

CHAPTER V: FINANCE DEPARTMENT

5. *IT audit of Integrated Financial Management System*

5.1 *Introduction*

Integrated Financial Management System (IFMS) was initiated in 2010 in Haryana by National Informatics Centre (NIC) under National e-Governance Plan (NeGP) of Government of India.

The project was expected to make budgeting processes more efficient, improve cash flow management, promote real-time reconciliation of accounts, strengthen Management Information System (MIS), improve accuracy and timeliness in accounts preparation, bring about transparency and efficiency in public delivery systems and better financial management.

This scheme was for supporting the State/UT Governments to computerise their treasury functions and provide required interface for data sharing among treasuries, State/UT Finance Departments, Accountant General (AG) offices, Reserve Bank of India (RBI), Agency Banks and Central Plan Schemes Monitoring System (CPSMS) of Controller General of Accounts (CGA). This would result in minimal need for reconciliation and feeding of treasury data seamlessly into State Data Centres resulting in reduced incidence of missing credits, facilitation of pension payments etc.

In the State, IFMS was undertaken by the Directorate of Treasuries and Accounts (DTA), Haryana under the Finance Department (FD) and developed by National Informatics Centre -Haryana State Unit (NIC-HSU).

5.2 *Specifications of IFMS Server*

The IFMS system comprised of Rack Servers with HPE DL 365 Gen 10, Microsoft SQL server 2022, Enterprises Core LSA, Microsoft Windows Server DC Core LSA.

5.3 *Audit Scope and Methodology*

IFMS in Haryana primarily comprises of five modules i.e. Online Budget Allocation Monitoring and Analysis System (OBAMS); Online Government Receipt Accounting Systems (e-GRAS); e-Billing; Online Treasury Information System (OTIS) and e-Pension. The Department had prepared an “As-Is Process and Procedure Document¹” and “To-Be Process and Procedure Document²”. The purpose of the “As-Is Process and Procedure Document” was to capture the then existing processes and systems in the FD and other related Departments

¹ Date of inception: 18 December 2012.

² Date of inception: 07 February 2013.

and identify issues and areas of improvement with respect to current systems and processes that would enable to create a blueprint for an Integrated Financial & Human Resource Management Information System. The assessment was to also capture activities on the then existing IT platform, identifying various manual, partly or fully computerised processes. The purpose of “To-Be Process & Procedure Document” was to propose/suggest revised business processes including process flows in the applications and linkages between the applications.

Audit examined the User Screen Interface of the five modules of IFMS for functionalities as envisaged under the “To-Be Process and Procedure Document”. Findings related to User Screen Interface have been covered in Para 5.7.2. The data dump of IFMS (till April 2021) was available with Audit. Audit examined the five modules of IFMS at Directorate of Treasuries and Accounts (DTA), Government of Haryana (GoH) to assess whether requisite controls were in place in the system by analysing the data for the period April 2018 to March 2021 by using Computer Assisted Audit Techniques (CAATs) (IDEA, Tableau). Brief description of the modules studied during audit is as per **Table 5.1**.

Table 5.1: Description of Modules under IFMS

Sr. No.	Module	Purpose	Existing since
1.	Online Budget Allocation Monitoring and Analysis System (OBAMS)	The Budgeting Module is envisaged to cater to the budget estimates for Receipts/Plan/Non-plan expenditure which is prepared by integrating the budget preparation module with the various process functions to ensure that the budget estimates are realistic. The system would enable the FD, Budget Controlling Authority (BCA)/Budget Controlling Officer (BCO) and Drawing and Disbursement Officer (DDO) to perform the budgeting related tasks.	March 2010
2.	Online Government Receipt Accounting Systems (e- GRAS)	This module takes care of every inflow of money (the money received by the Government as revenue (tax/non-tax/etc.). Loans raised by the Government forms part of the revenue in the Treasury.	December 2013

Sr. No.	Module	Purpose	Existing since
3.	e-Billing	The system was envisaged with provision of budget availability checks at the time of preparation of bills which is located in one central location and helps in adherence to the Government instructions across all locations. The system also enables electronic payments which ensure that the payments are disbursed to genuine payees only.	February 2012
4.	Online Treasury Information System (OTIS)	The Payments Module caters to the issuance/distribution/release of money upon submission of the bills in the Treasury. The Treasury processes these bills and issues Cheques/EPS against these bills by debiting the budget under the particular budget head.	April 2013
5.	e-Pension	The system caters to the requirements of disbursement of pension of Haryana State to all its pensioners including All India Services (AIS) and politicians who retired after October 2012. This system automates activities related to recovery of various dues pending towards the pensioner. In addition, it also takes care of Income Tax deduction, life time arrears, pension arrears, medical arrears etc. as per the prescribed norms.	October 2012

(Source: Departmental Records)

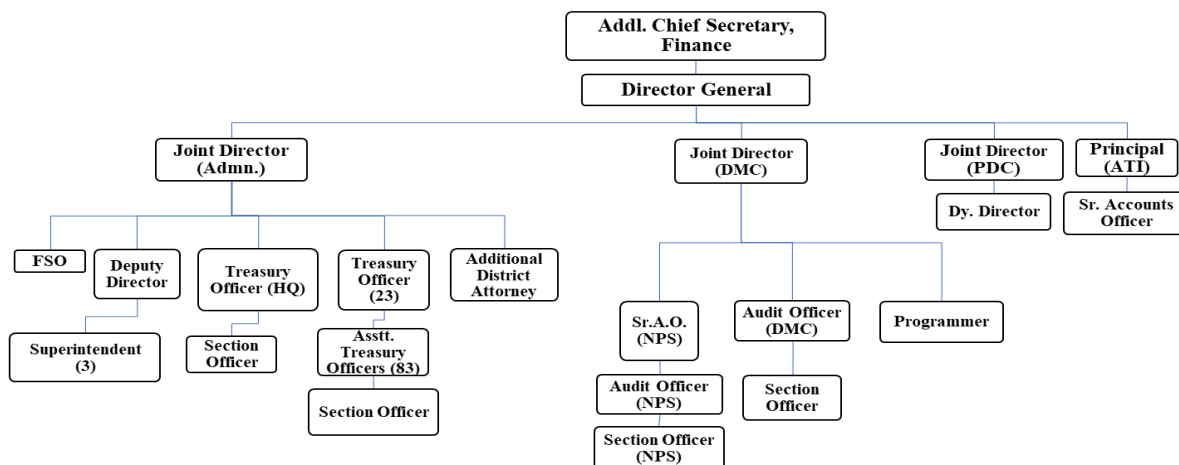
Audit was taken up between May 2021 and July 2022. The audit objectives, audit criteria and scope and methodology of audit were communicated to the FD, GoH. The draft IT Audit report was issued (October 2022) to the Government/Department and an exit conference to discuss the draft Audit report was held on 10 January 2023 with the Department/Government along with NIC. Their replies/views have been considered and suitably incorporated in this draft report.

5.4 Organisational set-up³

FD, GoH is responsible for fostering fiscal discipline through the DTA in the State through 25 district treasuries including one cyber treasury. The treasuries function under the administrative control of the Director General (Treasuries and Accounts) with the Apex entity being the Additional Chief Secretary to GoH, FD as shown in **Figure 5.1**.

³ PDC- Pension Disbursement Cell; DMC- Data Management Cell; ATI- Accounts Training Institute; FSO- Flying Squad Officer, NPS- New Pension Scheme (Haryana New Pension Scheme, 2008).

Figure 5.1: Organisational set-up of Directorate of Treasuries and Accounts



5.5 Audit Objectives

The audit of IFMS was carried out to assess whether:

- i. the objective of the IT system aligned with the business objectives of the Department;
- ii. the envisaged functionalities had been embedded in the IT system;
- iii. adequate IT controls existed in the system; and
- iv. the Information Systems (IS) security including Role Based access, Business Continuity and Disaster Recovery Plan and cyber security were in place.

5.6 Audit Criteria

The audit criteria were drawn from the following sources:

- i. “As-is” and “To-Be Process and Procedure Document” documents prepared by the Department for development of IFMS;
- ii. Budget manual;
- iii. State Treasury Rules;
- iv. Government Accounting Rules, 1990;
- v. Punjab Financial Rules (as applicable to Haryana);
- vi. Haryana Civil Services (Pension) Rules, 2016;
- vii. Manual of modules i.e. e-Pension, OTIS, e-billing, e-GRAS and OBMAIS;
- viii. Income Tax Act, 1962;
- ix. List of Major and Minor Heads of Accounts of Union and States issued by Controller General of Accounts (CGA);

- x. Haryana Municipal (HM) Act and Haryana Municipal Corporation Act;
- xi. Pension Fund Regulatory and Development Authority (Exits and Withdrawal Under NPS) Regulation, 2015; and
- xii. Any other instructions/directions issued by the Government/ Department.

Acknowledgement & Constraints

Audit acknowledges the co-operation of the officials of NIC and DTA in providing necessary information and records to audit and for furnishing replies to the audit observations. Audit faced constraints as documentation of the development process, implementation process and change management process carried out during implementation of the various module of IFMS including, User Acceptance Testing (UAT) was not available.

5.7 Audit Findings

5.7.1 Documentation review

5.7.1.1 Alignment of IT System Objectives with Business Objectives

IFMS Project was designed with certain IT objectives, which in turn envisaged achievement of business objectives in an improved and efficient manner. An assessment of the achievements against these objectives, along with their corresponding functionalities required processes to be identified and linked to the corresponding objective, setting benchmarks for measuring achievement and creation of the roadmap to achieve the desired objectives.

During audit (between May 2021 and July 2022), it was observed that the Department could not provide documents which described the roadmap for achieving the intended objectives of computerisation and the benchmarks to measure the achievement of various IT system objectives as mentioned in *Appendix XVIII*. In the absence of any benchmarks, the Department could not measure the achievements of the intended objectives of computerisation.

During the exit conference held in January 2023, the Department admitted the facts and stated in March 2023 that benchmarks in this regard would be defined to measure the achievements of computerisation.

5.7.1.2 Amendments in Business Rules

The “To-Be Process and Procedure Document” system for IFMS envisaged certain changes/amendments in Treasury Rules/Subsidiary Treasury Rules (TR/STR) as described in *Appendix XIX*.

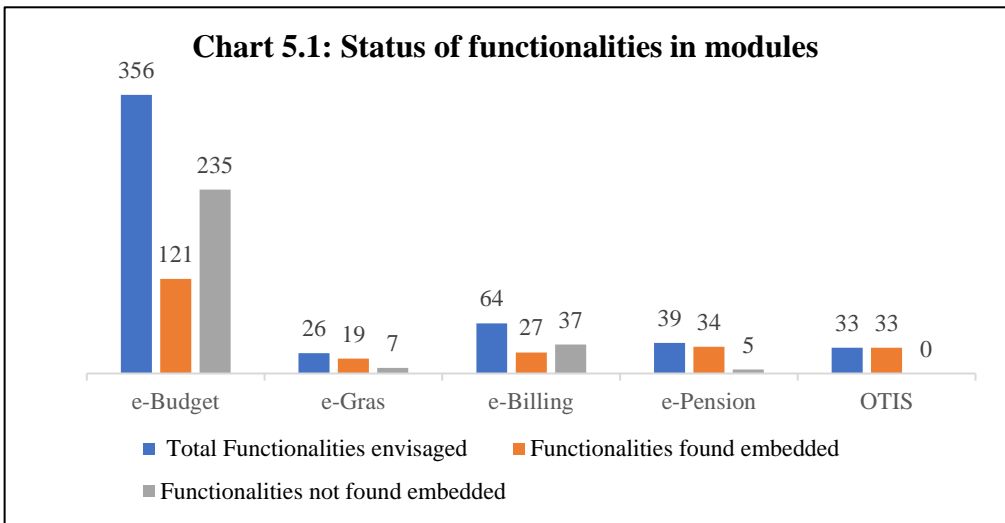
Audit observed (June 2022) that no notification/order effecting these envisaged changes has been issued by the competent authorities till date (February 2024).

During the exit meeting, the Department stated that a committee in this regard would be constituted within one month. The committee has been constituted in September 2023 to assess the changes required in Treasury Rules.

5.7.2 Non-implementation of functionalities (User Screen Interface)

DTA had prepared “To-Be Process and Procedure Document” listing out module -wise functionalities envisaged to be incorporated while developing the IFMS.

During IT audit of the system, the Department officials and development team of NIC-HSU demonstrated the front-end functionalities available in the system with reference to the functionalities envisaged in the “To-Be Process and Procedure Document” designed as a guidance tool for development of the system. During this walk-through exercise of the modules, it was observed that out of a total of 518 functionalities under the “To-Be Process and Procedure Document”, 284 functionalities were not available in the system as depicted in **Chart 5.1**.



In addition to the above, it was observed that though inward transactions to the Single Nodal Agency are routed through IFMS, however, outward transactions from SNA to the implementing agency and final expenditure incurred by these agencies are not captured in the IFMS. The IFMS system was not fully integrated across the modules. Details of functionalities, assessed as important and not found embedded in the various modules, have been described in the succeeding paragraphs:

5.7.2.1 e-Budget

1. Debt Management system (DMS)

A. To retrieve information regarding debt, repayment schedule, due date of payment, investment plan and to facilitate decision making process, a DMS was

to be developed and it was to be integrated with the FD, RBI, Planning Department, and AG.

Four major components of DMS are Market Borrowing, Loans/ Grants from Central Government or Financial Institutions, Funds for Externally Aided Projects and Investment.

Loans are taken through RBI or directly by GoH. After receiving loans, their details are entered in DMS module by the FD which calculates repayment schedule for each loan. Repayments of these loans are made by RBI, AG or the State and sent to FD, Haryana who enters the details of repayments in DMS. DMS updates the loan account, State liability account and State disbursement account.

It was noticed that DMS had not been developed with all the envisaged functionalities and was not integrated with RBI and AG. Details of activities performed by RBI or AG regarding these loans are sent to FD, Haryana through e-mail or offline mode and are not updated in DMS automatically. This does not present real time position of accounts. Further, since the details of credits of loan and its repayment are entered manually, there are chances of data entry errors. DMS does not generate alerts in advance about the loan instalment repayment or payment of interest. In the absence of any documentation, logs in respect of corrections made in the related data could not be tracked.

B. Repayment of loan or payment of interest for loans from financial institutions where repayment is made by Haryana state: The system was required to have functionality of allowing the FD representative to create and upload the payment of interest and loan repayment requisition by filling some details of loan and then pushing this requisition to DDO of FD/AG for bill preparation. On successful payment of interest/loan instalment to Financial Institution loan account, State disbursement and liability accounts were to be updated automatically.

In the current system, first the bill is created⁴ and payment is made to the financial institution and thereafter, its details are entered in DMS for updation in the loan account concerned. In the existing scenario, loan account and bill preparation for its repayment are not linked. The process is not completely automated as DMS and e-billing modules are not integrated. Only bill preparation and payment is done through the system. Thus, the risk of multiple payments of loan/interest cannot be ruled out.

⁴ Details of loans and instalments are communicated by RBI to FD and the same is manually captured in DMS. Instalment details given in DMS module are not automatically fetched in the e-billing system while preparing the bills for repayment of loans. Bills are independently prepared through the e-billing system for the corresponding amount of instalment as conveyed by RBI.

C. Loans: FD is not able to track the details of the various loans taken by the State Government and its various Departments using DMS. No integrated or computerised DMS exists in the e-Budget module to address the needs of seamless integration with the Department of Finance, RBI and AG among other stakeholders. It is difficult to retrieve information regarding debt, repayment schedule, due date of payment etc. in the manual environment for operational and decision making purposes.

2. *Advance from Contingency Fund*

Demand for advance from Contingency Fund does not flow through IFMS. Funds are transferred from Contingency Fund to the budget head from the back end. In the absence of this functionality, details of budget heads that are to be debited for recoupment of Contingency Fund and outstanding contingency amount cannot be extracted. This increases the possibility of instances of delays in recoupment of Contingency Fund. In absence of this functionality, fund flow from and to the Contingency Fund cannot be tracked solely by the system.

3. *Expenses for Human Resources (HR) and Non-HR activities*

For the purpose of preparation of Budget estimates and Revised estimates for a particular year, HR related expenses (Salary, Pension, Cost associated with retirement etc.) were to be pulled from HR database and expenses for non-HR activities (Actual Expenditure, Deduction/Receipt etc.) were to be pulled from office accounting database. The e-Budget module does not have the functionality to automatically fetch information from other related databases.

4. *Receipt and Expenditure forecast*

The system should have a functionality to forecast monthly receipts and their comparison with the actual receipts. The system was required to have the functionality of forecasting expenses for the next six months and its comparison with the allocated budget. Both the functionalities help in arranging for the resources on time, if required. Forecasting feature was not present in the system. Absence of these features affected the planning for management of funds.

5. *Likely saving/excess*

As a part of budget management, the system was required to be able to identify the schemes with likely savings/excess as a result of expenditure. The system was assessed to have a feature of sending alerts to Administrative/Finance Department in case of lower or no expenditure being done by a Department for any particular head. This functionality was absent in the e-Budget module which could impact the optimal utilisation of resources.

5.7.2.2 e-GRAS

Under this module, Treasury Receipt system i.e. e-GRAS was used for recording all the revenue/loans/grants/etc. received by the State Treasury. The users of e-GRAS include individuals, Government officials, Common Service Centres (CSCs), Banks, Companies/Organisations and Line Department appointed agents depositing money into Government Account. The money could be deposited by creating challans with unique ID through different payment options like debit card/credit card, net banking by payee's account etc. Under e-GRAS, the system generated a unique transaction ID for each receipt transaction.

The functionalities not found embedded in e-GRAS include:

1. *Mechanism to capture Transfer Entries*

Audit noticed that the functionality of capturing adjustments made in State accounts through Transfer Entries passed by the Office of the Principal Accountant General (A&E), Haryana was not embedded in the system. Absence of this functionality reflected mismatch between the receipt figures finalised in the office of PAG (A&E) Haryana and that reflected under e-GRAS module.

2. *Integration with AG office*

The functionality to generate a resource chart with the help of the system with alerts and reconciliations which are routed through AG was not found embedded in e-GRAS. This functionality would have helped in capturing data like state debt repayment liabilities etc. which could be auto populated in the system.

5.7.2.3 e-billing

The module was designed to handle all kinds of State disbursements. Under this module, claimants, who may be an employee, contractor, government agency or any other, would submit claims to the Head of office concerned (HOO), which would be entered in the Accounting system and further validated by the HOO/DDO. After this step, bills are prepared and cleared through Treasury Disbursement System. The banks in turn upload a daily e-scroll in the system which compiles disbursement details Treasury/DDO-wise and provides the same to the Treasury/DDO to reconcile the disbursement details/account.

Presently the following processes/functionalities are not embedded in the e-Billing module:

1. The linkage with e-Sanction (electronic financial sanction) module was absent. Presently, the financial sanctions are obtained/accorded manually and then uploaded on the system which is a time consuming exercise. The new system would have enabled various officials to

obtain/issue sanctions electronically. The system would have supported financial decision-making and would have also kept an audit trail and details of the various issued/utilised/lapsed sanctions.

2. Claim id function, which would have enabled electronic submission of claims was not present. The processing by a DDO under e-billing would start only after the claim or bill is processed/ admitted manually.
3. There is no functionality to allow auto escalation matrix in terms of bill processing.
4. The module did not have the functionality of blacklisting any party/supplier/ claimant.
5. The module also lacked the functionality for electronic reconciliation that would capture the e-scroll coming from the banks and match it with the disbursements cleared.

5.7.2.4 e-Pension

The module is used to process retirement benefits including pension of the State Government pensioners. It is used by the Treasury Officers (TO) to enter the details of Pension Payment Orders (PPO) received from office of the PAG (A&E) Haryana, Chandigarh.

The functionalities not found embedded in e-Pension module includes the Pensioner's Grievance Redressal window, which would have enabled the Pensioners to raise their grievances online and get them redressed in a timely manner.

5.7.2.5 Off-Budget Items

In the "To-Be Process and Procedure Document", the Department had envisaged to implement a functionality to automate the planning, budgeting and accounting of off budget items and to have ever-updated information about the complete spending in the State on a real-time basis, both for expenditure made from the State budget as well as funds received from Government of India (GoI). It was also envisaged that integration of receipt and utilisation of funds received from GoI with IFMS would enable the State Government to have better control over the expenditure.

During audit (April 2022) it was noticed that in the present system, no such functionality for processing of off-budget items was incorporated in the Budget Module.

5.7.2.6 Electronic Financial Sanction

In the "To-Be Process and Procedure Document", a functionality for obtaining and issuance of all the sanctions (financial, manpower or pension related) was

to be incorporated in the system to have a better control over the use of sanctions issued by the Government by keeping a trail of each sanction. The system would keep a trail of the extent of utilisation of a sanction, restricting the usage of lapsed sanction etc. and assist the authorities to strengthen the monitoring process by viewing a compiled report of unused/used/partially used/lapsed sanctions.

During audit (July 2022) it was observed that functionality for issuance and maintenance of sanctions through electronic mode does not exist. In the present scenario, all the sanctions are granted offline and scanned copies are uploaded on the portal along with the bill. This does not allow the validation of duplicate usage or validation against the amount/budget head sanction.

Further during preparation of bills in e-billing module, it was noticed that while preparing a bill, the system requires information like “name of the claimant”, “unique code of payee” (UCP), “net amount”, “sanction number”, “sanction date” etc. However, there is no validation check to prevent preparation of bills in excess of the amount of sanction and to restrict payment to beneficiaries other than those included in the sanction.

The matter of non-implementation of functionalities was brought to the notice of the Government (October 2022). During the exit meeting, the Department stated that functionalities envisaged in the “To be Document” would be revisited and finalised within a time frame of four months. Accordingly, NIC would be requested to incorporate the functionalities in the respective modules. However, in case of Electronic Financial Sanction implementation of the utility was under way and comments of the PAG (A&E), Haryana office had been sought and would be implemented within a time period of six months. The updated position was not intimated though called for (January 2024) by Audit.

5.7.2.7 Reconciliation of NPS contribution

The State Government employees recruited on or after 1 January 2006 are covered under the Haryana New Pension Scheme (NPS) which is a Defined Contribution Pension Scheme. In terms of the Scheme, the employee contributes 10 *per cent* of his/her basic pay and dearness allowance, and 14 *per cent*⁵ of basic pay and dearness allowance is contributed by the State Government; and the entire amount is to be transferred to the designated fund manager through the National Securities Depository Limited (NSDL)/ Trustee Bank.

The amount recovered from the pay bill with matching contribution is to be credited to the detailed head *viz.* 99–Government Servant Contribution and 98–Government’s contribution. The TO has to prepare a consolidated bill for transfer of funds from Major Head 8342- other deposits in respects of all employees covered under the Haryana New Pension Scheme in the district and

⁵ Earlier it was 10 *per cent* of basic pay and DA till December 2021.

request the Treasury bank to make payment to the Bank towards NPS through RTGS. The TO thereafter has to prepare the consolidated statement of deposits giving subscriber-wise details of each month and send the report to NSDL by the third day of the following month with a copy to Director, Treasury and Accounts and FD.

During study of Finance Accounts for the years 2018-19 to 2020-21, the following has been observed as mentioned in **Table 5.2**.

Table 5.2: Contribution short transferred to NSDL

(₹ in crore)

Year (1)	Employees Contribution (2)	Contribution by the State Government (3)	Total (2+3) (4)	Short Contribution (2-3) (5)	Total transfer to NSDL (6)	Short transfer to NSDL (4-6) (7)
Balance of pension funds lying with the State Government as on 31 March 2018						14.54
2018-19	565.88	534.30	1,100.18	31.58	1,086.16	14.02
2019-20	717.91	694.20	1,412.11	23.71	1,407.78	4.33
2020-21	778.53	766.83	1,545.36	11.70	1,535.18	10.18
Total	2,062.32	1,995.33	4,057.65	66.99	4,029.12	43.07

During demonstration of the functionalities available in the system by the departmental officials and NIC team, it was noticed that the utility to reconcile the subscriptions made by employees and contribution made by the employers towards NPS and transfer of this amount to NSDL and amount pending for transfer was not available in the system. In absence of the envisaged functionalities, the related objectives could not be achieved.

The matter was brought to the notice of Government (October 2022). During the exit meeting, the Department replied that the utility adopted by Government of Uttar Pradesh for reconciliation of NPS, if feasible, would be developed in IFMS.

5.7.3 Logical Access Controls

5.7.3.1 Password Policy

The existence of adequate logical access security is particularly important where an organisation makes use of Wide Area Networks (WANs) and global facilities such as the Internet. There must be appropriate password policy and procedures for effectiveness of passwords. Password policy published by Department of Information Technology & Communication, Haryana provides that user ID and password shall be treated as confidential information and not be shared with anyone. The password policy also provides that the system should prompt the

user to change his password at a fixed interval to strengthen the logical access controls. The system should enforce the users to set-up a strong password e.g. length of at least eight characters, consisting of numbers, special character, alphabets in upper and small case etc. Password policy and procedure must be known and adhered to, by all the staff.

Analysis of the data related to complaints submitted at help desk⁶ showed that in 45,829 out of 1,57,244 complaints lodged by the departmental users, complainants had disclosed their user-ids and passwords, which is accessible to NIC and DTA. Sharing of user-ids and passwords is fraught with the risk of unauthorised access to the system. Moreover, users' master table showed that appropriate validation checks did not exist in the system which would force the users to set a strong password and prompt the user to change the password periodically.

The matter was brought to the notice of the Government (October 2022). During the exit meeting, the Department stated that users had been advised not to share their password while submitting their complaints at the portal. It further stated that checks had been embedded to force users to change their password after 90 days.

5.7.3.2 Access to information beyond need-to-know basis-Helpdesk Problems

The decision process for users to gain access to cover systems and data must be based on the need-to-know principle, which is necessary for the conduct of the users' job functions.

During audit (July 2022), it was observed that a help desk facility was implemented by DTA for redressal of problems faced by user Departments in performance of various functions of IFMS and public users. It was noticed that anyone could log in as "guest user" and lodge their grievances on this portal. While lodging the complaint, the webpage also allows the users to attach documents or disclose some critical information in reference to the complaint. As per best IT practices, systems are required to be designed in such a way that a person other than the complainant may not have access to the complaint submitted by any other complainant.

However, when Audit visited the page "view complaints", it was observed that any person logged in as "guest user" could view the contents of all the complaints submitted as "guest user". It was seen that the system neither verifies the complainant through a One Time Password (OTP) prior to accepting his/her complaint, nor restricts access to the contents of the complaint submitted by him/her only.

⁶ A help desk facility was implemented by DTA for redressal of problems faced by user Departments in performance of various functions of IFMS and public users.

The matter was brought to the notice of the Government (October 2022). During the exit meeting, the Department stated that necessary changes had been made in the system to restrict the complainant to view the contents of complaints furnished other than by the complainant only.

5.7.3.3 Use of digital signature certificates (DSCs)

In IFMS, the concept of Digital Signatures was implemented (August 2017) to strengthen the logical access controls. Digital signatures are used to secure and safeguard the integrity of transmitted data/information. As discussed with the Department and development team, a Digital Signature Certificate (DSC) is used by the Drawing and Disbursing Officer (DDO) at the time of passing of bills and verification of EPS⁷. DDO while submitting the bills to treasury, uploads the copies of sub-vouchers also. Similarly, DSC is also used by Treasury Officer (TO) while passing the bill for payment and generation of EPS.

During analysis of the data related to bills prepared in e-billing module during April 2018 and March 2021, it was observed that 31,52,789 bills formed part of monthly accounts. Analysis of these bills showed that 1,43,096 bills pertaining to 10 categories were not digitally signed by the DDO as per details given in **Table 5.3**.

Table 5.3: Bills and Digital Signatures

Sr. No.	Category of Bill	No. of Bills digitally signed	No. of Bills not signed digitally
1.	TA Bill	38,144	15
2.	Medical Bill	90,790	31
3.	GPF	68,297	23
4.	Pension Regular	1,239	46,391
5.	Contingency Bill	6,25,115	71,141
6.	Works/Cheque	1,83,949	83
7.	CCD (Civil Court Deposit)	11,721	6
8.	Pension Gratuities	0	15,824
9.	Pension Commutation	0	9,578
10.	General Refund	17,802	4
Total		10,37,057	1,43,096

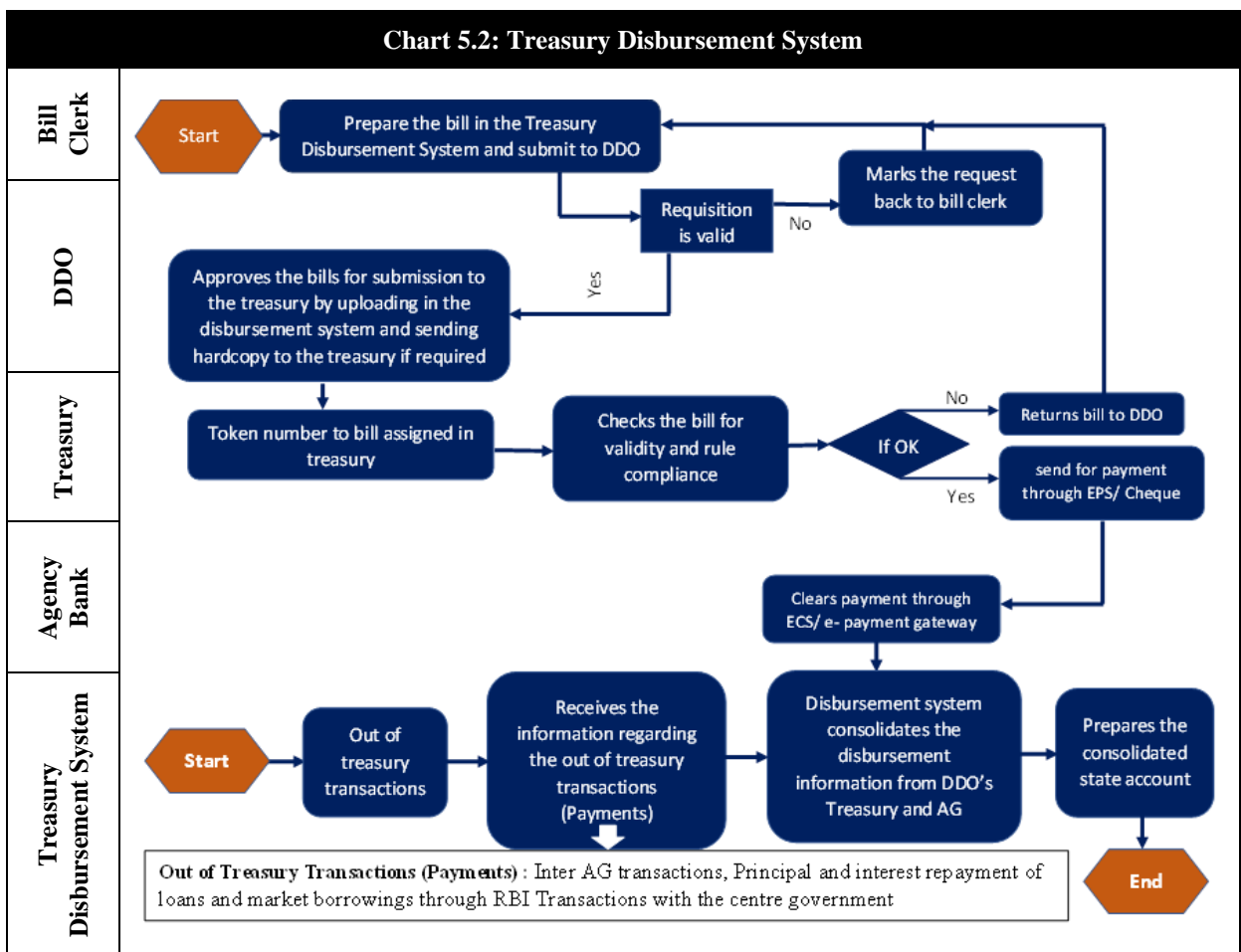
During scrutiny of the process of bill preparation up to its payment, it was noticed that the cover page of Treasury bill bears digital signature of the DDO and TO. However, sub-vouchers/sanctions uploaded by the DDO with the bill were not digitally signed in support of authenticity of the documents uploaded.

The matter was brought to the notice of the Government (October 2022). During the exit meeting, the Department stated that log tables to store the logs for uses of DSCs were not presently available in the database and the same would be added in future.

⁷ EPS (Electronic payment system) – a list of payees generated through OTIS and sent to bank for making payment.

5.7.4 e-billing and On-line Treasury Information System (OTIS) modules

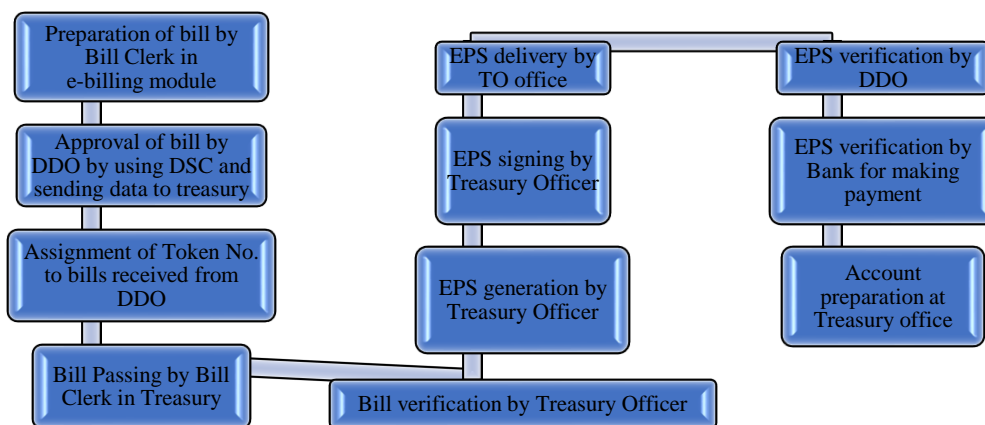
E-billing and OTIS was implemented by the DTA, Haryana in the year 2013. The system was envisaged to facilitate the preparation of bills, uploading of sanctions/sub-vouchers and approval of bills at DDO level for submission to TO. The system also has a linkage to Budget Module in the form of a validation check for availability of budget prior to approval of bills. OTIS facilitates passing of bills, generation of list of payments electronically in a secured manner by using DSC and transfer of payments to the accounts of payees electronically by the bank. The bank, in turn, provides daily e-scrolls to treasuries to reconcile the payments made and preparation of detailed accounts and various other reports. The workflow of OTIS and e-billing is depicted in **Chart 5.2**.



5.7.4.1 Validation Controls

During demonstration of stages involved in e-billing and OTIS modules, it was observed that a bill passes through following stages before forming part of the monthly account as depicted in **Chart 5.3** below:

Chart 5.3: Stages involved in e-billing and OTIS modules



(i) Token number assigned to a bill prior to approval of the bill by DDO

As per prescribed procedure, token number is assigned to a bill after it is sent to treasury by the DDO. Analysis of e-billing and OTIS data between the stages of bills for date of approval by the DDOs and date of assignment of token number in treasuries showed that in contravention to the prescribed procedures for flow of bills, token numbers to 935 bills in treasuries were assigned prior to the date of approval of these bills by DDOs. In these bills, token numbers were assigned between one to 288 days prior to approval of bills by DDOs.

On this being pointed out to Government (October 2022), the Department stated in the exit meeting that examination of workflow would require time and NIC would get back on this.

(ii) EPS delivery date is earlier than EPS signing date

An EPS is delivered to the DDO after it is electronically signed by the TO. Analysis of data related to EPS delivered showed that in one out of 24,75,268 cases delivery date of EPS is prior to its signing by TO.

During the field visit at Treasury/DDO office at Panchkula, it was noticed that no such report showing EPS delivery and signing date was available.

The matter was brought to the notice of the Government (October 2022). During the exit meeting, the Department stated that checks had been applied in IFMS in compliance to the audit observation.

(iii) Payments made prior to verification by DDO

As per workflow of OTIS system explained by the development team, a payment prior to its disbursement by the bank is verified by Drawing and Disbursing Officer. Analysis of the OTIS data showed that in 188 cases, payment date was earlier than the date of EPS verification done by DDO.

During field visit at DDO office, it was noticed that no MIS report was available in the system to show the EPS verification done by DDO.

The matter was brought to the notice of the Government (October 2022). During the Exit meeting, the Department stated that checks would be applied after due deliberation with NIC and Banks.

(iv) Payments credited to payees prior to verification by bank

As per workflow described by the development team, payments are made to payees after EPS is verified by the bank. Analysis of data showed that payments for 958 EPS were made prior to verification by the bank.

During the exit meeting, the Department stated that it had asked NIC to enforce adequate checks.

(v) Bills paid prior to its preparation

As per the workflow described by the development team, a bill can only be paid after it has been prepared. During analysis of data, in four bills, payment date was prior to preparation and verification of the bills by TO.

The matter was brought to the notice of the Government (October 2022). During the exit meeting, the Department stated that it had directed NIC to enforce adequate checks.

(vi) Bills paid without verification by Treasury Officer

As per prescribed procedure, after the bill is approved, EPS is generated by the TO for processing the payment of a bill. The system captures the date of verification of the bill done by the TO.

During analysis of data, it was noticed that in two bills, payment was made, without due verification by the TO. The system had not restricted the payment of these bills.

The matter was brought to the notice of the Government (October 2022). During the Exit meeting, the Department stated that it has asked NIC to enforce adequate checks.

(vii) Bills finalised without generation of EPS

As per flow of transactions in the system, a bill is processed for payment by the bank after the EPS has been generated by the TO and is verified by the DDO. Subsequent to payment against bills, the status of the bill is updated as “Account Prepared”.

During analysis of data, it was noticed that in 26,991 bills, including 24,453 contingency bills involving ₹ 12,174.71 crore, EPS was not generated by the TO. However, the status of these bills was shown as “Account prepared”.

The matter was brought to the notice of the Government (October 2022). During the exit meeting, the Department stated that EPS is not generated in case of bills having net amount as zero. The reply was not tenable as there were seven cases involving payment of ₹ 28.47 lakh which were non-zero bills and where the EPS was not generated by the TO but the bills were shown as finalised.

(viii) Bills finalised without verification of EPS by DDO

As per flow of bill process in the system, DDO verifies the EPS after receipt of signed EPS from the TO for processing further to make payment of the bills.

During analysis of data, it was noticed that ten EPS were not verified by the DDO. However, these bills were shown as “Account prepared”.

It was further observed that four EPS were verified by the DDO though these were not electronically signed by the TO.

The matter was brought to the notice of the Government (October 2022). During the exit meeting, the Department stated that the issue would be looked into in consultation with NIC.

(ix) Bills finalised without verification of EPS by bank

Prior to making payment to the payees, the bank itself verifies the EPS after it is verified by the DDO.

Analysis of the data showed that in eleven cases, payment was made to the payees without verification of the EPS by the bank.

The matter was brought to the notice of the Government (October 2022). During the exit meeting, the Department stated that the issue would be looked into in consultation with NIC.

(x) Payments to un-verified Unique Code Payees (UCPs)

As per e-billing user manual, Unique Code of Payees (UCPs) verified by the DDO only should be visible as payees at the time of preparation of bills for making payment through EPS. Analysis of the data showed that 14,120 out of 9,19,408 UCPs under employee category were not verified by the DDO. However, payment was made in favour of 11,417 unverified UCPs.

The matter was brought to the notice of the Government (October 2022). During the Exit meeting, the Department stated that at the time of any change in UCPs’ credentials, the checker had to re-verify these changes. These cases might fall under that category. The reply was not tenable as the database did not contain any logs to ascertain the duration of pendency of these unverified UCPs. The Department further stated that the system would be modified to store these logs.

(xi) Missing payees' details in Master table

In IFMS, UCP code is mandatorily assigned to each payee to make payment electronically. All the UCPs are stored in "EPS" table.

During analysis of the payee master data and payment details data available in OTIS, it was observed that payments were made to 22,22,565 payees during the period April 2018 to March 2021. Information of these payees was further analysed with master data i.e. table of payees and Audit found that the details of 11 payees to whom payments were made did not exist in the master table.

The matter was brought to the notice of the Government (October 2022). During the exit meeting, the Department stated that during de-duplication process of UCPs, these UCPs might have been removed. Further, the Department instructed NIC to undertake appropriate measures to avoid permanent deletion of entries in the master table.

The reply is not tenable as the logs for this de-duplication process were not available in the database in the absence of which the robustness of the de-duplication process could not be ascertained.

(xii) Restriction of subscription under NPS during three months prior to the date of superannuation

As per regulation No. 37 of Pension Fund Regulatory and Development Authority (Exits and Withdrawals under NPS) Regulation, 2015, contributions/ deductions under the New Pension Scheme (NPS) made by the employers from the salary of such subscriber shall be stopped at least three months prior to the date of superannuation, to ensure that the exit and withdrawal of the subscriber is smooth and effective. The employer shall pay such eligible contributions directly to the employee subscriber along with the monthly salary.

During analysis of data related to NPS contribution of employee from **Pay Bill Table** (Pay Bill table is transaction table for the employees) with reference to date of retirement mentioned in **Empmast Table** (Empmast Table is master table for the employees), it was noticed that contributions/ deductions under the New Pension Scheme (NPS) were not restricted by the system for the three months prior to the date of superannuation in respect of the following employees as per details given in **Table 5.4**.

Table 5.4: NPS subscription not restricted by the system

Case No.	Employee Name	Date of Birth	Retirement date	Pay Year	Pay Month	NPS subscription Amount
		(Empmast Table)		(Pay Bill Table)		
1	Rajender	12-01-1962	31-01-2020	2019-20	11	3,779
				2019-20	12	3,779
				2019-20	01	4,107
2	Vidya	28-08-1959	31-08-2019	2019-20	06	2,061
3	Dev	12-01-1960	31-01-2020	2019-20	11	2,223
				2019-20	12	2,223
				2019-20	01	2,223
4	Kaushal	01-08-1960	31-07-2020	2020-21	05	2,223
				2020-21	06	2,223

During the exit conference, the Department admitted the facts and issued instructions regarding stoppage of NPS contribution for the last three months prior to the date of superannuation.

(xiii) Restriction of subsequent Leave Travel Concession (LTC) claim for same block year

As per GoH instructions issued in May 2009 and October 2009, employees/pensioners shall be entitled to draw one month salary/pension as lump sum assistance once in a block of four years for the purpose of granting LTC.

During Audit, for the purpose of testing, the process for preparing the first and subsequent LTC bill for the same block year was performed on the staging server. The system had restricted the preparation of subsequent bill for the same payee and for the same block year.

During analysis of e-billing and e-Pension data it was observed that 105 employees and 180 pensioners were paid lump sum one month salary/pension more than once for the same block year respectively in contravention of rules.

The matter was brought to the notice of the Government (October 2022). During the exit meeting, the Department admitted the facts and stated that recovery process would be initiated in consultation with the Department/DDO concerned. The matter regarding double payment of LTC is of a serious nature and requires investigation by the Department/NIC as to how such an event could take place despite existing validation checks.

Paras (i) to (xiii) highlight absence/lack of validation controls in the e-Billing, e-Pension and OTIS module under IFMS.

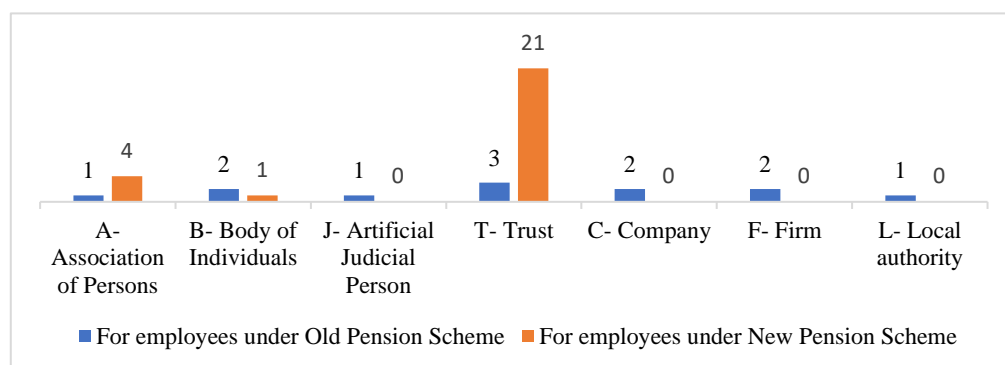
5.7.4.2 Generation of Unique Code of Payee

(i) Invalid PAN captured

In IFMS, UCP is assigned to each payee to enable transfer of payment electronically to the bank account of the payee. While creating a UCP, which is a one-time exercise for a payee, details of payees are captured by the “Maker” (Bill Clerk) in the form ES-2 and the information is stored in a master table. The instructions of the Department require obtaining supporting documents including cancelled cheques, copy of PAN card etc. The “Checker” (DDO) verifies and approves the credentials of the actual payee.

During analysis of the master data related to UCPs, it was noticed that out of 88,07,711 records, invalid PAN numbers were captured in 64,65,485 records which shows 30,534 PAN records were related to employee category and in 2,069 cases PAN was captured as “XXXXXXXXXX”. In absence of any validation check, the system had allowed either leaving the PAN column blank or capturing invalid PAN. Further, analysis of records with valid format of PAN pertaining to employee category showed that in 38 cases, the PAN captured belongs to the category other than “Individual” as the fourth character in a PAN denotes the category of the taxpayer. Details are given in the following **Chart 5.4**.

Chart 5.4: Cases wherein invalid PAN captured



The matter was brought to the notice of the Government (October 2022). During the exit meeting, the Department admitted the facts and stated that the matter is under process with IT Department.

(ii) Multiple same UCPs against single PAN/Multiple different UCPs for same PAN

As per e-billing user manual, in case the user at the time of creation of UCPs, enters information i.e. PAN, GPF No., PRAN or bank account details which is related to any other employee to whom a UCP had already been assigned, on submission of such information, a window will appear with a message “a payee with same detail exists”. However, in case of “Third Party” category payees

(Supplier/Contractors etc.), UCP creation with same particulars can be allowed for different DDOs.

During analysis of UCPs created with valid PAN, it was found that in 3,76,132 payees of other than “Third Party” category, multiple same UCPs (12,14,006 UCPs) were created against same PAN ranging from two to 58 times and it also showed that 3,760 different UCPs were created against 1,844 PAN for other than third party category.

(iii) Different UCPs for different categories against same PAN

Analysis of data further showed that in 1,940 cases, two different UCPs were created for each PAN and one of these UCPs belongs to “employee” category and the other to “third party” or “other category”.

Audit also noticed that in 81 cases, more than one UCP on the basis of same PAN, same DDO were created in respect of “third party” category of payees.

During the exit meeting, the Department admitted the facts and stated that NIC has been directed to do the needful.

Paras (i) to (iii) highlight the lack of validation controls/alerts over uniqueness of payee code in the application.

5.7.4.3 Audit trail

Audit trail provides evidence about how, when and by whom a specific transaction was initiated and processed. In an IT system, audit trail is necessary to track the history of transactions, changes/modifications made in data, what was edited to what and by whom etc. In an audit trail, actions done by any user is identified by the user id assigned to each of its user.

(i) Assignment of same user_id for two different functions

As per best IT practices, segregation of duties is a proven way of ensuring that transactions are properly authorised, recorded and that assets are safeguarded. Segregation of duties is a fundamental control requirement in the IT system as it reduces the risk of error and fraud. The computer system may be able to enforce segregation of duties through the use of pre-programmed users and definition of their rights.

At departmental level, work related to preparation and approval of bills is done by two different personnel. In the system, the user who prepares the bill is identified as “Maker” and Drawing and Disbursing Officer who approves the bills is identified as “Checker”.

During analysis of data, it was observed that logs for same user_id were being stored in the transaction table for preparation and approval of bills. In case of assignment of same user_id for “Maker” and “Checker”, it is not possible to

ascertain from the audit trail as to who has performed the functions for preparation, cancellation or approval of the bill.

The matter was brought to the notice of the Government (October 2022). During the exit meeting, the Department admitted the facts and stated that another field would be added to the log table to indicate maker/checker explicitly.

It is recommended that mere creation of a separate field does not solve the audit issue and the Department should instead have separate user IDs for maker and checker.

(ii) Missing logs for login sessions

Analysis of the e-billing data showed that “AuditLog” table contains logs of sessions during which a particular user remained “logged-in” on the system and during every log-in, a log must be generated.

During analysis of data related to login sessions captured between 2018-19 and 2020- 21, it was observed that 29,04,775 log ID were generated to capture the time duration during which a user accessed the system and it was found that 7,10,070 log ID were missing in the table.

The matter was brought to the notice of the Government (October 2022). During the exit meeting, the Department admitted the facts and stated that the matter would be examined.

(iii) Logs for bill preparation, approval and sending bills to treasury

T_P_Track table in e-billing module database is designed to capture the events performed by “Maker” and “Checker” at DDO office for preparation, approval and sending the bills to the treasury. Analysis of this table showed that 68,52,216 events were captured during the period from 2018-19 to 2020-21. In a log table, system generated row identifier is included to derive an assurance that all the events were captured without any missing event.

During analysis of information contained in this table, it was observed that the table had not been designed to capture row identifier. Correspondingly, there was no row identifier against each event recorded in the database. In the absence of any row identifier, “Bill_No” was considered as a unique identifier for referring to transactions stored in T_P-Token⁸ table of e-billing module. A comparative analysis of both the tables (T_P_Track table and T_P-Token table) showed that:-

- a) Logs for 21,27,771 out of 34,14,330 bills were not available in T_P_Track table.

⁸ This table contains information about the bills prepared by DDOs.

- b) Bill Nos. mentioned against logs of 7,10,843 bills in T_P_Track table were not found in the T_P-Token table of e-billing module, despite the flow of information originating from bills in T_P-Token table.

The matter was brought to the notice of the Government (October 2022). During the exit meeting, the Department stated that system would be modified to capture the logs for all the bills processed through IFMS.

(iv) Logs for cancelled bills

During analysis of data for bills prepared at DDO level, it was observed that 95,078 bills were cancelled by different users. Comparison of these cancelled bills with audit logs captured in T_P_Track table showed that logs for 87,281 cancelled bills were not found in the database.

In absence of complete audit trail, it would not be possible for the Department to identify who had performed the cancellation of the transaction and when this cancellation had taken place.

(v) Missing logs for bills sent to Finance Department/missing transactions in OTIS

FD from time to time issued instructions to the Departments to seek approval of FD in different⁹ categories of bills before sending these bills to the treasury. During analysis of the e-billing data and flow of transactions explained by the departmental users and development team, bills are sent to FD in e-billing module to seek their approval prior to sending these bills to the treasury for payment.

Analysis of the audit logs captured in e-billing data showed that during the period April 2018 to March 2021, 4,05,094 bills were sent to FD for approval. As per status of bills recorded in e-billing and OTIS module, it was seen that 22,698 bills were either pending with FD (Status: Sent to FD) or rejected by FD (Status: Returned from FD). During analysis, it was found that out of the remaining 3,82,396 bills, 39,436 bills were not traceable in the database. The complete cycle of bill/transaction cannot be verified in absence of missing logs in the system.

The matter was brought to the notice of the Government (October 2022). During the exit meeting, the Department stated that the system would be modified to capture the logs for all bills processed through IFMS.

Similarly, each bill sent to treasury by DDO is populated in OTIS database after assignment of token number. In OTIS database, each bill transaction is represented by a system generated sequential number i.e. "ID_NO".

⁹ TA Bills, Medical Bills, GPF bills, Works bills, General Refunds etc.

Analysis of the data for bills assigned token number in the treasury during 2018-19 to 2020-21 showed that out of 58,83,112 (ID No. 9083975 to 14967086) transactions, 3,62,513 transactions were missing in the OTIS database.

The matter was brought to the notice of the Government (October 2022). During the exit meeting, NIC assured that none of the bills was missing in the database. However, no reasons for missing ID numbers could be assigned.

Paras (i) to (v) highlights lack of adequate maintenance of audit logs.

5.7.4.4 Abstract Contingency and Detailed Contingency Bills

As per Note 4 under Rule 4.49 of Subsidiary Treasury Rules (STR), a certificate is required to be attached to every Abstract Contingent (AC) Bill to the effect that the Detailed Contingent (DC) Bills have been submitted to the Controlling Officer in respect of Abstract Contingency Bills drawn more than a month before the date of already drawn AC Bill. On no account, an AC bill may be encashed without this certificate. Further as per Note 5 under Rule 4.49 of STR, the DC bill was required to be furnished to the Audit office by the end of the month following the month in which the AC bill was drawn. As per GoH instructions issued in June 2016, the DC bills were required to be submitted within one month from the drawal of AC bills. Analysis of data showed that after approval/adjustment of DC bill against any AC Bill, a flag “Y” is populated in the column “Adjusted”.

(i) AC bills pending for adjustment

Analysis of the data related to the AC bills in OTIS database showed that 8,128 bills amounting to ₹ 3,292.55 crore were drawn between April 2018 and March 2021. As per information contained in the database, 7,005 adjustment bills amounting to ₹ 2,563.43 crore were shown as adjusted in database against these bills. 1,123 bills amounting to ₹ 729.12 crore were pending (up to May 2021) for adjustment after periods ranging between two and 37 months.

e-billing database (Table: T_P_Bill_adjust) contains details of adjustment bills along with Bill No. and date of AC bill against which the adjustment bill was preferred. Analysis of data stored in this table showed that adjustment bills were furnished for 4,607¹⁰ AC bills processed during 2018-2021, of which 2,438 adjustment bills were furnished after the prescribed period of one month. The delay in furnishing the adjustment bills ranged between one and 913 days.

The matter was brought to the notice of the Government (October 2022). During the exit meeting, the Department admitted the facts and stated that responsibility

¹⁰ Out of 7,005 AC bills shown as adjusted in T_P-Token table, details of 4,607 bills were found in “T_PBill_Adjust” table and details of balance 2,398 was not available in the table.

of DDOs would be fixed for delay in adjustment bills and instructions for this would be issued in due course.

It is recommended that a MIS report/ dashboard may be designed for monitoring the progress of bills pending for adjustment.

5.7.4.5 *Inconsistencies in information across the e-billing and OTIS modules*

Development team during discussion about the flow of data between e-billing and OTIS databases informed that the data captured during preparation and approval of bill at DDO office is replicated in the OTIS database after the bills are sent to the treasury by DDO. While analysing the e-billing and OTIS data, the information available in T_P_ token tables of these databases showed that against some of the bills, information in both the tables was different.

- a) In 780 cases, value in “Gross Amount” column for the bills prepared in e-billing module was different from the value shown against respective bills in OTIS database. Further, in eleven bills with status as “Account Prepared”, the value of “Gross Amount” column for bills prepared by respective DDOs was ₹ 149.44 lakh against the value of ₹ 229.23 lakh stored in OTIS data as detailed in **Table 5.5**.

Table 5.5: Difference in gross amount (Bills having the status as Account prepared)

Sr. No.	Bill No.	Gross amount in OTIS database (in ₹)	Gross amount in billing database (in ₹)
1.	05000602-2020-21-0039	13,56,300	10,60,330
2.	05000602-2020-21-0040	2,55,100	9,09,172
3.	05001405-2020-21-0001	1,69,098	35,834
4.	06041799-2020-21-0008	6,05,500	0
5.	09030794-2019-20-07-25-01	19,587	20,516
6.	10010924-2020-21-0004	51,370	19,900
7.	16000737-2020-21-05-13-02	41,31,439	41,38,881
8.	19000831-2020-21-04-42-01	16,08,888	12,79,464
9.	20000610-2020-21-04-46-02	68,86,153	11,23,785
10.	22072356-2020-21-0005	16,12,734	445
11.	24000582-2019-20-0017	62,27,220	63,55,254
	Total	1,49,43,581	2,29,23,389

- b) In 22,783 cases the status of bills captured in OTIS database was different from those captured in e-billing module.
- c) In three cases, DDO_Code captured while preparing the bill in e-billing module, was different than the bill passed by treasury in OTIS database.
- d) In 162 cases, Major Head recorded in bill prepared by DDO was different from the bill data stored in OTIS database.
- e) In 20 cases, the Department code captured in OTIS database was different from the Department code shown in e-billing module data.

- f) In 83 cases, classification of Voted/Charged expenditure was at variance in both the databases.

The matter was brought to the notice of the Government (October 2022). During the exit meeting, the Department stated that NIC had been requested to look into the matter.

This para highlights mismatch of data flow across the two applications.

5.7.4.6 Analysis of time taken to process bills at different stages of bill processing

Directorate, Treasuries and Accounts had implemented IFMS with one of its objectives being improving of efficiency by reducing the time taken during the various stages involved in the process of preparation of bills by DDO and making payments by TO through its treasury/banks.

The data analysis of 34,14,330 bills prepared during 2018-19 to 2020-21 was done in respect of different stages and the outcome of this analysis is given below:

(i) Bill Preparation by Maker and approval by DDO (Checker)

It was noticed that 32,50,656 bills were sent to checker by maker for approval, of which 32,18,010 bills and 32,646 bills were approved by the DDO within seven days and between eight and 318 days from preparation of bills respectively.

(ii) Bills cancelled

Analysis of the data showed that during the period covered for data analysis, 95,078¹¹ bills were cancelled by the users. Analysis of these cancelled bills with available audit logs showed that 5,706 bills were cancelled within seven days from their generation and of these 3,439 bills were cancelled on the day of preparation. 2,091 bills were cancelled between eight and 327 days of their preparation.

(iii) Assignment of token number to bill at treasury

Out of 34,14,330 bills prepared by DDO, token numbers were assigned to 31,92,166¹² bills at treasury level for processing further for payment. Analysis of these bills showed that token number to 9,62,602 bills were assigned on the same day of receipt of bills in the treasury and token number to 17,39,779 bills

¹¹ 34,14,330-32,50,656=1,63,674 {Bills under preparation:62,475; Bills cancelled at treasury level:6,121 and Bills cancelled at DDO level:95,078-analysed at para 5.7.4.6(ii)}

¹² 34,14,330-31,92,166=2,22,164 (Bills cancelled-95,078; Under preparation-62,097; Sent to checker-17,705; Sent to treasury-25,233; Returned from FD-20,542; Sent to treasury-1,502 and Account Prepared-7)

were assigned within seven days. However, for the remaining 4,22,402 bills, token numbers were assigned between eight and 386 days.

(iv) Bill passing by Bill Clerk

After assignment of token to a bill, the bill is accessible to Bill Passing Clerk for passing the bill. Analysis of the data showed that after assignment of token number bill, the passing clerk had processed 31,91,747 bills. Out of these, 26,80,305 bills were either passed or rejected by the bill passing clerk on the same day and 5,11,362 bills were processed within seven days of token assignment. However, time taken to process the remaining 80 bills ranged between eight to 42 days.

(v) Bill verification by TO

As per prescribed procedure, after assignment of token numbers to bills received in treasuries, the bill-passing clerk processes these bills and submits them to the Treasury Officer (TO) for verification. Analysis of the data showed that 29,95,424 bills were submitted to the TO and 29,95,412 bills were processed by the TO. For the remaining 12 bills, the status under TOPASS_DATE was blank. Out of these, 29,73,634 bills were verified by the TO within seven days from the date of assignment of token numbers to these bills. However, a period of eight to 646 days was taken for verifying the remaining 21,778 bills.

Analysis of these bills further showed that 2,627 bills were processed by the TOs in the subsequent financial year.

(vi) EPS generation by TO

Analysis of 29,49,027 bills¹³ verified by TO showed that EPS was generated for 29,21,952 bills. Out of these, EPS for 28,98,352 bills was generated within seven days of verification done by TO and for 23,600 bills, EPS was generated in a period ranging between eight and 335 days.

Analysis of data for this stage also showed that in 46 cases, EPS were generated in the subsequent financial year.

(vii) Signing of EPS

As per process flow explained by the development team, after generation of EPS, it is digitally signed by the TO. Analysis of this information showed that out of 29,21,952 cases, EPS was not signed in 1,403 cases. Of the remaining 29,20,549 cases, EPS for 28,83,452 bills was signed within three days from generation and EPS for the remaining 37,097 bills was signed in a period ranging between four and 322 days from its generation.

¹³ 29,95,412-29,49,027=46,385 Bills were rejected by TO.

(viii) EPS delivery

After signing of EPS, EPS is delivered to the DDO for verifying the same and thereafter the bank processes the transaction for making payment. Analysis of signed EPS data (29,20,549 cases) with EPS delivery data showed that for 4,45,281 bills, EPS delivery date was not recorded in the database. Out of the remaining 24,75,268 cases, EPS for 24,72,575 cases was delivered to DDOs within seven days of their signing. However, in 2,693 cases, EPS was delivered in a period ranging between eight and 519 days.

Data analysis showed that in 54 bills, the EPS was delivered by the TO in the subsequent financial year.

(ix) EPS Verification by DDO

After receipt of delivery of signed EPS from TO, DDO verifies the EPS for processing the transaction for payment by the bank. Analysis of data showed that out of 24,75,268 EPS received from TO by the DDOs for verification, DDOs verified 24,74,539 EPS and as per database, the remaining 729 cases EPS were not verified by the DDOs as on April 2021. Out of the verified EPS, 23,44,655 were verified within three days from their delivery. However, in 1,29,884 cases, EPS were verified in a period ranging between four and 262 days of getting delivery of EPS from the TO.

In 44 bills, data analysis showed that the EPS was verified by the DDO in the subsequent financial year.

(x) EPS verification by bank

After verification of EPS done by DDO, it is verified by the bank for crediting payment to the account of the payee. Analysis of data showed that out of 24,74,539 EPS verified by DDOs, banks had verified 24,73,857 EPS for making payment. Out of these, 23,25,126 EPS were verified by bank within three days and the remaining 1,48,731 EPS were verified in a period ranging between four and 30 days of the verification done by the DDO.

In 38 bills, data analysis showed that the EPS was verified by bank in the subsequent financial year.

(xi) Payment made

After an EPS is verified by the bank, payment amount is credited to the payee's bank account. Out of the 24,73,857 EPS verified by the bank, payment was made by the bank for 24,73,816 EPS. Against 24,70,763 EPS, payment was made within three days of verification done by the banks and in 2,162 EPS, payment was made in a period ranging between four and 28 days of EPS being verified by the banks. However, in the remaining 891 cases, payment was made prior to verification by the bank. These 891 cases included 38 such cases in

which verification was done in the year 2021-22 and payment was made in the year 2020-21.

Data analysis showed that in two cases, the EPS was verified during the year 2019-20 and payment was made in the year 2020-21.

(xii) Time taken to finalise the bills after preparation

Analysis of 34,14,330 bills prepared during the period covered under audit showed that 31,52,789 bills formed part of the monthly accounts prepared by treasuries. Scrutiny of these bills showed that in case of 102 bills, voucher was generated prior to the date of preparation of these bills. Out of the remaining 31,52,687 bills, 30,35,484 bills were finalised within 30 days and the rest of the 1,17,203 bills were cleared in a period ranging between 31 and 347 days.

It was also observed during data analysis that 931 bills were included in the monthly account of the year subsequent to the year of preparation of these bills.

Scrutiny of the “As is” and “To be” documents of the Department showed that in order to measure the enhancement of efficiency in processing of bills by reducing the time consumption, norms were not fixed for completion of different stages of bill payment. In absence of any prescribed norms for processing the bills at each stage, cases of inordinate time taken have been noticed and maximum time taken at each stage ranged from 28 to 646 days.

(xiii) Bills pending for final disposal

During the period covered under audit, 34,14,330 bills were prepared by various DDOs of the State Government. The final status of a bill could reflect “account prepared” which meant that these bills have been paid and reflected in the monthly accounts and “cancelled/rejected by Drawing and Disbursing Officer/Treasury Officer/Finance Department/Ways & Means Branch in Finance Department”. Out of these 34,14,330 bills, transactions in respect of 33,05,355 bills were assessed as final. However, the remaining 1,08,967¹⁴ bills were not finalised and were pending at various stages of bill processing as per details given in **Table 5.6**.

Table 5.6: Pendency of bills at various stages

Stage wise status of Bills	Module	No. of Bills	Pendency Range
Bills under preparation	e-billing	62,097	04/18 to 03/21
Bills pending with checker	e-billing	17,705	04/18 to 03/21
Sent to FD for approval	e-billing	1,751	04/19 to 02/21

¹⁴ 34,14,330-33,05,355=1,08,975-1,08,967=8 Status of these eight cases were shown as “Account prepared in e-billing database. However, as per OTIS database status of these bills were shown as “Under-preparation” in seven cases and “EPS verified by DDO” in one case.

Stage wise status of Bills	Module	No. of Bills	Pendency Range
Sent to treasury	e-billing	25,233	10/18 to 03/21
Passed by Bill clerk	OTIS	1	05/21
Pending with Ways and Means	OTIS	38	-
Verified by TO	OTIS	56	05/19 to 03/21
EPS generated	OTIS	45	-
EPS Delivered	OTIS	1,050	-
EPS Verified by DDO	OTIS	911	-
NEFT/RTGS Files generated in Bank	OTIS	4	-
Payment verification done in Bank	OTIS	76	-
Total		1,08,967	

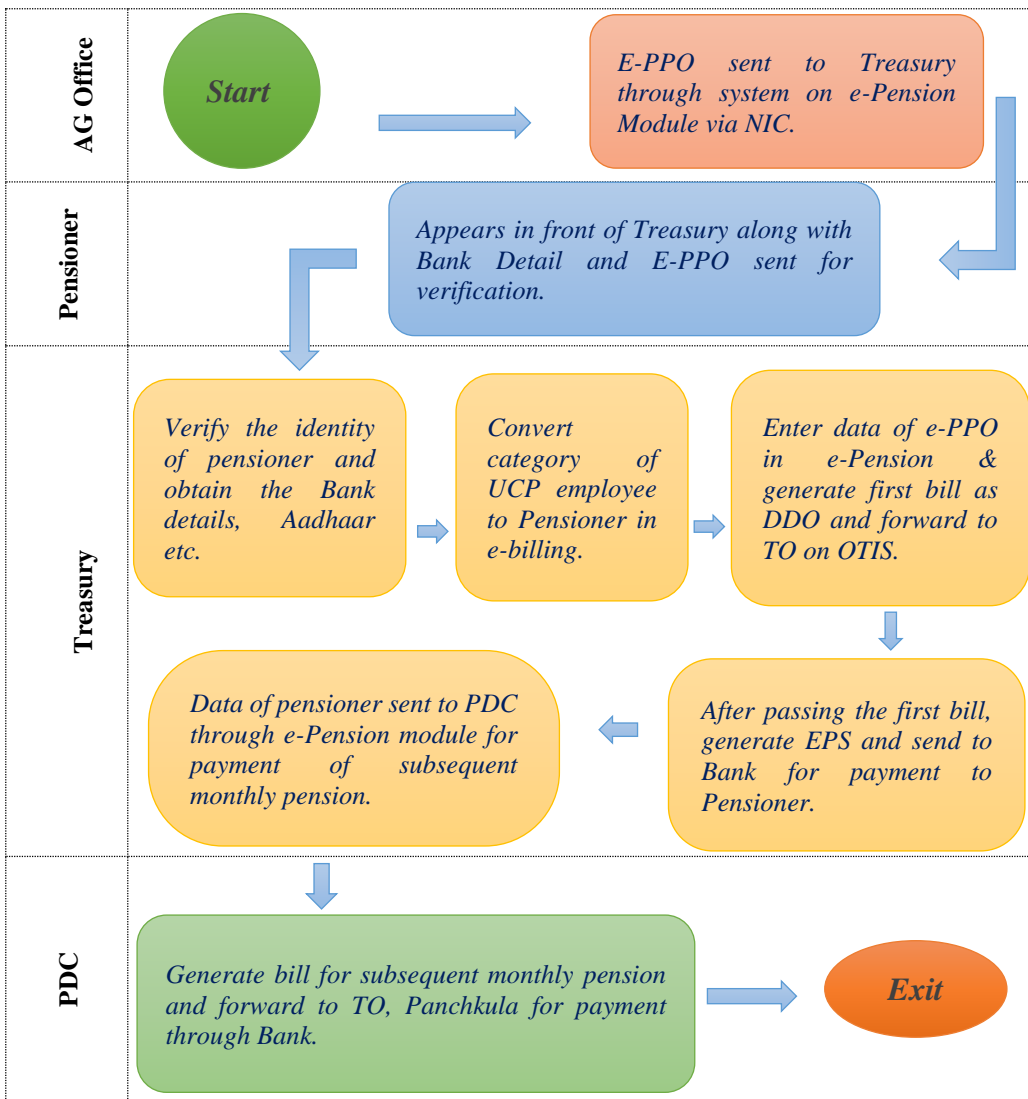
The para highlights the effects of non-fixation of benchmarks to clear the bills at various stages/processes which led to pending bills transactions and abnormal time taken to clear the bills at different stages. Further, the possibility of undischarged liabilities could not be ruled out in case of the bills pending for final disposal (Sub-Para 5.7.4.6 (xiii)).

The matter was brought to the notice of the Government (October 2022). During the exit meeting, the Department stated that timelines would be fixed for processing of bills at each stage after due discussion with all stakeholders.

5.7.5 e-Pension

e-Pension module was developed by the DTA, Haryana (October 2012). The module is used to process retirement benefits including pension of the State Government pensioners. It is used by the TO to enter the details of Pension Payment Orders (PPOs) received from office of the Principal Accountant General/Accountant General (A&E) Haryana, Chandigarh. Initially, the first bills related to retirement benefits and pension are processed by TO and afterwards, the monthly pension is being disbursed by the Pension Disbursement Cell (PDC) on a regular basis. The PDC functions under the administrative control of the DTA, Haryana. The workflow of e-Pension module has been depicted in **Chart 5.5**.

Chart 5.5: Workflow of e-Pension module



During IT audit of e-Pension module, the following discrepancies were noticed:

5.7.5.1 Excess payments

(i) Payment of gratuity amount beyond the prescribed ceiling limit

As per Haryana Government notification issued in March 2017, the maximum limit of death-cum-retirement gratuity shall be ₹ 20 lakh. The ceiling on gratuity shall be increased by 25 per cent whenever the dearness allowance rises by 50 per cent of the basic pay.

During analysis of monthly pension data, it was observed that the gratuity was paid beyond the maximum ceiling limit of ₹ 20 lakh in five cases as shown below in **Table 5.7**:

Table 5.7: Gratuity payment beyond the ceiling limit of ₹ 20 lakh

Sr. No.	Name S/Shri/Smt.	Payee Code	DDO code / Station	Amount of gratuity payment (in ₹)	Date of payment of gratuity	Total amount of gratuity paid (in ₹)
1	Saroj Bala	0D2M2F	0765 / Rohtak	17,06,562	15.05.2020	22,66,338
				5,59,776	22.03.2021	
2	Gian Chand	0H3QBO	0765 / Kaithal	10,00,000	03.09.2016	21,70,350
				1,97,450	21.09.2017	
				72,900	18.10.2018	
				9,00,000	27.04.2016	
3	Karan Singh	3A0L9B	0765/ Panchkula	14,63,053	06.09.2019	22,40,264
				85,767	18.01.2020	
				6,91,444	16.04.2021	
4	Madhu Sahani	4F1QTF	0765 / Gurugram	11,57,442	17.06.2017	21,57,442
				10,00,000	22.02.2019	
5	Manju Bala	6A1QJJ	0765 / Gurugram	11,12,549	22.03.2018	21,12,549
				10,00,000	25.09.2019	

The matter was brought to the notice of the Government (October 2022). During the exit meeting, the Department has admitted the facts and stated that NIC has implemented the requisite checks in e-Pension system to avoid chances of overpayment in future.

(ii) Pension double drawn

Before 1 August 2012, Haryana Government Civil Pensioners who were drawing pension from Treasuries/Sub-Treasuries in the State including the Haryana Treasury of Chandigarh had the option to continue to draw their pension from the Treasury or any branch of specified Public Sector Banks. However, w.e.f. 01.08.2012, the pension would be paid by the Treasury /PDC by electronic transfer of the amount to the bank account of the pensioner.

While analysing the database of e-Pension module and its cross reference with data of CPPC, it was observed that out of 51,659 cases, in two cases, pensioners were drawing double pension through SBI as well as through PDC and in 57 cases there were data entry errors while entering PPO field.

The matter was brought to the notice of the Government (October 2022). During the exit conference the Department admitted the fact and stated that recovery has been made in two cases and all the Treasuries have been instructed to ensure the entry of correct data in the e-Pension system.

5.7.5.2 Tax Deduction at Source (TDS)

Short deduction of TDS from the Pensioners for FY 2020-21 (AY 2021-22)

Section 192 of the Income Tax Act, 1961 provides that every person responsible for paying any income which is chargeable under the head 'salary', shall deduct income tax on the estimated income of the assessee under the head 'salaries'. The tax is required to be calculated at the average rate of income tax as computed on the basis of the rates in force. The deduction is to be made at the time of the actual payment.

Pension received from a former employer is taxable as salary. It is the responsibility of the DDO to deduct TDS at average rate of income tax as applicable, before disbursing the pension.

During analysis of e-Pension Module, it was observed that TDS deducted from the various pensioners was not as per the applicable rates. Resultantly, in 1,390 cases, TDS amounting to ₹ 3,16,18,441 was short deducted. This indicated lack of validation checks in the e-Pension module. The above-mentioned 1,390 cases of short deduction of TDS pertain to FY 2020-21 (AY 2021-22). During analysis, it was observed that there was no provision to capture the information relating to investments/expenditures for the purpose of deductions as per Schedule VI of the Income Tax Act in the e-Pension module.

FD may consider ensuring mapping of requisite rules/ provisions and availability of various validation checks to ensure adherence to the extant rules in IFMS via Change Management requests.

The matter was brought to the notice of the Government (October 2022). During the exit meeting, the Department stated that NIC was in the process of developing savings module after which this issue would be resolved.

5.7.5.3 Pensioner's window in e-Pension

The pensioners of Haryana State Government have been provided with user_id and password, using which they can log in on e-Pension to view details of the pension payments made to them. A pensioner could only view reports on pension and pensionary benefits payments made to him/her. In cases of overpayment of pension and associated pension benefits noticed by the pensioner, the pensioner can separately create challan on e-GRAS module and make payments against the same.

During audit of pensioner's window in e-Pension module, it was noticed that the deposits in e-GRAS made by the pensioner against overpayments was not reflected in the e-Pension module. This reflected lack of integration between e-GRAS and e-Pension module. The non- reflection of this recovery amount is assessed to be a deficiency on the part of the e-Pension module with the

pensioner having to rely on physical copies of challans as proof of deposit of recovery of pension amount.

Further, it was noticed in the e-Pension module that in case of family pension, the name of the original pensioner was replaced with the name of the family pensioner, overwriting the records of the original pensioner. This is a cause of concern as it puts a question mark on the genuineness of data.

Finance Department may consider ensuring the functionality in the IFMS to capture the details of the pensioners as well as family pensioners in the e-Pension module as historical data/information.

The matter was brought to the notice of the Government (October 2022). The Department stated (March 2024) that functionality to display details of recoveries made is under process at the level of NIC. Further, in regard to replacement of pensioner's name with that of family pensioner, the Department stated that NIC has corrected the e-Pension system and now restriction has been applied for replacement of name of the pensioner.

5.7.5.4 Pensioners' grievance redressal

As per the 'To Be process and procedure document' prepared by DTA, e-pension module was to have a pensioners' grievances redressal functionality.

Audit observed that there was no specific window/ forum for registering grievances of pensioners. A generic help desk was operational under IFMS in the State. However, this help desk is for resolution of queries of all users of all modules under IFMS.

The matter was brought to the notice of the Government (October 2022). During the exit meeting, the Department directed NIC to develop the new functionality to redress pensioners' grievance. Further, The Department stated in (March 2024) that NIC was working on implementation of specific window for submission/monitoring of pensioners' grievances.

5.7.5.5 Regulation of family pension to daughter

Rule 8(10) B (ii) of Haryana Civil Services Pension Rules, 2016 provides that family pension may be given to the eldest unmarried and dependent son(s) or daughter(s) up to the age of 25 years. Further, Rule 8(10) B (iv) provides that in case the widow or dependent children below 25 years is not there, family pension can be considered for the dependent eldest daughter amongst unmarried/ widowed/divorced daughters aging above 25 years shall receive the family pension up to the date of her marriage/re-marriage or till the date she starts earning livelihood, whichever is earlier. Note under Rule 47 prescribed that it shall be the duty of the son or daughter or siblings or the guardian to furnish a certificate to the pension disbursing authority (PDA), as the case may be, once in a year in the month of March that (i) he or she has not started earning

his or her livelihood and (ii) he or she has not yet married or remarried. A similar certificate shall be furnished by a childless widow after her re-marriage, or by the disabled son or daughter or parents to the PDA, as the case may be, in the month of March every year that she or he or they have not started earning her/his/their livelihood.

During audit of e- pension module, it was observed that the module stops the pension of an unmarried daughter of a deceased pensioner on completing the age of 25 years. There was no provision in the module to continue the pension of the daughter if she belonged to any of the categories mentioned in Rule 8 (10) B (iv), thereby depriving the eligible daughters of their deserved benefits.

An efficient system requires mapping of all the business rules with programming logic in the module. It was noticed that e-Pension module had certain deficiencies in the form or incomplete mapping which caused unnecessary inconvenience/delay in disbursement of payment to pensioner.

The matter was brought to the notice of the Government (October 2022). During the exit meeting, the Department stated that NIC had been asked for capturing the particulars of all the family members eligible to get the family pension along with their eligibility date in the pension module.

5.7.5.6 Inconsistencies in data

The master data in the database should be complete and accurate as transaction data is validated against the master data. Analysis of IFMS data and e-Pension module for the period 2018-19 to 2020-21 (April 2021) showed the following inconsistencies:

a. Date of Birth

A table namely `dbo_personal_detail` was created to capture the complete detail of pensioners. During analysis of data, it was observed that in 1,808 out of 1,53,392 records, the date of birth captured in the system was after the date of appointment of the pensioner. Further, it was also observed that the date of birth captured was after the date of death in 211 cases.

b. Pensioners' name

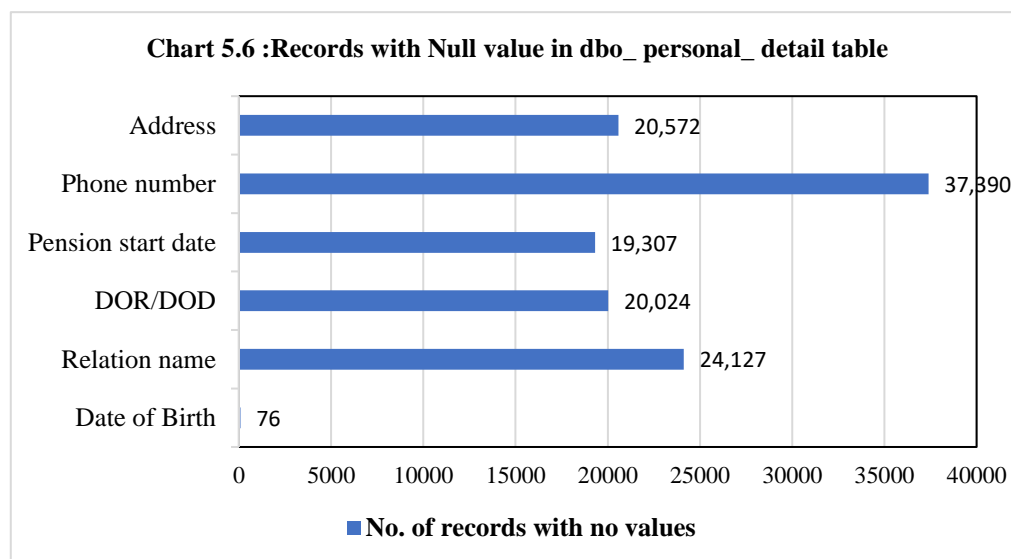
During analysis of data available in the `dbo_personal_detail` table, it was seen that the same name(s) had been captured in two columns i.e. name of pensioner column as well as relatives column.

c. Relation ID

A master table namely `dbo_relation_master`¹⁵ was created for indicating the code of relationship of dependent of pensioner which had defined values for one to nine. However, during analysis, it was observed that in 74,114 out of 10,66,973 records (in the transaction table namely `dbo.ecertificate`) the relation code was captured as “0” which was not available in the master table.

d. Null Values

The data of e-Pension module was analysed for Null values. After analysing data, it was observed that there were records with Null value, as depicted in **Chart 5.6**.



The above instances indicate absence of input validation checks in the system to restrict the inconsistent data input. Further, FD, in consultation with PAG (A&E), may consider ensuring the functionality in the IFMS to capture the automatic input from the e-PPO {sent in (extensible markup language)}.

The matter was brought to the notice of the Government (October 2022). During the exit meeting, the Department stated that all TOs/Assistant Treasury Officers had been directed to ensure proper data entry in the e-Pension system so that inconsistencies of data may be avoided.

It is recommended that e-Pension module may be integrated with HRMS to capture the valid values in the master table of e-Pension module to avoid junk data.

¹⁵ 01 Self, 02 Wife, 03 Husband, 04 Childless widow, 05 Son, 06 Daughter, 07 Daughter widow, 08 Divorced daughter and 09 for Parents.

5.7.5.7 Payment of monthly pension at pre-revised rates

As per Rule 5 (3) of Haryana Civil Services (Revised Pension) Part-I Rules, 2017 (notified in March 2017), the minimum pension/family pension w.e.f. 1st January 2016 shall be ₹ 9,000 per month excluding the additional pension/family pension to the older pensioners.

Further, Rule 10 (1) prescribes that all PDAs handling disbursement of pension to the Haryana Government pensioners/ family pensioners are authorised to pay pension/family pension to the existing pensioners/family pensioners at the consolidated rates without any further authorisation from the AG office /Head of Office, etc.

During data analysis for the month of April 2021 of e-Pension module (**Table: Monthly_Pension**), it was noticed that payment of monthly pension to 332 pensioners was made at pre-revised rates of ₹ 3,500 per month. This indicated delays in mapping of programming logic with business rules.

The matter was brought to the notice of the Government (October 2022). During the exit meeting, the Department stated that instructions had been issued to all Treasury Officers/Assistant TOs to contact the pensioners.

5.7.5.8 Observations related to Centralized Pension Disbursement Cell (PDC)

No monitoring mechanism in PDC over treasuries

As per functions of PDC and various treasuries/ sub-treasuries under e- pension system circulated (July 2014) by State Government, PDC was to ensure credit of pension, timely revision of pension, timely credit of LTC allowance, release of pension/ lifetime arrears, revision and release of various allowances as per orders of the Government, make recoveries from pension/gratuity as per orders of Court/Government/AG office as applicable among others. In the e-Pension module, the treasury concerned, on receipt of new PPO from AG office, mapped the pensioner details in the system and after making first pension payment, pushed the data of PPOs to the PDC. After generation of bills, PDC forwarded these data to the Panchkula Treasury for passing and releasing pension. Any subsequent changes like changes due to revised PPO, any amendments reported by AG office, initial data corrections, date of death of pensioner, TDS and other recoveries/deductions, if required, on account of revised PPO received from the AG office or otherwise was carried out by the treasury concerned only. The custodian of the PPO is the treasury to which it was issued by the AG office.

Audit noticed that although the PDC had been designated as the controlling authority, it was not executing the functions assigned to it other than monthly payment of pension/family pension. Audit also did not come across any functionality in the e-Pension module which enabled the PDC to discharge the functions assigned to it. Thus, the PDC was not in a position to verify if the correct pension had been disbursed by the treasury or to check as to how many

cases for claims were received by TOs across the State and how much time was taken by TOs to clear those claims.

As the PDC was created to cater to the disbursement of pension as well as to attend to the grievances of all the pensioner in the State of Haryana, the FD may consider ensuring the conformity of functionalities in the e-Pension module to the roles and responsibilities of officials of PDC, factoring in the responsibilities of the PDC for other pension related works like revision of pension due to increase in dearness relief/pay commission etc. for making PDC responsible for all pension related activities.

The matter was brought to the notice of the Government (October 2022). During the Exit meeting, the Department stated that matter regarding provisioning of dashboard for e-Pension module would be requested to NIC in order to supervise the cases processed by and pending with the TOs.

5.7.5.9 Information Technology Security

There is a concept of maker and checker for preparation of bills through e-billing i.e. the user IDs of maker and checker are separate where maker prepares the bill and sends it to checker for checking and approving the same. However, in e-Pension module, there is no such concept of maker and checker for preparation of pension bills in E-pension through which PDC creates the pension bills. Audit observed that in PDC, there was no concept of maker as all bills were being prepared using Checker ID only. It was also seen that there was no restriction on number of systems for operating a single Checker ID. Hence, a single Checker ID could be opened simultaneously on multiple systems for generation of bills. These bills were then sent to TO, Panchkula by Checker for passing the pension bills without any second check at PDC. This practice compromised account security, enabling the possibility of fraudulent and unauthorised transaction without oversight.

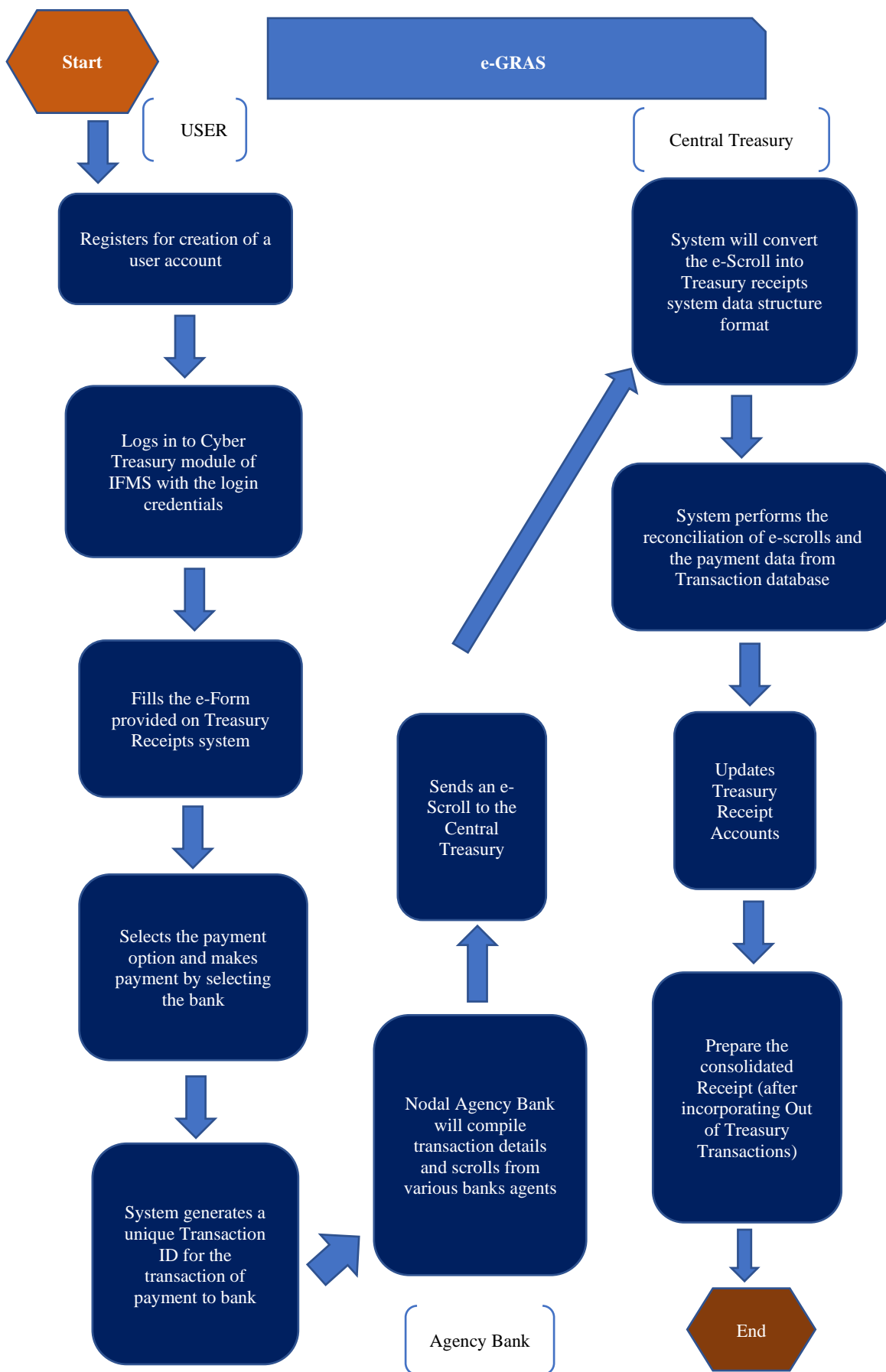
The matter was brought to the notice of the Government (October 2022). During the exit meeting, the Department stated that the NIC Team had been requested to create separate ID for all users like Maker for pension dealing DEOs, Checker for DDO and user_ids for Joint Director (PDC), Assistant TO (PDC), Programmer (PDC) with different roles and responsibilities as it is being done in OTIS.

5.7.6 e-GRAS module

Acceptance of deposit after expiry of Challan Validity

GoH accepts receipts through its e-GRAS portal, where a user generates challan by entering details of Department, major head, purpose of payment, amount etc. Payments can be made either online or at treasury/bank counter. Challan generated through the portal also displays validity date up to which the payment can be deposited at treasury/bank.

Chart 5.7: Workflow of e-GRAS module the module



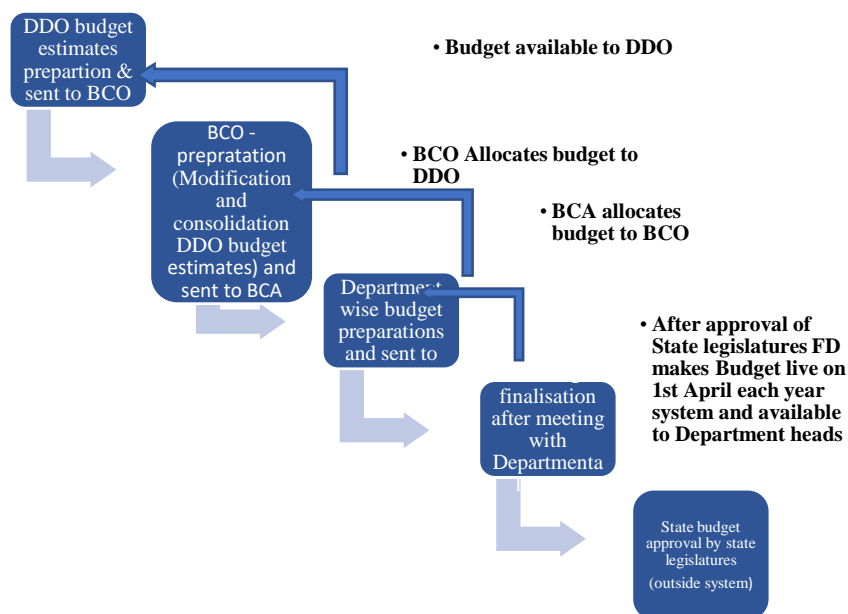
During analysis of data of e-GRAS module, it was observed that during the period 2018-19 to 2020-21, out of 3,72,66,077 Government Reference Number (GRNs) generated through e-GRAS portal, payments were made against 2,69,44,908 GRNs. It was further observed that in absence of adequate validation controls, payments against 11,130 GRN was accepted, after expiry of validity period given on challan. Acceptance of payment after GRN validity ranged between one and 186 days.

The matter was brought to the notice of the Government (October 2022). During the exit meeting, the Department admitted the facts and stated that remedial action would be taken after discussion with all the stakeholders.

5.7.7 e-Budget

The Budget module is envisaged to cater for the budget estimates for receipts and expenditure which is prepared by integrating the budget preparation module with the various process functions to ensure that the budget estimates are realistic. The system enables the FD, BCA/BCO, DDO to perform the budgeting related tasks. The workflow of e-budget module is shown below as per **Flow Chart 5.8:**

Chart 5.8: Workflow of e-Budget module



5.7.7.1 Budget re-appropriation

Para 14.5 of Punjab Budget manual, as applicable to the State of Haryana provides that re-appropriation from one grant to another grant, Voted to Charged and *vice-versa*, capital head to revenue head within same grant and *vice-versa* and after the close of the year is not admissible. Further as per para 14.8, re-appropriation within a grant from one Major, Minor or subordinate head to another may be sanctioned by the FD subject to restriction mentioned in

paragraph 14.5. As per provisions of paragraph 14.9(4), FD had delegated the powers of re-appropriations within a grant between heads subordinate to a major head in respect of expenditure, both voted and charged, to the respective Administrative Department.

i) Absence of adequate validation controls

During discussion, the development team informed that table “TEMP_SCHM_EXP_REAPPROPRIATION” is designed to capture the details of appropriation unit -wise funds withdrawn and allocated. Analysis of data for the period from 2018-19 to 2020-21 showed that funds amounting to ₹ 42.58 crore were re-appropriated from Voted to Charged section and from one grant to another as per details given in **Table 5.8**.

Table 5.8: Inappropriate re-appropriation

Sr. No.	Year	Amount re-appropriated from Voted to Charged (in ₹)	Amount of inter grant re-appropriation (in ₹)
1.	2018-19	13,98,00,000	-
2.	2019-20	5,10,00,000	-
3.	2020-21	-	23,50,00,000
	Total	19,08,00,000	23,50,00,000

In absence of adequate validation checks in accordance with the business rules of the Department, the system was allowing processing of irregular re-appropriation transactions.

The matter was brought to the notice of the Government (October 2022). During the exit meeting, the Department admitted the facts and stated that NIC had been asked to incorporate appropriate changes in the system to restrict re-appropriations not permissible as per provisions of the budget manual.

ii) Incomplete information captured

During the analysis of the e-budget database and as also confirmed by the development team, table “TEMP_SCHM_EXP_REAPPROPRIATION” is designed to capture details related to re-appropriation authorised by different competent authorities. Analysis of data available in this table showed that details of appropriation units, amount withdrawn, amount allocated, date of transactions etc. are being captured. However, details related to sanction number, date of sanction, sanctioning authority etc. are not being captured in the table. In absence of this information, Audit cannot derive any assurance as to whether each re-appropriation was authorised by the competent authority.

The matter was brought to the notice of the Government (October 2022). During the exit meeting, the Department stated that directions had been issued to NIC to make provision for entry of sanction number/date for all re-appropriation captured in the system.

iii) Gap between amount withdrawn and allocated during re-appropriation

During demonstration of the utility meant for re-appropriation of funds (diversions) from one unit of appropriation to another, it was noticed that in first part of the webpage (Budget Re-appropriation Form), details of source of appropriation unit, amount to be withdrawn is captured and in second part destined appropriation unit and amount allocated is captured. The system also ensures that quantum of amount withdrawn from source unit(s) of appropriation is completely transferred to the destined unit(s) of appropriation.

Analysis of the data for the period from 2018-19 to 2020-21 showed that an amount of ₹ 29,577.22 lakh was withdrawn from various appropriation units and only ₹ 29,576.95 lakh was allocated. The difference between withdrawal and allocation amount noticed in two transactions is detailed in the following **Table 5.9**.

Table 5.9: Difference between withdrawal and allocation

(Amount in ₹)

Year	Amount Withdrawn	Amount allocated	Amount allocated in excess (+)/short (-) of withdrawn
2018-19	29,00,000	Nil	(-)29,00,000
2019-20	50,000	2,50,000	(+)2,00,000

The matter was brought to the notice of the Government (October 2022). During the exit meeting, the Department stated that NIC had been directed to incorporate appropriate validation checks to avoid mismatch between the amounts withdrawn and allocated.

5.7.8 Programming Logic inconsistent with Business Rules

Instances of programming logic inconsistencies with business rules were noticed which have been discussed in subsequent paragraphs.

5.7.8.1 Crediting of undisbursed amount to revenue head

Para 3.10 of List of Major and Minor Heads of Account provides that recoveries of overpayments whether made in cash or by short drawal from a bill, during the same financial year in which such overpayments were made, shall be recorded as reduction of expenditure under the Service Head concerned. Further, recoveries of overpayments pertaining to previous year(s) shall be recorded under distinct minor head 'Deduct Recoveries of Overpayments'

(code '911') below the major/sub-major head concerned without affecting the gross expenditure under the functional Major/Sub-Major Head in the Appropriation Accounts.

Analysis of e-GRAS data showed that an amount of ₹ 22.18 crore on account of recoveries and unspent balance for the same or previous years was deposited into revenue heads (0235-Social Justice & Empowerment). These recoveries required conformity with the treatment prescribed under List of Major and Minor Heads. However, it was seen that there is no such facility in e-billing/e-GRAS, to allow credit entries on expenditure side and debit entries on receipt side. Thus, deposit of recoveries/unspent balances into receipts heads of accounts resulted into booking of excess expenditure in comparison to actual expenditure and inflated receipts.

The matter was brought to the notice of the Government (October 2022). During the exit meeting, the Department stated that Minor head 911 "deduct recoveries of overpayments" would be made operational in consultation with Accountants General (A&E) & Audit.

5.7.8.2 Absence of specific accounting classification to deposit the receipts collected on account of traffic violations

Rule 3(1) of the Haryana Road Safety Fund Rules, 2018 provides that a provision of budget would be made equal to 50 *per cent* of the composition fee collected during the previous year. Keeping in view the utilisation of funds in the last financial year by the FD of the State and in terms of the Rule 3 (2), the expenditure would be met out from the Head i.e. 2041-Taxes on Vehicles (Plan), Minor Head 102-Inspection of Motor Vehicles, Sub-Head 98-Road Safety Awareness and Computerization of Regulatory Wing, Object Head 34-Other Charges(Road Safety). The accounting and classification of the fund has been covered under Rule 4, in terms of which a separate sub-head (compounding fee on account of challans under the Motor Vehicles Act) under Minor Head 101 (Receipts under the Indian Motor Vehicles Act), Major Head 0041 (Taxes on Vehicles) would be opened in which the amount collected by the enforcement agencies as compounding fee shall be deposited. The amount allocated to the Fund shall be shown under Demand No 34 of Transport Department under the Head 2041-Taxes on Vehicles (Plan), Minor Head 102-Inspection of Motor Vehicles, Sub-Head 98-Road Safety Awareness and Computerisation of Regulatory Wing, Object Head 34-Other Charges.

Analysis of the e- GRAS data and web-portal showed that the desired sub-head as per Rule 4 *ibid* has not been opened despite lapse of more than three years. Resultantly, the Police Department deposited ₹ 106.83 crore, collected as receipt from traffic challans during the years 2018-19 to 2020-21, in the Major Head 0055-Police under minor head 103-Fee, Fines and Forfeitures,

98-Receipts from traffic challans instead of designated Major Head 0041. In absence of appropriate classification, the deposit of receipts collected for traffic violations by Transport Department could also not be assessed correctly as no specific accounting classification was opened to deposit the receipts collected on account of traffic violations.

Further, in absence of specific accounting classification, the compliance to Rule 3 (1) *ibid* could not be ascertained.

The matter was brought to the notice of the Government (October 2022). During the exit meeting, the Department stated that the matter in regard to operationalisation of specific head of account to deposit the receipts from traffic violation would be finalised after consultation with the Police and Transport Departments.

5.7.8.3 Stock suspense in works formations

The Central Government, in consultation with Comptroller and Auditor General of India (CAG) under Article 150 of the Constitution of India, has prescribed Uniform Accounting Principles for Central and State Government. These, amongst others, include Government Accounting Rules, 1990 (GAR) and List of Major and Minor Head of Accounts (LMMH). As per principles, the transactions relating to receipt of material (stock) by Works Department, issue of material to the works, return from works to store and intra-transfer within an accounting unit involves the following steps:

- (i) Procurement and classification of the procured material as an asset through a debit entry under sub head Stock under minor head Suspense of respective Revenue/Capital Head as per LMMH. This classification of stock under suspense cumulatively is identified as Stock Suspense.
- (ii) The Stock Suspense is credited and the account of the work concerned is debited on transfer of material to work.
- (iii) A material at site register (MAS) is maintained for watching receipt, storage and utilisation of this material during execution of works.
- (iv) Surplus material is returned to store by crediting the accounting classification of work concerned and debiting the Stock Suspense.

Procurement of material under Stock-Suspense required provision of budget under such an accounting classification.

During analysis of e-budget data for the period 2011-12 to 2021-22, it was noticed that no amount was allocated under Store Suspense head except under major heads 2059, 2215 and 4215. The cumulative expenditure has been shown zero from the year 2016-17 onwards in the e-Budget data table except in case

of major head 4215 for the year 2018-19 and 2019-20. Further, no corresponding bills under suspense head were found in OTIS.

In absence of an appropriate accounting procedure, the possibility of unused/surplus material could not be ruled out.

The matter was brought to the notice of the Government (October 2022). During the exit meeting, the Department stated that the matter would be taken up with the Works Department in consultation with the NIC.

5.7.8.4 Implementation of IFMS for Public Works Accounts

The objectives of developing the IFMS was to make budgeting controls more effective, promote day-to-day reconciliation of accounts, improve accuracy and timelines for preparation of accounts, etc.

To-Be Process and Procedure Document envisaged that the accounts maintained by Works/Forest Divisions were to be integrated with IFMS. This was also to provide an option to AG (A&E) to use the IFMS data for compiling the statutory accounts by extracting/porting data into their own system thereby reducing/eliminating the reconciliation issues with AG.

However, implementation of IFMS for Public Works (PW) accounts is yet to take place. Thus, no data could be derived from the IFMS in respect of these accounts. Presently, PW accounts have been integrated with Treasury only at the level of preparation of EPS which is just replacement of earlier used Cheques system. Operation of remittance head 8782-102 is still in operation.

All departmental receipts received by Divisional Officers are remitted into Treasuries by generating e-challans under head 8782-102-95 (by selecting fields such as: Department, District, Treasury, Office Code (DDO Code), Head of account, Mode of payment-net banking/Cheque/Demand Draft (DD), Payment Type, Particulars of Tenderer) which are incorporated in Divisional account as debit to head 8782-102-95 and corresponding credit to the relevant receipt head (for which that receipt has been realised to corresponding receipt head e.g. 0215, 0059, 0700, 8443).

The Divisional Officers are required to verify from the TO that corresponding credit under head 8782-102 is duly received in the Treasury account. The e-challan generated remains valid for a period of 19 days (other than e-banking mode payment) during which the e-challan can be tendered in the Treasury/Bank with the cash/cheque/DD etc. and the challans generated during the last week of particular month sometimes remain to be included in the Treasury accounts owing to the challans actually tendered/getting clearance in the Treasury, after the close of that particular month. In such cases, the amount is included in the Treasury accounts in the subsequent month(s) and sometimes

remains un-adjusted owing to challan actually not getting deposited in the Treasury or dishonour of cheque/DD etc.

In the Treasury system, each receipt remitted through the e-GRAS is linked to specified Treasury. The amount of challans deposited under head 8782-102 is shown as Credit under the head in the Treasury Accounts and debit to Reserve Bank Deposits (8675). From the inception of e-GRAS (with effect from April 2014), the Schedule of Receipts for the head 8782-102 is received as a whole for all the Treasuries in the State, through the Cyber Treasury, Chandigarh (without showing Division-wise detail of receipts under a particular Treasury). In the absence Division-wise details, it has not been possible to reconcile the item-wise Divisional figures with the Treasury figures, thereby leading to preparation of incomplete broadsheet in the office of the PAG (A&E) Haryana.

During analysis of e-GRAS data, it was noticed that at present, Treasury and Works/Forest Divisions submit their statements (accounts) in physical copy to AG office. AG office compiles the accounts of all the offices in respect of these accounts. Thus, due to non-implementation of IFMS for PW and Forest accounts, no data could be derived from the IFMS in respect of these accounts.

As a case study, the analysis of information available in the budget document and e-GRAS data for the period 2018-19 to 2020-21 in respect of receipt head 0215 has been done for the following accounting classifications: -

- (i) 0215-01-102-51-51
- (ii) 0215-01-103-51-51
- (iii) 0215-02-102-51-51
- (iv) 0215-02-103-51-51

It was noticed that there are variations of figures between budgetary data and data available in e-GRAS module. The details of the same is given in **Table 5.10:-**

Table 5.10: Variations between budget data and e-GRAS data

(Amount in ₹)

Year	2018-19		2019-20		2020-21	
	Actuals receipts as per budget document	Receipts as per e-GRAS data	Actuals receipts as per budget document	Receipts as per e-GRAS data	Actuals receipts as per budget document	Receipts as per e-GRAS data
0215-01-102-51-51	8,28,63,788	3,77,253	4,72,64,073	1,80,518	3,11,66,471	1,90,254
0215-01-103-51-51	37,19,85,269	12,09,792	38,64,71,145	1,01,540	43,48,56,940	1,07,793
0215-02-102-51-51	0	37,400	40,235	44,245	0	35,080
0215-02-103-51-51	4,11,71,870	2,76,653	6,33,36,239	50	10,23,44,277	0

The Department should implement IFMS for PW/Forest accounts in consultation with PAG (A&E).

The matter was brought to the notice of the Government (October 2022). During the exit meeting, the Department stated that the matter would be taken up with the Forest and Works Department in consultation with NIC.

5.7.8.5 Locking of Unique Code of Payees

In IFMS system, each payment made by government is transferred to the actual payee electronically by identifying each recipient through a UCP. Master table meant for storing details of the payees contains Name, GPF No., PRAN, bank account No. IFSC code etc. Bank details are critical for crediting a payment to the recipient. Scrutiny of the user manual showed that payee has the option to freeze its bank details to avoid any unauthorised editing by anyone; however, this information can be edited by the Maker after the payee unfreezes this information. After these banking credentials are edited by the Maker, Checker had to verify and approved the changes made by Maker.

Scrutiny of master table (EPS) containing details related to UCPs showed that in 82,98,616 out of 83,01,425 enabled UCPs, the payees had not locked their banking credentials. Non-locking of information by the payee could lead to unauthorised editing of the critical information without the consent of payee. It is evident from the position explained here that actual payees were not aware of the benefits of locking this critical information.

As a case study, it was seen during compliance audit (September 2021) of Public Health Engineering Division, Charkhi Dadri, that instead of processing benefits to the retirees through e-Salary module, the Clerk (Maker) prepared a physical file and got the sanction of DDO (Checker) for payment on the file. These sanctions were then uploaded on the e-Salary IT application by the clerk which were then required to be checked by the checker i.e. the DDO. It was then sent online to the treasury for the payment. The TO generated Electronic Payment (EPS) and the dealing clerk digitally signed the EPS by using the Checker (DDO) credentials as the clerk was in possession of the DSC of the Checker. The clerk then forwarded the EPS to the bank concerned for releasing the payment to the payees. It was seen that the clerk had changed the bank account details of the beneficiary (ies) without the consent of payee(s) and had got these changes approved by using the DSC of checker unauthorisedly. This lapse could have been facilitated due to non-locking of banking details. Resultantly, an amount of ₹ 54.27 lakh was transferred in unauthorised accounts and suspected embezzlement was assessed to have occurred.

After the issue was pointed out in Audit, as an immediate measure, all UCP Codes (employee, third party, pensioner) were blocked for edit purposes as a

temporary measure by the Treasury and Accounts Department vide their orders dated 06 October 2021. The option of making changes in bank details was made available only to the Treasury Offices concerned on submission of written request by the DDO along with corresponding desired documents with affidavit.

The matter was brought to the notice of the Government (October 2022). During the exit meeting, the Department stated that all the UCPs had been blocked (October 2021) and a procedure had been prescribed for any change in UCPs' credentials. The reply is not tenable as the UCPs were blocked as an immediate measure only and instructions were issued to NIC to develop a module immediately for edit purposes of UCPs by Treasury offices. However, it was observed that no such module has been developed so far.

5.7.8.6 Absence of functionality to track the cost realisable from Railways

As per Government Accounting Rules 1990, cost of Government Railway Police (GRP) (without distinction on 'Crime' and 'Order Police') is to be shared between the State Government and Ministry of Railways on 50:50 basis, provided that the strength of GRP is determined with the approval of the Railways. In the State of Haryana, the bills for expenses incurred on the payment on pay, allowances and other expenses of GRP, Haryana was drawn by GRP from the State budget (MH- 2055). The GRP then raises the claim for reimbursement of its share and submits the same to PAG (A&E), Haryana for verification before final submission to Ministry of Railways. In turn, Railways disburses 50 *per cent* claimed share to GRP Haryana, which is subsequently deposited under the Major Head 0055- Police.

During the analysis of e-GRAS data, it was noticed that 50 *per cent* share realised from Ministry of Railways was being deposited under major head 0055- Police. However, during demonstration of functionalities available in IFMS, it was noticed that no functionality existed under any module of IFMS for compilation of the details of expenditure incurred by State on GRP vis-à-vis share of cost claimed, realised and pending for realisation from Railways.

The Department may consider incorporating proper accounting classification for booking of such expenditure and to design a report to assess the amount pending for realisation by considering the amount of Expenditure incurred on GRP, to be reimbursed by Railway and actual reimbursement received.

The matter was brought to the notice of the Government (October 2022). During the exit meeting, the Department while admitting to the audit contention, accepted that by depositing the reimbursed amount of expenditure into receipt head by the Police Department, the expenditure and receipt both were being overstated. The Department stated that appropriate accounting procedure would be adopted in consultation with PAG (A&E) office.

5.7.8.7 Credit of employer's contribution

Government of Haryana had revised (December 2008) the guidelines of contributory pension scheme and renamed the scheme as Haryana New Pension Scheme (HNPS). Government had prescribed the deposit head MH-8342 for credit of employee's and employer's contribution by the TO concerned. The TO after preparation of consolidated bills for transfer of funds, requests the treasury bank to make payment to Bank of India and consolidated statement of deposits giving subscriber-wise details is subsequently sent to National Securities Depository Limited (NSDL).

Major Head	8342-Other Deposits.
Sub Major Head	51- NA.
Minor Head	117-Defined Contribution Pension Scheme for Government servants.
Sub Head	99-Defined Contributory Pension Scheme of Haryana.
Detail Head	99-Government servants Contribution Under Tier-I.
Detail Head	98-Government's Contribution Under Tier-I.
Object Head	10-Contributions (Under Detail Head 99 and 98 as above).

During analysis of the OTIS data for the period 2018-19 to 2020-21, it was observed that employees' as well as employers' contributions were being credited to the detailed head: "99-Government servants contribution under tier-I" under Major Head-8342 in contravention of the prescribed heads of account. Amount of contribution under employees' and employers' categories cannot be identified distinctly due to non-adherence to the prescribed heads of account.

The matter was brought to the notice of the Government (October 2022). NIC admitted that both employee and employer contribution were recorded under the detailed head "99-Government servants contribution under tier-I".

It is recommended that the Department should ensure credit of employer as well as employee contribution in correct detailed head as per guidelines issued by the Government.

5.7.9 Other IT Issues

5.7.9.1 Security Audit/Cyber Security

To address the issues of information/cyber security in the State of Haryana, a dedicated organisational structure known as the Information Security Management Office (ISMO) was created by the Apex IT Committee of the state¹⁶, under the chairmanship of the Chief Secretary, Haryana in its 30th meeting held on 18th March 2014. ISMO was positioned as an independent agency under the State e-Governance Society, capable of supporting all Departments and Agencies of the Government. ISMO was required to carry out vulnerability assessments and penetration testing as per the requirements of each project so as to detect security vulnerabilities and enable addressing them in a proactive manner. As per the Application Security Audit Policy of ISMO, Haryana, conducting continuous audits was assessed to help in identifying various security issues and threats for an application to strengthen cyber security as part of preventive maintenance for hosted applications within domain of Haryana State. As per this policy, every application within Haryana State domain would require to be audited from ISMO or through CERT-In empanelled information security auditing organisation before Public Hosting. The Application security vulnerability assessments were to be performed before hosting and the clearance would be issued for safe to host for a period of one year from ISMO. Further, an internal review was recommended for every six months with respect to any new versions / modules /code releases or upgrades in the existing application. In general, the security audit for an application could be classified into two categories.

- a. Only Application Level
- b. Application with Platform

It was seen that out of the five modules under IFMS, the last security audits of OTIS, e-Pension, e-Billing and e-GRAS had been carried out in 2022. The e-Budget module had been audited in 2021.

5.7.9.2 Business Continuity Plan and Disaster Recovery Plan

As per the Cyber Security Policy of Electronics and Information Technology Department, Haryana (2017), understanding of the importance of business continuity in case of incident, accident or disaster, the Government of Haryana was to mandate ISMO, the nodal agency to design and develop a business continuity plan which needed to establish early warning and response system by establishing security operations centre (SOC) under HS-CERT¹⁷ for

¹⁶ Known as IT PRISM.

¹⁷ Haryana State-Computer Emergency Response Team.

continuously monitoring the threats towards all government web sites and infrastructure. The responsibilities of SOC were:

- a) to facilitate cooperation and collaboration with all stake holders (ISPs, Departments, Organizations etc. of Haryana state) against cyber threats at highest level; and
- b) to create cyber security forum with relevant stakeholders for policy updates and analysis.

CISO¹⁸ (Designated by the State) was to coordinate forums of cyber security at highest level through establishing dedicated responsible members across respective Departments by coordinating security efforts and incident response for cyber security issues at the State level and in tune with the national and international norms.

The HS-CERT was also to oversee the implementation of crisis management plan including cyber exercises collaborated with CERT-In and other supported organisations to operate cohesively towards achieving the mission.

Audit had sought details of the BCP and DRP prepared by ISMO, Haryana. However, no details had been made available to Audit till date. In the absence of these plans, Audit cannot derive an assurance as to whether a robust system of BCP and DRP existed for the IFMS application in Haryana.

Audit observed that the main server of the IFMS is located in State Data Centre at Sector 17, Chandigarh and the Department does not have a Disaster Recovery Server as of January 2023 and has requisitioned a Disaster Recovery Site at Haryana Civil Secretariat, Sector-1, Chandigarh i.e. in close proximity to where the primary server for IFMS in Haryana is located (October 2022). As per Disaster Recovery best practices published by Ministry of Electronics and Information Technology (MEITY), GoI, DR site must be located at least 100 kilometres away from the location of main Server. However, in this case, the distance between the State Data Centre and proposed site of DRP is approximately 4.4 kilometres.

The matter was brought to the notice of the Government (October 2022). The Department, during the exit meeting, stated that while the BCP shall be prepared in accordance with the guidelines issued by ISMO; in case of DRP, the issue would be taken up with NIC to follow the best practices issued by MEITY.

¹⁸ Chief Information Security Officer.

5.8 Conclusion

Even after more than eight years of implementation, 284 functionalities¹⁹ remained to be implemented. Benchmarks to measure the achievements of various business objectives were not defined. The system faced the risk of un-authorised access due to inadequate logical access controls. Inadequate validation controls led to processing of bills in contravention of the prescribed process flow. Absence of adequate input controls during the generation of UCPs led to acceptance of invalid PANs and compromising the uniqueness of UCPs. Complete audit trail was not maintained for tracking the history of transactions. Cases of payment of gratuity in excess of the ceiling limit, double drawal of pension and LTC were noticed due to absence of adequate controls. Instances of acceptance of deposit against invalid challans were noticed due to inadequate validation controls.

While the initiatives to develop various modules under IFMS were taken up under the Treasury Computerisation Mission Mode Program of “National e-Governance Plan”, these modules were developed independently and deployed over a period of time. These modules were then linked to each other over a time horizon of four years and various changes carried out as per user requirements. As highlighted in the report above, these modules were not developed with functionalities of scalability which would have enabled seamless integration with various entities such as Reserve Bank of India, Accountant General of the State and e-governance platforms such as PFMS etc. This integration was essential to optimally realise the potential benefits from a truly integrated financial management system.

5.9 Recommendations

It is recommended that:

- a. *The Department may consider carrying out an assessment to measure the achievements in terms of increased efficiency and fix benchmarks for measuring achievement and creation of road map to achieve the desired objectives.*
- b. *The Department may conduct a review to assess the priorities of the functionalities needed to be embedded in the system.*
- c. *The Department, for future phases of IFMS development/upgradation may prioritise the implementation of scalable functionalities that facilitate seamless integration with stakeholder entities such as the Reserve Bank of India, Accountant General of Haryana, and platforms like PFMS. This strategic shift is not only expected to enhance*

¹⁹ In e-budget (235), e-billing (37), e-Pension (05) and e-GRAS (07).

operational efficiency but also ensure comprehensive realisation of benefits from a truly integrated financial management system.

- d. The Department may incorporate a functionality on advances taken from and recoument to Contingency fund in IFMS which can be tracked in the system.*
- e. The Department may consider incorporating the functionality of Electronic Financial Sanction on priority.*
- f. Necessary modification may be carried out in the system to restrict disclosure of only relevant information to the user.*
- g. It may be ensured that audit logs for all activities are captured and retained in the database to ensure audit trails.*
- h. Necessary validation controls may be further strengthened to ensure that each transaction has passed through each stage of the prescribed process flow.*
- i. Relevant validation checks may be introduced to accept only valid PAN and to ensure the uniqueness of UCPs.*
- j. MIS report/ dashboard may be provided at the different levels of hierarchy to monitor the progress of bill transactions especially clearance of AC bills pending for adjustment.*
- k. A system may devise to reconcile the master attributes of pensioners available with PDC, Bank and AG (A&E) office.*
- l. The Department may ensure the mapping of requisite rules/ provisions related to pensions for adherence to the extant rules in the IFMS.*
- m. The Department may consider incorporating prescribed validation checks under Gratuity head and also incorporate the functionality for pensioners to submit the details of their savings for TDS purpose.*
- n. e-Pension module may be integrated with HRMS to capture the valid values in the master table of e-Pension module to avoid junk data.*
- o. The Department may consider incorporating prescribed validation checks under Budget Module in line with the Budget Manual to restrict re-appropriations not permissible as per provisions.*
- p. A review of the system may be undertaken to ensure that accounting principles are followed for withdrawal and deposit of money from/to the Government Account.*

- q. The Department should implement IFMS for PW/Forest accounts in consultation with AG (A&E).*
- r. The Department may consider preparing a BCP and DRP document on the recommendations of Information Security Management office, Haryana (ISMO) and also identify an alternate site for the Disaster Recovery Site in terms of best practices of GoI.*
- s. The State Government should prioritise substantial upgrades to the IFMS to enhance its reliability, security, and functionality. These improvements should also ensure full integration with the PFMS, allowing for real-time data exchange and effective monitoring, thereby enabling maximisation of IT governance gains.*

Chandigarh
The 28 October 2024

(SHAIENDRA VIKRAM SINGH)
Principal Accountant General (Audit), Haryana

Countersigned

New Delhi
The 11 November 2024

(GIRISH CHANDRA MURMU)
Comptroller and Auditor General of India