Chapter 3
IT Controls

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3.1 General Controls

3.1.1 Inadequate documentation in software development

The User Requirement Specifications (URS), prepared before the development of the System, describes the business needs requirement of the User from the System. Software Requirement Specifications (SRS) is the complete specification and description of the requirements of the software that needs to be fulfilled for successful development of the software system. A software requirements specification (SRS) is a document that describes what the software will do and how it will be expected to perform.

Further, data dictionary is the major component in the structured analysis model of the System. It lists all the data items appearing in the Data Flow Diagram.

Despite instructions (January 2014) of the Chief Secretary, Jharkhand to ensure proper documentation of all the applications, Audit noticed that URS, SRS and data dictionary were not prepared by NIC prior to implementation of IFMS in the State.

In the Exit Conference (March 2024), the Senior Director (IT)-cum-ASIO (NIC) stated that, as the development of modules was open ended due to continuous need-based requirement of the Department, it was not possible to prepare URS and SRS. It was further stated that, after each module was developed, System Design Document (SDD) for the same had been prepared.

In the absence of the URS and SRS, the development and implementation of the project was totally dependent on NIC.

3.1.2 Absence of Business Continuity Plan

In the IT landscape, Business Continuity Plan[29] (BCP) is framed to setup an infrastructure equipped to prevent or minimize damages caused by disasters. High availability[30] and disaster recovery are the major components of BCP. A Disaster Recovery Plan (DRP) has to be designed to ensure the continuation of vital business processes in the event of a disaster. IFMS being an important financial application of the State, the FD should have had a robust BCP and a DRP to ensure high availability and zero data loss.

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[29] Business Continuity Plan (BCP) is one of the most critical components of any recovery strategy to ensure an organised, safe and timely recovery in case of a disaster

[30] High availability is a key component of BCP that focuses on minimising the risks of small disruptions to critical systems and applications

Audit observed that provision of a Near Disaster Recovery Centre (NDRC) was made (October 2019) at the NIC Data Centre by the FD, where the data would be in sync with the Primary Data Centre (PDC). The IDC recommended (January 2021) procurement of 16 Core Oracle Exadata System to be hosted at the primary site (PDC) and shifting of the existing hardware to the secondary site at the NIC Data Centre located at Ranchi (NDRC), as this hardware was four years old.

It was also seen that a proposal for BCP and establishment of NDRC for IFMS had been prepared by JAP-IT and submitted (May 2019) to FD for approval. However, the same was approved only in January 2021 for reasons not available on record.

Further, Audit observed that administrative approval for ₹15.51 crore including the costs of additional licences was granted (August 2022) and ₹ 10.65 crore[31] was released (August 2022) by DoIT, GoJ to JAP-IT for procurement of hardware. However, no procurement was made and the fund was kept idle with JAP-IT. As such, NDRC could not be made functional as of November 2023, for reasons not available on record.

Thus, non-implementation of BCP and non-establishment of NDRC is fraught with the risk of malfunctioning of the System during breakdown impairing the objective of high availability and zero downtime.

On being pointed out in Audit, the Department stated (June 2023) that BCP has been approved but is yet to be implemented. In the Exit conference (March 2024), the Special Secretary stated that the Department is concerned about the establishment of NDRC and finalisation of procurement of the required hardware will be done very soon.

3.1.3 Change Management plan not formulated

Para 11B of the Jharkhand Treasury Code (JTC) provides that all changes to IFMS should follow prescribed change management procedures, which shall include a documented process of intent for a change, its evaluation and acceptance, testing the change and introducing it into the production environment. It also provides that all new or major upgrades to IFMS applications shall be formally certified through a comprehensive evaluation of the technical and non-technical security features prior to operation.

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[31] For first year

Audit observed that the FD did not prescribe any change management procedure for changes made in the IFMS applications as per the business needs and objectives of the Department. Though the FD stated (July 2023) that requirement of changes were communicated verbally and were being addressed in the application by the developers, percentage/proportion of changes were not documented as required under JTC.

This absence of documentation for changes made in the Application, would make the FD totally dependent on NIC for System management.

In reply, the Department stated (November 2023) that instant need of various departments and offices cause change management and deployment. For major changes, approval is being taken on file while for small bugs, changes are deployed by the Database Administrator with the consent of NIC.

The fact remains that the changes were made directly in the production environment by the Database Administrator without technical and non-technical evaluation as prescribed in the JTC. As a result, functional deficiencies in IFMS were noticed during data analysis as discussed in **Paragraph 3.2**.

3.1.4 Non-integration with Public Financial Management System (PFMS)

With the objective of tracking disbursement and utilisation of GoI funds under various schemes on a real time basis, GoI launched (April 2008) the Public Financial Management System (PFMS). The DoE, Ministry of Finance, GoI, instructed (June 2015) States/UTs to complete the mapping of all GoI schemes with scheme codes used by the State treasuries by 30 June 2015 to monitor balances lying in the bank accounts of the executing agencies.

Data analysis of IFMS database revealed that against 2,318 scheme codes for which sanctioned amount were captured, only 487 scheme codes were found mapped. Thus, due to incomplete mapping of GoI schemes, PFMS and State Treasuries Interface could not be established to monitor balances lying in the bank accounts of executing agencies.

Further, GoI issued (April 2021) a revised process for release of funds to the States for Centrally Sponsored Schemes (CSS) and for monitoring utilisation of the funds released since 1 July 2021. Under the revised process, if a CSS is being implemented through a separate Central or State IT System, the same should be integrated with PFMS, and State IFMS would enable capture of the component-wise expenditure of the scheme along with PFMS scheme codes and unique codes of the executing agencies incurring the expenditure.

Audit observed that release of Central share under CSS to the State was not being captured in IFMS due to non-integration of IFMS with PFMS.

Thus, non-integration of IFMS with PFMS deprived the State Government of a tool for capturing the master and transactional level data and real time monitoring of the progress of Central Sector Schemes.

While accepting the facts, the Department stated (November 2023) that IFMS tables do not capture all the budget, expenditure and release data uploaded to PFMS. It further stated that reconciliation would only be possible if IFMS gets reverse MIS from PFMS portal by facilitating Server to Server reconciliation. In the Exit conference (March 2024), the Special Secretary also stated that IFMS has been integrated with PFMS to the extent allowed by the PFMS and that the State Government has written a number of letters to CGA in this regard.

The reply had to be seen in light of the fact that mapping of accounting heads of State-linked schemes used by GoI with the State Budget heads was incomplete at GoJ level affecting the objective of real-time monitoring of the progress of these schemes.

3.1.5 Ineffective Helpdesk Management

Helpdesk is a single point of contact for all problems, issues, requests and queries coming from end users in the client environment. An efficient Helpdesk should register reported problems/complaints, assign tickets to concerned technical staff, track the resolution of the tickets and prepare reports for analysing components of the IT system that requires modification and upgradation. Helpdesk management also assists in formulating training need analysis.

Audit noticed that though a post of Helpdesk Manager was created in December 2021 by the FD, no such helpdesk was established for IFMS. Complaints raised[32] by the end-users were received and resolved by the Project Management Unit (PMU) instead of a helpdesk, without recording the date and time of lodging and resolving the complaints.

Audit further noticed that during 2022-23 and 2023-24, a total of 2,196 and 2,213 complaints respectively were reportedly received by PMU and were resolved. Audit examination revealed the following:

- Date and time of lodging and resolution of complaints were not recorded in the report to arrive at the response time in resolving the issues.

- Ticket numbers were not generated for the complaints raised by the end users and hence tracking of the complaints could not be done.

- Caller Name and Location fields were empty in 90 and 113 cases (2022-23) and 86 and 144 cases (2023-24) respectively. In 14 and 37 cases during 2022-23 and 2023-24 respectively, both fields were found empty and hence it was not clear as to who had raised the complaints.

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[32] either telephonically or through e-mails

Thus, IFMS could not generate any report related to helpdesk management for further modification/upgradation of the System and the objective of high availability and zero downtime of the System could not be ensured.

The Department, while accepting the facts, stated (November 2023) that it is planning to establish the Helpdesk and assured that date and time of lodging complaints along with closure date will be recorded.

Recommendation 3: 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.

3.2   Application Controls in IFMS

Deficiencies in Pension and Treasury (payment) modules

3.2.1 Absence of validation controls in Treasury (payment) module and pension module

Pensionary benefits *viz*. Death-cum-Retirement Gratuity (DCRG) and Commuted Value of Pension (CVP) on retirement are generally non-recurring one-time payments to the pensioners.

In Jharkhand, pension and other pensionary benefits (DCRG and CVP) are being paid to the Government employees or his/ her family member(s) as sanctioned by the Government as per rules, duly authorised by the AG (A&E), Jharkhand, on his/her superannuation or death. After receipt of the payment authorisations from the AG, the Treasury Officer (TO) prepares the bills as a Drawing and Disbursing Officer (DDO) for payment of the first pension, DCRG and CVP. He/she subsequently passes the bills as TO authorising the payments by issuing online payment advice to the treasury linked bank.

The e-Pension portal launched in 2017-18 provides an interface for uploading pension applications to the AG office for issuing and uploading payment authorisations *viz*. Pension Payment Order (PPO), Gratuity Payment Order (GPO) and Commutation Payment Order (CPO) into the IFMS for further processing of payment.

The process involved is depicted in **Pictograph 3.1**.

Pictograph 3.1.

DDO level	• A DDO uploads the pension application filled by a retiring government employee after verification along with the required documents in the Pension portal and forwards it to the Sanctioning Authority (SA) *i.e.* Head of the Department for sanction of pension and other benefits.
SA level	• The SA after sanction forwards the application to the AG office through IFMS and also sends a hard copy of the application along with other necessary documents for authorisation of pension and other pensionary benefits.
AG level	• The employee data of the pension application, as forwarded, is downloaded by AG office through an interface provided in IFMS and pushed into the SAI-Pension Portal (a seperate System of AG office) for further processing and authorisation. • After authorisation of pension and other benefits in the SAI-Pension Portal, the PPO, GPO and CPO are uploaded into the IFMS and the hard copies of the same are sent to the concerned Treasury Officer and the Pensioner.
Treasury Level	• The TO prepares the bills of the first pension, DCRG and CVP as per the authorisations received from AG office in IFMS, after receipt of the hard copies of the same. The payments are then processed in IFMS through Treasury module for generating payment advices.

Analysis of IFMS database revealed that pension data (Pension, DCRG, CVP authorised by AG) of the pensioners was being captured in a table where PPO number, pensioners' name, admissible amount of pension, DCRG, CVP were being stored. Payments there against made by the treasuries were being captured in another table where PPO number, pensioners' name, payment amount, date of payment, Treasury Voucher (TV) Number and TV date were being stored.

Further analysis revealed that out of 11,89,931 transactions, related to pension payments, PPO numbers were found captured only in 8,18,004 (68.74 *per cent*) transactions. In the remaining 3,71,927 transactions, PPO numbers were not found captured in the payment table. Of the 8,18,004 transactions, 86,014 transactions pertained to DGRG payments, 43,158 to CVP payments and 6,88,832 transactions to pension payments. Audit cross-checked 1,29,172 transactions[33] of DCRG and CVP payments with the admissible amounts available in the IFMS tables to derive an assurance that the payments of DCRG/ CVP made by the treasuries were in consonance with the payment authorisations.

Data analysis revealed that in 344 cases[34], excess payment totalling ₹ 11 crore, against the authorised admissible amount of DCRG/CVP, was made to the pensioners by the treasuries. Data analysis further revealed that in six[35] out of

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[33] DCRG: 86,014 transactions of 74,178 pensioners and CVP: 43,158 transactions of 30,305 pensioners

[34] DCRG: 184 cases and CVP: 160 cases

[35] PPO No. 1117xxxxx (BKR), 1117xxxxx (CKP), 1118xxxxx (RNC), 1418xxxxx (SGH), 1119xxxxx (JSR) and 1122xxxxx (RNC)

344 cases, payment against DCRG was more than the ceiling of ₹ 20 lakh fixed (January 2017) by GoJ due to absence of control checks in the Application software.

Audit validated all 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). It was observed that excess payments of ₹ 2.03 crore had been actually made in 47 cases while in 30 cases there was excess booking of expenditure of ₹ 24.80 lakh. The remaining cases were due to (i) non-updation of revised pension and pensionary benefits in the IFMS database (198 cases); (ii) incorrect-classification of heads (62 cases); and (iii) same PPO number captured against more than one pensioner during payment (seven cases).

Audit further observed that the actual excess payments amounting to ₹ 2.03 crore in 47 cases were due to (i) payment made twice to a pensioner against the same authorisation (two cases), (ii) payments made to a pensioner against authorisation of another 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) as discussed in the succeeding paragraphs.

3.2.1 (i) Payments made twice against same authorisation

Audit observed that in two cases of excess payment, the Treasury Officers (TOs), Chaibasa and Khunti, made payments of DCRG to a pensioner twice against the same GPO *i.e.* first against the personal copy and the second against the treasury copy. These cases are illustrated in the following case studies.

Case Study 1

Authorisation for payment of Family pension and Gratuity was issued (30 October 2018) by AG (A&E) office, Jharkhand, Ranchi, favouring Smt. X, wife of Late Mr. Y (PPO No. 1418xxxxx and GPO No. 1218 xxxxx) after the death (January 2018) of her husband (the Government servant), for disbursement from Chaibasa Treasury. Against GPO No. 1218xxxxx, ₹ 13,35,200 was paid to her as DCRG by the Chaibasa Treasury (vide TV No. 50 dated 07 January 2019) for which an entry in the Pension Payment Register (PPR) (maintained at the Treasury for GPO No. 1218xxxxx) was made.

Three months later, in April 2019, the same amount of ₹ 13,35,200 was again found paid (vide TV No. 58 dated 25 April 2019) to her without making any entry in the PPR.

The TO, Chaibasa reported to AG that the payment made in January 2019 (monthly returns of first pension) was against **GPO No. 1215xxxxx** and in April 2019 against GPO No. 1218xxxxx.

Audit cross-checked DCRG authorisations issued by AG through the SAI Pension portal with the monthly returns submitted by the Treasury to AG and observed that the authorisation for ***GPO No. 1215xxxxx*** was not issued by AG office. In fact, both the payments of DCRG were made against the same GPO (*i.e.* 1218xxxxx), first in January 2019 against the personal copy of the pensioner and the second (April 2019) against the Treasury's copy of the same GPO. This was validated through examination of the payment vouchers submitted by TO Chaibasa to AG office along with monthly treasury accounts. On examination, Audit observed that AG (A&E) office issues GPOs which contains nine digits; "12" being the first two digits, year of authorization ("yy") being the next two digits and the last five digits representing the distinct GPO number. As such, the GPO No. (*i.e.* ***1215xxxxx***) reported by the TO in the monthly returns was fake as this GPO number (***1215xxxxx***) would pertain to the year 2015 *i.e.,* before demise of the Government servant in January 2018. The matter is therefore a Red Flag for the Department to conduct a thorough investigation.

Thus, double payment of DCRG to Smt. X against the same GPO resulted in excess payment of ₹ 13.35 lakh.

Case Study 2

Treasury Officer, Khunti, made payments of DCRG amounting to ₹ 7,15,680 to a pensioner (PPO No. 1418xxxxx) against the same GPO (No. 1218xxxxx) for ₹ 3,57,840 in February 2019 (vide TV No. 65 and TV No. 66 of February 2019).

The payments were made by generating two advices against the same GPO, first on 02 February (as "GPOI") and second on 11 February (as "GPOII") resulting in excess payment of ₹ 3.58 lakh. The TO did not include the second payment in the monthly statement of February 2019 sent to the AG though the payments were accounted for in the monthly accounts.

Thus, the excess payments were made as IFMS was not designed to detect/prevent the processing of payment of DCRG to the same beneficiary against the same GPO number more than once. Moreover, IFMS also did not raise any System Alert on total DCRG payment against a pensioner exceeding the limit of ₹ 20 lakh. Further, no application controls were built into IFMS to restrict multiple payments to a pensioner against the same authorisation.

Thus, excess payments of ₹ 16.93 lakh made by Chaibasa and Khunti treasuries to two pensioners needs to be recovered and deposited into Government Account. Further, appropriate action, as prescribed in JTC, has to be initiated against the erring officials.

While accepting the facts in the Exit conference (March 2024), the Special Secretary of the Department stated that the System cannot be fully automated unless IFMS is seamlessly integrated with SAI-Pension and e-Authorisation including e-PPO is generated and pushed to IFMS. A new process flow to introduce validations in payments of pensionary benefits and stopping manual keying of amounts has already been deployed to avoid such cases to some extent. A middleware including new hardware is being installed to set-up e-voucher system, which will also help in seamless flow of pension data (e-Authorisation) to IFMS. It was further stated that excess payments pointed out by Audit will be recovered.

3.2.1 (ii) Payments made to a pensioner against authorisation of another pensioner

Audit noticed that 12 out of 47 cases of excess payments of DCRG/CVP amounting to ₹ 1.14 crore (DCRG: ₹ 76.79 lakh and CVP: ₹ 37.52 lakh) were due to payments made to pensioners against authorisations issued to other pensioners (**Appendix 3.1**).

In these cases, payments were made twice to the same pensioner in place of another pensioner due to wrong entry of PPO number (*i.e.* PPO number of first pensioner fed erroneously for the second pensioner) at the time of preparation of payment advice by the Treasury. One such case is illustrated below:

Case Study 3

Authorisation was issued to Smt. S, superannuated in June 2016, for payment of DCRG of ₹ 5,65,144 against GPO No. 1217xxxxx from Ranchi treasury. The said amount was paid to her vide TV No. 233 dated May 2017. During validation in the Treasury, Audit noticed that another payment of ₹ 8,98,821 was also made to her in July 2017 on account of DCRG (vide TV No. 220 of July 2017).

Scrutiny of Pension Payment Register maintained at the Treasury along with pension database of IFMS revealed that the second payment pertained to another pensioner, Sri G *(PPO No. 1117yyyyy)*, who had superannuated in January 2017. The payment of pensionary benefit of Sri G was authorised vide GPO No. 1217yyyyy. Against the authorisation, payments of CVP and pension were made to Sri G, while the payment of Gratuity was made to Smt. S. This was also substantiated from the fact that there was no evidence in the treasury records showing payment of the Gratuity to Sri G. As such, excess payment of ₹ 8.99 lakh was made to Smt. S over and above her entitlement of DCRG.

Audit observed that though the details of the authorisations[36] were already available in the IFMS database (e-Pension), the IFMS application did not use it for validation while making the payments (e-treasury). Thus, in the absence of

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[36] Name, Amount payable, Account number, PPO number, GPO/CPO number *etc.* of the pensioner

validation controls, authenticity of the claims could not be verified with the information available in IFMS while processing the payments.

The Department while accepting the facts stated (November 2023) that the concerned sections of the Department have been directed to furnish reasons for over-payment. It was further stated that it was left to the Treasury Officers to ensure that correct payments are made through interface based on the hard copies of the authorisations shared by the AG Pension Cell.

Thus, lack of due diligence by the Treasury Officers, combined with weak validation controls in IFMS, led to these excess payments.

Recommendation 4: 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.

3.2.1 (iii)   Excess payment made due to generation of erroneous advice

Audit noticed that 33 out of 47 cases of excess payments amounting to ₹ 72.27 lakh (**Appendix 3.2**) were done either due to incorrect entries made during preparation of payment advice through IFMS or incorrect amounts entered into the bills prepared manually. These manual bills were passed by the TOs and fed into IFMS for generating payment advices. One such case is illustrated below.

> ### *Case Study 4*
>
> Authorisation was issued (August 2017) by AG office to a pensioner, Shri X (PPO No. 1117xxxxx), for payment of DCRG of ₹ 6,90,030 from Chakradharpur Sub-treasury under Chaibasa Treasury.
>
> Against the said authorisation, the TO made payment of ₹ 69,00,030 (vide TV No. 26 dated 24-10-2017) due to insertion of one extra zero while preparing the bank advice in IFMS. This resulted in excess payment of ₹ 62,10,000 to the pensioner.
>
> The excess payment of ₹ 62,10,000, though recovered by the Treasury and deposited into Government Account (MH 0071) vide TC No. 2 to 8 dated 12 December 2017, was not reflected as adjustment in the concerned table of IFMS database which still shows a payment of ₹ 69,00,030 on account of gratuity.

Audit noticed that no built-in controls exist in IFMS to validate the amount entered for payment by the TO with the admissible amount authorised by AG office to restrict the processing of a different amount for payment. The System also did not limit the amount of Gratuity to the ceiling of ₹ 20 lakh fixed by the Government. Moreover, the authorised amount did not get auto populated in the input interface to avoid the risk of human error.

The Department while accepting the facts stated (November 2023) that it was left to the Treasury Officer to ensure that correct payments are made through the interface based on the hard copies of authorisations shared by the AG Pension Cell. However, a Process flow has now been implemented by the Department in the pension payment interface of the Treasury so that Pension/DCRG/CVP payments are done in accordance with digital data shared by SAI software.

Recommendation 5: 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.

3.2.1 (iv)   Booking of excess expenditure due to weak controls in IFMS

Audit noticed that in 30 cases, excess expenditure of ₹ 24.80 lakh (**Appendix 3.3**) was booked due to erroneous addition of tax deducted at source (TDS) in the amount authorised while processing payments through IFMS.
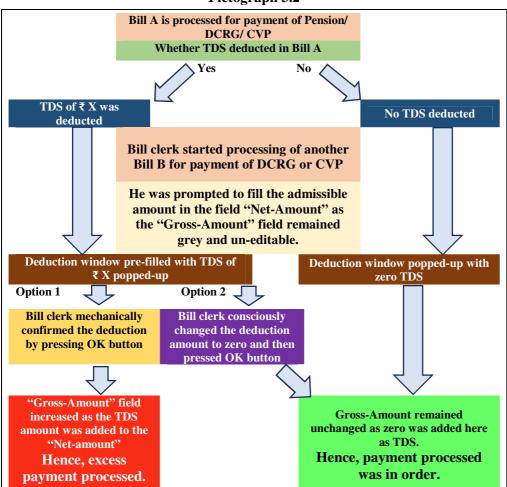
> ### Case Study 5
>
> Mr. A, superannuated in December 2020, was authorised payment of DCRG and CVP of ₹ 20,00,000 and ₹ 28,52,223 respectively *(PPO No. 1122xxxxx, GPO No. 1222xxxxx, and CPO No. 1322xxxxx)* by the AG office. Data analysis revealed that ₹ 25,10,195 and ₹ 31,38,587 was paid to the pensioner against DCRG and CVP respectively. During validation in Ranchi Treasury, Audit noticed that the payable amount of DCRG and CVP was ₹ 20,00,000 and ₹ 26,28,392 (*i.e.,* the authorised amount of ₹ 28,52,223 *minus* recovery of ₹ 2,23,831) respectively and the same amounts were passed for payment by the TO. However, TDS of ₹ 5,10,195, deducted from the previous bill processed in the System, was added back to the admissible amount of DCRG and CVP during processing of the payments through IFMS and payments of ₹ 25,10,195 (*i.e.* DCRG: ₹ 20,00,000 *plus* TDS: ₹ 5,10,195) and ₹ 31,38,587 (i.e. CVP: ₹ 26,28,392 *plus* TDS: ₹ 5,10,195) were actually processed on account of Gratuity and CVP respectively.
> Scrutiny of the vouchers related to these payments revealed that TDS of ₹ 5,10,195 deducted from his first pension payment was found added back to the admissible amount of DCRG and CVP each, resulting in booking of excess expenditure of ₹ 10.20 lakh. Here also, IFMS could not restrict the payment of DCRG within ceiling of ₹ 20 lakh fixed by the Government.

During validation in the treasuries, Audit observed that the TO had passed these (manual) bills for payments correctly as admissible. However, scrutiny of treasury payment schedules revealed that the gross amount was more than the amount authorised by the AG. On further scrutiny, it was seen that the amount in the TDS column was added back to the gross amount thereby inflating it. The net payable amount was not affected and it remained the same as admissible for payment. The TO had issued the payment advice for the net-payable amount

and the same was also reflected in the bank account of the pensioners. However, the gross expenditure was inflated by the amount shown as TDS, which was finally transferred to the Income Tax Department against the pensioners' PAN through AG office. As such, both the TOs and the pensioners were unaware of what had happened in the backend of the System.

Audit further observed that while generating the payment advice in IFMS through treasury interface, the User (bill clerk) had to make entry in the "Net amount" field only as the "Gross amount" field is un-editable. Further, a deduction window with the pre-filled TDS amount, thus deducted from the previous bill processed in the System, popped-up and was added[37] back to the "Net Amount", on confirmation by the bill clerk. As a result, the inflated gross amount was being booked as expenditure by the TO.

The step by step explanation of the above is shown in the following flow chart (**Pictograph 3.2**).
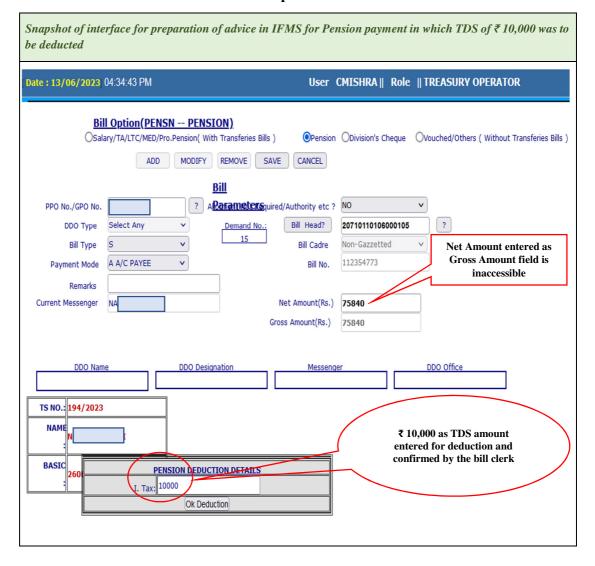
Pictograph 3.2

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37   The code was so written that the Deduction (TDS) amount was being added to the Net Amount to arrive at the Gross Amount instead of being subtracted from Gross for calculating Net
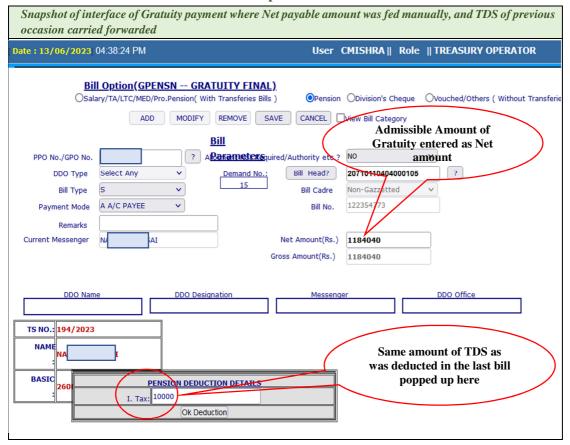
Audit also observed that IFMS is not designed to capture the sanctioned/ authorised amount as "Gross" amount from where mandatory deductions, if any, should get subtracted to arrive at the "Net" payable amount.

The above can be seen from the following snapshots (**Snapshots 3.1 to 3.3**) of the User Interface taken by Audit during validation (at Doranda Treasury) where the pension payment bill of a pensioner, in which TDS of ₹ 10,000 was required to be deducted, was being processed followed by his DCRG payment.

Snapshot 3.1

Snapshot of interface for preparation of advice in IFMS for Pension payment in which TDS of ₹ 10,000 was to be deducted

Snapshot 3.2

Snapshot of interface of Gratuity payment where Net payable amount was fed manually, and TDS of previous occasion carried forwarded

Snapshot 3.3

Snapshot of interface after clicking "OK" of the deduction, TDS added to Net and Gross automatically changed
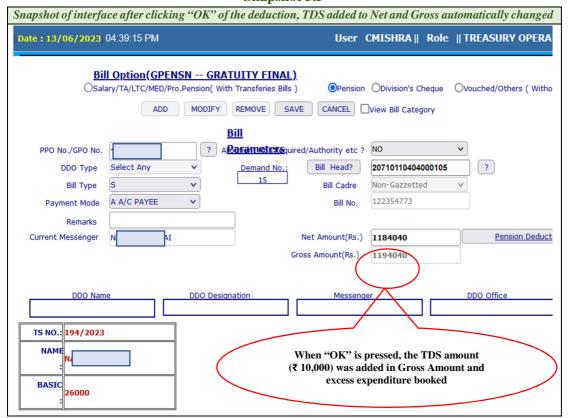
As a result of systemic deficiencies in IFMS, excess expenditure of ₹ 24.80 lakh was booked against these 30 pensioners.

The Department stated (November 2023) that earlier, Treasury Officer was responsible for processing the pension benefits based on the hard copies delivered by the AG Pension Cell as there was no centralised database of PPOs. It was further stated that after launch of e-Pension portal, PPOs issued by AG Pension Cell are now being captured in the centralised database, and the desired business rules and validation checks are incorporated in the said interface.

The reply of the Department did not address the audit observation which pointed out defects in design and control failure in IFMS, as a result of which deductions were being added to the authorised amount resulting in booking of excess expenditure.

Recommendation 6: State Government may review the design and controls in IFMS to identify gaps and take remedial measures accordingly.

3.2.1 (v)   Incomplete data in IFMS database

Of the 344 cases of excess payments, Audit noticed during validation at the treasuries that there was no actual excess payment in 198 cases (**Appendix 3.4**). The excess payments as noticed during data analysis were due to revisions of pensionary benefits not getting captured in the IFMS database. One such case is illustrated below.

Case Study 6

A pensioner, who superannuated in July 2021, was issued authorisation by the AG for payment of DCRG of ₹ 11,66,022 *(vide PPO No. 1121xxxxx; and GPO No. 1221xxxxx)* from Doranda Treasury. Data analysis revealed that the said pensioner was paid ₹ 12,75,648 (₹ 11,66,022 and ₹ 1,09,626 vide TV No. 93 and 94 of February 2022 respectively) by the concerned TO.

Validation by Audit revealed that the payment of ₹ 1,09,626 made to the pensioner was against a revised GPO (GPO no. *1221yyyyy*) which had not been captured in the IFMS database.

Audit noticed that the authorisations of revised DCRG/CVP issued to the pensioners were not captured in the IFMS tables though these data[38] were uploaded into the IFMS server[39] by AG office. Audit also observed that data related to the original GPO/ CPO, which were issued prior to launch (2017-18) of the Pension portal of IFMS, were also not available in IFMS.

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[38]   xml format
[39]   Secure File Transfer Protocol (SFTP) server located at premises of AG (A&E) Office

Periodic batch processing[40] to ensure updating/capturing *cent per cent* data of pension authorisations (original or revised) uploaded by the AG in IFMS database was also not being done. Moreover, no effort was being made to synchronise the pension data of IFMS with AG's SAI Pension data to ensure integrity and completeness of pensioners' data in the System including legacy data.

The Department stated (November 2023) that the revision cases (prior to 2017-18) have either not been uploaded or the same has not been entered into the System by the respective treasury. The Department would validate the presence of this data, based on which transactions were to be allowed. It was further stated that legacy transactions cannot be rectified.

However, the Department did not ensure the completeness of pension data in the IFMS database and action to include the missing authorisations issued by AG office was yet to be taken.

Recommendation 7: 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.

3.2.1 (vi) Input of incorrect classification of expenditure Heads

Out of 344 cases of excess payments noticed by Audit during data analysis of IFMS, there was no actual excess payment in 62 cases (**Appendix 3.5**) as confirmed during validation at the treasuries. The excess payments shown in the System was due to selection of incorrect classification of bill category[41] by the treasuries during processing of payments in IFMS. One such case is illustrated below.

> ### *Case Study 7*
>
> A pensioner, Mr. A superannuated in January 2021 and was authorised payment of DCRG and CVP of ₹ 20,00,000 and ₹ 34,78,788 respectively *(GPO No. 1222xxxxx; and CPO No. 1322xxxxx)* from Ramgarh Treasury. Data analysis revealed that Mr. A was paid ₹ 54,78,788 as DCRG against the admissible amount of ₹ 20,00,000. During validation, it was noticed that while generating payment advice for payment of CVP, the bill category applicable to DCRG was inadvertently selected. As such, both the payments were captured as payment of DCRG in the IFMS database appearing as excess payment of ₹ 34,78,788.

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[40] Processes to capture all pension data of AG office in the IFMS database for a specified period automatically without human intervention

[41] CVP as DCRG or *vice-versa* was entered/ selected while generating payment advices

Thus, IFMS is not designed in such a way that the authorised amount along with its bill category get auto populated in the input interface of IFMS to avoid the risk of human error.

The Department while accepting the observation stated (November 2023) that since there was an open interface for Treasury for processing Pension benefits and centralised database did not exist for populating the PPO details as shared by AG Pension Cell, the Treasury should have taken care to process the DCRG/CVP payments by selecting the correct Bill Category which the Treasury did not do. It further stated that since the centralised database is in place now with data being shared electronically by the AG pension Cell, the Department is in the process of incorporating business rules and validation checks to restrict such errors.

3.2.1 (vii) Same PPO number captured against more than one pensioner during payment

Pension Payment Order (PPO) number, issued by the AG office, is a unique number assigned to a pensioner for granting pension and other pensionary benefits and the pensioner is identified through this PPO number only.

Data analysis revealed that in seven out of 344 cases, excess payments of DCRG/CVP were shown in the IFMS as made to different pensioners from different treasuries against the same PPO number. During validation, Audit noticed that in these cases (**Appendix 3.6**), payments of the authorised amount had been actually made to the *bona fide* pensioners and there was no discrepancy. However, incorrect PPO numbers, pertaining to other pensioners, were entered in IFMS by treasuries while making payments to these seven *bona fide* pensioners showing the payments as excess. One such case is illustrated below.

> ### Case Study 8
>
> A pensioner, Mr. S, superannuated in January 2017 and was issued authorisation (*PPO No. xxxxx2103*) for payment of DCRG and CVP of ₹ 7,02,540 and ₹ 5,11,699 respectively *(vide; GPO No. xxxxx7832; and CPO No. xxxxx2103).* Data analysis revealed that, against this, he was paid (March 2017 and May 2017) ₹ 15,96,510 and ₹ 9,85,247 as DCRG and CVP respectively. During validation in Ranchi treasury, it was noticed that Mr.S was paid the correct amount as per the authorisations issued by AG.
>
> Data analysis further revealed that the payments, shown as excess payments in IFMS, were actually made to a different pensioner Mr. N (PPO Number: *xxxxx2013)* from Godda treasury who was authorised ₹ 8,93,970 and ₹ 4,73,548 as DCRG and CVP respectively. However while processing payment advice in IFMS, the last four digits of the PPO number of Mr. N *i.e.* "2013" were incorrectly entered as "2103" which was the PPO number of Mr.S.

Thus, built-in input controls over referential integrity were not present in IFMS to restrict duplicate entries of PPO numbers against different pensioners.

The Department in its reply stated (November 2023) that IFMS maintains pension master which contains master details of the PPOs issued by AG Pension Cell. The illustrated example was checked and it was found that both the PPOs are issued in different names against different application numbers and hence are unique in nature on which respective Treasury have made the payments.

The reply of the Department is not relevant as input controls were not in place in IFMS to restrict duplicate entry of the same PPO number against two different pensioners. In the illustrated case, the same PPO number was captured against both pensioners during processing of payment (one correct and another incorrect).

Recommendation 8: 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.

Deficiencies in Receipt module (Jharkhand e-GRAS)

3.2.2 Short realisation of revenue amounting to ₹ 4.40 crore due to deficient validation controls in IFMS

After computerisation of treasuries in Jharkhand, the Finance Department (FD) introduced[42] (June 2016) the Electronic Government Receipt Accounting System (Jharkhand e-GRAS) in IFMS (Receipt Module) to make government accounting more systematic and transparent. All types of receipts into the government account were to be remitted into the bank through *e-challans* generated in the Jharkhand e-GRAS portal. Further, FD implemented (January 2017) online receipt service through the Jharkhand e-GRAS portal and issued (December 2016) directions to stop usage of manual *challans* from February 2017. After submission of *challan* details in the Portal, a User could generate *e-challan* and pay the amount {Online, Government Business Software Solution (GBSS) at any SBI branch and manually at any treasury-linked bank}. After successful payment, the payment status is updated in IFMS.

JTC stipulates (Rule 52) that reconciliation shall be performed in the e-treasury electronically, as per the data of e-receipts and information provided by the bank. For proper reconciliation of e-receipts, all the departments were to periodically log into the IFMS and check the status of payments received under respective heads and send the Consolidated Treasury Receipts for the specified period to the Cyber treasury at the State level. All revenue generating departments were required to be integrated with the Jharkhand e-GRAS portal for realisation/accountal of revenue.

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42   under Rules 42, 51 and 52 of JTC, 2016

Data analysis revealed that a total of 2,09,36,565 *e-challans* were generated between March 2017 and September 2022, through IFMS with details of the amount payable. Of these, 1,57,74,935 transactions were found successful and the amount paid was also recorded/updated in the IFMS database.

Audit matched both the sets of information to verify whether the amount shown payable in the *e-challans* was actually remitted into the Government Account. Data analysis revealed that out of successful transactions, 4,341 *e-challans* (during October 2017 to April 2022) had been generated for remitting ₹ 4.44 crore. However, only ₹ 3.62 lakh was actually remitted against these *e-challans*, as detailed in **Table 3.1**.

Table 3.1: Short remittance against *e-challans*

Department ID	Department	Number of transact -tions	Amount payable as per e-Challan (in ₹)	Amount actually deposited (in ₹)	Short remittance (in ₹)
JHTDVAHAN	Transport	3,904	4,31,67,123.00	2,77,486.69	4,28,89,636.31
JHSARTHI	Transport	9	10,500.00	518.00	9,982.00
JHPOL	Jharkhand Police	69	2,85,050.00	1,581.00	2,83,469.00
JHNGDRS	Revenue, Registration and Land Reforms	4	4,43,607.00	46.00	4,43,561.00
JHREV	Revenue, Registration and Land Reforms	352	56,416.26	7,246.82	49,169.44
WRDREG	Water Resource	3	4,00,000.00	75,000.00	3,25,000.00
Grand Total		**4,341**	**4,43,62,696.26**	**3,61,878.51**	**4,40,00,817.75**

(Source: IFMS database)

This led to short realisation of revenue amounting to ₹ 4.40 crore under three revenue heads[43] during 2017-2022 due to deficient validation controls in IFMS as it allowed deposit of lower amounts than the amounts for which *e-challans* were generated.

During validation in the office of DTO, Ranchi, Audit noticed that the response amount (actual amount remitted) against the request amount (amount to be remitted) were not being transmitted to the IT Systems of the revenue departments and hence was not visible to the operator in the User Interface. In the event of a successful transaction of any amount, only the transaction status was being shown as 'Success' against the request amount without the operator being able to see the response amount in the User Interface. This can be clearly seen from **Snapshots 3.4 and 3.5**.

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[43] JHREV:0029; JHNGDRS and WRDREG:0030; JHPOL, JHTDVAHAN and JHSARTHI:0041
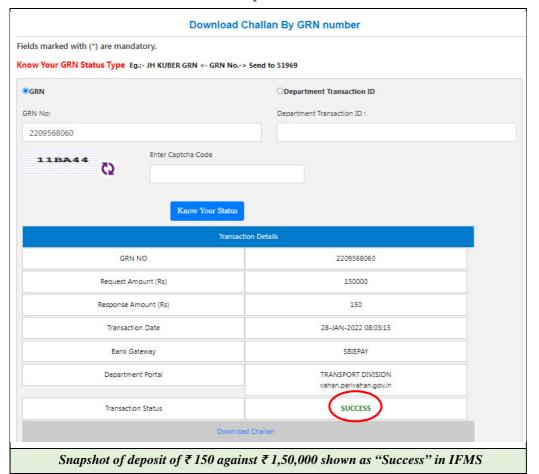
One such case is illustrated below.

Snapshot 3.4

Download Challan By GRN number

Fields marked with (*) are mandatory.

Know Your GRN Status Type Eg.:- JH KUBER GRN <- GRN No.-> Send to 51969

◉ GRN   ○ Department Transaction ID

GRN No: Department Transaction ID :

2209568060

11BA44 ↻   Enter Captcha Code

[Know Your Status]

Transaction Details	
GRN NO	2209568060
Request Amount (Rs)	150000
Response Amount (Rs)	150
Transaction Date	28-JAN-2022 08:03:15
Bank Gateway	SBIEPAY
Department Portal	TRANSPORT DIVISION vahan.parivahan.gov.in
Transaction Status	SUCCESS
Download Challan	

Snapshot of deposit of ₹ 150 against ₹ 1,50,000 shown as "Success" in IFMS

Snapshot 3.5

Snapshot of VAHAN portal showing amount as ₹ 1,50,000 and status as "Success"

Audit further noticed that DTO, Ranchi, issued (May 2022) notices to 815 vehicle owners of 1,289 vehicles, who had deposited lesser tax than required, to deposit the differential tax of ₹ 1.78 crore, but only ₹ 79.38 lakh could be realised (June 2023) from 549 vehicle owners. Status of recovery of short deposit of tax in respect of other departments[44] was not furnished to Audit.

Thus, IFMS was not designed to restrict pilferage of government revenue though the basic data of revenue payable and revenue paid was being captured in the IFMS database.

In the Exit conference (March 2024), the Special Secretary stated that Jharkhand e-GRAS acts only as a payment gateway for all the Departments' portals, which forwards the request of Departments' portals to bank and the bank responds back to the requesting Departments' portals in encrypted form. The requesting Departments' portals are to validate the bank responses with their request earlier sent to Jharkhand e-GRAS portal before provisioning of services to the end users as per SOP issued by FD. The Special Secretary also stated that the Department cannot stop the instances of less remittance within IFMS because it is difficult for accounting of such amount. The Special Secretary also assured that the matter is being taken up with the Chief Secretary to get a solution.

The reply is not convincing as the User Interface was not designed in such a way so that the operator of the revenue departments concerned could see the response amount before providing the services. The fact also remains that leakage of revenue happened through IFMS due to non/deficient validation of basic data available in the database.

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[44]   Jharkhand Police and Department of Revenue, Registration and Land Reforms

Recommendation 9: 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.

Deficiencies in e-Allotment module

3.2.3 Expenditure made without allotment

JTC stipulates that a Treasury Officer shall not permit withdrawal for any purpose unless the claim for withdrawal is presented by such person (DDO) in such form (Bill/ Cheques) as is prescribed by JTC rules. Further, no authority may incur any expenditure from public funds until the expenditure has been sanctioned by an authority to which power has been duly delegated and the expenditure has been provided for in the authorised grants and appropriation for the year.

In IFMS, FD releases funds to various departments for expenditure by the Drawing and Disbursing Officers (DDOs) against the approved grant for the year. The process involved in fund allotment and expenditure by the DDOs in IFMS, is shown in the following flow-chart (**Pictograph 3.3**).

Pictograph 3.3

e-Allotment Module	e-Bill Module
• The Sanctioning Authority, after receiving intimation of the approved Grants, sanctions funds to the Controlling officer for further allotment to the DDOs	• A DDO prepares a bill in IFMS against the funds alloted to him and a unique number (Control Number) is generated for future reference.
• The Controlling Officer then distributes the funds amongst the DDOs for expenditure and a Unique number (i.e. Allotment Access Number) is generated against each allotment for authentication by the Treasury.	• The Bill is then submitted to the Treasury through IFMS for payment.
• After receipt of the allotment letter, the DDO approaches the treasury for authentication for drawing the released allotment.	• Printed copy of the bill is then presented to the treasury by the DDO, where the bill is scrutinised by the treasury and passed for payment using the Control number, if found in order.
• After authentication by the treasury, the allotment is finally locked against a particular DDO for incurring expenditure.	• After the bill is passed by TO, an advice is generated in IFMS and sent electronically to the bank for payment against the bill.
	• After the payment is made by the bank, the details of transactions are updated in IFMS.

(I) To ensure whether the expenditure processed through IFMS were in consonance with the allotments made there against, Audit compared allotment[45] with expenditure[46] obtained from data analysis of IFMS. It was noticed that in nine cases, there was excess expenditure of ₹ 1.24 crore over allotment by six DDOs in four treasuries[47] during 2017-23 (up to November 2022). Further, in 17 cases, expenditure of ₹ 34.33 crore was incurred without any allotment under different heads of accounts by 13 DDOs in seven treasuries[48] during the same period. The cases noticed are detailed in **Table 3.2 (A & B)**.

Table 3.2 (A): Excess expenditure over allotment as seen in IFMS

(Amount in ₹)

Sl. No.	Year	Heads of Accounts	DDO Code	Fund allotted	Total no. of Bills proce-ssed	Gross Expenditure	Excess Expenditure
1.	2017-18	32S-20110210300010213	DRNASM001	30,00,000	139	30,11,853	11,853
2.	2018-19	40S-20530009400010315	DHNDAD002	5,50,000	35	5,78,861	28,861
3.	2019-20	01S-24020010200040101	RNCSWC003	35,24,900	42	38,40,606	3,15,706
4.	2017-18	52S-22040010400500761	BKRTSM001	29,76,850	23	82,85,369	53,08,519
5.	2021-22	52S-22040010450000761	BKRTSM001	1,00,000	2	3,55,376	2,55,376
6.	2017-18	56S-25150000100030101	BKRRDS005	15,88,000	48	56,37,714	40,49,714
7.	2019-20	56S-25150000100030101	BKRRDS005	22,00,000	47	42,79,471	20,79,471
8.	2019-20	60S-22350310100110315	BKRSSW001	3,50,000	3	6,70,634	3,20,634
9.	2019-20	60S-22350378900110315	BKRSSW001	1,00,000	6	1,47,700	47,700
Total				**1,43,89,750**	**345**	**2,68,07,584**	**1,24,17,834**

(Source: IFMS database)

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[45] Total of 8,51,851 allotments (summarised from total 16,13,921 instances of fund allotment related to 32 treasuries/sub-treasuries on financial year wise, DDO-wise and Head-wise)

[46] Total of 11,79,333 cases of payments (summarised from 1,39,57,766 transactions related to payment financial year-wise, DDO-wise and Head-wise)

[47] Bokaro; Dhanbad; Doranda; and Ranchi

[48] Bokaro, Deoghar, Doranda, Dumka, Latehar, Project Bhawan and Simdega

Table 3.2 (B): Expenditure incurred without allotment as seen in IFMS

<div align="right">(Amount in ₹)</div>

Sl. No.	Year	Heads of Accounts	DDO Code	No. of Bills processed	Total Expenditure incurred without allotment
1	2018-19	51S-22250279600740321	SDGSSW001	1	2,91,200
2	2019-20	40S-20290079600200317	LTRDAD002	1	99,67,200
3	2019-20	60C-22350210200AS0335	BKRSSW010	1	4,268
4	2019-20	60C-22350378900110329	BKRSSW001	1	19,980
5	2019-20	60S-22350378900110321	BKRSSW001	2	7,048
6	2020-21	22S-20550000100020759	DMKDAD105	1	8,86,675
7	2021-22	02S-240300796AG000759	DRNAHY001	1	2,62,07,000
8	2021-22	06S-20150010201000101	BKRELE001	14	11,59,888
9	2021-22	20C-22100110388000323	DRNMED124	1	3,56,56,495
10	2021-22	42S-25010210109000679	PRJSES003	1	12,66,48,000
11	2021-22	42S-25010278909000679	PRJSES003	1	3,87,70,000
12	2021-22	42S-25010279609000679	PRJSES003	1	9,30,47,000
13	2021-22	51C-222502277A7000679	DGRWSBE25	2	70,00,000
14	2021-22	55S-25050170211010101	BKRRDS007	9	14,60,847
15	2021-22	60S-22356010210000101	SDGDAD039	3	4,80,509
16	2022-23	39S-22450211302000543	SDGDAD014	1	82,100
17	2022-23	39S-22458010211000679	SDGDAD014	2	16,30,000
			Total	**43**	**34,33,18,210**

(Source: IFMS database)

Audit validated these cases of excess expenditure/expenditure without allotment, with the records available in the concerned treasuries and observed that the expenditure had been incurred by the DDOs only against allotments made available to them. However, these allotments were not authenticated by the treasuries through IFMS.

Audit observed that the laid down process of expenditure was bypassed and bills were processed for payment as the System did not prevent generation of advices without authentication of allotment by the treasury through IFMS.

Thus, excess expenditure over allotment/expenditure without allotment, as per IFMS database, was due to absence of application controls in the System to prevent processing of bills where funds are not available under the heads concerned.

The Department while accepting the audit observations stated (November 2023) that expenditure without allocation cannot happen in IFMS as there is a fund check through a function before processing a bill. The Department further stated that the Treasury, after processing the bills, may have requested and got the data updated through backend operations leading to data inconsistency in IFMS.

In the Exit conference (March 2024), the Department termed these as outliers and stated that the system does have the required checks to ensure that payment cannot be made without allotment. The Department also assured that the instances pointed out by Audit would be investigated.

(II) To check whether the release of funds processed through IFMS were in consonance with the sanctions made there against, Audit compared both the information captured in the IFMS database and noticed that ₹ 919.09 crore was released under 99 different heads of accounts, during 2014-23 (up to November 2022), against which sanction for only ₹ 856.48 crore was found in the database resulting in excess release of ₹ 62.61 crore through IFMS. Similarly, ₹ 83,878.41 crore was shown released under 10,060 heads of accounts against which no sanction was found in IFMS. Such cases found during data analysis are shown in **Table 3.3 (i) & (ii)**.

Table 3.3 (i): Excess release of funds against sanctioned amount

FY	No. of Heads of Accounts	Sanctioned Amount (in ₹)	Released Amount (in ₹)	Excess Release (in ₹)
2014-15	11	55,85,03,900	62,48,15,699	6,63,11,799
2015-16	11	3,20,41,12,000	3,22,57,79,500	2,16,67,500
2016-17	14	8,29,93,163	9,71,63,388	1,41,70,225
2017-18	44	2,95,70,80,576	3,43,09,60,477	47,38,79,901
2018-19	9	74,18,03,519	76,86,20,188	2,68,16,669
2019-20	7	1,01,35,61,038	1,03,56,64,430	2,21,03,392
2020-21	3	66,98,000	78,93,000	11,95,000
Total	**99**	**8,56,47,52,196**	**9,19,08,96,682**	**62,61,44,486**

(Source: IFMS database)

Table 3.3 (ii): Release of funds without sanction

FY	No. of Heads of Accounts	Amount released (in ₹)	Amount sanctioned (in ₹)	Amount released without sanction (in ₹)
2014-15	3	3,52,328	0	3,52,328
2015-16	2	95,00,000	0	95,00,000
2017-18	3	10,46,48,72,000	0	10,46,48,72,000
2018-19	2	6,15,97,70,000	0	6,15,97,70,000
2020-21	33	75,68,96,328	0	75,68,96,328
2021-22	5,311	4,95,35,56,98,836	0	4,95,35,56,98,836
2022-23 (Up to Nov-22)	4,706	3,26,03,69,70,191	0	3,26,03,69,70,191
Total	**10,060**	**8,38,78,40,59,683**	**0**	**8,38,78,40,59,683**

(Source: IFMS database)

Thus, release of funds in excess of the sanctioned amount and release of funds without sanction through IFMS was in contravention to the Jharkhand Financial Rules. Further, Audit noticed that proper controls were not put in place in the IFMS application to ensure that funds are released only against the sanctioned amount.

The Department stated (November 2023) that release of allotment is not dependent on the sanctioned amount. A check is available in IFMS so that the allotment does not exceed revised estimate and expenditure does not exceed allotment.

The reply is not factual as data analysis revealed cases of allotment exceeding revised estimates, release of funds without sanction and expenditure exceeding allotment.

Recommendation 10: ***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.***

Deficiencies in e-Budget module

3.2.4 Non-updation of figures of Revised Estimates on real time basis in IFMS database

As per Jharkhand Budget Manual, budget estimate is to be prepared by the Controlling Officers (COs) only on the forms prescribed by the Finance Department (FD) containing (i) the headings under which the items should be classified; (ii) the actuals of the past financial year; (iii) the sanctioned estimates of the year preceding that for which the estimate is being framed; (iv) the revised estimate for the current year; (v) the proposed estimate of the year; and (vi) explanation of increase or decrease. Further, the CO should also, estimate the probable revised expenditure under each unit of appropriation, and review the proposed budget in the light of the revised estimates.

Comprehensive Outlay on Budgetary Transaction (COBT), the e-Budget module of IFMS, facilitates submission of online unit-wise budget requirements by the CO. Data relating to Budget Estimates (BE), Revised Estimates (RE) and actual expenditure pertaining to each Head of Accounts against 60 grants including supplementary grants, re-appropriations, surrenders and State Contingency Fund (JCF) were available in the IFMS database.

Audit compared the amount of savings[49] obtained from the budget data with the final surrender during 2017-21 captured in IFMS and noticed discrepancies as detailed in **Table 3.4 (i & ii)**.

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[49] Calculated from the figures of BE, Actual Expenditure by taking into account Supplementary, Re-appropriations, surrenders and Jharkhand Contingency Fund

Table 3.4 (i): Surrendered amount lower than savings in IFMS

(₹ in crore)

Year	No. of Heads	Figures as per IFMS			Figures worked out by Audit		
		Revised Estimates	Actual expenditure	Final surrender	Actual Revised estimates	Savings	Difference (Less)
(1)	(2)	(3)	(4)	(5)	(6)	7=(6-4)	8=(7-5)
2017-18	610	12,056.49	9,504.05	2,292.59	12,115.74	2,611.69	319.10
2018-19	712	24,248.44	19,191.49	3,412.71	23,565.44	4,373.96	961.25
2019-20	520	14,641.00	10,773.43	3,679.46	14,738.70	3965.27	285.81
2020-21	123	1,360.62	1,146.94	380.43	1,560.11	413.18	32.75
2021-22	*Actual Expenditure of FY 2021-22 will be available in the Budget Estimates for 2023-24*						

(Source: IFMS database)

Table 3.4 (ii): Surrender in excess of savings in IFMS

(₹ in crore)

Year	No. of Heads	Figures as per IFMS			Figures worked out by Audit		
		Revised Estimates	Actual expenditure	Final surrender	Actual Revised estimates	Savings	Difference (Excess)
(1)	(2)	(3)	(4)	(5)	(6)	7=(6-4)	8=(5-7)
2017-18	53	6,108.60	5,968.88	146.19	6,101.76	132.88	13.31
2018-19	124	4,295.30	3,675.73	774.14	4,295.30	619.57	154.57
2019-20	75	3,816.19	3,279.77	601.25	3,867.07	587.30	13.95
2020-21	8	722.87	499.80	328.00	827.53	327.73	0.27
2021-22	*Actual Expenditure of FY 2021-22 will be available in the Budget Estimates for 2023-24*						

(Source: IFMS database)

The discrepancy in the figures was due to non-updation of figures of revised estimates in IFMS on real time basis. During validation with the statement of surrender (2020-21) furnished by FD, Audit noticed that the amount of final surrender was actually ₹ 327.73 crore as worked out by Audit.

As such, data integrity of IFMS database was not ensured and the objective of IFMS *i.e.,* efficient preparation, allocation, distribution and re-appropriation of budget to facilitate DDOs/departments to track their budget allotment and expenses in real time was affected.

In the Exit conference (March 2024), the Department accepted the facts and stated that for the purpose of printing of budget book for presentation before the Legislature, the figures of RE have been taken on a cut-off date without considering figures of third supplementary and surrenders made. However, for MIS and other requirements, real-time figures are being fetched on run-time basis for validating any pay-outs, through IFMS system.

3.2.5 AC bills drawn without submission of DC bills

Jharkhand Treasury Code (Rule 184 to 187) stipulates that contingent charges requiring countersignature after payment may be drawn on Abstract Contingent (AC) bills. The DDO states in each AC bill that a Detailed Contingent (DC) bill would be submitted to the Controlling Officer (CO) for countersignature along

with a certificate to the effect that the monthly DC bill for AC bills drawn in the previous month have been duly countersigned and shall be attached to the first AC bill presented for payment after the 10th of each month. An AC bill may not be encashed after the 10th of the month without this certificate. In no case, submission of the DC bill may be delayed beyond the end of the sixth month following the month in which the AC bill was drawn from the Treasury. No AC bill should be encashed after the end of this period unless the DC bills have been submitted.

In IFMS, the DDOs were required to adjust the AC bill through an Interface designed for compliance of AC bills. Analysis of data pertaining to AC/DC bills revealed that 12,217 AC bills amounting to ₹ 20,098.82 crore were drawn by 1,941 DDOs between May 2007 and October 2022 against which only 5,837 AC bills (DC bills) amounting to ₹ 8,928.81 crore were submitted by 603 DDOs between March 2015 and November 2022.

Audit further noticed that out of 5,837 AC bills for which DC bills were submitted, 858 bills of ₹ 1,300.52 crore had been fully adjusted. The remaining 4,979 bills of ₹ 9,078.19 crore drawn by 287 DDOs had only been partially adjusted (₹ 7,628.29 crore).

Data analysis further revealed that IFMS did not restrict the DDOs from drawing subsequent AC bills and allowed 122 out of 287 DDOs to draw 405 AC bills without adjustment of previous AC bills of ₹ 1,013.69 crore drawn (between December 2008 and March 2021).

In the Exit conference (March 2024), the Department accepted the audit observation and stated that action has been initiated to minimise the pendency of DC bills. However, the Department was silent on applying restrictions in IFMS on drawing AC bills without adjustment of previous bills.

3.2.6 Non-provision for submission/monitoring of Utilisation Certificates through IFMS

The Jharkhand Treasury Code (JTC) stipulates that departmental officers should obtain Utilisation Certificates (UCs) from the grantees and, after verification, forward these to the Principal Accountant General (A&E), Jharkhand, within 12 months from the date of withdrawal of grants. Further, JTC (Rule 261) provides that grants-in-aid sanctioned by the Government shall not be disbursed at the treasury except with the approval of the competent sanctioning authority, who should issue the sanction order only after obtaining the utilisation certificate of pending amount drawn in the year before the previous financial year, from the concerned DDO.

Data analysis revealed that 2,69,883 grant-in-aid (GIA) bills amounting to ₹ 2,44,925.58 crore were drawn between April 2010 and November 2022 through IFMS. Details of the GIA bills drawn are given in **Table 3.5**.

Table 3.5: GIA bills withdrawn between April 2010 and November 2022

(₹ in crore)

Plan Type	No. of bills	Gross Amount
C (Central Plan)	19,429	54,259.42
N (Non-Plan)	21,322	30,927.29
P (Plan)	1,31,766	46,582.16
S (State Plan)	97,366	1,13,156.71
Grand Total	**2,69,883**	**2,44,925.58**

(Source: IFMS database)

Data analysis further revealed that information related to only 2,727 GIA bills (for Plan Type as "S" amounting to ₹1,332.58 crore) were found in IFMS. However, UCs for ₹ 1.99 crore against only three GIA bills (of ₹ 2.44 crore) were found in the IFMS database (November 2022).

Thus, non-capturing of GIA bills in the database resulted in weak monitoring of UC submission through IFMS. Audit further observed that IFMS did not have any control to restrict DDOs from drawing GIA bills in the subsequent financial years without submission of UCs for the GIA bills drawn in the previous financial years.

The Department while accepting the audit observations stated (November 2023) that the module for submission of UC is already available in IFMS. However, the Department has not made the submission of UC mandatory for release of next allotment. In the Exit conference (March 2024), the Department stated that the matter would be taken up with the Chief Secretary to expedite submission of UCs.

3.2.7   Non-availability of data of repayment for debt/interest paid in IFMS

As per DPR of IFMS, Fund & Debt Management Module would facilitate recording all the loans, guarantees and other liabilities of the Government along with the records of investments and advances given by the Government so that it has a full view of its liabilities and can plan its fund management. This would also enable the Government to minimise financial cost of borrowings by allowing it to better manage the Ways and Means advances.

Audit observed that Fund & Debt Management module has not been developed (July 2023) in IFMS. In the absence of this Module, details of loans, their repayment schedule and reconciliation with the Central Bank and treasury accounts are not being captured in IFMS.

Data analysis revealed that the State Government had an Internal Debt of ₹ 59,500.24 crore (Major head: 6003) and Loans and Advances of ₹ 5,642.34 crore (Major head: 6004) as received from the Central Government during FYs 2015-16 to 2020-21. During validation, differences of ₹ 4,012.27 crore in Internal Debt and ₹ 1,724.27 crore in Loans and Advances were noticed between the Finance Accounts and the budget tables in IFMS as shown in **Table 3.6**.

Table 3.6: Statement showing differences between IFMS data and Finance Accounts

(₹ in crore)

Receipts	As per IFMS Data		As per Finance Accounts		Difference	
Year	Internal Debt (6003)	Loans and Advances (6004)	Internal Debt (6003)	Loans and Advances (6004)	Internal Debt (6003)	Loans and Advances (6004)
2015-16	15,500.12	271.17	13,079.63	165.02	2,420.49	106.15
2016-17	16,000.12	271.17	6,847.13	234.29	9,152.99	36.88
2017-18	10,400.00	600.00	7,905.24	231.61	2,494.76	368.39
2018-19	10,300.00	700.00	7,530.52	272.90	2,769.48	427.10
2019-20	3,500.00	800.00	9,167.14	425.98	(-)5,667.14	374.02
2020-21	3,800.00	3,000.00	10,958.31	2,588.27	(-)7,158.31	411.73
Total	**59,500.24**	**5,642.34**	**55,487.97**	**3,918.07**	**4,012.27**	**1,724.27**

(Source: IFMS database)

Audit further observed that repayment of Loans and Advances (Major head 6004) amounting to ₹ 699.20 crore during 2017-21 as seen from the Finance Accounts had not been captured in IFMS.

Data analysis further revealed that an amount of ₹ 4,222.50 crore was captured against repayment of Internal Debt[50] during 2017-21. However, it was observed from the Finance Accounts that the actual repayment made during this period was ₹ 12,286.62 crore. As such, the figures in IFMS did not match with the figures of the Finance Accounts. Audit further observed that the repayment amount of ₹ 8,064.12 crore[51] could not be captured in IFMS as the records of these repayments were maintained by AG (A&E) and AG, being an external stakeholder, did not have direct access to IFMS to feed this data. Details of repayments against Internal Debt (6003) are shown in **Table 3.7**.

Table 3.7: Repayment of Internal Debt

(₹ in crore)

FY	As per IFMS	As per Finance Accounts	Difference
2017-2018	850.33	2,788.46	1,938.13
2018-2019	650.41	2,893.42	2,243.01
2019-2020	1,444.37	4,057.86	2,613.49
2020-2021	1,277.39	2,546.88	1,269.49
Total	**4,222.50**	**12,286.62**	**8,064.12**

(Source: IFMS database and Finance Accounts of the Government of Jharkhand)

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[50] Minor heads 105 (Loans from the NABARD); 108 (Loans from National Co-operative Development Corporation); and 109 (Loans from other Institutions) under payment of principal amount for Internal Debt (Major Head 6003)

[51] Minor heads: 101 (Market Loans); 103 (Loans from LIC India); 104 (Loans from GIC India); 107 (Loans from SBI and other Banks); 110 (Ways and Mean Advances); 111 (Special Securities issued to NSSF of Central Government); and 800 (Other Loans)

Thus, the very objective of meeting the needs of effective fiscal management through IFMS could not be achieved.

In the Exit conference (March 2024), the Department accepted the audit observation and stated that Fund & Debt Management module is under development in consultation with AG (A&E).

Ranchi
The 12 March 2025

(**INDU AGRAWAL**)
Principal Accountant General (Audit)
Jharkhand

Countersigned

New Delhi
The 18 March 2025

(**K. SANJAY MURTHY**)
Comptroller and Auditor General of India