TABLE OF CONTENTS

Particulars	Paragraph	Page
Preface		(v)
Executive summary		(vii)
CHAPTER I: INTRODUCTION		
Evolution of the Integrated Financial Management System-Kerala	1.1	1
Organisational Structure	1.2	1
System Architecture	1.3	2
Modules of IFMS-K suite of applications	1.4	4
Audit Objectives	1.5	5
Audit Criteria	1.6	5
Audit scope and methodology	1.7	5
Acknowledgment	1.8	7
Report structure	1.9	7
CHAPTER II: PROJECT PLANNING, DEVELOPMENT AND IMPLEMENTATION		
Introduction	2.1	9
Shortfall in the conduct of review meetings	2.2	9
Absence of Service Level Agreement and comprehensive documentation in implementation	2.3	10
Absence of physical and financial targets	2.4	11
Absence of specific Head of Account for booking expenditure	2.5	12
Failure to undertake Business Process Re-engineering Exercise	2.6	12
Deviations from Agile principles in Project development	2.7	13
Absence of documentation on legacy data migration	2.8	14
Absence of mechanism for Acceptance Testing	2.9	15
Non-development of modules envisaged in Functional Requirement Specification	2.10	15
Non–development of functionality based on requirements	2.11	16
Inadequacy of change management process	2.12	17

Particulars	Paragraph	Page
Absence of Requirement Traceability Matrix and Performance Metrics	2.13	18
CHAPTER III: BUDGET MANAGEMENT		
Introduction	3.1	19
Deficiencies in the Automation/ Integration in the Budget Monitoring System (BMS)	3.2	20
Deficiencies in the Budget 2.0 application	3.3	21
Deficiencies in the Budget Allocation and Monitoring System (BAMS)	3.4	24
CHAPTER IV: RECEIPT MANAGEMENT		
Introduction	4.1	31
Unreconciled balances in pooling account of banks	4.2	32
Non-development of functionality for auto-calculation of interest.	4.3	33
Deficiencies in defacement of challans	4.4	34
Deficiencies in refund of E-challans	4.5	37
Deficiencies in refund of M-challans (Manual Challan)	4.6	39
Other observations on refund of M-Challans	4.7	41
CHAPTER V: EXPENDITURE MANAGEMENT		
Introduction	5.1	43
Deficiencies in the CoreTIS application	5.2	44
Deficiencies in Bill Discounting System (BDS)	5.3	48
Shortfalls in Human Resource Management System – SPARK	5.4	50
Deficiencies in Employee data management and salary processing	5.5	53
Irregular processing of salary of employees who retired/ superannuated, took voluntary retirement, died while in service, declared invalid from service	5.6	57
Absence of mechanism for monitoring of utilisation certificate of Grants-in-Aid	5.7	57
Deficiencies in Effective Management of Issuance of Letter of credit (EMLI)	5.8	58

Particulars	Paragraph	Page
CHAPTER VI: ACCOUNTS AND AUDIT MANAGEMENT		
Introduction	6.1	59
Risk due to execution of back end script for monthly e-Treasury accounts	6.2	59
Short/ Excess credit of SGST revenue due to non-reconciliation of GST transactions	6.3	60
CHAPTER VII: CORE TREASURY SAVINGS BANK (TSB)		
Introduction	7.1	65
Non-migration of Personal Deposit accounts from Treasury Information System to Treasury Savings Bank	7.2	65
Non-updation of 'Know Your Customer' details in Treasury Savings Bank	7.3	66
Passing of cheques without signature verification	7.4	67
Absence of Maker-Checker process for transactions below ₹50,000	7.5	68
Non-adherence of RBI directions on validity of cheques	7.6	69
Lack of validation control resulted in negative balance in various accounts	7.7	69
Lack of system control for the operations of Personal Deposit accounts and closure of inoperative accounts	7.8	70
Incorrect resumption of funds from TSB Accounts to common head of account	7.9	71
CHAPTER VIII: INFORMATION SYSTEM SECURITY CONTROLS		
Introduction	8.1	73
Non-conducting of System testing by third party	8.2	74
Non-reception of Safe to Host Certificate	8.3	74
System permits Multiple Login	8.4	74
Usage of unsupported DB2 Database Management System	8.5	75
Delay in implementation of Single Sign-On	8.6	75
Non-identification as Critical Information Infrastructure	8.7	76
Non-formulation of Data Retention Policy	8.8	77

Particulars	Paragraph	Page
Absence of Business continuity/ Disaster management plan	8.9	77
Ineffectiveness of software error reporting mechanism	8.10	80
Absence of Database Administrator	8.11	81
Non-levy of liquidated damage charges from Database Administrator service provider	8.12	82
Appendices		85
Glossary of Abbreviations		141