



## SAVITUR PRASAD

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Controller General of Defence Accounts

Ministry of Defence, Govt. of India

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Do No. IAW-12/ECHS/Corrs/2016

Dated : 04<sup>th</sup> January 2017

Dear

*Principal Controllers & Controllers*

Please find enclosed a copy of the DO sent by CDA Secunderabad regarding the functioning of Military Hospital located at Secunderabad and Golconda.

2. Serious functional irregularities and procedural deficiencies have been highlighted in the DO.

3. It has been observed that irregularities have been brought out under different categories and the lacunae have been presented in clear and straight forward language as under:-

- (a) Non maintenance of ledgers and IVs/RVs
- (b) Deliberately ignoring IFA
- (c) Non preparation of Price Agreement
- (d) Violation of provisions of DPM & CVC guidelines
- (e) Distribution of medicines

4. Though there is no strict water tight criteria for audit, some of the Controllers may have noticed irregularities in other areas of functioning of Military hospitals located under their jurisdiction.

5. I may request the Regional Principal Controllers/Controllers to carry out quick audit of Military hospitals located in their area on these parameters and any additional parameters they may like to include and **send the report by 15.01.2017.**

(PTO)

6. Based on the input this office will take up any holistic measure the irregularities occurring all over India with DGAFMS with a view to bring about categorical change in the system of functioning and operation.

7. Wish you all a very "**HAPPY NEW YEAR**".

With *best wishes to each officer*

Yours sincerely,



(Savitur Prasad)

To

All Regional Principal Controllers/ Controllers



ए. विश्वेश्वर राव, भा.र.ले.से.

नियंत्रक

A.VISWESWARA RAO, IDAS  
CONTROLLER



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DO No. O&M/I/6862/Spl.Audit/MH

रक्षा लेखा अपर महानियंत्रक  
Addl. C.G.D.A. (S.P.)

अवधि सं / Dy. No. 298 दि / Date 02/12/16

Dated: 21/11/16

Respected Sir,

1. I am writing this DO letter regarding the functioning of Military Hospitals located at Secunderabad and Golconda.
2. A special study on functioning of Military Hospitals Secunderabad and Golconda has been carried out. The findings show that there exist serious violations/lapses of procedures and provisions of DPM 2009 and CVC guidelines. The study in r/o MH, Secunderabad revealed serious violations, particularly in the following areas :
  - a) Non maintenance of ledgers and IVs/RVs : Same medicine is entered at different pages and even in different ledgers making it difficult for audit to verify the correct closing stock balance.
  - b) Deliberately ignoring IFA : Procurements are made under URE i.e, projecting everything as urgent, which is not justified. Also assuming that there had been such urgency, all the UREs could be clubbed and submitted to IFA for concurrence to achieve healthy competition & cost effectiveness in the procurements. The data comparison of inherent procurements during 2013-14 to 2016-17 (till September) clearly establishes the irregularity.
  - c) Non preparation of Price Agreement : There was a wilful avoidance of IFA and AFMSD, Mumbai for supply of medicines. Neither any communication nor any NAC found received/sent to AFMSD, Mumbai. During the current FY 2016-17 (till September) 100% procurement of medical stores was made under URE.
  - d) Violation of provisions of DPM & CVC guidelines : Vendor registration was done for 2016-17 without the reps from CDA office and HQrs TASA. The process was carried out "in house" with all three members of MH. The findings of the audit clearly established the unauthorised, discretionary and favouritism in giving the SOs to vendors for a particular brand medicine for which the vendor is not authorised distributor.
  - e) Distribution of medicines : The hospital is dumping medicines to MI rooms attached to Units and ECHS Polyclinics without any indent from them. This is resulting in expiry of medicines within a few months and MI rooms & ECHS Polyclinics are constrained to destroy them. This establishes that MH is procuring the medical stores only to exhaust the funds allotted, without taking into consideration the necessity and to cover up the irregular, unplanned heavy procurements the medicines are dumped to MI rooms and ECHS Polyclinics without any indents/demands from them.




3. It appears that the Hospital authorities executed the procedures in a blatant and hurried manner resulting in serious irregularities. Further, when serious objections were unveiled the documents were taken back and not submitted to audit even after repeated reminders.

4. Similar lapses in procurement procedures were also observed at Military Hospital, Golconda. Procurements were made when the sufficient stock was held. It was found that the life of medicines expired while held in stock. Medicines were issued in excess of demands to the ECHS Polyclinics. Medicines amounting to Rs. 66.30 Lakh were procured during 2014-15 on URE basis out of ECHS fund without calling quotations. The amounts of such transactions are not under the delegated powers of the CFA and hence can be termed as unauthorised expenditure.

5. Copies of special audit reports were forwarded to Executives for their comments. Necessary action will be taken on receipt of the response. Same are enclosed for the perusal of Addl CGDA.

With warm regards

Yours Sincerely  


**Shri Savitour Prasad, IDAS**

Addl CGDA

O/oThe CGDA

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