

INSTRUCTIONS ON SIKKIM INTEGRATED FINANCIAL MANAGEMENT SYSTEM (SIFMS)

1. About SIFMS

The Sikkim Integrated Financial Management System (SIFMS) has been designed to provide real-time financial position of state by on-line updating and consolidation of receipts and expenditures of the State Government. It is a software package which has been deliberated to address the management and control of finances of the State of Sikkim. The software networks key divisions such as the five treasuries including compilation (HQ/East/West/North and South PAOs), Budget, GPF, GIS, Pension, Accounts and State Bank of Sikkim and thereby maintains a centralized system of database. The system also links the self-cheque drawing Departments viz. Raj Bhawan, Sikkim Legislative Assembly, Land Revenue & Disaster Management Department, Transport Department and the State Lotteries Division. In essence, all the key components of the State finances would be linked together with all financial records being maintained centrally, which could ultimately be made available in a consolidated format on real time basis.

The software would thus have core accounting and analysis facilities that would be a means for a long-term integrated solution for carrying out functions like Estimation, Planning, Budgeting and Control of resources of the State. This has been possible due to the advent of Scheme codes, which links the receipt, fund availability and expenditure and is explained in detail later.

The PAO would directly have a link to the State Bank of Sikkim to account for all the receipts and payments. The software would also be a means to compile monthly accounts of the State, maintenance of pension and the employees' database and thereby estimate expenses correctly.

With the introduction of a centralized system, the management would be able to retrieve all financial data on a real-time basis and thus be able to make prudent financial decisions. The management would be able to track and monitor all NLCPR, NEC and Centrally sponsored Schemes as well as monitor Major Head wise and Scheme wise details of Plan/Non Plan Expenditures on a real time basis.

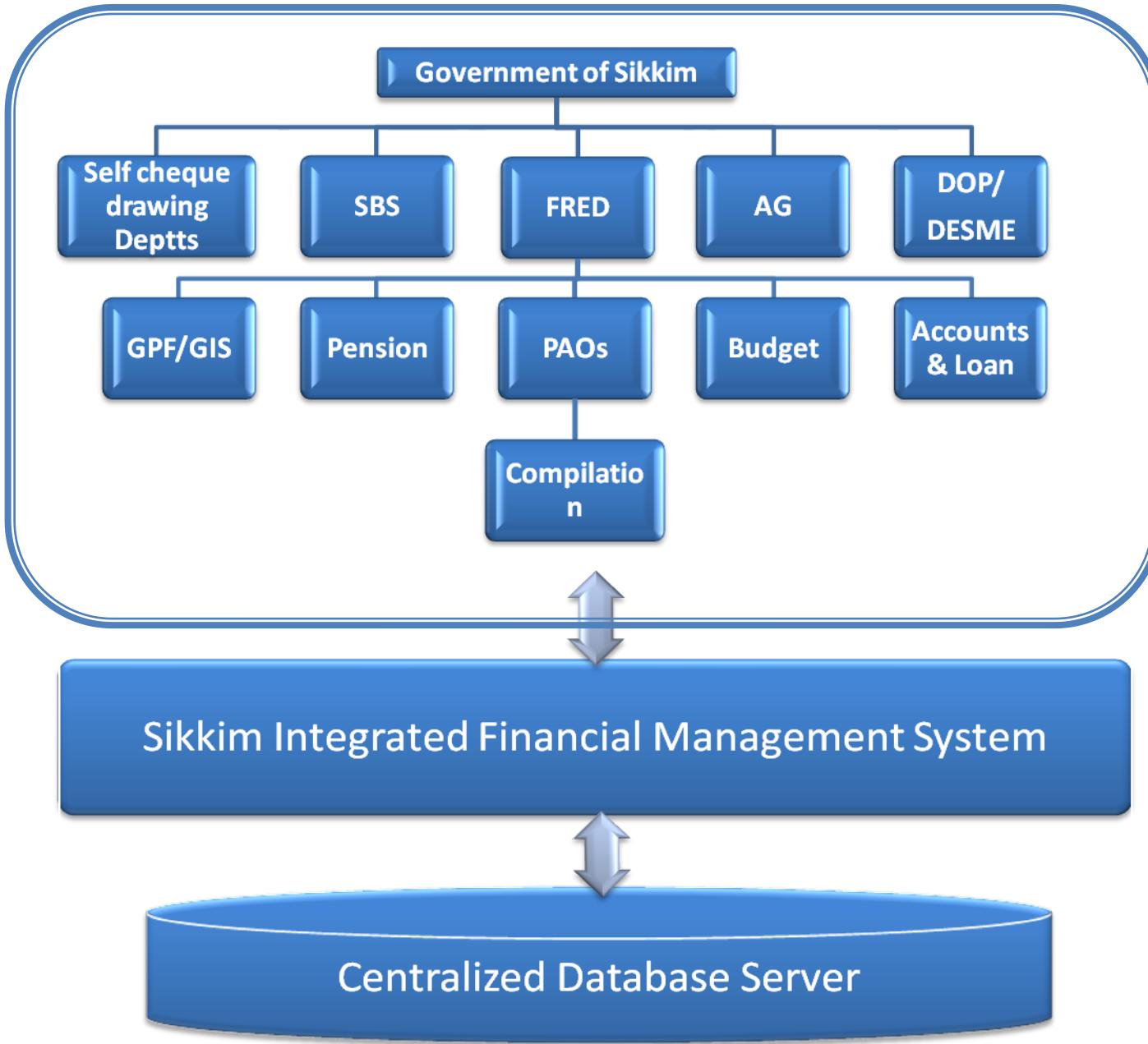


Figure 1: Architecture of SIFMS

2. The need for SIFMS:-

- i) To integrate latest technology in the Government accounting to make the government accounting more transparent and accurate.
- ii) To get the status of receipts and payments immediately and thus the cash balance available with the Bank.
- iii) To get department-wise financial information as and when required for submission to the Ministry of Finance.

- iv) To get detail information on receipt and expenditure for reconciliation of expenditure with the record maintained with the Office of the Accountant General.
- v) To get scheme- wise information.

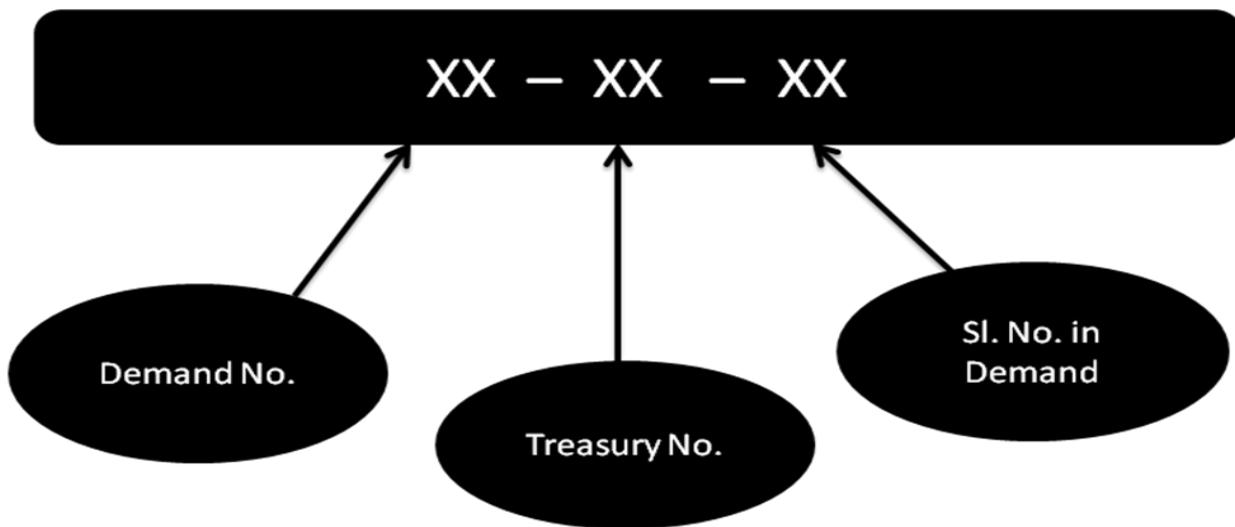
3. SIFMS and its comparison to existing system

Existing System	SIFMS
Client-Server based system <ul style="list-style-type: none"> • Data security a challenge and difficult to maintain • Maintenance & support of hardware and software at multiple locations • Back-up at various levels 	Web based system with centralized architecture <ul style="list-style-type: none"> • Enhanced security features since data is maintained on a State Data Centre • Reduced maintenance and support provided centrally • Centralized back-up
Manual entry of budget allocation, supplementary demand, re-appropriation, surrender and the resource allocation by the treasury at various levels	The budget division would provide necessary budget allocation directly into the system as soon as the budget is passed and this would be available to all the treasuries and the self-cheque drawing divisions. The supplementary demand, re-appropriation, surrender and the resource allocation would be uploaded into the system by the Budget division as soon as it is approved and on a real time basis. Lot of duplication of work is avoided.
Difficult to track expenditure against resource released and budget estimate	It consists of an Integrated solution which tracks budget, resource released and actual expenditure
Inconsistent data	Consistent data maintained on a Centralized RDBMS
Offline consolidation of accounts at various treasuries which consumes time	Online consolidation of Accounts at a single point on real time

4. Concepts introduced

a. New DDO Code

A new DDO (Drawing and Disbursing Officer) code has been formulated in the form of a six digit. The first two digits would be the demand no, second two digits would be the treasury code and the last two would be the Sl. No. of the DDO in that Department respectively.



The details of the treasury code to be used are as under:

SL.NO.	TREASURY	CODE
1	HEAD QUARTER	00
2	NORTH	01
3	EAST	02
4	SOUTH	03
5	WEST	04
6	Raj Bhawan (Governor)	06
7	Land Revenue- Calamity Relief	07
8	Lotteries	08
9	Sikkim Legislative Assembly	09
10	Sikkim Nationalised Transport (SNT)	10
11	Pension Cell	11
12	GPF/ CPF Cell	12

The new DDO code is to be implemented and this has been communicated to all the DDOs. The treasuries are to ensure that the Departments depict this new DDO code on all the bills presented to them.

The DDO may need to note that they should possess as many DDO codes with respect to the bills they send to each Treasury. For example if one DDO sends bills to two treasuries, then they should have two DDO codes, one for each treasury.

b. Three tier Scheme Code

For managing Government revenue and expenditure as well as for financial control and monitoring of resources, the FRED has designed a scheme code for each and every receipt and expenditure. All receipt and expenditure would be linked to this scheme code which

would consist of a Major Scheme, Sub-Scheme and a Detailed Scheme. A maximum of two scheme codes can be linked to a 15 digit expenditure head.

Major /Sub-Major/Minor/Sub/Detailed Heads	Budget Estimate				PLAN						
	2012-13			SCHEME 1			SCHEME 2				
	Plan	Non-Plan	Total	Major Scheme	Sub-Scheme	Detailed Scheme	% allcn	Major Scheme	Sub-Scheme	Detailed Scheme	% allcn
REVENUE SECTION											
2401 Crop Husbandry											
00.001 Direction and Administration											
01 Agriculture Department											
44 Head Office Establishment											
01.44.01 Salaries	301	19512	19813	Plan-State Sector	State Normal	Salaries	100				
01.44.11 Travel Expenses	-	88	88	Plan-State Sector	State Normal	Normal	100				
01.44.13 Office Expenses	-	874	874	Plan-State Sector	State Normal	Normal	100				
01.44.50 Other Charges	-	-	-	Plan-State Sector	State Normal	Normal	100				
01.44.51 Motor Vehicles	-	182	182	Plan-State Sector	State Normal	Normal	100				
01.44.71 HCM's package for Dry and Backward Area for various GPUs	20000	-	20000	Plan-State Sector	State Earmarked	HCM's package	80	Plan-State Sector	State Normal	Normal	
										20	

Figure 2: 15 digit codes and its link to Scheme Codes

All resources henceforth will be released under the scheme code and it is required that the Department also maintain expenditure and requisition of resources under the Scheme Code. For detailed scheme coding and its link to the expenditure, the Department should obtain the details from the Budget Division, FRED.

It is required for DDOs when sending bills to the treasuries under the 15 digit heads which have two Scheme relations to mention the expenditure under which schemes it pertains to along with the corresponding amount. This will ensure that booking of expenditure is made under the relevant scheme heads. This may be done in an additional sheet attached to the bill showing the detailed schemes heads and the amount of expenditure being booked against each scheme heads as shown below:

Details of Expenditure Heads/ Names of Scheme Heads	Amount
2403 Animal Husbandry 00.101 Veterinary Services & Animal Health 62.00.86 Animal Diseases Surveillance (75:25%CSS)	100000/-

Major Scheme	Sub-Scheme	Detailed Scheme	Amount
CSS	No Sub Scheme	Animal Diseases Surveillance (75:25%CSS)	75000/-

Plan-State Sector	State Earmarked	State share of CSS	25000/-
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Signature of the DDO

Re-appropriation/ Surrender under the Schemes

Also when the 15 digit head is linked to two Scheme codes then the DDO/ RCO when applying for re-appropriation also needs to specify the Schemes Codes from which they are re-appropriating to/from in the Remarks column such that the re-appropriation is also made to relevant Scheme as well. For example when the 15 digit has a link to 75:25% CSS scheme which has both Central share and the State share, the DDO needs to mention whether the re-appropriation is being made to/from which of the two Schemes of the Shares viz. Central share or State share.

This should also be applied to the Surrenders being made. The DDO needs to specify under which scheme of the 15 digit head the surrender is being made.

c. Resource Controlling Officer (RCO)

It would not be possible to entertain requisition of resources coming from various sections of the Department and the Department would also not be able to keep track of the resources and therefore the expenditure. It is required for each and every Department to nominate a Resource Controlling Officer (RCO) preferably an officer heading the Accounts of the Department, who would be responsible for requisitioning, maintaining and monitoring resources and thereby allocating resources to all sections of the Department.

It would be the responsibility of the RCO in each and every Department to release resource allocated under Normal, MR/WC and Salary to their DDOs. It would thus be necessary for the RCO to compile the requirement of Salary and MR/WC of each of the DDO. The RCO is also required to keep track of all the receipt and expenditure of all Central schemes and requisition resources accordingly.

To sum it up, the RCO would be a link between the Department and the Budget Division, FRED for all matters relating to allocation and release of resources.

d. Release of Resource on Gross Amount

Prior to the implementation of SIFMS, the release of resource was being released in net basis by making certain percentage deduction based on amount of taxes, etc. Now with the computerization of whole process, it would be possible to accurately ascertain the net amount to be made available to the banks for payments.

Thus, for convenience and to avoid any complications for Departments to produce bills to PAOs and also to keep records of resources distributed within them, henceforth all the release of resource will be made in gross amount.

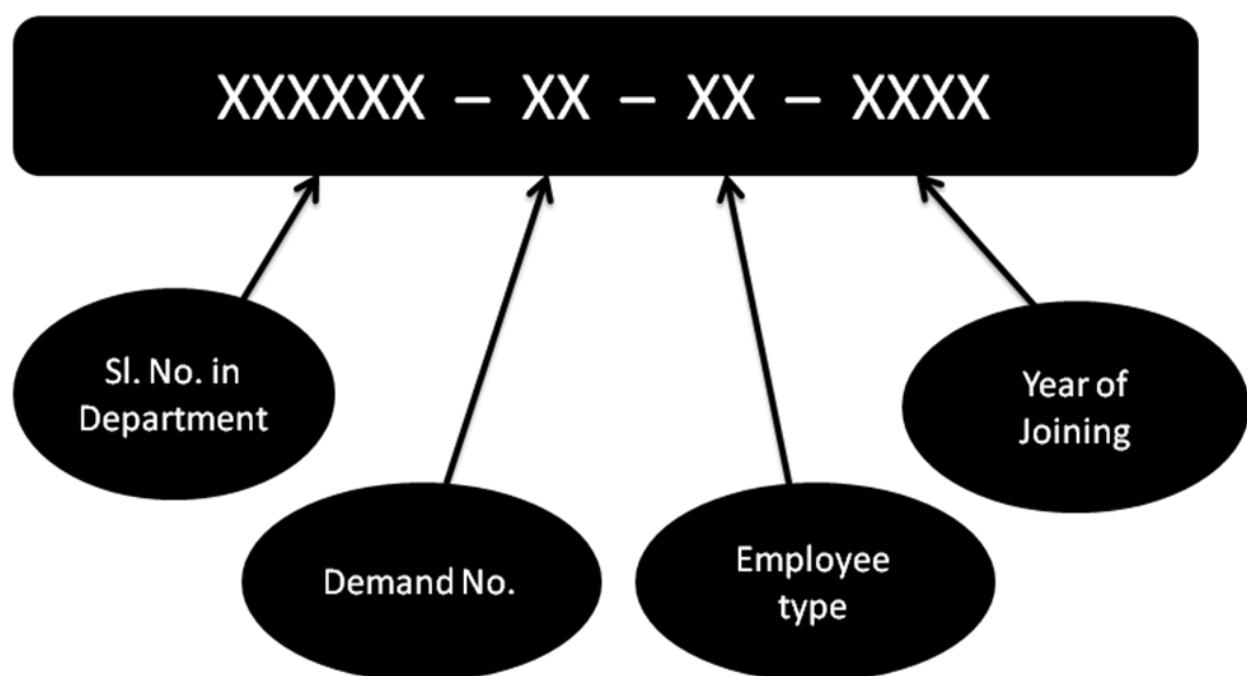
e. Adjustment of Advances with Refund or Nil Refund

The current practice is to send vouchers and bills for adjustment of advance with refund or Nil refund to Office of the Accountant General directly. In the new system, it would be required for all bills requiring adjustment to be sent to the respective treasuries for adjustment. After having made the necessary entries the vouchers would then be sent to Office of the Accountant General by including in the monthly accounts. This is to ensure that all AC bills are accounted for. A separate statement for advances drawn and advances adjusted is to be sent to AG month-wise for their reference and record along with the monthly accounts. Necessary format will be prescribed in due course in consultation with AG.

The system will be able to give real time figures of advances and adjustments from one source.

f. Employee Identification Number

It has been a precedent to identify the regular employees of the Government of Sikkim through the GPF/CPF number as a unique employee code. However, the employees under the Government establishment especially under the Muster Roll, Consolidated Pay, Adhoc, Work-charged, etc who draws monthly emoluments have not been allocated with an identification number. It is necessary to provide these employees with a unique number, which needs to be depicted in all the bills presented to the PAOs and treasuries.



The third two digits would depict the type of employment and should be as under:

SL.NO.	TYPE OF EMPLOYEE	CODE
1	MUSTER ROLL	02
2	WORK-CHARGED	03
3	CONSOLIDATED PAY	04
4	ADHOC	05
5	CO-TERMINUS	06
6	SUBSTITUTE	07
7	CONTRACT	08
8	CENTRAL GOVT/ OTHER DEPUTATIONS (without CPF number)	09
9	HOME GUARDS/ CIVIL DEFENCE	10
10	HONORARIUM	11
11	ELECTED/ NOMINATED	12

The first six digits would be the Sl. No of the employee in the Department other than the regular employees who have the GPF/CPF number.

The second two digits would be the Demand number of the Department where the appointment of the employee has been made.

The last four digits should be year of joining by the concerned employee.

The employee identification number as per the notification of the Finance, Revenue and Expenditure Department No. 242/Fin dated 13.08.2012, would be issued by the Department of Economics, Statistics, Monitoring & Evaluation (DESME) and all the DDOs are thus required to obtain the identification number for the employees from DESME.

g. Few Points to consider when sending Bills to Treasuries

i. Top-sheet for Salary bills:

The Salary bills should be accompanied by a top-sheet which should clearly specify the changes made in the Salary bill with respect to the previous month Salary bill in the following format:

Previous month's Bill No. & date of Salary Bill:

Previous month's Voucher number & date:

Sl. No. in the Bill	GPF/ CPF/ Employee Number	Changes made
23	843/Edn	GFP subscription changed from Rs. 2000/- to Rs. 4000/-
45	644/Finance	Bank loan deduction added for Rs. 5000/- (Bank: State Bank of India: Account No. _____)
86	1341/Hort	New employee added (LPC enclosed)
NA	1621/Edn	Employee deleted since transferred

The previous month's voucher number would be required by the PAO to easily retrieve the previous month's Salary bill and thereby make changes accordingly.

In addition, it is again reiterated that for the timely passing of the bills, the DDOs should ensure that the bills are sent to Treasuries before 15th day of the previous month.

ii. Fund Transfers:

Fund Transfer is a process whereby any Department can transfer the Funds to another Department/ District offices for carrying out certain expenditure. Through Fund Transfer, expenditure can be booked by another Department against the Budget allocation done to one Department.

Example: If any construction work is to be carried out in Police Department then it can transfer funds to Building & Housing Department and the DDO of Building & Housing Department to whom specifically the Funds are transferred can use the Budget Head allocated to Police Department to the limit of Funds Transferred by Police Department.

iii. Proper usage of DDO Codes in Bills presented for passing:

There are many DDO under Head Quarters are allotted 2 DDO Codes, 1 for Civil (HQ) & another for Works (East). It should be taken care while processing any Bill that proper DDO Codes are put on the Bills as the Bill should carry the DDO Codes belonging to specific Treasuries.

Example: If any Civil Bill is processed and presented to Head Quarters for passing then it should carry DDO Code containing District/Treasury as "00" and if any Works Bill is processed and presented to PAO (Works – East) for passing then it should carry DDO code containing District/Treasury as "02".

iv. Re-endorsement for Payment is required in case any processed Bills are modified:

In case any Processed Bill for which Cheque is not prepared is modified for any reason like change of Major Head, Plan or Non-Plan etc. then the Bill has to be re-endorsed for Payment then only the same will appear in Cheque Preparation as any modifications done to already endorsed Bill has to come to notice of Passing authority.

v. Checks incorporated in SIFMS for GPF/CPF

- a) No Employee should be there having both GPF/CPF number defined in his/her master

- b) As per SIFMS and PGIPF Cell the Structure of CPF should be in "xxxx-xx-xxxxx" format and the same will not accept anything other than the above format
- c) If for an Employee GPF number is defined then the User shall be allowed to GPF Subscription only and if the Employee is having CPF number then User shall be allowed to enter only CPF Subscription while attaching an Employee or creating an Employee through Individual Salary Information in SIFMS
- d) Checks are incorporated for GPF Subscription and CPF Subscription as follows:
 - i. GPF Subscription: GPF Subscription will be minimum of 6% of Basic Pay and maximum 100% of Basic Salary (Rounded Off to nearest rupees)
 - ii. CPF Subscription: CPF Subscription will be 10% of Basic Pay + Dearness Allowance + Grade Pay (Rounded Off to nearest rupees)
- e) GIS Subscription: Checks have been incorporated that the GIS Subscription will be 15, 30, 60 and 120 based on the Employees Grad

In case of any problems and clarifications, the Departments may contact the following phone numbers or email addresses:

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3. M. K. Sharma, Director, Pay & Accounts Office; 9434023993
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