

Andhra Pradesh State Housing Corporation Limited

2.2 IT Audit Report on INDIRAMMA Housing Project Management and MIS

Executive Summary

The A.P. State Housing Corporation Limited was incorporated in July 1979 with the main objective to formulate, promote and execute various housing schemes on behalf of State and Central Government for the benefit of weaker sections. The Government of A.P. launched (May 2006) a new housing programme under INDIRAMMA and to monitor the financial and physical progress of the scheme, the Company developed a web-based application software.

Application Software

The application software was developed (January 2007) with client server technology with POSTGRE SQL as database, Java as front end and Redhat Linux as Operating System.

Investment and Finance

The Company procured Laptops, Digital Cameras, Printers and other hardware at a total cost of Rs 7.38 crore and incurred an expenditure of Rs 1.57 crore (March 2009) towards software development. The Company also incurs a monthly expenditure of Rs 5.34 lakh towards maintenance.

Project Management

The Company did not follow the accepted software development life cycle. There was no feasibility study. The Company did not enter into an agreement with Centre for Good Governance (CGG). System design documents, process control specification documents and test documents were not provided by CGG.

Absence of policy, strategy and planning

The Company has not formulated any IT policy or drawn up any IT strategy for preparation of long term and short term plans

for computerisation. It did not formulate any formal security policy and change management policy. The Company did not develop a business continuity and disaster recovery plan for continuing the operations in the event of a disaster.

Incomplete data

The database developed was not complete or accurate and lacked integrity and thus could not be relied upon. Neither the application software itself nor the data residing in the database was ever subjected to Internal Audit. The data entry was also not supervised.

Inadequacies

The application did not provide for adequate Input controls. The security for online transactions was inadequate. Business Rules were also not incorporated in the application software. Inadequacy of such controls led to disbursement of Rs 479.55 crore to multiple beneficiaries under one ration card and Rs 4.15 crore to the same beneficiaries under different IDs in contravention of the Scheme guidelines. Non-incorporation of business rules also resulted in allotment of houses under SPR Scheme to beneficiaries other than STs, short-recovery of administrative charges and issue of cement in excess of norms fixed. Lack of security in seamless transfer of files also led to fraudulent payment of Rs 2.29 crore to persons other than beneficiaries.

Recommendations

The Company should draw up and document IT Policy and Security Policy, Change Management Policy, Business continuity plan with adequate validation checks.

(Chapter 2.2)