupted process flow related to IT. The Company also failed to deploy field specific qualified manpower for managing IT operations as the IT cell of the Company and DISCOMs' Headquarters were headed by Superintending Engineers/Executive Engineers. Further, the Company could not manage proper documentation of IT assets created under the Company/DISCOMs and audit trail of the change management executed during the audit period.

The Company stated (July 2020) that an IT Policy has been formulated and implemented but the same has not been adopted by its Board. Further, an Outsourcing Policy is also there in the shape of FMS contract entered with M/s HCL Technologies Limited.

The reply is not convincing as the said policies should be adopted and implemented after the Board's approval and any type of contract entered with any party cannot be treated as a policy. Further, the Company did not frame the HR Policy and Document Retention Policy.

Non-implementation of Business Continuity and Disaster Recovery Plan

3.3 Business Continuity and Disaster Recovery Plan (BC & DR Plan) should be in place so that the organisation can continue to function in the event of interruption or disaster leading to temporary or permanent loss of computer facilities. Such plans ensure that the organisation does not lose the capability to process, retrieve and protect the data.

Audit noticed that the Company did not have a Business Continuity and Disaster Recovery Plan outlining the actions to be taken immediately after a disaster. Key configuration items *viz.* hardware, software, personnel and other assets required for business continuity had not been identified and documented by the Company.

The Company stated (July 2020) that to take over business continuity, a separate IT unit was created at Noida. Initially, Business Continuity Plan (BCP) was developed in 2014-15 which was very basic and were followed in Data Centre-Disaster Recovery Centre (DC-DRC) drill in 2015 and 2016. Accordingly, a business continuity plan suitable for the current and future requirement was developed.

The reply is not convincing as the unit created at Noida is for monitoring purpose only whereas basic activities were performed by staff of M/s HCL. Further, the Business Continuity Plan submitted by the Company is merely a draft submitted for analysis and evaluation by the Company which could not be completed and approved till date (March 2021).

Management of IT assets of R-APDRP billing system

3.4 Asset management includes maintaining an accurate inventory of IT equipment, knowing what licences are for associated equipment and the maintenance and protection of equipment. IT asset management also includes managing the software and process documentation that are valuable to an entity.

Annual Maintenance Contract of IT assets

3.4.1 General Condition of the Contract 26.3, entered with M/s HCL Technologies Limited, provides that the period of validity of the warranty of IT equipment supplied under R-APDRP shall be 36 months from the date of commissioning and 42 months from the date of delivery, whichever is earlier. Further, the White Paper provides that the Company needs to enter into separate Annual Maintenance Contract (AMC) for all the hardware supplied and Annual Technical Support (ATS) for all the software solutions supplied under R-APDRP for smooth and continuous operations of the R-APDRP billing system.

Audit noticed the following irregularities:

(i) The Company, without following tendering process *i.e.* two bid system (technical and financial), awarded (June 2014) the work of AMC/ATS of IT infrastructure under R-APDRP system to M/s HCL Technologies Limited (AMC/ATS vendor) at ₹ 71.58 crore on request basis. Moreover, it continuously renewed the work valuing ₹ 203.60 crore in their favour from June 2014 to June 2018.

(ii) Despite awarding the work of the AMC/ATC at the cost charged by Original Equipment Manufacturer (OEM) plus 15 *per cent* of that as facilitation fee of the AMC/ATS vendor, the Company neither checked the reasonability and genuineness of the rates claimed by the AMC/ATS vendor for OEM charges nor checked facilitation charges in practice for such type of work. Even after the suggestion of IT consultant of R-APDRP[1] the Company did not seek any confirmation/clarification in respect of OEM charges directly from the OEMs and failed to verify the OEM rates claimed by the AMC/ATS vendor. Further, it was noticed that during 2018-19, open tender for AMC/ATS work was invited by the Company and the same was awarded at rates below 31.26 *per cent*[2] of the AMC/ATS rates awarded during previous years (*i.e.* June 2014 to June 2018), which also indicated that the rates awarded to the AMC/ATS vendor were unreasonably high.

In the Exit Conference (March 2021), the Company, stated that after clarification (June 2014) from MoP that the cost of AMC beyond three years was not covered under R-APDRP programme, an immediate decision was taken by Board to continue the AMC by existing system implementing agency (SIA). It further stated that rate reasonability was checked as per standard OEM practices and also ratified by M/s Infosys, the consultant. Moreover, in 2018 several equipment had fallen out of OEM priority support and therefore the same was supported by the OEM partners due to which rates of AMC were reduced. However, the Government took note of the observation of Audit.

The reply is not convincing as the fact which was clarified by MoP was already provided in the contract. Further, the Company also did not consider the suggestion of the IT consultant to ensure genuineness of the AMC charges of OEMs. The equipment falling out of the OEM priority support has already been excluded while calculating the above percentage of 31.26 *per cent*.

(iii) Audit noticed that the AMC contract for end locations/DISCOMs was entered into by January 2015 assuming that IT systems at end locations were delivered by July 2011 and installed and commissioned by January 2012. However, it was noticed from the information furnished by the Company that the IT systems at several end locations were installed after January 2012 leading to delays ranging from 18 to 27 months. Due to delay in installation & commissioning of IT equipment in these end locations, the Company not only failed to utilise the equipment well in time but also the period of warranty for the period during which the IT equipment remained unutilised, elapsed. Out of a total 56 R-APDRP towns in PVVNL, at 40 locations/towns the date of installation of IT systems was beyond January 2012 as a result, the warranty period got elapsed and the Company had to bear AMC charges.

In the Exit Conference (March 2021), the Company stated that period of AMC of equipment at the end location was defined as 42 months of supply or

[1] M/s Infosys Limited was appointed (March 2009) by the Company as Information Technology Consultant (ITC) under R-APDRP.

[2] AMC awarded cost 2017-18: ₹ 22.78 crore *minus* AMC awarded cost 2018-19: ₹ 15.29 crore = ₹ 7.49 crore *minus* AMC cost of end of life/ support items: ₹ 0.37 crore = ₹ 7.12 crore (*i.e.* 31.26 percent of AMC awarded cost 2017-18).

36 months from commissioning, whichever is earlier. As all the deliveries had been completed by July 2011, AMC start date was considered as January 2015. However, the Government took note of the observation of Audit.

The reply is not acceptable as the Company failed to furnish reasons for delay in installation and consequently failed to utilise the warranty period and had to bear the AMC charges.

Establishment of Disaster Recovery Centre

3.4.2 In the Performance Audit Report of 2016 at paragraph 2.1.18, Audit pointed out that the functioning of Disaster Recovery Centre (DRC) in correlation with Data Centre (DC) was not tested. As a result, the billing data of consumers faced the high risk of loss in case of any contingency/disaster.

Disaster Recovery Centre, Noida

The Disaster Recovery Centre (DRC) was installed & commissioned on June 2011 and as per the provision, DRC should have been successfully available within 90 days *i.e.* by September 2011, whereas Audit noticed that the DRC was successfully available after completion of User Acceptance Test (UAT) in September 2016 *i.e.* after lapse of more than five years from the date of installation. As the DRC was considered to be installed in June 2011, the warranty period of three years commenced from June 2011 and ended in June 2014, after that the AMC of the DRC was commenced.

The Company had incurred an expenditure amounting to ₹ 22.21 crore towards AMC charges of the DRC for the period from June 2014 to September 2016. Frontloading of hardware delivery and delayed rollout by the Company resulted in the entire warranty period (June 2011 to June 2014) becoming unproductive without any fruitful utilisation of DRC.

In the Exit Conference (March 2021), the Government noted the audit observation and assured to examine the terms of the contract.

Deployment of manpower under R-APDRP

3.5 The White Paper provided that the Facility Management Services (FMS) for a period of five years was under the scope of ITIA for the purpose of managing IT system created under R-APDRP and handholding the Company. The operation of IT system was beyond the scope of FMS and was to be done by the Company staff itself. The ITIA was required to train the staff as per the provisions of the contract. Geographic Information System (GIS) updation, Meter Data Acquisition System (MDAS) monitoring for initiating timely action for replacement of faulty meters and modems, network bandwidth service monitoring and provisioning database retention and ownership, Data

Centre/Disaster Recovery (DC/DR) operation management etc. is to be done by the Company for stable upkeep and operation of the system. Audit noticed the following:

(i) The Company had the responsibility to manage the system and undertake database administration owing to data ownership and security issues. For the purpose of day-to-day operations of Data Centre, to be performed by the Company, posts like Data Centre Manager, Database Administrator, System Administrator, Administration/HR, with respective pre-defined duties in the White Paper, were required to be created by the Company.

But even after lapse of more than five years since June 2015 (last Go-live date of the town), no such arrangement has been made by the Company and the work of Data Centre management, database administration and system administration was done by the ITIA. Further, due to lack of required manpower, the process documentation, database & application change management with proper documentation and mapping of business rules/provisions could not be done by the Company. Despite several reminders, it failed in providing the documents related to changes made in view of revision of Rate Schedule/Cost Data Book, amendments in the Code and on request of HQ/DISCOMs/Field Offices.

The Company accepted (July 2020) the fact and stated that as far as database administration is concerned the Company engineers do not undertake direct Database Administration (DBA) since the systems was in production and the necessary specialised DBA skills for complex system was not available with them. However, separate database servers (test and report instances) were built and available to the IT officers of the Company on which all releases were demonstrated and tested prior to production release by ITIA.

(ii) The Company had to designate at least one officer in each sub-division/ town (as per requirement of the Company), who would be responsible for monitoring GIS/MDAS/SDO equipment operation on regular basis and carry out operation management service in the field.

Audit noticed that the Company did not assess the requirement of IT staff at the field offices, *i.e.* Zone, Circle, Divisions and Sub-divisions, and could deploy one IT personnel at each zone and Circle only. Thus, although having an enormous consumer base and deploying a huge IT infrastructure under the R-APDRP, the Company ignored the directions of deployment of IT personnel upto root level *i.e.* sub-division.

The Company stated (July 2020) that considering the requirement at field level posting of IT officers was done at circle level, who handhold with the field officers of Division and Sub-division and train them to manage the operation. Failure of the systems in capturing DT/Feeder energy cannot be attributed to non-availability of monitoring personnel, it is failure caused by non-maintenance of DT modems.

The reply is not convincing as the assessment of requirement of IT personnel in the field offices was never done and the Company also did not submit any document supporting the reply.

Non-conduct of Security Audit

3.6 The White Paper at Point C11 'Information Security Policy and Audit' provided that the Company should get the information security audited by third party expert periodically, once in six months and as and when there is a significant up-gradation of systems.

Audit noticed that the Third Party Audit by M/s AKS was conducted only once (December 2016 of DC and April 2017 of DR) since Go-live date of DC and DRC in contravention of the provisions contained in the White Paper. Such security audit of Customer Care Centre and other end locations were never got conducted by the Company.

The Company stated (July 2020) that further security testing was not initiated till essential upgrades could be finalised. It further stated that in 2019-20, several security equipment had been replaced with latest and secured equipment and once execution is completed, the Company will be able to cater to all latest security monitoring standards.

The reply confirms that the Company could not conduct security audit at regular intervals.

Deployment of additional Information Technology billing system

3.7 Clause Sf 15 of SRS of R-APDRP billing system provided that the application portfolio and the IT infrastructure should be vertically and horizontally scalable in size, on demand with virtualisation capacity and functionality to meet changing business and technical requirements, thereby enabling the Company to be adaptable to change. Further, Para 7 of the RFP provided that the respective DISCOM would be at liberty to deploy the IT solution anywhere within the state of Uttar Pradesh. In future, if any entity emerges in the state of Uttar Pradesh, such solution would also be deployed there at no additional cost to the DISCOM.

The Company had been using (since February 2013) R-APDRP billing system, developed under R-APDRP, for revenue billing in 168 selected towns. Despite the fact that the Company becoming well-versed with operation and management of such an enterprise wide comprehensive solution suite for revenue billing, the Company further deployed (February/July 2016) a new cloud computing web-based online billing system (Non R-APDRP) for areas other than those covered by R-APDRP.

Audit noticed that the Company did not explore any possibility of revenue billing of the consumers of Non R-APDRP area through the existing R-APDRP billing system or carry out any cost benefit analysis before deploying the additional billing system *i.e.* mPower and it committed to incur an expenditure of ₹ 2.89 *plus* applicable taxes per consumer per bill. Due to deployment of this additional billing system, the Company not only failed in utilising the exposure of the existing system but also forced the field staff of 141 hybrid divisions (divisions having consumers of both the IT billing systems) to handle two different IT billing systems simultaneously. Further, the Company also did not schedule training for its staff to deal with both the IT billing systems as evidenced by the fact that no training schedules were provided to Audit and the issue was also confirmed during field visit at sampled divisions.

The Company stated (July 2020) that R-APDRP billing system had been scaled vertically in R-APDRP area by adding consumers since its rollout and horizontally also by adding up and integrating with the huge number of functionalities and other systems. When in 2015, the requirement arose to develop same or similar system for Non R-APDRP area also, it was understood that the conditions of billing, collection and consumer data are very different for the Non R-APDRP areas and it was felt that several components of the R-APDRP were not viable to be repeated for Non R-APDRP area, at least for the first phase. It further added that a heavy capex cost covering software license, hardware, infrastructure implementation and end location readiness expenditure would have been required to be borne by the DISCOMs from their internal funds. Moreover, until that time Third Party Independent Evaluation Agency-Information Technology (TPIEA-IT) verification had not been initiated by MoP and therefore, it was too complex to consider all-out expansion of the current R-APDRP billing system till the TPIEA-IT process was completed. It finally stated that although detailed analysis was done by the Management to form the above comprehensive view, the cost comparison as mentioned by Audit could not be done because there were very few common parameters to compare the two models as the technology as well as requirements were different.

The reply is not convincing in view of the fact that the business requirement of IT billing was same for both urban and rural consumers. The Company had been effectively using similar modules[3] of the R-APDRP billing system under the later deployed Non R-APDRP billing system. Additionally, having enterprise wide software licenses, the Company was to assess only augmentation cost of DC and DRC as an additional cost in comparison to the new IT billing system. Further, there was no complexity in expansion as there was provision of proper ring fencing of the selected towns under the R-APDRP. So, expansion of R-APDRP billing system in Non R-APDRP area would have not been affected by TPIEA-IT verification. Thus, the view formed by the Company to opt for an additional IT billing system without doing cost comparison with the existing R-APDRP billing system was not justified as detailed above which the Company itself accepted in the reply.

Undue favour in award of IT billing system of Non R-APDRP area

3.8 A Request for Proposal (RFP) for Implementation of Cloud based online Billing System in Non R-APDRP areas was circulated (March 2015) by the Company. Only one bid by a consortium of M/s Infinite Computer Solutions (India) Limited and M/s Phoenix IT Solutions Limited and M/s Sify Technologies Limited as Network Bandwidth Service Provider (the bidder) was submitted and the contract was awarded to the consortium at ₹ 4.15 per consumer billed on per month basis and ₹ 7,583/- per month per location for providing network bandwidth to end locations.

Audit noticed that:

(i) despite clear directions (January 2002) of the Central Vigilance Commission (CVC) to avoid single bid tender in absence of detailed justification, the lone bidder was extended undue favour by award of work of deployment of online billing system in Non R-APDRP area.

[3] New connection, Metering, Billing, Collection, Customer Service and Disconnection.

(ii) three leading IT parties showed their interest and requested the Company for extending last date of submission of bid (*i.e.* M/s Tech Mahindra: upto 27 June 2015, M/s Accenture: upto 20 June 2015 and M/s SAP India Pvt. Ltd.: upto 10 June 2015). But the Company quoting urgency of work allowed extension of last date from 20 May 2015 to 2 June 2015 only and the lone bidder M/s Infinite Computer Solutions (India) Ltd submitted its bid on 2 June 2015. However, the Company could award the work only after 248 days from the date of bid opening (as detailed below) which itself contradicts the ground of urgency of work. Thus, the Company deprived itself of getting the best competitive rates. The statement showing date-wise activity performed by the Company during 248 days is depicted in **Table 3.1**:

Table 3.1: Statement showing delay in award of contract

Date	Chronology of event
02.06.15	Last date of bid submission.
	Date of Opening of submitted bid.
	Only one bid was submitted by the consortium of M/s Phoenix and M/s Infinite. Bid Evaluation Committee decided to put up the matter to BoD for decision of opening of the bid submitted.
03.06.15	BoD directed for opening and evaluation of the single bid received.
20.06.15	Tender was opened by Bid Opening Committee.
22.06.15	Bid Opening Committee handed over Technical part of the bid to consultant (M/s Infosys).
26.06.15	Bid evaluation committee was formed.
04.08.15	The Consultant forwarded Technical Evaluation Report awarding score of 61.39/100.
07.08.15	Director (Commercial) returned the evaluation report to the consultant for considering the point wise clarification submitted by the bidder.
26.08.15	The Consultant responded on the clarification submitted and revised the score to 62.54/100.
18.09.15	Bid Evaluation Committee increased the score from 62.54/100 to 70.19/100 without proper point-wise justification and decided to open the financial bid.
23.09.15	Financial Bid was opened by Bid Evaluation Committee.
09.12.15	Corporate Purchase Store Committee (CSPC) gave final approval on the rates approved by Bid Evaluation Committee.
18.01.16	BoD approved selection of Bidder on the recommendation of CSPC.
05.02.16	UPPCL issued Letter of Intent (LoI) for appointment of implementing agency for online billing system in Non R-APDRP area (for MVVNL and PuVVNL).
14.07.16	UPPCL issued LoI for appointment of implementing agency for online billing system in Non R-APDRP area (for PVVNL and DVVNL).

In the Exit Conference (March 2021), the Company stated that detailed justification and importance of work was elaborated in the proposal to the BoD. The purchase on single tender basis was approved by BoD.

The reply is not acceptable because the Company, instead of elaborating justification of rate, reasonability or industry practice in such type of contract to the BoD, only apprised the receipt of single bid and urgency of award of tender.

(iii) Clause 3.6.3 related to eligibility criteria of RFP document provides that the bidder or any consortium/OEM partner should not have been blacklisted by any of the Government Departments or publicly listed agencies in the past. Audit noticed that the consortium partner of the sole bidder, M/s Sify Technologies Limited was blacklisted (September 2013) by the Government of Maharashtra but the same was not disclosed by the bidder while placing its bid.

In the Exit Conference (March 2021), the Company stated that the blacklisting of M/s Sify was revoked by Government of Maharashtra in January 2014 before the bid submission.

The reply of the Company is not acceptable as RFP document clearly stipulated that the bidder or any consortium/ OEM partner should not have been blacklisted by any of the Government Departments or publicly listed agencies in the past. Further, the Company could not provide documentary support related to revoking of blacklisting of the partner.

(iv) Clause 3.7.1 of the RFP provides that the minimum qualifying marks for a bidder shall be more than 70 *per cent* of maximum technical score. Initially, M/s Infosys, the IT consultant of the project, awarded score of 61.39 *per cent* to the bidder and after getting clarification on some issues, increased it to 62.52 *per cent*. Finally, the Bid Evaluation Committee[4] increased the marks of the sole bidder to 70.19 *per cent* without detailed justification on record. It appears that marks were increased to make the sole bidder eligible who otherwise could not have technically qualified.

The Company stated (July 2020) that the high-level evaluation committee formed for the purpose noticed that the consultant did not consider the documents, clarifications submitted by the bidder in response to their queries and requirements and awarded less marks. The Committee took cognisance of the same and reviewed the consultant's marking in the light of available additional facts and gave their final assessed marks.

The reply is not convincing as the consultant awarded less marks for reasons indicated/enumerated by them point-wise whereas the Committee arbitrarily awarded qualifying marks to the bidder without any detailed justification on record. Further, the bidder also failed to provide complete clarification to the Company.

The Company must ensure strict compliance of the directions of CVC, exercise necessary checks to ensure the credentials of the bidders and ensure robust time management in award of contracts.

Undue favour to Non R-APDRP billing system implementation agency

3.9 The consortium of M/s Infinite Computer Solution (India) Limited and M/s Phoenix IT Solutions Limited was Issued Letter of Intent[5] (LoI) for the implementation of online billing system in Non R-APDRP and rural areas of DISCOMs. The work entailed providing Oracle CC&B solution hosted on cloud by the Company at ₹ 4.15 per consumer billed on per month basis.

[4] Bid Evaluation Committee was formed (26 June 2015) consisting of Managing Director, UPPCL, Director (Finance), UPPCL, Director (Commercial), UPPCL and Staff Officer to Chairman, UPPCL.

[5] For MVVNL and PuVVNL in February 2016 and for DVVNL and PVVNL in July 2016.

Later, vide 142 BoD decision of the Company, the above rates were revised to ₹ 2.89 per consumer on per month basis on the same terms and conditions of original agreement and LoI.

Audit noticed that the Company while issuing the revised LoI to M/s Infinite Computer Solution (India) Limited changed the payment clause from per billed consumer per month to per billable consumer per month contrary to the Board's approval. As a result, the Company made irregular payment of ₹ 2.16 crore to M/s Infinite Computer Solution (India) Limited during 2018-19 (***Appendix-3.1***).

In the Exit Conference (March 2021), the Company stated that earlier the rate accepted through bid was factored on bi-monthly billing basis of billed consumers by the vendor. Subsequently, on change from bi-monthly to monthly billing basis it was factored to downward revision. The rates as well as the conditions proposed by the vendor were accepted and approved by the BoD after assessing reasonability of proposed rates and terms. The Government took note of the audit observation.

The reply is not acceptable as the change in payment terms was not approved by the BoD and was inserted without authorisation while issuing the revised LoI.

Login to multiple system simultaneously using same ID

3.10 The model document[6] of both the IT billing systems provide that the system default shall limit each user ID to one simultaneous logon session. The system shall provide a mechanism to administratively disable user IDs and a mechanism for re-enabling or deleting a disabled user ID after a specified period of time. Audit noticed that:

- both the IT billing systems were allowing multiple logon sessions using same user ID, simultaneously at the same time on different systems.
- total 450 IDs (R-APDRP: 122 and Non R-APDRP: 328) out of 5,383 IDs (R-APDRP: 1,131 and Non R-APDRP: 4,252) under both the IT billing systems, belonging to retired/transferred/deceased employees of the division, remained active even after being discharged from duties of the concerned divisions. The IT system does not have any mechanism to identify such user IDs and disable them after a specified period. As such, the misuse of these IDs by unauthorised persons could not be ruled out.

The above indicate that the systems are not secured from external threats and lacked confidentiality and security.

The Company stated (July 2020) that restrictions have been re-designed to permit multiple sessions to a single user, but essentially at a single location/machine only at time. In absence of request from users/controlling divisions the ID continues to be in use. It further stated that the requirement is now in the process of being fulfilled through ERP in which the above shortcomings of Identity and Access Management (IDAM) system is planned to be addressed within the year.

The reply is inaccurate as the system allows multiple logon sessions into different systems at the same time. Further, the fact remains that the user ID

[6] R-APDRP: IDM3.8 & IDM3.12 of SRS and Non R-APDRP: IAM.43 & IAM47 of RFP.

belonging to the retired/transferred/deceased employees could not be de-activated by the Company.

Conclusion

- **The Company did not formulate and adopt essential IT policies with respect to Human Resource responsible for managing IT activities, Document Retention, IT Security, Business Continuity and Disaster Recovery Plan.**
- **The Company failed to ensure genuineness/ reasonableness of the rates of Original Equipment Manufacturers charged by AMC/ATS vendor and the Company also did not carry out annual maintenance of IT assets in a prudent manner.**

Further, the Company neither analysed the possibility of extending the existing R-APDRP system in non R-APDRP areas nor undertook cost benefit analysis while awarding the contract of additional IT billing system.

- **The Company did not undertake the responsibility to manage the system as well as the work of database administration of R-APDRP billing system even after lapse of five years from the Go-live date. Confidentiality in the IT system was compromised as the Company failed to restrict the logon sessions and also to disable login IDs of deceased/transferred/retired employees on time.**

Recommendations

Recommendation Number	Recommendation	Response of Government
3	The Company should consider participation of top level management for effectively monitoring the management of IT related issues. Further, the Company should formulate and implement clear and comprehensive IT policies related to various aspects and periodically review them according to the changing business environment.	Accepted
4	Necessary due diligence in maintenance of IT assets and undertaking cost benefit analysis before procurement of new system through a transparent process of tendering should be scrupulously followed.	Accepted
5	The Company should monitor the user IDs of the employees and undertake the work of system management and database administration for maintaining data confidentiality and security.	Accepted