

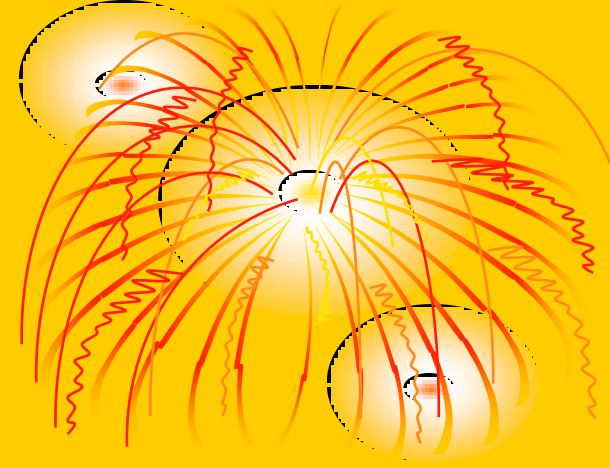
**WELCOME TO HON'BLE  
CEM, DYCEM & EM OF BTC,  
ASSAM**



# **Training on Financial Procedure & Procurement Rule**

**Assam Administrative Staff College**

**August 21, 2021**



# Govt. A/C & Financial System

Topic: Govt. Accounts & Financial System & Financial Rule  
( Total Slides 54 Duration 1 Hr. )

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# Government Accounting Rule



- Under article 150 of constitution the rule is framed by president under advice of C&AG relating to Financial administration & form of accounts of the Union and States.
- Comes into force wef 1<sup>st</sup> april, 1990

# CONSTITUTIONAL PROVISIONS

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- Article 266 : Consolidated Fund & Public Account
- Article 267 : Contingency Fund
- Article 283 : Custody of above Funds
- Article 112 & 202 : Annual Financial Statement – Budget
- Article 114 & 204 : Appropriation Bill
- Article 115 & 205 : Supplementary Demand
- Article 116 & 206: Advance from CF

SYSTEM OF  
FINANCIAL  
ADMINISTRATION  
OF STATE  
(Art. 266, 267)

**CONSOLIDATED  
FUND** : All Revenues  
Received, Loans raised,  
Ways & Means Adv.  
Credited & Repaid,  
All Expenditures  
Authorized by

**PUBLIC ACCOUNTS** :  
All Public Moneys  
Credited & Paid under  
Prescribed Rules

**CONTINGENCY  
FUND** :  
All Unforeseen &  
Some Specific  
Expenditures pending  
Authorization by  
Legislatures

# Main Organs Administration

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Gol

C&AG

RBI

State

AG

# Accounts of the Union & State

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- As per provision of Article 150 of Constitution the Accounts of the Union & States shall be kept in such form as the president prescribe on the advice of **C&AG** of India
- Now this power is exercised by CGA under MoF (Deptt. Of Expenditure) on behalf of the President with approval of **C&AG**

# General Outlines of Accounts System

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- Central Government Cash Accounts with RBI & State Government Cash Accounts with Agency Banks under RBI
- Financial Transactions include all Receipts, Collections, Payments and Remittances
- Maintenance of Cash Accounts of Government is made by Central Accounts Section of RBI Nagpur
- At the close of month RBI Nagpur forwards statement of Closing Balance to AG (A&E) of every state



# General Financial Procedure

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- All Moneys received on behalf of Government as dues of Government or deposit and Remittance shall be brought into Government Account without delay accordance with rules under Art.150,283 of Constitution
- Moneys shall be credited and withdrawal money therefrom may be made under Head of Accounts according to Head Classification as laid down in GoI Accounting Rules
- Concerned Office is to ensure that receipts & dues of Government are correctly assessed, collected & credited to Accounts

# Compilation of Accounts by AG

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- Deptt. Classified abstract up to minor heads
- Deptt. Consolidated abstract with progressive accounts of receipt & expenditure
- Detail Book of Debt. Deposits, Remittances and Suspense transaction
- Abstract of Major Head Total
- Annual Accounts prepared by AG
- Reconciliation of Cash Balances with Treasuries and Central Accounts section of RBI Nagpur

# Basic Structure of Accounts

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- Cash Basis Accounts
- Transit to Accrual Basis under process
- Accounts are in Currency issued by RBI
- Accounts in Standard Forms made by C&AG
- Annual Accounts including Appropriation Account of State Govt. prepared by AG submitted to C&AG for approval and transmission to Governor for being laid before Legislature
- Serious Irregularity in the form of Draft Para endorsed to Govt. to place at PAC for n/a

# Role of RBI : Govt. Cash Business

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- Method of maintaining Govt. daily CB at a level sufficient to meet day-to-day requirements
- RBI acts as Banker of Govt.
- Govt. is to maintain a minimum balance with RBI
- RBI makes constant watch on CB so that it does not fall short of minimum balance
- When fall short RBI grants ways and means advances repayable within 3 months
- Now Cash Business run online on e-Kuber System real time basis linked with PFMS-DBT of Gol

# Role of Treasury & Bank

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- All receipts are paid into, all payments made by Bank through Treasury and maintain initial accounts in Treasury
- All receipts are paid into & all payments made by Bank through Treasury
- In respect of PWD, Forest department initial accounts maintained by these departments & submitted to AG
- At beginning of month AG receives from Treasuries monthly accounts of receipts, payments in two sets – central and state

# General System Contd.

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- Controlling Office is to prepare & submit monthly accounts and returns in prescribed form
- Amounts due to government shall not be left outstanding
- No amount other than revenue, dues, fines payable to Government shall be credited in Government Account
- Remission of revenue shall be made without sanction from competent authority<sup>14</sup>

# General Principle of Expenditure: Standard Financial Propriety

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- To enforce financial regularity & integrity in incurring expenditure strictly with the principle of 3 Es (Economy, Efficiency, Efficacy)
- Cardinal principle: Exercise the same vigilance in respect of expenditure of public money as a person of ordinary prudence would exercise in respect of expenditure of his own money
- No prima facie more than required
- Not to exercise power of sanction for own advantage or advantage of particular person<sup>15</sup>

# General Principle Contd.

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- Submission of utilisation certificates against Government Grants annually
- Support to Audit by Audit Authority AG & DA (LF) and Compliance thereof
- Delegation of financial power as laid down in DFP Rule- Consultation with Financial Adviser
- All expenditures with valid budget provision and allocation in the interest of public under sanction from competent authority
- Responsibility for loss of Govt. money: Reporting and Prompt action to recover



# **Govt. Accounts-Main Divisions**

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**Government Accounts Shall be kept in  
3 parts**

- **Part I : Consolidated Fund**
- **Part II: Contingency Fund**
- **Part III: public Account**

# Subdivisions

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- Part I: Consolidated Fund :

- i) Revenue Receipt & expenditure with Receipt heads and Expenditure heads of revenue a/c,

- ii) Capital, Public debt, Loans consisting of section of receipt heads & Expenditure heads of Capital a/c

# Charged & Voted Expenditure

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- Expenditure which is subject to vote by Legislatures shall be shown separately from the Charged expenditure on Consolidated Fund which shall be appended in heads concerned in AFS to distinguish the two categories

# Budget (Annual Financial Statement) Formulation & Implementation

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- Financial Year (FY): 1<sup>st</sup> April of the year to 31<sup>st</sup> March of following year
- Budget presentation showing the estimated receipts and expenditures beginning of FY
- Prepared by Controlling officer (HoD) submitted to FD through Administrative Department
- Budget implementation after Appropriation Act passed by Legislatures followed by allocation
- Budget contains Voted & Charged expenditures
- Re Appropriation: transfer of fund
- Supplementary Demand (SD): Additional fund<sup>20</sup>

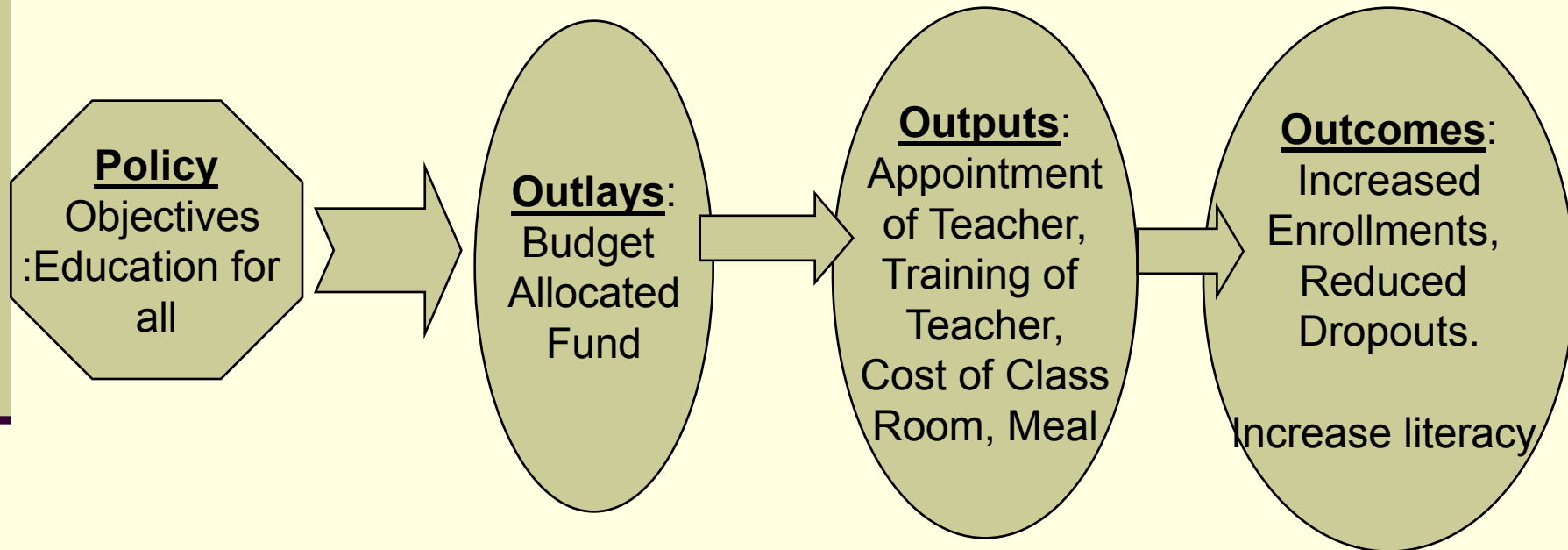
# SPECIFIC TYPES OF BUDGET

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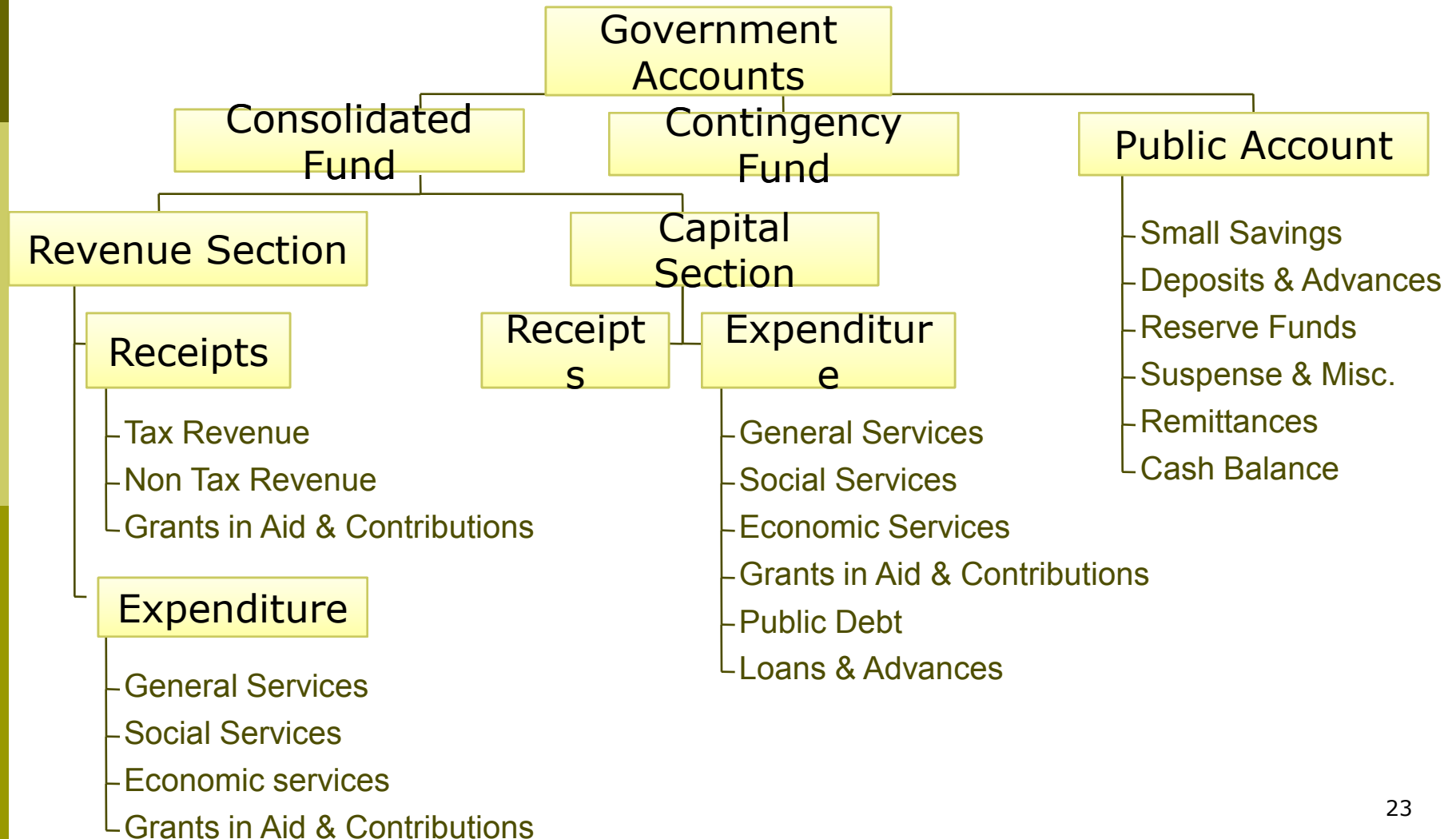
- Performance Budget
- Outcome Budget
- Gender Budget
  
- Feature of Outcome Budget –  
Outlays → Outputs → Outcomes  
(Economy, Efficiency, Effectiveness)

# OUTCOME BUDGET

## Mid Day Meal:



# GOVT. ACCCOUNTS CLASSIFICATION STRUCTURE



# SECTORAL CLASSIFICATION

- A – General Services : (a) Organ of State (b) Fiscal (c) Interest & Debt (d) Administrative (e) Pension (f) Defence
- B- Social & Community Services : (a) Education (b) Health (c) Water Supply (d) Information (e) Welfare etc.
- C- Economic Services : (a) Agriculture (b) RD (c) Irrigation (d) Energy (e) Industry (f) Transport etc.



# SECTOR TO FUNCTION

Sector	Sub Sector	Function
General Services	Organ of State	Parliament/Legislature
		President/Vice President
		Council of Ministers
		Administration of Justice
		Election
		Audit
	Fiscal Service Administration	Tax Administration
		PSC
		Secretariat
		District Administration
		Treasury & Accounts
		Police

# CLASSIFICATION SYSTEM - 7 TIERS (21 codes)

<b>T-1: Function</b>	Major Head	4 digits	
<b>T-2: Sub Function</b>	Sub Major Head	2 digits	
<b>T-3: Program</b>	Minor Head	3 digits	
<b>T-4: Scheme</b>	Sub Head	4 digits	
<b>T-5: Sub Scheme</b>	Sub-sub head	4 digits	
<b>T-6: Object Head</b>	Detailed Head	2 digits	
<b>T-7</b>	Sub detailed Head	2 digits	

# CODIFICATION OF MAJOR HEAD

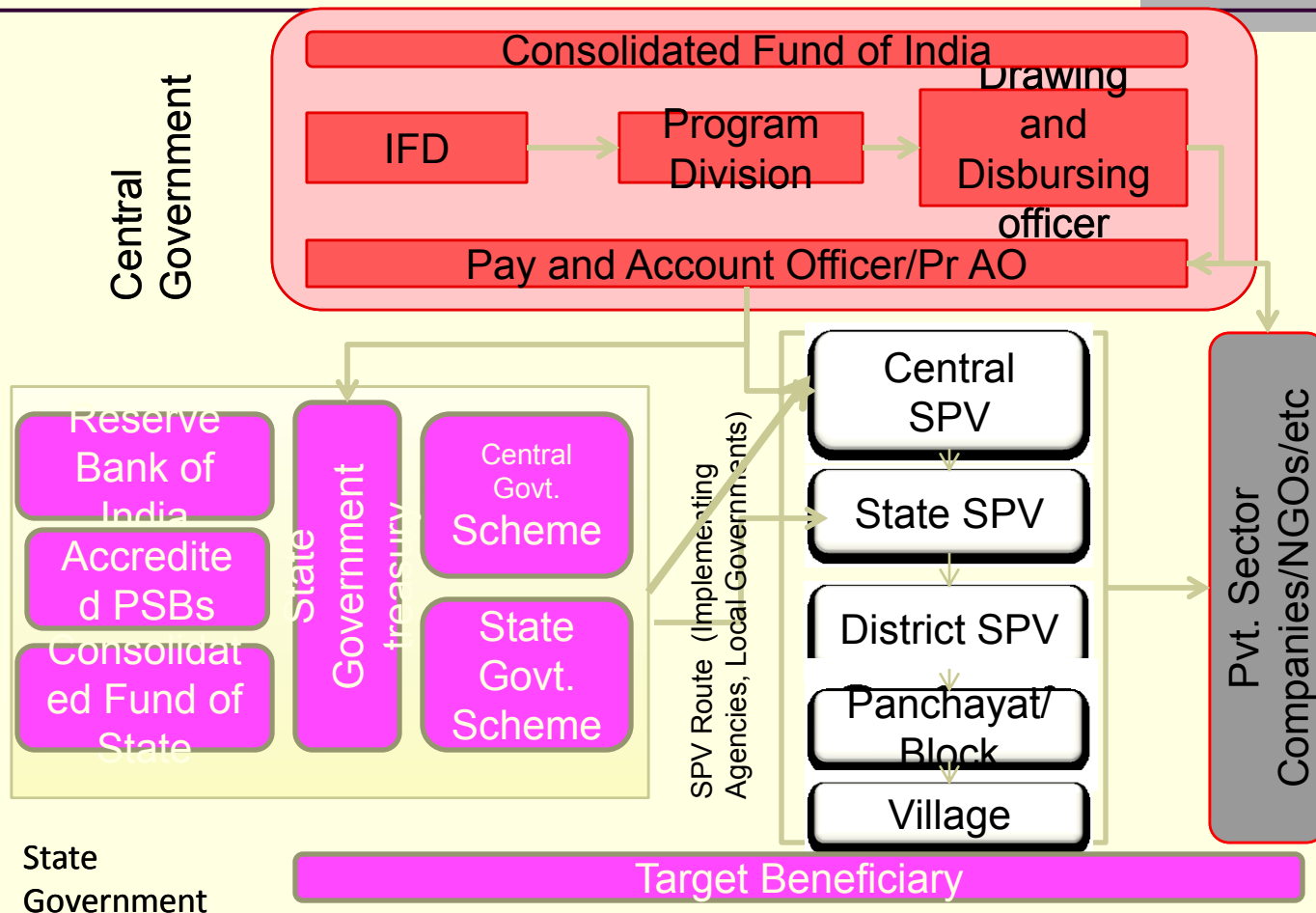
<b>Part I</b>	Consolidated Fund	Code
Sec I	Receipt Head :Revenue a/c	0020-1999
	Exp. Head : Revenue a/c	2011-3999
Sec II	Receipt Head : Capital a/c	4000
	Exp. Head : Capital a/c	4046-5999
Sec III	Public Debt, Loans/ Adv.	6001-7999
<b>Part II</b>	Contingency Fund	8000
<b>Part III</b>	Public Account	8001-8999

# PUBLIC ACCOUNT

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- Debt :8001-8235
- Deposit & Advances :8336-8451
- Reserve Fund :8550-8554
- Suspense & Misc. :8656-8680
- Remittances :8781-8797
- Cash Balance :8999

# PFMS- A ROBUST SOFTWARE SYSTEM



# PFMS DBT Management:

- Transfer of benefits should be done directly to beneficiary under various Government schemes and programmes using ICT system. Necessary process reengineering to minimize intermediary level and to reduce delay in payments to intended beneficiaries with the objective of minimising pilferage and duplication should be done for all all Govt. schemes and programmes
- DBT should include in kind and cash transfer to beneficiary as well as transfer honorarium given to various enablers of Govt schemes like community workers etc.
- Implementing agency shall generate electronic Utilisation Certificate on PFMS portal and submit them online. e-UCs shall be used to certify that “**Money actually utilised for the purpose for which it was sanctioned**” to eliminate the physical UCs
- Transaction charges for intermediaries facilitating dbt payments shall be paid as stipulated by MoF



**ENDS: THANKS**

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