

CHAPTER: VIII

Oil and Natural Gas Corporation Limited

Functioning of Human Resource module in SAP R/3 System

Human Resource module of the SAP system was not customised for manpower planning activities, determination of staffing needs, selection of personnel for various postings based on pre-defined criteria. Lack of input controls in the system also resulted in feeding of erroneous and incomplete data affecting integrity of data maintained and continued dependency on manual controls

Oil and Natural Gas Corporation Limited (Company), a navratna oil E&P Company was established in the year 1956 for exploration and exploitation of hydrocarbons. The activities of the Company are geographically spread across the country on land as well as offshore areas. Human Resources (HR) of the Company as on April 2008 comprised of 32949* regular employees and 1082 other category of employees such as term or tenure based employees.

The Human Resource Management across the Company was computerised in March 2004 with implementation of System of Human Resource Automated Management Information for (SHRAMIK) based on SAP R/3 software platform. Subsequently, when the Company implemented the ERP* project- Information Consolidation for Efficiency (ICE)-during October 2003 and January 2005, SHRAMIK data was migrated into ICE. Human Resource (HR) module in ICE went live across the Company in February 2005.

Review of the functionality of HR module as implemented in the Company revealed the following:

- (i) The SAP system provides functionality for managing the HR based on predefined manpower norms for various activities. It was, however observed that the system was not customised for manpower planning activities and determination of staffing needs in conformity with activities at various work centres of the Company. The manpower planning activity remained a separate manual activity outside the system as was done prior to implementation of HR module. The system was also not customised to facilitate decision making on selection of personnel for various postings based on pre-defined criteria of educational qualification, trainings and actual field work experience. The usage of the system was, therefore, limited mainly to management of personal records of employees and employee related payments only. Thus, the system was yet to be utilised for strengthening manpower planning activity for optimum utilisation of related resources.

The Management stated (June 2008) that these activities were unstructured and required manual intervention, hence not configured in the system so far (September 2008).

Audit holds the view that the manpower norms, if configured in the system, would help minimise the errors in Human Resource planning.

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(ii) Analysis of Data revealed deficiencies in customisation, lack of input controls resulting in erroneous and incomplete data affecting integrity of data maintained in the system and continued dependency on manual controls, as illustrated in following instances:

(a) Reimbursement of conveyance for official use

- * The vehicle numbers against the reimbursements were not entered as it was not made mandatory to enter vehicle numbers resulting in incomplete data.
- * System also accepted invalid and duplicate registration numbers and the reimbursements were continued to be made against them.
- * The inbuilt controls to restrict the reimbursement to a single vehicle at a time were bypassed and two vehicles were allowed to be mapped against an employee at a time. Further, the entitlement of such reimbursements was rather linked to the cadre and not linked to the type of vehicle entered against the employee which may result in incorrect payments.

(b) Dependency status

The marital/employment status of daughters deciding the dependency was not monitored through the system due to non updation of such status in the system.

(c) Leave details

The monitoring of leave details was not done through the system and was largely dependent on manual records. It was also observed that the receipt of joining reports, monthly absentee statement *etc.*, was irregular.

Lack of inbuilt controls in implemented module and non utilisation HR module for Human resource planning and management led to continued dependence on manual controls even after implementing the ERP system. Thus, the objective of strengthening manpower planning activity, which is the major function of HR Department, could not be achieved through the system.

The Management assured (September 2008) to take corrective action as required.

The matter was reported to the Ministry in December 2008; reply was awaited (January 2009).