

**F. No.48(06)/PF-II/2016
Government of India
Ministry of Finance
Department of Expenditure
Public Finance (Central – I) Division**

North Block, New Delhi,
Dated, the 12th September, 2017

OFFICE MEMORANDUM

Subject: On boarding of all Central Sector Schemes on PFMS (target date: 30th September, 2017) – Mandatory release of grants through PFMS.

The universal roll out of the Public Financial Management System (PFMS) for Central Sector (CS) schemes is currently underway. In this regard reference may be made inter alia to F. No. 66(29)PF-II/2016 dated 15th July 2016; D.O.No.C-13015(487)/MFCGA/PFMS/2017-18/3813 to 3831; D.O. No. C-13015(487)/MFCGA/PFMS/2017-18/3927 to 3954, wherein universal roll out of PFMS and Expenditure, Advance and Transfer (EAT) module for all Programme Implementing Agencies (PIAs) at all levels for the Central Sector schemes was to be completed in two phases for two different groups of ministries by 31st August 2017 and 30th September 2017 respectively which is as under:

- I. Phase – I: 14 major Ministries/Departments constituting 2/3rd of the Central Sector Budget by 31st August, 2017.
 - II. Phase – II: It will cover remaining Ministries /Departments by 30th September, 2017.
2. This involves registration of all the Central Sector schemes and all of their implementing agencies at all levels on PFMS and use of EAT module by all these implementing agencies. The PFMS/EAT module will ensure complete tracking of funds up to last mile and also ensure Just in Time release of funds.
3. In this regard, attention is also invited to the Rule 230 of GFR 2017 wherein it has been mandated that the Programme Division of Ministries/Departments shall take the help of PFMS portal to know the bank balance of the recipients before making each release. And the instructions of DoE regarding use of PFMS portal for Central Sector Schemes issued from time to time shall be strictly followed by all Ministries/Departments. Rule 230 also mandates that the principles of “just-in-time” release should be applied for releases in respect of all payments to the extent possible.

4. In view of the expected completion of roll out of PFMS in all Central Sector Schemes, it has now been decided that with effect from 1st October, 2017, releases for Central Sector Schemes for all level of Implementing Agencies (IAs) will only be made through PFMS. Further releases shall only be made based on balances available in PFMS as per the EAT module data for the respective agency in line with the express provisions of Rule 230 of GFR 2017.

5. In view of the above, all Ministries/Departments are directed to ensure that further release of funds in respect of Central Sector Schemes from 1st October 2017 onwards are processed with the expenditure/balance details available in PFMS. It is also to be ensured that all PIAs mandatorily use EAT module of PFMS w.e.f. 1st October 2017.

6. This issues with the approval of Finance Secretary.


12/09/2017
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To,

1. All Secretaries to the Government of India
2. All Financial Advisors of the Government of India
3. Principal CCAs/CCAs of all Ministries/Departments

Copy for information to:

1. PPS to Finance secretary
2. Sr. PPS to CGA
3. PS to Project Director, PFMS
4. PPS to Additional Secretary, NITI Aayog

On-boarding Central Sector (CS) Schemes on **PFMS**

Standard Operating Procedure (SOP)

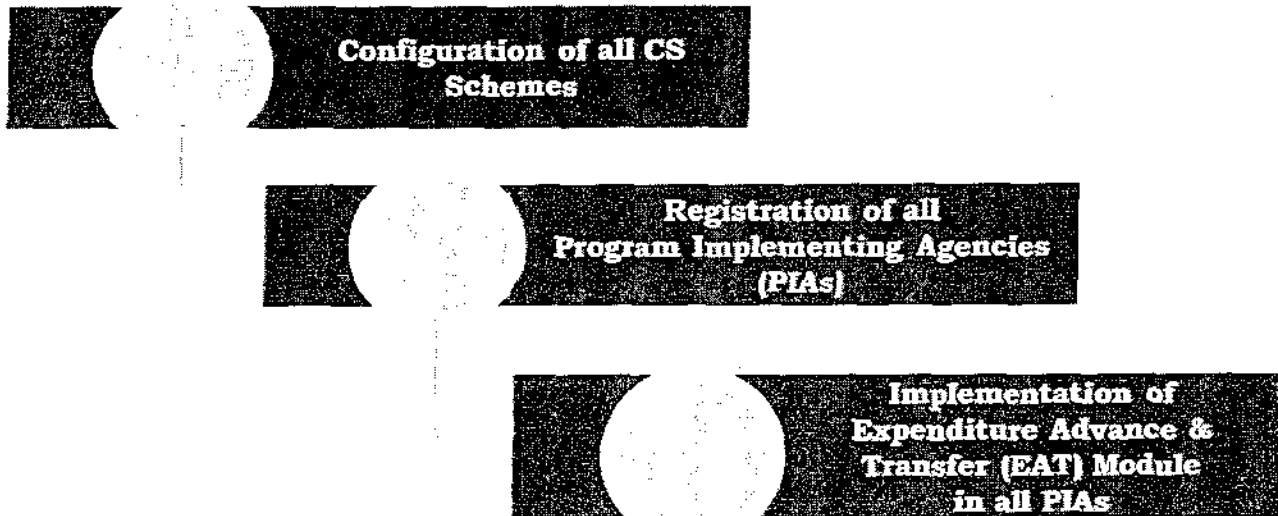
1st August 2017

Version 1.0

Public Financial Management System
Controller General of Accounts
Department of Expenditure
Ministry of Finance

Overview of Activities

The complete on-boarding of CS schemes involves the following three tracks:



Activities and sub-activities under each track along with responsibility centre/responsible official are mentioned below.

• **Configuration of all CS schemes**

- Identify and prepare a list of CS schemes where EAT is required (CCA, PD)
- Create the hierarchy (Pr.A.O)
- Define the institution/PIA type (Pr.A.O)
- Create institution standard/state-wise mapping (Pr.A.O)
- Identify and enter scheme components (PD)

• **Registration of all PIAs**

- Identify the universe of PIAs (PD)
- Verify the accuracy of data of already registered PIAs (PD/Parent PIA)
- Register the first level new PIAs (PD)
- Map the first level PIA in the hierarchy (PD)
- Register lower level (under first level) PIAs (Parent PIA)

• **Implementation of Expenditure, Advance and Transfer (EAT) Module in all PIAs**

- Preparatory work for EAT implementation
 - Create maker and checker (PIA Admin User)
 - Customise for bulk payment (Maker – PIA)
 - Register vendors (Maker – PIA)
- Usage of EAT Module
 - Enter opening balance (Maker/Checker – PIA)
 - Capture receipts of funds (PIA Admin User)
 - Use the EAT module (Maker/Checker – PIA)

1 Purpose

The objective of on-boarding Central Sector (CS) schemes on Public Financial Management System (PFMS) is to track the complete flow of funds from the stage of disbursement by the Pay & Accounts Officer (PAO) of the respective ministry (administering the CS scheme) till they reach the end beneficiary. This Standard Operating Procedure (SoP) provides an overview of activities to be undertaken for complete on-boarding of CS schemes in a ministry. A step by step guide for each activity is provided in the detailed user manuals (referenced in this SoP).

2 User Manuals for Reference

Activity	Manual
Configuration of all CS schemes	PFMS User Manual – Scheme Configuration
Registration of all Program Implementing Agencies (PIAs)	<ul style="list-style-type: none"> · PFMS User Manual – PIAs Registration · PFMS User Manual – PIAs Mapping
Implementation of Expenditure, Advance and Transfer (EAT) module in all PIAs	PFMS User Manual – EAT Module

3 Procedure for On-boarding CS Schemes on PFMS

This section outlines the activities and sub-activities under each of the three tracks.

3.1 Configuration of all CS schemes

(Refer PFMS User Manual – Scheme Configuration)

3.1.1 Identify and prepare a list of CS schemes where EAT is required

The first step in configuring a scheme is to identify the levels through which funds flow before reaching the end beneficiary. In some schemes, the flow ends at the first level, i.e., disbursement by the PAO. For these schemes, no further action is needed for PFMS on-boarding as the PAO expenditure is already being captured through the PAO module of PFMS. For other schemes, the various steps mentioned in this SOP need to be followed. The schemes' list for a ministry therefore needs to distinguish between these two types. The activities here therefore would be as follows.

- Identify and prepare list of schemes currently being implemented by the ministry

- Identify the CS schemes for which the expenditure is incurred only at the PAO level (These funds are not transferred to any other PIAs but rather paid directly to the ultimate beneficiary)

All the CS schemes for which expenditure is incurred, other than only at the PAO level, are required to be configured. This involves creation of hierarchy, defining the institution/PIA type, institution standard/state-wise mapping and entering components for the CS schemes on the PFMS.

3.1.2 Create the hierarchy

Hierarchy refers to the fund flow/implementation hierarchy of the particular CS scheme under consideration for on-boarding on to the PFMS. Activities to be undertaken for configuring the scheme hierarchy are as follows.

- Add master scheme hierarchy: The hierarchy of a scheme has to be defined by adding a proper name to the hierarchy before it is configured. This can be the scheme name or its abbreviated form with the word 'hierarchy' added.
- Add hierarchy of the scheme: The implementation hierarchy level of the scheme can be in the normal geographical hierarchy level such as Central Ministry, State, District or Block or there can be specific levels for a scheme that may lie between any of these levels.
- Define component code format: The scheme component has to be defined in the system. Components up to the number and level formatted in the system can only be entered by the Program Division (PD).

3.1.3 Define the institution/PIAs type

PIAs can be of different types, e.g., registered societies (autonomous bodies), Central PSUs and state government institutions. The type of PIAs for each hierarchy level has to be defined.

3.1.4 Create institution standard/state-wise mapping

Institution standard mapping is done for mapping the hierarchy name with the hierarchy level. For example, a central autonomous institute may be mapped at the central PIAs level while a state society may be mapped at the state level.

3.1.5 Identify and enter scheme components

Components refer to the various purposes (items of expenditures) of the scheme that are defined in the scheme guidelines. For example, salary expenses and office expenses are referred to as components of a scheme. A component may also have sub components. PIAs incur expenditure against the lowest level of components.

Scheme components have to be entered into the system by the PD of the ministry concerned as per the component code format defined in the system.

3.2 Registration of all PIAs

(Refer PFMS User Manual – PIAs Registration and PIAs Mapping)

3.2.1 Identify the universe of PIAs

All the PIAs receiving funds through various CS schemes are required to be identified at all ministries/departments. The identification of such PIAs should be carried out by the PD of the respective ministry/department.

3.2.2 Verify the accuracy of data of already registered PIAs

Each ministry/department must ensure that the details of the PIAs provided on PFMS are accurate. The respective PD must update the PIA details on the PFMS portal through their login by selecting 'Manage Agencies' option from the 'Agency' menu as and when there are any changes in the PIA details.

3.2.3 Register the first level PIAs

Registration of the above-identified PIAs is a one-time process. The PD can register the first level PIAs in the PFMS through its login by providing the requisite details. All subsequent PIAs can be registered by the parent PIAs. The registration of first level PIAs can be carried out on the PFMS portal (<https://pfms.nic.in>).

3.2.4 Map the first level PIA in the hierarchy

The first level PIAs need to be mapped with the hierarchy of the scheme. This can be done under the PD login by selecting 'Agency Mapping' option from the 'Agency' menu. These steps can only be completed once the first level PIAs registration for that scheme is completed on the PFMS.

3.2.5 Register lower level (under first level) PIAs

All lower level PIAs can only be registered by the parent PIAs (i.e. in the parent PIA's login). The registration process is similar to the registration of the first level PIAs.

3.3 Implementation of Expenditure, Advance & Transfer (EAT) module in all PIAs

(Refer PFMS User Manual – EAT Module)

The EAT module helps PIAs registered on PFMS to record their day-to-day transactions. It can also be used to track the flow of funds to various PIAs as well as their respective bank balances.

3.3.1 Preparatory work for EAT implementation

PIAs that are required to use the EAT module have to undertake the following preparatory activities:

3.3.1.1 Create maker and checker

All PIAs would have an admin user by default. They need to create the next level of users, i.e., maker and checker. More than one maker and checker can be defined for different schemes mapped to a particular PIAs. At each PIA level, maker and checker need to be created.

A. Maker: Maker is the data operator (one who enters all transactions in PFMS)

B. Checker: Checker is the data approver (one who verifies and approves/rejects the transactions entered by the maker/data operator and also authorises the payments)

3.3.1.2 Customise for bulk payment

A bulk customisation master is created for repeated bulk transfer/payments to multiple PIAs/beneficiaries. Separate customisation for transfer for each implementation level has to be created.

3.3.1.3 Register vendors

The vendor/beneficiary list can be created at the Masters Menu for adding new vendor or beneficiary.

3.3.2 Usage of EAT Module

3.3.2.1 Enter opening balance

The opening balance as per the cash book as on the date from which the PIAs start using the EAT module is to be entered on the PFMS portal. If PIA start filing in the expenditure (for the already incurred expenditure) in PFMS for the beginning of the financial year, the balance will be taken as on 1st April. Entries related to outstanding advances can also be captured.

3.3.2.2 Capture receipts of funds

Funds received from the Central Government, receipts from other PIAs, funds returned from other PIAs, receipts from interest income and any other receipts can be viewed, verified and received on PFMS for the purpose of accounting in the books. This is necessary to keep the balance as per EAT module synchronised with the available balance in the bank account and to avoid repeated manual interventions.

3.3.2.3 Use the EAT module

By using EAT, PIA can file expenditure, release advances or transfer funds to the child PIAs / vendors using PFMS. The EAT module can be used for capturing all expenses incurred directly by the PIA, such as salary expenses and office expenses. Advance payment is made to a vendor or supplier for getting a service or product. An advance is also given to an official for getting a work done. Funds can be transferred individually or in bulk from the parent PIAs to child PIAs using the customisation method. The bulk option can also be used for expenditure and advances.