

CHAPTER VII: MINISTRY OF EARTH SCIENCES

7.1 Non-achievement of the objectives of modernising the Accounting and Personnel Management functions

Vendor driven purchase by India Meteorological Department and lack of adoption of a standard methodology for acquisition and implementation of a computerised system like assessment of user requirements, system requirement specification, system design description, acceptance testing coupled with lax monitoring led to non-achievement of the objectives of computerisation despite expenditure of Rs.72.88 lakh.

India Meteorological Department (IMD) planned (August 2002) for development of an Oracle ERP¹ based IT system with a view to modernise the system of accounting and minimising the errors arising out of manual working and to automate the operations of personnel management. IMD procured the software (January 2004) from M/s Oracle Corporation through NCCF² at a cost of Rs.47.45 lakh and procured compatible hardware (April 2004) at a further cost of Rs.25.43 lakh from M/s Actech information System Ltd, also through NCCF. The hardware was installed in August 2004. The software was to be customised for IMD in respect of ERP modules relating to accounting and personnel management. However, the software modules were demonstrated by M/s Oracle Corporation without customisation in May 2005. The system as envisaged by IMD in 2002 was not operational (December 2007) despite procuring the system software and hardware (ERP software & Sun Solaris Server) at a cost of Rs.72.88 lakh because of following deficiencies which were noticed in the process of acquisition and implementation of the system:

(i) **User requirement specification:** The need for a new IT system requires analysis before acquisition to ensure that business requirements are satisfied by new system. The URS, which is a detailed study of the requirements to be met by software, should have been the starting point for negotiations with vendors. However, IMD, without evaluating alternative solutions and without detailed analysis of its own requirements, requested M/s Oracle Corporation to present their solutions for IMD. M/s Oracle Corporation proposed a web-enabled solution for managing Establishment/General Section Services in September 2002. As this proposed solution was completely a

¹ ERP (Enterprise Resource Planning) solution – A comprehensive package which provides a complete solution for the IT requirements of an organisation. Typically, such a solution covers Personnel and HR, Finance and Accounts (including Accounts Payable, Accounts Receivable and Fixed Assets), Purchasing and Inventory etc. Popular ERP solutions are available from SAP, Oracle, PeopleSoft, etc.

² National Consumer Co-operative Federation

suggestion of vendor without the active involvement of IMD in defining and specifying its organisational needs, little progress could be achieved despite lapse of five years. IMD failed to realise initially that Oracle ERP modules were only generic software products and would need further customisation to match the organisational needs of IMD. Though the software was purchased in January 2004, partial customisation could take place only in 2007 after a considerable delay resulting into only one module i.e. HR module relating to payroll and human resources management being made ready to a limited extent. Incidentally, details of only 51 employees were planned to be entered into the master database of this module as of November 2007.

It was further observed in audit that the requirement specification submitted by M/s Oracle Corporation suggested the license requirements for 500 users for Human resources module. IMD finally procured 1200 user licenses for Human resources. There were no reasons on record to justify the decision about proposed number of users of the system.

(ii) **Lack of procedures for user acceptance testing:** Against the initial objective of computerisation of accounting and HR functions, only one module relating to personnel and payroll have been partially developed till June 2007. Since IMD do not have a documented formal plan for user acceptance testing of any customised ERP modules, this may result into further delays.

(iii) **Lack of Monitoring:** IMD was expected to monitor the process of acquisition and implementation of the computerised solution to ensure that the computerised solution would meet the intended objectives. However, IMD failed to coordinate various activities. Lack of monitoring was evident from the following facts:

☞ The software initially supplied by M/s Oracle Corporation was for windows OS platform whereas the hardware platform procured was Sun Server V440. This also delayed the whole process of computerisation as supply of compatible software took additional time.

☞ As per terms & condition of purchase order, the vendor was to supply and install the complete system at IMD site. IMD requested M/s Oracle Corporation in September 2004 to install the software. However, the agency refused to communicate directly since order was not placed on them directly and were routed through NCCF. IMD approached NCCF only in March 2005 i.e. after more than one year of the purchase, requesting it to intervene in the matter to get the software installed. After protracted correspondence between IMD, NCCF and M/s Oracle Corporation, the software was partially cutomised for HR and Pay Roll modules (excluding Oracle Financials) in July 2007.

- ✧ Annual Technical Support (ATS) arrangement from M/s Oracle Corporation for the software which was valid for one year after purchase of licenses could not be utilised as the whole endeavor of developing the system got delayed. ATS support in the absence of an operational system was not renewed exposing to the risks of non availability of support for upgradation of software licenses and critical patches at a later date.
- ✧ It was also noticed that as per user requirements specifications submitted by M/s Oracle Corporation, the requirements were assessed for 1800 Gazetted officers, 4649 Group B and C across the country besides other requirements. However, it was noticed during a follow up audit (December 2007) that the target was revised and IMD had a target of 1200 employees only for their details to be populated in the master tables up to February 2008, which is only 18.60 *per cent* of the requirement projected in the URS. Also, IMD planned to populate the details of only 51 employees till the end of November 2007. As such, in the absence of complete data of employees, the HR and payroll modules were not operational (December 2007).
- ✧ There were no immediate future plans for the accounting module.

Thus, though IMD incurred expenditure of Rs.72.88 lakh (including pending claims of Rs.5.60 lakh and Rs.25.43 lakh towards supply of software and hardware), the stated objectives of computerising the accounting and personnel management functions were not achieved.

7.2 Avoidable expenditure on interest

Failure of India Meteorological Department to ensure timely payment of premium towards purchase of land and ground rent resulted in avoidable expenditure of penal interest amounting to Rs.55.04 lakh.

India Meteorological Department (IMD) accorded sanction for the purchase of land for office and residential building in Chandigarh for Meteorological Centre, Chandigarh. The sanction indicated that a part of the earnest money was to be paid to the Chandigarh Administration by the Chandigarh Central Division of Central Public Works Department (CPWD). Payment towards ground rent was to be made directly by IMD from their annual sanctioned budget grant.

The Estate Office, Chandigarh allotted two plots measuring 4757.21 sq. yds. for construction of office building and 2190 sq. yds. for construction of residential building in March 1999 and May 1999 at a premium of Rs.3.43 crore and Rs.1.14 crore respectively. As per the allotment letter, after adjusting the initial payment of Rs.86.60 lakh and Rs.28.44 lakh, the balance payment of Rs.2.56 crore and Rs.85.44 lakh for office and residential land