



SUPREME AUDIT INSTITUTION OF INDIA

लोकहितार्थ सत्यनिष्ठा

Dedicated to Truth in Public Interest

# **Report of the Comptroller and Auditor General of India for the period ended March 2022**



**Government of Himachal Pradesh  
Report No. 2 of 2025  
(Composite Audit Report-I)**



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Comptroller and Auditor General of India  
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## Preface

This Report of the Comptroller and Auditor General of India on Information System Audit and Compliance Audit of Departments of Finance, Planning, State Taxes and Excise and Revenue of the Government of Himachal Pradesh, for the period ended March 2022 has been prepared for submission to the Governor of the State of Himachal Pradesh under Article 151 of the Constitution of India.

The Report contains significant results of Information System Audit and Compliance Audit of Receipts and Expenditure of the above-mentioned Departments of Government of Himachal Pradesh, conducted in terms of the Comptroller and Auditor General of India's (Duties, Powers and Conditions of Services) Act, 1971.

The instances mentioned in this Report are those which came to notice in the course of test audit done for the year 2021-22 as well as those which came to notice for earlier years but could not be reported in the previous Audit Reports. Instances relating to the period subsequent to year 2021-22 have also been included, wherever necessary.

The audit has been conducted in conformity with the Auditing Standards issued by the Comptroller and Auditor General of India.



# Overview



## Overview

This Report covers matters arising out of the Information System Audit and Compliance Audit of the Departments of Finance, Planning, State Taxes and Excise and Revenue of the State Government and contains one Information System Audit, one Subject Specific Compliance Audit and 11 individual compliance audit observations. The Report has been organised into four chapters as under:

### **Chapter I: General**

This is an introductory chapter, which contains trends of revenue receipts, analysis of arrears of revenue, arrears in assessments, evasion of tax, refund cases, response of Government towards Audit, planning and conduct of audit and follow-up on Audit Reports.

### **Chapter II: Information System Audit on Integrated Financial Management System (IFMS)**

#### **Finance Department**

The Integrated Financial Management System (IFMS) has been implemented to improve financial management, overcome vulnerabilities in manual processing of financial transactions and enhance accountability in the financial operations of the State Government.

Audit examined major modules of IFMS web-based application viz., e-Budget, e-Vitran, e-Bills, e-Salary, HP OLTIS, e-Challan – through front-end access and testing of system functionalities and controls. This was followed by test-check of records in four District-level Treasuries of the State i.e. District Treasury Office (DTO) Shimla, Shimla Capital, Kullu and Bilaspur and Sub-Treasuries, covering the period 2017-22 which revealed the following deficiencies:

From a project governance perspective, the absence of a Service Level Agreement (SLA) with the National Informatics Centre (NIC) weakened institutional control. Changes were made directly in the production environment without user acceptance testing.

IFMS was implemented by integrating pre-existing modules pertaining to pension, treasury processing, salary and budget distribution, without strengthening process controls. For instance, absence of electronic sanction orders without reference data impacted the completeness of voucher information recorded in IFMS. Financial processes such as AC/DC bill tracking were executed manually due to lack of necessary functionality. This resulted in instances (152 cases) where DC Bill amount was higher than the AC Bill amount.

Multiple application control weaknesses were observed. Bills could be prepared without approval by the DDO, and in many cases, were processed after the expiry of

DDO validity, violating financial rules. For instance, 10,938 bills amounting to ₹ 2,467 crore were passed between April 2017 and March 2022 by 90 DDOs after the expiry of DDO validity date. The basic maker-checker principle of having at least two individuals to complete a transaction was violated across modules, including e-Bills, e-Vitran, and Cyber Treasury, with single users operating under HOD credentials to perform all steps from allocation to verification. Audit noticed that in 106 Treasuries and Sub-Treasuries, the same Treasury employee completed token number allotment, compilation, checking, and passing of bills in 9,58,957 bills.

Master data governance was poor, with duplication of entries and incomplete records. Out of 1,88,282 employees recorded in the IFMS database, PAN was not available for 36,212 employees, making it difficult to establish if TDS was deducted from employees' salaries. Data analysis showed 439 DDOs having been linked to multiple Treasuries ranging from two to 105 Treasuries/Sub-Treasuries, violating the provisions of HPTR 2017. This apart, 1,81,632 pensioners existed in the pension module of IFMS (June 2023), however 1,85,512 Aadhaar numbers had been updated in e-Pension portal, suggesting unreliable data. Modules having public interface such as e-Challan did not restrict access to appropriate Heads of Account, risking incorrect *challan* deposits.

The system allowed multiple and unauthorised payments (including leave encashment, DCRG and commutation) across treasuries and DDOs for the same beneficiaries, often without recording the reason for such payments. Test check of records revealed that leave encashment payments for the same amount were processed and passed through IFMS database twice in 14 cases, resulting in unauthorised payment of ₹ 67.33 lakh. Excess payment of ₹ 180.05 lakh was cumulatively credited in the bank accounts of 32 claimants by drawing multiple bills in excess of the prescribed limit of ₹ 10.00 lakhs for DCRG. In District Treasury Kangra ₹ 68.11 lakh was misappropriated between March 2017 and July 2017 by a computer operator by generating 19 bills without original authorities. Out of the total amount, ₹ 29.62 lakh still remained to be recovered. Further, in respect of 15 cases of five Treasuries, the same amount of commutation was released twice against the same PPOs between March 2017 and February 2021, resulting in an unauthorised payment of ₹ 77.81 lakh to pensioners.

Incomplete employee master data, including missing family details and inconsistent date validations, necessitated continued manual handling of various critical processes and pension disbursements. Out of 23,391 family pensioners, in case of 10,599 family pensioners (PPOs), different date of birth was mentioned against same name and PPO number indicating that the system could not restrict double entries with different DoB against the same family pensioner. Analysis of database of the e-Pension module showed that in 1,204 cases, the date of initiation of the family pension was prior to the date of death of the deceased employee/pensioner.

System security and continuity planning were deficient. The use of Digital Signature Certificates and Multi-Factor Authentication was not made mandatory, and role-based access was not adequately enforced. Manual overrides induced vulnerabilities in data integrity. For instance in respect of salaries, the bill date should precede the token date



which in-turn should be before the passing date. However, test check showed in 356 cases that passing date was recorded before token date, affecting system reliability. Access controls did not prevent users from accessing modules or data outside their roles. The Department of Treasuries, Accounts and Lotteries had neither conducted post-change security audits of critical applications nor verified the reliability of backups by testing restoration. Institutional mechanisms like the Information Security Steering Committee (ISSC) and Security Incident Response Team (SIRT) had not been constituted, and the absence of transaction logs meant unauthorised access could not be traced or investigated.

There was no Business Continuity Plan or Disaster Recovery Plan, nor a formal Data Retention Policy to guide data classification, retention duration, and risk-based archival, leaving critical financial transactions vulnerable to disruption and data loss.

These deficiencies need to be addressed on top priority to ensure confidentiality, integrity and availability of data, failing which instances of embezzlement and unauthorised payment/withdrawal of funds cannot be ruled out.

In conclusion, the IFMS in Himachal Pradesh suffers from design flaws, weak enforcement of internal controls, fragmented system integration, and gaps in information security, business continuity, and fiscal governance. These shortcomings undermine the system's credibility as a reliable and accountable platform for public financial management.

*The Department may:*

- *Adopt a systematic approach for management of IFMS. Complete documentation may be maintained with help of SDA (NIC).*
- *Facilitate end to end processing from Budget preparation to bill processing in IFMS with minimal human intervention and ensure that all types of bills are processed through the IFMS.*
- *Ensure segregation of duties and roles of the authorised personnel in each module.*
- *Establish a robust Data Recovery and Data Back-up plan in the form of a Disaster Recovery Plan/ Business Continuity Plan.*

### **Chapter III: Departmental Oversight on GST Payments and Returns Filing**

#### **State Taxes and Excise Department**

The Subject Specific Compliance Audit (SSCA) on Departmental Oversight on Goods and Service Tax (GST) Payments and Return Filing was undertaken in the context of varying trends of return filing and continued data inconsistencies with an objective of assessing the adequacy of the system in monitoring return filing and tax payments, extent of compliance and other departmental oversight functions.

This SSCA was predominantly based on data analysis, which highlighted risk areas, red flags and in some cases, rule-based deviations and logical inconsistencies in GST returns filed for the period between July 2017 and March 2018. The SSCA entailed

assessing the oversight functions of State Jurisdictional formation at two levels – at the data level through global data queries and at the functional level with a deeper detailed audit of the Circles and of the GST returns. The audit sample selected 336 taxpayers for limited audit and 55 taxpayers for detailed audit of GST returns for the year 2017-18.

The Department had not issued any Standard Operating Procedure (SOP) for scrutiny of returns. The Department was only pursuing GST returns related inconsistencies identified by Economic Intelligence Unit (EIU). A review of the 10 Circles for the period from July 2017 to March 2021 disclosed that documentation of essential oversight functions of Circles such as monitoring of return filing, taxpayer compliance was poor and not amenable to evaluation. As such, the functions of the Circles were neither fully digitised nor carried out in an organised manner.

The Department responded to 315 out of 336 cases of high value data inconsistencies identified by Audit. Of these, 202 cases constituting 64.12 *per cent*, turned out to be compliance deficiencies with mismatches (including of turnover) amounting to ₹ 484.14 crore. A relatively higher rate of deficiencies was noticed in short/ non-payment of interest, Input Tax Credit (ITC) mismatch, excess Reverse Charge Mechanism (RCM) ITC availed and incorrect turnover declarations. While data entry errors caused the inconsistencies in 12 *per cent* of the cases, in five *per cent* of the cases the Department had already taken proactive action. The Department has not responded to 21 cases of inconsistencies, which has an identified risk exposure of ₹ 211.14 crore.

Detailed audit of GST returns also suggested significant non-compliance. At the outset, essential records such as financial statements and invoices were not produced in 23 cases out of a sample of 55 taxpayers and in another 32 cases, partial records were produced, which constituted a significant scope limitation. Out of the 55 cases that were audited either fully or partially due to non/ partial production of records, Audit observed 15 compliance deficiencies with a revenue implication of ₹ 106.56 crore. The main causative factors were availing of ineligible and irregular ITC, exclusion of supplies for taxation and incorrect discharge of tax under RCM.

*The Department may :*

- *The Department may take prompt action against the late/ non-filers of returns.*
- *Initiate and expedite the scrutiny of the returns as per the norms fixed by the Department.*
- *Urgently pursue the inconsistencies/deviations pointed out by Audit and initiate remedial action.*

## **Chapter IV: Individual Compliance Audit Observations**

### **State Taxes and Excise Department**

#### **Loss of Revenue of ₹ 6.29 crore due to excess deferment of tax liability**

The assessing authorities allowed the deferment of 35 *per cent* of tax liability before adjustment of Input Tax Credit in three test checked office of Deputy Commissioners

of State Taxes and Excise (DCSTE) resulting in excess deferment of tax liability of ₹ 6.29 crore.

*(Paragraph 4.1)*

#### **Loss of revenue of ₹ 1.76 crore in the form of interest due to excess allowance of Input Tax Credit (ITC)**

Assessing Authorities did not properly take into account, unsold local purchases in closing stock at the end of the tax period, leading to excess allowance of ITC of ₹ 10.05 crore to 114 dealers resulting in deferment of Government revenue of ₹ 10.05 crore for one year and loss of interest of ₹ 1.76 crore.

*(Paragraph 4.2)*

#### **Suspected pilferage of Liquor**

Mismatch between the quantity sold by the wholesaler and lifted by the retailers resulted in suspected pilferage of 1.26 lakh proof litres of Indian Made Foreign Liquor, 1.38 lakh proof litres of Country Liquor and 1.16 lakh bulk litres of Beer involving license fee of ₹ 9.71 crore.

*(Paragraph 4.4)*

#### **Loss of revenue due to non-allotment of Minimum Guaranteed Quota (MGQ) of liquor**

Non-allotment of MGQ of liquor as per Excise Announcement 2020-21 by the Excise Authority led to less determination of quota for liquor (0.99 lakh proof litres for Country Liquor and 0.56 lakh proof litres for Indian Made Foreign Liquor) resulted in loss of revenue involving License fee of ₹ 5.22 crore.

*(Paragraph 4.5)*

#### **Revenue Department**

##### **Short determination of market value of properties**

Incorrect valuation of properties by Sub-Registrars on the basis of incorrect Circle Rates and doubtful affidavits regarding distance of the land from road resulted in short realisation of Stamp Duty and Registration Fee of ₹ 5.37 crore.

*(Paragraph 4.8)*

#### **Planning Department**

##### **Aspirational Block Development Programme in Himachal Pradesh**

The issue of non-convening of regular meetings of District Planning, Development and 20 point Programme Review Committee (DPDC) and parking of funds was highlighted in the Comptroller and Auditor General's Audit Report (Civil and Commercial) for the year ended March 2005. During discussion (March 2015) in the PAC, the Department assured that the meetings would continue to be organized as per recommendations. However, the irregularity persisted during the period of current audit as DPDC

convened only two meetings between 2018-19 and 2021-22, against the expected 48 meetings.

Financial management was weak as there were instances of irregular re-appropriation of funds and a rush of expenditure in the last quarter of Financial Years. The booked expenditure reflected merely the amount released to the executing agencies during 2018-22, as the audit analysis revealed that the unutilised funds amounting to ₹ 12.22 crore remained with six test checked BDOs at the end of 2021-22. The Scheme Monitoring Information System was not updated and timeline of execution of schemes/works was not ascertainable from it. Works sanctioned prior to April 2018 remained incomplete despite lapse of more than four years as of September 2022. There were instances of non-utilisation of created infrastructure. In Sirmaur, Utilisation Certificates amounting to ₹ 2.88 crore in respect of works completed during 2018-22 were awaited as of October 2022. As per instructions issued (October 1999 and October 2018) by Advisor (Planning), Credit Planning Officer (CPO) will maintain accounts at District and Block level and conduct internal audit of funds allocated under Planning head schemes. Audit, however, noticed that the internal audit in the test-checked districts had not been conducted by the CPOs.

*(Paragraph 4.10)*

#### **Irregular diversion and mis-utilisation of State Disaster Response Fund (SDRF) for inadmissible works**

State Executive Committee (SEC) did not ensure proper utilisation of money from SDRF, resulting in irregular diversion and mis-utilisation of ₹ 22.61 crore by Deputy Commissioners on inadmissible works of repair and restoration on works, not necessitated or damaged due to disaster/calamity.

Mention of irregular diversion and mis-utilisation of money from the SDRF had been made in previous CAG's Reports and the Public Accounts Committee in its recommendations (December 2019) had directed to release the funds strictly as per guidelines/norms of the SDRF. However, the District authorities did not take any corrective action to adhere to the guidelines/ PAC recommendations.

*(Paragraph 4.11)*

# **Chapter I**

## **General**



## Chapter I: GENERAL

### 1 Introduction

This Audit Report of the Comptroller and Auditor General of India relates to matters arising from Audit of four Departments of Revenue, State Taxes and Excise, Planning and Finance. A brief introduction of the Departments is detailed in the following paragraphs:

#### Revenue Department

In the State, the Revenue Administration is headed by a Senior Secretary designated as Financial Commissioner-cum-Principal Secretary (Revenue). In order to discharge day-to-day duties, Secretary, Joint, Deputy/ Under Secretaries, along with necessary supporting staff have been provided. The State has been divided into three Divisions viz, Kangra, Mandi and Shimla and each Division, in turn, is responsible for administration of a number of Districts constituting the Division. 0030 (Stamp Duty) and 0029 (Land Revenue) are major revenue generating heads.

#### State Taxes and Excise Department

The State Taxes and Excise Department is the major revenue collecting agency in the State. The revenue is collected in the shape of various levies such as Taxes, Excise Duties and fees etc. under the various Taxation and Excise Acts enforced by this Department. 0006 (State Goods and Service Tax) and 0039 (State Excise Duty) are major revenue generating heads.

#### Planning Department

The State Planning Department has been mandated to formulate Annual Plans, determine the State Plan priorities, fixing of plan size, earmarking of funds for various schemes, etc. The other activities consist of Project Appraisal of Externally Aided Projects, monitoring of schemes, decentralisation of planning process, evaluation of schemes, manpower planning, implementation of Aspirational Block Development Programme and review of 20-Point Programme.

#### Finance Department

The Finance Department deals with all matters related to finance in the State which includes State Budget, Institutional Finance, Pay Revision, Regulations, Expenditure and Pension. The Finance Department acts as a guide to various departments in financial matters and is responsible for financial allocations to departments and their monitoring and review.

### 1.1 Trend of revenue receipts

**1.1.1** The tax and non-tax revenue raised by the Government of Himachal Pradesh during the year 2021-22, the State's share of net proceeds of divisible Union taxes and duties assigned to the State and Grants-in-Aid received from the Government of India during the year and the corresponding figures for the preceding four years are depicted in **Table 1.1**.

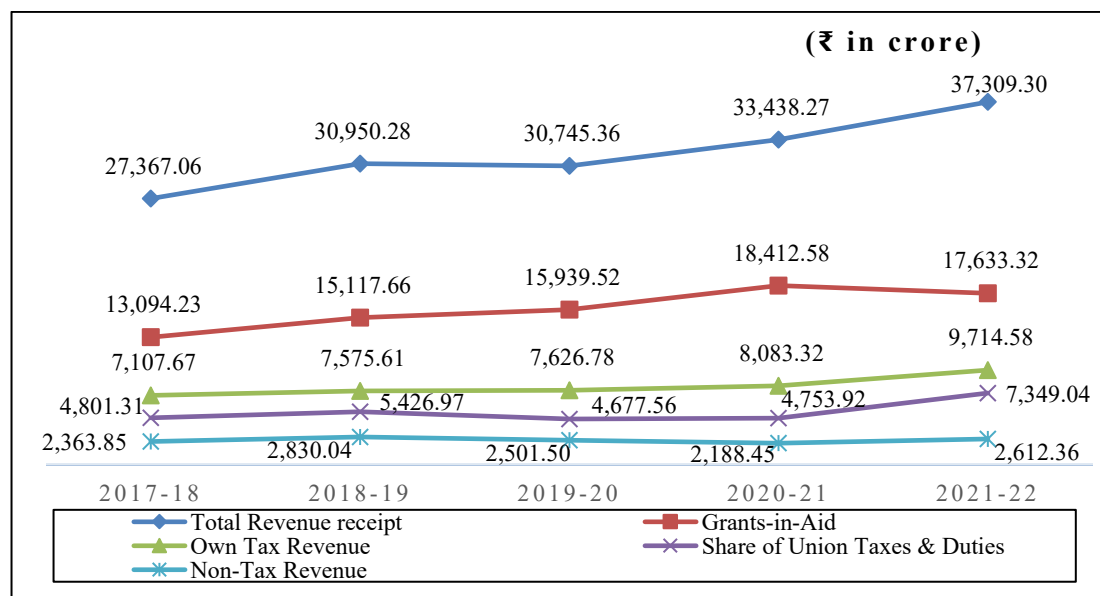
Table 1.1: Trend of revenue receipts

(₹ in crore)						
Sl. No.	Particular	2017 - 18	2018 - 19	2019 - 20	2020-21	2021-22
1	<b>Revenue raised by the State Government</b>					
	Own Tax revenue	7,107.67	7,575.61	7,626.78	8,083.32	9,714.58 <sup>1</sup>
	Non-tax revenue	2,363.85	2,830.04	2,501.50	2,188.45	2,612.36
	<b>Total</b>	<b>9,471.52</b>	<b>10,405.65</b>	<b>10,128.28</b>	<b>10,271.77</b>	<b>12,326.94</b>
2	<b>Receipts from the Government of India</b>					
	Share of net proceeds of divisible Union taxes and duties	4,801.31	5,426.97	4,677.56	4,753.92	7,349.04 <sup>2</sup>
	Grants-in-Aid	13,094.23	15,117.66	15,939.52	18,412.58	17,633.32
	<b>Total</b>	<b>17,895.54</b>	<b>20,544.63</b>	<b>20,617.08</b>	<b>23,166.50</b>	<b>24,982.36</b>
3	<b>Total revenue receipts of the State Government (1 and 2)</b>	<b>27,367.06</b>	<b>30,950.28</b>	<b>30,745.36</b>	<b>33,438.27</b>	<b>37,309.30</b>
4	<b>Percentage of 1 out of 3</b>	<b>35</b>	<b>34</b>	<b>33</b>	<b>31</b>	<b>33</b>

Source: Finance Accounts

During the year 2021-22, the revenue raised by the State Government (₹ 12,326.94 crore) was 33 per cent of the total revenue receipts. The balance 67 per cent of the receipts was from the Government of India as share of net proceeds of divisible Union taxes and Grants-in-Aid. The percentage of revenue receipts of the State Government from its own resources to total revenue receipts declined from 35 to 33 per cent during 2017–22. The overall trends of revenue receipts from 2017-18 to 2021-22 are depicted in **Chart 1.1**:

Chart 1.1: Trend of Revenue Receipts



Source: Finance Accounts

<sup>1</sup> This includes amount of ₹ 4,482.15 crore received under Receipt Major Head 0006-State Goods and Services Tax.

<sup>2</sup> The details are as shown in **Appendix 1.1**.



## Tax Revenue

**1.1.2** The details of the tax revenue raised during the period 2017-18 to 2021-22 are depicted in **Table 1.2**.

**Table 1.2: Details of Tax Revenue Receipts**

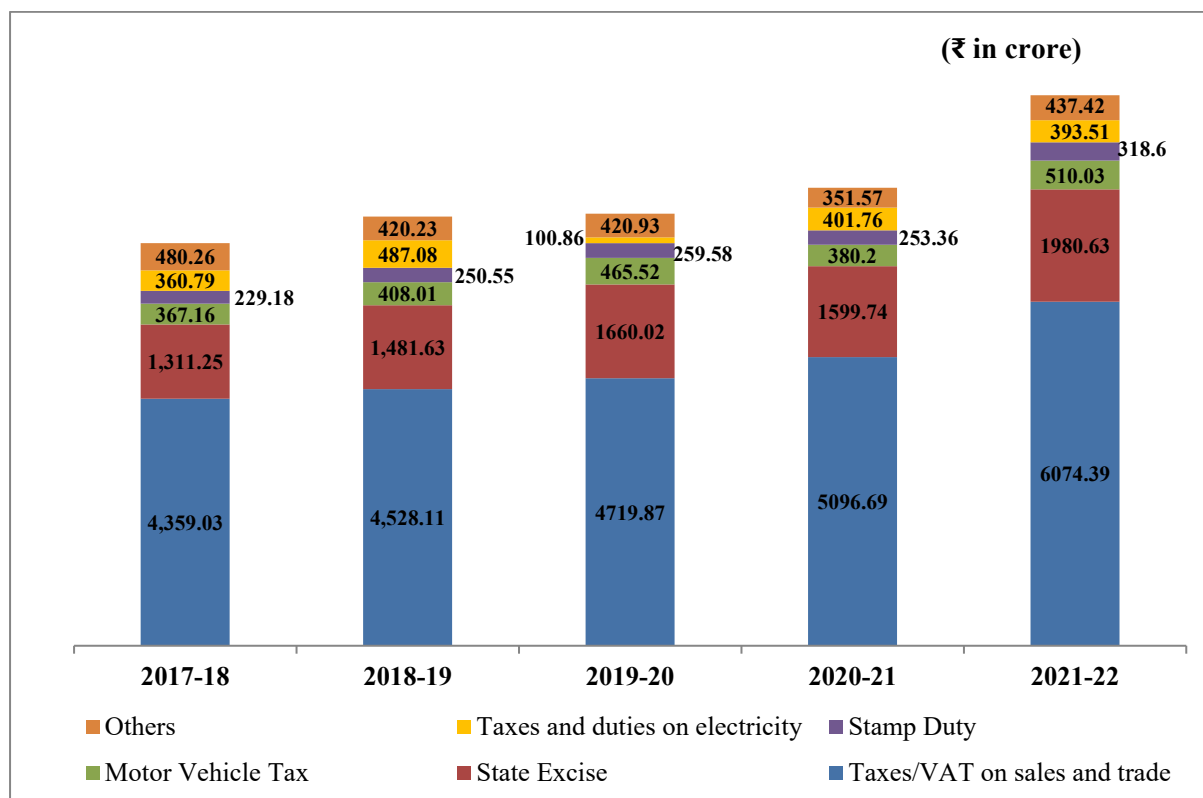
Sl. No.	Major Head of revenue receipts	Tax Revenue Receipts (Percentage to total tax revenue receipts)					Percentage of increase or decrease (-) in 2021-22 over actual of 2020-21
		2017 – 18	2018 - 19	2019 – 20	2020-21	2021-22	
1	Taxes on Sales, Trade etc.	2,525.87 (35.53)	1,185.43 (15.64)	1,169.53 (15.33)	1,630.11 (18.97)	1,592.24 (16.38)	(-) 2.32
2	State Goods and Services Tax	1,833.16 (25.79)	3,342.68 (44.12)	3,550.34 (46.55)	3,466.58 (40.35)	4,482.15 (46.10)	29.30
3	State Excise	1,311.25 (18.45)	1,481.63 (19.55)	1,660.02 (21.77)	1,599.74 (18.62)	1,980.63 (20.37)	23.81
4	Taxes on Vehicles	367.16 (5.17)	408.01 (5.39)	465.52 (6.10)	380.20 (4.43)	510.03 (5.25)	34.15
5	Stamps and Registration Fees	229.18 (3.22)	250.55 (3.31)	259.58 (3.40)	253.36 (2.95)	318.60 (3.28)	25.75
6	Taxes and Duties on Electricity	360.79 (5.08)	487.08 (6.43)	100.86 (1.32)	401.76 (4.68)	393.51 (4.05)	(-) 2.05
7	Others	480.26 (6.76)	420.23 (5.55)	420.93 (5.52)	351.57 (4.34)	437.42 <sup>3</sup> (4.50)	24.42
<b>Total</b>		<b>7,107.67</b>	<b>7,575.61</b>	<b>7,626.78</b>	<b>8,083.32</b>	<b>9,714.58</b>	
<b>Per cent increase over previous year</b>		<b>0.97</b>	<b>6.58</b>	<b>0.68</b>	<b>12.65</b>	<b>20.18</b>	<b>8.21</b>

Source: Finance Accounts

The year-wise trend of various tax revenues is depicted in **Chart 1.2**.

<sup>3</sup> Other Receipts-Land Revenue: ₹ 4.81 crore, Taxes on Goods and Passengers: ₹ 99.18 crore and Other Taxes and Duties on Commodities and Services: ₹ 333.43 crore (excluding share of net proceeds of divisible Union taxes and duties).

Chart 1.2: Details of Tax Revenue Receipts



Source: Finance Accounts

The tax revenue increased by ₹ 2,606.91 crore (36.68 per cent) during the years 2017-18 to 2021-22 with an average rate of growth of 8.21 per cent. The rate of growth for 2021-22 as compared to 2020-21 was 20.18 per cent due to rise in SGST (29.30 per cent), State Excise Duty (23.81 per cent), Motor Vehicle Tax (34.15 per cent) and Stamp Duty and Registration Fee (25.75 per cent).

The respective Departments reported the following reasons for variations during the year:

- **SGST:** The rise in SGST revenue collection of 2021-22 was due to post COVID relaxations which resulted in increase in economic activities and revenue receipts.
- **Taxes on Sales, Trade etc.:** The decline in receipts during 2021-22 was due to reduction of tax rates on Petrol, Diesel and Aviation Turbine Fuel (ATF) for Scheduled Airlines.
- **State Excise:** The increase in receipts during 2021-22 was due to better monitoring of State Excise Duty/ License Fee on monthly basis/monitoring of fee being submitted by distilleries, and better enforcement of Excise Policies.
- **Motor Vehicle Tax:** The increase in receipts during 2021-22 was attributed to the restoration of Department services post COVID, better enforcement services and enhancement of rate of Token Tax with effect from 8 December 2020.
- **Taxes and duties on electricity:** The decrease in receipts during 2021-22 was due to inflated receipts in 2020-21 consequent upon deposit of arrears of 2019-20.

- **Stamp Duty and Registration Fee:** The increase during 2021-22 was due to registration of higher number of deeds and revision of circle rates each year.

### Non-Tax Revenue

**1.1.3** Details of the non-tax revenue raised during the period 2017-18 to 2021-22 are depicted in **Table 1.3**.

**Table 1.3: Non-Tax Revenue raised**

(₹ in crore)

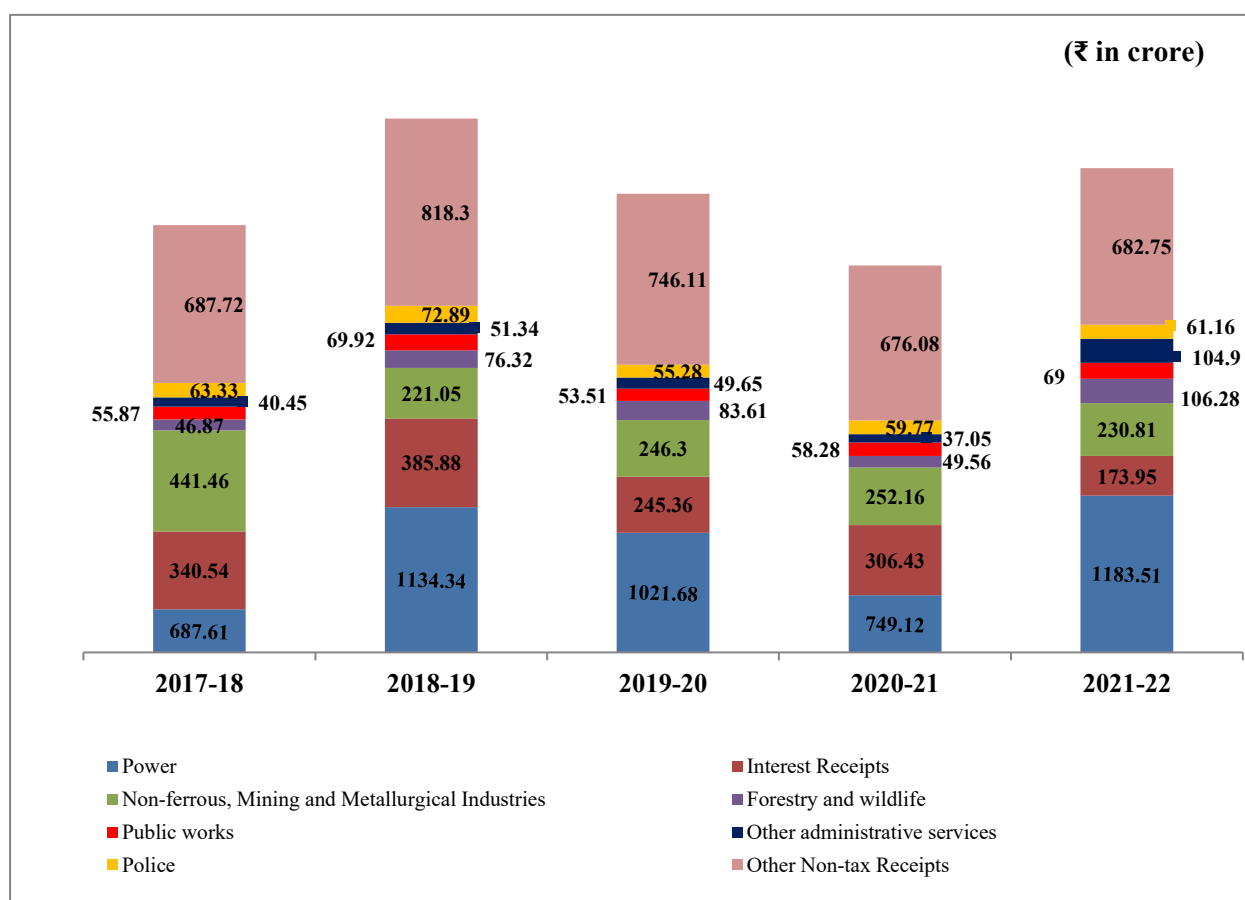
Sl. No.	Major Heads of revenue receipts	Non-tax Revenue Receipts (percentage to total Non-tax Revenue Receipts)					Percentage of increase or decrease (-) in 2021-22 over actual of 2020-21
		2017-18	2018-19	2019-20	2020-21	2021-22	
1	Power	687.61 (29.09)	1,134.34 (40.08)	1,021.68 (40.84)	749.12 (34.23)	1,183.51 (45.30)	57.99
2	Interest receipts	340.54 (14.41)	385.88 (13.64)	245.36 (9.81)	306.43 (14.00)	173.95 (6.66)	-43.23
3	Non-ferrous, Mining and Metallurgical Industries	441.46 (18.68)	221.05 (7.81)	246.30 (9.85)	252.16 (11.52)	230.81 (8.84)	-8.47
4	Forestry and Wildlife	46.87 (1.98)	76.32 (2.70)	83.61 (3.34)	49.56 (2.25)	106.28 (4.07)	115.40
5	Public works	55.87 (2.36)	69.92 (2.47)	53.51 (2.14)	58.28 (2.66)	69.00 (2.64)	18.39
6	Other administrative services	40.45 (1.71)	51.34 (1.81)	49.65 (1.98)	37.05 (1.69)	104.90 (4.02)	183.13
7	Police	63.33 (2.68)	72.89 (2.58)	55.28 (2.21)	59.77 (2.73)	61.16 (2.34)	2.33
8	Other Non-tax revenue <sup>4</sup>	687.72 (29.09)	818.30 (28.91)	746.11 (29.83)	676.08 (30.90)	682.75 (26.13)	0.99
<b>Total</b>		<b>2,363.85</b>	<b>2,830.04</b>	<b>2,501.50</b>	<b>2,188.45</b>	<b>2,612.36</b>	

Source: Finance accounts

The year-wise trend of non-tax revenue during 2017-18 to 2021-22 is depicted in **Chart 1.3**.

<sup>4</sup> The details of Other Non-tax revenue are in **Appendix 1.2**.

Chart 1.3: Details of Non-tax Revenue Receipts



Source: Finance Accounts

The overall non-tax revenue receipts increased from ₹ 2,188.45 crore in 2020-21 to ₹ 2,612.36 crore in 2021-22 (19.37 per cent). Power (45.30 per cent), Non-ferrous, Mining and Metallurgical Industries (8.84 per cent) and Interest receipts (6.66 per cent) were the main contributors to non-tax revenue and contributed 60.80 per cent of total non-tax revenue. The decrease under interest receipts (₹ 132.48 crore) was due to less interest received from Public Sector and other Undertakings.

The respective Departments reported the following reasons for variations during the year.

- **Power:** Increase in revenue was due to an increase in per unit rate of power, an increase in generation of power by two to three per cent, comparative rise in power requirement due to relaxation post-COVID.
- **Forestry and wildlife:** The increase was due to receipt of more royalty/ money by the State Forest Corporation in lieu of wood and other produce taken by the consumers/ buyers, more income from export permission fee, more income from confiscated wood etc.
- **Cooperative Societies:** The decrease in revenue was due to payment of audit fee consequent upon amendment in HP Cooperative Societies Act 2021 and due to non-receipt of any reimbursement from National Cooperative Development

Corporation (NCDC) in 2021-22 compared to reimbursement of ₹ 5.5 crore in 2020-21.

- **Education, Sports, Art and Culture:** The increase in receipts was mainly due to receipts of reimbursement of expenses from State Project Director, SSA scheme and Miscellaneous receipts in respect of higher education. However, the details of overpayment and miscellaneous receipts were not provided by the Department.
- **Medical and Public Health:** The increase in receipts was due to collection of more receipts from recovery of overpayment, fees and fines and pharmaceutical manufacturing.
- **Public Works Department:** The increase in receipts was due to higher occupancy in the rest houses and circuit houses of Public Works Department.

The other Departments did not provide reasons for variations in actual receipts from the previous year.

## 1.2 Analysis of arrears of revenue

The arrears of revenue as on 31 March 2022 realisable under following Major Receipt Heads amounted to ₹ 4,444.24 crore, of which ₹ 2,751.11 crore was outstanding for more than five years as depicted in Table 1.4.

Table 1.4: Arrears of revenue

(₹ in crore)

Sl. No.	Major Head of revenue receipts	Amount outstanding as on 31 March 2022	Amount outstanding for more than five years as on 31 March 2022	Replies of the Departments
1	Taxes/VAT on Sales and Trade	3,971.54	2,608.60	The cases of outstanding amount of ₹ 2,324.73 crore are under adjudication in various courts. Cases of ₹ 1,425.18 crore have been declared as arrears of land revenue. Efforts are being made to recover the remaining outstanding amount.
2	State Excise	272.34	78.65	
3	Other Taxes and Duties on Commodities and Services	82.13	49.20	
4	Taxes on Goods and Passengers	7.49	6.56	
5	GST	78.83	0	
6	Taxes and duties on electricity	5.61	0	The adjustment of Electricity Duty payable is being made with the receivables from HP Govt from time to time. An amount of ₹ 5.61 crore has been adjusted/paid during August 2022 with rollback subsidy.
7	Police	22.46	7.27	Non-payment of leave salary and pension contribution by Airports Authority of India, Non-recovery of amount from Bhakhra Beas Management Board (BBMB), Non-payment of Refunds Contingency by Police Supplied to Other Departments (PSOD) Nangal and Non-payment of outstanding amount by Railway Authorities.
8	Printing and Stationery	3.50	0.68	Letters are being issued to Department/offices concerned to deposit the outstanding amount.
9	Public Works	0.34	0.15	Efforts are being made to liquidate the outstanding amount.
<b>Total</b>		<b>4,444.24</b>	<b>2,751.11</b>	

Source: Departmental figures

### 1.3 Arrears in assessments

From various Departments of tax receipt e.g. Revenue, Transport and State Taxes and Excise, only the State Taxes and Excise Department has provision of filing of returns and their subsequent assessments by authorities, hence an analysis of arrears of assessments under various heads of State Taxes and Excise Department was carried out. The details of cases pending at the beginning of the year, cases becoming due for assessment, cases disposed of during the year and number of cases pending for finalisation at the end of the year as furnished by the Excise Department in respect of Sales Tax, Motor Spirit Tax, Luxury Tax and Tax on Works Contracts are depicted in **Table 1.5**.

**Table 1.5: Arrears in assessments**

Major Heads of revenue receipts	Opening balance	New cases due for assessment during 2021-22	Total assessments due	Cases disposed of during 2021-22	Balance at the end of the year	Percentage of disposal (col. 5 by 4)
1	2	3	4	5	6	7 = (5/4)
Taxes/VAT on Sales and Trade	1,08,440	10,268	1,18,708	69,729	48,979	59
CST	88,979	9,618	98,597	56,717	41,880	58
Luxury Tax	2,511	106	2,617	540	2,077	21
Motor Spirit Tax	45	76	121	27	94	22
Taxes on Vehicle	7,359	885	8,244	5,145	3,099	62
<b>Total</b>	<b>2,07,334</b>	<b>20,953</b>	<b>2,28,287</b>	<b>1,32,158</b>	<b>96,129</b>	<b>57.89</b>

Source: Departmental figures

It is evident from **Table 1.5** that the Department has given emphasis upon disposal of assessments related to taxes subsumed in GST.

**At the end of March 2022, 48,979 cases of VAT and 41,880 cases of CST were pending assessment.**

### 1.4 Evasion of tax

The details of cases of evasion of tax detected by the State Taxes and Excise Department, cases finalised and demands for additional tax raised by the Department are depicted in **Table 1.6**.

**Table 1.6: Evasion of Tax**

Sl. No.	Major Heads of revenue receipts	Opening balance as on 1 April 2021	Cases detected during 2021-22	Total	Number of cases in which assessment completed and additional demand raised		Number of cases pending for finalisation as on 31 March 2022
					Number of cases	Amount (₹ in crore)	
1	Taxes/VAT on Sales and Trade	107	1,393	1,500	1,416	26.96	84
2	GST	304	13,652	13,956	13,678	105.51	278
3	State Excise	61	382	443	345	1.87	98
4	Passengers and Goods Tax	15	7,906	7,921	7,908	8.34	13

Sl. No.	Major Heads of revenue receipts	Opening balance as on 1 April 2021	Cases detected during 2021-22	Total	Number of cases in which assessment completed and additional demand raised		Number of cases pending for finalisation as on 31 March 2022
					Number of cases	Amount (₹ in crore)	
5	Other Taxes and Duties on Commodities and Services	39	1,354	1,393	1,355	1.38	38
<b>Total</b>		<b>526</b>	<b>24,687</b>	<b>25,213</b>	<b>24,702</b>	<b>144.12</b>	<b>511</b>

Source: Departmental figures

In the State Taxes and Excise Department, the total number of cases pending for finalisation had decreased from 526 at the beginning of financial year to 511 at the end of the financial year 2021-22.

### 1.5 Refund cases

The details of refund cases pending at the beginning of the year 2021-22, claims received during the year, refunds allowed during the year and the cases pending at the close of the year 2021-22, are depicted in **Table 1.7**.

**Table 1.7: Pending refund cases**

Sl. No.	Particulars	Sales Tax/VAT		GST		State Excise	
		No. of cases	Amount (₹ in crore)	No. of cases	Amount (₹ in crore)	No. of cases	Amount (₹ in crore)
1	Claims outstanding at the beginning of the year	67	23.05	648	5.11	20	0.2
2	Claims received during the year	112	5.97	1,549	156.57	43	0.84
3	Refunds made during the year	113	9.69	1,717	94.55	47	0.81
4	Refunds rejected during the year	03	0.09	268	51.45	0	0
5	Balance outstanding at the end of year	63	19.20	212	15.69	16	0.23

Source: Departmental figures

The number of cases outstanding at the end of the financial year 2021-22 had reduced for Sales Tax/VAT/GST and State Excise as compared to cases outstanding at the beginning of the financial year.

### 1.6 Response of Government/Departments to Audit

The Principal Accountant General (Audit), Himachal Pradesh (PAG), conducts periodic inspection of the Government Departments to test check the transactions and verify the maintenance of important accounts and other records as prescribed in the Rules and procedures. These inspections are followed up with Inspection Reports (IRs) incorporating irregularities detected during the inspection and not settled on the spot, which are issued to the heads of the offices inspected with copies to the next higher authorities for taking prompt corrective action.

The Heads of the Offices are required to comply with the observations contained in the IRs within four weeks from the date of receipt of the IRs. Serious financial irregularities

are reported to the Heads of the Department and the Government. Draft audit paragraphs proposed for inclusion in the Audit Report of the Comptroller and Auditor General of India are forwarded by the PAG to the Principal Secretaries/Secretaries of the Departments concerned drawing their attention to the audit findings and requesting them to send their response within six weeks.

The issue of non-receipt of replies from the Departments/Government is invariably indicated at the end of such Paragraphs included in the Audit Report. 5,016 audit observations involving ₹ 1,620.95 crore relating to 1,663 Inspection Reports issued up to March 2022, remained outstanding at the end of June 2022 in State Excise and Taxes and Revenue Department. Similarly, in three Departments<sup>5</sup> 2,410 audit observations contained in 299 IRs were outstanding as on 31 March 2022.

The purpose of audit is to check whether prescribed rules, laws and procedures are being adhered to, and to highlight cases of non-compliance, systemic weaknesses, and failures. The large number of pending IRs and audit observations pending settlement indicate inadequate response to audit observations. The lack of action on these audit observations weakens accountability and raises the risk of loss of revenue. Increasing pendency of audit paragraphs merits urgent attention of the Government for addressing the issues consistently raised by Audit.

### 1.6.1 Departmental Audit Committee Meetings

The Government had set up Audit Committees under the Chairmanship of the Secretary of the Department concerned to monitor and expedite the settlement of audit observations included in the IRs. The details of Audit Committee meetings held during the year 2021-22 and the observations settled are depicted in **Table 1.8**.

**Table 1.8: Details of Departmental Audit Committee meetings**

Sl. No.	Department	Number of meetings held	Number of observations outstanding	Number of observations settled	Amount (₹ in crore)
1	State Taxes and Excise	1	2,569	66	2.87
2	Revenue	2	2,208	215	0.54
3	Economics and Statistics	1	140	20	-
4	Planning	1	281	47	-
<b>Total</b>		<b>5</b>	<b>5,198</b>	<b>348</b>	<b>3.41</b>

Source: Revenue and Economic (Non-PSU) Sectors, Shimla

In 2021-22, out of 5,198 outstanding audit observations, 348 observations (6.70 per cent) involving an amount of ₹ 3.41 crore were settled in five Audit Committee meetings held for the above mentioned Departments.

***The Government may ensure holding meetings of the Audit Committee at regular intervals for all the Departments.***

<sup>5</sup> Planning, Finance and Economics and Statistics Departments.



### 1.6.2 Follow-up on Audit Reports-summarised position

The Public Accounts Committee (PAC) notified (December 2002) that after the presentation of the Audit Report of the Comptroller and Auditor General of India in the Legislative Assembly, the Departments shall initiate action on the Audit Paragraphs and Action Taken Notes thereon should be submitted by the Government within three months of the tabling of the Report, for the consideration of the Committee. However, despite these provisions, the Action Taken Notes on Audit Paragraphs of the Reports were inordinately delayed. A total of 119 Paragraphs (including Performance Audits) included in the Comptroller and Auditor General of India Audit Reports on Revenue Sector of the Government of Himachal Pradesh for the years ended 31 March 2016, 2017, 2018, 2019 and 2020 were placed before the State Legislative Assembly between 31 March 2017 and 15 December 2021. Action Taken Notes (ATNs) on these paragraphs were, however, received very late from the Departments as depicted in **Table 1.9**.

**Table 1.9: Delay in receipt of ATNs**

Sl. No.	Report of the CAG on Revenue Sector for the Year ended	Date of laying of Audit Report in legislature	ATNs received during the period	Delay in receipt of ATNs (in months)
1	2016	31 March 2017	2017 to 2018	5 to 15
2	2017	05 April 2018	2018 to 2019	0 to 14
3	2018	14 December 2019	2020 to 2021	6 to 13
4	2019	13 August 2021	2022 to 2023	6 to 18
5	2020	15 December 2021	not received yet	12 (till March 2023)

The PAC had discussed 11 Paragraphs pertaining to the Audit Reports on Revenue Sector during the year 2021-22.

Delay in Receipt of ATNs of Planning, Finance and Economics and Statistics Department is depicted in **Table 1.10**.

**Table 1.10: Delay in receipt of ATNs**

Sl. No.	Audit Report Year ended 31 <sup>st</sup> March	Date of laying of Audit Report in legislature	ATNs received during the period	Delay in receipt of ATNs (in months)
1	2016	31 March 2017	2018 to 2019	13
2	2018	14 December 2019	2020 to 2021	06
3	2019	13 August 2021	2023 to 2024	21

### 1.7 Internal Audit

Internal Audit Cells (IAC) in the Departments under the charge of the Assistant Controller (F&A), were required to conduct test check of the cases of assessment as per the approved action plan and in accordance with the criteria decided by the Steering Committee to ensure adherence to the provisions of the Acts and Rules as well as Departmental instructions issued from time to time.

However, there was a shortfall in targets of completion of internal audit as detailed in **Table 1.11**.

Table 1.11: Shortfall in no. of units audited

Name of the Department	Total auditable units	No. of units planned for audit	No. of units audited	Shortfall
State Taxes and Excise	13	8	4	4
Revenue	-	-	-	-

Source: Departmental figures

The State Taxes and Excise Department attributed the shortfall in internal audit to shortage of staff. Information regarding internal audit was not provided by the Revenue Department.

## 1.8 Audit planning

In Revenue Sector, there are a total of 468 auditable units in the State of Himachal Pradesh, of which 189 units<sup>6</sup> were audited during 2021-22. The units were selected on the basis of risk analysis.

## 1.9 Results of audit

Audit of 189 units of Sales Tax/Value Added Tax, State Excise Duty, Passenger and Goods Tax, Other Taxes and Duties (OTD) and Stamp Duty & Registration Fee was conducted during the year 2021-22 through test check of records. The total revenue loss on account of the deficiencies highlighted by Audit through IRs during 2021-22 amounted to ₹ 383.57 crore<sup>7</sup> in 828 cases of which three cases involving the amount of ₹ 1.77 lakh have been accepted and recovered by the Revenue Department.

During the year 2021-22, the Departments concerned accepted and recovered an amount of ₹ 1.61 crore in 87 cases<sup>8</sup> pertaining to audit findings of previous years.

## 1.10 Acknowledgement

The office of the Principal Accountant General (Audit), Himachal Pradesh acknowledges the cooperation extended by all State Government Departments, and other auditable entities. We are especially grateful to the Departments of Planning, State Taxes and Excise, Finance and Revenue for their cooperation during the conduct of Audits. We hope that our audit findings will be helpful in highlighting areas of improvement and suggesting corrective action on the audit findings contained in this Audit Report.

<sup>6</sup> These units comprise subordinate offices of two Departments - Excise and Revenue Department.

<sup>7</sup> Taxes/VAT on sales and Trade: ₹ 139.21 crore in 129 cases; State Excise: ₹ 77.91 crore in 95 cases; Stamp Duty: ₹ 120.93 crore in 399 cases; Land Revenue: ₹ 8.52 crore in 136 cases; Entertainment Tax: nil in one case; Luxury Tax: ₹ 0.01 crore in eight cases; multi-Purpose Barrier: ₹ 0.01 crore in 17 cases; PGT: ₹ 5.87 crore in 37 cases and Toll Tax: ₹ 31.11 crore in six cases.

<sup>8</sup> Stamp Duty and Registration fee ₹ 1.12 crore in 60 cases; State Excise Duty ₹ 33.98 lakh in 11 cases; VAT ₹ 15.09 lakh in 16 cases.

**Chapter II**  
**Information System Audit**  
**on**  
**Integrated Financial Management**  
**System**



## Chapter II: Information System Audit on Integrated Financial Management System

### 2.1 Introduction

Integrated Financial Management System (IFMS) is a suite of various independent applications developed under Mission Mode Project of National e-Governance Programme (NeGP) with an objective to improve financial management and bring efficiency and effectiveness in decision making in Government.

In Himachal Pradesh, IFMS is implemented by The Department of Treasuries, Accounts and Lotteries (DTAL) which is an integral part of the Finance Department. Principal Secretary (Finance) to the Government of Himachal Pradesh is the Administrative Secretary and Secretary (Finance) is ex-officio Head of the Department. This Department came into existence independently in 1971; previously, it was part of Revenue Department.

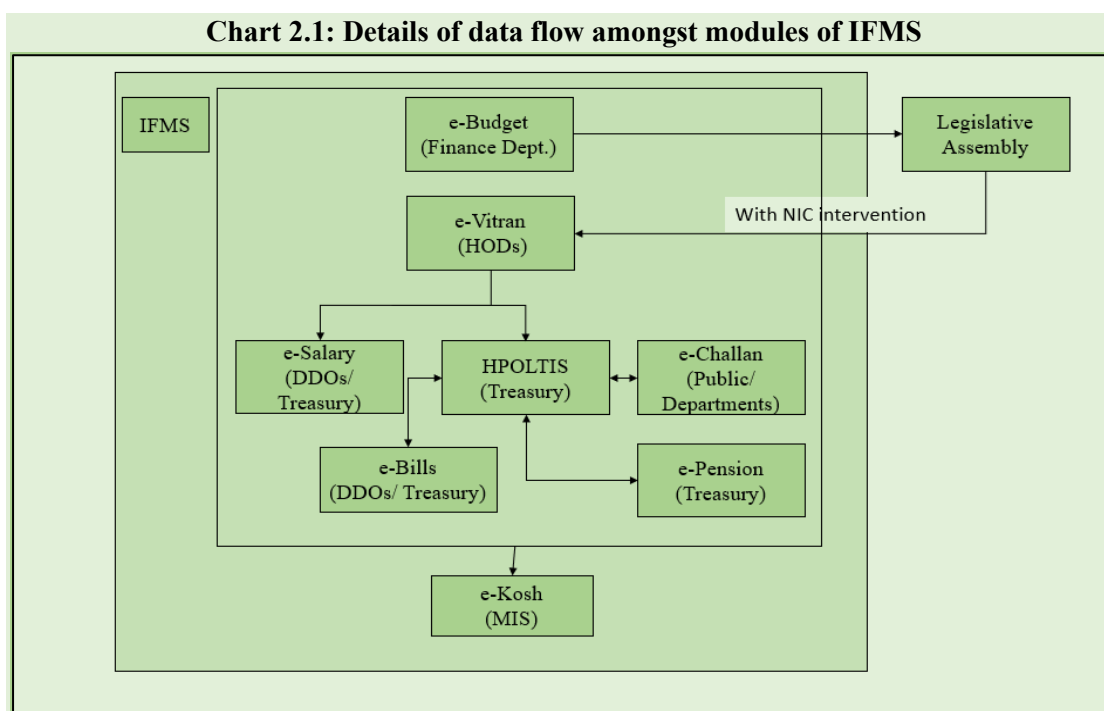
#### 2.1.1 Brief description of modules/databases

- i. **e-Pension:** This module is used in 12 District Treasuries for calculation, modification, revision, processing and disbursement of pension to pensioners including political pensioners on monthly basis. The payment is made electronically through bank branches/accounts specified by the pensioners. Pensioners can view their pension details online and generate annual statement for income tax purposes. This module is in operation from August 2004.
- ii. **Online Treasury Information System (OLTIS):** This software is the core of all finance related applications for checking and to book receipts and payments in Treasuries/Sub-Treasuries in the State. Some salient features of OLTIS are: 100 *per cent* payments through Electronic Clearing Services (ECS) to employees, contractors, work-flow based Bill Processing System, Bill passing only subject to availability of Budget through e-*Vitran*, Bill passing in order of receipt. This module is in use since 2005.
- iii. **e-SALARY:** e-Salary centralises the job of payroll processing at designated 52 Integrated Pay and Accounts Offices (IPAO) located at Treasuries and covers 100 *per cent* employees. All salary related monthly changes are updated by respective Drawing and Disbursing Officers (DDOs) and are submitted to the IPAO Offices for verification. After verification, IPAO Treasuries generate ECS file for banks for crediting the salary directly in employee's account. This module came in operation from July 2007.
- iv. **e-Bills:** This module is work-flow based Bill Processing System, Online submission of bills related to salary, medical and travelling allowance and all other bills. This module is part of e-Salary and available to DDOs with e-Salary.
- v. **e-Vitran:** This module is used by Head of Departments (HoDs) for distribution of approved Budget to their respective DDOs. Sanction Letters for DDOs are

generated through the software and are available to DDOs at their locations only after which payment of bills from the Treasuries is allowed. The Budget is also available to Treasuries on real-time basis at the time of passing of bills. This module was rolled out in April 2010.

- vi. **e-Budget:** This module is used for electronically preparing of State Budget. It ensures role-based workflow with locking of demand once the entry is checked and verified. The software is integrated with Treasury System for better control of expenditure. This module came in operation from 2014-2015.
- vii. **e-Challan:** Any person wishing to deposit Government money can use the e-Challan facility by logging on to the system and making online payment through their bank accounts.
- viii. **e-Kosh:** This module is the central information dissemination interface through the Internet for various stakeholders like Finance Department, HODs, DDOs, employees, Accountant General (AG), Pensioners *etc.* All kinds of Management Information System (MIS) reports are available on this Interface in the public domain.

**Chart 2.1: Details of data flow amongst modules of IFMS**



### 2.1.2 Objectives of IFMS

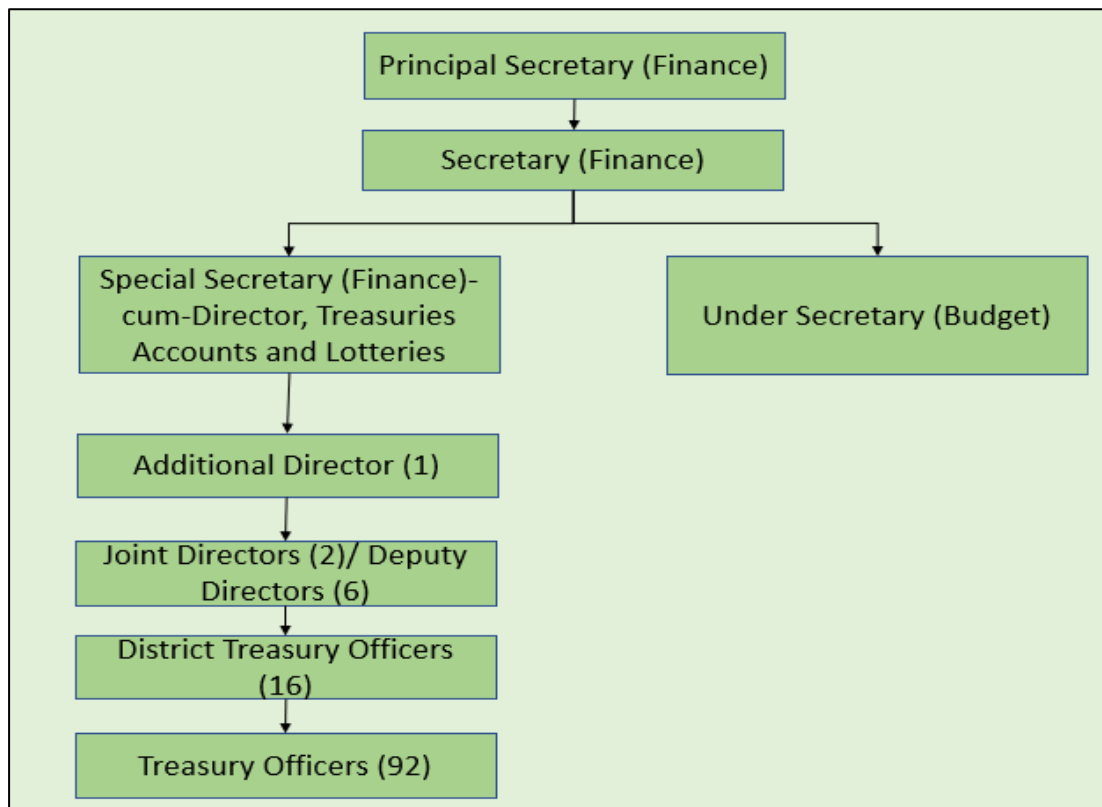
IFMS is developed with the objective to (i) monitor the correct Financial status of State Finances by using MIS reports for analysis (ii) Interfacing with State Budget Processing and DDO-wise Budget Monitoring System software (iii) Networking and web-interface of MIS reports for the Treasuries, (iv) Covering the remaining activities like Bill Preparation by DDOs, Head-wise Letter of Credit (LoC) submission, *etc.* (v) Development of web-enabled Online Treasury Information System (OLTIS) (vi) Online submission of Accounts to the Office of Principal Accountant General

(A&E). National Informatics Centre (NIC) Himachal Pradesh has developed modules viz e-Budget for Finance Department of Himachal Pradesh and e-Vitran, e-Salary, HP OLTIS, e-Challan, e-Pension and e-Kosh for generation of various reports (MIS) for Treasury, Accounts and Lotteries Department.

### 2.1.3 Organisational Set-up

The Department of Finance is headed by Principal Secretary (Finance), as shown in Chart 2.2.

Chart 2.2: Organisational Set-up



There are 16 District Treasury Officers (DTOs) out of which 12 DTOs are at 12 District Treasuries in Himachal Pradesh *i.e.* one in each District headquarters, which are headed by District Treasury Officers. Further there is DTO posted at Capital Treasury Shimla and three other DTOs are posted in DTAL. There are also 90 Sub-Treasury Offices (STO) working under 12 District Treasuries and two additional Treasury Officers (TOs), one each posted at Kaza Treasury in Lahaul and Spiti District and Pangi Treasury in Chamba District. Of the above, Capital Treasury, Kaza Treasury and Pangi Treasury directly submit accounts to the Principal Accountant General (Accounts & Entitlement) Himachal Pradesh Office instead of sending through respective District Treasuries. Moreover, there is one Treasury at Delhi to accommodate transactions

related to Resident Commissioner at Delhi. There are two virtual Treasuries <sup>1</sup>, namely, Cyber Treasury and GST Treasury, operational from June 2014 and July 2017 respectively in Shimla, Himachal Pradesh to accommodate online, normal receipt transactions and GST receipts transactions respectively.

### 2.1.4 Broad Technical Features

IFMS is a web-based application with two separate user portals over the Internet and Intranet.

In Himachal Pradesh, Intranet has been designated as Himachal Pradesh State Wide Area Network (HIMSWAN) which is used for providing connectivity to the Treasuries of the State Government. The Internet portal acts as a web interface for delivering citizen-centric services. Users are provided free access to view *e-Kosh* reports and *e-Challan* Module for payment of *Challan*.

The modules of the system have been developed on .Net Framework 4.5 using C# language at front-end while back-end database is MS SQL Server 2012. Further, SQL Server reporting is being used for generation of reports.

### 2.1.5 History of Computerisation of Treasuries

The Government of India approved the National e-Governance Plan (NeGP), comprising 27 Mission Mode Projects (MMP) and eight components, on May 18, 2006. Thereafter under the NeGP scheme, one MMP “Computerisation of State Treasuries” was approved by the Government of India and the guidelines were released to all States in July 2010. These guidelines introduced the concept of IFMS and directed all States to implement IFMS.

In Himachal Pradesh, e-Pension (Pension module, August 2004), HPOLTIS (Treasury processing module, 2005), e-Salary (Salary module, July 2007) and e-Vitran (Budget distribution module, April 2010) were already functional before launch of IFMS by GoHP in December 2015 as detailed in **Table 2.1**.

**Table 2.1: Details of implementation of various modules of IFMS**

Sl. No.	Module	Date of implementation
1	e-Pension	August 2004
2	OLTIS	2005
3	e-Salary	July 2007
4	e-Vitran	April 2010
5	e-Budget	2014-15
6	e-Challan	Not provided by the DTAL

The MMP on “Computerisation of State Treasuries” was expected to make budgeting processes more efficient, improve cash flow management, promote real-time reconciliation of accounts, strengthen Management Information Systems (MIS), improve accuracy and timeliness in accounts preparation, bring about transparency and

<sup>1</sup> Virtual Treasuries would enable the taxpayers / receipt paying agencies to fill *challans* (e-*Challans*) on its website and make online payments using the participating Banks Internet Banking Facility.



efficiency in public delivery systems, better financial management along with improved quality of governance in States and Union Territories.

Project proposal by Software Development Agency (SDA) i.e. National Informatics Centre (NIC) Himachal Pradesh for IFMS for the State of Himachal Pradesh was made in May 2012 which included integration of above already existing modules as well as new modules like *e-Challan*, *Cyber Treasury etc.* The GoHP formally launched “HimKosh - Integrated Financial Management System (IFMS)” on 3 December 2015.

#### 2.1.6 Audit objectives

An Information Systems (IS) Audit of the IFMS was conducted with the objective to see whether the following have been ensured:

- The business process re-engineering for synergy of processes in IT environment,
- Project management alignment of IT system objectives with business objectives,
- IFMS system functionalities and controls,
- Effectiveness and efficiency of integration with other systems,
- Information System security - Role based access, business continuity, cyber-security.

#### 2.1.7 Scope and Methodology of Audit

The methodology included scrutiny of records, policy documents and related files; front-end testing of the web-based IFMS application modules; analysis of data dump of the IFMS application by using MS SQL and MS Excel and verification/authentication of the results of data analysis through scrutiny of records in the selected Treasuries. Comparison with VLC data and vouchers available with the Accounts and Entitlement Office was done, wherever necessary/feasible.

Audit examined the following components / aspects:

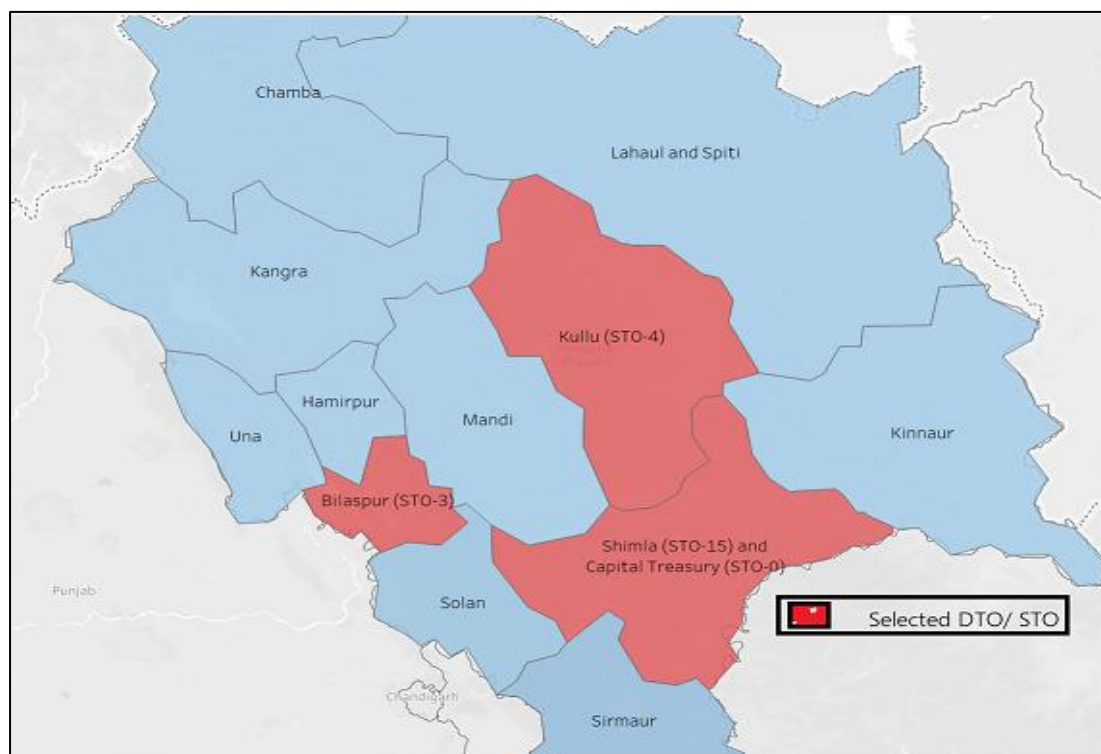
- Modules of IFMS web-based application- *e-Budget*, *e-Vitran*, *e-Bills*, *e-Salary*, *HP OLTIS*, *e-Challan* – through front-end access and testing of system functionalities and controls.
- Data dump of the aforementioned modules of IFMS of the period 2017-22.
- Records of DTAL and Finance Department.

#### **Master and transaction tables of following modules were selected for data analysis:**

- *e-Budget* module: Budget preparation.
- *e-Vitran* module: Budget distribution.
- *e-Salary* and *e-Bills* modules: Salary and other bills preparation.
- *e-Pension* module: Pension processing module.
- *e-Challan* module: Receipt module.
- *OLTIS* module: Bills processing and passing module for Treasuries.

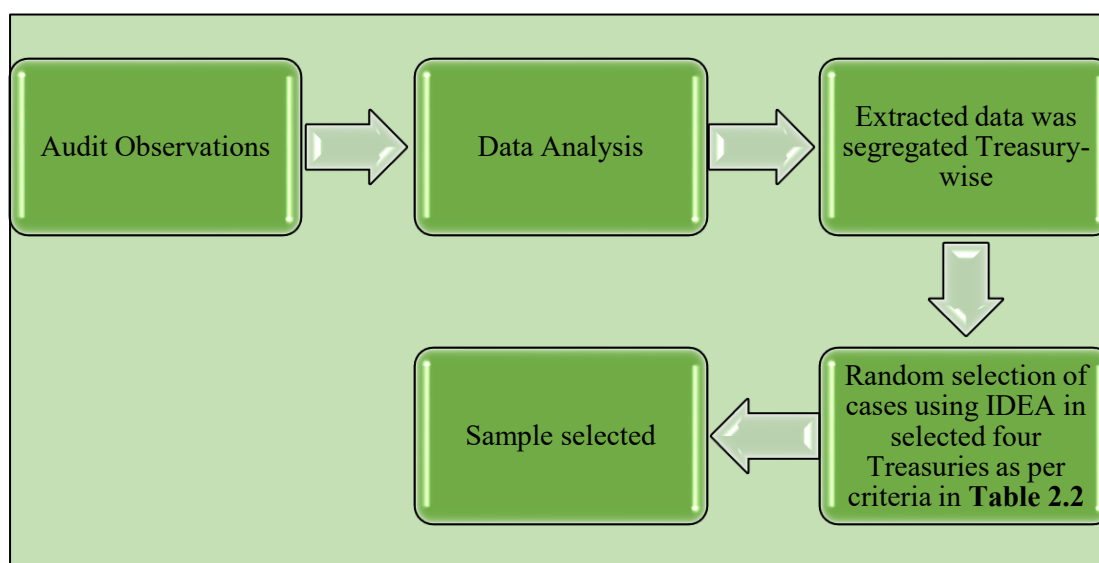
In addition to the analysis of IFMS data covering the period 2017-22, audit test-checked records in four District-level Treasuries of the State *i.e.* District Treasury Office (DTO) Shimla, Shimla Capital, Kullu and Bilaspur as detailed in **Chart 2.3**.

**Chart 2.3: Details of selected District Treasuries**



Analysis of data of IFMS has been carried out for the whole State and the results were verified through test check in the selected District and Sub-Treasuries by selecting records through a random sample with the help of IDEA software.

**Chart 2.4: Detailed process involved in analysis and verification of selected cases**



**Selection of vouchers:** - As per the procedure as shown in the **Chart 2.4**, the data/ Vouchers were randomly selected through IDEA application software. For observations

requiring analysis of upto 20 records, all records were selected. In case where the records were more than 20 in an observation, the stratification criteria adopted for selection of records is detailed in **Table 2.2**.

**Table 2.2: Methodology opted for sample selection**

Sl. No.	Number of records pertaining to each observation	Minimum sample
1	21 to 500	25*
2	501 to 2,000	30
3	2,001 to 20,000	50
4	20,001 to 1,00,000	75
5	Above 1,00,000	100

\*Records from 21 to 25 have been taken in full.

Based on the above methodology, 4,774 cases/vouchers were selected out of 5,98,838 cases/ vouchers pertaining to four selected District Treasury Offices. Out of 4,774 cases/ vouchers, records pertaining to 58 cases/ vouchers were not produced to Audit.

An Entry Conference was held on 04 April 2022 with Joint Director, DTAL and Deputy Director General & State Informatics Officer to discuss the audit objectives, audit criteria, methodology and audit planning.

Further, an exit conference was held on 14 December 2023 with Secretary (Finance) to the Government of Himachal Pradesh to discuss the audit findings of IT audit on Integrated Financial Management System. Although, brief reply from NIC HP has been received vide letter dated 14 August 2023, but the reply from the Government has not been received (January 2025).

#### **2.1.8 Sources of derivation of Audit criteria**

- ✓ Himachal Pradesh Budget Manual
- ✓ Himachal Pradesh Treasury Rules 2017 and Standing Orders on Treasuries
- ✓ Information Technology Act 2000
- ✓ Himachal Pradesh Financial Rules 2009
- ✓ Himachal Pradesh Office Manual 2011
- ✓ Orders, notifications *etc.* issued time to time by the Government of India/ Government of Himachal Pradesh.
- ✓ Operational Manual for Treasury Offices
- ✓ RFP for implementation of IFMS; and
- ✓ Applications developed and implemented for computerisation of IFMS.

#### **2.1.9 Non-production of files/records related to Funds and computerisation of Treasuries**

Rule 26(1) of Himachal Pradesh Financial Rules (HPFR) 2009 states that the HoD or an authority subordinate to him shall afford all reasonable facilities to the Audit Officer for the discharge of his functions and furnish complete information required by him for preparation of any official report.

Although records were requisitioned (February 2022) related to funds and computerisation of Treasuries, only cashbooks, passbooks, administrative reports, DPR

of IFMS, electronic clearing system files, computerisation of Treasuries (2015-16 to 2016-17)/ Sub-Treasuries (2014-15 to 2017-18), correspondence with RBI/ bank, Cyber Treasury *etc.* were provided as detailed in **Appendix 2.1**.

Audit noticed that modules of IFMS i.e. Pension (Pension module, August 2004), HPOLTIS (Treasury processing module, 2005), e-Salary (Salary module, July 2007) and e-Vitran (Budget distribution module, April 2010) were in operation. However, no files regarding OLTIS, e-Pension, e-Salary (except ECS), e-Vitran and e-Budget in respect of pre-development activities, development, expenditure, change management, maintenance, *etc.* were provided to audit despite repeated requisition (February 2022 to November 2022). Moreover, files in respect of e-Kosh from 2015-16 onwards, 'Computerisation of Treasuries' and 'Computerisation of Sub-Treasuries' except the periods 2015-16 to 2016-17 and 2014-15 to 2017-18 respectively were also not made available.

As a result, it was challenging to determine which aspects were addressed and which were overlooked during pre-development activities and the development stage. Moreover, all issues related to expenditure, change management, maintenance, *etc.*, concerning the aforementioned modules could not be ascertained during the audit.

*The above point was referred to Department in March 2022 and the Department confirmed (April 2023) that these files (Appendix 2.1) are the only files available with the Department.* This confirms that the DTAL did not maintain files pertaining to IFMS and modules like OLTIS, e-Pension, e-Vitran and e-Budget *etc.*

For physical verification of records relating to 36 observations, records pertaining to 4,774 cases were requisitioned, out of which records of 58 cases were not produced to audit.

In the exit conference (December 2023), the Secretary instructed the Department to supply requisite documents in time.

#### **2.1.10 Acknowledgment**

The Indian Audit and Accounts Department acknowledges the cooperation of the Directorate of Treasury, Accounts and Lotteries, and National Informatics Centre (NIC) State Centre, Himachal Pradesh in providing data and information to Audit.

## 2.2 Project Management

### 2.2.1 Pre-development activities

#### 2.2.1.1 Non-conducting of meetings with various stakeholders

Paragraph 20.5 (a) (i) of the Himachal Pradesh Office Manual, 2011 states that the Department must hold internal meetings and finalise the priority areas for computerisation, mentioning the activities of the Departments at all the levels. Further, Paragraph 7 of Annexure-I of Guidelines for scheme of Mission Mode Project (MMP) (July 2010) provides for inclusion of end user consultation to understand expectation of stakeholders' viz. State/UT Finance Departments, Accountant General (AG) Offices, Reserve Bank of India (RBI), agency banks, Central Plan Schemes Monitoring System (CPSMS) of Controller General of Accounts (CGA) in the proposal.

Audit noticed that no meetings were conducted with the stakeholders before the development/integration of various modules in IFMS to include stake holders' requirements in the project proposal. It was also noticed that State Government had already initiated some modules i.e., e-Pension (2004), HPOLTIS (e-Bills (2005), e-Salary (2007) and e-Vitran (2010)) before the introduction of MMP in 2010. Further, some of the modules were launched after the implementation of MMP but neither the records of meetings with stakeholders before development of the modules and implementation of MMP nor the records pertaining to Departmental requirements, if any, submitted to Software Development Agency (SDA)<sup>2</sup> for the implementation of MMP were available with the Department. However, NIC (SDA) submitted the proposal (May 2012) to DTAL for integrating all major modules leading to exchange of data from one module to other modules. Accordingly, the DTAL had integrated the modules with the help of NIC (SDA) and launched the IFMS in December 2015.

*The Department stated (April 2023) that the meetings with the stakeholders were conducted before the development of modules/sub-programs of the IFMS but the record of the same was not available. In the absence of records, the actual decisions taken in the said meetings (if any) in respect of development of the modules could not be ascertained in Audit. The only reference document available was in respect of changes in modules like Cyber Treasury, e-Kuber<sup>3</sup> etc. and resolution of issues faced during operation.*

#### Issues arising due to non-involvement of stakeholders:

**Following issues were faced in IFMS due to non-involvement of stake holders before linking/integration of the modules:**

- Absence of Software development documentation (**Paragraph 2.2.1.3 (B)**),

<sup>2</sup> National Informatics Center- Himachal Pradesh (NIC-HP).

<sup>3</sup> e-Kuber is a 'core banking solution' platform of the Reserve Bank of India to replace traditional methods of Government payments. Banks can use it to connect their single current accounts across the country.

- Business Rule mapping and functionalities (**Paragraph 2.2.3.4**),
- Input and application controls in e-Salary/e-Bills (**Paragraph 2.3.3.1**),
- Issues in IFMS data related to e-Bills/ e-Salary (**Paragraph 2.3.3.3**), *etc.*

In the exit conference (December 2023), the Secretary agreed to the findings and assured to take further corrective action.

#### 2.2.1.2 Business Process Re-engineering (BPR)

Business Process Re-engineering (BPR) is radical redesign of business processes to achieve improvements in critical aspects like quality, output, cost, service, and speed and also aims at cutting down costs and process redundancies.

As per Paragraph 4.1 of the Guidelines of MMP (Treasury Computerisation) (July 2010), there is provision to provide re-engineering of existing processes and introduction of new processes, for BPR, where necessary action is to be done to ensure synergy of processes with electronic systems. Further, Paragraph 7.2 states that the State had to prepare an action plan covering changes required in procedures, practices, codes, manuals and laws (like provision for use of digital signatures, file formats, transfer of funds electronically) with explicit timelines to ensure achievement of these objectives. Paragraph 4.11 states that C&AG interface module would provide linkages with the AG's Office and allow access to AG to make modifications/ add transactions on online basis. The module would also facilitate audit of Government Offices by providing data samples for verification to the audit.

Audit noticed that DTAL had not incorporated the following changes in the existing IT system and had not made changes in relevant rules as follows:

#### **Rules not updated**

DTAL revised Himachal Pradesh Treasury Rules 2017 (HPTR 2017)<sup>4</sup> as per IFMS whereas HPFR 2009<sup>5</sup> and other Department specific rules were not changed accordingly *e.g.*, amendments in HPFR, 2009 were not carried out to recognise computer-generated reports/registers. Further bill generated through e-Bills was required to be ink-signed before submission to Treasury and provisions for digital signature were not available in the IFMS.

*The Department stated (March 2022) that BPR had been done and digital process had been incorporated in HPTR 2007 and 2017 and confirmed the facts that no interface was developed for Pr. AG (A&E) Office for payment of pension, GPF and Commutation, etc. Department further stated that a committee was formed comprising*

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<sup>4</sup> HPTR 2017: Rules governing general system of control over Treasury, custody of money relating to/ withdrawal of money from Consolidated Fund and Public Account, responsibility of money withdrawn, inter Government transactions, *etc.*

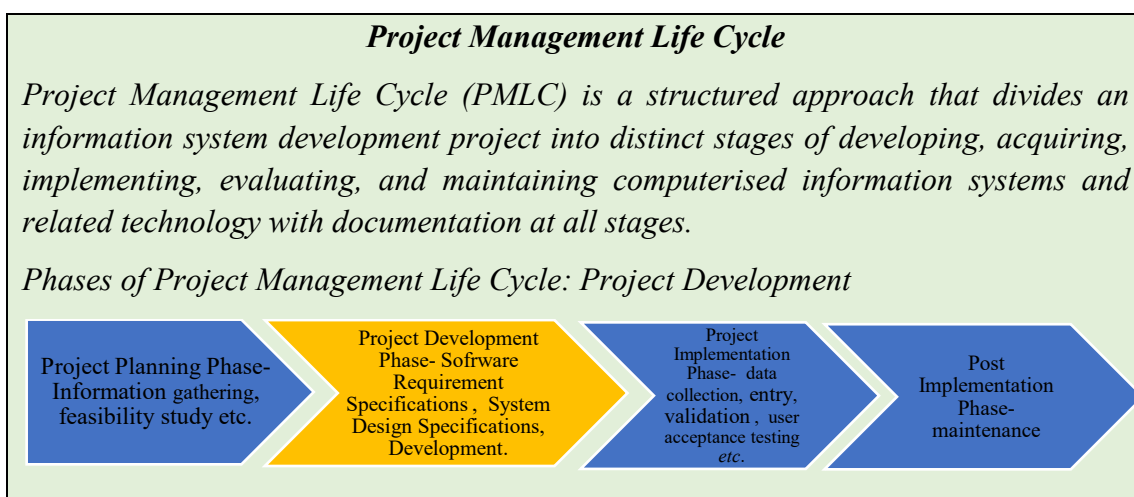
<sup>5</sup> HPFR 2009: Rules governing financial practices of Government, works, procurement of Goods & Services, Contracting, outsourcing of services, *etc.*, with the objectives of ensuring transparency in public spending, efficiency in public services delivery.



Department Officers to review these rules. However, the fact remains that Government had neither updated the HPFR 2009 and other specific rules as per the IFMS nor provided for digital signature in IFMS. Further, interface module with AG was also not provided till date.

### 2.2.1.3 Project Management Life Cycle

#### 2.2.1.3 (A) Non-adoption of Project Management Life Cycle



Paragraph 20.5 of the Himachal Pradesh Office Manual, 2011 states that successful implementation of e-Governance projects requires that the Project Management Life Cycle (PMLC) must be adhered to. The Project Proposal (PP) must be followed by Project Management Plan (PMP), followed by System Requirement Specifications (SRS), Software Design Document (SDD), Development, Pilot Testing, Training and Rollout in all the Offices.

Audit scrutiny revealed that there was no evidence to suggest that any systematic approach or plan for IFMS integration was adopted during the preparation of project proposal (May 2012). It was also noticed that e-Pension, e-Bills, e-Salary, e-NPS, and e-Vitran were rolled out in August 2004, 2005, July 2007, November 2010, and April 2010, respectively, whereas the project proposal for the State of Himachal Pradesh's IFMS was finalised in May 2012, indicating that there was no structured approach followed and only pre-existing modules were integrated. Due to the absence of user and stakeholder involvement in project development, no User Requirement Specifications (URS) were prepared, making it difficult to evaluate the actual requirements of users, Departments, and other stakeholders.

Audit further noticed that DTAL did not constitute a steering committee comprising users and top management to monitor the development and implementation of all modules/sub-programmes, nor any feasibility analysis before starting integration of various modules into IFMS was carried out. Non-adoption of structured approach resulted in manual Budget preparation, non-monitoring of Budget changes, non-transfer of Pension, GPF, Commutation, and Death cum Retirement Gratuity (DCRG) related authorities digitally between AG(A&E) Office and DTAL. Manual

reconciliation of expenditure and receipts, non-availability of data related to transfer entries in Treasury, non-availability of DDO-wise Budget in e-Budget module, *etc. could not be addressed in the system.*

*The Department stated (February 2022) that all modules were consolidated under one umbrella and confirmed that no action plan, including changes in process, practices, etc. was documented.* Thus, the DTAL had not adopted a structured approach during integration of various modules into IFMS and also not maintained required documentation.

In the exit conference (December 2023), the Secretary agreed to the findings and stated that corrective action will be taken.

#### **2.2.1.3 (B) Absence of Software development documentation**

Paragraph 20.5 (b) (i) of the Himachal Pradesh Office Manual, 2011 stated that initial stages of Project Management Life Cycle (PMLC) should follow the following sequence of events i.e., System Requirement Specifications (SRS), Software Design Document (SDD).

Audit noticed that NIC, Himachal Pradesh prepared proposal document (May 2012) for DTAL. However, DTAL did not ensure System Requirement Specification (SRS), Software Design Document (SDD) and Data Flow Diagram (DFD) for IFMS. DTAL was dependent on SDA in terms of any further modifications in IFMS and maintenance of applications.

The DTAL confirmed (March 2022) the facts and stated that SRS, SDD and DFD were not developed.

Thus, the PMLC approach was not adopted by the NIC (SDA) and DTAL in the development of IFMS.

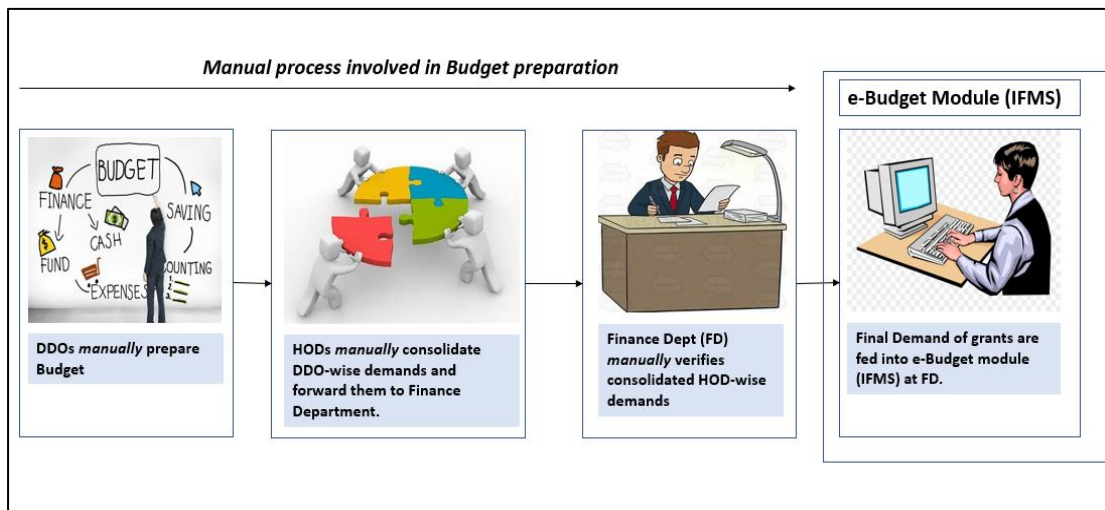
#### **2.2.1.4 Lack of computerisation of Budget preparation process**

Paragraph 4.3 (related to Budget module of IFMS) of Guidelines for a scheme of Mission Mode Project (MMP) stated that IFMS had to provide support for Budget management, preparation, communication, and revision for the State Government. It would enable the Departments to moderate the demands made by field Offices and submit the same to the Finance Department. The Finance Department would analyse the demands from various perspectives and finally recommend the provisions for each of the Budget Heads/Departments. The module should be able to print the document for being placed before the Legislature for approval.

Audit noticed that the DDOs were submitting Budget proposals to the Head of the Departments in hard copies only. After compiling the information received from the DDOs, HoDs further submit the same to the Finance Department in hard copies for inclusion in the Demand for Grants of the next Financial Year. Finance Department put up the Budget proposals on the file to the competent authority for final recommendation. Thereafter Budget figures were recorded into the e-Budget module of the IFMS as shown in **Chart 2.5**.



Chart 2.5: Stages involved in Manual and e-Budget modules



Audit further noticed that although the details of the Budget have been entered up to the SOE Head (Detail Head), there was no provision to record DDOs wise SOE details in the e-Budget. Due to this manual preparation of Budget, the objective of online Budget management, preparation, and communication could not be achieved. Further, due to non-computerisation of whole process of Budget, issues like increase/decrease in demands, reasons for acceptance and rejection of increase/decrease in demands were not captured in the system.

*Deputy Secretary Finance (Budget) stated (July 2022) that the Budget was not submitted by DDOs and Department through IFMS. Data from the e-Budget module to e-Vitran module was being transferred and managed in back-end by technical team of NIC State Centre. Reply of the Finance Department confirms the fact that the Budget was prepared manually by the DDOs and HODs and details of the Budget were entered in the e-Budget module after recommendation of the Budget plan by the Finance Department of GoHP, thus defeating the objective of making the entire Budget process online.*

In the exit conference (December 2023), the Secretary agreed and assured to take appropriate action.

## 2.2.2 Expenditure incurred on development

### 2.2.2.1 Submission of unrealistic Utilisation Certificates amounting to ₹ 18.10 lakh

Department of Information Technology (DIT), Ministry of Communication and Information Technology (MCIT), Government of India (GoI) released ₹ 208.13 lakh in two instalments to Society for Promotion of e-Governance in the DTAL for implementation of the e-Kosh project i.e. part of IFMS, in March 2008 and August 2008.

Audit noticed that DTAL had incurred expenditure of ₹ 190.03 lakh and amount of ₹ 18.10 lakh remained unspent as of August 2012. However, DTAL had submitted

Utilisation Certificates (UCs) in respect of total amount of ₹ 208.13 lakh. Records pertaining to constitution, members, meetings or expenditure incurred by the Society were not available with the DTAL, hence expenditure incurred could not be verified in Audit. Besides, no records regarding total funds received and expenditure incurred for implementation of IFMS were made available to audit, despite being requisitioned (April and November 2022).

*However, Department stated (April 2023) that Utilisation Certificates submitted were realistic but record of the same was not available. The reply of the DTAL was not acceptable as the Department had submitted Utilisation Certificate for the entire amount, despite having an unspent amount of ₹ 18.10 lakh.*

### **2.2.3 Issues pertaining to Project Development**

#### **2.2.3.1 Implementation of IFMS without entering into any Agreement/ Service Level Agreement**

##### ***Service Level Agreement***

*The Service Level Agreement (SLA) is a documented agreement between the organisation and the agency to whom the services were outsourced. SLA defines the services and the technical parameters for those services, which the agency was expected to perform. Some important areas of SLA are types of services performed by the agency, allocation of responsibilities between the Department and the agency, services that would be measured, measurement period, reporting and timelines, time to implement new functionality, re-work levels, documentation required, frequency of back-up, data recovery parameters, etc.*

Paragraph 20.5 (b) (ii) of the Himachal Pradesh Office Manual, 2011 stated that appropriate service level conditions must be identified for all activities to ensure quality service. Payment should be linked with Service Level Agreements (SLAs) and an adequate monitoring mechanism should be in place for implementation of SLA.

##### **2.2.3.1 (A) Non signing of agreement for development**

Audit noticed that DTAL did not enter into any agreement with NIC (SDA) for the development/linking of various modules/sub-programs of IFMS. In absence of any agreement, DTAL could not set the benchmarks in respect of module-wise development timelines, required documentation, etc.

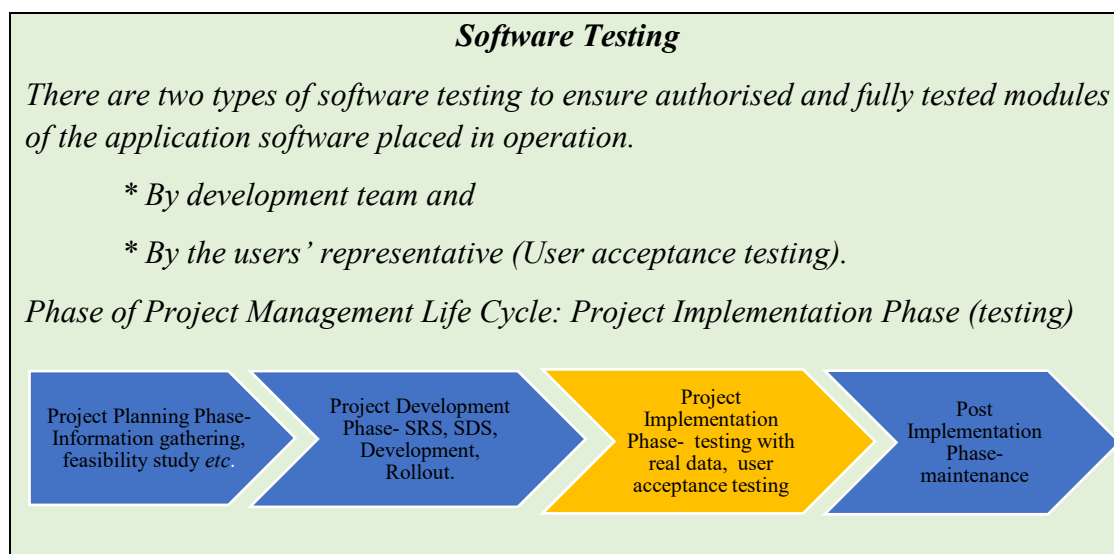
##### **2.2.3.1 (B) SLA for operation and maintenance**

Audit noticed that NIC (SDA) was maintaining IFMS without entering into any SLA for the same ever since the rollout of modules and hence response time, tolerance of system for downtime and resolution of end user problems within stipulated time could not be ensured.

*Department admitted (March 2022) that SLA was not entered with NIC (SDA) for development and maintenance of various modules of IFMS and stated that NIC has*

mandate to help State Government with Information and Communication Technology (ICT). However, no document was provided regarding mandate to NIC.

### 2.2.3.2 Implementation of various modules without testing

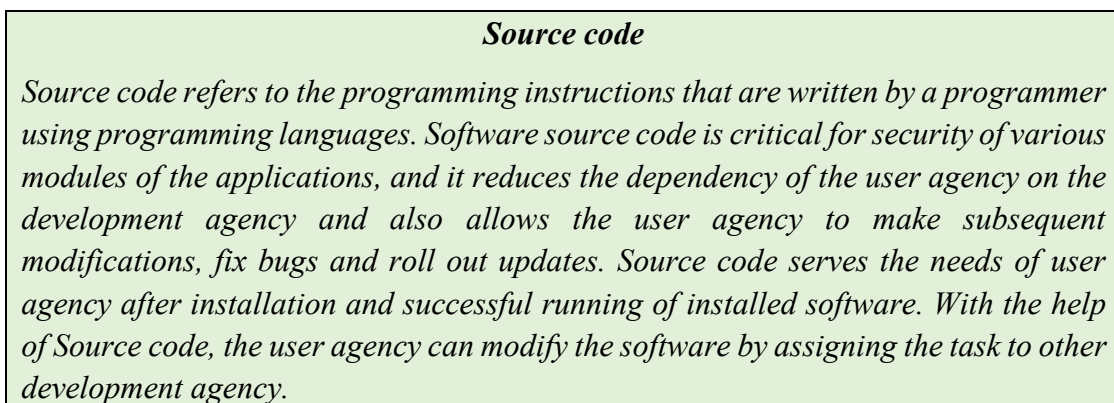


Paragraph 20.5 (c) of the Himachal Pradesh Office Manual, 2011 states that before the project was finally rolled-out, software testing ‘with real data and user acceptance testing’ must be performed.

In absence of any documentation in respect of testing, adequacy of testing could not be ascertained in audit. Implementation of modules without testing resulted in discrepancies and issues after rollout of IFMS as discussed in succeeding Paragraphs.

*Department admitted (March 2022) that no committee was formed in the DTAL for testing of modules before implementation, however initial testing was done by the NIC (SDA) at development stage but documentation of the same was not available. Reply was not acceptable as without the required documentation, any testing done at development stage as claimed by the DTAL could not be ascertained/validated. Reply also confirms that no user acceptance testing was done.*

### 2.2.3.3 Non-handing over of source code by SDA to DTAL



Audit noticed that source code was in possession of NIC (SDA) and had not been handed over to DTAL. Also, there was no agreement to manage the transition in case

the State wanted to hire another agency for software development. Thus, the NIC (SDA) did not provide access to the DTAL for its review and utilisation. In absence of possession of source code given to DTAL, testing of the same so as to build the application on another system by using a copy of the source code could not be ensured. The DTAL did not furnish the details of demonstrations of the application which could be rebuilt using the source code. Hence, audit could not check the testing of the source code done, if any, either by the DTAL or through an external agency.

*Department admitted (April 2023) the fact and confirmed that source code of the application was not kept.*

#### **2.2.3.4 Business Rule mapping and functionalities**

##### **2.2.3.4 (A) Sanction orders not available in IFMS**

Paragraph 17 (a) of the HPFR 2009 states that all financial sanctions issued by a Department which relate to matters concerning the Department and on the basis of which payments were to be made or authorised by the Treasury Officer, shall be addressed to him and original sanction shall be attached with the bill.

Audit noticed that electronic sanctions were generated only in case of GPF and Commutation bills, while remaining bills that were created and processed in the IFMS database were not supported by electronically generated sanction orders. Hence in respect of bills except for GPF and commutation, sanction orders were issued manually and there was no mandatory provision to upload/ record details of sanction in the bill creation form. It was further noticed that mapping of general delegation of Financial Powers was not part of IFMS. During the period 2017-18 to 2021-22, a total of 44,30,124 bills valuing ₹ 2,04,523.36 crore were compiled/ passed by respective Treasuries through IFMS. Absence of electronic sanction orders without reference data impacted the completeness of the voucher information recorded in the IFMS. The fact remains that mandatory provision of sanction order before passing of bill through IFMS was not incorporated and the system could not ensure the authenticity of expenditure as per sanction order.

As a result, several issues were faced in IFMS which could be attributed to non-generation of electronic sanction orders such as **Paragraph 2.3.3.4 (A)** Double payment of the same amount in respect of Leave Encashment, **Paragraph.2.3.3.4 (C)** Payment of Leave encashment from two different DDOs/ Treasuries to same retiree, **Paragraph 2.3.3.6 (B)** Refund from civil court deposit into the savings bank accounts of the employees without recording reasons of refund, **Paragraph 2.3.4.4** Multiple and unauthorised Payments of DCRG, **Paragraph 2.3.4.5 (A)** Embezzlement of fund at Treasury, etc., which are discussed in succeeding Paragraphs.

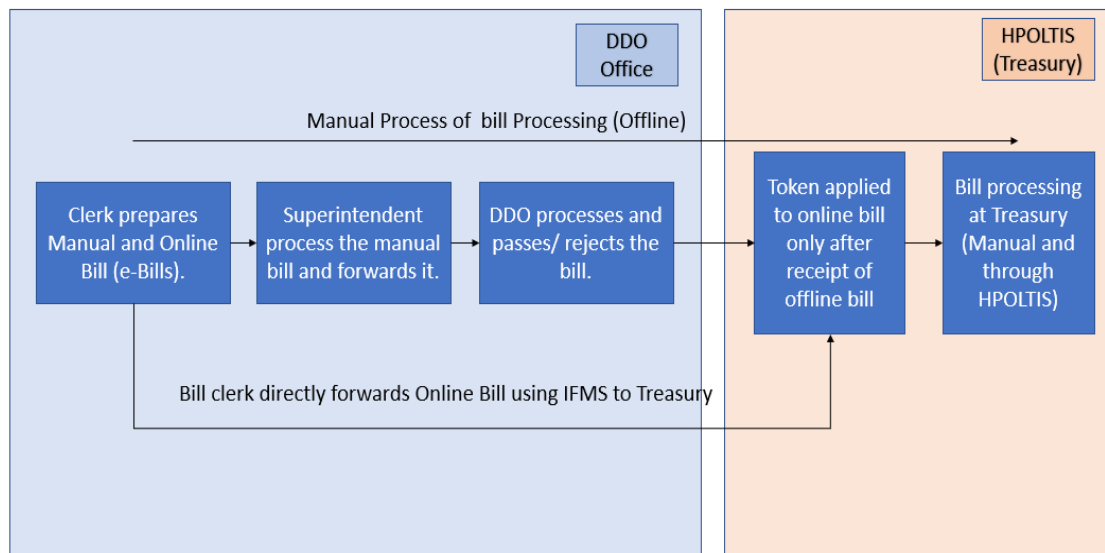
In the exit conference (December 2023), the Secretary assured for corrective action on the audit findings.

**2.2.3.4 (B) Non-existence of provision for checking and approval of bills by DDO**

Paragraph 10.4 of the HPFR 2009 states that DDO shall be responsible for ensuring that pay bills are checked and initialed by a responsible Government servant and that the checks shall always include verification of the total amount entered in the bills.

Bill processing at DDO level in manual system and through IFMS is done as shown in Chart 2.6.

**Chart 2.6: Bills Processing (offline and online) system in Treasury**



Prior to the online system, bill was prepared by the bill clerk/dealing hand and checked by the Superintendent/SO and thereafter DDO signed the bill and forwarded the same to the respective Treasury through the bill register.

Audit analysis of front-end screens and database showed that in IFMS, bill was prepared by the bill clerk and there was no provision for online checking of a bill by the Superintendent/SO before submission to DDO and there was also no provision for online approval/signing of the bill by the DDO. Audit further noticed that bill clerk directly submitted the bill to Treasury through HPOLTIS and Treasury issued the token number after the receipt of hard copy of the bill.

DDOs did not have separate access ID in IFMS for approval and online submission of bills to the respective Treasuries and no specific role is assigned to DDO in the e-Bills module yet. Currently, DDOs are only involved in manual system of scrutiny of bills. Details of the bills submitted by the DDOs were to be manually verified in the respective Treasury Office.

*Department stated (April 2023) that multiple logins can be created in e-Bills for a single DDO on his request. Reply of the Department is not acceptable as there was no provision in IFMS to have role-specific login IDs for preparation, checking and approval of bills in e-Bill module at each level for DDOs. Moreover, in absence of availability of any specific role for verification of bills in the system, DDOs are scrutinising and approving bills manually and then sending it to the Treasury manually.*

Thus, in DDO Office, role-specific logins are not provided, and single logins have been provided just for transferring without any digital trail of approval.

#### 2.2.3.4 (C) Non-mapping of Treasury Business Rules

Audit scrutiny of Business Rules revealed the following points:

**Table 2.3: Details showing non-mapping of Business Rules**

Sl. No.	Criteria	Findings
1	Rule 21 of HPTR 2017 provides that no withdrawal shall be permitted on a claim for the first of any series of payments in a District in respect of pay or allowances to a Government servant other than a person newly appointed to Government service unless the claim is supported by the last pay certificate (LPC) in such form as may be specified by the Government.	Audit noticed that IFMS allowed drawal of salary without Last Pay Certificate (LPC) in case of transfer. Salary (SOE-01) and non-Salary bills of transferred Government employee could be prepared by adding in "Other payee" category with different bank account number and with no specific reference to his/her employee code. Therefore, IFMS could not track payments made to a Government employee and there is a risk that salary and related payments can be made to an employee without need of LPC.
2	Rule 12 of HPTR 2017 provides that each transfer of charge of a gazetted Government servant shall be reported on the same day to the HOD or other controlling authority concerned DTO/TO and the manager of the concerned branch of the bank.	Audit noticed that IFMS had no provision to report transfer of charge in the cases of absence of gazetted Government servant (DDO) on the same day to HOD, DTO/TO and manager of bank. Therefore, there is possibility of delays in bill processing if transfer of charge of a gazetted Government servant is not being reported to DTO/ TO/bank.
3	Finance Department Notification dated 21.02.2018 stipulates that Class IV Government servant appointed on a part-time/daily wages basis prior to 10.05.2001 and regularised on or after 10.05.2001 shall retire from service on the afternoon of the last day of the month in which he attains the age of 60. Various categories of State Government employees had different superannuation age.	Audit noticed that IFMS did not categorise post/designation-wise maximum retirement age allowed under the rules applicable on the posts. There existed no check on the retirement date of employees with reference to maximum retirement age. Issues arising due to non-mapping of this Rule are discussed in <b>Paragraph 2.3.3.3 (G)</b> .
4	As per Finance Department notification No. FIN(PR)-B (7)-16/98-III dated 15.12.2011, the Hon'ble High Court has directed the State Government to restrict the back wages/arrears for a period of three years prior to the date of filing the claims/petitions in the Hon'ble Court.	Audit noticed that no provision in the system was available to capture the arrears paid under court orders, date of filing the claim/petition and restricting the back wages/arrears for the period of three years only prior to the date of filing the claims/petitions. Audit could not ascertain whether this provision was adhered to while paying arrears on the basis of court judgement. Due to non-mapping of this Rule, there is a possibility of payment of excess arrears to claimants.
5	Rule 189 (3) of HPFR 2009 states that the adjustment bill, along with balance if any, shall be submitted by the concerned Government servant within fifteen days of the drawal of advance, failing which the advance or balance may be recovered from his salary(ies).	Audit observed that IFMS did not have any provision to monitor adjustment of advances within the prescribed 15 days. Issues arising due to non-mapping of this Rule are discussed in <b>Paragraph 2.3.3.8 (B)</b> .



The above points were referred to DTAL in March 2022; reply was awaited (January 2025).

In the exit conference (December 2023), the Secretary agreed to the findings and assured corrective action.

### 2.2.3.5 Abstract Contingent and Detail Contingent bills

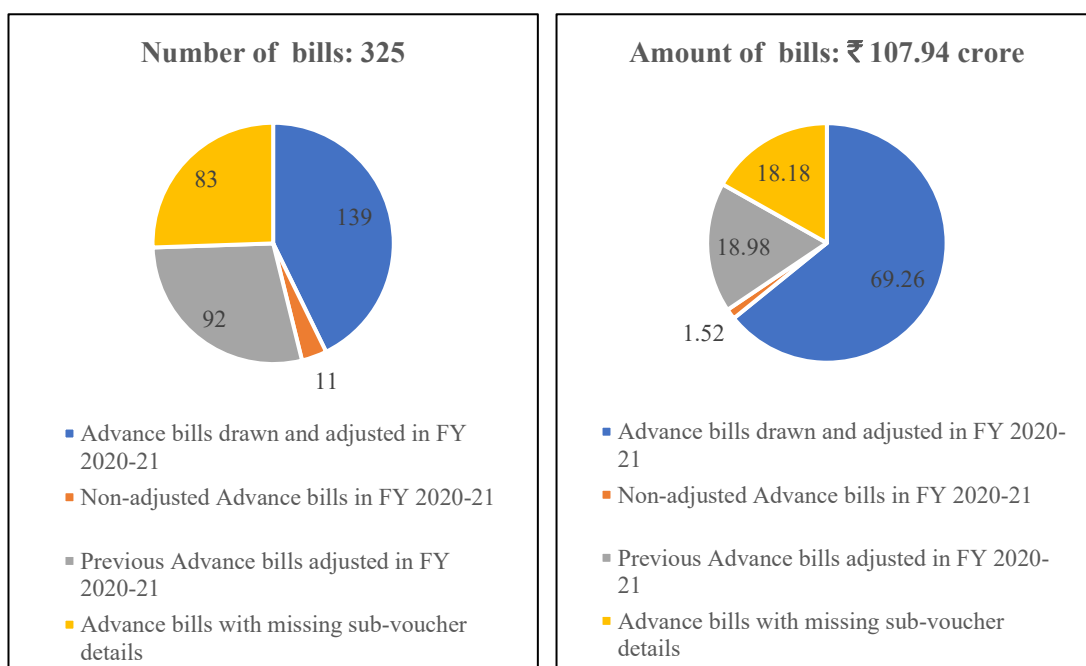
#### 2.2.3.5 (A) Non-provision for Abstract Contingent and Detail Contingent bills

Rule 189 (5) of HPFR 2009 stated that drawal of advances and their adjustment shall be submitted by the DDO to the Treasury through Abstract Contingent (AC) and Detailed Contingent (DC) bills as specified in the Treasury Rules. Further, Rule 187 of HPTR 2017 stated that it shall be the responsibility of the DDO concerned to get the advance adjusted during the same Financial Year in which it is drawn.

Audit analysis of front-end screens showed that there was no separate provision to record details of AC and DC bills in IFMS and the system could not distinguish AC bills from other Contingent Advances. Further, it was observed that 325 bills amounting to ₹ 107.94 crore in Advance/Adjustment Register in IFMS were shown in year 2020-21, of which:

- Eleven bills amounting to ₹ 1.52 crore, drawn during 2020-21, remained unadjusted.
- Ninety two bills amounting to ₹ 18.98 crore pertaining to previous years were adjusted in 2020-21.
- Details of sub-voucher numbers and date were not recorded in 83 cases out of 325 in IFMS database which were adjusted during 2020-21.

**Chart 2.7: Issues in AC bills**



In seven cases, Department of AYUSH drew advances of zero amount and subsequently the same was also adjusted, which showed that there was no check in the system to reject zero value. In one case, the Department of AYUSH had drawn an advance of ₹ 1.00 crore in March 2017, which was subsequently shown as adjusted vide Bill No. CTO001142020000064 and Token No. 00000016984 dated nil amounting to ₹ 10.00 lakh.

Further, in case of generation of reports, Advance/Adjustment Register in OLTIS showed details of Shimla Capital Treasury only and hence reports of other Treasuries are not visible in Advance/Adjustment Register.

*Department stated (April 2023) that there was provision to record details of AC and DC bills in IFMS, while NIC in its reply stated (August 2023) that procedure for change management has to be devised by the Department and accordingly the changes can be suggested to NIC for incorporation in the software. The reply of the Department is not factual, since there was no provision in IFMS for entering details of AC and DC bills from the front end i.e. there was no separate provision for creation of AC/ DC bills in IFMS.*

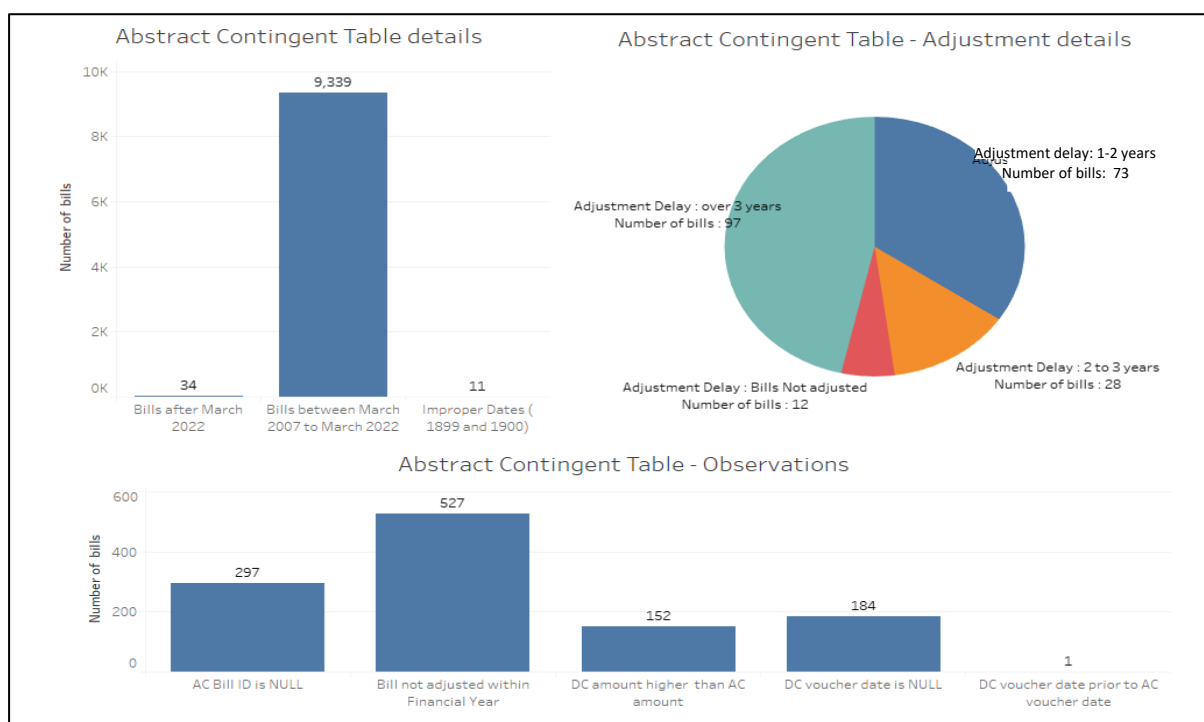
In the exit conference (December 2023), the Department informed that relevant provisions have been introduced in October 2022.

#### **2.2.3.5 (B) Non-adjustment of Abstract Contingent bills within the same Financial Year**

Rule 192 of the HPTR 2017 states that the DTO/ TO shall enter advances separately in the advance register and shall monitor that it is accounted for within the same Financial Year through the Detailed Contingent bill to AG (A&E) Himachal Pradesh by the Treasury concerned. Further, Rule 187 states that the advance shall have to be duly adjusted during the same Financial Year. It shall be the responsibility of the DDO concerned to get the advance adjusted during the same Financial Year in which it is drawn.

Analysis of IFMS data reveals that total 9,384 entries of AC bills exist in system in AC\_DC\_BILLS Table, as of (April 2022) out of which only 9,339 AC bills were created between March 2007 to March 2022. In 11 AC bills dates/years were recorded as 1899 and 1900 and 34 AC bills were created after March 2022.



**Chart 2.8: Non adjustment of AC Bills and subsequent adjustment**

Following discrepancies were observed:

- The IFMS system accepts DC bills without checking the details relating to pending AC bills.
- In 152 cases DC Bills amount was higher than the AC Bill amount, which shows that the application software did not check the AC Bill amount before the adjustment of Bills. IFMS should flag the issue of getting separate sanction for the excess amount.
- Audit also noticed in 297 cases, AC\_BILLID<sup>6</sup> was shown as Null in the AC\_DC\_BILLS table, which shows that AC\_BILLID is not the primary key and the user can enter any value in the AC\_BILLID column.
- In 184 cases, DC\_VOUCHER DATE was recorded as Null.
- In one case DC\_FinYear is prior to the AC\_FinYear.
- System had no provision for red flags to indicate AC bills that were delayed as detailed below:
  - Out of 9,339 AC bills, 527<sup>7</sup> were not adjusted within the same Financial Year.
  - In an examination of 343 AC Bills where DC\_VCHERDATE was recorded, it was noticed that 73 AC bills were adjusted between one to two years.
    - Twenty eight AC bills were adjusted between two to three years.
    - Ninety seven AC bills were adjusted after three years.

<sup>6</sup> AC\_BILLID refers to column indicating unique ID generated for each AC Bill.

<sup>7</sup> Bilaspur-seven, Chamba-11, Capital Shimla-327, Hamirpur-24, Kullu-11, Kangra-21, Kinnaur-two, Lahaul & Spiti-four, Mandi-21, Shimla-71, Sirmaur-11, Solan-eight, Una-nine.

- Twelve<sup>8</sup> AC Bills drawn between February 2014 and August 2019 were not fully adjusted till March 2022.

Due to design deficiency, the Treasury could not monitor the pendency of DC bills effectively nor check the veracity of the certificate given by DDO with the AC bill. As there was no compulsory provision in the IFMS software for adjustment of the AC Bills with the DC Bills, adjustment of all AC bills could not be ensured. Further, IFMS did not have red flags to highlight delay and ensure timely adjustment of AC bills.

Audit selected sample 67 cases for manual verification of facts during field audit in four selected Treasuries<sup>9</sup>, out of which 55 cases were verified and audit observation regarding non-adjustment of bills was confirmed on the basis of reports available in OLTIS in respect of AC bills. All these 55 cases were also verified from the physical vouchers available with DDOs and it was noticed that in 43 cases of advances, bills were already adjusted offline. These were however shown as outstanding in the database. Further eight cases have not been adjusted till date and four cases were normal bills but were classified as advance bills during preparation. This raised doubts on the reliability of the database.

Remaining 12 cases could not be verified due to non-production of records by DTO/TOs.

*DTOs Shimla, Hamirpur, Kullu and Sirmaur stated (October-December 2022) that non-adjustment of AC bills within same Financial Year was due to non-submission of adjustment bills by the DDO concerned. DTO, Chamba further stated (November 2022) that Bills on offline/manual mode are manually entered into the database and the AC Bill ID and DC Bill ID are manually entered into the database. Replies from DTO Bilaspur, Kangra, Lahaul & Spiti, Mandi, Una and Shimla Capital were not received (April 2023).*

Replies of the DTOs are not acceptable as adjustment of AC bill within the same Financial Year has to be done through the system. However, audit observed that offline adjustment was being made which is against the digitisation. As a result of which AC/DC bills were not monitored through the system. Offline adjustment of AC bills makes it difficult to monitor through IFMS.

#### **2.2.3.6 Provision for adjustment of advances after closure of Financial Year**

Rule 189 of HPFR pertaining to ‘Advances for contingent and miscellaneous purpose’ provides that (1) Head of the Office or any other authorised Officer may sanction advances to a Government servant for purchase of goods or for hiring services or for any other special purpose in the manner as may be prescribed for the management of the Office affairs. Further, the Rule (3) stated that the adjustment bill, along with balance if any, shall be submitted by the concerned Government servant within fifteen

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<sup>8</sup> Chamba-one, Capital Shimla-five, Hamirpur-one, Kangra-two, Kinnaur-one, Shimla-two.

<sup>9</sup> Bilaspur, Kullu, Shimla and Shimla Capital.

days of the drawal of advance, failing which the advance or balance may be recovered from his/her salary.

Audit analysis of front-end screens showed that there was no provision in the e-Bills/e-Salary module to adjust the advance/AC bill after the closure of the Financial Year. To adjust such bills, DDO prepared adjustment bills manually and submitted the same to the respective Treasury along with bill number, date, amount, and sanction of advance bill, etc. OLTIS only provided input screens for entry of token number of advance bill to be adjusted. Test-check of the input screen of OLTIS revealed that on entering the token number of previous Financial Year's advance bill; the system fetches the detail of the advance bill with the same token number from current Financial Year as IFMS repeats token number sequence every year. Therefore, adjustment of previous Financial Years' advances was not possible in OLTIS.

*Department admitted (April 2023) the fact that there was no provision to record details of adjustment of advance bill after the closure of the Financial Year.*

#### **2.2.3.7 Non-generation of cash book and other subsidiary registers**

Paragraph 15.4.2 (5) of the Office Manual states that records, registers, returns, all types of bills, cash book, bills register etc. are required to be maintained.

Audit noticed that there was no provision in the IFMS for generating online cash book, registers, returns, etc. for the DDOs, although IFMS captures the entire data related to the receipts and payments along with DDO code required for the maintenance of the cash book and other subsidiary registers. Therefore, cashbook and other records were being prepared manually and the capabilities of IFMS were not adequately utilised to reduce the manual recording of financial transactions by the Departments.

*Department admitted (April 2023) the facts that there was no provision in IFMS to replicate the physical cash book maintained by Offices and DDOs are maintaining cash book manually.*

*In the exit conference (December 2023), the Department said that online cashbook is neither possible nor feasible for outside Offices. However, requisite changes will be incorporated to streamline the online cashbook.*

#### **2.2.3.8 Absence of provision of subsistence allowance in IFMS**

F.R. 53(I) (a) of Fundamental Rules states that a Government servant under suspension or deemed to have been placed under suspension by an order of the appointing authority shall be entitled to a subsistence allowance at an amount equal to the leave salary which the Government servant would have drawn if he had been on half average pay or on half pay and in addition, dearness allowance, if admissible on the basis of such leave salary; provided that where the period of suspension exceeds three months, the authority which made or is deemed to have made the order of suspension shall be competent to vary the amount of subsistence allowance for any period subsequent to the period of the first three months.

Audit analysis of front-end screens and database showed that there was no provision in IFMS for payment of subsistence allowance to an employee under suspension. Due to absence of this, subsistence allowance was being prepared manually posing a risk to the integrity of data.

*Department stated (April 2023) that subsistence allowance has been prepared on the basis of attendance of the suspended employees and bill is not prepared manually. The reply of the Department is not acceptable as the IFMS did not allow preparation of the subsistence allowance bill online and these were being prepared manually.*

#### **2.2.3.9 Uncontrolled Change of Group due to change in Grade Pay**

As per Paragraph 3.6 of the final Operational Manual for Treasury Offices, IPAO Treasury is responsible for updating the employee details such as designation, DoB (Date of Birth), DoR (Date of Retirement), bank details, photos, etc.

Audit analysis of front-end screens and database showed that there was no mapping of designation with Groups of employees which was in contravention of the rules. It was noticed that in Ayush Department, Trained Dai (TD) is a Group-D employee but after change in GP to 1900 (Pay Level 3) (after grant of MACP), the Group automatically changed to Group-C which was contrary to the Rules as Group of the employees should not have changed merely based on change in GP in this particular case. Further in the State, Group-D employees can serve upto the age of 60 years whereas the Group-C can serve upto age of 58 years. Due to automatic change of Groups, there could be a chance of difference in calculation of retirement age.

Audit observations were referred to the Department in March 2023; reply was awaited (January 2025).

#### **2.2.3.10 Absence of location details in respect of Government Grants-in-Aid (GIA)**

On analysis of front-end screens of e-Bills (HPOLTIS) database, it was noticed that the bills for major works/projects, schemes and GIA institutions were not recorded with reference to place of institutions e.g. Name of Place, *Panchayat*, Block/Tehsil, District, etc. A unique code had to be assigned to the major works/projects, schemes and institutions to which GIA was released. As a result, analysis of expenditure across villages, *Panchayats*, Blocks and Districts was not available in IFMS. Therefore, MIS reports for tracking expenditure at periodic intervals with reference to locations was not available in the system.

*Department admitted (April 2023) the fact that unique code was not assigned to the institution.*

#### **2.2.3.11 Non-Mapping of DDO with Major and Minor Heads**

Rule 25 of the HPTR states that Government servant who is authorised by the Competent Authority to draw cheques or sign bills shall send a specimen of his signature to the DTO/TO or the Bank, as the case may be, along with orders of the competent authority detailing Head of Accounts for which the Government servant is authorised to transact.

Audit noticed that data available in e-Kosh link showed that in Demand No 05-‘Land Revenue and District Administration’ from 2030-01-102-01-‘Expenditure on sales of stamps through stamp vendors’ S00N-20-N-V-OTHER CHARGES Head of Account was drawn by various DDOs whereas the Sub-Head pertains to be dealt only by the DTO/TO at Treasury. It is evident from the **Table 2.4** that mapping of DDO and Head of account mapping was not correlated in IFMS and input validations check in e-Bills module to restrict the DDO to the authorised Heads of Account was also not in place.

**Table 2.4: Details of unauthorised access to DDOs to the Head of Account**

Financial Year	DDO code	DDO	Head of Account not authorised to operate	Amount drawn (in ₹)
2020-21	KNR03-002	S P M Moorang	05-2030-01-102-01	40
2020-21	KLU04-004	S.D.O. (civil) Manali	05-2030-01-102-01	5,130
2020-21	MDI01-223	HM GHS Kalahod	05-2030-01-102-01	360
2020-21	SML13-504	AC TO DC Shimla	05-2030-01-102-01	20
2020-21	BLP02-253	PR ITI Ghumarwin	05-2030-02-102-01	680
2020-21	CHM00-250	Principal GSSS Dhulara	05-2030-02-102-01	200
2020-21	BLP01-501	Deputy Commissioner Bilaspur	05-2030-02-102-01	640
2020-21	CHM00-250	Principal GSSS Dhulara	05-2030-02-102-01	200
2020-21	KNG00-501	Deputy Commissioner Dharamsala	05-2030-02-102-01	3,13,520
2020-21	KNG05-239	Principal GSSS Punner	05-2030-02-102-01	1,000
2020-21	KNG05-501	Deputy Commissioner Dharamsala	05-2030-02-102-01	92,040
2020-21	KNG06-201	GSSS Houri Devi	05-2030-02-102-01	2,000
2020-21	KZA00-012	POST Master Kaza	05-2030-02-102-01	240
2020-21	LHL01-001	S.P.M. Udaipur	05-2030-02-102-01	400
2020-21	MDI01-222	PR SSS Phangwas	05-2030-02-102-01	520
2020-21	MDI09-008	Post Master Aut	05-2030-02-102-01	1,000
2020-21	MDI09-537	Tehsildar Aut	05-2030-02-102-01	1,800
2020-21	MDI14-209	GSSS Kashmalidhar	05-2030-02-102-01	180
2020-21	MDI16-206	Principal GSSS Gagat	05-2030-02-102-01	7,000
2020-21	SML07-209	Principal GSSS Rohal	05-2030-02-102-01	800
2020-21	SML08-215	Principal GSSS Khunni	05-2030-02-102-01	240
2020-21	ML13-504	AC TO DC Shimla	05-2030-02-102-01	200
2020-21	SMR07-537	Tehsildar Pachhad	05-2030-02-102-01	1,000
2020-21	SMR08-501	Deputy Commissioner Sirmaur	05-2030-02-102-01	2,000
2020-21	SOL04-005	AE IPH Sub-Div Rameshwar	05-2030-02-102-01	400
2020-21	KNG05-501	Deputy Commissioner Dharamsala	05-2030-02-102-02	1,000
2020-21	SMR00-215	NCC Officer Nahan	05-2030-02-102-02	2,000
2020-21	KNG00-501	Deputy Commissioner Dharamsala	05-2030-02-102-03	15,360
2020-21	SML01-501	Deputy Commissioner Shimla	05-2030-02-102-03	400
<b>Total</b>				<b>4,50,370</b>

Thus, unauthorised access to DDOs to the Head of Accounts that they are not authorised to operate leads to incorrect booking of expenditure. As a result, the system did not present a true and fair picture of accounts. DTAL should map each DDO with authorised Head of Account/SOE (Detail Head of Account) only to ensure correct booking of receipts and expenditure.

The above points were referred to DTAL in November 2022; reply was awaited (January 2025).

### 2.2.3.12 Non-existence of provision for submission of Utilisation Certificate

Rule 157 of HPFR 2009 states that Institutions or Organisations receiving grants shall furnish audited Utilisation Certificate to the Government after utilisation of grant-in-aid (GIA).

Audit noticed that there was no provision for online submission of Utilisation Certificate (UCs) and monitoring of status of Utilisation Certificates in the system. As a result, the utilisation of GIA released by the Centre/State Government had to be monitored manually through the mechanism of UC. The agencies and institutions submitted the UCs to the Department manually who, in turn, were expected to forward the same to the Office of the AG (A&E) within the stipulated time.

The UCs outstanding beyond a specified period indicated absence of assurance on utilisation of grants for their intended purposes and IFMS had no provision to record UC details and monitoring of outstanding UCs. Year-wise details of GIA released is given in **Table 2.5**.

**Table 2.5: Details of year-wise of GIA released as provided in e-Kosh (IFMS)**

Financial Year	SOE wise allocation and expenditure (₹ in crore)						Total Allocation (₹ in crore)	Total Expenditure (₹ in crore)
	41-GIA on Salary		42-GIA for Non-Salary		44-GIA for Capital Assets			
	Allocation	Expenditure	Allocation	Expenditure	Allocation	Expenditure		
2017-18	1,212.01	1,211.01	1,009.24	1,003.60	660.39	672.51	2,881.64	2,887.12
2018-19	1,203.59	1,202.67	1,596.09	1,580.65	834.28	834.04	3,633.96	3,617.36
2019-20	1,330.25	1,329.70	1,486.69	1,456.59	957.47	943.29	3,774.41	3,729.58
2020-21	1,754.79	1,507.40	2,234.58	2,015.69	1,161.32	1,040.00	5,150.69	4,563.09
2021-22	1,762.93	1,681.69	2,470.23	2,325.08	958.51	738.01	5,191.67	4,744.78
Grand Total	7,263.57	6,932.47	8,796.83	8,381.61	4,571.97	4,227.85	20,632.37	19,541.93

Audit scrutiny revealed that no UCs in respect of the entire expenditure of ₹ 19,541.93 crore between April 2017 to March 2022 were submitted through IFMS due to non-existence of provision in the system.

However, in Paragraph 4.3 of State Finances Audit Report for the year ended 31 March 2022 in respect of Government of Himachal Pradesh, 3,619 UCs amounting to ₹ 4,752.14 crore were reported as pending as of March 2022. Hence if the provision of UC submission is incorporated in IFMS, monitoring of allocations under different grants can be handled effectively.



The above points were referred to DTAL in March 2023; reply was awaited (January 2025).

#### **2.2.4 Change Management**

##### **2.2.4.1 Non-adherence to Change Management Policy**

Paragraph 22.1.1 of the IT Security Policy of the Department states that security requirements for any change in the existing application are documented in the change request form as per Change Management Process. Also, Paragraph 22.2.2 states that changes to application systems are carried out in a controlled manner as per the change management process. Documentation pertaining to approval for changes in the system, including performance after changes is maintained. All the applications requiring modifications due to any vulnerability found during the vulnerability assessment are corrected by using 'Change Management Process' and not to be carried out in the production environment directly.

Audit scrutiny of the records revealed that NIC (SDA) developed modules/sub-programs which were later integrated into IFMS. DTAL did not maintain documentation in respect of change request forms, change impact analysis and classification, change evaluation and approval, rejected changes, testing, approval from competent authority, system security testing and system acceptance testing. Record keeping of changes during the entire project Life Cycle and impact analysis of changes incorporated was also not found. The details of amendments after installation of the software had not been documented. There is a risk of accidental or malicious changes to software and data due to poor change management control.

In the absence of documentation pertaining to changes to be made/made in extant rules and the IT system, audit could not ascertain the adequacy and effectiveness of the system development process through BPR.

Due to non-availability of trail of changes in the system, absence of documentation in respect of version control mechanism and testing (if any), the accuracy of amendments made in the system could not be ensured.

*The Department admitted (March 2022) that changes were made in modules after rolling on without change management form. Change request management documentation was not maintained. This confirmed the observations made by Audit.*

##### **2.2.4.2 Modifications carried out in live server**

Paragraph 22.2.6 of the IT Security Policy of Himachal Pradesh Directorate of Treasuries Accounts and Lotteries states, that acceptance criteria for new information systems and upgrades are established for testing of the systems before acceptance. Adequate documentation is to be maintained with regard to system requirements and technical specifications, system design, user manual, results of testing before deployment.

Audit noticed that the DTAL carried out required changes directly on the live system due to non-use of standby server/test server. DTAL did not adopt any version control mechanism, which could enable the DTAL to revert to the previous version that existed before the changes were incorporated into any module of the application, in the event of complexity in the changed circumstances. DTAL had also not maintained records of testing of the amendments carried out in the existing system, which may cause a risk of accidental or malicious changes to software and data due to poor change management control.

DTAL admitted (March 2022) the fact that changes were directly made in the live server.

### **2.2.5 Miscellaneous issues**

#### **2.2.5.1 IT Design related issues**

- Difference in Master Tables/Reports: Each module had its own database as well as master tables. Thus, several issues related to variations in same data in different master tables and difference in figures of Budget/expenditure in different reports were seen which are discussed in the succeeding Paragraphs.
- Non-integration of data: Due to non-integration of databases of stakeholders, same data source led to variation/differences in figures between modules such as Budget figures of Pr. AG (A&E) Office when compared to e-Budget and e-Vitran.
- Number of DDOs vary in e-Salary and OLTIS modules.
- AG interface module not developed: Due to non-development of C&AG interface module, linkages with the AG's Office were not established and access to AG to make modifications/add transactions had not been given. According to Paragraph 4.11 of guidelines for MMP on NeGP, C&AG module was to be developed which was meant to facilitate audit of Government Offices by providing data samples for verification to the audit. Since the module was not developed, facilitation of audit through data samples could not be achieved.

In the exit conference (December 2023), it was stated that master table is single but difference in master data for different modules is due to non-processing of salary by all the DDOs.

### **2.3 Project Implementation**

Project implementation defines managing a project to ensure that the objectives outlined in the planning phase are achieved. The Department should implement a project effectively so that required deliverables are produced to the satisfaction of all the stakeholders. This Paragraph covers observations on the following modules:

(i) e-Budget, (ii) e-Vitran, (iii) e-Salary/ e-Bills, (iv) e-Pension, (v) e-Challan, (vi) HPOLTIS and (vii) e-Kosh; based on analysis of data for the period 2017-22 (as on August 2022 provided by the DTAL) and verification of sample data during field visit.



### e-Budget and e-Vitran Modules

e-Budget module is used for preparation of the State Budget. After approval by the competent authority, Budget figures are entered into the e-Budget module by the Finance Department. Thereafter, once the Budget is approved by the Legislative Assembly of the State, Budget is released to the HODs through e-Vitran module. e-Vitran module is used by HoDs for distribution of approved Budget Standard Head of expenditure wise to the DDOs under their control.

### 2.3.1 Issues in e-Budget and e-Vitran Modules

#### 2.3.1.1 Non-Compliance with List of Major and Minor Heads

Rule 3 (4) of Himachal Pradesh Financial Rules, 2009 stipulates that Head of Account to which moneys under sub-rule (3) shall be credited and the withdrawal of money therefrom shall be governed by the provisions of relevant rules and/ or such other general or special orders as may be prescribed. Further, Paragraph 26 (d) of Government Accounting Rules, 1990 states that the detailed classification of account heads in Government Accounts and the order in which the Major and Minor Heads shall appear in all account records shall be such as are prescribed by the Central Government from time to time on the advice of the Comptroller and Auditor General of India. The List of Major and Minor Heads (LMMH) of Account of Union and States contains the classification prescribed in this regard.

During scrutiny of Demand-wise Budget report on e-Budget module of IFMS, Audit noticed that out of the 32 grants for the year 2020-21, two Demand for Grants (11 and 28) - nomenclature of Minor Heads of Account were different from the List of Major and Minor Heads (LMMH). The following unauthorised nomenclature of Head of Account in comparison to LMMH had been incorporated during 2020-21 as given in the **Table 2.6**:

**Table 2.6: Details of unauthorised nomenclature**

Sl. No.	Demand for Grants	Head of account	Nomenclature as per Detail for estimates in e-Budget	Nomenclature as per LMMH
1	11	2810-01-103	Biomass	Renewable Energy for urban, industrial & commercial applications.
2	28	2217-80-191	Assistance to Municipal Corporation	Assistance to Local Bodies, Corporations, Urban Development Authorities, Town Improvement boards, etc.

Further, scrutiny of Demand-wise Budget report on e-Budget module of IFMS revealed that unauthorised Sub-Major Head of accounts were operated in two (Demand for Grants '25 Road and Water Transport' and '32-Scheduled Caste Sub-Plan') out of 32 Demand for Grants in the e-Budget module. Unauthorised Sub-Major Head '00' had been operated under Major Head '5075-Capital Outlay on Other Transport Services' in Demand for Grant No '32-Scheduled Caste Sub-Plan', whereas the same Major Head

was operated as per LMMH in Demand for Grant '25-Road and Water Transport' during 2020-21. This indicated use of two different Master Data files in IFMS which were not validated with reference to LMMH. This raises issues regarding the authenticity of the LMMH used in IFMS database.

Thus, IFMS Master Data was not in accordance with the LMMH. The same was rectified after being brought to the notice of the Department by Audit.

*Joint Secretary, Finance Department (Budget) stated (May 2022) that Budget preparation is a lengthy and time-consuming process and time constraints, errors reported by the audit are typing or human errors made inadvertently, however the same have been rectified.* The fact remains that the system should have validation to ensure that details of Heads of Accounts in the system are as per LMMH.

In the exit conference (December 2023), the Secretary agreed to the findings and assured to take further corrective action.

### 2.3.2 Budget Management

#### 2.3.2.1 Allocation over and above the approved Budget

Paragraph 2.5 of the Himachal Pradesh Budget Manual states that "Appropriation Bill", means the bill introduced after grants have been made by the Assembly to provide for the appropriation, out of the Consolidated Fund of the State, of all moneys required to meet grants made by Assembly and the expenditure charged upon the Consolidated Fund of the State (Article 204 of the Constitution).

Audit compared the Budget data available in the e-Budget module with that in the e-Vitran module and noticed that there was variation in the Budget passed by the Legislature with the Budget allocated by the Finance Department to the Chief Controlling Officer (CCO)/ Head of Department (HoD). During the Financial Year 2020-21, out of 32 Demand for Grants:

1. In three Demand for Grants, there was excess allocation of ₹ 1,051.21 lakh in comparison to the final approved Budget of ₹ 41,416.19 lakh as detailed in **Table 2.7:**

**Table 2.7: Details of allocation over and above the approved Budget**

Grant No.	Grant details	Approved in e-Budget					Allocated through e-Vitran Budget amount	Excess allotment
		Original	Supplementary	Reappropriation	Surrender	Total		
04	General Administration	266.29	4.63	0.00	-29.02	241.90	246.50	-4.60
24	Printing and Stationary	30.93	0.00	0.00	-0.73	30.21	34.90	-4.69
30	Miscellaneous General Services	130.18	11.96	0.00	-0.09	142.05	143.27	-1.22
<b>Total</b>						<b>414.16</b>	<b>424.67</b>	<b>-10.51</b>

(₹ in crore)

2. In the remaining 29 Demand for Grants, approved Budget in the e-Budget module was ₹ 56,446.21 crore while amount allocated through e-Vitran was ₹ 28,143.32 crore, which indicates that there was less allocation of Budget amounting to ₹ 28,302.89 crore. Details of the 32 Demand for Grants are detailed in **Appendix 2.2**.

From the above instances, it can be seen that the e-Budget/e-Vitran module does not ensure parity with the Budget approved by the State Legislature. Funds were allocated over and above Budget passed by Legislature. Thus, IFMS did not have provisions to ensure control over allocation of Budget by the Finance Department to restrict the allocation within the Budget approved by the State Legislature. Moreover, transfer of Budget estimates from DDOs to HODs was not digital and manual transfer of Budget estimates from DDOs still exists.

The above points were referred to Department in April 2022; reply was awaited (January 2025).

#### **2.3.2.2 Allocation of additional Supplementary Budget and amount surrendered**

Finance Department (Budget) of Himachal Pradesh issued instructions (January 2021) for submission of Supplementary Appropriation, Re-Appropriation, excess, and surrender and stated that before submitting the proposal for Supplementary Appropriations, the concerned Head of Department should locate savings to meet the additional expenditure by way of re-appropriation, for which Department shall submit a proposal with justified reasons in the format prescribed (August 2020) by the Finance Department.

Audit scrutinised the reports of e-Kosh and it was revealed that in e-Budget module, there was no provision for monitoring the expenditure levels and subsequently, the e-Budget allows excess Supplementary Grants due to one way transfer of data from e-Budget to e-Vitran. As the Finance Department had no access to view the expenditure details of the Department, which has raised the Supplementary Grants; it could not ensure the actual requirement of the respective Department, resulting in excess allotment of Budget compared to the requirement which led to surrender of Budget at the fag end of the year.

Audit noticed that the expenditure in 28 out of 32 Demand for Grants during the Financial Year 2020-21 was much less than the Budget allocated and despite this, the Supplementary Grants were obtained as detailed in **Appendix 2.3**. It was also noticed that out of these 28 Demand for Grants, Budget provisions were surrendered in 25 Demand for Grants at the end of the Financial Year 2020-21, thus rendering the entire process of obtaining Supplementary Grants unnecessary.

The Treasury computerisation project was expected to make budgeting processes more efficient, improve cash flow management, and promote real-time reconciliation of accounts. However, this could not be achieved because data flow occurs from e-Budget to e-Vitran to OLTIS, but the reverse flow of information was not available to ensure proper monitoring of expenditure on real-time basis.

The above points were referred to the Department in April 2022; reply was awaited (January 2025).

In the exit conference (December 2023), the Secretary agreed to the findings and assured to take further corrective action.

### 2.3.2.3 Improper Budget Provision made for non-Tribal Area under Tribal Area Sub-Plan

Paragraph V (Budgetary Arrangement) of the Draft Annual Tribal Sub-Plan 2020-21 states that Single Consolidated Demand was introduced for Tribal Area Sub-Plan so that the Sub-Plan outlays stay non-divertible to outside the Sub-Plan.

During scrutiny of 'State Level Expenditure Summary Report' of e-Kosh module, Audit noticed that in e-Budget/ e-Vitran modules, there was no mapping/restriction of tribal area DDOs with Demand for Grant No. '31-Tribal Area Development Programme', which led to diversion of funds of Tribal Area Sub-Plan (TASP). IFMS has not adequately captured the functionality of DDOs and allowed flow of funds to incur expenditure under TASP Demand for Grant No. 31, to the DDOs other than those belonging to tribal areas.

As a result, during the Financial Years 2020-22 in the following cases, entire funds were diverted outside Tribal areas from TASP Demand for Grants:

**Table 2.8: Details of funds diverted outside tribal area**

(₹ in lakh)

SOE	Year wise funds allotted and diverted		Total funds
	2020-21	2021-22	
Office Expenses	0.00	0.5	0.5
Machinery and Equipment	310.04	497	807.04
Material and Supply	245.62	254.16	499.78
Major Works	693.00	329.00	1022
Grants-in-Aid (Salary)	3,098.75	3,368.42	6,467.17
Grants-in-Aid (Non-Salary)	429.54	285.98	715.52
Grants-in-Aid (Capital Assets)	92.00	19.00	111
<b>Total</b>	<b>4,868.95</b>	<b>4,754.06</b>	<b>9,623.01</b>

The above funds of ₹ 9,623.01 lakh were diverted to educational institutions<sup>10</sup> which were outside the tribal area.

*Deputy Secretary Finance Department (Budget) confirmed (September 2022) the facts and stated that tribal population lives in whole State and also benefited from these schemes; and Budget is provided in prescribed percentage in development scheme in General Plan and Tribal Area Plan. DTAL also admitted (April 2023) the facts and*

<sup>10</sup> Dr. Rajinder Prasad Medical College, Tanda, Kangra (₹ 305.00 lakh), Indira Gandhi Medical College, Shimla (₹ 158.00 lakh), Medical College Nahan (₹ 60.00 lakh) etc., under the SOE Head Machinery and Equipment. Himachal Pradesh Krishi Vidyalaya for Research and Education (₹ 2,079.00 lakh), Dr. Yashwant Singh Parmar University of Horticulture, Nauni, Sirmaur (₹ 1,999.20 lakh), and Himachal Pradesh University, Shimla (₹ 2,173.50 lakh), etc., under the SOE Head GIA (Salary).

intimated that difference between e-Budget and e-Vitran was due to surrender of Budget by HoD without involving DDOs. Reply of the Department is not acceptable as transfer of funds outside Tribal Area was not in accordance with the rules and the system could not ensure that expenditure is restricted to tribal areas DDOs and hence could not track Budget transfer outside TASP. Besides, the very objective of creating a single grant for the Tribal area also was stymied.

In the exit conference (December 2023), the Secretary agreed to the findings and assured to take further corrective action.

#### 2.3.2.4 Bills prepared without Budget and passed in the next Financial Year

Rule 14 of the HPFR 2009 states that the Controlling Officer is responsible in respect of funds placed at his disposal to ensure that the expenditure does not exceed the Budget allocation. Further Rule 20 of Government Accounting Rules 1990 states that the annual accounts of the Central, State and Union Territory Governments shall record transactions which take place during a Financial Year running from 1 April to 31 March.

Audit analysis of front-end screens and database showed that bills pertaining to Salary/Pension and their related benefits can be prepared without Budget provisions. However, bills of other categories also were prepared without Budget provision and passed in the next Financial Year as detailed in **Table 2.9**:

**Table 2.9: Details of bills prepared in current Financial Year and passed in next Financial Year**

SOE Code	SoE Code detail	Number of bills prepared (Financial Year wise)					Grand Total
		2017-18	2018-19	2019-20	2020-21	2021-22	
0	Nomenclature not assigned	380	150	163	79	134	906
3	Travel Expenses	3	0	0	0	0	3
5	Office Expenses	5	0	0	0	0	5
6	Medical Reimbursement	2	0	0	0	0	2
20	Other Charges	3	1	0	0	0	4
25	Refunds	232	12	14	3	18	279
41	Grant-in-Aid (Salary)	9	0	0	0	0	9
47	Advances	6	0	0	0	0	6
64	Transfer Expenses	1	0	0	0	0	1
99	Honorarium	2	0	0	0	0	2
<b>Grand Total</b>		<b>643</b>	<b>163</b>	<b>177</b>	<b>82</b>	<b>152</b>	<b>1,217</b>

As seen from **Table 2.9** that 1,217 bills of all categories amounting to ₹ 340.17 crore were prepared and allowed by the system without having Budget provisions during 2017-22 and were passed in the subsequent years.

IFMS should ensure availability of Budget against each DDO before preparation and passing of bill and the payment be ensured within the same Financial Year.

The above points were referred to the Department in March 2023; reply was awaited (January 2025).

In the exit conference (December 2023), the Secretary agreed to the findings and assured to take further corrective action.

### 2.3.2.5 Monitoring of Budget and Expenditure

Rule 39 of HPFR 2009 states that Head of the Department or Controlling Officer shall foresee the likelihood of savings or excesses every month and regularise them in accordance with the instructions laid down in Rule 41 of these Rules.

On analysis of reports available in e-Kosh and the option 'HoD wise summary' available under the tab 'State Level Summarised Queries [Allocation and Expenditure]' (screenshot 2.1) it was observed that nine HoDs utilised up to 50 per cent, nine other HoDs between 51 to 70 per cent and 44 others between 71 to 90 per cent of the total allocation up to 24/03/2022 for the year 2021-22, which showed that Budget was allocated in excess of requirement and rush of expenditure was done in the last week of the Financial Year (FY). The e-Budget module of IFMS did not have controls to monitor expenditure against allotted Budget due to non-availability of data in respect of expenditure incurred against each scheme on real-time basis. Therefore, IFMS could not monitor the expenditure, resulting in lapse/surrender of Budget or rush of expenditure at the end of the FY. Had there been provisions for the control of expenditure, unspent funds could have been used in other projects.

**Screenshot 2.1: Showing details of remaining Budget in the last week of Financial Year 2021-22**

**IFMS-Integrated Financial Management System**  
हिमकोष Treasuries, Accounts And Lotteries  
Department of Finance, Himachal Pradesh

**State Level Summarized Queries [Allocation and Expenditure]**

From Date\* 01/04/2021  
To Date\* 23/03/2022  
Select Report Data as per\* HOD Wise Summary  
Demand (optional) XX - Demand  
HOD (optional) XXX - HOD Code  
Majcd-SmjCd-MinCd (optional) XXX-Ma XX-SmjCd XXX-MinC  
Select Unit\* ☒ Rupees ☐ Thousand ☐ Lakh

[View Data](#) [Reset Selection](#) [Print](#)

**STATE LEVEL EXPENDITURE SUMMARY REPORT FROM [ 01/04/2021 TO 23/03/2022 ]**  
As Per Selected Query HOD Wise Summary [in Rupees]

HODCD	Budget Allocation (A)	Exp Up To 31/03/2021 (B)	Exp During 01/04/2021 TO 23/03/2022 (C)	Total Expenditure (D=B+C)	Balance (A-D)	% Exp of Budget
Grand Total	517619237701.00	0.00	322189174032.00	322189174032.00	195430063669.00	62.24
100-CHIEF SECRETARY, H.P.GOV.T.	1576091529.00	0.00	1309968342.00	1309968342.00	266123187.00	83.11
101-FINANCIAL COMMISSIONER-CUM-SECY, REVENUE	11200571950.00	0.00	8082346616.00	8082346616.00	3118225334.00	72.16
103-SECRETARY, FINANCE	157027414573.00	0.00	69102918135.00	69102918135.00	87924496438.00	44.01
104-SECRETARY, GENERAL ADMINISTRATION DEPT.	586413868.00	0.00	335310137.00	335310137.00	251103731.00	57.18
107-ADVISOR, PLANNING	4945028000.00	0.00	3183085729.00	3183085729.00	1761942271.00	64.37
108-SECRETARY, SCIENCE & TECHNOLOGY	10331000.00	0.00	169952.00	169952.00	10161048.00	1.65

Department admitted (April 2023) the facts and stated that IFMS cannot forecast or extrapolate pendency of DDO/HoD.

The fact remains that Budget and expenditure figures are available in the e-Kosh module (MIS) as well as in e-Vitran module for HoDs and provisions should have been incorporated in the system to provide an alert regarding huge savings/expenditures to HoDs/DDOs. The system should have enabled the FD to withdraw Budget from the



Department if considerable amount had not been expended till the fag end of the Financial Year, in order to avoid the lapse of Budget.

### 2.3.2.6 Control of expenditure against Budget provision

#### 2.3.2.6 (A) Excess over Budget in Revenue/Capital parts of Demand for Grants

Rule 37 of HPFR, 2009 states that Administrative Departments shall be responsible for the control of expenditure against the sanctioned grants and appropriations placed at their disposal. The control shall be exercised through Heads of the Departments and other Chief Controlling Officers if any, and DDO subordinate to them.



On analysis of e-Budget (HIMKOSH) data, it was noticed that out of 32 Demand for Grants, five Demand for Grants exceeded the Budget provisions (allocation). Excess expenditure varied from 0.78 *per cent* to 15.43 *per cent* of the total Budget available during the Financial Year 2020-21. Under the Demand for Grant Number '13-Irrigation, Water Supply and Sanitation' the highest excess expenditure of ₹ 353.65 crore (revenue expenditure) was observed. Demand for Grant-wise details of excess expenditure over the Budget provisions is given in **Table 2.10**:

**Table 2.10: Detail of excess expenditure over Budget in Revenue/Capital parts of Demand for Grants**

(₹ in crore)

Grant No.	Revenue/Capital	Original Budget	Supplementary Budget	Surrender	Total Budget	Expenditure	Variation (excess)	Variation in per cent
10	Revenue	1,208.50	225.53	0.00	1,434.03	1,496.13	62.10	4.33
13	Revenue	2,774.82	0.09	483.65	2,291.26	2,644.91	353.65	15.43
25	Capital	102.67	45.84	0.00	148.51	154.62	6.11	4.11
28	Revenue	655.66	78.46	0.00	734.11	754.51	20.40	2.78
29	Revenue	7,382.45	0.00	1,250.46	6,131.99	6,179.79	47.80	0.78
<b>Total</b>		<b>12,124.10</b>	<b>349.92</b>	<b>1,734.11</b>	<b>10,739.90</b>	<b>11,229.96</b>	<b>490.06</b>	<b>4.56</b>

Analysis of the above information revealed that software allowed the passing of bills in excess of Budget/or even without Budget allotment. Further, the data available in e-Kosh and AG VLC revealed that bills were passed over and above the Budget allocation or without allocation in respect of Object Head '01-Salary', '06-Medical Reimbursement' and '20-Other Charges'.

Thus, due to the absence of validation checks in the IFMS system to limit the expenditure within the allocated Budget at different levels, the DDOs were allowed by the system to draw excess amounts against the Budget provisions/ even against nil Budget provisions. The Heads of the Departments and other Chief Controlling Officers could not control excess expenditure against the sanctioned grants and appropriations placed at their disposal in IFMS.

*Department admitted (April 2023) the facts and stated that DDOs cannot send bills to the Treasury if Budget is less than the amount of the bill. The reply of the Department was not acceptable as the software passed bills in excess of Budget/ without Budget allotment.*

#### **2.3.2.6 (B) Excess expenditure over Budget provisions by DDO**

Paragraph 2.1 of the Guidelines for Scheme of MMP states that the Treasury computerisation project is expected to make budgeting processes more efficient, improve cash flow management, promote real-time reconciliation of accounts, strengthen Management Information Systems (MIS), improve accuracy and timeliness in accounts preparation, bring about transparency and efficiency in public delivery systems, better financial management along with the improved quality of governance in States.

Rule 14 of Himachal Pradesh Financial Rules, 2009 states that CCO shall ensure that the expenditure does not exceed the Budget allocation.

Audit observed that in IFMS, there is no provision to restrict excess expenditure over Budget allocation which may lead to passing of bills in excess of Budget.

Audit analysis of DDO-wise allotment and expenditure for the Financial Year 2020-21, made available to the audit under the 'For AG (Audit)' tab in e-Kosh, showed that IFMS allowed booking of expenditure in excess of the allotted Budget. The following were observed:

- There were 295 cases in which DDOs incurred excess SOE wise expenditure amounting to ₹ 1,904.22 lakh over the allocated Budget during 2020-21 under SOEs 01-Salary, 06-Medical Reimbursement, and 20-Other Charges showing failure of control in the system.
- Further in 115 cases, DDOs had incurred excess overall expenditure upto ₹ 89.32 lakh (86.78 *per cent*) over the Budget.
- OLTIS allowed to pass a salary bill without Budget provisions.

This was indicative of the fact that IFMS system did not have adequate checks to restrict expenditure to the allocated Budget or the system had been made flexible to pass the bills without considering the budgetary provisions.

*Department admitted (April 2023) the facts and stated that over-expenditure occurs due to surrender of allocated Budget by HoDs without obtaining the information from DDOs. Moreover, salary SOE was considered as committed liability, hence over-expenditure was allowed in salary. The IFMS system should be equipped to flag such instances where bills are raised and Budget is not available under the respective head for better control and management.*

In the exit conference (December 2023), the Secretary agreed to the findings and assured to take further corrective action.



### 2.3.2.7 Expenditure without Budget provision

Rule 42 of HPFR 2009 states that no expenditure shall be incurred during a Financial Year on a new service or new scheme not contemplated in the annual Budget for that Financial Year except after obtaining a Supplementary Grant or approval of the Finance Department or the Planning Department, as the case may be. Further, Finance Department issued instruction (August 2021) that no re-appropriation is to be allowed for New Schemes, New Services, and new Units not contemplated in the Annual Budget until Budget Provision is made in the Supplementary Grants.

During scrutiny of reports of IFMS, audit noticed that e-Budget/e-Vitran modules of IFMS had not incorporated the above provisions which led to expenditure on a new service not contemplated or expenditure without Budget. Analysis of data for Financial Year 2020-21 in e-Budget, e-Vitran and VLC data of AG (A&E) Himachal Pradesh revealed that:

- System allowed Departments to incur expenditure in seven cases on the new services/schemes, which were not approved by the Legislative Assembly as detailed in **Table 2.11**:

**Table 2.11: Details of expenditure incurred on new services**

Sl. No.	Grant code	Major Head	Sub-Major Head	Minor Head	Sub-Head	Budget Head	Plan type <sup>11</sup>	Sub-Head description	Expenditure (₹ in lakh)
1	8	2202	04	200	03	S10N	PS	Padhna Likhna Abhiyan	17.39
2	13	2701	11	799	01	S00N	PS	Stock	3.35
3	11	2401	00	800	14	S00N	NS	Crop div.- JICA	33.63
4	14	2405	00	101	10	C53N	PH	PM Matysa	50.45
5						S13N	PS	Sampada	12.61
6	30	4220	60	101	02	S00N	NS	Const. Press Club	5.00
7	31	2202	04	796	03	S10N	PS	Padhna Likhna Abhiyan	2.69
<b>Total</b>									<b>125.12</b>

From the **Table 2.11** it is evident that an expenditure of ₹ 125.12 lakh was incurred on new schemes/programmes after allocating the Budget provisions through re-appropriation orders.

Further it was also noticed that an expenditure of ₹ 45,282 lakh was also incurred under the Head 'Special WMA-RBI' (6003-00-110-02-S00N) without any provision in Budget.

- In Demand for Grant Nos. 10, 11, 13, 21, 28, 31 and 32, an amount of ₹ 197.93 lakh had been incurred during Financial Year 2020-21 without a Budget provision.

<sup>11</sup> Plan type: PS- Plan scheme, NS- Non-plan scheme, PH- share of central scheme.

- In Demand for Grant No. 13, Budget of ₹ 3,63,000/- was initially allocated under the Head 2701-11-799-01 (Sub-Head description- STOCK) and the entire amount was surrendered during the Financial Year 2020-21. It was observed that an expenditure of ₹ 3,35,000/- was still incurred in the same year.

Thus, due to absence of checks in IFMS, Departments were able to incur expenditure on new services without specific Budget provisions.

The above points were referred to the Department in June 2022; reply was awaited (January 2025).

In the exit conference (December 2023), the Secretary agreed to the findings and assured to take further corrective action.

#### **2.3.2.8 Difference in Budget allocation in e-Budget and e-Vitran**

Article 204(3) of the Constitution of India stipulates that ‘subject to the provisions of articles 205 and 206, no money shall be withdrawn from the Consolidated Fund of the State except under appropriation made by law passed in accordance with the provisions of this article. Further, Paragraph 5 under Chapter-I of Himachal Pradesh Treasury Rules, 2017 states that every Department is allotted a particular grant under which all the schemes are classified for transactions. Demand for Grants voted by the assembly bear the number allotted by the Finance Department. This two-digit number acts as a Demand for Grants code in the accounting system. Demand for Grants are controlled by the Administrative Department/HoDs. The HoDs further allocate the allotted Budget to the DDOs for expenditure in that Financial Year through e-Vitran only.

Figures appearing in e-Budget module and e-Vitran module should be the same as the money can be drawn from the Consolidated Fund of the State only through appropriation bills and any Budget allowed beyond this by the FD is irregular.

During the field verification, it was noticed that Budget proposals are entered into e-Budget module by Finance Department which are then approved by the State Legislature. After approval, the Budget figures are transferred from e-Budget module to all HoDs in e-Vitran module. Then HoDs allocate the Budget to different DDOs through e-Vitran. Further, the Budget allocation by HoDs to DDOs is publicly visible in different reports of e-Kosh<sup>12</sup> module.

Audit observed that due to lack of checks and absence of integration between e-Budget and e-Vitran modules of IFMS, there was difference in total amount of funds approved from e-Budget and total funds allocated through e-Vitran.

Audit analysed data of 2020-21 of e-Budget, e-Vitran and e-Kosh modules of the IFMS and noticed that there was a difference in Budget provisions in respect of seven Demands for Grants out of 32 Demand for Grants between Budget figures from e-Budget and Budget allotment figures of e-Vitran as per the e-Kosh report. The

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<sup>12</sup> All kinds of MIS reports are available on e-Kosh in the public domain.

differences ranged from 0.69 per cent to 7.71 per cent increase in the e-Kosh/e-Vitran Budget figures in comparison to the final Budget approved by the Legislature through Appropriation Acts and Surrender/Re-appropriations issued by the Finance Department with the approval of Hon'ble Governor of Himachal Pradesh for the Financial Year 2020-21. Details of variations in Budget are given in **Table 2.12**:

**Table 2.12: Details of variation in Budget**

(₹ in crore)

Demand for Grant	Budget figures from e-Budget				Budget allotment figures of e-Vitran as per e-Kosh report	Difference in e-Budget and e-Vitran figures	Per cent difference (8)
	Original Budget	Supplementary Budget	Budget Surrender	Total Budget at end of FY			
1	2	3	4	5=(2+3-4)	6	7=(5)-(6)	8
09	2,562.54	108.40	-111.43	2,559.51	2,643.50	-83.99	-3.28
10	4,961.35	243.58	-27.78	5,177.15	5,371.44	-194.29	-3.75
13	3,726.30	3.04	-483.65	3,245.69	3,312.40	-66.71	-2.06
25	418.67	304.60	0.00	723.27	730.44	-7.17	-0.99
28	830.16	93.99	0.00	924.15	995.39	-71.24	-7.71
31	1,939.84	6.19	-132.22	1,813.81	1,826.28	-12.47	-0.69
32	2,843.93	56.81	-36.64	2,864.10	2,919.80	-55.70	-1.94
<b>Total</b>	<b>17,282.79</b>	<b>816.61</b>	<b>-791.72</b>	<b>17,307.68</b>	<b>17,799.25</b>	<b>-491.57</b>	<b>-2.84</b>

From **Table 2.12**, it could be seen that total Budget of above mentioned seven grants as per e-Budget module was ₹ 17,307.68 crore. However, in e-Vitran module the allocated Budget was ₹ 17,799.25 crore. Thus, it appears that an amount of ₹ 491.57 crore (17,799.25- 17,307.68) (2.84 per cent) was allocated using e-Vitran module over and above the approved Budget by the State Legislature.

It is evident from the above facts that there was no provision in IFMS to monitor Budget allocations as per the Appropriation Acts, as different data figures in two modules for same HoA raise issues of data reliability. Therefore, better financial management through IFMS aimed at providing support for Budget management, including preparation, communication and revision of Budgets for the State Government could not be achieved.

*Department stated (June 2022) that figures shown as total Budget (column 5 in Table 2.12) are not of e-Budget and there is no difference in e-Budget and e-Kosh, Moreover, sanctioned appropriation and figures appeared in e-Budget are two different things and figures shown in the e-Budget of IFMS include grant plus excess grants, over and above the sanctioned Budget if allowed by the FD.*

The reply of the Department in respect of the figures shown in column 5 is not acceptable as the total Budget available during the Financial Year includes, figures of the Original (General Budget) and Supplementary Budgets, which were available in e-Budget; and surrender orders issued by FD with the approval of the Hon'ble Governor of Himachal Pradesh.

In the exit conference (December 2023), the Secretary agreed to the findings and assured to take further corrective action.

**2.3.2.9 Data issues in e-Budget and e-Vitran****2.3.2.9 (A) Incorrect data in log table maintained in Budget module**

Analysis of the audit trail table in the e-Budget module showed following discrepancies:

1. In 944 entries out of 7093 entries, logout date was recorded wrongly as '01.01.1900'.
2. In 6149 cases, logout date was recorded as 'null' in column 'logO' of the table.
3. In 50 entries, IP address was recorded as ':::1' in 'IPAddress' column of the table.

**Screenshot 2.2: Showing issues in audit trail table in e-Budget module**

SNo	UserCd	IPAddress	LogI	LogO	Attempts	LogInFlag	UnLockTime	LockStatus	UnLockedBy
917	10307	:::1	20-03-2013	01-01-1900	1	S	01-01-1900	U	
926	10307	:::1	25-03-2013	01-01-1900	1	S	01-01-1900	U	
963	10307	:::1	23-10-2021	NULL	1	S	NULL	U	
972	10307	:::1	28-10-2021	NULL	1	S	NULL	U	
973	10307	:::1	28-10-2021	NULL	1	S	NULL	U	
978	10307	:::1	28-10-2021	NULL	1	S	NULL	U	
967	10307	:::1	27-10-2021	NULL	1	S	NULL	U	
968	10307	:::1	28-10-2021	NULL	1	S	NULL	U	
975	10307	:::1	28-10-2021	NULL	1	S	NULL	U	

This shows that IFMS did not record accurate data in log tables. Value in columns 'SNo', 'UserCd', 'IPAddress', 'LogI', 'LogO', 'Attempts', 'LogInFlag', 'UnLockTime' and 'UnLockedBy' was captured in the log table but it was observed during data analysis by Audit that information related to the unauthorised transaction, e.g., addition, updation and deletion of entries by authorised/unauthorised users was not being recorded. In absence of accurate log files, Audit could not ascertain whether there was any unauthorised change/modification/access of data.

The above points were referred to the Department in November 2022; reply was awaited (January 2025).

**2.3.3 e-Salary and e-Bills modules of IFMS****2.3.3.1 Issues in input and application controls in e-Salary/e-Bills**

Audit analysis of the front-end screens of e-Salary module revealed that the necessary input controls as discussed in succeeding paragraphs were not in place, due to which there were chances of incorrect entries in the database.

**2.3.3.1 (A) Sanction of bills**

Rule 87 (e) of HPTR, 2017 provides that the bills requiring sanctions/ special authorisations of the competent authority shall be accompanied by duly certified copies of the same. Bills requiring previous countersignatures shall be returned unpaid if presented without such countersignatures. Further, Paragraph (A) 7 of Annexure-VI of

HPTR, 2017 states that signature should be made under printed and other hand written certificates of the bills and digital signature shall also be allowed.

- The sanction letters for GPF were prepared in e-Bills module by the dealing assistant. However, the same were not approved in e-Bills by sanctioning authority. Only the hard copy of the sanction was being approved by sanctioning authority. There was no provision to sanction GPF digitally on e-Bills module.
- While creating the GPF bill, the field "Sanctioned by" had not been made a mandatory field.
- No validation checks for "Bill Treasury"/ "Bill DDO" field was available during creation of GPF sanction. Invalid Treasury / DDO code e.g. "ABC00" entered by the users was also accepted by the e-Bills system.
- For sanctions pertaining to other bills, even sanction letters were not generated in e-Bills module and the same are being prepared manually as discussed in **Paragraph 2.2.3.4 (A)**.

Thus, due to non-availability of sanctions and absence of digitally signed sanction in case of GPF sanctions, authentication of expenditure incurred and its non-repudiation cannot be ensured in IFMS.

The above points were referred to the Department in March 2022; reply was awaited (January 2025).

In the exit conference (December 2023), the Secretary agreed to the findings and assured to take further corrective action.

#### **2.3.3.1 (B) Non-compliance with GPF Rules**

- GPF Rules prescribe specific options under which withdrawal can be made from GPF. However, in the e-Bills module for GPF, there is an option of 'Others' under 'type of withdrawal'. The 'Others' option in the module is not defined/restricted to the options specified in the GPF Rules. This resulted in violation of rules as discussed in **Paragraph 2.3.3.1 (C)**.
- The provision of stopping the deduction of GPF subscription three months prior to superannuation was not incorporated in e-Bills. As a result, in 15,698 numbers of GPF subscriptions involving 8,994 employees (Financial Year 2017-18 to 2021-22), cases of GPF deductions within three months of retirement were observed.

Thus, due to non-codification of GPF Rules in e-Bills module in case of GPF withdrawal, retention and stopping of deduction of GPF required human intervention and restrained the system from full automation.

In the exit conference (December 2023), the Secretary agreed to the findings and assured to take further corrective action.

### 2.3.3.1 (C) GPF withdrawals incorrectly recorded as Final Payments (FP)

Rule 34 (3)(iii) of General Provident Fund (Central Services) Rules, 1960 states that the Accounts Officer shall, after verification with the ledger account, issues an authority for the amount payable to the subscriber at least a month before the date of superannuation but payable on the date of superannuation.

The sanctions for GPF final payment are issued by Accountant General (A&E) and the same are mandatory for preparation of GPF FP bills by Department. After analysing the table 'BillPaidVoucher' in IFMS, it was found that there were 426 cases of GPF withdrawal in the column 'SANCTION\_CATEGORY' mentioned as 'FP (Final Payment)'. Audit observed that out of 426 cases, in 314 cases the rules captured in the column 'PurposeRule' of the 'DDOGPFSanction' table were related to the Non-Refundable Advance (NRA), whereas these amounts were incorrectly booked as FP in the IFMS database. Audit analysed the data provided by the DTAL with AG (A&E) Offices data relating to GPF FP cases and noticed that in 426 cases, 'FP' (GPF Final Payment- made after superannuation) was recorded in the IFMS database by the Department without taking into consideration whether the authority of FP was issued by the A&E Office or not. However, these payments were not shown in database of AG (A&E) as FP and hence not authorised by the A&E Office. As the system did not necessitate authority issued by AG (A&E) Office for FP at the time of superannuation as per the rules *ibid*, the authenticity of IFMS data could not be ensured.

Audit selected a sample of 60 cases for physical verification of facts during field audit in four selected Treasuries<sup>13</sup>, all cases were checked and it was noticed that:

- In 41 cases, GPF withdrawal was booked as Final Payment of GPF instead of GPF withdrawal while in service.
- In 14 cases, final payment of GPF was done with the authority of AG (A&E) authority.
- In five cases data could not be found.

DTAL did not develop interface with the AG (A&E) Office in IFMS to receive online FP authorities in GPF FP cases and FP bills were wrongly drawn from IFMS without having the same issued by AG (A&E) Office.

*DTO Shimla stated (February 2023) that these are advances from GPF and not Final withdrawal. Further, the system allows final payment without recording authority sanction number issued by AG (A&E). Replies from the DTO Bilaspur, Shimla Capital, Chamba, Hamirpur, Kinnaur, Kangra, Kullu, Lahaul & Spiti, Mandi, Solan, Sirmaur and Una are still awaited (January 2025).* The fact remains that the system is allowing FP without asking for FP authority.

In the exit conference (December 2023), the Secretary agreed to the findings and assured to take further corrective action.

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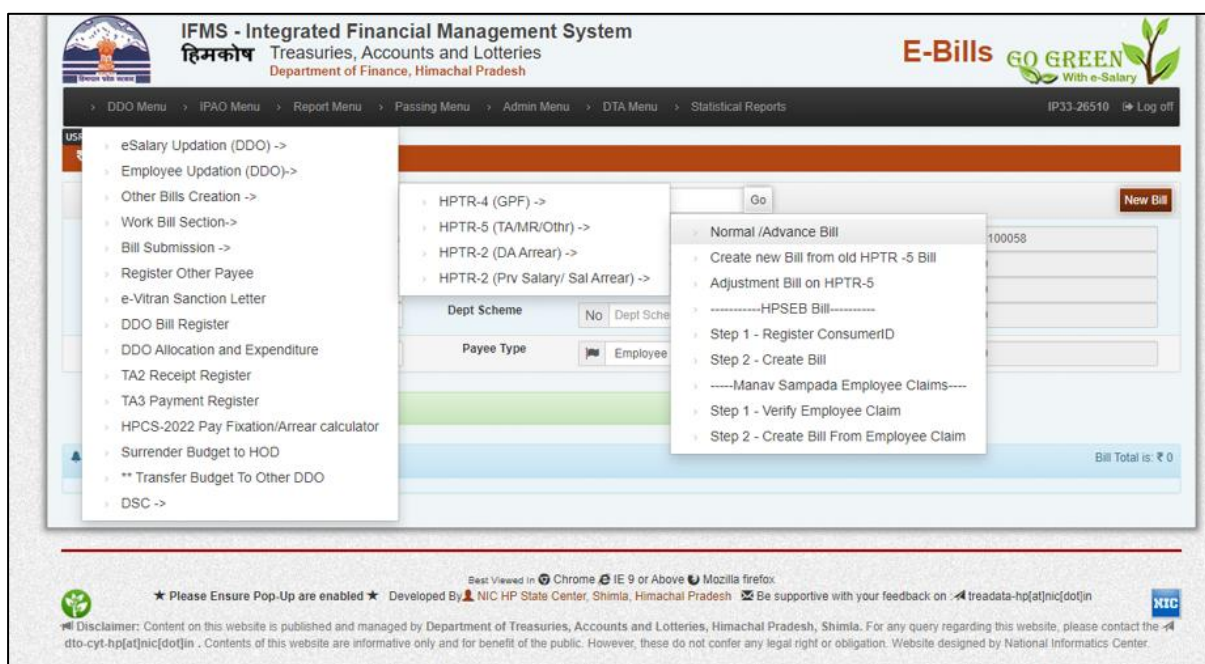
<sup>13</sup> Bilaspur, Kullu, Shimla and Shimla (Capital).



### 2.3.3.1 (D) General issues

1. IFMS did not bifurcate normal advance bill and AC bill, both the bills can be created through the system using the form HPTR-5 and, therefore, submission of DC bills before the closure of the Financial Year and adjustment of advances within 15 days cannot be ensured.
2. In the menu of e-Bill module, “DDO Menu”→“Other Bills creation” sub-menu →“HPTR-5 (TA/MR/Other)” option → “Normal/ Advance bill” sub-option, the following was noticed:

**Screenshot 2.3: Showing menu options available for DDOs in e-Bills module**



- a) Salary (SOE-01) bills can be created in e-Bills module without the LPC in respect of transferred employee.
  - b) Social Security Pension bills can be created in respect of Government employee (Payee-employee).
  - c) Backdated bills can be created, and sanction number/date is not required in respect of Pension (SOE-38), Social Security pension (SOE-16) and Salary (SOE-01).
  - d) Salary (SOE-01) bills of employees of one scheme can be created in respect of employees from other Schemes/Head.
  - e) Bills can be created by using SOE – 00 (Non-budgeted).
3. Under the menu of e-Bills, DDO Menu→“register other payee” sub-menu, mobile number/ Aadhar number/ Permanent Account Number (PAN) / Tax Identification Number (TIN) were not mandatory. These details are requisite for processing of salary, other payments, accessing of user accounts etc.

4. In case of surrendering the budget the option of selecting Plan/ Non-plan was available although Plan/ Non-plan nomenclature has been discontinued by the Government.
5. In e-Bills module, there was no provision for Imprest<sup>14</sup> adjustment.

Thus, absence of validation checks in e-Bills regarding creation of salary bills without LPC, creation of pension bills for existing employee in e-Bills, non-mandatory provision of mobile number, Aadhar, PAN, TIN, availability of discontinued nomenclature, *etc.* led to instances of unauthorised payments as discussed in **Paragraph 2.3.4.5 (A)**.

During exit conference (December 2023), the Secretary agreed to the findings and assured to take further corrective action.

#### **2.3.3.1 (E) e-Salary related issues**

e-Salary module of IFMS is used for preparation of salary Bills and covers all employees. All salary related monthly changes are updated by respective DDOs and are submitted to the Integrated Pay and Accounts Office (IPAO) Offices *i.e.* in Treasuries for verification. After verification, IPAO Treasuries generates Electronic Clearance Service (ECS) file for Banks to credit the salary directly into the employee's account.

- While entering the details of employees in the e-Salary, there was no provision to capture family details in the system.
- PAN field in employee's details was not kept as mandatory field which may lead to control failures in generation of quarterly income tax returns.
- There was no provision in e-Bills for creation of bills in respect of advance salary payment which is required for the employees posted in tribal areas. Such bills were manually created and processed.

##### **Passing of bills:**

- The bills generated in e-Bills were not digitally signed before sending to OLTIS (Treasury) and this was done manually.
- In the "DDO bill register", list of objected bills and "Bill passed by" field/column was filled. Whether the objections were addressed could not be ascertained, and the same bills were still showing in objected list.
- In the "DDO bill register" in list of all bills, there were bills that have been created, but were neither passed nor objected to (No objection written, no passing date or passed by).

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<sup>14</sup> Rule-225 of HPFR, 2009 states that Permanent advance or Imprest for meeting day to day contingent and emergent expenditure may be granted to a Government servant by the Head of the Department in consultation with Finance Department, keeping the amount of advance to the minimum required for smooth functioning.



Thus, the incomplete details of employees in the master tables, historical data, absence of digital signed bills and vouchers, *etc.* required dependence of the system on human intervention and consequently most of the activities like recording of family details, preparation of advance salary bills in respect of employees in Tribal Areas, signing of bills *etc.* were done manually.

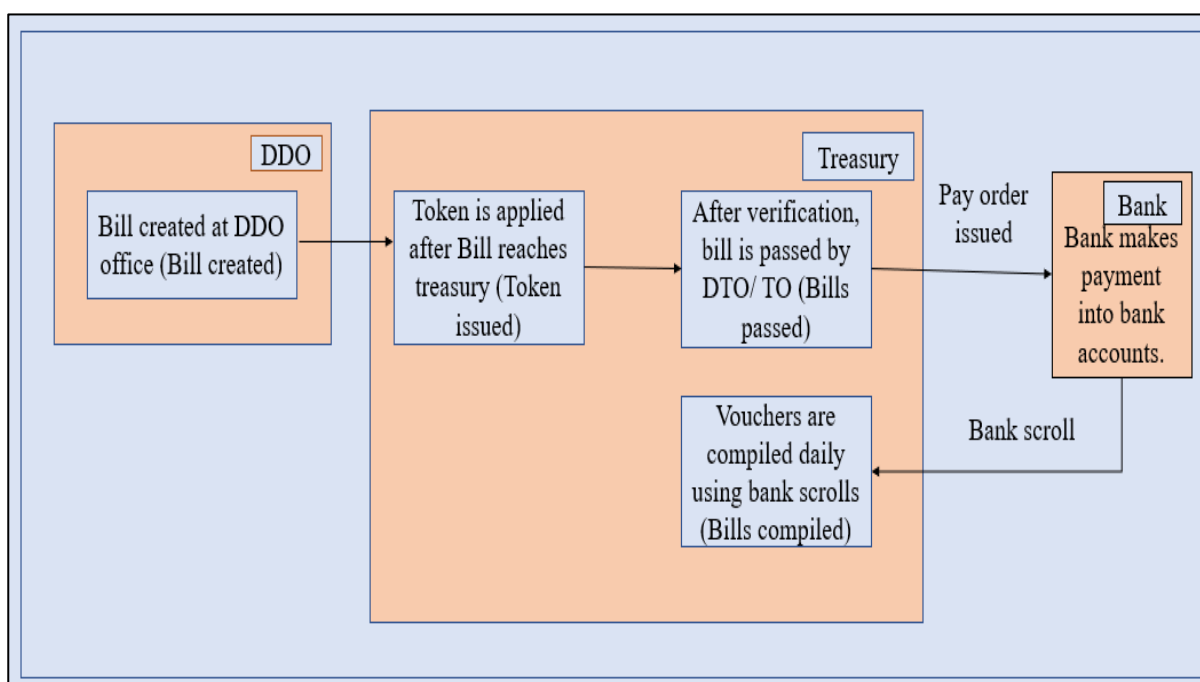
The above points were referred to the Department in June 2022; reply was awaited (January 2025).

In the exit conference (December 2023), the Secretary agreed to the findings and assured to take further corrective action.

### 2.3.3.2 Difference between bills passed and bills compiled

Paragraph 292 of the HPTR, 2017 states that the daily account shall be rendered by the banks at the day end or latest by the morning of next working day. Banks shall ensure to adhere to this especially at the end of the month. The daily account may also be rendered by the banks or RBI in electronic format. Rule 292 (b) further states that when the cash book and the subsidiary registers are posted, the voucher shall be numbered and arranged according to the register in which they are entered. However, in OLTIS, the posting/compilation shall be on the basis of token number of the vouchers contained in payment scroll of the bank.

**Chart 2.9: Details of process of bill creation and processing**



Audit analysis of front-end screens and database showed that in Treasury, two steps were to be performed for authorisation of bill payment through OLTIS i.e. (i) Bill Passing and (ii) issuance of pay order. Audit observed that 432 bills were passed, however, pay orders were not issued by the respective DTO/TO and hence, these bills remained uncompiled in the system as detailed in **Table 2.13**:

**Table 2.13: Details of uncompiled vouchers in the system**

Financial Year	Number of Bills generated	Number of Tokens issued	Number of Bills passed	Number of Bills compiled	Difference (Number of passed bills but not compiled)
2017-18	9,63,371	9,63,347	9,16,747	9,16,590	157
2018-19	9,38,147	9,38,133	8,97,516	8,97,420	96
2019-20	9,46,549	9,46,545	9,06,767	9,06,656	111
2020-21	8,54,857	8,54,856	8,19,824	8,19,787	37
2021-22	9,18,483	9,18,481	8,77,806	8,77,775	31
<b>Grand Total</b>	<b>46,21,407</b>	<b>46,21,362</b>	<b>44,18,660</b>	<b>44,18,228</b>	<b>432</b>

Audit further noticed that when DTO/TO passed bills the Budget shown against the DDO in OLTIS got reduced but pay orders in respect of these bills were not forwarded to the concerned bank for payment. This resulted in difference in number of bills passed and bills compiled and gave an inaccurate position of expenditure incurred and the same was not pointed out by the IFMS.

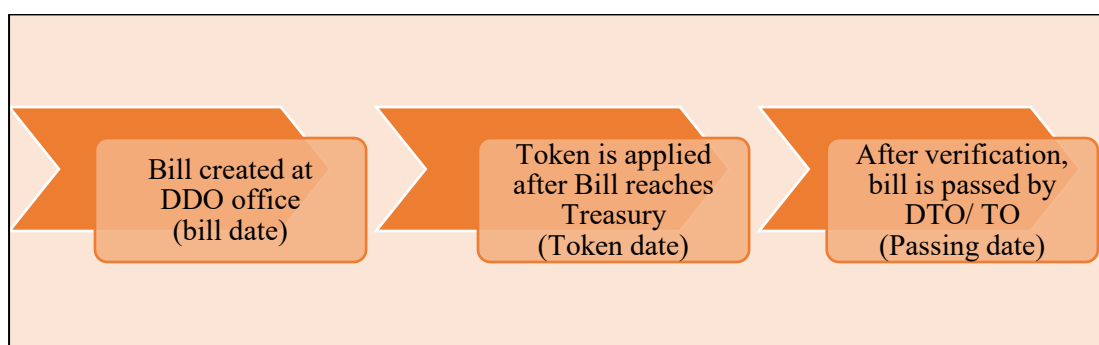
The above points were referred to the Department in March 2023; reply was awaited (January 2025).

In the exit conference (December 2023), the Secretary agreed to the findings and assured to take further corrective action.

### 2.3.3.3 Issues in IFMS data related to e-Bills/ e-Salary

#### 2.3.3.3 (A) Inconsistent dates in bill processing

Rule 37.5 (a) of the HPFR, 2009 states that the DDO shall maintain a bill register in the prescribed form, and note all bills presented for payment to the Treasury Officer in the register. Further, Rule 108 of HPTR, 2017 states that token clerk in Treasury shall generate a token number from OLTIS and sign the Bill Transit Register (BTR). Rule 25 of HPTR, 2017 states that payments of all kinds to various DDOs listed in the District Treasury shall be authorised by DTO and the TO.

**Chart 2.10: Relation between different dates involved in bill processing**

During walkthrough of IFMS, audit noticed that in e-Bills module, bill clerk in the DDO Office initiated the bill creation after getting the approval from the DDO and the printed

ink signed copy of the bill was submitted to the respective Treasury. After the receipt of the printed copies of the bill and online bill, token clerk at Treasury generated token number and checked bills manually and forwarded it online to Treasury Officer along with physical copy. Then the bill was passed by the Treasury Officer and passing date was recorded in the database.

Thus, as per the chronology of events, the bill date should precede the token date and token date should be before the passing date. But analysis of 'BillPaidVouchers' table of IFMS database for 2017-22 revealed that:

- In **83 cases**<sup>15</sup>, token dates were before the bill date, token dates were recorded one to **171** days in advance to bill date.
- In **356 cases**<sup>16</sup>, passing date was recorded before token date in advance ranging from one to **331** days.
- In **70 cases**<sup>17</sup>, passing date was recorded before the bill date and the dates were one to **171** days in advance, and
- In **one case** (Bilaspur Treasury), passing date was recorded as 01.01.1900 which was accepted in IFMS database(s).

Thus, the integrity of the transaction could not be ensured and there was a lack of validation checks to reject invalid and inaccurate date entries which rendered the IFMS unreliable.

Audit verified 58 samples selected for physical verification of facts during field audit in four selected Treasuries<sup>18</sup> and it was noticed that out of 58 bills, 56 bills<sup>19</sup> were processed through offline mode and two bills were online bills. The dates of these bills were entered by data entry operators subsequently and thus these discrepancies may be due to data entry errors. In one case pertaining to online bill, Bill Pass date was before Token date. However, there were no validation checks in IFMS and hence it allowed non-chronological date entries.

*DTOs Chamba (November 2022), Shimla (December 2022), and Shimla Capital (February 2023) stated that when an online bill is generated, Bill Date is automatically recorded by the system, but in case of Manual Bills, bill date is manually entered. DTO Una (July 2023) stated that the annexure could not be verified, and error may be due to technical error. Replies from DTO Bilaspur, Hamirpur, Kinnaur, Kangra, Kullu, Mandi, Solan and Sirmaur were still awaited (January 2025). The reply may be seen in the light of the fact that the integrity of transaction was not ensured, there was a lack*

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<sup>15</sup> Bilaspur-eight, Chamba-six, Capital Shimla-one, Kullu-two, Kangra-eight, Mandi-four, Shimla-40, Sirmaur-two, Solan-nine, Una-three.

<sup>16</sup> Bilaspur-35, Chamba-57, Hamirpur-two, Kullu-two, Kangra-20, Kinnaur-one, Lahaul & Spiti-one, Mandi-12, Shimla-153, Sirmaur-19, Solan-17, Una-37.

<sup>17</sup> Bilaspur-seven, Chamba-four, Capital Shimla-one, Hamirpur-one, Kullu-two, Kangra-five, Mandi-one, Shimla-38, Sirmaur-two, Solan-seven, Una-two.

<sup>18</sup> Bilaspur, Kullu, Shimla and Shimla (Capital).

<sup>19</sup> Refund bills-10, LOC bills- 36, other bills-10.

of validation checks in IFMS and dates were not entered in chronological order of the processing of bills. Absence of validation checks increases scope for data entry errors and compromises the integrity and reliability of the IT system.

In the exit conference (December 2023), the Secretary agreed to the findings and assured to take further corrective action.

### 2.3.3.3 (B) Abnormal delay in the processing of bills at the Treasury

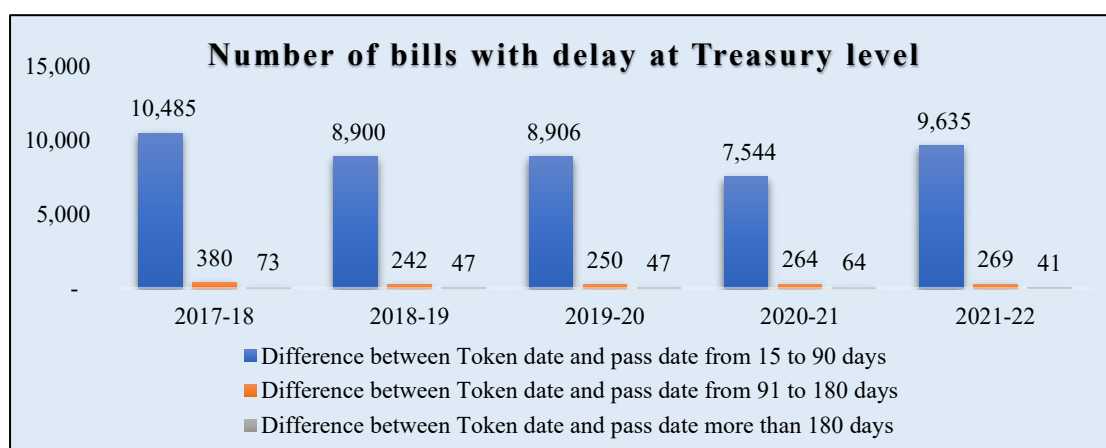
Joint Director, DTAL directed (June 2000) all the DTOs/TOs to pass the pay bills within three days and other kinds of bills within seven days from the date of allotment of token number in Treasury. In addition to this, the bills pertaining to electricity, water, telephone, LOC and refund ordered by the Court should be passed either on the same day or on the next day on a priority basis.

Audit analysis of front-end screens and database showed that a bill number was generated when DDO created the bills in the IFMS database. Similarly, when tokens are generated and bills are passed in treasury, the token date and passing date were recorded in the 'BillPaidVouchers' table of the IFMS database at various phases of bill processing.

Data analysis revealed an unusual delay in the processing of bills in the Treasury, as detailed below:

There was a delay of 15 to 90 days in 45,470 bills, 91 to 180 days in 1,405 bills, and more than 180 days in 272 bills between the Treasury's token date and pass date pertaining to 2017-22. One of the primary goals of IFMS was defeated when bills were processed with abnormal delay at the Treasury.

Chart 2.11: Details of number of bills with delay at Treasury



Audit verified 38 sample selected cases for physical verification of facts during field audit in four selected Treasuries and the delay in processing of more than 15 days from 'TOKEN DATE' and 'PASS DATE' was confirmed by verifying the voucher and DDO bill register/ token register available in the IFMS. There was no mapping of above-mentioned instructions regarding processing of bills.

Further, there is no provision in IFMS to record trail/logs of movement of bills between DDOs and Treasuries due to which it is difficult to ascertain actual reason for delay in

passing of bills. DTO Shimla (November 2022), Shimla Capital (February 2023) and DTO Sirmaur (February 2023) stated that whenever the bills are physically submitted, token number and dates to such bills are awarded. If any of such bill is incomplete and get objected for want of several codal formalities and supporting documents, bills are returned to the DDOs for further necessary action. Therefore, the delay in re-submission of such objected bills is specifically from DDOs. *Replies from DTOs Bilaspur, Hamirpur, Kinnaur, Kangra, Kullu, Lahaul & Spiti, Solan, Mandi and Una were awaited (January 2025). DTOs replies were not acceptable since DTO/TO were required to pass pay bills within three days and other types of bills within seven days from the date of token number issuance by Treasury Officers.*

In the exit conference (December 2023), the Secretary agreed to the findings and assured to take further corrective action.

### 2.3.3.3 (C) Passing of bills by unauthorised Officers/Officials

Rule 31(1) of the HPTR, 2017 states that Treasury Officer (TO)/Superintendent shall be ordinarily in-charge of the Sub-Treasury and whenever he is away, whether on tour or otherwise, Superintendent/Senior Assistant of the same Sub-Treasury/Superintendent of District Treasury or any Senior Assistant or District Treasurer in this order, as the case may be, shall hold the charge of a Sub-Treasury. Further, Rule 32 of the above Rules state that payments of all kinds to various DDOs listed in the Sub-Treasury shall be authorised by the TO. In the absence of the TO, Superintendent or Senior Assistant may be in charge.

Audit examined the 'EmpMonthlyTransaction', 'DesignationMaster', and 'EmployeeMaster' tables of the e-Salary database, as well as the 'BillPaidVoucher', 'EmployeeRole', and 'OTIS\_RoleMaster' tables of the IFMS database and discovered that 59,564 bills were passed between April 2017 and March 2022 by officials who were not authorised to pass the bills.

According to the database analysis, the following number of bills were passed by unauthorised officials:

**Table 2.14: Details of bills passed by unauthorised officials**

Nos of bills passed by unauthorised officials						
Year ↓ Treasury	2017-18	2018-19	2019-20	2020-21	2021-22	Total
Chamba	0	257	998	415	0	1,670
Hamirpur	0	0	0	55	1,156	1,211
Kullu	1,101	1,187	1,441	1,415	913	6,057
Kangra	731	1,052	3,410	1,987	1,553	8,733
Lahaul & Spiti	0	1,845	1,289	221	0	3,355
Mandi	1,794	2,833	4,019	6,440	6,679	21,765
Shimla	565	369	1,421	3,112	949	6,416
Sirmaur	0	0	757	857	832	2,446
Solan	1,016	648	1,991	1,934	2,322	7,911
<b>Total</b>	<b>5,207</b>	<b>8,191</b>	<b>15,326</b>	<b>16,436</b>	<b>14,404</b>	<b>59,564</b>

According to the statistics presented above, nine District-level Treasuries delegated the task of passing bills to unauthorised officials like clerk, computer operator, Junior

Office Assistant, etc. in violation of Treasury procedures. In addition, there were no validation checks in the IFMS system to prevent unauthorised grant of roles for the passing of bills.

Audit verified 126<sup>20</sup> sample selected for physical verification of facts during field audit in four selected Treasuries and the examination of bills revealed that:

- 125 bills pertain to salary and offline bills. The details of officials passing these bills are not visible from front-end in Treasuries.
- One bill pertains to material and supply, which was confirmed to be passed by an unauthorised official.

Further, it was also noticed that in two cases, the passing role was available to an unauthorised official.

*DTO Shimla (October 2022) confirmed the facts and figures and accepted that the Employee IDs (forwarded to Treasury) were not competent to pass the bills at the Treasury. DTO Sirmaur also confirmed the facts and stated (March 2023) that due to shortage of staff these bills were passed by these Employee IDs. Reply from DTOs Chamba, Hamirpur, Kangra, Kullu, Lahaul & Spiti, Solan and Mandi were awaited (January 2025).*

In the exit conference (December 2023), the Secretary agreed to the findings and assured to take further corrective action.

#### **2.3.3.3 (D) Authorisation/passing of bills by DDOs after expiry of validity date**

IFMS provides provision for assigning of DDO roles with date of validity.

Audit analysis of front-end screen and database revealed that the validity date of DDO was entered in the 'DDOPowerValid\_upto' column of the 'DDOValidityMaster' table of IFMS database to ensure the validity of the DDOs. The data in the 'DDOValidityMaster' table was compared with the data in 'BillPaidVouchers' table, and it was noticed that 10,938 bills were passed between April 2017 and March 2022 by 90 DDOs after the expiry of DDO validity date, ranging from one bill to 4,335 bills.

Analysis of the database showed that bills were passed by DDOs after DDO Power Validity date as detailed in **Table 2.15**.

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<sup>20</sup> 126 bills (Salary bills-104, LOC bills-1, Material & Supply bills-1, other bills-20) passed by four employees; roles of passing confirmed for two users, but roles of other two could not be confirmed as they were not available in concerned Treasury.

**Table 2.15: Details bills passed by DDOs after the expiry of validity date**

Sl. No.	Financial Year	No. of Bills passed in respect of DDOs after DDO Validity date is over	No. of DDOs were involved*	Amount (₹ in crore)
1	2017-18	859	26	7.80
2	2018-19	1,920	34	64.09
3	2019-20	2,441	43	1,364.53
4	2020-21	2,575	61	894.55
5	2021-22	3,143	65	136.52
<b>Total</b>		<b>10,938</b>		<b>2,467.49</b>

\* The total number of unique DDOs involved are 90.

According to the statistics above, there was a rise in the number of bills and the number of DDOs involved in the bill passing after the DDO validity date had expired. There were no checks in the IFMS applications to prevent DDOs from passing/authorising bills after the DDO's validity date had expired. Furthermore, due to the absence of the User/Software Requirement Specification and System Design Document, audit could not ascertain whether such checks were prescribed.

Audit verified 135 bills selected for physical verification of facts during field audit in four selected Treasuries<sup>21</sup> and in 129 cases it was confirmed that bills were passed after the expiry of DDO validity date and in remaining six cases DDO power validity was updated.

*DTOs Shimla (February 2023) and Sirmaur (September 2023) stated that DDO power is valid for continuous period. When DDO changes, the particulars of new DDO are taken and sign is scanned in the system. DTO Kullu stated (February 2023) that the bills cannot be passed after the DDO power valid date was over and it may be due to technical issue. Replies from the DTO Bilaspur, Chamba, Hamirpur, Kinnaur, Kangra, Lahaul & Spiti, Mandi, Solan and Una were awaited (January 2025). The replies of the DTOs were not acceptable as IFMS should not allow the payment once the validation date is over and hence bills passed after expiry of validation date of DDOs were irregular.*

In the exit conference (December 2023), the Secretary agreed to the findings and assured to take further corrective action.

#### **2.3.3.3 (E) Offline processing of bills**

Rule 87(a)(i) of HPTR, 2017 states that DDOs shall use online access in e-Bills to raise the bill online. The process of preparing bills offline shall be limited to only those items which are not available on e-Bills and Rule 87(a)(ii) states that DDOs shall use their login credential to access the bill creation facility in the module.

Data analysis of 'BillPaidvouchers' table of IFMS database revealed that during 2017 to 2022, the year-wise percentage of offline passed bills ranged from 3.06 to 4.12 *per cent*. However, this percentage ranged from 50.50 to 53.98 *per cent* (of the

<sup>21</sup> Selected Treasuries: DTO Shimla, CTO Shimla, DTO Kullu, DTO Bilaspur.



total amount approved) in DTO Shimla, which indicated approximately half of the funds were drawn by the DTO Shimla through offline bill processing.

Analysis of the database showed that offline bills were passed by the Treasuries as detailed given in **Table 2.16**.

**Table 2.16: Details of offline processed bills**

(₹ in crore)

Financial Year	Total Bills Passed during the Financial Year		Offline Bills Passed during the Financial Year		Percentage of offline bills	
	Total Bills	Gross Amount	Total offline Bills	Total Gross Amount	No. of bills	Gross Amount
2017-18	9,16,590	34,283	37,755	5,524	4.12	16.11
2018-19	8,97,420	37,992	36,606	5,708	4.08	15.02
2019-20	9,06,656	41,661	34,978	6,851	3.86	16.44
2020-21	8,19,787	42,898	27,158	6,621	3.31	15.43
2021-22	8,77,775	46,021	26,855	6,873	3.06	14.93
<b>Grand Total</b>	<b>44,18,228</b>	<b>2,02,855.12</b>	<b>1,63,352</b>	<b>31,577</b>	<b>3.70</b>	<b>15.57</b>

Audit further noticed that 1,63,352 bills related to the six<sup>22</sup> Detail Heads involving 13<sup>23</sup> Major Heads were passed offline between April 2017 and March 2022.

There were no provisions in IFMS for online processing of vouchers for eight<sup>24</sup> Major Heads. Offline processing of bills at the Treasury was in violation of the guidelines *ibid*. OLTIS for online bill processing was an integral component of IFMS and was deployed in December 2015, giving adequate time to address and implement the same.

Audit verified 257 samples selected for physical verification of facts during field audit in four selected Treasuries and the facts confirmed that all bills were processed offline. Audit attempted to generate these bills through OLTIS, but no bill could be generated inferencing that the bills were not created online.

*DTOs Sirmaur (October 2022), Chamba (November 2022), Hamirpur (December 2022), Shimla (January 2023), Shimla Capital (February 2023) and Una (August 2023) stated that there was no provision in the application software for online processing of bills pertaining to Major Head 8443, 8658, 8782, 8793 and SOE 20, 25, 38. Replies from DTO Bilaspur, Hamirpur, Kinnaur, Kangra, Kullu, Lahaul & Spiti, Mandi and Solan were awaited (January 2025).*

<sup>22</sup> Detail Heads: 'Other Charges', 'Interest', 'Refund', 'Pension', 'Advance', and 'Loan'.

<sup>23</sup> Major Heads: '2014-Administration of Justice', '2030- Stamps and Registration', '2039-State Excise', '2040-State Excise', '2049-Interest Payments', '2070-Other Administrative Services', '2071-Pensions and Other Retirement benefits', '2075-Miscellaneous General Services', '2202-General Education', '6003-Internal Debt of the State Government', '8009-State Provident Funds', '8443-Civil Deposits' and '8793-Inter State Suspense Account'.

<sup>24</sup> Major Heads: '6003-Internal Debt of the State Government', '8009-State Provident Funds', '8443-Civil Deposits', '8448-Deposits of Local Funds', '8449- Other Deposits', '8658-Suspense Accounts', '8782-Cash Remittances and adjustments between Officers rendering accounts to the same Accounts Officer', and '8793-Inter State Suspense Account'.



In the exit conference (December 2023), the Secretary agreed to the findings and assured to take further corrective action.



### 2.3.3.3 (F) Processing of bills at the Treasury by single user

Maker-checker is one of the central principles of authorisation in the information systems of financial organisations. The principle of maker and checker means that for each transaction, at least two individuals must be necessary for its completion.

Rule 29 (2) of the HPTR, 2017 states that the DTO/TO shall distribute work of the District Treasury or Treasury amongst all Senior Assistants, and Clerks by making formal orders. Temporary distribution shall also be formalised by written orders. Further, Rule 33 (i) states that Treasury Officer authorises salary, pension and other payment files in Sub-Treasuries as per verification by the Superintendent/ Assistant/Clerk.

Data analysis revealed that in 106 Treasuries and Sub-Treasuries, the same Treasury employee completed token number allotment, compilation, checking, and passing of bills in 9,58,957 bills. Audit examined the data of the 'BillPaidVouchers' table of the IFMS database relevant to the processing and passing of bills. Analysis of the database showed that all functions of bill processing were done by single employee as detailed in **Table 2.17**.

**Table 2.17: Details of bills processed by single Treasury employee**

 Treasury \ Year 	2017-18	2018-19	2019-20	2020-21	2021-22	Total (per cent)
Bilaspur	2,305	2,688	4,682	4,961	4,480	19,116 (1.99)
Chamba	6,422	6,328	7,084	5,825	5,975	31,634 (3.30)
Hamirpur	12,662	16,000	14,626	14,149	13,560	70,997 (7.40)
Kangra	33,777	38,305	36,197	33,646	29,173	1,71,098 (17.84)
Kinnaur	7,207	7,451	7,437	7,354	6,223	35,672 (3.72)
Kullu	8,855	10,615	12,368	10,181	10,532	52,551 (5.48)
Lahaul & Spiti	3,133	3,166	3,593	3,680	3,478	17,050 (1.78)
Mandi	23,854	31,001	36,332	37,009	35,433	1,63,629 (17.06)
Shimla	31,881	35,173	32,705	27,939	25,837	1,53,535 (16.01)
Shimla Capital	3,130	5,514	1,820	1,134	24	11,622 (1.21)
Sirmaur	20,419	19,161	15,011	13,713	15,036	83,340 (8.69)
Solan	13,051	14,100	12,743	11,965	11,814	63,673 (6.64)
Una	15,964	15,440	17,539	16,906	19,191	85,040 (8.87)
<b>Total</b>	<b>1,82,660</b>	<b>2,04,942</b>	<b>2,02,137</b>	<b>1,88,462</b>	<b>1,80,756</b>	<b>9,58,957</b>

A total of 446 users/employees processed and passed 9,58,957 bills individually as employee codes (IP code) for all bills at individual Treasury Office/ Sub-Treasury Office were the same. Processing of bills by a single employee at the Treasury was in contravention of the rules *ibid*. The modules were launched in 2007 (e-Salary module) and HPOLTIS launched in December 2015 and there was adequate time to address and include the mandatory usage of a maker and checker in the IFMS system.

Audit selected a sample of 275 cases for physical verification of facts during field audit in four selected Treasuries and it was noticed that:

- Details of 270 bills were not available in ‘DDO bill register’ and ‘Token register’ of IFMS in front end, hence details of official processing of these bills were not available in the reports and hence could not be verified.
  - Out of the above 270 cases, 247 bills pertained to salary and IFMS allowed all functions of processing i.e., token number, passing of these bills by any single user other than Treasury Officer in contravention of the Rules *ibid*.
  - Remaining 23 bills were passed offline and entered in e-Bills subsequently before compilation of monthly accounts. This resulted in processing and passing of bills in the database by single user ID. Subsequently these bills were added to the IFMS generated bills list while consolidating monthly accounts.
- In five bills<sup>25</sup> out of 275 bills, one bill was processed and passed by single user and in remaining four cases, details of user passing the bill were available in DDO bill register’, but details of user processing the bill were not available in ‘Token register’ due to change in format of ‘Token register’ during the period of audit.

*DTOs Shimla (October 2022), Hamirpur (December 2022), Shimla Capital (February 2023) and Chamba and Sirmaur (April 2023), stated that these bills are related to salary. All salary bills are prepared by the DDOs through online process on e-Salary module by using their respective unique login credentials and verified by DTO/TO. Preparation, processing and generation of all such bills are done on e-Salary application separately and only compilation is done on HPOLTIS (e-Bills) by the accounts section. Since, only compilation is done on HPOLTIS (e-Bills) by the concerned dealing Assistant, only one User id in HPOLTIS is reported.*

Replies from DTO Bilaspur, Kinnaur, Kangra, Lahaul & Spiti, Mandi, Solan and Una were awaited. Replies of the DTOs were not acceptable as DTO/TO and Superintendent and in some cases Senior Assistants were authorised to pass bills. Passing of bills by unauthorised officials not only violate the provisions of HPTR 2017 but also create a possibility of unauthorised withdrawal of funds. Performing all functions by a single employee poses a risk of embezzlement too as illustrated in **Paragraph 2.3.4.5 (A)**.

In the exit conference (December 2023), the Secretary agreed to the findings and assured to take further corrective action.

### **2.3.3.3 (G) Inconsistency between Dates of Birth (DoB) and Dates of Retirement (DoR) in ‘Employee\_Master’ table**

Paragraph 1 (a) of Notification (July 1998) states that every Government servant shall retire from service on afternoon of the last day of the month in which he attains the age of 58 years. Paragraph (e) further states that ‘a Government servant in class-IV service shall retire from service on the afternoon of the last day of the month in which he attains

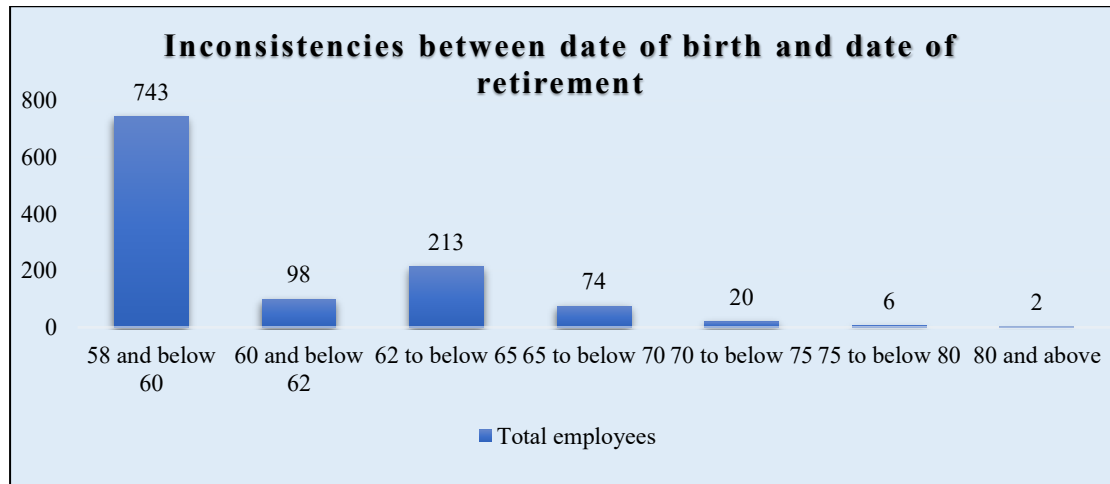
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<sup>25</sup> Office expenses-two, Medical Reimbursement-one, Honorarium-one, Motor Vehicle bill-one.

the age of 60 years. Rule 14 of Himachal Pradesh Judicial Rules 2014, provides that the age of superannuation of a member of the service shall be 60 and Section 4 of the Constitution (Fifteenth Amendment) Act, 1963, amended the retirement age of a High Court Judge from the earlier 60 years to 62 years.

Audit analysis of the 'Employee\_Master' table of e-Salary database revealed that in 1,156 cases retirement age was not as per service rules and their retirement ages ranged from 58 to above 80 as detailed in **Chart 2.12**.

**Chart 2.12: Inconsistencies between date of birth and date of retirement**



This demonstrated that IFMS did not have validation controls over the maximum service period of employees, and there was no system in IFMS to check the period between DoB and DoR, which should not be more than 58 years in all cases for State employees except All India Services employees, Judges, and Group-D employees (60 years), High Court Judges (62 years), and Principal and Vice Principal (65 years) of Medical College Institutes of the State. IFMS should have rules mapped to the service rules so that retirement age is automatically populated and there is no need for data entry. As the field DoR was found to be editable, it may result in wrong DoR and failure of validation control in IFMS application software.

Audit selected a sample of 100 cases for physical verification of facts during field audit in four selected Treasuries, out of which 99 cases were verified and revealed that:

- In 40 cases, employees had retired before verification of cases by audit and the same could not be verified as information of retired employees was not accessible in the Treasury;
- In 55 cases, the observation was found correct on the basis of details of employees obtained with the help of DTO/TOs;
- In three cases, data was updated by the Treasury at the behest of Audit; and
- In one case, observation could not be verified as employee details were not found under the DDO.

Remaining one case could not be verified due to non-production of record by DTO/TOs.

*The DTO Kullu (December 2022) stated that as the service record of the employee is maintained at DDO level, any changes and correction on DoB/DoR is done only at DDO request. DTO Shimla (February 2023) stated that in modified software, DoR is captured from DoB at 58. In earlier version it was to be decided by DDO as in manual case. DTO Hamirpur (March 2023) stated that in two cases under SDO Civil Nadaun, overpayment was made from one to four months which was subsequently recovered. Replies from the DTO Bilaspur, Capital Shimla, Chamba, Kinnaur, Kangra, Lahaul & Spiti, Mandi, Solan, Sirmaur and Una were awaited (January 2025). The reply of the DTO was not acceptable as verification of basic details of employee should be done at DDO/ Treasury level on IFMS.*

In the exit conference (December 2023), the Secretary agreed to the findings and assured to take further corrective action.

#### **2.3.3.3 (H) Acceptance of joining date and continuation of service beyond permissible limits**

Paragraph 5.2 of the Handbook on Personnel Matters Vol-I (Edition 2021) states that minimum age limits for entry into specific services/posts have been prescribed in the Recruitment and Promotion Rules keeping in view the essential qualifications and nature of duties and responsibilities. Moreover, it also states that the minimum standard age limit for recruitment to a majority of the services/posts is 18 years, in Himachal Pradesh Administrative Service and Himachal Pradesh Police service the minimum age limit has been fixed as 21 years and for Himachal Pradesh Judicial Service the minimum age limit is 25 years respectively.

Analysis of the employee master table of e-Salary database revealed that:

- In 24 cases, employees were recruited prior to attaining the age of 18 years. There was no validation check in the 'Employee\_Master' table for validating the minimum age needed for joining Government service.
- There was no check on the superannuation date (DoR) and analysis revealed that in 310 cases, employees had served for more than 40 years (Maximum admissible service), ranging between 41 to 58 years. This depicted the presence of inaccurate data in IFMS.

Audit selected a sample of 77 cases for physical verification of facts during field audit in four selected Treasuries and it was noticed that in:

- Ten cases - there was underage appointment,
- Fifteen cases - retirement age was above 58 years,
- Seven cases - Treasuries had updated the data of employees at the behest of audit,
- Two cases - employees were re-employed,

- Two cases - employee code was not found under DDO and
- Online records of the remaining 41 cases of retired employees were inaccessible in Treasuries.

*DTO Chamba stated (November 2022) that the Department itself issues the appointment to the candidates and the Treasury Office only enters the details of employees in the database. DTO Shimla stated (February 2023) that these cases may be of old software and in new software it is not recorded below 18 years. DTO Shimla Capital stated (February 2023) that DoB has been wrongly recorded due to clerical mistake at the time of employee code generation. Replies from the DTO Bilaspur, Hamirpur, Kullu, Mandi, Solan, Sirmaur and Una were awaited (January 2025). The replies of the DTOs were not acceptable as the DDOs should verify DoB and DoR from original records.*

#### **2.3.3.4 Issues related to leave encashment**

##### **2.3.3.4 (A) Double payment of the same amount in respect of Leave Encashment**

As per Rule 6 of CCS Leave Rules, 1972 (Revised) encashment of leave shall be subject to the condition that the number of days of both earned leave and half pay leave for which encashment has already been allowed under this Rule and the number of days of earned leave and half pay leave to be encashed on superannuation does not exceed 300 days.



Audit noticed that DDOs prepared leave encashment bills for retirees and transmitted them to the Treasury Office along with the manual sanction order and the Treasury Office passed the bill by transferring the amount of leave encashment to the claimant's bank account. However, there was no provision in the IFMS system to record specific reasons for multiple payments, where done and the genuineness of the leave encashment bills could not be ensured in audit.

It was also noticed that leave encashment payments for the same amount were processed and passed through the IFMS database twice in 14 cases (**Appendix 2.4**), resulting in unauthorised payment of ₹ 67.33 lakh to the claimants from September 2016 to October 2021.

Data analysis of 'BillPaidVouhcers' table and 'DDObillDetail' table of IFMS database revealed that these bills were passed twice by the respective Treasury with different bill numbers, as there was no provision in IFMS to check for double payment of the same amount to the same person.

Audit selected a sample of six bills pertaining to three cases for physical verification of facts during field audit in four selected Treasuries as detailed below:

**Screenshot 2.4: Showing details of three claimants (six bills)  
selected for field verification**

TREA_CODE	DDO_CODE	BILLNO	BILLDATE	ClaimantName	PPONumber	BankAcNumber	NetAmount
CTO00	57	CTO000572017100139	16-08-2017	**** DASS	****58468	****10080	698280
CTO00	57	CTO000572017100277	09-01-2018	**** DASS	****58468	****10080	698280
SML00	660	SML006602019100084	26-07-2019	****R PAL	****79696	****83899	424800
SML00	660	SML006602019100095	03-08-2019	****R PAL	****79696	****83899	424800
SML00	660	SML006602020100171	09-12-2020	****N LAL	****06148	****58961	489050
SML00	660	SML006602020100205	01-02-2021	****N LAL	****06148	****58961	489050

In three cases, total recovery of ₹ 16,12,130/- was made by the Department at the behest of audit. Remaining 11 cases were also verified with vouchers downloaded from e-Kosh and hence double payment of same amount of Leave encashment in all the 14 cases was confirmed as correct.

*DTOs Shimla and Shimla Capital (October 2022) and Kangra (November 2023) stated that leave encashment was paid based on online bills presented by DDO along with Office order. No check on double drawal of leave encashment is available in the e-bill software and replies from DTO Hamirpur, Kinnaur, Lahaul and Spiti were still awaited (January 2025). Reply of the DTO was not acceptable as bills for leave encashment payments were prepared by respective DDOs and processed and passed in Treasuries, indicating the lapse of IFMS to restrict subsequent unauthorised payments. Further, manual system of verification of bills also could not object/check unauthorised payments. The Department should investigate the reasons for double payment and take suitable corrective measures to avoid such instances.*

In the exit conference (December 2023), the Secretary agreed and stated that action will be taken.

#### **2.3.3.4 (B) Multiple Payment of leave encashment**

Rule 39(2) (b) of the CCS (Leave) Rules, 1972 states that the leave encashment shall be payable in one lump sum as one-time settlement.

Data analysis of 'BillPaidVouhcers' table and 'DDObillDetail' table of IFMS database revealed that bills of leave encashment for various DDOs were passed, and payments were later credited into the claimants' accounts more than once. Treasuries passed multiple leave encashment bills without verifying previous payments because Treasuries had neither manual procedures nor provisions in IFMS in place to check multiple payments in respect of leave encashment to the same claimant.

In the absence of provision for recording the reason for additional payments, the software recorded all payments as leave encashment and was unable to distinguish between additional payments of leave encashment due to the release of Dearness Allowance (DA), revision of pay scale, etc. Hence authenticity of multiple payments of leave encashment amounting to ₹ 595.68 lakh<sup>26</sup> to claimants in the same bank account number with the same PPO number could not be ensured.

<sup>26</sup> Bilaspur-₹ 29.52 lakh, Chamba-₹ 21.08 lakh, Capital Shimla-₹ 39.57 lakh, Hamirpur-₹ 12.60 lakh, Kullu-₹ 21.74 lakh, Kangra-₹ 165.32 lakh, Kinnaur-₹ 5.51 lakh, Lahaul & Spiti-₹ 3.86 lakh, Mandi-₹ 37.96 lakh, Shimla-₹ 108.90 lakh, Sirmaur-₹ 6.48 lakh, Solan-₹ 52.75 lakh, Una-₹ 90.39 lakh.



Audit verified 40 samples selected for physical verification of facts during field audit in four selected Treasuries and it was noticed that in four<sup>27</sup> cases leave encashment of one pensioner was credited into the account of another pensioner. After noticing the fact, the amount was directly transferred through RTGS to the actual claimant by the first recipient instead of following the defined procedure of recovering the wrong credit from the pensioner and making the payment to the actual claimant through a fresh bill. Thus, there may have been a risk of issuance of 'No Payment Certificate' to the original claimant and making the pensioner eligible for the payment which the pensioner had already received. In remaining 36 cases, payments pertained to additional payments of leave encashment due to the release of Dearness Allowance (DA), revision of pay scale, etc.

In the exit conference (December 2023), the Secretary agreed to the findings and assured to take further corrective action.

#### 2.3.3.4 (C) Payment of leave encashment from two different DDOs/ Treasuries to same retiree

In manual system, leave encashment bills pertaining to a particular claimant are prepared by the DDO from which the claimant had retired, and the corresponding Treasury passes the same bill.

During data analysis it was noticed that in four cases, payment of leave encashment was authorised by two different Treasury Offices against the same PPO numbers, and bills were also prepared by two different DDOs as detailed below:

**Table 2.18: Details of repeated payment of leave encashment**

Treasury code	DDO Code	BILL No.	Claimant Name	PPO Number	Bank Account No.	Gross Amount (in ₹)
BLP00	518	BLP005182018100041	****AKASH	****75984	****22781	3,05,970
SOL01	425	SOL014252018100637	****AKASH	****75984	****22781	3,40,560
CTO00	20	CTO000202018100951	****I LAL	****77880	****00694	7,20,274
MDI01	205	MDI012052018100099	****I LAL	****77880	****00694	6,66,000
UNA00	519	UNA005192021100146	****SINGH	****02502	****80268	5,23,710
UNA02	241	UNA022412020100003	****SINGH	****02502	****80268	15,79,226
KNG00	510	KNG005102020100681	****SINGH	****05045	****48260	3,73,930
KNG06	206	KNG062062020100096	****SINGH	****05045	****48260	6,30,730
<b>Total</b>						<b>51,40,400</b>

Audit physically verified the details of two cases in selected Treasuries (BLP00 and CTO00) and it was confirmed that the payments to the same pensioners were also drawn from other Treasuries (SOL01 AND MDI01) by generating online vouchers of respective Treasuries.

Due to a design flaw and the absence of validation checks in the IFMS, multiple leave encashments were authorised in claimant's bank accounts by different Treasuries/DDOs, and the system could not prevent payments from two different

<sup>27</sup> DTO Bilaspur- ₹ 10.18 lakh (two cases), DTO Kullu- ₹ 5.33 lakh (one case), DTO Shimla- ₹ 5.16 lakh (one case).

Treasuries or bill preparation by two different DDOs. Department as well as IFMS are required to scrutinise similar cases, if any, to ensure the authenticity of payments.

*DTOs Chamba (November 2022), Kangra (November 2023), Shimla & Shimla Capital (October 2022) stated that Leave encashment is paid on the basis of online bills presented by DDO along with Office order. No check on double drawal is available in the e-bill software and replies from DTO Hamirpur, Kullu, Mandi, Solan and Una were awaited (January 2025).*

In the exit conference (December 2023), the Secretary said that appropriate vigilance action will be initiated. Department officials clarified that police case has been registered and recovery has been effected.

#### **2.3.3.4 (D) Non-validation checks on admissible payment of leave encashment**

Rule 39(2)(a) of Central Civil Services (Leave) Rules, 1972 states that where a Government servant retires on attaining the age prescribed for retirement under the terms and conditions governing his service, the authority competent to grant leave shall, *suo moto*, issue an order granting cash equivalent of leave salary for both earned leave and half pay leave, if any, at the credit of the Government servant on the date of his retirement subject to a maximum of 300 days.

Audit analysed 'EmployeeMaster' and 'EmpMonthlyAllowance' tables of e-Salary database and 'BillsPaidVoucher' and 'Bank\_BatchTokenPayee' tables of IFMS database and noticed that in 2,274 cases, leave encashment payments were given to claimants in excess of the amounts specified in the relevant regulations. Furthermore, IFMS could not distinguish between first payment of leave encashment and additional leave encashment payments because there was no provision in the IFMS to capture the details of additional payments due to change of basic pay, grade pay, and release of DA after superannuation. The system did not update the same in the master tables at the time of release of additional payments.

Audit selected a sample of 161 cases for physical verification of facts during field audit in four selected Treasuries, out of which 148 cases were verified, and it was noticed that:

- In 36 cases, there was mismatch of basic pay/ grade pay/ dearness allowance (DA) in last salary (e-Salary) details and leave encashment bills. Out of these,
  - in one case at STO Rampur, gratuity was calculated at basic pay ₹ 11,040/- and Grade Pay ₹ 2,000/- (DA@148 per cent-₹ 19,299/-) but leave encashment was calculated at a different basic pay viz. ₹ 12,940/- (DA@148 per cent - ₹ 22,111/-).
  - in another case at STO Rampur, gratuity was calculated at basic pay ₹ 7,670/- and Grade Pay ₹ 1,650/- (DA@137 per cent -₹ 12,768/-) but leave encashment was calculated at ₹ 9,060/- (DA@137 per cent -₹ 14,673/-).
  - Further, in one case at CTO Shimla, grade pay of ₹ 3,200/- was added twice in calculation of leave encashment;



- 95 cases - calculation was on revised DA; and
- 17 cases were found correct.

Remaining 13 cases could not be verified due to non-production of records by DTOs/TOs.

Non-linkage of requisite details for leave encashment with e-Salary database and improper integration of different modules of IFMS led to incorrect payments.

*The DTO Shimla stated (February 2023) that these are re-employed cases and promotion cases processed after retirement of the employees, as last pay and allowances in e-Salary were shown less whereas pay was increased subsequently after retirement. Further, the system had no validation checks to ensure that leave encashment is not more than admissible amount. The DTO Sirmaur (September 2023) stated that payment of leave encashment is made based on calculation forwarded by DDOs and IFMS has no validation checks to ensure that leave encashment is not more than admissible amount. The replies of the DTOs were not acceptable as Treasury Office should verify the sanction order passed by the DDOs and in some cases over payment of leave encashment was authorised by the DDOs after changing basic and grade pay in sanction orders. The system could not restrict such payments that were drawn on the parameters of Basic Pay etc. different from the IFMS Master table data. Replies from the DTO Bilaspur, Capital Shimla, Chamba, Hamirpur, Kinnaur, Kangra, Kullu, Lahaul & Spiti, Mandi, Solan and Una were awaited (January 2025).*

In the exit conference (December 2023), the Secretary agreed to the findings and assured to take further corrective action.

#### **2.3.3.5 Other Miscellaneous e-Salary/ e-Bills issues**

##### **2.3.3.5 (A) Continuation of salary after application of ‘stopcode’**

Rule 30 of Himachal Pradesh Treasury Rules, 2017 defines the duties of Treasury staff and states that examination of all the changes intimated in the change report submitted by the DDO for the monthly salary of employees and thereafter present all change reports along with his comments to the DTO before the verification of salary bill. Further, Rule 33 (i) states that TO shall authorise salary, pension and other payment files in Sub-Treasuries as per verification by the Superintendent/Assistant/Clerk.

Audit noticed that ‘EmployeeMaster’, ‘EmpMonthlyTransaction’, and ‘StopReasonMaster’ tables of the e-Salary module were created for storing employee data, monthly salary, and the reason for salary stoppage respectively. It was noticed that for 18 employees, salary was stopped due to resignation/ retirement/ termination by applying ‘stopcode’ (column) in ‘EmployeeMaster’ table but subsequently salary was drawn without any change in the status of ‘stopcode’ (column) updated. This indicated that the software was unable to stop the salary even with the ‘stopcode’. Hence, the objective of recording the ‘stopcode’ column in the e-Salary module was defeated.

Audit selected a sample of 28 bills for physical verification of facts during field audit in four selected Treasuries, of which 25 bills were validated, and it was found that the bills belonged to three employees (10 bills, eight bills, seven bills) and were drawn despite the 'stopcode'.

- It was observed in STO Theog (seven bills), where an employee resigned from the job and again joined in the same Department on a higher post<sup>28</sup>, the salary was drawn with the same employee code without updating the status in the 'stopcode' column of the employee master database.
- In DTO Shimla (eight bills) and STO Sunni (10 bills), one employee in each was transferred from one DDO to another and 'stopcode' was applied by the previous DDOs but salary was drawn by the following DDO without changing 'stopcode', indicating ineffectiveness of the 'stopcode' in the IFMS.

Remaining three bills could not be verified due to non-production of records by DTOs/TOs.

*DTO Chamba (November 2022), Shimla (December 2022) and Una (January 2024) stated that these employees are still working in the Government Departments but at the time of transfer or change in DDO, their salary was stopped with reason retired/terminated/resigned instead of transfer. DTO Kangra (January 2023) stated that the employee was transferred to different DDO and his salary was stopped by erroneously stating reason as resignation. The fact remained that despite application of 'stopcode' being used, the system still allowed payments to be made. The replies from the DTO Bilaspur, Shimla Capital, Hamirpur and Mandi were awaited (January 2025).*

In the exit conference (December 2023), the Secretary agreed to the findings and assured to take further corrective action.

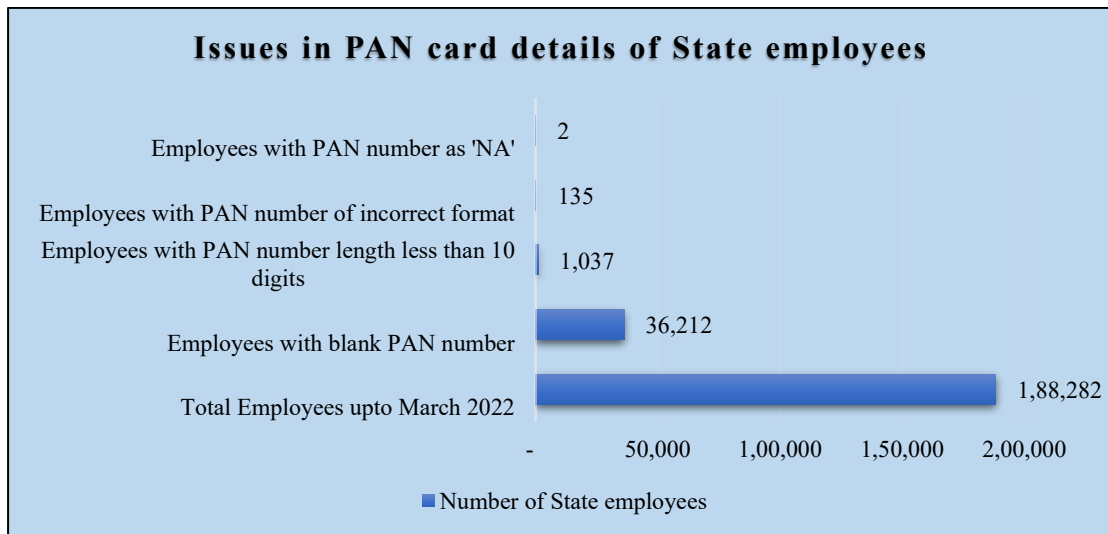
#### **2.3.3.5 (B) Non-recording of PAN/recording of incorrect PAN**

Section 139A of the Income-tax Act, 1961 requires allotment and use of the new series of PAN. PAN is required to be quoted in TDS certificates and returns. One person should have only one PAN. Further, Section 192 of the Income Tax Act, 1961 stipulates that employer is bound to deduct TDS from the salary payable to the employee.

Audit analysed 'Employee Master' table of e-Salary database and noticed that 1,88,282 employees were recorded in the IFMS database, of which PAN was not available for 36,212 employees. Furthermore, given that PAN is a ten-character long alpha numeric pattern, validation procedures should have been incorporated into the system to ensure the same pattern. The following errors were noticed during the data analysis:

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<sup>28</sup> Resigned as Clerk and joined as Trained Graduate Teacher.

**Chart 2.13: Issues in PAN card details of State employees**

Due to the absence of PAN numbers, the audit was unable to establish whether TDS was deducted from employees' salaries. Incorrect PAN in the data shows the absence of application controls in recording of PAN.

Audit selected a sample of 180 cases for physical verification of facts during field audit in four selected Treasuries, and it was noticed that:

- In 92 cases, data was updated by Treasuries before the physical verification at the behest of audit;
- In 10 cases, employee details were not accessible from front-end due to the retirement of employees;
- In 75 cases, there was absence of employee PAN details;
- In two cases, incorrect PAN details were entered; and
- In one case, employee code not found under the DDO.

*DTO Shimla stated (November 2022) that the information of PAN as provided by DDO in the e-Salary module is processed and generated on advice of DDO. DTO Kullu (November 2022) and Hamirpur (March 2023) stated that there is no provision in e-Salary software to deduct Income Tax without PAN number. DTO Chamba stated (January 2023) that PAN may be wrongly recorded. DTO, Shimla Capital stated (February 2023) that the system does not have validation check. Replies from the DTO Bilaspur, Kinnaur, Kangra, Lahaul & Spiti, Mandi, Solan, Sirmaur and Una were awaited (January 2025).*

In the exit conference (December 2023), the Secretary agreed to the findings and assured to take further corrective action.

#### **2.3.3.5 (C) Absence of validation checks on Tax Deduction at Source**

Section 194C of Income Tax Act provides rate of one *per cent* amount is to be deducted in case of individual or Hindu Undivided Family and two *per cent* in other cases.

Audit noticed that PAN/TIN numbers of private firms/suppliers/contractors/service providers were not recorded in 'DDOBillpartyMaster\_Current' and 'Bank\_batchTokenpayee' tables of IFMS database. It was also observed that 1,38,403 bills<sup>29</sup> amounting to ₹ 9,890.61 crore above one lakh were paid to the concerned contractors/suppliers, etc. between 2017 and 2022 without deducting TDS by the Treasuries/Sub-Treasuries.

- In 43,753 cases TIN/PAN were shown as 'Nil' or blank.
- In 635 cases<sup>30</sup>, payments of ₹ 7.32 crore for Office expenses, ₹ 1.24 crore for rent, rates, and taxes, ₹ 1.53 crore for material and supply, ₹ 3.23 crore for minor works, ₹ 0.47 crore for major works, ₹ 4.75 crore for subsidy, and ₹ 0.23 crore for honorarium were transferred into the bank accounts of State Government employees/ DDOs as third party without deduction of TDS in violation of the rules *ibid*.

This shows that there was no check in the IFMS system to ensure the deduction of TDS at the time of payment to third parties<sup>31</sup>.

Audit selected a sample of 327 cases for physical verification of facts during field audit in four selected Treasuries, out of which 322 cases were verified. It was seen that in 18 cases TDS was not deducted by the respective DDOs though required to be deducted. In 304 cases, the non-deduction was found to in order due to exemptions in rules, preparation of bills of net amount, payments to Government servants etc.

The remaining five cases could not be verified due to non-production of records by DTOs/TOs.

*DTOs Shimla, Kangra (February 2023), Chamba and Kullu stated (December 2022) that it is the responsibility of the DDO to ensure TDS deduction as payment disbursing authority is fully competent to deduct TDS. There are no validation checks in the system to ensure TDS deduction. Replies from the DTO Bilaspur, Shimla Capital, Hamirpur, Kinnaur, Kangra, Lahaul & Spiti, Mandi, Solan, Sirmaur and Una were awaited (January 2025). The replies of the DTOs may be seen in the light of the fact that checking of the voucher before authorising payment was one of the important functions of the Treasuries and system should have pre-audit checks before authorising payments.*

In the exit conference (December 2023), the Secretary agreed to the findings and assured to take further corrective action.

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<sup>29</sup> Bilaspur-6,499, Chamba-15,916, Capital Shimla-5,345, Delhi-62, Hamirpur-5,861, Kullu-6,051, Kangra-24,507, Kinnaur-3,765, Lahaul & Spiti-2,787, Mandi-23,539, Shimla-21,896, Sirmaur-6,352, Solan-6,484, Una-9,339.

<sup>30</sup> Bilaspur-26, Chamba-67, Capital Shimla-22, Hamirpur-29, Kullu-73, Kangra-79, Kinnaur-three, Lahaul & Spiti-30, Mandi-105, Shimla-57, Sirmaur-61, Solan-58, Una-25.

<sup>31</sup> Third parties- private firms/suppliers/contractors/service providers, etc.

### 2.3.3.5 (D) Non-deduction of TDS on GST and deduction of TDS without GST Numbers

Section 51 of the CGST Act 2017 provides for deduction of tax by the Government Agencies (Deductor) or any other person to be notified in this regard, from the payment made or credited to the supplier (Deductee) of taxable goods or services or both, where the total value of such supply, under a contract, exceeds two lakh and fifty thousand rupees.

The GSTN number was entered in column 'Servicetaxno/TIN' of the IFMS database table 'DDOBillBTEntery'. Audit analysed 'DDOBillBTEntery', 'BillPaidVouchers', and 'Bank\_batchTokenPayee' tables of IFMS database and noticed that between April 2017 and March 2022:

- Treasuries authorised/passed 4,308 bills amounting to ₹ 1,244.12 crore in favour of 1,147 private suppliers/service providers without deducting TDS on GST where the supplies exceeded ₹ 2.50 lakh.
- It was also noticed that TDS on GST equivalent to ₹ 359.26 crore was deducted by the various DDOs from 3,746 bills<sup>32</sup> of 609 suppliers/service providers without GSTN numbers.

This demonstrated that IFMS lacked required validation checks for recording GSTIN numbers and the mandatory deduction of TDS on GST for payments exceeding ₹ 2.50 lakh.

Audit selected a sample of 240 cases for physical verification of facts during field audit in four selected Treasuries, out of which 226 cases were checked and audit observation was confirmed (in 52 cases GST number was not recorded in IFMS and in 75 cases, the TDS on GST was not deducted by the respective DDOs). Further audit noticed that eight bills pertain to payment of Seeds which were exempt from GST, 38 cases are of medical bills, govt. to govt. Department, honorarium, prior to October 2018, etc., booked wrongly as third-party payments by DDO and these payments were not covered under the rules *ibid*, in four cases GST number was incorrect, in three cases GST number was updated and in 46 cases TDS was deducted.

The remaining 14 cases could not be verified due to non-production of records by DTOs/TOs.

*DTOs Chamba (January 2023), Shimla (February 2023), Kullu (December 2022) and Hamirpur (March 2023) stated that it is sole responsibility of the DDO to deduct TDS on GST. Replies from the DTOs Bilaspur, Shimla Capital, Kinnaur, Kangra, Lahaul & Spiti, Mandi, Solan, Sirmaur and Una were awaited (January 2025).* The replies of the DTOs were not acceptable as checking of the voucher before authorising payment was one of the important functions of the Treasuries for which validation checks were not incorporated in the IFMS.

<sup>32</sup> Bilaspur-205, Chamba-179, Capital Shimla-764, Hamirpur-154, Kullu-136, Kangra-235, Kinnaur-26, Lahaul & Spiti-21, Mandi-488, Shimla-711, Sirmaur-272, Solan-341, Una-214.

In the exit conference (December 2023), the Secretary agreed to the findings and assured to take further corrective action.

### **2.3.3.6 Refund issues**

#### **2.3.3.6 (A) Refund from Pension Head without capturing details of depositor**

Audit noticed that IFMS authorised refunds from receipt Major Head '0071- Contributions and Recoveries towards Pension and Other Retirement Benefits' without considering whether the refund was permissible. After analysis of 'BillPaidvoucher' table of IFMS database, it was found that DDOs forwarded refund claims to the District Treasury/Sub-Treasury in respect of Major Head '2071- Pensions and Other Retirement benefits', and the respective District Treasury/Sub-Treasury refunded 23 claims between August 2017 and January 2022 amounting to ₹ 16.04 lakh without verifying deposit details through the system whereas the details of deposit were not linked with the refund claim in the IFMS system.

Audit verified five sample cases<sup>33</sup> selected for physical verification of facts during field audit in four selected Treasuries, out of which one was salary arrear wrongly deducted as pension contributions and booked under '0071- Contributions and Recoveries towards Pension and Other Retirement Benefits' Head of Account and then refunded. In remaining four cases, amounts were refunded with the approval of respective competent authorities.

*DTOs Shimla (December 2022) and Shimla Capital (February 2023) stated that the amount was deducted from the employee as employee share who have adopted Government Pension and deposited under Head-0071. Refund of amount from Pension Head 2071 was due to deduction of excess amount of employee share from the employee salary. Replies from the DTO Bilaspur, Chamba, Hamirpur, Kangra, Lahaul & Spiti, Mandi, Solan and Una are awaited (January 2025). However, the fact remains that the original deposit details were not uploaded or enclosed with the refund voucher for cross-verification.*

In the exit conference (December 2023), the Secretary agreed to the findings and assured to take further corrective action.

#### **2.3.3.6 (B) Refund from civil court deposit into the savings bank accounts of the employees without recording reasons of refund**

Rule 195 of the Himachal Pradesh Treasury Rules, 2017 provides that refunds are paid through vouchers on form T.R. 8. The Government servant who receives the amount shall fill form and also mention bank account details of the persons entitled to refund and sign the certificate at the foot, while the DTO/ TO shall verify the credit by means of particulars and affix his signatures after verifying the details.

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<sup>33</sup> STO Ghumarwin (Bilaspur)- ₹ 2.11 lakh (three cases), Capital Treasury Shimla- ₹ 0.23 lakh (one case) DTO Shimla- ₹ 0.72 lakh (one case).

Audit analysed 'BillPaidVouchers', 'EmployeeMaster', and 'DdoBillDetail' tables of the IFMS database and found that 250 payment vouchers amounting to ₹ 266.01 lakh were authorised/approved, without any mechanism in place for recording the digital signature of the DTO/TO. Refunds from civil court deposits could only be made after the orders of Hon'ble Court. Data analysis revealed that complete details of the deposit and claimants were not captured in the IFMS application, as a result, audit could not confirm the authenticity of refunds from civil court deposits.

Audit observed that the DDO, Additional District & Session Judge, Solan deposited a sum of ₹ 17,36,224/- and ₹ 4,58,762/- (Total- ₹ 21.95 lakh) on account of the Motor Vehicle Accident Claim Tribunal (MACT) on 04.05.2019 and 11.06.2019, respectively. Further this amount was transferred to the personal bank account of an employee working in the District Treasury Solan by a fraudulent receipt entry on 30.05.2019 and 11.06.2019 respectively, resulting in suspected misappropriation of Government funds.

However, the total amount of ₹ 21.95 lakh<sup>34</sup> was recovered from the official through NEFT. Illegal withdrawal/ misappropriation of funds from civil court deposits was due to absence of checks pertaining to authentication of the claimant details and court orders through IFMS.

*DTOs Chamba, Kullu, Bilaspur, Shimla (January 2023) and Sirmaur (December 2023) stated that these refunds are being made on the basis of judgement/orders received from Hon'ble courts in favour of the beneficiaries such as maintenance money, motor vehicle claim, court fee deposited etc. Replies from the DTO Hamirpur, Kinnaur, Kangra, Mandi and Solan were awaited (January 2025). The fact remained that payment from the civil court deposit was withdrawn by the Treasury employee without authority leading to mis-appropriation of the Government money.*

In the exit conference (December 2023), the Secretary agreed to the findings and assured to take further corrective action.

#### **2.3.3.7 DDOs master related issues**

##### **2.3.3.7 (A) Use of two different DDO Masters in e-Salary and e-Bills modules of IFMS and discrepancies in data**

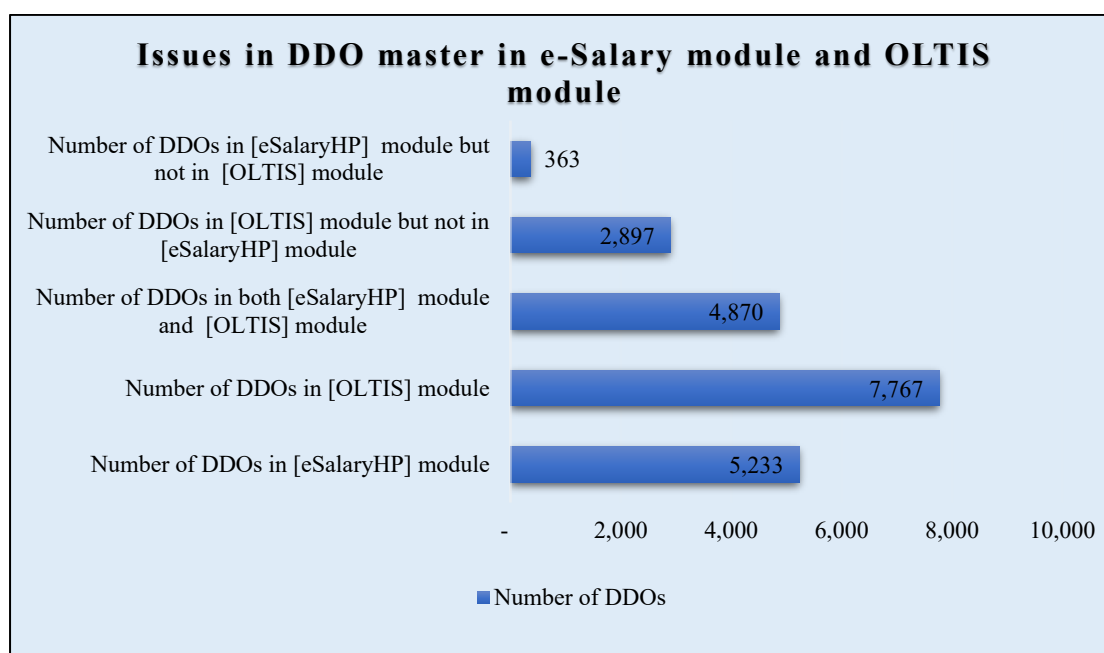
In the IFMS database, two tables for DDO masters were created:

- One in e-Salary database in which 5,233 DDOs were registered.
- Second one pertaining to OLTIS in which 7,767 DDOs were registered.

<sup>34</sup> Recovery details- ₹ 4,58,762/- dated 14.06.2019 and ₹ 17,36,224/- (₹ 4,50,000+ ₹ 10,00,000+₹ 2,86,224) through *Challan* No. 38 dated 13.08.2019, *Challan* No. Nil dated 17.08.2019, and *Challan* No. 26 dated 19.08.2019.



**Chart 2.14: Issues in DDO master in e-Salary module and OLTIS module**



Following discrepancies were observed in DDO Master tables:

- 2,897 DDOs were only registered in the OLTIS database, which were used to handle all types of bills excluding salary bills. Since they were not registered in the e-Salary, these DDOs were not withdrawing salary bills.
- 363 DDOs were registered in e-Salary but not in the OLTIS database, showing that these DDOs were only creating salary bills and no other expenditure was incurred by these DDOs due to the fact they were not registered in the DDO master table of the OLTIS database.
- In the IFMS database, 56 Sub-Postmasters (SPM) who were not under the direct control of the Himachal Pradesh Government were wrongly registered as DDOs.
- 419 DDOs were linked with a Dummy HoD code i.e. '999' in the e-Salary.
- 2,398 DDOs were mapped with the same HoD code in the IFMS database.
- In three cases DDOs description (Name) of DDOs was not recorded in e-Salary.

Multiplicity of DDO master tables in IFMS with different data affects database consistency. There should be one master table that is referenced in other tables to maintain data consistency. Due to the non-supply of the documents requisitioned by audit, the flow of data and the relation of data among these tables could not be ascertained.

Audit selected a sample of 126 cases for physical verification of facts during field audit in four selected Treasuries and the fact regarding discrepancy in DDO master data and use of two different DDOs master table was confirmed as correct on the basis of DDO



details obtained from the master table of e-Salary and e-Bills modules with the help of DTO/TO.

*DTO Shimla stated (February 2023) that some DDOs drawing salary outside State Budget were related to projects. These DDOs were not mapped in e-Salary due to non-availability of IP No and these DDOs were authorised with other Head of Accounts. DDOs with dummy HoD code '999' in e-Salary and e-Bills were due to software issue. The DTO Kullu stated (January 2023) that observations pertain to DTAL. The reply of the DTO was not acceptable as the use of multiple tables of the same data leads to inconsistency. Replies from the DTO Bilaspur, Capital Shimla, Chamba, Hamirpur, Kinnaur, Kangra, Lahaul & Spiti, Mandi, Solan, Sirmaur and Una are awaited (January 2025).*

In the exit conference (December 2023), the Secretary agreed to the findings and assured to take further corrective action.

#### **2.3.3.7 (B) Affiliations of DDOs with multiple Treasuries in e-Bills**

Rule 4 of the HPTR, 2017 states that each DDO shall be affiliated with a particular Treasury and branch of authorised nationalised banks and all receipts and payments are to be handled by DDO. Rule 37 (5) (b) of the HPFR, 2009 further states that the Treasury Officer shall furnish to each of the DDOs an extract from the expenditure control registers or from the compilation sheet every month indicating the expenditure relating to grants controlled by him, classified under the various Major, Minor and Detailed Head of Accounts.

After analysing the data of 'DDOMaster' table in e-Salary module of IFMS the following were noticed:

- Out of 1,708 cases, 439 DDOs were linked to multiple Treasuries ranging from two to 105 Treasuries/Sub-Treasuries.
- In 1,194 cases, DDOs were linked with dummy Department code *i.e.* '999'.
- In 12 cases names of the DDOs were not recorded in database as per details given in **Table 2.19**.

**Table 2.19: Details where DDOs name was not recorded in database**

Treasury code	Treasury Name	DDO code	DDO Name	HoD code
MDI07	STO BALI CHOWKI	800	NA	999
SML00	DTO SHIMLA	880	NA	999
SML02	STO KOTKHAI	507	NA	999
SML07	STO CHIRGAON	541	NA	999
SML13	STO JUNG	520	NA	999
UNA00	DTO UNA	543	NA	210
MDI16	STO NER CHOWK	81	NOT IN USE	101
SOL05	STO NALAGARH	45	NOT IN USE	211
SOL00	DTO SOLAN	16	NA	999
SOL02	STO KASAULI	43	NA	999
UNA00	DTO UNA	15	NA	999
UNA03	STO BANGANA	26	NA	999

The linking of DDOs to multiple Treasuries violated the provision of HPTR 2017 *ibid*. The flow of data and the relationship of data with the other tables could not be ascertained due to non-supply of the User/Software Requirement Specification, System Design Document, Data Flow Diagram, Data Dictionary, etc.

Audit selected a sample of 101 cases (**Appendix 2.5**) for physical verification of facts during field audit in four selected Treasuries and audit observation was found correct as DDOs were linked with multiple Treasuries, verification was on the basis of information obtained from master table of e-Salary and e-Bills modules with the help of DTO/TO.

*The DTO, Shimla after confirming the facts stated (February 2023) that DDO code is mapped with multiple Treasuries. DDO code may be uniform but distinguished from Treasury. The provision of linking of one DDO with multiple Treasuries is made by the DTAL. The reply of the DTO was not acceptable as the DDO should be restricted with the authorised Treasury only and DDOs should not be linked with Dummy CCO/HoD. Replies from the DTO Bilaspur, Capital Shimla, Chamba, Hamirpur, Kinnaur, Kangra, Kullu, Lahaul & Spiti, Mandi, Solan, Sirmaur and Una were awaited (January 2025).*

In the exit conference (December 2023), the Secretary agreed to the findings and assured to take further corrective action.

#### **2.3.3.8 Miscellaneous data issues**

##### **2.3.3.8 (A) Compiled payment and receipt figures differ from bank scroll figures**

Rule 50 (e) of HPTR, 2017 states that the information in the specified format shall be provided from the bank to the Treasury in soft copy on daily basis (e-Scroll). The compiled information of receipts shall be made available to all the Departments on e-*Challan* portal. The respective Department shall use this information to reconcile the accounts electronically using the Treasury software.

After analysis of 'BankScroll' table of IFMS database audit noticed that there was a discrepancy in the number of vouchers, *challans*, *challan* amount, and voucher amount in bank scroll and Treasury numbers from April 2017 and March 2022. The following issues were noticed during examination of the 'BankScroll' table:

- In 19 cases, scroll payment was not matched with compiled voucher amount.
- In 8,026 cases, there was difference between the scroll voucher count and compiled voucher count.
- In 23 cases, there was difference in amount between the scroll receipt amount and compiled *challan* amount.
- In 310 cases, there was difference between scroll total *challan* and compile total *challan*.
- In 1,35,454 cases IFSC codes of the respective banks were not recorded in the 'BankScroll' table.

- Only total number of vouchers/*challans* with total amount were recorded in IFMS and details of vouchers/*challans* were not recorded in the database.

There were no checks in the IFMS to ensure that receipts were transmitted to the Government's pooling account on the next day of the transaction, and it was impossible to locate the vouchers/bills due to the absence of details of vouchers and *challans*.

Audit selected a sample of 209 cases for physical verification of facts during field audit in four selected Treasuries, and observation were confirmed that there was difference in count/ amount of bank scroll and compiled vouchers/ *challan* after comparing bank scroll entry details and TA register of expenditure and receipts available in OLTIS.

*DTO, Shimla stated (December 2022) that there is no difference in bank scroll and Treasury scroll account. Account was accepted by AG and no difference in account was reported by AG. The difference between e-scroll voucher payment and compiled voucher amount may be a software issue. Replies from the DTO Bilaspur, Capital Shimla, Chamba, Hamirpur, Kinnaur, Kangra, Kullu, Lahaul & Spiti, Mandi, Solan, Sirmaur and Una were awaited (January 2025).* The reply of the DTO was not acceptable as AG (A&E) receives information (monthly account) from each Treasury and statement from RBI on monthly basis, accordingly, the differences in daily balances would not be available with AG(A&E). There must be provision in the application software to reconcile details of vouchers and *challans* with payments made/ receipts received by the banks and even if there was no difference, the report available in the software must depict the facts.

#### 2.3.3.8 (B) Non-adjustment of advances

Rule 189 of HPFR, 2009 states that Head of the Office or any other authorised Officer may sanction advances to a Government servant for the purchase of goods or for hiring services or for any other special purpose, as the case may be, in the manner as may be prescribed for the management of the Office affairs and the adjustment bill, along with balance if any, shall be submitted by the concerned Government servant within fifteen days of the drawal of advance, failing which the advance or balance may be recovered from employee salary. Further, Rule 187 of HPTR, 2017 provides that advance drawals on A.C. bills shall have to be duly adjusted during the same financial year.

Audit analysed the 'BillPaidVouchers' and 'BatchTokenPayee' tables of IFMS database and noticed the following:

- In 8,255 cases<sup>35</sup>, advances of ₹ 134.16 crore drawn from the various Treasuries between April 2017 to March 2022 which remained unadjusted as of 31 March 2022.
- In 88 cases<sup>36</sup>, advances of ₹ 5.02 crore adjusted in the subsequent Financial Years.

<sup>35</sup> 2017-18: 3,719 cases: ₹ 63.14 crore; 2018-19: 2,704 cases: ₹ 39.92 crore; 2019-20: 1,476 cases: ₹ 21.48 crore; 2020-21: 142 cases: ₹ 2.44 crore and 2021-22: 214 cases: ₹ 7.18 crore.

<sup>36</sup> Bilaspur-two, Capital Shimla-38, Hamirpur-seven, Kullu-seven, Kangra-11, Lahaul & Spiti-four, Mandi-six, Shimla-12, Sirmaur-one.

- In 16 cases<sup>37</sup>, there was a difference between the advance amount (₹ 9.30 crore) and adjusted amount (₹ 10.15 crore).

IFMS applications could not ensure that advance vouchers were adjusted within 15 days and in the same Financial Year. Furthermore, due to the absence of the User/Software Requirement Specification, System Design Document, Data Flow Diagram, Data Dictionary etc., the flow of data and its relationship to the other tables could not be ascertained.

Audit selected a sample of 169 cases for physical verification of facts during field audit in four selected Treasuries, out of which 158 were examined, and it was found that in 72 cases, adjustments of advance were done offline, in 49 cases, normal bills were withdrawn as advance bills, in 17 cases advance of salary was adjusted in subsequent months through salary bills and in the 20 bills, audit observations were confirmed as correct based on sanctions and vouchers obtained from DDOs.

Remaining 11 cases could not be verified due to non-production of records by DTOs/TOs.

*DTOs Shimla (December 2022) and Sirmaur (October 2023) stated that most of the advance bills were adjusted by submission of adjustment bills with relevant documents by DDOs. But medical adjustment bills were shifted over to the next Financial Year due to non-submission of claim by the applicant. Further, no mechanism is available in the software to check whether first advance was adjusted before authorisation of second advance. Replies from the DTO Bilaspur, Capital Shimla, Chamba, Hamirpur, Kinnaur, Kangra, Kullu, Lahaul & Spiti, Mandi, Solan and Una were awaited (January 2025). The fact remains that adjustment of advances except salary advances was not ensured within the prescribed 15 days within the same Financial Year.*

In the exit conference (December 2023), the Secretary agreed to the findings and assured to take further corrective action.

#### **2.3.3.8 (C) Cheque date before the receipt of cheque book**

Analysis of data in 'LOCBill' and 'LOCChequeBook' tables of IFMS database pertaining to the cheques revealed that these payments are being done through Major Head 8782<sup>38</sup> which is no more relevant as the payments are being made directly into the beneficiary account through RTGS on real-time basis. The following discrepancies were noticed:

- In 537 cases<sup>39</sup> cheque issue date was prior to the cheque book receipt date during April 2017 to March 2022.

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<sup>37</sup> Capital Shimla-15, Una-one.

<sup>38</sup> MH 8782- Cash Remittances and adjustments between Officers rendering accounts to the same Accounts Officer.

<sup>39</sup> Bilaspur-98, Chamba-17, Hamirpur-four, Kullu-seven, Kangra-39, Kinnaur-two, Lahaul & Spiti-three, Mandi-182, Shimla-67, Sirmaur-18, Solan-95, Una-five.

- In 44,843 cases<sup>40</sup> dates of cheques issued were before the bill dates.

Audit selected a sample of 151 cases for physical verification of facts in four selected Treasuries out of which 150 cases were verified. Out of these 150 cases, payments were made through RTGS in 108 cases, but the system generated virtual cheque numbers in place of RTGS numbers, resulting in incorrect information being recorded in the database, and in remaining 42 cases, payments were made through cheques, but different dates of cheques were recorded in the database.

The remaining one case could not be verified due to non-production of records by DTOs/TOs.

*DTO Shimla stated (January 2023) that the bill date has been taken as token date. DTO Kullu stated (February 2023) that cheques are issued only after the system validates the cheque book.* The replies of the DTOs were not acceptable as RTGS payment should be recorded as RTGS payments and virtual cheque number should not be generated against the RTGS. Replies from the DTO Bilaspur, Chamba, Hamirpur, Kinnaur, Kangra, Lahaul & Spiti, Mandi, Solan, Sirmaur and Una were awaited (January 2025).

#### **2.3.3.8 (D) Irregularities in Letter of Credit(LOC) related transactions**

Rule 221(7) of HPTR, 2017 states that the unspent balance of letter of credit shall be available for utilisation after the expiry of the period but not after 31 March of that year. The concerned DDO shall also surrender the unspent amount of LOC.

Audit analysed 'LOC Allocation' and 'LOC Bill' tables of IFMS database and noticed that

- In two cases an amount of ₹ 6.63 lakh was drawn in excess during 2020-22.
- In 1,280 cases, ₹ 652.91 crore remained unspent between April 2017-18 to March 2021-22.
- In nine cases no expenditure was booked against LOC allocation.

IFMS applications did not have any mechanism to ensure that no expenditure should be more than the allotted LOC. Reasons for excess expenditure were not recorded in a database, and no entries were made in a database whether the unutilised funds were surrendered at the end of the fiscal year. The above Rules were ignored during the implementation of IFMS, even though these were essential in the IFMS for compliance with the HPFR in order to restrict excess payment against the allocation.

Audit selected a sample of 69 cases for physical verification of facts during field audit in four selected Treasuries. Verification revealed that balances were lying under LOC at the end of the Financial Year but had not been surrendered.

<sup>40</sup> Bilaspur-3,426, Chamba-2,716, Hamirpur-1,504, Kullu-2,454, Kangra-9,643, Kinnaur-883, Lahaul & Spiti-658, Mandi-9,327, Shimla-6,659, Sirmaur-2,554, Solan-3,924, Una-1,095.

*DTO Shimla stated (January 2023) that such payments pertained to DDO and balance of LOC lapsed at the close of Financial Year. DTO Kullu stated (February 2023) that such payments pertained to DDOs. The replies were not acceptable as DTOs should monitor overpayments and unutilised funds against LOC through the system. Replies from the DTO Bilaspur, Chamba, Hamirpur, Kinnaur, Kangra, Lahaul & Spiti, Mandi, Solan, Sirmaur and Una were awaited (January 2025).*

#### **2.3.4 Pension management**

Terminal benefits such as Death-cum-Retirement Gratuity (DCRG), commutation of pension on retirement are non-recurring one-time payments. IFMS provides provision for processing of these types of bills in e-Pension modules.

##### **2.3.4.1 Management of e-Pension Modules**

Paragraph 4.6 of Guidelines for the scheme of Mission Mode Project (MMP) (Treasury Computerisation) under the National e-Governance Plan (NeGP) states that the pension module will process pension payment orders (PPOs) received from the AG (Accountant General (Accounts and Entitlements)) for the monthly payment of pension/family pension etc. The module will generate monthly pension bills and provide for the calculation of arrears of pension. The module will also provide for online accounts statements to the pensioners and various transactions with the pensioners, including their annual live certificates, etc. Further Paragraph 4.13 of the above guidelines state that e-Status enquiry from DDOs and banks regarding pensions, debt, debentures allotment, cheques and *challans* are part of the indicative minimum set of deliverables. Paragraph 4.11 of the MMP Guidelines also states that linkages with the Accountant General's Office should be ensured to allow exchange of voucher level data electronically with the Accountant General's Office, thus providing an efficient means for reconciliation of accounting transactions.

The pension payment orders (PPOs) are prepared by the Office of AG (Accountant General (Accounts and Entitlements)) for the monthly payment of pension/family pension etc. Thereafter, PPOs are sent to Treasuries where data pertaining to PPOs is fed into e-Pension module for further processing. Moreover, Audit analysis of front-end screens of e-Pension and database revealed that there was no interface between Treasuries and the AG (A&E) Office for the authorisation and payment of the pension module and District Treasury officials were entering pensioner's personal information and retirement benefits from printed copies of Pension Pay Orders (PPOs) received from the AG (A&E). Furthermore, due to the non-availability of pensioner's ledgers, the pension payments authorised by AG (A&E) and released by District Treasuries could not be electronically reconciled with payee banks. Also, IFMS did not allow access to AG to make modifications/add transactions on an online basis to reconcile data electronically with Treasuries.

Front-end analysis of e-Pension also revealed that there was no provision for recording employee ID in the e-Pension module.



According to the information available at e-Pension public portal of IFMS, 1,81,632 pensioners exist in the pension module (as on 14 June 2023), of which 1,57,624 pensions are active pensioners, and 1,85,512 Aadhar had been updated in e-Pension. The information appears to be incorrect since the number of Aadhar updates exceeded the total number of pensioners, leading to the inclusion of 3,880 additional records in the e-Pension data, indicating the presence of unreliable data.

The main goal of facilitating pension payments and web-based citizen queries regarding receipts and expenditure, *etc.* could not be achieved due to lapse of DTAL to develop C&AG module for providing linkages to AG Office.

The above points were referred to the Department in May 2022; reply was awaited (January 2025).

In the exit conference (December 2023), the Secretary agreed to the findings and assured to take further corrective action.

#### **2.3.4.2 Continuation of pension without obtaining Life Certificate from pensioners**

Rule 243 (1) of the HPTR, 2017 states that the pensioner is required to furnish a Life Certificate in July- August every year as specified. Further, Rule 259 (3) states that the Life Certificate issued through Jeevan Parman portal shall be accepted as a valid Life Certificate for which Aadhar number will have to be seeded in e-Pension. Validity of Life Certificate is one year.

Audit noticed that Treasuries/Sub-Treasuries authorised pensions without obtaining Life Certificates from pensioners within the specified months. Audit analysed data of 'PenMonthlyTransaction', 'PensionerLiveCertificate', and 'ePensionNew' tables of e-Pension database related to bill processing and passing of pension bills.

Number of pensioners who have not submitted Life Certificate during the years 2017-22 ranged between 1,803 to 1,43,779 are detailed in **Table 2.20**.

**Table 2.20: Details of pensioners who have not submitted Life Certificate**

Year	Below one year	Between one and two years	Between two and three years	Between three and four years	Total
2017	1,710	139	2	1	1,852
2018	1,762	120	3	0	1,885
2019	1,589	202	12	0	1,803
2020	1,898	8,174	0	0	10,072
2021	1,43,779	0	0	0	1,43,779

Analysis of the 'PenMonthlyTransaction' and 'PensionerLiveCertificate' tables of e-Pension database revealed that either the Treasury Office(s) did not collect Life Certificates from pensioners or dates of Life Certificate in the above mentioned tables were not updated between April 2017 and March 2022.

Audit selected a sample of 243 cases for physical verification of facts during field audit in four selected Treasuries. Audit could not find any discrepancy as the Treasuries had updated Life Certificates after being pointed out by audit.



DTOs Shimla (October 2022), Chamba and Hamirpur (November 2022) and Kullu (December 2022) stated that as per order issued by the Government the Life Certificates submitted for the Financial Year 2020-21 will be valid for 2021-22 due to COVID-19 restrictions. The DTOs Hamirpur and Kullu further stated that there was no provision in the software for checking the validity of Life Certificates and to stop the pension after expiry of the validity of Life Certificates. The replies of the DTOs were not acceptable as the order regarding continuation of pension without obtaining Life Certificates was applicable only for the FY 2021-22 whereas payment without obtaining Life Certificates had been authorised over the years. Non stopping of pension in the absence of Life Certificate may result in over payment. The replies from DTOs Bilaspur, Kinnaur, Kangra, Lahaul & Spiti, Mandi, Solan, Sirmaur and Una were awaited (January 2025).

### 2.3.4.3 Data related issues in Master data

#### 2.3.4.3 (A) Multiple entries and different dates of birth in the Pensioner Relation table

Rule 254(a) of the HPTR, 2017 states that the DTO shall authorise/ make payment of family pension if the deceased pensioner is survived by an eligible family member. Further, Rule 255(2) stipulates that the District Treasury shall enter the date of death of the pensioner in the pensioners' database.

Paragraph 2.3 of the Operation Manual for the Treasury Officer further states that e-Pension is a web-based application software that is used for all the processes related to the pension of the Government employees. It contains a database of pensioners and is used for monthly pension processing. It is primarily used for pensioner's registration in the e-Pension system, conversions of pension, transfer of pension, pension revisions, pension stoppages, updating of Life Certificates, monthly pension processing and generating reports related to pension. All of the above processes are performed using a login ID and password that is provided to the respective DTOs/Other dealing assistants for the e-Pension system.

Audit analysed 'PensionerRelation' table of the e-Pension database and noticed that details of the eligible family pensioners were recorded. Analysis of data revealed that there were multiple entries in case of 23,391<sup>41</sup> family pensioners. Out of these, in case of 10,599<sup>42</sup> family pensioners (PPOs) different date of birth was mentioned against same name and PPO no. i.e. in 'REL\_DOB' column of the table the dates were different, whereas 'REL\_NAME' (relative name) was found same. Hence system did not restrict double entries with different DoB against the same family pensioner.

The presence of two separate DoBs for the same family pensioner in the database makes the data unreliable in the e-Pension module.

<sup>41</sup> Bilaspur-405, Chamba-1,953, Hamirpur-1,312, Kullu-1,015, Kangra-5,457, Kinnaur-250, Lahaul & Spiti-34, Mandi-3,968, Pangi-71, Shimla-3,832, Sirmaur-1,717, Solan-2027, Una-1,350.

<sup>42</sup> Bilaspur-99, Chamba-982, Hamirpur-767, Kullu-242, Kangra-4,408, Kinnaur-81, Lahaul & Spiti-27, Mandi-1,269, PNG-10, Shimla-578, Sirmaur-377, Solan-1,193, Una-566.

Audit selected sample of 200 cases (details in **Appendix 2.6**) in four selected Treasuries for verification of facts. Audit observations were corroborated by the information observed in the index cards available in e-Pension module in the Treasuries.

*DTO Shimla stated (February 2023) that Dummy DoB is entered when actual DoB is not available and subsequently updated when proof of DoB is received. DTO Chamba stated (December 2022) that correction of date of birth is done where DoB was wrongly entered. DTO Kangra (January 2023) stated that DoB of the pensioner is as per the documents submitted by pensioner. The system displays both incorrect date of birth as well as new correct DoB.*

*DTO Una stated (January 2024) that Dummy DoB is entered when actual DoB was not available and there was no provision of entering the same again in the database. The replies of the DTOs were not acceptable as DoB recorded in double entries of same family pensioner could not be different. Further, Treasuries did not ensure correct entry of name and DoB of the pensioners. Replies from DTO Bilaspur, Hamirpur, Kinnaur, Kullu, Lahaul & Spiti, Mandi, Solan and Sirmaur were awaited (January 2025).*

In the exit conference (December 2023), the Secretary agreed to the findings and assured to take further corrective action.

#### **2.3.4.3 (B) Grant of Family Pension before the date of death of pensioner and recording of same name of pensioner and family pensioner**

Rule 54(2)(iii) of CCS Pension Rule, 1972 states that the family of the deceased Government servant who on the date of death was in receipt of a pension, or compassionate allowance after retirement from service, shall be entitled to Family Pension.

Analysis of 'PensionerRelation' table pertaining to e-Pension module revealed that:

- In 1,204 cases, the date of initiation of the family pension was prior to the date of death of the deceased employee/pensioner.
- In 577 cases, the name of employee/pensioner and the name of the family pensioners was found same.

This shows that there was no validation check in the e-Pension module to ensure that the date of start of family pension should not precede the date of death of the pensioner.

Audit verified sample of 146 cases selected for physical verification of facts during field audit in four selected Treasuries and the presence of incorrect data was confirmed through index card available in the e-Pension module.

*DTO Chamba stated (January 2023) that date of death has been wrongly entered, but the pension is granted from the actual date and no overpayment has been made. Further, DTO Shimla stated (November 2022) that error was at the time of data entry when pension matters were taken over from the banks. Replies from the DTO Bilaspur,*

Hamirpur, Kinnaur, Kangra, Kullu, Lahaul & Spiti, Mandi, Solan, Sirmaur and Una were awaited (January 2025).

In the exit conference (December 2023), the Secretary agreed to the findings and assured to take further corrective action.

### 2.3.4.3 (C) Delay in stopping of pension after death

Rule 2 of Central Civil Services (Pension) Rules, 2021 states that Pension Rules shall apply to the Government servants appointed on or before 31<sup>st</sup> day of December 2003, including civilian Government servants. Pension is payable on retirement after superannuation or in advance of superannuation under certain circumstances. Family pension is payable to an eligible family member on the death of an employee while in service or after retirement. Rule 37(14) states that family shall be eligible for pensionary benefits on the basis of combined service rendered by the employee in the Government and in the public sector undertaking in accordance with the formula for calculation of such pensionary benefits as may be in force in the Central Government at the time of his retirement from the public sector undertaking or his death.

During analysis of 'PensionerRelation' table of e-Pension database, it was noticed that in five cases, date of pension (DoP) was after Date of Death (DoD) as per details given in **Table 2.21**.

**Table 2.21: Details of date of pension after date of death**

TRE_CODE	PEN_CODE	REL_NAME	REL_DoB	REL_DoD	REL_DoP
BLP00	****8H011	****DEVI	10-11-1927	20-04-1988	01-09-1988
MDI00	****7G078	****SINGH	28-07-1954	10-03-2013	01-08-2017
SML00	****1K001	****REETA	20-04-1987	20-04-1987	17-11-2001
UNA00	****7L006	****HMIRI	01-01-1939	12-08-1997	13-12-1997
UNA00	****8E006	****DEVI	11-05-1950	28-02-2008	01-06-2008

A pensioner's DoD could not precede DoP. The data analysis indicates either the dummy data exists in the database or incorrect data of the pensioner was entered in the e-Pension module. The authorisation of the pension was irregular in the aforementioned cases, and the system provides no provision for highlighting this irregularity.

Audit selected a sample of two cases for physical verification of facts during field audit in four selected Treasuries by generating pensioner index card from e-Pension module and it was found that these were data entry errors.

Similarly, in 12 pension cases, the difference between the Date of Stop (DoS) and the Date of Death (DoD) ranged from one month to 199 months, as shown in **Table 2.22**.

**Table 2.22: Details of pension cases where difference in Date of Stop and Date of Death**

TRE_CO DE	PEN_COD E	REL_NAME	REL_DOP	REL_DoD	REL_DoS	Difference in months
KNR00	****7H002	****PALMO	27-06-2017	26-06-2017	02-09-2021	50
SML00	****8L008	****DEVI	01-01-1989	13-02-2021	17-04-2021	2
SML00	****4A020	****DEVI	02-10-2018	04-09-2020	23-11-2020	2
SML00	****0L065	****DEVI	13-12-2010	10-04-2020	17-11-2020	7
SML00	****8L096	****SINGH	02-12-2018	17-04-2021	03-08-2021	3
SMR00	****5C040	****I	09-06-2016	03-03-2020	01-12-2021	20

TRE_CO DE	PEN_COD E	REL_NAME	REL_DOP	REL_DoD	REL_DoS	Difference in months
SMR00	****7H005	**** DEVI	28-10-2019	29-04-2021	01-06-2021	1
SMR00	****8J041	****RIYA	30-11-2018	29-02-2020	01-07-2020	4
SOL00	****9H019	**** DEVI	03-04-2011	02-04-2011	02-06-2021	122
UNA00	****4F016	****M DAI	16-05-2009	15-05-2005	17-12-2021	199
UNA00	****7B018	**** DEVI	06-03-2010	17-01-2013	21-12-2013	11
UNA00	****8H025	**** KAUR	12-02-2009	11-02-2009	01-12-2020	141

From **Table 2.22**, it was evident that the pension was stopped with a delay of up to 199 months from the date of death of the pensioner which could have resulted in overpayment.

There are no validation checks in the e-Pension module to validate the start date of the pension/family pension and the stop date of the pension with respect to the pensioner's DoD and to stop the pension immediately after the death of the employee/pensioner without any delay.

Audit selected a sample of four cases for physical verification of facts during field audit in four selected Treasuries by generating pensioner index card from e-Pension module and it was found that these were data entry errors.

*DTO Shimla stated (February 2023) that the data was transferred from bank to Treasury at the time of taking over the pension from bank. Error pertains to data entry of that period. DTO Una (January 2024) stated that initially names of pensioners were not available and only names of family pensioners were available and there was no provision to rectify the names by the Office. The replies from DTO Kinnaur, Mandi, Solan and Sirmaur were awaited (January 2025). The fact remained that Treasury should ensure the correctness and validity of the data recorded in the system.*

#### **2.3.4.3 (D) Submission of Life Certificate after death and continuation of pension**

Rule 33(d) of HPTR, 2017 stipulates that Treasury Officer is responsible for all kinds of pension payments and correspondence relating thereto including the Life Certificates of pensioners.

Audit analysed 'PensionerMaster', 'PensionClearanceSBP' and 'PenMonthlyTransaction' tables of the e-Pension database and noticed that in case of two pensioners<sup>43</sup>, entries of Life Certificates were found recorded as 30-06-2011 and 30-06-2022 in two<sup>44</sup> Treasuries whereas their dates of death (DoD) as 30-06-1965 and 23-03-1994, respectively. In the case<sup>45</sup> with date of death as 23-03-1994, pension of ₹ 95,92,274/- was shown as drawn in bank account from 01-10-2009 to 31-03-2022 in the system.

The respective Treasuries had neither manually verified the authenticity of Life Certificates nor there was any provision in the e-Pension module to disallow the Life Certificate if the DoD was already recorded in the software.

<sup>43</sup> Pension IDs COVID99999 and MDIA82J007.

<sup>44</sup> Treasuries- HPG00 and Mandi District Treasury (MDI00).

<sup>45</sup> Pension ID MDIA82J007.

The above points were referred to Department in August 2022; reply was still awaited (January 2025).

#### **2.3.4.3 (E) Continuation and excess payment of family pension to son after attaining age of 25 years**

Paragraph 1(d) (v) of the Office Memorandum (October 1999) stipulates that payment of family pension is to be discontinued in the event of the eligible sons/daughter (including widowed/divorced daughters) getting married/re-married or on their earning monthly income exceeding ₹ 2,620/- or on attaining 25 years of age for male child whichever is earlier except in case of special child.

Audit noticed that in column 'REL\_HCP' of the 'PensionerRelation' table of e-Pension database, the system defines the handicap status of the male child with the value '1' for physically/mentally handicapped and '0' for normal.

- In 352 cases, the family pension for the male child was continued even after attaining the age of 25 years. Although the system captures details of a physically or mentally impaired son, still it was observed that the pension was continued to be disbursed to a son after attaining the age of 25 years besides the fact that there was no entry of physically or mentally handicapped in the system.
- In 27 cases where the value was '0' in the column 'REL\_HCP' of the 'PensionerRelation' table, the family pension to the male child was to be terminated at the age of 25 years, but it was observed from the data that there was a delay of one to 356 months to terminate the pension which could have resulted in over payment of pension. Treasury did not terminate family pension to individuals who were no more eligible for pension.
- In 81 out of 352 cases, the deceased employee/pensioner's pension stop date (PEN\_SDT) was shown as 'Null'.

Audit selected a sample of 48 cases for physical verification of facts during field audit in four selected Treasuries. It was noticed that the stop date of pension was not recorded in 39 cases out of which over payment was made to claimants in eight pension cases<sup>46</sup> (DTO Kullu -three cases, DTO Shimla- three Cases and DTO Bilaspur-two cases). Out of the remaining nine cases, eight cases were pertaining to handicapped son and one case (DTO Kullu) was of overpayment (in which stop date was mentioned).

*DTOs Shimla, Kullu, Chamba (December 2022) and Una (January 2024) stated that in some cases the son is handicapped, in other cases the system does not automatically stop the pension. The officials have to manually stop the pension and family pension is continued to non-physically/mentally handicap male child after attaining the age of 25 years. Replies from the DTO Bilaspur, Hamirpur, Kinnaur, Kangra, Lahaul & Spiti, Mandi, Solan and Sirmaur were awaited (January 2024). The replies of the DTOs were not acceptable as is should have been ensured by the Treasury to stop the family*

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<sup>46</sup> There are total nine cases of over payment: eight cases without stop date and one case with stop date.

pension to male child on attaining the age of 25 years, except in case of physically/mentally handicap male child.

In the exit conference (December 2023), the Secretary agreed to the findings and assured to take further corrective action.

#### 2.3.4.4 Multiple and unauthorised Payments of DCRG

Rule 21 of HPTR, 2017 states that the DTO/ TO and the DDO shall be held personally responsible for all sums of money disbursed by him in public capacity without authority. Further, Rule 15 states that DTO/TO shall not permit withdrawal to a person for any purpose unless the claim for withdrawal is presented by such person in such form and has been satisfactorily scrutinised by the DTO/TO in such manner as is specified in these rules or as the Finance Department may specify.

A) Audit analysed 'BillPaidVouchers' and 'DDOBillDetails' tables of IFMS database and noticed that:

- DCRG payments exceeded the maximum limit of ₹ 10.00 lakh and excess payment of ₹ 180.05 lakh ranging from ₹ 0.03 lakh to ₹ 17.32 lakh were credited in the bank accounts of 32 claimants by drawing multiple bills in excess of the prescribed limit of DCRG, i.e., ₹ 10.00 lakh, without verification.
- DTO Solan had released (August 2020) a payment of ₹ 1.00 crore as DCRG in favour of a pensioner against the authority of ₹ 10.00 lakh issued (July 2020) by AG (A&E) Office, resulting in excess payment of ₹ 90.00 lakh. Absence of mechanism to restrict DCRG payments within the prescribed limits resulted in overpayment.
- In two cases payment of DCRG was transferred to claimants with different names against the same PPO number as detailed in **Table 2.23**.

**Table 2.23: Details of payment of DCRG transferred to different claimant**

(Amount in ₹)				
TREA CODE	BILL No.	Claimant Name	PPO No.	Gross Amount
SML00	SML005062017100209	****N LAL	****6727	1,86,599
SML00	SML005062017100210	****N LAL	****6727	3,679
SML00	SML005062018100497	**** DEVI	****6727	2,20,532
CTO00	CTO003192017100247	****UDGIL	****2439	5,400
CTO00	CTO003192018100737	****UDGIL	****2439	2,84,089
CTO00	CTO003192019100148	****UDGIL	****2439	1,22,150

Bills pertaining to 26 out of 32 PPOs got verified from AG (A&E) Office and it was confirmed that in 22 bills authority amounting to ₹ 117.84 lakh relating to DCRG was not issued and five bills amounting to ₹ 39.85 lakh were issued on account of commutation which was booked against DCRG. Authority in one case was issued for ₹ 9,89,043/- but bill was prepared and passed for ₹ 9,89,403/- resulted in excess payment of ₹ 360/-.



B) During the analysis of 'BillPaidVouchers' and 'DDOBillDetails' tables of IFMS database it was noticed that bills of additional DCRG had been passed by the respective Treasuries whereas no authority was issued by the AG (A&E) Office which resulted in unauthorised payments.

The details of unauthorised additional payments made by the Treasuries is given in **Table 2.24**.

**Table 2.24: Details of unauthorised additional payments of DCRG**

Treasury Code	DDO Code	Bill Number	Claimant Name	PPO Number	Bank Account Number	Gross Amount (in ₹)
KNG05	727	KNG057272017100619	****I RAM	****17711	****64120	4,722
BLP00	643	BLP006432016100833	****N LAL	****33917	****95360	6,862
CHM01	674	CHM016742016100208	****IYANU	****35768	****56790	6,840
MDI01	202	MDI012022018100119	****DEVI	****35927	****98403	24,738
KNG15	201	KNG152012018100136	****SINGH	****52588	****31517	18,763
SMR00	509	SMR005092018100073	****SINGH	****56792	****64109	11,171
KNG09	622	KNG096222018100282	****CHAND	****70125	****17139	5,148
KNG03	537	KNG035372021100003	****SINGH	****86874	****15640	16,032
<b>Total</b>						<b>94,276</b>

The above data depicts that there was no mechanism for uploading of original authorities/ details issued by AG (A&E) Office before authorising the payment as linkage with the Accountant General's Office and allowing access to AG to make modifications / add transactions on an online basis was not provided (Paragraph 4.11 of MMP Guidelines). This was a result of absence of interface between AG (A&E) Office and IFMS as discussed in **Paragraph 2.3.4.1**.

C) Audit analysis of 'BillPaidVouchers' and 'DDOBillDetails' tables of IFMS database revealed multiple payments in respect of DCRG to the same pensioner, which could not be authenticated due to non-availability of reasons for drawing DCRG multiple times.

A selected sample of 86 cases for physical verification of facts during field audit in four selected Treasuries revealed that in:

- In 74 cases, payment was released due to increase in DA and system recorded the additional payment as DCRG and was unable to distinguish from earlier payments of DCRG as no remarks were recorded in database.
- In two cases, records were not available in respective Treasury.
- In seven cases, payment of interest on DCRG was paid as per court orders and
- In three cases, payment of leave encashment was wrongly booked as DCRG.

*DTOs Shimla (October 2022), Chamba (November 2022), Kullu (October 2022) and Sirmaur (September 2023) stated that the Treasury makes payment on the basis of authority received from AG, HP and confirmed that no online check is available other than physical checking of authorities. Replies from the DTO Hamirpur, Kinnaur, Kangra, Lahaul & Spiti, Mandi, Solan and Una were still awaited (January 2025).*



Replies of the DTOs were not acceptable as there was an overpayment of ₹ 270.05 lakh (₹ 180.05 lakh + ₹ 90 lakh) in lieu of DCRG for which no authority was issued by the AG(A&E) Office.

In the exit conference (December 2023), the Secretary agreed and stated that these cases need to be checked and system needs to be added with additional checks/ validation.

#### **2.3.4.5 Issues in Commutation Payments**

##### **2.3.4.5 (A) Embezzlement of fund at Treasury**

Rule 232 of the HPTR, 2017 states that in the case of commuted value of pension, the Audit Officer shall issue the PPO for the reduced amount of pension, along with the authority for the payment of commuted money, with instructions to the Pension Disbursing Authority to make the payment in the Computerised Pension Disbursement System. The commutation payment through RTGS/NEFT shall be on the basis of commutation scroll generated by the District Treasury on the basis of authorities received from the AG(A&E) Office.

Audit scrutiny of the records revealed that in District Treasury Kangra ₹ 68,11,052/- was misappropriated between March 2017 and July 2017 by a computer operator<sup>47</sup> by generating 19 bills without original authorities in favour of 14 pensioners (₹ 56,72,122/-) and non-pensioners (₹ 11,38,930/-), including the computer operator. The entire amount (₹ 11,38,930/-) drawn for non-pensioners was ultimately transferred in the computer operator's bank account. As a result of Departmental enquiry, the Department recovered ₹ 11,38,930/- from the computer operator and ₹ 27,10,286/- was recovered from various pensioners, but a balance amount of ₹ 29,61,836/- was still to be recovered.

In the absence of an interface between the AG (A&E) Office and the Treasury databases, such misappropriation/embezzlement of funds could not be ruled out. Manual feeding of details without uploading original payment authorities/ details in the e-Pension module of the IFMS resulted in unauthorised withdrawal of money.

*Department while confirming (March 2022) the facts and figures, stated that duty regarding preparation of bill to the outsourced employee was due to shortage of staff and passing role is with a regular employee. Department further stated that payment is drawn due to shortcoming of software as there is no interface developed by AG, HP (A&E).*

However, the fact remains that guidelines for Mission Mode Project (Treasury Computerisation) under the National e-Governance Plan (NEGP) require the States to develop a pension module for processing pension payment orders (PPOs) received from the AG (A&E) Office for monthly payment of pension/ family

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<sup>47</sup> Outsourced and hired from National Institute of Electronics and Information Technology (NIELIT).

pension and C&AG interface module to provide linkages with the Accountant General's Office which was to be developed by DTAL and not by AG(A&E) as mentioned in the reply. But the DTAL did not develop the interfaces, due to which details of pensioners and pensionary benefits have to be manually entered into the system by the respective Treasury Office. The system also did not restrict multiple payments without recording the reasons for the withdrawal of payments and by not fetching the details of previous payments made against a particular PPO. In the exit conference (December 2023), the Secretary agreed to the findings and assured to take further corrective action.

#### 2.3.4.5 (B) Double Payment for the same amount of commutation

Rule 10 of the HPFR, 2009 further states that every Officer incurring or authorising an expenditure from public money shall be guided by high standards of financial propriety.

Audit of the front-end screens and analysis of 'BillPaidVouchers' and 'DDOBillDetails' tables of IFMS database revealed that all the input fields on the screen of the e-Pension module were editable, and accuracy of input details depends on the Data Entry Operator (DEO) only, and there is no mechanism to check the accuracy and duplication of data/record in the system.

Audit analysis revealed that in 15 cases of five Treasuries<sup>48</sup>, the same amount of commutation was released twice against the same PPOs between March 2017 and February 2021, resulting in an unauthorised payment of ₹ 77.81 lakh to pensioners. Some such cases of Kangra Treasury have already been discussed in **Paragraph 2.3.4.5 (A)** 'Embezzlement of fund at Treasury level'.

Out of the above 15 cases, it was noticed that in two cases<sup>49</sup> commutation payments had been transferred to different bank accounts for the same PPO, as explained in **Table 2.25**.

**Table 2.25: Unauthorised payment of commutation of same amount against single PPO**

Treasury Code	Bill Number	Claimant Name	PPO Number	Bank A/c Number	Gross Amount (in ₹)
KNG00	KNG005002020100018	****Kumar	****00199	****12390	3,58,614
KNG00	KNG005002020100242	****Kumar	****00199	****20910	3,58,614
KNG00	KNG005002020100386	****Chand	****13640	****28718	2,62,340
KNG00	KNG005002020100387	****Chand	****13640	****63325	2,62,340

All 15 cases were confirmed from online payment vouchers available in e-Kosh and records of the AG (A&E) Office. The AG (A&E) Office confirmed that authorities were not issued in 14 cases, and in one case second authority was issued on the basis of No Payment Certificate issued by Una Treasury, however Una Treasury had recovered the same.

<sup>48</sup> Hamirpur (two)- ₹ 17.61 lakh, Kangra (10)- ₹ 41.24 lakh, Shimla (one)- ₹ 6.41 lakh, Solan (one)- ₹ 5.08 lakh and Una (one)- ₹ 7.46 lakh (pertains to July 2016 and second payment of same amount in January 2022).

<sup>49</sup> These cases are included in **Paragraph 2.3.4.5 (A)**.

DTO Hamirpur stated (November 2022) that the Commutation bills were prepared by outsourced employees and there is no provision to restrict double payment in pension software. DTO Shimla stated (September 2022) that no digital authority is being received from AGHP and DTO Una has denied any overpayment. Reply from DTO Solan was awaited (January 2025).

The reply is not acceptable, since the final responsibility of checking and passing lies with DTOs/ TOs and payments were only required to be made after receiving authority from AG (A&E).

In the exit conference (December 2023), the Secretary agreed to the findings and assured to take further corrective action.

#### 2.3.4.5 (C) Absence of provision to record additional payments of commutation

Rule 10 (4) of HPFR, 2009 states that DDO shall be responsible for seeing that pay bills are checked and initiated by a responsible Government servant and that the checks shall always include verification of the total amount entered in the bills.

Audit analysed 'BillPaidVouchers' and 'DDOBillDetails' tables of IFMS database and noticed that software records all the payment as commutation payments and unable to distinguish between additional payment of commutation due to revision of pay scale as there was no provision in the system to record reasons for additional payment. Thus, the system was unable to distinguish between already paid commutation and additional commutation payments.

It was also noticed that in nine PPOs multiple payments of the commutation amounting to ₹ 77.10 lakh was drawn from different Treasuries for the same PPO as per detail given in Table 2.26.

**Table 2.26: Detail of multiple payments of the commutation**

TREA CODE	BILLDATE	ClaimantName	PPONumber	BankAcNumber	Gross Amount (in ₹)	Remarks
BLP00	27-12-2016	****CHAND	****45864	****16600	4,34,556	
SOL00	24-03-2021	****CHAND	****45864	****16600	17,077	
BLP00	22-12-2016	****SINGH	****48256	****33330	4,84,380	
<b>BLP01</b>	<b>07-07-2017</b>	<b>****SINGH</b>	<b>****48256</b>	<b>****33330</b>	<b>16,268</b>	<b>DCRG payment</b>
BLP00	04-05-2017	****HAKUR	****53957	****12475	9,98,493	
SML00	10-08-2017	****HAKUR	****53957	****12475	36,163	
MDI00	27-11-2017	****SINGH	****63797	****52197	4,57,861	
<b>MDI16</b>	<b>20-11-2017</b>	<b>****SINGH</b>	<b>****63797</b>	<b>****52197</b>	<b>7,99,360</b>	<b>DCRG payment</b>
<b>BLP00</b>	<b>24-02-2018</b>	<b>**** DASS</b>	<b>****64255</b>	<b>****00810</b>	<b>5,58,715</b>	<b>Authority not issued</b>
UNA00	13-03-2018	****UMARI	****64255	****44140	4,54,244	
SML00	16-05-2018	****ANDEY	****75087	****80765	6,63,787	
<b>SML09</b>	<b>01-09-2018</b>	<b>****ANDEY</b>	<b>****75087</b>	<b>****80765</b>	<b>26,090</b>	<b>Authority not issued</b>
KNG00	15-10-2019	****N LAL	****81364	****02950	26,921	
KNG00	25-02-2019	****N LAL	****81364	****02950	3,56,605	
<b>KNG05</b>	<b>26-09-2019</b>	<b>****N LAL</b>	<b>****81364</b>	<b>****02950</b>	<b>75,888</b>	<b>DCRG payment</b>
<b>KNG00</b>	<b>26-03-2021</b>	<b>****CHAND</b>	<b>****01078</b>	<b>****35060</b>	<b>4,75,942</b>	<b>Authority not issued</b>
SOL00	19-03-2020	****CHAND	****01078	****07102	3,15,830	

TREA CODE	BILLDATE	ClaimantName	PPONumber	BankAcNumber	Gross Amount (in ₹)	Remarks
SOL00	07-07-2020	****CHAND	****01078	****07102	1,377	
MDI00	21-09-2021	****CHAND	****22092	****41843	5,10,698	
MDI11	07-10-2021	****CHAND	****22092	****41843	10,00,000	DCRG payment
				<b>Total</b>	<b>77,10,255</b>	

Analysis of **Table 2.26** shows that in two cases (*in italics*), PPO number was the same, but name and bank account of the claimant and Treasuries were different.

Neither manual scrutiny of bills in Treasuries nor the e-Pension module detected the same. This showed that there was no provision to check the payments drawn from more than one Treasury which may result in unauthorised payments to the pensioners. The above-mentioned transactions could have been avoided if data interface with AG (A&E), Multi Factor Authentication, Digital Signature Certificate, and checks on multiple payments against the same PPO numbers were validated by applying input validation checks in IFMS.

Verification of all above nine cases by AG (A&E) showed that in three cases (₹ 10,60,747/-) no authority was issued and in four cases payment of DCRG (₹ 23,67,478/-) was wrongly booked under commutation.

Audit selected 139 cases for verification of facts during field audit in four selected Treasuries. It was noticed that payments were made due to revision of basic pay, but no reasons regarding additional payment was recorded in IFMS, and hence additional commutation payments were not distinguished from previous commutation payments by the system. Although the facts shown in the table were out of selection but the same were verified by generating vouchers available online and there were no supporting documents.

*DTOs Chamba, Kullu and Shimla (November 2022) stated that payment of commutation more than once is made on the basis of multiple authorities received from the Office of AG (A&E). There is no online interface for receiving digital authorities/data from AG (A&E). Treasuries are receiving only hard copy of the authorities from AG (A&E) Office. Replies of the DTOs were not acceptable as payments were authorised by the Treasuries Officers without verification of previous payments and in nine cases payments were drawn from two different Treasuries and Treasury applications software could not detect the same. Replies from the DTO Bilaspur, Hamirpur, Kinnaur, Lahaul & Spiti, Mandi, Solan, Sirmaur and Una were awaited (January 2025).*

In the exit conference (December 2023), the Secretary agreed to the findings and assured to take further corrective action.

### 2.3.5 Receipt Management

#### 2.3.5.1 Regarding input and application controls in e-Challan module

Rule 45 (3) of the HPTR, 2017 stipulates that DDO shall deposit the total amount so collected through a *challan* generated through e-Challan portal duly mentioning the

details of all depositors, at least once every month or whenever such receipts exceed the amount of ₹ 2,000/-. However, it shall be ensured that receipt under same Head of Account (HoA) shall only be clubbed in one e-*Challan*. Further, Rule 47 states that Government dues or other money receivable on Government Account may ordinarily be realised through online mode using e-*Challan* (Cyber Treasury) module. It may also be realised in legal tender coin, notes or by cheques also. Notes of all denominations are universal legal tender and can be received by all Government Officers as token of payment of Government dues or in settlement of other transactions. However, it shall be the responsibility of such Officers to deposit such receipts in Government accounts at the day end or latest by the next working day.

Audit analysis of the front-end screens and database revealed that the e-*Challan* module of IFMS did not have the necessary data input controls in place, leading to erroneous entries in modules and inaccurate information.

- i. When a DDO is selected, all Heads of Account are accessible to the *challan* depositor, increasing the possibility of incorrect *challan* deposit. For example, while selecting District Ayurveda Officer DDO under the Ayurveda-Ayush Department, passport fees, visa fees, etc. are displayed which might have got selected by mistake.
- ii. DDO wise receipt report available for public showed only entries of District Treasuries, even on selection of any Sub-Treasury of that District. However, no report of Sub-Treasuries was available in the system e.g., for the DDO code 500 of BLP02 (STO Ghumarwin), the report generated is of DDO code 500 of BLP00 (District Treasury Office Bilaspur).
- iii. There is no email account validation check upon registration and system accepts any email id without verification (such as email id 0000@000.00 can be generated).
- iv. When all details were fed in the input fields e.g., dates and Treasury code (KLU00) after selecting Treasury wise *challan* report under e-*Challan* module, it shows pop-up message "undefined" even if all details are shown after clicking 'obtain report'.
- v. In e-*Challan* there was no provision for capturing details of payee which was needed for verification when the claims are made. Complete details including bank details of depositors were also required in case of refund.

The e-*Challan* module was not user friendly because public users may not be aware of each specific Head of Account for respective Departments. Since Heads are not linked to Departments in the e-*Challan* module, all Heads of Accounts were accessible regardless of the Department selected on the screen.

The above points were referred to Department in March 2023; reply was awaited (January 2025).

In the exit conference (December 2023), the Secretary agreed to the findings and assured to take further corrective action.

### **2.3.6 Himachal Pradesh Online Treasury Information System (OLTIS) and e-Kosh module**

#### **2.3.6.1 Non-maintenance of various registers as prescribed**

Rule 209 of HPTR, 2017 states that Lapsed Statement of deposits should be recorded. Further, Rules 107 and 195(3) state that each DDO shall maintain the Bill Transit Register (BTR) and each repayment of deposit was to be recorded in register of repayments maintained in T.A.-21.

Test-check of records revealed that bill transit register, register of deposits, register of repayments and lapsed statement were not maintained in the prescribed format neither in the manual registers nor in the e-Bills.

Due to the transition from manual system to IFMS, Rules of HPFR, 2009 should be revised in concurrence with HPTR, 2017.

*Department admitted (April 2023) the facts and stated that BTR was not required any more as bill is forwarded digitally to the Treasury. The reply is not acceptable as non-maintenance of BTR was in contravention to the provisions of HPTR, 2017.*

#### **2.3.6.2 Shortcomings in e-Kosh (Management Information System)**

e-Kosh is the central information dissemination interface through the Internet for various stakeholders like Finance Department, HoDs, DDOs, employees, AG Office, Pensioners, etc. All kinds of Management Information System (MIS) reports are available on this interface in the public domain.

Test check of e-Kosh and e-Bills (HPOLTIS) module revealed that a MIS report named "Consolidated DDO Wise expenditure and Allocation Data" developed for AG Audit did not reflect any data for the year 2020-21 in respect of Major Heads 2071 and 8009 whereas the transactions relating to the said Major Heads had been made by the Department.

*Department stated (April 2023) that the data pertaining to these Heads is not reflected in the Report. Absence of data pertaining to active major heads can lead to generation of incorrect MIS reports related to such heads.*

#### **2.3.6.3 Discrepancies in various reports of e-Kosh**

Audit checked some of the reports available in the e-Kosh and data available under the 'For AG Audit' tab, it was noticed that data was not matched with the data shown in the other reports. Issues noticed related to discrepancies in data/reports are as detailed below:

1. Analysis of Advance/Adjustment Register report available on the e-Bills for the AG Treasury Inspection Parties, revealed that 16 advance bills amounting to ₹ 186.87 lakh had been drawn (between March 2017 and November 2020) from

DTO Shimla Capital Treasury. The same bills were re-entered with Bill No. 'ADVANCEMANUALENTY' into the database with the same sub-voucher numbers, same amount and same adjustment details, etc. but with different token numbers in the IFMS during the Financial Year 2020-21.

2. In the Employee details, HoD / Treasury DDO / Designation-wise Employee Status report under the e-Vitran module details of 76 employees working in Shimla Treasury had been displayed. After going through the report, it was noticed that the Date of Birth (DoB) and Date of Retirement (DoR) of all the employees has been shown as 'dd/mm/yyyy', and reporting place in case of eight employees has been shown as 'Null'. A similar issue was noticed in Shimla Capital Treasury.
3. Audit compared demand/grant wise Budget report 'State Level Summarised Queries [Allocation and Expenditure]' in e-Kosh and the Budget figures available in e-Budget Module report and it was noticed that items/heads considered for Budget figures were different for the Financial Year 2020-21<sup>50</sup> and 2021-22<sup>51</sup>.
4. In Demand wise expenditure (Compiled/Passed) report available in e-Kosh having multiple options for report generation, Audit generated two reports by using option Demand wise summary and HoD wise summary for the Financial Year 2021-22 up to February 2022. After analysing both the reports Audit noticed that there was difference in demand wise expenditure in both the reports as illustrated in **Table 2.27**.

**Table 2.27: Details of difference in Demand for grant wise expenditure**

Sl. No.	Expenditure (₹ in lakh)			Difference (₹ in lakh)
	Demand No.	Demand-wise summary	HoD-wise summary	
1	3	20,521	20,528	-7
2	8	5,25,013	5,25,018	-5
3	9	1,96,016	1,96,028	-12

Note : Differences of less than ₹ one lakh have not been included.

5. (a) Analysis of e-Vitran - Drill Down Budget Distribution Detail available under the tab 'For HoDs/DDOs' report for the Financial Year 2021-22 revealed that negative expenditure figures are appearing in Capital expenditure of different HoA due to 'null' value in the allocation column. This shows that either data of allocation was not appearing, or expenditure was incurred without allocation resulting in improper reporting.
- (b) Similarly, analysis of report<sup>52</sup> available under the State level summarised queries revealed the existence of negative expenditure figures for Major Head 2071 during the Financial Year 2020-21.
6. (a) Comparison of 'Demand Wise Expenditure (Compiled/Passed)' report with Consolidated DDO Wise Expenditure and Allocation Data report available under

<sup>50</sup> Budget figures for 2020-21 include both Original and Supplementary Budget.

<sup>51</sup> Budget figures for 2021-22 include Original Budget only.

<sup>52</sup> As per selected query Demand and HoA wise summary filtered by [Head=2071-XX-XXX] [in Rupees]



the ‘For AG (Audit)’<sup>53</sup> tab revealed that there were discrepancies in the Budget figures in 196 out of 263 cases between the aforementioned reports for the FY 2020-21.

(b) Similarly, data shown in the Demand Wise Expenditure (Compiled/Passed)’ report did not match with the Budget figures available in ‘consolidated DDO wise allocation and expenditure’ report<sup>54</sup> for HoDs for the Financial Year 2020-2021.

7. Analysis of consolidated DDO wise allocation and expenditure report for HoDs revealed that there was “Enter HoD Code for data regarding a specific HoD or leave empty for all HoDs.” against HoD field, but it was not showing any data in case the field was left blank and showed an error “Enter HoD code”.

#### Screenshot 2.5: Pertaining to Point No. 7

8. In the “Employee information” option under the “e-Salary misc reports” sub-menu “Report Menu”, details of some employees were not available.
9. Audit cross checked data of two different Management Information System (MIS) reports ‘Demand wise expenditure (Complied/Passed)’ (Referred as Report-1) and ‘Consolidated DDO wise expenditure and allocation data’ (Referred as Report-2) in e-Kosh. The figures were downloaded and consolidated at the Grant level. After consolidation it was noticed that there were differences in Budget figures of all the Demand for Grants.

<sup>53</sup> Link - (<https://himkosh.nic.in/eHPOLTIS/PublicReports/wfrmAGExtractData.aspx>).

<sup>54</sup> Link - (<https://himkosh.nic.in/eHPOLTIS/publicreports/wfrmHODWiseDDOQueries.aspx>).

10. Audit further analysed the expenditure reports and noticed that out of 32 Demand for Grants, there was a difference between expenditure figures in 12 Demand for Grants. The differences in expenditure between the two reports varied up to ₹ 5,99,296.59 lakh (29-Finance).
11. Audit downloaded (30.03.2022) data from 'Demand wise Expenditure (compiled and passed)' in respect of demand wise summary pertaining to Financial Year 2020-21. When the same report was again downloaded on 08.04.2022, there was change in expenditure figures pertaining to Demand for Grants 32-Scheduled Castes Development Programme. For the Financial Year 2020-21, the expenditure figures as on 30.03.2022 was ₹ 1,93,284.19 lakh, however, the figure of the same Demand for Grant on 08.04.2022 was ₹ 1,93,279.19 lakh. Accounts for the Financial Year 2020-21 were already finalised and there should not have been any change in figures after the close of the Financial Year.

Contradictory figures in the different reports defeated the basic objective to promote real-time reconciliation of accounts, strengthen Management Information Systems (MIS), improve accuracy and timeliness in accounts preparation, and bring about transparency and efficiency in public delivery systems and better financial management.

The above points were referred to the Department in March 2022; reply was awaited (January 2025).

In the exit conference (December 2023), the Secretary agreed to the findings and assured to take further corrective action.

### **2.3.7 Other Miscellaneous database issues**

#### **2.3.7.1 Management of Database Super User Accounts**

Powerful user accounts such as super user, database administrator, root user, etc. are high risk user accounts because of their level of access in database. These super user accounts may have virtually unlimited privileges or ownership over a system that allows these users to read/write/execute privileges, create or install files or software, modify data in files and system settings, deletion of data and drop and create users. Super users may be able to change firewall configurations, create backdoors and override security settings, erasing traces of their activity and modify log files.

Audit analysis of front-end screens and database showed that the DTAL had neither established a procedure for management of powerful users nor had documented the need for such policy or procedure.

The DTAL needs to lay down processes and policies to control super user activities, periodical reporting of super-user activity to appropriate authorities of IFMS management, to enforce segregation of duties, password policy, the processes to monitor and have provision for audit of all super user sessions.

Department admitted (April 2023) the fact that no policy for management of powerful user accounts has been formulated.

In the exit conference (December 2023), the Secretary agreed to the findings and assured to take further corrective action.

#### **2.3.7.2 Redundancy in DDO Bill Party Master table**

Audit analysis of front-end screens and database showed that suppliers/service providers were registered as party in the 'DDOPartyMaster\_Current' Table before making payments and the details of these suppliers/service providers were also recorded in the system.

Analysis of 'DDOPartyMaster\_Current' Table of IFMS database revealed the following:

- i. In 18,587 cases, same mobile numbers were used more than once for registration of party. Multiple use of same mobile number for party registration ranged between two to 785,
- ii. 98\*\*\*\*\*34 mobile number was recorded 785 times for party registration in 'MobileNumber' column of the above table whereas name and bank account of the parties were different in each case,
- iii. In 375 cases, mobile number was registered as '0',
- iv. In 103 cases, only two digits were recorded,
- v. In 12 cases, only three digit number was recorded,
- vi. In 289 entries, incorrect mobile number of less than 10 digits were recorded in 'MobileNumber' column of the 'DDOPartyMasterTable' table in IFMS database,
- vii. Dummy mobile numbers were recorded in IFMS database e.g. '9999999999' appear 25 times in IFMS database,
- viii. Single Bank account number was also recorded multiple times with different party names,
- ix. Zero account number was recorded in 13 entries,
- x. Length of Bank account numbers may vary from nine to 18 digits depending upon the core banking product used by the particular branch. Analysis of data showed that in 53 cases bank account was less than nine digits.

There was absence of validation checks during party registration particularly in respect of two important information, i.e. mobile numbers and bank account number. Validation checks on one-time registration of mobile numbers, correct mobile and bank account numbers minimise the data redundancy.

The above points were referred to the Department in November 2022; reply was awaited (January 2025).

In the exit conference (December 2023), the Secretary agreed to the findings and assured to take further corrective action.

### **2.3.7.3 Discrepancies in data of employee deduction master**

Audit analysed the 'DeductionMaster' table of e-Salary Module and noticed that :

- In 16,607 cases, date was recorded in the 'Payment\_month\_year' column of the table whereas zero amount was recorded in 'Monthly\_inst\_amt' column.
- In 64,108 cases, amount was shown in 'monthly\_inst\_amt' column of the table but the date was not recorded in 'Payment\_month\_year' column of the table.
- In 64,050 cases, date of sanction of advance/loan was not recorded in 'sanction\_date' column of the table.

There was inconsistency in recording the data related to deduction from employees and the date of deduction required to be recorded in the table could not be verified and due to non-supply of the requisitioned documents, the flow of data and the relation of data among these tables could not be ascertained by Audit.

Audit selected a sample of 225 cases for physical verification of facts during field audit in four selected Treasuries. The facts could not be verified as there was no access to the information from front end and manual record was not maintained in respective Treasuries. Hence, the results of data analysis could not be verified during physical verification.

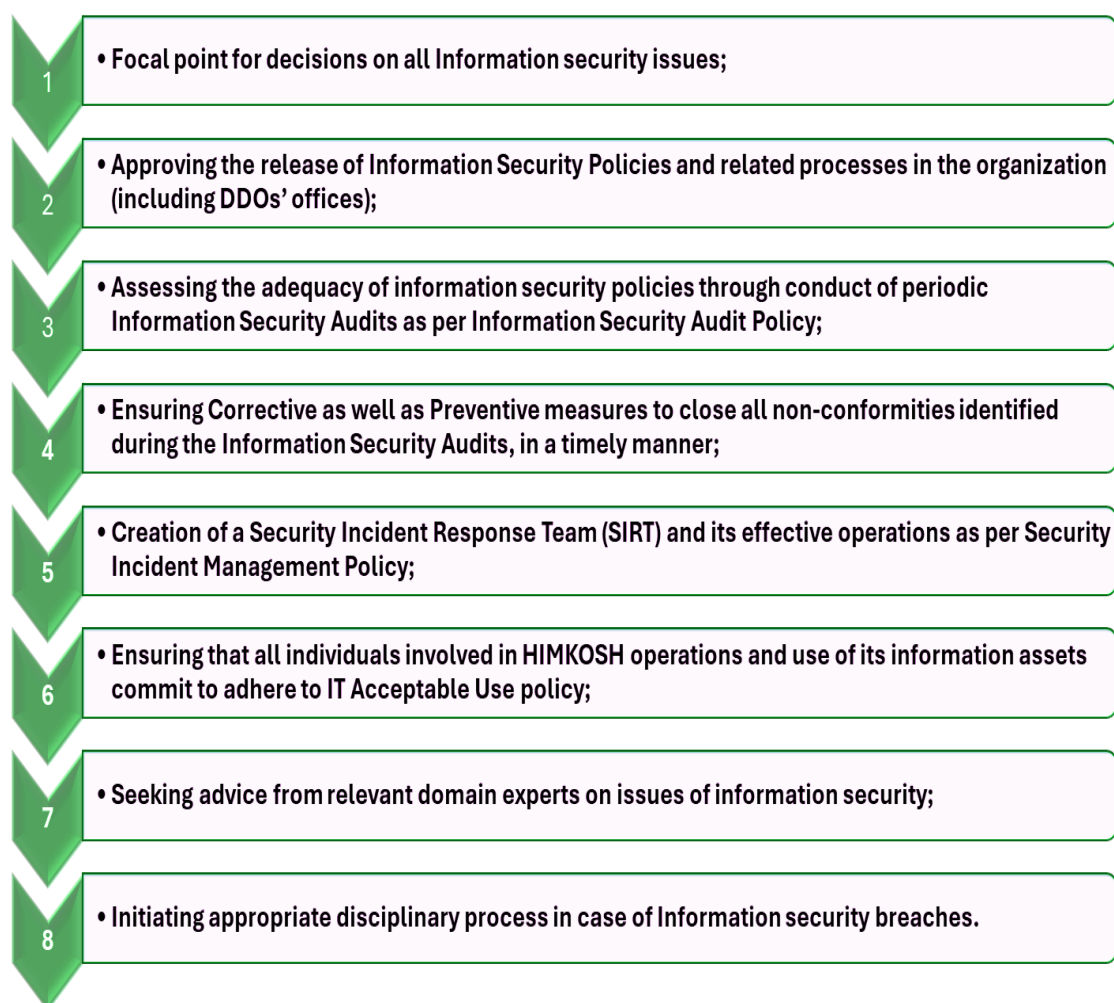
*DTO Shimla stated (February 2023) that there is recovery installment menu for HBA, GPF, LIC Saving fund, Insurance fund, etc. It remains empty if no recovery is payable. DTO Kullu (January 2023) stated that responsibility of capturing the information in deduction master is at DDO level. Replies from the DTO Bilaspur, Capital Shimla, Chamba, Hamirpur, Kinnaur, Kangra, Lahaul & Spiti, Mandi, Solan, Sirmaur and Una were awaited (January 2025). The replies of DTOs were not acceptable as such cases indicate presence of dummy data in the database.*

## **2.4 Information Security**

### **2.4.1 Security Policy**

#### **2.4.1.1 Non-creation of Information Security Steering Committee (ISSC)**

Paragraph 4.3 of IT Security Manual of the DTAL stipulates that an Information Security Steering Committee (ISSC) shall be established to ensure that the responsibilities and authorities for roles relevant to Information security are assigned and communicated. The ISSC shall be chaired by the Director, DTAL. Some of the major responsibilities related to Information Security of the ISSC team are:



Audit noticed that ISSC was not established in DTAL and therefore, responsibilities and roles relevant to information security had not been assigned. Thus, periodic information security audits, ensuring corrective/preventive measures, creation of a security incident response team and compliance to the IT Security policy could not be ensured.

*The Department admitted (February 2022) that ISSC and SIRT were not created.*

#### **2.4.1.2 Lack of Departmental control over operation and system**

Paragraph 14.6 of IT Security Manual of the DTAL states that IT Support Members are responsible for implementing the general operating system access control, functions access to specific information resources *e.g.*, system level application resources and data will be authorised by the IT Support Member, access to operating system source files, configuration files and file directories is restricted to IT Support Member only, access to system utilities is given only to the IT Support Member and only IT Support Members are allowed to access system logs or audit logs for review purposes.

Audit noticed that although DTAL is the owner of the IFMS database, it has no control over the activities of the Database Administrator (DBA). On the contrary, NIC (SDA) performed all DBA tasks and DTAL even did not have information on DBA-related activities carried out by the NIC (SDA).

A review of access logs and activities is essential to detect any suspicious activities of DBA or users not authorised by DTAL.

*Department admitted (April 2023) the facts and confirmed that no Database Administrator was designated and said it was not aware of any database administrative activities carried out by the developer.*

## **2.4.2 Access management**

### **2.4.2.1 Non segregation of duties**

Paragraph 6.2 (2) under Schedule-II of Information Technology (Certifying Authorities) Rules 2000 states that access to information system resources like memory, storage devices, *etc.*, sensitive utilities and data resources and programme files shall be controlled and restricted based on a "need-to-use" basis with proper segregation of duties.

Audit analysis of front-end screens of OLTIS module and database revealed that in e-Bills and e-Vitran modules only one user ID exists in the name of DDO of the DTAL for preparing/verifying all types of bills/allocation of Budget. No separate user IDs existed in IFMS for bill clerk (Bill preparation), Superintendent/Section Officer (checking of bills) and DDOs (approval of bills). Bill clerk, after generating bill from IFMS checked and obtained approval of DDOs manually on the hard copy of the bill. Related issues are discussed in **Paragraph 2.3.3.3 (F)** (Processing of bills at the Treasury by single user), **Paragraph 2.3.4.5 (A)** (Embezzlement of fund at Treasury) and **Paragraph 2.3.3.6 (B)** (Refund from civil court deposit into the savings bank accounts of the employees without recording reasons of refund (MACT fraud)).

Similarly, in e-Vitran module one user ID existed in DTAL which was operated by dealing assistant for allocating the Budget, verifying it and then applying the sanction number to verify allocation through the system. Therefore, all the operations in respect of e-Vitran module in DTAL were performed by a single user using the username and password allocated in the name of the HOD.

Thus, in absence of separate user IDs in IFMS for dealing hands to allow the Budget in e-Vitran and to prepare the bills in e-Bills modules, it was not possible to ensure the accountability for any function performed through the said modules. Inadequate segregation of duties increases the risk of errors being made and remaining undetected, fraud and the adoption of inappropriate working practices and, thus, ultimately leads to a control failure.

*Department stated (March 2022) that only one user ID is used to distribute Budget after approval on hard copy and due to shortage of staff, duties are not segregated and physical verification had been done in case of bills by DDO. Reply of the DTAL is not acceptable as there should be provision in IFMS for checking of bills by Superintendent/Section Officer and approval of DDOs by using separate IDs as discussed in Paragraph 2.2.3.4 (B).*



#### **2.4.2.2 Absence of Digital Sign Certificate and Multi Factor Authentication**

Rule 3 of Information Technology Act 2000 (Amended 2008) regarding “Authentication of Electronic Records” states that (1) any subscriber may authenticate an electronic record by affixing his Digital Signature and (2) the authentication of the electronic record shall be affected by the use of asymmetric crypto system and hash function. Further, Rule 291 of the HPTR, 2017 states that reports shall be rendered to the AG (A&E) HP in an electronic format bearing digital signature of an authorised Officer of the Treasury.

Audit noticed that the provision for the passing of bills and submission of monthly accounts using digital signature was not implemented by DTAL. The DTAL did not make it necessary for use of Digital Sign Certificate (DSC) for authentication of login to all users and submission of digitally signed MIS reports to respective stakeholders.

DTAL also did not provide Multi-Factor Authentication (MFA) for all users who access various IFMS modules/sub-programs. Access controls are tools and protocols used in information systems for identity, authentication, authorisation, and accountability. It also prevents the user from accessing any component of the system which is beyond his area of responsibility. Thus, provision of access to IFMS through DSC and MFA was not adhered to by DTAL.

Department stated (March 2022) that it is using multifactor authentication for officials with bill passing role only and not for other users. The reply is not acceptable as multifactor authentication needs to be implemented for all users as it decreases vulnerability of IFMS for unauthorised access.

#### **2.4.2.3 Users remained active after retirement in IFMS**

Paragraph 14.2 of the IT Security Policy Manual of DTAL states that level of access that is granted to the users through information systems should be appropriate to the business purpose. The user rights should be reviewed periodically (quarterly) by DTO/TO to ensure that the access is in line with the job requirements and records of the same are maintained. Users rights should be modified whenever the users’ work profile changes. All redundant user IDs should be removed. Concerned Department heads must inform DTO/TO about users who are transferred to other Departments or who leave the organisation. The access rights of such users should be removed/ updated immediately by DTO/TO.

Audit analysed the data of ‘EmployeeMaster’ table and the login trail of the e-Salary database pertaining to the processing and passing of bills and noticed that 29 user IDs assigned to employees during service were used to access the IFMS after retirement either by the users themselves or by others using the user’s password. This showed that neither the DTO/TO/DDO deactivated the user IDs nor were the roles withdrawn on retirement. IFMS also did not restrict the user from log-in with the roles assigned to employee after retirement.



As a result, there was a risk of unauthorised access through these login credentials by retired employees or by others.

*The DTOs Shimla (October 2022), Chamba (November 2022) and Kullu (February 2023) stated that neither the Department developed any mechanism to deactivate user IDs of employees after retirement nor there was any such provision in the system. Replies from DTOs Hamirpur, Kinnaur, Kangra, Solan, Sirmaur and Una were awaited (January 2025). The reply indicated the need to include a provision in the system to restrict access of retired employee or employees who had left the Department.*

### **2.4.3 Vulnerability and Threat**

#### **2.4.3.1 Non-compliance with website security guidelines**

Paragraph 1 of the NIC-CERT Website Security Guidelines direct to ensure that the website should be security audited, and an audit clearance certificate is issued by a Computer Emergency Response Team (CERT-IN) (an Office within the Ministry of Electronics and Information Technology of the Government of India) empanelled vendor before hosting in the production environment. The security audit should be done every six months or as and when changes are done to the source code. Paragraph 10 of the guidelines further state that Hypertext Transfer Protocol (*http*) Response Headers should be obscured. Paragraph 14 states that the Web Server processes should not be running under Administrator or Root user account and a dedicated user account with limited privileges should be used for the Web Server Processes.

A reliable security audit lists out all known vulnerabilities, mis-configurations, loopholes, security weaknesses, gaps present in the IT application and also detect malware and website defacements. Further, it throws light on business logic flaws and other unknown vulnerabilities. The security audit must be regularly done to ensure confidentiality, availability and integrity of the IFMS system.

Audit noticed that e-Pension, OLTIS, e-Salary, e-NPS, e-Vitran, Cyber Treasury, GST Treasury modules of IFMS were launched in August 2004, 2005, July 2007, November 2010, April 2010, June 2014, and July 2017 respectively but the security audit of these modules were not conducted. DTAL obtained the audit clearance certificate of only e-Challan and e-Salary or IFMS (Him-Kosh) in May 2013 and December 2019 respectively and thereafter no certificate was obtained after every six months or whenever changes are made. Audit further noticed that DTAL planned changes in Cyber Treasury application and requested (August 2014) NIC (SDA) for change in Cyber Treasury application. However, after the changes were made in Cyber Treasury application, no security audit was conducted which was contrary to the guidelines *ibid*.

*Department stated (March 2022) that changes had been incorporated in modules and accepted that it did not conduct security audit of IFMS every six month or as and when changes were made in the source code.*

## 2.4.4 Backup and Recovery controls

### 2.4.4.1 Backup and restoration of useful historical data

Paragraph 12.6.5 of IT Security Policy Manual, DTAL states that access should only be with the owner, senior management and third party as designated by the owner and backup copies maintained offsite. Further, Paragraph 16.2.4 states that the backup of useful historical data is to be taken manually, by the IT Support Members of the respective Treasury Offices on one-time basis, on an External Hard Disk, which is stored in a designated locked cupboard (archive) in the DTAL Head Office at Shimla. The records of the above backup activity are centrally monitored and maintained by the IT Support Team at the DTAL Head Office at Shimla.



Audit noticed that DTAL did not create an IT Support Team at headquarters and in all Treasury Offices. DTAL informed that data backup for the previous two Financial Years *i.e.* 2020-21 and 2021-22 had been obtained from NIC (SDA) in April 2021 and March 2022 and the same were kept in the Directorate without maintaining any inventory/register.

Audit further noticed that DTAL did not check data by restoring the backup taken from NIC (SDA) and, hence, it could not be ensured whether the relevant data had been included in the backups. Data restoration part of the strategy defines who is responsible for performing restores, how restores should be performed to meet goals for database availability and minimising data loss and method for testing of restores. A restoration policy is required to have backups in all the formats which are included in the backup strategy and have tested the restored database for physical consistency.

Due to the non-restoration of data backup; consistency, accuracy and completeness of the backup data could not be ensured.

The above points were referred to DTAL in May 2022; reply was awaited (January 2025).

#### **2.4.4.2 Non formulation of Security Incident Response Team (SIRT)**

Paragraph 4.3.4 of the IT Security Policy Manual, DTAL states to contain and mitigate the impact of any information security incident, a Security Incident Management Committee shall be created by the Information Security Steering Committee in its first meeting. Their responsibilities and authority are (i) SIRT is responsible to create and implement a mechanism for reporting, containment, mitigation, and correction of any information security incident.

Audit noticed that DTAL did not constitute SIRT and no incident response policy had been formulated. Further no documents indicating recording of logs of the incidents were available during Audit. Hence it could not be established which kind of incidents were faced during the implementation of various modules and strategies adopted by the DTAL to deal with such incidents, and to know whether incidents are the result of any changes made into the system.

The above points were referred to DTAL in March 2022; reply was awaited (January 2025).

#### **2.4.4.3 Absence of Data Retention Policy**

As per Paragraph 28.1.3 of IT security policy of the Department the protection of organisation's record is based on classification of records. Organisational records needed to meet statutory, regulatory, or contractual requirements, including support of essential business activities to be retained securely. After the retention period, appropriate destructions of records should be done.

Audit noticed that prior to the computerisation of Treasury, records were to be retained as per Paragraph 19.7 of HPOM, 2011 wherein different time periods for retention of different records were prescribed. However, after the computerisation and subsequent introduction of IFMS, DTAL did not formulate an appropriate Data Retention Policy (DRP) to be guided by classification of data with respect to risk assessment, retention period, regulatory or contractual requirements including support of essential business activities period, *etc.* for ensuring that the data center architecture supports the DRP.

It was further observed that the DTAL is yet to formulate a DRP and data sharing policy. As a result, data existed in live database from the beginning of application(s). Absence of the DRP and data sharing policy is indicative of the non-recognition of the importance and potential use of the data available with IFMS.

*Department admitted (March 2023) the facts and confirmed that no data retention policy has been formulated and entire data is in live database.*

#### **2.4.5 Disaster management and Business continuity**

##### **2.4.5.1 Non formulation of disaster recovery and business continuity plan**

Para 20.7 pertaining to "Backup and recovery" of HP Office manual 2011 states that (ii) The Departments must have a clear-cut Backup Policy, with regard to historic data,

stating clearly the length of time for which data shall be preserved before it is permanently purged’.

Paragraph 15 of IT Security Policy of DTAL states that organisation’s sensitive information processing facilities shall be housed in secure areas. Physical protection shall be provided against natural and man-made disasters. Access to premises shall be controlled.

Audit noticed that no records indicating preparation of Business Continuity Plan and Disaster Recovery Plan were available with the Department and critical financial operations of the Government were at risk in case of disaster. Further in absence of any documentation, the procedure followed to ensure the security of data and business continuity could not be ascertained. IFMS being a critical system, it was necessary to evolve a Business Continuity and Disaster Recovery Plan encompassing documented procedures for back-ups, restoration, anti-virus mechanisms, redundancy, *etc.* even in the case of cloud-based applications.

*Department admitted (March 2022) that no documents were prepared for disaster recovery plan and backup policy; any business impact analysis and risk assessment to identify and prioritise critical data was not carried out and business continuity plan was also not prepared.* Thus, in the absence of disaster recovery plan and backup policy, the data and information are at risk and there is possibility of disruption in business continuity.

## **2.5 Conclusion**

IFMS implementation in Himachal Pradesh was based on the integration of pre-existing modules. However, the integration of the modules was done without considering all aspects and involving all stake holders. Business process re-engineering was not done, and financial codes were not revised, which led to continued reliance and dependency on the manual operations. IFMS system was not developed based on systematic approach. There was no service level agreement with NIC for monitoring project implementation. Changes were made in production environment directly without any user acceptance testing. Transactions were done online as well as manually, which made IFMS data unreliable for any MIS reporting.

Further, improper integration of modules of IFMS led to presence of manual intervention in budgeting process, unnecessary Supplementary Budget, diversion of funds, excess allocation/expenditure over Budget, expenditure on service not contemplated in Budget and differences of figures in MIS reports. Moreover, non-development of interface for AG(A&E) resulted in embezzlement and unauthorised payments of DCRG, commutation and leave encashment and non-distinguishing of advance and final withdrawal of GPF cases. Also there were absence of input and application controls leading to issues like no provision of sanction creation and approval, presence of ‘Other’ withdrawal reason category while preparing bills for GPF withdrawal, pension bills can be created for current employees, discrepancies in data *etc.* and absence of validation checks leading to issues like difference in number of bills passed and bills compiled, bills prepared without Budget, inconsistent dates and delay

in bills processing, passing of bills by unauthorised officials/Officers, processing of bills from tokenising to passing by a single official was observed.

Further, it was noticed that DDOs were able to create bills after DDO validity date was over and affiliation of one DDO was there with multiple Treasuries. Use of multiple masters for same data, acceptance of inaccurate data, incomplete details in master data of employees, service providers and suppliers, difference in payment/ receipt figures between compilation and bank scroll, irregularities in Letter of Credit related transactions etc. were also observed. Moreover, there was non-mapping of Rules like offline processing of bills, adjustment of advances, provision for AC/ DC bills, provision in e-Bills for creation of bills for advance salary payment to the employees posted in tribal areas, mapping of DDO codes with Head of Accounts etc. Further, management of Database Super User Accounts was done by NIC HP (SDA) without any control of the Department.

Also, the security weaknesses noticed in IFMS like access of login IDs by user after retirement may expose critical financial information to inappropriate access and therefore posed the risk of compromising the confidentiality and integrity of the information. Absence of DSC for passing of bills rendered the vouchers created under the IFMS unauthentic. Manual workarounds and backend inputs exposed the IFMS to risks of data integrity and reliability. Moreover, lack of control of DBA activities was observed which may lead to unauthorised access. Further, absence of MFA and non-constitution of ISSC and SIRT were also observed. Also, due to absence of transaction logs, unauthorised access could not be detected.

In conclusion, the IFMS in Himachal Pradesh suffers from design flaws, weak enforcement of internal controls, fragmented system integration, and gaps in information security, business continuity, and fiscal governance. These shortcomings undermine the system's credibility as a reliable and accountable platform for public financial management.

## 2.6 Recommendations

Several functional and systematic deficiencies were noticed. To overcome these deficiencies, the Department may:

- *Adopt a systematic approach for management of IFMS. Complete documentation may be maintained with help of SDA (NIC). Department may consider keeping the project document up-to-date in future by documenting all the changes in the software. IFMS should have provision for trails/logs of changes.*
- *Conduct a feasibility study and meetings with all stakeholders to understand and identify all requirements, which should then be properly documented in SRS, SDS, etc. This can serve as a measure of fulfilment of requirements as well as help in the testing of different modules.*

- *Provide an interface with AG (A&E) Office and Treasuries to ensure transfer of digital data in respect of GPF, pensionary benefits like commutation, gratuity etc. whose payment is made only on the basis of sanctions issued by AG(A&E) Office.*
- *Facilitate end to end processing from Budget preparation to bill processing in IFMS with minimal human intervention and ensure that all types of bills are processed through the IFMS.*
- *Ensure the following features in IFMS:*
  - *A check in IFMS to prevent payment of salary and other related bills for “Other Payee” and in case any payment is made to employees from “Other payee” option, employee code should be mandatory before such payments.*
  - *Validation checks to ensure that there are no double or unauthorised payments (e.g. not passing of bills after DDO validation dates, against employee code with ‘stopcode’ applied etc.), excess payments than permitted under the rules and payments restricted in case of incorrect PAN numbers.*
  - *Provision for automatic populating the due dates of adjustments for monitoring of advances/AC bills.*
  - *Unique code for every Major Works/Project, Scheme and institutions with details of place, Panchayat and Block etc. in IFMS.*
  - *A mechanism to issue red flags to warn Treasury Officer if delay in bill processing is more than the prescribed time-limit. Pre-audit features for application of initial checks on the bills before the submission to the Treasury Office, to minimise the time required for processing bills should be considered.*
  - *Provisions to ensure that deduction of TDS from third party payments are as per provisions of the IT Act/ GST Rules and record details of the recipients/claimants receiving the pay-out.*
- *Establish Information Security Steering Committee (ISSC) and ensure that the responsibilities and authorities for roles relevant to Information Security are assigned and communicated.*
- *Ensure control over the DBA activities as well as access to transaction and exception reporting logs.*
- *Ensure segregation of duties and roles of the authorised personnel in each module.*
- *Establish a robust Data Recovery and Data Back-up plan in the form of a Disaster Recovery Plan/ Business Continuity Plan.*

**Chapter III**  
**Departmental Oversight on GST**  
**Payments and Returns Filing**





## **Chapter III: DEPARTMENTAL OVERSIGHT ON GST PAYMENTS AND RETURNS FILING**

### **State Taxes and Excise Department**

#### **3.1 Introduction**

Introduction of Goods and Service Tax (GST) has replaced multiple taxes levied and collected by the Centre and States. GST, which came into effect from 01 July 2017, is a destination-based consumption tax on the supply of goods or services or both levied on every value addition. The Centre and States simultaneously levy GST on a common tax base. Central GST (CGST) and State GST (SGST) /Union Territory GST (UTGST) are levied on intra-state supplies, and Integrated GST (IGST) is levied on inter-state supplies.

Section 59 of the Himachal Pradesh GST (HPGST) Act, 2017 stipulates GST as a self-assessment-based tax, whereby the responsibility for calculating tax liability, discharging the computed tax liability and filing returns is vested on the taxpayer. The GST returns must be filed online regularly on the common GST portal, failing which penalties will be payable. Even if the business has had no tax liability during a particular tax period, it must file a nil return mandatorily. Further, Section 61 of the Act read with Rule 99 of HPGST Rules stipulate that the proper officer may scrutinise the return and related particulars furnished by taxpayers, communicate discrepancies to the taxpayers and seek an explanation.

This Subject-Specific Compliance Audit (SSCA) was taken up considering the significance of the control mechanism envisaged for tax compliance and the oversight mechanism of the Excise and Taxation Department of the Government of Himachal Pradesh in this new tax regime.

#### **3.2 Audit objectives**

This audit was oriented towards providing assurance on the adequacy and effectiveness of systems and procedures adopted by the Department with respect to tax compliance under GST regime. Audit of 'Departmental oversight on GST Payments and Return filing' was taken up with the following audit objectives to seek an assurance on:

- i. Whether the Rules and procedures were designed to secure an effective check on tax compliance and were being duly observed by taxpayers; and
- ii. Whether the scrutiny procedures, internal audit and other compliance functions of the Circles were adequate and effective.

#### **3.3 Audit methodology and scope**

This SSCA was predominantly conducted based on data analysis, which highlighted risk areas and red flags pertaining to the period July 2017 to March 2018 and audit of the functions of selected Circles covering the period from July 2017 to March 2021.

Through data analysis, a set of 13 deviations<sup>1</sup> was identified across the domains of Input Tax Credit, Discharge of tax liability, Registration and Return filing. Such deviations were followed up through a centralised audit (**limited audit**<sup>2</sup>), whereby these deviations were communicated to the relevant CBIC jurisdictional formations (Ranges)/State departmental field formations and action taken by the jurisdictional formations on the identified deviations was ascertained without involving field visits.

The limited audit was supplemented by a **detailed audit** involving field visits for verification of records available with the jurisdictional field formations. Returns and related attachments and information were accessed through the CBIC-ACES-GST application - the back-end system of the State Taxes and Excise Department application as much as feasible to examine data/ documents relating to taxpayers (*viz.* registration, tax payment, returns and other departmental functions).

The detailed audit also involved accessing relevant granular records from the taxpayers such as invoices through the respective field formations. This apart, compliance functions of the departmental formation such as scrutiny of returns, were also reviewed in selected Circles.

The audit of the functions of selected Circles covered the period from July 2017 to March 2021. The SSCA covered only the State administered taxpayers. The field audit was conducted from July 2022 to October 2022.

Entry conference of this SSCA was held on 19 January 2022 with the Commissioner, State Taxes and Excise, Himachal Pradesh and in which the audit objectives, sample selection, audit scope and methodology were discussed. The Exit Conference was held on 6 July 2023 with Commissioner State Taxes and Excise, Himachal Pradesh in which the audit findings were discussed. The replies of the Department have been suitably incorporated in the relevant paragraphs.

### **3.4 Audit sample**

A data-driven approach was adopted for planning, as also to determine the nature and extent of substantive audit. The sample for this SSCA comprised a set of deviations identified through data analysis for limited audit that did not involve field visits; a sample of taxpayers for detailed audit that involved field visits and scrutiny of taxpayer's records at departmental premises; and a sample of Circles for evaluating the compliance functions of the Circles.

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<sup>1</sup> 1. ITC mismatch between GSTR 2A and GSTR 3B, 2. ITC availed under RCM vs payment of tax in GSTR 3B/ GSTR 9, 3. Short payment of tax under RCM vs ITC availed in GSTR 3B/ GSTR 9, 4. Incorrect availment of ISD credit, 5. Incorrect ISD credit reversal, 6. Reconciliation between ITC availed in Annual returns with expenses in Financial Statements, 7. Mismatch of ITC availed between Annual Returns and Books of Accounts, 8. Mismatch in turnover declared in GSTR 9C Table 5R, 9. Mismatch in taxable turnover declared in GSTR 9C Table 7G, 10. Mismatch in tax paid between Books of Accounts and Returns, 11. GSTR 3B was not filed but GSTR 1 is available, 12. Short payment of interest and 13. Stop filers.

<sup>2</sup> Limited audit did not involve seeking taxpayer's granular records such as Financial Statements, related ledger accounts, invoices, agreements etc.

There were three distinct parts of this SSCA as under:

**(i) Part I - Audit of Circles**

Ten Circles<sup>3</sup> with jurisdiction over more than one selected sample of cases for Detailed Audit were considered as the sample of Circles for evaluation of their oversight functions.

**(ii) Part II - Limited audit**

The sample for limited audit was selected by identification of high-value or high-risk deviations from the Rules and inconsistencies between returns through data analysis for evaluation of the adequacy and effectiveness of the scrutiny procedure of the Department. Accordingly, a sample of 336 taxpayers were selected for limited audit under this SSCA.

**(iii) Part III - Detailed audit**

It was conducted by accessing taxpayers' records through Circles for evaluation of the extent of tax compliance by taxpayers. The sample of taxpayers for Detailed Audit was selected on the basis of risk parameters such as Excess Input Tax Credit (ITC), Tax Liability mismatch, Disproportionate exempted turnover to total turnover and Irregular ITC reversal. A sample of 55 taxpayers selected for Detailed Audit comprised Large<sup>4</sup>, Medium<sup>5</sup> and Small<sup>6</sup> strata taxpayers as well as taxpayers selected randomly.

**3.5 Audit criteria**

The source of audit criteria comprised the provisions contained in the HPGST Act, IGST Act, and Rules made there under. The significant provisions are given in **Table 3.1:**

**Table 3.1: Source of criteria**

Sl. No.	Subject	Act and Rules
1	Levy and collection	Section 9 of HPGST Act
2	Reverse Charge Mechanism	Section 9 (3) of HPGST Act and Section 5 (3) of IGST Act
3	Availing and utilising ITC	Sections 16 to 21 under Chapter V of HPGST Act; Rules 36 to 45 under Chapter V of HPGST Rules
4	Registrations	Section 22 to 25 of HPGST Act; Rules 8 to 26 of HPGST Rules
5	Supplies	Section 7 and 8 HPGST Act. Schedule I, II and III of the HPGST Act
6	Place of supply	Section 10 to 13 of IGST Act
7	Time of Supply	Section 12 to 14 of HPGST Act
8	Valuation of supplies	Section 15 of HPGST Act; Rules 27 to 34 of HPGST Rules
9	Payment of Tax	Sections 49 to 53 under Chapter X of HPGST Act; Rules 85 to 88A under Chapter IX of HPGST Rules

<sup>3</sup> Baddi-II, Baddi-III, Baddi-IV, Bhoranj & Sujampur, Industrial Area Kala Amb, Mandi-III, Manali, Nerchowk, Paonta-I and Paonta-II.

<sup>4</sup> First category strata comprising large taxpayers – top two *per cent* of taxpayers based on turnover.  
<sup>5</sup> Second category strata comprising medium taxpayers – next eight *per cent* of taxpayers based on turnover.

<sup>6</sup> Third category strata comprising the bottom most layer – next 90 *per cent* of taxpayers based on turnover.

Sl. No.	Subject	Act and Rules
10	Filing of GST Returns	Sections 37 to 47 under Chapter IX of HPGST Act; Rules 59 to 68 and 80 to 81 under Chapter VIII of HPGST Rules; Part B of HPGST Rules prescribes format of returns
11	Zero-rated supplies	Section 16 of IGST Act
12	Assessment and Audit functions	Sections 61, 62, 65 and 66 under Chapter XII & XIII of HPGST Act; Rules 99 to 102 under Chapter XI of HPGST Rules

In addition, the notifications and circulars issued by Central Board of Indirect Taxes and Customs (CBIC)/ State Taxes and Excise Department relating to filing of returns, notifying the effective dates of filing of various returns, extending due dates for filing returns, rates of tax on goods and services, payment of tax, availing and utilising ITC, scrutiny of returns and oversight of tax compliance and Standard Operating Procedures (SOP) containing instructions to departmental officers on various aspects related to filing returns, scrutiny of returns and cancellation of registrations also formed part of the audit criteria.

### 3.6 Audit findings

The audit findings are categorised into the following three categories:

- Audit of Circles
- Limited audit (Centralised audit)
- Detailed Audit

#### 3.6.1 Audit of Circles

A return is a statement of specified particulars relating to the business activity undertaken by taxpayers during a prescribed period. Every taxpayer is legally obligated to furnish a complete and correct return duly declaring the tax liability for a given period and taxes paid within the stipulated time. In a self-assessment regime, the significance of monitoring return filing by taxpayers acquires greater significance as the returns are the first mode of information about taxpayers and their respective business activities.

##### 3.6.1.1 Lack of action on late-filers and non-filers

Section 46 of the HPGST Act, 2017 read with Rule 68 of HPGST Rules, 2017 stipulates issue of a notice in Form GSTR-3A requiring filing of return within fifteen days if the taxpayer had failed to file the return within the due date. In case the taxpayer fails to file the returns even after such notice, the proper officers may proceed to assess the tax liability of the said person to the best of their judgment, taking into account all the relevant material which is available or gathered and issue an assessment order in Form ASMT-13.

Filing of returns is related to payment of tax as the due date for both the actions are the same, which implies risk of non-payment of tax/penalty in the case of non-filers.

Action initiated on non-filers but not completed (GSTR-3A issued but ASMT-13 not issued): During Circle audit, it was observed that out of 10 Circles information of late

filer/ non-filers in five Circles<sup>7</sup> was neither available in the web portal nor provided by the Circles. However, in the remaining five Circles 5,772 cases<sup>8</sup> of late filers/non-filers were identified by the information available in web portal.

Audit observed 1,821 cases across five Circles during July 2017 to March 2021 where GSTR-3A notices were issued but assessment orders under ASMT-13 were not issued despite taxpayers not filing their returns in 1,261 cases within the stipulated time. The due process of issue of GSTR-3A followed by ASMT-13 was not observed in all cases. Audit observed that in 560 cases the taxpayers filed their returns in pursuance of GSTR-3A. However, it cannot be ascertained what actions were initiated against those who did not comply even after receiving such notices in the above-mentioned cases. **(Appendix 3.1).**

On this being pointed out (July-October 2022), the Department replied (May 2023) that in most cases the taxpayer filed the returns in due course of time after issue of notices under GSTR-3A. The reply is not acceptable as no mechanism exists in the Department for taking cognisance of non-filers. During Exit Conference, the Department stated (July 2023) that there might be technical issues in the software during the initial period of implementation of GST.

**Recommendation 1: The Department may take prompt action against the late/non-filers of returns.**

#### **3.6.1.2 Slow pace of scrutiny of returns /Non-initiation of scrutiny of returns**

As per Section 61 of the HPGST Act, various returns filed by taxpayers have to be scrutinised by the Proper Officer to verify the correctness of the returns, and suitable action has to be taken on any discrepancies or inconsistencies reflected in the returns. The Proper Officer designated for this purpose is the Circle Officer. Further, Rule 99 of the HPGST Rules, 2017 mandates that in case of discrepancies, if any, notice shall be communicated to the taxpayer to seek his explanation.

Department had not issued any detailed guidelines/ SOP on scrutiny of returns with a view to ensure uniformity and to standardise the procedure for the scrutiny proceeding as per Section 61 of the Act. However, the CBIC vide instructions dated 22-03-2022 had issued SOP for scrutiny of returns for the Financial Years 2017-18 and 2018-19. Audit of functioning of 10 Circles for the period 2017-21 revealed that five Circles<sup>9</sup> had not conducted any scrutiny during the period 2017-18 to 2020-21. However, in the remaining five Circles<sup>10</sup>, scrutiny of 139 number of cases sent by Economic Intelligence Unit (EIU) of the Excise and Taxation Department was carried out. In June 2022, the Department selected cases for internal audit for the year 2017-18 to 2019-20. Thus, the scrutiny process was not standardised and was carried out on the basis of cases selected by EIU. Audit could not ascertain the parameters for prioritisation of cases for scrutiny

<sup>7</sup> Baddi-II, Bhoranj & Sujapur, Mandi-III, Manali and Nerchowk.

<sup>8</sup> Baddi-III, Baddi-IV, Industrial area Kala Amb, Paonta-I and Paonta-II.

<sup>9</sup> Baddi-II, Baddi-III, Baddi-IV, Paonta-I and Paonta-II.

<sup>10</sup> Bhoranj & Sujapur, Industrial Area Kala Amb, Mandi-III, Manali and Nerchowk.

u/s 61 of HPGST Act 2017 among identified 139 taxpayers' cases prescribed by the EIU (**Appendix 3.2**).

On this being pointed out (July-October 2022), the Department replied (May 2023) that conducting scrutiny is not mandatory and action under Section 73 or 74 of the HPGST Act can be initiated directly without giving notice in Form ASMT-10. However, norms for scrutiny of returns had been fixed in May 2023.

Audit is of the view that due to delay in identification of taxpayers by the EIU along with slow pace of scrutiny of returns, the window for issuing of show cause notice under Section 73 of the HPGST Act on the returns relating to the period of 2017-18 was getting shorter as these had to be done by September 2023.

**Recommendation 2: The Department may initiate and expedite the scrutiny of the returns as per norms fixed by the Department.**

#### **3.6.1.3 Delay in audit by tax authorities/internal audit not initiated**

As per the Section 65 of the HPGST Act, 2017, the Commissioner or any officer authorised by him, by way of a general or a specific order, may undertake audit of any registered person for such period, at such frequency and in such manner as may be prescribed. Section 2 (13) of the HPGST Act, 2017, defines "Audit" as the examination of records, returns and other documents maintained or furnished by the registered person under this Act or the Rules made there under or under any other law for the time being in force to verify the correctness of turnover declared, taxes paid, refund claimed and input tax credit availed, and to assess his compliance with the provisions of this Act or the Rules made there under.

Audit observed (July-October 2022) that the Department has not conducted any audit under Section 65 of HPGST Act in the State during the period from 2017-18 to 2020-21.

On this being pointed out (July-October 2022), the Department replied (May 2023) that the cases for audit to be conducted at Circle level have been selected in July 2022.

**Recommendation 3: The Department needs to take prompt steps to undertake audits so that timely action could be initiated against the defaulters and recoveries could be effected.**

#### **3.6.1.4 Inadequate efforts to recover dues**

Section 78 stipulates that any amount payable by a taxable person in pursuance of an order passed under this Act, shall be paid by such a person within a period of three months from the date of service of such an order, failing which recovery proceedings shall be initiated. The time period can be less than three months in some special circumstances, if it is expedient in the interest of the Government. Audit observed that in 557 cases across ten Circles, the Circles did not act after issuing DRC-07 (Demand and Recovery Case) to pursue recovery of the dues amounting to ₹ 36.09 crore (**Appendix 3.3**).



On this being pointed out (July-October 2022), the Department replied (May 2023) that they are making necessary efforts to recover the dues from the taxpayers through different modes.

**Recommendation 4: The Department may initiate recovery process in cases where DRC-07 has been issued.**

### 3.6.1.5 Cancellation of registrations

Section 29 of the HPGST Act 2017 read with Rule 20 of the HPGST Rules allows for cancellation of registration by the taxpayer in certain situations like closure of business, turnover falling below threshold for registration, transfer of business/merger/amalgamation, change of PAN, non-commencement of business within the stipulated time period and death of the proprietor. The taxpayer applying for cancellation of registration should apply in REG-16 on the GST common portal within a period of 30 days of the “occurrence of the event warranting the cancellation”.

Section 29 (2) of the HPGST Act allows for *suo moto* cancellation of the registration of taxpayer by tax officer on the grounds of (a) contravention of the Acts or Rules by the taxpayer; (b) ‘composition taxpayers’ not filing return for three consecutive tax periods; (c) taxpayers not filing return for continuous period of six months; (d) voluntarily registered persons not commencing business within six months from date of registration; and (e) registration obtained by means of fraud, wilful misstatement or suppression of facts.

Section 45 of the HPGST Act requires every registered person other than (a) ISD or a non-resident taxable person or (b) composition taxable person (Section 10) or (c) persons paying tax under Section 51 - Tax collection at source (TCS) or persons paying tax under Section 52 - Tax deducted at source (TDS), whose registration has been cancelled, to file a final return in GSTR-10, within three months of the effective date of cancellation or the date of order of cancellation, whichever is later. The purpose of the final return is to ensure that the taxpayer discharges the outstanding liability. In case of non-filing of GSTR-10, the same procedure as adopted for non-filing of any return must be followed by the tax officer.

Audit observed various deficiencies in cancellation of registrations, which are brought out below:

### 3.6.1.5 (A) Inadequate monitoring mechanism

Rule 22(3) of the HPGST Rules provides that where a person who has submitted an application for cancellation (REG-16) of his registration is no longer liable to be registered or his registration liable to be cancelled, the proper officer shall cancel the registration with effect from a date to be determined by him and notify the taxable person, directing him to pay arrears of any tax, interest or penalty including the amount liable to be paid under Sub-Section (5) of Section 29. In any case the effective date should not be a date earlier than the date of application for the same.

Rule 21A of the HPGST Rules states that where a registered person has applied for cancellation of registration, the registration shall be deemed to be suspended from the date of submission of the application or the date from which the cancellation is sought, whichever is later, pending the completion of proceedings for cancellation of registration.

Audit observed (July-October 2022) that in 1,143 out of 2,456 cases in ten Circles, the date of cancellation preceded the date of application. Details of such cases are brought out in (**Appendix 3.4**).

On this being pointed out (July-October 2022), the Department replied (May 2023) that the officer cancelled the registration from retrospective effect. Reply of the Department is not acceptable as the cancellation date should not be prior to the date of application and audit observed that there was no mechanism to enforce the conditions prescribed in Rule 21A (3) of the HPGST Rules of restricting the registered persons from making any taxable supplies and consequent passing on of credit during the period of suspension.

An illustrative case is given below:

In Baddi-II Circle, out of 593 cases of cancellation at taxpayers' request, it was noticed that in 222 cases, the Circle had irregularly cancelled registrations with effect from dates prior to the application dates as detailed in (**Appendix 3.4**).

#### **3.6.1.5 (B) Delays in cancellation**

The cancellation order in REG-19 has to be issued within 30 days from the date of application (taxpayers request) or the date of reply to REG-17 in case of *suo moto* cancellation. Out of 2,456 cases of cancellation (on taxpayers' request) and 2,585 cases (cases of *suo moto* cancellation), Audit noticed that in 5,041 cases falling under 10 Circles, the cancellations were delayed beyond the stipulated period ranging from one day to 963 days (Delay in cancellation ranged from one to 30 days in 560 cases and from 31 to 963 days in 1,416 cases). The details of such cases are brought out in (**Appendix 3.5**).

On this being pointed out (July-October 2022), the Department replied (May 2023) that it usually takes time to assess the dues to be paid by taxpayer before issuing cancellation. The reply is not acceptable as the formalities are to be completed within the prescribed period of 30 days under Section 29 of HPGST Act.

An illustrative case is given below:

In Baddi-IV Circle under Shimla Commissionerate, the cancellation process against applications of taxpayers was initiated in 203 cases for the period January 2018 to February 2021. Out of these, in 57 cases audit noticed delay ranging from two to 963 days (**Appendix 3.5**).

**Recommendation 5: Department may deploy the requisite validation controls to facilitate Circle Officers for timely processing of cancellation applications, both on taxpayers' request and in *suo moto* cancellations from the date of application**

and date of issue of REG-17 notice respectively. It may also ensure that cancellation date is not prior to the application date.

#### **3.6.1.5 (C) Inadequate follow up on non-filing of GSTR-10**

As per Section 45 of the HPGST Act, GSTR-10 – the final return, has to be filed within three months of the effective date of cancellation or the date of order of cancellation, whichever is later. The last date for furnishing of GSTR-10 by those taxpayers whose registration has been cancelled on or before 30 September 2018 was extended till 31 December 2018 vide notification No. 58/2018 dated the 29 October 2018.

As per the Rule 2017 and as prescribed in Circular No. 129/48/2019-GST dated 24 December 2019, GSTR-3A has to be issued to the taxpayer, where GSTR-10 has not been filed. If the taxpayer still fails to file the final return within 15 days of the receipt of notice, then an assessment order in Form ASMT-13 under Section 62 of the HPGST Act read with Rule 100 of the HPGST Rules shall have to be issued to determine the liability of the taxpayer under Sub-Section (5) of Section 29 (i.e., debit ITC equivalent to inputs, and inputs contained in semi-finished and finished goods held in stock or capital goods or the output tax payable on such goods whichever is higher). If the taxpayer files the final return within 30 days from the issue of order ASMT-13, then the said order shall be deemed to have been withdrawn. However, the liability for payment of interest and late fee shall continue. If the said return remains unfurnished within the statutory period of 30 days from the issue of order ASMT-13, then the proper officer may initiate proceedings under Section 78 and recovery under Section 79 of the HPGST Act.

Audit observed compliance deficiencies in form of non-filing of GSTR-10 in 2,129 cases across 10 Circles as detailed in **(Appendix 3.6)**.

On this being pointed out (July-October 2022), the Department replied (May 2023) that follow up action is being taken now.

An illustration is provided below:

In Paonta-I Circle under DCST&E Sirmour, in 285 cases of cancellation for the year 2017-18 to 2020-21, GSTR-10 was not filed as of August 2022. No follow up action was initiated with respect to filing of GSTR-10.

**Recommendation 6: Department may strengthen the follow up action on non-filers of GSTR-10**

#### **3.6.1.5 (D) Non-filing of GST Form ITC-03 by taxpayers who opted for Composition Scheme**

As per Section 10 of the HPGST Act read with Rule 3 and Rule 44 of HPGST Rules, any taxpayer opting for the Composition Scheme has to file GST Form ITC-03 within 180 days, for reversal of credit lying in ledger preceding the day on which registration under the Composition Scheme was obtained.

During scrutiny of records and data available on GST Portal of all 10 Circles, it was observed that 975 dealers who opted for the Composition Scheme during the period 2017-21, have not filed GST Form ITC-03. The total ITC of ₹ 73.46 lakh was available in their ledgers and was not reversed (**Appendix 3.7**).

On this being pointed out (July-October 2022), the Department replied (May 2023) that necessary instructions have been issued in this regard in May 2023.

### **3.6.2 Limited audit**

Audit analysed GST returns data pertaining to 2017-18 as made available by GSTN. Rule-based deviations and logical inconsistencies between GST returns filed by taxpayers were identified on a set of 13 parameters for the purpose of limited audit.

Out of the 13 prescribed GST returns<sup>11</sup>, the following basic returns that apply to normal taxpayers were considered for the purpose of identifying deviations, inconsistencies and mismatches between GST returns/ data:

- GSTR-1: monthly return furnished by all normal and casual registered taxpayers making outward supplies of goods and services or both and contains details of outward supplies of goods and services.
- GSTR-3B: monthly summary return of outward supplies and input tax credit claimed, along with payment of tax by the taxpayer to be filed by all taxpayers except those specified under Section 39(1) of the Act. This is the return that populates the credit and debits in the Electronic Credit Ledger and debits in Electronic Cash Ledger.
- GSTR-6: monthly return for Input Service Distributors providing the details of their distributed input tax credit and inward supplies.
- GSTR-8: monthly return to be filed by the e-commerce operators who are required to deduct TCS (Tax collected at source) under GST, introduced in October 2018.
- GSTR-9: Annual Return to be filed by all registered persons other than an Input Service Distributor (ISD), Tax Deductor at Source/Tax Collector at Source, Casual Taxable Person and Non-Resident taxpayer. This document contains the details of all supplies made and received under various tax heads (CGST, HPGST and IGST) during the entire year along with turnover and audit details for the same.
- GSTR-9C: annual audit form for all taxpayers having a turnover above rupees five crores in a particular Financial Year. It is basically a reconciliation statement between the Annual Returns filed in GSTR-9 and the taxpayer's audited annual Financial Statements.

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<sup>11</sup> GSTR-1, GSTR-3B, GSTR-4 (taxpayers under the Composition Scheme), GSTR-5 (non-resident taxable person), GSTR-5A (Non-resident OIDAR service providers), GSTR-6 (Input service distributor), GSTR-7 (taxpayers deducting TDS), GSTR-8 (E-commerce operator), GSTR-9 (Annual Return), GSTR-10 (Final return), GSTR-11 (person having UIN and claiming a refund), CMP-08 and ITC-04 (Statement to be filed by a principal/job-worker about details of goods sent to/received from a job-worker).

- GSTR-2A: a system-generated statement of inward supplies for a recipient. It contains the details of all Business to Business (B2B) transactions of suppliers declared in their Form GSTR-1/ 5, ISD details from GSTR 6, details from GSTR-7 and GSTR-8 respectively by the counterparty and import of goods from overseas on bill of entry, as received from ICEGATE Portal of Indian Customs.

The pan-India data analysis pertaining to the State jurisdiction on the 13 identified parameters and extent of deviations/ inconsistencies observed (sample of 336 cases for limited audit) is summarised in **Table 3.2**.

**Table 3.2: Summary of pan-State data analysis**

Sl. No	Parameter	Algorithm used	Number of Records checked	Amount (₹ in crore)
1	Mismatch in availing of ITC	ITC available as per GSTR-2A with all its amendments was compared with the ITC availed in GSTR-3B {Table 4A (5)} (accrued on domestic supplies) considering the reversal in Table 4(B)(2) but including the ITC availed in subsequent year 2018-19 from Table 8(C) of GSTR-9.	50	117.85
2	Mismatch in availing of ITC under Reverse Charge Mechanism (RCM)	RCM payments in GSTR-3B Table 3.1(d) was compared with ITC availed in GSTR-9 Table (6C+ 6D+6F). In cases where GSTR-9 was not available, check was restricted within GSTR-3B, RCM payments in Table 3.1(d) vis-a-vis ITC availed in Table {4A(2) + 4A(3)}.	24	3.95
3	Mismatch in availing of ITC under RCM without payment	RCM liability declared in GSTR-9 Table 4G was compared with ITC availed in GSTR-9 Table (6C+6D+6F). In cases where GSTR-9 was not available, RCM liability in GSTR-3B Table 3.1(d) was compared with GSTR-3B Table {4(A)(2) + 4(A) (3)}.	32	9.35
4	ISD credit incorrectly availed by the recipients	ISD credit received in GSTR-9 Table 6G or GSTR-3B Table 4(A)(4) of the recipients was compared with ITC transferred in GSTR 6 of the distributor.	25	13.85
5	ISD credit reversal incorrectly adopted by the recipients	GSTR-9 Table 7B/7H should be less than Sum Total of GSTR-6 Table 8A (negative figures only) +Table 9A (negative figures only) of ISD for the respective GSTINs.	1	0.0008
6	Reconciliation between ITC declared in Annual Return with expenses in Financial Statements (table 14T of GSTR-9C)	Positive figure in GSTR-9C Table 14T.	25	368.78
7	Mismatch in ITC availed between Annual Return and Financial Statements (table 12F of GSTR-9C)	Positive figure in GSTR-9C Table 12F.	22	74.28

Sl. No	Parameter	Algorithm used	Number of Records checked	Amount (₹ in crore)
8	Mismatch in turnover between Annual Return and Financial Statements (table 5R of GSTR-9C)	Negative figure in GSTR-9C Table 5R.	35	324.33
9	Mismatch in turnover between Annual Return and Financial Statements (table 7G of GSTR-9C)	Negative figure in GSTR-9C Table 7G.	31	886.88
10	Mismatch in tax paid between Books of Accounts and Annual Return (table 9R of GSTR-9C)	Negative figure in GSTR-9C Table 9R.	50	15.97
11	GSTR-3B not filed but GSTR-2A/1 available	Taxpayers who had not filed GSTR-3B but filed GSTR-1 or where GSTR-2A available, indicating taxpayers had carried the business without discharging tax.	14	0.11
12	Short payment of interest on delayed payments	Interest calculated at the rate of 18 <i>per cent</i> on cash portion of tax payment on delayed filing of GSTR-3B vis-a-vis Interest declared in GSTR-3B Table 6.1.	25	5.71
13	Stop filers of return	Non filing of GSTR-3B, GSTR-1 and GSTR-2A for consecutive six months	2	0
			<b>336</b>	<b>1,821.06</b>

### 3.6.2.1 Non-submission of reply by the Department

Audit selected a sample of 336 cases from amongst the top deviations/ inconsistencies in each of the 13 parameters for the year 2017-18. The audit queries were issued to the respective Circles in May 2022 without further scrutiny of taxpayer's records. The audit check in these cases was limited to verifying the Department's action on the identified deviations/ mismatches.

Initial responses were yet to be received in respect to 21 cases, as of September 2023, for eight inconsistencies communicated to the Department, which represent mismatch of ₹ 211.14 crore (including mismatch in turnover) as detailed in Table 3.3.

Table 3.3: Reply not received

(₹ in crore)

Audit Dimension	Sample		Department's reply not received		Percentage of reply not received	
	Number	Amount of mismatch	Number	Amount	Number	Amount
I	II	III	IV	V	VI	VII
Mismatch in availing of Input Tax Credit (ITC)	50	117.85	4	55.54	8.00	47.13
Mismatch in availing of ITC under RCM	24	3.95	1	0.47	4.17	11.90
Mismatch in availing of ITC under RCM without payment	32	9.35	0	0	0.00	0.00
Input Service Distributor (ISD) credit incorrectly availed by the recipients	25	13.85	3	0.5	12.00	3.61

Audit Dimension	Sample		Department's reply not received		Percentage of reply not received	
	Number	Amount of mismatch	Number	Amount	Number	Amount
Input Service Distributor (ISD) credit reversals incorrectly adopted by the recipients	1	0.0008	0	0	0.00	0.00
Reconciliation between ITC declared in Annual return with expenses in Financial Statement (Table 14T of Form 9C)	25	368.78	4	90.12	16.00	24.44
Mismatch in ITC availed between Annual Return and Financial Statements (Table 12F of Form 9C)	22	74.28	3	59.33	13.64	79.87
Mismatch in turnover between Annual return and Financial Statements (Table 5R of Form 9C)	35	324.33	1	1.26	2.86	0.39
Mismatch in taxable turnover between Annual return and Financial Statements (Table 7G of Form 9C)	31	886.88	4	3.92	12.90	0.44
Mismatch in tax paid between Books of Accounts and Annual Return (Table 9R of Form 9C)	50	15.97	0	0	0.00	0.00
Cases where GSTR-3B not filed but GSTR-1 or GSTR-2A available	14	0.11	1	0.0015	7.14	1.36
Short payment of interest on delayed payments	25	5.71	0	0	0.00	0.00
Stop filers of returns	2	0	0	0	0.00	0.00
<b>Total</b>	<b>336</b>	<b>1,821.06</b>	<b>21</b>	<b>211.14</b>	<b>6.25</b>	<b>11.59</b>

Considering that the overall rate of conversion of inconsistencies into compliance deviations is significant as brought out in the next paragraph, the Department is required to expedite verification of these cases as a priority. Details of these cases are listed in **Appendix 3.8**.

**Recommendation 7: Department may urgently pursue the inconsistencies and deviations pointed out by Audit, for which responses have not been provided and intimate the results to Audit.**

### 3.6.2.2 Results of limited audit

Based on responses received from the Department to the Audit Queries for 315 cases, the extent to which each of the 13 parameters translated into compliance deviations is summarised in **Table 3.4 (Appendix 3.9 to 3.16)**.



Table 3.4: Summary of Deficiencies (₹ in crore)

				Sr. No.	1	2	3	4	5	6	7	8	9	10	11	12	13		
Audit Dimension				1	Mismatch in availing of Input Tax Credit (ITC)	Mismatch in availing of ITC under Reverse Charge Mechanism (RCM)	Mismatch in availing of ITC under Reverse Charge Mechanism (RCM) without payment	Input Service Distributor (ISD) credit incorrectly availed by the recipients	Input Service Distributor (ISD) credit reversals incorrectly adopted by the recipients	Reconciliation between ITC declared in Annual return with expenses in financial statement (Table 14T of Form 9C)	Mismatch in ITC availed between Annual Return and Financial Statements (Table 12F of Form 9C)	Mismatch in turnover between Annual return and Financial Statements (Table 5R of Form 9C)	Mismatch in taxable turnover between Annual return and Financial Statements (Table 7G of Form 9C)	Mismatch in tax paid between books of account and Annual Return (Table 9R of Form 9C)	Cases where GSTR 3B not filed but GSTR 1 or GSTR 2A available	Short payment of interest on delayed payment	Stop filers of returns	Total	
Cases where reply received			No.	2	46	23	32	22	1	21	19	34	27	50	13	25	2	315	
			Amount	3	62.31	3.48	9.35	13.35	0.0008	278.66	14.95	323.07	882.96	15.97	0.1085	5.71	0	1609.9193	
Department reply Accepted by the Audit	Data entry error	No.	4	0	0	30	1	0	1	2	1	1	1	0	0	0	0	37	
		Amount	5	0	0	9.15	0.52	0	6.65	1.42	8.36	2.62	1.4	0	0	0	0	30.12	
	Action taken before query	No.	6	2	0	0	0	0	0	0	0	0	0	0	0	0	13	0	15
		Amount	7	1.14	0	0	0	0	0	0	0	0	0	0	0	0	3.13	0	4.27
	Other valid explanation	No.	8	7	0	0	0	2	0	8	4	10	18	9	2	0	1	61	
			Amount	9	20.08	0	0	4.77	0	136.08	5.28	61.97	859.82	3.38	0.0082	0	0	1091.3882	
Compliance deviation	Accepted by Dept. including cases where action is yet to be initiated	Recovered	No.	10	0	0	0	0	0	0	0	1 (Rs.30880 5/- interest recovered after AQ )	0	4 ( Rs355170/- recovery )	0	0	0	5	
			Amount	11	0	0	0	0	0	0	0	1.42	0	3.04	0	0	0	0	4.46
		ASMT-10	No.	12	27	17	1	11	1	6	8	17	5	27	5	1	1	127	
			Amount	13	29	3.07	0.03	6.39	0.0008	72.13	4.38	107.93	4.16	6.35	0.05	0.12	0	233.6108	
		SCN issued	No.	14	7	5	0	6	0	0	3	1	0	4	4	2	0	32	
			Amount	15	4.64	0.3	0	1.2	0	0	1.52	1.25	0	0.47	0.01	0.36	0	9.75	
		Under correspondence with taxpayer	No.	16	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
			Amount	17	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Department's reply not acceptable to Audit	Total	No.	18	2	0	1	1	0	2	2	0	1 (Partial recovery of Rs. 2.61 crore after AQ)	1	2	7	0	19	
			Amount	19	6.89	0	0.17	0.18	0	30.81	2.35	0	14.5	0.13	0.04	1.84	0	56.91	
		No.	20	36	22	2	18	1	8	13	19	6	36	11	10	1	183		
				Amount	21	40.53	3.37	0.2	7.77	0.0008	102.94	8.25	110.6	18.66	9.99	0.1	2.32	0	304.7308
Department reply not furnished with appropriate Documentary evidence			No.	22	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
			Amount	23	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Department stated they are examining the AQ			No.	24	1	1	0	1	0	4	0	4	2	4	0	2	0	19	
			Amount	25	0.56	0.11	0	0.29	0	32.99	0	142.14	1.86	1.2	0	0.26	0	179.41	

Note: SCN issued in 32 cases amounting to ₹ 9.75 crore. Full recovery in five cases ₹ 6.64 lakh & Partial recovery in one case ₹ 2.61 crore (Total Recovery ₹ 2.68 crore).

### 3.6.2.3 Summary of limited audit

Audit noticed deviations from the provisions of the Act in 183 cases (Row No.10, 12, 14, 16 and 18) involving a mismatch of ITC/ tax liability/ turnover of ₹ 304.73 crore (Row No.11, 13, 15, 17 and 19) constituting 58.09 per cent of the 315 inconsistencies/ mismatches in data, for which the Department provided responses. Relatively higher rates of deviations were noticed in risk parameters such as ITC mismatch, excess RCM ITC availed, incorrect turnover declarations and short/non-payment of interest etc.

In 113 cases (Row No.4, 6 and 8), constituting 35.87 *per cent*, where the Department's reply was acceptable to Audit, data entry errors by taxpayers comprised 37 cases (Row No. 4), Department had proactively acted in 15 cases (Row No.6) and 61 cases (Row No. 8) had valid explanations.

In 19 cases (Row No.24) cases, constituting 6.03 *per cent*, the Department stated that it was examining the underlying deviation of ₹ 179.41 crore. In the remaining 21 cases out of 336 cases, the Department did not reply to deviations pointed out by Audit.

**Table 3.5: Top case for dimensions of Centralised audit (for compliance deviation pertaining to cases of recovery, ASMT-10, SCN issued and under correspondence with taxpayer)**

Sl. No.	Dimension	GSTIN	Jurisdictional Circle	Mismatch (₹ in crore)	Action taken
1	ITC mismatch between GSTR2A and GSTR3B	02XXXXXXXXXX2Z8	Bilaspur-II	6.17	Reply not accepted by Audit.
2	ITC availed under RCM vs payment of tax in GSTR 3B/ GSTR 9	02XXXXXXXXXX2ZD	Baddi-III	0.62	Notice ASMT-10 issued
3	Excess availment of ITC (availed in GSTR 3B/ GSTR 9) on RCM without payment of tax	02XXXXXXXXXX1ZK	Solan-I	0.55	Notice ASMT-10 issued
4	Irregular availing of ITC by recipient on ISD credit	02XXXXXXXXXX1Z9	Baddi-IV	4.63	Notice ASMT-10 issued
5	Incorrect ISD credit reversal	02XXXXXXXXXX1ZV	Cart road	0.00077	Notice ASMT-10 issued
6	Reconciliation between ITC availed in Annual returns with expenses in Financial Statements	02XXXXXXXXXX2ZW	Damtal	8.5	Proceedings initiated by the Department.
7	Mismatch of ITC availed between Annual returns and Books of Accounts	02XXXXXXXXXX1ZF	Nalagarh-II	1.88	Reply not accepted by Audit.
8	Mismatch in turnover declared in GSTR 9C Table 5R	02XXXXXXXXXX2ZF	Nerchowk	35.30	Notice ASMT-10 issued
9	Mismatch in taxable turnover declared in GSTR 9C Table 7G	02XXXXXXXXXX1Z9	Mall road	14.50	Amount Recovered (₹ 2.61 crore)
10	Mismatch in taxpaid between Books of Accounts and Returns	02XXXXXXXXXX1Z4	Cart road	0.92	Notice ASMT-10 issued
11	GSTR 3B was not filed but GSTR 1 is available	02XXXXXXXXXX1ZI	Baddi-I	0.19	Demand order in Form DRC-07 issued.
12	Short payment of interest	02XXXXXXXXXX1ZB	Baddi-I	0.59	Appeal pending.

**Illustrative cases are discussed below:**

**(i) Dimension – Mismatch in ITC availed**

GSTR-2A is a purchase related dynamic tax return that is automatically generated for each business by the GST portal, whereas GSTR-3B is a monthly return in which summary of outward supplies along with ITC declared and payment of tax are self-declared by the taxpayer.

To analyse the veracity of ITC utilisation, relevant data were extracted from GSTR-3B and GSTR-2A for the year 2017-18, and the ITC paid as per suppliers' details was matched with the ITC credit availed by the taxpayer. The methodology adopted was to compare the ITC available as per GSTR-2A with all its amendments and the ITC availed in GSTR-3B in Table 4A (5)<sup>12</sup> considering the reversals in Table 4B (2)<sup>13</sup> but including the ITC availed in the subsequent year 2018-19 from Table 8C of GSTR-9.

Audit observed that in case of taxpayer<sup>14</sup> under Bilaspur-II Circle, the ITC available as per GSTR-2A was ₹ 152.62 crore and the ITC availed in table 4A (5) of GSTR-3B was ₹ 158.79 crore. This resulted in mismatch of ITC availed amounting to ₹ 6.17 crore.

On this being pointed out (June 2022), the Department replied (May 2023) that available ITC was excess by ₹ 9.70 crore in GSTR-2A against availed ITC in GSTR-3B and it cannot be said to be excess claim of ITC. The reply is not acceptable as the dealer has further claimed ITC of ₹ 15.98 crore (for Financial Year 2017-18) in the next year in return GSTR-9 table 8C which the Department has not taken into consideration.

**(ii) Dimension - Mismatch in availment of ITC on Reverse Charge Mechanism**

Under Reverse Charge Mechanism (RCM) the liability to pay tax is fixed on the recipient of supply of goods or services instead of the supplier or provider in respect of certain categories of goods or services or both under Section 9(3) or Section 9(4) of the HPGST Act, 2017 and under Sub-Section (3) or Sub-Section (4) of Section 5 of the IGST Act, 2017.

GSTR-9 is an Annual Return to be filed once for each Financial Year, by the registered taxpayers who were regular taxpayers, including Special Economic Zone (SEZ) units and SEZ developers. The taxpayers are required to furnish details of purchases, sales, input tax credit or refund claimed, or demand created etc.

To analyse the veracity of ITC availed on tax paid under RCM for the year 2017-18, the datasets pertaining to GSTR-3B, and Annual Return GSTR-9 were compared to check whether the ITC availed on RCM was restricted to the extent of tax paid. The methodology adopted was to compare the RCM payments in GSTR-3B Table 3.1(d)<sup>15</sup>

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<sup>12</sup> All other eligible ITC.

<sup>13</sup> Other ITC reversed.

<sup>14</sup> GSTIN 02XXXXXXXXXX2Z8.

<sup>15</sup> Inward supplies (liable to reverse charge).

with ITC availed in GSTR-9 Table 6C<sup>16</sup>, 6D<sup>17</sup> and 6F<sup>18</sup>. In cases where GSTR-9 was not available, the check was restricted within GSTR-3B where the tax discharged part in R3B Table 3.1(d) was compared with the ITC availing part of R3B 4A (2)<sup>19</sup> and 4A (3)<sup>20</sup>.

Audit observed that in case of taxpayer<sup>21</sup> under jurisdiction Baddi-III Circle, the dealer availed ITC of ₹ 0.71 crore in table 4A (2) & (3) of GSTR 3B whereas ITC available in table 3.1(d) of GSTR-3B was ₹ 0.09 crore resulting in mismatch of ITC availed amounting to ₹ 0.62 crore.

On this being pointed out (June 2022), the Department replied (May 2023) that ASMT-10 seeking the reasons for the discrepancy had been issued. Further progress in this regard was awaited (September 2023).

### **(iii) Dimension - Excess availment of ITC on RCM without payment of Tax**

The extent of availing of ITC under RCM for the year 2017-18 without discharging equivalent tax liability or, in other words, short payment of tax under RCM was analysed by comparing the datasets pertaining to GSTR-3B and Annual Return GSTR-9 to check whether the tax has been discharged fully on the activities/ transactions under RCM. In cases where GSTR-9 was filed, the RCM payments in Table 4G<sup>22</sup> was compared with ITC availed in Table 6C, 6D and 6F. In cases where GSTR-9 was not available, RCM payments in GSTR-3B Table 3.1(d)<sup>23</sup> was compared with GSTR-3B 4(A) (2)<sup>24</sup> and 4A (3)<sup>25</sup>.

Audit observed that in case of taxpayer<sup>26</sup> under Solan-I Circle, the RCM payments in table 4G of GSTR-9 was nil (GSTR-3B also shows nil RCM payment) and the ITC availed in table (6C+6D+6F) of GSTR-9 was ₹ 0.55 crore. This resulted in excess availment of ITC on RCM without payment of tax amounting to ₹ 0.55 crore.

On this being pointed out (June 2022), the Department replied (May 2023) that ASMT-10 seeking the reasons for the discrepancy had been issued. Further progress in this regard was awaited (September 2023).

### **(iv) Dimension - Irregular availing of ITC by recipient on ISD credit**

To analyse whether the ITC availed by the taxpayer is in excess of that transferred by the Input Service Distributor (ISD), ITC availed as declared in the returns of the taxpayer is compared with the ITC transferred by the ISD in their GSTR-6. The

<sup>16</sup> Inward supplies receive from unregistered persons liable to reverse charge.

<sup>17</sup> Inward supplies received from registered persons liable to reverse charge.

<sup>18</sup> Import of services.

<sup>19</sup> Import of services.

<sup>20</sup> Inward supplies (liable to reverse charge).

<sup>21</sup> GSTIN 02XXXXXXXXXX2ZD

<sup>22</sup> Inward supplies on which tax is to be paid on reverse charge basis.

<sup>23</sup> Inward supplies (liable to reverse charge).

<sup>24</sup> Import of services.

<sup>25</sup> Inward supplies liable to reverse charge other than Import of Goods and Services.

<sup>26</sup> GSTIN 02XXXXXXXXXX1ZK

methodology adopted was to compare Table 6G<sup>27</sup> of GSTR-9 or Table 4(A)(4)<sup>28</sup> of GSTR-3B of the recipient taxpayers under the jurisdiction of this State with the sum of Table 5A<sup>29</sup>, Table 8A<sup>30</sup>, and Table 9A<sup>31</sup> of GSTR-6 of the respective ISD.

In case of taxpayer<sup>32</sup> under Baddi-IV Circle, audit observed that the ITC availed in table 6G of GSTR-9 was ₹ 5.37 crore and the ITC transferred by the ISD in table (5A+8A+9A) of GSTR-6 was ₹ 0.74 crore. This resulted in excess availment of ITC transferred by the ISD amounting to ₹ 4.63 crore.

On this being pointed out (July 2022), the Department replied (May 2023) that ASMT-10 seeking the reasons for the discrepancy had been issued. Further progress in this regard was awaited (September 2023).

**(v) Dimension- Input Service Distributor (ISD) credit reversal incorrectly adopted by the recipients**

In order to analyse whether the ITC reversals made by the ISD in their GSTR-6 have been rightly reversed by the respective recipients of the credit, with the centralised data available in the GSTN, the adjustments made by the ISD in their GSTR-6s were compared with the ITC reversals of the recipients declared in their Annual Return.

The following algorithm was adopted:

Where there are adjustments made by the ISDs in their Table 8A or 9A of GSTR-6, the GSTR-9 Table 7B of the respective recipients was compared with sum of Table 8A (negative figures only) + Table 9A (negative figures only) of GSTR-6s of the ISD for the respective GSTINs. If GSTR-9 Table 7B was null or zero, GSTR-9 Table 7H is taken into account.

In the case of taxpayer<sup>33</sup> under Cart Road Circle, Shimla audit observed that the ISD distributor has shown ISD reversal of ₹ 7,723/- in GSTR-6 whereas no reversal was carried out in GSTR-9 by the recipient. This resulted in non-reversal of ISD credit by the recipient.

On this being pointed out (July 2022), the Department replied (May 2023) that ASMT-10 seeking the reasons for the discrepancy had been issued. Further progress in this regard was awaited (September 2023).

**(vi) Dimension - Unreconciled ITC in Table 14T of GSTR-9C**

Table 14 of GSTR-9C reconciles ITC declared in Annual Return (GSTR-9) with ITC availed on expenses as per audited Annual Financial Statement or Books of Accounts. Column 14T of this table deals with unreconciled ITC.

<sup>27</sup> ITC received from ISD.

<sup>28</sup> Inward supplies from ISD.

<sup>29</sup> Distribution of the amounts of eligible ITC for the tax period.

<sup>30</sup> Mismatch of ITC reclaimed and distributed.

<sup>31</sup> Redistribution of ITC distributed to a wrong recipient.

<sup>32</sup> GSTIN 02XXXXXXXXXX1Z9

<sup>33</sup> GSTIN 02XXXXXXXXXX1ZV

The certified reconciliation statement submitted by the taxpayer as required under the Rule 80(3) of HPGST Rules in Form GSTR-9C for the year 2017-18 was analysed at data level to review the extent of identified mismatch in ITC declared in the Annual Return with the expenses reported in the Financial Statements.

Unreconciled ITC of ₹ 8.5 crore declared in Table 14T of GSTR-9C (being ITC availed in GST returns in excess of eligible ITC based on expenses reported in Financial Statements) in case of a taxpayer<sup>34</sup> under Damtal Circle was noticed and communicated to the Department (July 2022) and the State Government (January 2023).

On this being pointed out (July 2022), the Department replied (May 2023) that the taxpayer has wrongly entered the amount in column T of Table 14 which should have been ₹ 3.16 lakh, and this amount pertains to ineligible ITC which is required to be reversed. Department also replied that the proceedings initiated will be dropped only after the amount is reversed.

#### **(vii) Dimension - Unreconciled ITC in Table 12F of GSTR-9C**

Table 12 of GSTR-9C reconciles ITC declared in Annual Return (GSTR-9) with ITC availed as per audited Annual Financial Statement or Books of Accounts. Column 12F of this table deals with unreconciled ITC.

The certified reconciliation statement submitted by the taxpayer as required under the Rule 80(3) of HPGST Rules in Form GSTR-9C for the year 2017-18 was analysed at data level to review the extent of identified mismatch in ITC declared in the Annual Return with the Financial Statements.

Unreconciled ITC of ₹ 1.88 crore declared in Table 12F of GSTR 9C, being ITC availed in GST returns in excess of eligible ITC based on Financial Statements, in case of taxpayer<sup>35</sup> under Nalagarh-II Circle, was noticed.

On this being pointed out (June 2022), the Department replied (May 2023) that nil amount has been entered in return 9C mistakenly and amount of ₹ 5.10 lakh pertains to Tran-1. The reply is not acceptable as the full amount has not been reconciled.

#### **(viii) Dimension - Unreconciled turnover in Table 5R of GSTR-9C**

Table 5 of GSTR-9C is the reconciliation of turnover declared in audited annual Financial Statement with turnover declared in annual turnover (GSTR-9). Column 5R of this table captures the unreconciled turnover between the Annual Return GSTR-9, and that declared in the Financial Statements for the year after the requisite adjustments.

The certified reconciliation statement submitted by the taxpayer as required under Rule 80(3) of HPGST Rules in Form GSTR-9C for the year 2017-18 was analysed at data level to review the extent of identified mismatch in turnover reported in the Annual Return vis-à-vis the Financial Statements. The unreconciled amount in cases where the turnover declared in GSTR-9 is less than the Financial Statement indicates

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<sup>34</sup> GSTIN 02XXXXXXXXXX2ZW

<sup>35</sup> GSTIN 02XXXXXXXXXX1ZF



non-reporting, under-reporting, short-reporting, omission, error in reporting of supplies leading to evasion or short payment of tax. It could also be a case of non-reporting of both taxable and exempted supplies.

Audit query on unreconciled turnover in Table 5R of GSTR-9C, amounting to ₹ 35.30 crore was issued in respect of taxpayer<sup>36</sup> under Nerchowk Circle.

On this being pointed out (June 2022), the Department replied (May 2023) that ASMT-10 has been issued to the taxpayer and further progress is awaited (September 2023).

#### **(ix) Dimension - Unreconciled taxable turnover in Table 7G of GSTR-9C**

Table 7 of GSTR-9C is the reconciliation of taxable turnover. Column 7G of this table captures the unreconciled taxable turnover between the Annual Return GSTR-9 and that declared in the Financial Statement for the year after the requisite adjustments.

The certified reconciliation statement submitted by the taxpayer as required under the Rule 80(3) of HPGST Rules in Form GSTR-9C for the year 2017-18 was analysed at data level to review the extent of identified mismatch in taxable turnover reported in the Annual Return vis-à-vis the Financial Statements. The unreconciled amount in cases where the taxable turnover in GSTR-9 is less than the Financial Statement indicates non-reporting, under-reporting, short-reporting, omission, error in reporting of taxable supplies. It could also be on account of non-reporting of both taxable and exempted supplies.

Audit query on unreconciled taxable turnover in Table 7G of GSTR-9C, amounting to ₹ 14.50 crore was issued in respect of taxpayer<sup>37</sup> under Mall Road Circle, Shimla.

On this being pointed out (June 2022), the Department replied (May 2023) that demand of ₹ 4.04 crore was raised out of which recovery of ₹ 2.61 crore (December 2022 to April 2023) has been made. Further progress in the matter is awaited (September 2023).

#### **(x) Dimension - Unreconciled tax liability in Table 9R of GSTR-9C**

The certified reconciliation statement submitted by the taxpayer as required under Rule 80(3) of HPGST Rules in Form GSTR-9C for the year 2017-18 was analysed at data level to review the extent of identified mismatch in tax paid between the Annual Return and the Books of Account. Table 9 of the Form 9C attempts to reconcile the tax paid by segregating the turnover rate-wise and comparing it with the tax discharged as per Annual Return GSTR-9. The unreconciled amounts could potentially indicate tax levied at incorrect rates, incorrect depiction of taxable turnover as exempt or vice versa or incorrect levy of CGST/ HPGST/ IGST. There can also be situations wherein supplies/ tax declared are reduced through amendments (net of debit notes/ credit notes) in respect of the 2017-18 transactions carried out in the subsequent year from April to September 2018. Consequential interest payments - both short payments and payments under incorrect heads - also need to be examined in this regard.

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<sup>36</sup> GSTIN 02XXXXXXXXXX2ZF  
<sup>37</sup> GSTIN 02XXXXXXXXXX1Z9



Unreconciled payment of tax declared in Table 9R of GSTR-9C, amounting to ₹ 0.92 crore in case of the taxpayer<sup>38</sup> under Cart Road Circle, Shimla, was communicated to the Department and the State Government (January 2023).

On this being pointed out (July 2022), the Department replied (May 2023) that ASMT-10 had been issued. Further, progress in this regard was awaited (September 2023).

**(xi) Dimension - Cases where GSTR 3B not filed but GSTR 1 or GSTR 2A available**

At the data level, audit attempted to identify those taxpayers who have not filed GSTR-3B but have filed GSTR-1 or whose GSTR-2A was available. GSTR-3B return is the only instrument through which the liability is offset, and ITC is availed. The very availability of GSTR-1 and 2A and non-filing of R3B indicates that the taxpayers had undertaken/ carried on the business during the period but have not discharged their tax liability. It may also include cases of irregular passing on of ITC. All these cases, therefore, warrant investigation.

The datasets pertaining to relevant fields in the GSTR-1, 2A and 3B have been analysed, and those cases where GSTR-3B was null have been extracted. These taxpayers have not filed even a single GSTR-3B in 2017-18.

Audit observed that in the case of taxpayer<sup>39</sup> under Baddi-I Circle, the taxpayer has not filed a single return 3B in 2017-18 and ITC available as per 2A was ₹ 0.04 crore and liability for 2017-18 was ₹ 0.23 crore. Thus, tax liability of ₹ 0.19 crore has not been discharged by the taxpayer.

On this being pointed out (July 2022), the Department replied (May 2023) that demand notice (DRC-07) of ₹ 0.81 crore dated September 2022 has been issued. Further progress in the matter is awaited (September 2023).

**(xii) Dimension - Short payment of interest**

Section 50 of the Act stipulates that every person liable to pay tax in accordance with the provisions of this Act or the Rules made thereunder but fails to pay the tax or any part thereof to the Government within the period prescribed, shall for the period for which the tax or any part thereof remains unpaid, pay interest at the rate notified.

The extent of short payment of interest on account of delayed remittance of tax during 2017-18 was identified using the tax paid details in GSTR-3B and the date of filing of the GSTR-3B. Only the net tax liability (cash component) has been considered to work out the interest payable.

Audit observed that in case of taxpayer<sup>40</sup> under Baddi-I Circle, wherein the returns (GSTR-3B) pertaining to the months of July 2017 to December 2017 were delayed on which interest of ₹ 0.59 crore was not paid by the taxpayer.

<sup>38</sup> GSTIN 02XXXXXXXXXX1Z4

<sup>39</sup> GSTIN 02XXXXXXXXXX1ZI

<sup>40</sup> GSTIN 02XXXXXXXXXX1ZB

On this being pointed out (July 2022), the Department replied (May 2023) that demand notice (DRC-07) of ₹ 0.59 crore has been issued in October 2020 for which the taxpayer has preferred appeal against the orders.

#### 3.6.2.4 Analysis of causative factors

Considering the Department's response to 315 cases out of the sample of 336 data deviations/ inconsistencies, the factors that caused the data deviations/ inconsistencies are as follows:

##### a. Cases accepted by the Department:

Out of the 13 deviations summarised in **Table 3.4**, the Department has accepted the audit observations or initiated examination in 183 cases having mismatches of ITC/ tax liability/ turnover of ₹ 427.23 crore<sup>41</sup>. Out of these cases, the Department has recovered ₹ 2.68 crore (₹ 6.63 lakh in five cases (amount involved ₹ 4.46 crore) and partial recovery of ₹ 2.61 crore in one case), issued SCN in 32 cases for ₹ 9.75 crore, issued notice conveying discrepancies to the taxpayer in Form ASMT-10 in 127 cases for ₹ 233.61 crore and was in correspondence with the respective taxpayers or issued DRC-01A in 19 cases involving mismatch of ₹ 179.41 crore. Details are given in **Appendix 3.9 to 3.13**. An illustrative case is featured below:

Audit observed that in case of taxpayer<sup>42</sup> under Paonta-I Circle, the ITC available as per GSTR-2A was ₹ 15.60 crore and the ITC availed in table 4A (5) of GSTR-3B was ₹ 17.08 crore. This resulted in mismatch of ITC availed amounting to ₹ 1.48 crore.

On this being pointed out (June 2022), the Department stated (May 2023) that Notice in DRC-01 A was issued, further action is still awaited (September 2023).

##### b. Cases where Department's reply is not acceptable to Audit:

Out of the 336 non-compliance cases, audit has not accepted Department's reply in 19 cases (including mismatch in turnover) amounting to ₹ 56.91 crore (**Appendix 3.12**). In these cases, the Department only forwarded explanations of the taxpayers without explicitly commenting on the audit observations. An illustrative case is featured below:

An audit query of unreconciled ITC of ₹ 22.31 crore declared in Table 14T of GSTR-9C, being ITC availed in GST returns in excess of eligible ITC based on expenses reported in Financial Statements, in case of taxpayer<sup>43</sup> under Baddi-III Circle, was noticed and communicated to the Department.

On this being pointed out (June 2022), the Department stated (May 2023) that the said difference was due to import bills which were not reflected in GSTR 2A. The reply is not acceptable as the unreconciled ITC was ₹ 22.31 crore and after inclusion of import bills of ₹ 1.96 crore the difference was still ₹ 20.35 crore.

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<sup>41</sup> Five cases: ₹ 4.46 crore, ASMT-10: 127 cases: ₹ 233.61 crore, SCN issued: 32 cases: ₹ 9.75 crore and under examination: 19 cases: ₹ 179.41 crore.

<sup>42</sup> GSTIN-02XXXXXXXXXX1Z3

<sup>43</sup> GSTIN 02XXXXXXXXXX1ZC

**c. Data entry errors by taxpayers:**

The data entry errors constituted 12 *per cent* (37 cases) of the total responses received and 100 *per cent* of cases where the Department's responses were accepted by Audit. These data entry errors did not have any revenue implication. Most of the data entry errors relate to RCM detailed in **Appendix 3.14**. An illustrative case is brought out below:

A deviation under dimension "Mismatch in availing of ITC under RCM" amounting to ₹ 0.41 crore was identified as tax liability mismatch between GSTR-3B and GSTR-9 return of the taxpayer<sup>44</sup> under Dehra Circle and communicated (May 2022) to the Department. On receipt of Department's reply (November 2022), it was seen that the deviation was caused due to a typographical error. The taxpayer had erroneously indicated an ITC liability of ₹ 0.41 crore under column 3.1(d) under RCM instead of mentioning under all other ITC.

**Recommendation 8: Department may consider introducing validation controls in GST Return forms to curb data entry errors, enhance taxpayer compliance and facilitate better scrutiny.**

**3.6.3 Detailed Audit**

In a self-assessment regime, the onus of compliance with the law is on the taxpayer. The role of the Department is to establish and maintain an efficient tax administration mechanism to provide oversight. With a finite level of resources, for an effective tax administration, to ensure compliance with law and collection of revenue, an efficient governance mechanism is essential. An IT driven compliance model enables maintaining a non-discretionary regime of governance on scale and facilitates a targeted approach to enforce compliance.

From an external audit perspective, Audit also focused on a data-driven risk-based approach. Thus, apart from identifying inconsistencies/ deviations in GST returns through pan-India data analysis of the State jurisdiction taxpayers, a detailed audit of GST returns was also conducted as a part of this review. A risk-based sample of 55 taxpayers was selected for this part of the review. The methodology adopted was to initially conduct a desk review of GST returns and Financial Statements filed by the taxpayers as part of the GSTR-9C and other records available in the back-end system to identify potential risk areas, inconsistencies/ deviations, and red flags. Desk review was carried out in the CAG field audit offices. Based on desk review results, detailed audit was conducted in selected Circles of the State by requisitioning corresponding granular records of taxpayers such as Financial Ledgers, Invoices etc. to identify causative factors of the identified risks and to evaluate compliance by taxpayers.

As brought out in the previous paragraphs detailed audit involved a desk review of GST returns and other basic records to identify risks and red flags, which were followed up by field audit to identify the extent of non-compliance by taxpayers and action taken by

<sup>44</sup> GSTIN 02XXXXXXXXXX1ZC

the concerned Circles. Non-compliance by taxpayers at various stages ultimately impacts the veracity of returns filed, utilisation of ITC and discharge of tax payments. The audit findings are therefore categorised under I) Returns, II) Utilisation of ITC and III) Discharge of tax liability.

### **3.6.3.1 Scope limitation (non-production/ partial production of records)**

There was scope limitation of audit due to non-production of granular record by the Department. During the desk review of taxpayers' returns available in the back-end system, Audit identified the risks related to excess ITC and tax liability mismatches for detailed examination. On the ITC dimension, the mismatches were identified by comparing GSTR-3B with GSTR-2A and GSTR-9, and the declarations made in Table 12 and 14 of GSTR-9C. On the tax liability dimension, the mismatches were identified by comparing GSTR-3B with GSTR-1 and GSTR-9 and the declarations in Table 5, Table 7, and Table 9 of GSTR-9C. However, the Department did not provide the corresponding granular records such as the supplementary Financial Ledgers, Invoices, Agreement Copies etc. required for examining the causative factors for mismatches of ITC and tax liability in 23 cases constituting 42 *per cent* of the sample size (**Appendix 3.17**) and in remaining 32 cases (**Appendix 3.18**) the related record *viz.* supplementary Financial Ledgers, Invoices Agreement Copies etc. were produced partially. Due to non-production/ partial production of records the identified risk could not be examined in detail by the Audit and audit observations were limited to mismatches of ITC and tax liability as discussed in the respective paragraphs.

On this being pointed out (July-October 2022), the Department replied (May 2023) that directions have been issued to field functionaries for promptly providing the records to the Audit. In Exit Conference, the Department stated that specific reasons for seeking records from taxpayers may be intimated by Audit to the Department so that action may be initiated as per the provisions of HPGST Act. The replies could be seen in the light of the fact that the differences and corresponding records should have been already available with the Department. Further, the records were not produced either during the course of Audit or after May 2023.

### **3.6.3.2 Returns**

The detailed audit of returns filed by a sample of 55 taxpayers disclosed that interest payments were not discharged by taxpayers which are brought out below:

#### **Non-payment of interest by taxpayers**

Audit observed in 21 cases, constituting 38 *per cent* of the 55 cases audited, that taxpayers had filed their returns belatedly, but the interest payments were not discharged amounting to ₹ 0.93 crore.

On this being pointed out (July-October 2022), the Department replied (May 2023) that an amount of ₹ 0.27 lakh has been recovered in three cases<sup>45</sup> and scrutiny of remaining 18 cases involving ₹ 92.66 lakh is underway (**Appendix 3.19**).

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<sup>45</sup> Industrial Area Mehatpur: one case, Mall Road: one case and Parwanoo: one case.

An illustrative case is featured below:

A taxpayer<sup>46</sup> under Barotiwala Circle had filed the GSTR-3B returns for the period July 2017 to March 2018 belatedly from August 2017 to September 2018. However, interest liability on delayed payment of tax amounting to ₹ 0.38 crore was not discharged.

### 3.6.3.3 Utilisation of Input Tax Credit

Input Tax Credit (ITC) means the Goods and Services Tax (GST) paid by a taxable person on purchase of goods and/ or services that are used in the course or furtherance of business. To avoid cascading effect of taxes, credit of taxes paid on input supplies can be used to set-off for payment of taxes on outward supplies.

Sections 16 and 17 of the HPGST Act prescribe the eligibility and conditions to avail ITC. Credit of CGST cannot be used for payment of HPGST and credit of HPGST cannot be utilised for payment of CGST. Rule 36 to 45 of the HPGST Rules prescribes the procedures for availing and reversal of ITC.

Audit observed three cases of compliance deficiencies amounting to ₹ 0.12 crore out of 55 cases examined. The deficiencies were due to availing ITC irregularly, non-reversal of ITC and excess availment of ITC on Input Service Distribution.

#### a) Irregular availing of ITC

Section 16 (2) of the HPGST Act prescribes the conditions for availing ITC. The pre-requisites for availing ITC are: Taxpayer should be in possession of tax invoice or any other specified tax paying document, taxpayer has received the goods or services, tax has actually been paid by the supplier, taxpayer has furnished the return to avail the ITC and the value of the goods or services along with the tax should have been paid to the supplier within 180 days from the date of issue of invoice.

Rule 36 of HPGST Rules prescribes the documentary requirements for claiming ITC. No ITC shall be availed beyond September of the following Financial Year to which invoice pertains or date of filing of Annual Return, whichever is earlier. Further, Rule 37 of HPGST Rules provides that if the consideration is not paid within a period of 180 days from the date of issue of invoices or receipt of goods, the ITC is to be reversed.

Audit observed compliance deficiencies in one case out of 55 cases where taxpayer had availed irregular ITC of ₹ 0.016 crore. The deficiency was on account of payments not made to suppliers within the prescribed time.

The details of the case are featured below:

Test check of records of one dealer<sup>47</sup> for the year 2017-18 revealed that bills payable of ₹ 8.89 lakh pertains to more than 180 days on which ITC was not allowed to the dealer as the consideration was not paid as envisaged in Act above. Thus, ITC of ₹ 1.6 lakh

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<sup>46</sup> GSTIN 02XXXXXXXXXX2ZT

<sup>47</sup> GSTIN 02XXXXXXXXXX1ZK under Paonta-I Circle.

worked out at the rate of 18 *per cent* was required to be reversed which was not done as per return R9 table 7(A).

On this being pointed out (October 2022), the Department replied (May 2023) that the scrutiny of the case was underway.

#### **b) Non reversal/ Short reversal of ITC**

Section 17(2) of the HPGST Act read with Rule 42 of the HPGST Rules states that where the goods or services or both are used by the registered person partly for effecting taxable supplies including zero-rated supplies and partly for effecting exempt supplies, the amount of credit shall be restricted to the portion of the input tax as is attributable to the said taxable supplies including zero-rated supplies.

Audit observed non-compliance in one case out of 55 cases where taxpayers had not reversed ITC of ₹ 0.096 crore, due to incorrect application of Rule 42 of HPGST Rules.

The details of the case are featured below:

In one case<sup>48</sup> the taxpayer had written off an amount of ₹ 0.53 crore in the Financial Statements for the year 2017-18 on account of loss of goods in fire. Though the said stock was claimed to have been burnt, the ITC availed on them was not reversed either in the monthly returns or in the Annual Returns of the taxpayer. This resulted in non-reversal of ITC amounted to ₹ 9.59 lakh (worked out at the rate of 18 *per cent* as per rate of purchases of GSTR-2A).

On this being pointed out (October 2022), the Department replied (May 2023) that the amount has been recovered.

#### **c) Excess availing of ITC through Input Service Distribution**

Section 2 (61) of the HPGST Act defines “Input Service Distributor” (ISD) as an office of the supplier of goods or services or both which receives tax invoices towards the receipt of input services and issues a prescribed document for the purposes of distributing the ITC to a supplier of taxable goods or services or both having the same Permanent Account Number (PAN) as that of the said office.

Section 20 of the HPGST Act prescribes the manner of distribution of credit by ISD. As per Section 20 (2) of the HPGST Act, ISD may distribute the credit available for distribution in the same month in which it is availed. ISD shall issue invoice in accordance with the provisions made under Rule 39(1) of the HPGST Rules. In this regard, Rule 54 (1A) (a) (iv) provides for a registered person, having the same PAN and State code as an ISD, to issue an invoice or, as the case may be, a credit or debit note to transfer the credit of common input services to the ISD.

Audit observed non-compliance in one case amounting to ₹ 0.75 lakh out of 55 cases where taxpayers had availed ISD credit in excess.

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<sup>48</sup> GSTIN 02XXXXXXXXXX3ZP under Industrial Area Mehatpur Circle.



The case is featured below:

Scrutiny of returns of 55 dealers of 35 Circles for the year 2017-18 revealed that in case of a taxpayer<sup>49</sup> under Dhalli Circle in Shimla District has claimed the ITC of ₹ 45.60 lakh from ISD in Table 6G of GSTR-9. However, the ISD dealer had distributed ₹ 44.85 lakh only to the recipient in Table (5A+8A+9A) of GSTR-6. Thus, ISD credit of ₹ 0.75 lakh was claimed in excess than received.

On this being pointed out (July-October 2022), the Department replied (May 2023) that the scrutiny of the case is underway.

**d) Other observations relating to discharge of tax liabilities where additional records were not provided and only mismatch details through data analysis could be observed:**

**(i) Excess availment of ITC**

Section 16(2)(c) of HPGST Act 2017 provides that the tax charged in respect of supply has to be actually paid to the Government, either in cash or through utilisation of ITC.

Scrutiny of returns of GST uploaded by dealers on GST portal for the year 2017-18 revealed that in respect of 45 out of 55 dealers of 29 Circles<sup>50</sup>, ITC of ₹ 64.96 crore has been availed in excess than available. The difference has been worked out after taking into consideration the ITC availed as per return 3B, table 4A (5) (all other ITC), 4B2 (ITC reversal), table 8C of GSTR-9 which reflects ITC on inward supply availed in next Financial Year and ITC available in 2A after excluding reverse charge, net of debit and credit note.

On this being pointed out (July-October 2022), the Department replied (May 2023) that the scrutiny of cases was under process (**Appendix 3.20**).

**(ii) Availment of more ITC than eligible**

Table 8D of GSTR-9 captures the difference between ITC available as per GSTR 2A and availed as per GSTR-3B after considering subsequent period's adjustments. Forty cases, under 28 Circles, had a mismatch of ITC of ₹ 23.83 crore. The mismatch has been worked out by considering (i) negative figures of table 8D of GSTR-9 and (ii) comparing table 8A of GSTR-9 which reflects the net ITC as per GSTR-2A as reflected in GSTR-9 with ITC available as per GSTR-2A.

On this being pointed out (July-October 2022), the Department replied (May 2023) that the scrutiny of cases was underway (**Appendix 3.21**).

<sup>49</sup> GSTIN 02XXXXXXXXXX1ZS

<sup>50</sup> Ambota: two, Baddi-II: three, Baddi-III: three, Baddi-IV: three, Barotiwala: two, Barsar: one, Bhoranj and Sujampur: two, Bhoranj and Sujampur (Gagret): one, Chamba: one, Chopal: one, Dhalli: one, Hamirpur (Una Circle): one, Industrial Area Kala Amb: one, Industrial Area Mehatpur: one, Kangra-I: one, Kullu: one, Kullu Banjar: one, Mall Road Shimla: one, Manali: one, Mandi-III: three, Mehatpur: one, Nahan-I: two, Nalagarh-II: one, Nalagarh-III: one, Nerchowk: two, Parwanoo-I: one, Paonta-I: two, Paonta-II: two and Sanjauli: two.



**(iii) Less reversal in lieu of common inputs for taxable and non-taxable supplies**

Rule 42 of HPGST Rules, 2017 has prescribed the manner of determination of input tax credit in respect of inputs or input services and reversals thereof vide which if any exemption has been availed in returns i.e. 3B or 9 and there are no corresponding reversals then this is fraught with the risk of less or no reversal of ITC for common inputs for taxable and non-taxable supply.

Scrutiny of records of 55 dealers of 34 Circles for the year 2017-18 revealed that four dealers in four Circles<sup>51</sup> have claimed exempted/ nil rated supply of ₹ 156.84 crore in Table 5D+5E of GSTR-9 on which reversal of ₹ 1.83 crore<sup>52</sup> as per Rule 42 of HPGST Rules was required to be reversed. However, reversal of ₹ 0.54 crore was made in table 7C and 7H of GSTR-9. Thus, ITC of ₹ 1.29 crore was short reversed.

On this being pointed out (October 2022), the Department replied (May 2023) that scrutiny of cases was underway (**Appendix 3.22**).

**(iv) Non reversal of ITC in lieu of common capital goods utilised for taxable and non-taxable supplies**

Rule 43 of HPGST Rules, 2017 has prescribed the manner of determination of input tax credit in respect of capital goods and reversals thereof vide which if any exemption has been availed in returns i.e. 3B or 9 and if there are no corresponding reversals then this is fraught with the risk of less or no reversal of ITC for common capital goods utilised for taxable and non-taxable supply.

Scrutiny of records of 55 dealers of 34 Circles for the year 2017-18 revealed that in one case of Sanjauli Circle, the dealer has claimed nil rated supply of ₹ 0.62 crore in table 5D and 5E of GSTR-9 on which reversal of ₹ 1.93 lakh<sup>53</sup> as per Rule 43 of HPGST Rules was required to be reversed. However, no reversal has been made in table 7D. Thus, ITC of ₹ 1.93 lakh on common capital goods utilised for non-taxable supply was not reversed and remained available for utilisation.

On this being pointed out (July-October 2022), the Department replied (May 2023) that scrutiny of case is underway.

**(v) Excess claim of ITC than that available (GSTR-3Bs vs GSTR-9)**

As per Section 61 (1) of the HPGST Act, proper officer may scrutinise the return and related particulars furnished by the registered person to verify the corrections of the returns and forms of the discrepancies noticed, if any in such manner as

<sup>51</sup> Baddi-IV: one, Cart Road Circle: one, Mall Road: one and Sanjauli: one.

<sup>52</sup>  $[GSTR-9 \text{ Table}(5D+5E)/(5N-5F)] * [R-9 \text{ Table } 6B+6C+6D+6E \text{ (only input and input services)} + (6F+6G+8C) - (\text{the sum of table 4d (2) of GSTR-3B} + GSTR-9 \text{ Table } 7E+12)]$ .

<sup>53</sup>  $(GSTR-9 \text{ Table } 5D+5E) / (GSTR-9 \text{ Table } 5N-5F) \times GSTR-9 \text{ Table } 6B(CG)+6C(CG)+6D(CG)+6E(CG)$ .

may be prescribed and seek explanation thereto and may summon taxpayer to give evidence and produce documents under Section 70 of the act.

ITC claimed gets credited to Electronic Credit Ledger (ECL) of the taxpayer through GSTR-3B. Table 6A of GSTR-9, which is the sum total of ITC availed in GSTR-3B is auto-populated and non-editable. Through 6B to 6H, the taxpayer provides bifurcation of the ITC availed in the form of inputs, input services, and capital goods. Table 6I of the GSTR-9 brings out the difference of ITC actually availed through 3Bs (table 6A, which is auto populated in ECL) and altered ITC in GSTR-9. Thus, difference in column 6J(6I-6A) should ideally be zero.

Scrutiny of the returns of the taxpayers and comparison of figures of ITC auto populated from Return 3B with that declared in Return R9 revealed that out of 55 dealers of 34 Circles for the year 2017-18, 13 dealers in 11 Circles<sup>54</sup> have declared ITC availed of ₹ 243.14 crore in GSTR-9 (table 6A) whereas the bifurcation of ITC provided in R9 (table 6I) is ₹ 233.05 crore. Thus, ITC to the tune of ₹ 10.09 crore was availed in excess than available.

On this being pointed out (July-October 2022), the Department replied (May 2023) that the scrutiny of cases was underway (**Appendix 3.23**).

#### **(vi) Incorrect availment of ITC under RCM**

Section 61 (1) of the HPGST Act, provides that proper officer may scrutinise the return and related particulars furnished by the registered person to verify the corrections of the returns and forms of the discrepancies noticed, if any, in such manner as may be prescribed and seek explanation thereto and may summon taxpayer to give evidence and produce documents under Section 70 of the Act.

Scrutiny of records of 55 dealers of 34 Circles for the year 2017-18 revealed that one dealer in Barotiwala Circle availed ITC of ₹ 13.31 lakh as per return GSTR - 9. However, as per 3B, tax on inward supply liable to reverse charge was ₹ 12.91 lakh. Thus, ITC under RCM of ₹ 0.40 lakh has been availed in excess.

On this being pointed out (October 2022), the Department replied (May 2023) that the scrutiny of case is underway.

#### **(vii) Short payment of tax under RCM**

Section 59 of the HPGST Act provides that every registered person shall self-assess the taxes payable under this Act and furnish a return for each tax period as specified under Section 39. Further as per Section 61 (1) of the HPGST Act, proper officer may scrutinise the return and related particulars furnished by the registered person to verify the corrections of the returns and forms of the discrepancies noticed, if any, in such manner as may be prescribed and seek

<sup>54</sup> Baddi-II: two, Baddi-III: one, Bangana: one, Barotiwala: two, Bhoranj and Sujanpur: one, Bhoranj and Sujanpur Circle (Gagret): one, Chamba: one, Industrial Area Kala Amb: one, Nalagarh-II: one, Paonta-I: one and Paonta-II: one.

explanation thereto and may summon taxpayer to give evidence and produce documents under Section 70 of the Act.

Scrutiny of records of 55 dealers of 34 Circles for the year 2017-18 revealed that two dealers in two Circles<sup>55</sup> have availed ITC of ₹ 0.35 crore under RCM table 6C+6D+6F of return R9 on inward supplies liable to reverse charge. However, the RCM liability declared on inward supply on which tax was required to be paid was ₹ 0.33 crore (table 4G of R9). Thus, ITC of ₹ 0.023 crore on inward supply has been availed more, resulting in short payment of tax under RCM.

On this being pointed out (July-October 2022), the Department replied (May 2023) that scrutiny of the cases is underway (**Appendix 3.24**).

### **3.6.3.4 Discharge of tax liability**

The taxable event in case of GST is supply of goods and/ or services. Section 9 of the HPGST Act is the charging Section authorising levy and collection of tax called Central/ Himachal Pradesh Goods and Services Tax on all intra-state supplies of goods or services or both, except on supply of alcoholic liquor for human consumption, on value determined under Section 15 of the Act *ibid* and at such rates not exceeding 20 *per cent* under each Act, i.e., CGST Act and HPGST Act. Section 5 of the IGST vests levy and collection of IGST on inter-state supply of goods and services with Central Government with maximum rate of 40 *per cent*.

Under Section 8 of the Goods and Services Tax (Compensation to States) Act, 2017, a Cess is levied on all inter-state and intra-state supply of such goods or services or both which are listed in the schedule of the said Act such as tobacco products, aerated drinks, cigarettes, vehicles etc. Section 9 (4) of the HPGST Act and Sections 5 (3) and 5 (4) of the IGST Act provide for reverse charge levy on certain goods or services, wherein the recipient instead of supplier becomes liable to pay tax.

Audit observed compliance deficiencies in 25 cases amounting to ₹ 1.53 crore out of 55 cases examined. The deficiencies were mainly caused due to exclusion of taxable supplies, incorrect availment of exemptions and incorrect discharge of tax liability on reverse charge basis.

#### **a) Exclusion of supplies**

Section 7 of HPGST Act 2017 defines supplies to include all forms of supply of goods or services or both such as sale, transfer, barter, exchange, license, rental, lease or disposal made or agreed to be made for a consideration by a person in the course or furtherance of business. It also includes import of services for a consideration whether or not in the course or furtherance of business. This is an inclusive definition, main elements being (1) supply should be of goods or services, (2) supply has to be made for a consideration, (3) supply has to be made in the course or furtherance of business, (4) supply should be made by a taxable person, (5) supply should be a taxable supply, and (6) supply should be made within the taxable territory. Schedule-I specifies certain

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<sup>55</sup> Barotiwala: one, Dhalli: one.

activities which even made without a consideration shall be treated as supply. Schedule-II specifies treatment of certain activities or transactions as either supply of goods or supply of services. Section 8 of HPGST Act 2017 deals with composition and mixed supplies.

Audit observed compliance deficiencies in eight cases out of 55 cases, amounting to ₹ 0.50 crore, due to taxpayers excluding taxable supplies and consequently not discharging the due tax liability. On this being pointed out (July-October 2022), the Department replied (May 2023) that recovery of ₹ 2.79 lakh including interest and penalty in two cases in two Circles<sup>56</sup> has been made. The scrutiny of remaining six cases in six Circles<sup>57</sup> involving tax of ₹ 0.49 crore is underway (**Appendix 3.25**).

An illustrative case is featured below:

Scrutiny of the Financial Statements uploaded by one dealer<sup>58</sup> under Sanjauli Circle for the year 2017-18 revealed that the dealer has shown scrap sale, sale of fixed asset (plant and machinery) of ₹ 6.46 crore on which GST of ₹ 0.32 crore was liable to be paid. However, no supporting documents to authenticate payment of GST were made available. Thus, GST on other incomes had not been paid by the taxpayers.

#### **b) Tax payment under RCM**

As per the provisions of Section 9(3) of HPGST Act, 2017 and Section 5(3) of IGST Act, 2017, the Government may, on the recommendations of the Council, by notification, specify categories of supply of goods or services or both, the tax on which shall be paid on reverse charge basis by the recipient of such goods or services or both and all the provisions of this Act shall apply to such recipient as if he is the person liable for paying the tax in relation to the supply of such goods or services or both. Further vide notification No. 4/17, 13/17 and 10/17 dated 28-06-2017 notified the goods and services on which reverse charge is to be paid by the recipients of goods and services. Goods Transport Agency (GTA), legal and professional services fall under the categories of goods and services on which tax is to be paid by recipients under reverse charge mechanism.

Audit observed compliance deficiencies in 17 out of 55 cases, amounting to ₹ 1.13 crore, due to taxpayers incorrectly discharging tax payments under the RCM leading to short levy of tax. On this being pointed out (July-October 2022), the Department replied that in one case the recovery of ₹ 3.28 lakh has been made. The scrutiny of remaining 16 cases involving tax of ₹ 1.04 crore is underway (**Appendix 3.26**).

An illustrative case is featured below:

Scrutiny of the Financial Statements and Annual Return GSTR-9 of a taxpayer<sup>59</sup> under Industrial Area Kala Amb Circle revealed short payment of tax under RCM. The tax

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<sup>56</sup> Bangana and Dehra.

<sup>57</sup> Baddi-III, Baddi-IV, Industrial area Kala Amb, Manali, Mandi-III and Sanjauli.

<sup>58</sup> GSTIN 02XXXXXXXXXX3ZV

<sup>59</sup> GSTIN 02XXXXXXXXXX1ZP

paid under RCM according to Table 4G of GSTR-9 was only ₹ 0.064 crore against tax due of ₹ 0.295 crore on RCM related inward supplies like Carriage & Freight and Professional and Legal Charges of ₹ 1.84 crore as reflecting in Financial Statements. Therefore, there was a short payment of tax amounting to ₹ 0.23 crore.

**(c) Other observations relating to discharge of tax liabilities where additional records were not provided and only mismatch details through data analysis could be observed:**

**(i) Mismatch between Financial Statements and annual turnover**

Rule 80 (3) of HPGST Rules, 2017 provides that every registered person whose aggregate turnover during a Financial Year exceeds two crore rupees shall get his accounts audited as specified under Sub-Section (5) of Section 35 of the HPGST Act and he shall furnish a copy of audited annual accounts and reconciliation statement, duly certified in Form-9C along with supporting documents/ attachments.

As per Section 61 (1) of the HPGST Act, proper officer may scrutinise the return and related particulars furnished by the registered person to verify the correctness of the returns and inform him the discrepancies noticed, if any in such manner as may be prescribed and seek explanation thereto and may summon taxpayer to give evidence and produce documents under Section 70 of the Act.

Scrutiny of returns/annual statements of 55 dealers of 34 Circles for the year 2017-18 revealed that in six Circles<sup>60</sup>, in respect of six dealers, the taxable turnover declared in Annual Return was ₹ 336.83 crore. Audit cross verified the turnover declared in the Annual Return with the Financial Statements and noticed that turnover of ₹ 369.42 crore (July 2017 to March 2018) was recorded as per Financial Statements. Thus, there was mismatch of ₹ 32.59 crore between these two sets of records.

On this being pointed out (July-October 2022), the Department replied (May 2023) that recovery of ₹ 2.17 lakh in one case has been made. The scrutiny of the remaining five cases pertaining mismatch in turnover of ₹ 32.55 crore is underway (**Appendix 3.27**).

**(ii) Undischarged tax liability-Non follows up action**

Rule 80 (3) of HPGST Rules, 2017 provides that every registered person whose aggregate turnover during a Financial Year exceeds two crore rupees shall get his accounts audited as specified under Sub-Section (5) of Section 35 and he shall furnish a copy of audited annual accounts and reconciliation statement, duly certified in Form-9C along with supporting documents/ attachments.

Section 61 (1) of the HPGST Act, provides that proper officer may scrutinise the return and related particulars furnished by the registered person to verify the correctness of the returns and inform him the discrepancies noticed, if any, in such manner as may be

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<sup>60</sup> Baddi-III: one, Baddi-IV: one, Dehra Circle: one, Industrial Area Kala Amb: one, Mandi-III: one and Nahan Circle-I: one.

prescribed and seek explanation thereto and may summon taxpayer to give evidence and produce documents under Section 70 of the Act.

Scrutiny of the returns of 55 dealers of 34 Circles for the year 2017-18 revealed that 12 dealers of nine Circles<sup>61</sup> have shown unreconciled amounts of ₹ 48.69 crore<sup>62</sup> in return 9C (negative entry) in Tables 5R, 7G and 9R. Further in case of five out of these 12 dealers, the turnover in Table 5Q of Return 9C is greater than turnover declared in Table 5N (4N+5M-4G) of return R9. This is fraught with the risk of undervaluation or non-payment of tax, clearances under the guise of exemptions/ zero rated or exports etc.

On this being pointed out (July-October 2022), the Department replied (May 2023) that recovery of ₹ 2.48 lakh<sup>63</sup> has been made in one case. The scrutiny of remaining 11 cases involving difference of ₹ 48.56<sup>64</sup> crore on accounts of negative entry in 5R, 7G and 9R and difference of ₹ 2.15 crore in five cases on account of turnover difference in GSTR - 9 and GSTR - 9C was underway (**Appendix 3.28**).

**(iii) Inconsistencies between taxable values and tax liability (GSTR-1 and declared in R9)**

Section 59 of the HPGST Act provides that every registered person shall self-assess the taxes payable under this Act and furnish a return for each tax period as specified under Section 39.

Further under Section 61 (1) of the HPGST Act, proper officer may scrutinise the return and related particulars furnished by the registered person to verify the corrections of the returns and forms of the discrepancies noticed, if any in such manner as may be prescribed and seek explanation thereto and may summon taxpayer to give evidence and produce documents under Section 70 of the act.

Scrutiny of the returns of 55 dealers of 34 Circles for the year 2017-18 revealed that in seven cases of seven Circles<sup>65</sup>, the dealers have declared tax liability of ₹ 256.88 crore in return GSTR1 after considering amendments/ adjustments whereas tax payable/ tax liability as per return R9 is ₹ 256.39 crore. This shows inconsistencies of ₹ 0.49 crore tax liability between GSTR-1 and GSTR-9 returns. The Department had not followed up the discrepancies in the returns of taxpayers.

On this being pointed out (July-October 2022), the Department replied (May 2023) that scrutiny of cases is underway (**Appendix 3.29**).

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<sup>61</sup> Baddi-IV: two, Bangana: one, Barotiwalla: one, Barsar Circle: one, Bhoranj and Sujampur Circle: one, Industrial Area Kala Amb: two, Nalagarh Circle-I: one, Nalagarh-III: one, Nerchowk: two.

<sup>62</sup> GSTR-9C Table 5R- ₹ 24.04 crore, 7G- ₹ 23.84 crore and 9R- ₹ 0.81 crore. Tables 5R and 7G represent unreconciled turnover value and Table 9R represent unreconciled payment of tax.

<sup>63</sup> Bangana Circle.

<sup>64</sup> GSTR-9C Table 5R- ₹ 23.91 crore, 7G- ₹ 23.84 crore and 9R- ₹ 0.81 crore. Tables 5R and 7G represent unreconciled turnover value and Table 9R represent unreconciled payment of tax.

<sup>65</sup> Baddi-II: one, Baddi-IV: one, Bangana Circle: one, Dhalli Circle: one, Kullu Circle: one, Nerchowk: one, Paonta Circle-II: one.



**(iv) Incorrect discharge of tax liability (GSTR-9 Table 9 and GSTR-9 Table 4)**

Section 39 of the HPGST Act, provides that every registered person shall for every calendar month or part thereof furnish a return electronically of inward and outward supplies of goods or services or both, input tax credit availed, tax payable, tax paid and such other particulars, in such form and manner, and within such time, as may be prescribed. Further Section 59 of the Act *ibid* provides that every registered person shall self-assess the taxes payable under this Act and furnish a return for each tax period as specified under Section 39.

As per Section 61 (1) of the HPGST Act, proper officer may scrutinise the return and related particulars furnished by the registered person to verify the corrections of the returns and forms of the discrepancies noticed, if any in such manner as may be prescribed and seek explanation thereto and may summon taxpayer to give evidence and produce documents under Section 70 of the Act.

Table 9 of GSTR-9 captures the exact tax payable shown in GSTR-3B and is not editable and the tax payable table 4 of GSTR-9 is allowed to be amended by the taxpayers. Scrutiny of the returns of 55 dealers of 34 Circles for the year 2017-18 revealed that for 25 dealers of 20 Circles<sup>66</sup>, the tax liability as per greatest of R1<sup>67</sup> and R9<sup>68</sup> was ₹ 336.33 crore, whereas tax payments in GSTR-9 (Table 9+14-4G) i.e. tax paid as declared in return filed during the Financial Years (Table 9) plus differential tax paid on account of declaration (Table 14) minus inward supply on which tax is to be paid on reverse charge basis (Table 4G) was ₹ 331.38 crore. Thus, tax liability to the tune of ₹ 4.95 crore has not been discharged.

On this being pointed out (July-October 2022), the Department replied (May 2023) that partial recovery of ₹ 1.89 lakh<sup>69</sup> has been recovered in one case. The scrutiny of the cases was underway. **(Appendix 3.30).**

**(v) Non follow up discrepancies made in Return 9C**

Section 61 (1) of the HPGST Act, provides that proper officer may scrutinise the return and related particulars furnished by the registered person to verify the corrections of the returns and forms of the discrepancies noticed, if any in such manner as may be prescribed and seek explanation thereto and may summon taxpayer to give evidence and produce documents under Section 70 of the Act.

Scrutiny of the Return 9C of 55 dealers of 34 Circles for the year 2017-18 revealed that 13 dealers of 11 Circles<sup>70</sup> have shown discrepancies of ₹ 32.51 crore (GSTR-9C

<sup>66</sup> Baddi-II: one, Baddi-IV: one, Barsar Circle: one, Bhoranj and Sujanpur Circle: two, Bhoranj and Sujanpur Circle (Gagret): one, Cart Road Circle: one, Chamba Circle: one, Chopal Circle: one, Industrial Area Kala Amb: two, Kullu/Banjar: one, Mall Road: one, Manali Circle: one, Mandi-III AETC Mandi: three, Mehatpur Circle: one, Nahan Circle-I: one, Nalagarh-III: one, Nerchowk: one, Paonta Circle-I: one, Paonta Circle-II: one, Sanjauli: two.

<sup>67</sup> Table 4 (-4B) +5+6+7 + delta of 9+ debit notes of 9- credit notes of 9+ 11a+11B.

<sup>68</sup> Table 4N-4G+10-table 11.

<sup>69</sup> Mehatpur Circle.

<sup>70</sup> Baddi-II: one, Baddi-III: one, Baddi-IV: two, Barotiwala: two, Chamba: one, Industrial Area Kala Amb: one, Kangra: one, Manali: one, Nalagarh-III: one, Paonta-II: one and Sanjauli: one.



Table 12F) and ₹ 40.47 crore (GSTR-9C Table 14T) in Return 9C, which was required to be scrutinised as per provisions of the Act referred ibid (**Appendix 3.31**). Audit observed that these discrepancies were not scrutinised by the proper officers.

On this being pointed out (July-October 2022), the Department replied (May 2023) that scrutiny of the cases is underway (September 2023).

#### **(vi) Incorrect availment of exemptions**

Section 11 of the HPGST Act states that in public interest and on the recommendations of the Council, the Government can exempt, either absolutely or subject to such conditions as may be specified therein, goods or services or both of any specified description from the whole or any part of the tax leviable thereon with effect from such date as may be specified in such notification. Explanation to this Section clarifies that where an exemption in respect of any goods or services or both from the whole or part of the tax leviable thereon has been granted absolutely, the registered person supplying such goods or services, or both shall not collect the tax. About 149 items of goods and about 81 items of services were exempted from levy of CGST/ IGST by notifications<sup>71</sup>.

Scrutiny of records (returns) of 55 dealers for the year 2017-18 revealed that nine dealers of eight Circles have claimed exempted/nil/non-GST supply of ₹ 165.27 crore (**Appendix 3.32**) as per GSTR-1. Scrutiny of records (profile) further revealed that the HSN/ SAC<sup>72</sup> codes mentioned in the profile of these dealers are not included in any exemption notifications. Thus, the dealers have claimed an exemption that is inadmissible as per the Act/ notifications. This is fraught with the risk of claiming taxable supplies as nil/ exempted.

On this being pointed out (July-October 2022), the Department replied (May 2023) that there is no provision in the law that bars a taxpayer from claiming exemption on any goods and services not disclosed in the list of five goods/ services in which taxpayer is dealing while applying for registration. Further in Exit Conference, the Department stated that nil/ exempted items can be claimed by the dealer in addition to items disclosed in the registration certificate. The reply is not acceptable as though the dealer can claim exemptions for the items specified in schedules, but the Department was required to verify the correctness of exemptions claimed in each case.

**Recommendation 9: Department may initiate remedial action for all the compliance deviations brought out in Paragraph 3.6.1 to Paragraph 3.6.3 of this report.**

### **3.7 Conclusion**

The SSCA on Departmental Oversight on GST Payments and Return Filing was undertaken in the context of varying trend of return filing and continued data inconsistencies with an objective of assessing the adequacy of the System in monitoring

<sup>71</sup> Notification No. 2/2017 – Central Tax (Rate) and 2/2017– Integrated Tax (Rate) for goods and 12/2017 – Central Tax and 12/2017 – Integrated Tax (Rate) for services.

<sup>72</sup> Harmonised System of Nomenclature/ Servicing Accounting Code: System of nomenclature to identify services and GST rates.

return filing and tax payments, extent of compliance and other departmental oversight functions.

This SSCA was predominantly based on data analysis, which highlighted risk areas, red flags and in some cases, rule-based deviations and logical inconsistencies in GST returns filed for July 2017 to March 2018. The SSCA entailed assessing the oversight functions of the State's Jurisdictional formation at two levels – at the data level through global data queries and at the functional level with a deeper detailed audit of the Circles and of the GST returns. The audit sample selected 336 taxpayers for limited audit and 55 taxpayers for detailed audit of GST returns for the year 2017-18.

The Department had not issued any SOP for scrutiny of returns. The Department was only pursuing GST returns related inconsistencies identified by EIU. A review of the 10 Circles for the period from July 2017 to March 2021 disclosed that documentation of essential oversight functions of Circles such as monitoring of return filing, taxpayer compliance was poor and were not amenable to evaluation. As such, the functions of the Circles were neither fully digitised nor carried out in an organised manner.

The Department responded to 315 out of 336 cases of high value data inconsistencies identified by Audit. Of these, 202 cases constituting 64.12 *per cent*, turned out to be compliance deficiencies with mismatches (including of turnover) amounting to ₹ 484.14 crore. A relatively higher rate of deficiencies was noticed in short/ non-payment of interest, ITC mismatch, excess RCM ITC availed and incorrect turnover declarations. While data entry errors caused the inconsistencies in 12 *per cent* of the cases, in five *per cent* of the cases the Department had already taken proactive action. The Department has not responded to 21 cases of inconsistencies, which has an identified risk exposure of ₹ 211.14 crore.

Detailed audit of GST returns also suggested significant non-compliance. At the outset, essential records such as Financial Statements and invoices were not produced in 23 cases out of a sample of 55 taxpayers and in another 32 cases, partial records were produced, which constituted a significant scope limitation. Out of the 55 cases that were audited either fully or partially due to non/ partial production of records, Audit observed 15 compliance deficiencies with a revenue implication of ₹ 106.56 crore. The main causative factors were availing of ineligible and irregular ITC, exclusion of supplies for taxation and incorrect discharge of tax under RCM.

From a systemic perspective, the Department needs to strengthen the monitoring mechanism in the Circles to ensure taxpayer compliance, tax payments, follow up of EIU reports, cancellation of registrations and recovery of dues from defaulters. The Department may also consider introducing additional validation controls in GST returns to improve taxpayer compliance and to facilitate scrutiny of returns.

### 3.8 Recommendations

- *The Department may take prompt action against the late/ non-filers of returns.*
- *The Department may initiate and expedite the scrutiny of the returns as per the norms fixed by the Department.*
- *The Department needs to take prompt steps to undertake audits so that timely action could be initiated against the defaulters and recoveries could be effected so as to plug the revenue leakage as in the era of self-assessed tax regime, audit is one of the main tools for ensuring compliance by the taxpayers.*
- *The Department may initiate recovery process in cases where DRC-07 has been issued.*
- *Department may deploy the requisite validation controls to facilitate Circle Officers to monitor pendency of cancellation applications, both on taxpayers' request and in suo moto cancellations from the date of application and date of issue of REG-17 notice respectively and ensure that cancellation date is not prior to the application date.*
- *Department may strengthen the follow up action on non-filers of GSTR-10.*
- *Department may urgently pursue the inconsistencies/deviations pointed out by Audit and may initiate remedial action.*
- *Department may consider introducing validation controls in GST Returns to curb data entry errors, enhance taxpayer compliance and facilitate better scrutiny.*



# **Chapter IV**

## **Individual Audit Observations**



## Chapter IV: Individual Audit Observations

### State Taxes and Excise Department

#### Taxes/VAT on Sales and Trade

#### 4.1 Loss of revenue of ₹ 6.29 crore due to excess deferment of tax liability

**Allowance of deferment of tax liability without adjustment of Input Tax Credit (ITC) from tax liability led to revenue loss of ₹ 6.29 crore.**

As per HP Excise and Taxation Department notification no. EXN-F(1)-2/2004 dated 26 July 2005, Paragraph 5A was inserted in the deferred payment of Tax Scheme 2005. Vide this, the new and existing industrial units (other than those specified in negative list), which have come into commercial production before 07 January 2003 and which after the approval of Director of Industries or other Officers so authorised by him, undertake substantial expansion only after 07 January 2003 may either continue to avail such facility or by making an application in form S.T.(DP)-VII opt to pay 65 *per cent*<sup>1</sup> of the tax liability for any tax period of a Financial Year, according to the return. Upon making such payment, he shall be deemed to have paid the tax due from him according to such return. The option exercised shall be final. This will allow the dealer to avail the facility of deferment of 35 *per cent* of tax liability.

Further, Section 12(1) of the HP VAT Act 2005 stipulates that the net tax payable by a registered dealer for a tax period shall be the difference between the output tax plus purchase tax, if any, and the input tax credit, which can be determined from the following formula namely.

**Net tax payable = Output tax (O) + Purchase tax (P) - Input Tax Credit (I)**

Further, column 10 of Form VAT-XV as given in HP VAT rules 2005 also specifies that Gross Tax Payable be calculated by deducting Input Tax credit from the Total Tax.

Audit scrutiny during 2019-20 and 2020-21 of three<sup>2</sup> out of 11 test-checked office of Deputy Commissioners of State Taxes and Excise (DCSTE) revealed that in 21 Assessment orders<sup>3</sup>, 14 dealers had paid 65 *per cent* of the tax liability for different tax period from 2010-11 to 2016-17 under Deferment Scheme. The assessing authorities allowed the deferment of 35 *per cent* of tax liability before adjustment of ITC i.e., net tax payable as mentioned *ibid*. This resulted in excess deferment of tax liability of ₹ 6.29 crore. The same along with interest of ₹ 10.65 crore, as leviable under Section 19(1) of the HP VAT Act 2005, was recoverable.

It is pertinent to mention that in similar type of cases of finalisation of Assessment orders, falling under Deferment Scheme, DCSTE Sirmour had assessed and clearly

<sup>1</sup> The dealer will get rebate of 35 *per cent* of tax liability.

<sup>2</sup> DCSTE Nahan, Solan & Una.

<sup>3</sup> Assessments completed during April 2019 to March 2021.



mentioned in the Assessment orders<sup>4</sup> (February 2019) that deferment of 35 *per cent* of tax has to be allowed after the adjustment of ITC from the output tax.

Despite being pointed out by Audit, DCSTE Solan re-assessed (October 2020) the tax liability of the assessee<sup>5</sup> and in violation of provisions of HP VAT Act *ibid*, again allowed deferment of tax liability before adjustment of ITC from the output tax.

Further, the Commissioner of State Taxes and Excise (CSTE) had also clarified in its reply (October 2022) that tax liability of the dealer is to be determined under Section 12 of the HP VAT Act *ibid*. Besides, the Himachal Pradesh Tax Tribunal in its order in Appeal No.13/2023<sup>6</sup> has upheld that deferment of 35 *per cent* of tax is to be allowed after the adjustment of ITC from the output tax.

Audit findings were referred to the Government in January 2023; their reply had not been received (January 2025).

**The Government should have a mechanism to monitor the working of Assessing Authorities in the Department so as to maintain uniformity in the implementation of Acts and Rules.**

#### **4.2 Loss of revenue of ₹ 1.76 crore in the form of interest due to excess allowance of Input Tax Credit (ITC)**

**Assessing Authorities did not properly take into account, unsold local purchases in closing stock at the end of the tax period, leading to excess allowance of ITC of ₹ 10.05 crore to 114 dealers, resulting in deferment of Government revenue of ₹ 10.05 crore for one year and loss of interest of ₹ 1.76 crore.**

Sections 11 (3) of HP VAT Act 2005 provides that Input Tax Credit (ITC) shall be allowed to the extent of the amount of input tax paid or payable by such purchasing dealer on the purchase of taxable goods made by him in the State, from a registered dealer. As per Notification of May 2007, the amount of input tax credit shall be admissible to a dealer on the purchase value of the goods sold by him during the tax period. Section 19 of the Act *ibid* further provides that if a dealer fails to pay the tax due by the prescribed date, he becomes liable to pay interest at the rate of one *per cent* for one month and thereafter one and half *per cent* per month till the default continues.

Further, Rule 23 of HP VAT Rules 2005, stipulates that where a registered dealer has used the goods purchased, partially for taxable sales and is unable to maintain accounts as provided in Rule 20 of the Rules *ibid* and the sale by him includes sale of tax free goods and taxable goods and / or branch or consignment transfers, then it shall be presumed that goods so purchased during the tax period have been used in the proportion of turnover of sales of tax free goods, taxable goods and branch or consignment transfers respectively of the tax period and the input tax credit shall be calculated and claimed in that proportion accordingly.

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<sup>4</sup> Ambika Alloys (Assessment year 2009-10), orders dated 04.02.2019.

<sup>5</sup> Sturdy Industries (Assessment years 2010-11 to 2013-14).

<sup>6</sup> M/s Super Power Steel vs. Jt CST&E.

Audit scrutiny during the period 2020-21 and 2021-22 in respect of eight<sup>7</sup> (out of 11) test-checked Offices of Deputy Commissioners of State Taxes and Excise (DCSTE) revealed that Assessing Authorities (AA) while assessing the Annual Returns of 114 dealers in 166 assessment cases<sup>8</sup> for the tax periods between 2009-10 and 2017-18, allowed excess ITC on local purchases. However, on the basis of proportion of local purchases to total purchases, ITC aggregating to ₹ 16.33 crore on closing stock of ₹ 806.70 crore was required to be withheld whereas AAs withheld ITC of only ₹ 6.28 crore. Thus, non-application of the provisions of the Act *ibid* not only resulted in excess allowance of ITC aggregating to ₹ 10.05 crore but also in deferment of the Government revenue for one year and loss of interest of ₹ 1.76 crore to the State Government.

On being pointed out, DCSTEs stated that the matter would be examined, and action taken as per Rules.

Audit findings were referred to the State Government in February 2023. In response, the State Government informed (May 2023) recovery aggregating to ₹ 7.60 lakh in respect of seven DCSTEs<sup>9</sup>.

#### **4.3 Short realisation of revenue of ₹ 10.88 lakh due to inadmissible deduction of Works Contract Tax (WCT) from Gross Turnover (GTO)**

**Allowance of inadmissible deduction of Works Contract Tax from Gross Turnover resulted in loss of revenue for ₹ 10.88 lakh to the Government.**

As per Section 2(v)(zd) of HP VAT Act, 2005 “turnover” means the aggregate amount of sales, purchases and parts of sales and purchases made by any dealer and includes any sum charged on account of freight, storage, demurrage, insurance and for anything done by the dealer in respect of the goods at the time of or before delivery thereof. Further, Section 19 provides that if a dealer fails to pay the tax due by the prescribed date, he becomes liable to pay interest at the rate of one *per cent* on the tax due for a period of one month, and 1.5 *per cent* per month thereafter, till the default continues.

Rule 17(4) of HP VAT Rules 2005 provides that the value of goods involved in the execution of works shall be determined by taking into account the value of entire works contract and deducting therefrom the components of payments made towards Labour and services, amount paid to sub-contractor, charges of hiring machinery and tools, cost and consumables, charges for planning designing and architect fee, cost of establishment related to supply of Labour and services, other similar expenses to supply of Labour and services and profit earned by contractor to the extent it is relatable to supply of Labour and services. Further, Rule 38 (6) of the Rules *ibid* provides that a

<sup>7</sup> DCSTE Baddi: (27 cases, ₹ 99.15 lakh), Kangra: (13 cases, ₹ 1.87 lakh), Mandi: (28 cases, ₹ 10.68 lakh), Nurpur: (four cases, ₹ 6.66 lakh), Shimla: (32 cases, ₹ 8.16 lakh), Sirmour: (13 cases, ₹ 5.63 lakh), Solan: (46 cases, ₹ 43.42 lakh), Una: (three cases, ₹ 0.43 lakh).

<sup>8</sup> Assessments completed from April 2019 to March 2021.

<sup>9</sup> DCSTE Kangra: ₹ 0.57 lakh, Mandi: ₹ 4.47 lakh, Nurpur: ₹ 0.07 lakh, Shimla: ₹ 0.08 lakh, Sirmour: ₹ 1.39 lakh, Solan: ₹ 0.85 lakh, Una: ₹ 0.17 lakh.

works contractor is entitled to deduct the Works Contract Tax (WCT) already deducted from the gross amount of tax due from him for the relevant period.

Scrutiny of records of four<sup>10</sup> (out of 11) test-checked Offices of Deputy Commissioners of State Taxes and Excise (DCSTEs) during 2021-22 revealed that in 29 cases comprising eight dealers, the Assessing Authorities, contrary to the above provision had determined the Taxable Turnover (TTO) by deducting WCT from the Gross Turnover (GTO) whereas the WCT has also been deducted from the gross amount of the total tax due from the contractor resulting in short determination of TTO.

Though, deduction of WCT from the gross amount of total tax due is covered under Rule 38(6) of the Rules *ibid*, the deduction of WCT from the GTO of works contract is not covered under the provisions of Rule 17(4) of the said Rules. Hence, irregular deduction of WCT from GTO resulted in under assessment of tax by ₹ 10.88 lakh<sup>11</sup>. The same was recoverable along with interest of ₹ 12.55 lakh under the Rules *ibid*.

On being pointed out, DCSTEs stated (March 2023) that reassessment of eight dealers was carried out and an amount of ₹ 30.62 lakh<sup>12</sup> was recovered from two dealers. In remaining cases it was stated that WCT was rightly deducted. This contention is not tenable as WCT should not be deducted from GTO.

Audit findings were referred to the Government in January 2023; their reply had not been received (January 2025).

**The Government may consider ensuring the compliance of the provisions of the HP VAT Act and Rules made thereunder in order to safeguard the revenue of the State.**

## State Excise

### 4.4 Suspected pilferage of Liquor

**Mismatch between the quantity sold by the wholesaler and lifted by the retailers resulted in suspected pilferage of 1.26 lakh proof liters of Indian Made Foreign Liquor (IMFL), 1.38 lakh proof liters of Country Liquor (CL) and 1.16 lakh bulk liters of Beer involving license fee aggregating to ₹ 9.71 crore.**

Paragraph 7.11 of Excise Announcement (EA) 2020-21 of the Government of Himachal Pradesh provides that the supply of Country Liquor (CL) and High Strength Country Liquor to the retail licensee of the State shall be done through the L-13 wholesale license only and Paragraph 7.12(ix) provides that the L-13 licensee shall be bound to give supplies of CL to any retail sale licensee of the District in which it is located, if so desired by such retail sale licensee. In case no L-13 vend is open in a District, this

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<sup>10</sup> DCSTEs Shimla, Baddi, Nurpur and Una.

<sup>11</sup> DCSTEs Shimla: seven cases ₹ 0.36 lakh, Baddi: two cases ₹ 2.39 lakh, Nurpur: seven cases ₹ 5.29 lakh and Una: 13 cases ₹ 2.84 lakh.

<sup>12</sup> DCSTEs Baddi: one case ₹ 30.54 lakh; Nurpur: one case ₹ 0.08 lakh.

condition may be relaxed by the Collector of the zone concerned in which case, the retailer shall obtain supplies from the L-13 so approved by the Collector of the zone.

Paragraph 8.11 of EA 2020-21 further provides that the retailers holding license L-2/ L-14/ L-14A shall obtain supplies of Indian Made Foreign Liquor (IMFL)/ BEER/ BIO Brands/ Ready to drink (RTD) beverages from the L-1 wholesale vends only. As per Paragraph 8.17(xii), a licensee in form L-1 shall supply liquor to L-2 or L-14, or L-14A licensee within the District. However, in case no L-1 vend is open in a District the Collector in respect of his zone and the Commissioner of State Taxes & Excise, Himachal Pradesh may allow retailers of such Districts to obtain supplies from the approved L-1 licensee located in adjoining Districts.

Further, the licensee shall deposit the License Fee into the Government treasury before obtaining the excise pass for issue of liquor from the wholesaler or at the time of issue of permit as the case may be as required under Paragraph 5.4(a) of EA 2020-21.

During 2021-22, scrutiny of records of four<sup>13</sup> (out of 13) test-checked Deputy Commissioners, State Taxes and Excise (DCSTEs) revealed that retailers falling under jurisdiction of these four DCSTEs had lifted 54.31 lakh proof litres of IMFL against the sale of 55.57 lakh proof litres by wholesalers, 71.17 lakh proof litres of CL against sale of 72.54 lakh proof litres by wholesalers and 44.00 lakh bulk litres of Beer against sale of 45.15 lakh bulk litres by wholesalers in the District (**Appendix 4.1**).

Thus, in the absence of cross-verification of sales made by the wholesalers and subsequent receipt by retailers, there was suspected pilferage of 1.26 lakh proof litres of IMFL, 1.38 lakh proof litres of CL and 1.16 lakh bulk litres of Beer on the part of wholesalers involving license fee of ₹ 9.71 crore worked out as per applicable rates of license fee of Excise Announcement 2020-21.

On being pointed out in audit (September 2021 to February 2022), the DCSTEs of concerned Districts replied that the sale figures of wholesalers and lifting by retailers would be reconciled and outcome thereof will be reported to audit. Further, it was stated (March 2023) that amount aggregating to ₹ 15.38 lakh has been recovered in two DCSTEs<sup>14</sup>.

Audit findings were referred to the Government in December 2022; their reply was awaited as of January 2025.

**The Department may devise a mechanism to cross-check the sale of wholesalers and receipt of retailers to prevent pilferage of liquor.**

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<sup>13</sup> DCSTEs Nurpur (Kangra), Shimla, Solan and Una.

<sup>14</sup> DCSTE Shimla: ₹ 7.71 lakh, DCSTE Nurpur: ₹ 7.67 lakh.

#### 4.5 Loss of revenue due to non-allotment of Minimum Guaranteed Quota (MGQ) of liquor

##### Non-allotment of MGQ of liquor as per Excise Announcement 2020-21 by the Excise Authority involving License fee of ₹ 5.22 crore.

As per Paragraph 4.23 of Excise Announcement 2020-21 of the Government of Himachal Pradesh, the value of the units which were allotted for the year 2019-20, on reduced value from the reserve price, through negotiations shall be fixed by adding five *per cent* quota over the MGQ determined for the year 2019-20.

As per letter No. 7-887/2019-EXN-5717-87 dated 09.03.2020 of Commissioner of State Taxes and Excise, condition of adding five *per cent* is only applicable for fixing MGQ of Country Liquor (CL) and MGQ of Indian manufactured foreign liquor (IMFL) will remain same as that of 2019-20.

Scrutiny of records of Deputy Commissioner of State Taxes and Excise, Sirmour at Nahan during 2021-22 revealed that 86 vends were to be allotted in the District for the year 2020-21 for which quota of 9.23 lakh proof liters (pls) of CL and 5.05 lakh pls of IMFL was fixed. Out of these 86 vends, 71 vends went under negotiations for the year 2019-20. Of these 71 vends, quota of 32 was allotted as per EA 2020-21 whereas 39 vends had been allotted MGQ of CL for 3.35 lakh pls against 4.34 lakh pls of CL applicable as per the Excise Announcement of 2020-21 and letter dated 09.03.2020. Similarly, MGQ of IMFL was also reduced to 1.84 lakh pls against the determined quota (2019-20) of 2.40 lakh pls in violation of excise policy and notification *ibid*. This has resulted in less determination of quota of liquor of 0.99 lakh pls for CL and 0.56 lakh pls for IMFL.

Thus, inability of Excise Authority to strictly determine the MGQ of liquor for vends as per Excise Announcements resulted in loss of revenue of ₹ 5.22 crore to the State Government as detailed in **Appendix 4.2**.

On being pointed out, the Department stated that the matter will be checked and action will be taken accordingly and final outcome of the matter will be reported to audit.

The Department may fix accountability and ensure recovery of due amounts as per the provisions of Excise policy.

Audit findings were referred to the Government in December 2022; their reply was not received as of January 2025.

#### 4.6 Loss of Revenue of ₹ 75.97 lakh due to excess allowance of breakage

**Excess breakage above the prescribed limit was allowed for 15 wholesale vends (L1 and L13) resulting in loss of revenue of ₹ 75.97 lakh.**

Paragraph 7.13 (xvi) and Paragraph 8.18 (xxii) of Excise Announcement of Government of Himachal Pradesh for the year 2019-20 provides that 0.25 *per cent* breakage<sup>15</sup> shall be allowed for in-storage losses to the L-13<sup>16</sup> and L-1<sup>17</sup> wholesale vends.

Scrutiny of records for the period 2019-20 of three<sup>18</sup> out of 13 test-checked DCSTEs during 2020-21 revealed that there were 24 wholesalers; out of which, 15 wholesalers<sup>19</sup> (**Appendix 4.3**) had claimed breakage of 45,367.17 proof litres on total receipt of 86,43,724.69 proof litres. However, the permissible breakage on it works out to only 21,609.31<sup>20</sup> proof litres. This resulted in excess allowance of breakage by 23,757.86 proof litres. The allowance of breakage more than the prescribed limit has resulted in loss of revenue aggregating to ₹ 75.97 lakh<sup>21</sup> to the Government.

On this being pointed out, DCSTEs stated (March 2023) that ₹ 72.65 lakh<sup>22</sup> have been recovered.

Audit findings were referred to the Government in December 2022; their reply was not received as of January 2025.

**The Department may issue necessary directions to the concerned officials to strictly adhere to provisions of Excise Announcement while allowing breakage in order to avoid loss of revenue to the State Government.**

#### 4.7 Short realisation of license fee on bottling of liquor

**In three distilleries/bottling plants, Deputy Commissioners of State Taxes & Excise (DCSTEs) recovered license fee on bottling plants of liquor of ₹ 2.38 crore against the recoverable amount of ₹ 2.85 crore resulting in short realisation of ₹ 0.47 crore.**

Excise Announcement (EA) of Government of Himachal Pradesh for the year 2020-21 provides that the licensee for bottling plants of liquor shall pay license fee on bottling of liquor at the rates of ₹ 8.60 per 750 ml of Foreign Spirit on bottling of brands on lease/franchise basis, ₹ 5.20 per 750 ml of Foreign Spirit on bottling of own brands, ₹ 0.57 per 750 ml of Foreign Spirit of own brands for export and ₹ 1.73 per 750 ml on Country Liquor (CL).

Rule 9.5(6)(a)(ii) of the Punjab Distillery Rules (PDR), 1932 as applicable to Himachal Pradesh provides that the licensee shall pay into the Government Treasury, the amount

<sup>15</sup> Breakage allowed on annual procurement of liquor by the wholesaler.

<sup>16</sup> Wholesale vends of Country Liquor.

<sup>17</sup> Wholesale vends of IMFL.

<sup>18</sup> DCSTEs Nurpur (Kangra), Shimla & Solan.

<sup>19</sup> DCSTE Nurpur two vends, DCSTE Shimla 10 vends & DCSTE Solan three vends.

<sup>20</sup> Permissible breakage: 86,43,724.69 proof litres x 0.25 *per cent* = 21,609.31 proof litres.

<sup>21</sup> DCSTE Nurpur ₹ 8.22 lakh, DCSTE Shimla ₹ 62.58 lakh & DCSTE Solan ₹ 5.16 lakh.

<sup>22</sup> DCSTE Nurpur ₹ 6.80 lakh, DCSTE Shimla ₹ 60.96 lakh & DCSTE Solan ₹ 4.88 lakh.

chargeable according to the units of 750 millilitres (mls) within seven days of the expiry of each quarter of the financial year. Further, Rule 9.5 (8) of the Rules *ibid* provides that in the event of failure to pay the fee or part thereof by the due date interest at the rate of 12 *per cent* per annum for a period of one month or a part thereof from the date of default in the payment of fee and if the default in the payment of fee exceeds one month the interest at the rate of 18 *per cent* per annum from the initial date of default in payment shall be payable till the default continues.

Audit scrutiny of the records for the year 2020-21 of three distilleries under two DCSTEs<sup>23</sup> (out of 13) test-checked DCSTEs during 2021-22 revealed that the units had produced 65.61 lakhs proof litres (1.56 crore bottles) of liquor [Country Liquor (CL) and Indian Made Foreign Spirit (IMFS)] on which bottling license fee of ₹ 2.85 crore at the prescribed rates<sup>24</sup> was payable, against which the units had paid only ₹ 2.38 crore (Appendix 4.4).

There was nothing on record to indicate that the concerned heads of the units had initiated any action to recover the remaining bottling license fee. This has resulted in short realisation of bottling license fee of ₹ 0.47 crore<sup>25</sup>. The same was recoverable along with interest as required under the Rules *ibid*.

On this being pointed out (November-December 2021), the DCSTEs while confirming the facts and figures stated that the matter would be looked-into, and action would be taken as per Acts and Rules.

Audit findings were referred to the Government in December 2022; their reply was awaited as of January 2025.

## Revenue Department

### 4.8 Short determination of market value of properties

**Incorrect valuation of properties on the basis of incorrect Circle rates and false affidavits regarding distance of the land from the road resulted in short realisation of Stamp Duty and Registration Fee of ₹ 5.37 crore.**

According to Article 23 of The Indian Stamp Act 1899, as amended in 2013, Stamp Duty (SD) at six *per cent* for other persons and four *per cent* for women would be leviable on either the market value of the property or the consideration amount, whichever is higher. Similarly, as per Revenue Department notification of January 2012, Registration fees (RF) at two *per cent* would be leviable on either the market value of the property or the consideration amount, whichever is higher, for registration of property. Department of Revenue issued notification in January 2016 classifying the land in rural and urban areas into five categories for calculation of Stamp Duty and Registration Fee (SDRF), depending upon its location/distance from any road *viz.* land situated (i) up to 25 meters; (ii) 25 metres to 50 metres; (iii) 50 metres to

<sup>23</sup> DCSTEs Una and Nurpur.

<sup>24</sup> CL: ₹ 0.57 IMFL Export, ₹ 1.73 CL, IMFL: ₹ 5.20 and ₹ 8.60 IMFL Lease per bottle.

<sup>25</sup> Una: ₹ 0.24 crore and Nurpur: ₹ 0.23 crore.



100 metres; (iv) 100 metres to 1000 metres; and (v) more than 1000 metres from any road in the Revenue Estate. The roads are in turn categorised as National Highway (NH), State Highway (SH) and Other Road (OR). The purchaser is required to file affidavit stating the distance of the relevant land or holding from an NH, SH or OR for calculation of Stamp Duty. If the affidavit of purchaser is found false, penalty up to 50 per cent of the applicable Stamp Duty/ Registration Fee is to be levied and recovered.

### **I. Short levy of SD and RF due to application of incorrect Circle rates**

Audit scrutiny of the records for the period 2017 to 2021 of 27 Sub Registrars (SRs)<sup>26</sup> during 2021-22 revealed that 151 deeds were registered (between 2017 and 2021) for a consideration amount of ₹ 38.60 crore, on which SD and RF of ₹ 2.45 crore was levied. The SRs, while registering these sale deeds ignored/overlooked the supporting documents such as self-affidavits declaring location/distance of land from different categories of road and jamabandis declaring cultivated/uncultivated nature of the land. Audit also verified the cases with the help of distance certificates given by Patwaris and found that SR applied incorrect Circle rates resulting in undervaluation of properties. As per the applicable Circle rates, consideration amount works out to ₹ 55.84 crore and on which SD and RF of ₹ 3.92 crore was required to be levied. However, SRs levied SD and RF of ₹ 2.45 crore. Consequently, resulted in short levy of SD and RF by ₹ 1.47 crore (SD: ₹ 1.06 crore + RF: ₹ 0.41 crore).

### **II. Short levy of SD and RF due to acceptance of false affidavits**

Audit scrutiny of the records of 32 SRs<sup>27</sup> during 2021-22 revealed that 470 Deeds were registered between 2017 and 2020 on the basis of self-affidavits/self-declaration filed by the purchasers declaring distance of land holding from different categories of roads. These deeds were registered for a consideration amount aggregating to ₹ 83.23 crore,

<sup>26</sup> SR Panchrukhi: Three cases ₹ 4.31 lakh, Nalagarh: four cases ₹ 2.20 lakh, Swraghat: 12 cases ₹ 2.15 lakh, Anni: one case ₹ 0.36 lakh, Panjehra: three cases ₹ 2.53 lakh, Namhol: one case ₹ 13.31 lakh, Nurpur: 22 cases ₹ 31.98 lakh, Kasauli: one case ₹ 3.68 lakh, Mandi: three cases ₹ 0.95 lakh, Rewalsar: four cases ₹ 0.84 lakh, Baddi: three cases ₹ 8.54 lakh, Karsog: five cases ₹ 0.53 lakh, Solan: 14 cases ₹ 7.54 lakh, Basdehra: 25 cases ₹ 11.59 lakh, Rampur: seven cases ₹ 15.72 lakh, Kangra: four cases ₹ 2.08 lakh, Jawali: 12 cases ₹ 6.93 lakh, Khundian: five cases ₹ 11.21 lakh, Kandaghat: three cases ₹ 9.86 lakh, Saraswati Nagar: one case ₹ 0.28 lakh, Theog: one case ₹ 0.13 lakh, Bhota: two cases ₹ 2.60 lakh, Gagret: three cases ₹ 0.64 lakh, Amb: two cases ₹ 0.90 lakh, Jhanduta: one case ₹ 0.04 lakhs, Darlaghat: two cases ₹ 2.17 lakh, Balh: seven cases ₹ 3.94 lakh.

<sup>27</sup> SR Kangra: 34 cases ₹ 16.16 lakh, Jwali: 25 cases ₹ 12.08 lakh, Nurpur: 44 cases ₹ 75.39 lakh, Dharamsala: four cases ₹ 1.47 lakh, Dehra: one case ₹ 11.35 lakh, Rakkar: eight cases ₹ 5.21 lakh, Bangana: 23 cases ₹ 6.57 lakh, Khundian: 13 cases ₹ 6.12 lakh, Rivalsar: seven cases ₹ 2.20 lakh, Mandi: four cases ₹ 1.59 lakh, Kandaghat: 19 cases ₹ 55.20 lakh, Panjehra: 21 cases ₹ 22.82 lakh, Saraswati Nagar: 13 cases ₹ 3.85 lakh, Theog: three cases ₹ 3.14 lakh, Rampur: eight cases ₹ 12.23 lakh, Shillai: 10 cases ₹ 4.47 lakh, Kunihar: two cases ₹ 4.91 lakh, Baddi: seven cases ₹ 12.25 lakh, Poanta Sahib: 15 cases ₹ 21.10 lakh, Palampur: 15 cases ₹ 3.11 lakh, Shimla (Urban): one case ₹ 2.38 lakh, Nadaun: three cases ₹ 0.48 lakh, Solan: nine cases ₹ 13.13 lakh, Bhota: one case ₹ 0.62 lakh, Nalagarh: 32 cases ₹ 25.53 lakh, Shri Naina Devi Ji: 19 cases ₹ 10.35 lakh, Gagret at Kaloh: 42 cases ₹ 12.51 lakh, Amb: 31 cases ₹ 21.25 lakh, Bhuntar: 19 cases ₹ 7.99 lakh, Jhandutta: 13 cases ₹ 2.32 lakh, Darlaghat: 13 cases ₹ 7.29 lakh, Balh: 11 cases ₹ 5.01 lakh.

on which SD and RF aggregating to ₹ 4.94 crore was levied. Audit cross-verified the affidavits with maps (*latha*) available with the *Kanungo* (Revenue Authority) and found that the valuation of the properties should have been done at ₹ 123.10 crore on the basis of location/distance of land from different categories of road and on which SD and RF aggregating to ₹ 8.84 crore was required to be levied. Audit observed that even though the revenue records (*latha*) and land rates were available with the Department, the SRs did not cross-verify the affidavits/self-declaration before registration of deeds and instead, relied on the information in the self-affidavits filed by the purchasers. This led to short levy of SD and RF by ₹ 3.90 crore (SD: ₹ 2.83 crore + RF: ₹ 1.07 crore).

Sub-Registrars (SRs) stated that doubtful affidavits would be examined by the concerned revenue authority and action taken accordingly, after ascertaining the exact location of land in due course of time under intimation to audit.

Audit findings were referred to the Government in March 2023; their reply was not received as of January 2025.

**The Government may consider setting up a mechanism to verify the actual distance of land holdings from the roads to ensure classification of land in rural and urban areas, thereby ensuring correct levy of SD & RF.**

#### 4.9 Short realisation of Stamp Duty and Registration Fee on Lease Deeds

**Market rates were not used to calculate Stamp Duty and Registration Fees due on lease deeds resulting in short recovery of ₹ 0.79 crore.**

The Department of Revenue, Government of Himachal Pradesh notified in January 2012 that Stamp Duty (SD) at five *per cent*<sup>28</sup> and Registration Fees (RF) at two *per cent*<sup>29</sup> would be leviable on the market value of the property for registration of all lease deeds.

Audit scrutiny of records of 12 (out of 72) test-checked Sub-Registrars (SRs) during 2021-22 revealed that the SRs levied Stamp Duty and Registration Fees on 34 lease deeds using arbitrary consideration amount instead of using the market value, even though the Circle rates of land and built-up rates of structures required to determine the market value<sup>30</sup> were available with the Department. As a result, against SD and RF of ₹ 1.19 crore (SD ₹ 0.85 crore + RF ₹ 0.34 crore) that would have been leviable on the basis of market value, the SRs levied SD and RF of ₹ 0.40 crore (SD ₹ 0.29 crore + RF ₹ 0.11 crore) on a lower amount without recording any justification on records. Consequently, this resulted in short realisation of SD and RF of ₹ 0.79 crore<sup>31</sup> (SD: ₹ 0.56 crore + RF: ₹ 0.23 crore).

<sup>28</sup> Formula: Stamp duty @ five *per cent* x Market Value x Period of lease/100.

<sup>29</sup> Formula: Registration Fees @ two *per cent* x Market Value x Period of lease/100.

<sup>30</sup> Formula: Market value of property = (Circle Rate x Area) + {Builtup rate x Area (if structure is also being sold)}.

<sup>31</sup> Amb: two cases ₹ 4.61 lakh; Solan: 12 cases ₹ 11.86 lakh; Darlaghat: one case ₹ 0.27 lakh; Panjehra: two cases ₹ 2.02 lakh; Sangla: one case ₹ 1.21 lakh; Kasauli: three cases ₹ 2.82 lakh; Kandaghat: two cases ₹ 1.03 lakh; Nalagarh: six cases ₹ 4.26 lakh; Dehra: one case ₹ 1.35 lakh; Junga: two cases ₹ 2.66 lakh; Moorang: one case ₹ 46.48 lakh; Nahan: one case ₹ 0.54 lakh.

On this being pointed out the SRs stated that cases will be checked, and recovery will be initiated and further stated that outcome will be reported to audit accordingly.

In this regard, it was observed that the same issue was highlighted in the Audit Report on State Revenues of previous years, but the SRs were continuing to deviate from the Departmental instructions. While no reasons were found on record, the persistent violation indicates either lack of understanding about applying the instructions, willful disregard of the same, or lack of commitment towards safeguarding the Government revenue.

Audit findings were referred to the Government in January 2023; their reply had not been received (January 2025).

**The Government may examine the reasons for persistent non-adherence to the Departmental notification by field Offices and initiate corrective action, so as to prevent loss of the Government revenues.**

## Planning Department

### 4.10 Aspirational Block Development Programme in Himachal Pradesh

#### 4.10.1 Introduction

With a view to removing regional imbalance in the State in terms of creation of infrastructural facilities in the identified backward areas, Backward Area Sub-Plan (BASP) was introduced in June 1974 in Himachal Pradesh and is being implemented in 10 Districts<sup>32</sup> (out of 12) of the State (except the tribal Districts of Kinnaur and Lahaul & Spiti) through line Departments of 13 sectors<sup>33</sup>/heads of development. A comprehensive policy was framed, and its effective implementation started in the year 1995-96. The criteria for identification of backward areas include remoteness and inaccessibility; demographic indicators<sup>34</sup>; infrastructural indicators<sup>35</sup>; and agricultural indicators<sup>36</sup> (Details of criteria given in **Appendix 4.5**). The State Government had decided to do away with the old system of Plan and Non Plan categorisation of the budget and had decided to start a new system of annual development budget instead of Annual Plan from the year 2021-22. BASP was renamed as Aspirational Block Development Programme (ABDP) in September 2020.

There were 651 (out of 3,615) backward *Panchayats* in 10 Districts of Himachal Pradesh as on 31 March 2022.

<sup>32</sup> Bilaspur, Chamba, Hamirpur, Kangra, Kullu, Mandi, Shimla, Sirmaur, Solan and Una.

<sup>33</sup> Agriculture, Animal Husbandry, Ayurveda, Elementary Education, Higher Education, Horticulture, Minor irrigation, Roads and Bridges, Rural Health, Rural industries, Rural Water Supply, Social Forestry and Soil Conservation.

<sup>34</sup> Population density, proportion of SC/ST population to total population, average density of population per square kilometer, population engaged in primary sector of economy and percentage of school going children.

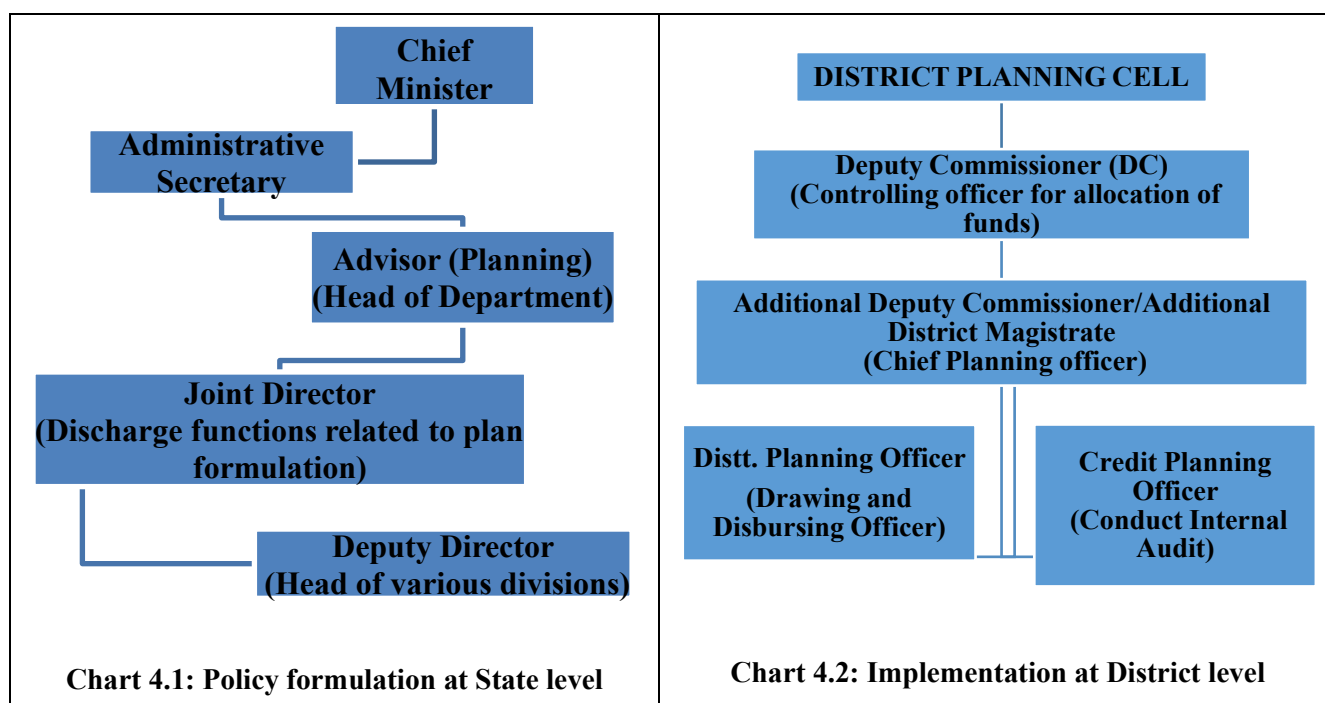
<sup>35</sup> Health facilities, veterinary facilities, drinking water facilities, banking facilities and electricity facilities available.

<sup>36</sup> Average holding size and type of crops grown.

#### 4.10.1.2 Organisational set-up

At State level, the Hon'ble Chief Minister is the Chairman of Planning Department. The Additional Chief Secretary/Principal Secretary (Planning) to the Government of Himachal Pradesh is the administrative head of the Department, who is assisted by the Advisor Planning. The Joint Director discharges functions related to plan formulation and the Deputy Director is the head of various divisions. At the District level, District Planning Cell is under the control of Deputy Commissioner (DC). The DC is the Controlling Officer for allocation of funds and sanctioning of schemes/works, etc. The additional Deputy Commissioner is Chief Planning Officer and the District Planning Officer is Drawing and Disbursing Officer. The Credit Planning Officer conducts an internal audit.

Organogram for implementation of ABDP at State and District level is depicted in **Chart 4.1** and **Chart 4.2** respectively.



#### 4.10.1.3 Funds flow to the Scheme

As per practice, the Planning Department conveys the Plan budget allocation for 13 sectors/heads of development for the year, along with budget authorisation for the first quarter. As per the scheme guidelines, the DCs have been declared as controlling officers for allocation and sanction of funds under the Backward Area Sub-Plan. The budget authorisation letters require the DCs to prepare an Annual Action Plan/ Shelf of schemes on the basis of annual budget allocation after receipt of proposals from the concerned line Departments and local representatives.

In respect of works to be executed by the *Gram Panchayats* (GPs) themselves, proposals are sent for approval through Block Development Officers (BDOs) concerned. On the other hand, in respect of works to be executed by various line

Departments<sup>37</sup> in the backward *Panchayat* area, proposals are sent for approval directly to the DC and funds are sanctioned by the DC to these line Departments.

After allocation, the DCs concerned draw funds from the Treasury and transfer these funds to the concerned line Departments/BDOs as per sanction. Funds are transferred either in the bank accounts of the concerned Department directly or through cheques/*e-challans* which are remitted into Treasury and Letter of Credit (LoC) against these cheques/*e-challans* are obtained by the concerned Departments from the Government. Funds for works proposed through BDOs are released to these GPs through BDOs who undertake monitoring of the same.

#### 4.10.2 Audit Objectives

The objectives of the audit were to assess whether:

- (i) Planning and institutional mechanism for implementation of the Sub-Plan was in accordance with the ABDP guidelines.
- (ii) Funds were earmarked and utilised as per norms.
- (iii) Infrastructure creation for removal of regional imbalances was being undertaken; and
- (iv) Internal controls and monitoring systems were in place as per ABDP guidelines.

##### 4.10.2.2 Audit Criteria

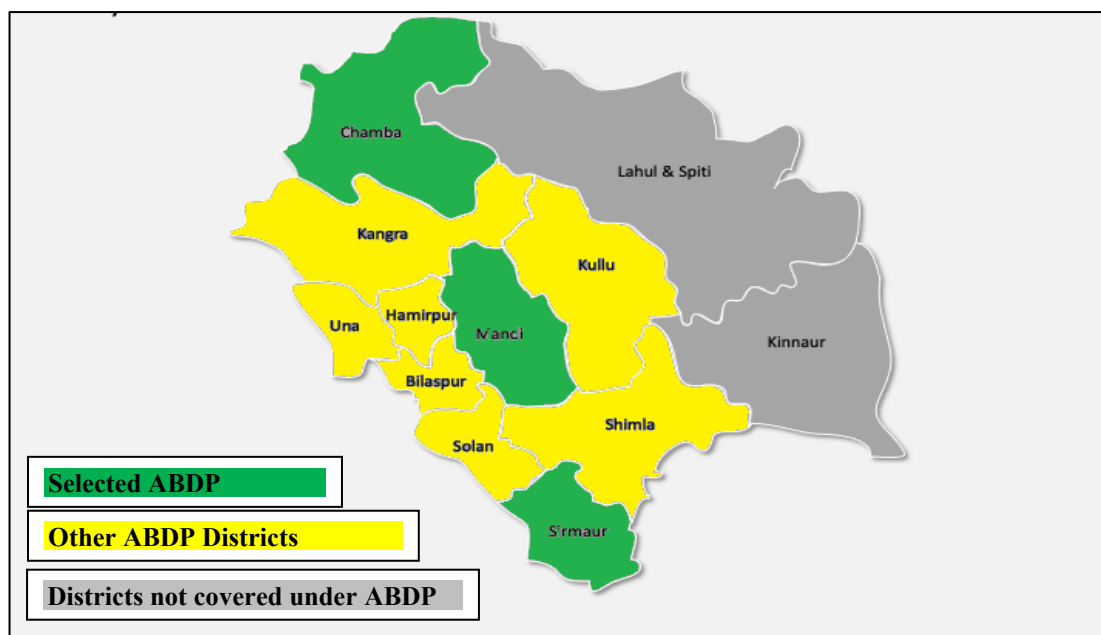
- (i) Guidelines on ABDP/instructions/notifications issued by the State Government
- (ii) Sectoral Decentralised Planning (SDP) guidelines (Revised) 2004
- (iii) Instructions of Advisor Planning regarding preparation of Annual Action Plans
- (iv) Himachal Pradesh Financial Rules, 2009 and HP Treasury Rules, 2017, Himachal Pradesh Panchayati Raj Rules, 2002, etc.

#### 4.10.3 Scope and Methodology of Audit

Audit was conducted from October 2022 to January 2023 and covered the period from 2018-19 to 2021-22 and involved test-check of records in the office of the Advisor, Planning and Deputy Commissioners (DCs) of three (out of 10) Districts<sup>38</sup> as shown in the map.

<sup>37</sup> Public Works Department, *Jal Shakti Vibhag*, Forest Department, Education Department, Horticulture Department, Agriculture Department, Health Department, etc.

<sup>38</sup> Chamba, Mandi and Sirmour.



Besides, Block Development Officers (BDOs) of two Blocks<sup>39</sup> from each selected District and five *Gram Panchayats*<sup>40</sup> (GPs) from each selected Block (including line Departments executing works in selected GPs) were also test-checked. The selection of the Districts and Blocks was made on the basis of stratified random sampling and that of GPs on the basis of simple random sampling, both by using IDEA software.

Audit methodology included scrutiny of Departmental records and joint physical inspection of 59 schemes/works sanctioned in the selected GPs (selected on the basis of quantum of expenditure). Audit findings were discussed with the Secretary (Planning) in an Exit Conference held in May 2023. The replies of the Government have been incorporated in the report appropriately.

#### 4.10.4 Follow up on earlier Performance/Subject-Specific Compliance Audits

Performance Review of BASP covering the period 2000-05 was incorporated as Paragraph 3.1 of the Comptroller and Auditor General's Audit Report (Civil and Commercial) for the year 2004-05. Significant findings of the Performance Audit (PA) included non-preparation of Annual Action Plans, sanction of works without technical approval and estimates, parking of development funds, non-convening of regular meetings of District Planning, Development and 20 Point Programme Review Committee (DPDC) and non-conducting of five years status review of declared backward areas. The Performance Review was discussed in the Public Accounts Committee (PAC) on 21 August 2012 and up to the last meeting held on 21 August 2024, the PAC had settled all Paragraphs based on the compliance shown/

<sup>39</sup> **Chamba:** Bhattiyat and Mehla; **Mandi:** Seraj and Mandi Sadar; and **Sirmaur:** Paonta Sahib and Sangrah.

<sup>40</sup> **Bhattiyat:** Jolna, Gola, Tikkri, Parsiyara and Taragarh; **Mehla:** Bakan, Chhatrari, Gagla, Darwin and Uteep; **Sadar Mandi:** Gharan, Shakaryar, Hataun, Shiva and Maihani; **Seraj:** Chet (Soojha), Bhatkidhar, Dheem Kataru, Behal (Sainj) and Bagrathach; **Paonta Sahib:** Bhanet- Haldwaadi, Shakholi, Kathwar, Bharog Baneri and Kanti Mashwa; and **Sangrah:** Shamra, Badol, Khud Drabil, Sangna and Koti Dhiman.

assurance given by the Department. Specific recommendations of the PAC on Paragraphs in the above Audit Report are reported under relevant Paragraphs.

Subject-Specific Compliance Audit on BASP was printed as Paragraph 3.12 of the Comptroller and Auditor General's Audit Report on Social, General and Economic Sectors (Non-Public Sector Undertakings) for the year ended 31 March 2014, which was yet to be discussed in PAC (January 2025).

## Audit Findings

### 4.10.5 Planning

During the year 1995-96, the Government of Himachal Pradesh (GoHP) framed a comprehensive policy for classification of backward areas, which stipulated that the ABDP (erstwhile BASP) is operational in ten Districts of the State except tribal areas. The backward areas were segregated into following three categories:

- (i) Backward Blocks: All Blocks having 50 *per cent* or more *Panchayats* notified as backward are declared as 'Backward Blocks (BB)'
- (ii) Contiguous Pockets: Group of five or more than five backward *Panchayats* forming a contiguous geographical area are called 'Contiguous Pockets (CP)'
- (iii) Blocks having Dispersed *Panchayats*: The *Panchayats* other than those mentioned in (i) and (ii) above are called 'Dispersed *Panchayats* (DP)'

As per the 1995-96 policy of the Government, new *Panchayats* which were carved out of the existing notified backward *Panchayats*, were to be declared as backward. Based on this, the number of GPs declared as backward increased from 487 (out of total GPs of 2,922) in 1995-96 to 651 (out of 3,615) in 2021-22. Thus, the addition of backward areas after 1995-96 was based on new GPs being carved out of old backward areas.

Further, as per 'Compendium on the Implementation of the Backward Area Sub-Plan in HP' prepared by the Advisor (Planning) in June 1998, the status of notified backward area from time to time was to be reviewed after every five years.

In this connection the following was observed:

- Apart from de-notification (March 2013) of four GPs of Solan<sup>41</sup> citing these GPs as not backward, the State had not changed the status of other backward areas. It had also not periodically reviewed/modified the indicators (formulated in 1995-96) used for declaring an area as backward.
- As per the exercise taken up by the Planning Department of the State in 2020, none of the GPs in the State was falling under the category of backward area based on the existing indicators. This indicated that the criteria were required to be updated/modified.

<sup>41</sup> Banasar, Pratha, Naraini and Mangal.



In the Exit Conference (May 2023), the Secretary stated that ABDP guidelines would be considered for modification.

The Government stated (July 2023) that a fresh exercise regarding review of GPs would be undertaken and efforts would be made to align ABDP with the Aspirational District Programme in future.

### ***Institutional mechanism for implementation of ABDP***

At District level, the Government had constituted (June and August 2018) DPDCs in each District. The functions of the DPDCs include formulation, implementation, monitoring, review of the schemes, approve shelf of schemes/ projects under ABDP; making Departmental/inter-sectoral diversion of the approved Budget and reviewing the progress of schemes/works through quarterly meetings.

Instead of 48 meetings, the DPDC met only twice between 2018-19 and 2021-22. Further, in the test checked districts shelf of schemes was approved only for Sirmaur (upto third quarter of 2018-19) and Mandi (upto second quarter of 2018-19). Consolidated shelf of schemes was not prepared in test checked Districts.

The DCs accorded sanction of projects and re-appropriation of funds without mandatory approval of DPDCs during the said period. Further, on the basis of proposals from various Departments/executing agencies and public representatives, DCs of test checked Districts had also released funds to respective Departments/executing agencies on a quarterly basis.

The issue of non-convening of regular meetings of the DPDCs and non-preparation of consolidated AAPs (shelf of schemes) was also highlighted in the Audit Report of the C&AG for the year ended March 2005. During discussion (March 2015) in the PAC, the Department had assured that in future, meetings would continue to be organised according to their recommendations. However, the irregularity persisted during the period of the current audit as stated above.

The DCs of test-checked Districts stated (October 2022 and January 2023) that meetings could not be held due to non-availability of Chairman of DPDC and COVID pandemic. Further, due to non-receipt of demands/proposals from the public representatives, the budget could not be spent and re-appropriation of funds was carried out to avoid the lapse of funds.

The Government stated (July 2023) that efforts would be made to organise DPDC meetings in future, at District level. It was also mentioned that Annual Action Plans (shelf of schemes) were being prepared at District-level and in case of non-availability of AAP, schemes were sanctioned on the recommendation of DPDC members/public representatives. The expenditure incurred in each of the Schemes would be approved ex-post facto by the DPDC, whenever the meetings are organised.

#### 4.10.6 Financial Management

##### 4.10.6.1 Allocation and utilisation of funds

Budget for ABDP is provided under Demand Number 15 “Planning and Backward Area Sub-Plan” amongst 13 sectors of development Heads of Accounts (**Appendix 4.6**). The Planning Department prepares the budget on the basis of discussion with the sectoral Departments concerned during the annual budget finalisation meeting. The budget is approved by the State Planning Board (SPB)<sup>42</sup> which is then passed by the State Legislature.

The earmarked funds are to be allocated by the Planning Department to the DCs in proportion<sup>43</sup> to the number of backward GPs in the Districts. Budget is authorised by the Advisor (Planning) to the DCs on a quarterly basis. To facilitate quick execution of schemes, concerned DCs have been authorised to accord Administrative Approval and Expenditure Sanction for all the schemes.

Estimates of works proposed for execution under ABDP are prepared by the concerned<sup>44</sup> technical authorities of the development sectors/GPs as per delegation of powers. These estimates are sent to the DCs along with other documents<sup>45</sup> while submitting the proposal of the works for sanction/Administrative Approval.

Thereafter, Administrative Approval and Expenditure Sanction is accorded by the DCs and funds are drawn from the Treasury and released to the respective Department/executing agency either in their bank accounts or through Letters of Credit<sup>46</sup> (LoC). The sanction orders provide that the technical authorities which approve the estimates are also competent to assess the works and authorise disbursement of payments.

Details of budget allocation and expenditure incurred during 2018-22 under ABDP in the State and test-checked Districts are given in **Table 4.1**.

<sup>42</sup> State Planning Board is headed by the Chief Minister of the State and includes all Cabinet Ministers as its Members. The Board assists the State Government in formulation of development plans.

<sup>43</sup> Formula for earmarking outlays amongst different identified backward area:

- (a) Investment per *Panchayat* identified as backward = Total earmarked outlay divided by number of notified backward *Panchayats*.
- (b) Total outlay earmarked for a District = Investment for *Panchayat* multiplied by number of backward *Panchayats* in that particular District.

<sup>44</sup> Executive Engineer/Assistant Engineer/Junior Engineer/*Takniki Sahayaks* of respective Department/executive agency.

<sup>45</sup> Resolution from GPs, revenue papers regarding availability of land, drawing/design, etc.

<sup>46</sup> In Public Works Department and *Jal Shakti Vibhag*, funds are provided through cheque/e-challan which were remitted into the Treasury and Letter of Credit against these *challans* are obtained from the Government.

Table 4.1: Details of budget and expenditure during 2018-22

(₹ in crore)

Year	State as a whole				In three test-checked Districts			
	No. of Backward GPs	Budget	Expenditure	Savings	Backward GPs (per cent of total backward GPs)	Budget (per cent of total budget)	Expenditure	Savings
2018-19	559	59.45	59.40	0.05	346 (62)	36.30 (61)	36.27	0.03
2019-20	564	67.68	67.26	0.42	346 (61)	41.89 (62)	41.47	0.42
2020-21	564	79.45	79.43	0.02	346 (61)	47.39 (60)	47.37	0.02
2021-22	651	82.79	82.78	0.01	410 (63)	51.74 (62)	51.73	0.01
<b>Total</b>		<b>289.37</b>	<b>288.87</b>	<b>0.50</b>		<b>177.32</b>	<b>176.84</b>	<b>0.48</b>

Source: Information supplied by the Department

Though, the expenditure booked was almost at par with the funds allocated during 2018-22, the booked expenditure reflected merely the amount released to the executing agencies. Funds released by DCs were treated as expenditure in the accounts. It was evident from the fact that the unutilised funds with test checked BDOs at the end of 2021-22 was ₹ 12.22 crore as discussed below.

Details of availability of funds and expenditure (funds released) in the test-checked BDOs during 2018-22 are given in Table 4.2.

Table 4.2: Details of availability of funds and expenditure in the test-checked BDOs during 2018-22

(₹ in crore)

Year	Availability of funds			Expenditure	Unutilised funds (percentage)
	Opening balance	Receipt	Total		
2018-19	6.36	11.19	17.55	9.06	8.49 (48.38)
2019-20	8.49	7.22	15.71	6.25	9.46 (60.22)
2020-21	9.46	7.09	16.55	6.88	9.67 (58.43)
2021-22	9.67	9.22	18.89	6.67	12.22 (64.69)
<b>Total</b>		<b>34.72</b>		<b>28.86</b>	

Source: SMIS and information supplied by test-checked Blocks/ GPs.

There was a marked increase in the retained funds at BDO level from 2018-19 to 2021-22. It was to be noted that this amount was being kept outside the Treasury system.

#### 4.10.6.2 Allocation and utilisation of funds

The ABDP guidelines provide for spending the budget in a phased manner<sup>47</sup> during a Financial Year. Audit noticed that contrary to the provision *ibid*,

- The DCs of the test-checked Districts had not regulated expenditure as per the prescribed percentage during 2018-22. As per details in Appendix 4.7, in any year, against prescribed percentage of 25 per cent in the first quarter, the expenditure ranged between zero and 18 per cent and against prescribed

<sup>47</sup> Percentage of expenditure: First quarter: 25, second quarter: 40, third quarter: 25 and fourth quarter: 10

10 per cent in the fourth quarter, the expenditure ranged between 16 and 58 per cent.

- ii. Overall expenditure against the budget in the fourth quarter in the test-checked Districts during 2018-22 is indicated in **Table 4.3**, which indicated that there was rush of expenditure in violation of the guidelines.

**Table 4.3: Overall details of expenditure against budget in the fourth quarters in the test-checked Districts during 2018-22**

(₹ in crore)

Year	Budget (test checked Districts)	Expenditure in fourth quarter (per cent)		
		Chamba	Mandi	Sirmaur
2018-19	36.30	35	53	42
2019-20	41.89	34	46	37
2020-21	47.39	37	17	34
2021-22	51.74	54	16	58
	<b>177.32</b>			

Source: Information supplied by the Department.

From the above it could be seen that as of 2021-22 there was rush of expenditure in cases of Chamba and Sirmaur which reflected lack of control over expenditure.

Test-checked DCs stated (December 2022) that efforts were made to release the funds as per prescribed percentage.

The Government stated (July 2023) that Districts were being requested to ensure expenditure of the budget allocated to the Districts throughout the year.

#### **4.10.7 Execution of schemes/works for creation of infrastructure**

The ABDP guidelines provide for the creation of infrastructure facilities in backward area. The guidelines, however, do not provide any timeline for completion of the related schemes/works. However, as per sanction orders issued by the DCs, schemes/works should be completed within the relevant Financial Year or within one year from the date of sanction and the work should be executed in accordance with the approved estimate and design of building and structure within the specified time schedule. Further, as per SDP guidelines (applicable to ABDP), technical approval of schemes/works from technical authorities<sup>48</sup> is required to be ensured before according Administrative Approval and Expenditure Sanction by DCs.

##### **4.10.7.1 Status of execution of schemes/works**

###### **4.10.7.1 (A) Consolidated status of schemes/works in the State**

Audit observed that consolidated status of physical and financial progress of schemes/works in the State as a whole was not maintained by the Planning Department.

###### **4.10.7.1 (B) Execution of works sanctioned in the test-checked Districts**

There is no specific mode of monitoring prescribed in the guidelines. However, there is an arrangement called Scheme Monitoring Information System (SMIS) which has been developed to monitor Development Schemes and their sanction by District

<sup>48</sup> Technical Assistants, Junior Engineers, Assistant Engineers, Executive Engineers, etc.

Planning Cells. At the time of sanctioning of works and release of funds to the Executing Agencies (EAs), the data is uploaded on SMIS.

The data supplied to Audit had columns like Sanction Year, Name of work, Scheme ID, Executing Agency, Sub-Head, Block Name, GP, Sanction Date, Sanctioned Amount and Status.

Thus, in the absence of information like completion date etc., SMIS was not really a monitoring tool. Audit also could not verify the data structure in which this data is being maintained. The analysis of records of test-checked Districts showed that:

- i. The DCs of the test-checked Districts had not maintained records of progress of works being executed by the EAs. The SMIS data also could not show the updated position of physical and financial progress of all 6,033<sup>49</sup> works sanctioned for ₹ 176.40 crore during 2018-22.
- ii. On receipt of Utilisation Certificates (UCs) from the executing agencies, the schemes/work are shown as completed and uploaded on SMIS.

The status of execution of works sanctioned in the test-checked Districts as of September 2022 is depicted in **Table 4.4**.

**Table 4.4: Status of execution of works sanctioned in the test-checked Districts**  
(₹ in crore)

Year		2018-19		2019-20		2020-21		2021-22		Total	
		No.	Cost	No.	Cost	No.	Cost	No.	Cost	No.	Cost
Chamba	Sanctioned	501	17.25	636	19.09	584	21.78	605	22.58	2326	80.70
	Completed	346	10.48	286	8	63	2.2	9	0.19	704	20.87
	In progress	155	6.76	350	11.09	521	19.58	596	22.39	1622	59.82
Mandi	Sanctioned	818	15.97	824	19.2	742	21.97	946	25.43	3330	82.57
	Completed	689	13.67	619	14.88	412	13.49	185	4.81	1905	46.85
	In progress	129	2.3	205	4.32	330	8.49	761	20.62	1425	35.73
Sirmaur	Sanctioned	72	2.82	99	3.06	110	3.54	96	3.71	377	13.13
	Completed	59	2.15	85	2.77	79	2.26	35	1.33	258	8.51
	In progress	13	0.67	14	0.3	31	1.28	61	2.38	119	4.63
Total	Sanctioned	1,391	36.04	1,559	41.35	1,436	47.29	1,647	51.72	6,033	176.40
	Completed	1,094	26.30	990	25.65	553	17.95	232	6.55	2,869	76.45
	In progress	297	9.75	569	15.71	883	29.35	1,415	45.18	3,164	99.99

Source: SMIS data and information supplied by Department.

- iii. Overall, 2,869 (out of 6,033) works had been completed at a cost of ₹ 76.45 crore during 2018-22. However, in the absence of updated records/real time data by the DCs as stated in the preceding paragraph, the time overrun in respect of completed works and reasons thereof could not be ascertained in Audit.
- iv. Out of the remaining 3,164 works, as of September 2022, 1,415 works (45 per cent) were ongoing (within stipulated date of completion) while

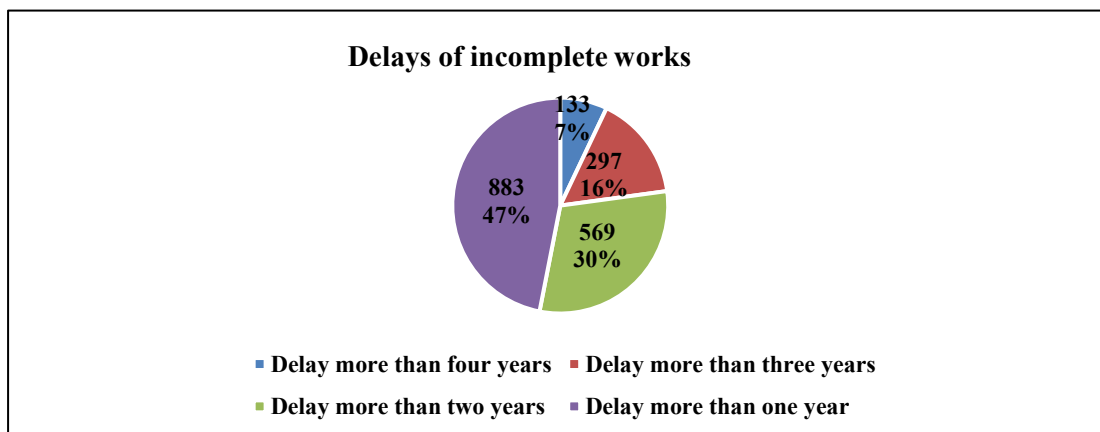
<sup>49</sup> Chamba: 2,326 works (₹ 80.70 crore); Mandi: 3,330 works (₹ 82.57 crore); and Sirmaur: 377 works (₹ 13.13 crore).

1,749 works (55 *per cent*) were lying incomplete<sup>50</sup> beyond stipulated completion date.

- v. In addition, in the test checked Districts, 133 works sanctioned prior to April 2018 were incomplete as of September 2022.

The age-wise delays in respect of incomplete works are given in **Chart 4.3**.

**Chart 4.3: Age-wise delays of incomplete works**



Reasons for the delay could not be ascertained in Audit in view of absence of maintenance/ updation of data.

Executive Agency-wise analysis of data pertaining to the period 2018-22 showed that 3,409 works (57 *per cent*) sanctioned for ₹ 88.11 crore (50 *per cent*) were executed by five executing agencies (in selected Districts). Of these works, 1,451 works valuing ₹ 37.08 crore were completed and 1,958 works valuing ₹ 51.03 crore were in progress as of September 2022. Detailed status of these 15 executing agencies (top five agencies from each selected District) is given as **Appendix 4.8**.

The Government stated (July 2023) that efforts would be made to extend the SMIS portal at executing agency level which would make it possible to DCs/Planning HQ team to know the actual status of the schemes.

In the Exit Conference, the Secretary assured that necessary directions would be issued to all concerned to adhere to the provisions of the guidelines.

#### **4.10.7.1 (C) Position of execution of works in test-checked GPs**

As per the sanction orders, the works were to be completed before the completion of the Financial Year or within one year from the date of award of work.

In test-checked GPs, overall 422 schemes/works were sanctioned by DCs during 2018-22 for ₹ 13.57 crore, Audit observed that:

- i. Out of 189 schemes/works sanctioned during 2018-22 for ₹ 5.27 crore<sup>51</sup> to be executed through the BDOs/GPs concerned, 119 works had been completed

<sup>50</sup> As per the norms, the works are to be completed within the Financial Year or within one year of sanction.

<sup>51</sup> Chamba: 48 (₹ 1.14 crore); Mandi: 79 (₹ 1.99 crore) and Sirmaur: 62 (₹ 2.14 crore).

with expenditure of ₹ 3.01 crore and 38 works sanctioned for ₹ 1.32 crore were not started. Thirty one works (sanctioned cost: ₹ 0.92 crore) were lying incomplete/in progress as of September 2022. One work of ₹ 0.02 crore was abandoned.

- ii. Out of 233 schemes/works sanctioned for ₹ 8.30 crore<sup>52</sup> during 2018-22 and to be executed through various executing agencies i.e. Himachal Pradesh Public Works Department, *Jal Shakti Vibhag*, etc. (other than BDOs) in the test-checked GPs, 114 schemes/works had been completed with expenditure of ₹ 3.43 crore and 58 schemes/works having sanctioned cost of ₹ 2.43 crore were not started as of September 2022. The remaining 61 schemes/works (sanctioned cost: ₹ 2.44 crore) were lying incomplete as of September 2022.

The Government stated (July 2023) that all the Executing Agencies were directed to complete the sanctioned schemes in time.

#### 4.10.7.2 Detailed scrutiny and physical inspection of selected schemes/works sanctioned under the ABDP

Detailed scrutiny along with joint physical inspection of 59 (out of 422) schemes/works in test-checked GPs was carried out by Audit (**Appendix 4.9**) and their brief details are given in **Table 4.5**.

**Table 4.5: Schemes/works selected for joint physical inspection in the test-checked GPs**

(Works in numbers and amount ₹ in lakh)

District (1)	Particulars of inspection of works			Status of works				No. of assets not put to use out of (5). (7)		Incomplete works out of (6) as of October 2022. (8)	
	No. (2)	Amount Sanctioned (3)	Exp. (4)	Complete (5)		Incomplete/ In progress (6)					
				No.	Exp.	No.	Exp.	No.	Exp.	No.	Exp.
Chamba	16	55.14	41.34	11	34.37	5	6.97	3	14.97	3	6.23
Mandi	18	67.24	57.68	10	43.12	8	14.56	3	25.75	4	8.56
Sirmaur	25	133.38	127.05	17	87.56	8	39.50	1	3	7	35.50
Total	59	255.76	226.07	38	165.04	21	61.03	7	43.72	14	50.29

Source: Information supplied by Department.

Note: Exp. = Expenditure




It is noticed that:


- (i) Thirty eight schemes/works were completed (between July and November 2022) after an expenditure of ₹ 1.65 crore. However, seven (out of 38) completed schemes/works with an expenditure of ₹ 0.44 crore were not put to use as on date of inspection (between October 2022 and January 2023), which rendered the expenditure unfruitful.
- (ii) Twenty one works were lying incomplete/ in progress with an expenditure of ₹ 0.61 crore as of October 2022. Major deficiencies in some of the test-checked (including joint physical inspection) schemes and their impact are depicted in **Table 4.6**.

<sup>52</sup> Chamba: 96 (₹ 3.60 crore); Mandi: 75 (₹ 2.27 crore) and Sirmaur: 62 (₹ 2.43 crore).



Table 4.6: Deficiencies in the test-checked works

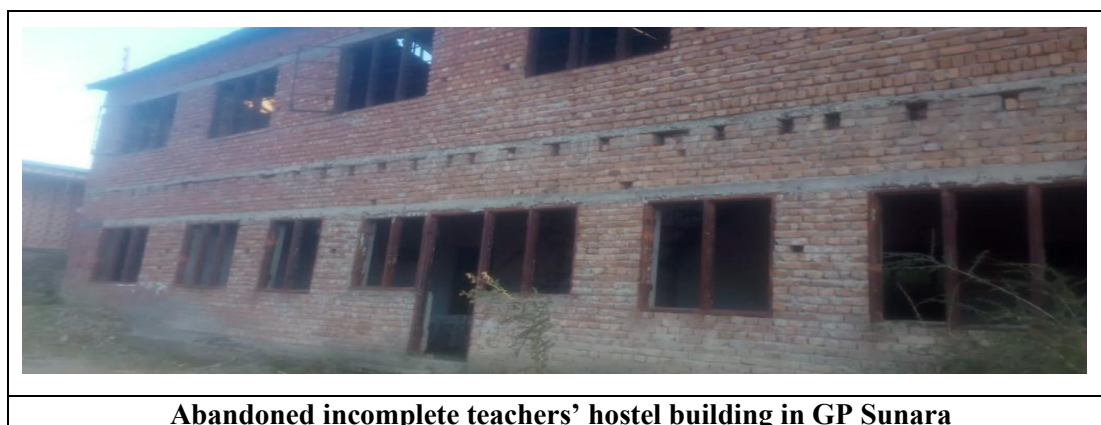
Name of scheme/ work and deficiencies	Photograph
<p><b>1. Construction of link road to village Ludera (GP Bakan- Chamba)</b></p> <ul style="list-style-type: none"> <li>In order to provide transport facility to the public, administrative approval of above link road to be constructed by EE, Himachal Pradesh Public Works Department, Bharmour was accorded (September 2017) by DC Chamba for ₹ 72.73 lakh.</li> <li>Against funds of ₹ 26.27 lakh sanctioned and released (September 2017: ₹ 5.00 lakh, June 2018: ₹ 10.00 lakh and November 2020: ₹ 11.27 lakh), the EE incurred expenditure of ₹ 23.36 lakh up to June 2024.</li> <li>Progress of the work was hampered due to local dispute and weather conditions. Thus, the work was lying incomplete even after a lapse of five years from the date of approval, as of July 2024, depriving the beneficiaries of the intended benefits.</li> </ul>	 <p><b>Incomplete link road to village Ludera</b></p>
<p><b>2. Construction of one room at Government Middle School Kakian (GP Uteep- Chamba)</b></p> <ul style="list-style-type: none"> <li>Against ₹ 3.00 lakh sanctioned (March 2020), the GP incurred expenditure of ₹ 3.00 lakh and the work was shown as completed in April 2022.</li> <li>As per physical inspection (December 2022), the work had not been completed (Plaster, wooden and paint work had not been done).</li> <li>On the basis of GP resolution, additional fund of ₹ two lakh was sanctioned (December 2022), but the work was still in progress (July 2024) and the building could not be put to use.</li> <li>Despite the additional fund sanctioned in December 2022, the incomplete work was not attended to.</li> </ul>	 <p><b>Incomplete room at Government Middle School Kakian</b></p>
<p><b>3. Construction of footbridge at Bairathi Nallah (GP Dheem Kataru- Mandi)</b></p> <ul style="list-style-type: none"> <li>Against sanction of ₹ 3.00 lakh, the GP had incurred expenditure of ₹ 3.00 lakh, and the work was shown as completed in December 2021.</li> <li>Sanction was for footbridge and abutment was not covered as per estimate.</li> <li>Physical inspection (November 2022) revealed that the constructed bridge was not connected to path.</li> <li>The bridge was not put to use as of July 2024 which deprived the public of the area of the intended benefits and rendered the expenditure of ₹ 3.00 lakh unfruitful.</li> </ul>	 <p><b>Footbridge at Bairathi Nallah</b></p>

Name of scheme/ work and deficiencies	Photograph
<p><b>4. Construction of teachers' hostel at Government High School, Kanti Mashwa (GP Kanti Mashwa -Sirmaur)</b></p> <ul style="list-style-type: none"> <li>With ₹ 41.58 lakh sanctioned (2001-07: ₹ 36.00 lakh, February 2020: ₹ 2.32 lakh and March 2020: ₹ 3.26 lakh), the Executive Engineer, HPPWD, Shillai had constructed the above teachers' hostel building and sent handing over note (July 2020) to the School Administration.</li> <li>The School Management Committee had not taken over the hostel and raised objections in construction (Broken windows/ grills, gaps in ceiling, seepage in one wall, etc.) and the building could not be put to use as of December 2022.</li> <li>The defective construction of the hostel deprived the beneficiaries of the intended benefits and the expenditure of ₹ 41.58 lakh was rendered as unfruitful.</li> </ul>	 <p><b>Teachers' Hostel in GP Kanti Mashwa</b></p>

#### 4.10.7.4 Other irregularities

##### 4.10.7.4 (A) Abandoned works

- To provide accommodation to teachers in backward area, the DC Chamba sanctioned (2001) funds of ₹ 16.00 lakh for construction of teachers' hostel at Government Senior Secondary School, Sunara in test-checked Block Mehla. Against the sanctioned funds, the BDO, Mehla spent ₹ 14.37 lakh up to the year 2014 but the construction of the building had not been completed and the work was lying abandoned since 2014 as shown in the **Picture**:



Balance funds of ₹ 1.63 lakh were lying unutilised with the BDO. Non-completion of the hostel building deprived the concerned beneficiaries of the intended benefits and rendered the expenditure of ₹ 14.37 lakh unfruitful. However, BDO Mehla on the basis of resolution from GP, Sunara had submitted (July 2024) estimate for



administrative approval and financial sanction for completion of work to DC, Chamba.

- ii. In two test-checked Districts, for execution of five works<sup>53</sup> (sanctioned for ₹ 23.50 lakh during 2014-19) under Roads and Bridges sector, the executing agencies incurred expenditure of ₹ 14.73 lakh. However, the works could not be completed due to land disputes and were lying abandoned since July 2017 (as of October 2022). This resulted in blocking of ₹ 8.77 lakh and unfruitful expenditure of ₹ 14.73 lakh.

The BDOs of concerned GPs of Mandi District stated (November 2022 and January 2023) that due to land disputes, non-completion of codal formalities, etc., the works could not be completed. The reply in respect of Sirmaur District was pending (January 2025).

The replies should be seen in the light of the fact that the issues related to reasons mentioned by the BDOs should have been resolved prior to execution of works.

The Government stated (July 2023) that the matter will be taken up with concerned BDOs in the monthly meetings and necessary action against the concerned officials will be considered.

#### 4.10.8 Internal Control and Monitoring

##### 4.10.8.1 Utilisation Certificates

As per sanction order, data related to Utilisation Certificates (UCs) of the expenditure incurred under designated heads of development may be maintained at District level.

Audit noticed that in DC, Sirmaur, Utilisation Certificates in respect of 63 works completed with expenditure of ₹ 2.88 crore (out of 258 completed works with expenditure: ₹ 8.50 crore) under various development heads during 2018-22 were awaited (October 2022) from the concerned executing agencies. This was indicative of the fact that neither the implementing agencies followed the guidelines nor DC Sirmaur insisted upon the UCs, which reflected lack of monitoring on the part of the sanctioning authority.

District Planning Officer, Sirmaur stated (January 2023) that Utilisation Certificates/Completion Certificates would be procured shortly.

The issue of non-receipt of Utilisation Certificates from the executive agencies was also highlighted in the Audit Report of the C&AG for the year ended March 2005 and during discussion (August 2012) in PAC, the Department stated that all DCs had already been instructed to promptly complete all approved schemes and obtain the Utilisation Certificates and Completion Certificates from the executing agencies. Based on the

<sup>53</sup> **Mandi:** two works (GP Bhatkidhar: one work and HPPWD, Janjehli: one work sanctioned for ₹ 3.50 lakh; expenditure: ₹ 2.23 lakh and balance: ₹ 1.27 lakh) and **Sirmaur:** three works (GP, Korga and Sakholi: sanctioned: ₹ 20.00 lakh; expenditure: ₹ 12.50 lakh and balance: ₹ 7.50 lakh).

assurance the Paragraphs were settled. However, this issue was noticed in District Sirmaur during the period of the current audit.

#### **4.10.8.2 Internal audit**

Internal Audit is also one of the tools to exercise proper internal control and monitoring. As per instructions issued (October 1999 and October 2018) by the Advisor (Planning), Credit Planning Officer (CPO) will maintain accounts at District and Block level and conduct internal audit of funds allocated under Planning head schemes.

Audit noticed that the internal audit in the test-checked Districts had not been conducted during 2018-22 by the CPOs posted in the office of the selected DCs.

The DCs of test-checked Districts agreed (January 2023) that no internal audit under ABDP had been conducted. The Government stated (July 2023) that instructions for all the CPOs would be issued for conducting the internal audit of the funds allocated under Planning head schemes.

In the Exit Conference (May 2023), the Secretary assured to devise a mechanism to revise/review the guidelines as per practical situations.

#### **4.10.9 Conclusion**

The issue of non-convening of regular meetings of District Planning, Development and 20 point Programme Review Committee (DPDC) and parking of funds was highlighted in the Comptroller and Auditor General's Audit Report (Civil and Commercial) for the year ended March 2005. During discussion (March 2015) in the PAC, the Department assured that the meetings would continue to be organized as per recommendations. However, the irregularity persisted during the period of current audit as DPDC convened only two meetings between 2018-19 and 2021-22, against the expected 48 meetings.

Financial management was weak as there were instances of irregular re-appropriation of funds and a rush of expenditure in the last quarter of Financial Years. The booked expenditure reflected merely the amount released to the executing agencies during 2018-22, as the audit analysis revealed that the unutilised funds amounting to ₹ 12.22 crore remained with six test checked BDOs at the end of 2021-22. The Scheme Monitoring Information System was not updated and timeline of execution of schemes/works was not ascertainable from it. Works sanctioned prior to April 2018 remained incomplete as of September 2022. There were instances of non-utilisation of created infrastructure. In Sirmaur, Utilisation Certificates amounting to ₹ 2.88 crore in respect of works completed during 2018-22 were awaited as of October 2022. As per instructions issued (October 1999 and October 2018) by Advisor (Planning), Credit Planning Officer (CPO) will maintain accounts at District and Block level and conduct internal audit of funds allocated under Planning head schemes. Audit, however, noticed that the internal audit in the test-checked districts had not been conducted by the CPOs.

#### 4.10.10 Recommendations

*The Government may consider:*

- *Periodic review of existing criteria for grading the GPs as well as ascertaining effectiveness of the Sub-Plan.*
- *Convening DPDC meetings as prescribed to ensure formulation, implementation, monitoring and review of the ABDP effectively.*
- *Obtaining consolidated shelf of projects from all the line Departments and ensuring their consolidation at District level.*
- *Expediting execution of schemes/ works for creation of infrastructure and ensuring utilisation of the created infrastructure so as to deliver the intended benefits to the public on time.*
- *Ensuring effective monitoring of execution of schemes/ activities at all levels for smooth implementation of the Sub-Plan.*

#### 4.11 Irregular diversion and mis-utilisation of State Disaster Response Fund (SDRF) for inadmissible works

**The State Executive Committee did not ensure proper utilisation of money from SDRF, resulting in irregular diversion and mis-utilisation of ₹ 22.61 crore by Deputy Commissioners on inadmissible works of repair and restoration on works, not necessitated or damaged due to any disaster/ calamity.**

The Government of India (GoI) guidelines (September 2010) on administration of the State Disaster Response Fund (SDRF), revised in July 2015, provide that SDRF is to be used only for providing immediate relief to victims of specified disasters/ calamities. Himachal Pradesh Disaster Management and Relief Manual (HPDMRM), 2012 also provides that it is obligatory for field staff of the Revenue Department to make quick spot inspections to assess loss and report it to the concerned authorities. The State Executive Committee (SEC), chaired by the Chief Secretary of the State Government, shall ensure that the money drawn from the SDRF is actually utilised for the purposes for which the SDRF has been set up, expenditure is incurred only on specified items as per norms and funds are not diverted towards inadmissible expenditure. The funds from SDRF are allocated by the State Government to various Deputy Commissioners (DCs) and Departments for utilisation with reference to the GoI guidelines. Assistance for repair of the State Government buildings, viz., Office buildings, residential quarters, etc., is not covered under the SDRF as per the revised (April 2015) items of expenditure and norms of assistance from SDRF. Further, the State Government had clarified (October 2017) that money under SDRF should not be sanctioned for repair of wire crates, protection walls, check dams and soil conservation.

Scrutiny of records (February 2021 to March 2022) relating to works sanctioned during the period December 2016 to May 2021 under SDRF by Deputy Commissioners of five Districts (Chamba, Mandi, Shimla, Sirmour and Solan) revealed that:

- The DCs had sanctioned and released funds of ₹ 10.23 crore<sup>54</sup> during 2018-21 for execution of 823 works of repair and renovation of the Government Offices and residential buildings, court premises, playgrounds, construction of protection walls, wire crates, etc. in violation of the guidelines/ instructions. This amounts to irregular diversion and misutilisation of the funds.
- In Chamba, Mandi and Solan Districts, the DCs had sanctioned (between January 2019 and March 2021) ₹ 3.37 crore<sup>55</sup> for execution of 210 repair and restoration works without obtaining assessment reports of damages due to natural calamities from the concerned revenue authorities, which was in contravention of the provisions of the SDRF guidelines.
- In Chamba and Sirmour Districts, the DCs sanctioned and released (between December 2016 to May 2021) ₹ 1.76 crore to seven executing agencies<sup>56</sup> for eight special/ annual repair and maintenance works. These did not fall in the ambit of SDRF/ NDRF (National Disaster Response Fund) since these bridges were not damaged due to any natural calamities as per the estimates/ proposals provided by the executive agencies.
- In Sirmour District, the DC sanctioned and released (between March 2019 and September 2020) ₹ 7.25 crore in lump sum to 17 executing agencies for repair and restoration works in the District without obtaining the details of works and assessment reports of damages from the concerned revenue authorities. The release of lump sum amount in anticipation of requirement was in violation of the SDRF guidelines and HPDMRM. Even after the release of funds, the DC had neither obtained work-wise reports for utilisation of funds nor damage reports to ensure the utilisation of the amount for the intended purpose/ relief works under the SDRF. This was fraught with the risk of mis-utilisation of SDRF.

The SEC, which was required to ensure proper utilisation of the SDRF, had not prescribed any control/ reporting mechanism in respect of relief works sanctioned under the SDRF, resulting in mis-utilisation of the SDRF by the District authorities. Further, mention of irregular diversion and mis-utilisation of money from the SDRF had also been made in previous CAG's Reports<sup>57</sup>. In the case of Reports for 2014-15 and 2016-17, the Public Accounts Committee in its recommendations (December 2019) had directed to release the funds strictly as per guidelines/norms of the SDRF. However, as

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<sup>54</sup> Chamba: ₹ 1.68 crore (50 works); Mandi: ₹ 0.93 crore (73 works); Shimla: ₹ 6.37 crore (633 works); Sirmour: ₹ 0.73 crore (40 works); and Solan: ₹ 0.52 crore (27 works).

<sup>55</sup> Chamba: ₹ 0.25 crore (21 works) and Mandi: ₹ 2.25 crore (149 works); and Solan: ₹ 0.87 crore (40 works).

<sup>56</sup> Executive Engineer (EE), PWD, Chamba: ₹ 0.30 crore (one work); EE, PWD Dalhousie: ₹ 0.09 crore (one work); Municipal Committee (MC) Nahan: ₹ 0.54 crore (two works); EE, PWD, Rajgarh: ₹ 0.08 crore (one work); EE, PWD, Nahan: ₹ 0.50 crore (one work); BDO, Nahan: ₹ 0.15 crore (one work) and NAC Rajgarh: ₹ 0.10 crore (one work).

<sup>57</sup> Audit Report on Social, General and Economic Sectors (Non-PSUs) for the years 2014-15 (Paragraph 3.26), 2016-17 (Paragraph 3.22), 2017-18 (Paragraph 3.17) and 2018-19 (Paragraph 3.12).


observed by Audit, the District authorities did not take any corrective action to adhere to the guidelines/ PAC recommendations.

The District level authorities (Chamba, Shimla, Sirmour and Solan) stated (January 2021 to June 2022) that the works were sanctioned to prevent loss to public property and for smooth working of public offices in larger public interest. It was further stated that the works were sanctioned without damage assessment report on the basis of proposals, from Departments/ public representatives. The replies are not acceptable as the funds were released by the DCs for inadmissible works/ without obtaining damage reports of concerned Revenue Authorities, in violation of SDRF guidelines and HPDMRM provisions. The Deputy Commissioner, Mandi did not furnish the reply.

Audit findings were referred to the Government in January 2023; their reply was not received as of January 2025.


**The Government may strengthen the mechanism for sanctioning and releasing funds under State Disaster Response Fund (SDRF) by enforcing provisions of the SDRF guidelines and Himachal Pradesh Disaster Management and Relief Manual.**

Shimla  
Dated: 25 August 2025

  
(Purushottam Tiwary)  
Principal Accountant General (Audit)  
Himachal Pradesh

*Countersigned*

New Delhi  
Dated: 27 August 2025

  
(K. Sanjay Murthy)  
Comptroller and Auditor General of India





# Appendices



## Appendices

### Appendix 1.1

(Reference: Paragraph 1.1.1)

**Details of Share of net proceeds of divisible Union taxes and duties**

(₹ in crore)

Sl. No.	Receipt Major Head	Actual Amount 2021-22
1	0005-901-Central Goods and Services Tax	2,105.41
2	0008-901- Integrated Goods and Services Tax	0
3	0020-901-Corporation Tax	2,202.48
4	0021-901-Taxes on Income other than Corporation Tax	2,169.83
5	0028-901-Other Taxes on Income and Expenditure	0.02
6	0032-901-Taxes on Wealth	0.4
7	0037-901-Customs	510.58
8	0038-901-Union Excise Duties	265.82
9	0044-901-Service Tax	87.35
10	0045-901- Other Taxes and Duties on Commodities and Services	7.15
<b>Grand Total</b>		<b>7,349.04</b>

## Appendix 1.2

(Reference: Paragraph 1.1.3)

## Details of Other Non-Tax Revenue Receipts

(₹ in crore)

Sl. No.	Major Receipt Head	Actual Amount 2020-21	Actual Amount 2021-22
1	0050-Dividends and Profit	245.43	166.53
2	0051- Public Service Commission	5.86	4.84
3	0056- Jail	0.24	0.15
4	0057- Supplies and Disposals	0.01	0.04
5	0058- Stationery and Printing	8.27	9.80
6	0071-Contributions & Recoveries towards Pension and other retirement benefits	14.04	14.49
7	0075-Miscellaneous General Services	11.41	14.06
8	0202-Education, Sports, Art and Culture	196.08	257.70
9	0210- Medical and Public Health	13.21	20.11
10	0211- Family Welfare	0.008	0.01
11	0215-Water supply and Sanitation	66.93	73.07
12	0216-Housing	3.91	3.89
13	0217-Urban Development	5.95	4.76
14	0220-Information and Publicity	1.12	1.06
15	0230-Labour and Employment	8.2	13.94
16	0235-Social Security and Welfare	11.15	17.23
17	0250- Other Social Services	0.07	0.16
18	0401-Crop Husbandry	11.92	8.19
19	0403-Animal Husbandry	0.99	1.81
20	0405-Fisheries	3.16	4.52
21	0407-Plantation	0.01	0.02
22	0408-Food Storage and Warehousing	0.71	0.28
23	0425-Co-operation	9.51	3.12
24	0435-Other Agricultural Programmes	0.77	0.54
25	0515-Other Rural Development Programmes	20.41	19.17
26	0575-Other Special Areas Programmes	0.41	0.49
27	0700-Major Irrigation	0.01	0.02
28	0701-Medium Irrigation	0.23	0.05
29	0702-Minor Irrigation	1.17	0.69
30	0851-Village and Small Industries	1.3	1.46
31	0852-Industries	8.15	9.55
32	1054-Roads and Bridges	12.89	21.69
33	1055-Road Transport	0.24	0.14
34	1425-Other Scientific Research	0.002	0.02
35	1452-Tourism	6.46	2.37
36	1456-Civil Supplies	0.2	0.19
37	1475-Other General Economic Services	5.65	6.59
<b>Grand Total</b>		<b>676.08</b>	<b>682.75</b>

## Appendix 2.1

(Reference: Paragraph 2.1.9)

### Details of files provided to audit by DTAL

File Subject	File Number	Period
Cash books	-	2010-11 to 2020-21
Bank Passbooks	-	2010-11 to 2020-21
Administrative reports	-	2018-19 to 2020-21
Detailed Project report of IFMS	Fin (TAL) A (5)-3/2008	2010-11 to 2013-14
File related to payment of salary through Electronic Clearing System e-Salary	1776/ 71- Fin (T&A) VIII (Loose) Vol-II	2008-09 to 2020-21
File related to payment of salary through Electronic Clearing System e-Salary	1776/ 71- Fin (T&A) VIII (Loose)	2008-09 to 2012-13
Payment of pension through ECS	Fin (TAL) B (15)-3/2009	2009-10 to 2017-18
Electronic Clearing System ECS	17-76/ 71 Fin (T&A) VIII	2008-09 to 2009-10
Re-designation of District treasuries and sub-treasuries as PAO	Fin (TA) A(5) 1 /2006	2006-07 to 2008-09
Computerisation of treasuries	Fin (TR) A (5) 13/ 94- VI Loose	2015-16 to 2016-17
Correspondence with banks (disbursement of salary)	Fin (TR) A (5) 11/ 95- V Loose	2015-16 to 2019-20
Correspondence with RBI	Fin (TR) B (15)- 1/ 75- V Loose	2010-11 to 2015-16
Computerisation of sub-treasuries	Fin (TR) A (5) 13/ 94- IV Loose	2014-15 to 2017-18
Computerisation of treasuries cyber treasury correspondence	Fin (TR) A (5) 13/ 94- V	2012-13 to 2015-16
Computerisation of treasuries cyber treasury correspondence	Fin (TR) A (5) 13/ 94- V VOL II	2014-15 to 2020-21
Release of payment under e-Kosh project	Fin (TAL) A (5)-2/2008 II	2008-09 to 2009-10
e-Kosh project	FIN (TR) A(5)-1/ 2008 II loose	2009-10 to 2014-15

## Appendix 2.2

(Reference: Paragraph 2.3.2.1)

## Budget approval and distribution details of the 32 Demand for Grants

(Figures in Lakh)

Grant No.	e-Budget					e-Vitran	Difference
	Original	Supplementary	Reapp	Surrender	Total		
1	4,534.88	76.24	-	-6.08	4,605.04	4,603.62	1.42
2	2,471.40	33.05	-	-3.50	2,500.95	2,202.18	298.77
3	26,562.40	123.16	-	-3,598.04	23,087.52	21,231.03	1,856.49
4	26,629.33	463.20	-	-2,902.04	24,190.49	24,650.36	-459.87
5	1,37,395.83	163.82	-	-1,463.99	1,36,095.66	1,32,633.11	3,462.55
6	9,273.17	1,701.27	-	-401.60	10,572.84	9,701.22	871.62
7	1,61,184.16	1,088.64	-	-6,221.53	1,56,051.27	1,55,032.96	1,018.31
8	7,17,963.84	1,969.19	-	-74,532.27	6,45,400.76	6,16,571.61	28,829.15
9	2,56,254.47	10,840.30	-	-11,142.71	2,55,952.06	2,48,091.03	7,861.03
10	4,96,135.28	24,358.06	-	-2,778.23	5,17,715.11	2,05,311.45	3,12,403.66
11	53,447.76	5.34	-	-5,110.12	48,342.98	44,877.42	3,465.56
12	42,357.11	8,674.12	-	-	51,031.23	50,046.25	984.98
13	3,72,629.98	303.65	-	-48,365.25	3,24,568.38	1,63,077.56	1,61,490.82
14	45,018.84	0.08	-	-4,034.12	40,984.80	39,807.97	1,176.83
15	52,155.39	0.03	-	-21,488.51	30,666.91	29,527.93	1,138.98
16	83,053.93	1.78	-	-10,799.13	72,256.58	70,166.61	2,089.97
17	3,073.86	1,904.89	-	-	4,978.75	4,413.43	565.32
18	25,470.59	22.74	-	-2,423.57	23,069.76	21,582.21	1,487.55
19	1,26,006.10	2,443.11	-	-317.61	1,28,131.60	1,25,580.43	2,551.17
20	1,42,103.55	60.38	-	-10,654.56	1,31,509.37	1,28,433.32	3,076.05
21	3,648.33	6,117.15	-	-	9,765.48	9,634.71	130.77
22	30,572.26	9.06	-	-2,836.22	27,745.10	27,719.99	25.11
23	81,222.27	3,420.28	-	-0.02	84,642.53	84,630.93	11.60
24	3,093.41	-	-	-72.73	3,020.68	3,489.86	-469.18
25	41,867.03	30,459.94	-	-	72,326.97	71,975.53	351.44
26	1,11,219.64	0.04	-	-90,982.21	20,237.47	19,275.49	961.98
27	44,831.17	1,114.19	-	-8.73	45,936.63	38,079.89	7,856.74
28	83,015.61	9,398.92	-	-	92,414.53	83,912.58	8,501.95
29	15,72,565.89	8,00,263.24	-	-1,56,589.46	22,16,239.67	77,585.98	21,38,653.69
30	13,017.57	1,196.45	-	-9.00	14,205.02	14,327.18	-122.16
31	1,93,983.96	618.62	-	-13,221.79	1,81,380.79	1,28,617.00	52,763.79
32	2,84,393.00	5,680.94	-	-3,663.58	2,86,410.36	2,00,008.32	86,402.04
<b>Total</b>	<b>52,47,152.01</b>	<b>9,12,511.88</b>	<b>-</b>	<b>-4,73,626.60</b>	<b>56,86,037.29</b>	<b>28,56,799.16</b>	<b>28,29,238.13</b>

Excess transfer of budget	-1,051.21
Less transfer of Budget	28,30,289.34
Net Difference	28,29,238.13



## Appendix 2.3

(Reference: Paragraph 2.3.2.2)

### Details of supplementary grants obtained in 28 out of 32 Demand for Grants

(Figures in Lakh)

ACC_TYPE	GRNT_C ODE	ORIGINAL	SUPPLEM ENTARY	SURRENDER	TOTAL	ACTUAL EXPENDI- TURE	SAVING	EXP STA TE	DIFFERENCE
		A	B	C	D	E	F	G	H
					(A+B+C)		(A-E)		(G-E)
CAPITAL	01	305.00	5.00	0.00	310.00	177.29	127.71	177.29	0.00
REVENUE	01	4229.88	71.24	-6.08	4295.04	3878.70	351.18	3878.70	0.00
REVENUE	02	2471.40	33.05	-3.50	2500.95	2102.43	368.97	2020.72	-81.71
CAPITAL	03	705.00	122.97	0.00	827.97	515.01	189.99	338.00	-177.01
REVENUE	03	25857.40	0.19	-3598.04	22259.55	20668.84	5188.56	20538.48	-130.36
CAPITAL	04	856.00	0.01	-777.56	78.45	12.45	843.55	12.45	0.00
REVENUE	04	25773.33	463.19	-2124.48	24112.04	22594.21	3179.12	22862.05	267.84
REVENUE	05	136310.83	0.05	-1463.99	134846.89	124667.52	11643.31	124669.12	1.60
REVENUE	06	8473.16	1701.27	-401.60	9772.83	8421.56	51.60	8530.93	109.37
CAPITAL	07	6264.08	1079.08	0.00	7343.16	4305.50	1958.58	6876.05	2570.55
REVENUE	07	154920.08	9.56	-6221.53	148708.11	124384.87	30535.21	125167.16	782.29
REVENUE	08	706813.82	72.73	-74532.27	632354.28	570677.33	136136.49	573478.61	2801.28
REVENUE	09	240699.38	40.18	-11142.71	229596.85	191775.18	48924.20	192387.66	612.48
REVENUE	10	375285.28	27.87	-2778.23	372534.92	279001.23	96284.05	111463.72	-167537.51
REVENUE	11	44846.81	5.34	-4466.43	40385.72	36949.26	7897.55	36915.63	-33.63
REVENUE	13	277482.35	8.52	-48365.25	229125.62	264491.32	12991.03	122105.72	-142385.60
CAPITAL	13	95147.63	295.13	0.00	95442.76	92279.83	2867.80	33364.88	-58914.95
REVENUE	14	43099.76	0.08	-3919.01	39180.83	35215.36	7884.40	35215.68	0.32
REVENUE	15	7701.39	0.03	-699.42	7002.00	5511.64	2189.75	5619.10	107.46
REVENUE	16	80980.93	1.78	-10701.13	70281.58	63930.48	17050.45	63649.97	-280.51
CAPITAL	18	2341.00	22.73	0.00	2363.73	1454.45	886.55	1650.52	196.07
REVENUE	18	23129.59	0.01	-2423.57	20706.03	19166.95	3962.64	19348.37	181.42
CAPITAL	19	1203.03	0.02	-199.16	1003.89	708.80	494.23	708.80	0.00
REVENUE	19	124803.07	2443.09	-118.45	127127.71	120772.01	4031.06	120804.33	32.32
REVENUE	20	140976.54	0.38	-10654.56	130322.36	124630.12	16346.42	124650.75	20.63
REVENUE	21	3646.33	262.18	0.00	3908.51	3625.24	21.09	3625.24	0.00
REVENUE	22	30567.29	0.06	-2836.22	27731.13	27569.97	2997.32	27569.97	0.00
CAPITAL	23	30730.01	0.01	-0.02	30730.00	30403.74	326.27	21798.57	-8605.17
REVENUE	26	15348.64	0.04	-1982.21	13366.47	13159.83	2188.81	13159.83	0.00
REVENUE	27	36238.16	1114.19	-8.73	37343.62	25713.54	10524.62	25578.54	-135.00
CAPITAL	28	17450.00	553.26	0.00	18003.26	6897.25	10552.75	4695.25	-2202.00
REVENUE	29	1231437.36	0.12	-155931.66	1075505.82	1065227.73	166209.63	623379.73	-441848.00
CAPITAL	30	3751.08	84.99	0.00	3836.07	3680.64	70.44	3831.62	150.98
REVENUE	31	150470.49	0.45	-13221.79	137249.15	108901.55	41568.94	93227.37	-15674.18
CAPITAL	31	43513.47	618.16	0.00	44131.63	36588.10	6925.37	23512.68	-13075.42
REVENUE	32	145371.62	0.31	-3663.58	141708.35	118902.80	26468.82	118187.65	-715.15
CAPITAL	32	139021.38	5680.63	0.00	144702.01	129727.37	9294.01	75096.53	-54630.84

## Appendix 2.4

(Reference: Paragraph 2.3.3.4 (A))

## Details of double payment of leave encashment

TREA_CODE	DDO_CODE	BILLNO	BILLDATE	ClaimantName	PPONumber	NetAmount (in ₹)
KNG00	726	KNG007262017100579	23-01-2018	****U RAM	****68297	3,84,410
KNG00	726	KNG007262018100370	23-10-2018	****U RAM	****68297	3,84,410
CHM00	630	CHM006302021100054	06-05-2021	****SINGH	****11329	3,12,200
CHM00	630	CHM006302021100125	14-06-2021	****SINGH	****11329	3,12,200
KNG05	729	KNG057292021100257	27-08-2021	****KUMAR	****15823	3,71,248
KNG05	729	KNG057292021100350	23-10-2021	****KUMAR	****15823	3,71,248
SOL00	522	SOL005222020100137	22-10-2020	****HAKUR	****99666	12,57,740
SOL00	522	SOL005222020100206	29-12-2020	****HAKUR	****99666	12,57,740
SOL03	201	SOL032012017100134	07-07-2017	****ISHAN	****49687	5,71,320
SOL03	201	SOL032012017100148	19-07-2017	****ISHAN	****49687	5,71,320
HMR00	509	HMR005092016100163	22-03-2017	****SINGH	****50262	3,65,240
HMR00	509	HMR005092017100003	26-04-2017	****SINGH	****50262	3,65,240
KNR00	708	KNR007082018100040	08-05-2018	****A RAM	****65275	2,75,390
KNR00	708	KNR007082018100152	22-09-2018	****A RAM	****65275	2,75,390
LHL00	529	LHL005292018100040	16-11-2018	****CHAND	****77823	1,92,890
LHL00	529	LHL005292019100016	07-08-2019	****CHAND	****77823	1,92,890
KNG08	200	KNG082002016100144	29-09-2016	****LATA	****41502	4,66,690
KNG08	200	KNG082002017100121	06-11-2017	****LATA	****41502	4,66,690
CTO00	57	CTO000572017100139	16-08-2017	****DASS	****58468	6,98,280
CTO00	57	CTO000572017100277	09-01-2018	****DASS	****58468	6,98,280
SML00	660	SML006602019100084	26-07-2019	****R PAL	****79696	4,24,800
SML00	660	SML006602019100095	03-08-2019	****R PAL	****79696	4,24,800
SML00	660	SML006602020100171	09-12-2020	****N LAL	****06148	4,89,050
SML00	660	SML006602020100205	01-02-2021	****N LAL	****06148	4,89,050
SMR01	657	SMR016572018100433	27-11-2018	****DEVI	****78598	3,24,240
SMR01	657	SMR016572018100441	30-11-2018	****DEVI	****78598	3,24,240
KNG15	5	KNG150052021100065	03-08-2021	****CHAND	****11078	5,99,360
KNG15	5	KNG150052021100111	21-09-2021	****CHAND	****11078	5,99,360

## Appendix 2.5

(Reference: Paragraph 2.3.3.7 (B))

### Details of multiple affiliations observed in field audit

Sl. No.	trea_code	Treasury name	DDO_code	DDO Name
1	KLU00	DTO KULLU	512	DY. DIR.ELE EDUCATION KULLU
2	KLU00	DTO KULLU	515	ASTT.REGISTRAR COOP .SOC. KULLU
3	KLU00	DTO KULLU	523	DISTRICT ATTORNEY KULLU
4	KLU00	DTO KULLU	533	DIST.DEV. & PANCHAYAT OFFICER
5	KLU00	DTO KULLU	600	E.E. PWD DIVISION-I, MANDI
6	KLU00	DTO KULLU	629	E.E. HPPWD DIVISION UDAIPUR
7	KLU00	DTO KULLU	809	FOREST DIVISION KULLU
8	KLU01	STO SERAJ AT BANJAR	506	DISTRICT REVENUE OFFICER KULLU
9	KLU01	STO SERAJ AT BANJAR	960	SR PLANT PROT. OFFICER SHIMLA
10	KLU01	STO SERAJ AT BANJAR	209	GSSS KOTLA
11	KLU01	STO SERAJ AT BANJAR	519	DISTRICT WELFARE OFFICER KULLU
12	KLU01	STO SERAJ AT BANJAR	970	DIRECTOR COMPOSITE TESTING LAB KANDAGHAT
13	KLU01	STO SERAJ AT BANJAR	626	E.E. HPPWD.DIVISION BANJAR
14	KLU02	STO ANI	649	E.E. PWD DIVISION, OUTER SERAJ
15	KLU02	STO ANI	534	MINING OFFICER KULLU
16	KLU02	STO ANI	207	GHS KOTHI
17	KLU02	STO ANI	512	DY. DIR.ELE EDUCATION KULLU
18	KLU03	STO NIRMAND	506	DISTRICT REVENUE OFFICER KULLU
19	KLU03	STO NIRMAND	525	D D AGRICULTURE KULLU
20	KLU03	STO NIRMAND	505	CHIEF MEDICAL OFFICER KULLU
21	KLU03	STO NIRMAND	500	DISTRICT TREASURY OFFICER KULLU
22	KLU03	STO NIRMAND	9	DEPUTY DIRECTOR HORTICULTURE KULLU
23	KLU04	STO MANALI	525	D D AGRICULTURE KULLU
24	KLU04	STO MANALI	501	DEPUTY COMMISSIONER KULLU
25	KLU04	STO MANALI	960	SR PLANT PROT. OFFICER SHIMLA
26	CTO00	SHIMLA CAPITAL	689	E.E. HPPWD DIV. TISSA
27	CTO00	SHIMLA CAPITAL	695	E.E.HPPWD DIVISION TANDA at NAGROTA BAGWAN
28	CTO00	SHIMLA CAPITAL	648	EE HPPWD DIV KUMARSAIN
29	CTO00	SHIMLA CAPITAL	616	E.E. PWD DIVISION-I, SHIMLA
30	CTO00	SHIMLA CAPITAL	601	E.E. PWD DIVISION-II, MANDI
31	CTO00	SHIMLA CAPITAL	646	E.E. PWD ELECT.DIV., MANDI
32	CTO00	SHIMLA CAPITAL	631	E.E.H.P.P.W.D.SALOONI
33	CTO00	SHIMLA CAPITAL	656	EE HPPWD DIV PAONTA
34	CTO00	SHIMLA CAPITAL	612	E.E. PWD ELECT.DIV-I, SHIMLA
35	CTO00	SHIMLA CAPITAL	767	EE IPH DIVISION NOHRADHAR
36	CTO00	SHIMLA CAPITAL	816	FOREST DIVISION SUKET (SUNDERNAGAR)
37	CTO00	SHIMLA CAPITAL	805	FOREST DIVISION DEHRA
38	CTO00	SHIMLA CAPITAL	619	E.E. PWD ELECT.DIV-II, SHIMLA
39	CTO00	SHIMLA CAPITAL	701	EE IPH DIVISION SARKAGHAT
40	CTO00	SHIMLA CAPITAL	715	IPH DIVISION NO-I SHIMLA
41	CTO00	SHIMLA CAPITAL	649	EE HPPWD DIV OUTER SERAJ NIRMAND
42	CTO00	SHIMLA CAPITAL	783	E E IPH DIVISION JASWAN PRAGPUR

Sl. No.	trea_co de	Treasury name	DDO_co de	DDO Name
43	CTO00	SHIMLA CAPITAL	672	E.E HPPWD DIVISION JHANDUTTA
44	CTO00	SHIMLA CAPITAL	662	E.E PWD MECH DIVISION SHAMSHI (KULLU)
45	CTO00	SHIMLA CAPITAL	807	FOREST DIVISION PALAMPUR
46	CTO00	SHIMLA CAPITAL	647	EE HPPWD DIV RAMPUR
47	CTO00	SHIMLA CAPITAL	209	PR GSSS KUFRI
48	CTO00	SHIMLA CAPITAL	505	CHIEF MEDICAL OFFICER SHIMLA
49	CTO00	SHIMLA CAPITAL	641	E.E. PWD DIVISION,DEHRAGOPUR
50	CTO00	SHIMLA CAPITAL	655	EE HPPWD DIV NAHAN
51	SML00	DTO SHIMLA	534	MINING OFFICER SHIMLA
52	SML00	DTO SHIMLA	649	E.E. PWD DIVISION, OUTER SERAJ
53	SML00	DTO SHIMLA	717	IPH DIVISION NERWA
54	SML00	DTO SHIMLA	823	FOREST DIVISION RAJGARH
55	SML00	DTO SHIMLA	880	NA
56	SML01	STO KUPVI	86	D.D. (HORT.) EAST SHIMLA
57	SML03	STO SUNI	960	SR PLANT PROT. OFFICER SHIMLA
58	SML04	STO THEOG	534	MINING OFFICER SHIMLA
59	SML15	STO NERWA	227	PRINCIPAL GSSS JHIKNIPUL
60	SML15	STO NERWA	970	DIRECTOR COMPOSITE TESTING LAB KANDAGHAT
61	SML02	STO KOTKHAI	501	DEPUTY COMMISSIONER SHIMLA
62	SML02	STO KOTKHAI	507	NA
63	SML02	STO KOTKHAI	666	E.E. HPPWD DIVISION KOTKHAI
64	SML02	STO KOTKHAI	829	FOREST DIVISION THEOG
65	SML05	STO DODRA KAWAR	654	E.E. PWD MECH.DIVISION,RAMPUR
66	SML06	STO TIKKAR	504	AC TO DC SHIMLA
67	SML06	STO TIKKAR	719	IPH DIVISION ROHRU
68	SML06	STO TIKKAR	960	SR PLANT PROT. OFFICER SHIMLA
69	SML06	STO TIKKAR	970	DIRECTOR COMPOSITE TESTING LAB KANDAGHAT
70	BLP00	DTO BILASPUR	534	MINING OFFICER BILASPUR
71	BLP00	DTO BILASPUR	500	DISTRICT TREASURY OFFICER BILASPUR
72	BLP00	DTO BILASPUR	672	E.E HPPWD DIVISION JHANDUTTA
73	BLP00	DTO BILASPUR	900	O.S.D.FLYING SQD UNIT,TUTU,SML
74	BLP00	DTO BILASPUR	501	DEPUTY COMMISSIONER BILASPUR
75	BLP00	DTO BILASPUR	529	DISTT FOOD & SUPPLY CONTROLLER BILASPUR
76	BLP00	DTO BILASPUR	504	AC TO DC BILASPUR
77	BLP01	STO NAINA DEVI/SWARGHAT	970	DIRECTOR COMPOSITE TESTING LAB KANDAGHAT
78	BLP01	STO NAINA DEVI/SWARGHAT	960	SR PLANT PROT. OFFICER SHIMLA
79	BLP01	STO NAINA DEVI/SWARGHAT	26	DISTT HORTICULTURE OFFICER, BILASPUR
80	BLP01	STO NAINA DEVI/SWARGHAT	501	DEPUTY COMMISSIONER BILASPUR
81	BLP01	STO NAINA DEVI/SWARGHAT	737	EE IPH DIVISION GHUMARWIN
82	BLP01	STO NAINA DEVI/SWARGHAT	644	E.E. PWD DIVISION-II,BILASPUR

Sl. No.	trea_code	Treasury name	DDO_code	DDO Name
83	BLP01	STO NAINA DEVI/SWARGHAT	819	DFO BILASPUR
84	BLP02	STO GHUMARWIN	237	GSSS GHARAN
85	BLP02	STO GHUMARWIN	970	DIRECTOR COMPOSITE TESTING LAB KANDAGHAT
86	BLP02	STO GHUMARWIN	534	MINING OFFICER BILASPUR H.P.
87	BLP02	STO GHUMARWIN	504	AC TO DC BILASPUR
88	BLP02	STO GHUMARWIN	209	GSSS NALTI
89	BLP02	STO GHUMARWIN	529	DISTT FOOD & SUPPLY CONTROLLER BILASPUR
90	BLP02	STO GHUMARWIN	515	ASSTT REGISTRAR COOP. SOC. BILASPUR
91	BLP02	STO GHUMARWIN	26	DISTT HORTICULTURE OFFICER, BILASPUR
92	BLP03	STO JHANDUTTA	504	AC TO DC BILASPUR
93	BLP03	STO JHANDUTTA	672	E.E HPPWD DIVISION JHANDUTTA
94	BLP03	STO JHANDUTTA	501	DEPUTY COMMISSIONER BILASPUR
95	SML08	STO NANKHARI	515	ASSTT.REGISTRAR COOP. SOC. SHIMLA
96	SML10	STO RAMPUR	629	E.E. HPPWD DIVISION UDAIPUR
97	SML10	STO RAMPUR	712	IPH DIVISION KAZA
98	SML12	STO ROHRU	500	DISTRICT TREASURY OFFICER SHIMLA
99	SML12	STO ROHRU	504	AC TO DC SHIMLA
100	SML11	STO KUMARSAIN	500	DISTRICT TREASURY OFFICER SHIMLA
101	SML11	STO KUMARSAIN	740	IPH DIVISION SUNNI

## Appendix 2.6

(Reference: Paragraph 2.3.4.3 (A))

## Details of cases selected for verification of date of birth entries

Sl. No.	Try code	Detail	pen code	PPO No.
1	KLU00	****HARMA	****7B007	****388
2	KLU00	**** DEVI	****4D005	****697
3	KLU00	**** DEVI	****0L003	****882
4	KLU00	**** DEVI	****0J003	****994
5	KLU00	**** DEVI	****7D006	****357
6	KLU00	****E RAM	****0F021	****936
7	KLU00	**** DEVI	****9E016	****026
8	KLU00	**** DEVI	****7J002	****196
9	KLU00	**** DEVI	****1G005	****621
10	KLU00	**** DEVI	****0I005	****595
11	KLU00	**** DEVI	****1L005	****009
12	KLU00	****KIRAN	****5E043	****128
13	KLU00	****KIRAN	****5E043	****128
14	KLU00	****MVATI	****2F012	****400
15	KLU00	**** DEVI	****6D024	****707
16	KLU00	****UNTLA	****4C018	****504
17	KLU00	**** DEVI	****1J003	****971
18	KLU00	****HARMA	****7F007	****416
19	KLU00	**** DEVI	****4J001	****222
20	KLU00	**** DEVI	****5J002	****450
21	KLU00	**** DEVI	****1B003	****894
22	KLU00	****HIAYA	****3J003	****381
23	KLU00	****DASSI	****7D002	****375
24	KLU00	**** DEVI	****3K009	****109
25	KLU00	**** DEVI	****2H001	****817
26	KLU00	**** DEVI	****5I002	****267
27	KLU00	**** DEVI	****3L003	****825
28	KLU00	****RKALI	****5A016	****162
29	KLU00	**** DEVI	****6B001	****327
30	KLU00	**** DEVI	****7H003	****035
31	KLU00	**** DEVI	****8K020	****553
32	KLU00	****WANTI	****4K012	****135
33	KLU00	**** DEVI	****0L003	****361
34	KLU00	**** DEVI	****8E006	****826
35	KLU00	**** DEVI	****5F001	****048
36	KLU00	**** DEVI	****2K002	****012
37	KLU00	**** DEVI	****7J001	****718
38	KLU00	**** DEVI	****8G008	****804
39	KLU00	****DASSI	****5D003	****796
40	KLU00	**** DEVI	****6D003	****724
41	KLU00	**** DEVI	****3B020	****328
42	KLU00	**** DEVI	****8C008	****162
43	KLU00	**** DEVI	****2G006	****549
44	KLU00	**** BALA	****8B016	****314
45	KLU00	**** DEVI	****0B008	****874
46	KLU00	**** DEVI	****0F012	****286
47	KLU00	**** DEVI	****0F012	****286

Sl. No.	Try code	Detail	pen code	PPO No.
48	KLU00	****KMANI	****1K008	****360
49	KLU00	****DEVI	****9K002	****070
50	KLU00	****DEVI	****3F001	****059
51	KLU00	****DEVI	****4E001	****196
52	KLU00	****DEVI	****1C010	****264
53	KLU00	****DEVI	****3I004	****037
54	KLU00	****DEVI	****1H002	****420
55	KLU00	****HARMA	****2D001	****996
56	KLU00	****DEVI	****9D003	****874
57	KLU00	****DASSI	****4B006	****522
58	KLU00	****DEVI	****0L002	****892
59	KLU00	****DEVI	****5A017	****168
60	KLU00	****DEVI	****0F001	****505
61	KLU00	****DEVI	****3B015	****072
62	KLU00	****DEVI	****3C010	****803
63	KLU00	****BUTTI	****0K001	****882
64	KLU00	****DEVI	****4B001	****449
65	KLU00	****DEVI	****1F003	****318
66	KLU00	****DEVI	****4F006	****040
67	KLU00	****DEVI	****8A003	****035
68	KLU00	****DEVI	****6G007	****225
69	KLU00	****DEVI	****1E002	****789
70	KLU00	****MANI	****9L001	****520
71	KLU00	****RBADA	****9I002	****536
72	KLU00	****DASSI	****7I016	****242
73	KLU00	****DEVI	****9C005	****220
74	KLU00	****DEVI	****3G013	****370
75	KLU00	****LBARU	****4C001	****967
76	SML00	****DEVI	****	****591
77	SML00	****DEVI	****	****364
78	SML00	****DEVI	****	****510
79	SML00	****DEVI	****	****142
80	SML00	****USHPA	****	****044
81	SML00	****DEVI	****	****590
82	SML00	****AUHAN	****	****663
83	SML00	****DEVI	****	****988
84	SML00	****HAKUR	****	****187
85	SML00	****DEVI	****	****587
86	SML00	****MEHTA	****	****327
87	SML00	****DEVI	****	****702
88	SML00	****WATI	****	****868
89	SML00	****DEVI	****	****631
90	SML00	****DEVI	****	****368
91	SML00	****DEVI	****	****354
92	SML00	****DEVI	****	****823
93	SML00	****DEVI	****	****852
94	SML00	****DEVI	****	****804
95	SML00	****DEVI	****	****087
96	SML00	****DEVI	****	****933
97	SML00	****DEVI	****	****846
98	SML00	****DEVI	****	****309
99	SML00	****DEVI	****	****555



Sl. No.	Try code	Detail	pen code	PPO No.
100	SML00	**** DEVI	****	****047
101	SML00	**** DEVI	****	****224
102	SML00	****HATT.	****	****288
103	SML00	**** DEVI	****	****349
104	SML00	****RUKHU	****	****044
105	SML00	**** DEVI	****	****560
106	SML00	**** DEVI	****	****230
107	SML00	**** DEVI	****	****447
108	SML00	**** DEVI	****	****572
109	SML00	**** DEVI	****	****202
110	SML00	****DASSI	****	****922
111	SML00	****WARKI	****	****088
112	SML00	****RDWAJ	****	****839
113	SML00	**** KALI	****	****756
114	SML00	****GWATI	****	****515
115	SML00	****SINGH	****	****433
116	SML00	**** DEVI	****	****154
117	SML00	****ISHNA	****	****769
118	SML00	**** DEVI	****	****335
119	SML00	**** DEVI	****	****909
120	SML00	**** DEVI	****	****804
121	SML00	****AUHAN	****	****668
122	SML00	****ISHNA	****	****597
123	SML00	**** DEVI	****	****473
124	SML00	**** VATI	****	****412
125	SML00	**** DEVI	****	****800
126	SML00	**** MANI	****	****655
127	SML00	**** DEVI	****	****361
128	SML00	****WARKI	****	****088
129	SML00	**** DEVI	****	****699
130	SML00	**** DEVI	****	****876
131	SML00	**** DEVI	****	****572
132	SML00	****HARMA	****	****028
133	SML00	**** DEVI	****	****008
134	SML00	**** DEVI	****	****739
135	SML00	**** DEVI	****	****182
136	SML00	**** SURI	****	****863
137	SML00	****AMANI	****	****635
138	SML00	**** DEVI	****	****522
139	SML00	**** DEVI	****	****042
140	SML00	****AWARI	****	****613
141	SML00	**** DEVI	****	****084
142	SML00	**** DEVI	****	****751
143	SML00	**** DEVI	****	****757
144	SML00	**** DEVI	****	****376
145	SML00	****AWATI	****	****655
146	BLP00	****ANDEL	****5H030	****198
147	BLP00	**** DEVI	****7I004	****042
148	BLP00	**** DEVI	****9H006	****367
149	BLP00	**** DEVI	****3B004	****069
150	BLP00	**** KAUR	****0D001	****278
151	BLP00	****ELAHI	****6B029	****400

Sl. No.	Try code	Detail	pen code	PPO No.
152	BLP00	**** DEVI	****2I002	****738
153	BLP00	**** DEVI	****9J003	****875
154	BLP00	**** DEVI	****7K002	****953
155	BLP00	****ARDAI	****6G001	****382
156	BLP00	****ANDEL	****7F018	****597
157	BLP00	**** DEVI	****9H006	****367
158	BLP00	**** DEVI	****1F004	****288
159	BLP00	**** DEVI	****7J001	****436
160	BLP00	**** DEVI	****1H003	****615
161	BLP00	**** DEVI	****8H027	****894
162	BLP00	**** DEVI	****4D006	****080
163	BLP00	**** DEVI	****5K006	****663
164	BLP00	****GUPTA	****9C002	****993
165	BLP00	**** DEVI	****2B001	****507
166	BLP00	**** DEVI	****1C012	****831
167	BLP00	****HARMA	****6G019	****091
168	BLP00	**** DEVI	****5K002	****410
169	BLP00	**** DEVI	****2B007	****648
170	BLP00	**** DEVI	****5F003	****424
171	BLP00	****KIRAN	****3H003	****418
172	BLP00	****RWAHA	****5B023	****153
173	BLP00	**** WATI	****2F002	****771
174	BLP00	**** DEVI	****0K006	****858
175	BLP00	**** DEVI	****8H002	****452
176	BLP00	**** DEVI	****6C002	****189
177	BLP00	**** DEVI	****7F001	****422
178	BLP00	**** DEVI	****5I005	****349
179	BLP00	**** DEVI	****7B001	****042
180	BLP00	****HARMA	****5K014	****311
181	BLP00	**** DEVI	****4D001	****647
182	BLP00	**** DEVI	****5I005	****349
183	BLP00	**** DEVI	****8H011	****327
184	BLP00	**** DEVI	****1E001	****314
185	BLP00	**** DEVI	****7D004	****182
186	BLP00	****AREEN	****2D035	****700
187	BLP00	**** DEVI	****4A005	****456
188	BLP00	****AUTAM	****1K002	****338
189	BLP00	**** DEVI	****2G002	****401
190	BLP00	**** DEVI	****2G005	****259
191	BLP00	**** DEVI	****2G002	****401
192	BLP00	**** DEVI	****1C001	****458
193	BLP00	**** DEVI	****0F002	****040
194	BLP00	**** DEVI	****2E004	****433
195	BLP00	**** DEVI	****2C001	****169
196	BLP00	****H DAI	****2F013	****972
197	BLP00	**** DEVI	****7I017	****347
198	BLP00	**** DEVI	****1C010	****016
199	BLP00	**** DEVI	****7F001	****422
200	BLP00	****PYARI	****7L017	****193

### Appendix 3.1

(Reference: Paragraph 3.6.1.1)

#### Lack of action on late-filers and non-filers

Sl. No.	Circle/Range	Non completion of action after issue of GSTR 3A in case of non-filers/late filers							
		Number of non-filers	GSTR-3A notices issued			Total	GSTR-3A notices not issued	Further action taken	ASMT-13 not issued
				2017-2021	Apr-21			Jul-21	
1	Industrial Area Kala Amb	867	540	-	-	540	327	560	1,261
2	Paonta-I	4,128	504	-	-	504	3,624	No	
3	Paonta-II	116	116	-	-	116	0	No	
4	Baddi-III	370	241	63	66	370	0	No	
5	Baddi-IV	291	173	59	59	291	0	No	
Total		5,772	1,574	122	125	1,821	3,951	560	

#### Non-filers identified by the circles

1	Industrial Area Kala Amb	867
2	Paonta-I	4,128
<b>Total</b>		<b>4,995</b>

#### Data taken from GSTR 3A notices as circle did not identify non-filers

1	Paonta-II	116
2	Baddi-III	370
3	Baddi-IV	291
<b>Total</b>		<b>777</b>
<b>Grand Total</b>		<b>5,772</b>

## Appendix 3.2

(Reference: Paragraph 3.6.1.2)

### Details of conducting scrutiny of returns

Sl. No.	District	Circle/Range	Scrutiny conducted
1	Sirmour	Industrial Area Kala Amb	7
		Paonta-I	Not Available
		Paonta-II	Not Available
2	BBN Baddi	Baddi-II	Not Available
		Baddi-III	Not Available
		Baddi-IV	Not Available
3	Hamirpur	Bhoranj & Sujanpur	3
4	Mandi	Mandi-III	24
		Nerchowk	71
5	Kullu	Manali-III	34
<b>Total</b>			<b>139</b>

### Appendix 3.3

(Reference: Paragraph 3.6.1.4)

#### Details of recovery proceedings and follow up

Sl. No.	District	Circle/Range	Initiation of recovery proceedings and follow up	
			Number of cases	Amount to be recovered (in ₹)
1	Sirmour	Industrial Area Kala Amb	-	-
		Paonta-I	21	29,38,596
		Paonta-II	32	39,05,779
2	BBN Baddi	Baddi-II	155	7,54,62,567
		Baddi-III	114	23,68,19,743
		Baddi-IV	180	1,79,98,983
3	Hamirpur	Bhoranj & Sujanpur	8	10,27,308
4	Mandi	Mandi-III	9	37,97,250
		Nerchowk	22	80,78,713
5	Kullu	Manali-III	16	1,08,94,859
<b>Total</b>			<b>557</b>	<b>36,09,23,798</b>

### Appendix 3.4

(Reference: Paragraph 3.6.1.5 (A))

#### Details of cancellation of registration prior to the date of application

Sl. No.	District	Circle/Range	Cancellation of registration from the date prior to the date of application	
			Cases of cancellation as per taxpayers' request	Cases where cancellation was done prior to date of application
1	Sirmour	Industrial Area Kala Amb	32	23
		Paonta-I	284	156
		Paonta-II	157	74
2	BBN Baddi	Baddi-II	593	222
		Baddi-III	255	89
		Baddi-IV	92	57
3	Hamirpur	Bhoranj & Sujanpur	330	172
4	Mandi	Mandi-III	197	79
		Nerchowk	272	88
5	Kullu	Manali-III	244	183
		<b>Total</b>	<b>2,456</b>	<b>1,143</b>

### Appendix 3.5

(Reference: Paragraph 3.6.1.5 (B))

#### Details of delay in cancellation of cases

Sl. No.	District	Circle/ Range	Delay in cancellations						
			Total number of cancellations	Cancellation delayed cases			Delay Range		
				On Taxpayers' request	Suo moto	Total	in days	1 to 30 days	more than 30 days
1	Sirmour	Industrial Area Kala Amb	89	15	36	51	1-381	21	30
		Paonta-I	610	188	166	354	1-431	101	253
		Paonta-II	360	89	22	111	3-368	34	77
2	BBN Baddi	Baddi-II	1,148	178	255	433	1-959	147	286
		Baddi-III	596	79	53	132	3-501	45	87
		Baddi-IV	203	57	72	129	2-963	51	78
3	Hamirpur	Bhoranj & Sujanpur	461	193	36	229	1-642	38	191
4	Mandi	Mandi-III	404	127	60	187	1-403	35	152
		Nerchowk	443	143	39	182	1-791	49	133
5	Kullu	Manali-III	727	110	58	168	1-439	39	129
		<b>Total</b>	<b>5,041</b>	<b>1,179</b>	<b>797</b>	<b>1,976</b>	<b>1-963</b>	<b>560</b>	<b>1,416</b>



### Appendix 3.6

(Reference: Paragraph 3.6.1.5 (C))

#### Details of inadequate follow up on non-filing of GSTR 10 cases

Sl. No.	District	Circle/Range	No Follow-up action on non-filing of GSTR -10
			Cases of cancellation where GSTR-10 (final return) was not filed
1	Sirmour	Industrial Area Kala Amb	-
		Paonta-I	285
		Paonta-II	117
2	BBN Baddi	Baddi-II	499
		Baddi-III	310
		Baddi-IV	107
3	Hamirpur	Bhoranj & Sujanpur	105
4	Mandi	Mandi-III	168
		Nerchowk	216
5	Kullu	Manali-III	322
<b>Total</b>			<b>2,129</b>

### Appendix 3.7

(Reference: Paragraph 3.6.1.5 (D))

#### Non-filing of GST form ITC-03 by taxpayers who opted for Composition Scheme

Sl. No.	District	Circle/Range	Non-filing of GST Form ITC-03 by taxpayers who opted for Composition Scheme	
			Number of cases where dealer opted for composition scheme and did not file ITC-03	ITC available in taxpayer's ledgers which were not reversed. (Amount in ₹)
1	Sirmour	Industrial Area Kala Amb	-	-
		Paonta-I	73	2,86,127
		Paonta-II	26	1,40,606
2	BBN Baddi	Baddi-II	47	1,76,845
		Baddi-III	17	49,134
		Baddi-IV	5	7,216
3	Hamirpur	Bhoranj & Sujanpur	267	39,70,149
4	Mandi	Mandi-III	85	4,68,703
		Nerchowk	222	11,62,165
5	Kullu	Manali-III	233	10,85,187
<b>Total</b>			<b>975</b>	<b>73,46,132</b>

### Appendix 3.8

(Reference: Paragraph 3.6.2.1)

#### Details of cases where replies were not received

Sl. No.	GSTIN	Circle	Dimension	Deviation Amount (in ₹)
1	02XXXXXXXXXX2ZD	Parwanoo Circle -II	1	45,39,122.51
2	02XXXXXXXXXX2Z3	Solan Circle-I	1	70,18,657.80
3	02XXXXXXXXXX2Z9	Ambota	1	55,89,534.77
4	02XXXXXXXXXX1ZJ	Baddi-II	1	53,82,95,965.50
5	02XXXXXXXXXX1ZB	Theog Circle	2	46,90,209.00
6	02XXXXXXXXXX1ZX	Parwanoo Circle-I	4	8,21,586.62
7	02XXXXXXXXXX1Z7	Parwanoo Circle - II	4	32,14,197.00
8	02XXXXXXXXXX2ZN	Parwanoo Circle-I	4	9,00,602.10
9	02XXXXXXXXXX1Z4	Solan Circle-II	6	17,52,23,257.32
10	02XXXXXXXXXX1ZD	Ambota	6	10,00,59,257.75
11	02XXXXXXXXXX1ZX	Parwanoo Circle-I	6	8,01,38,207.00
12	02XXXXXXXXXX1ZJ	Baddi-II	6	54,57,08,579.66
13	02XXXXXXXXXX1ZL	Hamirpur Circle	7	1,28,14,409.00
14	02XXXXXXXXXX1Z7	Parwanoo Circle -II	7	3,48,05,184.00
15	02XXXXXXXXXX1ZJ	Baddi-II	7	54,57,08,606.00
16	02XXXXXXXXXX2ZT	Nadaun Circle	8	1,26,08,048.00
17	02XXXXXXXXXX2ZT	Hamirpur	9	1,26,08,052.00
18	02XXXXXXXXXX1ZK	Ambota	9	98,93,320.00
19	02XXXXXXXXXX1ZV	Parwanoo Circle-I	9	84,39,680.00
20	02XXXXXXXXXX1ZH	Parwanoo Circle-I	9	82,92,848.00
21	02XXXXXXXXXX1ZT	Solan Circle-I	11	15,290.74
<b>Total</b>				<b>2,11,13,84,614.77</b>

### Appendix 3.9

(Reference: Paragraph 3.6.2.2 & 3.6.2.4 (a))

Details of cases where recovery made

(Amount in ₹)

Sl. No.	GSTIN	Circle	Dimension	Amount involved	Amount Recovered	Remarks
1	02XXXXXXXXXX1Z7	Gagret	8 & 10	1,69,11,711.00	3,08,805	Interest payment
2	02XXXXXXXXXX1ZJ	Manali	10	5,85,764.74	56,550	SGST & interest payment
3	02XXXXXXXXXX2Z6	Parwanoo	10	9,95,402.80	2,98,620	Interest payment
4	02XXXXXXXXXX1Z9	Mall Road	9 & 10	17,10,70,896.30	2,61,65,635	Partial Recovery
<b>Total</b>				<b>18,95,63,774.84</b>	<b>2,68,29,610</b>	

### Appendix 3.10

(Reference: Paragraph 3.6.2.2 & 3.6.2.4 (a))

#### Details of cases where SCN issued to taxpayers

(Amount in ₹)

Sl. No.	GSTIN	Ward	Dimension	Deviation Amount
1	02XXXXXXXXXX1ZX	Bhoranj and Sujanpur	1	44,58,166.32
2	02XXXXXXXXXX1ZF	Mehatpur Circle	1	45,20,560.54
3	02XXXXXXXXXX1Z8	Nalagarh Circle-II	1	65,64,484.55
4	02XXXXXXXXXX2ZX	Nalagarh Circle-II	1	49,05,165.31
5	02XXXXXXXXXX1ZM	Nalagarh-III	1	62,69,538.20
6	02XXXXXXXXXX1Z3	Nalagarh-III	1	48,04,964.81
7	02XXXXXXXXXX1Z3	Paunta Circle-I	1	1,48,22,208.40
8	02XXXXXXXXXX1ZA	Nalagarh-III	2	5,20,836.00
9	02XXXXXXXXXX1Z4	Nalagarh-III	2	4,42,446.00
10	02XXXXXXXXXX2ZB	Nalagarh-III	2	5,08,124.00
11	02XXXXXXXXXX1ZG	Mehatpur Circle	2	3,81,487.19
12	02XXXXXXXXXX1ZU	Mehatpur Circle	2	11,97,438.12
13	02XXXXXXXXXX1Z9	Chamba Circle	4	17,65,095.00
14	02XXXXXXXXXX1ZH	Chamba Circle	4	2,35,144.00
15	02XXXXXXXXXX1Z3	Chamba Circle	4	43,46,360.00
16	02XXXXXXXXXX1ZD	Tissa Circle	4	15,73,872
17	02XXXXXXXXXX2ZW	Tissa Circle	4	8,62,101.00
18	02XXXXXXXXXX2Z6	Bhoranj and Sujanpur Circle	4	10,69,683.25
19	02XXXXXXXXXX1ZQ	Nalagarh-III	7	44,19,244.00
20	02XXXXXXXXXX1ZY	Nalagarh Circle-II	7	43,05,494.00
21	02XXXXXXXXXX1Z7	Paunta Circle-I	7	64,53,152.00
22	02XXXXXXXXXX1Z0	Bangana Circle	8	1,24,91,902.00
23	02XXXXXXXXXX1ZX	Nalagarh Circle-I	10	12,31,677.90
24	02XXXXXXXXXX1Z7	Nalagarh Circle-I	10	7,90,494.00
25	02XXXXXXXXXX1Z5	Nalagarh Circle-I	10	5,53,852.00
26	02XXXXXXXXXX1ZZ	Sanjauli	10	21,66,408.80
27	02XXXXXXXXXX1ZW	Nalagarh Circle-I	11	30,274.34
28	02XXXXXXXXXX2ZB	Dalhousie	11	14,819.78
29	02XXXXXXXXXX1Z1	Paunta Circle-I	11	0.00
30	02XXXXXXXXXX2Z1	Ambota	11	90,199.35
31	02XXXXXXXXXX1ZG	Nahan Circle-II	12	24,08,767.29
32	02XXXXXXXXXX1ZY	Manali	12	11,76,065.36
<b>Total</b>				<b>9,74,96,324.51</b>

## Appendix 3.11

(Reference: Paragraph 3.6.2.2 &amp; 3.6.2.4 (a))

## Details of cases where ASMT 10 issued to taxpayers

(Amount in ₹)

Sl. No.	GSTIN	Circle	Dimension	Final Deviation Amount
1	02XXXXXXXXXX2ZD	Kullu Circle.	1	1,69,37,364.57
2	02XXXXXXXXXX1ZK	Kullu Circle.	1	47,53,934.18
3	02XXXXXXXXXX1ZQ	Kullu/Banjar	1	1,86,49,648.63
4	02XXXXXXXXXX1ZE	Jogingder Nagar	1	1,17,99,292.73
5	02XXXXXXXXXX1ZZ	Mandi-I	1	58,38,295.32
6	02XXXXXXXXXX1ZQ	Nerchowk	1	74,07,400.91
7	02XXXXXXXXXX1ZG	Dharmashal-I	1	52,42,424.65
8	02XXXXXXXXXX1ZI	Palampur	1	57,58,301.14
9	02XXXXXXXXXX1ZT	Baddi-II	1	82,57,265.38
10	02XXXXXXXXXX2Z5	Baddi-III	1	47,56,676.15
11	02XXXXXXXXXX1ZS	Barotiwala	1	60,68,957.32
12	02XXXXXXXXXX1ZO	Baddi-II	1	89,85,459.38
13	02XXXXXXXXXX1ZD	Baddi-IV	1	55,60,173.09
14	02XXXXXXXXXX1ZZ	Baddi-II	1	2,16,78,410.13
15	02XXXXXXXXXX1ZF	Baddi-II	1	94,30,117.79
16	02XXXXXXXXXX1Z0	Barotiwala	1	77,76,701.00
17	02XXXXXXXXXX1ZC	Baddi-III	1	81,80,009.36
18	02XXXXXXXXXX1ZR	Baddi-I	1	58,80,730.21
19	02XXXXXXXXXX1ZB	Baddi-I	1	3,70,86,025.03
20	02XXXXXXXXXX1ZU	Baddi-II	1	1,41,37,820.64
21	02XXXXXXXXXX1ZH	Baddi-I	1	73,45,425.48
22	02XXXXXXXXXX1ZE	Cart Road Circle	1	53,36,716.58
23	02XXXXXXXXXX1Z9	Cart Road Circle	1	2,95,47,883.53
24	02XXXXXXXXXX1ZQ	Sanjauli	1	1,02,70,577.78
25	02XXXXXXXXXX1Z2	Sanjauli	1	76,19,344.21
26	02XXXXXXXXXX2ZQ	Sanjauli	1	93,89,735.74
27	02XXXXXXXXXX1ZY	Theog Circle	1	63,66,134.22
28	02XXXXXXXXXX1ZZ	Baddi-III	2	7,34,117.6875
29	02XXXXXXXXXX1ZS	Baddi-III	2	8,32,911.625
30	02XXXXXXXXXX1Z3	Baddi-III	2	4,32,220
31	02XXXXXXXXXX2ZD	Baddi-III	2	61,86,781.188
32	02XXXXXXXXXX1Z2	Baddi-II	2	23,11,055
33	02XXXXXXXXXX1ZW	Baddi-II	2	5,97,536.9375
34	02XXXXXXXXXX1ZC	Barotiwala	2	7,89,420
35	02XXXXXXXXXX1ZY	Baddi-III	2	5,54,079
36	02XXXXXXXXXX1ZN	Baddi-III	2	5,04,274
37	02XXXXXXXXXX1Z2	Jogingder Nagar	2	49,92,942
38	02XXXXXXXXXX1Z7	Mandi-I	2	10,49,894.75
39	02XXXXXXXXXX1Z4	Mandi-I	2	4,22,172.0625
40	02XXXXXXXXXX1ZF	Mandi-III AETC Mandi	2	16,90,430
41	02XXXXXXXXXX1Z3	Nerchowk	2	22,47,660.5
42	02XXXXXXXXXX1ZN	Sanjauli	2	13,43,619
43	02XXXXXXXXXX1ZK	Solan Circle-I	2	55,36,568.5
44	02XXXXXXXXXX1ZO	Parwanoo Circle-I	2	4,49,667.25
45	02XXXXXXXXXX1ZH	Solan Circle-II	3	3,53,291
46	02XXXXXXXXXX1ZU	Baddi-III	4	6,17,965.38

Sl. No.	GSTIN	Circle	Dimension	Final Deviation Amount
47	02XXXXXXXXXX1ZB	Baddi-II	4	39,97,980.88
48	02XXXXXXXXXX1ZQ	Baddi-II	4	24,45,167.50
49	02XXXXXXXXXX1ZR	Baddi-II	4	26,36,223.00
50	02XXXXXXXXXX1Z0	Baddi-III	4	7,75,000.00
51	02XXXXXXXXXX1ZC	Baddi-III	4	10,11,971.19
52	02XXXXXXXXXX1ZS	Baddi-IV	4	8,08,174.00
53	02XXXXXXXXXX2ZY	Baddi-III	4	34,69,433.50
54	02XXXXXXXXXX1Z9	Baddi-IV	4	4,63,09,121.00
55	02XXXXXXXXXX1Z8	Sarkaghat	4	11,03,556.375
56	02XXXXXXXXXX1ZB	Cart Road Circle	4	7,14,381
57	02XXXXXXXXXX1ZV	Cart Road Circle	5	7,722.66
58	02XXXXXXXXXX2ZI	Baddi-III	6	14,58,34,894.7
59	02XXXXXXXXXX1ZB	Baddi-I	6	12,13,83,347.1
60	02XXXXXXXXXX1ZR	Baddi-II	6	7,93,92,743
61	02XXXXXXXXXX1ZU	Kangra-I	6	21,57,09,731
62	02XXXXXXXXXX1ZJ	Kullu Circle.	6	7,41,40,739.68
63	02XXXXXXXXXX1ZQ	Nerchowk	6	8,48,25,702.96
64	02XXXXXXXXXX1ZR	Baddi-II	7	69,82,780
65	02XXXXXXXXXX1Z0	Baddi-IV	7	42,60,155
66	02XXXXXXXXXX1ZX	Baddi-IV	7	40,92,520
67	02XXXXXXXXXX1ZD	Kangra-I	7	45,16,968
68	02XXXXXXXXXX2Z4	Baijnath Circle	7	40,53,824
69	02XXXXXXXXXX1ZS	Mandi-I	7	84,32,060
70	02XXXXXXXXXX2Z0	Mandi-I	7	50,48,212
71	02XXXXXXXXXX1Z3	Sanjauli	7	64,61,644
72	02XXXXXXXXXX1ZP	Baddi-IV	8	2,77,23,320
73	02XXXXXXXXXX1Z1	Baddi-IV	8	1,41,14,380
74	02XXXXXXXXXX1ZS	Baddi-II	8	1,37,95,408
75	02XXXXXXXXXX1ZK	Nalagarh Circle-I	8	1,01,32,992
76	02XXXXXXXXXX1ZI	Dharamshala-II	8	98,48,0042
77	02XXXXXXXXXX1ZI	Dharamshala-II	8	5,27,92,978
78	02XXXXXXXXXX1ZR	Kangra-I	8	1,78,31,320
79	02XXXXXXXXXX1ZE	Palampur	8	1,66,92,420
80	02XXXXXXXXXX1ZG	Kullu Circle.	8	15,05,04,040
81	02XXXXXXXXXX1Z4	Kullu Circle.	8	7,52,96,459.2
82	02XXXXXXXXXX2ZF	Nerchowk	8	35,30,43,682
83	02XXXXXXXXXX1ZN	Mandi-I	8	6,22,21,608
84	02XXXXXXXXXX2Z6	Nerchowk	8	3,51,02,894
85	02XXXXXXXXXX1ZA	Sunder Nagar Circle-I	8	1,73,53,394.24
86	02XXXXXXXXXX1Z2	Cart Road Circle	8	9,19,81,184.2
87	02XXXXXXXXXX1ZI	Cart Road Circle	8	2,95,38,552
88	02XXXXXXXXXX2ZT	Mall Road	8	1,27,58,496
89	02XXXXXXXXXX1ZS	Baddi-III	9	86,11,312
90	02XXXXXXXXXX1ZC	Kullu	9	78,66,200
91	02XXXXXXXXXX2ZD	Mandi	9	83,20,449
92	02XXXXXXXXXX1Z6	Mandi	9	75,82,500
93	02XXXXXXXXXX1Z4	Cart Road Circle	9	92,07,744
94	02XXXXXXXXXX1Z5	Baddi-II	10	74,93,728
95	02XXXXXXXXXX2ZL	Barotiwala	10	68,53,545.37
96	02XXXXXXXXXX1Z8	Baddi-II	10	36,00,000
97	02XXXXXXXXXX1ZP	Baddi-II	10	30,84,932.18
98	02XXXXXXXXXX2ZK	Baddi-III	10	26,55,333.91



Sl. No.	GSTIN	Circle	Dimension	Final Deviation Amount
99	02XXXXXXXXXX1ZF	Baddi-III	10	13,53,636.8
100	02XXXXXXXXXX1ZD	Baddi-II	10	13,49,664.26
101	02XXXXXXXXXX1ZV	Baddi-III	10	11,59,097.68
102	02XXXXXXXXXX1ZV	Baddi-III	10	7,28,325.9
103	02XXXXXXXXXX1Z1	Barotiwala	10	5,93,136.74
104	02XXXXXXXXXX1ZI	Baddi-II	10	5,49,259.3
105	02XXXXXXXXXX1Z1	Kullu/Banjar	10	9,92,142
106	02XXXXXXXXXX1ZC	Manali Circle	10	9,01,685.27
107	02XXXXXXXXXX1ZS	Jogingder Nagar	10	16,41,104.56
108	02XXXXXXXXXX2ZD	Sunder Nagar Circle-I	10	15,82,515.8
109	02XXXXXXXXXX1ZX	Nerchowk	10	7,92,263.4
110	02XXXXXXXXXX1Z4	Nerchowk	10	5,54,908
111	02XXXXXXXXXX1Z4	Cart Road Circle	10	92,07,749.74
112	02XXXXXXXXXX1ZG	Kotkhai	10	62,38,996.1
113	02XXXXXXXXXX2ZT	Mall Road	10	37,96,186
114	02XXXXXXXXXX1ZY	Cart Road Circle	10	34,72,344
115	02XXXXXXXXXX1ZP	Dhalli Circle	10	10,76,496
116	02XXXXXXXXXX1Z4	Cart Road Circle	10	9,53,794
117	02XXXXXXXXXX2ZS	Sanjauli	10	8,47,222
118	02XXXXXXXXXX1ZH	Sanjauli	10	7,84,835.08
119	02XXXXXXXXXX1ZQ	Sanjauli	10	6,53,589.13
120	02XXXXXXXXXX1ZT	Sanjauli	10	6,25,377
121	02XXXXXXXXXX1ZR	Dharmashal-I	11	14,058.55975
122	02XXXXXXXXXX2ZL	Manali Circle	11	1,33,357.0109
123	02XXXXXXXXXX1ZD	Cart Road Circle	11	31,354.91992
124	02XXXXXXXXXX1ZY	Arki Circle	11	8,046
125	02XXXXXXXXXX1ZF	Solan Circle-II	11	2,80,833.4701
126	02XXXXXXXXXX1ZD	Kullu/banjar	12	12,46,186.314
127	02XXXXXXXXXX1Z7	Rohru Circle	13	0
<b>Total</b>				<b>2,33,63,28,562.78</b>

### Appendix 3.12

(Reference: Paragraph 3.6.2.2 & 3.6.2.4 (a) & 3.6.2.4(b))

Details of cases where department's reply is not acceptable to audit

(Amount in ₹)

Sl. No.	GSTIN	Circle	Dimension	Mismatch amount
1	02XXXXXXXXXX2Z8	Bilaspur Circle-II	1	6,17,08,846.94
2	02XXXXXXXXXX1Z2	Parwanoo Circle-I	1	71,45,425.83
3	02XXXXXXXXXX1ZO	Baddi-IV	3	16,74,526
4	02XXXXXXXXXX1Z5	Baddi-IV	4	18,34,535.00
5	02XXXXXXXXXX1ZC	Baddi-III	6	22,31,03,901
6	02XXXXXXXXXX2ZW	Damtal Circle	6	8,50,09,628
7	02XXXXXXXXXX1ZF	Nalagarh Circle-II	7	1,87,98,154
8	02XXXXXXXXXX2ZU	Bilaspur Circle-II	7	46,87,994
9	02XXXXXXXXXX1Z9	Mall Road	9	14,49,75,216
10	02XXXXXXXXXX1ZO	Bilaspur Circle-II	10	13,41,552
11	02XXXXXXXXXX1ZI	Baddi-I	11	3,98,196.3926
12	02XXXXXXXXXX1ZW	Dalhousie	11	7,364.160126
13	02XXXXXXXXXX1ZQ	Nalagarh-III	12	37,37,583.226
14	02XXXXXXXXXX2ZJ	Baddi-IV	12	11,39,513.546
15	02XXXXXXXXXX1ZB	Baddi-I	12	58,97,135.921
16	02XXXXXXXXXX2ZO	Baddi-I	12	20,40,674.544
17	02XXXXXXXXXX1ZB	Baddi-I	12	25,44,854.053
18	02XXXXXXXXXX1Z8	Parwanoo Circle-I	12	12,26,769.496
19	02XXXXXXXXXX1Z7	Bilaspur Circle-I	12	18,30,892.856
<b>Total</b>				<b>56,91,02,762.97</b>

## Appendix 3.13

(Reference: Paragraph 3.6.2.2 &amp; 3.6.2.4 (a))

## Details of cases where department examining the AQ's

(Amount in ₹)

Sl. No.	GSTIN	Circle	Dimension	Mismatch amount
1	02XXXXXXXXXXXX1ZV	Gagret	1	55,70,527.40
2	02XXXXXXXXXXXX2Z0	Industrial Area Kala Amb	2	10,87,277.00
3	02XXXXXXXXXXXX2ZE	Nahan Circle-I	4	29,09,887.00
4	02XXXXXXXXXXXX1Z6	Industrial Area Kala Amb	6	10,59,06,700.00
5	02XXXXXXXXXXXX1ZL	Industrial Area Kala Amb	6	9,46,49,451.00
6	02XXXXXXXXXXXX2ZA	Nahan Circle-I	6	6,54,92,743.65
7	02XXXXXXXXXXXX1ZW	Industrial Area Kala Amb	6	6,38,29,731.94
8	02XXXXXXXXXXXX2ZH	Nahan Circle-I	8	1,31,57,93,358.00
9	02XXXXXXXXXXXX1ZM	Industrial Area Kala Amb	8	7,52,94,560.00
10	02XXXXXXXXXXXX1ZX	Industrial Area Kala Amb	8	1,74,44,740.00
11	02XXXXXXXXXXXX1Z3	Industrial Area Kala Amb	8	1,28,43,032.00
12	02XXXXXXXXXXXX1ZI	Nahan Circle-I	9	91,00,416.00
13	02XXXXXXXXXXXX2ZR	Industrial Area Mehatpur	9	95,31,650.00
14	02XXXXXXXXXXXX1ZQ	Industrial Area Kala Amb	10	9,46,081.70
15	02XXXXXXXXXXXX1Z6	Industrial Area Mehatpur	10	89,70,432.00
16	02XXXXXXXXXXXX1Z0	Bangana Circle	10	14,99,028.48
17	02XXXXXXXXXXXX1Z6	Bangana Circle	10	5,77,780.80
18	02XXXXXXXXXXXX1ZS	Industrial Area Mehatpur	12	12,13,250.34
19	02XXXXXXXXXXXX2ZO	Industrial Area Mehatpur	12	13,89,117.31
<b>Total</b>				<b>1,79,40,49,764.61</b>

## Appendix 3.14

(Reference: Paragraph 3.6.2.4 (c))

## Details of cases where data entry errors were made by the taxpayers

Sl. No.	GSTIN	Circle	Audit Dimension	Deviation Amount (₹)
1	02XXXXXXXXXX1ZQ	Dehra	3	5,47,922.00
2	02XXXXXXXXXX1ZZ	Dehra	3	4,15,131.00
3	02XXXXXXXXXX1ZD	Dehra	3	6,21,139.00
4	02XXXXXXXXXX1ZC	Dehra	3	5,20,212.06
5	02XXXXXXXXXX1ZO	Dehra	3	11,00,676.00
6	02XXXXXXXXXX1ZM	Dehra	3	5,64,988.00
7	02XXXXXXXXXX1ZD	Dehra	3	6,03,563.00
8	02XXXXXXXXXX1ZU	Dehra	3	3,32,484.44
9	02XXXXXXXXXX2Z3	Dehra	3	7,41,842.87
10	02XXXXXXXXXX1ZE	Dehra	3	3,67,191.75
11	02XXXXXXXXXX1Z7	Dehra	3	4,10,991.81
12	02XXXXXXXXXX1ZG	Dehra	3	9,74,684.50
13	02XXXXXXXXXX1ZZ	Dehra	3	11,89,059.37
14	02XXXXXXXXXX1ZG	Dehra	3	4,84,780.09
15	02XXXXXXXXXX1ZM	Dehra	3	4,63,580.00
16	02XXXXXXXXXX2Z9	Dehra	3	5,52,125.81
17	02XXXXXXXXXX1ZC	Dehra	3	41,37,981.00
18	02XXXXXXXXXX1ZY	Dehra	3	6,20,435.87
19	02XXXXXXXXXX1ZY	Dehra	3	3,33,470.75
20	02XXXXXXXXXX1ZB	Dehra	3	3,46,869.00
21	02XXXXXXXXXX1ZW	Dehra	3	11,91,111.00
22	02XXXXXXXXXX1ZQ	Dehra	3	10,17,027.87
23	02XXXXXXXXXX1Z1	Dehra	3	4,05,333.00
24	02XXXXXXXXXX1ZD	Dehra	3	5,93,358.50
25	02XXXXXXXXXX1ZD	Dehra	3	5,07,272.00
26	02XXXXXXXXXX2ZK	Nalagarh -II	3	9,79,637.00
27	02XXXXXXXXXX1ZI	Parwanoo -I	3	19,34,617.57
28	02XXXXXXXXXX1ZQ	Dharampur	3	7,34,492.00
29	02XXXXXXXXXX1Z6	Solan -I	3	6,64,71,188.00
30	02XXXXXXXXXX2ZL	Parwanoo -I	3	23,85,489.00
31	02XXXXXXXXXX1Z5	Nalagarh -I	4	52,26,425.00
32	02XXXXXXXXXX1Z6	Solan -I	6	6,64,71,188.08
33	02XXXXXXXXXX1ZK	Nurpur	7	94,68,996.00
34	02XXXXXXXXXX1ZN	Jawali	7	46,97,007.00
35	02XXXXXXXXXX2ZV	Nurpur	8	83,62,7736.00
36	02XXXXXXXXXX1ZC	Jawali	9	2,62,45,970.00
37	02XXXXXXXXXX2ZY	Baddi-II	10	1,39,53,569.44
Total				30,12,39,545.80

## Appendix 3.15

(Reference: Paragraph 3.6.2.2)

## Details of cases where action before issue of Audit queries

(Amount in ₹)

Sl. No.	GSTIN	Circle	Audit Dimension	Deviation Amount
1	02XXXXXXXXXXXX1ZO	Nalagarh -II	1	64,12,105.17
2	02XXXXXXXXXXXX1ZS	Nadaun	1	50,16,595.00
3	02XXXXXXXXXXXX1Z3	Nalagarh -I	12	1,21,37,546.50
4	02XXXXXXXXXXXX3ZH	Baddi-II	12	11,28,382.14
5	02XXXXXXXXXXXX1ZH	Nalagarh -I	12	14,32,163.92
6	02XXXXXXXXXXXX1ZZ	Recong Peo	12	10,78,048.68
7	02XXXXXXXXXXXX1ZH	Sataun	12	45,04,880.63
8	02XXXXXXXXXXXX2ZI	Industrial Area Kala Amb	12	11,66,742.72
9	02XXXXXXXXXXXX1ZI	Ambota	12	12,01,520.17
10	02XXXXXXXXXXXX1ZG	Parwanoo -I	12	11,31,851.56
11	02XXXXXXXXXXXX1ZO	Sunder Nagar -I	12	19,19,239.81
12	02XXXXXXXXXXXX1ZQ	Sanjauli	12	9,65,374.61
13	02XXXXXXXXXXXX2ZQ	Sanjauli	12	16,14,396.83
14	02XXXXXXXXXXXX1ZA	Bhoranj and Sujanpur	12	9,15,706.01
15	02XXXXXXXXXXXX2Z3	Parwanoo -II	12	20,55,791.27
			<b>Total</b>	<b>4,26,80,345.03</b>

## Appendix 3.16

(Reference: Paragraph 3.6.2.2)

## Details of cases where taxpayer had valid explanation

(Amount in ₹)

Sl. No.	GSTIN	Circle	Dimension	Mismatch amount
1	02XXXXXXXXXX1ZC	Nalagarh -I	1	44,17,110.79
2	02XXXXXXXXXX3ZF	Barotiwala	1	1,75,13,426.20
3	02XXXXXXXXXX2ZK	Industrial Area Mehatpur	1	66,74,575.86
4	02XXXXXXXXXX2ZE	Baddi-III	1	1,11,74,060.32
5	02XXXXXXXXXX1ZC	Nalagarh -II	1	15,14,15,333.47
6	02XXXXXXXXXX1ZG	Parwanoo -I	1	44,02,799.95
7	02XXXXXXXXXX1Z7	Parwanoo -I	1	52,10,709.63
8	02XXXXXXXXXX2Z5	Baddi-I	4	4,70,56,863.29
9	02XXXXXXXXXX1ZX	Baddi-IV	4	6,55,908.75
10	02XXXXXXXXXX1Z6	Barotiwala	6	6,53,06,151.41
11	02XXXXXXXXXX1ZY	Damtal	6	20,22,00,468.00
12	02XXXXXXXXXX2Z8	Bilaspur -II	6	12,29,59,480.00
13	02XXXXXXXXXX1ZJ	Baddi-II	6	13,56,82,578.00
14	02XXXXXXXXXX1ZV	Parwanoo -I	6	9,43,94,808.39
15	02XXXXXXXXXX1ZD	Parwanoo -II	6	7,86,92,100.09
16	02XXXXXXXXXX1ZK	Baddi-II	6	33,90,89,443.78
17	02XXXXXXXXXX1ZB	Baddi-I	6	32,25,53,832.20
18	02XXXXXXXXXX1ZM	Dhalli	7	81,22,707.00
19	02XXXXXXXXXX1ZB	Kandaghat	7	3,07,26,052.00
20	02XXXXXXXXXX1ZT	Nalagarh -II	7	1,04,74,137.00
21	02XXXXXXXXXX1Z2	Parwanoo -I	7	34,83,478.00
22	02XXXXXXXXXX1Z8	Nalagarh-III	8	17,70,10,608.00
23	02XXXXXXXXXX1ZJ	Dharampur	8	17,51,62,976.00
24	02XXXXXXXXXX1ZK	Kandaghat	8	3,97,94,140.00
25	02XXXXXXXXXX1ZL	Palampur	8	6,21,03,892.00
26	02XXXXXXXXXX2ZZ	Bilaspur -II	8	5,37,72,156.00
27	02XXXXXXXXXX1ZK	Lower Bazar	8	3,13,14,344.00
28	02XXXXXXXXXX2ZN	Baddi-IV	8	2,17,24,784.00
29	02XXXXXXXXXX1ZQ	Dharampur	8	2,11,04,572.00
30	02XXXXXXXXXX2Z4	Bilaspur -II	8	2,02,54,696.00
31	02XXXXXXXXXX1ZD	Parwanoo -II	8	1,74,84,028.00
32	02XXXXXXXXXX2Z1	Baddi-II	9	6,94,10,53,400.00
33	02XXXXXXXXXX1ZN	Baddi-I	9	10,75,94,448.00
34	02XXXXXXXXXX1ZJ	Nalagarh -II	9	5,20,75,052.00
35	02XXXXXXXXXX1Z6	Barotiwala	9	2,73,38,138.00
36	02XXXXXXXXXX2Z5	Baddi-I	9	1,51,82,555.00
37	02XXXXXXXXXX1ZX	Baddi-IV	9	1,24,78,459.00
38	02XXXXXXXXXX1ZO	Ghumarwin	9	9,10,03,936.00
39	02XXXXXXXXXX2ZN	Ghumarwin	9	6,50,35,608.00
40	02XXXXXXXXXX2ZW	Ghumarwin	9	3,19,31,652.00
41	02XXXXXXXXXX1ZM	Bilaspur -I	9	2,87,26,820.00
42	02XXXXXXXXXX3ZY	Ghumarwin	9	1,27,52,369.00
43	02XXXXXXXXXX2ZB	Palampur	9	26,20,46,384.00
44	02XXXXXXXXXX1ZE	Mall Road	9	21,60,66,048.00
45	02XXXXXXXXXX1Z8	Mall Road	9	8,68,54,632.00
46	02XXXXXXXXXX2Z3	Sataun	9	7,39,73,296.00

Sl. No.	GSTIN	Circle	Dimension	Mismatch amount
47	02XXXXXXXXXX1ZJ	Dharampur	9	17,51,62,976.00
48	02XXXXXXXXXX1ZK	Kandaghat	9	3,97,94,140.00
49	02XXXXXXXXXX1ZP	Amb	9	35,91,76,704.00
50	02XXXXXXXXXX1Z6	Nalagarh -I	10	8,50,022.03
51	02XXXXXXXXXX1ZX	Baddi-III	10	1,39,91,729.34
52	02XXXXXXXXXX1Z5	Nalagarh -II	10	65,91,207.00
53	02XXXXXXXXXX1ZH	Nalagarh -II	10	20,20,074.00
54	02XXXXXXXXXX1ZH	Palampur	10	6,69,949.38
55	02XXXXXXXXXX1ZE	Manali	10	9,92,392.00
56	02XXXXXXXXXX1ZT	Sarkaghat	10	41,16,959.00
57	02XXXXXXXXXX1ZD	Sarkaghat	10	25,68,720.00
58	02XXXXXXXXXXHXB	Mall Road	10	19,44,539.00
59	02XXXXXXXXXX1ZF	Dhalli	11	73,530.72
60	02XXXXXXXXXX2Z2	Lahaul Kelong	11	8,175.43
61	02XXXXXXXXXX1ZE	Amb	13	0.00
<b>Total</b>				<b>10,91,40,06,135</b>



## Appendix 3.17

(Reference: Paragraph 3.6.3.1)

## Non-Production of Records

Sl. No.	GST No.	Circle	Details of records not produced
1	02XXXXXXXXXX2ZK	Bangana	Financial statements and P&L account for this GSTN, invoices for the requisite months.
2	02XXXXXXXXXX1Z5	Baddi-IV	Standalone balance sheet, Profit and loss Account, Invoices.
3	02XXXXXXXXXX2ZI	Paunta Circle-II	Standalone balance sheet and Invoices.
4	02XXXXXXXXXX1ZO	Kullu/Banjar	Financial statements for this GSTN, Invoices for the requisite months.
5	02XXXXXXXXXX1ZJ	Nerchowk	Financial statements and P&L account for this GSTN, Invoices for the requisite months.
6	02XXXXXXXXXX1Z8	Chamba	Standalone Profit and Loss statement for this GSTN, Invoices for the requisite months.
7	02XXXXXXXXXX1ZS	Nalagarh-III	Profit and Loss account, Standalone balance sheet and other connected records.
8	02XXXXXXXXXX2Z2	Chopal	Profit & Loss Accounts, Invoices.
9	02XXXXXXXXXX3Z6	Baddi-II	Profit and Loss account, Standalone balance sheet and other connected records.
10	02XXXXXXXXXX1Z7	Nalagarh -II	Standalone balance sheet and other connected records. Profit and Loss account, Directors report and auditors report HSN codes Supply wise of the dealer. Invoices of the selected months.
11	02XXXXXXXXXX1ZS	Dhalli	Standalone balance sheet, Invoices.
12	02XXXXXXXXXX1ZB	Mandi-III	Standalone Profit and Loss statement for this GSTN, Invoices for the requisite months.
13	02XXXXXXXXXX1ZH	Baddi-III	Profit and Loss account, Standalone balance sheet and other connected records, Invoices of the selected months.
14	02XXXXXXXXXX1ZD	Baddi-II	Profit and Loss account, Standalone balance sheet and other connected records, Invoices of the selected months.
15	02XXXXXXXXXX1ZI	Sanjauli	Profit and loss accounts, Invoices.
16	02XXXXXXXXXX1ZQ	Una	Financial statements and P&L account for this GSTN, Invoices for the requisite months.
17	02XXXXXXXXXX1ZZ	Mehatpur	Financial statements and P&L account for this GSTN, Invoices for the requisite months.
18	02XXXXXXXXXX2Z3	Gagret	Financial statements and P&L account for this GSTN, Invoices for the requisite months.
19	02XXXXXXXXXX3ZP	Industrial Area Mehatpur	Financial statements and P&L account for this GSTN, Invoices for the requisite months.
20	02XXXXXXXXXX1ZK	Baddi-IV	Standalone balance sheet, Profit and loss Account, Invoices.
21	02XXXXXXXXXX1ZS	Nalagarh -I	Profit and Loss account, Standalone balance sheet and other connected records. Invoices of the selected months.
22	02XXXXXXXXXX1Z4	Baddi-III	Profit and Loss account, Standalone balance sheet and other connected records.
23	02XXXXXXXXXX1ZH	Hamirpur	Standalone Profit and Loss statement for this GSTN, Invoices for the requisite months.

## Appendix 3.18

(Reference: Paragraph 3.6.3.1)

## Partial Production of Records

Sl. No.	GST No.	Circle	Details of records not produced
1	02XXXXXXXXXX1ZB	Manali	Sundry Creditors/Debtors details
2	02XXXXXXXXXX1ZX	Parwanoo -I	Sundry Creditors/Debtors details
3	02XXXXXXXXXX1Z9	Baddi-IV	Invoices of the selected months
4	02XXXXXXXXXX1ZP	Paunta -II	Standalone balance sheet
5	02XXXXXXXXXX3ZV	Sanjauli	Sundry Creditors/Debtors details
6	02XXXXXXXXXX2Z7	Industrial Area Kala Amb	Balance sheet, Invoices
7	02XXXXXXXXXX2ZT	Barotiwala	Job work challans, invoices of selected months
8	02XXXXXXXXXX1ZJ	Bhoranj and Sujanpur	Invoices of the selected months
9	02XXXXXXXXXX1ZK	Paunta -I	Notes to accounts of financial statements
10	02XXXXXXXXXX1Z7	Barsar	Sundry Creditors/Debtors details
11	02XXXXXXXXXX6ZZ	Kangra-I	Sundry Creditors/Debtors details
12	02XXXXXXXXXX2ZW	Nahan -I	Invoices of the selected months
13	02XXXXXXXXXX1ZJ	Ambota	Sundry Creditors/Debtors details
14	02XXXXXXXXXX1ZZ	Nahan -I	Sundry Creditors/Debtors details
15	02XXXXXXXXXX1ZO	Baddi-II	Invoices of the selected months
16	02XXXXXXXXXX1ZD	Mall Road	Schedules to profit and loss accounts and other connected documents, invoices.
17	02XXXXXXXXXX1ZZ	Nerchowk	Sundry Creditors/Debtors details
18	02XXXXXXXXXX1ZX	Mandi-III	Sundry Creditors/Debtors details
19	02XXXXXXXXXX2ZZ	Cart Road	Notes to accounts of financial statements and invoices
20	02XXXXXXXXXX1ZE	Barotiwala	Job work challans, invoices of selected months
21	02XXXXXXXXXX1ZP	Industrial Area Kala Amb	Job work challans, invoices of selected months
22	02XXXXXXXXXX1ZU	Bhoranj and Sujanpur	Sundry Creditors/Debtors details
23	02XXXXXXXXXX1ZG	Manali	Notes/schedules, fixed assets schedule, sundry debtors/creditors details
24	02XXXXXXXXXX1Z8	Industrial Area Kala Amb	Job work challans, invoices of selected months
25	02XXXXXXXXXX1Z1	Industrial Area Kala Amb	Job work challans, invoices of selected months
26	02XXXXXXXXXX1ZP	Bhoranj and Sujanpur	Invoices of the selected months
27	02XXXXXXXXXX1ZF	Ambota	Sundry Creditors/Debtors details
28	02XXXXXXXXXX1ZM	Baddi-III	Invoices of the selected months
29	02XXXXXXXXXX1ZV	Paunta -I	Sundry Creditors/Debtors details
30	02XXXXXXXXXX1ZO	Dehra	Ledger accounts related to wages, overheads, depreciation etc. (non-taxable elements), Incomplete financial records (Notes/schedules, sundry debtors/creditors details), invoices
31	02XXXXXXXXXX1ZZ	Kullu	Sundry Creditors/Debtors details
32	02XXXXXXXXXX1ZH	Mandi-III	Sundry Creditors/Debtors details

## Appendix 3.19

(Reference: Paragraph 3.6.3.2)

## Non/Short Payment of interest on delayed payment

Sl. No.	GSTIN	No. of GSTR-3B returns filed late	Range of delays in days	Non/Short payment of interest (Amount in ₹)	District	Circle
1	02XXXXXXXXXX1ZJ	1	38	2,40,185.55	Mandi	Nerchowk
2	02XXXXXXXXXX1ZK	1	19	3,283.31	Sirmour	Paunta -I
3	02XXXXXXXXXX2ZI	2	1	38,404.63	Sirmour	Paunta -II
4	02XXXXXXXXXX2ZT	6	3 to 231	37,78,319.04	BBN Baddi	Barotiwal
5	02XXXXXXXXXX1Z5	2	3	8,200.99	BBN Baddi	Baddi-IV
6	02XXXXXXXXXX2Z3	1	164	59,587.78	Hamirpur	Bhoranj and Sujanpur (Gagret)
7	02XXXXXXXXXX3ZV	1	4	48,015.88	Shimla	Sanjauli
8	02XXXXXXXXXX1ZK	4	126 to 190	35,20,849.70	BBN Baddi	Baddi-IV
9	02XXXXXXXXXX1ZP	4	2 to 31	9,420.66	Sirmour	Industrial Area Kala Amb
10	02XXXXXXXXXX1Z4	2	1 to 4	7,947.02	BBN Baddi	Baddi-III
11	02XXXXXXXXXX1ZZ	1	9	9,042.84	Sirmour	Nahan -I
12	02XXXXXXXXXX1ZO	2	84 to 174	5,58,488.40	Kullu	Kullu/Banjar
13	02XXXXXXXXXX1ZE	4	134 to 269	9,44,838.69	BBN Baddi	Barotiwal
14	02XXXXXXXXXX2Z7	2	7 to 8	27,606.42	Sirmour	Industrial Area Kala Amb
15	02XXXXXXXXXX1Z1	1	31	6,878.11	Sirmour	Industrial Area Kala Amb
16	02XXXXXXXXXX1ZB	2	4 to 42	2,408.26	Mandi	Mandi-III AETC Mandi
17	02XXXXXXXXXX1Z7	1	28	1,822.27	Hamirpur	Barasar
18	02XXXXXXXXXX1ZZ	2	2 to 32	1,066.90	Mandi	Nerchowk
Total				92,66,366.45		

## Appendix 3.20

(Reference: Paragraph 3.6.3.3 d(i))

## Excess availment of ITC

(Amount in ₹)

Sl. No.	GSTIN	Total ITC Available	ITC Available	Difference	Circle
		All other ITC+ITC reversal in case of Others + ITC on inward supplies availed in next FY (GSTR3B(4A_5+4B_2) +GSTR9(8C))	B2B excluding reverse charge (Tax only) +Net of Debit and Credit Note (tax only) [Table 3 (Tax only) + Table 5 (Tax Only)]		
1	02XXXXXXXXXX1ZS	24,66,86,403.00	23,42,28,501.41	-1,24,57,901.59	Nalagarh-III
2	02XXXXXXXXXX1ZD	22,02,519.00	11,21,606.55	-10,80,912.45	Baddi-II
3	02XXXXXXXXXX2ZT	16,16,01,264.88	14,57,72,026.99	-1,58,29,237.88	Barotiwala
4	02XXXXXXXXXX1Z5	7,99,59,390.00	5,79,02,233.43	-2,20,57,156.57	Baddi-IV
5	02XXXXXXXXXX3Z6	6,99,00,208.00	5,82,83,597.69	-1,16,16,610.31	Baddi-II
6	02XXXXXXXXXX1ZH	19,85,94,429.00	19,76,80,782.98	-9,13,646.02	Baddi-III
7	02XXXXXXXXXX1ZK	9,97,46,352.00	8,07,74,074.82	-1,89,72,277.18	Baddi-IV
8	02XXXXXXXXXX1Z7	9,06,92,448.00	7,64,46,681.05	-1,42,45,766.95	Nalagarh -II
9	02XXXXXXXXXX1Z4	1,83,07,122.00	1,41,88,341.07	-41,18,780.93	Baddi-III
10	02XXXXXXXXXX1ZE	2,76,69,044.00	2,22,67,532.38	-54,01,511.62	Barotiwala
11	02XXXXXXXXXX1Z9	28,31,86,046.00	26,37,36,784.22	-1,94,49,261.78	Baddi-IV
12	02XXXXXXXXXX1ZM	3,34,68,862.26	2,35,10,177.56	-99,58,684.70	Baddi-III
13	02XXXXXXXXXX1ZO	53,90,412.00	3,06,285.61	-50,84,126.39	Baddi-II
14	02XXXXXXXXXX1Z8	5,04,57,568.00	3,59,10,823.48	-1,45,46,744.52	Chamba
15	02XXXXXXXXXX2Z3	1,85,68,492.00	1,32,87,805.26	-52,80,686.74	Bhoranj and Sujanpur (gagret)
16	02XXXXXXXXXX1ZQ	3,33,39,684.00	3,24,19,947.07	-9,19,736.93	Hamirpur (Una circle)
17	02XXXXXXXXXX1ZJ	1,68,06,984.00	1,27,87,569.79	-40,19,414.21	Bhoranj and Sujanpur
18	02XXXXXXXXXX1Z7	91,21,426.00	55,45,287.87	-35,76,138.13	Barsar
19	02XXXXXXXXXX1ZU	39,18,458.27	22,55,319.73	-16,63,138.54	Bhoranj and Sujanpur
20	02XXXXXXXXXX6ZZ	65,89,826.00	30,53,894.82	-35,35,931.18	Kangra-I
21	02XXXXXXXXXX1ZB	28,72,80,320.00	22,15,76,223.81	-6,57,04,096.19	Manali
22	02XXXXXXXXXX1ZO	21,82,95,952.00	19,94,61,872.43	-1,88,34,079.57	Kullu/Banjar
23	02XXXXXXXXXX1ZZ	20,96,159.00	19,54,655.58	-1,41,503.42	Kullu
24	02XXXXXXXXXX1ZJ	86,76,38,702.31	78,17,78,295.58	-8,58,60,406.74	Nerchowk
25	02XXXXXXXXXX1ZX	27,28,708.38	16,52,109.01	-10,76,599.36	Mandi-III AETC Mandi
26	02XXXXXXXXXX1ZB	16,61,644.00	3,50,207.78	-13,11,436.22	Mandi-III AETC Mandi
27	02XXXXXXXXXX1ZH	45,18,224.00	28,27,484.70	-16,90,739.30	Mandi-III AETC Mandi
28	02XXXXXXXXXX1ZZ	2,18,30,863.00	1,98,97,555.46	-19,33,307.54	Nerchowk
29	02XXXXXXXXXX1Z1	68,93,805.88	57,00,005.29	-11,93,800.58	Sanjauli
30	02XXXXXXXXXX1ZD	1,50,63,180.00	1,31,87,258.79	-18,75,921.21	Mall Road

Sl. No.	GSTIN	Total ITC Available	ITC Available	Difference	Circle
		All other ITC+ITC reversal in case of Others + ITC on inward supplies availed in next FY (GSTR3B(4A_5+4B_2) +GSTR9(8C))	B2B excluding reverse charge (Tax only) +Net of Debit and Credit Note (tax only) [Table 3 (Tax only) + Table 5 (Tax Only)]		
31	02XXXXXXXXXX3ZV	28,37,67,192.00	23,16,75,814.42	-5,20,91,377.58	Sanjauli
32	02XXXXXXXXXX1ZS	53,66,821.47	37,49,927.96	-16,16,893.51	Dhalli
33	02XXXXXXXXXX2Z2	22,86,390.50	38,025.80	-22,48,364.70	Chopal
34	02XXXXXXXXXX1ZK	2,17,51,530.00	1,78,38,241.71	-39,13,288.29	Paunta -I
35	02XXXXXXXXXX2ZI	70,51,75,784.00	64,40,97,218.08	-6,10,78,565.92	Paunta -II
36	02XXXXXXXXXX1ZP	72,17,81,736.00	64,67,53,451.42	-7,50,28,284.58	Paunta -II
37	02XXXXXXXXXX1ZZ	1,06,74,395.00	83,41,896.12	-23,32,498.88	Nahan -I
38	02XXXXXXXXXX2Z7	1,89,13,134.00	1,20,02,898.49	-69,10,235.51	Industrial Area Kala Amb
39	02XXXXXXXXXX2ZW	1,24,72,690.00	95,51,682.84	-29,21,007.16	Nahan -I
40	02XXXXXXXXXX1ZV	43,34,766.50	7,31,781.49	-36,02,985.01	Paunta -I
41	02XXXXXXXXXX1ZX	5,95,53,010.50	4,18,73,989.75	-1,76,79,020.75	Parwanoo -I
42	02XXXXXXXXXX1ZJ	35,82,338.25	9,69,585.94	-26,12,752.31	Ambota
43	02XXXXXXXXXX1ZF	2,88,80,205.00	67,84,692.69	-2,20,95,512.31	Ambota
44	02XXXXXXXXXX1ZZ	14,93,36,096.00	11,89,35,952.65	-3,04,00,143.35	Mehatpur
45	02XXXXXXXXXX3ZP	21,19,27,522.00	20,12,30,283.01	-1,06,97,238.99	Industrial Area Mehatpur
<b>TOTAL</b>		<b>5,12,40,18,108.19</b>	<b>4,47,44,40,384.60</b>	<b>-64,95,77,723.60</b>	

## Appendix 3.21

(Reference: Paragraph 3.6.3.3 d(ii))

Availment of more ITC than eligible

Sl. No.	GSTIN	GSTR9			ITC available as per 2A	Difference between Col 18 and Col 126	Circle	GSTR9
		Difference ITC as per GSTR2A and 3B	GSTR 9 declared Net ITC as per 2A	ITC available as per 2A				
		Table 8D (Col. 129)	Table 8A (Col. 126)					
I	II	III	IV	V	VI = V-IV	VII	VIII	
1	02XXXXXXXXXX1ZS	-78,25,309.00				Nalagarh-III	-78,25,309.00	
2	02XXXXXXXXXX1ZD	-1,04,225.64	20,98,294.50	11,21,606.55	-9,76,687.95	Baddi-II	-9,76,687.95	
3	02XXXXXXXXXX2ZT	-44,23,392.00	14,57,77,856.00	14,57,72,026.99	-5,829.01	Barotiwalla	-44,23,392.00	
4	02XXXXXXXXXX1Z5	-2,63,00,930.00	5,84,68,444.00	5,79,02,233.43	-5,66,210.57	Baddi-IV	-2,63,00,930.00	
5	02XXXXXXXXXX3Z6	-19,67,459.25				Baddi-II	-19,67,459.25	
6	02XXXXXXXXXX1ZH	-	19,87,50,688.00	19,76,80,782.98	-10,69,905.02	Baddi-III	-10,69,905.02	
7	02XXXXXXXXXX1ZK	-	8,08,25,856.00	8,07,74,074.82	-51,781.18	Baddi-IV	-51,781.18	
8	02XXXXXXXXXX1Z7	-13,00,914.50				Nalagarh -II	-13,00,914.50	
9	02XXXXXXXXXX1ZE	-2,00,484.02	2,30,99,280.00	2,22,67,532.38	-8,31,747.62	Barotiwalla	-8,31,747.62	
10	02XXXXXXXXXX1Z9	-1,95,68,804.00				Baddi-IV	-1,95,68,804.00	
11	02XXXXXXXXXX1ZO	-20,89,431.88	20,86,322.00	3,06,285.61	-17,80,036.39	Baddi-II	-20,89,431.88	
12	02XXXXXXXXXX1Z8	-85,58,585.00	3,59,12,792.00	3,59,10,823.48	-1,968.52	Chamba	-85,58,585.00	
13	02XXXXXXXXXX2Z3	-	1,36,56,434.00	1,32,87,805.26	-3,68,628.74	Bhoranj and Sujanpur (gagret)	-3,68,628.74	
14	02XXXXXXXXXX1ZQ	-5,67,628.13	3,27,72,054.00	3,24,19,947.07	-3,52,106.93	Hamirpur (Una)	-5,67,628.13	
15	02XXXXXXXXXX1ZJ	-40,87,166.50				Bhoranj and Sujanpur	-40,87,166.50	
16	02XXXXXXXXXX1Z7	-	91,55,492.00	55,45,287.87	-36,10,204.13	Barsar	-36,10,204.13	
17	02XXXXXXXXXX1ZU	-73,328.34				Bhoranj and Sujanpur	-73,328.34	
18	02XXXXXXXXXX6ZZ	-31,88,536.50	34,01,289.50	30,53,894.82	-3,47,394.68	Kangra-I	-31,88,536.50	
19	02XXXXXXXXXX1ZB	-4,56,45,076.00	24,16,35,280.00	22,15,76,223.81	-2,00,59,056.19	Manali	-4,56,45,076.00	
20	02XXXXXXXXXX1ZO	-1,47,21,717.00	20,32,02,864.00	19,94,61,872.43	-37,40,991.57	Kullu/Banjar	-1,47,21,717.00	
21	02XXXXXXXXXX1ZJ	-1,04,96,920.00				Nerchowk	-1,04,96,920.00	

Sl. No.	GSTIN	GSTR9				Difference ITC as per GSTR2A and 3B Table 8D (Col. 129)	GSTR 9 declared Net ITC as per 2A Table 8A (Col. 126)	ITC available as per 2A		Difference between Col 18 and Col 126 VI = V-IV	Circle	Greater of {Table 8D of GSTR-9 and (ITC available GSTR 2A-Table 8A of GSTR-9)}
		Difference ITC as per GSTR2A and 3B Table 8D (Col. 129)	GSTR 9 declared Net ITC as per 2A Table 8A (Col. 126)	ITC available as per 2A								
				Table 8D (Col. 129)	Table 8A (Col. 126)			ITC Avail_2A (Col. 18)	V			
I	II	III	IV	V	VI = V-IV	VII	VIII					
22	02XXXXXXXXXX1ZX	-10,80,955.38				Mandi-III AETC Mandi	-10,80,955.38					
23	02XXXXXXXXXX1ZB	-12,50,730.38	4,02,153.63	3,50,207.78	-51,945.84	Mandi-III AETC Mandi	-12,50,730.38					
24	02XXXXXXXXXX1ZZ	-18,69,594.75	1,99,61,268.00	1,98,97,555.46	-63,712.54	Nerchowk	-18,69,594.75					
25	02XXXXXXXXXX2ZZ	-8,57,239.00	94,23,578.00	93,78,837.43	-44,740.57	Cart Road	-8,57,239.00					
26	02XXXXXXXXXX1Z1	-3,47,861.25	65,45,945.00	57,00,005.29	-8,45,939.71	Sanjauli	-8,45,939.71					
27	02XXXXXXXXXX1ZD	-19,13,773.00				Mall Road	-19,13,773.00					
28	02XXXXXXXXXX3ZV	-	24,33,62,304.00	23,16,75,814.42	-1,16,86,489.58	Sanjauli	-1,16,86,489.58					
29	02XXXXXXXXXX1ZS	-4,50,468.28	50,50,554.00	37,49,927.96	-13,00,626.04	Dhalli	-13,00,626.04					
30	02XXXXXXXXXX2Z2	-32,65,966.00	53,725.40	38,025.80	-15,699.60	Chopal	-32,65,966.00					
31	02XXXXXXXXXX1ZK	-37,96,430.50	1,78,85,180.00	1,78,38,241.71	-46,938.29	Paunta -I	-37,96,430.50					
32	02XXXXXXXXXX2Z1	-1,77,89,608.00				Paunta -II	-1,77,89,608.00					
33	02XXXXXXXXXX1ZP	-1,32,735.63				Industrial Area Kala Amb	-1,32,735.63					
34	02XXXXXXXXXX1ZP	-31,31,952.50	66,60,84,864.00	64,67,53,451.42	-1,93,31,412.58	Paunta -II	-1,93,31,412.58					
35	02XXXXXXXXXX1ZZ	-	1,06,80,111.00	83,41,896.12	-23,38,214.88	Nahan -I	-23,38,214.88					
36	02XXXXXXXXXX2Z7	-69,41,113.00				Industrial Area Kala Amb	-69,41,113.00					
37	02XXXXXXXXXX2ZW	-29,65,359.00				Nahan -I	-29,65,359.00					
38	02XXXXXXXXXX1ZJ	-26,15,716.25				Ambota	-26,15,716.25					
39	02XXXXXXXXXX1ZZ	-3,61,918.44	11,93,73,632.00	11,89,35,952.65	-4,37,679.35	Mehatpur	-4,37,679.35					
40	02XXXXXXXXXX3ZP	-	20,13,68,960.00	20,12,30,283.01	-1,38,676.99	Industrial Area Mehatpur	-1,38,676.99					
Total		-19,98,91,329.09	2,35,10,35,221.02	2,28,09,70,596.56	-7,00,64,624.5		-23,82,82,412.73					



### Appendix 3.22

(Reference: Paragraph 3.6.3.3 d(iii))

#### Less reversal in lieu of common inputs for taxable and non-taxable supplies

Sl. No.	GSTIN	[GSTR-9 Table(5D+5E)/(5N-5F)]* [R-9 Table 6B+6C+6D+6E (only input and input services) +(6F+6G+8C) (the sum of table 4d(2) of GSTR-3B + GSTR-9 Table 7E+12)]	ITC Reversed shown in table 7C+7H of GSTR 9	Less reversal/ No reversal in lieu of common inputs for taxable and non-taxable supplies	Circle
1	02XXXXXXXXXXXX1ZK	1,11,35,649.29	0	1,11,35,649.29	Baddi-IV
2	02XXXXXXXXXXXX2ZZ	61,30,627.82	53,66,797.00	7,63,830.82	Cart Road Circle, Shimla
3	02XXXXXXXXXXXX1ZD	4,57,932.60	0	4,57,932.60	Mall Road, Shimla
4	02XXXXXXXXXXXX3ZV	5,75,808.09	0	5,75,808.09	Sanjauli, Shimla
<b>Total</b>		<b>1,83,00,017.80</b>	<b>53,66,797.00</b>	<b>1,29,33,220.80</b>	

## Appendix 3.23

(Reference: Paragraph 3.6.3.3 d(v))

Excess claim of ITC than that available (GSTR-3B vs GSTR-9)

(Amount in ₹)

Sl. No.	GSTIN	Difference in ITC of GSTR 9 and GSTR 3B (GSTR9_6J)	ITC available (GSTR9_6I)	ITC availed through GSTR3B(GSTR9_6A)	Excess claim of ITC [GSTR9(6I-6A)]	Circle
1	02XXXXXXXXXX2ZT	-1,52,87,353.00	17,41,45,936.00	18,94,33,280.00	-1,52,87,344.00	Barotiwala
2	02XXXXXXXXXX3Z6	-59,34,613.00	8,46,57,864.00	9,05,92,472.00	-59,34,608.00	Baddi-II
3	02XXXXXXXXXX1Z7	-1,29,535.00	9,96,38,224.00	9,97,67,752.00	-1,29,528.00	Nalagarh -II
4	02XXXXXXXXXX1ZE	-22,360.00	3,13,47,320.00	3,13,69,680.00	-22,360.00	Barotiwala
5	02XXXXXXXXXX1ZM	-4,96,998.28	4,42,46,424.00	4,47,43,420.00	-4,96,996.00	Baddi-III
6	02XXXXXXXXXX1ZO	-12,14,658.13	41,75,754.00	53,90,412.00	-12,14,658.00	Baddi-II
7	02XXXXXXXXXX1Z8	-59,25,092.00	3,76,37,968.00	4,35,63,056.00	-59,25,088.00	Chamba
8	02XXXXXXXXXX2Z3	-49,27,569.50	1,36,40,923.00	1,85,68,492.00	-49,27,569.00	Bhoranj and Sujanpur (Gagret)
9	02XXXXXXXXXX1ZP	-21,72,960.00	2,15,55,680.00	2,37,28,640.00	-21,72,960.00	Bhoranj and Sujanpur
10	02XXXXXXXXXX2ZI	-4,22,45,112.00	67,73,25,952.00	71,95,71,072.00	-4,22,45,120.00	Paunta -II
11	02XXXXXXXXXX2Z7	-13,92,572.88	1,86,46,540.00	2,00,39,114.00	-13,92,574.00	Industrial Area Kala Amb
12	02XXXXXXXXXX1ZV	-36,19,969.50	7,14,797.00	43,34,766.50	-36,19,969.50	Paunta -I
13	02XXXXXXXXXX2ZK	-1,75,77,440.00	1,12,27,76,448.00	1,14,03,53,792.00	-1,75,77,344.00	Bangana
<b>Total</b>		<b>-10,09,46,233.28</b>	<b>2,33,05,09,830.00</b>	<b>2,43,14,55,948.50</b>	<b>-10,09,46,118.50</b>	

## Appendix 3.24

(Reference: Paragraph 3.6.3.3 d(vii))

## Short payment of tax under Reverse Charge Mechanism

Sl. No.	GSTIN	GSTR 9				TOTAL	Difference (short payment of tax)	Circle
		Inward supplies on which Tax to be paid on Reverse Charge Basis Table 4G Col. 77	Inward supplies received from unregistered persons liable to reverse charge (Tax only) Table 6C Col. 104	Inward supplies received from registered but liable to reverse charge (Tax only) Table 6D Col. 105	Import of Services excluding inward supplies from SEZ Table 6F Col. 107			
1	2	3	4	5	6	7	8	9
1	02XXXXXXX2ZT	12,58,107.13	0.00	13,31,242.75	0.00	13,31,242.75	-73,135.63	Barotiwala
2	02XXXXXXX1ZS	20,01,663.38	0.00	21,54,673.50	7,523.19	21,62,196.69	-1,60,533.31	Dhalli
TOTAL		32,59,770.50	0.00	34,85,916.25	7,523.19	34,93,439.44	-2,33,668.94	2

## Appendix 3.25

(Reference: Paragraph 3.6.3.4 (a))

## Non-levy of tax on other incomes - Exclusion of supply

(Amount in ₹)

Sl. No.	GSTIN	Type of Income	Amount	Tax rate	Tax	Circle/Range	Recovery made (if any)
1	02XXXXXXXXXX1Z4	Scrap sale	72,366.00	5	3,618.30	Baddi-III	
2	02XXXXXXXXXX1ZB	Scrap sale	77,20,215.00	5	3,86,010.75	Manali Circle	
3	02XXXXXXXXXX1ZH	Discount under direct Income	1,03,512.00	28	28,983.36	Mandi-III AETC Mandi	
4	02XXXXXXXXXX3ZV	Scrap sale	4,87,42,270.00	5	24,37,113.50	Sanjauli	
		Profit on sale of Plant & Machinery	1,58,31,166.00	5	7,91,558.30		
5	02XXXXXXXXXX1ZP	Scrap sale	1,33,48,000.00	5	6,67,400.00	Industrial Area Kala Amb	
		Sale of Plant & Machinery	71,90,000.00	5	3,59,500.00		
6	02XXXXXXXXXX1Z9	Scrap sale	46,18,607.00	5	2,30,930.35	Baddi-IV	
		<b>Total</b>	<b>9,76,26,136</b>		<b>49,05,114.56</b>		
<b>Cases where recovery made</b>							
7	02XXXXXXXXXX2ZK	Profit on sale of fixed assets	12,69,829.00	5	63,491.45	Bangana Circle	Recovery made (recovered amount 2,47,656/-)
8	02XXXXXXXXXX1ZO	Insurance commission	1,00,422.00	18	18,075.96	Dehra	Recovery made (recovered amount 31,216/-)
		<b>Total</b>	<b>9,89,96,387</b>		<b>49,86,681.97</b>		

## Appendix 3.26

(Reference: Paragraph 3.6.3.4 (b))

## Un-discharged liability under RCM

Sl. No.	GSTIN	Services in P&L on which RCM not paid	Taxable value of service on which RCM Liable to pay as per P/L account	Rate of tax (In per cent)	Tax due under RCM (ExF)/100	Taxable supply under RCM as per GSTR-9(4G)	Total RCM paid as per GSTR-9 (4G)	Short paid	Circle/ Range	Recovery made (if any)
1	02XXXXXXXXXX6ZZ	Labour & freight	4,58,887	12	55,066.44	0	0.00	55,066.44	Kangra-I	
2	02XXXXXXXXXX1ZK	Professional charges	20,000	18	3,600.00	6,77,615	84,380.00	2,02,054.96	Paunta Circle-I	
		Freight	23,56,958	12	2,82,834.96					
3	02XXXXXXXXXX2Z3	professional fees	60,000	18	10,800.00	76,228	3,812.00	1,71,468.04	Gagret	
		Freight indirect	13,70,667	12	1,64,480.04					
4	02XXXXXXXXXX1ZP	Freight & cartage	61,22,000	12	7,34,640.00	61,60,869	6,42,129.31	23,05,250.69	Industrial Area Kala Amb	
		Legal & Professional fees	1,22,93,000	18	22,12,740.00					
5	02XXXXXXXXXX1Z8	Freight outward	65,28,820	12	7,83,458.40	53,85,648	2,95,454.00	4,88,004.40	Industrial Area Kala Amb	
6	02XXXXXXXXXX1ZZ	Legal & Professional fees	62,000	18	11,160.00	3,36,280	29,495.00	69,148.84	Nahan Circle-I	
		freight outward	7,29,032	12	87,483.84					
7	02XXXXXXXXXX1ZX	Legal & Professional fees	10,50,500	18	1,89,090.00	48,56,447	4,11,779.88	11,30,163.61	Parwanoo Circle-I	
		freight charges	33,10,290	12	3,97,234.80					

Sl. No.	GSTIN	Services in P&L on which RCM which RCM not paid	Taxable value of service on which RCM Liable to pay as per P/L account	Rate of tax (In <i>per cent</i> )	Tax due under RCM (ExF)/100	Taxable supply under RCM as per GSTR-9(4G)	Total RCM paid as per GSTR-9 (4G)	Short paid	Circle/ Range	Recovery made (if any)
		Cartage inward import	79,63,489	12	9,55,618.68					
8	02XXXXXXXXXX1ZQ	Legal & Professional Charges	2,47,000	18	44,460.00	64,21,174	4,55,620.00	16,61,845.28	Hamirpur Circle (Una circle)	
		Freight	1,72,75,044	12	20,73,005.28					
9	02XXXXXXXXXX1ZE	Legal & Professional Charges	14,55,550	18	2,61,999.00	5,63,700	59,386.00	3,85,190.84	Barotiawala	
		Freight inward	15,21,482	12	1,82,577.84					
10	02XXXXXXXXXX1ZX	Legal & Professional Charges	3,06,000	18	55,080.00	0	0.00	2,34,751.68	Mandi-III AETC Mandi	
		Freight charges	14,97,264	12	1,79,671.68					
11	02XXXXXXXXXX2Z7	Professional fees	1,30,001	18	23,400.18	89,045	4,453.00	18,947.18	Industrial Area Kala Amb	
12	02XXXXXXXXXX1Z1	Legal & Professional Charges	62,837	18	11,310.66	0	0.00	11,310.66	Industrial Area Kala Amb	
13	02XXXXXXXXXX1Z9	Legal and Professional Expenses	88,26,610	18	15,88,789.80	1,53,70,560	6,45,861.00	10,98,069.72	Baddi-IV	
		Freight inward	12,92,841	12	1,55,140.92					
14	02XXXXXXXXXX1ZV	Legal expenses	40,000	18	7,200.00	0	0.00	7,416.00	Paunta Circle-I	
		Freight & Forwarding charges	1,800	12	216.00					

Sl. No.	GSTIN	Services in P&L on which RCM which RCM not paid	Taxable value of service on which RCM Liable to pay as per P/L account	Rate of tax (In per cent)	Tax due under RCM (ExF)/100	Taxable supply under RCM as per GSTR-9(4G)	Total RCM paid as per GSTR-9 (4G)	Short paid	Circle/ Range	Recovery made (if any)
15	02XXXXXXXXXX1ZZ	Legal expenses	28,000	18	5,040.00	0	0.00	1,59,716.64	Nerchowk	
		Freight	12,88,972	12	1,54,676.64					
16	02XXXXXXXXXX1ZO	Freight payment	1,98,42,370	12	23,81,084.40	0	0.00	23,94,152.40	Baddi-II	
		Legal & Professional Expenses	72,600	18	13,068.00					
<b>Cases were recovery made</b>										
17	02XXXXXXXXXX1ZZ	Freight Expenses direct	51,61,231	12	6,19,347.72	65,63,980	3,28,200.00	8,96,508.12	Mehatpur Circle	Department recovered amount 3,28,200/-
		Freight Expenses indirect	50,44,670	12	6,05,360.40					
<b>TOTAL</b>			<b>9,62,14,014</b>		<b>1,42,49,635.68</b>	<b>4,65,01,546</b>	<b>29,60,570.19</b>	<b>1,12,89,065.49</b>		
			<b>Balance 16 cases</b>		<b>1,30,24,927.56</b>	<b>3,99,37,566</b>	<b>26,32,370.19</b>	<b>1,03,92,557.37</b>		



### Appendix 3.27

(Reference: Paragraph 3.6.3.4 c(ii))

#### Mismatch of turnover between financial statements and returns

Sl. No.	GSTIN	Ret Year	Value of 5R of 9C (col. 173_500)	Value of 7G of 9C (col. 176_500)	Value of 9R of 9C (col. 179_500)	Taxable turnover as per R-9 (col. 98_500)	Supply as per annual financial statement	Supply w.e.f. April to June 2017	Supply/ Turnover excluding April to June 2017	Difference (Col.7-10)	Circle
1	2	3	4	5	6	7	8	9	10	11	12
1	02XXXXXXXXXX1Z4	2017-18	0.00	0.00	-223.71	304649024.00	472084493.00	106720600.00	365363893.00	-60714869.00	Baddi-III
2	02XXXXXXXXXX1ZP	2017-18	-3.04	-3.52	1.56	892827264.00	1403218000.00	288825122.00	1114392878.00	-221565614.00	Industrial Area Kala Amb
3	02XXXXXXXXXX1ZZ	2017-18	0.00	0.00	0.00	85984520.00	133673403.00	37507357.00	96166046.00	-10181526.00	Nahan Circle-I
4	02XXXXXXXXXX1ZX	2017-18	NULL	NULL	NULL	2078183.63	27484217.00	0.00	27484217.00	-25406033.38	Mandi-III AETC Mandi
5	02XXXXXXXXXX1Z9	2017-18	100338.00	100338.00	-113614.96	2063783552.00	2571180294.00	499743946.00	2071436348.00	-7652796.00	Baddi-IV
						<b>3,34,93,22,543.63</b>			<b>3,67,48,43,382.00</b>	<b>-32,55,20,838.38</b>	

## Appendix 3.28

(Reference: Paragraph 3.6.3.4 c(ii))

Undischarged Tax liability- Non follow up

(Amount in ₹)

Sl. No.	GSTIN	GSTR 9C			R-9C(5Q)	GSTR9 5N(4N+5M-4G)	Difference (Col. 6-7)	Circle
		Table 5R	Table 7G	Table 9R				
		Unreconciled turnover (turnover as per GSTR 9-TO as per Fin. Stat)	Unreconciled turnover (turnover as per GSTR 9-TO as per Fin. Stmt.)	Unreconciled payment of tax (tax paid as per GSTR 9-tax payable as per returns)				
1	2	3	4	5	6	7	8	9
1	02XXXXXXXXXX1ZJ	-145689961.62	-145689961.62	0.00	2869725372.57	2869725469.00	-96.43	Nerchowk
2	02XXXXXXXXXX1ZS	0.00	0.00	0.00	2164803720.43	2164682695.13	121025.30	Nalagarh-III
3	02XXXXXXXXXX2ZT	-634866.61	-3.35	-0.62	1176524968.34	1176524940.00	28.34	Barotiwala
4	02XXXXXXXXXX1Z5	10682269.00	10682269.00	-4637614.00	1359855306.00	1349173030.00	10682276.00	Baddi-IV
5	02XXXXXXXXXX2Z3	-19033774.87	-19033774.87	271491.18	158614790.13	158614796.00	-5.87	Bhoranj and Sujampur Circle
6	02XXXXXXXXXX1ZP	-3.04	-3.92	1.56	1141244757.47	1141199003.00	45754.47	Industrial Area Kala Amb
7	02XXXXXXXXXX1ZS	0.00	0.00	6.56	3221503457.00	3211240184.00	10263273.00	Nalagarh Circle-I
8	02XXXXXXXXXX2Z7	-73712669.00	-73712669.00	0.00	212155002.00	212155003.00	-1.00	Industrial Area Kala Amb
9	02XXXXXXXXXX1Z9	100338.00	100338.00	-113614.96	2047466220.00	2048412992.00	-946772.00	Baddi-IV
10	02XXXXXXXXXX1Z7	0.00	0.00	47.78	70081578.00	69696024.00	385554.00	Barsar Circle
11	02XXXXXXXXXX1ZZ	0.00	0.00	-3316158.00	127080179.00	127080176.00	3.00	Nerchowk
		-23,90,71,272.10	-23,84,36,405.49	-80,67,386.96	7,95,74,88,818.90	7,93,59,90,936.13	2,14,97,882.77	

### Appendix 3.29

(Reference: Paragraph 3.6.3.4 c(iii))

Cases involving different tax liabilities under GSTR-1 and GSTR-9

Sl. No.	GSTIN	GSTR 1 Liability	GSTR 9 Liability (Table 4N-4G)	Inconsistencies (Col. 4-3)	Circle
1	2	3	4	5	6
1	02XXXXXXXXXXXX3Z6	10,18,56,472.00	10,18,12,984.66	-43,487.34	Baddi-II
2	02XXXXXXXXXXXX1Z9	25,22,53,184.00	25,21,39,548.04	-1,13,635.96	Baddi-IV
3	02XXXXXXXXXXXX1ZZ	24,11,867.00	-	-24,11,867.00	Kullu Circle
4	02XXXXXXXXXXXX1ZJ	83,16,16,830.00	83,13,61,046.00	-2,55,784.00	Nerchowk
5	02XXXXXXXXXXXX1ZS	3,26,18,226.00	3,25,93,176.63	-25,049.38	Dhali Circle
6	02XXXXXXXXXXXX1ZP	93,17,82,910.00	93,14,29,866.00	-3,53,044.00	Paunta Circle-II
7	02XXXXXXXXXXXX2ZK	41,63,55,904.00	41,45,93,218.00	-17,62,686.00	Bangana Circle
<b>Total</b>		<b>2,56,88,95,393.00</b>	<b>2,56,39,29,839.32</b>	<b>-49,65,553.68</b>	

## Appendix 3.30

(Reference: Paragraph 3.6.3.4 c(iv))

## Incorrect discharging of tax liability

Sl. No.	GSTIN	Greatest of GSTR-1 liability and GSTR-9 liability (Col. 14)	GSTR-9 payments (R9 Table(9+14-4G))	Difference (Col.4-3)	Circle
1	2	3	4	5	6
1	02XXXXXXXXXX1ZS	38,91,79,241.02	38,89,60,043.02	-2,19,198.00	Nalagarh-III
2	02XXXXXXXXXX1ZD	1,83,92,154.00	1,58,54,994.00	-25,37,160.00	Baddi-II
3	02XXXXXXXXXX1Z5	18,42,24,015.75	18,21,47,152.75	-20,76,863.00	Baddi-IV
4	02XXXXXXXXXX1Z8	4,93,18,732.00	4,57,36,538.00	-35,82,194.00	Chamba Circle
5	02XXXXXXXXXX2Z3	2,06,18,532.00	1,93,05,266.00	-13,13,266.00	Bhoranj and Sujampur Circle (Gagret)
6	02XXXXXXXXXX1ZP	2,75,52,688.00	2,17,96,540.00	-57,56,148.00	Bhoranj and Sujampur Circle
7	02XXXXXXXXXX1Z7	1,00,35,976.00	90,79,369.76	-9,56,606.24	Barsar Circle
8	02XXXXXXXXXX1ZU	28,66,999.75	20,15,254.00	-8,51,745.75	Bhoranj and Sujampur Circle
9	02XXXXXXXXXX1ZB	22,77,56,425.00	22,77,52,864.00	-3,561.00	Manali Circle
10	02XXXXXXXXXX1ZO	30,67,00,576.00	29,87,32,177.00	-79,68,399.00	Kullu/Banjar
11	02XXXXXXXXXX1ZX	20,24,016.44	7,48,148.00	-12,75,868.44	Mandi-III AETC Mandi
12	02XXXXXXXXXX1ZB	45,12,092.00	20,96,605.48	-24,15,486.52	Mandi-III AETC Mandi
13	02XXXXXXXXXX1ZH	46,44,892.00	-	-46,44,892.00	Mandi-III AETC Mandi
14	02XXXXXXXXXX1ZZ	1,72,17,552.00	1,21,16,710.00	-51,00,842.00	Nerchowk
15	02XXXXXXXXXX2ZZ	2,14,39,886.00	1,61,60,951.00	-52,78,935.00	Cart Road Circle
16	02XXXXXXXXXX1Z1	62,96,344.00	57,76,682.00	-5,19,662.00	Sanjauli
17	02XXXXXXXXXX1ZD	1,66,07,714.00	1,50,93,318.00	-15,14,396.00	Mall Road
18	02XXXXXXXXXX3ZV	46,24,04,288.00	46,21,00,147.00	-3,04,141.00	Sanjauli
19	02XXXXXXXXXX2Z2	28,28,923.00	22,46,188.00	-5,82,735.00	Chopal Circle
20	02XXXXXXXXXX1ZK	1,90,71,296.00	1,86,66,860.00	-4,04,436.00	Paunta Circle-I
21	02XXXXXXXXXX2Z1	1,23,78,06,848.00	1,23,77,86,216.00	-20,632.00	Paunta Circle-II
22	02XXXXXXXXXX1ZP	15,64,93,616.00	15,54,03,022.69	-10,90,593.31	Industrial Area Kala Amb
23	02XXXXXXXXXX1Z8	1,59,59,464.00	1,59,47,958.00	-11,506.00	Industrial Area Kala Amb
24	02XXXXXXXXXX1ZZ	1,50,33,702.00	1,43,49,833.00	-6,83,869.00	Nahan Circle-I
25	02XXXXXXXXXX1ZZ	14,43,98,848.00	14,39,94,348.00	-4,04,500.00	Mehatpur Circle
Total		3,36,33,84,820.96	3,31,38,67,185.70	-4,95,17,635.26	

## Appendix 3.31

(Reference: Paragraph 3.6.3.4 c(v))

## Non follow-up of discrepancies in GSTR 9C

Sl. No	GSTIN	GSTR9C as per Hq Data		Circle
		unreconciled ITC (Tab-12F) Col.182	unreconciled ITC annual return with GSTR9 (Tab-14T) Col.185	
1	02XXXXXXXXXX1ZS	18611961.00	0.00	Nalagarh-III
2	02XXXXXXXXXX1ZD	0.00	1720092.00	Baddi-II
3	02XXXXXXXXXX2ZT	1207208.80	0.00	Barotiwal
4	02XXXXXXXXXX1Z5	0.00	1281348.00	Baddi-IV
5	02XXXXXXXXXX1ZH	292980.50	285541.00	Baddi-III
6	02XXXXXXXXXX1ZE	0.00	1660708.59	Barotiwal
7	02XXXXXXXXXX1Z9	23997252.00	23997252.00	Baddi-IV
8	02XXXXXXXXXX1Z8	1330.00	1275211.00	Chamba Circle
9	02XXXXXXXXXX6ZZ	0.00	81407.95	Kangra-I
10	02XXXXXXXXXX1ZB	250837935.26	0.00	Manali Circle
11	02XXXXXXXXXX3ZV	90354.61	398673083.39	Sanjauli
12	02XXXXXXXXXX1ZP	30125022.19	0.00	Paunta Circle-II
13	02XXXXXXXXXX1ZP	21616.12	0.00	Industrial Area Kala Amb
	<b>Total</b>	<b>32,50,93,975.87</b>	<b>40,46,91,850.93</b>	

## Appendix 3.32

(Reference: Paragraph 3.6.3.4 c(vi))  
Ineligible exemption as per GST Act/Notifications

Sl. No.	GSTIN	GSTR1 Exmp/Nil rated/Non-GST Supply Col-23	Exemptions in rate and HSN as per GSTR9 (Table 17)	HSN as per data sheet/SSOID	Circle
1	02XXXXXXXXXX1ZJ	2844657	Information not available	87031010, 8708, 87089900, 997111, 2710	Nerchowk
2	02XXXXXXXXXX1Z5	16169112	Information not available	38220090, 90278090, 00440262, 00440245	Baddi-IV
3	02XXXXXXXXXX2ZZ	1478733700	Information not available	997113, 997119	Cart Road Circle
4	02XXXXXXXXXX1ZD	871261	Information not available	62141020, 42021110, 04090000, 33973010, 32129010	Mall Road
5	02XXXXXXXXXX3ZV	117753	Information not available	998413	Sanjauli
6	02XXXXXXXXXX1ZK	80759496	Information not available	84509010, 84501100, 84189900, 85098000	Baddi-IV
7	02XXXXXXXXXX1ZS	1129917	Information not available	00440005, 00440366, 00440169, 00441480	Dhalli Circle
8	02XXXXXXXXXX1ZB	1074597	Information not available	440410	Mandi-III AETC Mandi
9	02XXXXXXXXXX1ZO	71085296	Information not available	440262	Baddi-II
		<b>1,65,27,85,789</b>			

## Appendix 4.1

(Reference: Paragraph 4.4)

Difference between quota sold by wholesaler and lifting by retailers for liquor.

Sl. No.	Name of DCSTEs	Name of Wholesaler	Quota Sold by Wholesaler (IMFL)	Quota lifted by Retailers (IMFL)	Difference (IMFL)	Quota Sold by Wholesaler (Beer)	Quota lifted by Retailers (Beer)	Difference (Beer)	Quota Sold by Wholesaler (CL)	Quota lifted by Retailers (CL)	Difference (CL)	LF @ 360Per Pls for IMFL	LF @ 320Per Pls for CL	LF @ ₹ 64Per Pls for Beer	Total
1	Shimla	M/S B D WINES	248073.08			371467.00									
		ROYAL WINE	465264.3475			407608.994									
		S S WINE	825324.7835			783830.50									
		M/S KALTA WINE	461936.509			607164.00									
		M/S PARADISE TRADERS	418737.6625			593367.555									
		M/S SHIMLA WINE							690934.70						
		M/S KALTA SPIRIT							880361.42						
		M/S SHARMA TRADERS							559367.73						
		M/S A D TRADERS							766557.00						
		<b>Total</b>	<b>2419336.383</b>	<b>2416082.808</b>	<b>3253.5745</b>	<b>2763438.049</b>	<b>2695622.133</b>	<b>67815.916</b>	<b>2897220.85</b>	<b>2858056.624</b>	<b>39164.226</b>	<b>1171286.82</b>	<b>12532552.3</b>	<b>4340218.62</b>	<b>18044058</b>
2	Solani	M/S CHANDIGARH WINES	342617.985			295649.28									
		M/S RAJPUT WINE	646115.0625			529718.89			345420						
		M/S KAILASH WINE							315126						
		M/S HIMACHAL LIQUOR													
		M/S RAM PRAKSAH							885900						
		<b>Total</b>	<b>988733.0475</b>	<b>987964.438</b>	<b>768.6095</b>	<b>825368.17</b>	<b>798582.548</b>	<b>26785.622</b>	<b>1546446</b>	<b>1534670.403</b>	<b>11775.597</b>	<b>276699.42</b>	<b>3768191.04</b>	<b>1714279.81</b>	<b>5759170</b>
3	Una	M/S RANA WINES	172840.23												
		M/S FAQUIR CHAND & SONS	425719.642												
		HEMRAJ DOGRA	328397.55												
		LAKHAN PAL	256798.395												
		RAJIV PATIAL							225439.49						
		MAHAKALI ENTERPRISES							135927						
		ANGARA ENTERPRISES							343557						
		M/S ROOPLAL AKHILESH							140060.3						
		RR WINE							397120.5						
		A-ONE ENTERPRISES							38303.64						
		<b>Total</b>	<b>1183755.817</b>	<b>1154478</b>	<b>29277.817</b>				<b>1280407.93</b>	<b>1272576</b>	<b>7831.93</b>	<b>10540014.1</b>	<b>2506217.6</b>		<b>13046232</b>

Composite Audit Report I for the year ended 31 March 2022

Sl. No.	Name of DCSTEs	Name of Wholesaler	Quota Sold by Wholesaler (IMFL)	Quota lifted by Retailers (IMFL)	Difference (IMFL)	Quota Sold by Wholesaler (Beer)	Quota lifted by Retailers (Beer)	Difference (Beer)	Quota Sold by Wholesaler (CL)	Quota lifted by Retailers (CL)	Difference (CL)	LF @ ₹ 360Per Pls for IMFL	LF @ ₹ 320Per Pls for CL	LF @ ₹ 64Per Pls for Beer	Total	
4	Kangra	M/S SUPER ASSOCIATES	198951.109			199711.25										
		M/S GOLDY WINE	766541.43			726664.8										
		M/S T. R. WINE								572393.7675						
		M/S NURPUR WINE								958367.25						
Total			965492.539	872238.278	93254.261	926376.05	905393.885	20982.165	1530761.018	1451735.829	79025.189	33571534	25288060.3	1342858.56	60202453	
Grand Total			5557318	5430764	126554	4515182	4399599	115584	7254836	7117039	137797	45559534	44095021	7397357	97051913	



Appendix 4.2

(Reference: Paragraph 4.5)

Loss of revenue due to non-allotment of MGQ as per Excise Announcement-2020-21

Sl. No.	Name of Unit/ Vend	Quota determined for 2019-20 after negotiation		Quota to be enhanced by 5 per cent for Country Liquor 2020-21		Annual Quota fixed for 2020-21		Difference in Quota		Loss of License fee (Amount in ₹)	
		IMFL(PLS)	CL(PLS)	IMFL(PLS)	CL(PLS)	IMFL(PLS)	CL(PLS)	IMFL(PLS)	CL(PLS)	IMFL (₹ 360/pls)	CL (₹ 320/pls)
1.	Moginand	8476.455	13258.53	8476.455	13921.4565	6311.689	10366.114	2164.766	3555.342	779316	1137710
2.	Sainwala	6952.116	9500.091	6952.116	9975.09555	5176.639	7427.598	1775.477	2547.498	639172	815199
3.	Bhandariwala	5482.012	9160.582	5482.012	9618.6111	4081.984	7162.154	1400.028	2456.457	504010	786066
4.	Kheri	7729.63	11746.063	7729.63	12333.36615	5755.592	9183.600	1974.038	3149.767	710654	1007925
5.	Johron	5941.216	9230.907	5941.216	9692.45235	4423.914	7217.138	1517.302	2475.315	546229	792101
6.	Trilokpur Road	4412.451	8775.766	4412.451	9214.5543	3285.574	6861.288	1126.877	2353.266	405676	753045
7.	Kala Amb	6681.338	10120.703	6681.338	10626.73815	4975.019	7912.820	1706.319	2713.918	614275	868454
8.	BernaPapdi	3405.09	5045.641	3405.09	5297.92305	2535.479	3944.909	869.611	1353.014	313060	432965
9.	Kaulawala Bhood	3908.875	5032.296	3908.875	5283.9108	2910.604	3934.475	998.271	1349.436	359378	431819
10.	Meerpur Kotla	2334.879	2769.945	2334.879	2908.44225	1738.584	2165.667	596.295	742.775	214666	237688
11.	Across Markanda	5104.51	4497.407	5104.51	4722.27735	3800.890	3516.275	1303.620	1206.002	469303	385921
12.	Kalaghat	6490.05	13053.586	6490.05	13706.2653	5236.745	11059.423	1253.305	2646.842	451190	846989
13.	Madighat	5302.754	7290.043	5302.754	7654.54515	4278.729	6176.362	1024.025	1478.183	368649	473019
14.	Chakla- Pul	1304.293	3010.194	1304.293	3160.7037	1052.417	2550.335	251.876	610.369	90675	195318
15.	Mangarh	3932.379	7887.528	3932.379	8281.9044	3172.990	6682.571	759.389	1599.333	273380	511787
16.	Kot	935	2475	935	2598.75	754.440	2096.901	180.560	501.849	65001	160592
17.	Dinger	1112.549	2258.784	1112.549	2371.7232	897.703	1913.715	214.846	458.008	77345	146562
18.	Narag	8006.67	14372.424	8006.67	15091.0452	6460.488	12176.786	1546.182	2914.239	556626	932563
19.	Wasni	2886.995	7650.72	2886.995	8033.256	2329.482	6481.939	557.513	1551.317	200705	496421
20.	Naina Tikker	13995.039	22116.378	13995.039	23222.1969	11292.432	18737.717	2702.607	4484.480	972939	1435034
21.	Dhangyar	972.803	4008.432	972.803	4208.8536	784.944	3396.074	187.859	812.779	67629	260089
22.	Sarahan	13826.147	0	13826.147	0	11156.155	0	2669.992	0.000	961197	0
23.	Sarahan	0	30029.591	0	31531.07055	0	25442.048	0.000	6089.022	0	1948487
24.	Bhagthan	4105.707	8188.092	4105.707	8597.4966	3312.847	6937.219	792.860	1660.278	285430	531289
25.	Dilman	3604.139	5473.908	3604.139	5747.6034	2908.137	4637.673	696.002	1109.930	250561	355178
26.	Preet Nagar at Runja Khala	3815.383	8962.272	3815.383	9410.3856	3078.587	7593.129	736.796	1817.257	265246	581522
27.	Khajuma	8645.778	10972.665	8645.778	11521.29825	5265.384	7016.611	3380.394	4504.687	1216942	1441500
28.	Sambhuwala	2282.793	5148.026	2282.793	5405.4273	1390.253	3291.971	892.540	2113.456	321314	676306
29.	Badrinagar	25314.11	0	25314.11	0	21915.172	0	3398.938	0.000	1223618	0
30.	Badrinagar	0	51833.885	0	54425.57925	0	47117.830	0.000	7307.750	0	2338480
31.	Dhaulakuan	21416.841	0	21416.841	0	13043.117	0	8373.724	0.000	3014540	0

Sl. No.	Name of Unit/ Vend	Quota determined for 2019-20 after negotiation		Quota to be enhanced by 5 per cent for Country Liquor 2020-21		Annual Quota fixed for 2020-21		Difference in Quota		Loss of License fee (Amount in ₹)	
		IMFL(PLS)	CL(PLS)	IMFL(PLS)	CL(PLS)	IMFL(PLS)	CL(PLS)	IMFL(PLS)	CL(PLS)	IMFL (₹ 360/pls)	CL (₹ 320/pls)
32.	Dhaulakuan	0	29833.581	0	31325.26005	0	19077.465	0.000	12247.795	0	3919294
33.	Battamandi	17379.9	0	17379.9	0	15046.292	0.000	2333.608	0.000	840099	0
34.	Kundion	6947.438	8105.011	6947.438	8510.26155	6014.606	7367.585	932.832	1142.677	335820	365657
35.	Majra	9189.919	20746.027	9189.919	21783.32835	5596.772	13266.313	3593.147	8517.016	1293533	2725445
36.	Kolar	4305.034	6467.591	4305.034	6790.97055	2621.818	4135.784	1683.216	2655.187	605958	849660
37.	Haripurkhol	2504.59	7566.926	2504.59	7945.2723	1525.326	4838.768	979.264	3106.504	352535	994081
38.	Behral	5456.639	26371.679	5456.639	27690.26295	4723.973	23972.278	732.666	3717.985	263760	1189755
39.	Patlion	5992.131	20812.34	5992.131	21852.957	5187.565	18918.750	804.566	2934.207	289644	938946
Grand Total		240154	413773	240154	434461	184042	334577	56111	99884	20200075	31962867
Total									52162942		

### Appendix 4.3

(Reference: Paragraph 4.6)

#### Loss of Revenue due to excess allowance of breakage for the period 2019-20 & 2020-21

Sl. No.	Name of Unit and date of issue of IR	Name of Wholesaler	Total liquor received in Pls	Breakage Allowable in Pls	Breakage allowed/ claimed	Difference in Pls	Rate of RED/ L-fee	RED/L- fee in ₹
1	DCSTE Shimla (2019-20)	M/s Royal Wines Shanani L-1	734771.41	1836.93	5109.5	3272.57	350	1145400.016
		M/s A.D. Traders L-13	423967	1059.92	2056.5	996.58	290	289008.925
		M/s Hillm Wines Dhali L-13	247041	617.60	1783.43	1165.83	290	338089.975
		M/s Bhushar Wines Mehli L-13	370566	926.42	2416.5	1490.09	290	432124.65
		M/s Paradise Traders Bhattakuffar L-1	573882.2	1434.71	3287.46	1852.75	350	648464.075
		M/s Shimla Wine Trader Bhattakuffar L-13	650925	1627.31	3147.3	1519.99	290	440796.375
		M/s Kalta Wines Bhattakuffar L-1	506910.5	1267.28	3688.04	2420.76	350	847267.3125
		M/s Kalta Spirits Bhattakuffar L-13	723825	1809.56	5315.76	3506.20	290	1016797.275
		M/s SS Wines Dhali L-1	548390.1	1370.98	3974.953	2603.98	350	911392.2125
		M/s Sharma Traders Chaitihla L-13	438525	1096.31	1746	649.69	290	188409.375
2	DCSTE Solan (2019-20)	<b>Total (10 Vends)</b>	<b>5218803.21</b>	<b>13047.01</b>	<b>32525.443</b>	<b>19478.43</b>		<b>6257750.191</b>
		M/s S.T. Wine L-1	625594.6	1563.99	2058.12	494.13	350	172946.73
		M/s Ramprakash L-13	742941	1857.35	2862.75	1005.40	290	291565.28
		M/s Kalash Wine L-13	367803	919.51	1098.8	179.29	290	51994.83
3	DCSTE Nurpur (2019-20)	<b>Total (03 vends)</b>	<b>1736338.6</b>	<b>4340.85</b>	<b>6019.67</b>	<b>1678.82</b>		<b>516506.825</b>
		M/s Goldy Wine L-1	772607.88	1931.52	3070.19	1138.67	350	398534.61
		M/s Nurpur Wine	915975	2289.94	3751.87	1461.93	290	423960.43
	<b>Grand Total</b>	<b>Total (02 vends)</b>	<b>1688582.88</b>	<b>4221.4572</b>	<b>6822.06</b>	<b>2600.60</b>		<b>822495.03</b>
		<b>15 Vends</b>	<b>86,43,724.69</b>	<b>21,609.31</b>	<b>45,367.17</b>	<b>23,757.86</b>	<b>-</b>	<b>75,96,752.05</b>

Appendix 4.4

(Reference: Paragraph 4.7)

Non-Realisation of Bottling Fees amount and interest on belated payment.

Sl No.	Name of DCSTES	Name of Bottling Plant	Production in proof (Liters)				No. Of Bottles of 750 mls				Payable Bottling Fees				Paid	Amount recoverable (₹)	Interest recoverable (₹)
			IMFL	IMFL Export	CL	Total (IMFL + CL)	IMFL Bottles (750 mls)	IMFL Export Bottles (750 mls)	CL Bottles (750 mls)	Total Bottles (IMFL +CL)	Bottling fee @ ₹ .57 per unit (IMFL Export)	Bottling fee @ ₹ 1.73 per unit (CL).	Bottling fee @ ₹ 5.2 per unit (IMFL)	Bottling fee @ ₹ 8.6 per unit (IMFL)	Total Bottling fee (IMFL + CL)		
1	Una	Mars Bottlers	28890	353112	563009	945011	51360	627755	1501356	2180471	357820	2597346	267072	0	3222238	730913	105111
		Ranger Breweries	4583	0	1020546	1025129	7017	0	1360728	1367745	0	2354059	36489	0	2390548	1640548	500135
2	Nurpur	VRV Foods	159420	0	4431154	4590574	283414	0	11816410	12099824	0	20442390	0	2437358	22879748	2295629	712064
Grand Total			192894	353112	6014708	6560714	341791	627755	14678494	15648040	357820	25393795	303561	2437358	28492535	23825444	1317310

### Appendix 4.5

(Reference: Paragraph 4.10.1)

#### Details of existing criteria and proposed criteria by the Department (October 2020) for identification of backward areas

Sl. No.	Existing criteria	Weightage	Criteria proposed by the department in line with Niti Aayog recommendations	Weightage
1.	The geographical centre of the area under consideration should be at least 15 Km. away from the main motorable road.	25	<i>Panchayat</i> Headquarters should be at least 15 km away from main motorable road.	15
2.	The percentage of Scheduled Caste/ Scheduled Tribe population in the area under consideration should be 25 <i>per cent</i> or more.	15	The percentage of Scheduled Caste/Scheduled Tribe population in the area under consideration should be 40 <i>per cent</i> or more.	5
3.	Average density of population per Sq. Km. should be 25 or less.	5	Proposed to be not included.	0
4.	Ninety <i>per cent</i> of the total workers population in the area under consideration should be workers engaged in primary occupation like Agriculture and Animal Husbandry, etc.	5	Seventy-five <i>per cent</i> of the total workers population should be engaged in agriculture and related fields.	5
5.	The percentage of school going children in 6-14 years age-group in the area under consideration should not exceed 20 <i>per cent</i> .	10	Proposed to be not included.	0
6.	The percentage of scarcity villages with reference to drinking water should be 60 <i>per cent</i> or more.	10	The percentage of scarcity villages with reference to drinking water should be 30 <i>per cent</i> or more.	8
7.	The percentage of electrified villages to total should be 25 <i>per cent</i> or less.	8	The percentage of electrified villages to total should be 95 <i>per cent</i> or less.	5
8.	The number of health institution in the area should not exceed one.	8	The number of health institution in the area should not exceed one.	5
9.	The area under consideration should not be served by a bank branch as per RBI norms.	5	The area under consideration should not be served by a bank branch as per RBI norms.	5
10.	There should be no veterinary institution in the area	5	There should be no veterinary institution in the area	5
11.	The average holding size in the area under consideration should be one hectare or below.	3	The average holding size in the area under consideration should be 0.5 hectare or below.	2
12.	The percentage of cropped area under major cereals (Wheat, Maize and Rice) or remunerative cash crops like potato, apple, tea, etc. to the gross cropped area should not exceed 50 <i>per cent</i> .	1	The percentage of cropped area under remunerative cash crops (Cash crops, Floriculture etc.) to the gross cropped area should not exceed 40 <i>per cent</i> .	3
13.	No criteria at present	--	No High/Senior Secondary School in the <i>panchayat</i> .	5
14.	No criteria at present	--	Percentage of active toilets in all educational institutions in the <i>panchayat</i> is less than 95 <i>per cent</i> .	5
15.	No criteria at present	--	Irrigation facility to agricultural land in the <i>panchayat</i> is less than 30 <i>per cent</i>	5

Sl. No.	Existing criteria	Weightage	Criteria proposed by the department in line with Niti Aayog recommendations	Weightage
16.	No criteria at present	--	Distribution is soil health card in the <i>panchayat</i> is less than 80 <i>per cent</i> .	5
17.	No criteria at present	--	No internet facility in <i>Panchayat</i> Headquarters.	3
18.	No criteria at present	--	BPL families in the <i>panchayat</i> are more than 25 <i>per cent</i>	5
19.	No criteria at present	--	Sex Ratio in the <i>panchayat</i> is less than 950 females per 1000 males	5
20.	No criteria at present	--	Families with domestic toilet are less than 90 <i>per cent</i> in the <i>panchayat</i>	5
21.	No criteria at present	--	More than 30 <i>per cent</i> of the children are malnourished	4
		<b>100</b>		<b>100</b>

## Appendix 4.6

(Reference: Paragraph 4.10.6.1)

### Details of 13 Development Heads/ Head of Accounts wise budget allocation and expenditure in the State during 2018-22

Sl. No.	Major Head/SOE wise	2018-19		2019-20		2020-21		2021-22		Total	
		Budget allocation	Exp.	Budget allocation	Exp.	Budget allocation	Exp.	Budget allocation	Exp.	Budget allocation	Exp
1	Agriculture/ 4401-00-800-01	40	12.72	45	16.06	50	15.64	55	18.21	190	62.63
2	Animal Husbandry/ 4403-00-101-01	35	28.17	40	49.32	45	62.46	50	28.24	170	168.19
3	Ayurveda/ 4210-03-101-01	65	37.43	70	52.74	75	46.28	80	49.47	290	185.92
4	Elementary education/ 4202-01-201-07	630	437.93	700	534.75	939	762.45	939	770.72	3208	2,505.85
5	Forestry/ 4406-01-800-02	70	51.96	80	22.4	85	50.6	90	54.36	325	179.32
6	Health/ 4210-02-103-01	550	97.85	600	34.05	700	235.09	800	305.84	2650	672.83
7	Higher education/ 4202--01-202-06	500	354.01	500	417.37	600	479.86	750	647.08	2350	1,898.32
8	Horticulture/ 4401-00-119-03	70	1.92	75	2.01	80	36.61	85	28.14	310	68.68
9	Minor irrigation/ 4702-00-101-01	35	86.73	40	77.59	45	91.69	50	164.22	170	420.23
10	Road and bridges/ 5054-04-800-06	2,800	3,538.65	3,313	4053.4	3,644	4,513.07	3,800	4,524.51	13,557	16,629.63
11	Rural water supply schemes/ 4215-01-102-01	1,065	1,204.63	1,220	1,376.59	1,587	1,595.48	1,485	1,617.87	5,357	5,794.57
12	Soil conservation/ 4402-00-800-01	45	87.82	40	89.34	45	53.54	50	55.61	180	286.31
13	Village & Small industries/ 4851-00-102-09	40	0	45	0	50	0	45	13.74	180	13.74
	<b>Total</b>	<b>5,945</b>	<b>5,939.82</b>	<b>6,768</b>	<b>6,725.62</b>	<b>7,945</b>	<b>7,942.77</b>	<b>8,279</b>	<b>8,278.01</b>	<b>28,937</b>	<b>28,886.22</b>

\*Data supplied by the Planning Department.

## Appendix 4.7

(Reference: Paragraph 4.10.6.2)

## Quarterly expenditure against budget

(₹ in lakhs)

Financial Year	Quarters	Budget	Expenditure	Percentage expenditure of	Percentage authorised	Variation (+/-)
<b>DC Mandi</b>						
2018-19	1 <sup>st</sup>	404.85	130.76	8	25	-17
	2 <sup>nd</sup>	647.76	360.28	22	40	-18
	3 <sup>rd</sup>	404.85	270.02	17	25	-8
	4 <sup>th</sup>	161.94	858.33	53	10	43
	<b>Total</b>	<b>1,619.40</b>	<b>1,619.39</b>			
2019-20	1 <sup>st</sup>	487.25	37	2	25	-23
	2 <sup>nd</sup>	779.71	648	34	40	-6
	3 <sup>rd</sup>	487.32	351.49	18	25	-7
	4 <sup>th</sup>	194.93	889.75	46	10	36
	<b>Total</b>	<b>1,949.21</b>	<b>1,926.24</b>			
2020-21	1 <sup>st</sup>	551.32	227.32	10	25	-15
	2 <sup>nd</sup>	882.1	434.56	20	40	-20
	3 <sup>rd</sup>	551.32	1,174.91	53	25	-28
	4 <sup>th</sup>	220.53	368.47	17	10	7
	<b>Total</b>	<b>2,205.27</b>	<b>2,205.26</b>			
2021-22	1 <sup>st</sup>	635.72	183.08	7	25	-18
	2 <sup>nd</sup>	1,017.14	1,384.05	54	40	14
	3 <sup>rd</sup>	635.72	568.95	22	25	-3
	4 <sup>th</sup>	254.29	406.78	16	10	6
	<b>Total</b>	<b>2,542.87</b>	<b>2,542.86</b>			
<b>DC Sirmaur</b>						
2018-19	1 <sup>st</sup>	70.64	49.99	18	25	-7
	2 <sup>nd</sup>	113.03	24.21	8	40	-32
	3 <sup>rd</sup>	70.64	90.72	32	25	7
	4 <sup>th</sup>	28.26	117.65	42	10	32
	<b>Total</b>	<b>282.57</b>	<b>282.57</b>			
2019-20	1 <sup>st</sup>	78.70	8.75	3	25	-22
	2 <sup>nd</sup>	125.91	133.35	42	40	2
	3 <sup>rd</sup>	78.70	50.81	16	25	-9
	4 <sup>th</sup>	31.48	118.16	37	10	27
	<b>Total</b>	<b>314.79</b>	<b>311.07</b>			
2020-21	1 <sup>st</sup>	89.63	5.02	1	25	-24
	2 <sup>nd</sup>	142.13	5.02	1	40	-39
	3 <sup>rd</sup>	88.83	226.41	64	25	39
	4 <sup>th</sup>	35.53	119.68	34	10	24
	<b>Total</b>	<b>356.13</b>	<b>356.13</b>			
2021-22	1 <sup>st</sup>	95.53	18.00	5	25	-20
	2 <sup>nd</sup>	147.25	68.79	18	40	-22
	3 <sup>rd</sup>	91.91	70.50	19	25	-6
	4 <sup>th</sup>	36.88	214.28	58	10	48
	<b>Total</b>	<b>371.57</b>	<b>371.57</b>			



Financial Year	Quarters	Budget	Expenditure	Percentage of expenditure	Percentage authorised	Variation (+/-)
DC Chamba						
2018-19	1 <sup>st</sup>	432.02	0.00	0	25	-25
	2 <sup>nd</sup>	691.23	1,018.68	59	40	19
	3 <sup>rd</sup>	432.02	96.64	6	25	-19
	4 <sup>th</sup>	172.81	609.24	35	10	25
	<b>Total</b>	<b>1,728.08</b>	<b>1,724.56</b>			
2019-20	1 <sup>st</sup>	481.27	0.00	0	25	-25
	2 <sup>nd</sup>	770.03	838.08	44	40	4
	3 <sup>rd</sup>	481.27	426.11	22	25	-3
	4 <sup>th</sup>	192.51	645.27	34	10	24
	<b>Total</b>	<b>1,925.08</b>	<b>1,909.46</b>			
2020-21	1 <sup>st</sup>	548.11	0.00	0	25	-25
	2 <sup>nd</sup>	869.20	133.41	6	40	-34
	3 <sup>rd</sup>	543.25	1,236.96	57	25	32
	4 <sup>th</sup>	217.30	807.35	37	10	27
	<b>Total</b>	<b>2,177.86</b>	<b>2,177.72</b>			
2021-22	1 <sup>st</sup>	584.20	30.00	1	25	-24
	2 <sup>nd</sup>	893.64	968.21	43	40	3
	3 <sup>rd</sup>	557.81	36.79	2	25	-23
	4 <sup>th</sup>	223.83	1,223.48	54	10	44
	<b>Total</b>	<b>2,259.48</b>	<b>2,258.48</b>			

## Appendix 4.8

(Reference: Paragraph 4.10.7.1 (B))

## Top five executing agencies in the selected districts during 2018-22

(₹ in lakh)

Chamba							
Sl. No.	Name of Executing Agency	Total works		Works in progress		Completed works	
		No. of works	Sanctioned Amount	No. of works	Sanctioned Amount	No. of works	Sanctioned Amount
1.	EE PWD Tissa	386	1,161.82	254	878.49	132	283.33
2.	EE PWD Salooni	241	1,009.88	185	790.89	56	218.99
3.	EE PWD Chamba	526	888.62	439	695.72	87	192.90
4.	EE IPH Chamba	183	472.04	72	241.97	111	230.06
5.	BDO Mehla	183	404.70	137	322.3	46	82.40
<b>Total</b>		<b>1,519</b>	<b>3,937.06</b>	<b>1,087</b>	<b>2,929.37</b>	<b>432</b>	<b>1,007.68</b>
Mandi							
1.	BDO, Balichowki	393	993.98	211	524.65	182	469.32
2.	BDO, Seraj	412	991.03	231	561.00	181	430.03
3.	XEN PWD, B and R Division I Mandi at Padhar	270	744.07	54	186.07	216	558.00
4.	XEN PWD, B&R Dharampur	205	666.48	54	197.86	151	468.62
5.	BDO, Sunder Nagar	333	537.08	236	402.88	97	134.2
<b>Total</b>		<b>1,613</b>	<b>3,932.63</b>	<b>786</b>	<b>1,872.46</b>	<b>827</b>	<b>2,060.17</b>
Sirmaur							
1.	BDO, SANGRAH	139	400.27	43	123.03	96	277.24
2.	XEN PWD, SANGRAH	25	185.66	10	62.00	15	123.66
3.	BDO, PAONTA SAHIB	46	148.56	14	60.93	32	87.63
4.	BDO, Shillai	30	114.26	4	17.57	26	96.69
5.	P.O., SSA SIRMAUR	37	93.57	14	37.66	23	55.91
<b>Total</b>		<b>277</b>	<b>941.32</b>	<b>85</b>	<b>301.19</b>	<b>192</b>	<b>641.13</b>

Source: Data supplied by test-checked DCs.

## Appendix 4.9

(Reference: Paragraph 4.10.7.2)

### Status of joint physical inspection of test-checked schemes/ works

Sl. No.	GP (Block)	Executing agency	Sector	Scheme	Month of Sanction	Amount sanctioned	Exp.	Status	Month of completion	Remarks
<b>Chamba (Bhatiyatt)</b>										
1	Jolna	GP Jolna	Higher Education	Construction of one room at GHS Jolna	March 2020	2.00	2.00	Complete	-	Not put to use.
2	Taragarh	GP Taragarh	Road and Bridges	Construction of <i>pucca</i> path at village Kalaphat	March 2019	2.00	1.98	Complete	October 2019	Put to use
3	Taragarh	GP Taragarh	Road and Bridges	Construction of ambulance road at village Kuddi Chokiray towards Kalafaat Phase-II	February 2019	4.00	4.00	Complete	July 2019	Put to use
4	Taragarh	GP Taragarh	Middle Education	Construction of one room at GMS Berian	May 2020	4.00	3.95	Complete	December 2020	Put to use
5	Taragarh	GP Taragarh	Road and Bridges	Construction of <i>pully</i> with path from main road to Barian	March 2021	3.50	3.48	Complete	October 2021	Put to use
6	Tikkri	GP Tikkri	Road and Bridges	Construction of foot path from Badh Chinindi Kumarta to Chho Mandir	March 2022	1.50	0.80	Complete	June 2022	Put to use. Final bill not paid.
7	Tikkri	SDSCO Banikhet	Soil Conservation	Construction of tank for irrigation scheme at village Laloh	February 2022	2.67	0.24	In progress	Not applicable	-
<b>Total</b>						<b>19.67</b>	<b>16.45</b>			
<b>Chamba (Mehla)</b>										
8	Gola	GP Gola	Road and Bridges	Construction of link road from village Ghatta to Manjolka Khadoli	April 2020	3.00	1.64	Incomplete	Not applicable	-
9	Bakan	GP Bakan	Road and Bridges	Construction of <i>pucca</i> path Sahluin to Dabad	March 2021	0.50	0.49	Complete	November 2021	Put to use
10	Chhatrari	GP Chhatrari	Road and Bridges	Construction of <i>pucca</i> path at village Aarni	July 2020	0.70	0.70	Complete	February 2021	Put to use
11	Gagla	BDO Mehla	Higher Education	Completion of two rooms GHS Gagla	March 2022	4.00	4.00	Complete	November 2022	Put to use
12	Uteep	BDO Mehla	Middle Education	Construction of one room at GMS Kakian	March 2020 Dec 2020	3.00 2.00	2.97	Incomplete	Not applicable	-
13	Darwin	GP Darwin	Road and Bridges	Construction of <i>pucca</i> path with protection work at village Thadu	March 2022	1.00	0.50	In progress	Not applicable	-

Sl. No.	GP (Block)	Executing agency	Sector	Scheme	Month of Sanction	Amount sanctioned	Exp.	Status	Month of completion	Remarks
14	Bakan	EE, HPWD Bharmour	Road and Bridges	Construction of link road to village Ludera	June 2018 November 2020	10.00 11.27	14.59	Incomplete	Not applicable	-
				<b>Total</b>		<b>35.47</b>	<b>24.89</b>			
<b>Mandi (Seraj)</b>										
15	Dheem Kataru	GP Dheem Kataru	Roads and bridges	Foot bridge to Braihathi <i>nalla</i>	October 2020	2.98	2.98	Completed	December 2021	Asset created, not put to use. Approaches not done.
16	Bhatkidhar	GP, Bhatkidhar	Roads and bridges	Construction of road from village Surasani to Nadehal	2019	2.94	2.94	Completed	February 2021	Road badly damaged, asset was not being used.
17	Bagrathach	GP Bagrathach	Roads and bridges	Upgradation of road from village Mihach to Rahigan	October 2020	5.00	5.00	Completed	August 2021	Put to use (November 2023)
18	Dheem Kataru	GP, Dheem Kataru	Roads and bridges	Construction of road and parking at village Khanukhali	2019	20.84	20.84	Completed	February 2021	Put to use
19	Hatoun	SDSCO, Mandi	Roads and bridges	Construction of ambulance road along crate wall to Dhar	December 2021	3.00	2.91	Completed	August 2022	Put to use
20	Bhatkidhar	GP, Bhatki dhar	Higher Education	Construction of boundary wall and gate GSSS Bhatkidhar	2019	2.19	2.19	Incomplete	Not applicable	-
21	Bagrathach	GP, Bagrathach	Irrigation and Public Health	Construction of Govt. Senior Secondary School, Khnuachi	2020 2021	5.00 3.00	5.00	In-progress	Not applicable	-
22	Behal Sainj	GP, Bahal Sainj	Roads and bridges	Construction of ambulance road Bahali to Mankehah	July 2021	2.00	1.70	Incomplete	Not applicable	-
				<b>Total</b>		<b>46.95</b>	<b>43.56</b>			
<b>Mandi (Sadar)</b>										
23	Shiva	GP Shiva	Roads and bridges	Road repair from village Shiva to Harijan Basti Khatli Mahol	January 2022	1.00	1.00	Completed	February 2022	Road is damaged but put to use
24	Shakaryad	GP Shakaryad	Roads and bridges	Repair and widening of road Kamand road to Bunga	July 2021	1.00	0.97	Completed	April 2020	Put to use
25	Mehani	IPH	Irrigation and Public Health	Construction of improvement of WSSS Banoul	January 2020	1.50	1.50	Completed	October 2022	Put to use
26	Shakaryar	GP, Shakaryar	Roads and bridges	Construction of road from Shilh to Saroun Mahol	July 2021	2.00	2.00	Completed	April 2022	The road was not being used.
27	Gharan	GP Gharan	Roads and bridges	Construction of link road Jarli to village Ghat	January 2022	2.48	1.00	In progress	-	Road damaged, not put to use
28	Gharan	GP Gharan	Roads and bridges	Construction of link road Suma Road to ST Basti	December 2019	2.98	2.98	Completed	June 2021	Put to use

Sl. No.	GP (Block)	Executing agency	Sector	Scheme	Month of Sanction	Amount sanctioned	Exp.	Status	Month of completion	Remarks
29	Hatoun	SDSCO, Mandi	Irrigation and Public Health	Repair of irrigation scheme Panjyola nala	December 2021	1.50	0	In progress	NA	-
30	Maihani	IPH	Irrigation and Public Health	Construction of LWSS summa intake chamber Jhal nalla	July 2021	4.50	1.43	Incomplete	NA	-
31	Shiva	SDSCO, Mandi	Irrigation and Public Health	Construction of irrigation tank Bhanadhur	February 2021	3.33	3.24	Incomplete	NA	-
				<b>Total</b>		<b>20.29</b>	<b>14.12</b>			
<b>Sirmaur (Paonta Sahib)</b>										
32	Bhanet Haldwadi	JSV Division Nahani	Irrigation and Public Health	Construction of distribution system GWSS Detar Kandola and Kudla under GWSS Bhanet Haldwadi	2019	9.52	9.52	Completed	July 2021	Put to use
33	Bhanet Haldwadi	JSV Division Nahani	Irrigation and Public Health	Construction of improving of existing distribution system GWSS Bhanet Haldwadi	2018	9.40	9.40	Completed	November 2021	Put to use
34	Bharog Baneri	GP Bharog Baneri	Irrigation and Public Health	Construction of water facility to Harijan Basti, Pudli Mohal	March 2021	3.00	3.39	Completed	June 2021	Put to use
35	Bharog Baneri	GP Bharog Baneri	Roads and bridges	Construction of link road from main road – Pudli to Bishan Singh Basti	March 2021	4.93	3.98	Incomplete	Not applicable	Assessment not made
36	Kanti Mashwa	GP Kanti Mashwa	Irrigation and Public Health	Construction of GWSS to Harijan Basti, Katli	November 2019	4.00	5.22	Completed	August 2020	Intake tank was without cleaning dates and lock
37	Kanti Mashwa	GP Kanti Mashwa	Higher Education	Residential accommodation for teachers of GHS, Kanti Mashwa	February 2020 March 2020	2.33 3.26	5.59	Completed	September 2021	Ceiling from inside and outside was not in good condition, broken in glasses, dampness in walls of the building
38	Kathwar	GP Kathwar	Roads and bridges	Construction of link road from main road at Kathwar to HB Guinal	September 2019 August 2020	3.00 2.00	3.00	Incomplete	Not applicable	Partially completed (February 2022) road was not used.
39	Kathwar	GP Kathwar	Roads and bridges	Construction of link road from PWD road to Newad at GP Kathwar	April 2021	6.50	4.00	In progress	Not applicable	Partially completed (February 2022) road was not used.

Sl. No.	GP (Block)	Executing agency	Sector	Scheme	Month of Sanction	Amount sanctioned	Exp.	Status	Month of completion	Remarks
40	Shakholi	GP Shakholi	Higher Education	Construction of two classrooms at GPS Sakholi	September 2019	7.00	6.90	Incomplete	Not applicable	Variation in the dimensions of the building
41	Shakholi	HPPWD, Sataun	Roads and bridges	Construction of link road Sakholi to Manjholi	October 2020	5.00	5.16	Completed	September 2022	Put to use
<b>Sirmaur (Sangraha)</b>						<b>59.94</b>	<b>56.16</b>			
42	Khud drabil	HPPWD, Renukaji	Roads and bridges	Construction of link road to Village Khud kms 0/00 to 0/300	June 2018	8.5	8.40	Completed	October 2019	Road not in use due to slips and heavy boulders
43	Khud Drabil		Roads and bridges	Construction of link road to Khud	September 2019	3.00	3.47	Completed	May 2020	Debris at various points on the road making movement of vehicles difficult.
44	Koti Dhiman	GP Koti Dhiman	Roads and bridges	Construction of link road from Tikkarah to Maila Shimmana	September 2019 September 2020	7.00 3.00	10.00	Completed	December 2020	Debris at various points and insufficient width of the road.
45	Koti Dhiman	GP Koti Dhiman	Roads and bridges	Construction of foot bridge Chamarah Khalla	February 2019	5.50	5.76	Completed	September 2019	Narrow path leading up to the footbridge
46	Shamra	HPPWD, Sangraha	Roads and bridges	Construction of paver blocks from main bazar Boghdhar to Nohra Boghdhar road	March 2021	10.00	12.10	Incomplete	Not applicable	Continuous flow of water in the market portion for an area of 10 meter (approximately) here the paver blocks are uneven.
47	Shamra	GP Shamra	Roads and bridges	Construction of link road from Bhujwanta to Bag Vilog Jiwani	February 2020	2.00	2.00	Completed	September 2020	Slab culverts and retaining walls required for easy movement of vehicles.
48	Badol	GP Badol	Roads and bridges	Construction of link road from Panjali to Aspalti	October 2020 August 2021	2.50 5.00	8.96	Completed	May 2022	Road was not properly aligned and not usable after half kilometre.
49	Badol	GP Badol	Rural health	Completion of Health Sub Centre, Badol	December 2018	1.50	0.80	Incomplete	Not applicable	Windows without glasses, floor not in proper condition, wall painting not done
50	Badol	GP Badol	Elementary Education	Construction of one room at GPS, Timba Kando	February 2019	2.76	1.40	Incomplete	Not applicable	Stone masonry instead of brick work over the

Sl. No.	GP (Block)	Executing agency	Sector	Scheme	Month of Sanction	Amount sanctioned	Exp.	Status	Month of completion	Remarks
										plinth beam was done compromising safety.
51	Sangrah	GP Sangna	Roads and bridges	Construction of link road to Village Koti	September 2019	15	10.32	Incomplete	Not applicable	Stone soling was not done
52	Sangrah	GP Sangna	Higher Education	Construction of retaining wall and boundary wall with G.I. wire mesh at GSSS Sangna Satahan	September 2019	7.68	7.68	Completed	March 2022	Put to use
				<b>Total</b>		<b>73.44</b>	<b>70.89</b>			
				<b>Grand Total</b>		<b>255.76</b>	<b>226.07</b>			







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