



GOVERNMENT OF KERALA

Abstract

Integrated Financial Management System (IFMS) – Utilization and Monitoring of Plan Fund – Operational guidelines for the expenditure - Approved - Orders issued.

FINANCE (STREAMLINING) DEPARTMENT

G.O.(P) No.88/2018/Fin.

Dated, Thiruvananthapuram, 11.06.2018.

- Read:
1. Circular No.83/2017/Fin dated 24/11/2017.
 2. Circular No.8/2018/Fin dated 30/01/2018.
 3. GO(P)No.62/2018.Fin dated 16/04/2018.

ORDER

Government permitted to open Special Treasury Savings Bank Accounts (STSB) in treasuries for managing the release and utilization of plan fund of Government Departments and Agencies. Over a period of time large quantum of funds got accumulated in a large number of STSB accounts including from various plan, non-plan schemes and own funds of the organization. It became difficult for the organizations themselves to trace the source of funds and their utilization.

2. In the above circumstances, vide the Government Order read 3rd above, introduced a new category of non-interest bearing special treasury savings bank account namely Plan Scheme Treasury Savings Bank Account (PSTSB) for managing the release and utilization of plan fund of Government Departments and Agencies from 2018-19 onwards.

3. New set of instructions are being issued in this order for payment from the Consolidated Fund of the State. The underlying objective of these instructions is that payments to end beneficiaries are made directly from the Consolidated Fund of the State, as far as possible. With entire operations of the Treasury now been computerized, it has become easier now.

4. The prevailing system is that the expenditure from the Consolidated Fund of the State takes place for payment directly to end beneficiary when the scheme is implemented by the concerned Government Department directly. However, where the scheme is implemented through a Grant in Aid Institution or Public Sector Undertakings or Local Self Government Institutions, the concerned Government Department would draw the funds from the Consolidated Fund of the State and transfer it to the Treasury /Bank account of the

implementing agency. The new set of instructions provide that if the implementation is through LSGIs, allocation in the Budget should be made by the concerned Departments / PSUs / Grant in Aid Institutions for that LSGI and the LSGI should make payments to end beneficiary directly from the Consolidated Fund of the State. In case large schemes are implemented with higher allocations through Grant in Aid Institutions / PSUs, the instructions provide that Head of the office / Finance Officer (must be a permanent gazetted employee under State/Central Government) of the Grant in Aid Institution / PSU should be made Drawing and Disbursing Officer for that head of account and should directly draw funds from the Consolidated Fund of the State for payment to end beneficiaries. In case of smaller Grant in aid Institutions, the present system of releasing funds by Administrative Department/ Head of Department would be continued. Both plan and non plan funds would be transferred from the Consolidated Fund of the State to their Treasury account. Depending upon the balance in their treasury account, further releases to their Treasury accounts would be made. The attempt in these instructions is to reduce usage of Treasury accounts for expenditure of plan funds as far as possible especially when the scheme is implemented directly by the Government Department / LSGI or it is a large scheme.

5. Accordingly the following operational instructions are being issued for Plan Expenditure for the year 2018-19 onwards.

5.1 Plan Special TSB Accounts could be utilized only for payment to end beneficiaries. Fund transfer from PS TSB Accounts to another TSB Account or a bank account of any organization other than end beneficiary would not be allowed as specified in the G.O read third paper above. Such payment by cheque from PSTSB Account to end beneficiary should be accompanied by the proceedings issued by that office for payment to end beneficiary. Therefore request for transfer credit of funds from Consolidated Fund of the State to PSTSB Account should only be made for that amount which is needed to make payment to end beneficiary directly.

5.2 Organizations that propose to draw funds from the Consolidated Fund of the State to make payment to other organizations (who are not end beneficiaries) or the officers below them should not transfer credit such funds to PS TSB Accounts. Such organizations should apply to become drawing and disbursing officers to operate the concerned Plan Head of Account directly from the Consolidated Fund

of the State. DDOs could be made at each level in such offices where funds have to be utilized. In such cases, the controlling officers for each Head of Account would carry out allocation and issue allocation orders for all the DDOs. Thus multilevel organizations should have DDOs at each level, whose allocation should be made by the Controlling Officer.

5.3 Where one office transfers funds to another office or organization in the Government, such transfer should not take place through TSB accounts. In case an office wants to allocation funds to Local Bodies, it should be done by allocation of funds to LSGIs by the Controlling Officer. In such cases, the LSGIs should submit bills for that allocation in the Treasury for drawal of funds from the Consolidated Fund for payment to end beneficiaries. Funds by such Organization should not be transferred to their own Bank / Treasury Account or to the Bank / Treasury Account of LSGIs. If payment is being made to one beneficiary by utilizing different streams of funds, separate bills would need to be submitted for drawal of funds from these separate Head of Account for payment to end beneficiaries.

6. Organizations implementing plan schemes of the Government and Grant in Aid Institutions having a plan/non plan grant/provision of more than Rs. 10 crore should be moved for DDO declaration.

7. One of the conditions for transfer of funds from the Consolidated Fund to PS TSB A/c of Grant in Aid Institutions/PSUs would be that not more than 5% of the previous release should be outstanding in that Treasury Account.

8. There are general instructions to be followed by all the Departments. For some large spending organizations, specific set of instructions given below are being issued.

Kerala Medical Service Corporation Limited

8.1 In case of DHS and DME placing order for purchase of equipment and machinery with KMSCL, the procedure prescribed in G.O(P)No.33/2018/Fin dated, 6.3.2018. should be followed. In such cases, no funds should be transferred to the Treasury Account of KMSCL after issue of Administrative Sanction. Based on the Administrative Sanction, KMSCL should undertake the purchase. The bills for such purchases should be submitted by the KMSCL along with Administrative Sanction for direct payment from the Consolidated Fund to the supplier.

8.2 MD, KMSCL would be made DDO for payment for purchase of drugs and medicines and hospital supplies from Non-Plan funds. MD, KMSCL should submit bills for payment from Consolidated Fund to the suppliers. Such funds for purchase of medicines would not be allowed to be transferred to Treasury / Bank account of KMSCL.

Payment to accredited agencies

9. Large number of organizations are utilizing accredited agencies for construction and other works. The practice being followed is to provide advance amount to such accredited agencies. The procedure now to be followed for accredited agencies acting as PMC would be that the centage charges would be paid directly from the Consolidated Fund to the Account of the PMC / accredited agency while the payment to contractor would be made by the concerned Department directly from the Consolidated Fund to the contractor's Bank Account by submission of bill based on the advice of the accredited agency. Some Accredited Agencies are also directly executing the work such as ULCCS and Habitat. Payment against submission of bills by such agencies should be made from the Consolidated Fund to such agency's Bank Account by the concerned Department. Advance payment to the contractors or accredited agencies implementing works directly should be as per PWD Manual. Upto 20% advance could be paid to contractors/ accredited agencies acting as contractors, which shall be adjusted against the part bill on pro-rata basis. All future agreements with such accredited agencies shall include these provisions. However, payments for ongoing works should also be following these guidelines. Detailed guidelines to be followed for the procurement of goods, services and projects through accredited agencies will be issued by Finance (Ind &PW-B) Department.

Universities

10. In case of Universities, they could adopt PFMS system of Government of India. Alternatively, they could make their spending departments DDO. In such cases, the Controlling Officer would make allocation to such DDO who should draw funds from the Consolidated Fund against such bills for payment to end beneficiary. Each University may take a decision and communicate to Government for approval of the system.

Kerala Water Authority

11. In case of KWA payment would be made from the Consolidated Fund to the bank account of KWA. KWA should shift to a PFMS or equivalent system within six months.

Public Sector Undertakings

12. In case of PSUs when they are provided working capital grant, it should be transferred to their bank Account directly from the Consolidated Fund. In case of Grants / Loan / Equity is provided to PSU for a specific capital expenditure, the funds could be transferred to their PS TSB account from the Consolidated Fund of the State. Payment to end beneficiaries should be made from this PS TSB account. If a Letter of Credit for import of capital equipment is to be opened by transfer of funds to the Bank account of the concerned PSU, specific clearance of Finance Department should be taken, subject to W&M regulations, in force.

Kerala Industrial Infrastructure Development Corporation (KINFRA) & Kerala State Industrial Development Corporation (KSIDC)

13. In case of PSUs undertaking developmental work on behalf of the Government, such as KINFRA and KSIDC, the Controlling Officer should be made DDO. All expenditure should be carried out by the DDO of KINFRA and KSIDC by submission of bills directly from the Consolidated Fund to the end beneficiaries. No transfer of funds from the Consolidated Fund would be allowed to the Bank / Treasury Account of KINFRA / KSIDC and such other institutions.

Land Acquisition Cases

14. In case of land acquisition, deposit should be made by the purchasing Department to the deposit head of account operated by Special Tahsildars (LA). Such Special Tahsildar LA should draw fund from that deposit head under Public Account for payment to the land owner or other end beneficiaries. In case of KINFRA, KSIDC and similar other organizations, they should deposit such funds under the Head of Account "8443-00-117-99" so that Special Tahsildar (LA) can draw the same. The STSB accounts operated by Special Tahsildars for this purpose are to be closed and funds transferred to this Head immediately.

Kerala Social Security Mission

15. In case of KSSM, the Executive Director would be made DDO. All payments to end beneficiaries and Grant-in Aid Institutions should be made directly by the KSSM Executive Director from the Consolidated Fund to their Treasury / Bank account. No Plan funds should be transfer credited to the Treasury / Bank account of KSSM.

Kerala State IT Mission

16. For all the Plan and non plan allocation for IT Mission, Finance Officer IT Mission would be made the DDO. Funds should not be transferred to the Treasury/ Bank Account of the IT Mission from the Consolidated Fund of the State. Director, KSIT Mission should make payment to the end beneficiaries from the Consolidated Fund by submission of Bills by the DDO to the treasury.

Science and Technology Council

17. In case of Science and Technology Council and the Research Institutions coming under it, all the Directors of R&D centers as well as the Member Secretary, Science and Technology Council would be made DDO. If Science and Technology Council wants to transfer funds to a specific institution under their control from the pool available to them, they should made allocation to that Department. Director of that Institution acting as DDO should utilize funds directly from the Consolidated Fund for payment to end beneficiaries. No transfer of funds from the Consolidated Fund to the Bank / Treasury account of such organization would be allowed.

Externally Aided Projects

18. In case of Externally Aided Projects, such organizations would be allowed to have Bank accounts as well as Treasury Account. Funds could be transferred to their PS TSB account. Payment to end beneficiaries should be made from such accounts. Funds could also be transferred to Bank account of such Externally Aided Projects. However, the condition of having spent 85% of the previous allocation would apply to transfer of funds to Bank / Treasury accounts of such Externally Aided Projects.

Centrally Sponsored Schemes

19. Departments implementing Centrally sponsored schemes should adopt PFMS by 01.08.2018 positively. Till time, DDO system would be permitted and all payments should be made from the Consolidated Fund directly to the end beneficiaries. If an office has multiple level officers, who made payment to end beneficiaries, all such officers should be made DDO and provide allocations by the Controlling Officer. Transfer of funds from the Consolidated Fund to Treasury /Bank, accounts unless PFMS is adopted, would not be allowed for Centrally Sponsored Schemes without specific orders issued by the Finance Dept.

Health Insurance Schemes

20. In case of various health insurance schemes operated by different organizations under the State including Karunya, CHIAK and CHIAK Plus, the Chief Executive Officers would be made DDOs. When they want to transfer funds to a particular private sector hospital, funds should be transferred directly to the bank account of the private hospital from the Consolidated Fund of the State. When funds have to be transferred to a Government hospital, they should be transferred to the PSTSB account of that hospital. That hospital should maintain detailed online accounts of the funds received and payments made.

National Health Mission (NHM)

21. In the case of NHM the existing system would continue for another six months within which they should shift to a system akin to PFMS with full visibility to Finance Department and Mission Director upto lowest level.

LIFE MISSION

22. In case of Life Mission, the DDO system would be permitted and transfer of funds to Local Self Government Institutions should also be ensured through allocation only.

Kudumbasree

23. Kudumbasree would also be brought under DDO system for drawing funds from the Consolidated Fund of the State.

Payments to Co operative Societies by Registrar of Co-operative Department

24. The present practice of payments to co-operative societies by Registrar of Co-operative Societies through STSBs would be dispensed with and direct payment to the societies through BiMS application by the Registrar of Co-operative Societies would only be allowed.

Allotment to all Implementing officers

25. In the case of departmental officers, the present practice of transfer of funds to the STSB of the scheme/plan implementing officers who are not DDOs will be dispensed with. Allotment system for fund distribution would be introduced and the implementing officers could draw from the Consolidated Fund based on these allocations. But the existing system for the fund transfers in the case of Emergency Response Funds relating to DHS/DMO and DME, Disaster management funds to District Collectors and Secret Service Funds would continue.

Advance Payments for organizing events

26. In the case of advance payments to some officers other than DDO for arranging a programme / workshop / seminar etc, the funds can be transfer credited to the STSB of the DDO or TSB of the officer concerned and from where payment to the Bank / Treasury account of the end beneficiary is to be made. Such officers are permitted to open a TSB for the above purpose also. The total funds transferred as advance to such TSB account should not be more than Rs.5 lakh in each case. The advances thus sanctioned is to be settled as per the existing rules before sanctioning another advance.

27. Any organization which requires separate operational procedure should write to Finance Department with detailed proposal for permission.

28. Based on these directions, all wings in Finance Department should modify the existing conditions, while allowing fund release from 2018-19 onwards.

29. In the case of organizations thus shifted to DDO system, no fund release request to Finance Department is required, if sufficient provision is available under the relevant head of account, subject to ways and means instructions.

30. A format for sending proposal for declaring officers as DDO is appended with this order. Organizations proposing to declare their officers as DDO should send the proposal through the Administrative Department along with this duly filled in format.

By order of the Governor

Manoj Joshi,

PRINCIPAL SECRETARY (FINANCE)

To

The Principal Accountant General (A&E / G&SSA), Kerala, Thiruvananthapuram.
The Accountant General (E&RSA), Kerala, Thiruvananthapuram.
All Heads of Departments/Secretaries.
All Departments of the Secretariat.
The Director of Treasuries, Thiruvananthapuram.
All District / Sub Treasury Officers.
The Director, Public Relations Department (for press release)
The Nodal Officer, www.finance.kerala.gov.in
Stock File /Office Copy.

Forwarded/By Order,


Section Officer.

Format for DDO declaration as per G.O (P) No..... dated,....

All fields are mandatory.

1. Name of Administrative Department in Secretariat	
2. Name of organization	
3. Designation of officer proposed as DDO	
4. Whether the above post is held by a permanent employce	
5. If, yes, the details of his/her cadre in Govt service and name of department	
6. Heads of account to be operated (nine tier classification is required)	
7. Name of Treasury	
8. Present CCO/SCO and DDO of these heads	
9. Recommendation from Administrative Department in Secretariat	YES /NO
10. A brief note on existing payment system in the organization (Add separate sheets)	
11. Details of existing bank/treasury account details (account number and name of bank /treasury is required)	
12. Contact details of proposed DDO (Phone number, Mobile, email id etc.)	

Place:

Date:

Name and signature of Head of institution.

Office seal

Countersigned by

.....Secretary to Govt,Department.