

# **PRESS BRIEF**

## **CAG'S AUDIT REPORT ON PERFORMANCE AUDIT OF IMPLEMENTATION OF ePROCUREMENT SYSTEM IN TAMIL NADU**

**GOVERNMENT OF TAMIL NADU**

**2021-22**



CAG's Audit Report on Performance Audit of Implementation of eProcurement System for the year ended 31 March 2022 – Government of Tamil Nadu (Report No.4 of the year 2023), was placed in the Legislative Assembly on 29 June 2024.

Following are the major audit findings highlighted in the Report.

### **Performance Audit of Implementation of eProcurement System in Tamil Nadu**

The Performance Audit of Implementation of eProcurement System disclosed deficiencies in portal implementation and application software, lacunae in tender processing and collusive bidding and cartelisation in tendering.

There was no 'Centre of responsibility' to co-ordinate and monitor the functions of the eProcurement portal

**(Paragraph 2.1)**

Procurement of goods and services through eProcurement portal was not mandatory for all procuring entities in the State and in the absence of specific Government instructions, 74 *per cent* of the procuring entities did not utilise the eProcurement portal even after a lapse of 15 years since inception.

**(Paragraph 2.2)**

Non-uploading of tender evaluation reports renders the eProcurement system incomplete affecting transparency and objectivity of the tender process and perpetuates dependence on manual records.

**(Paragraph 2.3)**

Online EMD collection was enabled in December 2017 to enable prompt refund to the unsuccessful bidder without manual

intervention. However, EMDs were continued to be collected through offline mode and the time delays in refunding of EMD was still prevalent.

**(Paragraph 2.5)**

The Finance Department, which was the administrator of the eProcurement portal, and the user Departments did not take steps to create awareness about the eProcurement portal among the bidders and to encourage them to register on the eProcurement portal.

**(Paragraph 2.6)**

The prescribed timelines as per Tamil Nadu Transparency in Tender Rules, 2000 (TNTIT Rules) were not followed by the departments and the software was not designed to incorporate the timeline related provisions of TNTIT Rules.

**(Paragraph 3.2.1)**

The system lacked provisions for negotiation with L1 bidder after generation of Bill of Quantities and for situations where participating bidders quoted the same price necessitating manual intervention.

**(Paragraph 3.2.6)**

The eProcurement portal did not ensure that only 'non-zero' values were allowed for EMD and Tender values, which resulted in 10 *per cent* of published tenders exhibiting EMD value or Tender value as 'zero'. There were discrepancies in mandatory fields and NULL values in name fields due to lack of input controls in the system.

**(Paragraphs 3.3.1 (i) and 3.3.2)**

Bids submitted for the same tender were decrypted on different dates in contravention of TNTIT Rules. The Bill of Quantities comparative chart in buy-back cases added the buy-back amount to the quoted amount instead of reducing the same in three instances.

**(Paragraphs 3.3.3 and 3.3.4)**

Discrepancies were noticed in role creation by user Departments. There was no processing control as the organisations created multiple Nodal officers and blocked tenderers and blocked Department users had participated in the tender process during the blocked period.

**(Paragraphs 3.3.8 and 3.3.9)**

Provisions available in the eProcurement portal for submission of bid documents and for calling missing bid documents within a stipulated time were not utilised by the user departments and documents submitted manually were relied upon, defeating the objective of transparency in tender processing.

**(Paragraph 4.2)**

Deficiencies in designing the Bill of Quantities template, awarding of contracts without ensuring compliance to bid conditions and inconsistencies in bid evaluation impaired the objectivity of the tender evaluation process besides depriving the legitimate bidders from being awarded the contract.

**(Paragraph 4.3)**

Patterns of bidding *viz.*, bid rotation, bidders with family relationship, bid submission from procuring entity computers, different bidders placing bids for a tender from the same IP address, double EMD, coded intimation by bidders and consecutive EMD instrument numbers indicative of bid rigging and cartelisation were noticed. These fraudulent practices among the bidders and the failure on the part of the officials involved in the evaluation and approval of the tenders derailed the efforts of Government in increasing participation, reducing costs, enhancing transparency and improving the procurement system.

**(Paragraphs 5.3, 5.4 and 5.6)**