CHAPTER-III
Expenditure Audit

Animal Husbandry Department

3.1 Information Systems Audit on 'Integrated Online Medicine Management Software'

3.1.1 Introduction

The State of Rajasthan is rich in livestock wealth. According to the livestock Census-2019 total livestock population of the State was 568.01 lakh and poultry birds was 146.23 lakh. The State had about 10.60 *per cent* of the livestock of the Country.

The Animal Husbandry Department is providing services through various schemes and programs with a view to maintain the importance of this vast and precious wealth of the State, its development and health protection. The weaker sections especially in rural areas were being benefitted through increase in livestock production. One of the main activities and programs of the Department includes Veterinary Health Care & Disease Control Programme.

The Government of Rajasthan launched (15 August 2012) *Pashudhan Nishulak Aarogya Yojna* to benefit the livestock. This scheme was available at all departmental veterinary institutions and treatment camps. The Animal Husbandry Department operates 10,233 unit offices *i.e.* 48 Poly Clinics, 3,018 Veterinary Hospitals and 7,167 sub centers across the State. Under this scheme, 138 types of medicines and 25 types of surgical consumables[1] were provided free of cost for the treatment of animals.

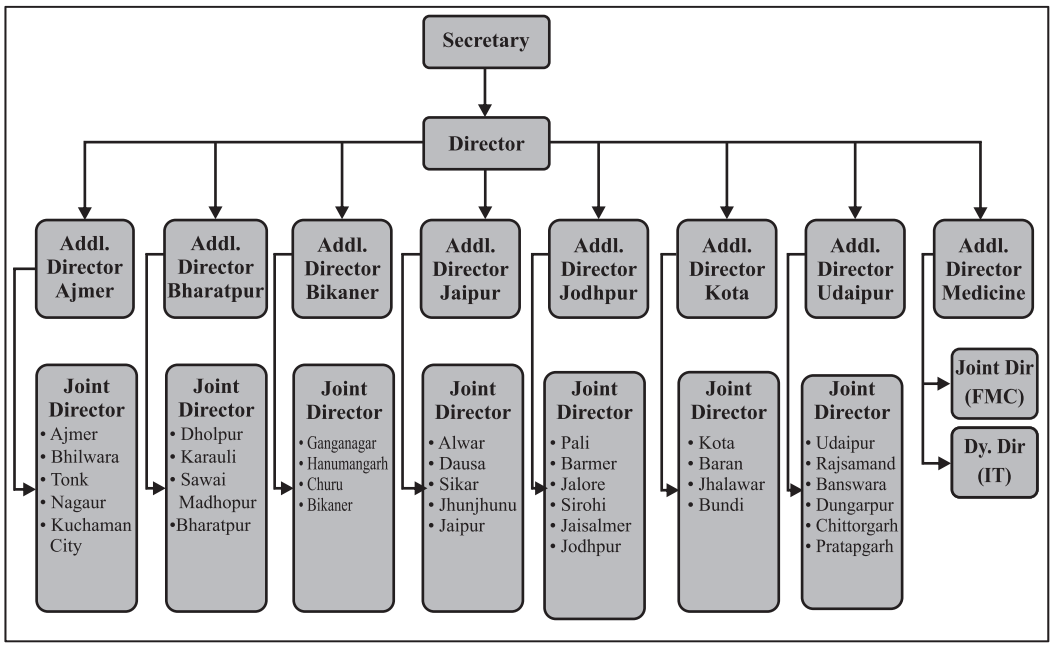
The Department issued (12 December 2014) an order to Rajasthan Electronics and Instrument Limited (REIL) to develop a web-based application Integrated Online Medicine Management Software (IOMMS) to streamline the purchase, supply and consumption of the medicines.

3.1.2 Organizational Setup

The Director under the Secretary, Animal Husbandry Department administers the overall functioning of the Department with seven Additional Directors at the divisional level, 33 Joint Directors at the district level and one Deputy Director at Kuchaman City (Tehsil). The responsibility of IOMMS for its functioning is vested in the Deputy Director (IT), under the administrative and supervisory control of the Additional Director (Medicine) of the Department. The detailed organisational setup is given in the **Chart 3.1.**

[1] These numbers are for the year 2024-25. In the prior years, these figures were comparatively lower.

Chart 3.1: Organisation setup of the Animal Husbandry Department

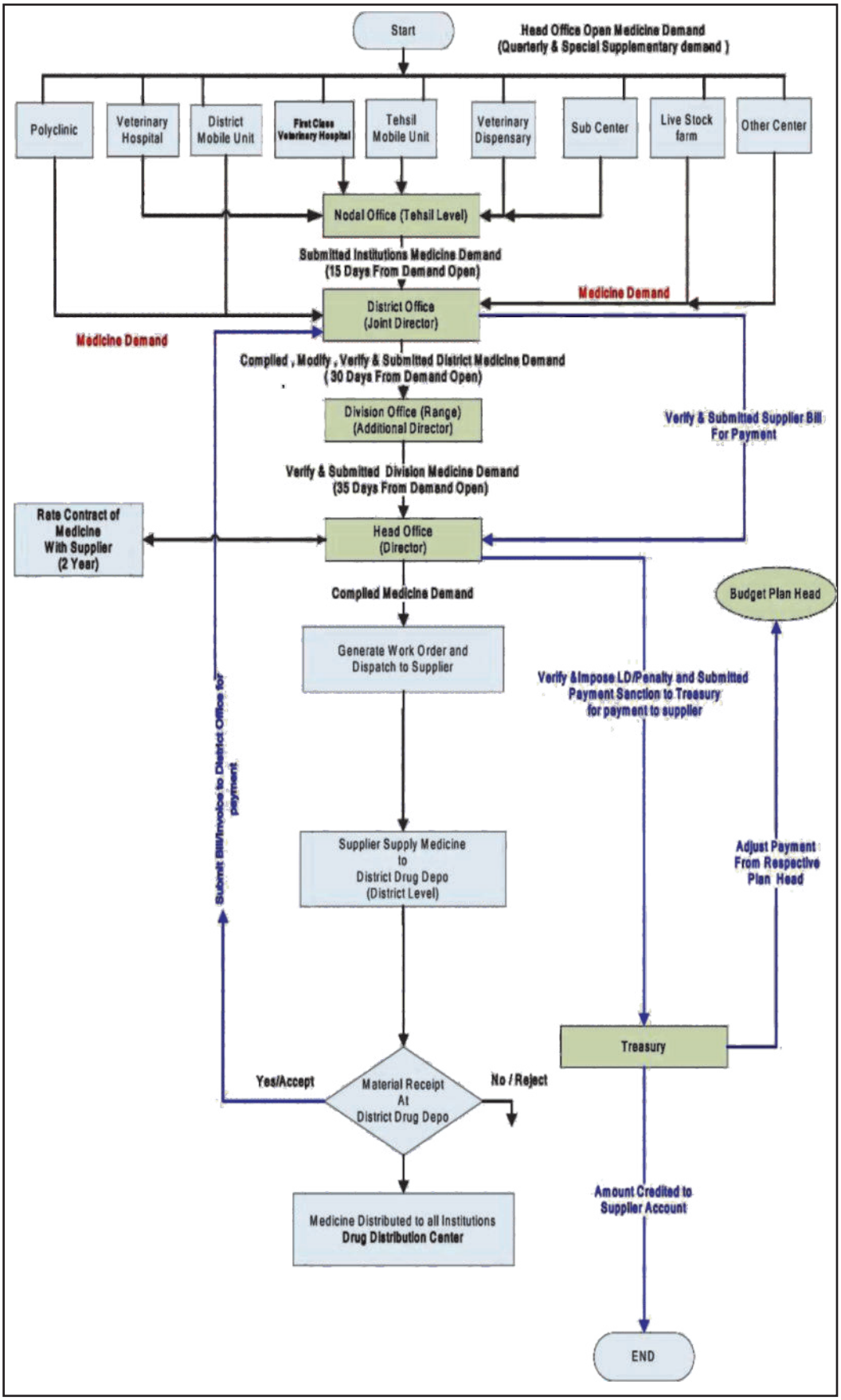


Source: Information collected from website of the Department

3.1.3 Overview of Information Technology Activities in the Department

IOMMS is a web-based Supply Chain Management System which deals with purchase, inventory management and distribution of various drugs and consumables to the veterinary health institutions of the State. There were 17 modules in the IOMMS applications. Details of the modules are given in the ***Appendix-12***. IOMMS is operational since April 2015**.** The process flow chart of IOMMS is shown in **Chart 3.2**:

Chart 3.2: Process Flow Diagram of IOMMS



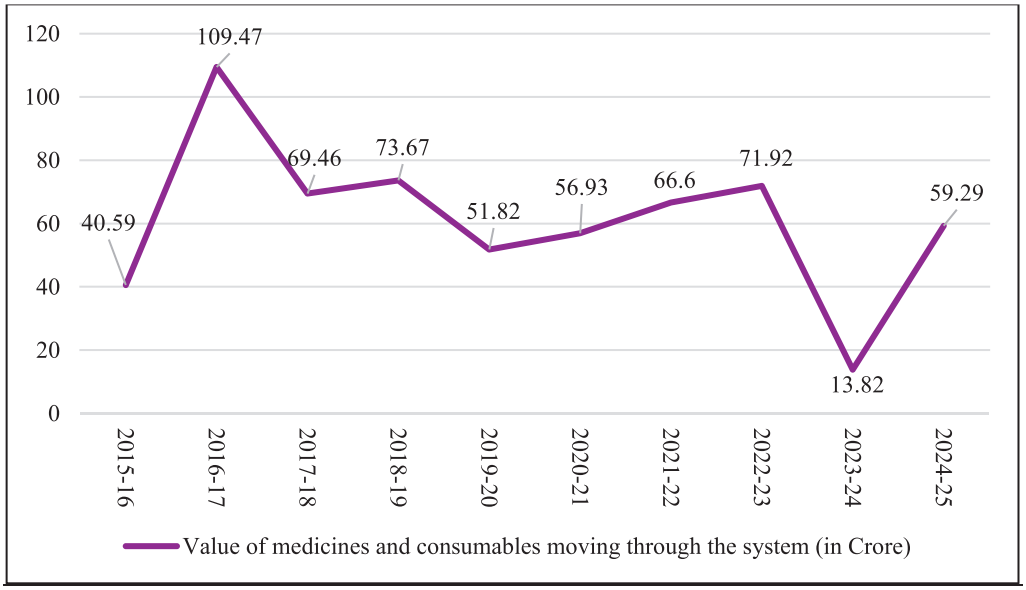
Source: Information collected from the Department

3.1.4 Financial Outlay

The IOMMS was developed with a cost of ₹11.23 lakh in 2015. Till September 2024 an amount of ₹ 42.17 lakh (₹11.23 lakh for development and ₹30.94 lakh on maintenance) has been spent on the system.

The Department procured and distributed medicines and consumables amounting to ₹ 613.57 crore during the period 2015-16 to 2024-25. The year-wise details are given in the **Chart 3.3:**

Chart 3.3: Details of medicines and consumables which moved through the IOMMS



Source: Analysis of dump data provided by the Department.

3.1.5 Audit Objectives

The audit objectives were to ascertain whether:

- Governance system was in place to ensure that the IT system has been implemented in compliance with the approved functionalities;
- General controls related to operations of the IT system were implemented in compliance with executive instructions; and
- Business rules were correctly mapped and application controls were implemented in the system to ensure compliance with executive instructions.

3.1.6 Audit Criteria

The audit criteria were derived from the following sources:

- eSAFE guidelines issued by Department of IT, Government of India (GoI) and generally accepted good IT practices;
- User Manual, Software Requirement Specification (SRS) and Functional Requirement Specification (FRS) documents of IOMMS;

- The terms and conditions of the agreement, work order and other directions issued to the software developer;
- Notifications, circulars and guidelines issued by the Animal Husbandry Department of the Government of Rajasthan (Government);
- The Rajasthan Cosmetics and Drugs Act, 1940, purchase orders and medicine rate contract of the Department; and
- Guidelines on Information Security Practices for Government Entities.

3.1.7 Audit scope and Methodology

The Information System Audit was conducted covering the period from 2015-16 to 2024-25. The scope of audit included evaluation of governance, controls adopted in IT system/application, data integrity, and assessment of its operational effectiveness for the period. The audit scrutiny covered functionality of all modules of IOMMS, cross verification of records related to procurement, distribution and utilisation of medicines in the unit offices. The electronic data including back-end data/data dump for the year 2015-16 to 2024-25 was collected and analysed through Computer Assisted Audit Techniques (CAATs) using Interactive Data Extraction and Analysis (IDEA) software. In addition to the above a review of system documentation (SRS, FRS), minutes of meetings and physical documents were also covered.

The methodology involved holding of Entry Conference (02 January 2025), raising of audit queries and interaction with the departmental personnel. Audit conducted Joint walkthrough of the workflows for selected user roles on the system. A questionnaire was used to elicit information from the 36 departmental officials of selected units to evaluate controls of application and to ascertain completeness, regularity and consistency of data, entry of data in the system.

During the field visit (06 January 2025 to 14 February 2025) the records of selected units (as mentioned in paragraph number 3.1.8 hereunder) were examined after identifying potential discrepancies from the data dump. Audit scrutiny included issue of Factual Statement (19 May 2025) and Draft Report (03 July 2025) to the Government. The Exit Conference was held on 23 July 2025 and the reply from the Government was received on 28 July 2025, which have been duly considered.

3.1.8 Sampling

A pilot study was conducted (25 July 2024 to 14 August 2024) in Ajmer district. Thereafter, out of 33 districts, a sample of six districts[2] was selected, with two-unit offices taken from each category (low-risk, medium-risk and high-risk unit) using a stratified random sampling technique through IDEA software. Thus, a total of, 36-unit offices were selected for audit scrutiny. The details of the districts and unit offices selected are given in ***Appendix-13***.

[2] Bhilwara, Chittorgarh, Hanumangarh, Kota, Sawai Madhopur and Sri Ganganagar.

Audit findings

Audit findings based on scrutiny of records, analysis of dump data and review of IOMMS mainly highlights non-availability of infrastructure facilities and deficiencies in general controls, application controls, mapping of business rules and internal control mechanism. These findings are discussed in succeeding paragraphs.

Audit Objective 1: Governance system was in place to ensure that the IT system has been implemented in compliance with the approved functionalities.

3.1.9 Ineffective governance system

Audit observed that the IT system was not implemented in line with the approved functionalities, as the requisite infrastructure facilities were not ensured. Furthermore, IT security policy, and training policies were not formulated to support the effective functioning of the software. The deficiencies are discussed as under:

3.1.9.1 Availability of Infrastructure Facilities

Clause 2.8 of the Software Requirement Specification states that "all connected locations shall have computer systems with internet connections." Furthermore, clause 3.3 specifies that "a web browser and an internet connection with a minimum speed of 512 kbps is required at the client side (Department)." District Drug Depots (DDDs)[3] were required to use IOMMS for key functions such as compiling demand, receiving medicines from suppliers, issuing medicines to unit offices, generating supply vouchers, and uploading quality test reports. Similarly, unit offices were required to use IOMMS to raise medicine demands, record receipt of medicines, and enter fortnightly consumption data. This indicates that for the successful implementation of the software, each unit office was required to be equipped with a computer, necessary peripherals, and the specified internet requirements.

During the audit of selected offices, the seven Joint Directors stated that only 29 personal computers and related peripheral devices were available, against a requirement of 1,917 for the proper functioning of the IOMMS. Further, responses of the officials to the questionnaire revealed that 32 out of 36 test-checked unit offices did not have the necessary equipment. These findings highlight shortfall in IT infrastructure such as computers and internet connectivity which is a pre-requisite for effective use of the application. The details are given in the **Table 3.1.**

[3] District Drug Depots performed duties under the control of the Joint Directors at District levels as shown in the process flow diagram in Chart 3.2.

Table 3.1: Position of infrastructure facilities for proper functioning of software

S. No.	Name of Joint Director, Animal Husbandry Office	Numbers of unit offices under Joint Director of the district as on March 2024	Required numbers of PCs and other peripheral devices	Numbers of available PCs and other devices
1	Ajmer	321	342	1
2	Bhilwara	369	365	2
3	Chittorgarh	254	278	1
4	Hanumangarh	258	259	10
5	Sri Ganganagar	264	266	11
6	Kota	180	194	2
7	Sawai Madhopur	211	213	2
Total		**1,857**	**1,917**	**29**

Source: Information provided by the Department.

The **Table 3.1** depicts the shortage of basic infrastructure facilities. Therefore, the Department needs to provide basic infrastructure to its unit offices for effective functioning of the software. The Government accepted (28 July 2025) and stated that availability of infrastructure facilities could not be ensured due to budget constraint. After availability of the budget, necessary measures would be undertaken to strength the infrastructure facilities. Further progress is awaited (September 2025).

3.1.9.2 Information Security policy

According to the eSAFE guidelines[4] issued by the GoI, the information security policy should be approved by top management, published and communicated to all user. It should contain objectives, scope, security practices, responsibilities for security management and incident reporting, and references to supporting documents. It should state management's intent, goals, and principles of information security in line with business strategy.

On being asked the Department intimated that IT security policy was not formulated. However, the Government has replied (28 July 2025) that instructions were issued (15 July 2025) to the software provider agency (REIL) to adopt the IT security policy of the Department of Information and Technology, Government of Rajasthan. Further progress is awaited (September 2025).

3.1.9.3 Training and capacity Building

The eSAFE guidelines issued by the GoI provided that the individual user of the information system should be provided with appropriate security awareness, training and education and regular updates on security policies and procedure.

Proper orientation and structured training programs were essential pre-requisites for successful implementation of IOMMS. It was revealed through

[4] **eSAFE**: The guidelines in this document are recommended for eGovernance systems. The proper implementation of security controls is crucial to protect an information system's confidentiality, integrity, and availability, and to safeguard an organization's operations and assets.

the information compiled from the responses received to the questionnaire filled-in by the officials of the selected 36 units that though directions for working of the IOMMS application were issued, staff training programmes were not planned. It was also noticed that no training sessions were conducted by the Department except in the initial stage of implementation of IOMMS and six officials out of 36 confirmed that they were not fully familiar with the IOMMS application. On being asked (17 March 2025), the Department confirmed (12 June 2025) that no formal training on "how to use IOMMS" was organised at the unit level as the availability of staff was very low.

The Government replied (28 July 2025) that instructions have been issued (18 July 2025) to Rajasthan State Livestock Management and Training Institute to include training to the IOMMS module in every batch of Veterinarians/ Para-veterinary professionals trainees. Further progress is awaited (September 2025).

Audit Objective 2: General controls related to operations of the IT system were implemented, in compliance with executive instructions.

3.1.10 General Controls

General controls include controls over data centre operations, system software acquisition and maintenance, access security, and application system development and maintenance. They create the environment in which the application systems and application controls operate. Categories of general control include organisation and management controls, physical controls (access and environment), logical access controls, acquisition and program change controls and business continuity and disaster recovery controls. The Audit noticed following deficiencies in general controls.

3.1.10.1 Operational Procedure

The eSAFE guidelines issued by the GoI provided that the Operating Procedures should be identified, documented, maintained, and made available to users to ensure correct and secure operation of information systems. Procedures should cover activities such as processing and handling of information, backup process, error handling, equipment maintenance, start up and close down procedure.

During audit, it was noticed that the Department did not establish a help desk to address system problems such as processing and handling of information, backup process, error handling and equipment maintenance *etc.* for end users. The response of 36 unit offices through questionnaire revealed that there was no help desk/centre available to resolve operational issues such as system downtime during demand submission. Also, no feedback mechanism was set up for sub-centres or unit offices to report problems or suggest improvements for the application.

The Government replied (28 July 2025) that a dedicated help desk has now been established, however, specific details were not provided.

3.1.10.2 User Identification and Authentication

The eSAFE guidelines issued by the GoI stipulated that all computing devices must ensure unique user identification and authentication to protect information and processing facilities. The Department should have an ideal password policy with minimum length (at least eight characters), complexity (alphanumeric and special characters) and change frequency through system controls to prevent unauthorised changes. The application should support multifactor authentication mechanism for user authentication. The application should re-authenticate the user under specified conditions (*e.g.* after specified interval of idleness or inactivity, session timeout, credential changing *etc*). Further, the system should automatically lock the account for a definite period on exceeding the allowed number of unsuccessful login attempts.

On being enquired (19 February 2025), the Department stated that no such password policy was framed.

The followings key observations were also noted during data analysis for the period April 2015 to March 2025:

- Initial login password was not changed in 1,660 records out of 11,747 records.
- The password length was less than eight characters in 2,237 records.
- Passwords lacked complexity requirements, as 1,310 records contained only alphabetical characters and 5,181 records consisted solely of numeric characters, without the use of alphanumeric combinations or special characters.

Scrutiny of the response of the departmental officials of selected 36 units through the questionnaire also disclosed that:

- Mandatory complexity requirement for the passwords to be compulsory a combination of alphanumeric and special characters was not there;
- IOMMS did not have multifactor authentication system; and
- User accounts were neither locked after multiple invalid login attempts nor automatically logged out after a period of inactivity.

These weaknesses in the controls indicate serious lapses in basic security, increasing the risk of unauthorized access and compromising the integrity of the system.

The Government replied (28 July 2025) that REIL has been instructed (15 July 2025) to make passwords stronger, restrict the use of the IOMMS after three wrong attempts for the next three hours and to develop the application standards for access control. Further progress is awaited (September 2025).

3.1.10.3 Business Continuity Plan and Disaster Recovery Controls

The eSAFE guidelines issued by the GoI stipulate that a documented Business Continuity Policy should be developed and maintained to ensure IT systems function at a minimum acceptable level and address information security requirements. A Business Continuity Plan should define roles, responsibilities, contacts, and restoration activities, reviewed and approved by designated personnel and shared with key staff. An alternate storage site for backups and alternate processing site for critical functions should be established to manage risk and ensure timely recovery. The regular user-level, system-level, and software backups should be taken, securely stored, and protected to ensure availability of essential information in case of disaster or media failure.

During audit, it was noticed that the Department did not have a documented business continuity plan or a recovery procedure in place. The Department did not take regular backups to ensure the availability and recoverability of essential information. In the absence of backups and disaster recovery plan, the Department would not be able to retrieve information in the event of any disaster.

The Government accepted the audit observation and stated (28 July 2025) that REIL has now been instructed to provide backup and dump data for the period 2014-15 to 2024-25, and to ensure submission of data at the end of each financial year. However, nothing was intimated about the development of a documented business continuity plan. Further progress is awaited (September 2025).

Audit Objective 3: Whether, business rules were correctly mapped and application controls were implemented in the system to ensure compliance with executive instructions.

Audit observed that essential operational rules were not accurately or appropriately mapped and application controls were not implemented into the system as to ensure compliance with executive instruction as detailed under.

3.1.11 Application Controls

The eSAFE guidelines issued by the GoI stipulated that the Data Input Validation checks the validity of the input data to the application. These checks should be applied to the input of the business transactions, standing data and parameter tables. These controls included dual input or other input checks, such as boundary checking or limiting fields to specific ranges of input data, to detect out-of-range values, invalid characters in data fields, missing or incomplete data, exceeding upper and lower data volume limits, and unauthorized or inconsistent control data.

It was observed that these application controls were either lacking or deficient in the different modules of IOMMS as discussed hereunder.

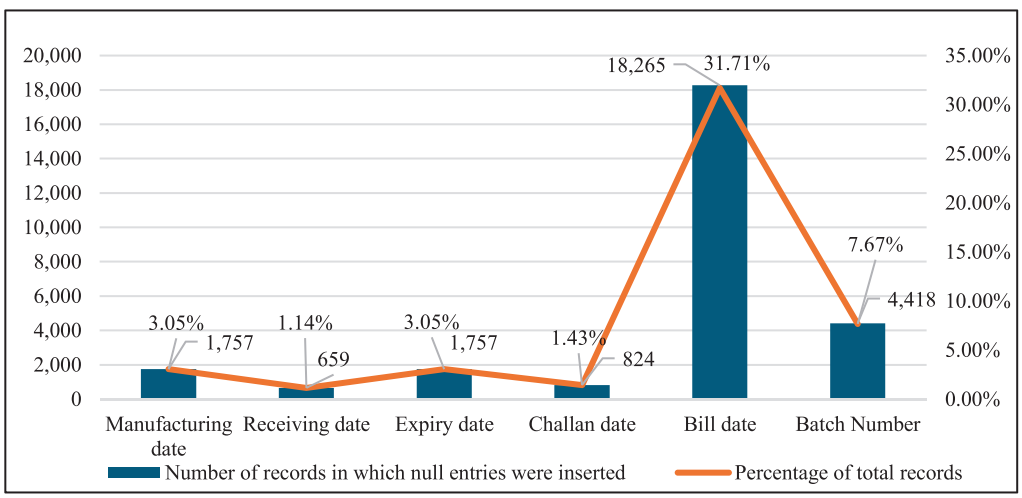
3.1.11.1 Purchase Order Generation, Order Dispatch and Material Receipt Module

According to the workflow process, the Directorate placed purchase orders with the qualified suppliers. The suppliers delivered the medicines to the District Drug Depots and recorded district-wise dispatch challan/invoice details in the IOMMS system against the respective purchase orders. District offices could view dispatch information as entered by the suppliers. Upon physical receipt of the medicines, District Drug Depots were required to enter/verify the receipt details in the system. Analysis of these modules disclosed various deficiencies as discussed hereunder.

(i) Absence of validation controls in dispatch and receipt process leading to data integrity issues

During the analysis of dump data provided by the Department, Audit observed significant data integrity issues in the system, as it allowed null or invalid entries in critical fields such as batch number, manufacturing date, receiving date, expiry date, challan date and bill date. The date was entered "00-00-0000" in such critical fields. The null value ranges between 1.14 *per cent* and 31.71 *per cent* in 57,609 records as defined in **Chart 3.4** below:

Chart 3.4: Details of null values in critical fields



Source: Analysis of dump data provided by the Department

These lapses indicate serious non-compliance with procurement standards and highlight absence of validation controls, necessitating immediate corrective action to ensure adherence to contractual conditions and data accuracy.

The Government replied (28 July 2025) that the module was also being used for the tags and vaccines received from the GoI and instruments by the supplier, therefore, such entries were made by District Drug Depots. It was also stated that these issues would be resolved at the time of upgradation of IOMMS.

The reply is not tenable in respect to supplies received from the GoI and instruments received from the suppliers, as the dates of manufacturing, receipt,

challan and batch number were the essential dates to be entered in IOMMS by the District Drug Depots in every receipt of either medicines or instruments.

(ii) Absence of input control to validate minimum shelf life of supplied medicines

As per Clause 12 of the purchase order, 2018, the supplier would ensure a minimum of 75 *per cent* of shelf life at the time of supply in respect of expiry date of the medicine.

The dump data analysis revealed that in 689 out of 57,609 records of medicines the minimum shelf life of medicines was less than the prescribed limit of 75 *per cent*. However, the District Drug Depots had accepted these medicines.

Review of physical records at selected District Drug Depots validated the fact that medicines with less shelf life were being accepted. Such non-compliance increases the risk of receiving medicines with a short shelf life, thereby exerting pressure on their early usage. It was also noticed that the IOMMS had no input control to reject the medicines which had short shelf life than the prescribed limit.

During the walkthrough of the IOMMS, the Audit team tested the system by entering a manufacturing date of 01 March 2025 and an expiry date of 04 April 2025-both entries made on 04 April 2025. The system accepted these entries and updated the stock of District Drug Depot. Moreover, the system also permitted the issuance of these expired medicines to the sub-center (Baalpura-80109169) on 11 April 2025. This indicates the absence of input control to validate the minimum expiry period of supplied medicines.

The Government replied (28 July 2025) that in case of emergency conditions and imported medicines the shelf life of goods was less than the prescribed time. It was also stated that validation check to ensure the minimum expiry period of supplied medicines was already available in the IOMMS, but it has certain limitations.

The reply is not tenable, as Audit noticed the absence of this validation control during the walkthrough of the system, as detailed earlier.

3.1.11.2 Material Stock Process

This module deals with all the steps involved in maintaining the medicine stocks *i.e.* Material Opening Stock Entry, Material Issued to Unit offices, Material Receipts, Stock Transfer Request, Stock Transfer, entries of consumption of medicines.

(i) Absence of system-based threshold and categorization controls in stock management

According to para number 2.4 of the Free Medicine Distribution order (2012) issued by the Government of Rajasthan, Joint Director of the Department would

ensure the availability of stock of needful medicine items for a minimum of two months at the district level.

Analysis of the IOMMS revealed that material stock process module lacks essential system controls such as threshold validation for minimum/maximum stock levels, and categorization of medicine as high, moderate or low as per requirement. These findings were also validated through the questionnaire responses received from officials of the unit offices.

Further, the selected district offices stated that the needful medicines were not categorized as high, moderate or low. Therefore, the availability of minimum stock of needful medicines was also not ensured and only five *per cent* to 10 *per cent* of medicines were kept reserved at the district drug depots.

The Government replied (28 July 2025) that presently system-based threshold and categorization controls in stock management are not available in the IOMMS. These provisions would be included in the IOMMS with the help of the REIL. Further progress is awaited (September 2025).

(ii) Absence of system controls for aligning demand with the supply of medicines

According to para no 2.3 of the Free Medicine Distribution order (2012) issued by the Government of Rajasthan, all the veterinary clinics, including their sub-centers, have to send demand for medicines and surgical consumables for the next three months through IOMMS. Accordingly, the Head Office was required to place purchase orders with the qualified supplier. The supplier, in turn, dispatched the medicines to the District Drug Depots, which were then distributed to the respective unit offices.

The following key observations were noticed from the analysis of the dump data:

- In **16,645 records**, the quantity supplied by the District Drug Depots exceeded the quantity demanded by unit offices.
- In **1,72,749 records**, the quantity supplied by the District Drug Depots was lower than that unit offices demanded.

Further, during the test check of the records of the selected district offices, it was observed that most of the medicines supplied were not according to the demand raised by unit offices. The supply made was either more or less; also, in many cases, medicines were supplied even though these offices raised no demand. The results of test checks are shown in ***Appendix-14***.

Analysis of the IOMMS modules disclosed that the system did not auto-suggest or auto-generate requisitions based on stock levels. As a result, each unit office was required to manually raise demands for medicines through the Demand Generation link, without support from system intelligence or automated stock-level monitoring. The IOMMS module also lacked a mechanism to distribute medicines based on available stock and in accordance with the demands raised by the unit offices. This resulted in a mismatch where, on one hand, cattle at

certain unit offices were deprived of medicines due to short or no supply, and on the other, excess supply at some locations led to avoidable consumption.

The Government replied (28 July 2025) that the medicines were supplied to the unit offices as per the demand raised by these offices. However, there could be variation due to availability of stock of medicine; any outbreak/ emergency condition; and less/ non availability of internet facilities at the time of demand.

However, no documents have been provided in support of this reply. Further, in the test-checked 9 cases (***Appendix-14***), it can be seen that medicines were supplied without any demand. Further, the reply is silent regarding absence of system control for aligning demand with supply.

There is a need to update the IOMMS to ensure automatic triggers for stock replenishment, reducing manual intervention and improving demand and supply efficiency.

(iii) Absence of effective controls for optimum utilisation of medicines before expiry

Audit noticed absence of controls for effective utilisation of medicines as discussed here under:

- ***Absence of system control to enforce FEFO method for medicine issuance and consumption***

According to para number 5.2 of Free Medicine Distribution order (2012) issued by the Government of Rajasthan, the system should issue medicine using the FEFO (First Expiry, First Out) method. Accordingly, the District Drug Depots should issue medicines to the unit offices on the basis of FEFO, but this flow was not mapped in the IOMMS.

Analysis of the dump data revealed that the FEFO method was not followed in 2,36,932 records out of 4,73,864 records. Further, during the audit of the selected district offices, it was confirmed that the system did not enforce or validate the issuance of drugs in order of their expiry dates, nor did it generate alerts for selecting drugs that were near expiration. The District Drug Depots were able to select medicines from any batch, regardless of expiry date, for issue to unit offices. As a result, medicines were issued and consumed without FEFO method. The details are given in ***Appendix-15***. Therefore, it is essential to enforce or validate the necessary checks to ensure the effective utilization of medicines.

The Government accepted the fact and stated (28 July 2025) that the system only showed expiry date of medicines at the time of issuance of medicine, but it did not insist on the FEFO method for medicine issuance. These issues would be resolved through upgradation of IOMMS. Further progress is awaited (September 2025).

- ***Absence of validation checks to prevent consumption of expired medicines***

The system lacks critical validation controls to restrict the issuance or consumption of expired medicines. Although the IOMMS application visually flags expired medicines in red, it did not enforce a system to freeze or block to prevent further transactions involving such stock. As a result, expired medicines can still be issued for consumption. The analysis of medicine consumption data revealed lapses in adherence to expiry regulations**.**

- Out of 90.76 lakh records, medicines were used after the expiry date in 4.27 lakh records, even after allowing a grace period[5] of 14 days beyond the batch's expiry date.
- Further, out of these 4.27 lakh entries, in 1.65 lakh entries the consumption of expired medicines was entered from the backend, indicating that the system allows post-facto alterations to the consumption date. This raises concerns about data integrity.

During the audit of selected offices, physical records of units were reviewed and the stock registers validated that expired medicines were issued for consumption in the Ajmer, Chittorgarh, and Sawai Madhopur offices. The details are given in ***Appendix-16***.

The Government replied (28 July 2025) that the validation check was available for the issuance of medicine at the institute level. The medicines were physically consumed before expiry but due to unavailability of computer/software facility, the consumption of medicines could not be updated in IOMMS. In such cases, entries of the consumption of medicines were done at the district level after physical verification of consumption of medicine.

The reply was not tenable as the IOMMS did not have a validation check to prevent issue of expired medicines to the users as also confirmed in the walkthrough. The analysis of data regarding consumption of medicine at the district level indicated that the system allowed entries, post-facto to consumption date. Further, scrutiny of the physical records at unit level validates that medicines were issued for consumption at unit level after the expiry date, as shown in the ***Appendix-16.***

These findings highlight the need for immediate corrective measures/ controls in the system to prevent issuance of expired medicines at unit level. The Department should also ensure that adequate infrastructure is provided to the units to enable simultaneous issuance of medicines to the beneficiaries in both the systems *i.e.* IOMMS and physical record, to ensure the safe consumption of medicines.

[5] Entry of medicine was done fortnightly, therefore a grace period of 14 days was provided.

(iv) Absence of validation controls resulted in issuance of medicines to ineligible units

A First Grade Veterinary Hospital (FGVH) or Veterinary Hospital (VH) was eligible for 138 types of medicines. However, the sub-centres were eligible only for 62 types of medicines according to the medicine catalogue as no veterinary doctor was stationed there. Some specific surgical items were also not to be issued to sub-centres. According to para no 3.1 of the Free Medicine Distribution order (2012) issued by the Government of Rajasthan, the District Drug Depots were responsible for issue of medicines to all its unit offices, including FGVHs, VHs, and sub centres, using the IOMMS application.

The analysis of dump data disclosed that 31,74,318 quantities of medicines were issued to 4,727 sub-centers through 2,66,556 records. Further, audit of the selected district offices also revealed that the eligibility of unit offices regarding medicines was not validated in IOMMS while issuing medicines. Lack of necessary validation checks in the issue module resulted in medicines being issued to ineligible 17 sub centers out of 21 selected sub centers. Despite their ineligibility, issued medicines were consumed by these sub-centres. Instances are given in ***Appendix-17***. This situation highlights a significant systemic flaw in the IOMMS application, allowing ineligible centres to receive and use medicines for which they were not authorized.

The Government replied (28 July 2025) that the IOMMS allowed the issuance of any medicine to any unit because in case of emergency/outbreak any unit can demand for such medicines. However, it was also stated that such issues would be resolved through upgradation of IOMMS. Further progress is awaited (September 2025).

3.1.11.3 Quality testing of medicines

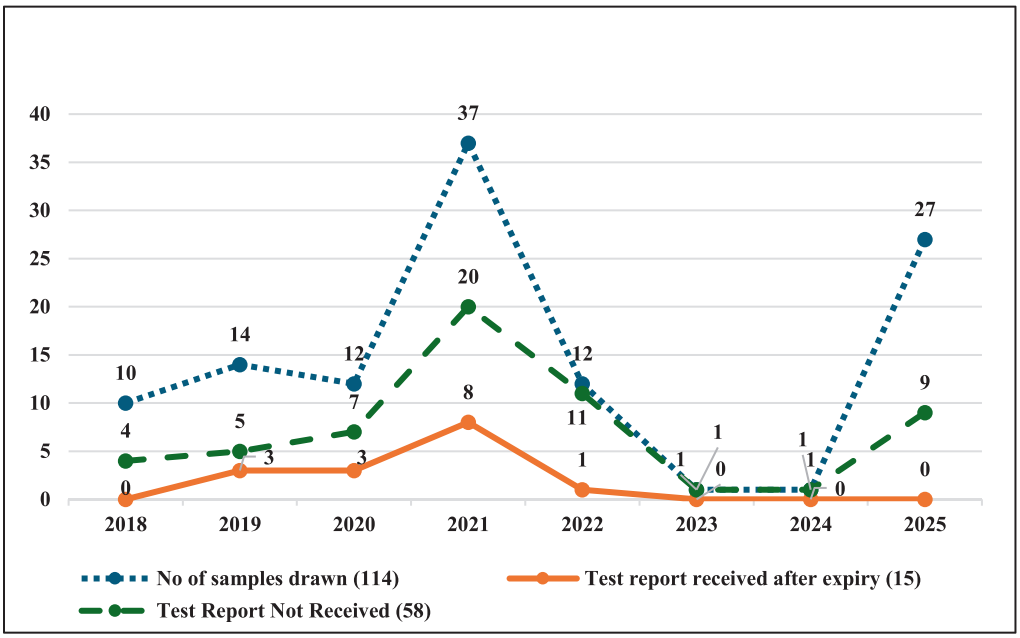
As per clause 19 (2) of Medicine Rate Contract, 2018, the Director of Animal Husbandry, Rajasthan or officer authorized by him was free to exercise the option of sending any number of samples, at any point of time during the contractual period, collected randomly or on any complaint, to one or more than one approved laboratory accredited by National Accreditation Board for Testing and Calibration Laboratories (NABL) and/or approved by the Drug Controller/Director, Animal Husbandry Department, Rajasthan.

(i) Absence of guidelines for timelines for collection of samples and receiving of test reports

The supplier was mandatorily required to supply medicines along with quality test report. Further, the district drug control offices has to collect the samples of medicines for quality test either randomly or on complaint basis from District Drug Depot (DDD). During audit it was found that the Department did not make any guideline for minimum number of sample collection, expected timeframe for receiving the test reports and timeline for uploading test reports on system. Analysis of the dump data revealed that quality reports were not uploaded in 500 out of 597 samples sent for quality test check during the period 2015 to 2025. In the selected offices, it was noticed that 114 samples were collected by

District Drug Control offices for quality test. The details are given in the **Chart 3.5**.

Chart 3.5: Details of quality test of medicines



Source: Scrutiny of records and Information provided by department

The above chart depicts that, out of these 114 samples, test reports of 58 samples were not received at all and reports of 15 samples were received after expiry of the respective medicines.

It was further observed that samples of four medicines failed in quality test reports (***Appendix-18***). In these cases, it was also noticed that due diligence was not made while taking the sample as the medicine had been supplied with a shelf life of two years. In case of one medicine (MJ-5), the sample for quality testing were collected just 17 days prior to expiry of the medicine and report for the sub-standard medicine was received four days prior to the expiry. Till then the medicines were consumed at the Unit.

In another case, the audit observed that for medicine *MK-5*, expiring on 31 March 2022, the quality test sample was collected on 25 January 2021. However, the test results declaring the medicine as substandard were communicated to the Department only on 09 March 2022, almost a year later and merely 26 days before its expiry and the medicines were consumed by 2021 (***Appendix-18***). Due to this delay, timely action could not be taken to prevent further consumption of this substandard medicine.

This underscores the need to establish clear guidelines prescribing timelines for both the collection of samples and the timely receipt of quality test reports. The undue delay in sample collection, coupled with the absence of an effective mechanism for timely monitoring and follow-up of quality test reports, resulted in the consumption of substandard medicines before the receipt of test results.

Further, there is a need to update the system to red flag the samples where test reports were not received after a specific period to prevent consumption of

substandard medicine and timely monitoring of receipt of the test reports and consequent use of medicine.

On being pointed out (03 July 2025), no reply was received on these issues.

(ii) Absence of automated controls to red flag the sub-standard medicines

If a particular medicine failed a laboratory test, District Drug Depot (DDD) was required to manually inform headquarters and subordinate offices to halt the distribution and consumption of such medicine.

It was observed that the IOMMS lacks the control through which it can automatically update the status of the medicine and flag it as "Sub-standard Quality" at all units where that medicine was available for consumption as soon as the failed test report gets uploaded in the system.

Since test reports were not being uploaded in the system i.e. 500 out of 597 samples as mentioned in para 3.1.11.3, data analysis of consumption of substandard medicines could not be done. However, scrutiny of records revealed that despite having prior information that a medicine MB-1 (Batch Number-SV180) was found sub-standard on 03 December 2020 in District Drug Depot, Nagaur, the medicine were consumed in Bhilwara and Chittorgarh district between January 2021 and August 2021. These medicines were issued (January 2020 to April 2020) prior to the receipt of the test report. Two batches were consumed before receipt of the test reports and two even after receipt of the reports declaring these as substandard. Thus, the system lacked automated controls to red flag the sub-standard medicines at all unit offices where the same batch of medicine was available ***(Appendix-18)***.

The Government stated (28 July 2025) that IOMMS lacked application controls to block the stock of medicines flagged as substandard quality. The Department is developing a module for such facilities along with REIL. Further progress is awaited (September 2025).

(iii) Inadequate system control to auto-unblock stock after clearance in quality Test

Section 23(4) of the Drugs and Cosmetics Act, 1940 provided that the Inspector was required to divide the sample into four portions and effectively sealed and clearly marked. One part was to be sent to the Government Analyst for testing, the second was to be produced before the court if a case is filed, the third was to be given to the concerned person identified under Section 18A, and the fourth remained seized until the test report was received.

It was observed that as soon as a sample is taken for quality test, four portions of that medicine gets debited/blocked from the inventory. During review of IOMMS, it was found that the system lacked an automated mechanism to reinstate the medicine stock that was previously debited/blocked during quality sampling but was later confirmed as "standard quality". As a result, these quantities remain permanently unaccounted for, leading to discrepancies in stock records and inefficient inventory utilisation.

Reply of the Government is awaited (September 2025) in this matter.

3.1.12 Conclusion

The Information Systems (IS) Audit of the Integrated Online Medicine Management System (IOMMS), developed and implemented by the Animal Husbandry Department, revealed significant shortcomings across multiple functional and technical domains. These deficiencies severely undermined the reliability, security, and effectiveness of the software in managing the end-to-end processes of medicine procurement, quality assurance, inventory management, and distribution across the State.

Despite being operational since 2015, the Department could not ensure IT infrastructure readiness, such as availability of personal computers, internet connectivity, and imparting training to officials of the Department. This lack of foundational support hindered real-time data entry and system usage, compromising the integrity and utility of the application. From an IT governance perspective, the Department lacked an Information Security policy, password protocols, and disaster recovery measures. User authentication controls were weak, and no business continuity plan was in place. No help desk was provided to end users.

Further, Audit noticed the absence of key application controls including validation checks for minimum expiry period, enforcement of FEFO (First-Expiry-First-Out) protocols, and system-based mapping between demand and supply of medicines. Additionally, quality assurance mechanisms were inadequate and reporting lacked defined timelines or standard operating procedures. There was no automated control for blocking stock identified as substandard and unblocking of approved stock. Similarly, shelf-life validation and automated stock reconciliation mechanisms were either missing or ineffectively implemented.

In summary, audit highlighted systemic deficiencies to align software implementation with business rules, technical standards, and operational requirements.

3.1.13 Recommendations

In the light of audit findings, the State Government may consider to:

- *expedite provisioning of required hardware and internet connectivity across all unit offices.*
- *strengthen IT security through implementation of password policies, multi factor authentication, user access standards, and system usage monitoring.*
- *establish structured training programs, create a centralized help desk and user support system for real-time issue resolution.*
- *develop and implement a formal Business Continuity and Disaster Recovery Plan with regular backups.*
- *integrate mandatory validation checks in IOMMS to enforce minimum expiry periods, FEFO, shelf-life standards, and demand-supply alignment.*
- *need to update/technical refresh the IOMMS to ensure automatic triggers for stock replenishment, reducing manual intervention and improving demand and supply efficiency.*

- *enforce automated controls for medicine quality testing, flagging and blocking substandard batches, and auto-unblocking of approved stock.*

Industries and Commerce Department

3.2 Irregular payment of capital subsidy of ₹ 61.25 lakh

The Department made an irregular payment of capital subsidy amounting to ₹61.25 lakh to two enterprises under 'Special Package for Medical Oxygen Manufacturing Enterprises' which were engaged in production of industrial oxygen instead of medical oxygen.

To address the situation arising from the COVID-19 pandemic, the State Government recognized the need to augment and facilitate medical oxygen manufacturing facilities in the State. Accordingly, the State Government issued 'The Special Package for Medical Oxygen Manufacturing Enterprises' (the Package) on 30 April 2021 to provide benefits to eligible medical oxygen manufacturing enterprises.

Clause 3 of the Package provides that it shall be applicable to the new and existing enterprises making investment equal to or more than ₹ one crore for setting up new Medical Oxygen manufacturing units/facilities. Provided that the enterprise shall commence commercial production or operation of Medical Oxygen manufacturing unit/facility before 30th September 2021[6]. According to Clause 2(ii) of the Package, commencement of commercial production/ operation means, the date on which the enterprise issues the first bill of supply/ invoice/tax invoice of the Medical Oxygen manufactured related to the investment made under the Package. Clause 2(iii) specifies that 'Medical Oxygen' means high purity oxygen that can be used for medical treatments of the human body.

Further, Clause 4 B provides that the eligible enterprise shall be granted capital subsidy equivalent to 25 *per cent* of the investment made in plant and machinery and equipments subject to a maximum of ₹ 50 lakh.

During scrutiny of records of the Commissioner, Industries and Commerce Department, Rajasthan, it was noticed (February 2024) that State Level Screening Committee (SLSC[7]) approved 11 cases of enterprises to grant capital subsidy under the Package. Out of these, two[8] enterprises were sanctioned capital subsidy amounting to ₹ 61.25 lakh[9]. M/s 'X' enterprises, Alwar submitted first two invoices (dated 16 September 2021 and 18 September 2021) of manufactured oxygen and M/s 'Y' enterprises, Kota submitted first invoice dated 30 July 2021 as a proof of commencement of commercial operation related to investment made under the packages. Both enterprises mentioned sales of oxygen gas instead of medical oxygen and charged Goods and Services

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6 This scheme was in operation from April 2021 to September 2021.

7 State Level Screening Committee held during the year 2022.

8 M/s 'X' enterprises, Alwar and M/s 'Y' enterprises, Kota amounting to ₹28.75 lakh (02 December 2022) and ₹32.50 lakh (12 December 2022) respectively.

9 ₹61.25 lakh = ₹28.75 lakh + ₹32.50 lakh.

Tax (GST) at a rate of 18 *per cent* in these invoices as leviable on industrial oxygen. However, GST was leviable on medical oxygen at the rate of five *per cent* during the period from 14 June 2021 to 30 September 2021.

Thus, an irregular payment of capital subsidy amounting to ₹61.25 lakh which is recoverable along with interest leviable thereon, was made to enterprises which were engaged in commercial production of industrial oxygen instead of medical oxygen.

The matter was reported (May 2025) to the Government. The Government replied (June 2025) that letters had been issued (07 February 2025) to concerned enterprises to deposit amount along with interest and same has been corresponded (15 April 2025) to District Collector to take action under Public Demand Recovery (PDR) Act. Further progress is awaited (September 2025).

JAIPUR
The 27th February 2026

(RAMAWATAR SHARMA)
Accountant General
(Audit-II), Rajasthan

Countersigned

NEW DELHI
The 03rd March 2026

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