3.2 Materials management in Health and Family Welfare Department

Materials management in the Health and Family Welfare Department was found to have been deficient. Procurement of medicines was not based on realistic assessment as requirement of medicines submitted by different health institutions was not supported by basic data. The system of health care in different health institutions in the State suffered due to delayed and reduced supply of medicines, supply of substandard medicines, and idling of machinery and equipment. Reasons for these deficiencies were attributable to lack of adequate planning and monitoring.

Highlights

Penalty of Rs. 18.34 lakh for delay in supplying medicines was not imposed on the suppliers.

(Paragraph 3.2.6)

Expenditure of Rs. 6.71 lakh incurred on purchase of mixture ingredients became unfruitful, as no mixture could be prepared by using these ingredients according to the formulation prescribed in the Pharmacopoeia.

(Paragraph 3.2.7)

Sub-standard medicines valued at Rs. 10.44 lakh purchased during 1999-03 were issued to the patients before receipt of drug testing reports.

(Paragraph 3.2.8)

Machinery and equipment worth Rs. 39.17 lakh were irregularly transferred to a society *viz*, Tripura Super Speciality Hospital Society.

(Paragraph 3.2.10)

Eighteen items of machinery and equipment purchased during 1996 to 2002 at a cost of Rs. 86.24 lakh remained non-functional (as of June 2004).

(Paragraph 3.2.13)

Introduction

3.2.1 The Health and Family Welfare Department procures medicines, equipment, surgical appliances, bedding and clothing etc., to provide health services in the State through a network of health institutions. For this purpose the department maintains two Central Medical Stores (CMS) at Agartala, one under the Director of Health Services, and the other under the Director of Family Welfare and Preventive Medicines. Medicines and other stores are issued from these stores (CMS) to different health institutions (excluding four State hospitals) through the four Chief Medical Officers based on indents placed by them.

Organisational set up

3.2.2 The department is headed by the Commissioner and Secretary who is assisted by two Directors *viz*, Director of Health Services (DHS) and Director of Family Welfare and Preventive Medicines (DFW&PM). The stores required by four State hospitals are procured by respective Medical Superintendents of the State hospitals. While the stores required by the District and Sub-Divisional hospitals are procured by the DHS, the DFW&PM procures the stores for all the Primary Health Centres (PHCs), Community Health Centres (CHCs) in the State.

Audit coverage

3.2.3 Purchase, custody and issue of stores in respect of medicines, machinery and equipment, and bedding and clothing for the period from 1999-2004 were reviewed in audit during May - June 2004. Records maintained by DHS, DFW&PM, two CMSs, three Medical Superintendents (MS) of State Hospitals[•] (out of 4), one District Hospital[♦] (out of 2), three Sub-Divisional Hospitals[♠] (out of 11), four CHCs[⇕] (out of 9), and one Chief Medical Officer (CMO) at Udaipur (out of four) were examined in audit. Expenditure of Rs.20.99 crore (61 *per cent*) of the total expenditure of Rs. 34.13 crore was covered in audit.

The important points noticed are discussed in the succeeding paragraphs.

Budget provision and expenditure

3.2.4 The year-wise budget provision and expenditure incurred by the department against medicine, machinery and equipment, and bedding and clothing during 1999-04 are shown in the table below:

Table: 1

(Rupees in crore)

Component	1999-2000		2000-01		2001-02		2002-03		2003-04	
	Budget	Expen-diture	Budget	Expen-diture	Budget	Expen-diture	Budget	Expen-diture	Budget	Expen-diture
Medicine	1.72	1.89	3.74	4.15	3.79	3.55	3.09	2.32	4.22	4.15
Machinery and Equipment	2.63	2.23	4.16	3.77	4.34	3.47	6.10	4.17	4.22	2.41
Bedding and clothing	0.19	0.23	0.30	0.27	0.88	0.77	0.70	0.53	0.21	0.22
Total	**4.54**	**4.35**	**8.20**	**8.19**	**9.01**	**7.79**	**9.89**	**7.02**	**8.65**	**6.78**
Savings (-) Excess (+)	**(-) 0.19**		**(-) 0.01**		**(-) 1.22**		**(-) 2.87**		**(-) 1.87**	

Source: Information furnished by the department.

Besides, the department also received medicines, kits etc for Rs. 20.57 crore in kind from the Government of India during 1999-2004 under National Anti-Malaria Programme and Family Welfare Programme.

[•] GB Pant Hospital, Cancer Hospital and Dr. B.R.Ambedkar Memorial Hospital at Agartala.
[♦] Tripura Sundari District Hospital, Udaipur.
[♠] Bishalgarh, Melaghar and Belonia.
[⇕] Jirania, Teliamura, Kumarghat and Sonamura.

It would be seen from the table above that there was savings of Rs. 6.16 crore during 1999-04. The reasons for savings were attributed (August 2004) by the Government to non-finalisation of rates of machinery and equipment, non-execution of supply of medicines by the firms, and receipt of funds at the fag end of the financial year.

Assessment of requirement

3.2.5 Proper assessment of requirement is a pre-requisite for effective procurement and stores management. Basic information on the incidence of diseases in the area, number of patients treated (disease-wise) in a year are essential in assessing the requirement of medicines.

Three Sub-Divisional Hospitals and four CHCs test-checked (May-June 2004) failed to furnish the information on number of patients treated based on clinical diagnosis as no such records were maintained by them. The Directorates also could not obtain the consolidated information from the field units, on the number of patients clinically diagnosed and treated by them during 1999-2004, despite having repeatedly called for.

Further test-check of records of the DHS and the DFW&PM showed that 42 to 75 items of medicines worth Rs. 16.06 crore were procured during 1999-2004 according to the requirement placed by the field units, in the absence of any basic reliable data in the Directorates. The requirements placed by the field units were also not supported by the information on **(i)** actual consumption of medicines in previous year, and, **(ii)** quantum of medicines available in stock. As a result, the decision on procurement of medicines in a year was taken on previous year's purchase, by changing the quantum from 5 to 10 *per cent* (increase or decrease). This indicated that procurement of medicines was not based on proper assessment of requirement.

The Government stated (August 2004) that a process had already been started to formulate a new scale for procurement of medicines considering relevant up-to-date data.

Procurement of medicine

Non-imposition of penalty

3.2.6 Records of the department indicated that the DHS selected the firms and finalised rates contract and terms and conditions each year for procurement of medicines based on the recommendation of purchase committees. Accordingly, four State hospitals and the two Directorates were to procure all the required medicines. The terms and conditions *inter alia*, stipulated that medicines were to be supplied within two months from the date of issue of supply orders. In case of any delay beyond the stipulated period of two months penalty @ 1 *per cent* per week of delay would be imposed on the suppliers.

Test-check of records (May – June 2004) of the two Directorates, GB Pant Hospital, and Cancer Hospital for the period 2001-2004 revealed that in case of 206 bills there was delay in supplying medicines ranging from one week to nine months. This delay affected the delivery of quality health care facilities to the patients. The penalty of Rs. 18.34 lakh[□] calculated at 1 *per cent* per week of delay on total value of medicines supplied, was not imposed on the suppliers.

It was, however, noticed that the DHS exempted penalty of Rs. 6.34 lakh in respect of 64 cases (out of 206) during 2002-03 without approval from the Government. The Government stated (August 2004) that due to non-payment of the bills of the suppliers by the department in due time, the condition stipulating the penalty for late supply of medicines by the suppliers was overlooked. The reply was not acceptable to Audit as imposition of penalty on delay in supplying medicines and delay in making payment against the claims were distinct and separate issues.

Unfruitful expenditure on mixture ingredients

3.2.7 In Tripura five types of mixtures were being prepared in the health institutions by using 15 ingredients varying from three to five ingredients for each mixture. But this practice of preparation of mixtures in the health institutions had been discontinued prior to 1999-2000. It was noticed that without formulating any methodology to re-introduce the system of supplying mixture to the patients, the department purchased four categories of mixture ingredients[▣] valued at Rs. 6.71 lakh during 2000-04. According to the formulations prescribed in the Pharmacopoeia not even a single mixture could be prepared by using only these ingredients. As a result the stock of ingredients remained unutilized as of June 2004. Records of Sub-Divisional Hospitals and CHCs test checked, also confirmed the position.

The Government stated (August 2004) that the available ingredients could be utilised in future and there would be no loss to the Government. The reply was not tenable since the ingredients were procured without assessing any immediate requirement.

Thus, the expenditure of Rs. 6.71 lakh on the mixture ingredients became unfruitful.

Sub-standard medicine

3.2.8 To provide quality health care services in the State, the department was required to procure standard quality of medicines. The medicines were also being tested in the State Drug Testing Laboratory (SDTL), Agartala which had the facilities for testing 44 items of medicines only, though about 75 items of medicines were procured by the department every year.

As there was no scope in the State for testing all the drugs, the department procured medicines based on the testing reports furnished by the suppliers as per terms and conditions of notice inviting tenders. The medicines were distributed for use/consumption by the patients in the health institutions. Test-check of records of three State hospitals and two Directorates revealed that

[□] DHS: Rs. 4.64 lakh; DFW&PM: Rs. 10.84 lakh; GB Pant Hospital: Rs. 2.36 lakh; Cancer Hospital: Rs. 0.50 lakh.

[▣] Ammonium Chloride: 372 packets; Compound Cardamom Tincture: 4953 bottles; Tincture Ipecac: 1407 bottles and Aromatic spirit of Ammonia: 5016 bottle.

samples of 33 items of medicines procured during 1999-2003 were drawn up by the SDTL for testing. The SDTL declared (November 2000 to April 2003) all these medicines as substandard.

By that time medicines valued at Rs. 10.44 lakh (78 *per cent*), out of total stock of Rs. 13.45 lakh, had been consumed by the patients. It was seen that the department only asked the suppliers to replace the balance quantity of substandard medicines but no action was taken against them.

The Government stated (August 2004) that the facilities of the SDTL were being updated to overcome the problem of delayed receipt of test reports from outside the State.

Sub-standard adhesive tapes

3.2.9 Scrutiny of records revealed that the department procured 1840 tubes of adhesive tapes (used to seal wounds/stitches) during May-June 2002. The samples of the adhesive tapes were tested by the Central Drug Laboratory, Kolkata through the SDTL and were declared (June 2003) as sub-standard as these tapes did not perform adhesive function. It was noticed that before getting the laboratory test report 621 tubes of adhesive tapes valued at Rs. 1.93 lakh (34 *per cent*), out of total stock of Rs. 5.72 lakh were already issued for use. Though the balance quantity (1219 tubes) was replaced by the firm, no action was initiated against the firm for supplying substandard adhesive tapes.

The Government stated (August 2004) that action against supply of sub-standard medicine was being taken as per the provisions of the Drugs and Cosmetics Acts and Rules.

Procurement of machinery and equipment

Irregular transfer of machinery and equipment

3.2.10 Test-check of records (May – June 2004) revealed that machinery and equipment valued at Rs. 39.17 lakh[•] purchased by the department during 2001-03 for the Super Speciality Block at GB Pant Hospital, Agartala were transferred to the Tripura Super Speciality Hospital Society (a registered society) set up (October 2002) according to the Memorandum of Understanding (MOU) signed (October 2002) between the Government of Tripura and Care Foundation, Hyderabad.

This transfer of the machinery and equipment was not regular since there was no such commitment in the MOU.

Installation of mammography machine

3.2.11 Records revealed that funds of Rs. 30 lakh was released by the Government of India in March 2000 for installation of a mammography machine in Cancer Hospital, Agartala. The department issued work orders for Rs. 25.75 lakh in March 2001 to M/S Siemens Ltd., Kolkata for supply and

[•] OT lights installed in the Super Speciality Block: Rs. 23.08 lakh; Telemedicine facilities set up at GB Pant Hospital, Agartala and RGM Hospital, Kailashahar linked with Care Foundation, Hyderabad: Rs. 14.42 lakh and ENT Machine: Rs. 1.67 lakh.

installation of the machine (including civil works and electrification of the building) without fixing any time limit for the work. Though it was stipulated in the notice inviting tender that the work should be done within 45 days from the date of issue of supply order, this condition was not incorporated in the work order.

The work for installation and successful demonstration of the machine was completed in April 2002 but the payment (Rs. 25.75 lakh) was made in March 2002. The machine could not be utilised till January 2003 since its installation, due to various faults in the machine.

The Service Engineer of the firm identified (May 2003) the damp condition of the room as the main cause of frequent breakdown of the machine. Though the firm executed the civil works as well for installation of the machine, no initiative was taken either by the firm or by the department to rectify the defects as of June 2004.

The Government stated (August 2004) that renovation / repair work of the room had been taken up by the State Public Works Department in July 2004 and the work was in progress.

Thus, due to delay in installation of the machine and lack of proper planning and monitoring, the desired benefits could not be derived out of the machine, even after investment of Rs. 30 lakh[@].

Idle investment

Non-installation of X-ray machines

3.2.12 Test-check of records (May – June 2004) showed that three X-ray machines were purchased by the department between March 2001 and August 2001, for Sub-Divisional Hospital, Bishalgarh and two CHCs at Ompi and Takarjala at a cost of Rs. 8.64 lakh, and full payment was made (October 2002) to the firm, before installation of the machines with successful demonstration.

It was seen that the dark room required for making the machine functional in the Sub-Divisional Hospital, Bishalgarh was not ready as of June 2004. In the two CHCs the firm could not demonstrate the machines after installation in May 2003 and July 2003 respectively and demanded Rs. 3.15 lakh (June 2004) for replacement of some spare parts.

The Government stated (August 2004) that the demand of the firm for replacement of some spares in respect of the machines of the two CHCs was refused and the firm was asked to arrange demonstration of the machines early after necessary repair.

Thus, lack of proper planning and monitoring on the part of the department had resulted in idle investment of Rs. 8.64 lakh for about three years, besides denial of the benefits to the rural population.

[@] M/S Siemens Ltd.: Rs. 25.75 lakh, Tripura Sales Tax: Rs. 2.81 lakh, External electrification etc.: Rs. 1.44 lakh.

Non-functional machinery and equipment

3.2.13 Test-check of records revealed that 18 machines and equipment (**Appendix XIII**) purchased during 1996-2002 costing Rs. 86.24 lakh relating to eight health institutions remained non-functional ranging from two years to eight years mainly due to non-availability of consumables, spare parts, and trained manpower. The department did not take appropriate remedial measures to restore functioning of the machinery and equipment. This resulted in denial of intended benefits to the patients.

The Government stated (August 2004) that three ultrasonography machines[✍] had been replaced by new ones under buy-back scheme and action was being taken in respect of other equipment.

Improper Annual Maintenance Contract

Undue financial aid to firm

3.2.14 An agreement for Rs. 20.41 lakh on Annual Maintenance Contract (AMC) in respect of 32 equipments[✍] covering the period from May 1998 to April 2001 was signed between the DHS and M/S Siemens Ltd, Kolkata in January 1999.

It was noticed in audit that three X-ray machines[♦], covered under the said AMC, remained out of order during September 1998 to December 1998. The firm did not turn up to rectify the defects during the first 6 months even after repeated persuasion. But the department paid (February 1999) Rs. 2.79 lakh for that period though no service was available.

Thus, signing of the agreement with retrospective effect and absence of any penalty clause in the AMC for non-execution of work in time, resulted in undue financial aid of Rs. 2.79 lakh to the firm.

The Government admitted the facts and stated (August 2004) that the machines were put in order after the said period.

Recommendation

3.2.15

- Physical verification of stores at least once in a year hitherto not done during 1999-2002 may be ensured.
- For quality control, the State Drug Testing Laboratory may be equipped with the facilities of testing injectibles as well as for testing all the items of medicine procured for use in the State.
- Penalty clause may be incorporated in the Annual Maintenance Contract to ensure repair/timely maintenance of the machinery and equipment.

[✍] Sl No. 3 and 11 at **Appendix XIII**.

[✍] 28 X-ray machines, 2 Ultra sound Sonography machines, and 2 Servo ventilators.

[♦] District Hospital, Kailashahar: 2, and Rural Hospital, Gandacherra: 1.

APPENDIX – XIII
Statement showing details of machinery and equipment remained non-functional
(Reference to paragraph 3.2.13)

Sl. No.	Name of health institution	Name of the machine/ equipment	Year of purchase	Value (Rs. in lakh)	Date from which remained non-functional	Reason
1.	GBP Hospital, Agartala	Mobile C-Arm with Image Intensifier	1997	20.96	August 2002 to date	For want of consumables valued Rs. 8 lakh
2.	GBP Hospital, Agartala	Blood Gas Analyser	1998	11.00	April 2001 to date	For want of reagent and trained manpower
3.	GBP Hospital, Agartala	Ultrasonography machine (2 Nos)	1997	9.46	NA	Awaiting repair
4.	GBP Hospital, Agartala	60 MA Mobile X-ray machine (2 Nos)	1997	3.96	NA	Awaiting repair
5.	GBP Hospital, Agartala	Spectro photometer	1997	0.87	2001 to date	Awaiting repair
6.	GBP Hospital, Agartala	Auto-Analyser	1997	8.98	August 1999 to date	Non-availability of fund
7.	GBP Hospital, Agartala	Haemodialysis Machine	1997	8.95	September 2001 to date	Awaiting repair
8.	Sub-Divisional Hospital, Amarpur	15-MA Portable X-ray machine	NA*	NA	July 2002 to date	Awaiting repair
9.	Sub-Divisional Hospital, Amarpur	ECG machine	1999	0.20	June 2000 to date	Awaiting repair
10.	Sub-Divisional Hospital, Kamalpur	ECG machine	1996	0.20	April 1996 to date	Awaiting repair
11.	Sub-Divisional Hospital, Sabroom	Ultrasonography machine	1998	5.80	December 2002 to date	Awaiting repair
12.	Sub-Divisional Hospital, Chailengta	Ultrasonography machine	2002	5.80	Since installation in 2002	Air condition system not provided
13.	Sub-Divisional Hospital, Chailengta	X-ray machine	2002	3.20	Since installation in 2002	For want of radiographer
14.	Community Health Centre, Teliamura	ECG machine	2000	0.20	Since installation in 2000	Awaiting repair
15.	Community Health Centre, Nutan Bazar	X-ray machine	2001	3.33	Since installation in 2001	For want of radiographer
16.	Community Health Centre, Manu Bazar	X-ray machine	2001	3.33	Since installation in 2001	For want of radiographer
			Total:	**86.24**		

*****Received from Udaipur Hospital and installed on 07-10-1999.