

MINISTRY OF CIVIL AVIATION

Chapter: I

National Aviation Company of India Limited

Frequent Flyer Programme

1.1 Frequent Flyer Programme (FFP) of National Aviation Company of India Limited (Company) is a joint programme of erstwhile Air India Limited and Indian Airlines Limited for rewarding its frequent flyers. The information relating to flight details of members of FFP were captured in the FFP system from Indian Airlines Departure Control system for awarding and redemption of points in respect of journeys undertaken. The accrual and redemption of points and individual member profiles are managed through the FFP system. The details of mileage points in respect of each member of the FFP are available over its website www.flyingreturns.co.in.

The domestic segment of FFP is managed through a centralised mainframe computer located at New Delhi. The international segment 'FLY' is managed by M/s. IMRB International (IMRB) on a server at Mumbai. The uploading of data in the FFP system including maintenance of the system was done by IMRB through member service centres all over the country and two locations abroad (Singapore and Sharjah).

A review of the functioning of FFP system revealed deficiencies in access controls, data backup procedures, lack of input controls and validation checks as detailed below:

1.2 Audit findings

1.2.1 Connectivity

It was observed that the ticket numbers against which mileage points were redeemed were not captured in the system though such provision was available in the system, due to non linkage of the FFP system with the passenger ticketing system of the Company. As per rules the members can gift their award points earned in favour of non members as well. The details of such gifting done by the members were also not maintained in the system. In the absence of link between these two systems and the details of such gifts, the verification of redemption of points could not be done through the system.

The Ministry in its reply (February 2009) accepted manual entry of ticket numbers in this regard and stated that users have been instructed to utilise this provision. The Ministry also stated that this process would be eliminated in the proposed Passenger Services System solution which would include FFP module also. Regarding the gifting of award points, the Ministry stated that the purpose of capture of details of names of persons to whom tickets were gifted was not clear. It is stated that since the award letters were not transferable the details should be captured in the system in order to avoid misuse.

1.2.2 Input controls and validation checks

The input controls and validation checks ensure that the data received for processing are genuine, complete, accurate and entered without duplication. Data analysis revealed that:

- (i) The mileage points were to be awarded in the system based on the class of journeys. However, in five cases mileage points were awarded through the system without indicating the class of journey undertaken.

The Ministry accepted (February 2009) absence of input controls in this regard.

- (ii) Data as on 30 November 2007 contained negative closing balances aggregating to 25,19,671 points against 246 members, indicating that the system permitted the issue of award letters for redemption of mileage points earned, even when enough points were not available on credit, due to lack of input controls.

The Ministry replied (February 2009) that the negative closing balances may be due to subsequent corrections of incorrect postings after redemption of such points, incomplete data migration and in some cases issuance of award tickets against future credits due to commercial goodwill. This indicated poor input controls and awarding of credits in respect of future travel which were not permitted in case of FFP.

- (iii) Gaps were noticed in the serial number of award letters issued for redemption transactions and neither the reasons were recorded in the system nor were records made available for explaining such gaps. This posed the risk of misuse of award letters in the absence of link among the FFP system, the ticket issuing and revenue accounting system.

The Ministry stated (February 2009) that gaps were due to blocking of serial numbers of award letters which have not been issued and could be also due to technical malfunction. It is reiterated that necessary indication through flags may be incorporated in the system to avoid misuse of such blocked serial numbers.

1.3 Conclusion

Absence of connectivity between the FFP system and passenger ticketing system combined with continued dependence on manual controls could pose the risk of unauthorised manipulation of the data and could pave way for fraudulent transactions. Deficient input controls and validation checks in the system made the data available in the system incomplete, inaccurate and unreliable. Thus, the FFP system contained unreliable data and was vulnerable to errors and manipulations impinging on the transparency of its operations.

The Ministry accepted (February 2009) the observations and stated that these would be taken care of in the proposed Passenger Services System solution to be acquired soon.