Chapter-1

IFMS overview and Audit approach

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1.1 Introduction

Integrated Financial Management System (IFMS) is a Web based financial accounting system under Mission Mode Project (MMP) of National e-Governance Plan (NeGP). IFMS was designed and developed to provide user interface to various users of State Government Treasury in the State. This portal provides real time financial transactions of Government of Uttarakhand (GoU) performed at 91[1]Treasuries/Sub Treasuries connected through dedicated lease lines across the state. The list of treasuries and sub-treasuries is given in ***Appendix-1.1***.

Before implementation of IFMS, various transactions related to Drawing and Disbursing Officers (DDOs) of GoU were being carried out through Core Treasury System.

NeGP, originally launched by the Government of India (GoI) in 2006, currently comprises 31 MMPs. An MMP is an individual project that focuses on one aspect of electronic governance, such as banking, land records and commercial taxes, etc. Treasuries computerization was one of the 13 MMPs for states (rest MMPs were central or integrated MMPs) which was developed as IFMS in Uttarakhand.

The IFMS architecture was a centralised system with all processing centralised in a set of servers located at the Finance Data Centre (FDC). The treasuries were connected to the FDC through Uttarakhand State Wide Area Network (UKSWAN). There was a total of 4,586 DDOs registered in IFMS. IFMS was integrated with 23 different applications as given in ***Appendix-1.2***. IFMS went live in all Department of Uttarakhand with effect from 01 April 2019.

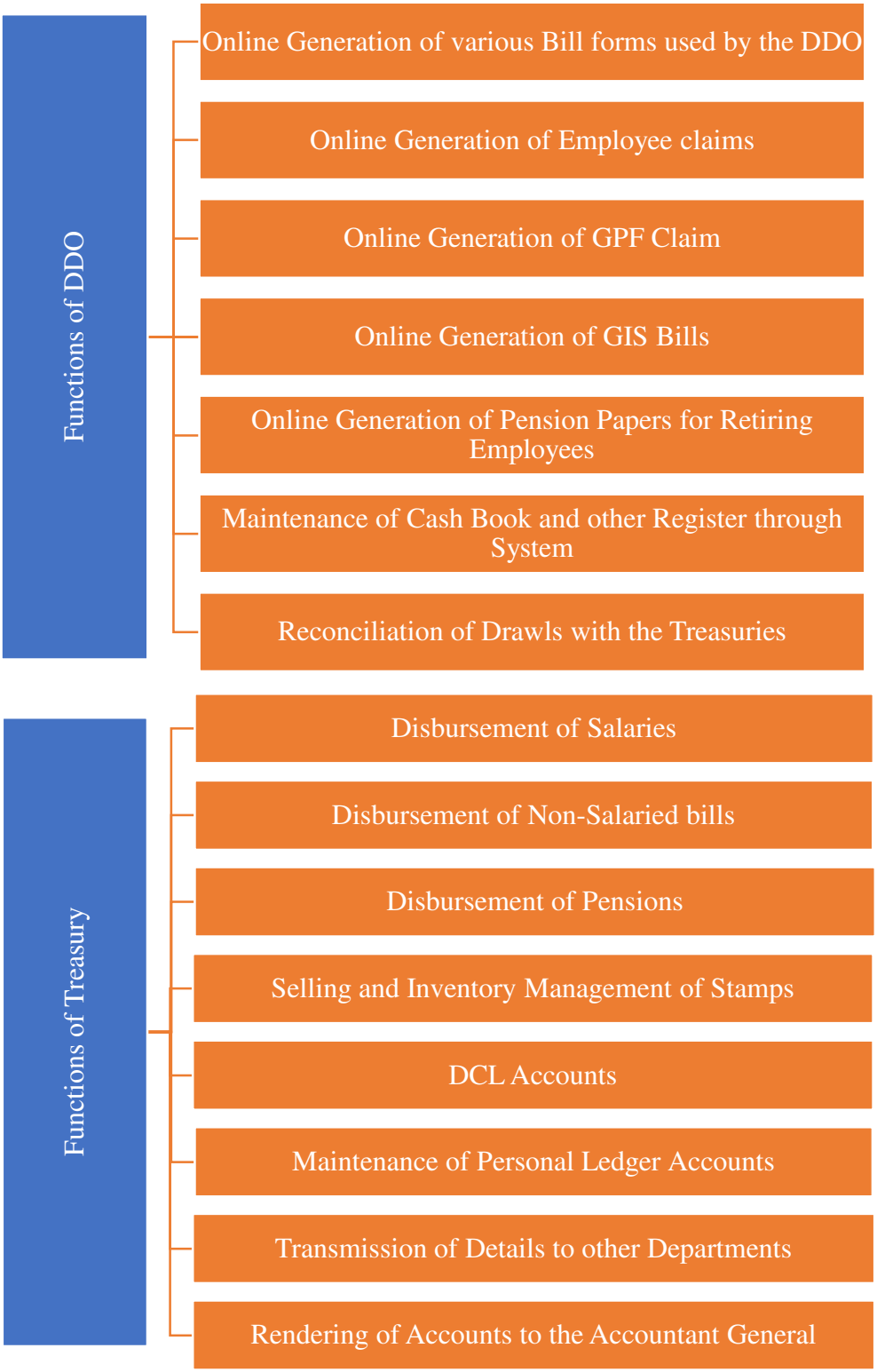
1.2 Salient features of IFMS

Common Electronic Platform	Centralised Data Processing	Uniformity	Transparency
• To provide Common Electronic Platform to its internal and external stakeholders	• To process all receipts and payments transactions online centrally at FDC.	• To establish uniformity between Government, Head of the Departments and Head of the Offices.	• To make all payments trasparently in a defined time period.

[1] 13 District Treasuries, six Treasuries, one Cyber Treasury, 70 sub-treasuries and one Pay and Accounts Office (PAO)

1.3 Functions performed by DDOs and Treasuries through IFMS

DDOs and Treasuries perform various functions through IFMS which are shown below:



1.4 Important milestones of IFMS

2010 - Computerisation of Treasuries initiated under Mission Mode Project (MMP) of National e-Governance Plan (NeGP)

July 2010 - Government of India (GoI) issued Office Memorandum to all States to send their proposals in accordance with guidelines

January 2013 - Government of Uttarakhand submitted its Detailed Project Report (DPR) - MMP Treasuries and named the project as IFMS

26 July 2013 - GoI approved DPR and released ₹ 243.50 lakh against total project cost of ₹ 1150.17 lakh.

16 October 2014- Tender for Software Development invited. Bid cancelled as only one bidder was qualified in technical bid.

23 February 2015 - Re-tender invited. M/s Techno Brain India Pvt. Ltd. selected (06 June 2015) to develop IFMS at a total cost of ₹1,51,68,600/-

08 October 2015 - Contract signed between Finance Department and M/s Techno Brain India Pvt. Ltd.

30 August 2018 - Contract with M/s Techno Brain India Pvt Ltd. Terminated.

18 August 2018 - Tender was invited for completion of residual software development.

25 October 2018 - M/s Indus Web Solution, Pvt. Ltd. selected to complete residual work at a cost of ₹ 1,12,92,000/-.

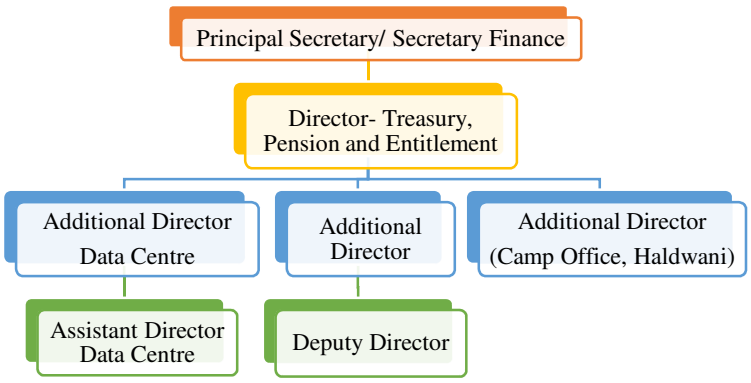
22 March 2019 - Contract signed with M/s Indus Web Solution, Pvt. Ltd.

01 April 2019 - IFMS was made Go-Live.

1.5 Organisational set-up

Directorate of Treasury, Pension and Entitlement (DTPE) under the administrative control of Finance Department (FD) was the nodal agency for implementation of IFMS. Detailed organisational set-up is given in **Chart-1** below:

Chart-1: Organisational Structure



1.6 Audit Objectives

Audit was conducted to assess and derive assurance about the effectiveness of IFMS system with regards to IT controls, mapping of business processes and functioning of major modules of the system. The audit assessed efficiency and effectiveness of following-

- Business process re-engineering.
- Project Management.
- IFMS functionalities and controls.
- Integration of IFMS with other systems; and
- Information system security.

1.7 Audit criteria

The audit criteria were derived from the following sources:

- Provisions of National e-Governance policies & standards and technical documents.
- Detailed Project Report (DPR) of IFMS, Request for Proposal (RFP); Software Requirement Specifications (SRS) and Functional Requirement Specification (FRS) of IFMS.
- Government Orders with regard to treasury computerization /cyber security / IT systems etc.; and
- Uttarakhand Budget Manual, Financial Hand Book/ Treasury Rules and Standing Orders on Treasuries.

1.8 Audit Scope and Methodology

Audit of IFMS was conducted from 05 September 2022 to 15 December 2022. An entry conference was conducted on 26 August 2022 with the Secretary- Finance and Additional Director, In-Charge FDC, DTPE, Dehradun. Audit checked the records of DTPE and was given access to test environment of IFMS. We also analysed IFMS data covering the period from 1 April 2019 to 31 March 2022.The Audit examined nine major modules[2] out of total 25 modules, given in ***Appendix-1.3***, available in IFMS. We had access to the system through front-end and back-end for user walkthrough, and data analysis. Audit also visited Cyber Treasury and FDC to gain insight of the working of IFMS.

Audit findings were reported to GoU on 07.03.2023 and an exit conference was held with the Secretary-Finance, GoU on 21.06.2023. The responses during exit conference and written replies received (23.08.2023) from the Government have been incorporated in this report, at appropriate places.

[2] Budget (Budget Preparation, Budget Disbursement, Budget Maintenance, Budget Planning); DDO, e-Challan, Receipt Accounting, e-Payment, and Payment Accounting.

1.9 Acknowledgement

The Office of the Principal Accountant General (Audit) Uttarakhand acknowledges the co-operation extended by the officers and staff of DTPE in providing necessary access to data, information and records for audit.