Chapter 1

Information System Audit of e-Procurement Project

Chapter 1

Finance Department

Information System Audit of e-Procurement Project

1.1 Introduction

The State Government introduced (June 2009) electronic procurement (e-Procurement) project by using the Government e-Procurement system of National Informatics Centre (GePNIC) portal with the stated aim of maintaining uniformity in the procurement processes, enhancing efficiency and transparency in procurement systems. The State Government extended (January 2015) the e-Procurement system to all the organisations. The uniform threshold limit for use of e-Procurement portal was fixed (June 2016) at ₹ one lakh (without splitting of order). The State Government also used (between May 2014 and May 2019) another e-Procurement portal developed by an agency M/s Nextenders India Private Limited. The procuring department/agencies were required to make all the purchases by using any of the portals. Later, the State Government discontinued (May 2019) the portal developed by M/s Nextenders India Private Limited and instructed all the departments to use GePNIC.

Previously, the IT audit of e-Procurement system was included in Report of C&AG on Social, General and Economic Sectors (Non-PSUs) of Government of Haryana for the year ended 31 March 2018 (Report No. 3 of 2019).

The e-Procurement portal has seven modules (i) Indent management (ii) Vendor management (iii) e-tendering (iv) e-payment (v) e-auction (vi) Catalogue management and (vii) Contract management.

The workflow of the GePNIC software is depicted below:

The process up to bid opening is conducted online, while bid evaluation and document verification are done manually. Final results of evaluation are updated in the system.

NIC provided (June 2023) GePNIC data dump through Directorate of Supplies & Disposals (DSD), Haryana. As per the data dump, 162 organisations[1] had published 2.46 lakh tenders valuing ₹ 2.12 lakh crore during 2018-23; out of which 82,923 tenders valuing ₹ 0.51 lakh crore were awarded/allotted and 1.05 lakh tenders were either incomplete or not updated on portal. Year-wise details of tenders is given in ***Table 1.1***.

Table 1.1: Statement showing year wise details of tenders and their status

Year	Year-wise details of tenders and their status					(₹ in crore)
	Total tenders	Tender amount (₹ in crore)	Cancelled/ re-tendered	Published tender (pending at various stages)	Awarded tenders	Tender value of awarded tenders
2018-19	22,091	10,501	2,663	19,239	189	171
2019-20	56,603	51,270	10,110	35,762	10,731	4,929
2020-21	49,109	32,681	12,590	13,933	22,586	14,365
2021-22	58,659	48,965	14,368	17,238	27,053	19,842
2022-23	59,852	69,189	19,005	18,483	22,364	11,945
Total	**2,46,314**	**2,12,606**	**58,736**	**1,04,655**	**82,923**	**51,252**

1.2 Organisational set-up

The DSD, Haryana, acts as the nodal agency to ensure compliance and efficient e-procurement operations, under the administrative control of Finance Department. NIC manages technical implementation of the e-Procurement project in the state.

1.3 Audit Objectives

The IS Audit of e-Procurement project had the following objectives:

- Whether the e-Procurement system has been effectively implemented and efficiently utilised to achieve its objectives of promoting competition, transparency, and accountability;
- Whether the completeness, integrity, and reliability of data in the system was maintained along with ensuring adequate controls and mapping of business rules into the system; and
- Follow up/Compliance with the issues raised in the IT Audit of e-Procurement system and issues on transfer of legacy data published in the Report of C&AG on Social, General and Economic Sectors (Non-PSUs) of Government of Haryana (GoH) for the year ended 31 March 2018 (Report No.3 of 2019).

1.4 Audit Scope and Methodology

The IS audit of e-Procurement project, covering the period from 2018 to 2023, was conducted to assess its effectiveness. The audit was conducted by covering

[1] Departments, Boards, corporations, companies, autonomous bodies, etc.

331 tenders of 26 selected TIAs from 10 organisations ***(Appendix 1.1)***, alongwith scrutiny of documents and related computer operations. Further, 33 tenders were also selected based on analysis report prepared by Centre for Data Management & Analytics (CDMA), O/o the C&AG of India. The audit objectives, criteria, and scope of audit were discussed with the Additional Chief Secretary to the Government of Haryana, Finance Department in an entry conference held in July 2023. The data of e-Procurement portal was analysed by using Computer Aided Audit Tools such as "PostgreSQL, Tableau and IDEA". Preliminary observations as a result of field audit were issued to DSD and TIAs, and their replies, wherever received, were incorporated in the report. Audit observations were also discussed with DSD, NIC and concerned departments in an Exit conference held in June 2025.

1.5 Audit Criteria

Audit criteria used for conducting of this performance audit were:

- Punjab Financial Rules (as applicable in Haryana state) and amended up to 30 June 2015;
- Manual of DSD, guidelines/instructions on procurement of stores;
- Haryana Public Works Department (PWD) Code;
- Rules, guidelines, instructions and policies i.e., the IT Act, 2000, National e-Governance policies and standards, ISO 27001, etc.

1.6 Acknowledgement

Audit acknowledges the overall cooperation extended by the State Government, DSD, NIC and the selected TIAs while conducting the Audit.

Audit Findings

The audit findings are grouped into seven parts i.e. Project management; Tendering process and controls; Collusive Bidding; Data quality and MIS reporting reliability; deficiencies regarding compliance related to Financial rules; Security and Risk management and Follow up action on previous Audit Report as detailed in the succeeding paragraphs:

1.7 Project management

The implementation of the system was deficient due to non-execution of agreement with National Informatics Centre, ineffective functioning of project monitoring unit, absence of critical functions/modules, inadequate monitoring, and insufficient training to the users as some of the activities were either not performed or performed offline, defeating the objectives of e-Procurement.

A robust governance framework is essential to mitigate risks, prevent errors and irregularities, and promote compliance with organizational policies, manage funds efficiently and regulatory requirements. This section examines the governance framework and oversight mechanisms in place for e-procurement portal.

1.7.1 Non-execution of Agreement with National Informatics Centre

Audit noticed that NIC was providing services to GoH since 2009 and NIC was responsible for customizing the portal to meet the specific requirements of the State. GoH paid ₹ 5.09 crore to NIC during 2018-19 to 2021-22 for using the system but no formal agreement was executed between GoH and NIC.

Audit further observed that multiple requests were made by GoH to NIC for portal customizations to suit State's requirements but some of the major customisation requests were not implemented as details given in ***Table 1.2***, alongwith their impact.

Table 1.2: Major customisation not implemented and their impact

Sr. No.	Customisation related to	Date of request	Impact
1.	Not refunding tender document fee and services fee of bidders	January and June 2020	Erroneous refund ₹ 19.71 crore (refer paragraph 7.5.1).
2.	e-Procurement application be made cross browser compatible	May 2021	Difficulties to users in accessing the portal fraught with the risk of inadequate competition.
3.	A panel on the portal for uploading notifications for information of users	May 2021	Information/ notifications could not be disseminated to users.
4.	Various deficiencies in previous portal (haryanaeprocurement.gov.in) pointed out by CAG in its reports	May 2021	Deficiencies such as absence of controls regarding bid publicity period, publishing corrigendum at fag end, grievance redressal time, missing logs etc. were still persisting in the e-Procurement portal as discussed in paragraphs 1.8.2.4, 1.8.2.7, 1.8.4.7, 1.12.8 and 1.12.9 of this report. These deficiencies were agreed to be corrected by the department while submitting its reply to the PAC for IT Audit of e-Procurement system published in the Report of C&AG on Social, General and Economic Sectors (Non-PSUs) of Government of Haryana (GoH) for the year ended 31 March 2018 (No. 3 of 2019). However, the deficiency still persists in the system indicating inaction by the management.

As no formal agreement was entered, the GoH could not enforce the implementation of these customisations despite incurring an expenditure of ₹ 5.09 crore. Further, impacts as detailed above could have otherwise been prevented.

DSD accepted (June 2025) the observation in the Exit meeting.

1.7.2 Deficiencies in the functioning of the Project Monitoring Unit

NIC submitted (March 2019) the project proposal for GePNIC to DSD which provided for the creation of a PMU to drive the project, including handling of all issues. The PMU was to be manned by four to six team members to guide the officials, including handling issues, regarding sharing of performance report, failure report and exception reports with department, monitoring of any deviation from standard service processes/conditions. A helpdesk was also envisaged to be setup for providing audio visual tools for technical aid, providing support to users through phone or email, recording and making monthly status report for the issues raised by users.

Audit noticed that DSD constituted (June 2020) a selection committee for determining the structure of the PMU and hiring of PMU staff but no further action was taken in this regard. Resultantly, PMU and helpdesk wing were functioning with a single staff recruited based on the recommendations of the NIC. A total of 2,038 TIAs and 74,551 users were registered on the portal, which was being managed by a single staff member. Due to inadequate deployment of staff, PMU and helpdesk were unable to fulfil their intended functions of monitoring the performance of system, tracking the failure report, exception report, providing audio-visual tools and maintaining the records related to issues reported by the departments. In absence of the records related to issues reported by users, audit was unable to assess the nature and status of reported issues or measuring the timeliness of resolutions.

DSD accepted (June 2025) the observation and stated that it will expand the PMU to resolve the identified deficiencies.

1.7.3 Non-monitoring of the implementation of the portal

Though e-Procurement through GePNIC was extended (February 2014) to all the procuring entities of the state and a threshold limit of ₹ one lakh was fixed (June 2016) for the same, yet there was no mechanism in the DSD/TIAs to capture the actual status of the adoption of the portal and cases of non-compliance.

To ascertain the extent of implementation of e-Procurement system, Audit requisitioned the details of procuring entities and user departments which were required to switch over to GePNIC. However, the requisitioned information was not provided by the nodal department. As per e-Procurement portal, 907 out of 2,038 registered TIAs had not published any tender during 2018-19 to 2022-23. A test check of records of the month of March for each selected year in selected TIAs, revealed that purchases of ₹ 2.29 crore by the five[2] TIAs were made without using the portal. This indicated that e-Procurement portal was not scrupulously used by the TIAs.

One of the TIAs, PWD (B&R) PD, Rewari stated (July 2025) that works were executed through quotation as per delegated powers. However, no comments were offered on the issue of not using the portal for tendering.

DSD accepted (June 2025) the observation and stated that it would monitor implementation of the instructions issued in May 2019 to the organisations/ entities for migration to GePNIC.

1.7.4 Non-availability of modules

Data analysis revealed that indent management, catalogue management and contract management modules were not part of the portal. Due to this, activities related to indent management and contract management modules were carried out in offline mode and activities related to catalogue management module was not carried out.

These gaps weaken the procurement oversight, hinders decision-making, reduce transparency and efficiency, thereby, impacting the overall system performance. Moreover, due to absence of functionality of issuing supply/work order through the system, EMD was either lying in pool account or facing significant refund delays as discussed in *Paragraph 1.11.4*. The inclusion of these modules in the e-Procurement system was also pointed out previously in Report of C&AG on Social, General and Economic Sectors (Non-PSUs) of Government of Haryana for the year ended 31 March 2018 (Report No. 3 of 2019-Para No. 3.9.8), however, the same has not been assured in the current system even after lapse of six years.

DSD accepted (June 2025) the observation and stated that the matter would be taken up at the higher level as well as with the NIC authorities.

1.7.5 Inadequate implementation of Government e-Marketplace (GeM)

GoH adopted (July 2017) the Government e-Marketplace (GeM) for the State and directed (April 2019) all procuring entities to ensure that all the existing Vendors/Suppliers were registered on the GeM. Further, procurement of Goods, Services available on GeM up to an outlay of ₹ one crore was to be done through GeM.

[2] HPHC, Panchkula: ₹ 58.04 lakh, MC, Karnal: ₹ 90.48 lakh, PWD (B&R) PD, Rewari: ₹ 2.2 lakh, SE Ops UHBVN, Karnal: ₹ 14.89 lakh, CE, MM, UHBVN, Panchkula: ₹ 63.36 lakh.

Audit noticed the following shortcomings in the implementation of the instructions issued for use of GeM in the state:

- Procurement amounting to ₹ 5.28 crore[3] was made through e-Procurement portal instead of GeM portal without recording any reason for the same. Additionally, the GePNIC portal does not capture reasons for such procurements.
- Only four Departments/Agencies ensured the registration of existing vendors/suppliers providing goods/stores/services on GeM. However, 453 vendors/suppliers under these entities remain unregistered.
- Four State agencies[4] procured goods and services intended to be procured through the GeM via market quotations. However, no reasons were recorded on files for bypassing the GeM. Furthermore, the State lacks a centralised mechanism to capture procurements made outside the designated systems (etenders.hry.nic.in or GeM).
- The annual Procurement Plan has not been projected on GeM since 2021-22.
- DSD had identified 10[5] highest selling items in the state, 50 *per cent* of whose procurement was to be made through GeM even if the procurement outlay exceeded the prescribed limit of ₹ one crore. This list was to be reviewed periodically. However, DSD, being nodal department, had neither reviewed the list nor developed any mechanism to monitor the compliance.

DSD stated (May 2025) that from May 2023 purchases of 10 best-selling items up to ₹ five crore can be made entirely through GeM. However, DSD did not offer any comment on the issue of not conducting periodic review of 10 best-selling items.

1.7.6 Inefficient utilisation of portal due to inadequate training

To ensure smooth transition to GePNIC, GoH approved (May 2019) a proposal to conduct the initial two to four rounds of training programs by NIC alongwith the responsibility for providing further training to departmental users and bidders by DSD.

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3 (i) Haryana Police Housing Corporation: 11 tenders, ₹ 3.74 crore, (ii) Electrical Division, HSVP, Panchkula: 3 tenders, ₹ 13 lakh and (iii) Municipal Corporation, Karnal: 27 tenders, ₹ 1.41 crore.

4 (i) Haryana Police Housing Corporation: ₹ 58.04 lakh, (ii) MC, Karnal: ₹ 90.48 lakh (iii) SE operation Karnal: ₹ 14.89 lakh (iv) PWD (B&R) division Rewari: ₹ 2.2 lakh.

5 HDPE/PP bags, Utility vehicles, Cars, Buses, Tractors, Ambulances, Desktop/ Computer/PC/Laptops, Multifunctional machines, Office furniture, Air conditioner/ Drinking water cooler.

Audit noticed that there were 74,551 users[6] on the portal as of May 2023 but training was imparted to only 463 (0.62 *per cent*) departmental users up to June 2019. No training was arranged thereafter. Lack of training contributed to issues, such as incomplete tender status, non-adjustment of EMD/fee, non-linkage of re-invitation of tenders etc. which have been highlighted in this Audit. Effective training of departmental users could have been helpful in resolving technical problems faced by prospective bidders in bid submission and encouraged increased bidder participation.

DSD stated (May 2025 & June 2025) that it had requested NIC to provide periodic training to the departmental users and assured that it will expand PMU to resolve the identified deficiencies.

1.7.7 Absence of documents relating to Change Management, Business Continuity and Disaster Recovery

Change management policy, BCP, and DRP were essential to ensure that system changes were made in a controlled and secured manner. However, the nodal department did not furnish the above documents. As such, audit could not confirm whether changes were properly authorised, tested and implemented. Further, the adequacy of system changes and preparedness for operational continuity could not be assured.

In the exit meeting (June 2025) DSD assured that the documents/ records would be provided to Audit. However, the same were awaited (December 2025).

1.8 Tendering process and controls

The tendering process was found to be deficient as instances of inadequate bid publicity, insufficient time allowed for bid submission, non utilisation of tender-cum-auction functionality, lack of linkage between re-invited and original tenders, nomination of duplicate users for tender processing were noticed. Further, the system design was weak as business rules were not mapped regarding extension of time, duration of time for keeping the bid open, time given for grievance redressal, issue of corrigenda, etc. The system also lacked controls to prevent irregular practices such as extensions of tenders for short durations decryption of bids on different dates and out of sequence opening of bids.

1.8.1 Registration of users

The user registration module is first step for all stakeholders in the system and is critical to ensuring the authenticity and accountability of users participating in tender activities. Audit scrutiny revealed following observations in respect of registration of users.

6 6,424 Departmental users and 68,127 bidders.

a) Non-Capturing of user details

Analysis of database revealed that 68,127 bidders and 6,424 departmental users were registered on the portal as of May 2023 but mandatory fields such as company registration number for 7,604 bidders, company name for 683 users, state name for 7,662 users, postal code for 7,604 users, Permanent Account Number (PAN) number for 57 users were not captured on the portal. Therefore, the information of mandatory fields were missing in these cases.

b) Registration of users with similar credentials

Audit found that on 9,425 mobile numbers multiple users (23,711) were registered whereas on 4,764 e-mail address multiple users (12,649) were registered. It was further noticed that on 3,138 mobiles and e-mail IDs had multiple users (7,162) registered. Further, nine users were registered with the mobile number having length less than 10 digits and 561 users were registered with invalid mobile numbers[7], indicating inconsistencies in data validation. Furthermore, 37 duplicate departmental users were with same name, mobile number, email Id and 23 of these duplicate departmental users were created in same units whereas remaining 14 were created in different units. This flaw facilitated 529 tenders being opened by a single user based on two distinct IDs as highlighted in *Paragraph 1.8.3.1*.

c) Registration of users with same Permanent Account Number/incorrect Permanent Account Number

Data analysis revealed that 235 users had filled wrong PAN (mandatory field). Further, on 9,512 PANs multiple users (24,520) were registered indicating identity duplication and one PAN number (AESTG2458A) was used for 577 users. On the other hand, 29 users were registered with multiple PANs. In these cases, User ID assigned by the system to these users were same but their PANs were different.

d) Registration of users with same Goods and Services Tax Identification Number

Goods and Services Tax Identification Number (GSTIN) was available for only 12,575 out of 68,127 registered bidders leading to absence of GSTIN for 55,552 bidders (81.54 *per cent*) and 494 GSTIN had multiple bidders (1043) indicating identity duplication.

NIC replied (December 2024) that based on audit recommendation, the pattern verification in the PAN for new registration has been implemented and online checking of PAN/GSTIN integration with GSTIN was under progress. Older records would also be verified once the integration was completed. Outcome was awaited (December 2025).

[7] All the digits were the same or the digits were in increasing order.

Thus, validation in respect of above issues was missing in the system which is required to be enforced. Due to the absence of control, multiple bids by the same user in a tender could not be restricted and risk of sharing of alert messages with other unintended users registered with the same mobile number/email existed.

NIC further stated (December 2024) that it was a business requirement to create multiple login accounts with the same mobile number or email. The users could be from the same company at different locations or different departments participating for the tenders of different TIAs.

However, it was noticed that the system does not restrict creation of multiple users with same details (mobile number, e-mail ID, PAN, GSTIN) even for users of different companies. Moreover, no reply was provided in relation to capturing invalid mobile numbers/PAN.

DSD accepted the observation and stated (May 2025) that it had requested NIC to do the needful and enforce required validations on the mandatory fields. Final action in this regard was awaited (December 2025).

1.8.2 Invitation of tenders

1.8.2.1 Non-utilisation of 'tender cum auction' functionality

TIAs were required to choose appropriate 'form of contract' out of 21 different options in the drop-down at the time of creating a tender on the portal. Tender cum auction was a combination of both 'tender and auction' and to be used for price discovery through auction system.

Data analysis revealed that the TIAs chose 'auction' option instead of 'tender-cum-auction' in 377 tenders for auction of shops/ advertisement rights/ disposal of stock and stores. The same was corroborated during test check of four tenders[8]. Though the TIAs were required to opt for auctioning the item under real time bidding for maximisation of rate, the TIA opted for fixed price and sold to the H1 bidder, thereby risking sub-optimal price realisation.

DSD accepted the observation during exit meeting (June 2025) and stated that instruction had been issued to the respective TIAs.

1.8.2.2 Non-linking of re-invited tenders with original tenders

The system contains functionality to keep a link of all tenders which are re-invited with their penultimate tenders for having a trail of re-invited tenders with original tender. The system, thus, keeps a link between a tender and its re-tender by assigning the next sequential number to the re-tender, e.g., a tender

[8] (i) 2018_HRY_72907_1, (ii) 2021_HRY_161187_1, (iii) 2022_HBC_209308_1, (iv) 2022_HBC_243291_1.

floated in 2022 by a corporation (HBC) with serial number 211548 and published for the 'third time' would have Tender ID: 2022_HBC_211548_3.

Audit noticed that 14,750 tenders were re-called but floated as a fresh tender as TIAs failed to link re-invited tender with its previous tender on the portal. As a result, no audit trail existed in the database regarding linking of such recalled/ re-tendered tenders making it difficult to track tendering history. Moreover, publishing of a fresh tender in place of re-tender was more time consuming as it involved re-input of all the details of the tender by the TIA, whereas in re-tender only limited details were to be filled in/attached.

During test check of the records of 26 TIAs, audit noticed that 61 test checked tenders were re-tendered by 16 TIAs, but procedure for linking the re-tender with previous tender was not followed. Five TIAs[9] noted the observation for future compliance. Reply of PWD PD-1, Sirsa that retendering could not be done after expiry of bid submission time, and PWD (B&R) PD, Rewari (July 2025) that proper procedure was adopted for recalling the tenders were not relevant to the issue raised in audit. Remaining nine TIAs[10] did not furnish any comment. An illustrative case of non-linking of the re-tender with initial tender, as noticed during audit is discussed below:

- Municipal Corporation, Gurugram awarded (May 2020) three tenders[11] of Maintenance of Tubewells and Boosting Stations for ₹ 123.24 lakh to an agency against the estimated cost of ₹ 54.37 lakh, which was 119 to 134 *per cent* above the estimated price. Data analysis showed that these tenders were re-tendered (April 2020) as their earlier tenders[12] were rejected by TIA (March 2020) even though the rates received were ₹ 34.47 lakh against the estimated cost of ₹ 54.37 lakh which were 31 to 42 *per cent* below the estimated rates. This resulted in acceptance of tender during re-tendering at price higher by ₹ 88.77 lakh (₹ 123.24 lakh *less* ₹ 34.47 lakh). It is pertinent to mention that in subsequent years, similar works were awarded (April-July 2022) at 26 *per cent* to 50 *per cent* below the Detailed

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9 1. Public Health Engineering Division, Mandi Dabwali, Sirsa; 2. General Manager, Haryana Forest Development Corporation Limited, Kurukshetra; 3. GWI Public Health Engineering Division, Rewari; 4. Vice-Chancellor, Pandit Bhagwat Dayal Sharma University of Health Sciences, Rohtak; and 5. Haryana Police Housing Corporation Limited.

10 1. Director, Medical Education & Research, Haryana, Panchkula; 2. Municipal Corporation, Gurugram; 3. Municipal Corporation, Karnal; 4. Municipal Council, Charkhi Dadri; 5. Executive Engineer, Division-V, HSVP, Gurugram; 6. Executive Engineer, Electrical Division, HSVP, Panchkula; 7. Executive Engineer, Division-I, HSVP, Faridabad; 8. Executive Engineer, Division-III, HSVP, Faridabad and 9. Public Health Engineering Division No. 1, Ambala.

11 2020_HRY_125821_1, 2020_HRY_125822_1 and 2020_HRY_125823_1.

12 2020_HRY_123500_1, 2020_HRY_122943_1 and 2020_HRY_123525_1.

Notice Inviting Tender (DNIT) amount, indicating that linking of re-invited tenders could have provided critical insights to the approving authority. This needs to be examined by the appropriate authorities to rule out any non-bonafide process adopted in the retendering done in April 2020.

The absence of linkage of re-invited tenders with the original tenders led to acceptance of tenders at a higher rate, disregarding lower bids received in previous attempts. A robust mechanism ensuring mandatory linking of re-invited tenders is essential for improved accountability and cost-effectiveness. Further, ensuring mandatory linkage of re-invited tender will ensure accurate MIS for the purpose of decision making.

1.8.2.3 Missing input controls for some critical date fields

During the tender creation process, the system requires the entry of multiple date fields including document sale start date, clarification end date, pre-bid meeting date, tender publication date, bid submission deadline, and bid opening date. These dates serve as critical triggers for various actions and milestones in the tender lifecycle. However, data analysis revealed six[13] distinct types of anomalies in the date fields, attributed to the absence of input controls. Consequently, these anomalies led to actions being performed out of sequence, potentially disrupting the tender process, and undermining the fairness and transparency of the procurement process. Lack of adequate input controls, thus compromised the system's ability to ensure a structured tender management process.

1.8.2.4 Inadequate time for bid submission

As per the data dump, the state published 2.18 lakh works, 15,726 goods and 12,930 service tenders during 2018-23. Data analysis revealed that the prescribed timelines for bid submission, as per rule 6.5(ii) of the Manual of DSD[14] and PWD instructions[15], were not followed in a significant number of cases:

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[13] (i) Tender document sale start date after seek clarification start date- 38 cases; (ii) Document sale start date after seek clarification end date- 3 cases; (iii) Tender document sale start date after pre-bid meeting date- 12 cases; (iv). Bid submission closing date after bid opening date- 6 cases; (v) Bid opening date before tender document sale end date- 6 cases; (vi) Bid submission date after bid opening date- 8 cases.

[14] Minimum 30 days for open tenders and two weeks for short term/ special tenders.

[15] Seven days for works valuing up to ₹ five lakh alongwith two days for circulation of notice and two weeks for works exceeding ₹ five lakh alongwith seven days for publication of appropriate advertisement in newspaper.

- **Goods tenders:** Prescribed time of 30 days was not given in 13,334 (84.79 *per cent*) of total 15,726 tenders.

- **Works tenders:** Prescribed time of seven[16] to 14[17] days was not given in 1.28 lakh (58.83 *per cent*) of the total 2.18 lakh tenders; In three tenders, valuing ₹ 81.56 lakh the time granted was as low as 20-25 minutes, during which the all bids were also submitted from the same IP address.

- **Services tenders:** Though no specific time limit was prescribed for tenders related to procurement of services, less than seven days were given in 3,887 (30.06 *per cent*) of the total 12,930 tenders.

Scrutiny of selected tenders also revealed that adequate time was not provided for bid submission in 57 tenders ***(Appendix 1.2)*** valuing ₹ 136.96 crore in nine TIAs without recording any reason.

Absence of business rules mapping in the system on the prescribed timeline led to grant of insufficient time to bidders, which in turn resulted in restricted competition, and compromised transparency & effectiveness in the tendering process.

DSD stated (May 2025) that it had issued (May 2025) common instructions to all departments to give time as per extant rules. However, the reply may be viewed considering that the rules regarding bid submission were already in effect/ existence.

1.8.2.5 Inviting limited tenders without framing rules

Punjab Financial Rules (PFR) 2015 (as applicable to Haryana) laid down rules for purchase of store items using limited tender system for immediate requirements. Financial powers in this regard were to be framed by the Government from time to time.

Data analysis revealed that out of 15,726 tenders for goods, 173 tenders were invited on limited basis, however, the financial limit up to which tenders for goods could be invited through limited mode was not prescribed. In absence of any prescribed financial limit, rules could also not be prescribed in the system. Similarly, 61 tenders for works and 20 tenders for services were invited on limited basis without regard to any prescribed financial limit. Test check of tenders revealed as under:

[16] 29,449 out of total 83,346 tender having tender value up to ₹ five lakh.

[17] 98,596 out of total 1,34,312 tender having tender more than ₹ five lakh.

- In 152 limited tenders for goods, five or less than five suppliers participated in the tender in violation of the PFR, which mandated receipt of quotation from at least six bidders. This indicated non mapping of the existing provisions for Limited Tenders in the System.
- In 64 out of above 152 tenders, contracts were awarded based on five or less than five bids.
- Only 625 out of 2,470 invited bidders submitted their bids for 173 tenders indicating poor participation.

Audit observed that most of the limited tenders invited by TIAs were for works/ procurement of routine nature which was not in accordance with the rules *ibid.*

Further, during test check, it was noticed that in case of one tender valuing ₹ 40.45 lakh for maintenance of office building, invited by "Electric Division HUDA, Panchkula as limited tender, bids were invited from three bidders. From the three invited bidders, two bidders participated in the tender. Urgency of work, if any, was not recorded in the file.

DSD stated (May 2025) that the State had done all procurements as per the rules and instructions of the State. Reply was not acceptable as PFR, 2015 provided for procurement of only store items through limited tenders, while limited tenders were called for works and routine nature of procurements also.

1.8.2.6 Splitting of work while inviting tenders

Para No. 13.20.3 of state PWD code stipulates that the splitting up of work at the time of calling tenders should not be resorted to with the intention of evading the operation of any prescribed limit; any such action constitutes financial impropriety on the part of the officer.

During scrutiny of records in selected units, audit observed following cases of splitting of works:

- Divisional Forest Officer (DFO), Nuh published 11 different tenders on the same day for one work, i.e., rehabilitation of Arawali with estimated DNIT amount of ₹ 15.1 lakh each. Their DNITs were got technically approved at the level of DFO, Nuh.
- Executive Engineer, Panchayati Raj Institution (PRI), Nuh, published six different tenders for identical works on the same day with estimated DNIT amount ₹ 9.76 lakh in each case.
- Municipal Corporation, Faridabad, published three different tenders on the same day for similar nature of work.

- PHED, Tosham published 31 tenders[18] of similar nature on the same day for its three subdivisions with DNIT below ₹10 lakh each.
- During 2021-22 and 2022-23, the annual estimate for felling of trees in districts were available in advance with Haryana Forest Development Corporation (HFDC). HFDC first issued tenders for Kurukshetra and Kaithal for ₹ 80 lakh (i.e. limit of delegated powers of CCF) and upon completion of work, further issued tenders for ₹ 80 lakh. Accordingly in two years, a total of four[19] (Kurukshetra) and five[20] (Kaithal) tenders were issued for similar works by splitting into two/three tenders.

These tenders could have been consolidated into a single tender instead of floating as multiple tenders. Splitting of work deprived the department of the inherent benefits of competitive bidding in the tendering process, as it discouraged the participation of agencies capable of executing high-value works.

Accepting the audit observation, HFDC stated (September 2024) that in future one time approval for the whole financial would be obtained from competent authority. Presently the e-Procurement portal does not have functionality for preparation and approval of estimates, which could facilitate identification and avoiding of splitting of works. However, functionality of flagging such instances may be incorporated in the portal to generate alerts based on data filled at the time of tender creation, like tender amount, publishing date, and title of the work.

Accepting the audit observation DSD stated (May 2025) that it was due to lack of knowledge of users about the portal. It has requested (May 2025) the NIC to arrange periodic trainings for the users.

1.8.2.7 Limited period allowed post corrigenda and bid extensions after deadline

The last date for bid submission and bid opening for a tender are established when the tender is published on the portal. After publishing, TIAs may upload corrigenda if needed. The State Government instructed (April 2019) TIAs to upload corrigenda well in advance or recall the tender with correct information. Audit noticed that business rules regarding the period for keeping tenders open after issuing corrigenda were neither prescribed nor enforced in the system. Data analysis revealed that a total of 15,065 corrigenda (excluding time

[18] (i) Bawani Khera 13 tenders; (ii) Kairu 10 tenders; (iii) Tosham 8 tenders.

[19] (i) 2021_HBC_172898_2, (ii) 2021_HBC_198216_1, (iii) 2022_HBC_214519_1, (iv) 2022_HBC_244523_1.

[20] (i) 2021_HBC_159129_1, (ii) 2021_HBC_172931_2, (iii) 2021_HBC_198206_1, (iv) 2022_HBC_214520_1, (v) 2022_HBC_240335_1.

extensions) were issued for 12,741 tenders, all before the scheduled tender opening date. However, in 898 cases corrigenda were released less than a day before bid submission of which 58 corrigenda were issued in last hour of bid submission, 1,182 corrigenda within 1-2 days, 3,541 corrigenda within 2-5 days, and the remaining 9,444 corrigenda were issued more than five days prior to bid submission. In 5,621 cases (37.31 *per cent*), corrigenda were issued without giving sufficient time for bidders to respond, thereby reducing competition and compromising transparency. Thus the business rules regarding time period for keeping the tender open after issue of corrigenda were neither prescribed nor enforced in the system.

Further, data analysis revealed that corrigenda for time extension were issued in 31,248 tenders, of these in 943 cases bid submission time was extended after lapse of tender submission date that too for less than 24 hours. 7,558 tenders were extended up to five days. Notably, for 3,553 tenders, bid submission deadlines were extended before the initial deadline lapsed, whereas for 4,005 tenders extensions occurred after the deadline had passed a critical point since bid visibility becomes available to the organization after the deadline. Out of 31,248 tenders, in 24,590 tenders bids were received after time extension for bid submission.

Short-term extensions occurred more frequently after the initial deadline, some lasting as briefly as two minutes, raising suspicions of unfair practices.

Out of 943 corrigenda extending bid submission by up to one day, 833 (88 *per cent*) were issued by six key departments, with the Urban Local Bodies Department alone accounting for 541 (57 *per cent*) corrigenda.

A pattern suggests possible collusion between officials and contractors, leading to tenders being awarded at higher rates.

- 228 tenders had no initial bids, but bidders suddenly became active post-extension, submitting one to seven bids, with 166 cases showing bids from the same IP address.
- 370 tenders had only one initial bid, but post-extension, 329 tenders received one to six new bids, and in 172 cases, earlier bidders revised their bids. 76 tenders showed all bids from the same IP address.
- 345 tenders had multiple initial bids, but in 74 cases, only revisions were made, and in 20 tenders, all bidders resubmitted their bids from the same IP address.

Suspicious patterns emerged suggesting possible collusion between officials and contractors to manipulate tender outcomes. Specifically, 228 tenders had no initial bids but saw bidder activity post-extension, with multiple bids from the same IP addresses in many cases. Similarly, tenders with one or multiple initial bids received numerous new bids or revisions post-extension, often originating from the same IP addresses. Extending bid submission deadlines after they have lapsed allows officials to view bid counts, raising serious concerns about fairness and manipulation.

DSD stated (May 2025) that 28 high-value tenders were selected for examination, and the Urban Local Bodies Department had been requested to investigate suspicious extensions. However, during the exit meeting (June 2025), DSD indicated the matter pertained to TIAs and that responses would be furnished by them. This reply was deemed unacceptable since DSD could arrange controls to prevent such irregularities. The final outcome of the examination is awaited.

1.8.3 Tender Opening

1.8.3.1 Nomination of duplicate users for tender opening

Minimum two distinct users were required as bid openers on the portal. Data analysis revealed that 24 departmental users had registered themselves twice and obtained two distinct user IDs by making slight changes in their particulars such as names. The system accepted the users with same mobile numbers as different users which reflects lack of validation controls in the system.

It was further noticed that these 24 users having duplicate IDs were nominated as distinct bid openers in 2,438 tenders valuing ₹ 1,388 crore with their both IDs and 529 out of 2,438 tenders were opened by these 24 users with their duplicate IDs to bypass the requirement of two distinct users. During test check of TIAs it was noticed that in one TIA i.e. PHED GWI Rewari, one user was registered with two IDs i.e. 33,570 and 51,647. These users were also nominated separately for opening 220 tenders.

The duplicity of user IDs undermine the fairness and transparency of the tendering process effectively violating the procurement norms. This resulted in multiple tenders being opened by a single user. Absence of validation control regarding creation of duplicate user and their nomination for a single tender resulted in opening of tenders by single user and violation of business rule in this regard.

During the exit meeting (June 2025) DSD accepted the audit observation.

1.8.3.2 Opening bids of same packets with long delay

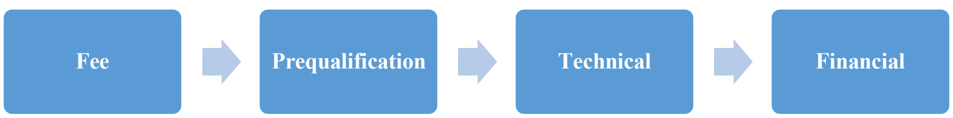
NIT specify designated tender opening dates and times which are essential for a fair and efficient procurement process. Data analysis revealed that there were delays in opening bids within the same packet (both technical and financial), ranging from one day to over three days in 2,378 packets across, 2,363 tenders. Such delays may affect decision-making, and compromise transparency in the tendering process.

The system lacks adequate controls because it does not automatically open the bids within a packet; instead the bids are opened by the user.

DSD stated (May 2025) that delay in packet opening might be due to non-availability or busy schedule of the officer concerned. The reply is not acceptable because the necessity of opening tenders at specified date and time as per requirement of tender documents indicated that tender opening once started should have been carried out till completion.

1.8.3.3 Non-ensuring sequence while opening packets of bid

While opening the tenders, the different packets received from bidders were to be opened in following sequence.



Each packet was to be opened sequentially, with all bids in a packet decrypted before moving to the next packet. As such, the system should ensure that subsequent packet was not opened until all bids in the previous packet were opened.

Data analysis revealed that, in 10 bids, of eight tenders, documents of the next packet with more than one packet were opened without opening their previous packet documents. Further, 16 bidders were rejected financially in seven tenders without opening their financial bids and six bidders were rejected technically in five tenders without opening their technical packets. Out of above mentioned seven tenders, three tenders valuing ₹ 42.95 lakh had been awarded, while remaining four tenders were yet to be awarded.

Thus, the system failed to prevent the user from rejecting a bid before opening its bid related to a particular packet where bids of other bidders for the same packet had been opened. Further, it suggested a lack of control over system's ability to ensure the sequence of opening bids.

DSD accepted (May 2025) that the system required improvement to fix the issue and stated that it had requested (May 2025) NIC to upgrade the necessary hardware/infrastructure to ensure consistency of data.

1.8.3.4 Irregularities related to bid documentation

(a) Acceptance of bids by system without mandatory documents upload

Data analysis revealed that though one or more mandatory documents such as "documents as per DNIT", 'fee payment details', and 'enlistment certificate' were not uploaded on the portal in 12 cases yet the system accepted these bids. Further, these bids were subsequently declared qualified during the technical evaluation of the tenders. The irregularity was corroborated during test check of records related to two tenders[21].

DSD stated (May 2025) that it had issued (May 2025) instructions to all the departments to upload necessary documents like DNIT, fee payment details etc. while uploading tender on the portal. Reply is not appropriate as the issue was related to system deficiency which remained unaddressed.

(b) Physical submission of documents undermining the concept of e-bidding

The GePNIC was launched with the objectives to transform public sector purchase activity from labour intensive paper based to efficient e-Procurement process.

Audit, however, observed that 233 bids were rejected due to non-submission of physical copy of tender documents. Further, in all the 14 tenders in four test check divisions of HSVP[22], the bidders were required to submit their tender documents online as well as physically. As a result, tenders of three TIAs[23] showed that bids were rejected on this basis. Physical submission of documents by bidder defeats the objective of using e-Procurement portal.

During exit meeting (June 2025) DSD stated that specific replies would be furnished by TIAs. However, their reply was awaited (December 2025).

1.8.3.5 Not opening financial bids of eligible bidders

Data analysis revealed that there were 330 technically qualified bids in 77 tenders, valuing ₹ 22.23 crore, where all 77 financial packets were decrypted and opened. However, out of these, only 167 financial bids were decrypted whereas 163 financial bids were not decrypted. Audit found that 32 tenders were cancelled/re-tendered, 44 were lying published and one tender was awarded on the portal. Decision for cancelling the tenders by opening only some of the financial bids was irregular. Test check of three tenders valuing ₹ 53.74 lakh corroborated the fact that financial bids were not being decrypted despite decryption of financial packets.

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21 (i) 2020_HBC_128882_1 and (ii) 2022_HRY_230659_7.

22 Haryana Shehri Vikas Pradhikaran.

23 1. Executive Engineer, Electrical Division, HSVP, Panchkula; 2. Executive Engineer, Division-V, HSVP, Gurugram; and 3. Executive Engineer, Division-I, HSVP, Faridabad.

It shows that the system lacked appropriate controls leading to (a) awarding the contract without opening the financial bids of all the bidders, and (b) cancelling/ keeping under process the tenders after opening the financial bids of selective bidders. Thus, in absence of controls in the system it failed to automate the process of opening of all eligible bids within a packet and allows manual intervention while opening of bids within a packet.

DSD stated (May 2025) that it had directed (May 2025) NIC to enforce validation controls in technical and financial opening of bids.

1.8.3.6 Missing email/message alerts for key tender events

Alerts at every stage of the tender process were required to be sent to users via email/Short Message Service (SMS) on their registered mobile numbers and email addresses to ensure transparency, timely communication, and accountability in the e-Procurement process.

Data analysis revealed gaps in the notification system as email alerts were not sent to the relevant users for critical events such as user account blocking (in 95.1 *per cent* of cases), account unblocking (80.3 *per cent*), and rejection of tender evaluation (39.8 *per cent*). Similarly, SMS alerts were not triggered for important events, like evaluation rejection (39.8 *per cent*) and AoC, etc.

Further, it was observed that no SMS alerts were sent to bidders for some crucial events like issuance of corrigendum, intimation for blocking and unblocking of user, intimation for cancellation/re-tendering of tender, rejected-AoC status, etc., though e-mails were sent for these events. This leaves the departments susceptible to low participation.

DSD accepted the audit observation and stated (May 2025) that it had requested (May 2025) NIC to fix the issue.

1.8.3.7 Incorrect award details on the portal

Test check of records related to 20 tenders revealed that in 12 tenders valuing ₹ 1.87 crore, the bidders to whom contract were shown as awarded on the portal, were different from the ones to whom the contracts were actually awarded. It indicates that incorrect data/information of AoC of contracts was uploaded by the department, defeating the objective of bringing transparency of the e-Procurement System. It was also observed that due to incorrect uploading/ updation, the EMDs of successful bidders to whom tender was awarded were refunded, while those of the rejected bidders were erroneously transferred to the Department's account.

It also led to generation of unreliable reports as they reflect incorrect information regarding successful bidders.

DSD stated (May 2025) that it was due to lack of knowledge of users about the portal and it had requested (May 2025) NIC to arrange periodic trainings for users.

1.8.4 Evaluation of Bids and award of tenders

1.8.4.1 Unjustified rejection of bids on technical grounds after opening the financial bids

During the processing of tender finalisation, technical bid should be opened and evaluated first. Thereafter, the financial bids of only technically qualified bidders should be opened. Further, if it becomes evident during the technical evaluation that only one bidder remains, the acceptability of that bid should be determined before opening the financial bids. Therefore, mere presence of a single bid should not be a reason for cancellation once the financial bids have been opened.

However, following deficiencies were noticed during data analysis:

- Financial bids for 109 bids in 79 tenders valuing ₹ 111.58 crore were opened although these bids were later stated to be rejected on technical grounds. Further, 22 out of these 109 rejected bids were L-1 after opening the financial bids.
- Similarly, financial bids for 135 tenders were opened where the tenders were stated to be cancelled due to the participation of a single bidder.

Cancelling the tenders on technical grounds/single bid basis after opening of financial bids was not appropriate as technical suitability and participation level (single bidder participation) precedes the financial opening of bid. Technical/ financial evaluation through the system (instead of evaluating manually and then uploading the reasons on the system) could have avoided rejection of bids on unjustified grounds.

DSD accepted the observation and stated (May 2025) that it was due to lack of knowledge of users about the portal and NIC has been requested (May 2025) to arrange periodic trainings for users.

Attributing such lapses to user ignorance highlights inadequate oversight by DSD. As the nodal agency, it was DSD's responsibility to ensure proper training and compliance with standard procedures to maintain the integrity of the tendering process.

1.8.4.2 Irregularities in award of tenders

(a) Awarding contracts to blacklisted firms

- Data analysis revealed that, four blacklisted bidders[24] participated in 170 tenders across various MC offices and 19 tenders with estimated cost of ₹ 2.06 crore had been awarded to one of them. Additionally, complete details of 47 tenders wherein these blacklisted bidders

[24] (i) M/s Mukesh Kumar Contractor, (ii) The Swachh Haryana Coop L/c multipurpose Society ltd, (iii) The Rohini Coop L&C Society Ltd. (iv) Sandeep Kumar Contractor.

participated had not been uploaded on the portal by the concerned offices. This indicated lapse in monitoring and transparency.

- Similarly, two blacklisted bidders[25] participated in the tenders during their blacklisting period. Though, no tender was awarded to them yet one of them qualified during technical evaluation and its financial bid was opened.

This also indicates lack of awareness of the tender evaluation committee about blacklisting, as the information was not mapped on the portal, allowing the bidder to qualify.

Participation of blacklisted bidders despite there being a provision in the portal for blacklisting/blocking bidders indicates a failure in updating and communicating blacklisting status, leading to non-compliant bidders being considered for contract awards.

(b) Award of tenders on single bid

As per para 13.18.1 (g) of Haryana PWD code, "single tender shall normally not be considered unless there are special circumstances to do so. If special circumstances are not present, tender shall be recalled. If re-tendering again results in a single tender, its acceptance may be considered with proper justification and reasons."

Data analysis revealed that single financial bids were opened in case of 6,895 tenders (excluding re-invited tenders), and these tenders were awarded to the single bidder.

Further, scrutiny of 16 test[26] checked tenders in five[27] out of 26 TIAs, revealed that nine tenders valuing ₹ 2.62 crore were awarded on single tender basis without recording the reasons for awarding the tenders on single bid.

Audit found that the system did not have functionality to capture the specific reasons for awarding the tender based on single bid. As such, the System was deficient to the extent that the approval of competent authority for awarding tender on single bid was not being taken through the system.

25 (i) Gramin Vikas Trust, (ii) Radical Crop Science Pvt. Ltd.

26 (i) 2020_HBC_123043_1 (ii) 2019_HBC_102655_1 (iii) 2020_HBC_139465_1 (iv) 2020_HBC_138414_1 (v) 2022_HBC_221651_2 (vi) 2019_HRY_109637_1 (vii) 2019_HRY_109638_1 (viii) 2022_HRY_203416_1 ix) 2020_HRY_153868_1 (x) 2022_HRY_247624_1(xi) 2023_HRY_254557_1 (xii) 2021_HRY_164864_1 (xiii) 2021_HRY_165454_1 (xiv) 2022_HRY_206002_1 (xv) 2021_HRY_165083_1 (xvi) 2022_HRY_245617_1.

27 (i) HFDC Kurukshetra (ii) HSVP Electrical Division, Panchkula (iii) MC Gurugram (iv) MC Karnal and (v) State Election Commission.

TIA, State Election Commission stated (April 2024) that retender was not feasible due to shortage of time. However, the TIA did not offer any comments on absence of functionality in the system to capture specific reasons for awarding the contract on single bid basis.

(c) Five tenders were allotted in PHED 1, Ambala, at a price higher than the lowest price bid received against them. In four tenders, the reason provided was data entry error but one tender[28] was awarded at a price higher than the lowest bid price. Audit analysis revealed that the financial bid of L1 bidder was not considered, though he was technically qualified. This resulted in award of work at ₹ 31.75 lakh against L1 amount of ₹ 29.42 lakh.

(d) Three tenders[29] in HFDC, Kurukshetra were awarded at a price higher than the lowest price bid received there against which resulted in bid acceptance at higher price by ₹ 9.39 lakh. Audit analysis revealed that the irregularity occurred due to incorrect technical/financial evaluation, which was done manually.

Thus, offline processing of financial evaluation undermined the use of the e-Procurement portal.

DSD stated in the Exit meeting (June 2025) that specific reply would be submitted by TIAs. However, the same was awaited (December 2025).

1.8.4.3 Absence of bid values submitted by bidders in the database

Data analysis revealed that the portal could not read bids in some of the tenders; detailed as given below:

(i) Financial packets in 9,174 tenders[30] were opened and their bids were financially decrypted, but the Bill of Quantities (BoQ) files submitted by bidders could not be read by the system and their financial bid values were not available in the database. Thus, system could not generate comparative BoQ in these cases and as a result, BoQ was prepared manually and audit could not ensure integrity and precision of the financial evaluation in these cases.

During the test check of 121 tenders, audit observed that the system was unable to read the BoQs uploaded by bidders because, during tender creation, the TIAs uploaded the BoQs under 'additional documents' instead of the designated BoQ section or in pdf/ non-standard template rather than the required format/template. For instance, in PHED, Dabwali the system did not work out the comparative statement correctly and the same had to be worked out manually. Further, scrutiny revealed that some items in BoQ were regarding

[28] 2021_HRY_ 181953_1.

[29] (i) 2022_HBC_216732_1, (ii) 2022_HBC_226226_1, (iii) 2021_HBC_173993_6.

[30] Excluding 717 tenders related to rate contract or empanelment.

sale of old material which were added by the system instead of deducting the same, resulting in inflated amount. The function required to be rectified in the BoQ template.

(ii) 15,677 bids across 7,539 tenders were financially opened, but their bid values were missing from the database, whereas, for 15,971 financially opened bids within the same 7,539 tenders, bid values were available in the database. This indicates that while the system successfully read some bids but it failed to read others.

In the above mentioned 16,713[31] tenders, bidders whose bid value was not captured in the database, were not included in the comparative statement generated by the system. Therefore, either the comparative statements were not generated by the system or the generated statements did not have rates of all the bidders whose financial bids were opened. It undermines the functionality of the system to generate reliable and fair financial comparative statements.

System should have functionality to validate the BoQ and a feature could be added in the system to prevent uploading the BoQs under additional documents at the time of creating a tender.

DSD accepted the audit observation and stated (May 2025) that reply sought from NIC was awaited.

1.8.4.4 Discrepancy in Mandatory Uploading of Evaluation Summaries

Data-analysis revealed that mandatory technical evaluation summary of 85 cases valuing ₹ 2.07 crore and financial evaluation summary of 57 tenders valuing ₹ 47.36 crore was not uploaded by the concerned TIAs. Despite this the system allowed them to go to next tender stage of 'Award of Contract (AoC)'. Processing a stage of tender without uploading documents relating to earlier stage indicated lack of system control. Consequently, the objective of transparency in procurement process was also compromised.

DSD accepted the observation in the exit meeting (June 2025) and instructed NIC to clarify about existence of control in place.

1.8.4.5 Ambiguity in calling financial bids leading to rejection of bidders

Scrutiny of records at the O/o General Manager, HFDC, Kurukshetra revealed that a proforma of financial bid was attached in DNIT for submission of item wise rates under two columns, i.e., name of items and rates. However, instructions to fill 'BoQ' sheet only on the portal were not impressed upon while uploading the instructions.

As there was no clarity on this account, it was observed in case of two tenders, one of the bidders submitted financial rates in this proforma and attached it with the

[31] 9,174 tenders with non-readable BoQ files+ 7,539 tenders with missing bid values.

technical packet as the bidders had to fill all the details required in DNIT and sign every page for the compliance of technical eligibility. As a result, its financial quotes were revealed at the time of technical evaluation leading to disqualification of bidders.

Further, examination of records of these two cases[32] revealed that tender was cancelled and decided to be recalled in one case, while in other case, the bidder was rejected and HFDC did not go for re-tendering.

Targeted training should have been implemented to resolve the ambiguities, avoid hampering competition and reduce unnecessary disqualifications.

HFDC accepted (September 2024) the observation and assured for future compliance.

1.8.4.6 Non-determination of L1 bidder for identical bids

Data analysis revealed that the portal lacked a provision to determine the L-1 bidder in cases where multiple bidders ranging from 2 to 35 quoted identical rates and the system shows these bidders as L-1 and required manual intervention for further decision.

It was further observed that same rates were quoted by multiple bidders in 1,335 tenders (valuing ₹ 695.07 crore) of which 848 tenders (valuing ₹ 499.95 crore) were awarded/allotted, 89 tenders (valuing ₹ 72.13 crore) were cancelled/ retendered while the details of the remaining 398 tenders (valuing ₹ 122.99 crore) were not updated/details not available on the portal. Further in case of 196 (valuing ₹ 30.50 crore) out of these 1,335 tenders IP address of the bidders was also same.

The absence of a provision to determine the L-1 bidder in cases of identical bids leads to manual intervention, making the process prone to delays, inefficiencies and potential bias. As the system was not designed to obtain negotiated rates online, the risk of subjectivity in deciding L-1 for identical bids increased since the same was carried out manually. Audit observed that no business rules regarding action to be taken in case of receipt of identical L-1 was included in the bid documents leading to use of discretion in taking decision by the TIAs and thereby compromising the transparency in tender finalisation.

NIC replied (December 2024) that tie breaker module was available in GePNIC system and it could be enabled for state portal based on request from the nodal/implementing agency. DSD accepted (June 2025) the observation and stated that it had requested (May 2025) NIC to enable the module for the State of Haryana.

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32 (i) 2022_HBC_212235_2, and (ii) 2022_HBC_216732_1.

1.8.4.7 Inadequate time for representation

As per the Grievance Redressal Instructions (2016), bidders must be given five days to submit representations regarding technical evaluation after receiving an intimation, and a final decision must be made within the next five days. Financial bids should only be opened after this 10-day grievance period.

Data analysis revealed that financial bids of 15,222 tenders were opened before the lapse of five days even though one or more bids were technically rejected. In these cases, the financial bids were opened within a timeframe ranging from three minutes to five days after the technical bids were opened. A test check of 26 TIAs revealed that in 10 TIAs, bidders were not given sufficient time to contest technical rejections in 32 cases ***(Appendix 1.3)***. Five bidders were disqualified due to self-attestation not done or illegible documents, while four bidders were rejected on incorrect grounds. This lack of due diligence hindered fair competition in the tendering process.

Controls related to the prescribed timeline between technical and financial opening were not mapped in the system which led to opening of financial bids in these tenders without giving appropriate time to bidders. Moreover, the functionality of grievance redressal through the system was also not available.

DSD stated (May 2025) that it had issued (May 2025) common instructions to the departments in this regard.

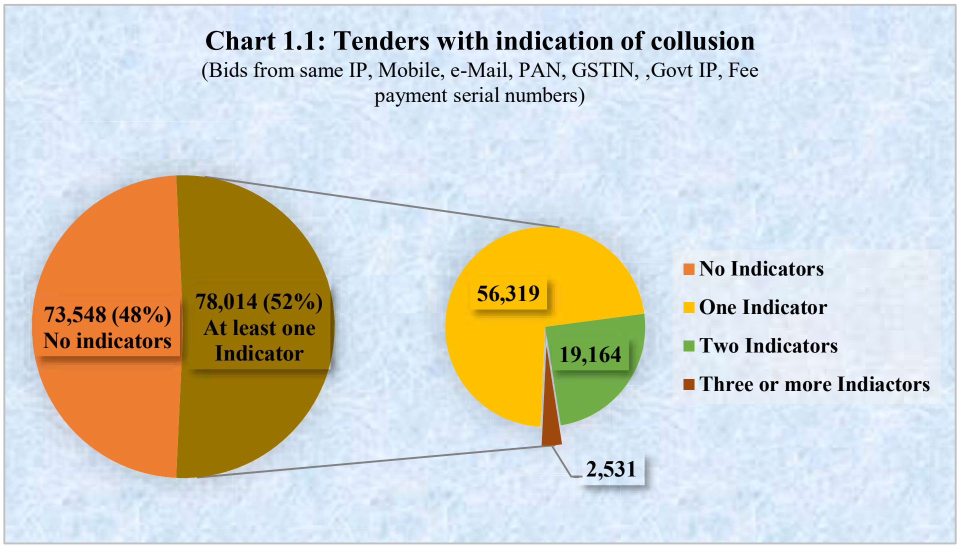
Reply is not convincing because the rules specifying timeline for representation were already in existence, and their mapping in the system was required to be ensured.

1.9 Collusive bidding and cartelisation in tendering

Instances indicative of collusive bidding and bid rigging were observed thereby undermining the fairness and competitiveness of the tendering process. Multiple bids were found to have been submitted from the same Internet Protocol address, procuring entity computers, within a close time interval suggesting possible manipulation or lack of adequate system control.

Analysis of data and scrutiny of test checked cases revealed several patterns of bidding indicative of bid rigging and cartelisation viz., bid submission from procuring entity computer, different bidders placing bids for a tender from the same IP address and consecutive EMD instrument numbers. Further, at least one pattern indicating collusive bidding was noticed in 78,014 out of the total

1,51,562 published/expired tenders (52 *per cent*) as depicted in the Chart 1.1 below:



Following shortcomings noticed:

1.9.1 Inconsistent bidding patterns noticed from Internet Protocol address

DSD informed (October 2017 and April 2021) TIAs about warning signs of collusion/bid rigging by the firms in tendering process and action to be taken thereagainst; bids coming from same IP address was one of the warning signs of collusion/bid rigging. In case such a scenario is observed, action as provided in the rules i.e. forfeiture of EMD/blacklisting of firms, etc., as provided in the DNIT may be taken against the concerned firm(s). Such cases are discussed in the following paragraphs.

- Audit analysed 1,51,562 tenders and noticed that multiple bids or all the bids within a tender were submitted from the same IP address as detailed in ***Table 1.3***.

Table 1.3: Analysis of multiple bids

Total Number of Tenders	1,51,562	
	Multiple bids from the same IP address	**All bids submitted from the same IP address**
No. of bids in tenders from same IP addresses	47,660	17,260
Percentage of tenders where bids received from same IP addresses	31%	11%
Range of bids from same IP addresses	2 to 21	2 to 6
No. of Awarded Tenders	27,303	10,037
No. of Tenders awarded to the same bidder who submitted bid from the same IP address	19,142 **(valuing ₹ 6,492.85 crore)**	10,037 **(valuing ₹ 1,678.83 crore)**

Further analysis revealed that all the bids for 10,037 tenders out of 17,260 tenders were submitted from same IP address in a time span between two minutes to 15 days and in 4,698 (47 *per cent*) of these 10,037 tenders, all bids were submitted from the same IP address within a time gap of 30 minutes.

During the test check of records in selected units, 10 cases in six TIAs[33] of suspected collusion were observed as detailed in ***Appendix 1.4***.

DSD accepted the issue and stated (May 2025) that this was due to lack of knowledge of bidders about submitting bids as they submitted bids from internet cafes. Further, it had requested NIC to provide IP addresses of all participating bidders while downloading technical documents of the tenders. Reply is not tenable as details of IP addresses were visible to the TIAs at the time of downloading the technical documents. In the exit meeting (June 2025) DSD accepted to explore the possibility with NIC to implement a pop-up/ alert window mechanism for tender exhibiting similar points on login of TIAs indicating collusive bidding.

1.9.2 Submission of Bids from the departmental user's Internet Protocol address

Audit found that 68,390 bids for 45,720 tenders were submitted from the same IP address from where the Government department's user (employees) logged in during the period of bid submission and number of such bids per IP address ranged from one to 20. Further, 21,166 bids in 14,473 tenders were submitted from the IP address of TIA to which the tenders belonged.

Granting bidders access to the department systems breaches conduct protocols and compromises data security, requiring immediate corrective action.

DSD stated (May 2025) that it had issued (May 2025) instructions to all the departments that no bidder shall submit their bids from the same/departmental IPs.

1.9.3 Multiple bids from same mobile number, e-mail, Goods and Services Tax Identification Number, Permanent Account Number

Audit noticed that multiple bids with same mobile number, email id, GSTIN, PAN were submitted against tenders as discussed in succeeding ***Table 1.4***.

33 1. PHED Div II, Hisar, 2. HFDC, Kurukshetra, 3. MC, Karnal, 4. GWI PHED, Rewari, 5. MC, Faridabad and 6. PHED Narnaul.

Table 1.4: Detail regarding submission of Bids from same mobile/e-mail

	Multiple Bids from Same Mobile		Multiple Bids from Same e-mail ID		Multiple Bids from Same Mobile number and e-mail ID	
	More than one Bid from bidders having same Mobile No.	All Bids from Same Mobile Number	More than one bid from same e-Mail ID	All Bids from Same e-Mail ID	More than one Bids from same Mobile Number and E-mail ID	All Bids from Same E-mail ID and Mobile No.
Number of tenders	3,893	861	2,304	619	720	124
Range of Bids in a tender	2 to 10	2 to 6	2 to 11	2 to 5	2 to 10	2 to 3

- Audit also noticed that demand draft number of three bidders were in sequence.
- Association indicators like attestation of documents submitted by bidders from same notary on the same day, attestation of financial records from the same CA, documents filled in with same handwriting etc. were found in 10 tenders.
- Multiple bids were submitted by nine bidders in eight tenders by creating multiple user IDs using same GSTIN and number of bids ranged from two to eight per tender. Further, three out of total eight tenders were awarded to the same bidder who submitted multiple bids.
- Similarly, two to eight bids for 228 tenders were submitted by users having same PAN of which 95 tenders were awarded. Further, 72 out of 95 tenders were awarded to the same bidder from having same PAN in multiple bids submitted.

During test check of 57 tenders valuing ₹ 442.20 crore, two to eight bidders were found having the same mobile number or e-mail, indicating association among bidders. In 18 tenders valuing ₹ 4.11 crore, bidders had the same address, while in 10 tenders valuing ₹ 220.69 crore, bidders had similar address. In 17 tenders valuing ₹ 269.43 crore, bidders had relation amongst themselves (i.e., father-son, mother-son, same person etc.). During the test check of 11 tenders, where more than one bidder had same PAN in a tender, it was found that the bidders had same name or address in eight tenders.

Four TIAs[34] accepted (December 2023-September 2024) the observation.

Thus, multiple bids for a tender from users having the same mobile number and/or e-mail ID, and other indicators pointed to the possibility of collusive bidding. Additionally, the absence of validation controls for GSTIN/ PAN led to registration of more than one user with the same GSTIN/ PAN and allowed

[34] (i) HFDC, Kurukshetra, (ii) CE (MM), UHBVNL Panchkula, (iii) PHED (GWI), Rewari and (iv) PWD (PD-1), Sirsa.

submission of multiple bids. However, system did not provide any alert in this regard.

The observation regarding multiple registrations of vendors was also highlighted in the Para 3.9.5.2 of the Report of the CAG's on Social, General and Economic Sectors(Non-PSUs) for the year ended 31 March 2018, Government of Haryana to which the nodal department had assured that the functionality would be incorporated in near future. The recurrence of identical lapses indicate lack of institutional commitment to remediating critical control gaps to prevent collusive bidding.

On being pointed out by audit, NIC replied (December 2024) that it was a business requirement to create multiple login accounts with the same mobile number or email as the users could be from the same company at different locations or different departments participating for the tenders of different TIAs.

Reply is not tenable as it was noticed that in 11 tenders of five TIAs[35], bidders registered with same mobile numbers/e-mail address submitted bids for the same tender though they were not the users of the same company. Moreover, the system does not generate any alert in this regard to the concerned TIA at the time of tender opening.

DSD stated (May 2025) that it had issued (May 2025) instructions to all the departments to ensure that same bidder did not participate in the tender using different login Ids and to verify this during bidder's document verification process.

However, a system-based control was imperative to identify and restrict duplicate participations, ensuring consistency and integrity in the bidding process.

1.9.4 Indication of collusive bidding from the earnest money deposit fee payment details

Offline payment of EMD were accepted up to June 2020 till online deposit of EMD feature was added in the portal. The offline payment could be in the form of cheques, demand draft (DD) or small savings (SS) and details of the offline payments such as DD/cheque/SS number and date of issuance thereof were filled on the portal manually at the time of submitting bids.

Audit noticed that two to 35 bidders for 6,490 tenders submitted cheques/ DD/ SS issued on same date and numbers having close proximity to one another in a single tender. Further, consecutive cheque/ DD/ SS numbers issued on the same date were submitted by the different bidders for the same tender in 3,017 tenders. In these cases the system should have prompted the bid opener a warning regarding adopting caution while evaluating the bid, but no such warning was possibly due to absence of such mechanism in the system.

35 (i) HFDC, Kurukshetra, (ii) CE (MM), UHBVNL Panchkula, (iii) PHED (GWI), Rewari and (iv) PWD (PD-1), Sirsa (v) MC Karnal.

Audit observed that bids for 4,230 out of these 6,490 tenders were submitted from the same IP address. Further, in 1,660 tenders, bids submitted in each tender were from the same IP address, moreover, difference in the serial number of cheque/ DD/ SS submitted by all the bidders in a bid were within a range of one to nine and were issued on the same date by the same bank.

It indicates that the bidders submitted bids for tender in a collusive manner and vitiated the competition. However, in none of the case the system prompted the bid opener to adopt caution while evaluating the bids for avoiding possibility of bid rigging/cartelisation.

DSD stated (May 2025) that all the transactions of fees were in online mode since December 2019. The fact, however, is that the cases pointed out are related to the period prior to December 2019 when offline payments were permitted. Moreover, the issue of absence of system-generated alerts in cases of suspected collusive bidding remained unaddressed.

Thus, the above-mentioned bidding patterns indicate collusion between the procuring entity and the bidders. It also points to failure on the part of the officials involved in the evaluation and approval of the tenders which derails the Government's efforts to improve the procurement system by increasing participation, reducing costs and enhancing transparency.

Further, the pattern noticed in audit indicated system failure to prevent registration of different users with identical credentials. Moreover, indicators of collusive bidding, i.e., bid from same IP address, fee payment details, etc., were not matched by the NIC system while opening the bids, to suggest the TIAs of potential collusion.

1.10 Data quality and Management Information System reporting reliability

The effectiveness of the system was undermined by significant data integrity and Management Information System deficiencies. Key issues noticed included non-updation of tender stages, not uploading of evaluation summaries, anomalies in user data & profile management, and inconsistencies in award value & tender status etc. on the portal.

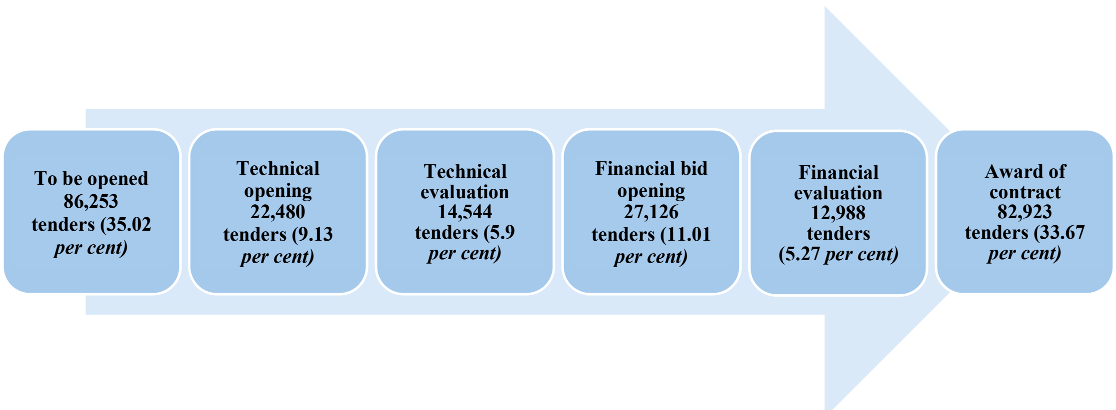
Accurate and reliable data is crucial for informed decision-making in e-procurement. The quality of data and the reliability of MIS reports are essential for stakeholders to monitor procurement performance. This section evaluates the data quality and MIS reporting reliability in the e-procurement system to ensure that the information generated is accurate, complete, and supports effective procurement decision-making.

1.10.1 Utilisation of portal for updation of status

The tender process on the portal progresses through six sequential stages[36] and TIAs were required to update each stage of the tender on the portal. AoC to the successful bidder was one of the indicators for the complete and effective use of the portal.

Audit noticed that only 82,923 (33.67 *per cent*) out of the 2,46,314 tenders reached the AoC stage on the portal. The details of tenders through six different stages are depicted in Chart 1.2 below:

Chart 1.2: Details of tenders at various stages of processing on the portal
(percentage of total tenders)



As depicted in the flow diagram above, a significant number of tenders remained incomplete at various stages. Audit observed that TIAs failed to update the e-Procurement portal, resulting in discrepancies between the portal data and the actual status of tenders. Scrutiny of 331 test-checked tenders revealed that in case of 41 tenders the updation on portal was not carried out.

Audit further observed that after downloading of bid documents and system generated price bid comparative statements, the tenders were processed manually, and the corresponding stages were not updated on the portal, defeating the objective of adopting portal, i.e. to provide online solution to conduct all stages of a procurement process.

DSD accepted the audit observation and stated (May 2025) that it had issued (May 2025) instructions to all the Departments to upload orders of their competent authorities regarding completion of different stages of tenders on the portal within 15 days.

The deficiencies regarding non-updation of tender status are discussed in succeeding paragraphs.

[36] (i) 'To be Opened,' (ii) 'bid opened_1,' (iii) 'evaluated technical,' (iv) 'bid opened_2,' (v) 'evaluated financial,' and (vi) 'AoC'.

i) Tenders Lying Published (Under Progress Category)

Data analysis revealed that 98,035 (39.80 *per cent*) of 2,46,314 tenders were under progress category for a period ranging from four to 61 months[37] which indicate that full information of these tenders was not uploaded on the portal by the concerned department/unit. As a result, actual status of these tenders could not be ascertained from the portal, thereby, undermining transparency of the tendering process. Moreover, EMDs of ₹ 84.92 crore of the participating bidders, whose status was not updated on the portal, remained in the pool account and did not get transferred into the Department's account or refunded to concerned bidders (as discussed in **Paragraph 1.11.4**).

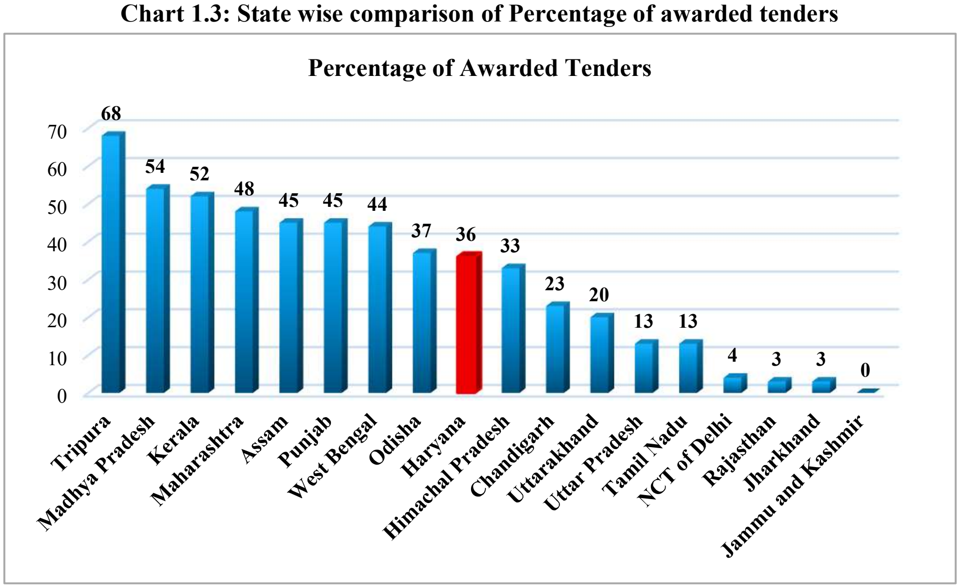
Test check of 42 tenders ***(Appendix 1.5)*** of selected eighteen TIAs revealed that 41 tenders were finalized in the physical files but were still showing as 'published' on the portal.

DSD accepted the observation in the exit meeting (June 2025).

ii) Updation of status of published tenders

A comparison of tenders published vis-à-vis updation of their AoC status in the e-Procurement portal by GoH and 18 other State Governments who published more than 10,000 tenders during 2018-23 was carried out using the data available on the e-Procurement dashboard as of February 2025. The outcome of the comparison is depicted in Chart 1.3 below:

Chart 1.3: State wise comparison of Percentage of awarded tenders



It could be seen from the above that out of 18 states, Haryana stood at the ninth

[37] To exclude recent tenders, only those tenders had been considered where the last date for bid submission was prior to 01 January 2023, allowing a reasonable time of four months (upto 03 May 2023, i.e the date up to which the data dump was obtained), for finalisation of tender.

position as it had updated only 36.30 *per cent* of the tenders published on the e-Procurement portal, though 15 years had passed since its implementation.

DSD accepted the audit observation and stated (May 2025) that it will endeavour to improve State ranking by taking necessary steps like organising workshops, awareness program for e-Procurement to encourage TIAs for enhancing efficiency and effectiveness in procurement system.

iii) Non-Uploading of Documents

To enhance the transparency of the tendering process and to communicate the reasons for rejection to the unsuccessful bidders, five documents[38] were required to be uploaded on the portal by the TIAs against six stages of the tender.

Audit noticed that TIAs failed to upload the required documents for tenders as detailed in ***Table 1.5***.

Table 1.5: Statement showing details of non-uploading of documents

Type of tender[39]	Title	No. of the tenders where packet opened	No. of tenders for which opening document not uploaded	No. of tender for which evaluation summary not uploaded
More than one packets	Technical	1,55,420	62,232 (40 *per cent*)	21,127 (14 *per cent*)
	Financial	1,31,071	55,413 (42 *per cent*)	38,156 (29 *per cent*)
Single packets	Technical	10,411	4,002 (38 *per cent*)	7,144 (68 *per cent*)
	Financial			7,420 (71 *per cent*)

Scrutiny of 331 test checked tender files also showed that TIAs had either not uploaded any document or uploaded irrelevant documents on the portal for 11 *per cent* to 72 *per cent* tenders as given in ***Table 1.6***.

Table 1.6: Statement showing cases of TIAs which did not upload any document or uploaded irrelevant document

Particulars/Stage	Technical opening summary	Technical evaluation summary	Financial opening summary	Financial evaluation summary	AoC document
A. Total no. of tenders where summary documents were to be uploaded	325	317	293	240	200
B. No. of tenders where irrelevant documents or no documents uploaded	233	220	33	158	92
Percentage of B to A	**72**	**69**	**11**	**66**	**46**

The failure to upload required or relevant documentation on the portal hindered transparency and competitiveness in procurement process as the stakeholders were unable to monitor tender progress or ascertain justification for rejection of bids/award of tender.

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38 (i) Technical Opening, (ii) Technical Evaluation, (iii) Financial Opening, (iv) Financial Evaluation and (v) Award of Contract.

39 A single packet tender includes all documents in one envelope for simultaneous evaluation, while a multiple packets tender separates technical and financial bids, assessing technical qualifications first before considering costs.

DSD accepted the observation in the exit meeting (June 2025).

1.10.2 Non-updation of tender stage on the portal by the system

A tender progresses through six[40] stages on the portal. Each stage updates sequentially as the department opens the bids, evaluates technical and financial details, and finalizes the award. After uploading the detail of award of the tender its stage finally updates to "AoC". Data analysis revealed that tender stages were not updated by the system as detailed below:

- There were 10,453 tenders which were opened but their stage remained to be depicted as "To be opened".
- Financial packets of 8,500 tenders of multiple packet tenders, were opened but their tender stage on the portal was shown as "evaluated technical" instead of "bid_opened_2".

Thus, the correct stage of the tenders was not updated by the system in these cases providing incorrect information to the users about packets opened in a tender. It also resulted into non-availability of documents uploaded by the bidders on the front end, non-generation of BoQ results in non-availability of the same for other bidders for verification. Absence of these documents undermines the transparency and effectiveness of the system. During the test check of selected tenders, similar deficiencies were noticed in three tenders[41] of three TIAs.

DSD accepted the observation in the exit meeting (June 2025).

1.10.3 Inordinate delay in processing of tenders

Reduction in tender processing time was one of the main objectives of the e-Procurement system. Further, tenders should be finalized within the bid validity period and their status should be updated on the portal to ensure efficiency. Audit, however, observed that the actual time taken for processing 98,035 tenders could not be verified as their updation was pending on the portal.

Data analysis of 82,923 tenders, where status was uploaded on the portal, revealed that time taken for tender processing ranged up to 56 months as detailed in the ***Table 1.7***.

Table 1.7: Time taken in processing of tenders

Sr. No.	Time taken (from Tender Opening to AoC)	Number of Tenders
1	Up to 4 months	66,712
2	4 to 12 months	13,348
3	12 months to two years	2,373
4	More than two years	490
Total		**82,923**

40 (i) 'To be Opened', (ii) 'bid opened_1', (iii) 'evaluated technical', (iv) 'bid opened_2', (v) 'evaluated financial', and (vi) 'AoC'.

41 2023_HRY_270198_1 (PHED (GWI), Rewari), 2021_HBC_177125_1 (HSVP, Div. III, Faridabad) and 2022_HRY_241402_1 (PHED I, Ambala).

Further, scrutiny of 33 test checked tenders ***(Appendix 1.6)*** in 11 TIAs showed that 16 tenders (48.48 *per cent*) were awarded after their bid validity and 17 tenders were awarded within their bid validity period but their award details were uploaded on the portal after expiry of bid validity.

Audit further observed that functionality regarding the extension of bid validity was not available on portal as a result this activity was carried out manually. Moreover, the e-Procurement system lacked flagging mechanism to highlight instances of inordinate delays in tender processing.

Data analysis further revealed that 25,152 (30 *per cent of awarded tenders*) tenders were awarded after the lapse of initial bid validity. These delays led to EMD remaining blocked up with department and resultantly bidder disengagement, and reduced competition, ultimately affecting the efficiency and effectiveness of public procurement as 158 tenders had to be cancelled or awarded to bidders due to refusal of L-1 bidder to extend the bid validity. Out of 158 tenders, three tenders[42] were test-checked and it was observed that in two cases, the bidder refused to extend the validity and in one case, the tender was cancelled due to expiry of bid validity period.

DSD stated (May & June 2025) that instructions have been issued making it mandatory for all TIAs for uploading the completion of tenders stages (Technical Opening/ Technical Evaluation/ Financial Opening/ Financial Evaluation/AoC)/ Cancellation or Retendering etc.) on the portal within 15 days and assured to explore possibility for making provision for uploading of completion of tender stages within timeframe, on portal with NIC. The reply, however, does not address the measures to be taken to ensure finalization of tenders within the bid validity period, which could be ensured by mapping business rules, giving alerts for finalisation of tenders within bid validity period and incorporating provision of bid extension in the system.

1.10.4 Dissemination of information regarding awarded high value contracts

GoH directed (August 2021) all its departments, boards, corporation and authorities to publish all tenders above ₹ five crore on the websites of TIAs and DSD. Audit, however, observed that 562 tenders (each above ₹ five crore) valuing ₹ 13,385.97 crore were not published on the websites leading to inadequate publicity and non-compliance with Government directions. During field audit, non-posting of details about tenders having value more than

[42] (i) 2020_HRY_ 118625_1, (ii) 2021_HRY_ 173858_1 and (iii) 2020_HRY_ 149475_1.

₹ five crore on the website of TIAs and DSD was noticed in case of six TIAs[43]. Two[44] out of these six TIAs noted the observation for future compliance. Response from the remaining four TIAs was awaited (December 2025).

1.10.5 Inconsistencies and anomalies in user data and profile management

Data analysis of blocked user data showed multiple inconsistencies in the system, as detailed below:

- While one table in database indicated 566 blocked users, another table listed 826 such users, revealing a difference of 260 blocked users.
- Fields in the database related to 'blocked by', 'blocked reason', 'unblocked by' and 'unblocked reason' were blank in 642, 727, 510 and 663 records respectively.
- Status of 33 blocked users in *'gep_user'* and *'gep_user_block_history'* tables did not match showing discrepancies in the present user status.

These indicated absence of controls to ensure data integrity, data accuracy and reliability.

DSD accepted the observation and stated (May 2025) that it had requested (May 2025) NIC to fix the issue to ensure managing the data of blocked users in uniform manner. However, final action was awaited.

- Date of retirement was not being captured in the system which allowed retired users to remain active, leading to unauthorized access, system control gaps, and transparency issues in the procurement process. 812 departmental users aged above 58 years were active on the portal and 101 users were already above 58 years at the time of registration on the portal with ages ranging from above 58 years to above 71 years. 92 such users created 3,240 tenders and 170 such users were nominated for opening 12,199 tenders.
- A test check of 26 TIAs revealed that in 14 TIAs[45], 38 users had exceeded the retirement age and were no longer in service, yet their

[43] 1.Public Health Engineering Division, Mandi Dabwali, Sirsa; 2.PWD, Provincial Division No. 1, Sirsa; 3.Public Health Engineering Division No. 1, Ambala; 4.Public Health Engineering Division No. 2, Hisar; 5.Municipal Corporation, Gurugram; and 6.Municipal Corporation, Karnal.

[44] 1.Public Health Engineering Division, Mandi Dabwali, Sirsa; and 2.PWD, Provincial Division No. 1, Sirsa.

[45] 1.Director General State Transport Haryana, Chandigarh; 2.Haryana Police Housing Corporation Limited ; 3.Executive Engineer, Division-I, HSVP, Faridabad; 4.Executive Engineer, Division-III, HSVP, Faridabad; 5.Executive Engineer, Division-V, HSVP, Gurugram; 6.Executive Engineer, Electrical Division, HSVP, Panchkula; 7.Municipal Council, Charkhi Dadri; 8.Municipal Corporation, Gurugram; 9.Municipal Corporation, Sonepat; 10.Public Health Engineering Division No. 1, Ambala; 11.GWI Public Health Engineering Division, Rewari; 12.Public Health Engineering Division No. 2, Hisar; 13.PWD, Mechanical Division, Hisar; and 14.State Election Commissioner Haryana, Panchkula.

accounts that remained active in the system. Additionally, tenders were created using these accounts post-retirement, and these users were also nominated for tender openings, highlighting gaps in system control and oversight.

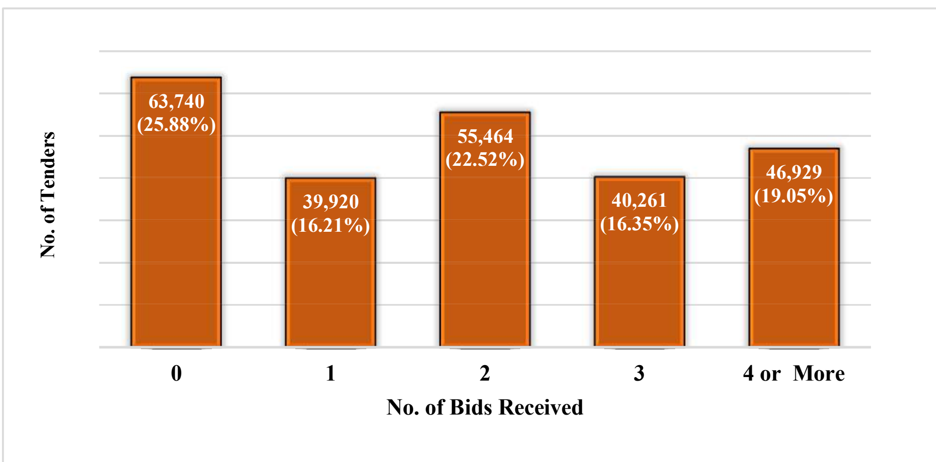
It shows that required controls were not present in the system for the age field and these users were not deactivated by departments on their attaining the retirement age (58 years), which may lead to a potential risk of unauthorised use by retired employees.

DSD accepted (June 2025) the audit observation.

1.10.6 Inadequate level of competition

Fostering a more competitive bidding was one of the primary objectives of e-Procurement system. Data analysis of 2,46,314 tenders revealed that the number of bids received for tenders ranged from zero bid to 256 bids as depicted in the Chart 1.4 below.

Chart 1.4: Number of bids received for each tender



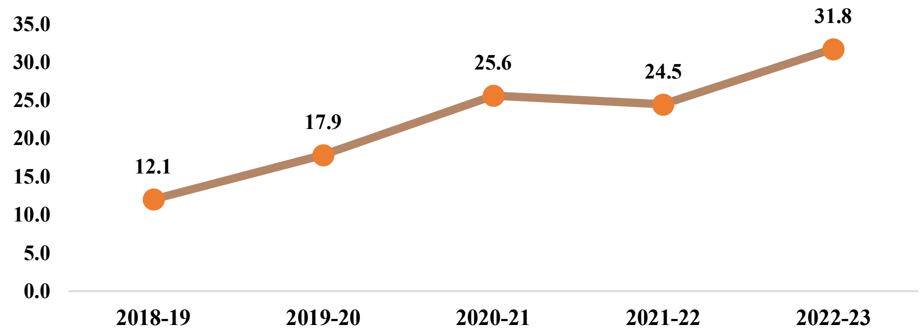
Analysis of e-Procurement portal data revealed that out of 1,82,574 tenders which received valid bids, 95,384 (52 *per cent*) tenders received only one or two bids, indicating poor bidder participation and low competition in the state's tendering process.

As per the MIS reports of the portal, Haryana ranked 24th out of 28 states in terms of the average number of bids received per tender during the period 2018-23. Average bids in the 28 states ranged from 1.66 to 6.03 per tender. Average bids per tender in Haryana was 1.86 which was lower than the overall average (2.77) of 28 states.

Ratio of "cancelled" or "re-invited" tenders is one of the parameters indicating the effectiveness of utilisation of e-Procurement. Data analysis revealed that

58,736[46] (24.85 *per cent*) out of total 2,46,314 tenders were cancelled/re-tendered. Percentage of cancelled/re-tendered tenders had increased over the years during 2018-23 as depicted in Chart 1.5 below:

Chart 1.5: Percentage of cancelled/re-invited tenders to the total published tenders



DSD stated (May 2025) that it had issued instructions to the departments to publish the tenders in public domain within seven days prior to date of start of bidding and give 30 days/14 days for bid submission so that maximum eligible bidders could participate.

The reply is not convincing as the provisions regarding publishing of tenders in public domain well before date of start of bidding to ensure fair participation in tender, were already included in the DSD's procurement manual.

1.10.7 Data inconsistencies and system deficiencies related to award values and tender status

A bid progresses through multiple stages in the tendering process, with the database capturing the latest status. After the financial packet is opened and accepted, bids move to the AoC stage, where they are either marked as "accepted-AoC" if awarded or "rejected-AoC" if not. Ideally, the awarded value should only be recorded for accepted bids. However, data analysis revealed several inconsistencies:

- 39 bids marked as "rejected-AoC" contained an awarded value, and six bids with the status "accepted-finance" appeared in the AoC records with an awarded value, indicating potential errors in data recording.
- 62 tenders had been awarded but still had the status was marked as 'published'. Additionally, awarded value was recorded for seven of these tenders. It shows that status of tender could not be updated by the system leading to data inconsistencies.

46 In case of 27,724 tenders, no bid was received and in case of 13957 tenders one bid was received.

- The recorded award value for 31,402 (38 *per cent*) out of 82,923 AoCs differed from the contract value under different tables in the database, indicating data inconsistencies. During test check of 26 TIAs, 20 cases pertaining to four TIAs[47] were noticed where award value and contract value was not matching due to incorrect data being entered by the TIAs. This shows deficiency in validation controls in the system regarding these two fields which was required to be rectified.

DSD accepted the observation and stated (May 2025) that it had requested NIC to improve the system and issued general instructions to departments to address these issues. However, final corrective actions were awaited (December 2025).

1.10.8 Deficiencies in the contract data

Data analysis revealed several deficiencies leading to inaccuracies in contract data as detailed below, which could have potential decision risk as incorrect data may lead to poor decisions. A tender value of zero was incorrectly entered for 8,071 contracts out of 2,33,316 contracts, despite such values being applicable only to rate and empanelment contracts.

- Similarly, the awarded value was incorrectly recorded as zero in 111 tenders, one in 739 tenders, and between two and 1,000 in 3,127 tenders, excluding rate and empanelment contracts, leading to discrepancies in financial records.
- 12,651 tenders were wrongly categorised under goods, services, or works category amongst themselves.
- 306 'rate contract' and 157 empanelment tenders were recorded as ‘tenders’, though separate category i.e. ‘rate contract’ or ‘empanelment’ was available.
- Date of uploading of mandatory technical/financial bid documents by the bidders were after the bid submission date in 3,886 cases of which in 1,115 cases were actually awarded.

These deficiencies resulted in inaccurate MIS reporting and untimely uploading of records/documents underscores lack of internal/ necessary controls.

DSD stated (May 2025) that it had requested (May 2025) NIC to arrange monthly sessions for users regarding new features on the portal.

[47] 1. Director General State Transport Haryana, Chandigarh; 2. Director, Medical Education & Research, Haryana, Panchkula; 3. Haryana Police Housing Corporation Limited; and 4.Executive Engineer, Electrical Division, HSVP, Panchkula.

1.10.9 Restricted public access to tender documents

The portal allows the public to view tender statuses and access various reports, including opening summaries, evaluation summaries, BoQ comparative charts, and AoC details, ensuring transparency. However, tender documents containing the scope and work details were only available for viewing and downloading from the publish date until the document download/sale end date.

This restriction prevents the public and interested bidders from tracking projects or comparing outcomes with tender specifications. Since these documents become non-sensitive once published, limiting access undermined the portal's core objective of transparency. A truly transparent system should ensure unrestricted public access to such non-sensitive information.

DSD accepted the observation and stated (May 2025) that it had requested (May 2025) NIC to modify the portal to enable permanent access to tender documents.

1.11 Compliance related to Financial rules in the system

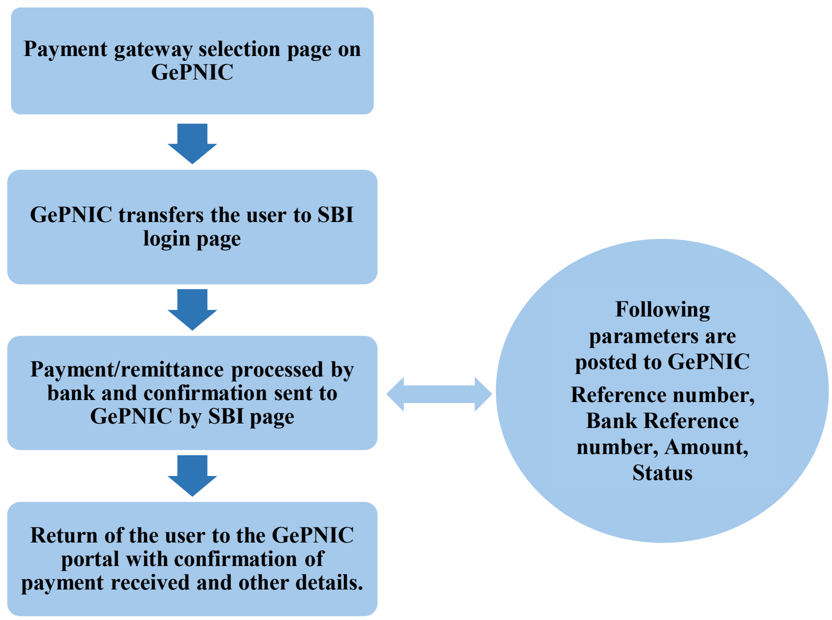
Non-compliance with financial rules were observed in respect of fees and earnest money deposit as amounts were not transferred/ adjusted properly, refunded erroneously or not-refunded. Instances were also noticed regarding short or excess charging of fee, non-reconciliation and non-charging/non-remittance of Goods and Services Tax to the Government.

Audit examination revealed significant irregularities and discrepancies in the financial transactions related to e-procurement. Specifically, audit noted non-reconciliation of pool accounts, irregularities in the collection of GST, and discrepancies in the refund of amounts to bidders. These lapses indicate a lack of effective internal controls and oversight, potentially leading to financial losses and undermining the integrity of the e-procurement process was discussed below:

1.11.1 Non-reconciliation of the pool account

The following flow chart (Chart 1.6) depicts the synchronisation of banking portal receiving and remitting all type of payments through GePNIC:

Chart 1.6: Synchronisation of banking portal



As per agreement between DSD and nodal bank maintaining the Pool Account, a monthly report of transactions in a specified format was to be provided by the nodal bank to DSD for reconciliation purpose. Audit, however, noticed that such report was neither provided by the nodal bank nor demanded by DSD. Further, manual reconciliation of the pool account was not conducted by DSD. A comparison of bank statement with portal data during January 2019 to August 2022 revealed that the difference between total withdrawals as per bank and total withdrawal as per portal was aggregating ₹ 127.45 crore[48]. Similarly, the difference between total deposits as per bank and total deposits as per portal was aggregating ₹ 41.54 crore[49] Interest amounting ₹ 22.46 crore was credited to the pool account during 2019-23 and was required to be transferred to the Government, however, it remained parked in the pool account.

Further, analysis of transaction data provided by the bank for the pool account revealed that during the refund process for some transactions, the amount was first transferred to nine intermediate accounts rather than directly transferring to the intended account. Thus, the validity of these transfers could not be ascertained by audit as the fund was transferred to an intermediate account instead of directly transferring to the intended account.

48 ₹ 3,361.51 crore (Bank) – ₹ 3,234.06 crore (Portal).

49 ₹ 3,619.16 crore (Bank) – ₹ 3,577.62 crore (Portal).

Further, the process for refund and settlement of fee amounting to ₹ 83.39 crore and ₹ 6.73 crore, respectively were initiated by the portal but transactions failed or no response was received from the bank. Thus, the system failed to point out the final fate of transactions where no response was received. Refund of fee of ₹ 83.39 crore was still due to be made to bidders from pool account, with the pendency of these cases ranging from one month to 30 months (as of May 2023).

Absence of a system for reconciliation of the pool account on portal and further non-reconciliation of the same by DSD through offline led to unexplained differences of ₹127.45 crore in withdrawals and ₹41.54 crore in deposits. In the absence of such reconciliations, the unauthorised/unintended withdrawal, if any, may remain undetected and indicate poor internal control in the organisation i.e. DSD.

DSD accepted the observation in the exit meeting (June 2025).

1.11.2 Non-reconciliation of service fee received through offline mode

Online payment provision was added in the system in February 2019 for accepting the fees (Tender Document fee, E-service fee, and EMD) from the bidders and all the TIAs were to be synchronised with the online system of payment up to December 2019. Till the synchronisation of TIAs with the online payment, service fee of ₹ 6.53 crore[50] was charged in offline mode but reconciliation and transfer thereof to the Society of IT Initiative Fund for e-Governance (IT society) was not done. As a result, the accuracy of transfers could not be ascertained by audit.

During test check of two tenders[51] at MC Sonepat, it was observed that the service fee of ₹ 33,040[52] was received (August, September 2019) through offline mode but was not credited to the IT Society.

Thus, non- reconciliation/transfer of funds of ₹ 6.53 crore resulted in lack of transparency in fund management.

DSD accepted (June 2025) the observation and stated that it had requested (May 2025) the IT society to do the needful and provide requisite information regarding offline fees received by it.

[50] Of all the payments i.e. EMD, Tender fees and Service Fee, only service fee was to be deposited with the Society of IT Initiative Fund.

[51] 2019_HRY_93283_1, 2019_HRY_100900_1.

[52] 1180 x 28 bidders.

1.11.3 Irregularities related to levy, collection and remittance of Goods and Services Tax (GST)

Sale of tender document and e-service are classified as supply of services and liable to be taxed at the rate of 18 *per cent*. The irregularities related to compliance of the GST Act, 2017 as noticed during audit are detailed below:

- The portal contains no provision for generating tax invoices despite being mandatory under section 31 of the GST Act, 2017 leading to statutory violation.
- Though GST amounting to ₹ 6.68 crore[53] was collected from the bidders on the e-service fee, yet the records related to onward remittance of GST to Government were not furnished to audit, in absence of which it could not be verified whether the amount had been deposited with the Government.
- Tender document fee amounting to ₹ 79.34 crore was collected on the portal but there was no clarity regarding the GST component. As such, GST amounting to ₹ 12.1 crore was liable to be paid to the Government considering the tender document fee inclusive of GST. However, no record related to the onward remittance of GST to the Government was furnished to audit.

As the records related by DSD/TIA GST remittance were not produced, the risk of possible of tax evasion, as pointed out above, could not be ruled out.

As the system lacks necessary provisions to capture and monitor GST collections and remittances, it undermines compliance with statutory requirements and increases the risk of tax evasion and resultant financial liabilities.

DSD accepted the observation in the exit meeting (June 2025).

1.11.4 Parking of funds due to non-updation of portal

Every bidder is required to submit EMD along with submission of bid which gets refunded to the unsuccessful bidder once the information about rejection (technically/ financially) of the bid is posted on portal. Audit observed that due to non-updation of the portal by the TIAs, funds of ₹ 84.92 crore remained parked in the pool account. The details are as follows:

53 ₹ 6.68 crore (3,71,125 bids * ₹ 180 per bid GST calculated @18% of ₹ 1,000 processing fee) [3,31,030 bids where EMD were transferred to Departments + 40,095 offline EMD bids].

- Opening summary of 1,059 tenders was not uploaded on the portal by the TIAs. As a result, EMD amounting to ₹ 13.17 crore of 1,671 bidders remained parked in the pool account.

- Status of 8,378 tenders were not updated on the portal to indicate rejected or selected bidders. As a result, EMD amounting to ₹ 71.75 crore of 13,105 bidders was also lying parked in the pool account. PWD (Mechanical Division), Hisar and Public Health Engineering Department (PHED) (GWI), Rewari accepted (September-October 2024) the observation and adjusted the EMD whereas PWD (PD-1), Sirsa stated (August 2024) that EMD was not lying in pool account. Audit, however, verified that the EMD was still available in pool account.

- Status of 2,027 tenders was depicted as "to be opened". As a result, tender document fee and e-service fee aggregating to ₹ 87.85 lakh of 3,585 bidders in these tenders was still lying in the pool account for a period from five to 46 months.

- Refund of EMD of ₹ 20.03 lakh for 57 invalid bids[54] was not initiated by the portal. Reasons thereof were also not recorded on the portal.

- EMD to 1,95,483 out of 2,32,140 unsuccessful bidders was refunded within 90 days of tender opening whereas EMD amounting to ₹ 520.26 crore of the remaining 36,657 bidders were refunded after 90 days to more than two years.

- EMD of ₹ 249.24 crore for 24,324 successful bidders was transferred to respective department with a delay beyond 90 days.

Audit observed that the delays were primarily due to manual tender evaluation, which in turn caused a lag in updating the corresponding details on the portal. Thus, the reliance on manual processes, rather than system-generated workflows, led to delayed stage updation, which in turn resulted in parking of funds due to delayed/non-refund of EMD.

DSD stated (May 2025) that it had issued (May 2025) instructions to all departments regarding uploading of technical opening/technical evaluation/ financial opening/ financial evaluation/AoC/ cancellation/ retendering etc.

The reply does not address the audit observation regarding reliance on manual process due to which the funds could not be transferred.

[54] Where proper documents were not attached, final submission not executed, etc.

1.11.5 Management of earnest money deposit, tender document fee and e-service fee

As per tender documents, the bidders were required to pay tender fee, e-service fee, and EMD at the time of submission of the bid.

EMD was refundable to rejected bidders whereas tender document fee and e-service fee were non-refundable. The tender fee and e-service fee were to be transferred to the TIAs/department's bank account and Society of IT initiative fund for e-Governance account (IT society), respectively after opening of the tender and uploading of the opening summary on the portal. GoH decided (January 2019) for SBI as the onboarded bank for GePNIC portal and a savings account as a pool account was opened for temporary parking of all the fees initially.

The process for initiating the refund of EMD to the rejected bidders starts immediately upon updation of status of their rejection at any level of evaluation. EMD of successful bidder(s) to whom tender is awarded gets deposited into department/TIAs' bank account as soon as the details of AoC is updated on the portal.

Audit noticed several irregularities related to management of EMD/tender document/e-service fee as detailed in succeeding paragraphs:

1.11.5.1 Loss due to erroneous refund

Audit noticed that non-refundable tender document/e-service fee amounting to ₹ 19.71 crore[55] of 51,250 bidders was refunded by the portal due to non-enforcement of controls in the portal as detailed in ***Table 1.8***.

Table 1.8: Details showing refund of tender/e-servicing fee

Type of refund	Number of tenders	Number of bids	Refunded amount (₹ in crore)	Failed amount (₹ in crore)	Reasons/ responsibility
Without opening tender	11,354	17,429	5.59	0.09	The system did not have functionality to restrict the refund in case of tenders cancelled without opening.
After opening tender	7,618	20,599	8.85	0.13	The system did not have functionality to restrict the refund to bidders in case of tenders cancelled/retendered after tender opening.
For invalid bids	11,252	13,222	5.27	0.23	The system did not have functionality to restrict the refund in case of invalid bids.
Total	**30,224**	**51,250**	**19.71**	**0.46**	

The system did not have the required controls to ensure that tender fee/e-service fee are retained and are not refunded. Thus, non-enforcement of controls in the

55 Transactions for refund of ₹ 0.46 crore out of total initiated Refund of ₹ 20.17 crore were failed and remained in the pool account as of 2 May 2023.

portal or prescribing controls at incorrect point of transaction resulted in loss of ₹ 19.71 crore, despite DSD's requests to NIC thrice between January 2020 to June 2020 to enforce such controls.

DSD accepted the observation in the exit meeting (June 2025).

1.11.5.2 Non/short/excess charge of e-service fee

DSD directed (June 2019) all departments, boards, corporation, federations, and registrars under the State Government to charge ₹ 1,000 as e-service fee for participation from each bidder to cover the cost of maintaining and operating the portal. Audit observed that corresponding provisions were not incorporated in the portal and TIAs also failed to charge e-service fee from 4,456 bidders in 1,707 tenders leading to non-recovery of ₹ 52.58 lakh. Further, in 121 tenders, TIAs entered e-service fee ranging between ₹ 11 and ₹ 750, resulting in short receipt of ₹ 1.98 lakh.

Audit also noticed that TIAs charged e-service fee ranging from ₹ 1,188 to ₹ 11,800 from 532 bidders which was more than the prescribed fee of ₹ 1,180[56] resulting in excessive charging of services fee amounting to ₹ 5.63 lakh. The non/short/excess charging of e-service fee highlights non-mapping of business rules in the portal.

DSD accepted the audit observation and stated (May 2025) that it had asked (May 2025) NIC to fix the e-service fee at ₹ 1,000, so that no tender is published in future without the prescribed fee.

1.11.5.3 Discrepancies in charged tender document fee

As per DNIT, the tender documents fee was to be charged from all the bidders except the firms registered as Micro, Small and Medium Enterprises (MSME) in the state. Further, no tender fee was to be charged from bidders who chose to submit bids again on tender being re-called on account of single tender being received, or if single bidder qualifies on first call.

Data analysis revealed that business rules regarding tender fee were not mapped in the portal and tender document fee was set as ₹ zero in 2,536 tenders, ₹ one in 289 tenders and from ₹ two to ₹ 10 in 19 tenders irrespective of bidder/tender type. Further, tender fee of ₹ 24.50 lakh (two *per cent* of tender value) was set on the higher side for one tender[57].

Thus, due to non-mapping of the required business rules, incorrect charges were applied in 2,845 tenders, and ₹ 24.50 lakh fee in a tender was disproportionately

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[56] Fee: ₹ 1,000 + GST: ₹ 180 (18 *per cent* of ₹ 1,000).

[57] Tender No. 2020_HRY_153037_10.

claimed from bidders. It may be noticed that DSD, failed to raise formal request for changes to the software as per its role envisaged vide GoH order dated 27 October 2016.

DSD accepted the observation in the exit meeting (June 2025).

1.11.5.4 Absence of functionality for calculating the earnest money deposit/ Tender fee

When bidders participate in a tender, they need to pay the tender fee and EMD according to their eligibility, but the system does not calculate the tender fee or EMD on the basis of their eligibility for exemption.

Data analysis revealed that 701 bidders in 590 tenders were rejected due to submission of less or no tender fee/EMD. Five bidders[58] in four[59] tenders were test checked and it was observed that the bids were rejected due to insufficient fee which should have been calculated by the system.

Further, the audit of selected units revealed that four units[60] undercharged tender document fees by ₹ 6.38 lakh due to non-mapping of rules for calculating fees based on tender value, indicating lapses in compliance and revenue loss.

It was observed that Government of Haryana has issued instructions to provide relaxations to Haryana-based MSMEs, Khadi Village Industry, and Labour & Construction societies regarding payments towards tender fees and EMDs. Additionally, the bidders registered on Haryana Engineering Works Portal (HEWP) were also eligible for exemptions in EMDs, provided they fulfil other eligibility criteria. However, the business rules for EMD and tender fee were not mapped in the system as it did not calculate EMD and tender fee for the bidders based on their eligibility for relaxation and the bidders had discretion in claiming the relaxation even if they were not eligible.

DSD accepted the observation and stated (May 2025) that the matter would be taken up at the higher level as well as with NIC authorities.

1.11.6 Irregular forfeiture or retention of earnest money deposit

As per para 13.8.2 of Haryana PWD Code, the EMD of bidder shall be forfeited if the bidder withdraws bid during bid validity period, refuses to sign the contract after issuance of the letter of acceptance, or fails to furnish the performance security. However, a test check of records revealed that above provision of Haryana PWD code was not complied with in the following cases:

58 (i) M/S A B Constructions, (ii) M/s Shyam Sunder Govt. Contractor, (iii) Dynamic Edge Solution, (iv) Jupiter Electronics and Telecom Systems and (v) S & M Industrial Valves limited.

59 (i) 2022_HRY_214471_1, (ii) 2022_HRY_226761_1, (iii) 2022_HBC_238147_1 and (iv) 2021_HBC_199740_1.

60 (i) PHED Ambala Division-1 (₹3.01 lakh), (ii) PHED Division-2 Hisar (₹14,000), (iii) PHED Mandi Dabwali (₹55,000), and (iv) MC Karnal (₹2.68 lakh).

(i) Five bidders[61] requested the TIAs not to consider their bid. However, their EMD amounting to ₹ 1.98 lakh ***(Appendix 1.7)*** was refunded due to a lack of process on the portal to record the withdrawal of bids after bid opening. HFDC, Kurukshetra accepted (September 2024) the observation and recovered EMD of ₹ 20,000.

(ii) In PWD (B&R), PD Rewari 17 tenders ***(Appendix 1.8)*** were shown as awarded to L1 and L2 bidders simultaneously on the portal, and thus EMD of both the bidders were retained by the department. However, on scrutiny of physical files, it was found that tenders was awarded to L1 bidder. As such, EMD of L2 bidders amounting to ₹ 35.27 lakh was to be refunded but was retained. PWD (B&R), PD Rewari stated (July 2025) that EMD of L2 was retained as per requirement of bid documents, so that it might be called for negotiation in case of failure of L1 to start the work. The reply was not tenable as the bid documents prescribed that EMD of unsuccessful bidders should be returned within 45 days.

The system did not ensure withdrawal of bids by bidders, the award of tenders and issue of AoC through system and these activities were performed outside the GePNIC resulting in above lapses. This undermines confidence in the e-tendering system and discourages competition.

DSD stated (May 2025) that provision for forfeiting EMD of bidders is available on the portal and also stated that matter of examining the 17 tenders has been taken with the PWD department. However, it stated during exit meeting (June 2025) that the matter pertained to TIAs.

The reply is not convincing as DSD, being the nodal agency, was responsible for ensuring end-to-end processing within the portal to prevent such lapses. Further the reply from TIA (PWD department) was awaited (December 2025).

1.11.7 Discrepancies in amount refunded to bidders

The system lacks essential controls to validate receipt and refund transactions, resulting in inconsistent and unauthorized refunds. These deficiencies point to weak financial controls and increase the risk of revenue leakage and misreporting. Data analysis revealed discrepancies in the remitted amounts and fees paid by bidders as detailed below:

- In 36 bids, while only ₹ 0.42 lakh was received as tender document/ e-service fee, ₹18.54 lakh was depicted as remitted/refunded with excess

[61] Radha Krishan Enterprises (2022_HBC_249732_1), Prakash Pump Engineers (2021_HRY_172826_1), Sh. Sandeep Kumar Contractor (2022_HRY_221420_1 and 2022_HRY_221422_1), Sudesh Cooperative Labour Construction Society Ltd. Sonepat (2023_HRY_252639) and Kalater Singh (2020_HRY_142688_1).

remittance of ₹18.12 lakh. Moreover, though tender document/e-service fee amounting to ₹ 15,140 in 10 cases and EMD amounting to ₹ 3.36 lakh in five cases were not credited in the pool account yet the amounts were refunded to the bidders.

The identified irregularities of ₹ 21.63 lakh, indicated potential revenue leakage and mismanagement due to absence of processing controls in the system to ensure consistent transactions and related alerts.

DSD stated (May 2025) that it had sought information from the bank and the same was awaited (December 2025).

1.12 Security and risk management

The system was prone to vulnerability related to user activity as audit found incomplete logs, actions performed without login and non-sequential login time stamp, raising concerns about data reliability. Discrepancies were also noticed in role creation and segregation of duties and absence of defined password policy.

1.12.1 Absence/unauthorised use of digital signature on documents

Digital signature certificates (DSCs), issued by certifying authorities, authenticate electronic records as mandated by the IT Act, 2000. Section 5 of the Act provides legal recognition to DSC and as per section 66 C of *ibid* Act, using DSC of any other person was illegal. On the e-tendering portal, both departments and bidders must use DSCs.

Audit observed that documents uploaded by the bidders and DNIT, corrigendum uploaded by department had no embedded DSC in absence of which authenticity of the document was not established. NIC replied (December 2024) that signed files were stored on the server. The reply is not tenable as authenticity of signed documents could not be independently verified in audit, except through the database, which restricted transparency and ease of verification. Audit found multiple inconsistencies relating to usage of 'digital signature certificates' which are detailed below:

(i) Data analysis revealed that 16 users in 49 tenders uploaded documents with expired DSC which indicates that validation controls for this field were not enforced strictly. NIC replied (December 2024) that the issue might have occurred due to a user importing two certificates into a single token, with the system retrieving data based on the alias name from the certificates and assured that the issue would be resolved in a future release.

(ii) 138 Departmental users captured on the portal were different from the name appearing on the DSCs mapped with these users. These users were nominated in 6,181 tenders for bid opening. It shows that validation controls were missing in the system to match the user's name as per the system and as given in DSCs. In these cases, authenticity of the documents uploaded by these users could not be ascertained, which undermined the purpose of using DSC.

During test check of selected TIAs, it was observed that in HSVP -I Faridabad, in 395 tenders a user (S*r*e*t S*n*h) nominated for bid opening used DSC of a different person (S*r*s* R*t*i), due to incorrect mapping of IDs. Further, in PHED Ambala, the user (B*l*n*e* S*n*h) ID (62,729) was wrongly created in the name of employee's father. Similar discrepancy was noticed in offices of PWD (B&R), Circle Rewari, Executive Engineer (Electrical Division), Panchkula, Executive Engineer Division-3, Faridabad.

DSD accepted (May 2025) that the system needed improvement to fix the issue and further stated that it had requested (May 2025) NIC to upgrade the necessary hardware/infrastructure to ensure consistency of data. However, status of fixing the issue by placing necessary validation controls was awaited.

As the DSC embedded documents are legally acceptable as per the IT Act and not embedding the same on document may be prone to legality issues. Further, in case of disputes regarding terms and conditions of the tender, the same cannot be resolved unless the authenticity of documents are accepted by the bidder himself.

1.12.2 Unauthorised actions and data integrity related to users' roles

Every user is required to be mapped to a specific role within the system's access control framework. However, data analysis revealed the following irregularities:

- There were 16 roles available in the system whereas sequential IDs in the database were up to 17 as ID number 15 was missing in the table.
- No roles were assigned to seven users, of which five were departmental users and two were bidders.
- One user accessed and decrypted the packets of 27 tenders without being assigned any role. Three users published eight tenders without having the required roles. One user awarded a tender on the system despite not having the required role for awarding tenders. This indicated that users performed the actions without the necessary authorisation.
- User details were missing for 9,204 instances of role assignments, which pertained to bidders. Without this identifying information, user attribution could not be verified, thereby undermining the integrity of the data.

DSD accepted the observation in the exit meeting (June 2025).

1.12.3 Absence of password policy

Clause 3.1.1.2 of the password policy of the Ministry of Electronics and Information Technology (MeitY) requires that all user-level passwords should be changed at least once every three months.

Data analysis revealed that 75,892 out of 79,775 users changed their passwords after more than 90 days. Additionally, 31,218 of these users logged into the system after 90 days without being prompted to change their passwords, as the system lacked this functionality. Notably, one user has been using the same password for 11 years. This is contrary to MeitY guidelines, thereby posing a risk of unauthorised access.

NIC replied (December 2024) that GePNIC has provision to enforce password change at regular period. Reply was not tenable as data analysis contradicted this assertion.

DSD accepted the observation and stated (May 2025) that it had requested (May 2025) NIC to enforce the requisite controls for password in the portal as per MeitY guidelines.

1.12.4 Non-segregation of duties

According to ISO 27001 control 10.1.3, as referred to in section 2.3 of the Guidelines for Compliance to Quality Requirements of e-Procurement systems issued by Standardization Testing and Quality Certification (STQC) Directorate, the duties and areas of responsibility should be segregated to minimize the risk of unauthorized or unintentional modification or misuse of the organization's assets.

Data analysis revealed that multiple roles were assigned to 6,373 departmental users as detailed below:

Number of roles assigned	Nil	1	2	3	4	5	6	7	8
Number of users	5	46	68	17	19	161	4,957	1,095	56

Assigning multiple roles of different and important nature to a single user was in contravention to the rules laid down in STQC for segregation of duties. Further, it was noticed that key roles of tender evaluation, tender acceptance, were assigned to the single user or to the users having no or limited administrative authority[62].

Assigning multiple roles to a single user and crucial roles to individuals with limited administrative authority undermines the purpose of role mapping and accountability. Moreover, the system does not have functionality to assign the roles as per the delegation of powers of authorities.

62 Clerk, Head clerk, Accountant, Junior Accountant, Junior Engineer, Pharmacist, steno typist, Forest Guard, Peon, etc. and roles of Nodal officer were also assigned to users having designations clerk, Accountant, Junior Engineer etc.

DSD stated (May 2025) that roles were only assigned as per forms filled by the departments/TIAs in which DSD/NIC had no role.

The reply is not convincing because ensuring effective utilization of the portal through proper instructions and segregation of duties falls within DSD's purview.

1.12.5 Actions Performed Without Login and Anomalies in File Hash Integrity

Data analysis uncovered critical system vulnerabilities related to user activity logging and data integrity during document uploads:

- It was found that for 4,487 actions[63] carried out by 1,686 users (including both departmental personnel and bidders) there were no corresponding entries in the login history table This absence of login records raises serious concerns about the reliability and integrity of the system's audit trail. The lack of proper logging means the system cannot conclusively prove whether these actions were performed by authenticated users or potentially without any login, compromising accountability and traceability. Such gaps undermine system security and raise the possibility of unauthorized activities.

NIC explained (December 2024) that these discrepancies resulted from the portal's non-responsiveness, causing log records to be distributed across multiple tables depending on the nature of logout and end-of-day processes. NIC assured that a solution was being planned to address these logging inconsistencies.

DSD accepted the observation and stated (May 2025) that it had formally requested NIC to implement necessary system provisions to prevent such lapses from recurring in the future. Despite these assurances, final remedial actions were still awaited.

- Hash functions play a critical role in cryptography by securing transactions and verifying the integrity and authenticity of data. In the tender portal, when bidders upload documents, the system generates a unique hash value for each file name combined with the upload timestamp, ensuring that the file's authenticity can be validated and protected against tampering. However, data analysis revealed alarming anomalies: there were 56,239 instances where files with identical names had different hash values, and 15 cases where documents uploaded on

[63] Tender creation: 309, tender publishing: 200 corrigendum creation: 134, corrigendum publishing: 1,587, creating bid: 184, bid submission: 1,216, packet decryption: 290, bid decryption: 567.

the same date exhibited mismatched hashes. Such discrepancies undermine assurance in the system's data integrity, suggesting that files presumed to be the same were not identical, or that the system failed to generate consistent hashes. This indicates a lack of proper integration and authenticity verification within the system for uploaded documents.

NIC stated (December 2024) that hash values were generated specifically for the BoQ files to verify uploaded data during bid submission, and that stored hash values were matched against the hash embedded in the BoQ file's custom properties. However, this explanation was not satisfactory, as discrepancies in hash values were observed not only in BoQ files but also in various other documents uploaded by bidders, indicating broader system inconsistencies.

DSD accepted the observation and stated (May 2025) that it had requested NIC to enforce appropriate validation mechanisms in the application to eliminate such inconsistencies and ensure uniform hash generation and verification.

These issues highlight significant gaps in both user authentication tracking and document integrity verification within the tendering system. The absence of reliable login logs and inconsistent hashing of uploaded files compromise the system's transparency which may lead to unauthorized access, data leakage, inability to trace user accountability and bid tampering.

1.12.6 Anomaly related to login timestamp

The database records user login details, assigning sequential IDs where each new login should receive an ID higher by one than the previous user.

Data analysis revealed that 15.66 lakh out of 39.39 lakh login IDs (40 *per cent*) were not in order, with later logins receiving lower IDs (i.e., lower sequence number). This suggests either incorrect login timestamps or non-sequential login ID generation. Such inconsistencies hinder accurate event tracking and raise concerns about data integrity.

NIC replied (December 2024) that GePNIC uses database sequence generator for the primary key. The sequence gets incremented even if a transaction is a failure or rollback.

Reply of NIC was not acceptable as the login timestamp of a lower ID should always be earlier than that of a higher ID, which was not the case in the observed discrepancies.

DSD accepted (June 2025) the audit observation.

1.12.7 Absence of auto logout feature

The auto logout feature enhances web security by preventing unauthorised access when users forget to log out or leave devices unattended.

Data analysis revealed that 30.25 lakh logins were made by users in the portal out of which 2.04 lakh logins remained active for one to 81 days indicating absence of auto logout feature and a potential security concern. Such long sessions put the user data on risk as well as increase the chances of unauthorised access. Data analysis further revealed 47 instances where the recorded login time occurred after the logout time. This discrepancy raises serious concerns about data integrity and highlights the lack of effective validation controls, undermining the reliability and security of the system. This shows poor state of system design.

DSD accepted the observation and stated (May 2025) that it had requested (May 2025) NIC to enforce necessary validations.

1.12.8 Missing row IDs in various tables

Actions performed on the front end of the portal generates data which gets stored in different tables of the database. Values in some of the columns were generated in a sequence by the system itself called 'ID/row ID'. These 'row IDs' were used as primary keys which was essential for ensuring database integrity, efficiency and reliability. System-generated values (row IDs) must be continuous without any gaps or missing entries. It was crucial to ensure that there are no omissions in these values to maintain data integrity. Every generated value should be accounted for and sequentially complete.

Data analysis revealed missing row IDs in 34 critical tables, with table-wise total gaps ranging from 1 to 4,53,523 rows, which indicate missing records or deletion of data, raising concerns about the integrity and completeness of the dataset which may impact the reliability and validity of management decisions.

NIC stated (December 2024) that missing row of IDs were on account of incomplete/rolled back/inconclusive transaction due to network issues or user cancelling the operation. The reply was not tenable as it did not fully address the possibility of intentional or unintentional data manipulation. If transactions were indeed incomplete or cancelled, proper logging mechanisms should ensure that such instances are systematically recorded and do not leave unexplained gaps in row IDs. Additionally, if network issues frequently disrupt transactions, it indicated need for system improvement to ensure data integrity, consistency and to prevent potential misuse.

DSD accepted (May 2025) that the system needed improvement to fix the issue and stated that it had requested (May 2025) NIC to upgrade the necessary hardware/infrastructure to ensure consistency of data.

1.12.9 Missing data logs for tenders

Each tender was assigned a unique ID based on four fields: year, entity type, tender serial number, and publication sequence e.g. a tender floated in 2022 by a corporation (HBC) with serial number 211548 and published for the third time would have the Tender ID: 2022_HBC_211548_3. The system assigns a sequential number in the fourth field, starting from one, increasing with each re-tender.

Data analysis revealed that there were multiple tenders in the database that differed in only 4th field cases despite being published on the same date without these being re-tenders. Further, 154 tenders were missing, where higher sequential numbers existed, but previous numbers were absent from the database.

Thus, there is a need for system improvement to ensure data integrity, consistency and potential misuse.

DSD accepted the observation and stated (May 2025) that the system needed improvement to fix the issue, for which it had requested (May 2025) NIC to upgrade the necessary hardware/infrastructure to ensure consistency of data.

1.13 Follow up action on previous audit report

PAC directed the State Government to constitute a committee to examine the issues/points raised in IT Audit of e-Procurement system (Para 3 of Report of C&AG on Social, General and Economic Sectors (Non-PSUs), GoH for the year ended 31 March 2018) within 90 days, however, it observed (December 2022) that full compliance with its recommendations was still to be made. Thereafter, GoH constituted (December 2022) a Committee which submitted (August 2023) its Report to GoH wherein it was directed to take appropriate action on the recommendation of the Committee and send the Action Taken Report to the Government by September 2023. The matter was still under consideration and final outcome was awaited (May 2025).

DSD in its reply (May 2025) stated that all relevant departments, boards and corporation have been requested to take action as per the recommendations of the committee. It was further stated that the report approved by State Government was submitted to Secretary, Vidhan Sabha, Haryana in October 2023, and any further action will be taken as per the orders of the Government. The above chronology indicates that inspite of seven years and directives of PAC and Government no concrete follow up of the Report *ibid* on

IT audit on e-Procurement was noticeable and the IT system continued to be plagued with serious deficiencies.

1.14 Conclusion

The implementation of the system was deficient due to non-execution of agreement with NIC, ineffective functioning of PMU, absence of critical functions/modules, inadequate monitoring, and insufficient training to the users as some of the activities were either not performed or performed offline, defeating the objectives of e-Procurement.

The state ranked 24th in terms of the average numbers of bids received per tender and stood at the ninth position in updation of the tender status. The tendering process was found to be deficient as instances of inadequate bid publicity, insufficient time allowed for bid submission, non utilisation of tender-cum-auction functionality, lack of linkage between re-invited and original tenders, nomination of duplicate users for tender processing were noticed. Further, the system design was weak as business rules were not mapped regarding extension of time, duration of time for keeping the bid open, time given for grievance redressal, issue of corrigenda, etc. The system also lacked controls to prevent irregular practices such as extensions of tenders for short durations decryption of bids on different dates and out of sequence opening of bids.

Instances indicative of collusive bidding and bid rigging were observed thereby undermining the fairness and competitiveness of the tendering process. Multiple bids were found to have been submitted from the same IP address, procuring entity computers, within a close time interval suggesting possible manipulation or lack of adequate system control.

The effectiveness of e-procurement system was hampered by underutilisation of key features, and data inaccuracies. Major issues included like non-utilisation of tender-cum-auction functionality, lack of linkage between re-invited and original tenders, delays in tender processing, retention of funds due to non-updation of the portal, and incorrect recording of award details.

The effectiveness of the system was undermined by significant data integrity and MIS deficiencies. Key issues noticed included non updation of tender stages, not uploading of evaluation summaries, anomalies in user data & profile management, and inconsistencies in award value & tender status, etc. on the portal.

Non-compliance with financial rules were observed in respect of fees and EMD as amounts were not transferred/ adjusted properly, refunded erroneously or not refunded. Instances were also noticed regarding short or excess charging of fee, non-reconciliation and non-charging/non-remittance of GST to the Government.

The system was prone to vulnerability related to user activity as audit found incomplete logs, actions performed without login and non-sequential login time stamp, raising concerns about data reliability. Discrepancies were also noticed in role creation and segregation of duties and absence of defined password policy.

Thus, these irregularities hindered the Government's efforts to promote bidder participation, reduce costs, and ensure transparency in procurement process.

1.15 Recommendations

It is recommended that the State Government may consider:

1. *Entering into a formal agreement with NIC and also strengthening the PMU.*
2. *Inclusion of indent management, catalogue management and contract management modules in the portal for covering the complete process of procurement in online mode.*
3. *To impress upon the TIAs for timely updation of tender stages and uploading of relevant documents on the portal. Training to the users may also be provided for efficient utilisation of the portal.*
4. *Reconciliation of pool account periodically and monitor settlement of the failed transactions/pending fee of bidders.*
5. *Incorporate functionalities for grievances redressal, technical and financial evaluation through system, negotiations, bid validity extension, deciding L-1 on receiving identical rates, issue of AoC through system, real time alert generation for potential collusion/ cartelization/bid rigging during tender/bid evaluation.*
6. *Monitoring action taken by NIC for issues related to incomplete logs, invalid data, missing controls for fields and to get the business rules mapped in the system.*
7. *Ensuring compliance to the irregularities pointed out in previous audit report.*