

**DIRECTORATE OF AUDIT
GOVERNMENT OF N.C.T. OF DELHI
4TH LEVEL, C-WING, DELHI SECTT,
I.P. ESTATE, NEW DELHI-110002**

Sub: **Audit report of the accounts of Delhi for the year 2012-13 in r/o the Office of the Central Procurement Agency, DHS, F-17, Karkardooma, Delhi-110032.**

INTRODUCTION:- The I.A.R. of the accounts of Office of the Central Procurement Agency, DHS, F-17, Karkardooma, Delhi-110032, for the years 2012-13 was conducted by field Audit Party No. IX comprising of Sh. Roy Chacko. P, I.A.O & Mrs. Manju Raheja, AAO & Mr. Mohan Lal, UDC. The audit was conducted during 10 working days w.e.f. 04.06.2013 to 18.06.2013. The D.A.C.R has conducted the audit of the department upto 31-3-2012.

AIMS AND OBJECTIVES:- The Central Procurement Agency (CPA), Directorate of Health Services, GNCTD was established as one of the steps being taken to implement the drugs policy of Delhi, Setting up of State Drug Authority was approved in the year 1994 by the Planning Commission. The aims and objectives of the CPA are:-

1. To ensure availability of all essential drugs that are safe , effective & of good quality at all the times in all the institutions.
2. To promote rational use of drugs including prescription by generic name
3. To ensure availability of commonly used surgical consumables in various health care delivery institutions.
4. Quality control & assurance system

Open tenders are floated by Central Procurement Agency for Essential Drugs & Surgical Consumables. Subsequently the Rate Contracts issued are applicable to all hospitals and other health establishments under GNCT of Delhi. Demands of all Hospitals and other health establishments under GNCTD of Drugs & Surgical Consumables are received in CPA. These demands are submitted after obtaining A/A and E/S from concerned HODs. CPA places supply orders against these demands. Afterwords the CPA monitors the supplies/non-supplies by the manufacturers. In case of non-supply/defective supply/late supply, penalties are levied as per the approved terms and conditions.

H.O.D/H.O.O./D.D.O's / CASHIER

The following officials have served as /HOO/DDO/Cashier during audit period 2012-13:-

HEAD OF DEPARTMENT

S.No	Name & Designation	From	To
1.	Dr. N.V. KAMAT, Director	1/3/2011	Till date

HEAD OF OFFICE

S.No	Name & Designation	From	To
1.	Dr.B. Mohanty, Addl. Director	27-04-2012	30-07-2012
2.	Dr.V.K. Aggarwal,	30-07-2012	31-03-2013

Drawing & Disbursing Officer

S.No.	Name & Designation	From	To
1.	Sh. Murari Lal, AO	01-04-2012	30-04-2012
2.	Sh. Shyam Charan Khulbe, DCA.	03-05-2012	15-04-2013

Cashier

S.No.	Name & Designation	From	To
1.	Sh. Rajul Mathur, UDC	30-04-2010	Till date

Budget Allocation and Expenditure for the year 2012-13**NON-PLAN**

S.No	HEAD OF ACCOUNT	R-E 2012-2013	Progressive Exp. Up to 31/03/2013	Excess (-) Saving (+)
1)	2210-A-1(4)(1)(1)(1) SALARY(N.P)	5700000	5572608	(-)127392
2)	2210-A-1(4)(1)(1)(4) OE(N.P)	170000	120850	(-)49150
3)	2210-A-1(4)(1)(1)(3) DTE	0	0	0
4)	2210-A-1(4)(1)(1)(2) OTA	20000	0	(-)20000
5)	2210-A-1(4)(1)(1)(1)MED.	75000	55944	(-)19056

PLAN

S.No	HEAD OF ACCOUNT	R-E 2012-2013	Progressive Exp. Upto 31/03/2013	Excess (-) Saving (+)
1	2210-A-1(4)(1)(1)(4) OE	5000000	574061	(-)4425939

Statutory Audit:-

Statutory audit of Central procurement Agency, Directorate of Health Services, F-17, Karkardooma, Delhi-110032, GNCT of Delhi up to 31-03-2012 was conducted by AG (Audit) Delhi.

Vacancy Statement:

Vacancy statement Office of the CPA Cell, DHS, F-17, Karkardooma, Delhi-110032.

S.No.	Name of the Post	Sanctioned Post	Filled Regular	Filled Contract	Vacant Post	GROUP-A
1	Group-A	02	01		01	
2	Group-B	03	02		01	
3	Group-C	08	04		04	
4	Group-D	02	02		--	
	TOTAL	15	09	00	06	

Maintenance of Records:-

The maintenance of records of Office of the CPA, DHS, F-17, Karkardooma, Delhi-110032, for the audit period 2012-13 was found satisfactory subject to observations made in Current audit report and in test audit note.

OLD INTERNAL AUDIT REPORT:

There were 11 audit Para's shown as outstanding and recovery of Rs. 1,57,79,771/- is also pending. Unit has not submitted the reply of any para, therefore all paras are pending and outstanding recovery of Rs.1,57,79,771/- is still pending. Hence pending 11 paras incorporated in current audit report as part-I.

Old Audit Report:- (A)

S. No.	Year	Total Paras	Para Settled	Para Nos. of Settled Paras	Outstanding Paras
1	2007-09	04	0	nil	04
2	2009-12	07	0	nil	07
	Total	11	0	nil	11

(B) Details of Old Recovery**FIRST AUDIT**

S.No.	Year	Total Recovery (in Rs.)	old	Amount Recovered		Balance against Paras (Amount in Rs. Para wise)
				Para No.	Amount	
1	2007-09	nil		nil	Nil	nil
2.	2009-12	1,38,23,550/-		01	Nil	1,38,23,550/-
3.	2009-12	19,56,221/-		03	Nil	19,56,221/-
	Total	1,57,79,771				1,57,79,771/-

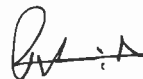
Current Audit Report

During the course of current audit 21 audit memos (including 08 record & 13 observation memos) were issued to the unit highlighting various irregularities and recovery of Rs.82,42,646/- was detected out of which Rs.2200/- has been recovered by the unit and Rs.82,40,446/- is outstanding. 03 memos have been settled at the spot after careful consideration of the replies and one memo settled partly. 10 memos incorporated in the current audit report as 07 Audit Para's and 03 Test Audit Notes.

Details of Current Recovery (Audit Period for the year 2012-13)

Para No's	Total Recoveries (in Rs.)	Amount Recovered	Balance (in Rs.)
Para No.01	Rs.82,36,729/-	Nil	Rs.82,36,729/-
PARA No.04	Rs.3200/-	Rs.2200/-	Rs.1000/-
PARA No.05	Rs.2717/-	nil	Rs.2717/-
Total	Rs.82,42,646/-	Rs.2200/-	Rs.82,40,446/-

The internal audit report has been prepared on the basis of information furnished and made available by the Office of the Central procurement Agency, DHS, F-17, Karkardooma, Delhi-110032. The Dte. of audit, GNCT of Delhi disclaims any responsibility for any misinformation and / of non-information on the part of auditee.


(Roy Chacko. P)
 I .A .O, Audit Party No.IX

PART - I

PARA-01
PARANO 1

PART - 1

(2007-09)

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~~Para No. 2~~ (Refer Memo No.18 & 19 dated 17.03.2010).

Sub :- Non compliance of clauses relating to security deposit.

(1) Security Deposit in respect of surgical consumables.

As per tender floated by CPA in 2007 & 2008 for the rate contract of surgical consumables, the CPA was to receive EMD of Rs.1 lakh/Rs.3 Lakhs respectively in the form of demand draft / pay order from the tenderers and in case of successful tenderer EMD was to be retained as security for the performance of the contract and will be retained until the expiry of the contract and will be refunded thereafter. In addition, the contractor shall have to furnish a security deposit with the purchaser equivalent to 5% of the order received from the Demanding Officer and the same would be returned after successful completion of the contract (Reference CPA-3). For the purpose, at the time of placing supply order, the CPA has put a condition that the company has to deposit within 15 days of issue of supply order equivalent to 5% of the order with the CPA.

Though there is no variation in the terms and conditions of security deposit between CPA-3 and agreement signed with the contractor in response to rate contract of 2007 but in the agreement signed in the rate contract of 2008 it has been stated that the contractor shall have to furnish a security deposit with the DHS, CPA equivalent to 5% of the value of the supply orders received from the direct demanding officers, (the EMD of Rs.3 lacs submitted in the form of FDR earlier will be retained as revolving security deposit. In case this 5% value is more than Rs.3 lacs, value of security to be deposited minus Rs.3 lacs should be submitted as FDR). Thus, there is confusion/contradiction in the amount of security to be collected from the contractor with reference to the rate contract of 2008 because of differences in the terms and conditions between the CPA-3 and the agreement entered by the DHS with the contractors.

During the test check, the audit team has noted that the contractor was not furnished the additional security of 5 % as per clause of the CPA-3 of the NIT both in the case of rate contract of 2007 and 2008.

The reasons for non furnishing of security by the contractor with reference to the rate contracts of 2007 and 2008 with the DHS, CPA be apprised to audit and further the security deposit due as per terms of the contract be recovered immediately from the contractors in both the cases of rate contracts referred to above under intimation to audit.

(2) Security Deposits in respect of drugs.

During the Test Check of 'supply order files' and related documents of CPA in pursuance of TE No. 1/DHS/CPA/2007 pertaining to the year 2007-08 for

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4. From the plain reading of the terms of contract as reproduced in Para 1 above it is quite clear that there is no provision in the existing rate contract of the CPA for penalizing the manufacturers in case of their sample once passed and subsequently failed in a test conducted by the CPA during the test conducted based on a complaint during the life span of stores kept in the central store/hospitals/dispensaries except that loss or premature deterioration due to biological and or other factors during life span of stores shall have to be made good by the contractor free of cost. Hence, the audit team is of the opinion that a new clause for invoking of penalty be suitably drafted in such cases and the same be incorporated as one of the terms and conditions of the contract while inviting NITs in future.

With reference to above, the CMO (CPA) vide his reply dated 19.03.10 informed the audit team that the suggestion of the audit to include a new clause for penalizing manufacturer in case the sample once passed and subsequently failed during the test conducted based on a complaint during the life span of stores kept in the central store/hospital/dispensaries will be taken up in special purchase committee to incorporate in the tender document. In order to not to recur such cases in future and also in the interest of the Government, it is hoped that the CPA will taken care of the aforesaid suggestion of the audit team while inviting tenders in future and compliance to this effect be shown to next audit.

~~PARA No 2~~
PARA No 2

~~Para No.6~~ (Refer Memo No.17 dated 17.03.2010).

Sub :- Quality Assurance.

The One of conditions laid down by the CPA in the NIT was the Manufacturer is meeting Good Manufacturing Practices (GMP) norms as per Schedule M of the Drugs & Cosmetic Rules. In support of the above, the manufacturer was required to submit a copy of valid WHO (GMP)/GMP Certificate as per revised schedule 'M' of Drugs and Cosmetics Rules.

Further, as per the agreement, the tendering authority reserves the right to depute inspection team to the premises of supplier/manufacturer for on the spot verification of terms and conditions of the tender during the tendering process or after the finalization of tender, during validity of tender. Any firm found wanting and lacking in fulfilling terms and conditions of the tender by the inspection team, the firm will be liable to be penalized and the matter will be brought to the notice of state drug controller concerned for appropriate action. Further it is also open to the purchaser to send the persons as may be designated by him to inspect stores and draw samples from there before dispatch of the consignment.

M/s. Wings Pharmaceutical Private Ltd was on Rate Contract of the CPA for the years 2005-06, 2007-08 and 2008-2010 and at present, the agency has been awarded RC for 15 drugs on 11.02.2009 with a validity upto February, 2011. During the test check, the audit team has noted that during the period from 1.7.2006 to 31.7.2008 about three drugs are failed (i.e. 2 drugs during the subsequent test and one during the test of samples drawn from the consignment). The details are given below for kind perusal :-

Name of Manufacturer : M/s. Wings Pharmaceutical Private Ltd.

S. No	Name of Drug	Name of Lab who conducted first test	Result of test and date of report	Name of Lab who conducted subsequent test based on complaint	Result of test and date of report
1.	Paracetamol syrup IP 125 MG/5MI Batch No WMS-1002	M/s. ARBRO Pharmaceuticals Limited	Standard Quality 28.07.2006	M/s. Sophisticated Industrial Materials Analytic Labs Pvt. Ltd.	Not of Standard Quality 04.12.2006
2.	Promethazine Syrup IP Batch No PZS1017	M/s. Ashco Analytical Services	Standard Quality 19.05.2007	M/s. Sophisticated Industrial Materials Analytic Labs Pvt. Ltd	Not of Standard Quality 09.09.2007
3.	WINCID - MPS	M/s. ARBRO Pharmaceuticals Limited	Not of Standard Quality 21.07.2008	-----	-----

The audit team also noted in spite of failure of its product i.e. 3 drugs during the period of 2 years, the CPA has awarded the rate contract to the aforesaid manufacturer and one of the item of drugs awarded to the firm includes "Promethazine Hydrochloride Syp" without verifying the past record of supplier. The audit team also noted that the CPA while finalizing the RC with the aforesaid firm the CPA by virtue of right enjoyed by it as per the NIT did not depute any inspection team to the premises of supplier/manufacturer for on the spot verification of terms and conditions of the tender during the tendering process or after the finalization of tender, during validity of tender. Thus it failed to ensure that the aforesaid manufacturer was observed the Good Manufacturing Practices (GMPs) and relied upon the certificate as per revised schedule "M" of Drugs and Cosmetics Rules issued by the competent authority.

The CMO (CPA) vide his reply dated 19.03.2010 has stated that the suggestion of the audit team regarding quality assurance will be taken up in the special purchase committee. He also informed that the rate contract of the Syp. Promethazine awarded to M/s. Wings Pharmaceuticals Private Ltd was cancelled w.e.f.21.05.2009 in view of failure of its aforesaid drug during the testing made in the year 2007.

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During the test check of file of M/s. Wings Pharmaceuticals Private Ltd. the audit team has noted that between 11.2.2009 (date of award of rate contract) and 21.05.2009 (date of cancellation of contract for the supply of Syp. Promethazine), the CPA has issued the supply order which includes the supply of the drug "Promethazine" and thus the contractor has got the undue advantage by getting the supply order No.F.1(6)/3/DHS/CPA/2009/10521-24 dated 9.3.09 for supply 4 category drugs which inclusive of the drug "promethazine Syp" (i.e. to supply 4119 bottles @ Rs. 6.19 per bottle which costs to Rs. Rs.2,54,96.61).

Necessary reasons for the above lapse and also inclusion of the drug "Promethazine Hydrochloride Syp" in the RC with the aforesaid manufacturer in spite of its failure on 9.9.2007 be apprised to audit. Further, such cases in future are required to be dealt very carefully because any laxity will affect the life of patients

Para No. 3

Para No. 7 (Refer Memo No.20 dated 19.03.2010).

Sub :-Non-compliance of the conditions laid down in the supply orders by the suppliers.

Some of the conditions put by the CPA while issuing supply orders to the suppliers are given below :-

- (1) Immediately on completion of the supply of stores to hospitals/institutions, the supplier has to submit the details of stores supplied showing batch No., date of manufacturing, date of expiry, etc. to the CMO (CPA).
- (2) The supplier would submit a proof of depositing sales tax/VAT to indenting department.

Further as per circular No. F.101(190)/2002-Fin.(A/cs)/3926 dt. 9th Feb., 2004 issued by Finance (Accounts) Department, GNCTD, the department shall observe the following instructions strictly while making purchases/issuing supply order:-

- 1. Supply order shall contain a condition that the supplier is registered with Sales Tax Deptt., GNCT of Delhi.
- 2. Supplier would submit a proof of depositing sales tax to intending department.
- 3. In case of purchase orders exceeding Rs. five lakh, the purchasing department must inform the sales tax deptt. of all such purchases

During the test check, the audit team has observed that the suppliers are not adhering both the conditions given in the supply order and hence no data bank is available with the CPA either the details of supply order complied by the

Settled in view of reply submitted by IAO.

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supplier or the proof of deposit of sales tax / vat collected from the indenting departments. Hence, the audit team is of the suggestion that as a watchdog the CPA is required to take necessary steps so as to ensure that both the aforesaid conditions are complied by the supplier in future cases and also thus the CPA may comply the instructions issued by the Finance Department, GNCTD. Necessary compliance to this effect be shown to next audit.

~~Para No. 4~~

~~Para No. 8-~~ (Refer Memo No.22 dated 19.03.2010).

Sub: Non- Production of records

The following records were not produced to audit which may please be produced to next audit:-

1. Information/documents/records etc. sought vide our Memo No 3 dated 22nd February, 2010 (i.e. Sl. No. 6 to 9).

(Sudheesh NG)
I.A.O
Party No. VI

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TEST AUDIT NOTES

TAN NO. 1 (Refer Memo No.12 dated 10.03.2010).

Sub :- Extension of rate contract.

The para 14.16 of chapter 14 of the Manual on Policies and Procedures For Purchase of Goods stipulates that it should be ensured that new rate contracts are made operative right after the expiry of the existing rate contracts without any gap for all rate contracted items. In case, however, it is not possible to conclude new rate contracts due to some special reasons, timely steps are to be taken to extend the existing rate contracts with same terms, conditions etc. for a suitable period, with the consent of the rate contract holders. Rate contracts of the firms, who do not agree to such extensions, are to be left out.

Period of such extension should generally not be more than three months. Also, while extending the existing rate contracts, it should be ensure that the price trend is not lower.

During the test check of records pertaining to the financial year the Audit team has noted that the CPA has finalized the rate contract for testing of samples of drugs/essential consumable surgical items in the year 2005 and validity of the contract was up to 31.10.2007. Further, the CPA with the approval of the DHS has extended its validity up to 31.01.2009 i.e. about 15 months and thus violated the embargo put in the period of extension vide para 14.16 of chapter 14 referred to above by extending rate contract over and above of 3 months

The CMO (CPA) vide his reply dated 10.03.2010 has given explanation for deviation of the laid down instructions of the Ministry of Finance, GOI and assured that the they will keep in mind the aforesaid laid down provisions in future. Since the audit team has noticed similar nature of extension of rate contract in the case of drugs as well as surgical items, the CPA shall follow the laid down codal provisions given in the aforesaid Manual of Ministry of Finance strictly in future.

TAN NO. 2 (Refer Memo No.13 dated 10.03.2010).

Sub:- Quality Assurance - Sending of samples of drugs/surgical consumable items to Drug Testing Laboratory functioned under the Drugs Control Department of Government of NCT of Delhi.

It has been stated in the Drug policy (April, 1994) of the NCT Delhi that the State Drug Control Authority will be considerably augmented and strengthened so that drugs reaching the patient are safe, effective and meet approved specifications and standards. The quality control and assurance system will include managerial, technical and legal aspects. Some of the activities will be (a) strengthening of Drug Inspectorate Unit (b) strengthening the quality control laboratory and (c) establishing an efficient system for withdrawal from circulation of products which have been found to be below the standard required. Now almost 16 years is completed after framing of the drug policy by the GNCTD and a dedicated drugs testing laboratory might have been functioned/strengthened under the Drug Control Department of GNCTD as envisaged under the drug policy.

During the test check, the audit team has noted that one of the activities of the CPA is testing of all batches of drugs and common surgical consumables received by hospitals against central supply orders from the approved Labs as per rate contract finalized with them. For the purpose, the department is incurring about 40 lakhs annually. The audit team also noted that a drug testing laboratory is functioning at Lawrence Road, Delhi under the administrative control of Drug Control Department of GNCTD. Thus, instead of sending the samples to private labs why the CPA is not thinking to obtain the services of statutory labs functioned under the GNCTD i.e. Drugs Testing Laboratory of the Drugs Control Department in order to ensure that the drugs reaching the patient are safe, effective and meet approved specifications and standards. By doing so we may curtail the expenditure on one side and also have to ensure the stigma of quality control from a statutory Government body on the other. Action taken in the matter may please be apprised to audit.

The CMO (CPA) vide his reply dated 10.03.2010 informed the audit team that they have discussed the aforesaid matter with the drug inspector of the Drug Control Department and the drug inspector informed that the Drug Testing Laboratory is functioning at Lawrence Road, Delhi but there are limited facility of testing in the lab. There is also no biological test facility in the lab (biological test means vitamins, antibiotics, injectable, IV Fluid etc.) and the reports of testing the samples come in two to three months. The CPA also stated that in the interest of patient and hospitals, drug/surgical consumable items samples are tested through NABL labs approved in CPA and the reports testing the samples comes in 15 – 20 days. The CPA also assured that suggestion of the audit will be keep in mind and sent to the Controller of Drugs for necessary guidelines. In view of the quality assurance made in the drug policy of the GNCTD, the CPA is

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required to optimum utilize the services of drug testing laboratory of the drug control department of GNCTD wherever feasible and compliance to this effect be shown to next audit.

TAN NO. 3 (Refer Memo No.14 dated 11.03.2010).

Sub :-Fall Clause.

As per CPA tender for the year 2008-09 & 2009-10 for the supply of drugs to GNCT of Delhi, the tenderer was required to declare in tender document that rates quoted are not higher than the rate quoted to other Govt./Semi Govt./autonomous/public sector hospitals/institutions/organizations etc.. Further, the terms of contract stipulated that if at any time during the execution of the contract, the controlled price becomes lower or the contractor reduces the sale price or sells or offers to sell such stores, as are covered under the contract to any person/organization including the purchaser or any department of the central government or any department of the NCTD at a price lower than the price chargeable under the contract, he shall forthwith notify such reduction or sale or offer of sale to the purchaser and the price payable under the contract for the stores supplied after the date of coming into force of such reduction or sale or offer of sale shall stand correspondingly reduced.

The audit team has noted there is no mechanism in the CPA to monitor the compliance to the above clause by the contractor. Since the fall clause made in the aforesaid tender is a price safety mechanism evolved by the CPA and to achieve the objective of compliance by the contractor the audit team is of the suggestion that an undertaking/certificate be suitable drafted at the level of DHS and be obtained from the respective contractors both at the time of issue of each supply order by the CPA and also at the time of submitting the bill/invoice to the hospital/central stores after supply of drugs so as to ensure that the rate charged by him are not higher than the rate charged to other person/organization/any department of central government/any department of the NCTD. Action taken in the matter may please be informed to audit.

The CMO (CPA) vide his letter dated 19.03.2010 informed the audit that the rate contract holder firm's of CPA are bound by the terms and conditions of relevant tender including fall clause as per agreement signed by them and such certificate was submitted by firms during tender process. Further, the above suggestion of the audit was obviously not incorporated in the previous tender document and as such cannot be implemented at present. However, before floating the next tender the above suggestion would be produced before SPC to incorporate the same in tender document.

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Since the fail clause is one of the most important clause of the terms and conditions of the present agreement also keeping-in-view the fact that the performance audit conducted by the AGCR also pointed out some cases wherein though some of the contractors having the rate contract with the CPA have reduced the rates of its drugs etc during the contract period and supplied the same at reduced rates to other institutions but the contractor has not notified such reduction to the CPA as envisaged under the terms and conditions and thus caused a loss to the Government exchequer. In view of the above and also keeping in view the fact that floating and finalization of new tender is a time consuming affair and as a watchdog, apart from incorporation of the suggestion of the audit team in the next tender of the CPA, the audit team is of the opinion that the above suggestion is also required to be implemented immediately and necessary compliance be shown to next audit.

TAN NO. 4 (Refer Memo No.21 dated 19.03.2010).

Sub:- Non Surrender of savings before the close of the financial year 2007-08 and 2008-09.

Scrutiny of the budget allocation and expenditure statement of CPA, GNCTD by the Audit revealed that savings to the tune of Rs.15.62 lakhs and Rs.20.74 lakhs for the year 2007-08 and 2008-09 respectively were not surrendered before the closure of the respective financial years which resulted in non utilization of these savings by other needy departments of the G.N.C.T. of Delhi. The details of savings are as under :-

(Rs. in lakhs)

Sl No.	Financial Year	Plan/Non-Plan	Budget Allocation	Expenditure incurred	Savings
1	2007-08	Non-Plan	52.30	36.75	15.55
		Plan	48.00	47.93	.07
		Total Savings			15.62
2	2008-09	Non-Plan	70.80	50.18	20.62
		Plan	60.00	59.88	0.12
		Total Savings			20.74

The above table clearly indicates that unrealistic budget have been prepared by the office of the CPA which resulted in savings under various heads of account. Therefore, the CPA, GNCTD should prepare Budget Estimates according to realistic basis and if any savings is found the same should be surrendered well before the closure of the financial year in future.

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PART II

CURRENT AUDIT 2009-10 TO 2011-12

Para No. **01**

Subject:- **Reduction of cost of Injection Meropenem retrospectively.**

During the course of audit of accounts for the year 2009-12 in r/o Central Procurement Agency, Dte. Of Health Services, GNCTD, it has been noticed that M/s. Astra Zeneca was selected through Open Tender Enquiry for the year 2008-09 & 2009-10 for the supply of Injection Meropenem. Rate Contract was awarded in the month of Feb 2009. The rates quoted and accepted for the following specifications were as under:-

The rates of Injections were as under:-

S.N.	Name of Injection	Packing	Drug Code	Rate (Rs.)
1.	Injection Meropenem	500mg	891	810/-+Vat
2.	Injection Meropenem	1 gm	892	1530/-+Vat

Later on the Manufacturer M/s. Astra Zeneca informed on 23.12.2010 Vide letter no. AZ/VP/DHS that the rates of the said injection had been reduced and the reduction of rates was effective from 01.11.2010. The revised rates are as under

S.N.	Name of Injection	Drug Code	Old Rate	Reduced Rate
1.	Injection Meropenem 500mg	891	810/-+Vat	660/-+Vat
2.	Injection Meropenem 1gm	892	1530/-+Vat	1180 /- +Vat

These Injections were supplied on the CPA rate contract by the manufacturer through its authorized suppliers

1. A.C. Surgipharma Pvt. Ltd
2. Amar Medical Stores.

Thus, the reduction of the cost of the injections with retrospective effects has resulted in overpayment to the Manufacturer/supplier. Since the date of award of Rate Contract, the CPA as well as other Health Institutions of the GNCT of Delhi has made the purchases of the particular injection to the tune of Rs.6,28,13,610/-. The modified amount considering the revised cost of the injections comes to Rs.4,89,90,060/- creating a recovering of Rs.1,38,23,550/-. This amount of Recovery is to be made good through the Manufacturer or the Authorized suppliers.

It is requested that the aforesaid recovery may be effected immediately and concrete steps should be taken to make out the guidelines for future safeguards for such incidences. Also action as deemed fit under the Agreement executed between the CPA and the Tenderer may be initiated. Compliance may be communicated to the audit.

This matter has already been taken cognizance by the CBI Anti-Corruption Department and the Vigilance Department and is investigating the matter. The Anti-corruption Department has seized certain related documents in-original for the investigation. The outcome of the investigations by both the authorities may also be communicated to the audit.

Para No. 06

Subject:- Expenditure on testing of drugs/medicines without the approval of the competent authority.

During the test check, it has been noticed that one of the objectives of the Central Procurement Agency is testing all the batches of drugs and surgical consumables received by the Health Institutions against CPA supply order from the Labs approved by the CPA itself for the purpose. The CPA had incurred incurred the following amounts on testing of samples of medicines and surgical consumables

2007-08 Rs.39,48,065/-

2008-09 Rs.36,51,654/-

It is pointed out that Testing of drugs/surgical items comes under Contingent Expenditure-Unspecified items (Recurring). This expenditure does not falls under the specified category. The financial powers of HOD

is limited to Rs.2.00 lacs per annum on expenditure to be incurred under the Contingent Expenditure - Unspecified items (Recurring).

Previous audit had also pointed out that expenditure incurred during the year 2007-08 and 2008-09 as referred to above may be got regularized with the ex post facto approval of the competent authority. But rather than getting the expenditure regularized by the Finance Department GNCTD, the department has been incurring expenditure on 'Testing of Samples of medicines/surgical consumables'. The further expenditure incurred is as under:

2009-10	Rs.37,22,176.00
2010-11	Rs.22,35,924.00
2011-12	Information not made available

It is requested that the matter may be taken up on priority to get the Ex post facto approval of the Finance Department for the expenditure already incurred and compliance may be shown to audit.

Para No. 03

Subject:- **Recovery on a/c of Risk Purchases** - Amount

During the course of test check of the records for the years 2009-2012 related to Non-supply of medicines by the manufacturer, it has been noticed that Open tenders were floated in the year 2008 by the CPA DHS HQ for essential Drugs and Surgical Consumables and subsequently the Rate Contracts were awarded. The Rate Contracts were effective from Feb 2009.

As per one of the objectives of the Central Procurement Agency, demands of all the hospitals/other Health Establishments under the GNCT of Delhi were received by the CPA and supply orders were placed with the manufacturers concerned. Further the supply is received by the indenting department itself and payment is made to the supplier concerned after due verifications. But it is mandatory on the part of the CPA to monitor the supply as well as non-supply, if any, by the supplier on CPA Rate Contract. In case of the non-supply or late supply, penalties as per provisions are imposed on the supplier.

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6/c

In case of any of drugs being rejected or not supplied at all, the purchaser shall be at liberty to procure the same at the risk and expenses of the Supplier and the difference of the cost of the medicines/ drugs shall be borne by the supplier on CPA Rate Contract

As per list attached in the file No. f.2 (6)/2/DHS/CPA/2011, the recovery of Risk Purchase comes to Rs.19,56,221.32. This recovery pertains to the period from Feb 2009 to Nov 2011 on a/c of non-supply of medicines only. The records submitted to the audit reveals that intimation regarding Risk Purchases was received in the month of Aug 2010 and onwards; but till date the amount of Risk Purchase has not been recovered from the suppliers.

As per financial regulations, any amount due towards the government should be recovered immediately and deposited into the govt. treasury under the relevant head.

Para No. 08

Subject: **Unfruitful expenditure of Rs. 1,88,043/- on advertisement of cancelled tender.**

(F.No. 1(4)/5/DHS/CPA/2009), tender enquiry no. 1/DHS/CPA/2010.

During the test check of auditable record of office of CPA (DHS) GNT of Delhi for Audit period 2009-12, it came to notice that the Department has invited tender for procurement of medicines through advertisements in various news papers through Directorate of information and publicity, GNCT of Delhi Vide tender ID No. 33290. The Tender was scheduled to be opened on 12-11-2010. An amount of Rs. 1,88,043/- was incurred for advertisement

As per instructions of secretary Health & Family Welfare) a meeting on issue of review of Central procurement Agency was called for and it was decided that current processing of Tender for medicines will be cancelled and new system to be put in place and thus the tender for procurement of medicines, which was to be opened on 12-11-2010 was canceled on 1-11-2010. Further an advertisement for continuation of cancellation of tender was done and detail regarding incurring expenditure on cancellation of tender is not available in concerned file, submitted to Audit.

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Thus the Department has incurred the Expenditure of Rs. 1,88,043/- vide bill no. 213 date 31-03-2011 on advertisement/ cancellation of Advertisement.

Para No. 06

Sub: Surrender of Savings

As per GFR-2005, rule 56 every Government Department shall surrender the savings to finance Deptt. before the close of the financial year. No saving should be held in reserve for possible future excesses.

Scrutiny of expenditure and Budget Statements of CPA (DHS) for the period 2009-12, the following savings have been held with CPA.

PLAN	NAME OF THE SCHEME	REVISED ESTIMATE	EXPENDITURE	BALANCE SAVINGS %
2010-11	A.1(4)(1)(1)(4)OE	85,00,000	34,90,000	59%
2011-12	A.1(4)(1)(1)(4)OE	27,50,000	01,68,000	94%
NON PLAN				
2009-10	A.1(4)(1)(1)(4)OE	2,00,000	01,58,000	21%
2010-11	A.1(4)(1)(1)(4)OE	5,00,000	02,44,000	53%
2010-11	A.1(4)(1)(1)(7)OE	1,50,000	48,000	41%
2011-12	A.1(4)(1)(1)(4)OE	1,70,000	1,29,000	24%

4/c

It is requested that the Savings as well as provisions that cannot be profitably utilized should be surrendered to Government immediately they are foreseen without waiting till the end of the year.

Para No. 06

Subject:- Recovery on a/c of Fall Clause

During the course of test check of the auditable records for the years 2009-12, it has been observed that as per the Fall Clause (Clause No.09 of the Tender Document 2008-09 and 2009-10), "if at any time during the execution of the Contract, the controlled price becomes lower or the contractor reduces the sale price or sells or offers to sell such stores, as are covered under the contract to any person/organization at a price lower than the price chargeable under the contract, he shall forthwith notify such reduction or sale or offer of sale to the purchaser and the price payable under the contract for the stores supplied after the date of coming into force such reduction or sale or offer of sale shall stand correspondingly reduced.

Scrutiny of the relevant records revealed that the rates of the drug 'Salbutamol solution for nebulizer 5 mg/ml (15 ml pack) had been reduced by the manufacturer M/s. Biodeal Lab Pvt. Ltd from Rs.13.80 per unit to Rs.6.76. which is a clear violation of the Fall clause incorporated in the tender document and resulting in overpayment.

The Department is requested to chalk out certain mechanism to monitor the compliance of the aforesaid "Fall Clause" since there are ample probabilities that the same violation may occur in other cases also.

The Department is further requested to assess the quantum of purchase of the medicine in question and necessary recovery may be made from the manufacturer or the supplier.

PARA NO. 07

Subject:- Extension of Rate Contract for supply of Drugs and surgical consumables

During the course of audit of accounts for the years 2009-12 in r/o CPA DHS HQ, it has been noticed that CPA Rate Contract for 198 articles of Surgical Consumables expired on 12.06.2009. This rate contract was issued against the Tender Enquiry No. 2/DHS/CPA/2007 on 13.6.2008 valid for one year from the date of issue. Processing for fresh Rate Contract was started in the month of Jan 2009 but could not be finalized

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till June 2009 and so extension was required. Extension was granted upto 12.12.2009 after approval of the Finance Dept. GNCTD. Open tender was floated in the month of Oct 2009 and could not be finalized till Dec 2009 and so another extension was obtained. This extension was valid upto 12.03.2010. And finally, the Rate Contract for Surgical Items was finalized in November 2010.

Similarly an Open Tender Enquiry was floated in April/May 2011 for 735 items of medicines/drugs and the tenders were opened on 06.06.2011. Out of 735 items, 175 items only were finalized on 17.11.2011. Subsequently Re-tendering was resorted to and this time, out of the remaining 560 items, 160 items could only be finalized on 28.01.2012. Rate Contract for the balance 400 drugs is yet to be finalized.

Para 14.16 of Chapter 14 of the Manual on Policies and Procedures for purchase of goods stipulates that it should be ensured that new rate contracts are made operative immediately after the expiry of the existing Rate Contract without any gap for all the Rate Contracted items. But sometimes it become inevitable to conclude the new rate contracts in time and so extension are granted.

But the Period of such extensions should not generally exceed three months.

Scrutiny of the records does not reveal the justifications for extensions as well as non-finalization of the Rate Contract.

(Signature)
(N.K.Mangal) 7/6/2012

IAO

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TEST AUDIT NOTES

TAN No. 01

Sub: Service books

During the course of Audit of Accounts for the year 2009-2012 in r/o CPA (DHS), the service books of the following officials/ officers were test checked and following discrepancies were noticed.

1. Dr. Madan Lal, medical officer

- a. Nominations of GPF/ DCRG/ CGEGIS/ Detail of Family have not been found attached.
- b. Entry of character Antecedent and medical certificate is not recorded in services Book

2. Bhavesh Kumar, UDC

- a) Earned Leave A/c in Service book at P.No. 64 seems wrong at col. No. 7. it may be 232 days instead of 242 days for the period 01-07-2010 to 31-12-2010. it may be recast again upto date under the signatures of H.O.O.
- c. Service Verification is not up to date it is certified upto 31-03-2011

3. Sunita Sharma, UDC

- a. Leave Account not completed after 31-12-2011.

4. Sh. Surinder Pal, Pharmacist

- a. Service Verification is not completed after 31-03-2011.
- b. Earned leave sanction entry has not been signed by competent authority at service book P.NO. 25.

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11/2
to him in Form 24, the period of qualifications so determined, but the service verification of ~~the officer~~ has not yet being verified from PAO as the officer has joined the Govt. Service on 31-03-2011. Needs to be verified from PAO.

6. **Sh. Sanjay, Driver**

- a. The earned leave account from 01-07-2010 to 30-06-2011 in calculated wrong. It has been shown 320 instead of 300 + 15 and Balance shown in Service Book as 300+11 instead of 300+6, so the earned leave may once again recast and shown to audit.

In the light of above discrepancies /shortcomings may be removed under intimation to Audit.

Tan No. 02

Sub: Cash Book

During the course of test check of auditable record of o/o CPA, DHS, GNCT of Delhi, for audit period 2009-12, it came to notice that:-

1. As per rule 13 of Receipts & payments Rules – Receipts in the form of local cheques or demand drafts accepted by non-cheque drawing DDos, need not be entered in cash book, but should be entered in the Register of valuables (GAR-5) and remitted into the accredited bank, duly supported by challan for credit to Govt. Accounts but same procedure is not being followed. A few instance are as under:

CB page No. 79 dated 3.3.10 32 drafts of Rs.2000/- each

CB Page No. 79 dated 3.3.10 06 drafts of Rs.2000/- each

CB page No. 91 dated 25.4.2011 draft of Rs.3,23,271/-

2. As per R & P Rules 1983, the Cash Book should be closed regularly on the day of transaction but it has been noticed that Cash Book wef 01.4.2011 to 31.3.2012 has been shown closed on monthly basis which is not in order. It is requested that the Cash Book for the period in question may be recasted.

Compliance may be shown to the audit.

14/07/2012
(N.K. Mangal)
Asst Party No. 13

PART - II

CURRENT REPORT 2012-13

Ref. audit memo no.11 dated 13/6/2013

PARA No.01

Sub:-Non recovery of Rs. 82,36,729/- on account of fall clause.

On test check of records related to CPA (DHS) it has noticed that tender enquiry no. CPA 201201 for supply of Surgical Consumables on rate contract, part-A, clause 8 fall Clause incorporated. According to fall clause "if at any time during that execution of the contract the controlled price becomes lower or the supplier, **reduce the sale price or sells or offer to sell such stores**, as are covered under the contract to any person/organization. Including the purchaser or any department of Central Government or any department of the National Capital Territory of Delhi at a price lower than the price chargeable under the contract, he shall forthwith notify such reduction or sale or offer of sale to the purchaser and the price payable under the contract for the stores supplied after the date of coming into force of such reduction or sale or offer of sale shall stand correspondingly reduced".

It has further observed that, from the file no. 1(8)2/DHS/CPA/2012 supply order for supply of absorbent cotton wool IP 500 gm awarded to M/s Ganpati Cotex, at the quoted rate of Rs.119.8 per unit. It is noticed that M/s Ganpati Cotex also supplying absorbent cotton wool IP 500gm to kalawati saran hospital since July 2011 @ Rs 77.40 and this supply order is valid for 18 months, vide letter no. GC/ASR/CPA/1024/ASR dated 14-12-2012, M/s Ganpati Cotex admitted the fact they are selling absorbent cotton wool IP 500 gm to kalawati saran hospital @ Rs 77.40 and vide annexure 'D' dated 22.02.2012 given an undertaking that rate quoted are not higher than the rate quoted to Govt./Semi Govt./Autonomous/Public Sector/Hospital/Institutions/Organization in the same financial year. This under taking is misleading and suppression of facts.

On the light of clause 8 of tender condition there is no ambiguity about the clause that during the operation of the contract supplier cannot sell lower than the price quoted. M/s Ganpati Cotex failed to notify the fact that they sell absorbent cotton wool to kalawati saran hospital @ 77.40 and stated that due to escalation of input cost they quoted higher rate in this contract. But this argument is not maintainable before entering into contract they should have gone through the clause 8 of the tender conditions.

As per details provide by the CPA authority total 1,93,851/-Nos. supplied to different indenting hospitals and institutions till date. Therefore recovery may be made from M/s Ganpati Cotex @ 42.49 (119.89-77.40) × 193851 = 8236729, under intimation to the audit.*

All similar cases may be reviewed and necessary action may be taken under intimation to the audit.

PARA No.02

Ref.Audit Memo.No.10 Dated: 12-06-2013

Sub:-Non-obtaining of Performance Security

On Scrutiny of file No. 1(8)/2/DHS/CPA/2012 regarding rate contract for supply of cotton-wool absorbent I.P. 500gm. awarded to M/s. Ganpati Cotex. It has observed that Performance Security was not obtained from M/s. Ganpati Cotex on the basis of their request as they are registered with NSIC. They also produced photocopy of the letter no. 9(1H)/2007-DDI (p)-1 dated 8/03/2011 to substantiate their claim.

According to GFR rule 158 Performance Security is to be obtained from every successful bidder irrespective of their registration status. All Procurements/ purchase of Govt. departments are governed by GFR rules. Until and unless GFR rules amended GFR rule will prevail. Hence, none obtaining of Performance Security is not in conformity with rule provisions of GFR. Necessary Performance Security as prescribed in the tender may obtained immediately under intimation to the audit.

All similar cases may be reviewed and necessary action may be taken under intimation to the audit.

PARA No.03

Ref. Audit Memo.No.13 Dated: 13-06-2013

Sub:-Non-inclusion of supply schedule in Tender document.

On test check of Tender records related to tender no 201102 to 201106 it has noticed that, terms and condition of supply regarding delivery the time for and the date of delivery of store stipulated in the supply order shall be deemed to be the essence of the contract and **delivery** must be completed within 45 days (for India items) and within 90 (for imported items & vaccines) from the actual date of dispatch by post, by hand, through email or web notification whichever is first. This 45/90 day period shall apply to only to the first supply as **per the schedule. For subsequent supplies** the date of the supply shall be the scheduled date after which the penalty shall be applicable.

The goods can be accepted up to 20 days after expiry of delivery period subject to the penalty of 0.5% of value of order of delayed supply per day. Request for extension of delivery period beyond 20 days of expiry of delivery period may be granted by the indenting Hospital / institution / Dispensary if demand still persists, after imposing appropriate penalty 1 % per day. This shall be calculated after 20 days of 0.5% penalty period is over.

Files & supply order provided to the audit there is no schedule of supply found, it is gathered that no schedule of supply formulated. It may elucidate to the audit why the supply schedule not issued? And how the department enforced the above noted clause?

Subject: - Short Recovery of D.G.H.S. contribution.

As per clarification No. F.25 (III) DGEHS/140/DHS/09/44413-18 dated 20-08-10 regarding improvement in Delhi Government Employees Health Scheme. The revision of subscription of D.G.E.H.S have been applicable with effect from 1st Aug. 2010. The rate of contribution on account of DGEHS w.e.f.1-06-2009 will be with reference to the grade pay that officials would have drawn in the post held by them. During the test check of PBR's provided by the office of the CPA(D.H.S), Karkardooma, Delhi, the short recovery of Rs.1000/- on a/c of DGEHS have been noticed by the Audit.

Details as under:-

S.No	Name of official, designation & Grade Pay	Amount recovered	Amount to be recovered	Period/ month	Amount due(Rs)	Amount recovered (Rs)	Amount to be recovered
1.	Mr. V.Kaviyaran, Pharmacist (Rs.4200/- GP) for the month of 3/12to Dec-12	Rs.125/-	Rs.225/-	3/12 to12/12	2250/-	1250/-	1000-00
	Total					Rs. 1000-00	

As per the above a sum of Rs.1000/- on A/c of DGHS contribution may be recovered from the above officer/officials after due verification fact and figures under intimation to audit and all other similar cases may also be reviewed.

PARA No.05

Ref. Audit Memo.No.14 Dt: 13-06-2013

Sub:- Grant of Increment under R.P. Rules 2008.

According to GOI Min. of Finance, OM No. 01-01-2008-/C : dated 29-01-09, in the case of calculation of increment under the revised pay structure, paise should be ignored, but any amount of a rupee should be rounded off to the next multiple of 10.

During the test check of Service books provided by the office of the CPA(D.H.S), Karkardooma, Delhi, it has noticed that while granting annual increment, paise was not ignored in the Service Books of Dr. Madan Lal, SMO.

As details given below:-

S.N o.	Name & Designation of employee(Sh/Smnt)	Pay before increment PB & GP)	Increment admissible	Increment granted	Pay admissible (in Rs.)	Pay Granted (in Rs.)
1.	Dr. Madan Lal, S.M.O	Rs.26360 (19760+6600)	Rs.790/- on 1-7-12	Rs.800/-	Rs.20550/-	Rs.20560/-

The Annual Increment paid in excess of Rs.10/-+allowances to the above officials may be calculated and recovered after due verification of facts & figures, under intimation to audit.

Other similar cases may also be reviewed.

Subject:-Non Recovery of Revised License Fees & water charges w.e.f. 01-07-2012.

During the test check of Pay Bill Registers of office of the CPA(DHS), Karkardooma, Delhi, it has noticed that of Revised License Fees & water charges w.e.f. 01-07-2012 not recovered from Sh.Shankar Lal, Peon who was allotted Govt. quarter Type-II, Flat No.1511,Gulabi Bagh, Delhi, the revised rates of Licence fee and water charges (where no meter installed) is effected w.e.f 1-7-2012 as per order no.F.4(1)/Misc./PWD/Allot/2004/8496-8500 dated 27/7/2012 issued by the Public Works & Housing , Allotment Branch,5th Level, B-Wing, Delhi Sectt., Delhi.

Short Recovery of Rs.2717/- w.e.f. 01-07-12 as per details given below:-

S.no	Month & year	Revised Lic.fee	Revised Water charges	Recovered Lic.fee	Recovered water charges	Short recovery of Lic.fee	Short recovery of water charges	Total recovery
1.	July-12	205/-	196/-	144/-	10/-	61/-	186/-	247
2.	Aug-12	205/-	196/-	144/-	10/-	61/-	186/-	247
3.	Sep-12	205/-	196/-	144/-		61/-	186/-	247
4.	Oct-12	205/-	196/-	144/-	10/-	61/-	186/-	247
5.	Nov-12	205/-	196/-	144/-	10/-	61/-	186/-	247
6.	Dec-12	205/-	196/-	144/-	10/-	61/-	186/-	247
7.	Jan-13	205/-	196/-	144/-	10/-	61/-	186/-	247
8.	Feb-13	205/-	196/-	144/-	10/-	61/-	186/-	247
9.	Mar-13	205/-	196/-	144/-	10/-	61/-	186/-	247
10.	Apr-13	205/-	196/-	144/-	10/-	61/-	186/-	247
11.	May-13	205/-	196/-	144/-	10/-	61/-	186/-	247
	Total	2255/-	2156/-	1584/-	110/-	671/-	2046/-	2717/-

In view of the above Rs.2717/- may be recovered after due verification of facts and figures, under intimation to audit.
Similar other cases may also be reviewed.

PARA No.07


Ref.Audit memo no.21 Dated:21 /06/2013

Sub:Non Surrender of Excess Savings.

According to rule 56(2) of GFR all departments shall surrender all anticipated savings noticed in the grants under their control , without waiting till the end of the financial year. On test check of records produced to the audit it has observed the CPA, Directorate: of Health services has not complied with above rule provision. Details as under:-

So.No	MajorHead & Sub head	Modif ied budget	Expenditure	Savings	% of savings
1	2210 A1(4)(1)(1)(4)OE (Plan)	50,00,000	574061	(-)4425939	88.52

Reasons for non compliance of above rule provision may be elucidated to audit.


(Roy Chacko.P)
IAO Audit party no IX

TAN No.01

Ref. Audit Memo no.19 Dated: 17/06/2013

Sub:-Irregularities in Tenders

Test check of files of Tender No 201101 to 201106 the following irregularities noticed:-

(1) Non submission of tender documents in physical form

As per tender condition suppliers have to upload 11 scanned documents on E-tendering portal of Delhi Govt. Scrutiny/verification of the documents are being done on line, due to this practice there is no hard copies of the tender documents available on the tender file. In the absence of tender documents required for qualifying the tender, audit could not verify whether the tender process carried out in a transparent manner or not and whether all documents required are submitted or not this practice is prone to manipulation and unnecessary complaints and litigation and cancelation of tender. To avoid this at the time of submission of EMD in original, attested copies of the tender document shall be obtained for pre-tender scrutiny. Similar system is following in PWD and CPWD departments.

(2) Supply Order

It is informed that supply orders are generated on online through "NIRANTAR" a software developed for CPA. It is further noticed that Medicine of different tenders are clubbed in a supply order. It is confusing and difficult to monitor the demand and supply of medicine of a particular tender in relation to the delivery terms and condition of the tender. For audit purpose also, it is difficult to verify tenders and subsequent supply orders.

It is advised to make necessary correction in the system to generate tender wise supply orders. It is also observed that supply orders are not placed in the concerned tender files.

Necessary corrective measures may be initiated under intimation to the audit.

TAN No.02

Ref. Audit Memo.No.12 Dated: 13-06-2013

Sub: Fall Clause.

On test check of records related to the CPA, it has observed that the tender documents (Part A) clause No 8 is about fall clause, "It at any time during the execution of the contract, the controlled price becomes lower or the supplier reduces the sale price or sells or offers to sell such stores, as are covered under the contract, to any person / organization including the purchaser or any department of Central Government or any department of the National Capital Territory of Delhi at a price lower than the price chargeable under the contract, he shall forthwith notify such reduction or sale or offer of sale to the purchaser and the price payable under the contract for the stores supplied after the date of coming into force of such reduction or sale or offer of sale shall stand correspondingly reduced".

But it is further noticed that performa/certificate declaring that the supplier is complying the fall clause is not incorporated in the tender document. In the absence of such certification monitoring of violation of fall clause is difficult. It is suggested to incorporate certificate given below or any other similar certificate may be derived and incorporated in the tender documents to safe guard the interest of Govt. Specimen certificate is given below:-

We certify that there has been no reduction in the sale price of the stores of description identical to the stores supplied to the Government under the contract herein and such stores have not been offered/sold by us to any person/organization including the purchase or any department of Central Government or any department of the National Capital Territory of Delhi or any statutory undertaking of Government Central as the Case may be upto the date of bill/the date of completion of supplies against all supply orders placed during the currency of the rate contract at a price lower than the price charged to the Govt under the contract. Compliance may be shown to the audit.

TAN No.03

Ref. Audit Memo no.18 Dated:14/06/2013

Sub: Service books.

During the test check of Service books maintained by the O/o the CPA(DHS),GNCT of Delhi, Karkardooma, Delhi-110032, and the following short coming have been noticed:-

1. The Photograph of the individual concerned was not pasted/attested in the 1st page of Service Book duly attested by the competent authority in the service book of following officials:-

S.No.	Name	Designation	Latest photo not paste/attested
1.	Sh.Madan Lal	SMO	photo not attested
2.	Sh. Surinder Pal singh,	Pharmacist	Photo attested but stamp of signing authority not affixed.
3.	Sh.Vijay Pal Sharma	Peon	Latest photo not attested
4.	Sh. Shankar Lal	Peon	Latest photo not attested

2.As per Rule- 257 of GFR:- Service book should be maintained in duplicate of the Govt. Servant. First copy should be retained and maintained by the H.O.O. and the second copy given to the Govt. Servant for safe custody. In January every year, the Govt. Servant shall hand over his/her copy to his/her office for updating, which should be returned within 30 days of its receipt.

Whether the duplicate copy of Service Books have been issued to all the Officials as required under GFR – 2005(Rule-257), if not issued, intimate to audit and action may be taken as per rule.

3.Service book to be shown to the official every year as per SR 202:- Service book is required to be shown to the official every year and his signature obtained. The Government servant will ensure that his services have duly been verified and certified as such, before affixing his signature. Signature of official in foreign service will be obtained after the Accounts Officer has made necessary entries connected with foreign service. Head of Office will furnish a certificate to the next higher authority every year that this requirement, i.e., showing the Service Book to the official and obtaining his signature therein has been complied with in respect of the previous financial year in all cases.

It is observed that most of the service books were not shown to the officer/officials.

4.Re-attestation of signature not done by the HOO/Competent Authority of officers/officials on the first page of Service Book on completion of five years of service. Few examples are as under:-

Sr.No.	Name	Designation
1.	Sh. Madan Lal	SMO
2.	Sh.Rajul Mathur	UDC
3.	Smt. Anil Yadav	Pharmacist
4.	Sh. Vijay Pal Sharma	Peon

5.Nomination forms were not pasted/attested in the service book of following official:

(a). Nomination forms not filled/pasted except detail of family in the service book of Sh.Madan Lal, SMO.

6. Leave account & Service verification was not completed/up-to-date of the following officials:-

S. No.	Name Smt./Sh	Period
1	Mr. Surinder Pal Singh, Pharmacist	a)Service not verified w.e.f.1-4-2012 to till date b)EL&HPL not credited w.e.f 1-7-12 to 30/6/13. c)EL w.e.f 3-10-11 to 12-10-11 entry recorded but not signed.
2.	Sh. Rajul Mathur,UDC	a)Service not verified w.e.f.10-3-2010 to till date b)EL&HPL not credited w.e.f 1-7-12 to 30/6/13.
3.	Sh. Shankar Lal,Peon	EL/HPL credited w.e.f 1-1-2013 to 30-6-2013 but not signed by Competent Authority.
4.	Sh. Sanjay, Driver	Service not verified w.e.f. 1/04/2012 to till date.

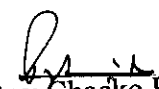
7.It is also noticed that photo copy of office orders without original signature of HOO/CA are pasted in the Service book which has no authenticity, these orders are pasted in the service book of following officers/officials:-

- a) Mr. Surinder Pal Singh, Pharmacist
- b Sh. Rajul Mathur,UDC
- c) Sh. Anil Yadav, Pharmacist

Needful be done and shown to audit.

8.' As per rule 32 of CCS (Pension) Rules. Verification of Service of the Government Servant should be done on completion of 25 years of qualifying service or 5 years before the date of retirement whichever is earlier and certificate be issued in the prescribed form to the official concerned. The said certificate may be issued to all eligible officials after verification of service from the concerned PAO"
Verification of qualifying service after the officers/officials who have completed 25 years of service have not done of the following official:-

1. Sh. Shankar Lal, Peon.
2. Necessary correction in the above mentioned cases from point No. 1 to 7 may be made in the Service Books of the concerned official/officers and shown to next audit. Similar other cases may also be reviewed by the H.O.O. at their own level.


(Roy Chacko.P)
IAO Audit party no IX