



State-owned Infrastructure Company leverages Tally.ERP 9 to boost project-wise fund management

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R. Sri Kumar, Former Chairman & Managing Director

COMPANY BACKGROUND

Karnataka State Police Housing Corporation Limited (KSPHC) a Government of Karnataka company, focuses on construction of Police Stations, Police Quarters, Prisons, Home Guard and Fire Force Department buildings as its core professional activity. They also undertake other construction projects that the Government entrusts to them from time to time.

Among the many other awards, KSHPC is the proud recipient of the Golden Peacock Award for the year 2006, and the US Green Building Certification for construction of the first energy efficient GREEN building in the public sector in India.

KSPHC has 20 sub-divisional offices spread across Karnataka and manages about 2,000 construction projects.

THE CHALLENGE

With a large number of active, publicly funded projects being managed KSPHC felt the need for an integrated, enterprise-level financial solution that would sync with their existing Web Based Project Management System (WBPMS) on a real-time basis, while eliminating manual processes and duplication of work.

According to Mr. Sri Kumar, Former Chairman & Managing Director of KSPHC, “We wanted a solution that was flexible, easy to learn & use and needed a tight integration with the WBPMS. Our main objective was to reduce the scope for human error”. The solution also had to be up-to-date with Indian tax regime and other statutory norms and capable of providing customised MIS reports as per the requirements of KSPHC.

Another major challenge was to process their contractors' running account bills on time to ensure that construction work progressed uninterrupted. To process any payment, KSHPC needed to consider multiple aspects like history of payments made against each project advances for mobilisation and material purchases and other deductions if any. When settling the final bill, its staff needed visibility to the contractor's complete history including audit objections, Earnest Money Deposits (EMD), bills submitted, deductions to be made and payments pending for processing.

One of the quality objectives of KSPHC an ISO 9001 company was to clear the contractor's running account bill within 15 days the final bill, within 90 days of completion of the project.

THE SOLUTION

After evaluating the available options, KSPHC decided to tailor a home-grown solution integrating its project management requirements with the financial discipline the corporation needed. The challenge was met by integrating Tally.ERP 9 with the WBPMS solution developed in-house. This solution also took care of the Indian statutory requirements like VAT, TDS and Service Tax which were applicable on work contracts executed. The default functionality of Tally.ERP 9 has been utilised very effectively in this model. The accounts payables has been customised to throw up project-wise and contractor-wise payables with break-up of values for Earnest Money Deposit, Running Account Bills, Retention Money, standard deductions, statutory deductions like VAT, TDS, Service Tax, etc.

The system also facilitates monitoring of the actual expenses versus the budgets allocated project-wise. Typically, Earnest Money or security deposit, are held by KSPHC for a period of 1 - 3 years depending on the complexity of the project. A ledger is kept with details of all transactions - including deposits for each contractor. Managing the security deposits which runs into several crore Rupees has become very easy now. Also, the fund management of the various projects financed from myriad sources and being handled by KSPHC on behalf of different Government bodies has been simplified.

The integration of Tally.ERP 9 with PMS has eliminated parallel entry into the books of account,

ensuring accuracy of data between the two systems, thus saving time and providing an accurate trail for audit purposes.

A pleased Mr. Sri Kumar says, "Tally.ERP 9 has made our life easier so that we do not need voluminous data entry anymore. We have been able to digitise the legacy financial data from the inception of the Corporation since 1985. Account bills are automatically posted after approval from Project Management System". He also says that since there is no manual intervention they need not worry about periodic reconciliation between the two systems which used to be a time-consuming and laborious task earlier.

Mr. Jothish Bharath of B E Solutions Pvt. Ltd, Master Tally Partner says, "Seamless integration between the two softwares was a challenging task. It involved deep understanding of functional architecture of both systems and technologies. With the strong commitment and co-operation from the KSPHC team, we were able to make it happen in committed time frame".

Mr. Sri Kumar added that all the MIS reports that they earlier used to put together painstakingly are now available at the click of a button. Any new requirement for a report is designed in the shortest possible time, using the capabilities of Tally Definition Language (TDL).

Benefits

- Management of funds received from Government and other sources
- Management of project-wise budgets and actual expenditure
- Management of project-wise Earnest Money Deposits and Retention Money
- Management of payments made to contractors including activity-wise costing
- Generation of Balance Sheet, Income & Expenditure, Receipt & Payments, Profit & Loss accounts, Trading accounts at the click of a button
- Generation of statutory forms related to VAT, TDS and Service Tax