Abstract

Thirteenth Finance Commission - Introduction of Model Accounting System (MAS) in Panchayat Raj Institutions by using PRIA Soft as recommended by the 13th Finance Commission for availing the getting General Performance Grant – Orders issued.

Rural Development and Panchayat Raj (PR.1) Department

G.O. (Ms) No.26

dated   12.4.2012

திருவள்ளுவர் ஆண்டு 2043 பங்குனி 30–ந் தேதி

Read:

1. From the Ministry of Panchayat Raj, Government of India Letter No.N-19011/54/2011-P&J dated 26.8.2011
2. From the Commissioner of Rural Development and Panchayat Raj Letter No.89734/2010/PRI.2-3 dated 28.12 .2011 and 28.2.2012.

ORDER:

The Thirteenth Finance Commission has recommended two types of Grants to the Local Bodies namely General Basic Grant and General Performance Grant. The General Basic Grant is being released by the Government of India from 2010-2011. In respect of General Performance Grant, the Government of India has laid down certain conditionalities on the basis of the recommendations of Thirteenth Finance Commission and those conditions have to be accepted for availing the General Performance Grant from Government of India. One of the conditions for availing this grant is the implementation of Model Accounting System (MAS) by using PRIA Soft in Village Panchayats, Panchayat Unions and District Panchayats.

2. The Commissioner of Rural Development and Panchayat Raj in the letter 2nd read above has stated that, in order to implement the Model Accounting System (MAS) by using PRIA Soft in Village Panchayats, computers are very much essential in all Village Panchayats. Eventhough computers were purchased and installed in the Village Panchayats during the year 2004-2005, most of the computers are not functioning. Considering the importance of the implementation of the PRIA Soft – Model Accounting System in all Village Panchayats, it is decided to provide new computer, printer, UPS and Broadband connectivity to all the Village Panchayats. The ELCOT and National Informatic Centre (NIC), Chennai have given the configuration details with approximate cost requirements. The approximate cost for the purchase of computers, printers, UPS and for the provision of Broadband connectivity is as indicated below:-

Sl. No.	Component	Per Unit Cost Rs.	Cost for 12,524 Village Panchayats (Rs. in lakhs)
(1)	Computer	29,825	3735.28
(2)	Printer	10,900	1365.12
(3)	UPS	5,900	738.92
(4)	Broadband connectivity	9,058	1134.42
(5)	Training	2,500	313.10
(6)	Service Charges / Taxes	5,288	662.27
	Total	**63,471**	**7949.11**

3. The Commissioner of Rural Development and Panchayat Raj has stated that, approximate cost for the purchase of above items is Rs.7949.11 lakhs and the actual cost will be known only after calling for tenders. The required Computers with Internet facility will be procured through ELCOT. The amount required as above may be met from the General Basic Grant and General Performance Grant of the Thirteenth Finance Commission for the year 2012-2013. The recurring cost for maintenance will be met from out of Village Panchayat General Fund / State Finance Commission Grant to be released to Village Panchayats. He has also stated that, the existing Panchayat Secretaries available in Village Panchayats will be utilised for the operation of computers and other accessories and additional/ new staff will not be required for the purpose. Considering the above facts, the Commissioner of Rural Development and Panchayat Raj has requested the Government to sanction a sum of Rs.7949.11 lakhs for purchase of Computers, Printers, UPS and for provision of Broadband connectivity to Village Panchayats for introduction of Model Accounting System by using PRIYA Soft.

4. The Commissioner of Rural Development and Panchayat Raj has also sent the features, draft guidelines and formation of Committee to monitor the implementation of Model Accounting System PRIYA Soft Programme at State level and District level.

5. The Government, after careful examination, issue orders for the introduction of Model Accounting System (MAS) in Panchayat Raj Institutions by using PRIA Soft as recommended by the 13th Finance Commission and sanction an amount of Rs.79.50 crores (Rupees Seventy nine crores and fifty lakhs only) for purchase of Computers, Printers, UPS and for provision of Broadband connectivity to 12,524 Village Panchayats and cost of training including Service charges and Taxes subject to the following conditions:

(a) The above said amount Rs.79.50 crores sanctioned for 12,524 Village Panchayats will be met from State Finance Commission Grant initially @ Rs.63,500/- to each Village Panchayat. This amount will be recouped from General Performance Grant of 13th Finance Commission after getting funds from the Government of India.

(b) The recurring costs for maintenance will be met by the respective Village Panchayats in the future.

(c) No additional staff will be sanctioned and the existing staff only should be utilised.

6. The Government also prescribe the features, guidelines and formation of Committee to monitor the Programme at State level and District level with regard to implementation of PRIA Soft – Model Accounting System in Village Panchayats, Panchayat Unions and District Panchayats as detailed in Annexure-I.

7. The Commissioner of Rural Development and Panchayat Raj is authorized to draw and disburse the amount sanctioned in para 5 above from the State Finance Commission Grant to be sanctioned during 2012-2013 and the above said amount should be recouped to the State Finance Commission Grant from General Performance Grant immediately on availing the funds from Government of India.

8. The Commissioner of Rural Development and Panchayat Raj is requested to take necessary action for implementation of the Model Accounting System - PRIYA Soft programme in all the three tier of Panchayats from the year 2012-13 as per the guidelines and for the formation of Committee to monitor the Programme at State Level and District level.

9. This Order issues with the concurrence of Finance Department vide its U.O.No.18901/RD/12, dated 11.4.2012.

(BY ORDER OF THE GOVERNOR)

N.S.PALANIAPPAN,
Principal Secretary to Government.

To
The Commissioner of Rural Development and Panchayat Raj, Chennai-15.
The Joint Secretary, Ministry of Rural Development,
Krishi Bhawan, New Delhi
The Joint Secretary, Ministry of Panchayat Raj,
S.P. Bhawan, New Delhi.
All District Collectors (Except Chennai)
The Director of Rural Development and Panchayat Raj (Training), Chennai – 15.
The Director, State Institute of Rural Development, Maraimalai Nagar,
        Kancheepuram District.
All Project Directors, District Rural Development Agencies.
The Pay and Accounts Officer (South), Chennai-35.
The Accountant General, Chennai-18/9.
The Pay and Accounts Officer, Madurai.
All District Treasury Officers.
The National Informatics Centre, Tamil Nadu State Centre,
E-2-A, Rajaji Bhavan, Besant Nagar, Chennai-600 090.

Copy to:
The Honourable Chief Minister's Office, Chennai-600 009.
The Senior Personal Assistant to Minister for
    Municipal Administration and Water Supply, Secretariat, Chennai-600 009.
The Finance (RD/FC.II/FC.IV/W&M) Department, Chennai-600 009.

The Municipal Administration and Water Supply Department,
Chennnai-600 009
The Personal Secretary to the Principal Secretary to Government,
Finance Department, Chennai-600 009.
The Personal Secretary to the Principal Secretary to Government,
Rural Development and Panchayat Raj Department, Chennai-600 009.
All sections of Rural Development and Panchayat Raj Department,
Chennai-600 009.

// Forwarded / By Order //

J. Ch
Section Officer

Annexure-I

PRIA Soft – Model Accounting System

Features, guidelines and formation of Committees to Monitor the Programme at State level and District level

In order to strengthen the accountability frame work of the Panchayat Raj Institutions, the Eleventh Finance Commission had requested the Comptroller and Auditor General of India (C& AG) to prescribe accounting formats for Local Bodies. Accordingly, C&AG had devised a new system of Accounting in 2005 to reflect wide range of functions performed by the Panchayats as in the case of Government Accounts.

The Ministry of Panchayat Raj, Government of India have constituted a Technical Committee on budget and accounting standards for Panchayat Raj Institutions, for further simplifications of PRI accounts and the accounting powers. The Technical Committee has developed a Model Accounting System for the PRIs which is a simplified cash based accounting with a provision to shift to accrual accounting. The Ministry of Panchayat Raj, in its letter dated: 02.10.2009 has requested the States to switch over to the Model Accounting System for the PRIs.

The Rural Development and Panchayat Raj Department in the High Level Monitoring Committee Meeting held on 16.11.2010 had opined that the implementation of PRIA Soft Accounting Software as suggested by the Ministry of Panchayat Raj is impractical at the Village Panchayat level and hence could not be implemented. But, the Government of India has insisted that the State Governments have to certify that the accounting systems as recommended by the Government of India have been introduced in all rural and urban local Bodies. This is one of the condition to avail the general performance Grant from the Government of India from the year 2011- 12 onwards.

The State Government in the High Level Monitoring Committee held on 26.9.2011 have decided to implement the recommendations of Thirteenth Finance Commission for availing performance Grant from Government of India. One of the conditions is implementation of PRIA Soft – Model Accounting System.

The PRIA Soft stands for Panchayat Raj Institutions Accounting Software. The software has been developed by National Informatic Centre (NIC), Ministry of Communication and Informatics Technology, Government of India in consultation with the Ministry of Panchayat Raj (MoPR) to develop a centralised Accounting Software intended for use by all the three tiers of Pachayat Raj – District Panchayat, Panchayat Union and Village Panchayat. It also facilitates the adoption of revised model accounting formats as prescribed by the C&AG.

1. PRIA Soft – Features:

The features of the PRIA Soft are detailed as below.

- ❖ The proposed System shall maintain the accounts of Rural Local Bodies as per the Model Accounting Format specified by Comptroller and Auditor General of India.
- ❖ It shall use the unique codes of Rural Government Bodies as specified in the Local Government Directory to form the basis of interoperability with other software applications used under e-Panchayat.
- ❖ The system shall follow 4 tier accounting structure as proposed by the Comptroller and Auditor General of India to simplify the accounting procedure with the schemes (Central/State Government) getting mapped at the sub-head level.
- ❖ The system shall allow collaborative management of Head of Accounts specified by CAG and respective State AG.
- ❖ The System shall enable each state to manage its local object head(head of expenditure) setup by allowing it to define the local head of expenditure under any major/minor/sub-head level.
- ❖ The system shall allow for Central/State Government Scheme Definition to be

❖ The system shall allow for managing the following master data
  ➤ District Treasury / Sub-Treasury / Special Treasury
  ➤ Banks
  ➤ Branches
  ➤ Post Office
  ➤ Employee / Agency /Citizen Database
  ➤ Stock / Inventory

❖ The system shall allow for accounting units to optionally manage their accounts to District Treasury /Sub Treasury / Special Treasury. These accounts should allow for one or many schemes funds being managed through the same account.

❖ The system shall allow for accounting units to optionally manage their accounts in Banks (Nationalized and State Banks) These accounts should allow for one or many schemes funds being managed through the same account.

❖ The system shall allow for accounting units to optionally manage their accounts in Post Office. These accounts should allow for one or many schemes funds being managed through the same account.

❖ The system shall allow for accounting units to enter the Cheque book details pertaining to Treasury / Bank / Post Office Account.

❖ The system shall allow for accounting units to specify the initial and Revised Budget till the object head level.

❖ The system shall allow for accounting units to specify the Opening Balance (Cash in hand, Amount in Bank Account, Outstanding Advances if any) before starting the transactions.

❖ The system shall allow each accounting unit to manage various day to day transactions related to receipts and expenditure. In particular, it would allow the each accounting unit to Create /Modify /Delete / Freeze / Unfreeze etc.
  ➤ Receipt Voucher (both Receipt and Transfer)
  ➤ Payment Voucher (both Expenditure and Transfer)
  ➤ Contra Entry (both Deposit and Withdrawal)
  ➤ Journal Entry (Rectification Entry)
  ➤ Monthly Bank Reconciliation
  ➤ Record the Receivable and Payables.
  ➤ Record Stock received / Issue and Sale details

❖ The system shall follow the closing account principle and close the book of accounts as per the prescribed procedure.

❖ The system shall record each transaction with user id / data and time stamp for Audit trail purpose.

❖ The System shall generate the following reports;

  ➢ Annual Receipts and Payments Accounts
  ➢ Consolidated Abstract Register
  ➢ Cash Book(Daily, Monthly and Scheme wise)
  ➢ Scheme-wise Cash book
  ➢ Monthly Reconciliation
  ➢ Stock Register
  ➢ Register of Movable Properties, Immovable Properties
  ➢ Register of Demand, Collection
  ➢ Tax and Non Tax Receipts

❖ The system shall bring about transparency in Panchayat Raj Institutions accounts and allow for reports to be available in public domain.

❖ The system shall allow the users to report any issue /discrepancy

2. Accounting Procedure:

1. The Accounts are to be prepared on Cash Basis ie., transaction is only recorded when cash is received or paid.

2. Period of Accounts is the financial year starting from April 1st of present year to March 31st of next year.

3. Daily transactions shall be recorded in Cash Book. The Receipts shall be recorded on receipts side and payments on payment side. Every day, the Cash Book shall be closed and Closing Balance worked out, and this would then form the Opening Balance for next day. Classification / Head of Account for each transaction shall be clearly mentioned.

4. Every day the details of transactions as recorded in the Cash Book should be transferred to either "Register of Receipts" if it is payment under the respective Heads of Account.

5. At the end of the month, the Bank reconciliation and treasury reconciliation should be completed and it should be ensured that all differences between Cash Book, Bank and Treasury balances are rectified.

If any difference is noticed, the corrections should be made then and there in the Registers of "Receipts" and "Payments" separately.

6. At the end of the month, totals in Register of Receipts and Register of payments shall be struck. This would give the total expenditure under each Head of Account for the month, where PRIs and Bank / Treasury shall be followed.

7. At the end of each month, the totals of Receipts and payments (upto object head level) are to be posted to the Monthly Receipts and Payment Account.

8. The monthly figure is added to previous months progressive total and the figure upto the end of the current month can be worked out in the Consolidated Abstract.

9. At the end of the year, the progressive figure to the end of March can be worked out in the Annual Receipts and Payment Account.

10. After closing of March Accounts, Reconciliation of Receipts and Expenditure figures with the Departments (online, where facility is available) should be carried out to detect any mis-classification and to clear the un-classified transaction booked in the Suspense Accounts and all transactions appearing as Transfer Entries. The final progressive figure under each head be worked upto the end of March which completes the accounting process for that year.

11. Receipts and payment account is prepared on the basis of figures in the Consolidated Abstract.

12. The Budget of PRIs for the year may be prepared by adopting the classification prescribed in the Receipts and Payment Account / List of Codes for functions, programmes and activities prescribed.

13. Refund of revenues / re-imbursement of the expenditure of the current year is to be accounted as reduction of receipts/ expenditure.

14. Bank/ Treasury Reconciliation Statements, Register of Receivables and Payables, Register of Immovable Property, Register of Inventory, Register of Demand, Collection and Balance form integral part of the Annual Accounts. Maintenance of these Registers would help in subsequently switch over to the modified accrual system of accounting.

3. Transfer Entries:

1. Transfer Entries are proposed to rectify mis-classification of transaction in Accounts and to facilitate eventual accounting under final Heads of Accounts.
2. It is proposed that Transfer Entries may not be required for those tiers of PRIs where the number of transactions are less.
3. However in case of corrections noticed, it can be rectified manually by striking down the wrong entry with Red Ink and inserting the correct entry in the Cash Book as well as Register of Receipts and Payments and if required, in the Month and Annual Accounts.
4. For the mistakes noticed after closure of the monthly accounts and before closure of Annual Accounts and other mistakes if any, the rectification processes will be covered in the Training to be imparted by the NIC on the Model Accounting System.

4. Information and Communication Technology support through PRIA Soft:

Information and Communication Technology (ICT) has demonstrated the ability to improve the efficiency, accuracy and analysis of many processes.

1. Accounting is a very important task, requiring a high degree of accuracy and security.
2. The use of ICTs to support the accounting processes can play a very important role in easy maintenance and management of accounts.
3. The Panchayat Raj Institutions are suffering from lack of trained manpower and ability to manage complex accounting procedures.
4. The ICT can make the entire process of accounting simple and easy.
5. For this, National Informatics Centre has developed "Panchayat Raj Accounting Software (PRIA Soft)" that capture the 3-tier revised classification and generates all the reports in the formats now prescribed.

5. Training Manual:

Training manual should be prepared targeting functionaries associated with the Panchayat Raj Accounting System. This should contain introduction to the system, types of accounting to the financial formats prescribed by Comptroller and Auditor General along with entry of vouchers in PRIA Soft related forms, formats, procedures for accounting entries, periodical statement and reconciliation procedures. The manual should be prepared both in Tamil and English.

6. Training on the PRIA Soft – Model Accounting System

Training to all the functionaries has to be imparted the follow the Model Accounting System and to implement PRIA Soft. The cost for imparting training on PRIA Soft Model Accounting System be met from State Finance Commission grant and this would be recouped from General Performance Grant on its receipt from Government of India. The training may be conducted through the National Information Centre, Chennai. The Director, NIC, Chennai may be nominated as in charge for organisation of the training programmes on PRIA Soft - Model Accounting System to all the functionaries of Panchayat Raj Institutions in consultation with the Commissioner of Rural Development and Panchayat Raj. The State Institute of Rural Development, Maraimalai Nagar may also be involved in the training process.

The Commissioner of Rural Development and Panchayat Raj, Chennai will act as Nodal Agency to coordinate activities in developing PRIA Soft to the State specific in between the PRIs and NIC, Chennai.

7. Formats and Registers:

The list of Major Heads, Minor Heads, Sub-Heads and Object Heads are shown in Annexure-II, III, IV and V respectively. The Registers that are to be maintained by the PRIs are shown as Format-I to Format VIII. The Annexures and the Formats are appended herewith.

8. Constitution of the Monitoring Committee at State Level and District Level

Monitoring Committee is constituted at State level and District level to ensure expeditious implementation of Model Accounting System PRIA Soft, to resolve the queries of the implementing authorities and any other related matters. Composition of the Committee at State level and District level are as follows:

a) State Level Monitoring Committee:

a) Principal Secretary to Government, Rural Development & Pt. Raj Department	- Chairman
b) Accountant General In-charge of Local Bodies	- Member
c) Commissioner of Rural Development and Panchayat Raj	- Member Secretary
d) Representative from Finance Department	- Member
e) Director, Local Fund Audit	- Member
f) Director, National Informatics Centre	- Member
g) Financial Advisor and Chief Accounts Officer of the Directorate of RD & PR	- Member
h) Consultant, e-Panchayat appointed by Ministry of Panchayat Raj, Government of India	- Member

The State Level Monitoring Committee would entertain queries/ issues raised by the accounting units and resolve the same expeditiously. Filtered queries/ issues that need to be resolved at National Level may be referred to Central Monitoring Committee along with relevant information.

b) District level Monitoring Committee :

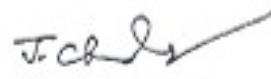|	
a) District Collector	- Chairman
b) Project Director, DRDA	- Member
c) Assistant Director (Panchayats)	- Member
d) Assistant Director (Audit)	- Member
e) Assistant Director, Local Fund Audit	- Member
f) District Informatics Officer	- Member

The District Level Monitoring Committee will entertain queries/ issues raised by the accounting units at District Level and resolve the same. The issues which need to be sorted out at State Level should be referred to State level Monitoring Committee for relevant solution.

9. Implementation:

The PRIA Soft – Model Accounting System will be implemented in all Village Panchayats, Panchayat Unions and District Panchayats during 2012-13 onwards.

N.S.PALANIAPPAN,
Principal Secretary to Government.

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Section Officer.