No.I-115/MF/CGA/PFMS/2014-15/ 7 l 6
Ministry of Finance, Department of Expenditure
Office of the Controller General of Accounts
Lok Nayak Bhawan, Khan Market
New Delhi – 110 003

Dated August 11, 2015

Office Memorandum

Subject: Integration of non-plan payments into Public Financial Management System (PFMS)

A decision has been taken by Ministry of Finance, Department of Expenditure to develop an integrated software application for online processing of all payments and reconciliation of Government Accounts and integration of various existing standalone systems. For this purpose, in principle approval to implement the project was conveyed by the Plan Finance (PF-I) Division of M/o Finance vide OM No.49 (7) PF-I/2014 dated 2nd December, 2014. The application for Non Plan Payments shall be integrated with the existing Public Financial Management System (PFMS) portal.

2. PFMS was initially started as a Central Sector Scheme of Planning Commission with the objective of establishing an online Financial Management Information and Decision Support System for tracking funds released under all Plan schemes of Government of India, and real time reporting of expenditure at all levels of Programme implementation through treasury interface and bank interface. The implementation of the pilot (then known as Central Plan Scheme Monitoring Scheme (CPSMS)) started in April 2008 by a dedicated cell in o/o Controller General of Accounts (CGA). Evaluation of the pilot was provided via a Detailed Project Report (DPR) and thereafter cabinet approval for the national roll out of CPSMS, rechristened as PFMS was obtained and conveyed vide OM No. F.No.29/6/2012-FR dated 16th January 2014 of FR division of Planning Commission.

3. It has now been decided to expand the scope of PFMS to integrate various existing standalone systems being used by Drawing & Disbursing officers (DDOs) and Pay& Accounts Offices (PAO) for online processing of sanctions, bills and payments for alltypes of expenditures. The ultimate objective is to take on board all receipts and payments of Government of India (Plan & Non Plan) in PFMS and thereby integrate all functions of Pay and Accounts Office (PAO), hitherto delivered through different stand-alone software applications, under one platform. This part of the PFMS project will be implemented in different phases.

4. In the first phase, it is proposed to make all payments of PAO, except Salaries, Pension and GPF through PFMS. PhaseI thus comprises of activitiesrelated to capture of sanctions issued and their payment in respect of all expenditures (except payment in respect of salaries, GPF, pension), Non-Tax receipts, Budget, Bank Reconciliation and Reporting. Phase II will comprise of activities relating to integration of Tax Receipts, Monthly Accounts, Appropriation Accounts and Finance Accounts etc.

5.   PFMS and COMPACT will run parallel. All the processes leading upto payment will flow through PFMS: Generation of sanction by Program Division; Bill preparation by DDO; Bill passing at PAO (at different levels i.e. dealing hand to PAO); Payment by PAO (including electronic payment via digital signatures); Receipt of e-scrolls from Bank and; preparation of Transfer Entries to incorporate the transactions'data back into COMPACT for compilation of accounts. The different modules in PFMS for Phase I are: Budget Module; Masters Module; Sanctions Module; Online Payments Module and Reports.

6.   In order to carry out rigorous testing of the application for Phase I roll out, pilots are currently under implementation in Ministry of Heavy Industries, Department of Industrial Policy and Promotion and Ministry of Power. Based on regular feedback and monitoring, modifications are being brought in the application so as to ensure seamless execution of all payment transactions.

7.   It has been decided by Controller General of Accounts that the full roll out of Phase I shall start on 1st October 2015. It is proposed that in this phase, all Delhi/NCR based PAOs/NCDDOs will be covered for implementation (this would mean a spread of around 40 departments including nearly 90 PAOs and 500 DDOs).

8.   In order to be able to make online payments through PFMS, certain background activities/data entry will need to be completed in advance. They are:

(i) **Creation of users:** All officials working on PFMS portal should have a user Id and Password to log into the system. Under the present system, users are at three levels: Program Division (PD) (Head of Office for generation of sanction for Non-Plan payments at two levels viz. Maker and Checker), Drawing & Disbursing Officer (DDO) (one User Id for each Dealing Hand (DH) for preparing the bill) and PAO (at three levels viz. DH, Assistant Accounts Officer (AAO) and PAO).

(ii) **Data Entry of DDO-wise Budget Allocation:** In order to start all non-plan payments, it is imperative that all the PAOs complete data entry of DDO-wise budget allocation on the PFMS portal in the same manner as is being done in COMPACT.

(iii)   **Digital Signatures:** Presently, all PAOs making e-payment through GePG are required to have digital signatures of at least two officials in the PAO. It has been decided that in order to ensure seamless process of online payments, all PAOs should have at least three digital signatures. PAOs which possess less than three digital signatures must start the process for obtaining the additional digital signatures.
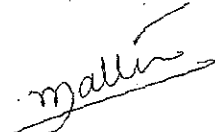
(iv)   **Internet Connectivity:** Unlike COMPACT, which is a standalone system for a PAO, processing of sanctions, bills and payments through PFMS will be online. Therefore, apart from the internet connection through VPN (Virtual Private Network of CGA), every Pr.AO and PAO should have an alternate internet connection so as to rule out any problem related to connectivity. Internet connectivity at the location of Head of Office as well as DDO will also be required so as to complete processes arising in their offices, namely Sanction generation

and Bill preparation. Respective CCAs must therefore sensitize the corresponding PDs and DDOs on this subject. O/o CGA has also taken up this issue with Deity.

9.   A comprehensive Capacity Development (CD) plan is being prepared by o/o CGA for the smooth roll out and implementation of the different phases. The CD package would consist of sensitization sessions (for different levels of users), training programs (separate for master trainers and normal users), user manuals (print and audio visual media) and hand-holding by PFMS teams. The first series of sensitization program for PAOs and DDOs shall start from 17th August, 2015, notification for which will be sent through subsequent notices.

10.   All Pr.CCAs/CCAs/CAs (independent charge) are requested to take action on the following:

i.   Nominate a focal point official for PFMS implementation in their Ministry
ii. Ensure thatthe background activities as suggested at point 7 above are completed by 15th September 2015
iii. Inform and sensitize Heads of Offices and DDOs regarding the project especially about their role.

(Subodh Mathur)
Jt.CGA

To

All Pr. CCAs/CCAs/CAs (having independent charge.)
Jt. CGA (A/c), Jt. CGA (RBD), Jt. CGA (ITD),

Copy to:

PPS to CGA.
Addl. CGA(MPK)/Addl.CGA (AN)
All Jt. CGAs/Dy. CGAs/ACGAs