CHAPTER V
EXPENDITURE MANAGEMENT
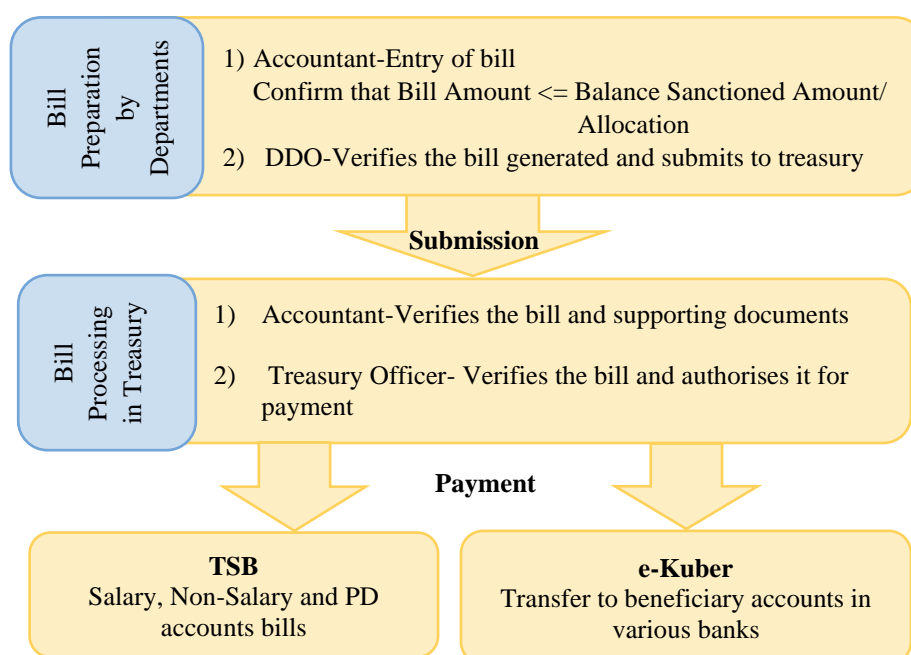
CHAPTER-V
EXPENDITURE MANAGEMENT

In the Expenditure management module, bill processing applications enable the DDOs to generate bills electronically and allow treasury to process and approve the bills and forward electronic payment advice to banking interface. Deficiencies in the applications such as delay in processing bills, shortfalls in officer level controls in bill processing, lack of integration between SPARK Human Resource application and treasury system, shortfalls in Bill Discounting System, non-settlement of advance bills posed major hurdles in attaining the objective of implementing IFMS-K.

5.1 Introduction

The Core Treasury Information System (CoreTIS) is an integral part of the expenditure management module through which the bills of all departments are processed in Treasury. The CoreTIS centrally manages the functioning of all treasury systems to have a Single Source of Truth. Bills generated through various applications like the BIMS for contingent bills, the SPARK for Human Resource management, the EMLI and Bill Discounting System (BDS) for work related claims and other integrated applications are populated in the CoreTIS. After Treasury approval, electronic advice is sent to e-Kuber system of RBI or Treasury Savings Bank (TSB) for crediting the amount to the beneficiary's account.

The process of bill creation, bill processing and bill payment in IFMS-K is shown in **Exhibit 5.1** below:

Exhibit 5.1
Bill payment process

Bill Preparation by Departments
1) Accountant-Entry of bill
   Confirm that Bill Amount <= Balance Sanctioned Amount/ Allocation
2) DDO-Verifies the bill generated and submits to treasury

Submission

Bill Processing in Treasury
1) Accountant-Verifies the bill and supporting documents
2) Treasury Officer- Verifies the bill and authorises it for payment

Payment

TSB
Salary, Non-Salary and PD accounts bills

e-Kuber
Transfer to beneficiary accounts in various banks

During bill preparation, the department's Accountant prepares the bill, and the DDO verifies and submits it to the treasury for approval. At the treasury, the Accountant reviews the claim with the supporting documents before forwarding it to the Treasury Officer. The Treasury Officer then verifies and authorises the bill for payment. The payment is effected to concerned TSB account if it is Salary, Non-salary and PD accounts bills and effected to bank account of beneficiaries through the e-Kuber system in case of other bills.

For the period from 2016-17 to 2022-23, 2,23,53,931 bills amounting to ₹9,63,001.01 crore were passed for payment as detailed in **Appendix 5.1**.

5.2   Deficiencies in the CoreTIS application

Scrutiny of the application revealed the following deficiencies:

5.2.1   Delay in processing of bills for payment in Treasuries

As per notification (January 2013) issued by Directorate of Treasuries in accordance with the Kerala Right to Service Act 2012, specific time limits have been prescribed for the processing of bills in Treasuries. The maximum time limit prescribed for processing any bill is seven days.

On analysis of the data from the CoreTIS (October 2023) for the period from 2016-17 to 2022-23, Audit noticed significant delay in processing various bills. The delays were arrived by calculating the difference between the bill_pass_date[37] and bill_received_date[38] captured in the CoreTIS and the findings are outlined as follows:-

- Out of 69.67 lakh Contingent bills authorised for payment through Treasuries, the time taken to process 15.16 lakh bills (21.76 *per cent*) were more than seven days.

- Out of 104.24 lakh Salary Payment bills authorised for payment through Treasuries, the time taken to process 9.31 lakh bills (8.93 *per cent*) were more than seven days.

- Out of 33.54 lakh Non-Salary bills authorised for payment through Treasuries, the time taken to process 4.14 lakh bills (12.35 *per cent*) were more than seven days.

  Delay in the above cases ranged from seven to more than 365 days.

Though a First In First Out (FIFO) model is envisaged in the FRS, it was not implemented in the treasury application. In respect of contingent payment bills, copy of the bills with vouchers need to be produced physically at treasury to authorise the payment to the recipient. Audit noticed that in the case of contingent bills, there is no provision in the Treasury system to capture the date of submission of physical copy at treasuries and to automatically reject the bills if the physical submission of bills along with

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[37]   The date when the bill is approved at treasury.
[38]   The date when the bill is received at treasury.

vouchers are delayed by more than the prescribed number of days. Also, sanction order details which is the pre-requisite for authorising contingent bills were not available in the system against the bill as pointed out in Paragraph 5.2.4 of this Report which also augments the delay.

Government stated (November 2024) that the Department of Treasuries will explore the possibility of implementing a check system with built-in verification for required fields and documents before submission, tracking submission dates with alerts for approaching due dates to prevent delays, generating regular reports on pending bills to identify and address bottlenecks, and providing clear information and checklists for required documents to reduce rejection and delays.

> **Recommendation No. 17**
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> Government should implement a validation system to ensure completeness of data and documents before submission, reducing errors and improving process efficiency.

5.2.2   Officer level control shortfalls in bill processing

DDOs utilise bill preparation applications such as BIMS, SPARK, etc., to generate bills, which are then electronically received in the treasuries and displayed in the CoreTIS application's dashboard for verification by the dealing Accountant. The Accountant of the treasury, through the application, checks the bills and verifies the supporting documents. For contingent bills, the physical copies of the bills, along with vouchers, need to be examined. If the bill and supporting documents are found to be in order during scrutiny, they are forwarded to the Treasury Officer for approval. Once the bill is verified and approved by the officer, payment is made.

In the system of bill processing in Treasury, Audit observed that:

- Only bills scrutinised at accountant level are available in Officer's dashboard. Thus, the pendency of the bills at the Accountant level cannot be watched by the Officer and there is no report generation for Treasury Officer on the status of bills received in Treasuries.

- The dealing Accountant has the authority to raise objections on any bill and return it to the respective DDOs from where the bill originated without being submitted to the Treasury Officer for countersigning. If a bill is rejected by the Accountant, it is directly forwarded to the DDOs without allowing the Treasury Officer to review the objection made by the Accountant.

Government stated (November 2024) that the Department of Treasuries will explore the possibility to upgrade CoreTIS in IFMS-K to allow Treasury Officer to monitor pending bills at the Accountant level, access detailed reports on bill status and required actions and review Accountant's objection to ensure accountability and prevent delays.

> **Recommendation No. 18**
>
> Government should upgrade the CoreTIS application to incorporate facilities to allow the Treasury Officer to monitor pending bills at the Accountant level, access detailed reports on bill status and required actions, and review Accountant objections to ensure accountability and prevent delays.

5.2.3 Absence of integration between SPARK and Treasury system for DDO-DSC registration process

Government issued (December 2020) detailed guidelines regarding the registration of the DDOs in SPARK and BIMS. A newly designated or newly posted DDO immediately after taking charge as DDO, has to register his/ her Digital Signature Certificate (DSC) with the DDO code of the office in BIMS application. The registration details thus created will be readily made available in the CoreTIS application of corresponding treasury. This has to be approved by the treasury to activate the DDO privilege in BIMS application.

Audit observed that while the registration details are accessible to the Treasury Officer in CoreTIS, essential documents such as the DDO appointment order and report of transfer of charge are not available online. Consequently, DDOs are physically submitting these documents along with a printout of the DDO-DSC registration form to the treasury for approval. Though these details are recorded in SPARK, the lack of integration between SPARK and treasury systems led to delays and manual intervention, complicating the DDO-DSC approval process.

Government stated (November 2024) that necessary software modifications will be incorporated in the treasury applications in the next phase of software upgradation.

> **Recommendation No. 19**
>
> Government should fix a time frame for integration of SPARK with treasury systems for efficient DDO-DSC approval.

5.2.4 Absence of sanction order/ proceedings in bill creation

The sanction order/ proceedings from the competent authority is required for bill creation. In the bill preparation system, DDOs create bills using a physical copy of the sanction order and the order numbers are recorded against the bill. System includes provisions to scan and upload the sanction orders, though it is not mandatory. An analysis of the bill data showed that the sanction order reference data often contained Null or unreliable data instead of a valid sanction order number. A few illustrative bill data are given in **Appendix – 5.2**.

Government stated (November 2024) that necessary software provision to ensure uploading of the scanned copy of sanction order will be made mandatory for the bill passing.

> **Recommendation No. 20**
>
> Government should fix a time frame for software modification to ensure uploading of sanction order for passing bills.

5.2.5 Incorrect DDO code in the report generated

The DDO code in Treasury applications is a 10-digit code. The first four digits depict the code of treasury assigned to the DDO, the next three digits depict the Department code and the last three digits are unique for that particular DDO.

Audit observed that the report generated through 'Bill-wise Search' displays incorrect DDO code consisting of 13 digits.

Government stated (March 2023 and November 2024) that the data is to be analysed in detail to identify the issue and necessary corrective measures will be taken immediately on identifying the same.

The fact remains that even after initiation of the project in 2015 and a lapse of 17 months from the initial Government reply, no action has been taken to address the issue. Populating incorrect DDO codes renders the report unfruitful.

5.2.6 Non-settlement of advance bills

As per Article 99 of KFC Vol I, advances drawn for specific purposes must be adjusted with detailed bills and vouchers within three months. If the adjustment bill is not submitted on time, the entire advance is recoverable, with 18 *per cent* interest from the drawal date to recovery.

In January 2020, the government issued guidelines to ensure timely settlement of advances:

- The BIMS should capture the Permanent Employee Number (PEN) of employees to prevent new advances without settling previous ones.

- A maximum of 10 advances are allowed; if the first advance exceeds three months, further advances are not permitted.

- No further advances will be allowed if previous advances remain unsettled in the same department.

As of 31 March 2023, ₹190.22 crore in temporary advances remained unsettled, with ₹188.36 crore (99 *per cent*) drawn before April 2022, indicating the system allowed advances contrary to these guidelines.

Government stated (November 2024) that the primary level discussions are going on to develop a novel system to implement automatic interest charges for the delayed settlement of advances. Strict instructions are issued to all the Treasury Officers to make sincere efforts for settling the pending advances made by the DDOs under each Treasury jurisdiction.
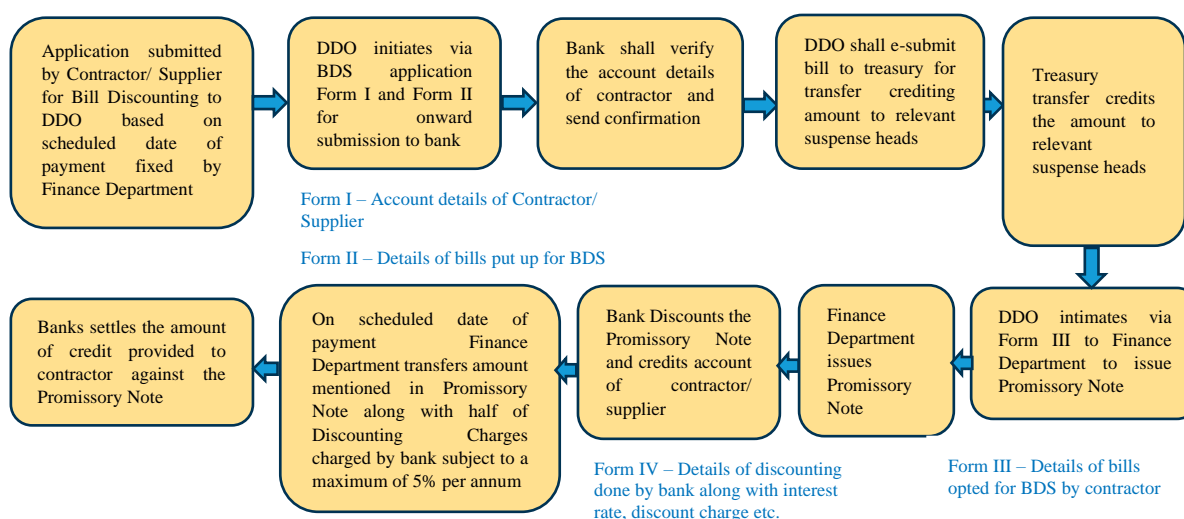
> **Recommendation No. 21**
>
> Government should strengthen the system to prevent the issuance of advance bills in violation of the guidelines and implement automatic interest charges for delayed settlement of advances.

5.3 Deficiencies in Bill Discounting System (BDS)

Government introduced BDS which facilitates the contractors/ suppliers to get their bills cleared at a discounted rate from banks on the guarantee of a Promissory Note (PN) issued by Government.

Government, on receiving bills from contractors/ suppliers for a month, schedules a future date for settling the bills of that month, called the Scheduled date of payment. Process flow of BDS is shown in **Exhibit 5.2** below:

Exhibit 5.2
Process flow of BDS

| Application submitted by Contractor/ Supplier for Bill Discounting to DDO based on scheduled date of payment fixed by Finance Department | DDO initiates via BDS application Form I and Form II for onward submission to bank | Bank shall verify the account details of contractor and send confirmation | DDO shall e-submit bill to treasury for transfer crediting amount to relevant suspense heads | Treasury transfer credits the amount to relevant suspense heads |

Form I – Account details of Contractor/ Supplier

Form II – Details of bills put up for BDS

| Banks settles the amount of credit provided to contractor against the Promissory Note | On scheduled date of payment Finance Department transfers amount mentioned in Promissory Note along with half of Discounting Charges charged by bank subject to a maximum of 5% per annum | Bank Discounts the Promissory Note and credits account of contractor/ supplier | Finance Department issues Promissory Note | DDO intimates via Form III to Finance Department to issue Promissory Note |

Form IV – Details of discounting done by bank along with interest rate, discount charge etc.

Form III – Details of bills opted for BDS by contractor

The process begins with contractor or supplier submitting application for Bill Discounting to the DDO and the DDO e-submits the bill to treasury. Upon receipt of the bill, the treasury debits the functional head of account of the department and transfer credits to the suspense head. Subsequently, Department of Finance issues PN to the contractor, who in turn submits it in the Bank, for enabling bank to discount the bills. The bank subsequently discounts the bill and transfers amounts to the contractor's account. On the

Scheduled date of payment, the government transfers amounts to the bank along with applicable discounting charges[39] and the suspense head is cleared.

Audit observed following deficiencies in the implementation of BDS as detailed below:

5.3.1 Absence of validation control to restrict bill discounting of Deposit Work Bills

BDS facilitates the contractors to get their bills cleared at a discounted rate on priority and with assurance. Deposit works are works where upfront amount is made available for the work concerned.

On scrutiny, Audit noticed that the deposit works made during the audit period were included in BDS even though Government receives advance payments from departments to facilitate project execution. Audit observed that deposit work bills being cleared under BDS were causing additional burden to the Government via discount charges being reimbursed. During the period 2016-2023, 611 deposit work bills amounting to ₹211.26 crore were cleared through BDS for which government paid discount charges of ₹3.20 crore.

The Government (November 2024) stated that deposit work bills might get cleared in BDS due to the lack of familiarity among DDOs. The reply is not tenable as the fund for clearing deposit work bills are already available for disbursement, eliminating the need for BDS.

> **Recommendation No. 22**
>
> The system should be updated to ensure that bills are not routed through BDS when the original debit head pertains to a deposit head of account.

5.3.2 Delay in submission and accounting of BDS bills in treasury

As per guidelines[40] issued by Government of Kerala, Government shall, after receiving bills for a month, schedule a date for settling the bills of the month. On the Scheduled date of payment, Government shall settle the bills and pass on the credit to the account of contractors/suppliers.

Five suspense head of accounts were opened for settling of BDS bills and three heads for settling claims against discounting charges. Audit observed that in the BDS application there is no provision to ensure settlement of bills by debiting functional head of account and crediting the suspense accounts before scheduled date of payment. This led to suspense account lying unsettled for prolonged period. For the period from 2017-18 to 2022-23 the total suspense pending settlement was ₹403.27 crore as detailed in

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[39] Half the discounting charges up to a maximum of five *per cent* per annum of the bill amount.

[40] GO(P) No.63/2022.

Appendix – 5.3. Out of this ₹302.85 crore was pending settlement against PN issued and ₹100.42 crore against discount charges claimed.

The suspense heads remained unsettled due to inordinate delay in settlement of bills in treasury which prevented the transfer of credit from functional head to suspense head before the scheduled date of payment. A few instances of delay in settlement of suspense account are given in **Table 5.1**.

Table 5.1
Illustrative cases of delay in settlement of suspense account

Sl. No.	Bill No.	Scheduled Date of Payment	Date of recoupment of suspense head of account	Difference (No. of days)
1	850	25-01-2023	24-03-2023	58
2	1650	22-02-2022	31-03-2022	37
3	2203	23-04-2021	05-01-2022	257

(Source: Report generated from BDS application).

Government stated (November 2024) that now the workflow of the system is re-shuffled and transfer crediting is carried out before the issuance of PN in order to perform settlement at that instance. It was also stated that directions are delivered to the concerned DDO for settling the bills at the earliest.

> **Recommendation No. 23**
>
> A separate weekly report of unsettled bills may be generated with detailed bill specifications, DDO information, and an age analysis to prioritise overdue cases.

5.4 Shortfalls in Human Resource Management System – SPARK

Service and Payroll Administrative Repository for Kerala (SPARK) is an integrated Personnel, Payroll and Accounts information system designed to manage the data of employees working under Government of Kerala.

Every employee is assigned with a unique six-digit Permanent Employee Number (PEN) generated by the system and serves as an identifier of each employee. The system captures and stores the personal information, present service details and contact information of the employee. In addition, the system also stores various details related to employee salaries, deductions from their salaries and bank account information.

The system further facilitates the processing of monthly salary bills for each employee and streamlines the payment of salaries from the Treasury. The Kerala Service Rules govern a set of regulations pertaining to the general conditions of service, pay fixation, leave, joining time and other important aspects concerning Government employees in Kerala.

A detailed scrutiny of the system has uncovered several deficiencies under employee registration, career events, monthly salary processing and retirement which are given in the succeeding paragraphs:

5.4.1 Absence of validation checks during registration

Employee data is captured in the *'employeepersonneldetails'* table that includes personal information like employee code, name, designation, address, date of birth, date of joining service *etc*. This is the master table for employees where entries are made by DDOs when an employee joins the government service. The system allots PEN on registering the employee and thereafter PEN will be the unique code to identify the employee in the SPARK database. Audit analysis of the data in this table showed that inconsistent data continued to reside in the database due to absence of validation checks as detailed in succeeding paragraphs:

5.4.1.1 Failure to detect multiple Permanent Employee Number for same employee

Audit noticed that multiple PENs are allotted for the same employee, even with same PAN and Voter ID. Illustrative cases of employees with multiple PEN are given in **Table 5.2**.

Table 5.2
Illustrative cases of employees with multiple PEN

PEN	Name	Present Dept	Present Office	Date of birth	PAN	Date Of Joining
905166	Abhishek V	16B	14070413	06-11-1993	BVDPA4614F	01-06-2020
908010	Abhishek V	16B	14070413	06-11-1993	BVDPA4614F	01-06-2020
763520	Ajith K S	530	19010004	23-10-1991	IGNPS8508C	17-02-2020
887405	Ajith K S	530	19010004	23-10-1991	IGNPS8508C	17-02-2020

(Source: SPARK database).

Government stated (November 2024) that efforts to avoid duplication through SPARK 2.0 software will be ensured.

5.4.1.2 Deficiencies relating to capturing of Permanent Account Number

Audit analysis of the data showed that out of 8,28,063 employee records, 2,72,076 (33 *per cent*) records contain junk value in Permanent Account Number (PAN) field or did not contain the details of PAN. Audit also noticed duplicate PAN value in 6,374 records.

Government stated (November 2024) that the Department has not yet implemented online PAN updates. It was also stated that this feature will be integrated in the next generation HR software, SPARK 2.0.

5.4.1.3 Failure to detect duplicate or invalid GPF numbers

Audit noticed that the database table contained 13,049 records with same General Provident Fund (GPF) (Kerala) numbers and contained records with invalid GPF (Kerala) numbers. Illustrative details are given in **Table 5.3** and **Table 5.4**.

Table 5.3
Duplication in GPF number

PEN	Name	PF Account No.	Date of Joining
105923	Krishanan Kutty N	AIT279287	13-07-2001
175717	Geetha K U	AIT279287	26-03-2001
623209	Ajikumar M	AJ19982	15-06-2001
620565	Sreenivasan K C	AJ19982	07-07-1999

(Source: SPARK database).

Table 5.4
Illustrative cases of invalid GPF numbers

EMPCD	Name	PF Account No.	Date of joining
895557	Nabeel Hussain M M Dr	not received	27-08-2020
813669	Vija Das	oooo	06-10-2017
864563	Rincy Jose	notget	14-06-2019

(Source: SPARK database).

Government stated (November 2024) that, for old data, corrections are made based on the data received from office of the AG (A&E). Now, the data shared *via* API from the GPF application of AG (A&E) is being updated in SPARK.

5.4.1.4 Other inconsistencies

- There were 78 records where the date of birth (DOB) was the same as the date of joining the Government service **(Appendix – 5.4)**.

- In 89 records the DOB was later than the date of joining the Government service (**Appendix – 5.5**). Further in one record the DOB is 30 September 2032.

- There were 231 records where the difference between DOB and the date of joining was less than 18 years, implying that these employees had joined service before the age of 18 years **(Appendix – 5.6)**.

- In 12,801 records, it was noticed that the year of DOB or the year of date of joining is 1900. Illustrative cases are as shown in **Appendix – 5.7**.

Audit on test check noticed that in some cases the 'Present Service Details' page of the employees throws an error message and the 'Service History' page provides nil or partial information.

Government stated (November 2024) that instructions were issued to lock all records of each and every employee in SPARK, after verifying the same with the actual data available in the service book of the employee before sanctioning the increment of the employee.

> **Recommendation No. 24**
>
> Government should implement validation checks to ensure data consistency and accuracy by enforcing unique identifiers (*e.g*., PEN and GPF numbers) and validating mandatory fields like PAN.

5.4.2   Multiple employee treasury savings bank accounts opened against Permanent Employee Number

Government introduced (June 2019) a new type of TSB account namely, e-TSB for the disbursement of pay and allowances of all Government employees. It was further provided that new e-TSB accounts would be opened for all employees with data from SPARK as KYC for opening the account. The e-TSB account thus generated would be automatically updated in SPARK. As the new e-TSB account generated is based on PEN, only one account should be created for a government employee.

Audit observed that in 20 cases out of 5,23,389 cases, instead of opening one e-TSB account for a PEN of an employee from SPARK, multiple accounts were opened as shown in **Appendix – 5.8**.

Government stated (November 2024) that the duplicate e-TSB accounts were opened due to automatic generation of e-TSB account based on PEN from SPARK and opened manually based on request from employees. Now the extra accounts are identified and deleted.

> **Recommendation No. 25**
>
> Government should implement validation check to ensure that e-TSB accounts are created only once per unique PEN.

5.5   Deficiencies in Employee data management and salary processing

During the course of their employment, government employees experience various career events including leaves, promotions, increments, departmental exams *etc*. The career event records in SPARK contribute to the professional development of government employees. The following deficiencies were noticed in the recording of career events of employees in SPARK.

5.5.1 Non-availability of details of Departmental Exam in SPARK

Rule 12 of Kerala Service Rules stipulates that a pass in Departmental Tests is necessary for successful completion of probation, making an officer eligible for increment or for confirmation in any post and as a qualification for continuance in the post.

An analysis of SPARK data found that out of 8,28,063 employees, departmental exam pass details were recorded for only 1,40,561 employees, leaving 6,87,502 employees' details unrecorded. Furthermore, 1,16,341 records had missing certificate numbers and dates.

In the 'increment sanctioned details' table, records of 4,20,803 employees were available. However, for 2,94,298 employees, second and subsequent increments were sanctioned without verifying the departmental exam pass details in SPARK.

Government stated (November 2024) that the best suited recommendation is to fetch the data from KPSC[41] website/ database to SPARK as and when an employee passes the mandatory departmental exams. For this, the integration of SPARK with software of KPSC is being planned to implement through SPARK 2.0.

> **Recommendation No. 26**
>
> Government should fix a time frame for integration of SPARK with software of KPSC for recording details of departmental exams.

5.5.2 Irregular sanction of Leave Without Allowance (LWA) for a continuous spell of more than five years

Employees of the State Government were eligible for availing Leave Without Allowance (LWA) either for engaging in better employment or for joining spouse as per Appendix XII A and Appendix XII C of Kerala Service Rule-Vol I. Up to 04 November 2020, employees could avail LWA for 20 years in their entire service with a spell of continuous five years. However, Government[42] had amended the rule provision, there by the LWA has been fixed to a maximum of five years in the entire service of a government servant from 05 November 2020 onwards. On verification of 921 records of LWAs availed by the state government employees after 05 November 2020, Audit observed the following discrepancies in implementing the order:

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[41] Kerala Public Service Commission.
[42] Vide order No.83/2020/Fin dated 30 December 2020.

(i)   Irregular Sanction of LWA for more than five years in a spell

It was noticed that in the cases of two employees in Directorate of Health Services, leaves beyond five years were sanctioned as detailed below in **Table 5.5**.

Table 5.5
Sanction of LWA for more than five years

Sl. No	PEN	From Date	To Date	No. of days
1	891402	01-01-2022	31-12-2027	2,191
2	820736	01-01-2022	31-12-2027	2,191

(Source: SPARK database).

(ii)   Irregular sanction of LWA for employees who had already availed five years' leave in their entire service

It was noticed that in 14 cases, employees who had already availed the LWA for five years before 05 November 2020, were again sanctioned LWA as detailed in **Appendix – 5.9**.

The analysis reveals that the current SPARK system lacks the capability to enforce the rule provision stipulated by Government regarding the limitation of the entire Leave Without Allowance (LWA) to a maximum of five years.

Government stated (November 2024) that necessary software changes are being enabled within the system so as to restrict the LWA period to five years.

> **Recommendation No. 27**
>
> Government should fix a time frame for software modification to restrict the LWA period to five years.

5.5.3   Deficiencies in Monthly salary processing

The monthly salary bill processing through the SPARK system involves three steps: salary initiation, bill making, and e-submission of bills to treasury for payment. The first step, salary initiation, is the process of creating the payroll for employees within the SPARK system. Once the salary initiation is completed, the next step is bill making. During this phase, the system generates the salary bill based on the verification of the salary details in payroll for the employees. Finally, after the bill is prepared, it is electronically submitted to the treasury concerned for payment. Audit noticed the following deficiencies:

5.5.3.1 Incorrect mapping of House Rent Allowance Class of locality of the offices

Pay Revision Order (February 2021) stipulates that House Rent Allowance (HRA) is payable as a percentage of basic pay based on the class of locality in which the office is situated.

Test check in the SPARK database for the audit period of the monthly salaries drawn by officials of five offices located in Civil Station Kasargode in Chengala *Grama Panchayath* revealed that HRA was paid at the rate of six *per cent* of the basic pay classifying the location as Class C instead of Class D in which HRA is payable at the rate of four *per cent* only.

The incorrect mapping of HRA class in the database resulted in excess payment of HRA amounting to ₹14.75 lakh for the test checked offices as detailed in **Appendix-5.10**.

Audit also observed that the table 'OFFICES' in SPARK data which contains the fields 'TALUK', 'VILLAGE' and 'LOCALBODY' did not have information on the location of the office in 7,494 out of 48,012 records, though it was relevant for regulating HRA class.

Government stated (November 2024) that strict instructions have been issued to all DDOs for checking and curtailing the practise of irregular drawing of allowance through SPARK and making the concerned DDOs personally accountable for the irregular drawing of allowance if occurred.

The reply is not tenable, as the application must be strengthened to map the HRA class, so that such cases are prevented in the future.

5.5.3.2 Irregular processing of salary of employees who were on Leave Without Allowances

Analysis of SPARK database with respect to Leave Without Allowance (LWA) availed showed that during the audit period, in 18 Departments, payroll for processing salary was generated for 54 employees during their LWA period.

Audit cross verified six cases with the data available in CoreTIS database and found that salary was processed for the employees as detailed in **Appendix-5.11**, resulting in ineligible salary amounting to ₹4.48 lakh being paid.

Deficiency of the system in detecting and excluding LWA cases resulted in inclusion of employees on LWA in the payroll.

Government stated (November 2024) that necessary software modification will be proposed in the next version of SPARK.

5.6 Irregular processing of salary of employees who retired/ superannuated, took voluntary retirement, died while in service, declared invalid from service

On analysis of data of 1,17,286 employees under 147 departments, who retired or took voluntary retirement from service or became invalid or died while in service, it was noticed that in 228 cases under 30 departments, payrolls for processing salary were generated for these employees after they exited from Government service as mentioned above.

Audit cross verified this with salary bills passed in CoreTIS and found that in four cases salaries were processed, which resulted in drawing of ineligible salary amounting to ₹6.59 lakh as detailed in **Appendix-5.12**. It was observed that SPARK application does not have a feature to mark the end of service of an employee. As a result, salary was processed to these employees.

Government stated (November 2024) that already SPARK provided option for processing salary of employees, who retired/ superannuated/ died while in service.

Recommendation No. 28

Government should implement a functionality in SPARK to mark end of service event in employee data and to process further payments to ex-employees only after this is specifically permitted by the DDO in the system.

5.7 Absence of mechanism for monitoring of utilisation certificate of Grants-in-Aid

Article 210 of the Kerala Financial Code (Vol I) provides that the authority sanctioning grant-in-aid has to stipulate, in every order sanctioning the grant, a time limit not exceeding one year from the date of sanction for utilisation of the grant and a time limit of nine months for the submission of audited accounts. The Utilisation Certificate (UC) should be furnished within three months from the date of receipt of audited accounts. The UCs for grants-in-aid exceeding ₹2 lakh have to be forwarded to the AG (A&E), Kerala. UCs outstanding beyond the specified period indicates absence of assurance on utilisation of grants for intended purposes.

Audit noticed that the controls for monitoring of the utilisation of grants was not made part of IFMS-K. Tracking funds drawn on grant-in-aid bills were not facilitated as there was no provision for monitoring the submission of UCs.

Government stated (November 2024) that a new feature called 'Grant-in-aid Monitoring Module', which is integrated with BiMS and WAMS software applications and is currently in the testing phase. Under the system, the Administrative Department can sanction the next grant to a Grant-in-Aid Institution only after UC for the previous grant has been submitted *via* the

WAMS application. By the introduction of the new feature accurate monitoring of grant in aid will be possible.

Government may fix a timeline for updating the system to enable the above features.

5.8 Deficiencies in Effective Management of Issuance of Letter of credit (EMLI)

EMLI is a web-based application, which was introduced by Department of Finance for automating the issuance of Letter of Credit (LOC) based on the bills submitted by the works executed departments.

5.8.1 Non-recording of Contractor Details in Database

Audit analysed the contractor information maintained in the EMLI database. Total number of contractors as per the EMLI database is 31,810. Essential details such as Aadhaar numbers, GSTIN (Goods and Services Tax Identification Number) and PAN were not mandatorily captured in the database.

Aadhaar details were not recorded for 31,761 contractors, GSTIN field remained blank for 3,668 contractors and junk values were detected in PAN for 183 contractors.

Government stated (November 2024) that the EMLI system will be updated to capture additional information such as Aadhar number and GSTINs.

> **Recommendation No. 29**
>
> Government should fix a time frame for updation of the EMLI application to capture additional information.