



खादी ग्रामोद्योग आयोग
KHADI AND VILLAGE
INDUSTRIES COMMISSION

सूक्ष्म लघु और मध्यम उद्यम मंत्रालय, भारत सरकार
Ministry of Micro, Small & Medium Enterprises, Govt. of India,
सुधार कार्यान्वयन प्रभाग
REFORM IMPLEMENTATION DIVISION

No. RID/KRDP/3rd Tranche conditions /2017-18/

Date: 03.11.2017

Under Secretary,
Govt. of India,
Ministry of MSME,
Udyog Bhavan,
New Delhi – 110 011.

Sub: Compliance of 3rd tranche conditions under KRDP for progress report on implementation of integrated application system - regarding

Sir,

Kindly refer to the 3rd Tranche restructured conditions under KRDP which requires to be compiled as per the timeline of ADB.

In this regard, it is to inform that the 10th tranche condition states that "KVIC shall have implanted the integrated application system" have been fulfilled by KVIC. The status is as follows :

Finalised restructured tranche condition	Evidence	Status as on 3 rd Nov 2017
KVIC shall have implanted the integrated application system	Detailed report on progress and note on Go Live on implementation of Integrated Financial Management System	Completed. Progress report and note on Go live of IFMS

The progress report on IFMS as evidences of compliance is enclosed.

It is, therefore, requested to kindly forward the documents to ADB for further needful action.

Yours faithfully,


Dy. Chief Executive Officer (RID)

Encl: As above

Copy to :

- 1) The JS, MSME, New Delhi.
- 2) The Senior Project Officer (Urban) ADB, New Delhi.
- 3) Shri Vivek Mathur, Senior Officer, MSME, New Delhi



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Khadi Reform and Development Programme

Summary Report

Integrated Financial Management System (IFMS)

October 2017



Khadi and Village Industry Commission

**Ministry of Micro Small and Medium Enterprises,
Government of India**



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1. Background

Khadi and village industry (KVI) subsector contributes significantly to the non-farm sector in India. At present, there are over 2000 Khadi Institutions (KIs) in India. The Khadi Reform Development Programme (KRDP) initiated by Ministry of Micro Small and Medium Enterprises (MoMSME) with support from Asian Development Bank (ADB) envisages to strengthen the sector through sectoral reforms.

Among various other interventions under KRDP, implementation of Integrated Financial Management System (IFMS) is one of the important initiative. KVIC is a wide spread organisation with 6 Zonal office, 7 Divisional offices and 30 state offices working with more than 2000 Khadi institutions across the country. As part of the second tranche condition, an IT road map was developed for KVIC and KI eco-system. Based on the IT road map, it was decided to implement an Integrated Financial Management System in KVIC.

The key objectives of IFMS implementation are:

- Integrating the systems and processes across various offices and departments
- Efficiency in planning, budgeting, procurement, expenditure management and reporting
- Improved financial controls
- Providing real-time financial information to KVIC management for supporting in decision making
- Monitoring fund disbursement and utilization under various schemes
- Elimination of manual processes like reconciliation of financial statements
- Adoption of standard accounting policies and transactional procedures across different offices under KVIC
- Ensuring compliance to Government of India (GoI) and statutory requirements

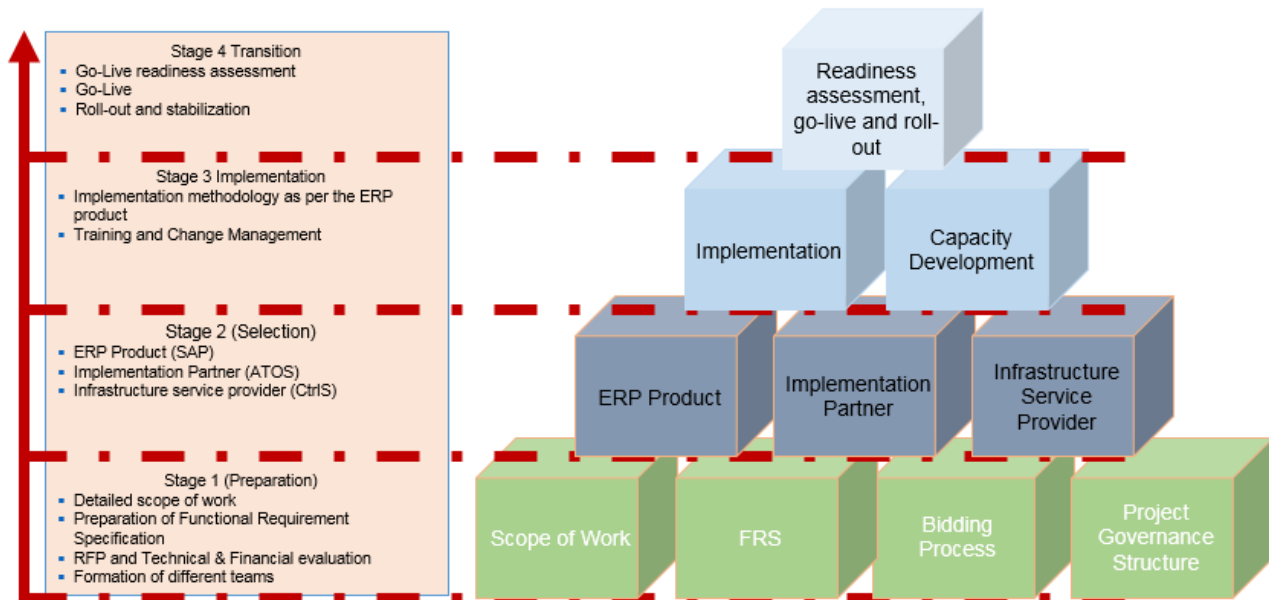
IFMS, is designed as a centralised web based system for easy access by users spread across different locations and having a common system architecture. Below mentioned functional areas are covered under the project.

- Budgeting
- Financial Controls
- Pay Order/Voucher processing and payments
- Receipts processing & interest calculation
- Bank Reconciliation
- Cash Management
- Asset Management & Accounting
- Loan and Advances Accounting
- General Ledger
- Tracking of utilization certificates for cash outflow
- Integration with existing systems such as eOffice, Direct Benefit Transfer (DBT) and PMEGP eTracking
- Business Intelligence / Management Dashboard

2. Project Stages

IFMS is envisaged to be an industry standard off-the-shelf application so that best practices available in the product as well as adoption of a product which is widely used and well tested will be appropriate. Based on this premise, KVIC initiated and carried out all necessary activities.

The IFMS project was structured as per the stages provided in the pictorial diagram below:



These stages are elaborated in the subsequent sections.

- Stage 1:** KVIC with assistance from TA team, prepared detailed scope of work expected from the Implementation Partner (IP). Similarly, functional requirement specifications were discussed and finalized for forming the part of the Request for Proposal (RfP). After the RfP was issued, pre-bid conference for providing clarifications to the bidders, pre-qualification, technical and financial evaluation was carried out. Further, during this time, KVIC created multiple teams such as bid committees, project steering committee, and functional core team apart from the IT team to monitor and assist in the project.
- Stage 2:** Through the tendering process, ERP product, IP and infrastructure service provider was selected.
- Stage 3:** Subsequent to the contract award process, IP carried out the implementation activities like preparation, process study, configuration, testing and data migration. KVIC ensured that all stakeholders are continuously involved in the entire life cycle of the project through regular review meetings, participation in workshops and training activities.
- Stage 4:** In the final stage, KVIC, carried out go-live assessment through scenarios testing and review of readiness. Subsequently, required activities for go-live and transition to the new system was initiated.

The above phases are elaborated in subsequent sections.

3. Procurement Process

For the selection of the Implementation Partner (IP), KVIC initiated the procurement process in June 2016. Request for Proposal (RfP) was prepared along with detailed Functional requirement Specifications (FRS). After an iterative process of interacting with potential bidders and solution providers, in October 2016, final clarifications and corrigendum was issued. In November 2016, bids were received from following firms - Wipro, ATOS and KPIT.

3.1. Evaluation Process

Open and transparent bidding process was followed with Single Stage Two Envelop procedure. Further, Quality and Cost Basis (QCBS) method was adopted for the procurement with 70% weightage for technical capabilities. The evaluation process involved the following:

- 1. Pre-Qualification evaluation:** Bidders eligibility for participation was evaluated based on key parameters such as (a) Financial capabilities, (b) implementation experience of the Implementation Partner (IP) and (c) quality certifications (CMMI Level).
- 2. Technical Evaluation:** Technical evaluation was carried out based on parameters defined in the Bid document. These parameters evaluated the bidders on (a) IP implementation experience, (b) ERP solution experience, (c) compliance to FRS, (d) Approach & Methodology for implementation and (e) Resource profile. In addition, bidders were asked for detailed presentation on their solution as well as implementation methodology to the bid evaluation committee.
- 3. Financial Evaluation:** All three bidders were technically qualified and their financial quote was evaluated. Further, bidders were ranked based on the final score derived through the QCBS formula.

3.2. Selection of Implementation Partner and Software Product

Based on the final evaluation results, ATOS was selected as the IP and SAP as the ERP product. Purchase Order was issued to ATOS in February 2017. Initially, the implementation (Go-Live) was planned to be completed with 12 months. But, due to project priorities, ATOS was requested to mobilize additional resources and complete the Go-Live at the Corporate Office within 8 months. Apart from implementation and roll-out, five years of Annual Maintenance Contract (AMC) support is included in the scope. Also, 400 transactional licenses were procured to be allocated among all key users of KVIC.

Briefly, the scope of work of IP included the following:

- As-is business process study
- Business Blueprinting (to-be process in line with SAP solution)
- System configuration
- Solution Testing
- User training
- Project go-live
- Post go-live support

4. Quality Assurance

IFMS is a transformational project involving all key financial policy, procedures and transactional aspects. Implementation of such a project required planned and structured approach to ensure that it is implemented within time and as per requirements. Multiple steps were taken by KVIC to ensure that system is implemented as per acceptable standard and methodology.

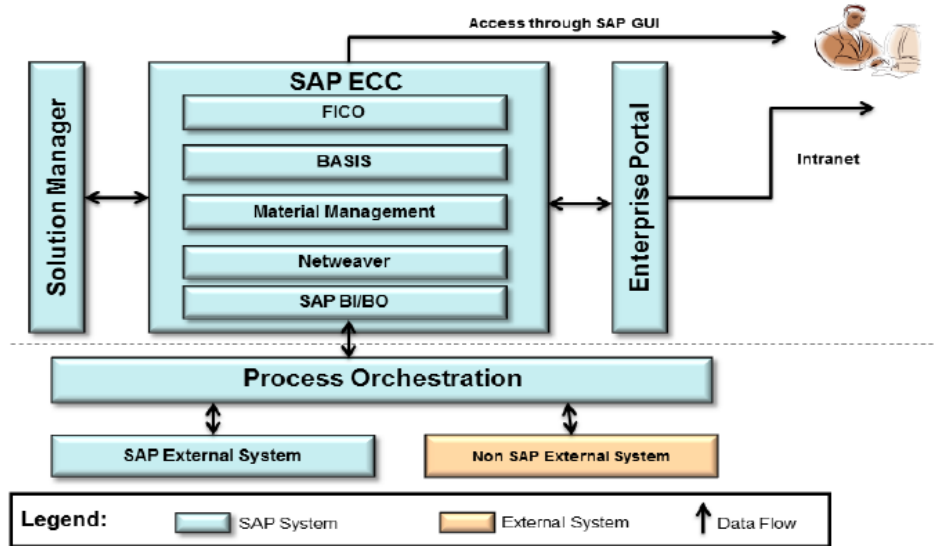
Few important aspects of quality assurance initiatives taken through-out the implementation lifecycle is described below. Key steps taken in this regard are given below:

- Creation of Project Steering Committee (PSC) involving respective functional directors and chaired by either CEO or FA.
- Periodic PSC meetings were conducted to review the project progress, removal key bottlenecks and make strategic decisions
- Project Core Team was established involving functional experts from KVIC to be part of the core implementation team
- Continuous discussions were held with the Core Team for finalization of processes, training and testing aspects
- Any policy level changes were deliberated thoroughly by core team and appropriate decisions were taken by management team.
- Weekly progress reports were submitted by the IP along with plan for subsequent week. This helped in monitoring project progress in line with the agreed project plan. Further, priority was given to activities which got delayed to complete the same within time.

5. Implementation Process

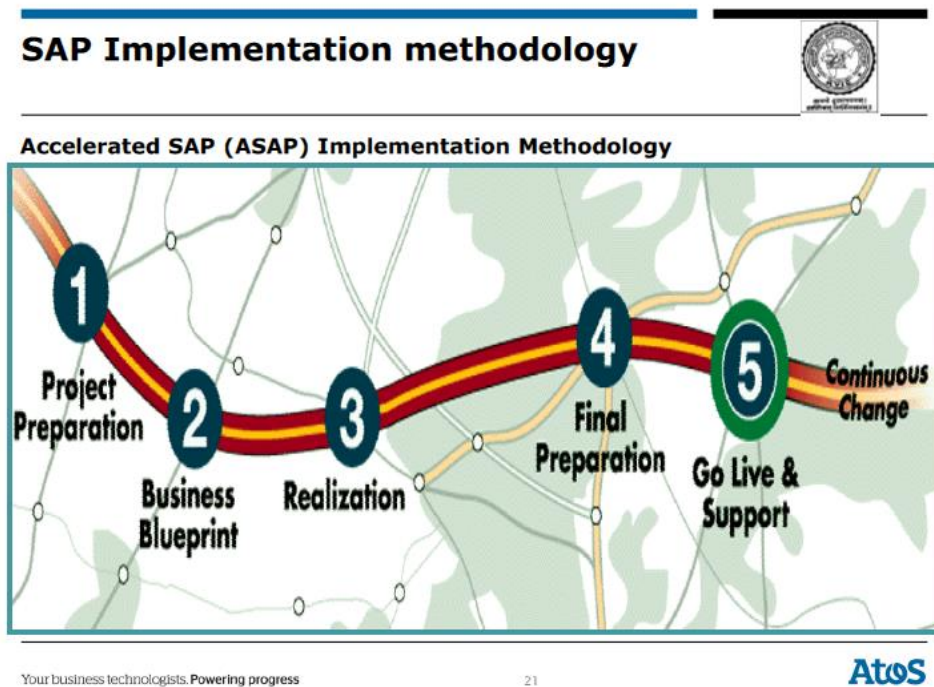
As SAP modules are being implemented, IP is following the Accelerated SAP (ASAP) implementation methodology recommended by the OEM. IFMS will be web based and having a centralized database architecture. SAP has modules through which data flow and integration will happen seamlessly. IFMS will be hosted on cloud based Data Centre which will make it accessible to all users irrespective of their location.

Further, external systems like PMEGP, PFMS and eOffice will be integrated with IFMS.



5.1. Implementation Methodology

As SAP was selected as the ERP product, IP followed the recommended ASAP methodology for IFMS implementation.



As per the methodology and the contractual requirements, the IP was expected to carry out relevant activities and provide deliverables corresponding to the phase. In subsequent sub-sections, phase wise activities carried out are explained.

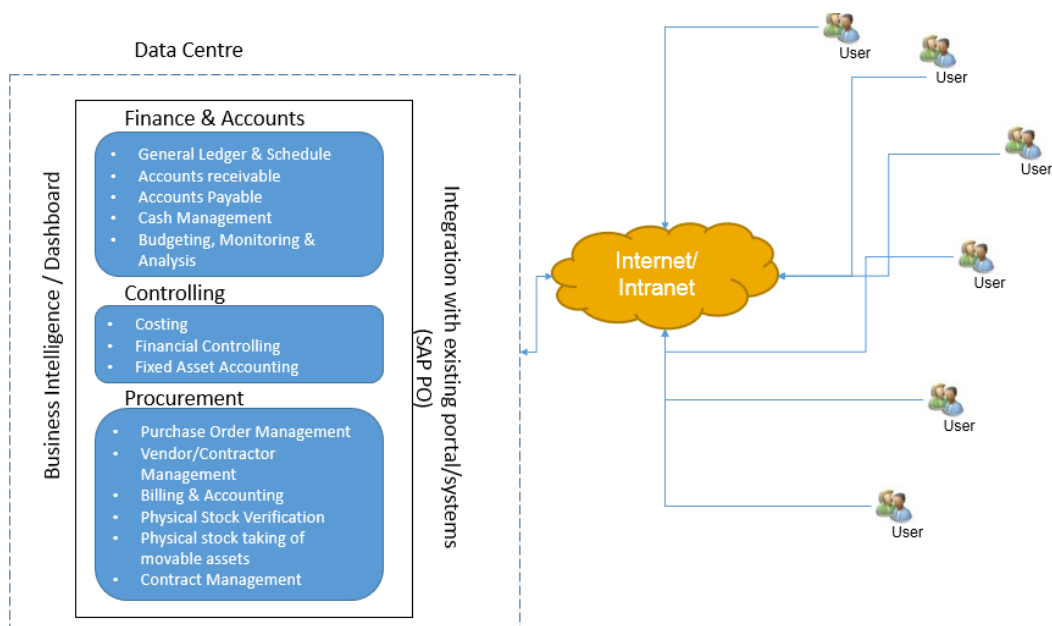
5.2. Project Preparation (PP) Phase

During this phase, the IP prepared detailed project plan, training & change management strategy, prepared brief note on SAP terminology for familiarization by KVIC team and provided overview training. Key Activities carried out during the PP phase are described below:

- 1. KVIC Team Formation:** As preparatory activities, KVIC formed different teams such as Project Steering Committee (PSC), Functional Core Team and State Office representatives. PSC was responsible for providing overall guidance to the project teams and taking strategic decisions. During the implementation process, four steering committee meetings were carried out to review the project. Core team provided support to IP in day to day project activities such as as-is & to-be study, providing functional inputs, participation in training, testing and data collection activities. Detailed list of members are provided in the Annexure 1.
- 2. Project Planning:** It is important to plan various milestones and activities to be carried out during the life-cycle of the project. IP prepared the detailed project plan and same was discussed with KVIC team for finalization. Plan overview is provided in the Annexure 2.
- 3. SAP Familiarization:** As the SAP product and implementation process was new to KVIC team, it was important to explain various terminology and implementation process to them. As part of awareness creation, IP prepared detailed glossary of SAP terminologies such enterprise structure, profit centre, controlling area, fund Centre and storage areas. Further, an SAP functional overview training was also conducted to elaborate on the various standard functionalities available in the system which helped the team in subsequent phases. Annexure 3 contains the details.

5.3. Business Blueprint (BBP) Phase

In BBP phase, business requirements are finalized so that in subsequent phase solution can be configured. In this phase, detailed as-is study was carried out by the IP to understand the existing business processes. Based on the as-is understanding, detailed business blueprint was prepared for each process through an iterative process. The indicative overall architecture of the solution is given below.



Key activities carried out during this phase is elaborated below:

1. **As-is Study:** IP team carried out detailed study of existing processes, transactions, guidelines covering payables, receivables, general ledger, costing, fixed assets, budgeting, funds & grants management across corporate offices, bhavans, trading units and CSPs. The IP team visited the following offices for as-is study:
 - a. Corporate Office, Mumbai
 - b. State Office and Bhavan, New Delhi
 - c. Chandigarh State Office
 - d. CSP, Sehore (MP)
2. **To-be process:** After the detailed assessment of current processes and challenges, IP prepared the Business Blueprint (BBP) document elaborating business process requirement, transactions, integrations requirements and reporting requirements.

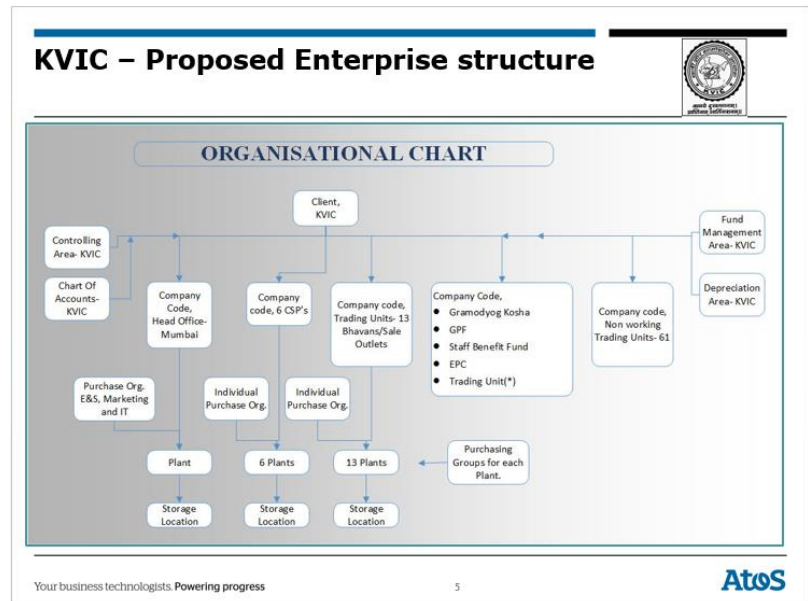
A Detailed Business Process Master List (BPML) was prepared to ensure that all the processes are captured and traceability is available for monitoring across the project cycle. Further, BBP preparation involved having (a) one-to-one discussions with functional heads, (b) group discussions with core team and (c) multiple workshops. BBP was prepared for the following processes:

- a. General Ledger
- b. Business Planning
- c. Accounts Payable and Accounts Receivable
- d. Material Management
- e. Treasury Management
- f. Cash & Bank Management
- g. Funds Management
- h. Business Intelligence

During the to-be process finalization process, existing challenges or gaps were also identified. Similarly, process level changes adopted due to SAP implementation and for mitigation of existing gaps were also documented. Further, to-be processes were identified and linked to respective as-is process and/or Functional Requirement Specification (FRS) line items. This was to ensure that all requirements identified in the contract, existing process study and discussions were captured.

Sample content from the BBP document is attached in the Annexure 6.

- Enterprise Structure:** Enterprise structure is the core of SAP implementation. This defines the architecture and future transactions to be carried out from the system. The IP prepared the structure and had deliberations with KVIC functional team and management. Different elements of the enterprise structure such as Profit Centre, Cost Centre, fund centre, storage locations (stores), Chart of Accounts (CoA) and Purchase organization discussed and finalized..



- Infrastructure:** For IFMS implementation, establishment of centralized hardware infrastructure (Data Centre and Disaster Recovery) is an important component. In this regard, detailed hardware sizing exercise was carried out after discussions with the IP. Subsequently, KVIC evaluated various options for the DC/DR such as internal facility, MeghRaj Cloud services (Government of India) and Ministry of Electronics and Information Technology (MeitY) empaneled private service providers. After the feasibility study, M/s CtrlS was selected as the infrastructure service provider. Simultaneously, IP provided temporary infrastructure for development and training activities so that implementation activities can be carried out without impacting the timelines.

5.4. Realization Phase

After the finalization of Business Blueprint, configuration activities started. During this phase following activities were carried out:

- Infrastructure set-up
- Base level configuration of the solution based on agreed business blueprint
- Finalization of reporting requirement
- Finalization of integration requirement with legacy systems
- Data collection and migration process
- Z-Development (ABAP) for specific requirements of KVIC which are not available with the standard solution
- Workshops and finalization of templates for data collection
- Unit testing of the solution by IP team.

Following critical activities were carried out during this phase:

- Infrastructure:** There will be three different instances (Development, Quality and Production) for the IFMS. All development activities will be carried out in the development environment. Post development, testing will be done in the Quality environment and after successful testing, solution will be migrated to the Production environment for live transactions. Similarly, there will be a separate instance for user training purpose. Infrastructure set-up at the cloud data centre is going

on. However, project activities are continuing through the temporary infrastructure set-up at the KVIC Corporate Office.

- 2. Data Migration:** Primarily, master and transaction data (open items) are required for the IFMS. In this regard, data items were identified, detailed data collection templates were prepared, workshops were conducted to create awareness among KVIC officers so that accurate data can be prepared, verified and migrated into the system. Further, State/Field office nodal officers were trained through Video Conferencing (VC) for their active participation in the data collection process.

Sample data collection template is attached in the Annexure 7

- 3. Scenario Testing:** As a first step for system quality assurance, IP team carried out unit tests for different process through business transaction and scenarios. Test scenarios and screenshots are attached in Annexure 8. This activity was required to ensure that system is working as per requirements without any gaps or bugs.

5.5. Final Preparation Phase

This is final phase of the project before IFMS go-live. Critical activities of this phase are:

- Completion of system configuration including custom developments
- Data collection and migration into the ERP system including conversion from manual records to digital records
- User Roles & Responsibilities (Authorization Matrix)
- User testing (testing through business scenarios, recording of observations and resolving issues)
- User training
- Documentations
- Help Desk Set-up

- 1. Data Collection and Migration:** Considering that KVIC maintained many records in manual ledgers (e.g., cash book) apart from having heterogeneous policy and systems, data collection, verification and migration was very challenging. KVIC identified different teams for data collection. Similarly, senior officers were responsible for verification of respective departmental data for accuracy.

For IFMS, closing balances for FY2016-17 will be taken as opening balances and subsequently all transactions will be treated as open items. For the go-live preparation at the Corporate Office, all relevant data such as Bank Master, Vendor Master, Funds details, Purchase Orders were collected and migrated into the system.

- 2. Authorization Matrix:** As users are required to carry out transactions as per their assigned roles and Delegation of Power (DoP), multiple SAP user IDs were created for the Corporate Office users for having their respective transaction rights. This activity will evolve over next few weeks as users across different locations are identify and roll-out will progress.
- 3. User Training and System Acceptance:** KVIC users participated in hands-on training provided by the IP. Further, the team prepared real-life business scenarios based on actual data and business conditions for testing and acceptance of the system. KVIC established training environment for this activity. This exercise helped KVIC in capacity development of its officers as well as ensured that the system is functioning as per process requirements. Sample photographs are attached in the annexure 9.
- 4. Help Desk Set-up:** In order to provide support to the users for any clarification, help or raising tickets, help desk solution was installed and team of resources assigned for providing help support. The purpose was to establish a structure to ensure that end-user have access to experts

for providing any functional or technical support, gain confidence and acceptance among users and identify gaps and/or bugs which can be resolved by the IP team to make the system robust.

- 5. Pre Go-Live review:** On 28th October 2017, Project Steering Committee meeting was conducted to review the progress and system readiness including preparatory activities to be carried out. Review meeting pictures are provided in the Annexure 10.

5.6. Go-Live Phase

Post final preparedness and go-live readiness assessment, KVIC decided to make the IFMS ready and available to Corporate Office users for transactions from 03 November 2017. As part of this milestone, following activities were carried out:

- For prior intimation and change management initiative, pamphlets were prepared for creating awareness among Corporate Office employees
- Business scenario was identified for the initial transaction. All prerequisite activities were completed.
- The initial transaction was carried out by Ms. Usha Suresh, Financial Advisor, KVIC. The transaction was successfully completed.
- Post the go-live event, IFMS was made available for the users for future transactions.

The snapshot of scenarios carried out during the Go-Live are provided in the Annexure 11.

6. Accounting Reforms and other policy interventions

As a part of implementation of IFMS, KVIC has re-visited the existing accounting policies and procedures followed at all its units with the key objective of aligning them to the guidance issued under Uniform Format of Accounting for Autonomous Bodies, issued by the Department of Expenditure, Ministry of Finance.

In order to meet the objectives, KVIC had engaged the TA team to conduct in-depth walkthroughs of the existing accounting policies and procedures at the KVIC head office and by undertaking field visits to various KGBs and CSPs. A diagnostic report with recommendations and a financial manual has been prepared. Some of the key observations include unreconciled capital accounts of all the funds and units, aged receivables and payables and loan receivables from beneficiaries. Other observations included key changes to accounting policy on valuation of inventories, formulation of a uniform policy on accounting for depreciation of fixed assets, consolidation of fund accounts, provisioning of aged receivables and payables, accounting for unspent cash balances and accounting for inventories in the case of KGBs and CSPs. A detailed description of these observations has been tabulated below.

All the recommendations have been discussed by the various stakeholders and policy level decisions have been taken on many of them. The management has also taken this opportunity to identify the gaps in various accounting procedures with respect to the guidance mentioned in the General Financial Rules, 2017. Corrective actions have been planned by the management wherever applicable. Having said that there are some areas where finalization of detailed accounting policy decisions still going-on. The key observations is provided in more detail in the table below.

Sr. No.	Current practices	Management action upon implementation of IFMS	Applicability
1	KVIC head office balance sheet is prepared on a cash basis whereas the balance sheet for trading units is prepared on an accrual basis. Per the requirement of the framework, all transactions shall be accounted for under accrual method of accounting.	KVIC shall consistently follow accrual basis of accounting at all locations.	Main fund (head office)
2	At present, state offices and field offices are not consolidated with the books of accounts of KVIC main fund (head office). Profits generated by trading units are included in the reserves of KVIC main fund – line by line consolidation is not performed.	The trial balance of the field offices, Export Promotion Council (“EPC”) fund, Gramodaya Kosh (“GK”) fund, State Benefit (“SB”) fund will be consolidated with KVIC main fund account at the head office. Financial statements of the trading fund account (KG Bhavans and Central Sliver Plants (“CSPs”)) will not be consolidated with the main fund account. GPF will continue to be separately presented in the annual report.	Main fund (head office)
3	Disbursements to the field office are accounted as an expenditure in the KVIC main fund account. Any un-spent amount refunded by the field office is treated as income.	Expenditure shall be accounted only when the cash is passed on to the ultimate beneficiary (Khadi Institution (“KI”) or Village Industry unit (“VI”).	Main fund (head office)

Sr. No.	Current practices	Management action upon implementation of IFMS	Applicability
4	The un-spent cash amounts not refunded to KVIC head office are not recognized in KVIC main fund account.	The unspent cash balance at field offices shall form part of the cash and bank balance of KVIC main fund as at the reporting date.	Main fund (head office)
5	Interest earned on un-utilised grants usually deposited with banks as fixed/flexi deposits is accounted as an income in the main fund account.	Interest income on unutilized grants should not be accounted as income in the main fund account but shall be accounted as a liability payable to MSME.	Main fund (head office)
6	Currently interest on the Consortium Bank Credit ("CBC"), MSME and Interest Subsidy Eligibility Certificate ("ISEC") loans are accounted on cash basis.	All the interests payable on CBC, MSME and ISEC loans payable shall be accounted using accrual method of accounting.	Main fund (head office)
7	<p>In the annual report, an unreconciled amount is shown as "reconciliations in the capital fund account" between head office and trading units.</p> <p>Sundry debtors and sundry creditors of 'Trading Fund account' include un-reconciled balances amongst trading units. (KG Bhavans and CSPs)</p>	All un-reconciled capital accounts shall be reconciled with the main fund accounts. Sundry debtor and creditor balances within trading units shall also be reconciled.	All units including main fund.
8	Currently, KVIC accounts for all its employment benefit obligations on cash basis.	KVIC shall account for all long term employee benefit including gratuity, accumulated leaves, pension and other defined benefit plan on an actuarial basis. KVIC shall appoint an independent actuary to assist with actuarial valuation.	All units
9	Amounts advanced/released to employees on account of business travels, LTA, house loans, other advances and pensions are treated as an expense in the books of accounts in the year in which such advances are released.	Amounts advanced/ released to employees on account of LTA, travel, house loans etc. shall be treated as advances and should be recognised as assets in the balance sheet instead of income and expense account.	Main fund (head office)

Sr. No.	Current practices	Management action upon implementation of IFMS	Applicability
10	<p>KVIC maintains fixed assets register manually and depreciation is not charged on these fixed assets. All the fixed assets, irrespective of the date of purchase, are capitalised on 31 March of the reporting period.</p> <p>There is no formal process for identifying the costs which are directly related to the procurement of such assets.</p> <p>Currently, there is no robust policy for physical verification of the fixed assets.</p> <p>Intangible assets (whether internally generated or separately acquired) are not capitalized/evaluated for captalisation by KVIC.</p>	<p>a) A comprehensive fixed assets register shall be maintained under SAP for all the funds.</p> <p>b) KVIC shall carry out an extensive physical fixed asset verification across all locations at the date of transition. Subsequently, fixed asset verification will be carried out on an annual basis by the E&S department.</p> <p>c) The fixed assets will be capitalized on the date they are available for use i.e. generally the date of purchase or in case of plant and machinery, the date of completed installation.</p> <p>d) KVIC has prescribed straight line method (SLM) for charging depreciation.</p> <p>e) Upon implementation of IFMS, the cost of fixed assets shall be the price actually paid by the commission to acquire the asset including amount of non-refundable freight, duties and taxes applicable, if any.</p> <p>f) With respect to the intangible assets, KVIC shall assess the conditions mentioned in Accounting Standard 26 <i>Intangible assets</i> for capitalization of intangible assets. On the date of transition, KVIC shall recognise intangible assets at carrying value (considering accumulated amortization till date of transition). KVIC shall also establish an appropriate amortization policy for the identified intangible assets.</p>	All units

Sr. No.	Current practices	Management action upon implementation of IFMS	Applicability
11	<p>a) There is no robust process for reconciliation of:</p> <p>i) Cash balance appearing in KVIC main fund accounts with the cash and bank balances as per Programme Director disbursement register;</p> <p>ii) physical cash balances held and cash balances as per the books of accounts; and</p> <p>iii) cash balances as per books of accounts and balances as per banks statements.</p> <p>As identified in the annual report, KVIC is yet to identify reasons for old balances and discrepancies and take any corrective measures on such unreconciled differences.</p>	<p>KVIC shall set up:</p> <p>i) a reconciliation process between cash balance as per Director Accounts (which is the cash balance presented in the balance sheet) and balance as per Programme Directorate.</p> <p>ii) a reconciliation process across all offices of KVIC to reconcile the physical cash balance with the cash balances as per the books of accounts. Such reconciliation shall be performed at least twice a year. A certificate shall be issued upon physical verification of physical cash balance held.</p> <p>iii) a monthly bank reconciliation process at all locations. While performing the bank reconciliation as at the transition date, a decision should be made whether any unreconciled balances should be written off.</p>	All units
12	<p>As per the new process introduced, all remittances relating to the implementation of PMEGP scheme are done through Corporation Bank instead of the field offices of KVIC.</p> <p>Any amounts remitted to Corporation Bank are currently charged as an expense in the books of accounts of KVIC. Further, the amounts held with Corporation Bank, but not yet disbursed to the beneficiaries are currently not being recorded by KVIC as cash balance in the balance sheet at the reporting date.</p> <p>An interest at 7% per annum is being paid to KVIC by Corporation Bank on the unspent balances. This interest is accounted on a cash basis.</p>	<p>Expenses shall be booked only when the amounts are disbursed to the ultimate beneficiary and not to Corporation Bank.</p> <p>Balances with Corporation Bank shall be recorded and presented as cash balances of KVIC in the main fund account. Interest income shall be accounted as liability to MSME in the balance sheet of the main fund account.</p> <p>As per the latest update, there is a possibility that all disbursements under PMEGP scheme will be directly managed by Reserve Bank of India ("RBI"). If this new arrangement comes into existence, no cash balance and therefore, no interest income, will be recognised by KVIC. The cash disbursements would be directly dealt with by RBI without any intervention by KVIC.</p>	Main fund (head office)
13	All loans and interests recoverable from the various institutions (such as KVI boards) and individuals are accounted on a cash basis.	Management shall account for interest on such loans on an accrual basis.	Main fund (head office)

Sr. No.	Current practices	Management action upon implementation of IFMS	Applicability
14	<p>As per the subsidy in lieu of interest scheme, the difference between the interest receivable from the beneficiaries and the interest actually received shall be granted by the government of India as a subsidy to KVIC.</p> <p>At present, the commission does not account for the interest receivable/subsidy receivable from the beneficiaries/ Government of India.</p>	<p>Interest accrued and due from beneficiaries: KVIC shall account for the interest accrued as the opening balance in SAP.</p> <p>Subsidy in lieu of interest: KVIC shall account for subsidy in lieu of interest receivable from ministry of MSME on the basis of the acknowledgment received from the ministry of MSME.</p>	Main fund (head office)
15	The commission accounts for all its incomes and expenses on cash basis.	Under IFMS, KVIC shall account for all the incomes and expenses on an accrual basis. These include transactions such as interest receivable on margin money, MTDC revenue, guest house rent, house rent charges, salaries due but unpaid, rents, electricity expenses, interests payable, legal matters etc.	All units
16	<p>Currently a manual purchase order (purchase of traded goods and capital goods) is raised for all the requisitions.</p> <p>There is no process for vendor identification and selection.</p>	<p>After the implementation of IFMS, all the purchase orders shall be raised mandatorily through SAP.</p> <p>An adequate vendor selection process will be set up at KVIC as part of the IFMS implementation system.</p>	All units
17	<p>Inventory purchases at the Bhavans are carried out on the basis of previous orders that have been placed.</p> <p>Repeat orders for slow moving inventory continue to be placed as there is no process to analyse the slow moving inventory vis-à-vis high demand products.</p>	KVIC shall set up a policy to review the monthly sales report. This would enable KVIC to identify items that are in high demand and slow moving items of inventory. Future inventory purchases shall be made on the basis of this analysis.	KG Bhavans
18	Physical stock counts are conducted only at the end of the financial year. Any discrepancies from the stock count are not resolved in a timely manner.	Physical verification of inventory shall be carried out at least every six months. Physical verifications for high value items of inventory shall be conducted more frequently.	Trading Units
19	Closing inventory is valued at sales price of the respective items. This includes margins such as wholesale commission and Market and Development Assistance ('MDA').	Inventory shall be valued at the lower of cost or NRV. Cost of inventory shall mean the purchase price (net of trade discounts and MDA rebates received).	KG Bhavans

Sr. No.	Current practices	Management action upon implementation of IFMS	Applicability
20	<p>There is no process in the system to track the ageing of inventory and subsequently no provision is made for the slow moving and/or obsolete inventory.</p> <p>In the case of VI products, though the system is equipped to track the expiry dates, it is not being religiously followed by the system operators.</p>	<p>Consignment stock: An accounting policy stating the timing and frequency for return of slow moving or obsolete goods shall be put in place.</p> <p>Own stock: KVIC shall implement a policy for identifying and making a provision for its obsolete and slow moving inventory.</p> <p>For both consignment and own stock, a review process shall be put in place to identify slow moving and/or obsolete items of inventory.</p>	KG Bhavans
21	<p>Currently, there is no system to track the ageing of receivables and payables. Thus, no provisions have been created on such receivables and advances till date.</p> <p>Specifically in the case of CSPs, an ageing of receivables is being maintained. However, this ageing is not being reviewed on a regular basis either for assessment of recoverability of debtors or for bad debt provisioning. As a result, bad debt provision is being on an ad hoc basis. The CSPs do not have a provision matrix for the provisioning of its bad and doubtful debts.</p>	<p>Receivable balances ageing more than 3 years and amount less than INR 20,000 shall be written off and charged to the income and expenditure accounts.</p> <p>Payables balances ageing more than 3 years may be written back and credited to the income and expenditure accounts.</p> <p>A bad debt provision matrix shall be formulated which shall be consistently applied across all CSPs.</p>	Trading Units
22	<p>KVIC main fund account has advanced amounts in the nature of working capital and temporary loans and advances to the CSPs. These loans carry an interest at 4% per annum.</p> <p>Even though the CSPs follow accrual method of accounting, no provision has been made for the interest payable. Interest costs have been provided on an ad-hoc basis.</p>	KVIC shall account for the interest on an accrual basis from the date of inception of the loan.	CSPs
23	Interest income on the SBI deposits and membership fees are recognised on cash basis.	<p>At each reporting date, KVIC shall recognise interest on the fixed deposits on an accrual basis.</p> <p>For membership fee, KVIC need to account membership fee for the next year as a liability (on an estimated accrual basis) in the balance sheet.</p>	EPF/SBF

Sr. No.	Current practices	Management action upon implementation of IFMS	Applicability
24	<p>Fixed assets acquired are measured at purchase price and corresponding credit is given to 'Non recurring grant given for creation of Assets'.</p> <p>No depreciation is charged on fixed assets.</p>	<p>As the recommendation is based on the uniform accounting format and prescribed guidelines for the autonomous bodies, KVIC shall calculate the carrying value of fixed assets and the government grant balances. The fixed assets would need to be included in the opening balance sheet at the revised values.</p>	All units
25	<p>Refund of TDS has been accounted on a cash basis.</p>	<p>Any refund of TDS shall be accounted for on an accrual basis as opposed to cash basis.</p>	SBF
26	<p>The GPF account consists of the balances pertaining to:</p> <p>a) General provident fund (GPF) (for all regular staff);</p> <p>b) Contributory provident fund;</p> <p>c) Contribution under National Pension Scheme (NPS) (for staff recruited on or after 01 January 2004).</p> <p>Interest is accounted on accrual basis in respect of GPF investments. For all other investments, interest income is recognised on a cash basis.</p>	<p>Interest income on all investments shall be accounted for on an accrual basis.</p>	GPF
27	<p>The subscribers funds (contribution to the fund) includes amounts pertaining to deceased employees and unclaimed accounts.</p>	<p>Subscribers' account shall be periodically reviewed by KVIC to identify and deceased employees and/or unclaimed accounts. Such amounts shall be appropriated dealt with.</p>	GPF
28	<p>Interest on subscription/commission contribution is accounted for on a cash basis.</p>	<p>Interest on subscription/commission contribution shall be accounted for on an accrual basis.</p>	GPF

7. Project Challenges

Projects of this nature are not easy to implement as they have impact on people and processes. During the implementation processes, KVIC faced few critical challenges. However, due to the commitment and continuous involvement of KVIC management and functional team, some of these challenges were resolved.

Key challenges faced in IFMS implementation are:

Sr. No.	Key Challenge	Mitigation Strategy
1	Non-standardization of accounting policies (e.g., cash basis accounting was followed where as in Trading Centres accrual accounting was follow for certain transaction)	KVIC with assistance from TA team conducted detailed review of accounting practices and prepared common norms in accordance with Uniform Format of Accounting for Autonomous Bodies, issued by the Department of Expenditure, Ministry of Finance
2	Project timelines was a key challenge. Implementation timelines were reduced significantly from the original plan considering project priorities	IP was request to deploy additional resources for meeting project deadlines. Similarly, KVIC Sr. Management carried out continuous monitoring of the progress and provided immediate decisions or instructions to respective functional director/team members to provide required support.
3	In KVIC, many systems were being used. Similarly, data was also maintained in physical forms in ledgers. So, data collection was a key challenge.	Common data templates were prepared. IP team assisted in digitization of manual records into digital format (e.g., cash book). Many knowledge sharing sessions were conducted through workshops at the Corporate Office and Video Conferencing for field offices on the data collection and verification process.
4	Initially, there was lack of interest from the functional team in participating during workshops, trainings and review process. This was a Change Management issue.	KVIC management continuously encouraged the team members to participate and contribute during knowledge sharing or review sessions. Similarly, required instructions were also given to ensure team participation and meeting project deadlines.

8. Benefit Assessment

IFMS is implemented with the long term objective of improving process efficiency and better financial control. The nature of the project is such that it needs to be stabilized and built-in functionalities to be leveraged extensively before a detailed benefit assessment can be carried out. However, in the immediate period, KVIC has benefited from the following:

- Standardization of business process from heterogeneous practices like cash as well as accrual based accounting
- Creation of a web based centralized information system for easy and real-time information access
- Removal of manual and time taking activities like reconciliation and preparation of financial statements through process automation
- Possibilities of better fund utilization and expense monitoring through system driven processes
- Developing accountability in financial transactions due to defined roles & responsibilities of users in the system
- Improved Compliance to guidelines and statutory requirements

9. Way Forward

Go-Live at the Corporate Office is a beginning for KVIC. Adequate measures needs to be taken before the potential of IFMS is realized and process automation is leveraged for better monitoring & control. As way forward, some of the key activities which are required to be carried out are:

- 1. System Stabilization:** Post go-live, IFMS will require stabilization. As most of the financial transactions will be done through IFMS, all business conditions needs to be reviewed and tested thoroughly. Similarly, volume testing needs to be carried out to ensure that system will function as per requirements without any degradation of performance in future considering growth in users and data transaction.
- 2. System Roll-out:** IFMS needs to be rolled-out to all locations covering zonal offices, state offices, bhavans, and CSPs. It is planned that the current legacy system and IFMS will be used simultaneously till 31st March 2018. By this time IFMS would have also stabilized. From 1st April 2018, only IFMS is expected to be used as the financial system of KVIC and all the legacy systems will be discontinued.
- 3. Capacity Development:** To ensure that all users are familiar with the IFMS process, continuous training environment will be established. Different modes of training such as class room training, on-line training (portal, audio-video sessions) will be planned.
- 4. System Performance:** As gradually, more users will be doing transactions through the IFMS, it will be important to monitor IFMS performance as well as infrastructure availability. Further, it will be important to ensure data security against cyber threats as per CERT-In guidelines. Similarly, user compliance for using IFMS rather than legacy or manual systems will also require continuous monitoring
- 5. Expanding process automation:** As SAP is a robust and standard platform, KVIC will evaluate if other business processes can be automated through the SAP solution.

Annexures

Annexure 1: KVIC Project Steering Committee and Core Team members

Project Steering Committee Members

Srl. No.	Name	Designation
1.	Chief Executive Officer	Chairperson
2.	Financial Advisor	Member
3.	Joint Chief Executive Officer	Member
4.	Dy. CEO (IT)	Member
5.	Dy. CEO (RID)	Member
6.	Dy. CEO (Finance/Budget/Accounts)	Member
7.	PwC Consultant	Expert Member
8.	Director (IT)	Convener











Core Team Members

Srl. No.	Name	Designation
1.	Mr. P.V.N. Shivprasad	Dy. Director (Finance)
2.	Mr. V.R. Balasubramanian	Assistant Director – I (Audit)
3.	Mr. G. Andavar	Assistant Director – I (RID)
4.	Mr. Devendra Kumar	Assistant Director – I (Accounts)
5.	Ms. K. Jayshree Menon	Assistant Director – II (IT)
6.	Mr. C.S. Madhale	Assistant Director – II (IT)
7.	Mr. P. Vijayan	Executive (Audit)
8.	Ms. Yashoda L. Kotian	Executive (RID)
9.	Ms. Leena R. Walve	Executive (IT)
10.	Mr. Deepak Sharma	Executive (IT)
11.	Mr. K.V.L. Suryaprakash	Sr. Executive (Accounts)
12.	Mr. D.D. Tiwari	Sr. Executive (Accounts)
13.	Mr. Rajaram	Sr. Executive (Accounts)
14.	Mr. D.B. Borde	Sr. Executive (Accounts)
15.	Mr. C.D. Mukane	Sr. Executive (Accounts)
16.	Ms. Sadhana Doshi	Sr. Executive (Accounts)
17.	Ms. Nilima Salunkhe	Jr. Executive (Accounts)
18.	Mr. B.K. Gujar	Jr. Executive (KRM)

State Office Representatives

Srl. No.	Name	Designation
1.	Mr. P.K. Kar	Sr. Executive, KVIC, Bhubaneswar
2.	Mr. S.D. Joshi	Sr. Executive, K.G.B. New Delhi
3.	Mr. Vijay Kumar	Executive, KVIC, Ranchi
4.	Mr. P.M. Venugopalan	Sr. Executive, KVIC, Trivandrum
5.	Mr. S.K. Singha	Executive, KVIC, New Delhi
6.	Mr. V.S.N. Murthy	Assistant Accountant, CSP, Kuttur

Annexure 2: Overview of project plan

KVIC Project Plan- Go-live Oct 17- ver 2.0.mpp						
ID	Task Mode	Task Name	Duration	Start	Finish	Predecessors
1		Project Pre-Preparation	8 days	Wed 15-02-17	Tue 28-02-17	
5		Implementation Plan	361 days	Mon 27-02-17	Tue 18-09-18	
6		Project Preparation	23 days	Mon 27-02-17	Mon 03-04-17	1
37		Business Blue Print	83 days	Mon 13-03-17	Thu 20-07-17	
297		Realization	298 days	Mon 05-06-17	Mon 17-09-18	
386		Final preparation	18 days	Mon 11-09-17	Mon 09-10-17	
416		Go-live & Support for Pilot Phase	63 days	Mon 16-10-17	Mon 22-01-18	
430		Solution rollout to Regions	49 days	Wed 01-11-17	Wed 17-01-18	
442		Stabalization Period	60 days	Mon 15-01-18	Wed 18-04-18	
447		Support for Overall system	1320 days	Mon 16-04-18	Mon 25-12-23	

Annexure 3: SAP Terminology



SAP_IMPLEMENTATION_AS-IS

1.0 SAP ERP

SAP is neatly **integrated *business software*** to process all functionalities of an **organisation** in order to obtain a **UNIFIED solution, ERP software**.

SAP is a **leader** when it comes to **easy integration** among all the departments.

- ▶ SAP Stands for **Systems, Applications, and Products in Data Processing (SAP)**
- ▶ Founded in Germany (1972), SAP is the leader of ERP software vendor
- ▶ World's largest provider of Integrated Business Solutions software
- ▶ Designed to satisfy the information needs for all business sizes (international to local)
 - Multi-lingual
 - Multi-currency
- ▶ Designed to satisfy the information needs for all industries (industry solutions)
- ▶ Ties together disparate business functions (integrated business solution)
- ▶ Real-time environment
- ▶ Scalable and flexible

SAP provides certain standard organizational elements which are mapped with Organization Elements of the entity that is implementing SAP

We have the given below brief explanation of these SAP Organization Units and their role in SAP system.

2.0 Client:

Client in SAP represents a completely independent business entity. It may represent an entire company or organization or Group.

- ▶ It is four Alpha-numeric characters field in SAP.
- ▶ Highest hierarchical level in an SAP system
- ▶ A complete database containing all the tables necessary for creating a fully integrated system
- ▶ Master records are created at the client level
- ▶ KVIC will have one client in SAP system.

2.0 Company Code

Company Code is a unique four alphanumeric characters that represents an independent and legal accounting entity.

- ▶ A required structure in SAP
- ▶ A legally independent entity
- ▶ The smallest organizational unit for which accounting can be carried out
 - The level where business transactions are processed
 - The level where accounts are managed
 - The level where legal individual financial statements, such as the balance sheet and the income and expenditure statement, are created
- ▶ KVIC being as legal entity created by Act of parliament, will be created as a Company Code in SAP

KVIC_Organization_units_in_SAP

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SAP_IMPLEMENTATION_AS-IS



3.0 Chart of Accounts:

It is listing of General Ledger Accounts being used by the Company Codes

- ▶ It is four Alpha-numeric characters field in SAP.
- ▶ A listing of the accounts
- ▶ A chart of accounts must be assigned to every company code
- ▶ Several company codes can use the same chart of accounts
- ▶ A different chart of accounts can be used if a different grouping of the accounts is required

4.0 Credit Control Area:

- ▶ An organizational unit or area of responsibility created to control customer credit limits
- ▶ A company code is assigned to one and only one credit control area
- ▶ Multiple company codes can be assigned to one credit control area

5.0 Controlling Area:

- ▶ The Controlling Area is an organizational unit that represents a closed system used for Cost and Management accounting operations
- ▶ A company code is assigned to one and only one controlling area
- ▶ A Controlling Area may contain one or more company codes, which can operate in different currencies, if required.
- ▶ A mandatory requirement is that the Company Codes within a Controlling Area must all use the same operational Chart of Accounts
- ▶ This allows cross company cost allocations and reporting
- ▶ KVIC will have one Controlling Area

6.0 Cost Center:

- ▶ Cost center is an Organizational unit within a Controlling Area that represents location where costs are incurred
- ▶ You can make cost center on the basis of functional activity related or responsibility related.
- ▶ For Examples Functional Departments in KVIC like ADMIN, Accounts, IT can be Cost Centers. Similarly Directorates responsible for implementing KVIC schemes like PMEGP, MDA, ISEC and Khadi work shed can also be mapped as Cost Centers in SAP.

7.0 Internal Order:

- ▶ Internal orders are normally used to plan, collect, and settle the costs for specific purpose or task.
- ▶ Internal Orders will have limited use in KVIC



SAP_IMPLEMENTATION_AS-IS

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8.0 Project WBS Elements:

- ▶ Projects are used to plan collect and settle costs for specific projects in an organization
- ▶ These are used for large construction projects or Business projects like implementation of Software
- ▶ This will not be relevant for KVIC business as of now

9.0 Profit Center:

- ▶ A profit center is a management-oriented organizational unit used for internal controlling purposes.
- ▶ It is possible to prepare separate set of financial Accounts (Income and Expenditure Accounts and Balance Sheet) at organization unit mapped as Profit Center
- ▶ Dividing your company into profit centers allows you to analyze areas of responsibility and to delegate responsibility to decentralized units, thus treating them as “companies within the company”
- ▶ KVIC HO , GST and Trading Units can be mapped as Profit Centers in SAP

10.0 Funds Management Area:

- ▶ FM Area is an organizational unit in SAP which plans, controls and monitors entire Budget for Expenses, Procurement and Consumptions in the system.
- ▶ KVIC will have one FM Area for Budgetary Control

11.0 Fund

- ▶ Funds are used to subdivide the Budget into different heads as per area of responsibility.
- ▶ KVIC Budget, for example, can be divided into Plan and Non Plan Funds
- ▶ Plan Budget can be further divided into various Directors operating KVIC Schemes like Khadi, PMEGP, ISEC etc.

12.0 Fund Center

- ▶ Fund Centers are organization Units whom Funds are allocated from Budget. These can be created by area of responsibility, Departments or Projects.
- ▶ For KVIC Departments having independent Budget allocations will be created as Fund Centers
- ▶ Fund Centers can be arranged in hierarchy

13.0 Commitment Item:

- ▶ Commitment Item represents Budget expense heads.
- ▶ Each Commitment Item will be linked with one or more General Ledger Accounts.
- ▶ Expenditure booked on GL Accounts will be updated on the Commitment items linked to those GL Accounts.

KVIC_Organization_units_in_SAP

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SAP_IMPLEMENTATION_AS-IS

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14.0 Plant

- ▶ The plant is an operating area or branch within a company.
- ▶ A plant has its own material master data.
- ▶ Data can be maintained at plant level for Material Master Views like Purchasing, Production, Storage, Costing, Sales etc.
- ▶ KVIC can be created as a Plant in SAP

15.0 Purchasing Organization

- ▶ From the Materials Management and Purchasing view, the purchasing organization is responsible for all purchasing activities (including the processing of requests for quotations and purchase orders, for example).
- ▶ If Purchasing Organization is assigned to Company Code then Central Purchasing Organization is responsible for procurement of materials for all Plants belonging to that Company Code.
- ▶ If Purchasing Organization is assigned a Plant, then Purchasing Organization can procure materials only for that Plant.
- ▶ A Purchasing Organization has it's own Vendor Master data, Purchase Info records and Conditions for Pricing
- ▶ KVIC HO can be mapped as Purchasing Organization in SAP

16.0 Storage Location

- ▶ A storage location is the place where stock is physically kept within a plant.
- ▶ Storage Location has its code and description
- ▶ It is possible to store material data specific to a storage location
- ▶ Stocks are managed on quantity basis in storage location, not values
- ▶ Physical Inventories are carried out at storage location
- ▶ Stock items are issued for consumption
- ▶ It is possible to transfer stocks to other storage locations
- ▶ There may be one or more storage locations within a plant.
- ▶ KVIC HO will be one Storage Location

17.0 Purchasing Groups

- ▶ Purchasing Organization is further sub divided into Purchasing Groups (Buyer Groups), which are responsible for day to day buying activities
- ▶ Purchasing Group is an entity which communicates with Vendors
- ▶ Purchasing Group is internally responsible for the procurement of materials or services
- ▶ As rule Purchasing Group is principal channel for dealing with Vendors
- ▶ All Directors at KVIC HO who are allowed to do procurement activities (E&S, IT, Admin etc.) can be created as Purchasing Groups

KVIC_Organization_units_in_SAP

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Annexure 4: Overview Training

IFMS Project



Khadi and Village Industries Commission



06/03/2017

SAP ERP – FICO Module

Your business technologists. Powering progress





SAP Finance

Overview of Finance Module Functionality Anant Gogate

06/03/2017

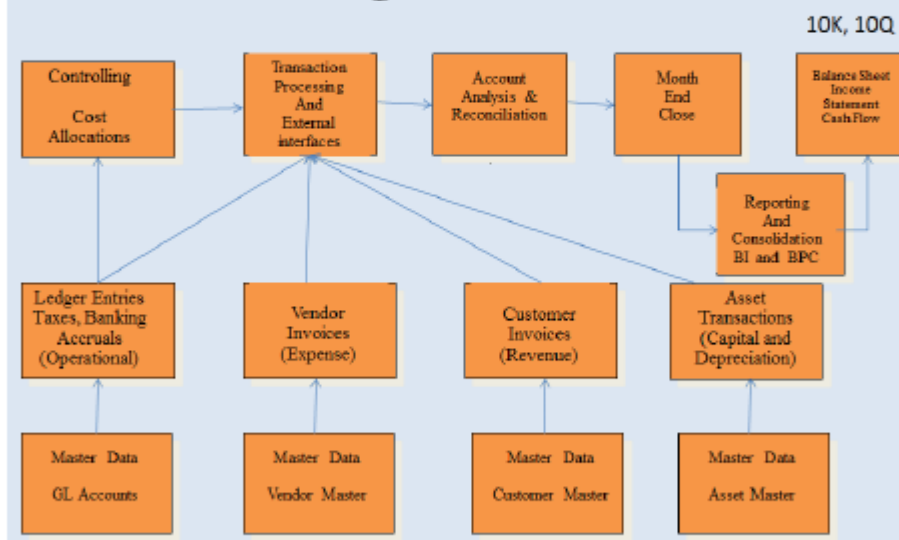
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General Ledger



General Ledger Process Overview



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Reports Example 1

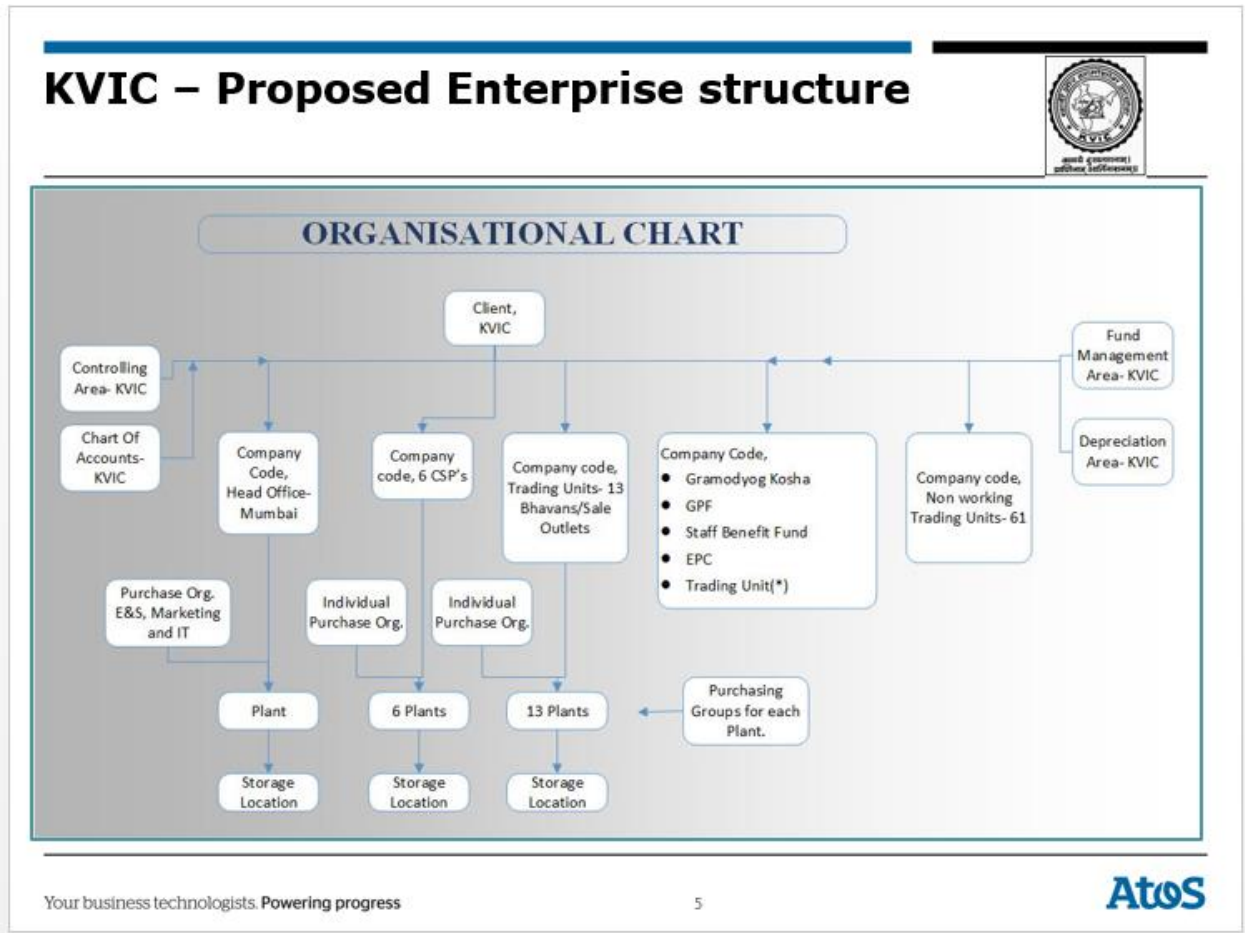


G/L Account Balances

IDES AG Frankfurt Ledger GL G/L Account Balances Time 15:31:41 Date 14.05.2012
 Carryforward Periods 00-00 2012 Reporting Periods 01-16 2012 RFSILD00/IDADMIN Page 1

CoCd	G/L acct	Short Text	Cncy	Busk	Balance Carryforward	Balance,prev.periods	Debit rept.period	Credit report per.	Accumulated balance
1000	100039	Ferry Cash - custome	EUR		0.00	0.00	3,096.10	1,100.00	1,996.10
1000	140030	Trade Receivables -	EUR		0.00	0.00	21,196.12	3,648.22	17,549.90
1000	154030	Input tax	EUR		0.00	0.00	50.00	9.09	40.91
1000	160030	AP-domestic	EUR		0.00	0.00	650.00	550.00	100.00
1000	175030	Output tax	EUR		0.00	0.00	50.82	3,184.57	3,335.75-
1000	310030	Trading Goods	EUR		0.00	0.00	4,000.00	4,518.30	918.30-
1000	399999	Inventory taking	EUR		0.00	0.00	0.00	4,000.00	4,000.00-
1000	417030	Purchased services	EUR		0.00	0.00	500.00	90.91	409.09
1000	476930	Other general expens	EUR		0.00	0.00	550.00	0.00	550.00
1000	800030	Sales revenues - dom	EUR		0.00	0.00	0.00	18,265.00	18,265.00-
1000	800230	Revenues	EUR		0.00	0.00	500.00	0.00	500.00
1000	880030	Customer discounts	EUR		0.00	0.00	4.90	0.00	4.90
1000	888030	Sales deductions - s	EUR		0.00	0.00	451.45	0.00	451.45
1000	894025	Inventory change - s	EUR		0.00	0.00	4,918.90	0.00	4,918.90

Annexure 5: Enterprise Structure



Annexure 6: Sample Business Blueprint Document



Project Name:	KVIC – ERP(SAP) Implementation				
Document Name:	Business Blue Print for “General Ledger Business Process”				
Document ID:	KVIC_BBP_General_Ledger	Version:	V1.2		
Prepared by:	Anant Gogate	Role	FI Module Lead	Date:	02 June 17
Reviewed by:	Harish Jaiswal	Role	Project Manager	Date:	05 June 17
Approved by :	Harish Jaiswal	Role	Project Manager	Date:	05 June 17
Released by:	Anant Gogate	Role	FI Module Lead	Date:	06 June 17

Revision History

Sr. No.	Version No.	Date of Revision	Section Number	Description of Change	Reason for Change	Change Made By	Reviewed By
1.0	V1.0			Initial Release			
2.0	V1.1	06.06.2017		Incorporating peer review comments	Peer Review	Anant Gogate	Harish Jaiswal
3.0	V1.2	20.06.2017		Incorporating workshop meeting with client comments /notes	BBP Workshop	Anant Gogate	KVIC Director Accounts and Director Finance



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1.3.1 To-Be Business Process Overview

1.3.1.1 Chart of accounts (CoA):

This is a list of all G/L Accounts. For each G/L account, the chart of accounts contains the account number, account name, and the information that controls how an account functions and how a G/L account is created in a company code.

A Chart of Accounts is assigned to one or more company codes. It is possible to copy existing chart of account from one company code to another company code.

For KVIC one common chart of accounts will be created and assigned to all Company Codes. All Company Codes will use the same set of GLs while recording financial transactions. This will help limiting the numbers of GLs in CoA. The GL Accounts required by Company Codes only will be created for that Company Code to avoid any data redundancy.

Once a GL Account is created as P/L account or B/S account and posted some amount to that, then we are not allowed to change the category of that GL Account. .

1.3.1.2 GL Structure in SAP (Mapping with AS IS)

- For each unique legacy head code, a 6 characters numeric GL Account code will be setup in SAP.
- Accounts Group will be setup as per the requirement of Schedules forming part of Annual Accounts.



- GL Accounts will be created in the accounts group within the number ranges allocated to each account group
- GLs will be classified as “Balance Sheet” or “Income & Expenditure” (or “Profit & Loss”) type at the time of GL master creation. It is difficult to change category of an account in System later. Therefore precaution must be taken while creating new GL Accounts.

1.3.1.3 Validation on GL codes creation:

- System will automatically validate the following:
 - If GL Account number (external) being created belongs to the correct accounts group
 - System will not allow creation of GL codes outside the number ranges allocated to the accounts group.
 - Will give error message if all required fields have not been filled in
 - Will not allow selection of values outside the dropdown list where the input values are validated.
 - Will not allow saving if the description has not been populated.

1.3.2 To-Be Business Process

Deviation from As-Is Process:

Sr. No	Description
1	At present the legacy GL Accounts are Descriptive in KVAFSU alphanumeric but they will be numeric in SAP
2	The legacy GL Account code being descriptive, have variable length. In SAP all GL

Annexure 7: Sample Data Collection Template

KVIC_COA - Excel

FILE HOME INSERT PAGE LAYOUT FORMULAS DATA REVIEW VIEW Nuance PDF Smart Sai Prasad

G1 Annual Accounts Schedule Number

A	B	C	D	E	F	G	H	I	J	K	
Chart of Accounts	SAP G/L Account	G/L Acct Short Text (20)	Count Short Text (max 20)	G/L Acct Long Text (50)	Count Long Text (max 50)	Annual Accounts Schedule Number	SAP Account Group	SAP Account Group Description	Schedule sub group (to be created as sets)	If B...	
1											
2	KVIC	311000	Share Capital-KVIC	20	Share Capital - KVIC Central Office	36		CARE	Capital & Reserve	Share capital	X
3	KVIC	311001	Original Capital -Sales outlets	32	Original Capital -Sales outlets	32		CARE	Capital & Reserve	Share capital	X
4	KVIC	311002	Original Capital-CSP	20	Original Capital - CSPs	23		CARE	Capital & Reserve	Share capital	X
5	KVIC	312000	Retained Earnings	18	Retained Earnings- KVIC CO	27		CARE	Capital & Reserve	Reserves & Surplus	X
6	KVIC	312001	Accumulated Profits	20	Accumulated Profits - Trading Units	36		CARE	Capital & Reserve	Reserves & Surplus	X
7	KVIC	312002	Accumulated Loss	17	Accumulated Loss - Trading Units	33		CARE	Capital & Reserve	Reserves & Surplus	X
8	KVIC	312003	Profit for the current year	28	Profit for the current year - Trading Units	44		CARE	Capital & Reserve	Reserves & Surplus	X
9	KVIC	312004	Loss for the Current year	26	Loss for the Current year - Trading Units	42		CARE	Capital & Reserve	Reserves & Surplus	X
10	KVIC	313000	General Reserves	17	General Reserve - KVIC	23		CARE	Capital & Reserve	Reserves & Surplus	X
11	KVIC	313001	Reserves -Trading Units	24	Provision for Reserves -Trading Units	38		CARE	Capital & Reserve	Reserves & Surplus	X
12	KVIC	322000	Khadi Loan Fund	16	Khadi Loan Fund	16		FUND	Designated/Earmarked/Endowment Funds	Designated/Earmarked Fund	X
13	KVIC	322011	Workshed Scheme - General	26	Workshed Scheme - General	26		FUND	Designated/Earmarked/Endowment Funds	Designated/Earmarked Fund	X
14	KVIC	322012	Workshed Scheme - SCSP	22	Workshed Scheme - SCSP	22		FUND	Designated/Earmarked/Endowment Funds	Designated/Earmarked Fund	X
15	KVIC	322013	Workshed Scheme - TSP	21	Workshed Scheme - TSP	21		FUND	Designated/Earmarked/Endowment Funds	Designated/Earmarked Fund	X

KVIC_Asset Master_1 - Excel

FILE HOME INSERT PAGE LAYOUT FORMULAS DATA REVIEW VIEW Nuance PDF Smart Sai Prasad

A1 Tech.name

A	B	C	D	E	F	G	H	I	J	K	L	
Tech.name	ANLKL			BUKRS	NASSETS	TX150	ANLHTXT	SERNR	MENGE	MEINS	AKTIV	
Data Type (Field length)	C(008)			C(004)	Numc (003)	C(050)	C(050)	C (018)	C(013)	C(002)	C(010)	
Field name	Asset Class	Owner Ship	Physical Verification done	Company Code	No of Similar Assets	Name	Asset main no. text	Serial Number	Quantity	Unit of Measure	Capitalization Date	
3												
6	Example	10101020	Own Funds	No	1000 - KVIC	1	Plant &Machinery	Plant &Machinery	1	1	EA	01.9.2017

KVIC_GL Opening Balances - Excel

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J11

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
Tech.name	BLDAT	BLART	BUKRS	BUDAT	MONAT	WAERS	NEWBS	NEWKO	WRBTR	KOSTL	KOSTL	KOSTL	KOSTL	NEWBS
Data Type (Field length)	DATS(008)	C(002)	C(004)	DATS (008)	N(002)	C(005)	C(002)	C(017)	C(013)	C(010)	C(010)	C(018)	C(050)	C(002)
Field name	Document Date	Doc.Type	Company Code	Posting Date	Period	Currency	Posting Key	Account	Amount	Cost Center	Profit center	Assignment	Text	Posting key
3														
4	Example	01.09.2017	SA	1000 - KVIC	01.09.2017	6	INR	1	120000	15000	1000100100	1200120120	purchase of stationery items	50

Annexure 8: Test Scenario and screenshots

Test Scenario No. FI/GL/01		Pass: Yes No (circle one)				
				Page 1 of 1		
SCENARIO: BUSINESS CASE: DESCRIPTION: EXPECTED RESULTS:				OWNER: STATUS: RUN NO.: RUN DATE:		
SETUP DATA						
Define Company code						
Field Status data						
Chart of Account						
Account Group						
Fiscal year						
Document Number Ranges						
Posting Period Variant						
Document type						
DATA OBJECT		DESCRIPTION	COMMENTS AND NOTES			
Company code		1000	Create Company code			
G/L account		900001	Create New GL Account			
TRANSACTIONAL STEPS						
No.	BUSINESS PROCESS STEPS / BPP NUMBER	TRANS. CODE	Business Process (FRS reference)	OUTPUT DATA / RESULT	TESTER / TEAM	OK / ERROR
1	Create G/L Master (Centrally)	FS00	F/FM/GL/MGMD/002	GL Number - 691001	FI	Success
2	Create G/L Master (Chart of Account Level)	FS00	F/FM/GL/MGMD/004	GL Number - 691001	FI	Success
3	Create G/L Master (Company code level)	FSS0	F/FM/GL/MGMD/002	GL Number - 691001	FI	Success
4	G/L Account Display (Centrally)	FS04	F/FM/GL/MGMD/002	GL Number - 691001	FI	Success
5	G/L Account Display (COA)	FSP4	F/FM/GL/MGMD/002	GL Number - 691001	FI	Success
6	G/L Account Display (Company code level)	FSS4	F/FM/GL/MGMD/002	GL Number - 691001	FI	Success
7	Post General Document	FB01	F/FM/GL/MGTP/001	1701000003	FI	Success
8	GL Enjoy posting Screen	FB50	F/FM/GL/MGTP/002	1701000003	FI	Success
9	General Posting Transaction	F-02	F/FM/GL/MGTP/003	1701000003	FI	Success
11	Change Document	FB02	F/FM/GL/MGTP/003	1701000003	FI	Success
12	Change Line Item	FB09	F/FM/GL/MGTP/003	1701000003	FI	Success
13	Display Document	FB03	F/FM/GL/MGTP/003	1701000003	FI	Success
19	Reserve Document	FB08	F/FM/GL/MGTP/011	1701000003	FI	Success
20	Park Document	FBV0	F/FM/GL/MGTP/012	100021	FI	Success
21	Display Balances	FS10N	F/FM/GL/MGTP/019		FI	Success
22	GL Account Balance	S_ALR_8701 2277	F/FM/GL/MGTP/007		FI	Success
Additional testing or ad hoc requirements:						
Test Approval:			Date: / /			
Completion Approval (including AdHoc or variant testing):				/ /		

Business Process FRS : F/FM/GL/MGMD/008




Ability to control creations, amendments and deletion of GL Master data by user-defined authorization
Creation/change/display (FS00)

Edit G/L Account Centrally

Edit financial statement version Edit set Edit cost element

G/L Account Electricity Charges

Company Code KVIC Central Office Mumba

Press “Create”  or “With Template” after filling the G/L Account & Company Code

Change G/L Account Centrally

Edit financial statement version Edit set Edit cost element

G/L Account Electricity Charges

Company Code KVIC Central Office Mumba

Type/Description Control Data Create/bank/interest Key word/translation I...

Control in chart of accounts

Account Group

P&L statement acct

Balance Sheet Account

Description

Short Text

G/L Acct Long Text

Consolidation data in chart of accounts

Trading Partner

Test Scenario No.	FI/AP/01	Pass:	Yes No (circle one)			
SCENARIO: BUSINESS CASE: DESCRIPTION: EXPECTED RESULTS:					Page 1 of 1	
SETUP DATA						
Create Company code						
Create Vendor Master Record						
Create Special GL Indicator						
Maintain With holding tax types and with holding tax codes						
Maintain Tax condition types						
Create Tax procedure						
Maintain Account Determination for FI to MM						
Maintain Payment Methods						
Maintain Automatic Payment Program						
Maintain Condition Records						
Create Tax codes						
DATA OBJECT	DESCRIPTION					
Company code	Create Company Code (1000)					
Vendor Master Record	Create Vendor Master record					
Assets						
TRANSACTIONAL STEPS						
No.	BUSINESS PROCESS STEPS / BPP NUMBER	TRANS. CODE	Business Process (FRS reference)	OUTPUT DATA / RESULT	TESTER / TEAM	OK / ERROR
	Create Vendor Master (Centrally)	XX01	F/FM/AP/MVMD/001	2000005	FI Team	Success
	Vendor Master Changes	XX02	F/FM/AP/MVMD/002	2000005	FI Team	Success
	Display Vendor Master	XX03	F/FM/AP/MVMD/004	2000005	FI Team	Success
	Block Vendor Master	XX05	F/FM/AP/MVMD/009		FI Team	Success
	Create Vendor Master (Accounting)	FK01	F/FM/AP/MVMD/001	2000005	FI Team	Success
	Change Vendor Master (Accounting)	FK02	F/FM/AP/MVMD/001	2000005	FI Team	Success
	Display Vendor Master (Accounting)	FK03	F/FM/AP/MVMD/001	2000005	FI Team	Success
	Create Vendor Invoice	FB60	F/FM/AP/MPP/001	1719000062	FI Team	Success
	Post Vendor Payment	F-52	F/FM/AP/MPP/008	1715000012	FI Team	Success
	create Vendor Invoice -General	F-43	F/FM/AP/MPP/002	1719000062	FI Team	Success
	Vendor Invoice With PD	MIRD	F/FM/AP/MPP/006	1715000012	FI Team	Success
	Create Vendor Credit Memo	FB65	F/FM/AP/MPP/016	1717000003	FI Team	Success
	Vendor Down Payment Request	F-47		1717000013	FI Team	Success
	Vendor Noted Items	F-57			FI Team	Success
	Post Vendor Down Payment	F-48		171700002	FI Team	Success
	Clear Vendor Down Payment	F-54		171700002	FI Team	Success
	POST With Holding Tax Invoice	J1INPR	F/FM/AP/MPPN/027	1719000062	FI Team	Success
	Payment With Print	F-58	F/FM/AP/MPPN/011		FI Team	Success
	Payment run AP	F110	F/FM/AP/MPP/020		FI Team	Success
	Vendor Balance Confirmation	F-18	F/FM/AP/MPP/012		FI Team	Success
	Account Statement	F-27	F/FM/AP/MAPR/001		FI Team	Success
	Vendor Balance Display	FK10N	F/FM/AP/MAPR/001		FI Team	Success
	Vendor Line Items	FBL1N	F/FM/AP/MPP/012		FI Team	Success
Additional testing or ad hoc requirements:						
Test Approval:			Date:			
Completion Approval (including Ad Hoc or variant testing): _____ / /						

Business Process FRS : F/FM/GL/MGTP/001



Post Customer Invoice With GST - FB70

Enter Customer Invoice: Company Code 1000

Tree on Company Code Hold Simulate Park Editing options

Transactn Invoice

Bal. 0,00

Basic data Payment Details Tax Withholding tax Notes

Customer 1000000010 SGL Ind
 Invoice date 17.10.2017 Reference
 Posting Date 17.10.2017
 Cross-CC no.
 Amount 11.800,00 INR Calculate tax
 Tax Amount
 Bus.place/sectn /
 Text retail trading
 Company Code 1000 KVVC Central Office Mumba Mumbai
 Lot No.

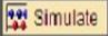

Customer Address
 Company
 Retail sales customer account
 OIs
 Bank data: not available

1 Items (No entry variant selected)

S...	G/L acct	Short Text	D/C	Amount in doc.curr.	T..	Tax jurisdictcn code	V	Assignment	Value date
✓	710005	Retail Sales -..	Cred...	11.800,00					
			Cred...						
			Cred...						
			Cred...						

Business Process FRS : F/FM/GL/MGTP/001



4. Click the **Simulate**  button to replicate an overview of the document before posting. The system will display the document overview.
5. Click on the **Save**  button or press **Ctrl+S** to post the invoice.

Document Overview

Taxes Park Complete Choose Save

Doc.Type : DR (Customer Invoice) Normal document
 Doc. Number Company Code 1000 Fiscal Year 2017
 Doc. Date 17.10.2017 Posting Date 17.10.2017 Period 07
 Calculate Tax
 Doc. Currency INR

Item	FK	Account	Account short text	Assignment	Tx	Amount
1	01	1000000010	Retail sales custome			11,800,00
2	50	710005	Retail Sales - VI			10,000,00-
3	50	434015	SGST Payable			900,00-
4	50	434014	CGST Payable			900,00-

Document 100021 was posted in company code 1003

Annexure 9: User Training and UAT at Corporate Office





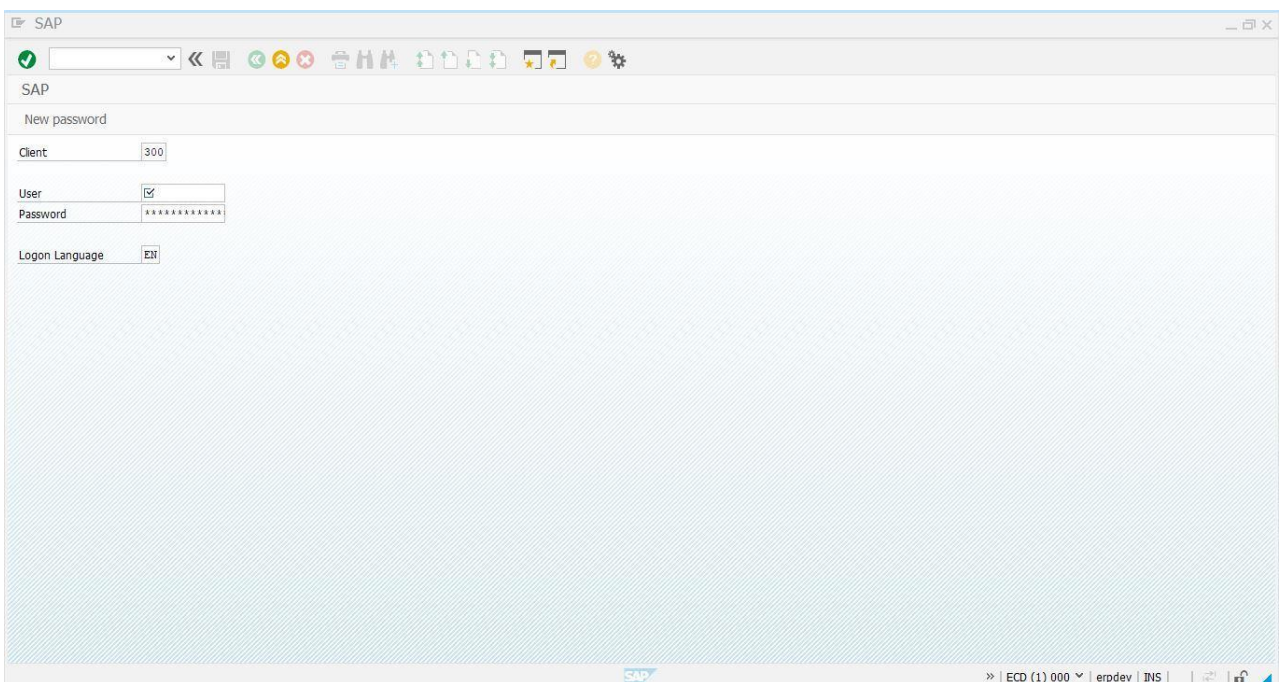
Annexure 10: Pre Go-Live review meeting



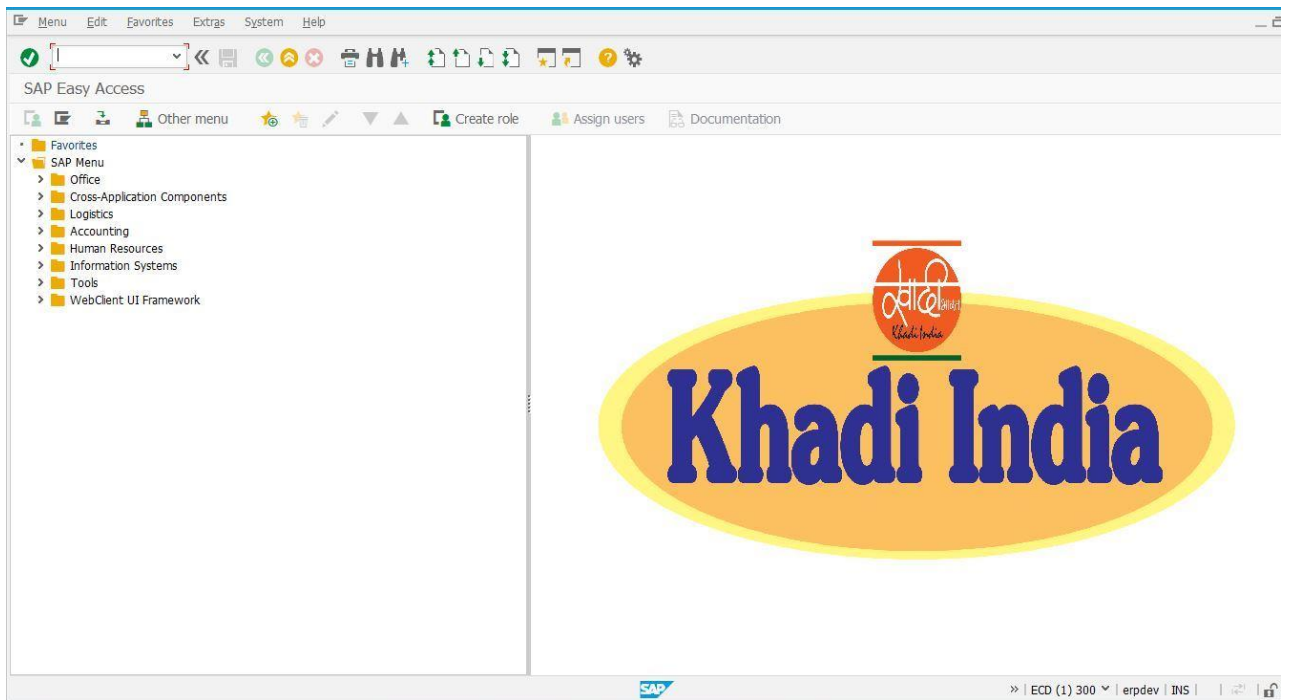





Annexure 11: IFMS Go-Live at the Corporate Office



Login Screen



Summary Scenarios



Sr. No.	Description	Transactions 1	Transactions 2	Transactions 3	Transactions 4	Transactions 5	Transactions 6	Transactions 7	Transactions 8	Transactions 9	Transactions 10	Transactions 11	Transactions 12
1	Payment cycle - Budget to payment - Non Plan Expenditure	Budgeting	Payment Receipt	Budget Release	Vendor creation	Create Pay order	Approval Workflow	Pay order printing	Cheque printing or RTGS	C&B to PFMS Integration	Financial Reporting	FM & Budget reporting	Utilization Certificates
2	PMEGP payment cycle	Budgeting	Payment Receipt	Budget Release	Vendor creation	Create Pay order	Approval Workflow	Pay order printing	Cheque printing or RTGS	C&B to PFMS Integration	Financial Reporting	FM & Budget reporting	Utilization Certificates
3	Procurement to pay Material	Purchase requisition	Approval workflow / PR release	Create purchase order	Approval workflow for purchase order	Goods receipt creation WRT PO	Accounting documents	Invoice receipt	Invoice receipt accounting Documents	Funds Management Consumption reports	Cash & bank operation	Cheque printing	
4	Accounts Receivable	Retail Sales with discount	Rent receipt from SBI	Bhavan's booking	CSP revenue booking for Sliver sales	Training Center booking							

Summary Scenarios



Sr. No.	Description	Transactions 1	Transactions 2	Transactions 3	Transactions 4	Transactions 5	Transactions 6	Transactions 7	Transactions 8	Transactions 9	Transactions 10	Transactions 11	Transactions 12
1	Payment cycle - Budget to payment - Non Plan Expenditure	Budgeting	Payment Receipt	Budget Release	Vendor creation	Create Pay order	Approval Workflow	Pay order printing	Cheque printing or RTGS	C&B to PFMS Integration	Financial Reporting	FM & Budget reporting	Utilization Certificates
2	PMEGP payment cycle	Budgeting Budget distribution between heads	Payment Receipt Create Pay order & Budget Relationship	Budget Release Payment order without Budget - Rejection	Vendor creation	Create Pay order	Approval Workflow	Pay order printing	Cheque printing or RTGS	C&B to PFMS Integration	Financial Reporting	FM & Budget reporting	Utilization Certificates
3	Payment cycle Negative				Rejections & Responses								
4	Contract Lifecycle	Create contract	Approval workflow for contract										
5	Procurement to pay Material	Purchase requisition	Approval workflow / PR release	Create purchase order	Approval workflow for purchase order	Goods receipt creation WRT PO	Accounting documents	Invoice receipt	Invoice receipt accounting Documents	Funds Management Consumption reports	Cash & bank operation Funds Management Consumption reports	Cheque printing	
6	Procure to pay Services	Purchase requisition	Approval workflow / PR release	Create purchase order	Approval workflow for purchase order	Service Entry sheet for PO	Service Entry sheet approval	Accounting documents	Invoice receipt Service Entry sheet	Invoice receipt accounting Documents	Funds Management Consumption reports	Cash & bank operation	Cheque printing
7	Accounts Receivable	Retail Sales with discount	Rent receipt from SBI	Bhavan's booking	CSP revenue booking for Silver sales	Training Center booking							
8	Notred items cycle	Bank Guarantee	Post Dated cheques	Down payment request									
9	Head office & State office transactions	Funds Transfer from HO SO	Return from State office to Head office										