



Executive Summary



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In Jharkhand, 33 treasuries are responsible for handling day-to-day transactions on behalf of the State Government, maintenance of records thereof and submission of monthly accounts to the Accountant General (AG).

For effective financial management, the Finance Department (the Department), Government of Jharkhand (GoJ) undertook e-Governance projects in the area of treasury automation, pension, audit *etc.* A web-based Treasury Information System (TIS) ‘KUBER’ was implemented (June 2007) to monitor financial transactions, budgetary control, and flow of data to the Finance Department for better fiscal management, apart from timely submission of accounts to the AG. The system has evolved over the years adding to it, various modules *viz.*, Treasury MIS module (2007); DDO bill preparation application (2008); online GPF accounting and Fund preparation module (2010) and Fund module (2012). As the modules were added in a phased manner, various issues were faced by the Finance Department with regard to data consistency, seamless data exchange between different IT systems used by revenue earning departments, lack of full automation, technological upgradation and issues with scalability of the current systems.

Meanwhile, Government of India (GoI), Ministry of Finance, Department of Expenditure (DoE), launched (July 2010) a scheme for implementation of the Mission Mode Project (MMP) “Treasury Computerization” under the National e-Governance Plan (NeGP). The State Governments/Union Territories (UTs) were instructed to send their proposals (DPR) within three years, based on the current level of treasury computerization in the State/ UT and the desired level to be achieved, for appraisal and approval of Central Assistance. However, GoJ sent (January 2015) the DPR to the Department of Expenditure, GoI, for approval after the project period stipulated in the Scheme Guideline. As a result, no funds were provided to the State under the MMP. Thereafter, GoJ decided (August 2015) to implement Integrated Financial Management System (IFMS) in a phased manner on its own with the assistance of National Informatics Centre (NIC) by upgrading the existing system.

Presently, IFMS 2.0 (KUBER) with 12 modules has been implemented in the State with facility to capture all financial activities of the State Government and for helping the Finance Department in managing the resources of the State. IFMS is integrated with other application systems *viz.*, Works Accounts Management Information System (WAMIS), IT systems of revenue earning departments of the State, Human Resource Management System (HRMS),

Goods and Services Tax Network (GSTN), Payment gateways, State Bank of India-Cash Management Product (SBI-CMP) and RBI e-Kuber, for faster and smoother processing.

Information Technology (IT) Audit on IFMS, covering six functional modules, was conducted between May 2022 and July 2023 in the office of the Principal Secretary, Finance Department, GoJ, to examine whether (i) Business process re-engineering for synergy of processes in IT environment was done to align IT system objectives with business objectives; and (ii) IFMS system functionalities and controls were adequate to safeguard IT assets, data integrity, system effectiveness & efficiency and allow organizational goals to be achieved.

Audit noticed deficiencies in the implementation of IFMS besides general and application control failures in the system, which are summarised below:

Three modules namely (i) Planning module, (ii) Fund & Debt Management module and (iii) Audit module, though proposed in the DPR (January 2015), were not implemented. The objective of meeting the needs of effective fiscal management through Fund & Debt Management module of IFMS could not be achieved. Due to absence of an Audit Module in IFMS, State Government lost the opportunity to better monitor the follow-up action to audit paras, raised through AG's Inspection Reports.

The procurement of IFMS infrastructure, was done in phases, leading to overall delay in the implementation of IFMS in the State.

National Informatics Centre (NIC) had not prepared the User Requirement Specifications (URS), Software Requirement Specifications (SRS) and data dictionary prior to implementation of IFMS. In the absence of documentation, neither DoIT nor FD could monitor the development and implementation of the project, resulting in total dependency on NIC without participation of other stakeholders.

Business Continuity Plan (BCP) was not implemented and the funds released for establishment of the Near Disaster Recovery Centre (NDRC) were parked in the bank account of the Jharkhand Agency for Promotion of Information Technology (JAP-IT). Non-implementation of BCP and non-existence of NDRC is fraught with the risk of malfunction of the System during breakdown impairing the objective of high availability and zero downtime.

FD did not prescribe any change management procedures for changes made in the IFMS applications as per the business needs and objectives of the Department. Requirement of changes were communicated verbally and were being addressed in the application by the developers. The changes were made directly in the production environment by the Database Administrator without evaluation of any technical/non-technical security features, as prescribed in the JTC.

IFMS has not been integrated with the Public Financial Management System (PFMS). Release of Central share under CSS to the State was not being captured in IFMS. Mapping of accounting heads of the State-linked schemes used by GoI with the State Budget heads was incomplete at GoJ level. Due to incomplete mapping of the GoI schemes, PFMS and State Treasuries Interface could not be established to monitor balances lying in the bank accounts of the executing agencies. Non-integration of IFMS with PFMS deprived the State Government of a tool for capturing the master and transaction level data and real time monitoring of the progress of Central Sector Schemes.

Although a post of Helpdesk Manager for IFMS was created, the Helpdesk has not been established. Complaints raised by the end-users were received and resolved by the Project Management Unit without recording the date and time of lodging and resolving the complaints. As such, response time and status of complaints could not be tracked through IFMS.

Data analysis of IFMS database showed that in 344 cases, excess payment totalling ₹ 11 crore, against the authorised admissible amount of Death-cum-Retirement Gratuity (DCRG)/Commuted Value of Pension (CVP), was made to the pensioners by the treasuries. Audit validated these 344 cases with the registers/records available with the 29 treasuries concerned and also corroborated the same with the vouchers/treasury schedules sent to AG (A&E). Out of these 344 cases, Audit noticed instances of excess payment of DCRG/CVP valued at ₹ 2.03 crore in 47 cases, due to weak application controls in IFMS. Excess payments were made due to (i) payments being made twice to a pensioner against the same authorisation order (two cases), (ii) payments made to a pensioner against authorisation order of a different pensioner (12 cases); and (iii) preparation of erroneous bills/advices (33 cases). Further, excess expenditure of ₹ 24.80 lakh was booked due to erroneous addition of TDS amount in DCRG/CVP payments (30 cases).

The remaining cases where Audit also observed inconsistencies in the IFMS database were due to (i) non-updation of revised pension and pensionary benefits (198 cases); (ii) incorrect classification of accounting heads (62 cases); and (iii) same PPO number being captured against more than one pensioner during payment (seven cases).

Revenue amounting to ₹ 4.40 crore was short realised in (i) Transport, (ii) Revenue, Registration and Land Reforms; and (iii) Water Resources departments during 2017-2022 due to deficient validation controls in IFMS as the System allowed deposit of lesser amounts than the amounts for which challans were generated.

The in-built validation in IFMS for processing of expenditure was bypassed through the back-end and bills were processed for payment. As a result, excess expenditure of ₹ 1.24 crore over allotment was made by six DDOs and

expenditure of ₹ 34.33 crore was incurred by 13 DDOs without any allotment under different heads of accounts during 2017-23.

IFMS did not restrict DDOs from drawing subsequent AC bills without submission of DC bills against previous pending AC bills. As a result, 122 DDOs were allowed to withdraw 405 subsequent AC bills, in contravention to Jharkhand Treasury Code (JTC).

A total of 2,69,883 grant-in-aid (GIA) bills were withdrawn between April 2010 and November 2022. However, information related to only 2,727 GIA bills were found captured in the UC related tables in IFMS database. Out of this, UCs were found submitted against only three GIA bills in IFMS.

Differences in figures of Internal Debt and Loans and Advances were noticed in IFMS when compared with the corresponding Finance Accounts. Reason for the differences was that several payouts were initiated at the level of AG or debited by RBI directly, which could not be captured in IFMS as this system captures only transactions processed by treasuries. Further, records of repayments were maintained only by the AG office and the AG, being an external stakeholder, did not have direct access to IFMS to feed this data.

Recommendations

- *State Government may prioritise development of the Fund & Debt Management module for better fiscal management.*
- *State Government may establish a Helpdesk for IFMS with a provision for auto generated tickets and auto logs, for closure only after complaints are resolved.*
- *State Government may ensure proper integration of IFMS with SAI Pension portal and put in place proper validation controls to avoid risk of processing claims more than once against an authorisation.*
- *State Government may ensure that proper input controls are built-in the IFMS to retrieve the data already available in the System and auto populate the payment fields in read-only mode to avoid human errors.*
- *State Government may ensure pension data integrity and its completeness through periodic batch processing by updating/ downloading the pension data uploaded by the AG office along with migration of legacy data.*
- *State Government may enforce proper Primary Key/ referential integrity in the System and provide valid input controls in the payment application interface to avoid risk of excess payment.*
- *State Government may review the validation controls in the Unified Receipt Portal (Jharkhand e-GRAS) and the portals of the participating departments on a regular basis to ensure that the amount*

shown on e-challans as payable by the end-user is paid in full and credited to government account.

- *State Government may ensure that validation controls are put in place so that no payments can be processed through IFMS without having sufficient allotment in the particular head.*

