From:
Sent: 01 June 2023 12:30
To:
Cc:

Subject: CAG Reply

Hi Sir,

Please find attached Reply

Regards
CA

Reply:

Para 1 of Part II (B)
Non-imposition of penalty on the EIA Consultant Organizations by NABET for delay in payment

Noted. QCI will implement an automated notification, payment and invoice generation system in EIA portal sooner.

Para 2 of Part II (B)
Delay in project and non-accounting of interest earned on the grant received on that project.

Delay in project*: The National Medicinal Plants Board (NMPB) approved a project proposed by QCI for "Capacity Building cum sensitization proposal for Voluntary Certification Scheme for Medicinal Plant Produce (VCSMPP)" in July 2018, which had the component of renewing of timelines as per mutual agreement between NMPB and QCI.*

The reason of the above clause is the fact that the Medicinal Plants trade is secretive with issues of contamination, co-mingling resulting in serious quality issues. It was envisaged that the quality improvement in medicinal plants sector may take more time than anticipated.

1. *Request to NMPB for placing certification as pre-requisite: QCI vide 6th PSC IEC dated 17 October 2022 vide item no 6.9, para 3 (**Annexed at A**) resubmitted the need for 'mandating VCSMPP certification a prerequisite for AYUSH MARK. In consonance, the Chairman, PSC suggested that the public sector undertakings like IMPCL and hospitals under M/o AYUSH should be mandated to procure the AYUSH medicines that are manufactured using the VCSMPP-certified raw materials. This will help in higher uptake of the VCSMPP.*

2. *Segregation of training organized by QCI and expenditure incurred thereon each training: In spite of pandemic a total of 65 trainings has been conducted, the details of these are (**Annexed at B**).*

3. *Details of Package of Practices (PoPs): About 61 Package of Practices (PoPs) where submitted during the period whose details are (annexed at C). It may be noted that the process flow includes research to be required for developing of PoPs. It further included the do ability, identification, consent and assigning of the PoPs to experts which later is reviewed by set of experts. Internalization of PoPs required QCI to identify farmer/*

> *collectors' groups that willingly offered their farms to set up cultivation/ collection accordingly as demo plots. This further required approval of certification bodies (CBs) as per ISO17065 and VCSMPP that would visit the demo plots for certification. It needs to be appreciated that the development of PoPs, motivating of farmers to lend their farms, developing competence of CBs has long turnaround time. This in the event of the pandemic resulted in extending of timelines.*

*It may be noted that considering the on-ground challenges and the complicity of the project the Project Steering Committee (PSC) of NMPB appreciated and agreed the bonafide of the claims and extended the project twice; first extension vide PSC dated 18 August 2020 (**Annexed at D**) and the subsequent extension in the 6th PSC IEC dated 17 October 2022 (**Annexed at A**).*

***Non-accounting of interest earned**:*
It is clarified that the said project is on going project. The sanction order/ pay order received from Ministry of Ayush gives no direction on the interest incurred. It is further clarified that, for settlement of interest, QCI is guided by the arrangement with respective ministry (in this case Ministry of Ayush) and this arrangement will be shared with CAG.

Para 3 of Part II (B)
Inadequate number of surveillance assessment by NABL and complacent approach of NABL on misuse of its Symbol/Logo.

Details of desktop or on-site surveillance (as applicable) were provided in the annexures for Testing, Calibration, Medical, PTP and RMP fields. It is evident that surveillance has been conducted for the laboratories barring a few cases in which it was delayed.

Vaidyanatheshwara Instruments, Bengaluru and Jayasree Reva Phoenix Metrology Private Limited, Chennai were observed to be non-compliant to NABL requirements w.r.t. claim of NABL accreditation. Their accreditation status was placed under Suspension Category w.e.f. 29.06.2020.

Accreditation status was revoked w.e.f. 03/07/2020. The laboratories were under accredited status after revocation of suspension. As per NABL procedure, the laboratories have to apply for renewal of accreditation. The assessment is conducted thereafter and accreditation is renewed. There could be a non-accredited period between 2 accreditation cycles in which the laboratory cannot claim to be NABL accredited. The accreditation certificate will not be visible on NABL website in the non-accredited period.

Further, in case the laboratory has not submitted the PT plan, the certificate cannot be downloaded from NABL portal and in such a situation also, the accreditation certificate will not be visible on NABL website even though the decision for renewal of accreditation has been communicated to the laboratory.

NABL monitors the use of NABL symbol in surveillance and unannounced audits. Action such as suspension of accreditation, withdrawal of accreditation is taken as per NABL procedure for erring laboratories. The list of suspended laboratories and withdrawal of accreditation is placed at NABL website in which the conditions for the adverse action are mentioned.

Hence, this audit para may be dropped off.

Para 4 of Part II (B)
Insufficient surprise assessment and non-conduct of surveillance assessment by NABH.

1. *The total number of surprise assessments conducted in 2021-2022 are approx. 14. There has been a dip in the Number of surprise assessments in the year 2021-2022 due to the then prevailing situation of Covid 19 across the country. The surprise assessments have been conducted as per current policy of the NABH.*

   Most of the hospitals had been converted into Covid -19 admission centres and few of them had shut down their operations in the year 2021-2022. However, NABH secretariat is updating the policy for Surprise assessments so that more number of accredited/certified HealthCare organizations can be put under the purview of the surprise assessment.

2. *The HCO is intimated about the surveillance assessment at 11th month (4th edition) or 21st month (5th edition) by the program officer.*

   - ***H-2013-0778**: Thumbay Hospital New Life, Hyderabad (Validity 8 Jan 2021-7 Jan 2024): Hospital advised for surveillance in the month of September -22. However, the HCO denied and had requested NABH to postpone the surveillance in the month of February 2022. The HCO was asked for reason for postponing. The Hospital had submitted that it is undergoing construction and hence had requested it to be postponed.*

- ***H-2017-1143****: (Delhi Heart Institute 7, Multispecialty Hospital, Bathinda, Punjab) and H-2016-1106 (SVS Institute of Neurosciences, Kachiguda, Hyderabad, Telangana) are the applications which are not active and have been closed as per adverse decision policy of NABH.*

- ***DC-2018-0146****: Swastik Dental Care, Pune, Maharashtra, India. The clinic was accredited from 16th June 2018 to 15th June 2021.The clinic has not updated the details of the 2nd year annual fee on the portal. The clinic has also not paid the 3rd year annual fee after repeated reminders. The final reminder was sent on 24th Aug 2021; hence the surveillance assessment could not be assigned.*

- ***DC-2018-0155:*** *Urban Tooth Dental Clinic, Thane, Maharashtra, India. The clinic was accredited from 27th Oct 2018 to 26th Oct 2021.The clinic has not submitted the Desktop Surveillance documents after multiple reminders from May 2021 to Aug 2021.The dental clinic has not submitted the third-year annual fee and the complete documents for desktop Surveillance assessment. Hence, the surveillance assessment was not assigned.*

- ***MIS-2017-0117****: Swanya Imaging Centre Pvt. Ltd., Faridabad, Haryana, India. The MIS center was accredited from 16th June 2018 to 15th June 2021.The MIS center was given multiple reminders to submit the 2nd year annual fee,3rd year annual fee and the desktop surveillance assessment documents. The MIS center has not submitted the required documents and fee and the application was closed on 7th Jan 2022. Hence, the Surveillance assessment was not assigned.*

In the view of above, audit para may be dropped off.

Para 5 of Part II (B)
Non-recovery from Sundry Debtors

Every effort is put towards reconciliation of customer ledgers and recovery of sundry debtors at the earliest in order to avoid blockage of funds and smooth flow of working capital of QCI. A systematic recovery procedure is being laid down for early recovery of Sundry Debtors.-As the society is growing at a tremendous pace every year, the debtors are also increasing. However, every effort is being made for the early recovery and is yielding result.

There is no policy of charging penal interest for delayed payments at QCI.

Para 6 of Part II (B)
Non-maintenance and shortfalls experienced on the official website of NABH

1. *List of various bodies not being updated regularly on website:*
    - ***HCO:*** *The accreditation status of the HCO is regularly updated on the website and portal however there are 3 Application of year 2022 wherein the status is not updated on website. All of these have been closed. The status for all these 3 was already updated on portal and we have updated the website as well.*

    - ***SHCO:*** *The accreditation status of the SHCO is regularly updated on the website and portal however there are 7 Application of year 2021 wherein the status is not updated on website. 6 of these have been closed and or shifted to other programs. One is already renewed. The status for all these 7 was already update on portal and we have updated the website as well.*

2. *List of suspension and/or forced withdrawal of accreditation not being updated regularly on website:*
    - ***HCO****: There is only 1 HCO which is under Suspension and same is already updated on portal and website both. There has been no HCO which is forced Withdrawal. The same is already updated on website. Portal can be referred for the same.*

    - ***SHCO****: There are 3 SHCOs which are under Suspension and same is already updated on portal and website both. There has been only one SHCO which is forced Withdrawal case (SHCO-2014-0257) and now closed. The same is already updated on website. Portal can be referred for the same.*

3. *The list of Health Care Organizations provided by NABH on its website has hyperlink which is functional if accessed directly from NABH website.*

    In the view of above, audit para may be dropped off.

Para 7 of Part II (B)
Irregularities in Physical Asset Register and its physical verification**.**

QCI is on the process of reconciling Fixed assets as per the Physical verification carried out by M/s Protiviti in 2021.

To effectively manage and account for the Fixed Assets a committee has been formed with participation from each of the boards and divisions to take this effort forward to properly maintain the Fixed Asset Register, perform physical verification (as defined in the Service & Finance Manual) and keeping the Fixed Asset Register updated on a real time basis.

Para 8 of Part II (B)
Receipt pending reconciliation in Bank Account.

Noted. QCI will implement an automated notification, payment and invoice generation system in all the portal of QCI sooner.

Reason for inconsistencies is explained below: -

1. The fees collected from the accredited organization revealed that invoices are generated/raised by NABH only after the receipt of payments from these organizations. As there are cases where the fees are not received by NABH and hence the invoices are not raised which led to the creation of debtors.

Situations in which invoices are raised post receipt of payment are of Application Fee (where a hospital wishes get accreditation from NABH and is required to pay in advance). As soon as the hospital completes the application form, the hospital may go for Pre assessment or Final assessment (as desired by the hospital). Invoices for the first year cannot be generated in advance, as the hospital may or may not go for the assessment. Additionally, in some situations the hospital pays the Annual Fee in advance for future period (for which NABH does not have any advance intimation to be able to raise invoice before payment). The Annual fee invoices are normally raised one month in advance and shared with the respective customer(s)

2. Also, NABH has not devised any mechanism for auto generation of notification for the annual fee being due, this has led to delay in payment from the organizations which is required to be paid in the month of validity.

NABH is in the process of upgrading it portal to include (in addition to other new features) an alert to the concerned program officer for issuance of invoice prior to the annual fee is due so that the program office, can request raising of invoice/s, in advance after doing a due diligence (whether the invoice needs to be raised or not). The upgraded system will also expect the *customers to pay online (through the portal) so that periodic reminders can be sent to the customers for non-payment of dues.*

3. Further, as the fee is based on the no. of sanctioned beds in the hospitals. However, no checks have been provided to ascertain this. As the annual fees are paid based on the scope of initial accreditation and cases have been found where the no. of beds mentioned on the hospital website is shown more than the no. of sanctioned beds for which accreditation is granted.

In HCO program*, the hospitals which are more than 50 sanctioned beds are included. The fee in the HCO program is as per sanctioned beds. The sanctioned beds are verified from the supporting statutory compliance for the same which is usually the BMW license or registration. The number of beds on the individual hospital website may be different as it may include the day care beds, emergency beds, recovery beds and dialysis beds etc. as per the hospital's own marketing strategy.*

In SHCO program*, the hospitals which are up to 50 sanctioned beds are included. The fee in the SHCO program remains same. The sanctioned beds are the Inpatient beds for which the hospital submits the undertaking on 50 Rs Stamp paper and supporting statutory compliance for the same which is usually the BMW license or registration. We have issued a public notification for the same on NABH website dated 12th August 2021 (still available on website). After the issuance of the notification all the SHCOs have been sent remarks through portal for submitting the bed declaration. The follow has been done multiple time until the SHCOs submitted the bed declaration. Portal remarks can be referred for the same. After the issuance of notification all the SHCOs which had more than 50 sanctioned beds have been already shifted to HCO document and some are in transit stage under HCO portal. The number of beds on the individual hospital website may be different as it may include the day care beds, emergency beds, recovery beds and dialysis beds etc. as per the hospital's own marketing strategy.*

4. Moreover, this has also resulted in the accumulation of unreconciled amount received from the organizations, because of absence of any track of payment received from the organizations. In addition to this, it also leads to the problem in GST reconciliation, as NABH is not able to file debit note in GSTR form 1 on unrecognized amount due to non-generation of invoice and which in turn, may also create problem in claiming input tax credit by the payer.

Noted. QCI will implement an automated notification, payment and invoice generation system in all the portal of QCI sooner.

Para 9 of Part II (B)
Discrepancies in the HCOs/SHCOs accreditation program by NABH

1. Shri Ram Singh Hospital & Heart Institute with a reference ID SHCO-2014-0257 underwent surprise assessment and based on assessor report AC committee held the accreditation status under suspension during 2021-22 because of poor practices and infrastructural deficiencies. Further, the list of accredited SHCOs available on NABH official website was showing the status of force withdrawal w.e.f. 1st July 2022 against this SHCO. Whereas, the official website of this hospital is still showing the logo of NABH accredited despite withdrawal of its accreditation. Also, the hospital is claiming itself as 100 bedded hospital while NABH accredited it under SHCO i.e. hospital with bed strength up to 50 sanctioned beds which is contrary to the policies of NABH as mentioned above.

2. Further, the list of SHCOs also have Ranjit Hospital, Jalandhar, which was earlier certified under Entry level certification Program SHCO and expired on 12/01/2021, accredited as SHCO on 18/02/2021. The website of this hospital is showing that it has reached 200 beds out of which 65 beds are only for cancer patients. Moreover, the website of hospital is still using the NABH logo pertaining to Entry Level Certification program – SHCO.

There are 3 SHCOs which are under Suspension and same is already updated on portal and website both. There has been only one SHCO which is forced Withdrawal case (SHCO-2014-0257) and now closed. The same is already updated on website. Portal can be referred for the same.

3. Similarly, under the list of Accredited HCOs, lists Fortis Flt. Lt. Rajan Dhall Hospital, New Delhi, Delhi with Reference No. H-2006-0025 whose accreditation validity was up to 08 June 2022 and is currently under suspension. However, the website of this hospital is still claiming as NABH Accredited Hospital.

The HCO H-2006-0025, is accredited since 2009. The HCO is currently undergoing its renewal assessment (CAPA review due for assessor) and was valid till Valid From: 09-Jun-2019 Valid To: 08-Jun-2022 in its current accreditation cycle. The HCO's old application is reflecting under suspension category because of some technical issue. The same application under RA in process is correct one. The duplicate application is closed and same can be verified from the portal.

Para 10 of Part II (B)
Un-realistic Budget provisions and non-achievement of financial targets.

During covid era, it has been observed that deviations from budget provisions for some boards was around 50%. Now, QCI and its Boards are making all efforts possible to minimize the deviations of from budget provisions. Finance Committee of QCI has taken every effort to ensure that budget provisions are not only realistic but also achievable. Before finalizing annual budget of each Board/Divisions of QCI, Finance Committee scrutinizes each components of Budget with respective heads. The Budget approved by the Finance Committee is later on placed before the Governing Body for analysis and approval. At every Governing Body Meeting a statement of Budget deviations will be placed and analyzed in order to minimize the negative deviations.