SUPREME AUDIT INSTITUTION OF INDIA
लोकहितार्थ सत्यनिष्ठा
Dedicated to Truth in Public Interest

Report of the
Comptroller and Auditor General of India
on
Compliance Audit Report -II
for the year ended March 2022

Government of Haryana
Report No. 3 of 2024
(Compliance Audit - Revenue)

Report of the
Comptroller and Auditor General of India

on

Compliance Audit Report II

for the year ended March 2022

Government of Haryana

Report No. 3 of 2024

TABLE OF CONTENTS

	Reference to	
	Paragraph	Page
Preface		v
Overview		vii-x
CHAPTER-I		
GENERAL		
Trend of revenue receipts	1.1	1
Analysis of arrears of revenue	1.2	6
Arrears in assessments	1.3	7
Evasion of tax detected by the Department	1.4	8
Refund cases	1.5	8
Internal Audit	1.6	9
Response of the Government/Departments towards audit	1.7	9
Analysis of the mechanism for dealing with the issues raised by Audit	1.8	12
Audit planning	1.9	12
Results of audit	1.10	13
Coverage of this Report	1.11	13
CHAPTER-II		
TAXES/VAT ON SALES, TRADE		
Tax administration	2.1	15
Results of audit	2.2	15
Under assessment of tax due to allowing wrong deduction on taxable commodities treated as tax free	2.3	16
Under assessment of tax due to less gross turnover/taxable turnover	2.4	17
Under assessment of tax due to allowing excess benefit of input tax credit on stock transfer	2.5	17
Excess benefit of input tax credit due to non reversal	2.6	18
Evasion of tax due to non levy of tax on opening and closing stock mismatch	2.7	19
Non/short levy of interest	2.8	19
Subject Specific Compliance Audit on Department’s Oversight on GST Payments and Return Filing	2.9	20

	Reference to	
	Paragraph	**Page**
CHAPTER-III		
STATE EXCISE		
Tax administration	3.1	51
Results of audit	3.2	51
Non/short recovery of breach case penalties, interest on delayed payment of license fee and pending license fee	3.3	52
CHAPTER-IV		
STAMP DUTY		
Tax administration	4.1	55
Results of audit	4.2	55
Irregular exemption of stamp duty and registration fee due to misclassification of sale deed as release deed	4.3	56
Irregular exemption of stamp duty in case transfer of immovable property within the family	4.4	57
Short levy of stamp duty due to undervaluation of immovable property with reference to agreement to sale	4.5	58
Non levy of stamp duty and registration fee on instruments executed in favour of Autonomous Bodies/Public Sector Undertaking	4.6	58
Short levy of stamp duty and registration fee due to application of agricultural rate on land with area less than 1,000 square yards falling within municipal limit	4.7	59
Irregular exemption of stamp duty and registration fee in case of immovable properties purchased from compensation amount	4.8	60
Short levy of stamp duty due to application of non-prime rate on land containing Prime Khasra Land	4.9	61
Non-levy of two *per cent* additional Gram Panchayat and Zila Parishad duty due to non-implementation of Government notification in time	4.10	63
Short/non levy of stamp duty due to undervaluation of immovable properties	4.11	64
CHAPTER-V		
FINANCE DEPARTMENT		
IT audit of Integrated Financial Management System	5	65
Introduction	5.1	65
Specifications of IFMS Server	5.2	65
Audit Scope and Methodology	5.3	65
Organisational set-up	5.4	67

	Reference to	
	Paragraph	**Page**
Audit Objectives	5.5	68
Audit Criteria	5.6	68
Audit Findings	5.7	69
Conclusion	5.8	117
Recommendations	5.9	117
Appendices		121

PREFACE

This Report of the Comptroller and Auditor General of India for the year ended 31 March 2022 has been prepared for submission to the Governor of Haryana under Article 151 of the Constitution of India.

The Report contains significant findings of audit of receipts and expenditure of major revenue earning departments under Revenue Sector conducted under the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971.

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

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

OVERVIEW

OVERVIEW

This Report contains 16 illustrative audit paragraphs, relating to non/short levy of taxes, interest, non/short levy of excise duty, stamp duty, etc., one Subject Specific Compliance Audit (SSCA) on Department's oversight on GST payments and Return Filing and one IT Audit of Integrated Financial Management System (IFMS) with revenue implications of ₹ 724.46 crore.

1. Chapter-I

General

The total revenue receipts of the State Government for the year 2021-22 were ₹ 78,091.69 crore as compared to ₹ 67,561.01 crore during the year 2020-21. Out of this, 77.82 *per cent* was raised through tax revenue (₹ 53,377.16 crore) and non-tax revenue (₹ 7,394.13 crore). The balance 22.18 *per cent* was received from the Government of India as State's share of divisible Union taxes (₹ 9,722.16 crore) and Grants-in-aid (₹ 7,598.24 crore). There was an increase in revenue receipts over the previous year by ₹ 10,530.68 crore (15.59 *per cent*).

(Paragraph 1.1.1)

Test check of the records of 104 units pertaining to Sales Tax/Value Added Tax, State Excise duty, Stamp Duty and Registration fees conducted during the year 2021-22 revealed under assessment/short levy/loss of revenue aggregating to ₹ 1,103.94 crore in 2,552 cases. During the course of the year, the Departments concerned accepted under-assessment and other deficiencies of ₹ 643.07 crore involved in 1,077 cases. The Departments recovered ₹ 3.52 crore in 64 cases during the year 2021-22 of which 39 cases amounting to ₹ 3.35 crore pertains to earlier years.

(Paragraph 1.10)

2. Chapter-II

Taxes/Value Added Tax on sales, trade

Assessing Authorities, while finalising the assessments, allowed the deductions as tax free sales instead of commodities liable to be taxed, resulting in under assessment of tax of ₹ 4.99 crore. In addition, interest of ₹ 4.77 crore was also leviable.

(Paragraph 2.3)

Assessing Authorities, while finalising the assessments, assessed the cases on Gross Turnover/Taxable Turnover of ₹ 27.97 crore instead of ₹ 36.61 crore. This resulted in under assessment of tax of ₹ 0.94 crore.

(Paragraph 2.4)

Assessing Authorities, while finalising the assessments, reversed input tax credit on stock transfer/consignment sale incorrectly resulting in short reversal of input tax credit ₹ 28.04 lakh.

(Paragraph 2.5)

The Assessing Authority, while finalising the assessment, did not reverse input tax credit on account of inter-State sales resulting in allowing excess benefit of ₹ 10.91 lakh.

(Paragraph 2.6)

The Assessing Authorities did not verify details of sales with reference to opening and closing stock which resulted in evasion of tax of ₹ 73.11 lakh.

(Paragraph 2.7)

The Assessing Authorities, failed to levy interest on late/non-payment of tax resulting in short/non-levy of interest of ₹ 96.40 lakh.

(Paragraph 2.8)

The Department had not established proper mechanism to verify GST payments and return filing due to which there had been deviation and non-compliance to provisions of GST Act/rules in mismatch of ITC, mismatch in liabilities discharged and mismatch in turnover, resulting in inconsistencies/ compliance deficiencies of ₹ 678.22 crore.

(Paragraph 2.9)

3. Chapter-III

State Excise

The Department had not initiated steps to recover penalty from the offenders for illicit liquor and to recover the license fee and interest from the allottees resulting in short-realisation of Government revenue of ₹ 7.46 crore.

(Paragraph 3.3)

4. Chapter-IV

Stamp Duty

Registering Authorities misclassified sale deeds as release deeds resulting in short levy of stamp duty and registration fee of ₹ 19.91 lakh.

(Paragraph 4.3)

Irregular remission of stamp duty in 20 instruments of transfer deeds in favour of persons other than blood relations resulted in loss of revenue of ₹ 32.05 lakh to the State exchequer.

(Paragraph 4.4)

Registering Authorities assessed nine conveyance deeds less than what had been agreed between the parties. Undervaluation of immovable properties in the conveyance deeds resulted in short levy of stamp duty and registration fee of ₹ 12.27 lakh.

(Paragraph 4.5)

Registering Authorities allowed irregular exemption from payment of stamp duty and registration fee of ₹ 3.11 crore to Market Committee, Gurugram Metropolitan Development Authority (GMDA) and Uttar Haryana Vidyut Prasaran Nigam Limited (UHVPNL) treating them as Government entities.

(Paragraph 4.6)

Registering Authorities incorrectly assessed 14 sale deeds of plots with area less than 1,000 square yards falling within Municipal limits at rates fixed for agricultural land instead of residential land resulting in short levy of stamp duty and registration fee of ₹ 0.57 crore.

(Paragraph 4.7)

Exemption of stamp duty in 50 cases was allowed to farmers, though they purchased residential/commercial land from compensation received, which was not permitted as per Government's order issued in November 2010, resulting in non/short levy of stamp duty and registration fee of ₹ 1.61 crore.

(Paragraph 4.8)

Registering Authorities incorrectly assessed prime khasra land at normal rates fixed for agricultural land, resulting in short levy of stamp duty of ₹ 64.28 lakh.

(Paragraph 4.9)

Registering Authorities registered 176 sale deeds in areas of Gram Panchayat and Zila Parishad without charging duty at the rate of two *per cent* on transaction value in addition to stamp duty under Haryana Panchayati Raj Act 1994 resulting into short levy of stamp duty of ₹ 68.17 lakh.

(Paragraph 4.10)

142 deeds were registered on the rates fixed by the Collector for agricultural land on which stamp duty and registration fee of ₹ 18.22 crore was levied instead of ₹ 36.97 crore leviable as per land record (*Jamabandis*), resulting in short levy of stamp duty and registration fee of ₹ 18.75 crore.

(Paragraph 4.11)

5. Chapter-V

Finance Department

Even after more than eight years of implementation of the Integrated Financial Management System (IFMS), benchmarks to measure the achievements of various IT objectives were not defined. Inadequate validation controls led to processing of bills in contravention to the prescribed process flow. Absence of adequate input controls during the generation of Unique Code of Payee (UCP) led to acceptance of invalid PANs and compromising the uniqueness of UCPs. Complete audit trail was not maintained for tracking the history of transactions. Cases of payment of gratuity in excess of the ceiling limit, double drawal of pension and double drawal of LTC were noticed due to absence of adequate controls.

CHAPTER-I

GENERAL

CHAPTER-I: GENERAL

1.1 Trend of revenue receipts

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

Table 1.1: Trend of revenue receipts

(₹ in crore)

Sr. No.	Particulars	2017-18	2018-19	2019-20	2020-21	2021-22[1]
1.	**Revenue raised by the State Government**					
	Tax revenue	41,099.38	42,581.34	42,824.95	41,913.80	53,377.16
	Non-tax revenue	9,112.85	7,975.64	7,399.74	6,961.49	7,394.13
	Total	**50,212.23**	**50,556.98**	**50,224.69**	**48,875.29**	**60,771.29**
2.	**Receipts from the Government of India**					
	Share of net proceeds of divisible Union taxes and duties	7,297.52	8,254.60	7,111.53	6,437.59	9,722.16[2]
	Grants-in-aid	5,185.12	7,073.54	10,521.91	12,248.13	7,598.24[3]
	Total	**12,482.64**	**15,328.14**	**17,633.44**	**18,685.72**	**17,320.40**
3.	**Total revenue receipts of the State Government (1 and 2)**	**62,694.87**	**65,885.12**	**67,858.13**	**67,561.01**	**78,091.69**
4.	**Percentage of 1 to 3**	**80.09**	**76.74**	**74.01**	**72.34**	**77.82**

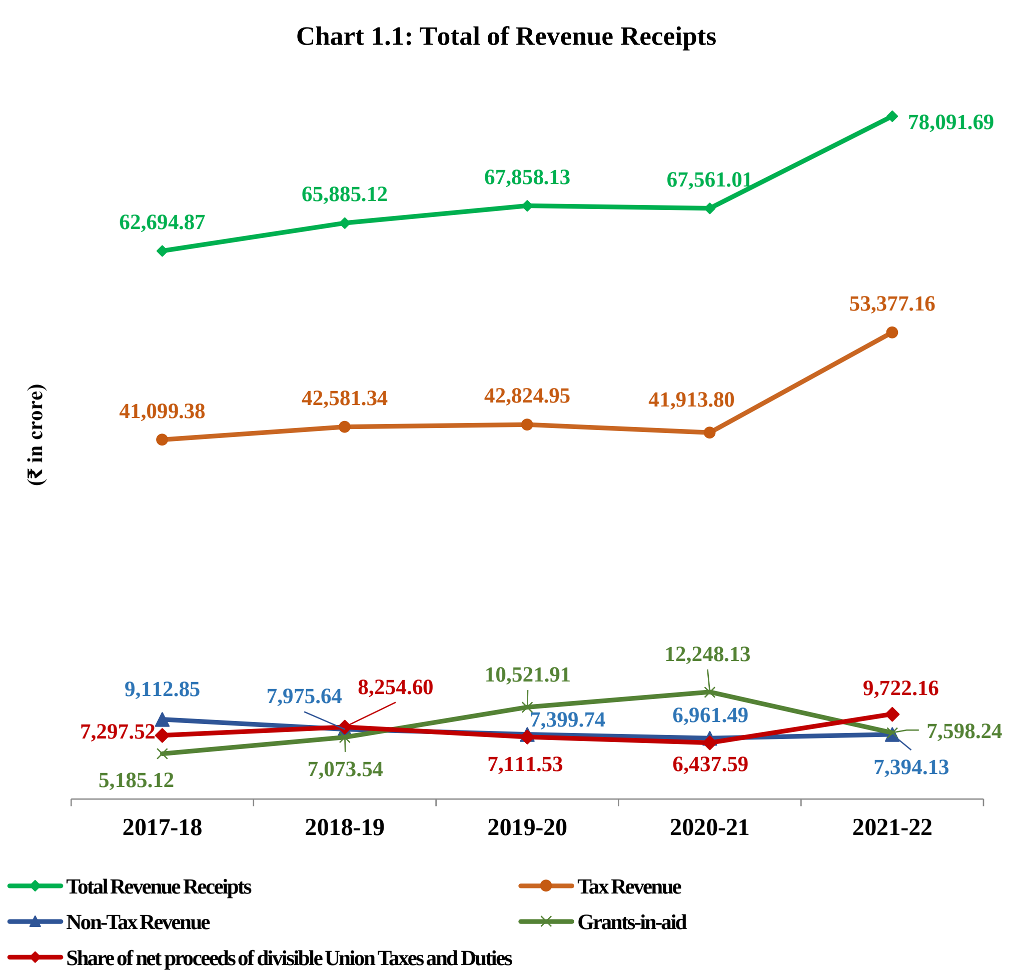
(Source: Finance Accounts)

[1] Finance Accounts of the State Government.

[2] This includes amount of ₹ 2,763.35 crore received from Government of India as share of Central Goods and Services Tax.

[3] This includes amount of ₹ 2,908.67 crore received from Government of India as compensation for loss of revenue due to implementation of Goods and Services Tax.

The trend in revenue receipts during 2017-18 to 2021-22 is depicted in ***Chart 1.1.***



(Source: Finance Accounts of the respective years)

The revenue receipts of the State increased by 24.56 *per cent* during the period from 2017-18 to 2021-22. The State's own tax revenue increased by 29.87 *per cent*, the grants-in-aid from GoI increased by 46.54 *per cent* and the share of net proceeds of divisible Union taxes and duties increased by 33.23 *per cent* during the same period. During the year 2021-22, the revenue raised by the State Government (₹ 60,771.29 crore) was 77.82 *per cent* of the total revenue receipts. The balance 22.18 *per cent* of the receipts during the year 2021-22 was from the GoI as State's share of net proceeds of divisible Union taxes and duties and of grants-in-aid.

The percentage of revenue receipts of the State Government from its own resources to total revenue receipts decreased from 80.09 *per cent* in 2017-18 to 77.82 *per cent* in 2021-22.

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

Table 1.2: Details of Tax Revenue raised

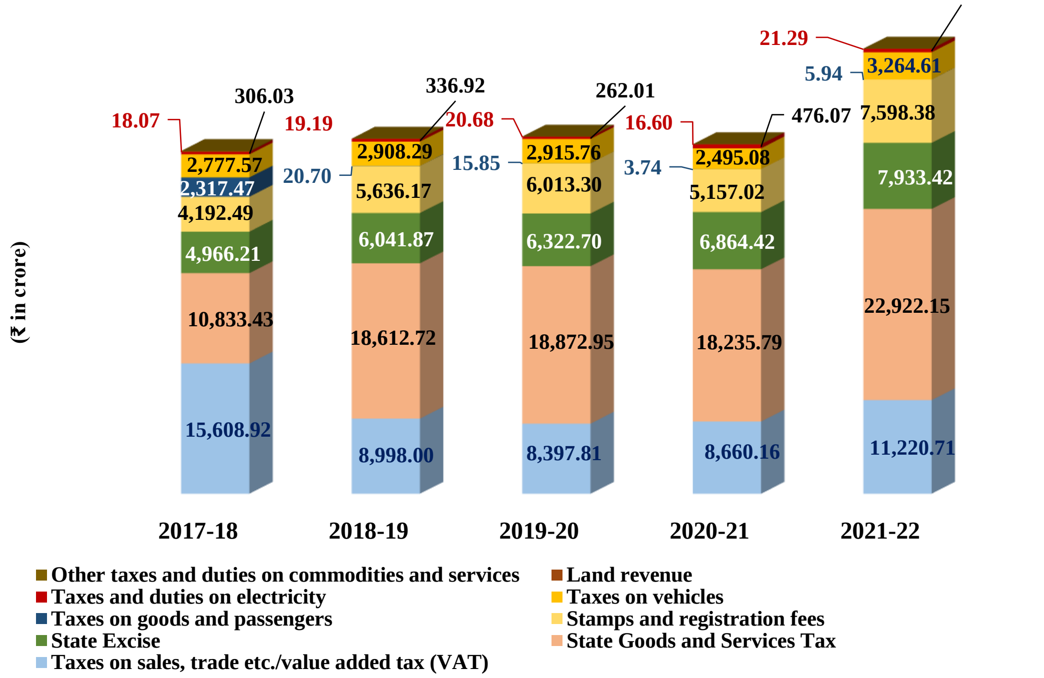
(₹ in crore)

Sr. No.	Head of revenue	2017-18	2018-19	2019-20	2020-21	2021-22	Percentage of increase (+) or decrease (-) of Actuals of 2021-22 over actuals of 2020-21
		Actual (percentage to total receipts)					
1.	Taxes on sales, trade, etc./ Value added tax (VAT)	15,608.92 (37.98)	8,998.00 (21.31)	8,397.81 (19.61)	8,660.16 (20.66)	11,220.71 (21.02)	29.57
	State Goods and Services Tax (SGST)	10,833.43 (26.36)	18,612.72 (43.71)	18,872.95 (44.07)	18235.79 (43.50)	22,922.15 (42.94)	25.70
2.	State Excise	4,966.21 (12.08)	6,041.87 (14.19)	6,322.70 (14.76)	6,864.42 (16.38)	7,933.42 (14.86)	15.57
3.	Stamps and registration fees	4,192.49 (10.20)	5,636.17 (13.23)	6,013.30 (14.04)	5,157.02 (12.30)	7,598.38 (14.24)	47.34
4.	Taxes on goods and passengers	2,317.47 (5.64)	20.70 (0.05)	15.85 (0.04)	3.74 (0.01)	5.94 (0.01)	58.82
5.	Taxes on vehicles	2,777.57 (6.76)	2,908.29 (6.83)	2,915.76 (6.81)	2,495.08 (5.95)	3,264.61 (6.12)	30.84
6.	Taxes and duties on electricity	306.03 (0.74)	336.92 (0.79)	262.01 (0.61)	476.07 (1.14)	404.36 (0.76)	(-) 15.06
7.	Land revenue	18.07 (0.04)	19.19 (0.05)	20.68 (0.05)	16.60 (0.04)	21.29 (0.04)	28.25
8.	Other taxes and duties on commodities and services	79.19 (0.19)	7.48 (0.02)	3.89 (0.01)	4.92 (0.01)	6.30 (0.01)	28.05
	Total	**41,099.38**	**42,581.34**	**42,824.95**	**41,913.80**	**53,377.16**	**27.35**
	***Per cent* increase/ decrease over previous year**	**20.79**	**3.61**	**0.57**	**(-) 2.13**	**27.35**	

(Source: Finance Accounts of the respective years)

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

Chart 1.2: Details of Tax Revenue raised



(Source: Finance Accounts of the respective years)

Tax revenue increased by ₹ 12,277.78 crore (29.87 *per cent*) during the years 2017-18 to 2021-22. The average receipt of tax revenue for the five years from 2017-18 to 2021-22 was ₹ 44,359.33 crore with an average growth rate of 10.04 *per cent* for the period. The tax revenue increased by 27.35 *per cent* in

2021-22 over the previous year.

The respective Departments reported the following reasons for the variations:

- **Taxes on sales, trade, etc./Value Added Tax (VAT)**: Taxes on sales trade, etc./Value Added Tax (VAT) increased to ₹ 11,220.71 crore in 2021-22 against ₹ 8,660.16 crore in 2020-21 due to more receipts under the Central Sales Tax Act and State Sales Tax Act.

- **State Goods and Services Tax:** Receipt of State Goods and Services Tax increased to ₹ 22,922.15 crore in 2021-22 against ₹ 18,235.79 crore in 2020-21 due to more receipts on account of SGST.

- **State Excise:** Receipt of State Excise increased to ₹ 7,933.42 crore in 2021-22 against ₹ 6,864.42 crore in 2020-21 due to introduction of the new Excise Policy and increase in the rate of excise duty and license fees.

- **Stamps and Registration Fees:** Receipt of Stamps and Registration Fees increased to ₹ 7,598.38 crore in 2021-22 against ₹ 5,157.02 crore in 2020-21 due to increase in sale/purchase of immovable property in 2021-22 and reduced theft of stamp duty due to use of Web-HALRIS software.

- **Taxes on vehicles**: Receipt of Taxes on vehicles increased to ₹ 3,264.61 crore in 2021-22 against ₹ 2,495.08 crore in 2020-21 due to better enforcement after deployment of police personnel and increase in registration of Motor Vehicles.

- **Taxes and duties on Electricity:** Receipt of Taxes and duties on electricity decreased to ₹ 404.36 crore in 2021-22 against ₹ 476.07 crore in 2020-21 due to less realisation of Electricity Duty from the consumers for power utility.

1.1.3 The details of non-tax revenue raised during 2017-18 to 2021-22 are indicated in **Table 1.3.**

Table 1.3: Details of Non-Tax Revenue raised

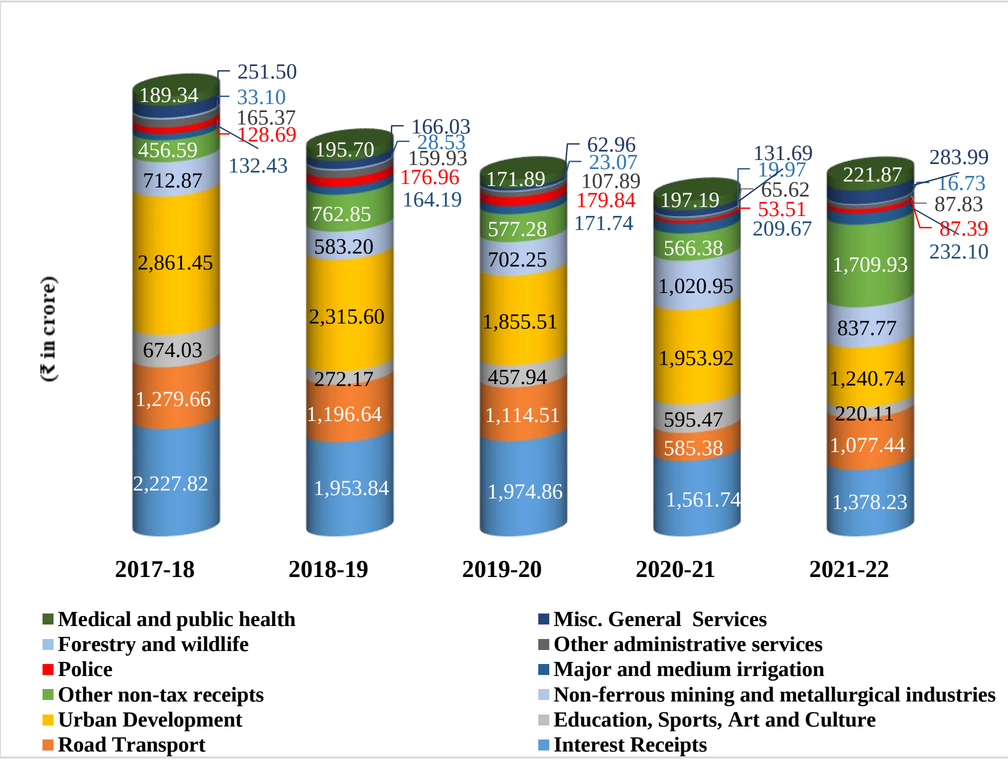
(₹ in crore)

Sr. No.	Head of revenue	2017-18	2018-19	2019-20	2020-21	2021-22	Percentage of increase (+) or decrease (-) of Actuals of 2021-22 over actuals of 2020-21
		Actual (percentage to total receipts)					
1.	Interest Receipts	2,227.82 (24.45)	1,953.84 (24.50)	1,974.86 (26.69)	1,561.74 (22.43)	1,378.23 (18.64)	(-) 11.75
2.	Road Transport	1,279.66 (14.04)	1,196.64 (15.00)	1,114.51 (15.06)	585.38 (8.41)	1,077.44 (14.57)	84.06
3.	Education, Sports, Art and Culture	674.03 (7.40)	272.17 (3.41)	457.94 (6.19)	595.47 (8.55)	220.11 (2.98)	(-) 63.04
4.	Urban Development	2,861.45 (31.40)	2,315.60 (29.03)	1,855.51 (25.08)	1,953.92 (28.06)	1,240.74 (16.78)	(-) 36.50
5.	Non-ferrous mining and metallurgical industries	712.87 (7.82)	583.20 (7.31)	702.25 (9.49)	1,020.95 (14.67)	837.77 (11.33)	(-) 17.94

Sr. No.	Head of revenue	2017-18	2018-19	2019-20	2020-21	2021-22	Percentage of increase (+) or decrease (-) of Actuals of 2021-22 over actuals of 2020-21
		Actual (percentage to total receipts)					
6.	Major and medium irrigation	132.43 (1.45)	164.19 (2.06)	171.74 (2.32)	209.67 (3.01)	232.10 (3.14)	10.70
7.	Police	128.69 (1.41)	176.96 (2.22)	179.84 (2.43)	53.51 (0.77)	87.39 (1.18)	63.32
8.	Other administrative services	165.37 (1.81)	159.93 (2.01)	107.89 (1.46)	65.62 (0.94)	87.83 (1.19)	33.85
9.	Forestry and wildlife	33.10 (0.36)	28.53 (0.36)	23.07 (0.31)	19.97 (0.29)	16.73 (0.23)	(-) 16.22
10.	Miscellaneous General Services[4]	251.50 (2.76)	166.03 (2.08)	62.96 (0.85)	131.69 (1.89)	283.99 (3.84)	115.65
11.	Medical and public health	189.34 (2.08)	195.70 (2.45)	171.89 (2.32)	197.19 (2.83)	221.87 (3.00)	12.52
12.	Other non-tax receipts	456.59 (5.01)	762.85 (9.56)	577.28 (7.80)	566.38 (8.14)	1,709.93[5] (23.13)	201.90
	Total	**9,112.85**	**7,975.64**	**7,399.74**	**6,961.49**	**7,394.13**	**6.21**

(Source: Finance Accounts of the respective years)

Chart 1.3: Details of Non-Tax Revenue raised



(Source: Finance Accounts of the respective years)

4 Unclaimed deposits, Sales of land and property, Guarantee Fee and other receipts.

5 Dividend and Profit- ₹ 1,007.59 crore, Public Services Commission- ₹ 39.64 crore, Jail- ₹ 3.62 crore, Supplies and Disposal- ₹ 3.19 crore, Stationers and Printing- ₹ 1.27 crore, Public Work- ₹ 71.28 crore, Contribution and Recoveries towards Pension- ₹ 43.33 crore, Water Supply and sanitation- ₹ 58.80 crore, Housing- ₹ 12.66 crore, Information and Publicity- ₹ 0.17 crore, Labour and Employment- ₹ 42.93 crore, Social Security and Welfare- ₹ 67.74 crore, Other Social Services - ₹ 0.83 crore, Crop Husbandry- ₹ 20.61 crore, Animal Husbandry- ₹ 5.41 crore, Dairy Development- ₹ 0.01 crore, Fisheries- ₹ 2.78 crore, Food Storage and Warehousing- ₹ 203.23 crore, Cooperation- ₹ 10.43 crore, Other Agriculture Programs- ₹ 1.24 crore, Land Reform- ₹ 0.04 crore, Other Rural Development Programs - ₹ 12.04 crore, Villages and Small Industries- ₹ 1.52 crore, Industries- ₹ 0.07 crore, Civil Aviation- ₹ 0.43 crore, Road and Bridge- ₹ 73.59 crore, Other Scientific Research- ₹ 0.01 crore, Tourism- ₹ 1.18 crore, Other General Economic Services- ₹ 24.29 crore.

Non-tax revenue constituted 9.47 *per cent* of the revenue receipts during 2021-22 registering increase of ₹ 432.64 crore (6.21 *per cent*) over the previous year mainly due to increase in receipts of Road Transport, Miscellaneous General Services and Other non-tax receipts offset by decrease in receipts under Education, Sports, Art and Culture and Urban Development. Interest receipts (18.64 *per cent*), Urban Development (16.78 *per cent*), Road Transport (14.57 *per cent*), Non-ferrous mining and metallurgical industries (11.33 *per cent*) and other non-tax receipts (23.13 *per cent*) are the main contributors to non-tax revenue and contribute 84.45 *per cent* to total non-tax revenue.

The Departments concerned attributed the following reasons for variations:

- **Road Transport:** The increase in actual receipts in 2021-22 over 2020-21 was due to full operationalisation of buses by Haryana Roadways.
- **Police:** The increase (63.32 *per cent*) in actual receipts in 2021-22 over 2020-21 was due to more receipts for police services post Covid-19.
- **Education, Sports, Art and Culture:** The decrease (63.04 *per cent*) in actual receipts in 2021-22 over 2020-21 was due to less receipts of Central share for Elementary/Secondary Education.
- **Urban Development**: The decrease (36.50 *per cent*) in actual receipts in 2021-22 over 2020-21 was due to less receipts of application and new affordable Group Housing Policy where licence fees were waived off.

1.2 Analysis of arrears of revenue

The arrears of revenue as on 31 March 2022 in some principal heads of revenue amounted to ₹ 35,639.25 crore, of which ₹ 6,378.97 crore was outstanding for more than five years as depicted in **Table 1.4.**

Table 1.4: Arrears of Revenue

(₹ in crore)

Sr. No.	Heads of revenue	Amount outstanding as on 31 March 2022	Amount outstanding for more than five years as on 31 March 2022	Replies of Department
1	Taxes on sales, trade/VAT, etc.	33,063.37	5,364.18	Recovery of ₹ 1,046.89 crore was stayed by the Hon'ble High Court and other judicial authorities and ₹ 66.61 crore was stayed by orders of the Government, Recovery of ₹ 84.81 crore was held up due to the dealers becoming insolvent, ₹ 106.03 crore was likely to be written off and ₹ 2,977.50 crore was held up due to rectification/review/application. Recovery of arrears of ₹ 3,370.45 crore was pending on account of cases pending in court, ₹ 4,793.24 crore was pending on account of non-recovery by the Department due to other reasons, recovery of ₹ 1,992.80 crore was pending with the Official Liquidator/Board of Industrial and Financial Reconstruction (BIFR). Inter-

Sr. No.	Heads of revenue	Amount outstanding as on 31 March 2022	Amount outstanding for more than five years as on 31 March 2022	Replies of Department
				State arrears were ₹ 333.18 crore and inter-district arrears were ₹ 85.43 crore. Recovery of ₹ 0.25 crore was being made in instalments. Balance amount of ₹ 1,8206.18 crore was at other stages of action.
2	State Excise	494.11	254.52	Recovery of ₹ 21.78 crore was stayed by Hon'ble High Court and other judicial authorities. ₹ 1.08 crore was likely to be written off. ₹ 118.37 crore was due to inter-State and inter-district arrears. Balance of ₹ 352.88 crore was outstanding at different stages of action.
3	Taxes and duties on electricity	410.85	210.88	Amount of ₹ 409.85 crore was pending towards consumers of Dakshin Haryana Bijli Vitran Nigam Limited (DHBVNL)/Uttar Haryana Bijli Vitran Nigam Limited (UHBVNL) and ₹ one crore was pending with the Official Liquidator.
4	Tax on entry of goods into local areas (Local Area Development Tax)	208.11	181.26	Recovery of ₹ 182.46 crore was stayed by Hon'ble High Court and other judicial authorities, ₹ 4.88 crore are pending on account of cases pending with Official Liquidator / Board of Industrial and Financial Reconstruction (BIFR) ₹ 0.07 crore was pending on account of cases in court, ₹ 0.44 crore was pending on account of non- recovery by the Department due to other reasons and ₹ 20.26 crore was outstanding at other stages of action.
5	Police	128.86	40.91	Amount of ₹ 7.38 crore was due from Indian Oil Corporation Limited (IOCL). The matter of recovery from IOCL in Haryana State was pending at the level of the State Government. ₹ 0.29 crore was recoverable from Bhakra Beas Management Board, Faridabad and ₹ 121.19 crore was recoverable from other States for election duties and Law & Order duty.
6	Other taxes and duties on commodities and services – Receipts from Entertainment duty	11.12	11.11	Recovery of ₹ 8.52 crore was stayed by Hon'ble High Court and other judicial authorities; ₹ 0.21 crore was pending on account of cases pending in court and the balance amount of ₹ 2.39 crore was outstanding at other stages of action.
7	Non-ferrous mining and metallurgical industries	1,322.83	316.11	₹ 517.04 crore was outstanding on account of demand covered by recovery certificate, ₹ 50.63 crore was stayed by Hon'ble High Court and judicial authorities. ₹ 0.26 crore was likely to be written off and ₹ 384.01 crore was pending on account of non-recovery by the Department due to other reasons. Inter-State arrears were ₹ 13.32 crore and inter-district arrears were ₹ 221.84 crore. Recovery of ₹ 0.02 crore was being made in instalments. Arrears of revenue for the year 2021-22 was ₹ 42.48 crore. Balance amount of ₹ 93.23 crore was outstanding at other stages of action.
	Total	**35,639.25**	**6,378.97**	

(Source: Departmental Figures)

1.3 Arrears in assessments

The details of cases pending at the beginning of the year, cases becoming due for assessment, cases disposed of during the year and number of cases pending for finalisation at the end of the year as furnished by the Excise and Taxation Department in respect of Sales Tax/VAT were as depicted in **Table 1.5**.

Table 1.5: Arrears in assessments

Head of revenue	Year	Opening balance	New cases due for assessment during the year	Total assessments due	Cases disposed of during the year	Balance at the end of the year	Percentage of disposal (col. 6 to 5)
1	2	3	4	5	6	7	8
Taxes on Sales, Trade, etc./VAT	2020-21	35,570	3,606	39,176	34,140	5,036	87
	2021-22	5,036	4,240	9,276	3,096	6,180	33

(Source: Information provided by State Excise and Taxation Department)

The number of cases pending at the end of the year 2021-22 has increased from the previous year. It is further observed that percentage of disposal of cases was at 33 *per cent*.

1.4 Evasion of tax detected by the Department

Under Sections 29 to 31 of the HVAT Act, 2003, the Department inspects business premises to detect tax evasion. Further, the Department conducts surveys in business premises to identify new taxpayers. Besides this, roadside checking is also a tool to detect tax evasion during the goods in transit.

The details of cases of evasion of tax detected by the Excise and Taxation Department, cases finalised and the demands for additional tax raised as reported by the Department are given in **Table 1.6**.

Table 1.6: Evasion of Tax

Sr. No.	Head of revenue	Cases pending as on 31 March 2021	Cases detected during 2021-22	Total	Number of cases in which assessment/investigation completed and additional demand with penalty etc. raised		Number of cases pending for finalisation as on 31 March 2022
					Number of cases	Amount of demand (₹ in crore)	
1	Taxes on sales, trade etc./VAT	0	3	3	2	0.01	1
2	State Excise	132	61	193	144	9.41	49
Total		**132**	**64**	**196**	**146**	**9.42**	**50**

(Source: Information provided by Excise and Taxation Department)

The number of cases pending at the end of the year has decreased in respect of State Excise and increased in respect of Taxes on Sales trades, etc./VAT as compared to the number of cases pending at the beginning of 2021-22.

1.5 Refund cases

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

Table 1.7: Details of Refund Cases

Sr. No.	Particulars	Sales Tax/VAT		State Excise	
		Number of cases	Amount (₹ in crore)	Number of cases	Amount (₹ in crore)
1	Claims outstanding at the beginning of the year	480	119.34	39	2.23
2	Claims received during the year	707	173.49	82	6.18
3	Refunds made/ adjusted/rejected during the year	749	152.46	88	6.20
4	Balance outstanding at the end of the year	438	140.37	33	2.21

(Source: Information provided by State Excise and Taxation Department)

The number of outstanding cases at the end of the year has decreased in respect of Sales Tax/VAT and State Excise as compared to cases outstanding at the beginning of the year.

Complete information regarding the GST refund cases was not available with the Department.

1.6 Internal Audit

During the year 2021-22, out of 220 units planned for audit, Internal Audit Cell of Revenue and Disaster Management, Excise and Taxation and Transport Department audited 198 units as detailed in **Table 1.8**.

Table 1.8: Internal Audit

Receipts	Number of units Planned	Number of units audited
Stamp Duty	143	143
State Excise	22	22
VAT/Sales Tax	Nil	Nil
Motor Vehicles Tax	55	33
Total	**220**	**198**

The irregularities discussed in Chapters II to IV are indicators of inadequate internal control mechanism. No internal audit was done by the Excise and Taxation Department (Sales Tax/VAT) and reasons for not conducting internal audit was not provided by the Department.

1.7 Response of the Government/Departments towards audit

The Principal Accountant General (Audit) Haryana conducts periodical inspection of Government Departments to test check the transactions and verify the maintenance of important accounts and other records as prescribed in the rules and procedures. These inspections are followed up with inspection reports (IRs), which are issued to the heads of the offices concerned for taking prompt corrective action. The heads of offices/Government are required to comply with the observations contained in the IRs within four weeks from the date of receipt of the IRs. Serious irregularities are reported to the heads of the Department and the Government in the form of a Management Letter.

Inspection reports issued up to June 2022 revealed that 9,950 paragraphs involving ₹ 11,323.13 crore relating to 3,053 IRs remained outstanding at the end of June 2022 as mentioned in **Table 1.9** along with the corresponding figures for the preceding two years.

Table 1.9: Details of pending Inspection Reports

	June 2020	December 2021	June 2022
Number of IRs pending for settlement	2,765	2,973	3,053
Number of outstanding audit observations	8,695	9,732	9,950
Amount of revenue involved (₹ in crore)	10,688.15	11,522.78	11,323.13

1.7.1 The Department-wise details of the IRs and audit observations outstanding as on June 2022 and the amounts involved are mentioned in **Table 1.10.**

Table 1.10: Department-wise details of Inspection Reports

Sr. No.	Name of the Department	Nature of receipts	Number of outstanding IRs	Number of outstanding audit observations	Money value involved (₹ in crore)
1	**Excise and Taxation**	Sales tax /VAT	423	4,179	8,561.43
		State Excise	239	511	447.07
		Taxes on goods and passengers	254	465	40.01
		Entertainment duty and show tax	49	65	12.47
2	**Revenue**	Stamps and registration fees	1,310	3,506	502.59
		Land Revenue	168	240	0.92
3	**Transport**	Taxes on vehicles	492	781	124.80
4	**Power**	Taxes and duties on electricity	13	22	0.93
5	**Mines and Geology**	Non-ferrous mining and metallurgical industries	105	181	1,632.91
Total			**3,053**	**9,950**	**11,323.13**

The increase in the pendency of IRs was indicative of the fact that the heads of offices and the Departments did not initiate adequate action to rectify the defects, omissions and irregularities pointed out by Audit in the IRs.

The Government may institute a system of effective monitoring of responses of the Departments to IRs to ensure prompt response to audit observations.

1.7.2 Departmental Audit Committee Meetings

The Government has set up audit committees to monitor and expedite the progress of settlement of IRs and paragraphs in the IRs. The details of the audit committee meetings held during the year 2021-22 and the paragraphs settled are mentioned in **Table 1.11.**

Table 1.11: Departmental Audit Committee Meetings

Sr. No.	Head of revenue	Number of meetings held	Number of paragraphs settled	Amount (₹ in crore)
1	Excise and Taxation Department (Sales Tax)	5	150	11.83

1.7.3 Non-production of records to audit for scrutiny

During the year 2021-22, 16 files and other relevant records were not provided to audit. District-wise details of cases are depicted in **Table 1.12.**

Table 1.12: Details of non-production of records

Name of the Office/Department Deputy Excise and Taxation Commissioners (Sales Tax) {DETCs (ST)}	Year in which it was to be audited	Number of cases not produced
Kurukshetra	2021-22	2
Kaithal	2021-22	14
Total		**16**

(Source: Data Compiled by office)

1.7.4 Response of the Government to the draft audit paragraphs

Draft audit paragraphs proposed for inclusion in the Report of the Comptroller and Auditor General of India are forwarded by the Principal Accountant General (Audit) to the Principal Secretary/Additional Chief Secretaries of the Department concerned drawing their attention to the audit findings and requesting them to send their response within six weeks. The fact of non-receipt of replies from the Departments/Government is indicated at the end of such paragraphs included in the Audit Report.

In all, 23 draft paragraphs {including one Subject Specific Compliance Audit (SSCA) and one IT Audit} were sent to the Additional Chief Secretaries of the respective Departments between October 2022 and June 2023. No reply has been received in these cases; however, the discussions during the exit conference held with the Government have been appropriately included in the relevant places in the Report.

1.7.5 Follow up on the Audit Reports-summarised position

According to the instructions issued by the Finance Department in October 1995 and reiterated in July 2001, after the presentation of the Report of the Comptroller and Auditor General of India in the Legislative Assembly, the Departments shall initiate action on the audit paragraphs and the action taken explanatory notes thereon should be submitted by the Government within three months of tabling of the Report, for consideration of the Public Accounts Committee.

The CAG's Audit Reports on Revenue Sector of the Government of Haryana for the year ended 31 March 2021 containing a total of 17 paragraphs including three Subject Specific Compliance Audits was placed before the State Legislature Assembly on 8 August 2022. However, action taken notes in respect of 17 paragraphs from two Departments (Excise and Taxation: 11 and Revenue: six) as mentioned in ***Appendix I*** had not been received for the Audit Reports for the year ended 31 March 2021 so far (20 January 2023).

Twenty-seven paragraphs pertaining to the Audit Reports for the years 2019-20 and 2020-21 are yet to be discussed in Public Accounts Committee (20 January 2023). 924 recommendations pertaining to the period 1979-80 to 2016-17 contained in 22nd to 84th Reports of PAC as mentioned in ***Appendix II and Appendix III*** were still pending for want of final corrective action to be taken by the Departments concerned.

1.8 Analysis of the mechanism for dealing with the issues raised by Audit

To analyse the system of addressing the issues highlighted in the Inspection Reports/Audit Reports by the Departments/Government, the action taken on the paragraphs and performance audits included in the Audit Reports of the last 10 years for one Department is evaluated and included in this Audit Report.

The succeeding paragraphs 1.8.1 to 1.8.2 discuss the performance of the Transport Department under Taxes on Motor Vehicles and cases detected during the course of local audit for the last 10 years included in the inspection Reports.

1.8.1 Position of Inspection Reports

The summarised position of the inspection reports issued to the Transport Department during the last 10 years, paragraphs included in these reports and their status as on 31 March 2022 are brought out in ***Appendix IV***.

The number of outstanding IRs increased from 270 in 2012-13 to 471 in 2021-22 and the number of paragraphs have increased from 360 in 2012-13 to 786 in 2021-22 as on 31 March 2022. In respect of Transport Department, no Audit Committee Meeting (ACM) held during the period. The Government may arrange ACMs in future to settle the long pending paragraphs.

1.8.2 Recovery in accepted cases

The position of paragraphs included in the Audit Reports of the last 10 years, those accepted by the Department and the amount recovered are mentioned in ***Appendix V***.

The progress of recovery even in accepted cases was low (5.19 *per cent*) during the last 10 years. The Department may take appropriate action to pursue and monitor prompt recovery of the dues involved in accepted cases.

1.9 Audit Planning

There are a total of 393 auditable units in the State of Haryana of which 104 units were planned and audited during 2021-22. The units were selected based on risk analysis.

1.10 Results of audit

Position of local audits conducted during the year

Test check of the records of 104 (Revenue 102 + 2 expenditure) units pertaining to Sales Tax/Value Added Tax, State Excise duty, Stamp Duty and Registration fees conducted during the year 2021-22 revealed under-assessment/short levy of tax/loss of revenue aggregating to ₹ 1,103.94 crore in 2,552 cases. During the course of the year, the Departments concerned accepted under assessment and other deficiencies of ₹ 643.07 crore involved in 1,077 cases. The Departments recovered ₹ 3.52 crore in 64 cases during the year 2021-22 of which 39 cases amounting to ₹ 3.35 crore pertains to earlier years.

1.11 Coverage of this Report

This Report contains 16 Draft Paragraphs, one SSCA on Department's Oversight on GST Payments and Return Filing and another SSCA on IT Audit of Integrated Financial Management System involving financial impact of ₹ 724.46 crore.

The Departments/Government have accepted audit observations involving ₹ 629.34 crore out of which ₹ 0.14 crore had been recovered. These are discussed in the succeeding Chapters II to V.

CHAPTER-II

TAXES/VAT ON SALES, TRADE

CHAPTER II: TAXES/VAT ON SALES, TRADE

2.1 *Tax administration*

The Haryana Value Added Tax Act, 2003 (HVAT Act) and rules framed thereunder are administered by the Additional Chief Secretary (Excise and Taxation). The Excise and Taxation Commissioner (ETC) is the head of the Excise and Taxation Department who is assisted by Additional ETCs, Joint ETCs (JETCs), Deputy Excise and Taxation Commissioners (DETCs) and Excise and Taxation Officers (ETOs). They are assisted by Excise and Taxation Inspectors and other allied staff for administering the relevant tax laws and rules.

2.2 *Results of audit*

In 2021-22, test check of the records of 15 (13 Revenue and two expenditure) out of 46 units relating to VAT/Sales tax assessments and other records was conducted. A total of 28,627 out of total 86,191 assessment cases were audited. The audit showed under assessment/evasion of tax and other irregularities involving ₹ 1,008.36 crore in 578 cases, falling under the following categories as depicted in **Table 2.1**.

Table 2.1- Results of Audit

Revenue			
Sr. No.	**Category**	**Number of Cases**	**Amount (₹ in crore)**
1.	Subject Specific Compliance Audit on Departments' Oversight on GST Payments and Return Filing	1	678.22
2.	Under assessment of tax	93	28.77
3.	Acceptance of defective statutory forms	28	7.56
4.	Evasion of taxes due to suppression of sales/purchases	59	33.37
5.	Irregular/Incorrect/Excess allowance of Input Tax Credit (ITC)	231	211.45
6.	Other irregularities	150	48.80
	Total (I)	**562**	**1,008.17**
Expenditure			
1.	Other irregularities	16	0.19
	Total (II)	**16**	**0.19**
	Grand Total (I+II)	**578**	**1,008.36**

The Department accepted under assessment and other deficiencies of ₹ 581.34 crore in 12 cases which were pointed out during the year. The Department recovered ₹ 0.33 crore in 13 cases (all the cases related to earlier years) in the year 2021-22.

Significant cases involving ₹ 691.00 crore are discussed in the following paragraphs.

2.3 Under assessment of tax due to allowing wrong deduction on taxable commodities treated as tax free

Assessing Authorities, while finalising the assessments, allowed the deductions as tax free sales instead of commodities liable to be taxed, resulting in under assessment of tax of ₹ 4.99 crore. In addition, interest of ₹ 4.77 crore was also leviable.

The rates for taxation of commodities have been prescribed as per schedules A to G of HVAT Act. However, commodities other than commodities classified in any of the schedules, are taxable at the rate of 12.5 *per cent* with effect from 1 July 2005 under Section 7 (1) (a) (iv) of HVAT Act. Surcharge at the rate of five *per cent* on the tax is leviable under Section 7 (A) of HVAT Act w.e.f. 2 April 2010. Further, interest is also leviable under Section 14 (6) of the HVAT Act.

Scrutiny of records (between March 2020 and January 2022) of DETCs (Sale Tax), Panchkula, Panipat and Sonipat showed that Assessing Authorities (AAs) while finalising the assessments (between March 2019 and March 2021) of three cases involving three dealers for the years 2015-16 to 2017-18, allowed deductions of some commodities as tax free sales instead of commodities liable to be taxed at the rate of 5.25 *per cent* under Schedule C of HVAT Act, resulting in under assessment of tax of ₹ 4.99 crore. In addition, interest of ₹ 4.77 crore was also liable.

On this being pointed out, AA Panchkula admitted the fact and stated (June 2023) that the case of the dealer had been sent to the Revisional Authority in May 2022 for *suo moto* action. AA Panipat intimated that case was sent to Revisional Authority for re-assessment and after re-assessment, additional demand of ₹ 10.61 lakh has been created. AA Sonipat admitted the facts and stated in June 2023 that reassessment notices have been issued to the dealer.

During the exit conference held in June 2023, the Department admitted the audit observations.

2.4 Under assessment of tax due to less gross turnover/taxable turnover

Assessing Authorities, while finalising the assessments, assessed the cases on Gross Turnover/Taxable Turnover of ₹ 27.97 crore instead of ₹ 36.61 crore. This resulted in under assessment of tax of ₹ 0.94 crore.

The liability to pay tax is on the taxable turnover. Taxable turnover is the net amount that remains upon making deductions as prescribed from the gross turnover.

Scrutiny of records of the offices of DETCs (Sales Tax) Panipat and Gurugram (South) (between July 2021 and December 2021) for the years 2015-16 and 2016-17 showed that while finalising the assessments (between March 2019 and October 2019) in two cases, the Assessing Authorities (AAs) assessed the cases on lower TTO of ₹ 27.97 crore instead of ₹ 36.61 crore. Audit observed that TTO was adopted by a lower amount of ₹ 8.64 crore for assessment. This resulted in under assessment of tax of ₹ 0.94 crore.

On this being pointed out, AA Panipat intimated that the case had been reassessed and additional demand of ₹ 28.01 lakh had been created and recovery was under progress. Gurugram (South) accepted the case and stated (June 2023) that the firm is under National Company Law Tribunal/liquidation and notice for reassessment has been served upon the liquidator.

During the exit conference held in June 2023, the Department admitted the audit observations.

2.5 Under assessment of tax due to allowing excess benefit of input tax credit on stock transfer

Assessing Authorities, while finalising the assessments, reversed input tax credit on stock transfer/consignment sale incorrectly resulting in short reversal of ITC ₹ 28.04 lakh.

Under Section 8 of HVAT Act, input tax credit in respect of any goods purchased by a VAT dealer shall be the amount of tax paid to the State on the sale of such goods. No ITC on goods which are disposed of otherwise than by way of sale is admissible. If the goods purchased in the State are used or disposed of partly by way of sale and partly by stock transfer, the input tax allowable in respect of such goods shall be computed on *pro rata* basis.

Scrutiny of records of offices of DETCs (Sales Tax) Panipat and Gurugram (South) (between August 2021 and December 2021) showed that two dealers were assessed at a GTO of ₹ 275.25 crore out of which ₹ 232.12 crore worth of goods were transferred by them against Form 'F'*. These transferred goods

* Form 'F' is used for making transfer of goods (without payment of tax) to branches/agents in other States.

involved goods worth ₹ 24.08 crore purchased within Haryana after payment of VAT of ₹ 1.13 crore during 2015-16 and 2017-18. Total purchases by these two dealers including local purchases in Haryana was of ₹ 209.07 crore. Thus, a total of purchases of ₹ 184.99 crore were purchases by the dealers on which no tax was paid in Haryana and hence not eligible for ITC. However, it was noticed that despite clear provisions of law, ITC allowed was not restricted on pro rata basis and excess ITC was allowed to the extent of ₹ 28.04 lakh.

On this being pointed out, AA, Gurugram (South) intimated that the case was reassessed and a sum of ₹ 14.10 lakh had been reversed against the objected amount of ₹ 19.22 lakh. The reasons for short reversal were not available. AA Panipat intimated that notice for reassessment had been issued to the dealer.

During the exit conference held in June 2023, the Department admitted the audit observations.

2.6 Excess benefit of input tax credit due to non reversal

The Assessing Authority, while finalising the assessment, did not reverse input tax credit on account of inter-State sales resulting in allowing excess benefit of ₹ 10.91 lakh.

As per Schedule 'E', Entry 3(b) read with Section 8(1) of HVAT Act, 2003, when goods are sold as such in the course of inter-state trade or commerce, input tax is admissible to the extent of amount of tax actually paid on the purchase of such goods in the State under the Act or tax payable on sale of such goods under the CST Act, 1956, whichever is lower.

Scrutiny of records of DETC (Sales Tax) Panipat (July 2021) showed that one dealer had shown purchases of ₹ 2.51 crore and claimed ITC of ₹ 35.03 lakh on purchase value. As per the provisions of the Act, ITC of ₹ 10.91 lakh was to be reversed on account of sales made in the course of inter-State trade or commerce. While finalising the assessment (January 2019) for the year 2015-16, the Assessing Authority (AA) did not reverse the ITC. This resulted in allowing excess benefit of ITC of ₹ 10.91 lakh due to non-reversal of ITC.

On this being pointed out, the AA intimated (June 2023) that the case has been reassessed and additional demand was created after reversal of ITC of ₹ 10.91 lakh.

During the exit conference held in June 2023, the Department admitted the audit observations.

2.7 Evasion of tax due to non levy of tax on opening and closing stock mismatch

The Assessing Authorities did not verify details of sales with reference to opening and closing stock which resulted in evasion of tax of ₹ 73.11 lakh.

Under Section 38 of Haryana Value Added Tax Act, 2003 if a dealer has maintained false or incorrect accounts or documents with a view to suppressing his sales, purchases, imports into the State, exports out of the State, or stocks of goods, or has concealed any particulars in respect thereof or has furnished to or produced before any authority under this Act or the rules made thereunder any account, return, document or information which is false or incorrect in any material particular, such authority may, after affording such dealer a reasonable opportunity of being heard, direct him to pay by way of penalty, in addition to the tax to which he is assessed or is liable to be assessed, a sum thrice the amount of tax which would have been avoided, had such account, return, document or information, as the case may be, been accepted as true and correct.

Scrutiny of records of DETCs (Sales Tax) Ambala and Sonipat (between November 2021 and January 2022) for the assessment years 2016-17 to 2017-18 showed that in cases of three dealers, opening stock of the assessment year did not match with the closing stock of the previous year. The AAs, while finalising the assessments, did not verify the details of sales with reference to opening and closing stock resulting in evasion of tax of ₹ 73.11 lakh.

On this being pointed out, in one case, the AA Ambala intimated (June 2023) that remand case had been decided and additional demand had been created. In one case, the AA Sonipat intimated (June 2023) that reassessment had been framed and additional demand has been created. In another case, AA Sonipat intimated (June 2023) that reassessment notice had been issued to the dealer.

During the exit conference held in June 2023, the Department admitted the audit observations.

2.8 Non/short levy of interest

The Assessing Authorities failed to levy interest on late/non-payment of tax resulting in short/non-levy of interest of ₹ 96.40 lakh.

Section 14 (6) of HVAT Act, 2003 read with Section 9(2) of CST Act, 1956, *inter alia* lays down that if any dealer fails to make payment of tax in accordance with the provisions of the Act and Rules made thereunder, he would be liable to pay, in addition to the tax payable by him, simple interest at one *per cent* per month if the payment is made within ninety days, and at two *per cent* per month if the default continues beyond ninety days for the whole period, from the last date specified for the payment of tax to the date he makes the payment, provided that the interest leviable under this Act shall not exceed the amount of tax or penalty on the non-payment or late payment of tax on which such interest is charged.

Scrutiny of records (between November 2021 and February 2022) showed that five dealers of DETCs (Sales Tax) Sonipat and Jagadhri had not paid tax in accordance with the provisions of the Act and Rules. While framing assessment for the year 2016-17, the Assessing Authority (AA), Sonipat had not levied interest in three cases and levied lesser interest in one case. Similarly, Assessing Authority (AA), Jagadhri failed to levy interest on non-payment of tax due. Thus, short levy in one case and non-levy of interest in four cases resulted in short/non-levy of interest of ₹ 96.40 lakh.

On this being pointed out, AA Sonipat and Jagadhri stated (June 2023) that the original orders had been rectified and interest had been levied.

During the exit conference held in June 2023, the Department admitted the audit observations.

2.9 Subject Specific Compliance Audit on Department's Oversight on GST Payments and Return Filing

2.9.1 Introduction

Introduction of Goods and Service Tax (GST) has replaced multiple taxes levied and collected by the Centre and States. GST, which came into effect from 1 July 2017, is a destination-based consumption tax on the supply of goods or services or both levied on every value addition. The Centre and States simultaneously levy GST on a common tax base. Central GST (CGST) and State GST (SGST) /Union Territory GST (UTGST) are levied on intra state supplies, and Integrated GST (IGST) is levied on inter-State supplies.

Section 59 of the Haryana GST Act (HGST), 2017 stipulates GST as a self-assessment-based tax, whereby the responsibility for calculating tax liability, discharging the computed tax liability and filing returns is vested on the taxpayer. The GST returns must be filed online regularly on the common GST portal, failing which penalties will be payable. Even if the business has had no tax liability during a particular tax period, it must file a nil return mandatorily. Further, Section 61 of the Act read with Rule 99 of HGST Rules stipulate that the proper officer may scrutinise the return and related particulars furnished by taxpayers, communicate discrepancies to the taxpayers and seek an explanation.

This Subject Specific Compliance Audit (SSCA) was taken up considering the significance of the control mechanism envisaged for tax compliance and the Department's oversight mechanism in this new tax regime.

2.9.2 Audit objectives

This audit was oriented towards providing assurance on the adequacy and effectiveness of systems and procedures adopted by the Department with respect to tax compliance under GST regime. Audit of 'Department's oversight on GST Payments and Return filing' was taken up with the following audit objectives to seek an assurance on:

i. Whether the rules and procedures were designed to secure an effective check on tax compliance and were being duly observed by taxpayers; and

ii. Whether the scrutiny procedures, internal audit and other compliance functions of the Department's field formations were adequate and effective.

2.9.3 Audit methodology and scope

This SSCA was predominantly conducted based on data analysis, which highlighted risk areas and red flags pertaining to the period July 2017 to March 2018. Through data analysis, a set of 15 deviations were identified across the domains of ITC, Discharge of tax liability, Registration and Return filing. Such deviations were followed up through a Centralised (Limited) Audit[1], whereby these deviations were communicated to the relevant State departmental field formations and action taken by the jurisdictional formations on the identified deviations was ascertained without involving field visits. The Centralised (Limited) audit was supplemented by a detailed audit involving field visits for verification of records available with the jurisdictional field formations. Returns and related attachments and information were accessed through the *boweb.internal.gst.gov.in* - the *back-end* system of the Excise and Taxation Department application as much as feasible to examine data/documents relating to taxpayers (viz. registration, tax payment, returns and other departmental functions). The Detailed Audit also involved accessing relevant granular records from the taxpayers such as invoices through the respective field formations. This apart, compliance functions of the departmental formation such as scrutiny of returns were also reviewed in selected Departmental field formations.

The review of the scrutiny of returns by the Department and verification of taxpayer's records covered the period from July 2017 to March 2018, while the audit of the functions of selected Departmental field formations covered the period from 2017-18 to 2020-21. The SSCA covered only the State administered taxpayers. The field audit was conducted from September to November 2022.

Before the start of field audit, an entry conference was held on 22 February 2022 with Additional Excise and Taxation Commissioner in which the audit

[1] Centralised Audit also did not involve seeking taxpayer's granular records such as financial statements related ledger accounts, invoices, agreements, etc.

objectives, sample selection, audit scope and methodology were discussed. An exit conference was conducted with Principal Secretary, Excise and Taxation Department, Government of Haryana on 27 June 2023. The replies submitted by the Department to the draft report have been suitably incorporated in the relevant paragraphs.

2.9.4 Audit sample

A data-driven approach was adopted for planning, as also to determine the nature and extent of substantive audit. The sample for this SSCA comprised a set of deviations identified through data analysis for Centralised audit that did not involve field visits; a sample of taxpayers for Detailed Audit that involved field visits and scrutiny of taxpayer's records at departmental premises; and a sample of the Department's field formations for evaluating the compliance functions of the Department's field formations.

There were three distinct parts of this SSCA as under:

(i) Part I-Audit of Departmental field formations (DETCs)

Nine[2] Departmental field formations with jurisdiction over more than one selected sample of cases for Detailed Audit were considered as the sample of DETCs for evaluation of their oversight functions.

(ii) Part II –Centralised (Limited) Audit

The sample for Centralised (Limited) Audit was selected by identification of high-value or high-risk deviations from rules and inconsistencies between returns through data analysis for evaluation of the adequacy and effectiveness of the scrutiny procedure of the Department. Accordingly, 428 taxpayers were selected for Centralised (Limited) Audit under 15 dimensions in this SSCA.

(iii) Part III-Detailed Audit

Detailed Audit was conducted by accessing taxpayers' records through the Department's field formations for evaluation of the extent of tax compliance by taxpayers. The sample of taxpayers for 'Detailed Audit' was selected on the basis of risk parameters such as mismatch in ITC, tax liability mismatch, disproportionate exempted turnover to total turnover and irregular ITC reversal. The 38 taxpayers were selected from nine districts comprising of large, medium and small strata[3] taxpayers for Detailed Audit.

2 Ambala, Faridabad (North), Faridabad (West), Gurugram (North), Gurugram (East), Gurugram (South), Gurugram (West), Sirsa and Sonipat.

3 Large 61 *per cent* having turnover > ₹ 20 crore, Medium 29 *per cent* having turnover between ₹ three crore and ₹ 20 crore and Small 10 *per cent* having turnover < ₹ three crore of total sample selected for Detailed Audit.

2.9.5 Audit criteria

The source of audit criteria comprised the provisions contained in the HGST Act, IGST Act and Rules made thereunder. The significant provisions are given in **Table 2.2**.

Table 2.2: Source of criteria

Sr. No.	Subject	Act and Rules
1	Levy and collection	Section 9 of HGST Act
2	Reverse Charge Mechanism	Section 9(3) of HGST ACT and Section 5 (3) of IGST Act
3	Availing and utilising ITC	Sections 16 to 21 under Chapter V of HGST Act; Rules 36 to 45 under Chapter V of HGST Rules
4	Registrations	Section 22 to 25 of HGST Act; Rules 8 to 26 of HGST Rules
5	Payment of Tax	Sections 49 to 53 under Chapter X of HGST Act; Rules 85 to 88A under Chapter IX of HGST Rules
6	Filing of GST Returns	Sections 37 to 47 under Chapter IX of HGST Act; Rules 59 to 68 and 80 to 81 under Chapter VIII of HGST Rules. Part B of HGST Rules prescribes format of returns
7	Assessment and Audit functions	Sections 61, 62, 65 and 66 under Chapter XII & XIII of HGST Act; Rules 99 to 102 under Chapter XI of HGST Rules

In addition, the notifications and circulars issued by Central Board of Indirect Taxes and Customs (CBIC)/Excise and Taxation Department, Haryana relating to filing of returns, notifying the effective dates of filing of various returns, extending due dates for filing returns, rates of tax on goods and services, payment of tax, availing and utilising ITC, scrutiny of returns and oversight of tax compliance and Standard Operating Procedures (SOP) containing instructions to departmental offices on various aspects related to filing returns, scrutiny of returns, Audit, cancellation of registrations and verification of Tax Research Unit (TRU) reports etc. also formed part of the audit criteria.

2.9.6 Audit findings

The audit findings have been categorised into the following two categories:

1. Oversight on returns filing
2. Oversight on tax payments

2.9.7 Oversight on returns filing

A return is a statement of specified particulars relating to the business activity undertaken by a taxpayer during a prescribed period. Every taxpayer is legally obligated to furnish a complete and correct return declaring the tax liability for a given period and taxes paid within the stipulated time. In a self-assessment regime, the significance of monitoring return filing by taxpayers acquires greater significance as the returns are the first mode of information about taxpayers and their respective business activities.

2.9.7.1 Monitoring mechanism on return filing

During the audit related to the functioning of nine[4] DETCs selected as sample, audit could not verify the overseeing mechanism on return filing as neither records nor data was provided to Audit. On extracting the data from MIS report through boweb.internal.gst.gov.in for Haryana State, Audit noticed that action was not taken on 26,772 out of 41,617 GSTR 3B non-filers as GSTR 3A notices were issued to 14,845 non-filers only in the year 2020-21. The monitoring mechanism including taking steps to issue notices to non-filers and subsequent assessment of tax liability by proper officer of the said person under HGST Act to protect revenue was deficient in all the DETCs.

During the exit conference (June 2023), the Department assured that response would be submitted to Audit. However, response is yet to be received (January 2024).

2.9.7.2 Lack of action on non-filers

Overall status at the State level

A. **Result of DETCs audit:** Section 46 of the HGST Act, 2017 read with Rule 68 of HGST Rules, 2017 stipulates issue of a notice in Form GSTR-3A requiring filing of return within fifteen days, if the taxpayer had failed to file the return within the due date. In case the taxpayer fails to file the returns even after such notice, the proper officer may proceed to assess the tax liability of the said person to the best of their judgment, taking into account all the relevant material which is available or gathered and issue an assessment order in Form ASMT-13. Filing of returns is related to payment of tax as the due date for both the actions are the same, which implies risk of non-payment of tax/penalty in the case of non-filers.

Analysis of the data available on the MIS report on *boweb.internal.gst.gov.in* showed that the Department had identified 41,617 cases of non-filers in the State for the period 2017-18 to 2020-21. However, no action was taken against non-filers till 2019-20 and in 2020-21, GSTR-3A notices were issued in 14,845 cases only. Even after multiple requests, the data or records regarding the issuance of ASMT-13 were not made available to Audit.

On this being pointed out (May 2023), the Department during the exit conference replied (June 2023) that all the taxpayers who have not filed their returns upto March 2022, as identified by TRU wing have been successfully cancelled by various cancellation drives. The Department also stated that the data extracted from the *boweb.internal.gst.gov.in* portal is not accurate.

[4] Ambala, Faridabad (North), Faridabad (West), Gurugram (North), Gurugram (East), Gurugram (South), Gurugram (West), Sirsa and Sonipat.

The reply of the Department is not tenable as it only states about the cancellation of the taxpayers identified by the TRU wing and does not address the issue of subsequent filing of final return of GSTR 10 to ensure that the taxpayer has discharged the tax liability. Further, in cases where the GSTR-10 was not filed, the Department was required to adopt the same procedure as prescribed for non-filers. Also, regarding the stance of the Department that data extracted from *boweb.internal.gst.gov.in* portal was not accurate, the Department did not provide any evidence which could substantiate the claim of data being inaccurate.

The Department was requested to provide information sought for conduct of audit during the entry conference. Audit had specifically requested the Department for information on ASMT-13. Despite multiple reminders, the information related to ASMT-13 was not furnished to Audit. The Department was again requested to furnish replies to all outstanding audit queries during the exit conference in June 2023. However, the requested records had not been provided (June 2024).

Due to non-production of required details, Audit is unable to comment on the overall mechanism adopted by the Department to take action against non-filers/late filers to protect the revenues of the State.

2.9.7.3 Cancellation of Registrations

Section 29 of the HGST Act, 2017 read with Rule 20 of the HGST Rules, 2017 allows for cancellation of registration by the taxpayer in certain situations like closure of business, turnover falling below threshold for registration, transfer of business/merger/amalgamation, change of PAN, non-commencement of business within the stipulated time period and death of the proprietor. The taxpayer applying for cancellation of registration should apply in REG-16 on the GST common portal within a period of 30 days of the 'occurrence of the event warranting the cancellation'.

Section 29 (2) of the HGST Act, 2017 allows for *suo moto* cancellation of the registration of taxpayer by tax officer on the grounds of contravention of the Acts or Rules by the taxpayer, composition taxpayers not filing return for three consecutive tax periods, normal taxpayers not filing return for continuous period of six months, registered persons not commencing business within six months from date of registration and registration obtained by means of fraud, wilful misstatement or suppression of facts.

Section 45 of the HGST Act, 2017 requires every registered person other than (a) ISD or a non-resident taxable person or (b) Composition taxable person (Section 10) or (c) persons paying tax under Section 51 - Tax Collection at Source (TCS) or persons paying tax under Section 52 - Tax Deducted at Source (TDS), whose registration has been cancelled, to file a final return in GSTR-10, within three months of the effective date of cancellation or the date of order of cancellation, whichever is later. The purpose of the final return is to ensure that the taxpayer discharges the outstanding liability. In case of non-filing of GSTR-10, the same procedure as adopted for non-filing of any return must be followed by the tax officer.

Audit observed as per data available on the *boweb.internal.gst.gov.in* portal in respect of the selected nine DETCs that 49,380 registered persons had requested for cancellation of registration during 2017-18 to 2020-21. During the same period, the Department had issued notices for *suo moto* cancellation of 55,990 registrations. Out of total 1,05,370 such cancellation cases, the order for cancellation of registrations and *suo moto* cancellation were issued in 90,231 cases, proceedings were dropped in 7,290 cases and action was pending in 7,849 cases. However, no documents in support of this data were provided.

In order to check whether the applicants for cancellation had filed their returns till the date of application, a sample of 54 cases in nine selected DETCs were selected out of 49,380 taxpayers' cases. It was noticed that the applicants who had filed request for cancellation, had filed their returns up to the date of application and had discharged their liabilities in full before making the application. After the date of application, no further transactions were appearing in the taxpayers' database.

Further, no data was made available by the Department for GSTR-10 returns filed in cancelled cases.

Due to non-production of required details, Audit is unable to comment on the overall mechanism adopted by the Department and action pending against such cancellation cases.

On this being pointed out (May 2023), during the exit conference, the Department stated (June 2023) that they would examine the matter.

2.9.7.4 Lack of action on TRU Reports

Results of DETCs Audit:

Non-Compliance of TRU Reports

(i) Excise and Taxation Department, Haryana formed Tax Research Unit (TRU) with the aim of studying, interpreting and analysing the GST data and sharing the results with various stakeholders under the department. TRU started functioning by generating reports on taxpayers on the basis of multiple identified risk parameters. TRU was responsible for generating the list of taxpayers which were then taken up for scrutiny by the Department. Field offices i.e. DETCs were required to take action on such reports. After due verification by the corresponding DETC, compliance was required to be uploaded on GSTN portal.

Audit observed that TRU wing had communicated 6,423 cases for the year 2017-18, 2,937 cases for 2018-19 and 3,732 cases for 2019-20 to DETCs for scrutiny. The 6,423 scrutiny cases for the year 2017-18 included 98 taxpayers which were also covered in the sample selected for Centralised (Limited) Audit. Out of the cases selected for scrutiny, only 24.90 *per cent* and 4.62 *per cent* cases had been closed for the year 2017-18 and 2018-19 respectively. Scrutiny cases for the year 2019-20 were shared by the TRU wing in May 2023 and no subsequent action has been taken on them.

The matter was reported to the Department and the State Government (May 2023). During the exit conference, the Department stated (June 2023) that based on the reports generated by TRU wing, the Department has taken up various drives to curb the bogus/non-existent taxpayers, non-filers etc. resulting into the recovery of ₹ 369.34 crore by the HGST-IU (Intelligence Unit of the State) from April 2021 till date (June 2023).

Although the Department has started taking action on TRU reports from April 2021 onwards, it needs to ensure that the cases communicated by TRU wing for scrutiny for the years 2017-18, 2018-19, 2019-20 and 2020-21 are taken up and completed on priority as the time limit for issuance of notice under Section 73 of HGST Act for the year 2017-18 is 30 September 2023.

(ii) ***Maintenance of records***

Documentation of the process followed by the field formations towards verification and action on the TRU reports constitutes an important measure of internal control mechanism. In all the nine sampled DETCs, records relating to the verification of TRU reports was not made available to audit. Thus, audit could not derive systemic assurance on the quality and extent of verification undertaken by the sampled DETCs on the TRU reports.

2.9.8 Oversight on tax payments

Compliance risk management is a continuous process demanding proactive action. With technology providing support to the entire process of return filing and tax administration, not only can the oversight on tax payments be maintained at different levels but a substantial part of it can also be non-intrusive and better targeted. The audit findings are discussed in the ensuing paragraphs:

2.9.8.1 Inconsistencies in GST returns- Centralised (Limited) Audit

Audit analysed GST returns data pertaining to 2017-18 as made available by GSTN. Rule-based deviations and logical inconsistencies between GST returns filed by taxpayers were identified on a set of 15 parameters, which can be broadly categorised into two domains i.e. ITC and Tax payments.

Out of the 13 prescribed GST returns[5], the following basic returns that apply to normal taxpayers were considered for the purpose of identifying deviations, inconsistencies and mismatches between GST returns/data:

- GSTR-1: Monthly return to be filed by all normal and casual registered taxpayers making outward supplies of goods and services or both and contains details of outward supplies of goods and services.
- GSTR-3B: Monthly summary return of outward supplies and ITC claimed, along with payment of tax by the taxpayer to be filed by all taxpayers except those specified under Section 39 (1) of the HGST Act. This is the return that populates the credit and debits in the Electronic Credit Ledger and debits in Electronic Cash Ledger.
- GSTR 6: Monthly return for Input Service Distributors providing the details of their distributed ITC and inward supplies.
- GSTR 8: Monthly return to be filed by the e-commerce operators who are required to deduct TCS (Tax collected at source) under GST, introduced in October 2018.
- GSTR-9: Annual return to be filed by all registered persons other than an Input Service Distributor (ISD), Tax Deductor at Source/Tax Collector at Source, Casual Taxable Person, and Non-Resident taxpayer. This document contains the details of all supplies made and received under various tax heads (CGST, SGST and IGST) during the entire year along with turnover and audit details for the same.
- GSTR-9C: Annual audit form for all taxpayers having a turnover above ₹ five crore in a particular financial year. It is basically a reconciliation statement between the annual returns filed in GSTR-9 and the taxpayer's audited annual financial statements.
- GSTR-2A: A system-generated statement of inward supplies for a recipient. It contains the details of all B2B transactions of suppliers declared in their Form GSTR-1/5, ISD details from GSTR-6, details from GSTR-7 and GSTR-8 respectively by the counterparty and import of goods from overseas on bill of entry, as received from ICEGATE Portal of Indian Customs.

[5] GSTR-1, GSTR-3B, GSTR-4 (taxpayers under the Composition scheme), GSTR-5 (non-resident taxable person), GSTR-5A (Non-resident OIDAR service providers), GSTR-6 (Input service distributor), GSTR-7 (taxpayers deducting TDS), GSTR-8 (E-commerce operator), GSTR-9 (Annual Return), GSTR-10 (Final return), GSTR-11 (person having UIN and claiming a refund), CMP-08, and ITC-04 (Statement to be filed by a principal/job-worker about details of goods sent to/received from a job-worker).

The pan- Haryana data analysis of sample cases pertaining to State jurisdiction on the 15 identified parameters and extent of deviations/inconsistencies observed ***(Appendix-VI)*** are summarised in **Table 2.3.**

Table 2.3: Summary of pan Haryana data analysis

Sr. No.	Parameter	Algorithm used	No. of deviations	Amount (₹ in crore)
		Domain: ITC		
1	ITC mismatch between GSTR 2A and GSTR 3B	ITC available as per GSTR-2A with all its amendments was compared with the ITC availed in GSTR-3B in Table-4A(5) (accrued on domestic supplies) considering the reversals in Table-4B(2) but including the ITC availed in subsequent year 2018-19 from Table-8C of GSTR-9	50	536.77
2	ITC availed under RCM vs payment of tax in GSTR 3B/ GSTR 9	RCM payments in GSTR-3B, Table-3.1(d) was compared with ITC availed in GSTR-9, Table 6C, 6D & 6F. In cases where GSTR-9 was not available, check was restricted within GSTR-3B, tax discharged in Table-3.1(d) vis-à-vis ITC availed in Table- 4A(2) & 4A(3)	50	39.67
3	Short payment of tax under RCM vs ITC availed in GSTR 3B/ GSTR 9	RCM payments in GSTR-9, Table 4G (tax payable) was compared with ITC availed in GSTR-9, Table 6C, 6D & 6F. In cases where GSTR-9 was not available, RCM payment in GSTR-3B, Table-3.1(d) was compared with GSTR-3B, Table- 4(A) (2) and 4A(3).	20	7.12
4	Incorrect availment of ISD credit	ISD transferred in GSTR-9, Table-6G or GSTR-3B, Table 4(A)(4) was compared with the sum of Table 5A, Table 8A, and Table-9A of GSTR-6 of recipient GSTINs	25	18.45
5	Incorrect ISD credit reversal	GSTR-9, Table-7B/7H of the recipients was compared with sum of Table-8A (negative figures only) and Table 9A (negative figures only) of their GSTR-6 returns	5	0.05
6	Reconciliation between ITC availed in Annual returns with expenses in financial statements	Positive figure in GSTR-9C, Table-14T and examination of reasons provided in Table-15 for mismatch	25	1,970.43
7	Mismatch of ITC availed between Annual returns and Books of accounts	Positive figure in GSTR 9C, Table- 12F and examination of reasons provided in Table-13 for mismatch	25	261.14
8	Mismatch in turnover declared in GSTR 9C Table 5R	Negative figure in GSTR-9C, Table-5R and examination of reasons provided in Table-6 for mismatch	50	3,995.41
9	Mismatch in taxable turnover declared in GSTR 9C Table 7G	Negative figure in GSTR-9C, Table-7G and examination of reasons provided in Table-8 for mismatch	29	594.19
10	Mismatch in taxpaid between books of accounts and returns	Negative figure in GSTR-9C, Table-9R and examination of reasons provided in Table-10 for mismatch	50	131.77

Sr. No.	Parameter	Algorithm used	No. of deviations	Amount (₹ in crore)
		Domain: ITC		
11	Unsettled liabilities	Greater of tax liability between GSTR-1 (Tables 4 to 11) and GSTR-9 (Tables- 4N, 10 & 11) was compared with tax paid details in GSTR-3B, Tables 3.1(a) & 3.1(b). In cases where GSTR-9 was not available GSTR-3B tax paid was compared with GSTR-1 liability. The amendments and advance adjustments declared in GSTR-1 and 9 were duly considered.	25	557.31
12	Composition taxpayers also availing e-commerce facility	E-commerce GSTR-8 became effective from 01.10.2018 when TCS provisions became effective. GSTINs declared in GSTR-8 who are also filing GSTR-4 under composition scheme.	23	0
13	GSTR 3B was not filed but GSTR 1 is available	Taxpayers who had not filed GSTR-3B but filed GSTR-1 or where GSTR-2A available, indicating taxpayers had carried the business without discharging tax.	25	22.81
14	Short payment of interest	Interest calculated at the rate of 18 *per cent* on cash portion of tax payment on delayed filing of GSTR-3B vis-à-vis interest declared in GSTR-3B	25	14.21
15	Stop filers	The taxpayers who stopped filing returns for more than six consecutive tax periods and hence were liable for cancellation of their registration, the datasets pertaining to GSTR-3B, GSTR-1 and GSTR-2A were analysed.	1	0.0018
	Total		**428**	**8,149.33**

2.9.8.2 Non-submission of reply to Centralised (Limited) Audit cases by the Department

For Centralised (Limited) Audit, a total 428 samples were selected and audit queries were issued for these selected cases. Initial responses for 367 out of 428 inconsistencies were yet to be received, which involved an amount of ₹ 7,350.02 crore (including mismatches of turnover) detailed in **Table 2.4**.

Table 2.4: Cases where replies not received

(₹ in crore)

Sr. No.	Audit Dimension	Sample		Department Reply not received		Percentage	
		No.	Amount of mismatch	No.	Amount	No.	Amount
	1	2	3	4	5	6	7
1	ITC mismatch between GSTR 2A and GSTR 3B	50	536.77	44	483.25	88	90
2	ITC availed under RCM vs payment of tax in GSTR 3B/ GSTR 9	50	39.67	46	36.56	92	92
3	Short payment of tax under RCM vs ITC	20	7.12	15	6.10	75	86

Sr. No.	Audit Dimension	Sample		Department Reply not received		Percentage	
		No.	Amount of mismatch	No.	Amount	No.	Amount
	availed in GSTR 3B/ GSTR 9						
4	Incorrect availment of ISD credit	25	18.45	19	17.56	76	95
5	Incorrect ISD credit reversal	5	0.05	4	0.04	80	80
6	Reconciliation between ITC availed in Annual returns with expenses in financial statements	25	1,970.43	21	1,653.51	84	84
7	Mismatch of ITC availed between Annual returns and Books of accounts	25	261.14	22	239.75	88	92
8	Mismatch in turnover declared in GSTR 9C Table 5R	50	3,995.41	45	3,741.78	90	94
9	Mismatch in taxable turnover declared in GSTR 9C Table 7G	29	594.19	25	525.28	86	88
10	Mismatch in tax paid between books of accounts and returns	50	131.77	43	124.19	86	94
11	Unsettled liabilities	25	557.31	21	485.59	84	87
12	Composition taxpayers also availing e-commerce facility	23	0	13	0	57	NA
13	GSTR 3B was not filed but GSTR 1 is available	25	22.80	24	22.55	96	99
14	Short payment of interest	25	14.21	24	13.87	96	98
15	Stop filers	1	.0018	1	.0018	100	100
	Total	**428**	**8,149.33**	**367**	**7,350.02**	**86**	**90**

Considering the overall rate of conversion of inconsistencies into compliance deviations as brought out in the next paragraph, the Department is required to expedite verification of these cases on priority. The details of top ten cases in terms of money value involved out of these 367 cases have been listed in **Table 2.5**.

Table 2.5: Top ten money value-wise cases where response was not received

(₹ in crore)

Sr. No	GSTIN	Jurisdiction	Mismatch amount
1	06XXXXXXXXXX1ZR	Sonipat	801.29
2	06XXXXXXXXXX1ZD	Rewari	391.18
3	06XXXXXXXXXX1Z8	Gurugram (North)	263.96
4	06XXXXXXXXXX1ZW	Gurugram (West)	190.33
5	06XXXXXXXXXX1ZC	Faridabad (South)	186.60
6	06XXXXXXXXXX1ZM	Sonipat	157.68
7	06XXXXXXXXXX1ZY	Gurugram (East)	154.04
8	06XXXXXXXXXX1Z5	Faridabad (West)	148.38
9	06XXXXXXXXXX1ZH	Gurugram (East)	147.69
10	06XXXXXXXXXX1ZA	Gurugram (West)	144.03
	Total		**2,585.18**

2.9.8.3 Results of Centralised (Limited) Audit

Based on responses received from the Department to the audit queries, the extent to which each of the 15 parameters translated into compliance deviations is summarised in **Table 2.6.**

Table 2.6: Summary of deficiencies

(₹ in crore)

Audit Dimensions				ITC mismatch between GSTR 2A and GSTR 3B	ITC availed under RCM vs payment of tax in GSTR 3B/ GSTR 9	Short payment of tax under RCM vs ITC availed in GSTR 3B/ GSTR 9	Incorrect availment of ISD credit	Incorrect ISD credit reversal	Reconciliation between ITC availed in Annual returns with expenses in financial statements (14T)	Mismatch of ITC availed between Annual returns and Books of accounts (12F)	Mismatch in turnover declared in GSTR 9C Table 5R	Mismatch in taxable turnover declared in GSTR 9C Table 7G	Mismatch in tax paid between books of accounts and returns 9C Table 9R	Unsettled liabilities	Composition taxpayer also availing e-commerce facility	GSTR 3B was not filed but GSTR 1 is available	Short payment of interest	Stop Filer	Total
				1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	
Cases where reply received			No.	6	4	5	6	1	4	3	5	4	7	4	10	1	1	0	**61**
			Amt.	53.52	3.11	1.02	0.89	0.01	316.92	21.39	253.63	68.91	7.58	71.72	0	0.26	0.35	0	**799.31**
Department reply accepted by Audit		Data entry error	No.	1	1	1	2	0	0	0	0	0	1	0	0	0	0	0	**6**
			Amt.	14.00	0.51	0.18	0.35	0	0	0	0	0	1.08	0	0	0	0	0	**16.12**
		Action taken before query	No.	1	1	0	2	0	0	0	1	0	2	1	7	0	1	0	**16**
			Amt.	9.6	1.99	0	0.26	0	0	0	21.56	0	2.69	16.41	0	0	0.35	0	**52.86**
		Other valid explanations	No.	0	0	0	0	0	1	1	0	0	0	0	0	0	0	0	**2**
			Amt.	0	0	0	0	0	49.53	2.58	0	0	0	0	0	0	0	0	**52.11**
Compliance Deviations	Accepted by Department including cases, where action is yet to be initiated	Recovered	No.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	**0**
			Amt.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	**0**
		SCN issued	No.	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	**1**
			Amt.	0	0	0.27	0	0	0	0	0	0	0	0	0	0	0	0	**0.27**

Audit Dimensions			ITC mismatch between GSTR 2A and GSTR 3B	ITC availed under RCM vs payment of tax in GSTR 3B/ GSTR 9	Short payment of tax under RCM vs ITC availed in GSTR 3B/ GSTR 9	Incorrect availment of ISD credit	Incorrect ISD credit reversal	Reconciliation between ITC availed in Annual returns with expenses in financial statements (14T)	Mismatch of ITC availed between Annual returns and Books of accounts (12F)	Mismatch in turnover declared in GSTR 9C Table 5R	Mismatch in taxable turnover declared in GSTR 9C Table 7G	Mismatch in tax paid between books of accounts and returns 9C Table 9R	Unsettled liabilities	Composition taxpayer also availing e-commerce facility	GSTR 3B was not filed but GSTR 1 is available	Short payment of interest	Stop Filer	Total
			1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**	**13**	14	15	
	ASMT-10	**No.**	2	2	3	0	1	2	1	3	4	3	3	3	1	0	0	**28**
		Amt.	14.83	0.61	0.57	0	0.01	229.94	15.54	193.51	68.91	3.34	55.31	0	0.26	0	0	**582.83**
	Under corres-pondence	**No.**	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	**1**
		Amt.	0	0	0	0	0	0	3.27	0	0	0	0	0	0	0	0	**3.27**
	Department's reply not acceptable to Audit (Rebuttal)	**No.**	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	**0**
		Amt.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	**0**
	Total	**No.**	2	2	4	0	1	2	2	3	4	3	3	3	1	0	0	**30**
		Amt.	14.83	0.61	0.84	0	0.01	229.94	18.81	193.51	68.91	3.34	55.31	0	0.26	0	0	**586.37**
Department's reply not furnished with appropriate documentary evidence		**No.**	1	0	0	0	0	1	0	1	0	1	0	0	0	0	0	**4**
		Amt.	11.58	0	0	0	0	37.45	0	38.56	0	0.47	0	0	0	0	0	**88.06**
Department stated that they are examining the audit query		**No.**	1	0	0	2	0	0	0	0	0	0	0	0	0	0	0	**3**
		Amt.	3.51	0	0	0.28	0	0	0	0	0	0	0	0	0	0	0	**3.79**

2.9.8.4 Summary of Centralised (Limited) Audit

Audit noticed deviations from the provisions of the HGST Act in 30 cases (SCN issued, ASMT-10, Under Correspondence cases) out of 61 inconsistencies/ mismatches in data, for which the Department provided responses **(*Appendix VII*)** involving a short levy/mismatches of tax/turnover of ₹ 586.37 crore constituting 49.18 *per cent* of the deviations vis-à-vis total number of cases with replies. Relatively higher rates of deviations were noticed in risk parameters such as ITC mismatch, mismatch in availment of Reverse Charge Mechanism (RCM) ITC, mismatch in turnover declarations and short tax payments etc.

In 24 cases (data entry error, action taken before audit query and other valid explanation), constituting 39.34 *per cent* of cases where replies were received, the Department had proactively taken action in 16 cases and the Department's reply was acceptable to Audit.

In three cases, constituting 4.92 *per cent* of the total number of cases where replies were received, the Department stated that it was examining the underlying deviation/mismatches of ₹ 3.79 crore. In the remaining four cases, constituting 6.56 *per cent* and involving ₹ 88.06 crore. The Department's reply was not furnished with appropriate documentary evidence as its contention was not borne out by evidence and was thus not amenable to verification by Audit.

High value case for each audit dimension of Centralised Audit (for compliance deviation pertaining to cases of ASMT-10, SCN issued and under correspondence with taxpayer) are detailed below in **Table 2.7.**

Table 2.7: High value case for each audit dimension

Sr. No.	Dimension	GSTIN	Jurisdictional Circle	Mismatch (₹ in crore)	Action taken
1	ITC mismatch between GSTR 2A and GSTR 3B	06XXXXXXXXXX1Z0	**Hisar**	11.41	ASMT-10 issued
2	ITC availed under RCM vs payment of tax in GSTR 3B/GSTR 9	06XXXXXXXXXX1ZG	**Hisar**	0.33	ASMT-10 issued
3	Short payment of tax under RCM vs ITC availed in GSTR 3B/ GSTR 9	06XXXXXXXXXX1Z9	**Bhiwani**	0.27	SCN issued
4	Incorrect availment of ISD credit	06XXXXXXXXXX1ZJ	**Karnal**	0.16	Examining the Audit query
5	Incorrect ISD credit reversal	06XXXXXXXXXX1ZE	**Hisar**	0.01	ASMT-10 issued

Sr. No.	Dimension	GSTIN	Jurisdictional Circle	Mismatch (₹ in crore)	Action taken
6	Reconciliation between ITC availed in Annual returns with expenses in financial statements (14T)	06XXXXXXXXXX1ZE	**Panipat**	194.17	ASMT-10 issued
7	Mismatch of ITC availed between Annual returns and Books of accounts (12F)	06XXXXXXXXXXIZW	**Hisar**	15.54	ASMT-10 issued
8	Mismatch in turnover declared in GSTR 9C Table 5R	06XXXXXXXXXXIZW	**Hisar**	105.5	ASMT-10 issued
9	Mismatch in taxable turnover declared in GSTR 9C Table 7G	06XXXXXXXXXX1Z6	**Mewat**	19.04	ASMT-10 issued
10	Mismatch in taxpaid between books of accounts and returns 9C Table 9R	06XXXXXXXXXX4ZQ	**Karnal**	1.64	ASMT-10 issued
11	Unsettled tax liabilities	06XXXXXXXXXX1Z0	**Bhiwani**	23.9	ASMT-10 issued
12	Composition taxpayer also availing e-commerce facility	06XXXXXXXXXX1ZH	**Kurukshetra**	0	ASMT-10 issued
13	GSTR 3B was not filed but GSTR 1 is available	06XXXXXXXXXX1ZI	**Faridabad (South)**	0.26	ASMT-10 issued
	Total	**13 cases**		**372.23**	

Illustrative cases from the above table are explained below:

(i) ITC mismatch between GSTR 2A and GSTR 3B

GSTR 2A is a purchase related dynamic tax return that is automatically generated for each business by the GST portal, whereas GSTR 3B is a monthly return in which summary of outward supplies along with ITC declared and payment of tax are self-declared by the taxpayer.

To analyse the veracity of ITC utilisation, relevant data were extracted from GSTR 3B and GSTR 2A for the year 2017-18, and the ITC paid as per suppliers' details was matched with the ITC credit availed by the taxpayer. The methodology adopted was to compare the ITC available as per GSTR 2A with all its amendments and the ITC availed in GSTR 3B in Table 4A (5)[6] considering the reversals in Table 4B (2)[7] but including the ITC availed in the subsequent year 2018-19 from Table 8C of GSTR 9.

6 All other eligible ITC.

7 Other ITC reversed.

Audit observed (June 2022) that in case of a taxpayer having GSTIN - 06XXXXXXXXXX1Z0 under the jurisdiction of DETC Hisar, the ITC eligible as per GSTR 2A was ₹ 4.43 crore and the ITC availed GSTR 3B was ₹ 15.84 crore. This resulted in mismatch of ITC availed amounting to ₹ 11.41 crore. In response, the DETC stated (February 2023) that ASMT-10 had been issued.

This matter was communicated to the Department and the State Government (May 2023). Further action was awaited (June 2023).

(ii) ITC availed under Reverse Charge Mechanism (RCM) versus payment of tax in GSTR 3B/GSTR 9

In RCM, the liability to pay tax is fixed on the recipient of supply of goods or services instead of the supplier or provider in respect of certain categories of goods or services or both under Section 9(3) or Section 9(4) of the HGST Act, 2017 and under sub-section (3) or sub-section (4) of Section 5 of the IGST Act, 2017.

GSTR-9 is an annual return to be filed once for each financial year, by the registered taxpayers who were regular taxpayers, including SEZ units and SEZ developers. The taxpayers are required to furnish details of purchases, sales, ITC or refund claimed or demand created etc.

To analyse the veracity of ITC availed on tax paid under Reverse Charge Mechanism (RCM) for the year 2017-18, the datasets pertaining to GSTR 3B and annual return GSTR 9 were compared to check whether the ITC availed on RCM was restricted to the extent of tax paid. The methodology adopted was to compare the RCM payments in GSTR 3B Table 3.1(d)[8] with ITC availed in GSTR 9 Table 6C[9], 6D[10] and 6F[11]. In cases where GSTR 9 was not available, the check was restricted within GSTR 3B where the tax discharged part in R3B Table 3.1 (d) was compared with the ITC availing part of R3B 4A (2)[12] and 4A (3)[13].

Audit observed (June 2022) that in case of a taxpayer having GSTIN - 06XXXXXXXXXX1ZG under the jurisdiction of DETC Hisar, the tax paid on RCM in GSTR 3B was ₹ zero whereas ITC availed in GSTR 9 (Table 6D) was ₹ 0.33 crore resulting in mismatch of ITC on RCM availed amounting to ₹ 0.33 crore. In response, the DETC stated (July 2022) that ASMT-10 has been issued to the taxpayer.

8 Inward supplies (liable to reverse charge).
9 Inward supplies receive from unregistered persons liable to reverse charge.
10 Inward supplies received from registered persons liable to reverse charge.
11 Import of services.
12 Import of services.
13 Inward supplies (liable to reverse charge).

This matter was communicated to the Department and the State Government (May 2023). Further action was awaited (June 2023).

(iii) Short payment of tax under RCM vs ITC availed in GSTR 3B/ GSTR 9

The extent of availing of ITC under RCM for the year 2017-18 without discharging equivalent tax liability or, in other words, short payment of tax under RCM was analysed by comparing the datasets pertaining to GSTR 3B and annual return GSTR 9 to check whether the tax has been discharged fully on the activities/transactions under RCM. In cases where GSTR 9 was filed, the RCM payments in Table 4G[14] was compared with ITC availed in Table 6C, 6D and 6F. In cases where GSTR 9 was not available, RCM payments in GSTR 3B Table 3.1(d)[15] was compared with GSTR 3B 4(A) (2)[16] and 4A (3)[17].

Audit observed (June 2022) that in case of a taxpayer having GSTIN-06XXXXXXXXXX1Z9 under the jurisdiction of DETC Bhiwani, the taxpayer has availed ITC of ₹ 0.44 crore in GSTR9 (table 6C) under RCM whereas tax paid in GSTR 9 (table 4G) under RCM was ₹ 0.17 crore. This resulted mismatch in availment of ITC on RCM and tax paid on RCM to ₹ 0.27 crore. In response, the DETC stated (January 2023) that SCN has been issued.

The matter was reported to the Department and the State Government (May 2023). Further action was awaited (June 2023).

(iv) Irregular availing of ITC by recipient on ISD credit

To analyse the mismatch between the ITC availed by the taxpayer and transferred by the Input Service Distributor (ISD), ITC availed as declared in the returns of the taxpayer is compared with the ITC transferred by the ISD in their GSTR 6. The methodology adopted was to compare Table 6G[18] of GSTR-9 or Table 4(A)(4)[19] of GSTR-3B of the recipient taxpayers under the jurisdiction of this State with the sum of Table 5A[20], Table 8A[21], and Table 9A[22] of GSTR 6 of the respective ISD.

In case of a taxpayer having GSTIN - 06XXXXXXXXXX1ZJ under the jurisdiction of DETC Karnal, Audit observed that the ITC availed in Table 6G of GSTR 9 was ₹ 0.16 crore and the ITC transferred by the ISD in table (5A+8A+9A) of GSTR 6 was zero. This resulted in mismatch in availment of

14 Inward supplies on which tax is to be paid on reverse charge basis.
15 Inward supplies (liable to be reverse charge).
16 Import of services.
17 Inward supplies liable to be reverse charge other than Import of Goods and Services.
18 ITC received from ISD.
19 Inward supplies from ISD.
20 Distribution of the amounts of eligible ITC for the tax period.
21 Mismatch of ITC reclaimed and distributed.
22 Redistribution of ITC distributed to a wrong recipient.

ITC transferred by the ISD amounting to ₹ 0.16 crore. On this being pointed out (June 2022), the DETC stated (February 2023) that the case was under examination.

The matter was reported to the Department and the State Government (May 2023). Further action was awaited (June 2023).

v) Reconciliation between ITC availed in annual return with expenses in financial statement (14T)

Table 14 of GSTR 9C reconciles ITC declared in annual return (GSTR 9) with ITC availed on expenses as per audited Annual financial statement or books of accounts. Column 14T of this table deals with unreconciled ITC.

The certified reconciliation statement submitted by the taxpayer as required under the rule 80 (3) of HGST Rules in form GSTR 9C for the year 2017-18 was analysed at data level to review the extent of identified mismatch in ITC declared in the Annual Return with the expenses reported in the Financial Statements.

In case of a taxpayer having GSTIN - 06XXXXXXXXXX1ZE under the jurisdiction of DETC Panipat, it was noticed that unreconciled ITC amounting to ₹ 194.17 crore was declared in Table 14T of GSTR 9C return. On this being pointed out (July 2022), the DETC stated (January 2023) that ASMT-10 has been issued.

The matter was communicated to the State Government (May 2023). Further action was awaited (June 2023).

(vi) Mismatch in ITC availed between annual return and books of accounts (12F)

Table 12F of GSTR 9C captures the unreconciled ITC between the annual return and the financial statement or books of accounts.

The certified reconciliation statement submitted by the taxpayer, as required under the rule 80(3) of HGST Rules, in form GSTR 9C for the year 2017-18 was analysed at data level to review the extent of identified mismatch in ITC declared in the Annual Return with the Financial Statements.

In case of a taxpayer having GSTIN - 06XXXXXXXXXX1ZW under the jurisdiction of DETC Hisar, it was noticed that unreconciled ITC of ₹ 15.54 crore was declared in Table 12F of GSTR 9C return. On this being pointed out (November 2022), the DETC stated (February 2023) that ASMT-10 has been issued.

The matter was reported to the Department and the State Government (May 2023). Further action was awaited (June 2023).

(vii) Mismatch in turnover declared in Table 5R of GSTR-9C

Table 5 of GSTR 9 C is the reconciliation of turnover declared in audited annual financial statement with turnover declared in annual turnover (GSTR 9). Column 5R of this table captures the unreconciled turnover between the annual return GSTR 9, and that declared in the Financial Statement for the year after the requisite adjustments.

The certified reconciliation statement submitted by the taxpayer, as required under rule 80(3) of HGST Rules, in form GSTR 9C for the year 2017-18 was analysed at data level to review the extent of identified mismatch in turnover reported in the Annual Return vis-à-vis the Financial Statements. The unreconciled amount in cases where the turnover declared in GSTR 9 is less than the financial statement indicates non-reporting, under-reporting, short-reporting, omission, error in reporting of supplies leading to evasion or short payment of tax. It could also be a case of non-reporting of both taxable and exempted supplies.

Audit noticed (June 2022) that unreconciled turnover in Table 5R of GSTR-9C, amounting to ₹ 105.50 crore in respect of a taxpayer having GSTIN - 06XXXXXXXXXX1ZW under the jurisdiction of DETC Hisar. On this being pointed out (June 2022), the DETC stated (February 2023) that ASMT-10 has been issued.

The matter was reported to the Department and the State Government (May 2023). Further action was awaited (June 2023).

(viii) Mismatch in taxable turnover declared in Table 7G of GSTR-9C

Table 7G of GSTR 9C captures the unreconciled taxable turnover between the annual return GSTR 9 and that declared in the financial statement for the year after the requisite adjustments.

In case of a taxpayer having GSTIN - 06XXXXXXXXXXIZ6 under the jurisdiction of DETC Mewat, it was noticed that unreconciled taxable turnover amount of ₹ 19.04 crore was reported in table 7G of GSTR-9 vis-a-vis the amount in financial statement. On this being pointed out (June 2022), the DETC stated (January 2023) that ASMT-10 has been issued.

The matter was reported to the Department and the State Government (May 2023). Further action was awaited (June 2023).

(ix) Unreconciled tax liability in Table 9R of GSTR-9C

Table 9 of GSTR 9C attempts to reconcile the tax paid by segregating the turnover rate wise and comparing it with the tax discharged as per annual return GSTR 9.

In case of a taxpayer having GSTIN - 06XXXXXXXXXX4ZQ under the jurisdiction of DETC Karnal, it was noticed that there was mismatch in tax paid between the annual return GSTR 9 and table 9R of GSTR 9C amounting to ₹ 1.64 crore. On this being pointed out (June 2022), the DETC replied (February 2023) that ASMT-10 has been issued.

The matter was reported to the Department and the State Government (May 2023). Further action was awaited (June 2023).

(x) Unsettled tax liability

To analyse the undischarged tax liability, relevant data were extracted from GSTR 1 and GSTR 9 for the year 2017-18 and the tax payable in these returns was compared with the tax paid as declared in GSTR 9. Where GSTR 9 was not available, a comparison of tax payable between GSTR 1 and GSTR 3B was resorted to. The amendments and advance adjustments declared in GSTR 1 and 9 were also considered for this purpose.

For the algorithm, tables 4 to 11 of GSTR 1 and tables 4N, 10 and 11 of GSTR 9 were considered. The greater of the tax liability between GSTR 1 and GSTR 9 was compared with the tax paid declared in tables 9 and 14 of GSTR 9 to identify the short payment of tax. In the case of GSTR 3B, tables 3.1(a)[23] and 3.1(b)[24] were taken into account.

Audit observed (June 2022) that in case of a taxpayer having GSTIN - 06XXXXXXXXXX1Z0 under the jurisdiction of DETC Bhiwani, the tax payable in table 4 to 11 of GSTR 1 was ₹ 25.52 crore and the tax paid in GSTR-3B was ₹ 1.62 crore as the taxpayer had not filed GSTR-9. This resulted in short discharge of tax liability amounting to ₹ 23.90 crore. In response, the DETC stated (January 2023) that ASMT-10 has been issued.

The matter was reported to the Department and the State Government (May 2023). Further action was awaited (June 2023).

(xi) Non-discharge of tax liability where GSTR 3B not filed but GSTR 1 is available

As per Section 61 of the HGST Act, various returns filed by the taxpayer have to be scrutinised by the proper officer to verify the correctness of the returns and suitable action has to be taken on any discrepancies or inconsistencies reflected in the returns. GSTR 3B return is the only instrument through which the liability is offset and ITC is availed. Non filing of GSTR 3B indicates that the taxpayers had carried on the business during the period but have not discharged their tax liability. It may also include cases of irregular passing on of ITC.

---

[23] Outward taxable supplies (other than zero rated, nil rated and exempted).

[24] Outward taxable supplies (Zero rated).

Audit observed (June 2022) that in case of a taxpayer having GSTIN - 06XXXXXXXXXX1ZI under DETC Faridabad (South), the taxpayer did not file GSTR 3B and tax liability in GSTR 1 was declared as ₹ 0.26 crore. This resulted in short discharge of tax liability amounting to ₹ 0.26 crore. In response, the DETC stated (January 2023) that ASMT-10 has been issued.

The matter was reported to the Department and the State Government (May 2023). Further action was awaited (June 2023).

2.9.9 Analysis of causative factors

Considering the Department's response to 61 cases out of 428 cases, the factors that caused the data deviations/inconsistencies are discussed below.

2.9.9.1 Deviations from GST law and rules

Out of the 61 deviations summarized in **Table 2.6** above, the Department has accepted the audit observations or initiated examination in 30 cases with mismatches in turnover/tax effect of ₹ 586.37 crore. Out of these cases, the Department has issued SCN in one case for ₹ 0.27 crore, issued notices conveying discrepancies to the taxpayer in Form ASMT-10 in 28 cases for ₹ 582.83 crore and was in correspondence with the respective taxpayers or issued DRC-01A in one case involving tax effect of ₹ 3.27 crore. Further, in four cases, Department's replies were not furnished with relevant documents amounting to ₹ 88.06 crore and three cases were under examination amounting to ₹ 3.79 crore. Six cases were related to data entry errors amounting to ₹ 16.12 crore. The details of top three accepted cases are given in **Table 2.8**.

Table 2.8: Top three cases accepted or action initiated by the Department

Sr. No.	GSTIN	Jurisdiction	Dimension	Mismatches in turnover/ tax effect (₹ in crore)	Action taken
1	06XXXXXXXXXX1ZE	Panipat	Reconciliation between ITC availed in Annual returns with expenses in financial statements (14T)	194.17	ASMT-10 issued
2	06XXXXXXXXXX1ZJ	Karnal	Reconciliation between ITC availed in Annual returns with expenses in financial statements (14T)	35.76	ASMT-10 issued
3	06XXXXXXXXXX1Z0	Bhiwani	Unsettled Liability	23.90	ASMT-10 issued
	Total			**253.83**	

2.9.9.2 Data entry errors by taxpayers

The data entry errors constituted 9.84 *per cent* (six cases) of the total 61 responses received and 25 *per cent* of cases where the Department's responses (24 cases) were accepted by Audit. These data entry errors did not have any revenue implication and relate to mismatch in ITC and mismatch in tax paid between annual accounts and returns. The top two cases where data entry errors were noticed are detailed in **Table 2.9.**

Table 2.9: Top two Cases where data entry errors were noticed

Name of District	GSTIN	Subject/Observation	Category	Department's reply
Sonipat	06XXXXXXXXXX1ZR	Mismatch in availing of ITC ₹ 14 crore	ITC mismatch	In reply proper officer stated that due to clerical error figure was wrongly shown in 8C of GSTR-9 amounting to ₹ 14,14,22,748/- instead of ₹ 14,22,748/- as shown in 3B. However, no mismatch in ITC availed in 3B.
Jind	06XXXXXXXXXX1ZS	Mismatch in tax-paid between books of accounts annual return (Table 9R of 9C) ₹ 1.08 crore	7 (9R)	Department stated that it was due to a clerical mistake that IGST payable was shown as ₹ 1,20,96,786/- instead of ₹ 12,96,7,86/- . Similarly, in Table 9A of 9C amount entered was ₹ 13,56,600/- instead of ₹1,35,36,600/-.

The system allowed for such data entry errors, which could have been avoided with proper validation controls.

2.9.10 Action taken before issue of Audit Queries

As summarised in **Table 2.6** above, the Department had already taken action in 16 cases, constituting 26.23 *per cent* of the 61 responses received. The top three DETCs who had proactively addressed the deviations/inconsistencies are shown in **Table 2.10**.

Table 2.10: Action taken before query - District wise

Jurisdiction	Total number of Queries issued	Action taken before Audit Query	Responses received	Responses not received	Percentage of Action taken before audit query
DETC, Fatehabad	03	03	03	0	100
DETC, Sirsa	06	03	03	03	50
DETC, Jind	02	01	02	0	50

(Source: compilation)

2.9.11 Detailed Audit of GST returns

In a self-assessment regime, the onus of compliance with law is on the taxpayer. The role of the Department is to establish and maintain an efficient tax administration mechanism to provide oversight. With finite level of resources, for an effective tax administration, to ensure compliance with law and collection of revenue, an efficient governance mechanism is essential. An IT driven compliance model enables maintaining a non-discretionary regime of governance on scale and facilitates a targeted approach to enforce compliance.

From an external audit perspective, Audit also focused on a data-driven risk-based approach. Thus, apart from identifying inconsistencies/deviations in GST returns through pan-India data analysis, a Detailed Audit of GST returns was also conducted as a part of this review. A risk-based sample of 38 taxpayers was selected for this part of the review ***(Appendix VIII)***. The methodology adopted was to initially conduct a desk review of GST returns and financial statements filed by the taxpayers as part of the GSTR 9C and other records available in the back-end system to identify the mismatch/inconsistencies/deviations and red flags. Desk review was carried out in the office of Principal Accountant General (Audit), Haryana. Based on desk review results, Detailed Audit was conducted in field formations of the Excise and Taxation Department, Haryana by requisitioning corresponding granular records of taxpayers such as financial ledgers, invoices etc. through field formation to identify causative factor of the identified risks and to evaluate compliance by taxpayers.

As brought out in the previous paragraphs, Detailed Audit involved a desk review of GST returns and other basic records to identify risks and red flags, which were followed up by field audit to identify the extent of non-compliance by taxpayers and action taken by the State field formations. Non-compliance by taxpayers at various stages ultimately impacts the veracity of returns filed, utilisation of ITC and discharge of tax payments. The audit findings are therefore categorised under a) Returns b) Utilisation of ITC and c) Discharge of tax liability.

2.9.11.1 Scope limitation (Non-production of records)

Non-production: During the desk review of taxpayers' records available in the back-end system, Audit identified the risks related to mismatch in ITC and tax liability mismatches for detailed examination. On the ITC dimension, the mismatches were identified by comparing GSTR 3B with GSTR 2A and GSTR 9, and the declarations made in Table 12 and 14 of GSTR 9C. On the tax liability dimension, the mismatches were identified by comparing GSTR 3B with GSTR 1 and GSTR 9. Audit requisitioned the granular records such as the invoices, financial statements along with notes and schedules, debit/credit notes, list of creditor, supplementary financial ledgers, agreement copies etc. required for examining the causative factor for mismatches of ITC and tax liability of the taxpayers through the respective DETCs.

The granular records related to all 38 cases were not produced, due to which identified risks relating to irregular/mismatch in ITC availment and undischarged liability of ₹ 199.93 crore could not be examined in detail by Audit. The details of non-production of records including corresponding mismatch of ITC/tax liability involved are given in ***Appendix IX***.

The matter was reported to the Department and the State Government (May 2023). Replies were awaited (June 2023).

2.9.12 Returns

The Detailed Audit of returns filed by a sample of 38 taxpayer disclosed that interest payment was not discharged by one taxpayer which is brought out below:

2.9.12.1 Non-payment of interest by taxpayer

Audit observed that in one case, constituting 2.63 *per cent* of the 38 cases audited, taxpayer had filed returns with a delay and had not discharged the interest liability amounting to ₹ 0.08 crore.

In case of a taxpayer having GSTIN – 06XXXXXXXXXX1ZZ under the jurisdiction of DETC Gurugram (East), it was noticed that the taxpayer has belatedly filed his GSTR 3B returns for the period from July 2017 to March 2018 with delays ranging from 192 days to 435 days, without discharging liability of interest amounting to ₹ 0.08 crore.

The matter was pointed out to the Department and the State Government (May 2023); their reply was awaited (June 2023).

2.9.12.2 Utilisation of ITC

ITC means the Goods and Services Tax (GST) paid by a taxable person on purchase of goods and/or services that are used in the course or furtherance of business. To avoid cascading effect of taxes, credit of taxes paid on input supplies can be used to set-off for payment of taxes on outward supplies.

Section 16 and 17 of the HGST Act prescribe the eligibility and conditions to avail ITC. Credit of CGST cannot be used for payment of SGST/ UTGST and credit of SGST / UTGST cannot be utilised for payment of CGST. Rule 36 to 45 of the HGST Rules prescribes the procedures for availing and reversal of ITC. The details of cases where audit noticed mismatch in utilisation of ITC and discharge of tax liability has been listed at in **Table 2.11**.

Table 2.11: Mismatch in utilisation of ITC

Sr. No.	Parameter	No. of cases	No. of circles	Amount of mismatches (₹ in crore)	Remarks
1	Short reversal of ITC, as reversal done in 7H of GSTR 9 was ₹ 1.32 crore and reversal worked out as per exempted supply of GSTR 9 table 5D and table 5E)/3B was ₹ 16.25 crore (***Appendix-X).***	11	5	14.93	Reply of the Department was not received.
2	Mismatch in availing of ITC through Input Service Distribution in GSTR 9 table 6G and ISD distributed (***Appendix-XI).***	01	01	0.19	
3	The ITC available as per GSTR-2A with all its amendments was compared with ITC availed in GSTR 3B and GSTR 9. ITC availed in GSTR 3B and GSTR 9 (whichever is higher) was ₹ 458.15	31	08	135.84	

Sr. No.	Parameter	No. of cases	No. of circles	Amount of mismatches (₹ in crore)	Remarks
	crore and ITC available in GSTR 2A ₹ 322.32 crore (***Appendix-XII***).				
4	The tax liability under RCM in GSTR 9 was compared with tax payable as per GSTR 3B (***Appendix-XIII***).	02	02	0.02903	
5	Table 12F (Un-reconciled ITC) of the form 9C captures the unreconciled ITC between the annual return GSTR 9 and that declared in the Financial Statements for the year after the requisite adjustments. Un-reconciled ITC availed in Annual Return (Table 12F of Form 9C) (***Appendix-XIV***)	13	07	18.73	
6	Non reversal of ITC on Capital goods. For this ITC reversal in lieu of Capital Goods used for taxable and exempted/nil supplies should not be less than in table 7C, 7D or 7H with reversal worked out in 6A. GSTR 9 Table 7D with reversal worked out (***Appendix-XV***).	01	01	0.04	
7	The difference between ITC availed in 3B as shown in Table 6A of GSTR-9 and ITC availed in Table 6I of GSTR 9 was compared. (***Appendix-XVI***)	06	02	2.44	
	Total			**172.20**	

2.9.12.3 Discharge of tax liability

The taxable event in case of GST is the supply of goods and/or services. Section 9 of the HGST Act is the charging section authorising levy and collection of tax called State Goods and Services Tax on all intra-State supplies of goods or services or both, except on supply of alcoholic liquor for human consumption, on value determined under Section 15 of the HGST Act ibid and at such rates not exceeding 20 *per cent* under each Act, i.e., CGST Act and HGST Act. Section 5 of the IGST Act vests levy and collection of IGST on interstate supply of goods and services with Central Government with maximum rate of 40 *per cent*.

Under Section 8 of the Goods and Services Tax (Compensation to States) Act, 2017, cess is levied on all inter-state and intra-state supply of such goods or services or both which are listed in the schedule of the said Act such as tobacco products, aerated drinks, cigarettes, vehicles etc. Section 9(4) of the HGST Act and Sections 5(3) and 5(4) of the IGST Act provide for reverse charge levy on certain goods or services, wherein the recipient instead of supplier becomes liable to pay tax.

The tax payable in GSTR 1 with all amendments and adjustments declared should not be more than GSTR 3B. The tax liability declared in GSTR 1 was compared with tax liability of GSTR 9 and GSTR 3B to identify the tax liability and corresponding cases of short discharge of tax liability. In order to analyse the undischarged tax liability, relevant data extracted from GSTR 1 and GSTR 9 was analysed for year 2017-18 and the tax payable in these returns was compared with the tax paid as declared in GSTR 9. The details of findings of undischarged tax liability are given in **Table 2.12**.

Table 2.12: Mismatch related to discharge of tax liability

Sr. No.	Parameter	No. of cases	No. of DETCs	Amount of mismatches (₹ in crore)	Remarks
1	The tax liability declared in GSTR 1 was compared with tax liability of GSTR 9 and tax paid in GSTR 3B to identify the un-discharged tax liability on taxable turnover. (***Appendix-XVII)***	25	6[25]	27.65	Reply was awaited.

2.9.12.4 Non-furnishing of replies by the Department

Audit had issued 242 number of observations to the Department at field formations under detailed audit and to DETC for oversight functions, The Department did not furnish replies to any of these observations. The replies to main observations relating to oversight functions of DETCs were provided at the time of the exit conference. Timely submission of replies by the Department helps to take the audit observation to logical conclusion.

2.9.13 Human Resources: Augmentation and Utilisation etc.

The implementation of Goods and Services Tax (GST) in India brought about significant changes in the tax structure and adoption of technology on a large scale and on an integral basis. A fundamental component in ensuring achievement of objectives of the GST is the human resources. There are multiple thrust areas in GST including technology driven infrastructure, ensuring compliance by taxpayers, ensuring an effective dispute resolution mechanism which requires correspondingly equipped human resource component in order to fully realise the potential of GST. It would be critical to continuously upgrade and augment the skill sets of the tax administration to keep up with the challenges that emerge as GST evolves.

Audit had sought (September 2022) information related to number of officials/offices with designation for deployment in Haryana GST wing and number of trainings provided to the staff for smooth functioning of the GST wing.

---

[25] Ambala, Faridabad (North), Gurugram (East), Gurugram (North), Gurugram (South), Gurugram (West) and Sonipat.

During the exit conference, the Department stated (June 2023) that various capacity building trainings have been organised from April 2022 for Departmental Officers. The current status of officials/officers deployed in Haryana GST wing is given in **Table 2.13**.

Table 2.13: Details of Human Resources

Sr. No.	Name of Post	Sanctioned Strength	Working Strength	No of vacant post	Percentage of vacant post
1	Additional Excise & Taxation Commissioner	7	3	4	57.14
2	Joint Excise & Taxation Commissioners	13	12	1	7.69
3	Dy. Excise & Taxation Commissioners	41	37	4	9.76
4	Excise & Taxation Officers	225	196	29	12.89
5	Assistant Excise and Taxation Officers	157	116	41	26.11
6	Taxation Inspectors	720	518	202	28.06
	Total	**1,163**	**882**	**281**	**24.16**

The above table shows that the vacancy in posts in respect of Adjudicating Authority ranged from 7.69 *per cent* to 57.14 *per cent*. Further, the vacant posts in respect of supporting staff ranged between 26.11 to 28.06 *per cent*. Absence of adequate manpower has adversely impacted the working efficiency of the Department which is evident in the slow pace of scrutiny of returns, lack of action in cases of cancellation of registrations etc.

2.9.14 Conclusion

The SSCA on Department's Oversight on GST Payments and Return Filing was undertaken in the context of varying trend of return filing and continued data inconsistencies with an objective of assessing the adequacy of the system in monitoring return filing and tax payments, extent of compliance and other departmental oversight functions.

This SSCA was predominantly based on data analysis, which highlighted risk areas, red flags and in some cases, rule-based deviations and logical inconsistencies in GST returns filed for 2017-18.

The SSCA entailed assessing the oversight functions of State Jurisdictional formation at the functional level with a deeper Detailed Audit at Departmental field formations and of the GST returns, which involved accessing taxpayer records.

The audit sample comprised of nine DETCs, 428 high value inconsistencies across 15 parameters selected through global queries and 38 taxpayers selected on risk assessment for Detailed Audit of GST returns for the year 2017-18.

Out of the 428 cases of high value data inconsistencies identified by Audit, the Department responded to only 61 cases. Of these, 30 cases constituting

49.18 *per cent*, turned out to be inconsistencies/compliance deficiencies of ₹ 586.37 crore pertaining to ITC mismatch, mismatch in liability discharged and mismatch of turnover. The data entry errors caused the inconsistencies amounting to ₹ 16.12 crore in 9.84 *per cent* (six cases). Out of the 61 cases where the Department had responded to Audit, in 29.51 *per cent* (18 cases) involving an amount of ₹ 104.97 crore, the Department had already taken proactive action. However, the Department has not responded to 367 cases of inconsistencies.

Detailed Audit of GST returns also suggested significant inconsistencies. Essential records such as invoices, financial statements along with notes and schedules, debit/credit notes, lists of creditors were not produced in all 38 selected sample cases which resulted in a significant scope limitation. These cases represent a mismatch of ₹ 199.93 crore towards identified mismatches in ITC availment and tax payments.

From a systemic perspective, the Department needs to strengthen the institutional mechanism in the DETCs to establish and maintain effective oversight on return filing, taxpayer compliance, tax payments, cancellation of registrations and recovery of dues from defaulters.

2.9.15 Recommendations

The Government may consider:

- *ensuring completion of action against non-filers and cancellation cases by issuing ASMT 13 to protect Government revenue;*
- *pursuing urgently the 367 inconsistencies and deviations pointed out by Audit, for which responses have not been provided and intimating the results to Audit;*
- *reinforcing the institutional mechanism through regular monthly verification and system generated check in the circles to establish and maintain effective oversight for the purpose of identifying deviations, inconsistencies and mismatches between GST returns/data;*
- *introducing validation controls in GST returns to curb data entry errors, enhance taxpayer compliance and facilitate better scrutiny;*
- *initiating remedial action for all the compliance deviations brought out in this report before they get time barred; and*
- *instructing its field formations for taking prompt action to provide information sought by Audit and ensure timely responses to audit observations.*

CHAPTER-III

STATE EXCISE

CHAPTER III: STATE EXCISE

3.1 Tax administration

The Additional Chief Secretary to the Government of Haryana, Excise and Taxation Department, is the administrative head at Government level and the Excise and Taxation Commissioner (ETC) is the head of the Department. The ETC is assisted by the Collector (Excise) at headquarters and Deputy Excise and Taxation Commissioners (Excise) {DETCs (Excise)}, Assistant Excise and Taxation Officers (AETOs), Inspectors and other allied staff for proper administration of State Excise Acts/Rules in the field.

Excise revenue is mainly derived from fee for grant of licenses of various vends, excise duties levied on spirit/beer produced in distilleries/breweries and on their import/export to and from any other State.

The allotment of zone of vends is made by inviting e-tenders through a Department portal. The detailed procedure for e-tendering is finalised by the ETC and uploaded on the website of the Department.

Section officer is posted at the district headquarters. His main function is to carry out the internal audit of income and expenditure of the Department.

3.2 Results of audit

Test check of the records of 24 out of 106 units of the State Excise Department conducted during 2021-22 highlighted non/short realisation of excise duty/license fee/interest/penalty and other irregularities involving ₹ 35.45 crore (0.52 *per cent* of receipts of ₹ 6,864.42 crore for 2020-21) in 666 cases which fall under the categories depicted in **Table 3.1**.

Table 3.1 – Results of audit

Sr. No.	Categories	Number of cases	Amount (₹ in crore)
1.	Non/short deposit of license fee and loss of interest	122	14.72
2.	Non-levy of penalty for short lifting of quarterly quota alloted to vends	179	15.07
3.	Non-allotment of zones at risk and cost of original allottee	2	3.93
4.	Short recovery of stock transfer fee	1	0.13
5.	Miscellaneous irregularities	362	1.60
	Total	**666**	**35.45**

(Source: Data compiled by office)

The Department accepted under assessment and other deficiencies amounting to ₹ 34 crore involved in 473 cases pointed out during the year. The Department recovered/adjusted ₹ 3.00 crore involved in 15 cases pertaining to earlier years during 2021-22.

Significant cases involving ₹ 7.46 crore are discussed in the following paragraphs.

3.3 Non/short recovery of breach case penalties, interest on delayed payment of license fee and pending license fee

The Department had not initiated steps to recover penalty from the offenders for illicit liquor and to recover the license fee and interest from the allottees resulting in short-realisation of Government revenue of ₹ 7.46 crore.

(i) Non/short recovery of breach cases penalties of L-1 and L-13 licenses

Section 36 (c) of the Punjab Excise Act, 1914, as applicable to Haryana provides that the authority granting any license, permit or pass under this Act may cancel or suspend it, in the event of any breach by the holder of such license. As per Excise Rules/ Policy, instances of breach include short/excess of stock of liquor, selling liquor at a price lower than minimum sale price, less strength of liquor than prescribed on the label, selling a brand of liquor which is not permitted, opening of liquor vend on dry day, violating the prescribed time of opening of vends etc. Further, Rule 37 (36) of Haryana Liquor License Rules (HLL) Rules 1970, provides that if a licensee becomes liable to cancellation under any law for the time being in force, the competent authority may either (i) cancel the license and make such arrangements as he may think fit for carrying on the business for which the license was granted and any fee paid or deposit made in respect thereof shall be forfeited to Government, or (ii) permit the licensee to retain the license on payment of such further fee as he may deem fit to accept.

During examination of the records of the office of DETC (Excise), Ambala pertaining to refund/ adjustment of security deposit (three *per cent* of total license fee) of the licensees at the end of the financial year 2020-21, it was noticed that as per Refund Adjustment Order[1] (RAO) dated 16 November 2021, breach case penalties amounting to ₹ 5.99 crore was imposed on M/s Shokeen Wines by Excise and Taxation Collector in respect of L-1 and

[1] Refund Adjustment Order (RAO) is a document prepared by the DETC concerned (Excise) indicating details of total available security deposit, total outstanding dues of a licensee and adjustment of dues against security deposit. It also shows balance dues recoverable/ security deposit to be refunded/ adjusted against future instalments of license fee as the case may be.

L-13 licenses[2] for the year 2020-21. Out of this, an amount of ₹ 1.02 crore was recovered/ adjusted against the security deposit of ₹ 1.24 crore of the licensee for the year 2020-21. Balance amount of security deposit was adjusted against – i) additional license fee for retails vend of zone-ZAMB47 and ZAMB37 ii) pending license fee for L-2BF[3] and iii) interest on late deposit of license fee of L-2BF for the year 2020-21. Thus, balance amount of ₹ 4.97 crore of breach cases penalty was not recovered.

Similarly, breach cases penalties amounting to ₹ 3.85 crore was imposed on M/s Sushil Kumar, in respect of L-1 and L-13 licenses for the year 2020-21. Out of this, an amount of ₹ 2.12 crore (recovery ₹ 0.84 crore + adjusted from security ₹ 1.28 crore) was recovered/ adjusted and balance amount of penalty of ₹ 1.73 crore (₹ 3.85 crore – ₹ 2.12 crore) remained outstanding.

Thus, a total amount of ₹ 6.70 crore (₹ 4.97 crore + ₹ 1.73 crore) as breach case penalties was not recovered from the above two licensees.

During the exit conference held in June 2023, the Department admitted the audit observations.

(ii) Non/ short recovery of interest on delayed payment of license fee of retail outlets

Para 6.4 of the State Excise policy for the years 2020-21 stipulated that every licensee holding a license for retail outlets of IMFL and Country Liquor (CL) licensees, shall make payment of monthly installment of license fee by 15th of each month. As per amendment in the State Excise Policy for the year 2020-21, for the month of June, 5 *per cent* and 3.3 *per cent* of the instalments were to be paid on 5 June and 15 June respectively and for the remaining months, the instalments were to be paid by 15th of every month. Failure to do so renders the licensee liable to pay interest at the rate of 18 *per cent* per annum for the period from the first of the month in which the license fee was due to the date of payment of the instalment or any part thereof. Further, as per Para 6.5 of the State Excise policy, if the licensee failed to deposit the monthly instalment in full along with interest by the end of the month, the zone of the vends were to be sealed on the first day of the following month by DETC (Excise) of the respective district and his license would be cancelled.

---

2 L-1 license is for wholesale and retail vend of foreign liquor and L-13 license is for wholesale vend of country spirit.

3 L-2BF license is for retail sale of Imported Foreign Liquor (IFL) Bottled in Origin (BIO) by the retail outlets of IMFL and Bar Licensees.

Scrutiny of records in August 2021 and July 2022 of the office of DETCs (Excise), Ambala for the year 2020-21 revealed that 42 out of a total of 58 Zone of vends[4] had paid monthly instalments of license fee of ₹ 53.04 crore after the prescribed due date with delays ranging between 16 and 86 days (average delay of 36.25 days). Interest amounting ₹ 97.22 lakh on the delayed payment of license fee was required to be recovered from the licensees. Audit observed that the DETCs (Excise) did not initiate any action to seal the vends or recover interest for delayed payment of the license fee. After being pointed out by audit, the Department recovered the due amount in respect of 19 zones amounting to ₹ 21.51 lakh, whereas the recovery of the balance amount of ₹ 75.71 lakh in respect of the remaining 23 zones was pending.

The matter was pointed out by audit in August 2021 and July 2022. The Department stated (July 2022) that interest on delayed payment of monthly instalment of license fees was deposited by the licensees in the Government Treasury through Government Reference Number (GRN) and the pending interest was recovered from the licensees through the mode of Refund Adjustment Order. The reply is not acceptable as only an amount of ₹ 21.51 lakh was recovered through all the GRNs and as adjustment against available amount of security deposit whereas the outstanding amount of interest due was ₹ 97.22 lakh. Thus, even after taking into consideration the total amount of GRNs and amount adjusted against security deposit, the interest amounting to ₹ 75.71 lakh was still (September 2022) pending recovery.

During the exit conference held in June 2023, the Department admitted the audit observations.

[4] Vends in urban and rural areas, for the purpose of allotment are grouped in zones. The command area of a zone is the geographical area specified for the zone in the excise arrangement under Excise Policy. One license is granted for each zone.

CHAPTER-IV

STAMP DUTY

CHAPTER IV: STAMP DUTY

4.1 Tax administration

Receipts from stamp duty and registration fee are regulated under the Indian Stamp Act, 1899 (IS Act), Registration Act, 1908 (IR Act), Punjab Stamp Rules, 1934, as adopted by the Government of Haryana and the Haryana Stamp (Prevention of Undervaluation of Instruments) Rules, 1978. The Additional Chief Secretary (ACS), Revenue and Disaster Management Department, Haryana is responsible for the administration of the registration of various documents. The overall control and superintendence over levy and collection of stamp duty and registration fee vests with the Inspector General of Registration (IGR), Haryana. The IGR is assisted by Deputy Commissioners (DCs), Tehsildars and Naib Tehsildars acting as Registrars, Sub Registrars (SRs) and Joint Sub Registrars (JSRs), respectively.

4.2 Results of Audit

Test check of the records of 65 out of 143 units of the Revenue Department during 2021-22 revealed non/short levy of stamp duty and registration fee etc. and other irregularities amounting to ₹ 60.13 crore (1.17 *per cent* of receipt of ₹ 5,157.02 crore for 2020-21), in 1,308 cases, which fall under the following categories as mentioned in **Table 4.1**.

Table-4.1 – Results of Audit

Revenue			
Sr. No.	**Categories**	**Number of cases**	**Amount (₹ in crore)**
1.	Non/short levy of stamp duty and registration fee due to lease deed	43	0.75
2.	Non/short recovery of stamp duty and registration fee due to undervaluation of immovable property	228	10.75
3.	Short realisation of stamp duty due to sale of property at lower consideration than the amount mentioned in the agreement deeds	10	0.51
4.	Irregular exemption of stamp duty on mortgage deeds/compensation certificates to land acquired	38	1.67
5.	Miscellaneous irregularities	989	46.45
	Total	**1,308**	**60.13**

(Source: Data compiled by office)

The Department accepted under assessment and other deficiencies amounting to ₹ 24.73 crore involved in 592 cases which were pointed out during the year 2021-22 and earlier years. The Department recovered ₹ 18.65 lakh in 36 cases, of which ₹ 16.85 lakh in 25 cases pertain to 2021-22 and the rest pertain to earlier years.

Significant cases involving ₹ 26.00 crore are discussed in the following paragraphs.

4.3 Irregular exemption of stamp duty and registration fee due to misclassification of sale deed as release deed

Registering Authorities misclassified sale deeds as release deeds resulting in short levy of stamp duty and registration fee of ₹ 19.91 lakh.

As per Haryana Government clarification in December 2008 regarding Article 55 in Schedule 1-A of Indian Stamp, Act 1899, if an instrument of ancestral property is executed in favour of brother or sister (children of renouncer's parents) or son or daughter or father or mother or spouse or grand children or nephew or niece or co-parcener of the renouncer, stamp duty will be levied at the rate of ₹ 15, and in any other case, the same duty will be levied as that of a conveyance relating to sale of immovable property for the amount equal to the market value of the share, interest or part of claim renounced.

Scrutiny of records (October 2021 to January 2022) of Sub Registrars (SRs) Karnal and Kaithal revealed that in one case a deed was executed (December 2020) as a release deed whereas this property was not an ancestral property. In the other case, the release deed was executed (October 2020) in favour of a person (cousin brother) other than those allowed as per clarification of the Government. Hence, these deeds were required to be treated as sale. The registering authorities, however, treated these deeds as release deeds and incorrectly levied stamp duty (SD) and registration fee (RF) of ₹ 402 (SD: ₹ 202 + RF: ₹ 200) only. The value as per Collector rate for these deeds was ₹ 2.75 crore. SD and RF of ₹ 19.91 lakh (SD ₹ 19.21 lakh + RF ₹ 70,000) was leviable on these deeds. Misclassification of sale deeds as release deeds resulted in short levy of ₹ 19.91 lakh.

On this being pointed out, SR Karnal stated (June 2023) that the case had been decided by the Collector in March 2023 and notice for recovery of ₹ 16.95 lakh had been issued. SR Kaithal stated (June 2023) that the case had been sent to the Collector in May 2022 under Section 47-A of IS Act for final decision.

During the exit conference held in July 2023, the Department admitted the audit observations.

4.4 Irregular exemption of stamp duty in case transfer of immovable property within the family

Irregular remission of stamp duty in 20 instruments of transfer deeds in favour of persons other than blood relations resulted in loss of revenue of ₹ 32.05 lakh to the State exchequer.

As per Section 3 of the Indian Stamp Act 1899 (the IS Act), instruments are chargeable with duty subject to the provisions of the IS Act and the exemptions contained in Schedule-I of the IS Act, of the amount indicated in that Schedule as the proper duty. The State Government has the power to reduce, remit or compound duties as per Section 9 of the IS Act by rule or order, published in the Official Gazette. As per Government order dated 16 June 2014, the Government may remit the stamp duty chargeable on an instrument pertaining to transfer of immovable property within the family by an owner during his lifetime to any of the blood relations namely parents, children, grandchildren, brother (s), sister (s) and between spouse. However, in case of other transfer deeds, levy of SD continued as applicable in Schedule-I under Section 3 of the IS Act.

Scrutiny of records (between January 2021 and February 2022) of transfer deeds registered in five[1] SRs/Joint Sub Registrars (JSRs) for the years 2018-2021, revealed that stamp duty was remitted in 20 instruments of transfer deeds that were executed in favour of persons other than those allowed in the order dated 16 June 2014 of the Government. This irregular remission of stamp duty resulted in short-levy of stamp duty and registration fee to the extent of ₹ 32.05 lakh (SD: ₹ 28.95 lakh + RF: ₹ 3.10 lakh).

On this being pointed out, all the SRs/JSRs stated (February 2023) that the cases had been sent to the Collector concerned under Section 47-A of the Indian Stamp Act for decision and in one case notice had been issued for recovery.

During the exit conference held in July 2023, the Department admitted the audit observations.

[1] Jagadhri, Khanpur Kalan, Kharkhoda, Rania and Thanesar.

4.5 Short levy of stamp duty due to undervaluation of immovable property with reference to agreement to sale

Registering Authorities assessed nine conveyance deeds less than what had been agreed between the parties. Undervaluation of immovable properties in the conveyance deeds resulted in short levy of stamp duty and registration fee of ₹ 12.27 lakh.

Section 27 of the Indian Stamp Act, 1899 stipulates that consideration and all other facts and circumstances affecting the chargeability of any instrument with duty, or the amount of duty with which it is chargeable, should be fully or truly set forth therein.

Audit noticed in nine SRs/JSRs[2] that in nine conveyance deeds registered between July 2018 and November 2020, SD and RF of ₹ 26.69 lakh (SD: ₹ 24.64 lakh + RF: ₹ 2.05 lakh) was levied on the sale deed of immovable properties valued at ₹ 5.55 crore. Cross verification of these sale deeds with the agreements executed between the parties concerned and the records of deed writers between June 2018 and September 2020 showed that the total sale value was ₹ 8.02 crore on which SD and RF of ₹ 38.96 lakh (SD: ₹ 36.46 lakh + RF ₹ 2.50 lakh) was leviable. Thus, the conveyance deeds were executed and registered at a consideration less than what had been agreed to between the parties. Under-valuation of immovable properties in conveyance deeds resulted in short levy of SD and RF of ₹ 12.27 lakh (SD: ₹ 11.82 lakh + RF: ₹ 0.45 lakh).

On this being pointed out, all SRs/JSRs stated (February 2023) that the cases had been sent to the Collector under Section 47-A of the Indian Stamp Act for decision and decision was pending.

During the exit conference held in July 2023, the Department admitted the audit observations.

4.6 Non levy of stamp duty and registration fee on instruments executed in favour of Autonomous Bodies/Public Sector Undertaking

Registering Authorities allowed irregular exemption from payment of stamp duty and registration fee of ₹ 3.11 crore to Market Committee, Gurugram Metropolitan Development Authority and Uttar Haryana Vidyut Prasaran Nigam Limited treating them as Government entities.

As per provision contained in Section 3 (1) of the Indian Stamp Act 1899, as applicable to Haryana, no stamp duty shall be chargeable in respect of any instrument executed by or on behalf of or in favour of Government. However, there is no provision in the Act/Rules for specific exemption/remission on the

[2] Gurugram, Hodal, Jagadhri, Kaithal, Kalayat, Naraingarh, Saha, Sohna and Sonipat.

instruments executed in favour of State-owned enterprises or autonomous bodies.

Scrutiny of records of SRs/JSRs offices of Harsaru, Karnal and Rai revealed that eight sale deeds were registered between May 2019 and July 2020. It was noticed that the land was registered in favour of Market Committee, Gurugram Metropolitan Development Authority (GMDA) and Uttar Haryana Vidyut Prasaran Nigam Limited (UHVPNL). The value of these immovable properties for levy of stamp duty worked out to ₹ 63.69 crore on which stamp duty of ₹ 3.07 crore and registration fee of ₹ 0.04 crore were leviable. As the Market Committee/GMDA and UHVPNL are autonomous bodies/State owned enterprises, SD and RF was required to be levied but the registering authorities allowed exemption which was not correct. This resulted in non-levy of SD and RF of ₹ 3.11 crore.

On this being pointed out, the Sub-Registrars concerned stated (February 2023) that the cases had been sent to the Collector under section 47-A of the IS Act for decision.

During the exit conference held in July 2023, the Department admitted the audit observations.

4.7 Short levy of stamp duty and registration fee due to application of agricultural rate on land with area less than 1,000 square yards falling within municipal limit

Registering Authorities incorrectly assessed 14 sale deeds of plots with area less than 1,000 square yards falling within Municipal limits at rates fixed for agricultural land instead of residential land resulting in short levy of stamp duty and registration fee of ₹ 0.57 crore.

In order to check evasion of stamp duty (SD) in sale deeds, the Government of Haryana issued instructions in November 2000 to all registering authorities in the State to the effect that agricultural land sold within municipal limits, with an area of less than 1,000 square yards or in case where the purchasers were more than one and the share of each purchaser was less than 1,000 square yards, be valued at the rates fixed for residential property of that locality for the purpose of levying of stamp duty and registration fee (RF).

Scrutiny of 11,186 registered deeds out of a total of 1,06,980 deeds (between August 2021 and February 2022) of eight Registering Offices[3] revealed that 14 sale deeds of plots falling within the parameters of the notification *ibid*, were registered between April 2019 and January 2021. These deeds were liable to be assessed at a total value of ₹ 12.88 crore based on the rates fixed for residential areas and SD and RF of ₹ 85.71 lakh (SD: ₹ 80.75 lakh and RF:

[3] Ambala, Badhkal, Gurugram, Karnal, Palwal, Rai, Rania and Uklana.

₹ 4.96 lakh) was leviable. However, the registering authorities assessed these deeds for ₹ 4.13 crore based on the rates fixed for agricultural land and levied SD and RF of ₹ 28.32 lakh (SD ₹ 26.31 lakh + RF ₹ 2.01 lakh). This resulted in short levy of SD and RF of ₹ 57.39 lakh (SD: ₹ 54.44 lakh + RF: ₹ 2.95 lakh).

On this being pointed out, the respective SRs/JSRs stated (February 2023) that the cases had been sent to the Collector under Section 47 A of the IS Act for decision.

During the exit conference held in July 2023, the Department admitted the audit observations.

4.8 Irregular exemption of stamp duty and registration fee in case of immovable properties purchased from compensation amount

Exemption of stamp duty in 50 cases was allowed to farmers, though they purchased residential/commercial land from compensation received, which was not permitted as per Government's order issued in November 2010, resulting in non/short levy of stamp duty and registration fee of ₹ 1.61 crore.

(A) As per Government order issued in November 2010 under the Indian Stamp Act, 1899, the Government of Haryana exempted levy of stamp duty and registration fee (SD and RF) in respect of sale deeds executed by farmers whose land had been acquired by Haryana Government for public purposes and who purchased agricultural land in the State within two years of the compensation received by them. The exemption was to be limited to the compensation amount and the additional amount involved in the purchase of agricultural land was liable to SD and RF as per rules.

Scrutiny of records of eight Sub Registrars (SRs)/Joint Sub-Registrars(JSRs)[4] revealed that in eight cases, farmers, whose land had been acquired by the Government for public purposes, purchased residential/commercial land instead of agricultural land. The corresponding deeds were required to be assessed at a total value of ₹ 1.07 crore on which SD and RF amounting to ₹ 6.51 lakh (SD: ₹ 5.92 lakh + RF ₹ 58,500) was leviable. The Department levied ₹ 5,000 of RF in one case and in the remaining cases SD and RF was exempted. This resulted in non/short levy of SD and RF of ₹ 6.46 lakh (SD ₹ 5.92 lakh + RF ₹ 53,500).

On this being pointed out, seven SRs/JSRs[5] stated (February and March 2023) that the cases had been sent to the Collector under Section 47-A of IS Act for

[4] Ambala City, Assandh, Barara, Gulha, Kaithal, Kalayat, Mulana and Pundri.
[5] Ambala City, Barara, Gulha, Kaithal, Kalayat, Mulana and Pundri.

decision. SR Assandh stated (February 2023) that the case has been decided by the Collector but recovery is pending.

(B) As per memo no. 12171-CFMS-MS-2019/11214 dated 23-10-2019, issued by Revenue and Disaster Management Department of Government of Haryana, the amount of compensation awarded to the landowners was two to four times of market rate after implementation of Right to Fair Compensation and Transparency in Land Acquisition Rehabilitation and Resettlement Act (RFCTLARR Act), 2013, hence no other benefit of the policy of November 2010 was admissible which included exemption from SD and RF to such landowners. Thus, the Government withdrew this exemption from 1 January 2014 onwards. Hence, in those cases in which award was sanctioned on or after 1 January 2014, the applicable SD and RF was required to be levied on such deeds.

Scrutiny of records of five Sub-Registrars (SRs)/Joint Sub-Registrars (JSRs)[6] revealed that there were 42 cases wherein farmers had acquired properties including agricultural land from the proceeds of acquisition of the awards declared after 1 January 2014. Their documents were registered between May 2019 and February 2021. Therefore, these deeds were required to be assessed at a total value of ₹ 29.84 crore on which SD and RF of ₹ 1.55 crore (SD ₹ 1.44 crore + RF ₹ 11.20 lakh) was leviable. The Department levied SD of ₹ 1.08 lakh in three cases. In the remaining cases SD and RF was exempted. This resulted in non/short levy of SD and RF of ₹ 1.54 crore (SD ₹ 1.43 crore + RF ₹ 11.20 lakh).

On this being pointed out, all five SRs/JSRs stated (February and March 2023) that the cases had been sent to the Collector under Section 47-A of the IS Act for decision.

During the exit conference held in July 2023, the Department admitted the audit observations.

The Department may investigate the exemption given to ineligible beneficiaries and fix responsibility.

4.9 Short levy of stamp duty due to application of non-prime rate on land containing Prime Khasra Land

Registering Authorities incorrectly assessed prime *khasra* land at normal rates fixed for agricultural land resulting in short levy of stamp duty of ₹ 64.28 lakh.

Section 27 of the Indian Stamp Act, 1899 (IS Act) as applicable to the State of Haryana, provides that the consideration (if any) and all other facts and

[6] Manesar, Narwana, Pataudi, Rai and Sohna.

circumstances affecting the chargeability of any instrument with duty, or the amount of the duty with which it is chargeable, shall fully and truly set forth therein. Further, Financial Commissioner Revenue (FCR), Government of Haryana had issued FCR Standing order number 74 in September 2013 to all registering authorities in the State, constituting 'Evaluation Committees' for fixation of minimum market value of properties in various areas of the State from time to time for the guidance of Registering Authorities and a copy of these rates was supplied to them by the Department. The Evaluation Committees had fixed separate rates for prime land in their respective jurisdictional areas.

Scrutiny of records (between August 2021 and February 2022) of 15 SRs/ JSRs[7] revealed that 41 conveyance deeds were registered for sale at normal *khasra* rates for agricultural land during the period from April 2019 to March 2021. The *khasra* of these deeds as per land revenue records were prime *khasra* having higher land rates. The Collector rate for the land involved was ₹ 45.29 crore on which stamp duty and registration fee of ₹ 1.99 crore (SD: ₹ 1.88 crore + RF: ₹ 11.00 lakh) was leviable. The SRs/JSRs, assessed this land at rates fixed for normal *khasra* amounting to ₹ 30.12 crore and levied SD and RF of ₹ 1.35 crore (SD: ₹ 1.26 crore + RF: ₹ 8.64 lakh). This resulted in short levy of stamp duty of ₹ 64.28 lakh (SD: ₹ 61.82 lakh + RF: ₹ 2.46 lakh).

On this being pointed out, fourteen SRs/JSRs[8] stated (between February and April 2023) that 37 cases had been sent to the Collector under Section 47-A of the IS Act for decision. SR Gharaunda (two cases) and SR Ganaur (two cases) stated (February 2023) that four cases were decided by the Collector but recovery was still pending.

During the exit conference held in July 2023, the Department admitted the audit observations.

[7] Adampur-07, Ambala-03, Ambala Cantt-04, Balasamand-01, Dabwalii-02, Ellanabad-02, Gharunda-02, Ganaur-01, Gohana-03, Hisar-03, Kheri Jalab-02, Palwal-02, Sonipat-01, Rania-05, Sirsa-03

[8] Ambala-03, Ambala Cantt 04, Adampur-07, Balasamand-01, Dabwali-02, Ellanabad-02, Ganaur-01, Gohana-01, Hisar-03, Kheri Jalab-02, Palwal-02, Rania-05, Sirsa-03, Sonipat-01

4.10 Non-levy of two per cent additional Gram Panchayat and Zila Parishad duty due to non-implementation of Government notification in time

Registering Authorities registered 176 sale deeds in areas of Gram Panchayat and Zila Parishad without charging duty at the rate of two *per cent* on transaction value in addition to stamp duty under Haryana Panchayati Raj Act 1994 resulting in short levy of stamp duty of ₹ 68.17 lakh.

The Government of Haryana vide notification[9] imposed a duty at two *per cent* of the amount specified on each instrument i.e. sale, gift, mortgage and other transfer of immovable property for transfer of property in the form of surcharge on the stamp duty situated in *Sabha* area effective after 15 days from the date of publication under Section 41 of the Haryana Panchayati Raj Act, 1994. The duty so collected by the Registrar or Sub Registrar was to be remitted in equal proportion to the Gram Panchayat and Zila Parishad concerned.

During scrutiny of records of 14 Sub Registrars/Joint Sub-Registrar offices[10] for the year 2020-21, it was observed that 176 instruments were registered on 24 and 25 February 2021 falling under Gram Sabha area valuing ₹ 34.74 crore and stamp duty of ₹ 1.40 crore was levied. However, in these cases, stamp duty of ₹ 2.08 crore was leviable. Thus, non levy of additional two *per cent* stamp duty resulted in short levy of stamp duty of ₹ 68.17 lakh.

On this being pointed out, 13 SRs[11] stated (February and April 2023) that all the cases had been sent to the Collector under Section 47 A of the IS Act for decision, while SR Bahadurgarh stated (February 2023) that all the cases would be sent to the Collector under Section 47 A of the IS Act for decision.

During the exit conference held in July 2023, the Department admitted the audit observations.

[9] No. S.O.4/H.A.11/1994/S.41/2021 dated 09 February 2021.
[10] Badli, Bahadurgarh, Fatehabad, Ganaur, Gharaunda, Gohana, Israna, Jhajjar, Karnal, Narwana, Panipat, Rai, Samalkha and Sonipat.
[11] Badli, Fatehabad, Ganaur, Gharaunda, Gohana, Israna, Jhajjar, Karnal, Narwana, Panipat, Rai, Samalkha and Sonipat.

4.11 Short/non levy of stamp duty due to undervaluation of immovable properties

142 deeds were registered on the rates fixed by the Collector for agricultural land on which stamp duty and registration fee of ₹ 18.22 crore was levied instead of ₹ 36.97 crore leviable as per land record (*Jamabandis*), resulting in short levy of stamp duty and registration fee of ₹ 18.75 crore.

Section 27 of the Indian Stamp Act, 1899 as applicable to Haryana provides that consideration and all other facts and circumstances affecting the chargeability of any instrument with duty or the amount of duty with which it is chargeable, should be fully or truly set forth therein. Further as per Section 47-A of the IS Act, if the registering officer has reason to believe that the value of the property or the consideration, has not been truly set forth in the instrument, he may, after registering such instrument refer the same to the Collector for determination of the value or consideration and duty payable.

During scrutiny of the records (between January 2021 and March 2022) of 23 Sub-Registrar/Joint Sub Registrar (SRs/JSRs) offices[12] for the years 2019-20 and 2020-21, it was noticed that 142 documents were registered undervalued by taking residential, commercial, industrial or institutional land/ plot as agricultural or otherwise with lower Collector rate(s). In some cases, stamp duty for covered area was not levied or short levied. The value of these properties was to be assessed as ₹ 642 crore, on which stamp duty of ₹ 36.53 crore and registration fee of ₹ 44.32 lakh was required to be levied. However, the Department assessed the value of these properties at ₹ 315.52 crore and levied stamp duty of ₹ 17.92 crore and registration fee of ₹ 30.58 lakh, which resulted in short levy of stamp duty of ₹ 18.61 crore and registration fee of ₹ 13.74 lakh totalling ₹ 18.75 crore.

On this being pointed out, twenty two SR/JSR offices[13] stated (February 2023) that all cases have been sent to the Collector under Section 47-A of the Indian Stamp Act for decision. SR Hisar, in one case, has recovered a sum of ₹ 62,525 out of ₹ 97,700. SR Kaithal stated (January 2021) that the cases would be sent to the Collector under Section 47-A of the IS Act for decision and the audit would be intimated with the action taken as per the decision.

During the exit conference (July 2023), the Department accepted the audit observation.

---

[12] Adampur, Barwala Dabwali, Ellenabad, Fatehabad, Gharaunda, Gurugram, Hansi, Hodal, Hisar, Israna, Jagadhri, Kadipur, Kaithal, Pataudi, Palwal, Rai, Rania, Rohtak, Sirsa, Thanesar, Uklana and Wazirabad.

[13] Adampur, Barwala, Dabwali, Ellenabad, Fatehabad, Gharaunda, Hansi, Hodal, Hisar, Gurugram, Israna, Jagadhri, Kadipur, Pataudi, Palwal, Rai, Rania, Rohtak, Sirsa, Thanesar, Uklana and Wazirabad.

CHAPTER-V

FINANCE DEPARTMENT

CHAPTER V: FINANCE DEPARTMENT

5. *IT audit of Integrated Financial Management System*

5.1 *Introduction*

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

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

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

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

5.2 *Specifications of IFMS Server*

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

5.3 *Audit Scope and Methodology*

IFMS in Haryana primarily comprises of five modules i.e. Online Budget Allocation Monitoring and Analysis System (OBAMS); Online Government Receipt Accounting Systems (e-GRAS); e-Billing; Online Treasury Information System (OTIS) and e-Pension. The Department had prepared an "As-Is Process and Procedure Document[1]" and "To-Be Process and Procedure Document[2]". The purpose of the "As-Is Process and Procedure Document" was to capture the then existing processes and systems in the FD and other related Departments

[1] Date of inception: 18 December 2012.

[2] Date of inception: 07 February 2013.

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

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

Table 5.1: Description of Modules under IFMS

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

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

(Source: Departmental Records)

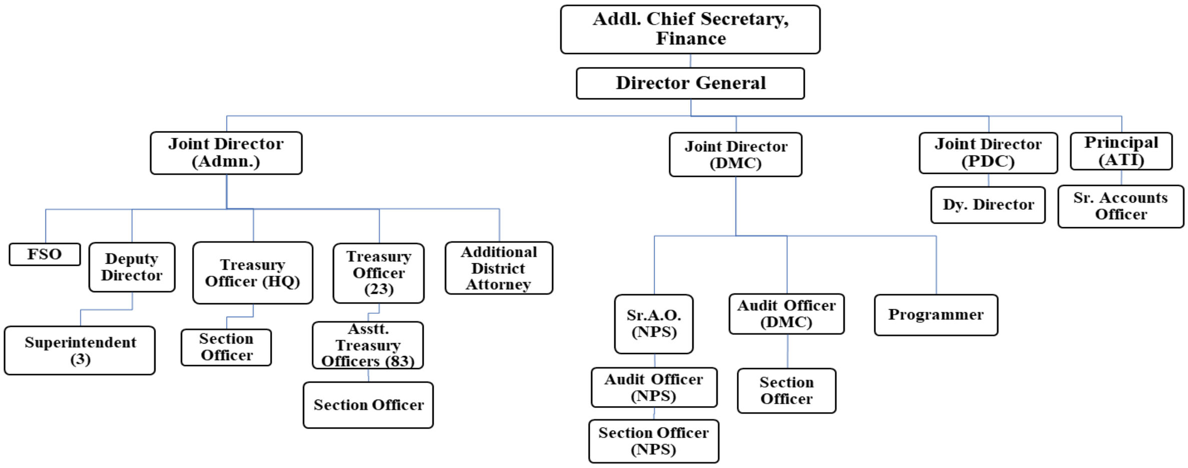
Audit was taken up between May 2021 and July 2022. The audit objectives, audit criteria and scope and methodology of audit were communicated to the FD, GoH. The draft IT Audit report was issued (October 2022) to the Government/Department and an exit conference to discuss the draft Audit report was held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

5.4 Organisational set-up[3]

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

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

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



5.5 *Audit Objectives*

The audit of IFMS was carried out to assess whether:

i. the objective of the IT system aligned with the business objectives of the Department;

ii. the envisaged functionalities had been embedded in the IT system;

iii. adequate IT controls existed in the system; and

iv. the Information Systems (IS) security including Role Based access, Business Continuity and Disaster Recovery Plan and cyber security were in place.

5.6 *Audit Criteria*

The audit criteria were drawn from the following sources:

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

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

Acknowledgement & Constraints

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

5.7 Audit Findings

5.7.1 Documentation review

5.7.1.1 Alignment of IT System Objectives with Business Objectives

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

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

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

5.7.1.2 Amendments in Business Rules

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

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

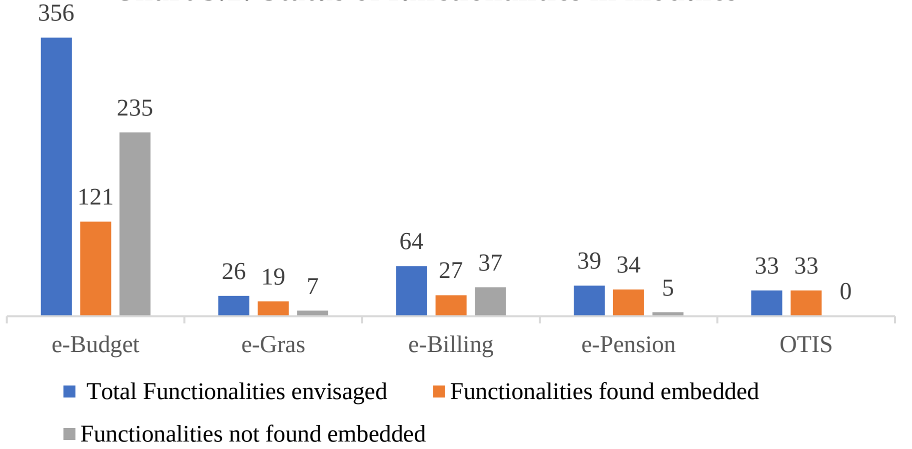
During the exit meeting, the Department stated that a committee in this regard would be constituted within one month. The committee has been constituted in September 2023 to assess the changes required in Treasury Rules.

5.7.2 Non-implementation of functionalities (User Screen Interface)

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

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

Chart 5.1: Status of functionalities in modules



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

5.7.2.1 e-Budget

1. Debt Management system (DMS)

A. To retrieve information regarding debt, repayment schedule, due date of payment, investment plan and to facilitate decision making process, a DMS was to be developed and it was to be integrated with the FD, RBI, Planning Department, and AG.

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

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

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

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

In the current system, first the bill is created[4] and payment is made to the financial institution and thereafter, its details are entered in DMS for updation in the loan account concerned. In the existing scenario, loan account and bill preparation for its repayment are not linked. The process is not completely automated as DMS and e-billing modules are not integrated. Only bill preparation and payment is done through the system. Thus, the risk of multiple payments of loan/interest cannot be ruled out.

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

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

2. Advance from Contingency Fund

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

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

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

4. Receipt and Expenditure forecast

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

5. Likely saving/excess

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

5.7.2.2 e-GRAS

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

The functionalities not found embedded in e-GRAS include:

1. Mechanism to capture Transfer Entries

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

2. Integration with AG office

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

5.7.2.3 e-billing

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

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

1. The linkage with e-Sanction (electronic financial sanction) module was absent. Presently, the financial sanctions are obtained/accorded manually and then uploaded on the system which is a time consuming exercise. The new system would have enabled various officials to obtain/issue sanctions electronically. The system would have supported financial decision-making and would have also kept an audit trail and details of the various issued/utilised/lapsed sanctions.

2. Claim id function, which would have enabled electronic submission of claims was not present. The processing by a DDO under e-billing would start only after the claim or bill is processed/ admitted manually.

3. There is no functionality to allow auto escalation matrix in terms of bill processing.

4. The module did not have the functionality of blacklisting any party/supplier/ claimant.

5. The module also lacked the functionality for electronic reconciliation that would capture the e-scroll coming from the banks and match it with the disbursements cleared.

5.7.2.4 e-Pension

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

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

5.7.2.5 Off-Budget Items

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

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

5.7.2.6 Electronic Financial Sanction

In the "To-Be Process and Procedure Document", a functionality for obtaining and issuance of all the sanctions (financial, manpower or pension related) was to be incorporated in the system to have a better control over the use of sanctions issued by the Government by keeping a trail of each sanction. The system would keep a trail of the extent of utilisation of a sanction, restricting the usage of lapsed sanction etc. and assist the authorities to strengthen the monitoring process by viewing a compiled report of unused/used/partially used/lapsed sanctions.

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

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

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

5.7.2.7 Reconciliation of NPS contribution

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

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

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

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

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

Table 5.2: Contribution short transferred to NSDL

(₹ in crore)

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

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

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

5.7.3 Logical Access Controls

5.7.3.1 Password Policy

The existence of adequate logical access security is particularly important where an organisation makes use of Wide Area Networks (WANs) and global facilities such as the Internet. There must be appropriate password policy and procedures for effectiveness of passwords. Password policy published by Department of Information Technology & Communication, Haryana provides that user ID and password shall be treated as confidential information and not be shared with anyone. The password policy also provides that the system should prompt the user to change his password at a fixed interval to strengthen the logical access controls. The system should enforce the users to set-up a strong password e.g. length of at least eight characters, consisting of numbers, special character, alphabets in upper and small case etc. Password policy and procedure must be known and adhered to, by all the staff.

Analysis of the data related to complaints submitted at help desk[6] showed that in 45,829 out of 1,57,244 complaints lodged by the departmental users, complainants had disclosed their user-ids and passwords, which is accessible to NIC and DTA. Sharing of user-ids and passwords is fraught with the risk of unauthorised access to the system. Moreover, users' master table showed that appropriate validation checks did not exist in the system which would force the users to set a strong password and prompt the user to change the password periodically.

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

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

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

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

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

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

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

5.7.3.3 Use of digital signature certificates (DSCs)

In IFMS, the concept of Digital Signatures was implemented (August 2017) to strengthen the logical access controls. Digital signatures are used to secure and safeguard the integrity of transmitted data/information. As discussed with the Department and development team, a Digital Signature Certificate (DSC) is used by the Drawing and Disbursing Officer (DDO) at the time of passing of bills and verification of EPS[7]. DDO while submitting the bills to treasury, uploads the copies of sub-vouchers also. Similarly, DSC is also used by Treasury Officer (TO) while passing the bill for payment and generation of EPS.

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

Table 5.3: Bills and Digital Signatures

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

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

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

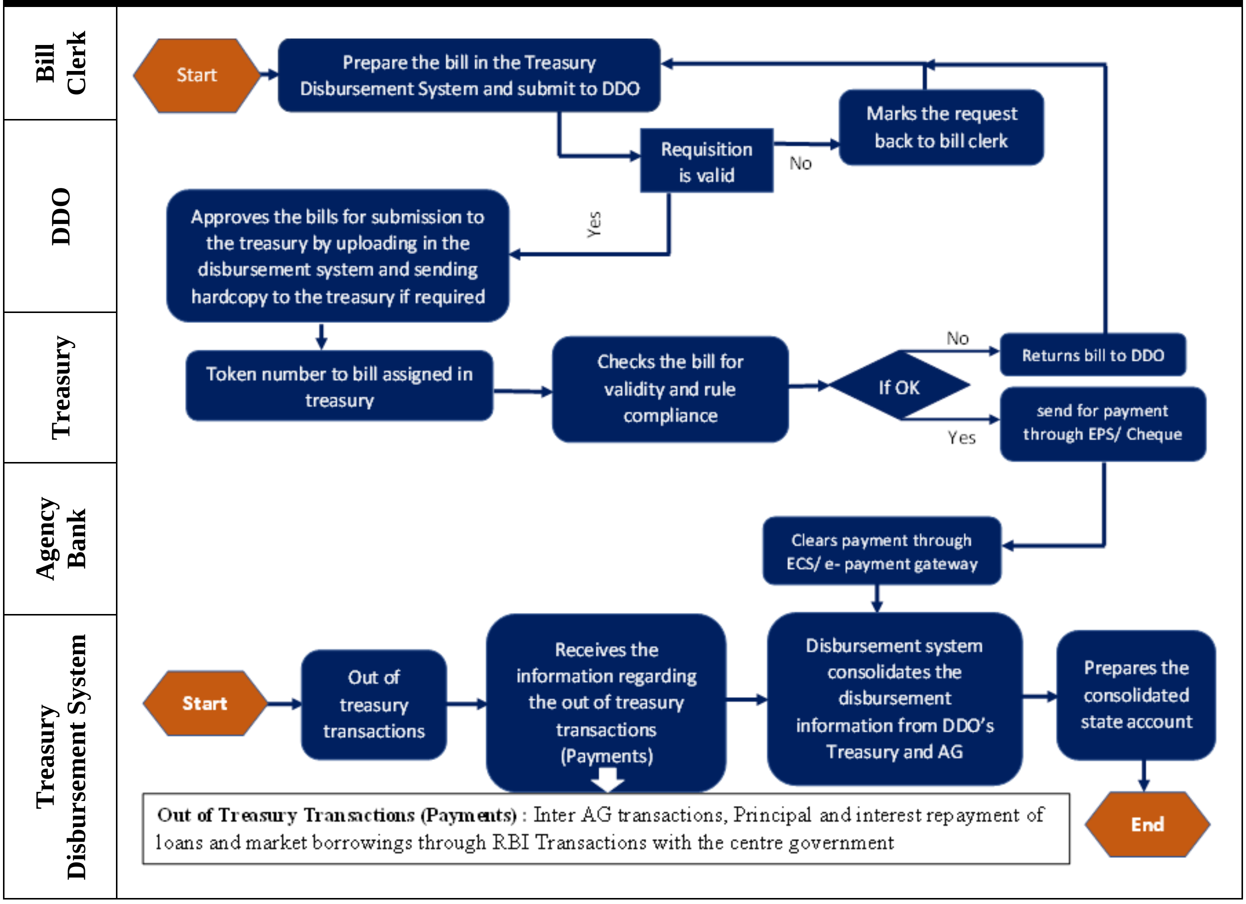
---

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

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

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

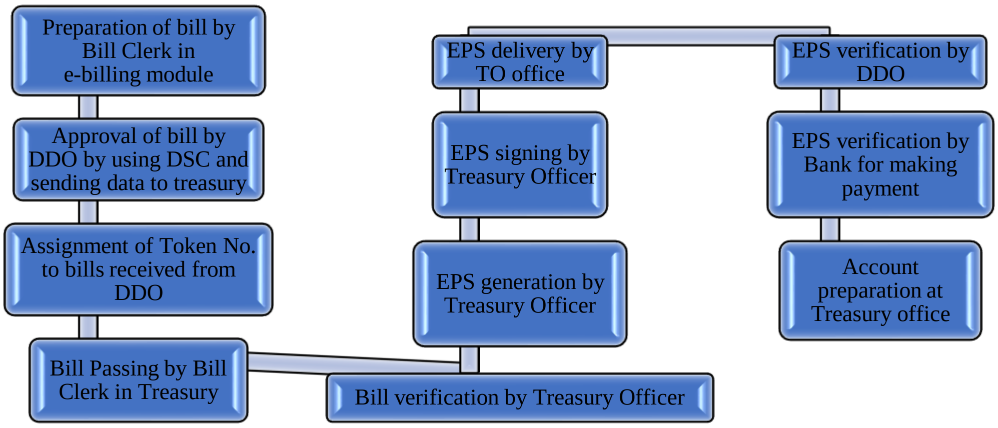
Chart 5.2: Treasury Disbursement System



5.7.4.1 Validation Controls

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

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



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

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

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

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

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

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

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

(iii) Payments made prior to verification by DDO

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

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

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

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

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

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

(v) Bills paid prior to its preparation

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

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

(vi) Bills paid without verification by Treasury Officer

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

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

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

(vii) Bills finalised without generation of EPS

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

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

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

(viii) Bills finalised without verification of EPS by DDO

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

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

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

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

(ix) Bills finalised without verification of EPS by bank

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

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

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

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

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

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

(xi) Missing payees' details in Master table

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

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

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

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

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

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

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

Table 5.4: NPS subscription not restricted by the system

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

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

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

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

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

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

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

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

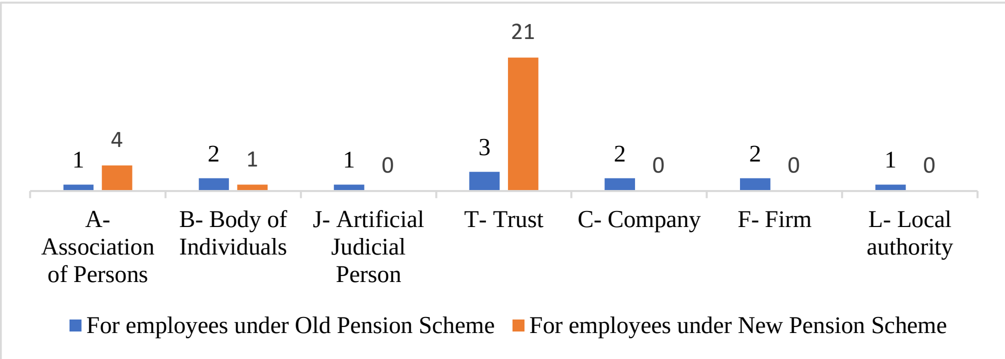
5.7.4.2 Generation of Unique Code of Payee

(i) Invalid PAN captured

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

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

Chart 5.4: Cases wherein invalid PAN captured



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

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

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

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

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

(iii) Different UCPs for different categories against same PAN

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

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

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

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

5.7.4.3 Audit trail

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

(i) Assignment of same user_id for two different functions

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

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

During analysis of data, it was observed that logs for same user_id were being stored in the transaction table for preparation and approval of bills. In case of assignment of same user_id for "Maker" and "Checker", it is not possible to ascertain from the audit trail as to who has performed the functions for preparation, cancellation or approval of the bill.

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

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

(ii) Missing logs for login sessions

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

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

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

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

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

During analysis of information contained in this table, it was observed that the table had not been designed to capture row identifier. Correspondingly, there was no row identifier against each event recorded in the database. In the absence of any row identifier, "Bill_No" was considered as a unique identifier for referring to transactions stored in T_P_Token[8] table of e-billing module. A comparative analysis of both the tables (T_P_Track table and T_P_Token table) showed that:-

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

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

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

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

(iv) Logs for cancelled bills

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

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

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

FD from time to time issued instructions to the Departments to seek approval of FD in different[9] categories of bills before sending these bills to the treasury. During analysis of the e-billing data and flow of transactions explained by the departmental users and development team, bills are sent to FD in e-billing module to seek their approval prior to sending these bills to the treasury for payment.

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

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

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

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

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

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

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

5.7.4.4 Abstract Contingency and Detailed Contingency Bills

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

(i) AC bills pending for adjustment

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

e-billing database (Table: T_P_Bill_adjust) contains details of adjustment bills along with Bill No. and date of AC bill against which the adjustment bill was preferred. Analysis of data stored in this table showed that adjustment bills were furnished for 4,607[10] AC bills processed during 2018-2021, of which 2,438 adjustment bills were furnished after the prescribed period of one month. The delay in furnishing the adjustment bills ranged between one and 913 days.

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

[10] Out of 7,005 AC bills shown as adjusted in T_P_Token table, details of 4,607 bills were found in "T_PBill_Adjust" table and details of balance 2,398 was not available in the table.

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

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

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

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

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

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

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

b) In 22,783 cases the status of bills captured in OTIS database was different from those captured in e-billing module.

c) In three cases, DDO_Code captured while preparing the bill in e-billing module, was different than the bill passed by treasury in OTIS database.

d) In 162 cases, Major Head recorded in bill prepared by DDO was different from the bill data stored in OTIS database.

e) In 20 cases, the Department code captured in OTIS database was different from the Department code shown in e-billing module data.

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

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

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

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

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

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

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

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

(ii) Bills cancelled

Analysis of the data showed that during the period covered for data analysis, 95,078 [11]bills were cancelled by the users. Analysis of these cancelled bills with available audit logs showed that 5,706 bills were cancelled within seven days from their generation and of these 3,439 bills were cancelled on the day of preparation. 2,091 bills were cancelled between eight and 327 days of their preparation.

(iii) Assignment of token number to bill at treasury

Out of 34,14,330 bills prepared by DDO, token numbers were assigned to 31,92,166[12] bills at treasury level for processing further for payment. Analysis of these bills showed that token number to 9,62,602 bills were assigned on the same day of receipt of bills in the treasury and token number to 17,39,779 bills

---

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

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

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

(iv) Bill passing by Bill Clerk

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

(v) Bill verification by TO

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

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

(vi) EPS generation by TO

Analysis of 29,49,027 bills[13] verified by TO showed that EPS was generated for 29,21,952 bills. Out of these, EPS for 28,98,352 bills was generated within seven days of verification done by TO and for 23,600 bills, EPS was generated in a period ranging between eight and 335 days.

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

(vii) Signing of EPS

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

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

(viii) EPS delivery

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

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

(ix) EPS Verification by DDO

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

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

(x) EPS verification by bank

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

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

(xi) Payment made

After an EPS is verified by the bank, payment amount is credited to the payee's bank account. Out of the 24,73,857 EPS verified by the bank, payment was made by the bank for 24,73,816 EPS. Against 24,70,763 EPS, payment was made within three days of verification done by the banks and in 2,162 EPS, payment was made in a period ranging between four and 28 days of EPS being verified by the banks. However, in the remaining 891 cases, payment was made prior to verification by the bank. These 891 cases included 38 such cases in which verification was done in the year 2021-22 and payment was made in the year 2020-21.

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

(xii) Time taken to finalise the bills after preparation

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

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

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

(xiii) Bills pending for final disposal

During the period covered under audit, 34,14,330 bills were prepared by various DDOs of the State Government. The final status of a bill could reflect "account prepared" which meant that these bills have been paid and reflected in the monthly accounts and "cancelled/rejected by Drawing and Disbursing Officer/Treasury Officer/Finance Department/Ways & Means Branch in Finance Department". Out of these 34,14,330 bills, transactions in respect of 33,05,355 bills were assessed as final. However, the remaining 1,08,967 [14] bills were not finalised and were pending at various stages of bill processing as per details given in **Table 5.6**.

Table 5.6: Pendency of bills at various stages

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

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

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

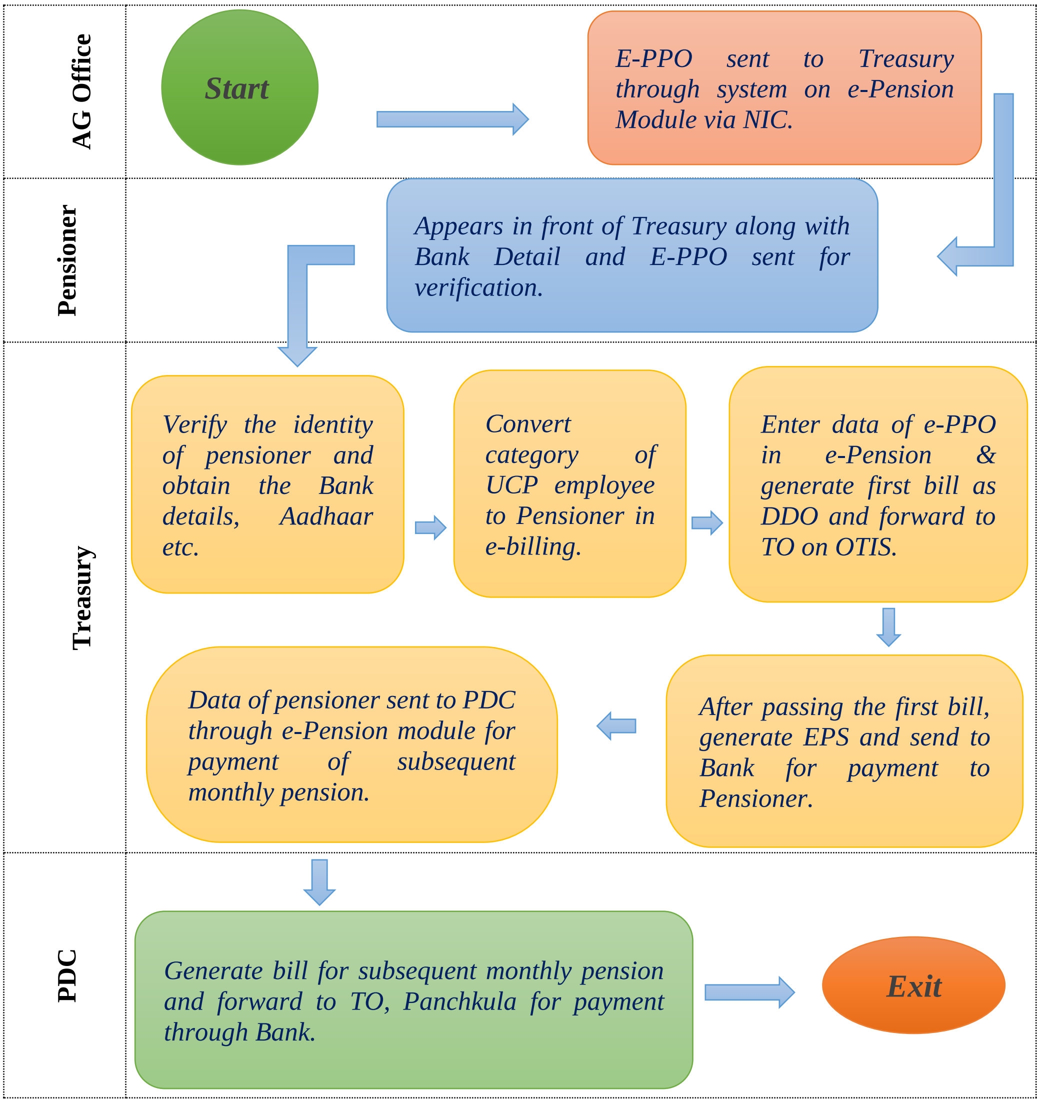
The para highlights the effects of non-fixation of benchmarks to clear the bills at various stages/processes which led to pending bills transactions and abnormal time taken to clear the bills at different stages. Further, the possibility of undischarged liabilities could not be ruled out in case of the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

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

5.7.5 e-Pension

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

Chart 5.5: Workflow of e-Pension module



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

5.7.5.1 Excess payments

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

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

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

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

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

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

(ii) Pension double drawn

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

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

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

5.7.5.2 Tax Deduction at Source (TDS)

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

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

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

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

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

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

5.7.5.3 Pensioner's window in e-Pension

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

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

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

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

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

5.7.5.4 Pensioners' grievance redressal

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

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

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

5.7.5.5 Regulation of family pension to daughter

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

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

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

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

5.7.5.6 Inconsistencies in data

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

a. Date of Birth

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

b. Pensioners' name

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

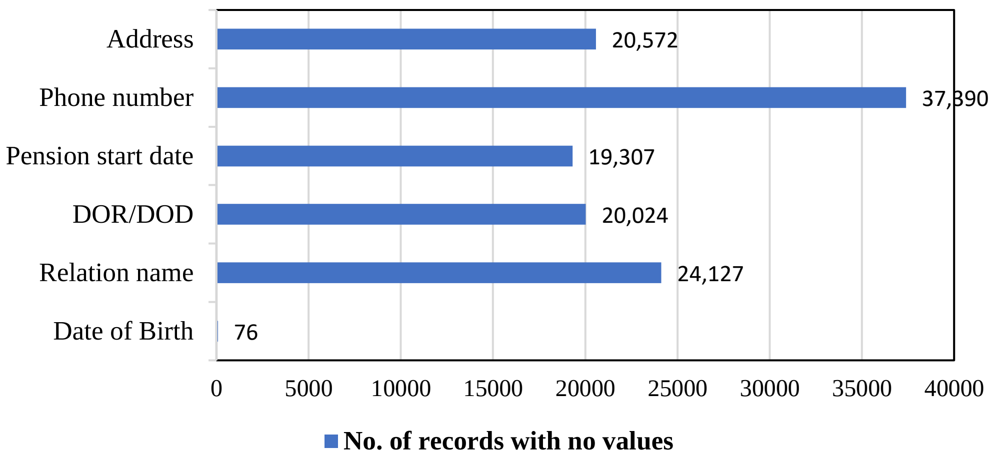
c. *Relation ID*

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

d. *Null Values*

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

Chart 5.6 :Records with Null value in dbo_ personal_ detail table



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

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

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

---

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

5.7.5.7 Payment of monthly pension at pre-revised rates

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

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

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

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

5.7.5.8 Observations related to Centralized Pension Disbursement Cell (PDC)

No monitoring mechanism in PDC over treasuries

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

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

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

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

5.7.5.9 Information Technology Security

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

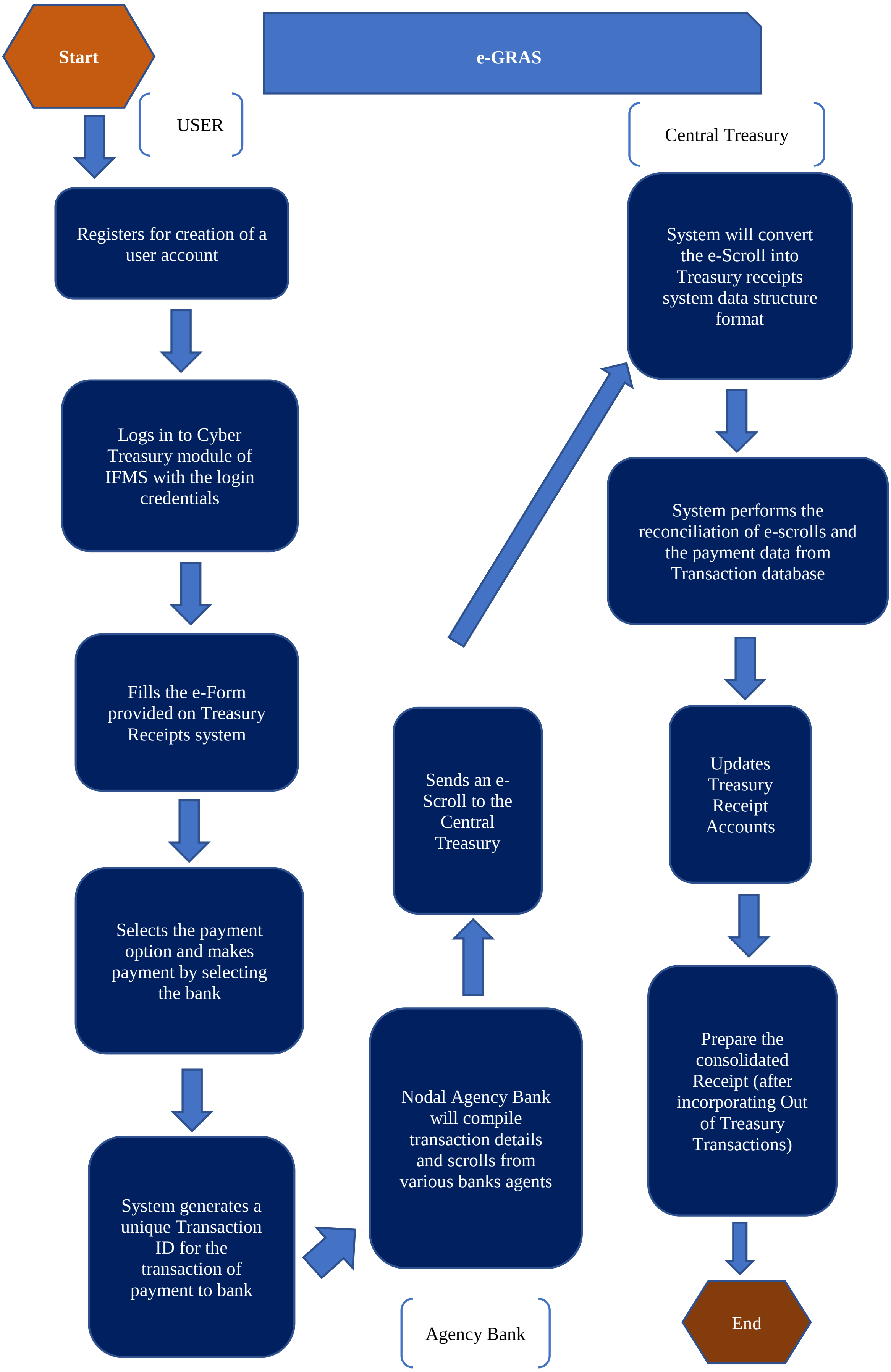
The matter was brought to the notice of the Government (October 2022). During the exit meeting, the Department stated that the NIC Team had been requested to create separate ID for all users like Maker for pension dealing DEOs, Checker for DDO and user_ids for Joint Director (PDC), Assistant TO (PDC),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

5.7.6 e-GRAS module

Acceptance of deposit after expiry of Challan Validity

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

Chart 5.7: Workflow of e-GRAS module the module



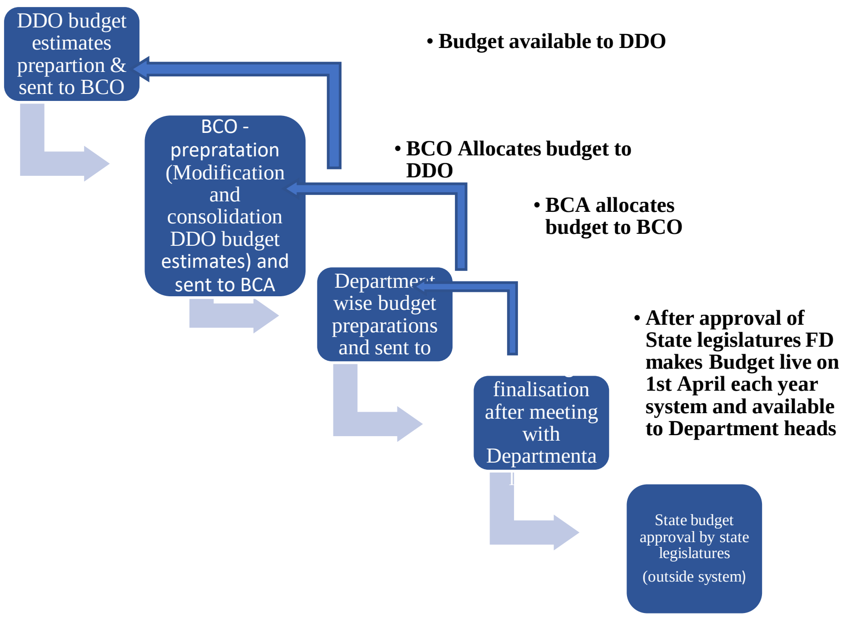
During analysis of data of e-GRAS module, it was observed that during the period 2018-19 to 2020-21, out of 3,72,66,077 Government Reference Number (GRNs) generated through e-GRAS portal, payments were made against 2,69,44,908 GRNs. It was further observed that in absence of adequate validation controls,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

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

5.7.7 e-Budget

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

Chart 5.8: **Workflow of e-Budget module**



5.7.7.1 Budget re-appropriation

Para 14.5 of Punjab Budget manual, as applicable to the State of Haryana provides that re-appropriation from one grant to another grant, Voted to Charged and *vice-versa*, capital head to revenue head within same grant and vice-versa and after the close of the year is not admissible. Further as per para 14.8, re-appropriation within a grant from one Major, Minor or subordinate head to another may be sanctioned by the FD subject to restriction mentioned in paragraph 14.5. As per provisions of paragraph 14.9(4), FD had delegated the powers of re-appropriations within a grant between heads subordinate to a major head in respect of expenditure, both voted and charged, to the respective Administrative Department.

i) Absence of adequate validation controls

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

Table 5.8: Inappropriate re-appropriation

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

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

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

ii) Incomplete information captured

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

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

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

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

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

Table 5.9: Difference between withdrawal and allocation

(Amount in ₹)

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

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

5.7.8 Programming Logic inconsistent with Business Rules

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

5.7.8.1 Crediting of undisbursed amount to revenue head

Para 3.10 of List of Major and Minor Heads of Account provides that recoveries of overpayments whether made in cash or by short drawal from a bill, during the same financial year in which such overpayments were made, shall be recorded as reduction of expenditure under the Service Head concerned. Further, recoveries of overpayments pertaining to previous year(s) shall be recorded under distinct minor head 'Deduct Recoveries of Overpayments' (code '911') below the major/sub-major head concerned without affecting the gross expenditure under the functional Major/Sub-Major Head in the Appropriation Accounts.

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

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

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

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

Analysis of the e- GRAS data and web-portal showed that the desired sub-head as per Rule 4 *ibid* has not been opened despite lapse of more than three years. Resultantly, the Police Department deposited ₹ 106.83 crore, collected as receipt from traffic challans during the years 2018-19 to 2020-21, in the Major Head 0055-Police under minor head 103-Fee, Fines and Forfeitures, 98-Receipts from traffic challans instead of designated Major Head 0041. In absence of appropriate classification, the deposit of receipts collected for traffic violations by Transport Department could also not be assessed correctly as no specific accounting classification was opened to deposit the receipts collected on account of traffic violations.

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

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

5.7.8.3 Stock suspense in works formations

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

(i) Procurement and classification of the procured material as an asset through a debit entry under sub head Stock under minor head Suspense of respective Revenue/Capital Head as per LMMH. This classification of stock under suspense cumulatively is identified as Stock Suspense.

(ii) The Stock Suspense is credited and the account of the work concerned is debited on transfer of material to work.

(iii) A material at site register (MAS) is maintained for watching receipt, storage and utilisation of this material during execution of works.

(iv) Surplus material is returned to store by crediting the accounting classification of work concerned and debiting the Stock Suspense.

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

During analysis of e-budget data for the period 2011-12 to 2021-22, it was noticed that no amount was allocated under Store Suspense head except under major heads 2059, 2215 and 4215. The cumulative expenditure has been shown zero from the year 2016-17 onwards in the e-Budget data table except in case of major head 4215 for the year 2018-19 and 2019-20. Further, no corresponding bills under suspense head were found in OTIS.

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

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

5.7.8.4 Implementation of IFMS for Public Works Accounts

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

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

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

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

The Divisional Officers are required to verify from the TO that corresponding credit under head 8782-102 is duly received in the Treasury account. The e-challan generated remains valid for a period of 19 days (other than e- banking mode payment) during which the e-challan can be tendered in the Treasury/Bank with the cash/cheque/DD etc. and the challans generated during the last week of particular month sometimes remain to be included in the Treasury accounts owing to the challans actually tendered/getting clearance in the Treasury, after the close of that particular month. In such cases, the amount is included in the Treasury accounts in the subsequent month(s) and sometimes remains un-adjusted owing to challan actually not getting deposited in the Treasury or dishonour of cheque/DD etc.

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

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

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

(i) 0215-01-102-51-51

(ii) 0215-01-103-51-51

(iii) 0215-02-102-51-51

(iv) 0215-02-103-51-51

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

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

(Amount in ₹)

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

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

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

5.7.8.5 Locking of Unique Code of Payees

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

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

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

After the issue was pointed out in Audit, as an immediate measure, all UCP Codes (employee, third party, pensioner) were blocked for edit purposes as a temporary measure by the Treasury and Accounts Department vide their orders dated 06 October 2021. The option of making changes in bank details was made available only to the Treasury Offices concerned on submission of written request by the DDO along with corresponding desired documents with affidavit.

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

5.7.8.6 Absence of functionality to track the cost realisable from Railways

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

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

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

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

5.7.8.7 Credit of employer's contribution

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

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

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

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

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

5.7.9 Other IT Issues

5.7.9.1 Security Audit/Cyber Security

To address the issues of information/cyber security in the State of Haryana, a dedicated organisational structure known as the Information Security Management Office (ISMO) was created by the Apex IT Committee of the state[16], under the chairmanship of the Chief Secretary, Haryana in its 30th meeting held on 18th March 2014. ISMO was positioned as an independent agency under the State e-Governance Society, capable of supporting all Departments and Agencies of the Government. ISMO was required to carry out vulnerability assessments and penetration testing as per the requirements of each project so as to detect security vulnerabilities and enable addressing them in a proactive manner. As per the Application Security Audit Policy of ISMO, Haryana, conducting continuous audits was assessed to help in identifying various security issues and threats for an application to strengthen cyber security as part of preventive maintenance for hosted applications within domain of Haryana State. As per this policy, every application within Haryana State domain would require to be audited from ISMO or through CERT-In empanelled information security auditing organisation before Public Hosting. The Application security vulnerability assessments were to be performed before hosting and the clearance would be issued for safe to host for a period of one year from ISMO. Further, an internal review was recommended for every six months with respect to any new versions / modules /code releases or upgrades in the existing application. In general, the security audit for an application could be classified into two categories.

a. Only Application Level

b. Application with Platform

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

5.7.9.2 Business Continuity Plan and Disaster Recovery Plan

As per the Cyber Security Policy of Electronics and Information Technology Department, Haryana (2017), understanding of the importance of business continuity in case of incident, accident or disaster, the Government of Haryana was to mandate ISMO, the nodal agency to design and develop a business continuity plan which needed to establish early warning and response system by establishing security operations centre (SOC) under HS-CERT[17] for

[16] Known as IT PRISM.

[17] Haryana State-Computer Emergency Response Team.

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

a) to facilitate cooperation and collaboration with all stake holders (ISPs, Departments, Organizations etc. of Haryana state) against cyber threats at highest level; and

b) to create cyber security forum with relevant stakeholders for policy updates and analysis.

CISO[18] (Designated by the State) was to coordinate forums of cyber security at highest level through establishing dedicated responsible members across respective Departments by coordinating security efforts and incident response for cyber security issues at the State level and in tune with the national and international norms.

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

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

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

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

[18] Chief Information Security Officer.

5.8 Conclusion

Even after more than eight years of implementation, 284 functionalities[19] remained to be implemented. Benchmarks to measure the achievements of various business objectives were not defined. The system faced the risk of un-authorised access due to inadequate logical access controls. Inadequate validation controls led to processing of bills in contravention of the prescribed process flow. Absence of adequate input controls during the generation of UCPs led to acceptance of invalid PANs and compromising the uniqueness of UCPs. Complete audit trail was not maintained for tracking the history of transactions. Cases of payment of gratuity in excess of the ceiling limit, double drawal of pension and LTC were noticed due to absence of adequate controls. Instances of acceptance of deposit against invalid challans were noticed due to inadequate validation controls.

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

5.9 Recommendations

It is recommended that:

a. *The Department may consider carrying out an assessment to measure the achievements in terms of increased efficiency and fix benchmarks for measuring achievement and creation of road map to achieve the desired objectives.*

b. *The Department may conduct a review to assess the priorities of the functionalities needed to be embedded in the system.*

c. *The Department, for future phases of IFMS development/upgradation may prioritise the implementation of scalable functionalities that facilitate seamless integration with stakeholder entities such as the Reserve Bank of India, Accountant General of Haryana, and platforms like PFMS. This strategic shift is not only expected to enhance*

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

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

d. *The Department may incorporate a functionality on advances taken from and recoupment to Contingency fund in IFMS which can be tracked in the system.*

e. *The Department may consider incorporating the functionality of Electronic Financial Sanction on priority.*

f. *Necessary modification may be carried out in the system to restrict disclosure of only relevant information to the user.*

g. *It may be ensured that audit logs for all activities are captured and retained in the database to ensure audit trails.*

h. *Necessary validation controls may be further strengthened to ensure that each transaction has passed through each stage of the prescribed process flow.*

i. *Relevant validation checks may be introduced to accept only valid PAN and to ensure the uniqueness of UCPs.*

j. *MIS report/ dashboard may be provided at the different levels of hierarchy to monitor the progress of bill transactions especially clearance of AC bills pending for adjustment.*

k. *A system may devise to reconcile the master attributes of pensioners available with PDC, Bank and AG (A&E) office.*

l. *The Department may ensure the mapping of requisite rules/ provisions related to pensions for adherence to the extant rules in the IFMS.*

m. *The Department may consider incorporating prescribed validation checks under Gratuity head and also incorporate the functionality for pensioners to submit the details of their savings for TDS purpose.*

n. *e-Pension module may be integrated with HRMS to capture the valid values in the master table of e-Pension module to avoid junk data.*

o. *The Department may consider incorporating prescribed validation checks under Budget Module in line with the Budget Manual to restrict re-appropriations not permissible as per provisions.*

p. *A review of the system may be undertaken to ensure that accounting principles are followed for withdrawal and deposit of money from/to the Government Account.*

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

r. *The Department may consider preparing a BCP and DRP document on the recommendations of Information Security Management office, Haryana (ISMO) and also identify an alternate site for the Disaster Recovery Site in terms of best practices of GoI.*

s. *The State Government should prioritise substantial upgrades to the IFMS to enhance its reliability, security, and functionality. These improvements should also ensure full integration with the PFMS, allowing for real-time data exchange and effective monitoring, thereby enabling maximisation of IT governance gains.*

Chandigarh **(SHAILENDRA VIKRAM SINGH)**
The 28 October 2024 **Principal Accountant General (Audit), Haryana**

Countersigned

(GIRISH CHANDRA MURMU)
New Delhi
The 11 November 2024 **Comptroller and Auditor General of India**

APPENDICES

Appendix I

(Refer Paragraph 1.7.5)

Position of paragraphs which appeared in the Audit Reports and those pending discussion/ replies not received as on 20 January 2023

Name of tax		2019-20	2020-21	Total
Taxes on Sales, Trade, etc.	Paras appeared in the AR	8	9	17
	Paras pending for discussion in the PAC	8	9	17
	Paras replies not received	0	9	9
Stamp duty and Registration fee	Paras appeared in the AR	5	6	11
	Paras pending for discussion in the PAC	0	6	6
	Paras replies not received	0	6	6
State Excise/PGT	Paras appeared in the AR	2	2	4
	Paras pending for discussion in the PAC	2	2	4
	Paras replies not received	0	2	2
Total	**Paras appeared in the AR**	**15**	**17**	**32**
	Paras pending for discussion in the PAC	**10**	**17**	**27**
	Paras replies not received	**0**	**17**	**17**

Appendix II

(Refer Paragraph 1.7.5)

Details of PAC report /paras outstanding for CAG Report on Revenue Sector as on 31 August 2022

Sr. No.	PAC Report	Year of Audit Report	Outstanding Paragraphs of PAC Reports as on 31 August 2022
1.	22nd	1979-80	1
2.	23rd	1980-81	4
3.	25th	1981-82	2
4.	26th	1982-83	2
5.	28th	1983-84	1
6.	29th	1984-85	5
7.	32nd	1985-86	3
8.	34th	1986-87	6
9.	36th	1987-88	3
10.	38th	1988-89	8
11.	40th	1989-90	16
12.	42nd	1990-91,91-92,92-93	23
13.	44th	11990- 91, 91-92,92-93	33
14.	46th	1993-94	9
15.	48th	1993-94,1994-95	9
16.	50th	1993- 94, 94- 95,1995-96	24
17.	52nd	1996-97	26
18.	54th	1997-98	33
19.	58th	1998-99 &1999-2000	57
20.	60th	2000-01	31
21.	62nd	2001-02	39
22.	63rd	2002-03	39
23.	64th	2003-04	42
24.	65th	2004-05	40
25.	67th	2005-06	45
26.	68th	2006-07 &2007-08	86
27.	70th	2008-09	51
28.	71st	2009-10	44
29.	72nd	2010-11	23
30.	73rd	2011-12	19
31.	74th	2013-14	40
32.	75th	2012-13	35
33.	78th	2014-15	47
34.	82nd	2015-16	39
35.	84th	2016-17	39
		Total	**924**

Appendix III

(Refer Paragraph 1.7.5)

Details of PAC recommendations for CAG Report (Revenue Receipts/Sector) outstanding as on 31 August 2022

Sr. No.	Name of Department	Total recommendations outstanding (1979-80 to 2016-17)
1	Agriculture and Farmer Welfare	39
2	Co-operative	18
3	Excise and Taxation including Commercial Taxes, Prohibition & Excise	508
4	Finance including Lotteries, Justice, Finance, Treasury & Accounts	13
5	Forest and Wildlife	5
6	General	1
7	Home	16
8	Industries & Commerce including MSME, Supplies & Disposal	5
9	Irrigation	5
10	Mining & Geology	56
11	P.W.D. (B&R)	4
12	Power (Chief Electrical Inspector)	4
13	PWD (Public Health)	4
14	Revenue and Disaster Management	194
15	Town & Country Planning	4
16	Transport	46
17	Urban local bodies, Urban Development, Colonisation, Local Self Govt.	2
	Total	**924**

Appendix IV

(Refer Paragraph 1.8.1)

Position of Inspection Reports of Transport Department

(₹ in lakh)

Year	Opening balance			Addition during the year			Clearance during the year			Closing balance during the year		
	IRs	Para-graphs	Money value	IRs	Para-graphs	Money value	IRs	Para-graphs	Money value	IRs	Para-graphs	Money value
2012-13	270	360	806.02	32	77	132.80	12	30	64.95	290	407	873.87
2013-14	290	407	873.87	53	123	319.97	31	76	146.17	312	454	1,047.67
2014-15	312	454	1,047.67	40	86	509.21	105	239	422.97	247	300	1,133.91
2015-16	247	301	1,133.91	39	74	438.24	9	13	42.15	277	362	1,530.00
2016-17	277	362	1,530.00	74	131	797.26	14	31	99.53	337	462	2,227.73
2017-18	337	462	2,227.23	38	100	478.09	15	62	100.27	360	500	2,605.55
2018-19	360	500	2,605.55	48	100	839.37	18	48	244.28	390	552	3,200.64
2019-20	390	552	3,200.64	48	111	7,492.32	20	48	196.4	418	615	10,496.24
2020-21	418	615	10,496.24	54	151	1,511.53	12	36	243.18	460	730	11,764.59
2021-22	460	730	11,764.59	14	64	741.39	3	8	4.47	471	786	12,501.51

Appendix V

(Refer Paragraph 1.8.2)

Recovery of Accepted cases

Refer cases Motor Vehicle (Transport Department)

(₹ in crore)

Year of Audit Report	Number of Paragraphs included	Money value of the Paragraphs	Number of Paragraphs accepted	Money value of accepted Paragraphs	Amount recovered during the year of Report	Cumulative positions of recovery of accepted cases till date
2011-12	01	0.61	01	0.61	0.41	0.43
2012-13	01	2.00	01	2.00	0.59	0.59
2013-14	01	0.05	01	0.05	0.04	0.04
2014-15	02	0.58	02	0.58	0.58	0.58
2015-16	01	12.78	01	12.78	Nil	Nil
2016-17	02	0.52	02	0.52	Nil	Nil
2017-18	02	2.78	02	2.78	0.08	0.08
2018-19	02	1.67	02	1.67	0.11	0.11
2019-20	PA Functioning of Transport Department	14.27	01	14.27	zero	zero
2020-21	Nil*	Nil	Nil	Nil	Nil	Nil
Total	**13 (including one PA)**	**35.26**	**13**	**35.26**	**1.81**	**1.83**

5.19 *per cent* = 1.83/35.26X100

*Reason of nil : Department was not selected to audit during 2021-22

Appendix VI
Summary of pan-Haryana data analysis
(Refer Paragraph 2.9.8.1)

Sr. No	Audit Dimension	DETC	No of Cases	Amount in ₹
1	ITC mismatch between GSTR 2A and GSTR 3B	Ambala	4	21,25,50,411
		Faridabad (E)	3	29,42,60,770
		Faridabad (N)	1	2,60,25,433
		Faridabad (S)	2	5,99,44,606
		Faridabad (W)	1	2,78,58,919
		Gurugram (E)	13	59,97,92,836
		Gurugram (N)	3	1,91,47,66,034
		Gurugram (S)	4	38,96,56,002
		Gurugram (W)	5	53,92,96,158
		Hisar	1	11,40,63,990
		Karnal	1	3,41,58,410
		Panchkula	2	12,65,69,666
		Panipat	1	11,58,0,0207
		Rewari	6	63,36,85,001
		Rohtak	1	9,59,75,866
		Sonipat	2	18,33,18,053
	Total		**50**	**5,36,77,22,362**
2	ITC availed under RCM vs payment of tax in GSTR 3B/ GSTR 9	Ambala	1	31,95,152
		Faridabad (E)	3	98,77,141
		Faridabad (N)	4	1,39,35,083
		Faridabad (S)	1	1,99,25,624
		Faridabad (W)	5	35,27,4220
		Gurugram (E)	6	2,38,79,029
		Gurugram (N)	5	6,79,22,470
		Gurugram (S)	4	2,61,97,510
		Gurugram (W)	5	3,36,88,575
		Hisar	1	32,71,006
		Jagadhri	1	23,79,993
		Jhajjar	3	1,18,60,606
		Narnaul	1	27,52,985
		Rewari	2	4,73,14,782
		Rohtak	3	6,85,352,25
		Sirsa	1	67,94,726
		Sonipat	4	1,98,59,037
	Total		**50**	**39,66,63,164**
3	Short payment of tax under RCM vs ITC availed in GSTR 3B/ GSTR 9	Bhiwani	1	27,43,634
		Faridabad (E)	2	36,53,938
		Faridabad (S)	2	39,36,989
		Faridabad (W)	2	39,76,015
		Gurugram (E)	2	3,52,38,780
		Gurugram (N)	3	61,23,793
		Hisar	1	17,63,044
		Narnaul	1	17,51,269
		Panipat	3	62,04,177
		Rewari	1	22,33,936
		Rohtak	1	18,77,235
		Sonipat	1	17,45,322

Sr. No	Audit Dimension	DETC	No of Cases	Amount in ₹
	Total		**20**	**7,12,48,132**
4	Incorrect availment of ISD credit	Faridabad (W)	1	8,71,207
		Gurugram (E)	5	1,88,42,471
		Gurugram (N)	3	47,16,781
		Gurugram (S)	3	35,08,364
		Gurugram (W)	2	26,30,307
		Jhajjar	2	65,25,210
		Karnal	3	54,15,646
		Panchkula	1	33,30,475
		Rewari	2	66,53,385
		Rohtak	2	25,36,763
		Sonipat	1	12,94,53,484
	Total		**25**	**18,44,84,093**
5	Incorrect ISD credit reversal	Faridabad (E)	1	46,330
		Gurugram (E)	2	3,47,583
		Hisar	1	1,35,472
		Sonipat	1	4,286
	Total		**5**	**5,33,670**
6	Reconciliation between ITC availed in Annual returns with expenses in financial statements (14T)	Ambala	1	40,87,39,983
		Faridabad (N)	1	37,57,23,556
		Faridabad (S)	1	37,44,97,197
		Faridabad (W)	2	1,83,73,74,131
		Gurugram (E)	4	2,56,87,79,116
		Gurugram (N)	2	1,45,42,45,214
		Gurugram (S)	1	85,69,85,700
		Gurugram (W)	6	7,15,65,69,964
		Karnal	1	35,76,76,249
		Panchkula	2	63,68,60,203
		Panipat	1	1,94,17,35,577
		Rewari	2	1,23,97,81,375
		Rohtak	1	49,52,91,864
	Total		**25**	**19,70,42,60,129**
7	Mismatch of ITC availed between Annual returns and Books of accounts (12F)	Ambala	1	3,39,41,704
		Faridabad (E)	2	12,19,00,892
		Faridabad (S)	1	3,27,31,224
		Faridabad (W)	1	2,99,23,278
		Gurugram (E)	6	21,80,56,476
		Gurugram (N)	2	1,19,15,08,478
		Gurugram (S)	3	42,69,33,042
		Gurugram (W)	3	21,28,73,556
		Hisar	1	15,54,31,888
		Jhajjar	1	5,06,07,788
		Rewari	1	2,52,97,910
		Rohtak	3	11,21,95,314
	Total		**25**	**2,61,14,01,550**
8	Mismatch in turnover declared in GSTR 9C Table 5R	Ambala	4	1,23,99,85,152
		Faridabad (E)	3	2,26,63,88,796
		Faridabad (N)	2	1,66,88,51,076
		Faridabad (S)	2	2,25,15,95,908
		Faridabad (W)	1	35,36,55,936
		Gurugram (E)	9	7,07,66,73,664

Sr. No	Audit Dimension	DETC	No of Cases	Amount in ₹
		Gurugram (N)	6	3,06,88,48,908
		Gurugram (S)	2	87,58,60,094
		Gurugram (W)	4	2,48,50,87,856
		Hisar	1	1,05,49,60,190
		Karnal	1	25,04,92,320
		Jind	1	21,56,28,752
		Mewat	1	61,35,11,550
		Narnaul	1	30,71,14,496
		Panipat	2	48,72,90,864
		Rewari	4	4,83,65,02,658
		Sonipat	6	10,90,16,16,034
	Total		**50**	**39,95,40,64,254**
9	Mismatch in taxable turnover declared in GSTR 9C Table 7G	Ambala	1	14,68,02,112
		Faridabad (E)	1	19,05,87,392
		Faridabad (N)	2	43,08,17,408
		Gurugram (E)	9	1,90,18,98,688
		Gurugram (S)	3	52,61,49,856
		Gurugram (W)	3	46,97,60,288
		Jagadhari	1	70,44,01,220
		Kaithal	1	14,37,26,864
		Karnal	1	17,66,15,840
		Mewat	3	51,25,15,952
		Panipat	1	19,35,41,024
		Rewari	1	16,82,08,528
		Sirsa	1	19,01,53,440
		Sonipat	1	18,67,18,400
	Total		**29**	**5,94,18,97,012**
10	Mismatch in tax paid between books of accounts and returns	Ambala	3	1,62,26,126
		Faridabad (E)	1	53,76,741
		Faridabad (N)	2	4,08,85,244
		Faridabad (S)	1	48,54,215
		Faridabad (W)	2	1,69,68,686
		Gurugram (E)	10	18,10,99,783
		Gurugram (N)	8	72,78,06,655
		Gurugram (S)	4	6,41,80,817
		Gurugram (W)	4	6,34,11,903
		Hisar	3	3,19,22,072
		Jind	1	1,08,00,000
		Karnal	2	2,84,02,615
		Panchkula	3	2,72,97,446
		Panipat	1	46,50,170
		Rewari	1	1,05,83,752
		Sonipat	4	8,32,43,463
	Total		**50**	**1,31,77,09,688**
11	Unsettled liabilities	Ambala	1	5,16,38,188
		Bhiwani	2	35,99,48,309
		Faridabad (E)	3	36,23,34,180
		Faridabad (W)	2	74,61,43,157
		Gurugram (E)	5	32,33,00,741
		Gurugram (N)	2	2,68,75,50,079
		Gurugram (S)	1	9,33,88,920

Sr. No	Audit Dimension	DETC	No of Cases	Amount in ₹
		Gurugram (W)	2	19,15,65,808
		Karnal	1	19,31,44,617
		Narnaul	1	8,99,98,936
		Panchkula	3	26,68,61,127
		Rohtak	1	16,40,60,314
		Sonipat	1	4,31,68,220
	Total		**25**	**5,57,31,02,596**
12	Dimension-Composition taxpayers also availing e-commerce facility	Bhiwani	1	0
		Faridabad (N)	1	0
		Fatehabad	3	0
		Gurugram (E)	5	0
		Gurugram (N)	2	0
		Gurugram (S)	1	0
		Gurugram (W)	1	0
		Jagadhri	1	0
		Karnal	1	0
		Kurukshetra	2	0
		Rewari	1	0
		Rohtak	1	0
		Sirsa	3	0
	Total		**23**	**0**
13	GSTR 3B was not filed but GSTR 1 is available	Ambala	1	15,26,468
		Faridabad (E)	3	27,48,537
		Faridabad (S)	2	31,82,292
		Faridabad (W)	3	16,68,705
		Gurugram (E)	1	6,79,433
		Gurugram (N)	6	1,25,00,709
		Gurugram (S)	4	3,63,22,598
		Gurugram (W)	4	16,88,86,568
		Kaithal	1	5,31,849
	Total		**25**	**22,80,47,159**
14	Short payment of interest	Faridabad (E)	1	36,17,983
		Faridabad (W)	3	1,38,95,173
		Gurugram (E)	4	2,35,62,919
		Gurugram (N)	6	4,74,47,166
		Gurugram (S)	2	97,11,050
		Gurugram (W)	5	2,69,45,416
		Hisar	1	34,64,758
		Rewari	1	37,86,388
		Sirsa	1	63,47,197
		Sonipat	1	33,39,892
	Total		**25**	**14,21,17,942**
15	Stop filers	Jhajjar	1	18,720
	Total		**1**	**18,720**
	Gross total		**428**	**81,49,32,70,472**

Appendix VII
Summary of Centralized (Limited) Audit

(Refer Paragraph 2.9.8.4)

Reply Received

Sr No	Audit Dimension	DETC	GSTIN	Amount in ₹	Action taken
1.	ITC mismatch between GSTR 2A and GSTR 3B	Hisar	06XXXXXXXXXX1Z0	11,40,63,990	ASMT-10
2.	ITC mismatch between GSTR 2A and GSTR 3B	Karnal	06XXXXXXXXXX1ZJ	3,41,58,410	ASMT-10
3.	ITC availed under RCM vs payment of tax in GSTR 3B/ GSTR 9	Hisar	06XXXXXXXXXX1ZG	32,71,006	ASMT-10
4.	ITC availed under RCM vs payment of tax in GSTR 3B/ GSTR 9	Narnaul	06XXXXXXXXXXZB	27,52,985	ASMT-10
5.	Short payment of tax under RCM vs ITC availed in GSTR 3B/ GSTR 9	Hisar	06XXXXXXXXXX1Z0	17,63,044	ASMT-10
6.	Short payment of tax under RCM vs ITC availed in GSTR 3B/ GSTR 9	Panipat	06XXXXXXXXXX1ZA	19,94,261	ASMT-10
7.	Short payment of tax under RCM vs ITC availed in GSTR 3B/ GSTR 9	Panipat	06XXXXXXXXXX1ZT	19,75,295	ASMT-10
8.	Incorrect ISD credit reversal	Hisar	06XXXXXXXXXX1ZE	1,35,472	ASMT-10
9.	Reconciliation between ITC availed in Annual returns with expenses in financial statements (14T)	Karnal	06XXXXXXXXXX1ZJ	35,76,76,249	ASMT-10
10.	Reconciliation between ITC availed in Annual returns with expenses in financial statements (14T)	Panipat	06XXXXXXXXXX1ZE	1,94,17,35,577	ASMT-10
11.	Mismatch of ITC availed between Annual returns and Books of accounts (12F)	Hisar	06XXXXXXXXXX1ZW	15,54,31,888	ASMT-10
12.	Mismatch in turnover declared in GSTR 9C Table 5R	Hisar	06XXXXXXXXXX1ZW	1,05,49,60,190	ASMT-10
13.	Mismatch in turnover declared in GSTR 9C Table 5R	Mewat	06XXXXXXXXXX1ZK	61,35,11,550	ASMT-10
14.	Mismatch in turnover declared in GSTR 9C Table 5R	Panipat	06XXXXXXXXXX1Z9	26,66,02,704	ASMT-10
15.	Mismatch in taxable turnover declared in GSTR 9C Table 7G	Karnal	06XXXXXXXXXX1Z8	17,66,15,840	ASMT-10
16.	Mismatch in taxable turnover declared in GSTR 9C Table 7G	Mewat	06XXXXXXXXXX1Z2	16,29,11,984	ASMT-10
17.	Mismatch in taxable turnover declared in GSTR 9C Table 7G	Mewat	06XXXXXXXXXX1ZC	15,92,17,040	ASMT-10
18.	Mismatch in taxable turnover declared in GSTR 9C Table 7G	Mewat	06XXXXXXXXXX1Z6	19,03,86,928	ASMT-10
19.	Mismatch in tax paid between books of accounts and returns	Hisar	06XXXXXXXXXX1Z5	50,20,191	ASMT-10
20.	Mismatch in tax paid between books of accounts and returns	Karnal	06XXXXXXXXXX4ZQ	1,64,06,038	ASMT-10
21.	Mismatch in tax paid between books of accounts and returns	Karnal	06XXXXXXXXXX1ZP	1,19,96,577	ASMT-10

Sr No	Audit Dimension	DETC	GSTIN	Amount in ₹	Action taken
22.	Unsettled liabilities	Bhiwani	06XXXXXXXXXX1Z0	23,89,60,454	ASMT-10
23.	Unsettled liabilities	Bhiwani	06XXXXXXXXXX1Z9	12,09,87,855	ASMT-10
24.	Unsettled liabilities	Karnal	06XXXXXXXXXX1ZM	19,31,44,617	ASMT-10
25.	Dimension-Composition taxpayers also availing e-commerce facility	Kurukshetra	06XXXXXXXXXX1ZH	-	ASMT-10
26.	Dimension-Composition taxpayers also availing e-commerce facility	Kurukshetra	06XXXXXXXXXX1ZX	-	ASMT-10
27.	Dimension-Composition taxpayers also availing e-commerce facility	Karnal	06XXXXXXXXXX1ZD	-	ASMT-10
28.	GSTR 3B was not filed but GSTR 1 is available	Faridabad (South)	06XXXXXXXXXX1ZI	25,82,588	ASMT-10
	Total			**5,82,82,62,733**	**(Say ₹ 582.83 crore)**
29.	ITC mismatch between GSTR 2A and GSTR 3B	Rohtak	06XXXXXXXXXX1ZB	9,59,75,866	Action taken before query
30.	ITC availed under RCM vs payment of tax in GSTR 3B/ GSTR 9	Faridabad (South)	06XXXXXXXXXX1ZC	1,99,25,624	Action taken before query
31.	Incorrect availment of ISD credit	Gurugram (West)	06XXXXXXXXXX1ZJ	9,04,315	Action taken before query
32.	Incorrect availment of ISD credit	Gurugram (West)	06XXXXXXXXXX1Z1	17,25,992	Action taken before query
33.	Mismatch in turnover declared in GSTR 9C Table 5R	Jind	06XXXXXXXXXX1ZD	21,56,28,752	Action taken before query
34.	Mismatch in tax paid between books of accounts and returns	Hisar	06XXXXXXXXXX2ZE	1,54,96,451	Action taken before query
35.	Unsettled liabilities	Rohtak	06XXXXXXXXXX1ZR	16,40,60,314	Action taken before query
36.	Dimension-Composition taxpayers also availing e-commerce facility	Sirsa	06XXXXXXXXXX1ZY	-	Action taken before query
37.	Dimension-Composition taxpayers also availing e-commerce facility	Sirsa	06XXXXXXXXXX1ZJ	-	Action taken before query
38.	Dimension-Composition taxpayers also availing e-commerce facility	Sirsa	06XXXXXXXXXX1ZO	-	Action taken before query
39.	Dimension-Composition taxpayers also availing e-commerce facility	Fatehabad	06XXXXXXXXXX1Z5	-	Action taken before query
40.	Dimension-Composition taxpayers also availing e-commerce facility	Faridabad (North) Ward 2	06XXXXXXXXXX1ZE	-	Action taken before query
41.	Dimension-Composition taxpayers also availing e-commerce facility	Fatehabad	06XXXXXXXXXX1ZC	-	Action taken before query
42.	Dimension-Composition taxpayers also availing e-commerce facility	Fatehabad	06XXXXXXXXXX1Z9	-	Action taken before query
43.	Short payment of interest	Hisar	06XXXXXXXXXX1ZP	34,64,758	Action taken before query
44.	Mismatch in tax paid between books of accounts and returns	Hisar	06XXXXXXXXXX1ZI	1,14,05,430	Action taken before query
	Total			**52,85,87,502**	**(Say ₹ 52.86 crore)**
45.	ITC availed under RCM vs payment of tax in GSTR 3B/ GSTR 9	Gurugram (West)	06XXXXXXXXXX7Z9	51,66,941	Data entry error
46.	Incorrect availment of ISD credit	Karnal	06XXXXXXXXXX1ZG	26,57,832	Data entry error
47.	Incorrect availment of ISD credit	Rohtak	06XXXXXXXXXX1ZH	8,56,357	Data entry error
48.	ITC mismatch between GSTR 2A and GSTR 3B	Sonipat	06XXXXXXXXXX1ZR	14,00,03,630	Data entry error
49.	Short payment of tax under RCM vs ITC availed in GSTR 3B/ GSTR 9	Narnaul	06XXXXXXXXXX1ZG	17,51,269	Data entry error

Sr No	Audit Dimension	DETC	GSTIN	Amount in ₹	Action taken
50.	Mismatch in tax paid between books of accounts and returns	Jind	06XXXXXXXXXX1ZS	1,08,00,000	Data entry error
	Total			**16,12,36,029**	**(Say ₹ 16.12 crore)**
51.	ITC mismatch between GSTR 2A and GSTR 3B	Faridabad (South)	06XXXXXXXXXX1ZO	3,51,11,114	Department stated they are examining the AQ
52.	Incorrect availment of ISD credit	Karnal	06XXXXXXXXXX1ZJ	16,39,714	Department stated they are examining the AQ
53.	Incorrect availment of ISD credit	Karnal	06XXXXXXXXXX1ZN	11,18,100	Department stated they are examining the AQ
	Total			**3,78,68,928**	**(Say ₹ 3.79 crore)**
54.	Reconciliation between ITC availed in Annual returns with expenses in financial statements (14T)	Rohtak	06XXXXXXXXXX1Z6	49,52,91,864	Other valid explanation
55.	Mismatch of ITC availed between Annual returns and Books of accounts (12F)	Rohtak	06XXXXXXXXXX1ZK	2,58,29,810	Other valid explanation
	Total			**52,11,21,674**	**(Say ₹ 52.11 crore)**
56.	Short payment of tax under RCM vs ITC availed in GSTR 3B/ GSTR 9	Bhiwani	06XXXXXXXXXX1Z9	27,43,634	SCN
	Total			**27,43,634**	**(Say ₹ 0.27 crore)**
57.	Mismatch of ITC availed between Annual returns and Books of accounts (12F)	Faridabad (South)	06XXXXXXXXXX1Z4	3,27,31,224	Under correspondence
	Total			**3,27,31,224**	**(Say ₹ 3.27 crore)**
58.	ITC mismatch between GSTR 2A and GSTR 3B	Panipat	06XXXXXXXXXX3ZR	11,58,00,207	Without Document
59.	Reconciliation between ITC availed in Annual returns with expenses in financial statements (14T)	Faridabad (South)	06XXXXXXXXXX1ZG	37,44,97,197	Without document
60.	Mismatch in turnover declared in GSTR 9C Table 5R	Faridabad (South)	06XXXXXXXXXX1ZP	38,56,26,368	Without document
61.	Mismatch in tax paid between books of accounts and returns	Panipat	06XXXXXXXXXX1ZG	46,50,170	Without document
	Total			**88,05,73,941**	**(Say ₹ 88.06 crore)**

Appendix- VIII
Detailed Audit of GST returns
(Refer Paragraph 2.9.11)
Detailed Audit cases

(Amount in ₹)

Sr. No.	Criteria	GSTIN	DETC	Turnover
1.	L	06XXXXXXXXXX1ZO	Gurugram (East)	1,16,50,53,21,472
2.	L	06XXXXXXXXXX1ZE	Gurugram (East)	17,33,21,08,480
3.	L	06XXXXXXXXXX1ZE	Gurugram (South)	17,22,14,10,816
4.	L	06XXXXXXXXXX1ZS	Gurugram (East)	16,25,62,21,252
5.	L	06XXXXXXXXXX1ZL	Gurugram (South)	11,74,38,76,152
6.	L	06XXXXXXXXXX2Z3	Gurugram (North)	8,94,67,45,344
7.	L	06XXXXXXXXXX2ZW	Faridabad (West)	2,73,97,38,880
8.	L	06XXXXXXXXXX1ZL	Gurugram (East)	1,59,47,91,680
9.	L	06XXXXXXXXXX1ZU	Gurugram (North)	1,52,35,47,520
10.	L	06XXXXXXXXXX1ZZ	Gurugram (West)	1,27,12,68,625
11.	L	06XXXXXXXXXX1ZS	Gurugram (East)	1,22,17,48,739
12.	L	06XXXXXXXXXX1ZY	Gurugram (South)	83,54,71,616
13.	L	06XXXXXXXXXX1ZT	Gurugram (East)	43,88,45,312
14.	L	06XXXXXXXXXX5ZE	Gurugram (East)	42,61,42,980
15.	L	06XXXXXXXXXX1Z4	Gurugram (East)	42,01,03,232
16.	L	06XXXXXXXXXX1ZG	Gurugram (East)	38,36,64,260
17.	L	06XXXXXXXXXX2ZG	Gurugram (East)	35,09,71,968
18.	L	06XXXXXXXXXX1Z0	Gurugram (East)	34,88,25,099
19.	L	06XXXXXXXXXX1ZP	Gurugram (North)	30,71,84,424
20.	L	06XXXXXXXXXX1Z5	Gurugram (North)	28,29,88,642
21.	L	06XXXXXXXXXX1ZK	Faridabad (West)	22,01,16,448
22.	L	06XXXXXXXXXX1ZT	Gurugram (West)	21,89,44,976
23.	L	06XXXXXXXXXX1ZJ	Gurugram (East)	20,28,47,168
24.	M	06XXXXXXXXXX1ZM	Gurugram (West)	18,27,99,691
25.	M	06XXXXXXXXXX1ZO	Faridabad (West)	18,14,99,686
26.	M	06XXXXXXXXXX1ZQ	Gurugram (North)	14,96,65,319
27.	M	06XXXXXXXXXX1ZL	Gurugram (East)	13,58,39,696
28.	M	06XXXXXXXXXX1Z5	Faridabad (North)	10,75,97,184
29.	M	06XXXXXXXXXX1ZB	Gurugram (East)	6,75,11,480
30.	M	06XXXXXXXXXX1ZR	Gurugram (East)	5,97,45,352
31.	M	06XXXXXXXXXX1ZL	Gurugram (North)	5,03,24,576
32.	M	06XXXXXXXXXX1ZU	Gurugram (East)	4,33,28,400
33.	M	06XXXXXXXXXX1ZZ	Gurugram (East)	4,03,14,036
34.	M	06XXXXXXXXXX1ZM	Gurugram (East)	3,55,86,600
35.	S	06XXXXXXXXXX1Z9	Ambala	2,73,73,670
36.	S	06XXXXXXXXXX1ZT	Sirsa	2,73,48,952
37.	S	06XXXXXXXXXX1ZP	Ambala	2,36,13,940
38.	S	06XXXXXXXXXX1Z1	Sonipat	1,02,79,138

Appendix- IX

(Refer Paragraph 2.9.11.1)

Scope Limitation (Non-production of records)

(Amount in ₹)

Sr. No.	DETC	GSTN	Total	List of records not produced
1	Ambala	06XXXXXXXXXX1Z9	12,20,585	
		06 XXXXXXXXXX1ZP	1,50,09,693	
Total			**1,62,30,278**	
2	Faridabad (North)	06 XXXXXXXXXX1Z5	63,69,729	
Total			**63,69,729**	
3	Faridabad (West)	06 XXXXXXXXXX1ZK	44,99,166	
		06 XXXXXXXXXX2ZW	1,93,16,604	
		06 XXXXXXXXXX1ZO	0	
Total			**2,38,15,770**	
4	Gurugram (East)	06 XXXXXXXXXX1ZS	10,56,50,309	
		06 XXXXXXXXXX1ZM	26,80,534	
		06 XXXXXXXXXX1Z0	3,46,58,011	
		06 XXXXXXXXXX1ZZ	38,64,037	
		06 XXXXXXXXXX1ZR	41,65,773	
		06 XXXXXXXXXX1ZB	52,96,594	Invoices, Financial statements along with notes and schedules, Debit/credit notes and List of creditors.
		06 XXXXXXXXXX1ZE	1,14,41,06,494	
		06 XXXXXXXXXX5ZE	1,92,84,420	
		06 XXXXXXXXXX1ZL	4,24,17,058	
		06 XXXXXXXXXX1ZG	4,23,90,987	
		06 XXXXXXXXXX2ZG	36,66,316	
		06 XXXXXXXXXX1ZS	4,60,35,136	
		06 XXXXXXXXXX1ZJ	30,81,316	
		06 XXXXXXXXXX1ZU	50,13,940	
		06 XXXXXXXXXX1ZT	1,19,84,384	
		06 XXXXXXXXXX1ZO	0	
		06 XXXXXXXXXX1Z4	3,73,32,006	
		06 XXXXXXXXXX1ZL	64,39,784	
Total			**1,51,80,67,096**	
5	Gurugram (North)	06XXXXXXXXXX1ZQ	1,34,37,590	
		06XXXXXXXXXX1Z5	4,29,66,663	

Sr. No.	DETC	GSTN	Total	List of records not produced
		06XXXXXXXXXX1ZL	1,19,26,082	
		06XXXXXXXXXX1ZP	1,19,39,178	
		06XXXXXXXXXX2Z3	19,14,878	
		06XXXXXXXXXX1ZU	14,69,34,385	
Total			**22,91,18,776**	
6	Gurugram (South)	06XXXXXXXXXX1ZY	4,45,18,780	
		06XXXXXXXXXX1ZL	35,65,716	
		06XXXXXXXXXX1ZE	10,66,49,134	
Total			**15,47,33,630**	
7	Gurugram (West)	06XXXXXXXXXX1ZT	35,79,720	
		06XXXXXXXXXX1ZZ	4,04,16,150	
		06XXXXXXXXXX1ZM	11,24,035	
Total			**4,51,19,905**	
8	Sirsa	06XXXXXXXXXX1ZT	0	
Total			**0**	
9	Sonipat	06XXXXXXXXXX1Z1	58,30,622	
Total			**58,30,622**	
Grand Total			**1,99,92,85,806**	

Appendix- X

(Refer Paragraph 2.9.12.2)

Short reversal of ITC as reversal done in 7H of GSTR 9 and reversal worked out as per exempted supply of GSTR 9 table 5 (D+E)/3B.

(Amount in ₹)

Sr. No.	DETC	GSTN	Exempted and Nil Rated supply GSTR-9/5 (D+E)/3B	Total Turnover as per GSTR-9/3B	Total ITC availed as per GSTR-9	Reversal worked out as per available database	Reversal done as per Table 7H of GSTR 9	Short Reversal or Non-Reversal
			A	B	C	D	E	F=D-E
1	Gurugram (East)	06XXXXXXXXXX1Z0	1,12,50,433	34,88,25,099	13,92,76,448	44,91,994	0	44,91,994
2	Gurugram (East)	06XXXXXXXXXX1ZJ	20,28,47,168	20,28,47,168	15,79,076	15,79,076	0	15,79,076
3	Gurugram (East)	06XXXXXXXXXX1ZL	1,30,38,368	13,52,03,670	1,32,03,911	12,73,319	0	12,73,319
4	Gurugram (North)	06XXXXXXXXXX1ZL	3,60,87,288	5,03,24,576	71,67,872	51,40,015	0	51,40,015
5	Gurugram (East)	06XXXXXXXXXX1ZT	35,18,04,480	42,94,37,500	1,32,21,232	1,08,31,119	44,42,595	63,88,524
6	Gurugram (North)	06XXXXXXXXXX1ZP	1,86,44,824	30,71,84,424	1,93,97,591	11,77,354	3,84,019	7,93,335
7	Gurugram (South)	06XXXXXXXXXX1ZE	13,67,45,232	16,63,54,10,728	3,42,57,36,904	2,81,60,001	14,89,636	2,66,70,365
8	Gurugram (West)	06XXXXXXXXXX1ZT	73,64,163	19,29,38,449	2,38,08,460	9,08,732	0	9,08,732
9	Faridabad (West)	06XXXXXXXXXX2ZW	1,89,98,722	2,73,97,38,832	27,58,82,985	18,42,634	7,61,993	10,80,641
10	Gurugram (East)	06XXXXXXXXXX1ZS	5,49,79,64,032	16,25,62,21,252	63,76,46,732	10,68,84,807	62,15,490	10,06,69,317
11	Gurugram (East)	06XXXXXXXXXX5ZE	13,84,079	42,61,42,979	8,56,64,674	2,84,126	0	2,84,126
Total								**14,92,79,444**

Appendix- XI

(Refer Paragraph 2.9.12.2)

Mismatch in availing of ITC through Input Service Distribution in GSTR 9 table 6G and ISD distributed

(Amount in ₹)

Sr. No.	DETC	GSTN	ISD Credit availed in R-9 Table 6G	ISD Credit availed in 3B Table 4A (5)	ISD Distributed	No. of Distributors for the Taxpayers	Mismatch
1	Gurugram (North)	06XXXXXXXXXX2Z3	19,14,878	19,14,878	0	0	19,14,878
	Total						**19,14,878**

Appendix- XII

(Refer Paragraph 2.9.12.2)

The ITC available as per GSTR-2A with all its amendments was compared with ITC availed in GSTR 3B and GSTR 9 (whichever is higher)

(Amount in ₹)

Sr. No.	DETC	GSTN	ITC availed as per GSTR 2A	ITC availed as per GSTR 3B	ITC availed as per GSTR 9	Whichever is higher (B & C)	Amount of deviation of mismatch of ITC
			A	B	C	D	E=D-A
1.	Ambala	06XXXXXXXXXX1Z9	20,67,365	22,52,349	0	22,52,349	1,84,984
2.	Ambala	06XXXXXXXXXX1ZP	20,10,563	34,24,579	91,60,923	91,60,923	71,50,360
3.	Faridabad (North)	06XXXXXXXXXX1Z5	1,49,48,171	1,89,54,488	1,89,54,488	1,89,54,488	40,06,317
4.	Faridabad (West)	06XXXXXXXXXX1ZK	1,37,71,161	1,78,58,834	1,78,63,422	1,78,63,422	40,92,261
5.	Faridabad (West)	06XXXXXXXXXX2ZW	16,58,09,425	18,40,45,388	16,57,68,972	18,40,45,388	1,82,35,963
6.	Gurugram (East)	06XXXXXXXXXX1ZM	14,09,262	25,40,295	28,29,711	28,29,711	14,20,449
7.	Gurugram (East)	06XXXXXXXXXX1Z0	14,32,64,385	17,01,32,544	17,01,32,544	17,01,32,544	2,68,68,159
8.	Gurugram (East)	06XXXXXXXXXX1ZZ	50,84,825	61,60,900	0	61,60,900	10,76,075
9.	Gurugram (East)	06XXXXXXXXXX1ZR	1,07,18,452	1,33,74,321	1,33,74,321	1,33,74,321	26,55,869
10.	Gurugram (East)	06XXXXXXXXXX1ZB	39,65,887	49,78,258	79,65,299	79,65,299	39,99,412
11.	Gurugram (East)	06XXXXXXXXXX1ZE	1,94,92,35,223	2,93,41,37,674	1,91,01,39,741	2,93,41,37,674	98,49,02,451
12.	Gurugram (East)	06XXXXXXXXXX5ZE	6,83,72,519	8,72,64,495	8,72,64,499	8,72,64,499	1,88,91,980
13.	Gurugram (East)	06XXXXXXXXXX1ZL	6,48,11,578	7,02,73,598	6,59,42,050	7,02,73,598	54,62,020
14.	Gurugram (East)	06XXXXXXXXXX1ZG	4,10,99,492	5,21,59,112	4,25,04,080	5,21,59,112	1,10,59,620
15.	Gurugram (East)	06XXXXXXXXXX2ZG	73,01,715	87,56,358	87,56,358	87,56,358	14,54,643
16.	Gurugram (East)	06XXXXXXXXXX1ZS	4,54,02,457	5,47,55,934	5,48,76,214	5,48,76,214	94,73,757
17.	Gurugram (East)	06XXXXXXXXXX1ZJ	16,47,819	28,08,990	24,67,921	28,08,990	11,61,171
18.	Gurugram (East)	06XXXXXXXXXX1ZU	53,49,352	88,20,006	88,20,005	88,20,006	34,70,654
19.	Gurugram (East)	06XXXXXXXXXX1ZT	40,34,345	86,46,794	41,62,790	86,46,794	46,12,449
20.	Gurugram (East)	06XXXXXXXXXX1Z4	6,88,97,085	7,85,73,886	6,88,37,201	7,85,73,886	96,76,801
21.	Gurugram (East)	06XXXXXXXXXX1ZL	1,00,30,607	1,18,22,680	1,13,96,560	1,18,22,680	17,92,073
22.	Gurugram (North)	06XXXXXXXXXX1ZQ	1,76,66,826	3,10,18,020	3,10,18,020	3,10,18,020	1,33,51,194
23.	Gurugram (North)	06XXXXXXXXXX1Z5	1,25,25,905	4,11,52,134	1,23,87,820	4,11,52,134	2,86,26,229
24.	Gurugram (North)	06XXXXXXXXXX1ZL	59,41,517	71,67,872	0	71,67,872	12,26,355

Sr. No.	DETC	GSTN	ITC availed as per GSTR 2A	ITC availed as per GSTR 3B	ITC availed as per GSTR 9	Whichever is higher (B & C)	Amount of deviation of mismatch of ITC
			A	**B**	**C**	**D**	**E=D-A**
25.	Gurugram (North)	06XXXXXXXXXX1ZP	1,93,23,015	2,17,45,228	2,17,45,228	2,17,45,228	24,22,213
26.	Gurugram (North)	06XXXXXXXXXX1ZU	12,46,909	13,78,34,448	12,19,438	13,78,34,448	13,65,87,539
27.	Gurugram (South)	06XXXXXXXXXX1ZY	36,79,18,020	40,55,42,752	0	40,55,42,752	3,76,24,732
28.	Gurugram (West)	06XXXXXXXXXX1ZT	20,2,52,208	2,24,00,680	1,87,61,266	2,24,00,680	21,48,472
29.	Gurugram (West)	06XXXXXXXXXX1ZZ	12,04,81,881	13,28,77,413	13,28,76,945	13,28,77,413	1,23,95,532
30.	Gurugram (West)	06XXXXXXXXXX1ZM	2,57,94,534	2,69,18,569	2,69,18,569	2,69,18,569	11,24,035
31.	Sonipat	06XXXXXXXXXX1Z1	28,20,769	40,53,996	40,53,996	40,53,996	12,33,227
	Total		**3,22,32,03,272**	**4,57,24,52,595**	**2,92,01,98,381**	**4,58,15,90,268**	**1,35,83,86,996**

Appendix- XIII

(Refer Paragraph 2.9.12.2)

The tax liability under RCM in GSTR 9 was compared with tax payable as per GSTR 3B.

(Amount in ₹)

Sr. No.	DETC	GSTN	RCM ITC availed in GSTR 3B	RCM tax payable in GSTR 3B	RCM ITC availed in R-9	RCM mismatch
1	Gurugram (East)	06XXXXXXXXXX1Z0	1,82,38,024	1,80,10,078	1,82,38,018	2,27,940
2	Gurugram (North)	06XXXXXXXXXX1Z5	1,11,560	52,760	1,11,560	58,800
	Total					**2,86,740**

Appendix- XIV

(Refer Paragraph 2.9.12.2)

Table 12F (Un-reconciled ITC) of the form 9C captures the unreconciled ITC between the annual return GSTR 9 and that declared in the Financial Statements for the year after the requisite adjustments. Un-reconciled ITC availed in Annual Return (Table 12F of Form 9C)

(Amount in ₹)

Sr. No.	DETC	GSTIN	ITC availed as per audited financial statements or books of account (12D of GSTR 9C)	ITC claimed in GSTR 9 (12 E or 14S of GSTR-9C)	Excess ITC availed or Un - reconciled ITC Table 12 F of 9C
			A	**B**	**C = B-A**
1	Ambala	06XXXXXXXXXX1ZP	34,24,580	91,60,923	57,36,343
2	Faridabad (West)	06XXXXXXXXXX1ZK	1,74,61,105	1,78,68,010	4,06,905
3	Gurugram (East)	06XXXXXXXXXX1ZM	10,43,280	23,03,365	12,60,085
4	Gurugram (East)	06XXXXXXXXXX1ZE	3,57,43,47,045	3,61,91,19,044	4,47,71,999
5	Gurugram (East)	06XXXXXXXXXX1ZG	8,62,16,379	6,38,71,392	2,23,44,987
6	Gurugram (East)	06XXXXXXXXXX2ZG	2,71,22,775	2,74,38,444	3,15,669
7	Gurugram (East)	06XXXXXXXXXX1ZT	81,84,694	82,09,612	24,918
8	Gurugram (East)	06XXXXXXXXXX1ZL	1,39,71,723	1,39,33,623	38,100
9	Gurugram (North)	06XXXXXXXXXX1Z5	5,54,29,428	5,54,15,050	14,378
10	Gurugram (North)	06XXXXXXXXXX1ZP	2,13,75,178	2,17,45,228	3,70,050
11	Gurugram (South)	06XXXXXXXXXX1ZE	3,17,99,76,640	3,25,99,55,410	7,99,78,770
12	Gurugram (West)	06XXXXXXXXXX1ZZ	14,24,62,100	17,04,82,718	2,80,20,618
13	Sonipat	06XXXXXXXXXX1Z1	0	40,53,996	40,53,996
	Total				**18,73,36,818**

Appendix- XV

(Refer Paragraph 2.9.12.2)

Non reversal of ITC on Capital goods. For this ITC reversal in lieu of Capital Goods used for taxable and exempted/nil supplies should not be less than in table 7C, 7D or 7H with reversal worked out in 6A. GSTR 9 Table 7D with reversal worked out

(Amount in ₹)

Sr. No.	DETC	GSTN	ITC on Capital Goods as per GSTR-9/ 6 B	Exempted and Nil Rated supply GSTR-9 5 (D+E)	Total Turnover as per Table 5N of GSTR 9	Reversal made on Capital Goods as per 7D of GSTR-9	Reversal worked out	Non reversal of ITC
			A	B	C	D	E	F=E-D
1	Gurugram (East)	06XXXXXXXXXX1ZT	4,51,512	35,18,67,564	43,04,18,518	0	3,69,112	3,69,112
	Total							**3,69,112**

Appendix- XVI

(Refer Paragraph 2.9.12.2)

The difference between ITC availed in 3B as shown in Table 6A of GSTR-9 and ITC availed in Table 6I of GSTR 9 was compared.

(Amount in ₹)

Sr. No.	DETC	GSTN	ITC declared in GSTR-9 Table 6A	ITC available as per GSTR 9 Table 6I	Difference between ITC availed in 3B and declared in R9 (6J)=6I-6A	Excess availing of ITC
			A	B	C=B-A	D
1	Gurugram (East)	06XXXXXXXXXX5ZE	9,73,45,445	9,72,37,131	(-) 1,08,314	1,08,314
2	Gurugram (East)	06XXXXXXXXXX1ZL	7,84,02,739	7,49,39,061	(-) 34,63,678	34,63,678
3	Gurugram (East)	06XXXXXXXXXX1ZG	6,84,40,665	6,12,43,591	(-) 71,97,074	71,97,074
4	Gurugram (East)	06XXXXXXXXXX1ZJ	28,15,110	24,74,041	(-) 3,41,069	3,41,069
5	Gurugram (East)	06XXXXXXXXXX1Z4	6,74,97,670	5,77,51,921	(-) 97,45,749	97,45,749
6	Gurugram (South)	06XXXXXXXXXX1ZL	2,20,48,04,093	2,20,12,38,376	(-) 35,65,717	35,65,716
	Total					**2,44,21,600**

Appendix- XVII
(Refer Paragraph 2.9.12.3)

In order to analyse the un-discharged tax liability, relevant data were extracted from GSTR 1 and GSTR 9 for the year 2017-18 and the tax payable in these returns was compared with the tax paid declared in GSTR 3B.

(Amount in ₹)

Sr. No.	DETC	GSTN	Tax liability as per GSTR-1	Tax liability as per GSTR-3B	Tax liability as per GSTR-9	Tax liability mismatch
			A	B	C	D=A~C-B
1	Ambala	06XXXXXXXXXX1Z9	32,84,840	22,49,239	-	10,35,601
2.	Ambala	06XXXXXXXXXX1ZP	53,99,221	32,76,231	32,76,231	21,22,990
3.	Faridabad (North)	06XXXXXXXXXX1Z5	1,93,67,492	1,70,04,080	1,93,67,492	23,63,412
4.	Gurugram (East)	06XXXXXXXXXX1ZS	1,94,40,85,760	1,93,91,04,768	1,93,90,86,978	49,80,992
5.	Gurugram (East)	06XXXXXXXXXX1Z0	9,61,61,656	9,67,30,813	9,98,00,731	30,69,918
6.	Gurugram (East)	06XXXXXXXXXX1ZB	1,06,19,455	93,22,273	88,15,713	12,97,182
7.	Gurugram (East)	06XXXXXXXXXX1ZE	3,09,99,07,580	2,98,54,75,536	2,98,54,75,536	11,44,32,044
8.	Gurugram (East)	06XXXXXXXXXX1ZL	37,23,61,280	33,88,69,920	33,88,73,999	3,34,91,360
9.	Gurugram (East)	06XXXXXXXXXX1ZG	5,71,17,912	5,67,07,028	5,84,96,334	17,89,306
10.	Gurugram (East)	06XXXXXXXXXX2ZG	1,69,98,110	1,51,02,105	1,59,54,528	18,96,005
11.	Gurugram (East)	06XXXXXXXXXX1ZU	70,02,120	60,57,241	76,00,527	15,43,286
12.	Gurugram (East)	06XXXXXXXXXX1ZT	1,11,87,920	1,05,98,539	1,00,19,484	5,89,381
13.	Gurugram (East)	06XXXXXXXXXX1Z4	7,56,18,592	5,77,09,136	4,92,18,255	1,79,09,456
14.	Gurugram (East)	06XXXXXXXXXX1ZL	2,18,27,816	1,84,91,524	1,84,91,337	33,36,292
15.	Gurugram (North)	06XXXXXXXXXX1ZQ	2,93,22,112	2,92,35,716	2,13,54,358	86,396
16.	Gurugram (North)	06XXXXXXXXXX1Z5	5,09,33,760	3,66,70,700	5,09,37,956	1,42,67,256
17.	Gurugram (North)	06XXXXXXXXXX1ZL	81,22,424	25,62,712	-	55,59,712
18.	Gurugram (North)	06XXXXXXXXXX1ZP	2,09,97,302	1,26,43,722	1,19,90,666	83,53,580
19.	Gurugram (North)	06XXXXXXXXXX1ZU	27,42,38,528	26,38,91,696	27,42,38,542	1,03,46,846
20.	Gurugram (South)	06XXXXXXXXXX1ZY	35,36,32,320	34,67,38,272	-	68,94,048
21.	Gurugram (West)	06XXXXXXXXXX1ZT	10,96,254	5,73,738	5,78,957	5,22,516
22.	Gurugram (East)	06XXXXXXXXXX1Z1	27,89,235	22,45,836	22,45,836	5,43,399
23.	Gurugram (East)	06XXXXXXXXXX1ZS	9,18,52,728	5,52,91,352	5,52,91,349	3,65,61,376
24.	Gurugram (East)	06XXXXXXXXXX1ZR	1,07,85,460	92,75,556	1,03,51,229	15,09,904
25.	Gurugram (East)	06XXXXXXXXXX1ZZ	72,56,526	52,70,665	-	19,85,861
		Total	**6,59,19,66,403**	**6,32,10,98,398**	**5,98,14,66,038**	**27,64,88,119**

Appendix XVIII

(Refer Paragraph 5.7.1.1)

Alignment of IT System Objectives with Business Objectives

Sr. No.	IT System objective	Business objective	Other included functionality	Identified process to link IT System objective to Business objective	Benchmarks for measuring achievement	Roadmap for achieving and using other functionalities
1	to enhance program information	To improve performance monitoring	-	No document was available describing the functions to be incorporated in the application to monitor the improvement in performance of functions	No benchmarks have been included to assess the achievements and no exercise has been done for the same	No such document/ study was found in the records of the department.
2	to enhance financial reporting	To improve resource allocation decisions	-	No report indicating the improvement in resource allocation was made available	-do-	-do-
3	consolidating information sources and offering greater functionality	For greater employee productivity	To provide financial analysis capability	No report was made available indicating the increased employee productivity	-do-	-do-
4	standardisation of processes and skills	For reduction in employee training and transition costs	To provide financial analysis capability	No study report was made available indicating reduction in training and transition costs	-do-	-do-
5	improved data exchange between the Treasuries, Accountant General, Haryana and departments	To reduce the time and effort which is at present done through error analysis and reconciliation	-	No assessment report was available indicating reduction in time and effort for error analysis and reconciliation.	-do-	-do-
6	standardisation of common processes, systems, and data definitions	To reduce administrative costs	-	No such report was made available	-do-	-do-
7	re-engineered business processes	to reduce costs and/or generate additional revenues etc.	-	No such assessment report was available	-do-	-do-

(Source: Departmental Records)

Appendix XIX

(Refer Paragraph 5.7.1.2)

Amendments in Business Rules

Table A "The Punjab Treasury Rules"

Sr. No	Treasury Rules	Proposed Change	Remark/Justifications
1.	TR 7. (1)	**Insert following Note below TR 7. (1)** Note: The Banks receiving moneys on behalf of GOH, may credit received sum in a bank account beforedepositing it through Cyber Treasury System. However moneys received during the day should be deposited the same day through Cyber Treasury.	When Cyber Treasury will be used for all receipts. The money (cash, etc.) tendered at the agency banks will have to be first credited to a bank account before crediting to the state account through Cyber Treasury.
2.	TR 10 (i), (ii) and (iii)	**May be amended** (as per payment Procedures finalised through Cyber Treasury)	This is with reference to e-challan system of the cyber treasury

Table B "The Subsidiary Treasury Rules Issued under Punjab Treasury Rules"

Sr. No.	Subsidiary Treasury Rules	Proposed Change	Remark/Justifications
1.	STR 2.7, 2.8, 2.9, 2.10, 2.11, 2.14, 2.19, 2.20, 2.21 and 2.23	**May be amended** (as per Payment Procedures through Cyber Treasury)	This is with reference to e-challan system of the cyber treasury. Relevant STRs will be amended accordingly.
2.	STR 2.24 and 2.25	May be referred in report section of IFHRMIS	To be included in standard periodical reports of IFHRMIS
3.	STR 2.9 (1) to (6) and notes below	May be deleted	Money will have to be deposited through Cyber Treasury in all cases
4.	<u>General Note:</u>	**All bill forms referred in the STRs will be replaced by relevant electronic forms and related instructions after design/ development of the IFHRMIS**	Applicable for all references to STR forms
5.	STR 4.5 and 1. and 2. Note Exceptions 1. & 2. All notes below and STR 4.6	May be deleted	The reference is in the context of preparation of manual form (point 4. above referred)
6.	*(vi) General instructions regarding Preparation and form of Vouchers* 'as contained in STR 4.7' (read with all sections, notes, etc.)	Will be replaced by the relevant section of the manual of IFHRMIS	Instructions regarding filling up of electronic forms in IFHRMIS manual

Sr. No.	Subsidiary Treasury Rules	Proposed Change	Remark/Justifications
7.	*(x) Government…cheques* ‘‘as contained in STR 4.12 to 4.16; 4.75 to 4.78, 4.81 (b) and 4.86, 4.87, 4.89 and 4.90	To be replaced by the relevant section of the manual of IFHRMIS for disbursements in Works/Forest departments	Instructions regarding Works/Forest disbursement in IFHRMIS to be online rather thanthrough cheques
8.	STR4.50	May be deleted	There is no likelihood of any sub-treasury setup in IFHRMIS
9.	(viii) Pension Payments “provisions as contained in STR 4.92 to 4.109	To be amended as per procedure finalised for ‘e-pension’ and/or procedures finalised CPMMS in IFHRMIS	
10	(x) *Telegraphic…..Drafts* “STR 4.115 to 4.127	May be Deleted	There will be no scope of such encashment through treasuries
11	“STR 4.131 (ii), STR4.132, STR 4.143, STR 4.145, STR 4.153, STR 4.158 and STR 4.159	Word cheques may be replaced by electronic form for deposits	
12	STR 4.181	May be deleted	Cheque systems to be dispensed within IFHRMIS

GLOSSARY

Glossary of Abbreviations

AAs	Assessing Authorities
AC	Abstract Contingency
AETOs	Assistant Excise and Taxation Officers
AG	Accountant General
AIS	All India Services
ATNs	Action Taken Notes
ATO	Assistant Treasury Officer
BCA	Budget Controlling Authority
BCO	Budget Controlling Officer
BCP	Business Continuity Plan
BEs	Budget Estimates
BIFR	Board of Industrial and Financial Reconstruction
Boweb.internal.gst.in	The back-end system of the Excise and Taxation Department
CAATs	Computer Assisted Audit Techniques
CAG	Comptroller and Auditor General of India
CBIC	Central Board of Indirect Taxes and Customs
CCD	Civil Court Deposit
CERT	Computer Emergency Response Team
CGA	Controller General of Accounts
CGST	Central Goods and Service Tax
CISO	Chief Information Security Officer
CL	Country Liquor
CPPC	Centralised Pension Processing Centres
CPSMS	Central Plan Schemes Monitoring System
CST Act	Central Sales Tax Act, 1956
DA	Dearness Allowance
DC	Detailed Contingency
DDO	Drawing and Disbursement Officer
DETC	Deputy Excise and Taxation Commissioner
DHBVNL	Dakshin Haryana Bijli Vitran Nigam Limited
DMS	Debt Management system
DR	Disaster Recovery
DRP	Disaster Recovery Plan
DSC	Digital signature certificates
DTA	Directorate of Treasuries and Accounts
e-GRAS	Online Government Receipt Accounting Systems
EPS	Electronic payment system
ETC	Excise and Taxation Commissioner
ETOs	Excise and Taxation Officers
FD	Finance Department
GAR	Government Accounting Rules

GoH	Government of Haryana
GoI	Government of India
GPF	General Provident Fund
GRN	Government Reference Number
GRP	Government Railway Police
GST	Goods and Service Tax
GSTIN	Goods and Service Tax Identification Number
GTO	Gross Turnover
HGST	Haryana Goods and Service Tax Act
HMC	Haryana Municipal Corporation
HNPS	Haryana New Pension Scheme
HRMS	Human Resource Management System
HSAMB	Haryana State Agriculture Marketing Board
HS-CERT	Haryana State-Computer Emergency Response Team
HSVP	Haryana Shehri Vikas Pradhikaran
HVAT Act	Haryana Value Added Tax Act, 2003
ICEGATE	Indian Customs Electronic Gateway
IFMS	Integrated Financial Management System
IFSC	Indian Financial System Code
IGR	Inspector General of Registration
IGST	Integrated Goods and Service Tax
IMFL	Indian Made Foreign Liquor
IOCL	Indian Oil Corporation Limited
IR Act	Registration Act, 1908
IRs	Inspection Reports
IS	Information Systems
IS Act	Indian Stamp Act, 1899
ISD	Input Service Distributors
ISMO	Information Security Management Office
ITC	Input Tax Credit
IU	Intelligence Unit Of the State
JETC	Joint Excise and Taxation Commissioner
JSR	Joint Sub Registrar
LMMH	List of Major and minor Head of Accounts
LTC	Leave Travel Concession
MAS	Material at site register
MC	Municipal Corporation
MEITY	Ministry of Electronics and Information Technology
MIS	Management Information Systems
NIC	National Informatics Centre
NIC-HSU	National Informatics Centre -Haryana State Unit
NPS	New Pension Scheme
NSDL	National Securities Depository Limited
OBAMS	Online Budget Allocation Monitoring and Analysis System

OTIS	Online Treasury Information System
OTP	One Time Password
PAC	Public Accounts Committee
PAG	Principal Accountant General (Audit)
PAN	Permanent Account Number
PDA	Pension Disbursement Authority
PDC	Pension Disbursement Cell
PL	Proof Litre
PPO	Pension Payment Orders
PRAN	Permanent Retirement Account Number
PSU	Public Sector Undertaking
PWD (B&R)	Public Works Department (Building and Roads)
RA	Revisional Authority
RBI	Reserve Bank of India
RCM	Reverse Charge Mechanism
RF	Registration Fee
SBI	State Bank of India
SD	Stamp Duty
SED	State Excise Duty
SEZ	Special Economic Zone
SGST	State Goods & Service Tax
SGST Act	State Goods and Services Tax Act,2017
SOC	Security Operations Centre
SOP	Standard Operating Procedures
SR	Sub Registrar
SSCA	Subject Specific Compliance Audit
STD	Sales Tax Department
STO	State Tax Officer
TCS	Tax Collected at Source
TDN	Tax Demand Notice
TDS	Tax Deducted at Source
TO	Treasury Officer
TR/STR	Treasury Rules/Subsidiary Treasury Rules
TRU	Tax Research Unit
UCP	Unique code of payee
UHBVNL	Uttar Haryana Bijli Vitran Nigam Limited
ULB	Urban Local Bodies
UT	Union Territory
VAT	Value Added Tax
WANs	Wide Area Networks

www.cag.gov.in/ag/haryana/en