

## CHAPTER II

### PERFORMANCE AUDIT

This Chapter contains findings of Performance Audit on IT support to Panchayat Accounts including Accounting of Major Schemes.

#### RURAL DEVELOPMENT AND PANCHAYAT RAJ DEPARTMENT

##### 2.1 Performance Audit on “IT support to Panchayat Accounts including Accounting of Major Schemes”

###### *Executive Summary*

*A new simplified accounting framework, namely the “Model Accounting System (MAS) for Panchayats” was developed in 2009 to bring about transparency and accountability in the maintenance of accounts of Panchayat Raj Institutions (PRIs). Panchayat Raj Institutions Accounting Software (PRIA Soft) was developed by National Informatics Centre (NIC) to establish centralised accounting software for use by all the three tiers of PRIs.*

*Performance Audit on “IT support to Panchayat Accounts including Accounting of Major Schemes” revealed the following:*

*Hardware procured for ` 10.98 crore was not put to use for the intended purpose resulting in blocking up of capital. Training in PRIA Soft was not fully imparted and data were not entered in all the formats prescribed by the Comptroller and Auditor General of India. Data entry work was outsourced in contravention to the instructions. Multiple nomenclatures were used for single Object Head resulting in incorrect generation of Annual Receipt and Payment Accounts and Ledger Accounts. Inadequate input control resulted in duplicate bank accounts numbers. Receipts and expenditure were incorrectly classified in PRIA Soft. Receipts and expenditure incurred by District Rural Development Agencies for PRIs were not accounted for in PRIA Soft since receipts and expenditure Heads of Accounts were incorrectly operated in PRIA Soft. There were multiple users for same login id and password. Fake vouchers were entered and cash book in PRIA Soft was not reconciled with the pass books of bank, post office or treasury. While PRIA Soft was stated to be fully implemented, the accounts produced by PRIA Soft were not the system of record.*

*The Online Scheme Monitoring System (OSMS) software lacked referential integrity, effective input and process control, audit trail and mapping of business rule etc. Further, incomplete houses were exhibited as completed.*

### **2.1.1 Introduction**

A new simplified accounting framework, namely the “Model Accounting System (MAS) for Panchayats” was developed in 2009 to bring about transparency and accountability in the maintenance of accounts of Panchayat Raj Institutions (PRIs). Panchayat Raj Institutions Accounting Software (PRIA Soft) was developed by National Informatics Centre (NIC) in consultation with Ministry of Panchayati Raj (MoPR) to establish centralised accounting software for use by all the three tiers of PRIs i.e. District Panchayats (DPs), Block Panchayats (BPs) and Village Panchayats (VPs). It also facilitated the adoption of eight model accounting formats as prescribed by Comptroller and Auditor General of India (CAG). The aim of this software, apart from making the process of accounting easy and simple, was to bring about transparency in PRIs’ accounts and allow for reports to be available in public domain.

The PRIA Soft is web based software. It is a generic and Open Source software (Postgre SQL in Linux Platform) that captures the four tier accounting structure consisting of Major Heads, Minor Heads, Sub-Head and Object Heads and generate reports in the format prescribed by the CAG.

Based on the recommendations of Thirteenth Finance Commission, Government of India (GoI) stipulated a condition that MAS should be implemented in PRIs, using PRIA Soft for availing General Performance Grant.

Government of Tamil Nadu (GoTN) ordered (April 2012) implementation of MAS in PRIs using PRIA Soft. GoTN also prescribed the features, guidelines and formation of a Committee to monitor MAS both at the State and the District Levels.

Prior to implementation of MAS using PRIA Soft, during 2011, Rural Development and Panchayat Raj (RDPR) Department of GoTN established (January 2011) a dedicated online system called “Online Scheme Monitoring System” developed by NIC, Chennai for departmental use. The software was developed in Linux platform with Postgre SQL as database. The web based application could be accessed from the clients using browser software. The objective of this system was to monitor the physical and financial performance at District, Block and Village Panchayat levels.

### **2.1.2 Organisational set up**

The Principal Secretary, RDPR Department is the overall head at the Government level. Commissioner of Rural Development and Panchayat Raj (CRDPR) is the head of the department and District Collector is the Inspector of all the Panchayats. Secretary, in the cadre of Assistant Director from the RDPR Department, heads the DP. Block Development Officer (BDO) (BP) and President of VP (elected representative) are the executive authorities for BP and VP respectively.

### **2.1.3 Audit objectives**

The audit objectives were

- to ascertain whether the requisite infrastructure to completely implement PRIA Soft including hardware, software, networking, training and data Capture were provided;
- to assess the state of PRIA Soft operation including adequacy of input/processing/output control, integrity of data and examine reasons for shortfall in operation, if any and
- to examine “Scheme Accounting System” for its ability to meet the needs of its stakeholders.

### **2.1.4 Audit criteria**

The audit findings were benchmarked against the following criteria:

- Instructions/orders issued by MoPR
- Orders issued by GoTN
- Circulars issued by CRDPR
- PRIA Soft Operating and Mapping Manual prepared by GoTN
- PRIA Soft User Manual prepared by NIC
- Data dump for PRIA Soft and OSMS provided by CRDPR

### **2.1.5 Scope and methodology of audit**

The Performance Audit commenced with an entry conference held in March 2015 with the Secretary, RDPR Department and was conducted between March and August 2015 covering the period 2012-15. Out of 31 districts (except Chennai which is an urban district), eight districts (Kancheepuram, Karur, Krishnagiri, Perambalur, Nagapattinam, Ramanathapuram, Theni and Vellore) were selected based on random sampling method (two districts each in the four zones i.e. North, South, East and West zones). Eight District Rural Development Agencies (DRDAs), eight Offices of Assistant Directors of Panchayats and eight DPs in the select eight districts were selected. Further, 18 BPs and 60 VPs in the select eight districts were selected based on random sampling method. Apart from the scrutiny of records in these offices, records in RDPR Department and Office of CRDPR were also scrutinised. Audit findings were discussed with the Secretary, RDPR Department, in the Exit conference held on 28 December 2015. Replies wherever received have been considered while finalising the Audit findings which are discussed in the succeeding paragraphs.

## **Audit findings**

### **2.1.6 Provision of infrastructure for PRIA Soft**

#### **2.1.6.1 Hardware procured for ` 10.98 crore not put to use**

GoTN accorded (April 2012) administrative sanction for ` 79.49 crore<sup>1</sup> to implement MAS in all the 12,524 VPs using PRIA Soft. CRDPR placed (May 2012) an order with M/s Electronics Corporation of Tamil Nadu Limited (ELCOT) to purchase and install one Computer, one Printer, one UPS and establishment of Broad Band Connectivity for each VP in all the 12,524 VPs without prescribing any time limit for supply and installation. Procurement and installation of computers, printers and UPS were completed (May 2013) by ELCOT and a sum of ` 69 crore (` 54 crore in June 2012 and ` 15 crore in August 2013) was paid to ELCOT till May 2015. ELCOT informed (February 2013) RDPR department that Bharat Sanchar Nigam Limited (BSNL) had been engaged for providing Broad Band connectivity in the VPs. BSNL had provided Broad Band connectivity to 10,010 VPs and the remaining 2,514 VPs were not given Broad Band connectivity till September 2014. Hence the hardware procured for ` 10.98 crore (` 43,666<sup>2</sup> x 2,514 VPs) was not put into use for the intended purpose.

In reply, GoTN accepted (October 2015) that 2,514 VPs had not been provided with Internet connectivity and action was being taken to tide over the connectivity issue.

#### **2.1.6.2 Training in PRIA Soft not fully imparted**

While according administrative sanction for procurement of hardware and other items, GoTN sanctioned (April 2012) ` 3.13 crore for training to Panchayat Secretaries of all the 12,524 VPs. ELCOT imparted the training in PRIA Soft to 8,680 Panchayat Secretaries of VPs as of September 2014. It was noticed that neither GoTN nor CRDPR prescribed the time schedule for commencement and completion of training and training in PRIA Soft to all the Panchayat Secretaries had not been completed. It was noticed in test checked VPs that even in the case of Panchayat Secretaries to whom the training was imparted, the data were entered in PRIA Soft through outsourcing. As per paragraph 6.2 of PRIA Soft Operating and Mapping Manual, all the Panchayats at all tiers should have separate log in details so that there would not be any mix up of Accounts and these log in details were not to be shared with anyone else outside that Panchayat. Further, the audit scrutiny revealed

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<sup>1</sup> Computers : ` 37.35 crore; Printers : ` 13.65 crore; UPS : ` 7.39 crore; Broad Band connectivity : ` 11.35 crore; Training to Panchayat Secretaries of VPs : ` 3.13 crore and Taxes : ` 6.62 crore. **Total : ` 79.49 crore**

<sup>2</sup> Desk top Computers : ` 24,050; RAM : ` 725; Key Board : ` 950; Printer : ` 7,850; UPS : ` 5,900; Taxes and service charges : ` 4,191

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that in 11<sup>3</sup> test checked BPs and 10<sup>4</sup> test checked VPs, the data entry work was outsourced in contravention of the above Manual provision and a sum of ` 4.09 lakh was paid for the same.

GoTN replied (October 2015) that only 9,368 VP secretaries were trained and instructions were issued to Districts not to engage outsourcing of data entry work relating to PRIA Soft.

## **2.1.7 Implementation and operation of PRIA Soft**

### **2.1.7.1 Non-posting of Budget Estimates by PRIs**

As per paragraph 5 and 5.2 of PRIA Soft Operating and Mapping Manual, capturing initial Budget Estimates and Revised Estimates for both Receipts and Expenditure as per Major, Minor and Object heads in PRIA Soft is one of the four Major Sections of the components of PRIA Soft. However, the State level Annual Budget Reports pertaining to the period 2012-15 generated through public domain did not exhibit the same.

GoTN replied (October 2015) that District Project Management Units (DPMUs) were instructed to provide support to PRIs for entering data in budget module and, for technical issues, National Informatics Centre Services Incorporated (NICSI) would be addressed.

### **2.1.7.2 Non-adoption of model accounting format**

CAG prescribed eight model accounting formats to be adopted in the PRIA Soft. Out of these eight standard formats<sup>5</sup>, data were entered and records generated only in three formats (i.e. Formats I, II and III) through PRIA Soft and data were not entered in the remaining five formats.

Reasons for not entering data in the remaining five formats were attributed by the BDOs (BP) of the test checked BPs to (i) absence of instructions from the authorities concerned, (ii) lack of man power and (iii) lack of training to make entries in the prescribed format.

GoTN accepted (October 2015) the audit observation and stated that this issue was addressed to MoPR to delegate powers for generation of customised reports.

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<sup>3</sup> Acharapakkam, Bodinaickkanur, Bogalur, Kancheepuram, Katpadi, Kaveripakkam, Krishnagiri, Mudukulathur, Sembanarkoil, Tirupathur and Veppanthattai

<sup>4</sup> A.Puthur, Booringinamitta, Karumbakerri, Kozhialayam, K.Valasai, Malayalapatti, Pimbalur, Sowdikuppam, Theeyanur and Thondapadi

<sup>5</sup> (i) Annual Receipts and Payments Accounts (Format-I), (ii) Consolidated Abstract Register (Format-II), (iii) Monthly Reconciliation Statement (Format-III), (iv) Statement of Receivables and Payables (Format-IV), (v) Register of Immovable Property (Format-V), (vi) Register of Movable Property (Format-VI), (vii) Inventory (Stock) Register (Format-VII) and (viii) Register of Demand, Collection and Balance (Format-VIII)

**2.1.7.3 Non-availability of capital head of accounts under Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS)**

GoTN informed (March 2015) GoI that an expenditure of ` 804.80 crore was incurred during 2014-15 towards material component for construction of Panchayat Office Building, Foodgrains storage Godown, BP Service Centre, VP Service Centre and Anganwadi Buildings under MGNREGS.

Since the assets created were of permanent nature and remained as assets of the local body, the expenditure incurred for creation of such assets had to be classified as capital expenditure in the PRIA Soft. As the existing head of accounts available under MGNREGS did not have a separate head for exhibiting capital expenditure on buildings, the same were shown as revenue expenditure by the BPs and the VPs resulting in understatement of capital expenditure to that extent.

In reply GoTN accepted (October 2015) the audit observation and stated that steps for mapping of capital head of account under MGNREGS would be initiated in consultation with accounting experts in MGNREGS.

**2.1.7.4 e-FMS Payment made under MGNREGS not fully captured in PRIA Soft**

The Electronic Fund Management System (e-FMS) was an automated system through which the wages would be credited to the individual worker's bank account through nodal banks. This was implemented by the CRDPR, phase-wise since 2012-13, instead of making the payment of wages under MGNREGS through VPs by cash.

It was recorded in the web site of MGNREGS portal that the wages of workers executing the works under MGNREGS amounting to ` 3,009.32 crore were paid for the whole of the State through e-FMS during the year 2014-15. However, when this was compared with the report of "Scheme-wise Receipts and Payment Statement" taken from PRIA Soft for MGNREGS, ` 232.29 crore only was exhibited as payment. Receipts and expenditure of VPs under MGNREGS for the entire State for the period 2012-15 exhibited in PRIA Soft are detailed in **Table 2.1**. It could be seen from the table that capturing of both receipts and payments were reducing owing to migration of payment of wages from manual to e-FMS.

**Table 2.1: Receipts and payments of MGNREGS in PRIA soft**

(` in crore)

Year	Village Panchayats	
	Receipts	Payments
2012-13	3,979.75	3,843.75
2013-14	3,224.86	3,296.49
2014-15	193.67	232.29

As a consequence, the payment to workers through e-FMS under MGNREGS could not be captured in PRIA Soft.



In reply, GoTN stated (October 2015) that steps for synchronisation of e-FMS payment made to MGNREGS beneficiaries in PRIA Soft would be undertaken in consultation with accounting experts on MGNREGS.

**2.1.7.5 Incorrect mapping of Central Scheme as State Scheme**

The National Rural Livelihood Mission (NRLM) was a GoI Scheme and it was mapped under Central Scheme in PRIA Soft. However, the State Administrator mapped this scheme under the State Scheme and the GoI grant of ` 7.96 crore and expenditure of ` 8.65 crore incurred were accounted for under the State Scheme for the period 2012-15 in PRIA Soft instead of exhibiting them under Central Scheme. This resulted in incorrect and unreliable generation of MIS.

GoTN replied (October 2015) that though NRLM was a GoI scheme, GoTN implemented the scheme with a name called Tamil Nadu State Rural Livelihood Mission from 2012-13 onwards with a funding ratio of 75:25. The reply is not acceptable as it is not relevant to the point raised in Audit.

**2.1.7.6 Non-accounting of receipts and expenditure**

**(a) Receipts received and expenditure incurred by DRDAs for PRIs not accounted**

The District Rural Development Agency functions under the administrative control of RDPR Department. Test check of cash books of seven DRDAs (except Kancheepuram) for the period 2012-15 revealed that funds received and expenditure incurred for execution of scheme works<sup>6</sup> by DRDAs on behalf of the PRIs and for DRDA administration were not accounted for in PRIA Soft as user id and password had not been provided to them to account for these transactions. This resulted in understatement of receipts (` 401.96 crore) and expenditure (` 470.45 crore) of the PRIs concerned.

**(b) Receipts received and expenditure incurred by BPs not accounted**

All the receipts and expenditure of PRIs should be accounted for in PRIA Soft. However, it was noticed that in 11 out of 18 BPs test checked, the receipts (` 39.81 crore) and expenditure (` 32.20 crore) related to schemes like Total Sanitation Campaign (TSC), MGNREGS, Member of Legislative Assembly Constituency Development Scheme (MLACDS), Anaithu Grama Anna Marumalarchi Thittam (AGAMT), Tamil Nadu Village Habitation Improvement Scheme (THAI) and Noon Meal Programme were not accounted for in PRIA Soft during the period 2012-15.

The above omissions in the PRIA Soft show that data in PRIA Soft were not complete and reliable.

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<sup>6</sup> (i) Thirteenth Finance Commission (Roads), (ii) Bio-gas, (iii) Infrastructure Gap Filling Fund, (iv) NABARD, (v) Plastic Road, (vi) Pooled Assigned Revenue and (vii) Road Infrastructure Scheme

GoTN replied (October 2015) that in respect of non-posting of receipts and expenditure by DRDA, steps would be taken in consultation with MoPR for synchronisation of DRDA accounts in PRIA Soft. Regarding non-posting of receipts and expenditure by BPs, it was stated that orders were issued to appoint officers to ensure accounting of all transactions in PRIA Soft.

#### **2.1.7.7 Non-accountal of receipts**

(a) The receipt of Pooled Assigned Revenue<sup>7</sup> received from Assistant Director (Panchayats) were not accounted for by Veppanthattai BP and four VPs in PRIA Soft for the period 2012-15 as detailed in **Table 2.2**.

**Table 2.2: Non-accounting of Pooled Assigned Revenue in PRIA Soft**

(` in lakh)

Name of the BP/VP	2012-13	2013-14	2014-15	Total
Veppanthattai BP	47.64	64.10	59.08	170.82
Pimbalur VP	1.98	2.72	2.50	7.20
Thondapady VP	1.71	2.37	2.19	6.27
Malayalapatti VP	2.91	4.06	3.74	10.71
<b>Total</b>	<b>54.24</b>	<b>73.25</b>	<b>67.51</b>	<b>195.00</b>

(b) It was noticed from the certified accounts of Director of Local Fund Audit Report for the years 2012-13 and 2013-14 that ` 15.98 lakh and ` 17.71 lakh respectively pertaining to receipts included in the accounts of Alangayam BP and ` 10.81 lakh for the year 2012-13 relating to Tirupathur BP of Vellore District were not accounted for in PRIA Soft by the respective BPs.

The above omission in the PRIA Soft shows that data in PRIA Soft was incomplete, unreliable and hence could not be used for future planning purposes.

In reply, GoTN stated (October 2015) that the orders were issued to appoint officers to ensure accounting of all transactions in PRIA Soft.

#### **2.1.7.8 Entering of fake vouchers**

On verification of cash books and bank pass books of five test checked BPs with entries thereof captured in PRIA Soft, it was noticed that fake vouchers were entered in PRIA Soft even though such transactions were not available in the cash books and bank pass books. An illustrative list is given in **Appendix 2.1**.

GoTN replied (October 2015) that the orders were issued to appoint officers to ensure accounting of all transactions in PRIA Soft.

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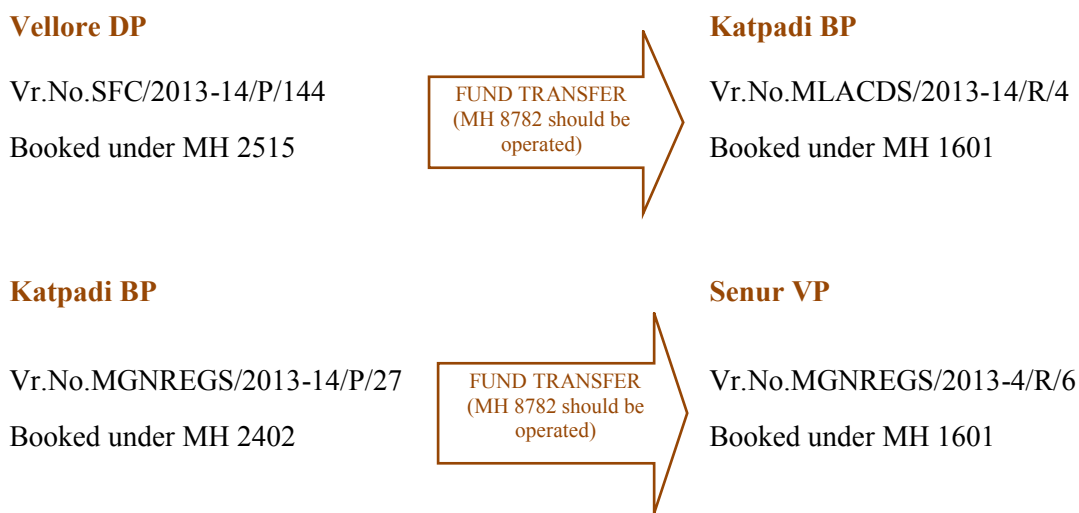
<sup>7</sup> Pooling of select Assigned Revenues like Local Cess, Local Cess Surcharge, Surcharge on Stamp Duty and Entertainment Tax at State level and apportionment to Rural Local Bodies



**2.1.7.9 Incorrect operation of receipts and expenditure Heads of Accounts**

As illustrated in PRIA Soft User Manual, when funds were received by the Panchayats in the form of grants, it should be accounted for as ‘Direct Receipts’ under the Major Head “1601-grants in aid” and when this amount was transferred to other Panchayats i.e. from DP to BPs or from BPs to VPs, it should be accounted for under the head “8782-cash remittances and adjustments between Panchayats”. Subsequently, the BP or VP which receives the funds should account the same under “8782- cash remittances and adjustments between Panchayats” as prompted by the system and when payment is made by the BP or VP, it should be accounted for under the expenditure head concerned.

As an instance, how the double accounting taken place is narrated in the pictorial diagram below pertaining to Vellore DP and Katpadi BP in respect of transfer of State Finance Commission (SFC) grant posted as revenue expenditure by the Vellore DP and as receipt by Katpadi BP. Similarly when Katpadi BP transferred MGNREGS amount to Senur VP, it was posted as revenue expenditure by Katpadi BP and as receipt by Senur VP.



From the above, it could be seen that when the amount of State Finance Commission (SFC) grant was transferred to meet the expenditure of the works sanctioned by Vellore DP and executed by Katpadi BP, the amount was booked as Revenue expenditure by Vellore DP instead of operating the “MH 8782 - cash remittances and adjustments between Panchayats”. On receipt of the amount, the Katpadi BP posted the same as Receipt instead of operating the same MH 8782 leading to double accounting once by DP and again by BP. Similarly, when MGNREGS amount was transferred by Katpadi BP to Senur VP, the amount was posted as revenue expenditure by Katpadi BP instead of operating MH 8782 and the Senur VP posted the amount as Receipt. On receipt of MGNREGS amount, the amount was booked as receipt by Katpadi BP and again it was booked as receipt by Senur VP leading to double accounting.

GoTN accepted the audit observation and stated (October 2015) that technical and accounting reasons for occurrence of double accounting due to transfer of funds from Higher PRIs to Lower PRIs would be resolved in consultation with the accounting experts and NICSI.

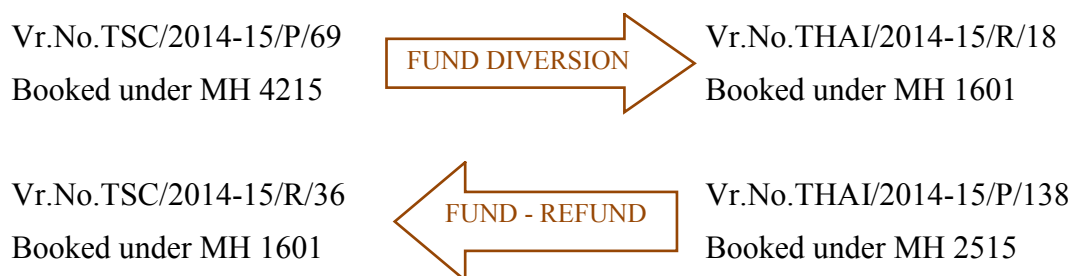
**2.1.7.10 Misclassification on diversion of funds**

As per paragraphs 5.3.1 and 2 of the PRIA Soft Operating and Mapping Manual, funds diverted/transferred from one scheme/own resources to another scheme would come under “fund diversion”. As illustrated in PRIA Soft User Manual, when the amounts are transferred/diverted from one scheme to another, it should be exhibited under “Funds receivable” under the Major Head – 8658 with Object Head – RB-Receiveables in the scheme from which the amount was transferred and PB-Payables in the other account.

Audit scrutiny revealed that in the two test checked BPs (Tirupathur and Sembanarkoil) the transferred/diverted amount to the tune of ` 2.39 crore (Tirupathur BP: ` 65 lakh and Sembanarkoil BP : ` 1.74 crore) was incorrectly classified as Receipts and Expenditure in both the schemes.

GoTN replied (October 2015) that the convergence and dovetailing of funds was allowed in special cases to tide over the paucity of funds to execute a development work and proper orders were obtained by the PRIs for such convergence of funds from different schemes. GoTN further stated that the assumption of Audit that diversion of funds misclassified as expenditure was incorrect.

The reply of the Government is not pertinent to the point observed by Audit. Audit had pointed out that, based on the documentary evidence, the transferred/diverted amount being incorrectly classified as Receipts and Expenditure in both the schemes. As an instance, the pictorial diagram of fund diversion of ` 30 lakh in Sembanarkoil BP in Nagapattinam District is narrated below:



When ` 30 lakh was transferred from TSC scheme cash book to THAI cash book, it was booked under Capital Head of account instead of operating the MH 8658 - RB Receiveables. This amount was recorded as though it was a receipt in THAI cash book instead of operating MH 8658 - PB Payables. When this amount was refunded from THAI to TSC, the transaction was initially recorded under Revenue Expenditure heads instead of operating MH 8658 - PB Payables and taken as receipts in TSC by the same BP resulting in double accounting and inflating receipts and payments.

**2.1.7.11 Incorrect classification**

(a) GoI sanctioned (December 2013) ₹ 56.43 crore to GoTN under Rajiv Gandhi Panchayat Sashaktikaran Abhiyan (RGPSA) for e-enablement of Panchayats (₹ 50.09 crore) and strengthening of panchayat process in Panchayats with inadequate resource base (₹ 6.34 crore) for the year 2013-14. However, ₹ 56.43 crore was released (November 2014) by CRDPR to the District Collectors through ECS with instructions to release the amount to Account No. I of VPs (₹ 40,000 per VP for 12,524 VPs = ₹ 50.09 crore and ₹ 6.34 crore to VPs with inadequate resource base (₹ 50,000 x 1,268 VPs). Instead of showing this as grants received from GoI, the same were exhibited under grants received from GoTN in the PRIA Soft.

(b) GoI directed to classify the expenditure incurred under Indira Awaas Yojana (IAY) under revenue head of expenditure : 2216 whereas Paragraph 11.4 of PRIA Soft Operating and Mapping Manual prescribed to classify the same under capital head of expenditure : 4216. PRIs booked the expenditure under capital head of expenditure : 4216 following the PRIA Soft Operating and Mapping Manual which led to classification of expenditure in contravention to the order of GoI. Scrutiny of database revealed that 3,27,646 vouchers (70 per cent), 2,46,950 (68 per cent) and 79,390 vouchers (62 per cent) out of 4,65,207, 3,62,748 and 1,27,165 vouchers pertaining to IAY were incorrectly classified during 2012-13, 2013-14 and 2014-15 respectively.

(c) As per PRIA Soft Operating and Mapping Manual, grants received by the Panchayats were to be treated as Direct Receipts and should be accounted for under the Major Head : 1601 – Grants-in-Aid with relevant Minor Head 101 : Grants from Central Government or 102 : Grants from State Government or 103 : Grants from other institutions according to source of receipt.

In order to execute certain Road Works, GoTN borrowed funds from National Bank for Agriculture and Rural Development (NABARD) and sanctioned them as its grant to the BPs. Scrutiny of Receipts and Payment Report in four test checked BPs (Alangayam, Bodinaickkanur, Kaveripakkam and Periyakulam) revealed that the grants received from GoTN amounting to ₹ 4.66 crore for the period 2012-14 (2012-13: ₹ 2.76 crore and 2013-14: ₹ 1.90 crore) for undertaking NABARD works were booked under the minor head 103 - Grants from other institutions instead of 102 - Grants from State Government under the Major Head 1601 - Grants-in-Aid.

In reply, GoTN stated that incorrect instruction depicted in the manual resulted in incorrect classification and the same would be resolved in consultation with the accounting experts.

**2.1.7.12 Non-reconciliation of accounts**

At the end of each month, the balance as per cash book in PRIA Soft had to be reconciled with the balance in pass books of bank, post office or treasury.

Analysis of PRIA Soft data (March 2015) revealed that only 1,383 PRIs (31 DPs, 45 BPs and 1,307 VPs) completed the bank reconciliation up to

December 2014 and the balance 11,557 PRIs (340 BPs and 11,217 VPs) completed bank reconciliation up to December 2013 only.

Cheques or cash remitted directly into the bank, treasury or post office which were not taken into cash book were added at the time of monthly reconciliation. Similarly, cheques received or cheques issued by PRIs but not yet realised in bank, treasury or post office were deducted or added from the cash book. However, these transactions did not appear in the monthly reconciliation statement of PRIA Soft cash book. An illustrative list is given in **Appendix 2.2**.

GoTN replied (October 2015) that instructions were given to Assistant Director (Panchayats) and BDOs to reconcile and verify the PRIA Soft online accounts with the manual accounts maintained by the PRIs and the technical reasons for non-reconciliation would be resolved with the accounting experts and NICSI.

#### **2.1.7.13      *Discrepancies in the Opening Balance Report***

As per paragraph 5.1 of PRIA Soft Operating and Mapping Manual, input entry should be done in the Master Data only once during the start of entry in PRIA Soft. However, it was noticed that data entered in PRIA Soft during its implementation (i.e. on 01 April 2012) were found to be incorrect in 14 bank accounts in two out of 18 test checked BPs and 12 bank accounts in seven out of 60 test checked VPs. The above discrepancies continued in the years 2013-14 (BPs: 57 and VPs: 35) and 2014-15 (BPs: 143 and VPs: 28) also. As the entries in the Master Data itself were incorrect, various reports generated viz. Trial Balance, Balance Sheet, Ledger Account and Annual Receipt and Payment Accounts (ARPA) were not reliable. It was also seen that accounts produced through PRIA Soft was not the system of record. A separate set of books were maintained through which Annual Accounts were compiled and audited thereafter.

GoTN replied (October 2015) that discrepancies in the opening balance report would be resolved in consultation with the accounting experts and NICSI.

#### **2.1.7.14      *Delay in posting of transactions***

As per Paragraph 5.3 of PRIA Soft Operating and Mapping Manual, the PRIs had to enter each accounting transaction as and when it occurred. From the database for the year 2013-14, it was ascertained in Audit that out of 12,940<sup>8</sup> PRIs in the State, 12,938 PRIs (details for two PRIs were not available in the data base) did not enter the receipt vouchers as and when they occurred. Instead, they kept the receipt vouchers pending posting in PRIA Soft for months together and entered the accumulated receipt vouchers after delay of 1 to 73 days at their convenience. Similarly, in respect of 12,935 PRIs (details for five PRIs were not available in the data base) with regard to accumulated

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<sup>8</sup> District Panchayats : 31; Block Panchayats : 385 and Village Panchayats : 12,524

payment vouchers, data entry were made after delay of 1 to 110 days. The details of days taken for bulk posting of receipts and payments vouchers for the year 2013-14 are given in **Table 2.3**.

**Table 2.3: Details of days taken for bulk posting**

Payment vouchers		Receipt vouchers	
No. of days taken to complete data entry	No. of PRIs	No. of days taken to complete data entry	No. of PRIs
1-5	6,916	1-5	8,255
6-10	3,771	6-10	3,471
11-20	1,700	11-20	960
21-50	497	21-50	237
51 - 110	51	51-73	15
<b>Total</b>	<b>12,935</b>	<b>Total</b>	<b>12,938</b>

GoTN replied (October 2015) that bulk posting would be avoided in future.

#### **2.1.7.15 Non-availability of Audit Log Report**

As per paragraph 5.10.3.14 of PRIA Soft User Manual (Version 1), the Audit Log Report module allows the user to view/maintain detailed audit logs of all the transactions carried out through the software which was available in the Master Entry menu under Master Entry ->Audit Log Report or in the Reports menu under Reports->other Reports->Audit Log Report.

Provision of Audit Log Report as stated in the Manual was not available in the Master Entry Menu. Audit could not verify the IP Address to confirm whether the data entry was done by PRIs themselves or elsewhere.

Government replied (October 2015) that action would be taken to provide Audit Log report in consultation with MoPR.

#### **2.1.7.16 Multiple users for same login id and password**

In order to have e-security, each user of PRIA Soft should have unique login id and password and the login id and the password should be kept confidential. However, it was noticed that both the District Administrator and the Zilla Panchayat Administrator had common login id and password. Similarly, the BDO (VPs) and BDO (BP) were given a single user id and password to enter data in PRIA Soft. Due to this, the possibility of modifying or deleting the entries made by one user in PRIA Soft by the other user could not be ruled out.

In reply, GoTN stated (October 2015) that the user ID and password given at District level was for the DP Secretary and the District level PRIA Soft module allowed the District level technical administrator to resolve the technical issues faced by the VPs also. GoTN further stated that it was the responsibility of the BDO (BP) to update the entire data relating to BPs in PRIA Soft. The reply is not acceptable when two different roles were

assigned to single user id, the possibilities were open for manipulation of data without the knowledge of the other. This led to data vulnerability. However, the BDOs (BP)<sup>9</sup> in their replies to the audit slips expressed the need for individual user ID and password for the BDO (BP) and the BDO (VPs).

#### **2.1.7.17 Multiple nomenclatures for single Object Head**

Under the four tier system of classification of accounts prescribed by the CAG for PRIA Soft, unique code numbers were assigned for every major head, minor head, sub-head and object head of account. Scrutiny of database by Audit revealed that many object heads operated in PRIA Soft had more than one nomenclature. Due to inadequate input control, 252 object heads were repeated with multiple nomenclatures in PRIA Soft, as illustrated in **Table 2.4**.

**Table 2.4: Illustrative case of Object Head with different nomenclature**

Account Code	Detailed Unique Code Number	Object Head Code	Nomenclature of the Object Head	Minor Head Code	Sub Head Code	Major Head Code
132972	38156	17	Grants	102	S003	1601
188489	43872	17	Grants-in-Aid	102	S003	1601
162510	43658	17	Grants-in-Aid General	102	S003	1601
159848	42897	17	Grants-in-Aid	102	S003	1601
160863	42897	17	Grants-in-Aid	102	S003	1601
140618	38156	17	Grants-in-Aid	102	S003	1601

Source: Details extracted from database - Dump

The above indicates inadequate input control, piloted to non-mapping of 35,004 object heads. As a result the grand totals of Receipts and Payments did not agree, in contravention of the accounting principle in the ARPA generated Minor head-wise, Sub head-wise and Object head-wise reports.

GoTN accepted the audit observation and stated (October 2015) that the issues would be resolved in consultation with the NICS and MoPR.

#### **2.1.7.18 Inadequate input control resulted in duplicate bank accounts numbers**

In PRIA Soft database, the details of bank accounts and bank branches were stored in the tables “bank account” and “branch” respectively. The system should have necessary input control to prevent duplicate entries in the bank account. Further, these bank accounts were linked with their respective Indian Financial System Code (IFSC) in the system so as to maintain the uniqueness of the bank accounts. However, it was seen from the data base that there were 213 duplicate bank account numbers in the database, 686 bank branches were

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<sup>9</sup> Alangayam, Bogalur, Karur, Katpadi, Kaveripattinam Periyakulam, Thanthoni and Tiruporur



allowed to be captured without IFSC code and 178 bank branches were captured in the system with invalid IFSC code.

For instance, it was noticed that Sular BP in Coimbatore District exhibited two bank accounts with same account number 0161101000034590 exhibiting opening balance amount as ` 3,27,996 and ` 37,00,000 respectively as on 01 April 2013.

GoTN accepted the audit observation and stated (October 2015) that NICS and MoPR would be addressed to resolve the issue.

#### **2.1.7.19 Software output issues**

- Bank-wise and scheme-wise list of accounts could be generated in PRIA soft. However, report generated for scheme wise list of accounts did not cover scheme accounts maintained in Treasury or Post Office. As a result, the stakeholders and public could not view all the schemes executed by the PRIs.
- When object head-wise expenditure was viewed, the space provided was not sufficient to accommodate the number of digits in the grand total column. This had projected incorrect figures to the stakeholders and public.
- In the opening balance report print out, the name of the District, Block, Village Panchayat and year was not displayed. This resulted in difficulty in categorising to which District, Block and VP this report pertained to and for which year.
- The Annual Receipt and Payment Account did not display Headers like ‘object head’, ‘minor head’ and ‘sub head’. This resulted in difficulty in classifying ARPA to which head it pertained to.
- In the Opening Balance (OB) report under the column ‘Capital Fund Amount’ displayed ‘no values’. As the Capital Fund Amount was shown as ‘nil’ and it was reflecting in the payable column, the OB report projected unreliable figure to the public and stakeholders.

GoTN replied (October 2015) that the software output issues would be resolved in consultation with NICS and MoPR.

#### **2.1.8 Monitoring**

##### **Control failures and weakness in the Online Scheme Monitoring System**

RDPR Department established (January 2011) a dedicated online system called “Online Scheme Monitoring System” (OSMS) developed by NIC, Chennai for departmental use. The objective of this system was to provide a single web based platform for monitoring the physical and financial performance of various works at District, Block and Village Panchayats level. Audit analysed the database in discussion with the NIC Software team and linked the information collected from the users during field visits. Non-adoption of time-tested system development life cycle followed in the

development of an application system resulted in weaknesses and the control failures in the OSMS, which are discussed in the following paragraphs.

**2.1.8.1 Discrepancies noticed in information on works implemented**

In the OSMS, information from the date of commencement of work to the date of its completion during implementation was stored in the master table 't\_works' besides information relating to administrative sanction, technical sanction, name of the scheme, current status of the work etc. The database designed, by default, would carry 'N' flag under the field 'yn\_completed' indicating that the work was in progress. On completion of the work 'N' flag would change to 'Y'. These two flags i.e. Y/N got populated through assignment of various flags in the field 'current\_stage\_of\_work' based on the stage of work. The final stage of entry i.e. 'completed' which was represented by the flag '11'. Hence, if the flag was '11' in the field 'current\_stage\_of\_work', the flag in the field 'yn\_completed' should always carry 'Y' flag.

Examination of the information captured in this table disclosed that (i) in 620 works pertaining to 2013-14 and 2014-15, though the flag 'Y' had been assigned in the field 'yn\_completed', the 'current\_stage\_of\_work' field had exhibited flags other than '11' and (ii) in 568 works pertaining to 2013-14 and 2014-15, though the flag '11' had been assigned in the field 'current\_stage\_of\_work', the field 'yn\_completed', carried a flag 'N' due to absence of process control in the application software.

GoTN accepted the audit observations and stated (October 2015) that the matter had been communicated to NIC for rectification.

**2.1.8.2 Inadequate process control**

OSMS has been designed to capture various stages of progress of work for every scheme for effective monitoring. The system should not permit the user to capture the same stage of progress of work more than once so as to guard against redundancy/inconsistency in information storage in the database. In other words, the database should not contain duplicate stage of work. Audit examined the front-end-screen of the software and noted that, for each work, initially the drop down of the screen displayed all the stages of the relevant work and once a stage was selected by the user, the same stage did not get displayed in the drop down menu. However, data analysis revealed that there were 1,56,307 duplicate stages of work captured in the data involving 1,46,651 number of works due to lack of process control in the system.

GoTN accepted the audit observations and stated (October 2015) that the matter had been communicated to NIC for rectification.

**2.1.8.3 Non-availability of referential integrity between two transaction tables**

When an entry for progress of work is made in OSMS, a record was created in 't\_scheme\_works\_physical\_progress' table with the current stage of work

updated in the column ‘current\_stage\_of\_work’ in the master table ‘t\_works’. However, data analysis of these tables relating to the financial year 2013-14 and 2014-15 disclosed that though the 18,937 works were shown as completed in the ‘t\_works’ table, the details in the ‘t\_scheme\_works\_physical\_progress’ for the corresponding work did not indicate the ‘completed’ stage. This resulted in non-availability of various stages of the work in the database rendering the information on progress of work incomplete. This deficiency in the on-line monitoring system could have been avoided had the database included suitable referential integrity<sup>10</sup> in its design to avoid inconsistency of information within the database.

GoTN accepted the audit observations and stated (October 2015) that NIC would be asked to resolve the referential integrity issue.

#### 2.1.8.4 *Skipping of stages in the progress of work done*

The OSMS application provides for capturing the stages of each work by the implementing agency as and when a stage was reached in a work. This information helps the department to evaluate and monitor the work in progress. When a new work was taken up, an entry was created in the OSMS application and subsequently the stage of each work was captured as the work progressed. The stages of work in each category of work varied from three stages to 21 stages. If all the stages of work were captured in the system as and when the events/progress took place, the status/progress of the works could have been effectively monitored in on-line system at State/District level. The software should have been designed in such a way that the stages were captured in sequence without skipping stages. However, in OSMS, the user could skip the sequence of stages and capture any stage of work without validating whether the previous stage in the sequence of work had been completed.

In Kaveripattinam BP of Krishnagiri District, the work ‘WBM BT<sup>11</sup> Road from KPTM - Pochampalli Road to Vetrilaikaranoor Road’ was classified under WBM BT road and the work was to be monitored in 17<sup>12</sup> stages but the same was monitored only in seven Stages i.e. earth work in progress, Grade III Metal Collection 50 *per cent* Completed, Grade III Metal Collection 75 *per cent* Completed, WBM Grade III Completed, BT progress,

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<sup>10</sup> Referential integrity is a relational database concept in which multiple tables share a relationship based on the data stored in the tables and that relationship must remain consistent

<sup>11</sup> Water Bound Macadam Bituminous Top

<sup>12</sup> (i) Tender Not Finalised, (ii) Not started, (iii) Earth Work in Progress, (iv) Earth Work Completed, (v) WBM Grade II Metal Collection Progress, (vi) WBM Grade II Spreading, (vii) WBM Grade II Progress, (viii) WBM Grade II completed (ix) WBM Grade III Metal Collection Progress, (x) WBM Grade III Spreading, (xi) WBM Grade III Progress, (xii) WBM Grade III completed, (xiii) BT Chips collection, (xiv) BT Progress, (xv) BT Completed, (xvi) Physically Completed and (xvii) Completed

Physically completed and Completed. The intermittent 10 stages were skipped rendering the data incomplete.

Analysis of OSMS data pertaining to ‘WBM BT road’ work for the period 2013-15 disclosed that out of 11,248 ‘WBM BT road’ works, no work was monitored in all the 17 sequential stages. Similarly, out of 10,394 ‘Housing’ works, only 11 works were monitored in all the 12<sup>13</sup> sequential stages. The details are given in **Table 2.5**.

**Table 2.5: Analysis of OSMS data relating to WBM BT Road and Housing works**

Sl. No.	WBM BT Road (contain 17 stages)		Housing (contain 12 stages)	
	No. of stages monitored	No. of works	No. of stages monitored	No. of works
1.	11 to 15	29	9 to 11	1,522
2.	6 to 10	2,370	5 to 8	5,453
3.	0 to 5	8,849	1 to 4	3,408
<b>Total</b>		<b>11,248</b>		<b>10,383</b>

The above details substantiate the fact that due to deficiency in the application software, non-capturing of all sequential stages of work by users rendered the on-line monitoring of the works ineffective at various stages.

GoTN replied (October 2015) that it might not be possible to update/visit all the work sites spread over many villages across the block by field staff for each work. Sometimes before visiting the work site, the work might have progressed two to three stages more than the last visited stage. However, when payment was made to a work, a field visit was made by the staff who confirmed this stage of work. The reply of the GoTN is not tenable in the light of the fact that the Nodal Officer was appointed in all the districts to monitor the online update of all scheme works right from issue of Administrative Sanction, subsequent stages till completion as per instructions issued by CRDPR (October 2014).

#### **2.1.8.5 Beneficiary under Chief Minister’s Solar Powered Green House Scheme – business rule not mapped**

GoTN implemented Chief Minister’s Solar Powered Green House Scheme (CMSPGHS) from the year 2011-12 in the State. The release of payment to the beneficiary under the scheme was based on the recordings made in the Measurement Book (M-Book) for the work done. However, GoTN decided (July 2013) to dispense with the M-Book procedure and introduced the ‘Valuation Certificate’ for the release of payment to the beneficiaries in four instalments. This instruction was followed effectively in the manual system

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<sup>13</sup> (i) Not started, (ii) Site marked, (iii) Earth work completed, (iv) FC Laid, (v) Basement completed, (vi) Lintel level, (vii) Roof level, (viii) Roof laid, (ix) Plastering, (x) Whitewash/colour wash progress, (xi) Physically completed and (xii) Completed.

by recording the transaction in Estimate and Allotment Register and adopting Valuation Certificate. OSMS software was modified accordingly to capture the instalment payment details in four stages after deducting the materials supplied to the beneficiaries. However, if payment was not released stage-wise or payment was made by clubbing two stages, it should be flagged to monitor such payment. But, such controls were not in place in the software to monitor the release of payment in four instalments to the beneficiaries, in adherence to the revised instructions of the Government.

It was noticed that even though payments were made in three or four instalments as seen from the Estimate and Allotment Register, the data was captured in OSMS by clubbing the instalments.

Summary of analysis of OSMS data for the years 2012-15 on payment details captured for CMSPGHS was given in **Table 2.6**.

**Table 2.6: Payment details for CMSPGHS during 2012-15**

Year	No. of houses completed and final payment released	Payment released in single instalment	Payment released in two instalments	Payment released in three instalments	Payment released in four instalments	Payment released in more than four instalments
2012-13	59,999	10,589	23,501	18,635	6,932	342
2013-14	59,956	3,835	23,058	21,610	10,398	1,055
2014-15	51,481	9,014	22,565	13,227	6,550	125

Audit observed that non-adoption of business rules on release of payment to beneficiaries had also contributed to the unreliability/incompleteness of the data in OSMS.

The Government, while accepting the audit observation replied (October 2015) that necessary rectification would be carried out in future.

**2.1.8.6 Poor validation control during capture of financial transaction**

In the OSMS, information relating to implementation of work was stored in the table ‘t\_works’ from the date of commencement of work to the date of its completion besides information relating to Administrative sanction, technical sanction, name of scheme, progress and completion of the works etc. This information enabled the Department to monitor the works implemented under various schemes.

The payment entry should be made in the financial progress entry screen when part/final payment was made for the work done by the contractor/beneficiary. When a financial entry was made, one record would be added in the ‘t\_scheme\_work\_financial\_progress’ table with information such as work id, financial year, stage code, instalment number, amount paid and status of work (Yes/No). Simultaneously, in the corresponding record of the ‘t\_works’ table,

the “amount\_spent\_so far” (sum of all the cumulative payments of the work) field gets updated. In this regard the following audit observations were made:-

(a) Audit noticed that neither the software had authentication process (data entries were to be checked by higher authority to ensure correctness and completeness) nor there was a manual check by a higher authority/department staff for the data entries done in the OSMS application by the outsourced person resulting in erroneous data entry. Also, there was no input validation control in the software to capture Administration Sanction value/Technical Sanction value. This had resulted in 62 records (7 works during the year 2014-15) exhibiting value less than ` 10 as administrative sanction. During the process, the difference between the Administrative Sanction of amount and Total Expenditure was worked out and the amount of saving was arrived at by the system and stored in the field ‘Savings\_amt’ on completion of work. Owing to process control failure in the system, the savings amount in 10,223 (out of 14,21,048) completed works showed an incorrect figure in the field ‘Savings\_amt’ for the years 2013-14 and 2014-15.

(b) System allows capturing of payment details even after the final payment was released for the work. This resulted in duplicate payments in 1,506 works in the final release of payment.

(c) Final payment for a work should be released only after ensuring that the work was ‘completed’ (i.e. after moving to stage code =11). Due to inadequate process control, in 355 works relating to year 2014-15, the final payment was released without ensuring the completion of work.

GoTN accepted the audit observations and stated (October 2015) that corrective measures would be taken in consultation with NIC.

#### ***2.1.8.7 Absence of link between Financial Module and Cement Distribution Module***

Under OSMS software, in the Financial Module, all the payments made to contractor and payments released to beneficiaries for various works<sup>14</sup> were captured and cement bags issued were accounted and monitored through Cement Distribution module. Whenever, cement bags were issued to the beneficiaries, the cost of the cement bag would be deducted from the instalments paid to the beneficiaries.

As these two modules were not integrated with each other in OSMS, whenever details about issue of cement bags were captured in the system, such details do not automatically get reflected in the Financial Module of OSMS so as to have an effective control on payments and issue of materials. It was also noticed that though entries regarding issue of cement for the works were properly maintained in the manual records, the data entry in the Cement Distribution module was partial in many instances.

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<sup>14</sup> Construction of Individual Houses under IAY, CMSPGHS; construction of Individual Household Latrines (IHHL) and Cement Concrete Roads



Due to non-integration of these two modules, the Department relied only on the manual records maintained by the BPs/VPs for accounting and monitoring purposes.

GoTN replied (October 2015) that the data gap indicated by audit involved various stakeholders (Block, District and State including Tamil Nadu Cements Corporation Limited (TANCEM) and private suppliers) in the process. It was also stated that data entry would be ensured for all the works relating to Financial Module and Cement Distribution Module.

**2.1.8.8 *Inadequate input control in capturing the bank account details***

The money kept in the accounts of VPs was used for provision of basic amenities, payment of user charges to Tamil Nadu Generation and Distribution Corporation Limited (TANGEDCO)/Tamil Nadu Water Supply and Drainage (TWAD) Board, implementation of schemes and for regular Panchayat administration. In order to effectively monitor the fund utilisation and the expenditure from these accounts, the Online Bank Accounts Module was introduced in OSMS. The details on bank accounts were stored in table 'm\_vbd\_bank\_account\_nos'. The system should have necessary input control so as not to capture any duplicates in the bank account of the VPs, since these bank accounts were linked with their respective IFSC codes in the system, in order to maintain uniqueness.

Analysis of OSMS database disclosed that due to lack of input controls at the data entry stage, there were 548 duplicate bank account numbers and 970 account numbers were captured '-' as IFSC code.

The Government accepted the audit observation and replied (October 2015) that NIC had been informed to carry out the rectification.

**2.1.8.9 *Absence of audit trail for reversal of stages in a work***

The OSMS system was designed in such a way that once a 'stage of progress' was selected by the user, the same stage would not get populated in the drop down menu again. In the database, each stage of work was assigned by a numeral. The stage of progress of work could either remain the same or step forward over a period of time. The present OSMS system allows the user to select any of the stage displayed in the drop down menu of a particular work and if any mistake was committed in the selection of stage by the user, the same could be set right only by the OSMS State Administrator. The State Administrator would reverse the same by entering the correct/current stage of the work. There was no audit trail in the system for 1,026 works relating to period 2013-15 so as to verify who has done the reversal entry (user name), the date of reversal entry and reasons for reversal entry and prevent manipulation.

GoTN accepted the audit observations and stated (October 2015) that audit trail had been introduced by NIC. However, documentary evidence for the

change management incorporated in the application software was not produced to audit.

**2.1.8.10**      *Missing works in the database - gaps in Work\_ID*

When the details of a work were captured for the first time in the database, the system automatically assigns a unique number for the work. This unique ID number was the link field for all the related tables in the database. This system of automatic sequential numbering was in vogue since 2011. In these circumstances, there should not be any missing work\_id in the data. Analysis of data pertaining to work\_ids of various schemes (IAY, NABARD road works, PMGSY, IHHL, BRGF etc.) for the year 2014-15 disclosed that there were 78,656 missing work\_ids in the 't\_works' table. These missing work\_ids also did not exist in the table 't\_works\_deleted\_history' and 't\_works\_cancel' (meant for storing deleted/cancelled works).

Audit noticed from the above that only possibility for these missing work\_ids could be deleted through back-end process leaving no trail in the system for removing such work\_ids.

GoTN accepted (October 2015) the Audit observation stating that the discrepancy arose because the works created under IHHL scheme were cancelled due to non-availability of funds during 2014-15. It was further stated that the cancelled beneficiaries were reverted to IHHL during 2015-16 and in this process, the record in t\_work\_cancelled was permanently deleted and new work\_id was created in t\_works with same beneficiary details with financial year as 2015-16 and with new work\_id. The reply is not acceptable as no Government order was produced to Audit, substantiating the cancellation of the 2014-15 IHHL scheme and including the same beneficiaries under IHHL scheme for 2015-16. No reply was furnished by GoTN in respect of work\_ids of other schemes.

**2.1.8.11**      *Incorrect capture of data due to absence of authorisation/ approval process in the application software*

The OSMS data was captured by outsourced Data Entry Operators (DEO). To ensure the correctness and completeness of the data captured in the system, the responsibility lied with DRDAs, Assistant Director (Panchayats) and BPs. The data entered in the system needs to be verified by the official to ensure its correctness before preparing the reports every month. However, it has been observed in audit that no such check was carried out.

For instance, an administrative sanction of ` 61 lakh was accorded by DRDA, Nagapattinam for 'upgrading the road from Pudaiyur to Thiruvaidakazhi Kms 0/0 - 1/100'. On completion of the work, payment was released in first and final bill for ` 51,95,293 vide Voucher No.118 dated 27-10-2014. However, OSMS captured the payment for the above work as ` 63,50,656 under three different vouchers.

Government replied (October 2015) that instructions would be followed in future.

**2.1.8.12 Schemes removed from software of OSMS prior to completion of work**

The works of Rural Housing Scheme (RHS) and Periyar Ninaivu Samathuvapuram schemes were not yet completed as receipts and expenditure for the years 2012-15 had been accounted for in PRIA Soft as given in **Table 2.7**.

**Table 2.7: Details of schemes not accounted for in OSMS**

( ` in crore)

Year	RHS		Periyar Ninaivu Samathuvapuram	
	Receipts	Payment	Receipts	Payments
2012-13	373.04	479.30	471.54	958.96
2013-14	160.32	238.18	749.52	670.83
2014-15	22.37	59.83	1.53	1.71

The progress of these schemes could not be watched by the authorities concerned through OSMS since the schemes were not available in the software.

Government replied (October 2015) that rectification would be made in future.

**2.1.8.13 Non-monitoring of unutilised bank balances of inoperative schemes**

DRDA maintained bank accounts scheme-wise. Some of these accounts were not operated owing to non-operation of the schemes. The unutilised balances amounting to ` 7.10 crore of these defunct schemes in two DRDAs (Theni and Vellore) were not watched through OSMS. Few illustrative cases are given in the **Appendix 2.3**.

Government has not given any specific reply to the point (October 2015).

**2.1.8.14 Incomplete houses shown as completed in OSMS**

It was observed from the Estimate and Allotment Register of 16 test checked BPs (except Kancheepuram and Veppanthattai) that work of construction of houses taken up under CMSPGHS and IAY during 2012-15 was not completed whereas the same was shown as completed in the OSMS as given in **Appendix 2.4**.

Government replied (October 2015) that defects pointed out in audit would be rectified in future.

**2.1.9 Conclusion**

Performance Audit on “IT support to Panchayat Accounts including Accounting of Major Schemes” revealed that hardware procured for ` 10.98 crore was not put to use for the intended purpose resulting in blocking up of capital. Training in PRIA Soft was not fully imparted and data were not entered in all the formats prescribed by the CAG. Data entry work was outsourced in contravention to the instructions. Multiple nomenclatures were used for single Object Head resulting in incorrect generation of ARPA and

Ledger Account. Inadequate input control resulted in duplicate bank accounts numbers. Receipts and expenditure were incorrectly classified in PRIA Soft. Receipts and expenditure incurred by DRDAs for PRIs were not accounted for in PRIA Soft since receipts and expenditure Heads of Accounts were incorrectly operated in PRIA Soft. There were multiple users for same login id and password. Fake vouchers were entered and cash book in PRIA Soft was not reconciled with the pass books of bank, post office or treasury. While PRIA Soft was stated to be fully implemented, the accounts produced by PRIA Soft were not the system of record.

The Online Scheme Monitoring System (OSMS) software lacked referential integrity, effective input and process control, audit trail and mapping of business rule etc. Further, incomplete houses were exhibited as completed.

### **2.1.10 Recommendations**

Government of Tamil Nadu may

#### **For PRIA Soft:**

- \* take action to effectively use the hardware procured and impart effective training to all the Village Panchayat Secretaries
- \* ensure that the PRIA Soft is implemented as a system of record and annual accounts prepared out of its data
- \* ensure capturing of data correctly in PRIA Soft at all levels.

#### **For OSMS:**

- \* review the system to address control weaknesses identified and incorporate the essential validations in OSMS software
- \* integrate the modules and to introduce the authentication process.