

NO. C-13015(375)/MFCGA/PFMS-PMIG/2015-16/1691
Ministry of Finance, Department of Expenditure
Office of the Controller General of Accounts
Shivaji Stadium, New Delhi

Office Memorandum

Dated **December 2, 2015**

Subject: Implementation of enhanced PFMS for online payment and accounting – Letter of Authorization.

In pursuance of the decision of the Ministry of Finance, Department of Expenditure, the application for online processing of all payments through PFMS is being implemented in a phased manner. So far, the application has been rolled out in 81 Pay & Accounts Offices (PAOs) including the pilot PAOs of Ministry of Industry and Ministry of Power.

2. The web based PFMS application envisages online generation of sanction by Programme Division (PD), online generation of bill by DDO and online processing of bills and payment by PAO. In order to generate sanction for payment under expenditure heads at the level of PD, the PAO is required to make data entry of DDO budget allocation on the PFMS portal. Sanction for expenditure can be generated only after mapping of the PD, DDO, and the Head of Account in which budget is available. This process ensures that the PD is able to generate sanctions for expenditure under those heads of accounts only in which budget in the Detailed Demands for Grants of the concerned Ministry/Department is available.

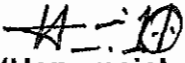
3. In some cases one Ministry/Department acts as agent for the other Ministry/Department (functional department) and incurs expenditure on behalf of the latter for the works executed/services rendered on the basis of Letter of Authorization (LoA) issued by the functional department and debits the expenditure directly under the grant and expenditure head of the functional department as per procedure laid down in para 8.5 of Chapter 8 of Civil Accounts Manual (**Annexure-1**).

4. Since, the PFMS application has not yet been rolled out in all the central Ministries/Departments, there have been instances where the agent department is processing payments on PFMS whereas the functional department is issuing manual letter of authorisation to the agent department. In such cases, due to non-receipt of letter of authorization online on PFMS portal, the agent department is not able to incur expenditure under the grant and head of account indicated in the manual Letter of Authorization issued by the functional department. It is, therefore, imperative that Programme Division of the functional department generates online sanction for expenditure even though the PAO/DDO/PD is not making payments through PFMS.

5. With a view to obviate the difficulty mentioned above, it has been decided that Programme Division/Head of Office of the functional department authorizing the agent department may generate sanction on PFMS portal which may be approved on the portal by the Principal Accounts Office of concerned Ministry/Department.

6. All Pr. CCAs/CCAs/CAs (independent charge) are requested to issue necessary instructions to their Pr.AO and the PAOs to complete the activities (**Annexure-2**) for enabling the concerned Programme Division/Head of Office to generate sanctions on PFMS portal. Principal Accounts Office not already having a user id for working on PFMS portal may create its user on the portal and send a formal request in the prescribed proforma (**Annexure-3**) to Asstt. CGA (ITD), O/o CGA, 4th Floor, B Wing, Shivaji Stadium Annexe, New Delhi – 110001 for approval of the user. Once the user id of Pr.AO is approved by CGA, he/she would be able to approve the users created by the PAOs. Further the Pr.AO will create the users of AAO and DH of their office and also approve the same.

This issues with the approval of Joint CGA (PFMS)


(Hanumaiah K.)

Asstt. Controller General of Accounts

To

All Principal CCAs/CCAs/CAs (independent charge) with a request to issue instructions to the Pr.AO/PAOs functioning under them to follow the procedure of generating online sanctions for issuing Letter of Authorization in favour of other Ministries/Departments of the Central Government.

8.5 SETTLEMENT OF INTER DEPARTMENTAL TRANSACTIONS THROUGH BOOK ADJUSTMENT OR WITHOUT RESORTING TO CASH SETTLEMENT (LETTERS OF AUTHORIZATION)

This relates to the programmes or activities for which one Ministry /Department utilizes the services of another Central Ministry /Department as its agent for executing the activity. In such cases, the Financial Adviser /Pr. Chief Controller of Accounts/Chief Controller of Accounts/Controller of Accounts of the functional Ministry / Department will issue annual budget allocation letter, indicating the amount approved in the Budget for the year for the programme or activity assigned to the agent or executing Department, after obtaining necessary financial sanctions. The executing Ministry /Department are authorized to incur expenditure up to the limits specified in the authorization letter. The allocated amount in such cases will not be available for re-appropriation by the concerned functional Ministry/ Department, without the concurrence of agent Ministry/ Department. A copy of such sanction has to be endorsed to the Accounts Officer of the functional department to enable him to keep a note of this in the Expenditure Control Register maintained by him. The functional Ministry /Department would also communicate the Computer Code number relating to the heads, to the Pay & Accounts Office of the agent Ministry in the authorization letter. The executing/agent Ministry or Department, on the condition of observance of normal procedures of sanction will incur the expenditure. The Pay & Accounts Office of the executing Ministry will book the expenditure under the relevant expenditure head against the Demands for Grants of the functional Ministry/Department and furnish the monthly and progressive figures of expenditure to the Pr. Accounts Office of the functional Ministry / Department. This is to enable the latter to monitor the flow of expenditure on the programme /activity and prepare Appropriation Accounts related to the Grant. The Accounts Officer of the executing/agent Ministry will not honour any claim that would result in excess over the amount authorised by functional Department, in any case. The Principal Accounts Offices of both agent and functional Ministries/Departments will conduct annual reconciliation of expenditure, before preparing their SCT and Appropriation Accounts respectively.

**Preparations for roll out of PFMS to be completed for issuing
Letter of Authorization**

Action by Pr.AOs

- (a) **Creation of users:** All officials working on PFMS portal have to create their user id and password to log into the system. The Principal Accounts Office will create its user on the system and send a formal request in the prescribed proforma (**Annexure-5** also available at CGA's web site) to Asstt. CGA (ITD), O/o CGA, 4th Floor, B Wing, Shivaji Stadium Annexe, New Delhi - 110001. Once the user id of Pr.AO is approved by CGA, he/she would be able to approve the users created by the PAOs. Further the Pr.AO will create the users of AAO and DH of their office and also approve the same.
- (b) **DDG/Sy-I/Sy-II/Sy-III:** Pr.AOs will enter the DDG/Sy-I/Sy-II/Sy-III on PFMS portal as and when the same are available.
- (c) **Supplementary Grants/Re-appropriation/Surrender:** Pr.AOs to obtain DDO wise bifurcation of Supplementary Grants Re-appropriation and Surrender of funds from the Budget section of the concerned Ministry/Department and enter the details in PFMS.

Action by PAOs

- (d) **Creation of users:** All officials working on PFMS portal have to create their user id and password to log into the system. The PAO will create its user on the system which will be approved by Pr.AO. The PAO in turn will approve the users of DDO and the DDO will approve the users of Programme Division (Head of Office). Further the PAO will create the users of AAO and DH of their respective office and also will approve the same.
- (e) **Data Entry of DDO-wise Budget Allocation:** In order to enable the Programme Division/Head of Office to create sanctions on PFMS portal, it is imperative that all the PAOs complete data entry of DDO-wise budget allocation on the PFMS portal as they are presently doing in COMPACT and reconcile the figures with the information received by PAOs from Budget Section of the respective Ministry/Department
- (f) **Alternate Internet Connection:** Unlike COMPACT which is a standalone system, processing of sanctions and bills 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 alternate internet connection so as to rule out any issue related to connectivity.
- (g) **Internet browsers:** PAOs to have 'Mozilla Firefox' and 'Google Chrome' browsers on each computer in addition to 'internet explorer' browser.
- (h) **Email_id:** All the login id users viz PD/DDO/PAO/Pr.A.O./DH/AAO etc. have to open an official e-mail id with 'NIC' and the same may be entered in login id creation form of PFMS.
- (i) **Guide HOOs/DDOs:** Initially the PAOs may help the Programme Division/Head of Office in generation of sanction to ensure that a sanction.

- (j) **User manual:** PAOs may download the User Manual of PFMS from the website of CGA and provide a softcopy of the same to each of the Head of Office and DDOs handling non-plan payments.

Action by Head of Office [Programme Division (PD)]

- (k) **Internet Connectivity:** The system enables online sanction generation at PFMS portal by Program Division (Head of Office for non-plan payments). This requires internet connectivity at the site of Head of Office.
- (l) **Creation of users:** All officials working on PFMS portal have to create their user id and password to log into the system. Each sanctioning authority will create a user as Programme Division (PD). The said user type 'PD' will be approved by the user type 'DDO'.

Action by DDOs

- (m) **Internet Connectivity for Head of Office and DDO:** The system enables online sanction generation at PFMS portal by Program Division/Head of Office. In order to approve the user id of Programme Division/Head of Office, the DDO should also have internet connectivity at his site.
- (n) **Creation of users:** The officer in the office of DDO authorized to approve the user id of Programme Division/Head of Office should have his own user id on PFMS portal. Therefore, the DDO will have to create his user id and password to log into the system. The user id of 'DDO' will be approved by the 'PAO'.

Form for approval/deactivation of Pr. AO User ID in PFMS

Controller Code	Controller Description	Contact Details including Address, Tel. No. And email ID of Pr.AO User	User ID/Login ID to be approved *	Reason for new User ID mentioned in Col.4	Existing user ID of Pr. AO for PFMS (Plan/ Non-Plan), if any	User ID to be deactivated/disabled	Reason for retaining multiple User Ids, if Col.4 + Col.6 > 1
1	2	3	4	5	6	7	8

Signature of Pr. AO

Name

Designation
