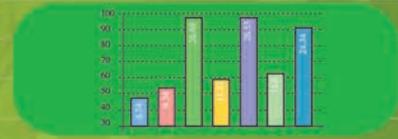


Guidebook

for Drawing & Disbursing Officers



January 2009

Cover theme, layout, design and desktop publishing
The Army Press

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Special thanks to
William Cartier and Sarah Pervez

The report has been prepared by the USAID Pakistan Districts That Work Project.

This report is made possible by the generous support of the American people through the United States Agency for International Development (USAID). The contents are the responsibility of the Districts That Work (DTW) Project and do not necessarily reflect the views of USAID or the United States Government.

PREFACE

Throughout the public sector in Pakistan, Drawing and Disbursing Officers (DDOs) play a pivotal role in the system of Public Financial Management at the operational level. Under the Treasury and Financial Rules, head of office, irrespective of post and scale, is the DDO of his office. However, the head of office may delegate this task to a subordinate officer of his office who works as DDO for him. The basic functions, among others, of the DDO include preparation of budget estimates of expenditure and receipt, preparation and submission of claim vouchers (bills) to the accounts office for withdrawal of cheques, disbursement of cheques / cash to staff, vendors and service providers, reconciliation of expenditure figures with the accounts office.

It is obvious from the above that DDOs have at their disposal, government funds required to be spent in accordance with the relevant financial rules. A glance at important functions of a DDO makes it clear that knowledge of government's financial discipline is crucial for discharge of these responsibilities in a judicious manner. A DDO therefore, needs to have a clear understanding of financial rules and procedures. In addition DDOs also need to be aware of the principles involved in budget preparation and management, preparation and reconciliation of accounts and preparation of statements of excesses and surrenders. Government Officers who primarily belong to departments such as education, health, engineering, forestry, agriculture etc. may at times lack knowledge of financial rules as well as skills to work as DDOs. However, despite this, they have to perform the functions of a DDO in addition to their primary responsibilities as teacher, doctor or agriculturist. Very few amongst them receive formal training to act as DDOs.

The available books of relevant rules are rarely updated. As a result, DDOs find it very hard to understand financial rules and consequently remain inadequately acquainted with necessary financial rules and other regulations. This lack of knowledge acts as a disincentive to incur even valid expenditures with resultant inefficiencies. Moreover, post devolution changes and amendments in the financial rules especially after the enforcement of the New Accounting Model (NAM) in the District Account Offices have created an even greater need for having user friendly reference material. Under the current set-up, the complexity and scope of work of the DDOs has increased considerably. Keeping in view the above, USAID Pakistan's Districts That Work (DTW) project ventured and developed a guidebook for DDOs.

This book has been authored by Mr. Muhammad Latif Mehr, Mr. Wasim Ahmad and Mr. Adnan Sher.

Essential support was provided by Mr. Muhammad Zahoor (Financial Management Advisor, DTW Nowshera Hub), Mr. Ishfaq Ahmad (Financial Management Advisor, DTW Abbottabad Hub), Mr. Wajid Usmani (Financial Management Advisor, DTW Islamabad Hub), Mr. Nazar Abbas Naqvi (Financial Management Advisor, DTW Sialkot Hub), Mr. Tariq Sheikh (Organizational Development Advisor, DTW Khanewal Hub), Mr. Burhan Haider Lodhi (Financial Management Advisor, DTW Sukkur Hub), Mr. Fida Rind (Financial Management Advisor, DTW Hyderabad Hub) and Mr. Iftikhar (Tehsil Management Advisor, DTW Hyderabad Hub) is greatly appreciated.

Special thanks go to William Cartier (Senior Technical Advisor, DTW project) and Sarah Pervez (Communications Specialist, DTW Project) who gave valuable inputs in completion and design of the DDO Guide Book.

METHODOLOGY

As an initial step Districts That Work (DTW) Project assessed the need to develop consolidated material for facilitating the work of DDOs working in the Education, Health and other departments in the participating districts. A team of consultants was tasked to develop a comprehensive booklet. The consultants visited pilot partner districts of Mansehra and Khanewal. DDOs from the line departments, officials of the respective District Accounts Office (DAO) and officers of the District Finance Offices were consulted to assess the requirements of material to be included in the guidebook. Based on this feedback, consultants developed an outline of subject matter for the guidebook. A draft DDOs guidebook was then developed and shared with DDOs, officials of respective District Accounts Offices and officers of the Finance department working in District Governments of Mansehra, Khanewal, Sukkur and Lasbela. Finally, the guidebook was revised in the light of suggestions and comments received from the district government functionaries.

This guidebook is an effort to present a consolidated, up-dated and clearly defined guide on important and relevant rules, regulations, principles and practices concerning the work of the DDOs in Punjab. The guidebook is based on the current rules regulations and instructions of Federal and Provincial Government. A number of tables, illustrations and case studies have been added for instant guidance of the DDOs and other readers. In case of variations in rules and procedures amongst Federal, Provincial and District Governments, comparisons have also been made. An effort has been made to keep the language simple for the officials working in line departments. However, this guidebook is not a complete compendium of all rules, regulations and instructions on the subject, and as such, does not dispense with the need to consult original rules and regulations. DTW encourages the users of this guidebook to consult other relevant rules, laws and regulations promulgated by the competent authorities at the Federal, Provincial and District level.

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Definitions

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1. IMPORTANT DEFINITIONS

Accountant General

The head of an Office of Accounts responsible for preparing the accounts of a Province.

Accounts Office

This term identifies the offices carrying out the accounting work and typically includes the offices of the DAO and the AG.

Accounting Period

The time period over which financial information is reported, normally either a year or a month.

Accounting Record

Any document upon which accounting transactions are recorded or any other document issued or used in the preparation and processing of accounting transactions.

Annual Budget Statement

The statement of estimated receipts into, the estimated expenditure from, the local government fund required to be laid before the Council before the commencement of that year.

Appropriation

An allocation of funds to an office on the basis of the Schedule of Authorized Expenditure.

Approval

The permission given by an authority or a delegated authority to undertake a particular action, such as incurring expenditure.

Assignment Account

A government bank account established with the NBP, to provide independent drawing facility for nominated projects and other activities, within the prescribed limitation.

Authorization

- (i) In accounting terms, the approval given by an authority or a delegated authority for a particular payment to be made.
- (ii) In the context of the Budget, the process of passing the Annual Budget Statement through the Legislature/ Council for approval.

Bank

State Bank of Pakistan or any of its offices or branches and includes any branch of the National Bank of Pakistan acting as the agent of the SBP in accordance with the provisions of the State Bank of Pakistan Act, 1956 or a bank approved by the Government and includes a government treasury where the cash business of the Local Government is not conducted by a bank.

Bank Return

A batch of documents received from the bank including the bank scroll, supporting vouchers, paid cheques and other documents.

Budget

A statement of the estimated receipts and expenditure of the local government for a financial year.



Budget Estimate

For a financial year, means in relation to expenditure, the expenditure proposed for that year; and in relation to receipts, the receipts expected to be realized during that year.

Budget Year

Budget (Financial) Year means the period from July 1st to June 30th, both days inclusive.

Capital Expenditure

The expenditure met from capital receipts.

Capital Receipts

Receipts from sources other than revenue and includes:-

- (a) the disposal of capital assets;
- (b) the sale of investments;
- (c) loans; and
- (d) advances and deposits.

Collecting Officer

The officer who is responsible for estimation and realization of receipts from the area within his jurisdiction designated by the Head of Offices for the offices under his administrative control.

Council

A Zilla Council.

Current Budget

The sum of approved estimates of the current expenditure for a financial year.

Current Expenditure

Expenditure that is not development expenditure.

Certification

A process undertaken by the DAO/AG including Executive Engineer of a public works division, involving verification (proper approval and validity) and audit (scrutiny against irregularities) of a payment prior to it being made. (previously referred to as pre-audit).

Charged Expenditure

Such items of expenditure as are specified in Section-110 of the Punjab Local Government Ordinance, which may be discussed but are not subject to vote of the Council.

Chart of Accounts (CoA)

A listing of codes on the basis of which accounting transactions are classified to provide meaningful financial information.

Claim Voucher

A document submitted by DDOs to the DAO/AG office, containing the particulars of a valid and duly approved claim for payment against a nominated budget head. (previously referred to as a bill).

Contingent Expenditure

All non-development expenditure, other than salaries and salary related expenditure.

Delegated Authority

An officer formally empowered by the responsible authority to perform a particular function.

Demand for Grant

The proposal made to the Council on the recommendation of the Nazim for withdrawal of a certain sum out of the local government fund.

District Fund

As defined in Section-107 of the Punjab Local Government Ordinance 2001.

Development Expenditure

Any expenditure on development projects or any expenditure on new construction, whether of entirely new works or additions and alterations to existing works. It also includes all repairs to newly purchased or previously abandoned buildings or works required for bringing them into use and means expenditure on operations undertaken to maintain in proper condition buildings and works in ordinary use.

Development Budget

The sum of approved estimates of development expenditure for a financial year.

Drawing and Disbursing Officer

The officer who prepares estimates of expenditure and actually incurs expenditure in respect of the offices of which he is the Drawing and Disbursing Officer as appointed by the respective Head of Offices under his administrative control.

Double Entry System

A system of recording accounting transactions which requires all journal entries (inputs) to the general ledger to be in balance, i.e. total debits equal total credits.

Excess

An amount of expenditure exceeding the approved budget, which is regularized through an Excess Budget Statement.

Expense

In cash and modified cash accounting, defined as the outflow of cash arising as a result of payments issued in a given reporting period.

Finance & Budget Officer

EDO (Finance and Planning) and Tehsil Officer (Finance) are the Finance & Budget Officers for the District and TMA respectively.

Function

An element used in the Chart of Accounts, which provides financial information on particular economic activities.

Grant

The amount granted by the Council, in respect of a Demand for Grant as specified in the Schedule of Authorized Expenditure.

Imprest Account

Petty cash system for making small payments. Contains a set balance of cash which is subsequently replaced by petty cash vouchers on payment of cash.

Local Accounts Officer

The head of an office of Accounts responsible for preparing the Accounts of a Local Government, and includes District Accounts Officer responsible for accounts of the District Government.

Local Government

A 'Local Government' includes-

- (a) A District Government or a City District Government and Zilla Council;
- (b) A Tehsil (Taluqa) Municipal Administration and Tehsil Council;
- (c) Town Municipal Administration and Town Council; and
- (d) A Union Administration and Union Council.

Non-Development Expenditure

Expenditure provided for in grants, relating to the on-going costs of Government, such as salaries and allowances of employees and contingent expenditures.

Object

A Chart of Accounts element used to classify the nature of expenditure e.g. salaries, travel, transport etc.

Payroll Section

The section within the DAO responsible for preparing the payroll.

Permanent Record

A record required to be maintained in order to generate accounting transactions, but is not in itself a transaction (e.g. Payroll records, GP fund records. Pension records).

Personal Ledger

A ledger account maintained by the DAO/AG established as a drawing facility for nominated purposes.

Public Account

The account as defined in Section-107 (3) of the Punjab Local Government Ordinance 2001.

Re-Appropriation

The transfer of savings in the appropriations of one or more units of appropriations to meet excess expenditure anticipated under another such unit.

Receipt

The cash collected by a local government:

- (i) An amount of cash collected or the process of collecting money.
- (ii) An official document provided to a payer, as proof that money was received.

Receipt Voucher

A form with which amounts collectable by the Government are deposited with the bank, containing the particulars of the receipt. (previously referred to as a challan).

Reconciliation

A process of substantiating recorded financial information against an alternative source of data (e.g. bank reconciliation, reconciliation between accounts offices and spending departments).

Revised Estimates

The estimate of the probable receipts or expenditure, for a financial year, framed, in the course of that year, with reference to the transactions already recorded.

Revenue Receipts

The receipts from tax and non-tax revenues. The non-tax receipts include interest, dividends, fines etc realized by a local government.

Schedule of Authorized Expenditure

The schedule prepared, after the approval by the Council of the Annual Budget Statement or Supplementary Budget in respect of a financial year and authenticated by the Nazim.

Supplementary Budget Statement

The statement to be laid before the Council showing the amount of the additional expenditure estimated to be required during a financial year, over and above the expenditure already authorized, for that year.

Supplementary Grant

For a financial year means an amount provided in addition to the original Grant or appropriation approved by the Council.

Surrender

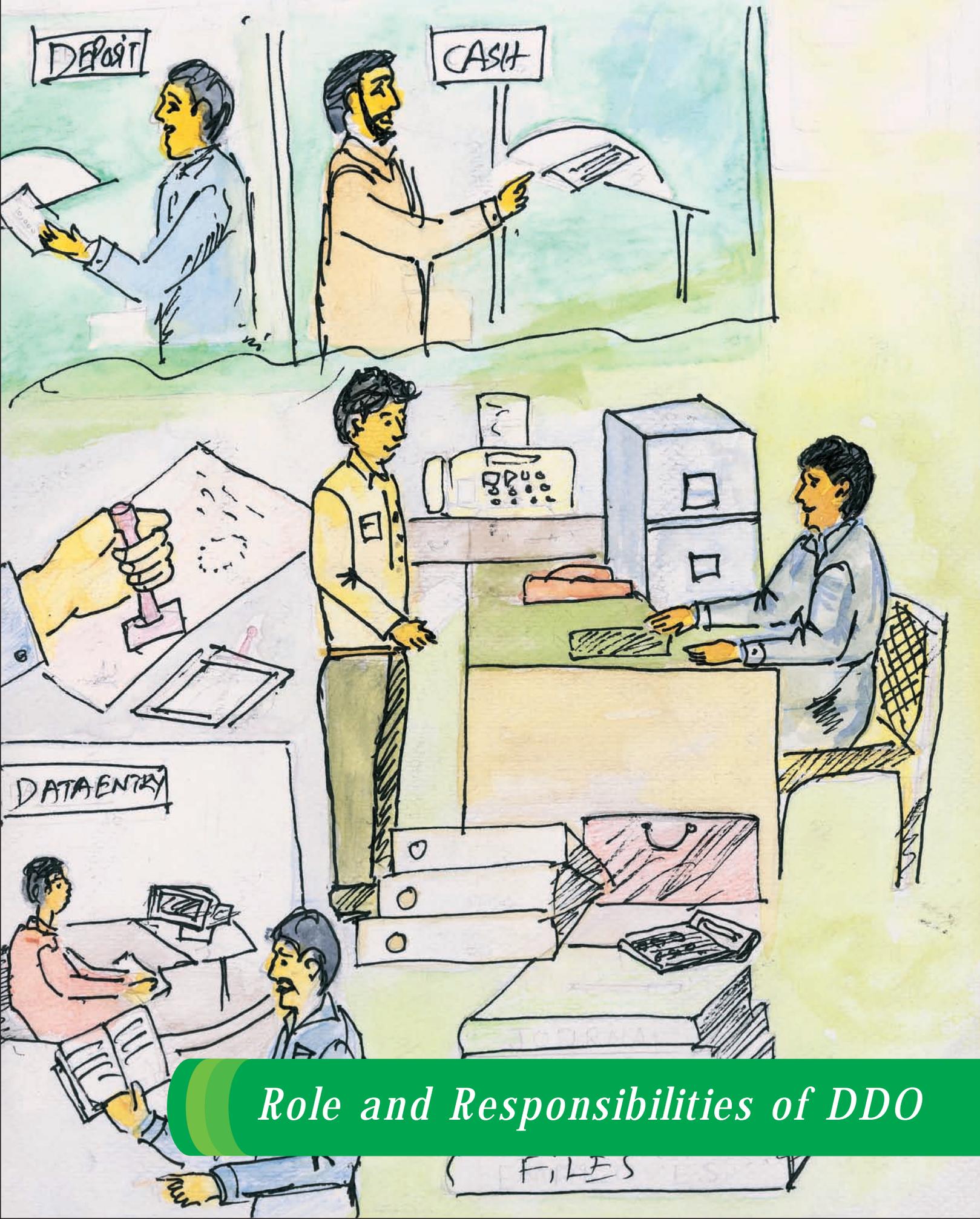
An amount included in the budget that is given back, as it shall not be spent in the financial year by the office.

Technical Sanction

For every development work to be carried out, except petty works and repairs, a properly detailed estimate must be prepared for the technical sanction of the competent authority in accordance with the delegated powers.

Voted Expenditure

Expenditure that is submitted to the vote of the Council.



Role and Responsibilities of DDO

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2 ROLE AND RESPONSIBILITIES OF DDO

- 2.1 Who is a DDO? The Head of the Office or any other officer authorized by the head of office under whose signature the salaries / wages of the employees (non-gazetted), contingent and other claims are submitted for drawal of payments from the public account and disbursed to the employees/ vendors/ contractors is the Drawing and Disbursing Officer (DDO) of that office. The DDO plays a pivotal role in the budgetary, expenditure and other financial matters at spending level. While drawing and disbursing expenditure out of funds allocated to his office, the DDO has to ensure that all requirements of relevant Financial and Treasury Rules and other instructions and orders of the Finance Department (FD) are fully complied with. The functions and responsibilities of the DDO, inter alia, are:
- 2.1.1 To ensure that rules regarding preparation of contingent bills are observed and only that amount is drawn which is required for immediate disbursement or has already been paid from the permanent advance.
- 2.1.2 To see that the expenditure is within sanctioned budget. If the expenditure is likely to exceed he should take prompt steps to obtain additional appropriation (Re-appropriation of funds or supplementary grant).
- 2.1.3 To ensure that principles of financial propriety are observed in letter and spirit.
- 2.1.4 To carry out reconciliation with the accounts office well in time and to promptly identify and settle discrepancies.
- 2.1.5 Cash book is closed and completed on daily basis and requisite certificates are recorded therein.
- 2.1.6 The DDO is also responsible for seeing that the rules regarding preparation of vouchers are carefully observed.
- 2.1.7 Regarding salaries/ wages, personal claims e.g. TA advance, pension cases etc. it is his duty to see that:
- 2.1.7.1 The number of posts for which salaries are being drawn (working strength) is not more than the sanctioned strength.
- 2.1.7.2 The Service Book of the employees are up-dated, pay fixation is done accurately, increments are complete and salaries are paid according to pay fixed in the service books.
- 2.1.7.3 The deductions and recoveries from the salaries are made accurately from the manual bills and computerized pay rolls (non-gazetted employees).
- 2.1.7.4 Pay, travelling allowances of the staff, the acquittance rolls or office copies of the bills are duly signed by the payee.
- 2.1.7.5 Payment of arrears of Pay & Allowances etc. is recorded in the Service Book of the employees.
- 2.1.8 That payments are made to the person(s) entitled to receive them and that undisbursed funds are either repaid into the treasury or adjusted by short drawl in the next bill(s) and are not retained for a period longer than is absolutely necessary or is permissible under the rules.
- 2.1.9 As regards payments to private parties, he should obtain for payment (including repayment of money previously lodged with Government



for whatever purpose) an acknowledgment of the payment setting forth full particulars of the claims, where any particular form has been prescribed; it should be used as far as possible. The acknowledgement should always be taken at the time of payment and should be signed by the person by whom or on whose behalf the claim is put forward:

- 2.1.10 The detailed instructions relating to (i) form, completion, examination and custody of sub-vouchers and acquittance rolls and (ii) defacement of sub-vouchers should be closely observed.
- 2.1.11 When a cheque is drawn by an officer in favour of self or in order to replenish the cash chest, amount should at once be entered as a receipt. This entry must not be delayed until the money has been received after the encashment of the cheque at the treasury.
- 2.1.12 As a general rule every payment, including repayment of money previously lodged with Government, for whatever purpose, must be supported by a voucher setting forth full and clear particulars of the claim.
- 2.1.13 Every voucher must bear a pay order, signed or initialed, and dated, by the disbursing officer. This order should specify the amount payable both in words and figures.
- 2.1.14 A certified copy marked (duplicate) of a receipted voucher may be retained by the disbursing officer, but the payee should not be required to sign such a copy or give a duplicate acknowledgment of the payment.
- 2.1.15 In case of encashment of cheque(s) of heavy amount the DDO should bring the cash from the bank himself adopting all possible precautionary measures instead of giving authority to any other employee. As far as possible direct payment in name of vendor / contractor should be arranged.
- 2.1.16 All receipts, disbursements and charges of whatever sort connected with the public service drawn in name of DDO, must be, and no other may be, shown in the cash book. Sufficient details should be given in the column "Particular" to admit of the main points of each transaction being readily ascertained without reference to the detailed vouchers.
- 2.1.17 Preparation of realistic and sound estimates of expenditure in accordance with the budget guidelines, for the offices under his jurisdiction.
- 2.1.18 A DDO shall not on his own authority authorize any payment in excess of the funds placed at his disposal.
- 2.1.19 Every DDO shall maintain an Appropriation Register which shall include the commitments against the appropriation and a register of actual disbursements.
- 2.1.20 The DDO shall indicate complete accounts classification in respect of the proposed expenditure and the balance available in the detailed object head.
- 2.1.21 In case DDO is also performing as collecting officer for his office the reconciliation of receipt figures with the concerned Accounts office, on monthly basis, by due dates.

2.2 Documentation on Assumption of Charge as DDO

On the appointment of a Drawing & Disbursing Officer, following documents are to be submitted to the Accounts/Treasury Office and the concerned branch of State Bank of Pakistan or the designated branch of National Bank of Pakistan, through Accountant General / DAO or other delegated officer whose specimen signature is already with the bank branch. This officer must countersign the signature of the new officer. When such an officer gives his / her charge to another officer, he/she must like wise send a specimen of the signature of the relieving officer to the bank. When an authorized cheque signatory (DDO) vacates his/her position, the next higher officer must immediately advise the designated bank branch and the AG.

2.2.1 Accounts Office

- i) Notification / Office Order of appointment of the DDO.
- ii) Specimen Signatures of the DDO.

2.2.2 Bank

- i) Notification / Office Order of appointment of the DDO.
- ii) Attested copy of the NIC.
- iii) Covering Letter; a specimen for State Bank of Pakistan Lahore is as under:

No.....

Dated:.....

The Chief Manager,
SBP BSC (Bank),
State Bank of Pakistan,
LAHORE

Dear Sir,

DRAWING AND DISBURSING OFFICER-SPECIMEN SIGNATURE

It is advised that I have been transferred/ posted/ vide Order No. dated.....(attested copy enclosed). You are, therefore requested to cancel my specimen signature as Drawing and Disbursing Officer of [*] Headmaster, Govt. High School (Boys), Lahore, and record the specimen signature of Mr. Ali Ahmad who is posted in my place as Drawing and Disbursing officer in [*] Name of Office / Department.

(.....)
Name Muhammad Ashraf Sheikh
Stamp

SPECIMEN SIGNATURE

Mr. Ali Ahmad

- 1.....
- 2.....
- 3.....

ATTESTED

Signature.....

Name Muhammad Ashraf Sheikh

Stamp.....

iv) Verified Specimen Signatures' Card

(30138)

Form No. Bkg.204 Paras 150(c), 389)

NAME OF ACCOUNT:_____

NAME : Ali Ahmad_____

ADDRESS_Govt. High School (Boys)_____

Code No.....

ATTORNEY No.....

PHONE NO. _____

SPECIAL INSTURCTIIONS:

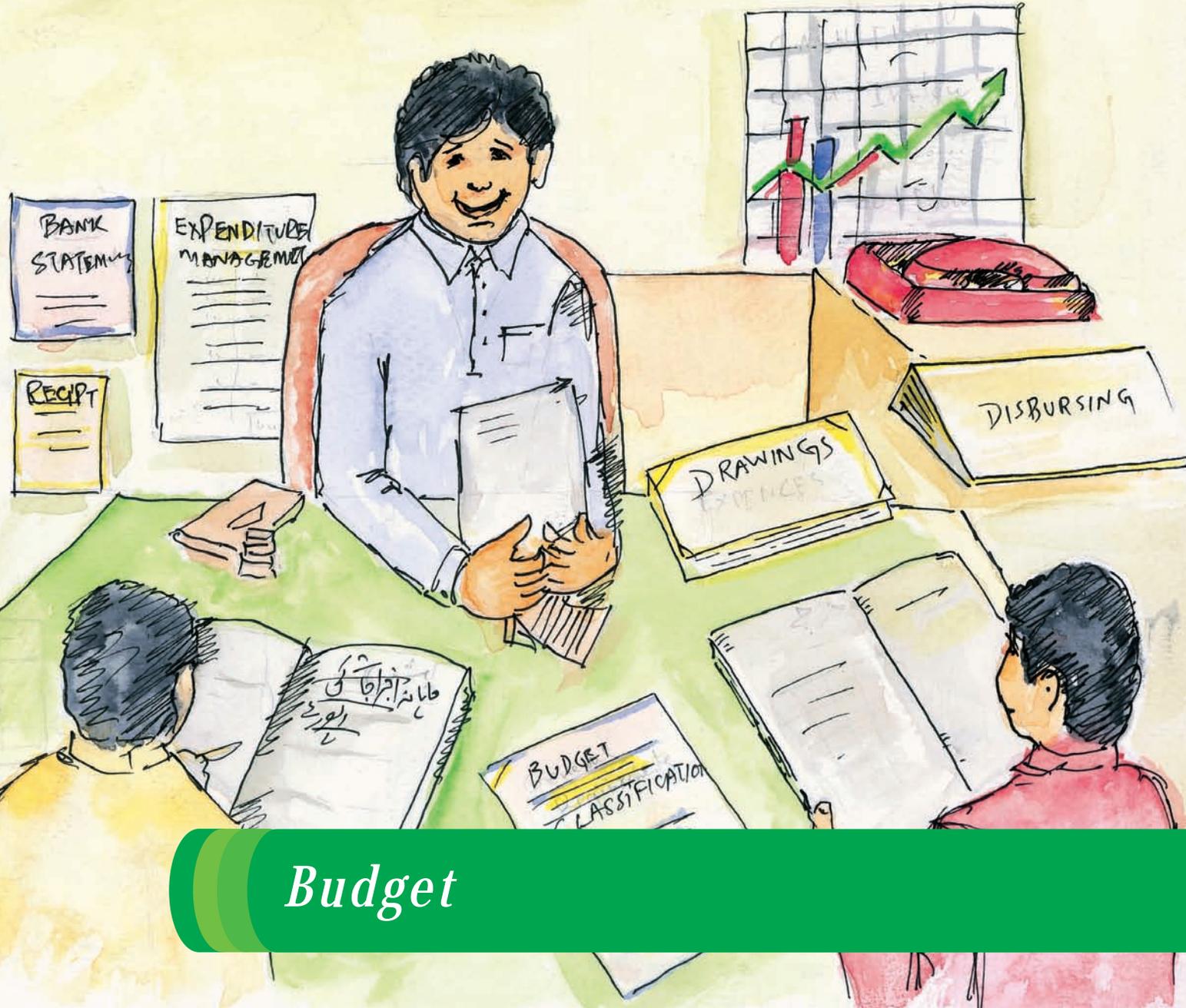
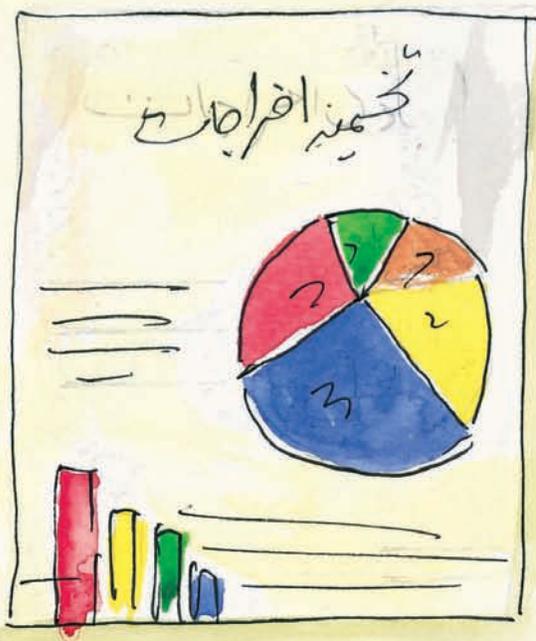
ATTESTED BY	SPECIMEN SIGNATURE
NAME : MUHAMMAD ASHRAF _____ DESIGNATION: HEADMASTER	_____ _____

SIGNATURE VERIFIED

Signature/ and Designation
of the previous DDO

2.3 Punjab Government's letter regarding responsibilities of DDO

A letter numbering SO(TT)3(2)/83 dated 23-04-1990 was also issued by the Finance Department of Punjab Government which spelled the responsibilities of DDOs. This letter is attached at ANNEX-I of this book.



Budget

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3 BUDGET

(This chapter is based on The Punjab District Government and Tehsil Municipal Administration (Budget) Rules, 2003).

The budget is a statement of receipts and expenditures during a financial year of a local government and thus reflects the local government policies, priorities; financial strategy and operational plans in financial terms.

3.1 Functions of the Drawing and Disbursing Officer Relating To Budget

3.1.1 The Punjab District Government and Tehsil Municipal Administration (Budget) Rules, 2003 specify the functions of the officers relating to budget, including Finance and Budget Officer, Head of Offices, Collecting Officer (CO), Drawing and Disbursing Officer (DDO) and the Planning Officer (PO). The Finance and Budget Officer is responsible for the coordination of the budgetary process and for the consolidation and preparation of the budget documents of the local government. The Finance and Budget Officer in the case of a District Government is the Executive District Officer (Finance and Planning).

3.1.2 The functions of the DDO relating to budget are:

- (a) Preparation of the estimates of expenditure for the offices under his jurisdiction;
- (b) Incurring of expenditure as per rules;
- (c) Coordination with the concerned higher level officials; and
- (d) Monitoring his budget.

3.1.3 The DDO shall be designated as such by the respective Head of Offices under his administrative control.

3.1.4 The functions of the Collecting Officer are:

- (a) Preparing the estimates of receipts under his jurisdiction;
- (b) All matters relating to estimation, realization, and deposits of receipts; and
- (c) Coordination with the concerned higher level officials.

3.2 Budget Classification

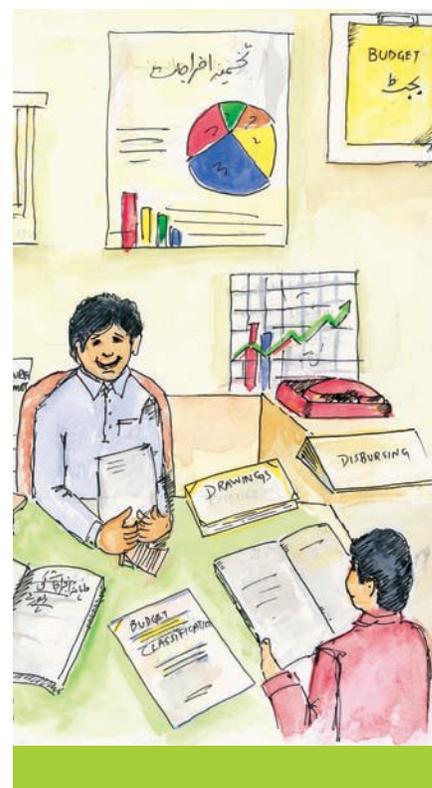
3.2.1 The Budget of the District Government is prepared in accordance with Chart of Accounts issued by the Auditor-General of Pakistan.

3.2.2 The expenditure is classified into Development and Current expenditure. The Development budget is divided into two parts, namely.

- (a) Citizen Community Board Development budget; and
- (b) Local government development (Non-Citizen Community Board) budget.

3.2.3 The receipts are classified as follows—

- (a) Major (Object) head;
- (b) minor (Object) head; and
- (c) detailed (Object) receipt head.



3.2.4 Expenditure is classified as follows:-

- (a) function classification; and
- (b) object classification.

3.2.5 Functional classification shall be as follows:-

- (a) major function;
- (b) minor function; and
- (c) detailed function.

3.2.6 Object classification shall be as follows:-

- (a) major object;
- (b) minor object; and
- (c) detailed object.

3.3 The Budgetary Process

- (a) The estimates of receipts/ expenditures for the coming financial year are prepared by the Collecting Officers/ Drawing and Disbursing Officers on prescribed format.
- (b) After duly completing the forms, the CO/ DDO have to sign the same and retain one copy for record in his office, and forward the rest to the Head of Offices.
- (c) On receiving the estimates of receipts/ expenditure from the CO/DDO, each Head of Offices concerned finalizes and consolidates the figures furnished by his CO/DDO and forwards them to the Finance and Budget Officer.
- (d) Upon receipt by the Finance and Budget Officer of the estimates of receipts/ expenditures from the Heads of Offices, the Finance and Budget Officer consolidates such estimates. The estimates of receipts are incorporated in the budget documents and submitted to the District Development Committee for finalization prior to its submission to the Council.
- (e) The Finance and Budget Officer shall prepare the budget documents, which shall be laid before the Council for approval.
- (f) Following approval by the Council of the Annual Budget Statement in respect of the next financial year, the Finance and Budget Officer prepares a Schedule of Authorized Expenditure, which is authenticated by the Nazim. The Schedule authenticated by the Nazim is laid before the Council, but is not open to discussion or vote thereon. The Schedule of Authorized Expenditure lapses at the end of the financial year.
- (g) The Finance and Budget Officer intimates each Head of Offices the details of the sums authorized in the Schedule of Authorized Expenditure for that financial year.
- (h) On receipt of information from the Finance and Budget Officer regarding the Grants, placed at their disposal, the Heads of Offices further distributes the grants to the Drawing and Disbursing Offices subordinate to him.
- (i) The targets of receipts approved by the Council are forwarded by the Finance and Budget Officer to the Head of Offices.
- (j) The Head of Offices forwards the receipt targets to the Collecting Officers subordinate to him.

3.4 Estimates of Receipts

The estimates of receipts for the coming financial year are prepared by the Collecting Officers on Forms BDR-1 to 4 relating to receipts, which are provided by the Finance and Budget Officer, each year alongwith the budget call letter. The Collecting Officers shall, while preparing their estimates of receipts, be guided by the following:-

- (a) Estimates of receipts are prepared diligently and accurately;
- (b) In relation to revised estimates, shall take into consideration the actual receipts during the first eight months of the financial year and also consider the figures of the previous financial year;
- (c) All material reasons, facts and circumstances relied upon in adopting the figures for the Revised Estimates for the current financial year shall be recorded clearly;
- (d) The reasons for adopting the figures for the budget estimates of the coming financial year shall be clearly explained; and
- (e) The receipts shall cover all sources including fiscal transfers from Provincial Government.

3.5 Estimates of Current Expenditure

3.5.1 The estimates of current expenditure are prepared by the DDO in accordance with the budget guidelines according to which directions may be provided by the respective Head of Offices. The estimates of expenditure shall be provided on the Forms BDC-1 to 7 relating to Current expenditure. The following guidelines should be followed for purposes of determining the Estimates of Expenditure:-

- (a) Provision for each expenditure shall be included under the appropriate function and object head;
- (b) Provision for any foreseeable expenditure shall be included therein while ensuring that each provision is restricted to the absolute minimum necessary sum;
- (c) Each Drawing and Disbursing Officer shall develop the most realistic and sound estimates;
- (d) The estimates for each financial year should provide only for such expenditure as are to be actually paid during the next financial year;
- (e) Provision should not be made in the estimates for posts which it has been decided to leave unfilled;

3.5.2 Following forms are used for calculations of establishment charges:-

- (a) Form BDO-3 for calculating the salaries of the officials.
- (b) Form BDO-4 for calculating the allowances of the officials.
- (c) Forms BDO-3 and BDO-4 are for the internal use of the offices and shall not be submitted with any of the budget documents.

3.6 Statement of New Expenditure (Current Budget)

3.6.1 Expenditure on new activities include the recurring costs of the development projects to be completed in the next financial year and expenditure relating to new current activities. The expenditure is mainly on personnel and purchase of durable goods. The new expenditure shall be provided with the budget documents as a Statement of New Expenditure (SNE).

3.6.2 Each DDO shall for the next financial year send to the Head of Offices, all proposals involving new current expenditure along with their estimates in Forms BDC-1 to 7. An explanatory note justifying the new proposals should be provided in Form BDC-8.

3.6.3 The details of the recurring expenditure of the development projects to be completed during a budget year, shall also be communicated by the DDOs to the concerned Head of Offices. The respective Drawing and Disbursing Officer (DDO), while preparing any proposal for new current expenditure shall ensure that:

- (i) All proposals specify the;
- (ii) Number of required personnel;
- (iii) Rates of remuneration; and
- (iv) Duration of employment of any proposed officials,
- (v) All relevant revenue implications have been described, quantified and included in the estimates of receipts; and
- (vi) Detail of expenditure as "Purchase of Durable Goods" have been specified.

3.6.4 DDOs shall forward the estimates of new expenditure separately to the Head of Offices alongwith the current budget.

3.7 Expenditure Management

3.7.1 Each local government shall -

- (a) Ensure that it develops effective means to implement the budget as passed by the Council;
- (b) Ensure that authorized budget allocations are expended in conformity with the Schedule of Authorized Expenditure;
- (c) If necessary, modify the budget to a changing environment, in accordance with the provisions of these Rules; and
- (d) Efficiently and effectively manage the resources made available to the local government.

3.7.2 Two elements are necessary before public money can be spent:-

- (a) There must be an appropriation of funds for the purpose; and
 - (b) There must be sanction of an authority competent to sanction expenditure.
- 3.7.3 Delay in payment of money from a local government shall be avoided. The payment of all actual obligations shall be ascertained, provided for in the budget estimates, liquidated and recorded at the earliest possible date.
- 3.7.4 Following are the responsibilities of relevant local government functionaries with reference to expenditure management:
- (a) The Heads of Offices shall be responsible for controlling and managing expenditure from the Grants placed at their disposal.
 - (b) Each Drawing and Disbursing Officer (DDO) shall be responsible for the expenditure actually incurred against the funds allotted to him. The expenditure shall be sanctioned in accordance with the delegation of Financial Power Rules.
 - (c) In order to keep total expenditure within the Grant, every Head of Offices shall be informed monthly by each Drawing and Disbursing Officer of:-
 - (i) actual spending from the Grant or Grants placed at the disposal of any such subordinate Drawing and Disbursing Officer;
 - (ii) the extent of commitments that have been made but not paid for against such Grant or Grants; and
 - (iii) the extent of expenditure that is likely to be incurred during the remaining period of the financial year.
 - (d) Each Head of Offices shall review the expenditure position and take such measures as may be required to check the trend of any excessive expenditure.
- 3.8 Receipt Management
- 3.8.1 The primary obligation of the Collecting Officers shall be to ensure that all revenue due is claimed, realized and credited immediately into the local government fund under the proper receipt head. The Head of the Offices shall supervise and take corrective measures in respect of the activities of the Collecting Officers.
- 3.8.2 The Collecting Officers shall furnish monthly reconciled statements of actual collections under the heads for which they are responsible to the Head of Offices in Forms BM-3 and BM-4 by 13th day of the month following the month to which the statement relates.
- 3.8.3 The Head of Offices shall consolidate the figures received from different Collecting Officers and shall forward the same to the Finance and Budget Officer by the 16th day of the month following the month to which the statement relates.
- 3.8.4 The Collecting Officers shall reconcile his figures with the record maintained by the Accounts Officer by the 10th day of the month following the month for which the statement relates to.
- 3.9 Recording of Disbursements by DDOs
- (a) Every Drawing and Disbursing Officer (DDO) shall maintain an appropriation register which shall include the commitments against the appropriations and a register of actual disbursements. The DDO shall also monitor the appropriations relating to establishment.
 - (b) When a bill is prepared for payment, the Drawing and Disbursing Officer (DDO) shall indicate complete accounts classification in respect of the proposed expenditure and the balance available in the detailed object head.
 - (c) The Drawing and Disbursing Officer (DDO) may maintain other registers as may be required to manage, control and monitor the budget.
 - (d) In case a Drawing and Disbursing Officer (DDO) receives confirmation from Head of Offices or any other source that a particular item of expenditure has been incorrectly classified, he shall immediately correct the accounts and send the same for information to the Accounts Officer.
 - (e) A Drawing and Disbursing Officer shall not authorize any payment in excess of the funds placed at his disposal.
- 3.10 Reconciliation of Expenditure
- 3.10.1 During the first week of each month, the respective Accounts Officer shall provide for the previous month, a schedule showing the numbers, dates and amounts of vouchers paid during that month, and supply copy of each such schedule to

the concerned DDO. Upon receipt of the schedule from the Accounts Officer, the DDO shall

- (a) Compare such schedule with the statement prepared by him; and
- (b) Reconcile expenditure with Accounts Officer by 10th day of every following month for the previous month.

3.10.2 The respective Head of Offices, DDO and the Accounts Officer shall be jointly responsible for reconciling any differences and for correcting misclassifications or any other errors.

3.10.3 In case the reconciled statement is not provided by the Head of Offices by the 20th of the month to the Finance and Budget Officer, following the month to which the Accounts relate, no bills may be passed by the Accounts Officer for the defaulting DDOs.

3.11 Monthly Expenditure Statement

3.11.1 The DDO shall provide a reconciled statement of expenditure not later than the 13th day of the month following the month to which the accounts relate, to the relevant Head of Offices in Form BM-1.

3.11.2 If any Head of Offices has one or more subordinate DDOs, such Head of Offices shall consolidate the statements he receives from any such DDOs.

3.11.3 The Head of Offices shall forward the consolidated statement of expenditure to the Finance and Budget Officer, so as to reach him by the 16th day of the month following that to which the accounts relate.

3.12 Steps Required in Case of Likelihood of Excess Expenditure

3.12.1 In case a Grant is likely to be exceeded, the Head of Offices shall take immediate steps to prevent the excess expenditure by

- (a) ensuring strict control over the affected Grant; or
- (b) transferring funds under his powers of re-appropriation; and
- (c) submitting as soon as the exigency arises, an application for Supplementary Grant.

3.12.2 If funds cannot be provided through re-appropriations then a Supplementary Grant shall be need to be prepared and got approved from the Council before the additional expenditure is incurred.

3.13 Statement of Excesses and Surrenders

3.13.1 The Statement of Excesses and Surrenders shall be prepared in Form BM-13 by the Head of Offices after 8 months of the financial year. For purposes of completing Form BM-13, the Heads of Offices shall obtain the required information from the concerned DDOs.

3.13.2 The Statement of Excesses and Surrenders shall be completed on the basis of actual expenditure incurred during the first eight months of the financial year and keeping in view the expected expenditure in the remaining four months of the financial year.

3.13.3 The Excesses and Surrenders shall form the basis for -

- (a) preparing the revised estimates; and
- (b) formulating the demands for additional funds if required.

3.13.4 The revised estimates shall also be used to form the basis of the following year budget estimates and for determining the estimated closing balance of the local government fund.

3.13.5 The Heads of Offices shall submit together with the Statement of Excesses and Surrenders a note explaining the reasons for the excesses and surrenders.

3.13.6 The Finance and Budget Officer shall consolidate the Statements of Excesses and Surrenders for approval by the Budget and Development Committee (BDC).

3.14 Re-Appropriation of Funds

- 3.14.1 In the event that unavoidable and unforeseen circumstances arise during the course of any particular financial year that require incurring excess expenditure or expenditure not contemplated in the Schedule of Authorized Expenditure, such expenditure shall be made available through re-appropriation or supplementary grants or both.
- 3.14.2 Re-appropriation means the transfer of savings in a unit of appropriation to meet excess expenditure anticipated under another unit of appropriation. The officials shall re-appropriate in accordance with the re-appropriation powers delegated by the respective Council to them.
- 3.14.3 If any officer is competent to sanction a re-appropriation, such officer may do so pursuant to the powers delegated to him by the Council. A copy of the order sanctioning any re-appropriation shall be communicated to the Head of Offices, Finance and Budget Officer and the Accounts Officer.
- 3.14.4 A request for re-appropriation shall be prepared by the concerned Drawing and Disbursing Officer. If it involves different Drawing and Disbursing Officers then the Head of offices shall process the re-appropriation.
- 3.14.5 If the re-appropriation involves two different grants then the Finance and Budget Officer shall be responsible for processing the re-appropriation for approval of the Council.
- 3.14.6 In case the re-appropriation is beyond the limit set by the Council, it shall require the approval of the Council.

3.15 Revised Estimates and Supplementary Grant

- 3.15.1 In case that a Head of Office considers that the need for additional funds has arisen for which no re-appropriation is available, he shall submit a proposal for Supplementary Grant to the Budget and Development Committee (BDC) through the Finance and Budget Officer (FBO).
- 3.15.2 Requests for Supplementary Grant during the financial year shall be consolidated by the Finance and Budget Officer (FBO) in the form of a Supplementary Budget Statement. The form and manner in which the Supplementary Budget Statement is presented to the Council shall be the same as that of the Annual Budget Statement.
- 3.15.3 Subsequent to approval by the Council and intimation by the Finance and Budget Officer of the Supplementary Grant, the Heads of Offices concerned shall distribute the Supplementary Grant and communicate the break-up of the Grant to Drawing and Disbursing Officers and the Accounts Officer concerned. The Collecting Officer shall also be communicated the revised targets for receipt as approved by the Council.
- 3.15.4 Sample filled up forms given under Budget Rules 2003 are placed at ANNEX-II for the convenience of users of this Guide Book.

PUBLIC
FUND
RECEIPTS &
PAYMENTS



RECEIPT AND PAYMENT OF PUBLIC MONEY (Financial and Treasury Rules)

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4. RECEIPT AND PAYMENT OF PUBLIC MONEY (Financial and Treasury Rules)

4.1 Principles Regarding Receipt of Money

All the money received as due to the Government or for deposit in the custody of the Government should be brought to account and deposited in the bank without delay. It is the primary duty of the officers concerned to see that dues (revenues and other receipts) are correctly and promptly assessed, quickly realized and immediately deposited into the bank.

As a general rule, money so received should not be appropriated to meet the departmental expenditure except some departments which have specially been authorized in this regard to appropriate specific receipt(s), subject to certain conditions. Ordinarily the Government dues should be realized in legal tender coins or notes only. Crossed cheques and demand drafts may also be accepted towards the payment of Government dues. But as long as a cheque is not cleared the payment will not be treated as having been made. Consequently when a cheque is tendered, a final receipt cannot be issued till the clearance of cheque. Any collection charges of the Bank will have to be borne by the party concerned. If on presentation a cheque is dishonored, the party concerned should be notified immediately and a demand sent to it for paying in cash. The Government will not accept any liability for damages or loss caused to the party for a possible delay in notifying the fact that the cheque has been dishonored.



(GFR.4-8, TR.78-81, PTR-7)

4.2 Withdrawals of Money from the Public Account

4.2.1 No authority can incur expenditure or enter into any liability involving expenditure from the public account, until:-

- (a) The expenditure has been sanctioned by a general or special order of the competent authority (in accordance with delegation of powers).
- (b) Expenditure has been provided for in the authorized grants and appropriation for the year.

4.2.2 No money can be removed from the Public Account for investment or deposit elsewhere without the prior consent of the Finance Department.

(GFR.7, FTR.12-28, PTR-13)

4.3 Standards of Financial Propriety

Every officer authorized to incur expenditure from the public funds should observe high standards of financial propriety a few of them are:

- (a) to exercise the same vigilance in respect of expenditure from public money, as a person of ordinary prudence would exercise in respect of expenditure of his own money;

- (b) The expenditure should not be prima-facie more than the occasion of demands;
- (c) No authority should pass any order which will be directly or indirectly to his own benefit;
- (d) Generally public moneys should not be utilized for the benefit of a particular person or section of the community;

The amount of allowances should be so regulated that it is not, on the whole, a source of profit to the recipients. (GFR-10, PFR-2.10)

4.4 Location of Public Money

Public moneys of the Federal Government must either be held in a Federal Treasury or in the Bank. Money deposited in the Bank is considered as one general fund held in the Books of the Bank on behalf of the Government. (FTR-3, PTR-3)

4.5 General Instruction for Handling Cash

4.5.1 Moneys tendered as dues of the Government or for deposit in the custody of the Government shall not pass through the hands of a departmental officer unnecessarily. Direct payment into the Treasury or into the Bank by the person who tenders such money shall be insisted on, and direct payments arranged whenever his is practicable.

4.5.2 If an officer has to handle non-Government money in his official capacity, such cash should be kept in a separate chest and accounted for in a separate set of books, so as to keep it entirely out of the Government account.

4.5.3 As a matter of policy BPS-1 to 3 officials should not be deputed to fetch or carry the cash. But if it is unavoidable, only senior man of reliable character should be put on the job. Whenever the amount is large, police guards should be procured and sent to accompany the cashier/messenger.

4.6 Grant of Receipt to the Payer and Procedure of Acceptance of Cheques

4.6.1 Every Government officer receiving money on behalf of the Government must issue a receipt to the payer. The receipt should be duly signed by an authorized officer, who should satisfy himself before signing the receipt that money has actually been realized and accounted for in the cash book. The amount shown in the receipt should be in words as well as in figures.

4.6.2 The receipt books must be kept under lock and key in the personal custody of the authorized officer. A proper stock register should be maintained for the receipt and issue of blank receipt books. Whenever a new receipt book is put into use the number of forms in the book should be counted and a certificate to the effect recorded at some conspicuous place in the book over the signatures of the authorized officer.

4.6.3 A duplicate receipt should not be issued in any circumstances even if the original one is reported to be lost. At the most a certificate may be given that on a specified date a certain sum on a certain account was received from a certain person. If, however the departmental regulations envisage issue of a duplicate receipt, it can be issued.

(FTR.82-86, PSTR-2.3)

4.7 Procedure of Paying Public Money

4.7.1 Normally all remittances to the Bank should be in cash but cheques and bank drafts etc. are also accepted, with certain reservations as stated in case of those Departments which are authorized to appropriate revenues towards expenditure, the gross receipts and payments made therefrom should be entered as receipt and payments in the appropriate records. If the receipts are in excess of payments the excess should

be remitted to the treasury/bank. The officer making the remittance should note on the challan the full amount of cash actually received by him and per contra, the expenses disbursed therefrom and not merely the net receipts.

- 4.7.2 Any person paying money into a Treasury or Bank on Government account should present with it a chalan wherein the nature of payment, the person or government officer on whose account it is made, the head of account and all other relevant information should be duly incorporated. The chalan should be presented in duplicate. Special chalan forms have been prescribed for payment of Income-tax, Sales tax and other revenue receipts.
- 4.7.3 At places where treasury business is conducted by the Bank, cheques on local banks will be accepted in payment of Government dues, or in settlement of other transactions. Such cheques must be crossed in all cases. Until, however, a cheque has been cleared, the Government cannot admit that payment has been received and consequently final receipts will not be granted when a cheque is tendered. A receipt for the actual cheque only will be given in the first instance, but if a person making payment in this manner so desires, a formal payment receipt will be sent by post to his address after the cheque has been cleared.
- 4.7.4 The preliminary acknowledgement of the receipt of the cheques will be given in the form below:-

“Received cheque No..... for Rupees..... drawn on.....

Account ofAs per Chalan No.....

(FTR.88-96, PSTR. 2.3-2.5)

4.8 Payment on Quitting the Service

Whenever a gazetted Government Servant finally quits the service by retirement, resignation, dismissal, death or otherwise or is placed under suspension, the last payment of pay and allowances should not be made to him until a 'no demand certificate' is issued by the Department concerned, Audit Office, and the Estate Office, etc.

However, the last payment of pay or allowances of a Government Servant finally quitting service by retirement shall not be held up merely for verifying that no demand is outstanding against him. The payment may be made if the Government Servant or in the event of his death before payment, the person entitled to receive payment agrees in writing that any demand coming to notice within a period of one year from the date of such payment may be recovered from the pension. The official failing to intimate demand within the period of one year from the date of retirement an officer shall be personally liable for the amount involved.

[(FTR. 232, NAM (APPM PARA-4.6.8)]

4.9 Specimen Signature

An officer, who is authorized to draw cheques or sign or countersign bills payable by the Accountant General/Treasury / DAO, should send a set of his specimen signatures to the Accountant General/Treasury/Bank duly attested by another officer, whose signatures are already on record of the office concerned. Whenever a transfer of charge occurs the relieved officer should furnish the specimen signatures of the relieving officer to all concerned, duly attested by the former. Specimen signatures, when forwarded on a sheet of paper other than the forwarding letter itself, should be attested by the officer signing the forwarding letter. Similarly the Accountant General will forward the specimen signatures of the officers authorized by him to sign cheques and payment authorities on his behalf, to the Treasury/ State Bank of Pakistan/ other Accountants General. All payment authorities issued by an Accountant General have to emboss with a special seal duly countersigned by an officer authorized in this behalf.

(FTR.172-174)

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Contracts, Procurements and Stock Taking

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5 CONTRACTS, PROCUREMENTS AND STOCK TAKING

5.1 Contracts - General Principles

Contracts can be entered into only by those officers who have been empowered. The following general principles should be followed:

- (a) The terms of contract should be precise and definite, leaving no room for ambiguity or misconstruction;
- (b) Before the contracts are finally drawn, legal and financial advice should be obtained, where possible.
- (c) The terms of contract, once entered into, should not be materially varied except with the prior consent of the competent authority.
- (d) Any uncertain or indefinite liability or any condition of unusual character should not be included in a contract without the prior approval of the FD.
- (e) Whenever practicable and advantageous, contracts should be placed only after inviting tenders; if the lowest tender is not accepted reasons therefore should be recorded.
- (f) While selecting tenders for acceptance, the financial status of the bidders should be taken into consideration.
- (g) Even if in certain cases a formal contract is not deemed necessary, there should be a written agreement as to the price, while placing an order.
- (h) In case where Government property is entrusted to a contractor, there should be a provision in the contract for safe-guarding it; and
- (i) When a contract is likely to run for a period of more than 5 years it should include a provision for an unconditional power of revocation and cancellation by Government at any time on the expiry of 6 months notice to that effect.

(GFR.18-19, Punjab Purchase Manual Para-40)

5.2 Contracts

(The topics Contracts and Tenders are based on the Punjab Local Governments (Contract) Rules, 2003)

- 5.2.1 Subject to the provisions of the Punjab Local Government Ordinance 2001 and any other rules framed thereunder, all contracts on behalf of a local government shall be made by the Nazim concerned or any other officer authorized by the Nazim in this behalf. This provision also applies to every alteration or discharge of a contract.
- 5.2.2 A formal deed of agreement shall be executed between the local government through the Nazim concerned and the contractor for every contract, - the performance whereof shall be subject to such conditions as may be specified; which shall be made after inviting tenders; and for the acquisition, purchase, lease, sale or transfer of any immovable property or for any other consideration.
- 5.2.3 The Nazim making or approving a contract shall be personally responsible for ensuring that;
 - (a) The contract is made without coercion, undue influence, fraud or misrepresentation;
 - (b) The parties are competent to make the contract;
 - (c) The contract does not involve any favouritism;



- (d) No official or member, of the Council concerned or District Government, City District Government, Tehsil Municipal Administration, Town Municipal Administration or Union Administration, as the case may be, is directly or indirectly interested in the contract;
- (e) The contract is in the best interest of the local government; and
- (f) The contract is legally in order.

5.3 Tenders

5.3.1 The Nazim shall, at least seven days before entering into a contract involving an expenditure exceeding rupees fifty thousand in case of District Government or City District Government, give public notice in a newspaper inviting tenders for such contract and may accept any of the tenders so made, which appears to him the most advantageous. Provided that:

- (a) If he rejects the lowest tender or all the tenders made in pursuance of the public notice, the reasons for doing so shall be recorded;
- (b) In case of a contract entered into with the approval of the Council the approval of the Council shall be obtained before rejecting the lowest tenders; and
- (c) The Nazim may, in case of a natural calamity, war or any other emergency declared by the Governor, District Government or City District Government dispense with the formality of inviting tenders and enter into a contract with any person for the execution of any work or for the provision of any supplies with due regard to the quality of work or speedy execution of the contract.

5.3.2 A public notice in respect of tenders for an amount not exceeding rupees fifty thousand shall be pasted or affixed at some conspicuous place at the office of the local government at least seven days before the date of opening tenders.

5.3.3 The Council may in cases where the question of securing competitive prices or rates is not involved, authorize the Nazim, to enter into a contract without inviting tenders.

5.3.4 No tender shall be deemed to be valid unless

- (a) It is sealed;
- (b) In the case of a tender submitted by a firm, it is signed by a person holding a power of attorney on its behalf; and
- (c) It is accompanied by earnest money equal to two per cent of the amount of tender, in form of call deposit receipt issued by a scheduled bank;
- (d) Provided that the local government may in any special case for reasons to be recorded waive the condition regarding earnest money.

5.3.5 All tenders shall be opened, unless otherwise prescribed in any other rules, by the Nazim at the time and place specified in the public notice issued in the presence of such contractors as may be present, and the Nazim shall affix his initials and date on every tender so opened.

5.3.6 When a tender has been accepted, an agreement, where necessary, shall be entered into between the contractor and the local government through the Nazim concerned or any other officer authorized by him in this behalf and the contractor shall be required to deposit, in the specified manner and within the time fixed, such earnest money as may be specified and to make up a sum equal to one-tenth of the amount of this tender as security for the due performance of the contract unless otherwise provided in any other rule for the time being in force.

5.3.7 The security shall, on completion of the contract to the satisfaction of the Nazim but after the expiry of maintenance period, if any, prescribed under the agreement, be refunded to the contractor unless otherwise prescribed in any other rule for the time being in force.

5.4 Invitation of Tenders and Procurement Rules

5.4.1 General Provisions

- (a) "Bid" means a tender, or an offer, in response to an invitation, by a person, consultant, firm, company or an organization.
- (b) "Contractor" means a person, consultant, firm, company or an organization who undertakes to supply goods, services or works;
- (c) "Contract" means an agreement enforceable by law;
- (d) "Emergency" means natural calamities, disasters, accidents, war and operational emergency.
- (e) "Lowest evaluated bid" means a bid most closely conforming to evaluation criteria and other conditions specified in the bidding documents; and
- (f) Having lowest evaluated cost;

5.4.2 Scope and applicability

Save as otherwise provided, these rules shall apply to all procurements made by all procuring agencies of the Federal Government whether within or outside Pakistan.

- 5.4.3 **Principles of procurements**
Procuring agencies, shall ensure that the procurements are conducted in a fair and transparent manner and the procurement process is efficient and economical.
- 5.4.4 **Language**
All communications and documentation related to procurements of the Federal Government shall either be in Urdu or English or both. The procuring agency may use the local language in addition to Urdu or English.
- 5.4.5 **Limitation on splitting or regrouping of proposed procurement**
A procuring agency shall announce in an appropriate manner all proposed procurements for each financial year and shall proceed accordingly without any splitting or regrouping. The annual requirements thus determined would be advertised in advance on the Authority's website as well as on the website of the procuring agency in case the procuring agency has its own website.
- 5.5 **Response time**
Time shall not be less than fifteen working days for national competitive bidding and thirty working days for international competitive bidding from the date of publication of advertisement or notice. Provided that no time limit shall be applicable in case of emergency. In situations where publication of such advertisements or notices has occurred in both electronic and print media, the response time shall be calculated from the day of its first publication in the newspapers. A procuring agency prior to the floating of tenders may engage in pre-qualification of bidders in case of services, civil works, turnkey projects and in case of procurement of expensive and technically complex equipment to ensure that only technically and financially capable firms having adequate managerial capability are invited to submit bids.
- 5.6 **Disqualification of suppliers and contractors**
The procuring agency shall disqualify a supplier or contractor if it finds, at any time, that the information submitted by him concerning his qualification as supplier or contractor was false and materially inaccurate or incomplete.
- 5.7 **Blacklisting of suppliers and contractors**
The procuring agencies shall specify a mechanism and manner to permanently or temporarily bar, from participating in their respective procurement proceedings, suppliers and contractors who either consistently fail to provide satisfactory performance or are found to be indulging in corrupt or fraudulent practices. Such barring action shall be duly publicized and communicated to the Authority.
- 5.8 **Principle method of procurement**
The procuring agencies shall use open competitive bidding as the principle method of procurement for the procurement of goods, services and works.
- 5.9 **Submission of bids**
The bids shall be submitted in a sealed package or packages in such manner that the contents are fully enclosed and cannot be known until duly opened. Procuring agencies shall allow all prospective bidders to participate in procuring procedure without regard to nationality, except in cases in which any procuring agency decides to limit such participation to national bidders only.
- 5.10 **Bidding Documents**
Procuring agencies shall use standard bidding documents as and when notified by regulation by the authority. The procuring agency shall provide a set of bidding documents to any supplier or contractor, on request and subject to payment of price, if any.
- 5.11 **Bid security**
The procuring agency may require the bidders to furnish a bid security not exceeding five per cent of the bid price.
- 5.12 **Extension of time for submission of bids**
After recording its reasons advertisement of such extension in time shall be done in a manner similar to the original advertisement.

5.13 Opening of Bids

The date for opening of bids and the last date for the submission of bids shall be the same. Bids shall be opened at least thirty minutes after the deadline for submission of bids. All bids shall be opened publicly in the presence of the bidders or their representatives. The procuring agency shall read loud the unit prices as well as the bid amount and shall record the minutes of the bid opening. All bidders in attendance shall sign an attendance sheet. All bids submitted after the time prescribed shall be rejected and returned without being opened.

For the purposes of comparison of bids quoted in different currencies, the price shall be converted into a single currency specified in the bidding documents. The rate of exchange shall be the selling rate, prevailing on the date of opening of bids specified in the bidding documents, as notified by the State Bank of Pakistan on that day.

5.14 Clarification of bids

No bidder shall be allowed to alter or modify his bid after the bids have been opened. Any request for clarification in the bid, made by the procuring agency shall invariably be in writing. The response to such request shall also be in writing.

5.15 Discriminatory and difficult conditions

No procuring agency shall introduce any condition, which discriminates between bidders or that is considered to be met with difficulty.

5.16 Rejection of bids

The procuring agency may reject all bids or proposals at any time prior to the acceptance of a bid or proposal. Notice of the rejection of all bids or proposals shall be given promptly to all suppliers or contractors that submitted bids or proposals.

5.17 Re-bidding

If the procuring agency has rejected all bids then it may call for a re-bidding.

5.18 Announcement of evaluation reports

Procuring agencies shall announce the results of bid evaluation in the form of a report giving justification for acceptance or rejection of bids at least ten days prior to the award of procurement contract.

5.19 Procedures of open competitive bidding

(For large and complex contracts)

Single stage-one envelope procedure

Single stage-two envelope procedure

The envelopes shall be marked as "FINANCIAL PROPOSAL" and "TECHNICAL PROPOSAL" in bold and legible letters to avoid confusion.

Initially, only the envelope marked "TECHNICAL PROPOSAL" shall be opened. The financial proposals of bids shall be opened publicly at a time, date and venue announced and communicated to the bidders in advance. After the evaluation and approval of the technical proposal the procuring agency, publicly open the financial proposals of the technically accepted bids only. The bid found to be the lowest evaluated bid shall be accepted.

5.20 Acceptance of bids

The bidder with the lowest evaluated bid, if not in conflict with any other law, rules, regulations or policy of the Federal Government shall be awarded the procurement contract.

5.21 Performance guarantee

Performance guarantee shall not exceed ten per cent of the contract amount.

5.22 Limitation on negotiations

Generally there shall be no negotiations with the bidder having submitted the lowest evaluated bid or with any other bidder.

5.23 Confidentiality

The procuring agency shall keep all information regarding the bid evaluation confidential until the time of the announcement of the evaluation report.

5.24 Direct contracting

A procuring agency shall only engage in direct contracting if the following conditions exist, namely:

- (a) The procurement concerns the acquisition of spare parts or supplementary services from original manufacturer or supplier. Provided that the same are not available from alternative sources;
- (b) Where a change of supplier would oblige the procuring agency to acquire material having different technical specifications or characteristics and would result in incompatibility or disproportionate technical difficulties in operation and maintenance;
- (c) Repeat orders not exceeding fifteen per cent of the original procurement; and
- (d) In case of an emergency only one manufacturer or supplier exists for the required procurement.

5.25 Negotiated tendering

A procuring agency may engage in negotiated tendering with one or more suppliers or contractors with or without prior publication of a procurement notification. This procedure shall only be used when:

- (a) The supplies involved are manufactured purely for the purpose of supporting a specific piece of research or an experiment, a study or a particular development;
- (b) For technical or artistic reasons, or for reasons connected with protection of exclusive rights or intellectual property.
- (c) For reasons of extreme urgency brought about by events unforeseeable by the procuring agency, the time limits laid down for open and limited bidding methods cannot be met.

5.26 On Account Payment

All procuring agencies shall make prompt payments to suppliers and contractors against their invoices or running bills within the time given in the conditions of the contract, which shall not exceed thirty days.

5.27 Record of procurement proceedings

All procuring agencies shall maintain a record of their respective procurement proceedings along with all associated documentation for a minimum period of five years.

5.28 Redressal of grievances by the procuring agency

The procuring agency shall constitute a committee comprising of odd number of persons, with proper powers and authorizations, to address the complaints of bidders that may occur prior to the entry into force of the procurement contract. Any bidder feeling aggrieved by any act of the procuring agency after the submission of his bid may lodge a written complaint concerning his grievances not later than fifteen days after the announcement of the bid evaluation report. The committee shall investigate and decide upon the complaint within fifteen days of the receipt of the complaint. Mere fact of lodging of a complaint shall not warrant suspension of the procurement process. Any bidder not satisfied with the decision of the committee of the procuring agency may lodge an appeal in the relevant court of jurisdiction. Any unauthorized breach of these rules shall amount to mis-procurement.

5.29 Purchase, Stock Taking and Issue of Store

The departmental officers entrusted with the care, use or consumption of stores are responsible for maintaining correct records and preparing correct returns in respect of the stores entrusted to them. They are also responsible for keeping them in proper custody and in good and efficient condition and for protecting them from deterioration. They should also take proper precautions to prevent loss of public stores by fire or other accidents. Purchase order should not be split up in order to avoid the necessity for obtaining the sanction of higher authority required with reference to the total amount of the orders (and invitation of tenders). Purchases should be made in the most economical manner when stores are purchased from the open market.

5.30 Receipt of Stores

All material received should be examined, counted, measured and weighed, as the case may be, when delivery is taken, and they should be kept in charge of a responsible Government Servant. The passing and the receiving Government Servants should see that the quantities are correct and their quality good, and record a certificate to this effect. The receiving Government Servant should also be required to give a certificate that he has actually received the materials and recorded them in his appropriate stock register.

5.31 Issue of Stores

When material are issued from stock for departmental use, manufacture or sale, etc., the Government Servant in charge of the stores should see that an indent has been made by a properly authorized person, examine it carefully with reference to any orders or rules for the issue of stores and sign it after making suitable alterations under his dated initials, in the description and quantity of materials, if he is unable to comply with the requisition in full. He should then prepare and sign the form of the invoice attached to the indent according to the supply as actually made. The indent should be returned at once to the requisition Government Servant for signature. When materials are issued, a written acknowledgment should be obtained from the person to whom they are ordered to be delivered or dispatched, or from his duly authorized agent.

5.32 Transfer of Charge of Stores

Special attention should be paid by a Government Servant in direct charge of stores to ensure that in case of transfer the stores in his charge are made over correctly to his successor and receipt taken from the relieving Government Servant. Every Government Servant is bound to take over charge of departmental stores which, from the death or departure of the person lately in charge or from any other cause, may be left at or near his station without adequate protection.

5.33 Accounts of Stores

Heads of Offices and others entrusted with the care of stores of any kind should maintain suitable accounts and inventories of the stores in their charge. It is important that all quantities received in or issued from stores are entered in the stock accounts strictly in accordance with the rule and in the order of occurrence on the dates the transactions take place, so that it should be possible at any time to check the actual balances with the book balances.

Separate stock accounts or inventories should be maintained of:-

- (a) "Dead Stock" such as plants and machinery, furniture and fixtures; and
- (b) "Other Stores" which consist of consumable and perishable articles.
- (c) Library Books.

5.34 Physical Verification

5.34.1 A physical verification of all stores must be made at least once in every year under rules prescribed by the head of the department, and subject to the condition that the verification is not entrusted to a person-

- (a) Who is the custodian, the ledger-keeper or the accountant of the stores to be verified, or who is a nominee of, or is employed under the custodian, the ledger-keeper or the accountant; or
- (b) Who is not conversant with the classification, nomenclature and technique of the particular classes of stores to be verified.

5.34.2 A certificate of verification of stores with its results should be recorded whenever such a verification carried out.

5.34.3 In making a physical verification, the following instructions must invariably be observed:-

- (a) Verification must always be made in the presence of the Government Servant responsible for the custody of the stores or of a responsible person deputed by him;
- (b) All discrepancies noticed must be properly investigated and brought to account immediately, so that the stores account may represent the true state of the stores; and
- (c) Shortages and damages, as well as unserviceable stores must be reported immediately to the authority competent to write off loss.

5.34.4 Balances of stores must not be held in excess of the requirements of a reasonable period or in excess of any prescribed maximum limit. In order to ensure the observance of this rule, a periodical inspection must be made by a responsible Government Servant, who must submit a report of surplus, unserviceable and obsolete stores to the authority competent to issue orders for their disposal. The inspection must be made six monthly in the case of perishable stores, and once a year in the case of other stores. Stores remaining in stock for over a year should be considered surplus unless there is any good reason to treat them otherwise.

5.34.5 Sale and disposal of stores and write off of losses of stores

A competent authority may sanction the sale or disposal of stores regarded as surplus, obsolete or unserviceable or order the write off of losses of stores.

(GFR.141-168, PFR. 15.1-15.20)



Sanctioning of Expenditure

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6 SANCTIONING OF EXPENDITURE

6.1 Power of Sanctions

6.1.1 There must be sanction of an authority competent to sanction expenditure before public money can be spent. The responsibility for financial operations of the Provincial Government, in exercise of executive authority, rests with the Governor, whose sanction (given either directly or by persons to whom necessary powers have been delegated) is necessary to all expenditure from Consolidated Fund and Public Account.

6.1.2 The delegation of powers of Provincial and Local Governments is in four categories. Generally, the DCO, TMO and EDO (Health) have powers of Category-I officer, other EDOs of Category-II officer, DOs of Category -III officer and other officers (BS-16 and 17) have powers of category-IV officers. Every EDO has been designated as Chief Purchase Officer for the offices under his charge. The EDO has financial power to sanction expenditure for purchases up to Rs.600,000 and expenditure exceeding this limit is sanctioned by Special Purchase Committee under the supervision of DCO.

6.1.3 The financial powers of the Provincial Government, which have not been delegated to any other Department or authority, vest in the Finance Department.

6.1.4 Unless otherwise provided by any special rule or order of Government a higher authority may exercise the powers delegated to an authority subordinate to it.

6.1.5 All letters or orders sanctioning expenditure, appointments etc. must be signed by the sanctioning authority personally, or by an officer of his office authorized to sign for him.

6.1.6 No Department shall, without previous consultation with the FD, authorize any orders (other than orders pursuant to any general delegations made by the FD) which either immediately or by their repercussions, will effect the finance of the Province or which, in particular, either:

- (a) Relate to the number of grading or cadres or the emoluments of posts or to any other conditions of service of posts which may have financial implications; or
- (b) Involve any grant of land or assignment of revenue or concessions, grants, lease or license of mineral or forest rights to water, power or any other easement or privilege in respect of such concessions: or
- (c) In any way involve any relinquishment of revenue

(GFR-39, 42 & 43, PFR-18, Punjab Delegation Powers Rules, 2006, # SO(PROC)S& GAD/1-3/97-Vol.III, dated 1st November 2001 & #FD (FR)1/82, dated 12th January 2002)



6.2 Communication of Sanctions

6.2.1 All financial sanctions and orders issued by various authorities within the financial powers delegated to them are communicated direct to the AG /DAO. All sanctions beyond the powers of the concerned Office/Department should be sent through the sanctioning authority / FD. The Accountant General /DAO will not refuse obedience to a sanction which was sent to him direct by the office / Department , but will report to the sanctioning authority / FD that such an order has been issued and may be communicated to him in due course.

6.2.2 In all orders conveying sanctions to expenditure of a definite amount or up to a specified limit, the amount of sanction should always be expressed both in words and in figures.

6.2.3 All letters or orders conveying sanctions to expenditure, appointments, etc. must be signed by an authorized gazetted officer, whose specimen signatures should be supplied to the Accountant-General concerned.
(GFR-51 -59, PFR-18.7- 18.9)

6.3 Indication of Source of Appropriation in Sanction Order

6.3.1 All sanctions to expenditure should invariably indicate the source of appropriation i.e. sanctioned budget grant for the year..... along with classification codes (Function, demand, Fund and Object as per CoA). If the expenditure is to be met by re-appropriation, supplementary grant or in anticipation of the communication of the budget grant, it may be so stated.

6.3.2 Where it is desired to sanction expenditure before funds have been communicated, the sanctioning authority should be careful to add words “subject to funds being communicated in the budget of the year.....”
(GFR-55 and 56, PFR-17.8)

6.4 Retrospective Sanction

6.4.1 All sanctions to expenditure have effect from the date of orders conveying the sanction. Normally retrospective effect should not be given to financial sanction, but when special circumstances so require, the approval of the FD should be obtained. A sanction which is not acted upon during the course of a financial year, lapses with the end of the financial year. In such cases when sanction to incur a recurring expenditure has lapsed, renewals may be made without any restriction.

6.4.2 The FD may in its discretion regulate any class of nature of a financial transaction in such a manner so as to conform to certain deadlines within the financial year, regardless of the prescribed period of the financial year.

6.4.3 The sanction to incurring of recurring expenditure accorded under the powers delegated by the FD for a specific period not limited to the financial year, will not extend beyond the termination of the specified period.

(GFR-57 and 58, PFR-18)

6.4.4 The Finance Department Punjab has instructed, vide No. FD (M-I) III-2/87 dated 11th May 2002, to avoid the ex-post facto sanction. However, if ex-post facto sanction is necessary to regularize expenditure, the same would be subject to condition that sanction for up to Rs.100,000 (Rupees one hundred thousand) will be accorded by the Administrative Secretary and for expenditure beyond this limit, the case would be submitted to the FD.

6.4.5 For further details please refer to the Delegation of Financial Powers placed at ANNEX-III and sample Sanction Order placed at ANNEX-IV

PERMANENT
ADVANCE



Permanent Advance

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7 PERMANENT ADVANCE

Purpose of Permanent Advance

Permanent Advance is granted to officers who have to make payments, before they place themselves in funds by drawing on the treasury. The amount of advance is fixed by the Government up to the amount advised as appropriate by the Accountant General.

7.1 Procedure to Draw Permanent Advance

The Head of Departments may sanction permanent advances for their subordinate officers in consultation with the Accountant General, but in the case of a Head of Department himself, it will be sanctioned by the next superior administrative authority. The officer submits a request along with a statement of expenditure for the last 12 months under the various detailed objects, excluding object heads relating to employees related expenses and other objects under which petty expenses are not incurred to the Account Office concerned. The Account Office after considering the need of the office in view of quantum of expenditure and nature of duties involved recommend appropriate amount of permanent advance. Then the office submits the case along with recommendations of the Accounts Office to the Sanctioning Authority for sanction. On having been sanctioned the concerned DDO submit a bill to the Accounts Office for drawl of cheque/cash. The advances should not be multiplied unnecessarily. The holder of the advance is responsible for its safe custody and he must always be ready to account for the total amount of money.

7.2 Enhancement of Permanent Advance

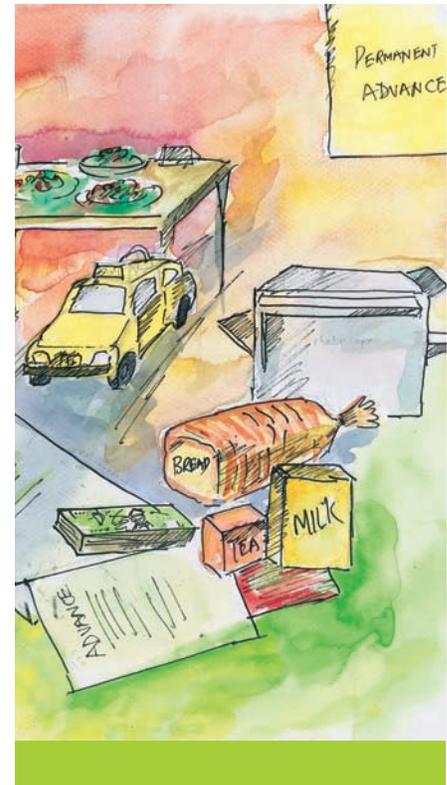
All applications for revision or increase of advance should be submitted to the sanctioning authority through the Accountant General who will advise as to appropriate enhanced amount of advance. The difference between enhanced and previous amount of permanent advance would be drawn in the same manner as stated in above para.

7.3 Classification

The permanent advance is drawn under detail Object head "F02101-Permanent Advances (Civil)" which is an "Asset" / Object head of account. It is a non-budgeted head (object head of Public Account).

7.4 Closing of Permanent Advance

Amount of Permanent Advance once drawn remained with the concerned officer for indefinite period. The claims of amount of Permanent Advance utilized, temporarily, on various departmental



expenses is drawn under the appropriate detailed objects and on receipt of cheque / cash the amount is recouped under the column “Out of Permanent Advance” in the receipt side of the Cash Book and hence, available for another cash payments (cash based purchases / expenses). In case of closing of the Project/Office the amount is required to be deposited under the same detailed object head “F02101” in a branch of SBP or designated branch of NBP.

(GFR.132, FTR.288-294, PFR. 2.8-2.9)



Establishment

EMPLOYEE REC
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8 ESTABLISHMENT

8.1 Maintenance of Service Book

The service book is a contemporary record in minute detail of a person's (non-gazetted) official career. Every entry should be attested at the time by the Head of the Office. It is the duty of all Heads of Offices to see that the service books of the establishments employed under them are punctually and regularly written up, and that no unauthorized member of the office has access to the books.

8.1.1 At a fixed time early in the year, the service books should be taken up for verification by the Head of the Office who, after satisfying himself that the services of the Government Servant concerned are correctly recorded in each service book, should record in it a certificate in the following form, over his signature:-
Service verified up to.....(date) from (the record from which the verification is made).

8.1.2 The verification of service referred to above should be in respect of all service qualifying for pension whether permanent, provisional, temporary or officiating. The head of the office in recording the annual certificate of verification should in the case of any portion of service that cannot be verified from office records, distinctly state that for the excepted period (naming them) a statement in writing by the Government Servants, as well as a record of the evidence of his contemporaries, is attached to the book.

8.1.3 When, an official is transferred from one office to another, the head of the office under whom he was originally employed, should record in the service book his signature the result of the verification of service, with reference to pay bills and acquittance rolls, in respect of the whole period during which the Government Servant was employed under him before forwarding the service book to the office where the services are transferred.

(GFR. 120-122, PFR. 7.17-7.18, CSR (Pb) 12.1-12.9)

8.1.4 Date of birth recorded at time of appointment can not be changed later on. However, correction may be made with in two years of appointment (S&GAD letter # SOR-III-1-14/75 dated 15th November, 2000).

8.2 Excess Appointment in a Lower Unit/ Cadre against Vacancy in Higher One

In the case of establishment divided into separate units on cadres carrying different scale of pay, there is no objection to excess appointments being made in a lower unit or cadre against on equal or greater number of vacancies left unfilled in the higher. For each vacancy in a higher grade only one extra post in a lower grade is admissible.

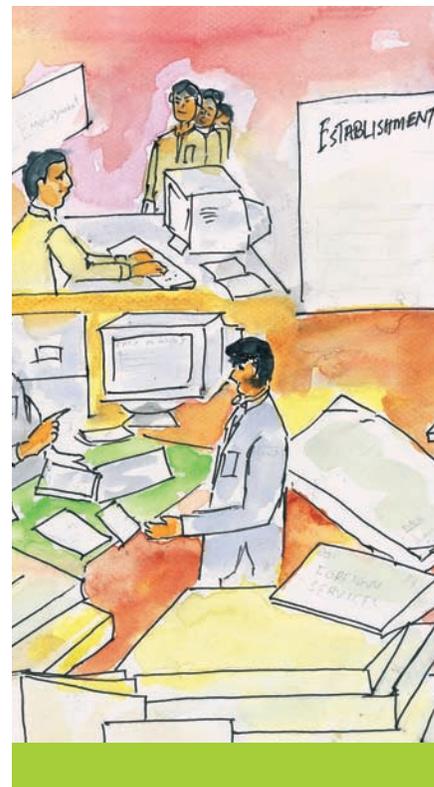
(GFR.113, PFR-7.15)

8.3 House Building and Conveyance Advance

(GFR.249-263, PFR. 10.13-10.23)

8.3.1 General Conditions

As a general rule advances are not payable to Government Servants who are not in permanent employment, because their pay does not constitute adequate security for the advances. In special cases, however, and subject to such conditions as may be deemed appropriate, temporary Government Servants may also be allowed the advances.



8.3.2 Interest on Advances

Simple interest at the rate fixed by the Government should be charged on advances granted to Government Servant for building houses or for purchase of conveyances. The interest is calculated on the last day of each month. If an employee dies before retirement, no recovery will be made on account of interest. In case recoveries on account of interest were in progress at the time of death, no recovery will be made for the remaining amount of interest. The following exceptions are permissible to the general rule quoted above:-

- (a) No interest will be charged from Government Servants on advances for the purchase of cycles.
- (b) No interest will be charged from Government Servant in BPS 1 to 15 on house-building advances.
- (c) In case an employee, who was in BPS 15 or below at the time when house-building advance was sanctioned to him, if promoted to BPS-16 or above, no interest shall be charged from him. However, if the amount of advances is revised on the basis of his pay in BPS 16 or above, interest will become payable under the normal rules/orders.
- (d) In case an employee, who was in BPS 16 or above when house-building advance was sanctioned to him is reverted to a post in BPS 15 or below, interest will be charged from him under the normal rules and others.
- (e) The Government Servants, who do not claim interest on G.P.Fund balances, will be granted House Building Advance and Conveyance Advances free of interest.

8.3.3 Recovery of Advance

The amount of the advance is recovered from the monthly pay in such installments as may be specified. This should not be affected by the fact of the borrower being on leave of any kind and drawing leave salary. During the extraordinary leave without pay and allowances, the installments should be recovered in cash. If the employee fails to pay the installments in cash, the arrears of installments should be recovered in lump sum from the first payment of pay and allowances, which may become due at the end of leave.

8.3.4 House Building Advance

- (a) A competent authority may sanction the grant of advance to an employee for construction of house, purchasing a house, completely reconstructing a house or extending or renovating a house already owned by him.
- (b) The advance should not exceed maximum limit as per pay of the employee or actual price of the house/plot whichever is lesser.
- (c) Advance from G.P. Fund account for the construction of house will not be taken into account for the purpose of calculating total house building advance to which an employee is entitled.

8.3.5 Advance for Purchase of Conveyance

The Government Servants may be granted advances for purchase of conveyances if the competent authority is satisfied that the maintenance of a conveyance will be in the interest of public service.

Formula to Calculate Interest on HBA & Conveyance Advances

$$\frac{\text{Amount of advance}}{12} \times (\text{No. of Inst.} + 1) \times \frac{\text{Rate of Interest}}{100}$$

Illustration $\frac{50000}{12} \times (50+1) \times \frac{15}{100} = 15938$

(The rates of interest on GPF are applicable to the HBA and Conveyance Advances in case of Provincial & District Governments except those which follow the rules of Federal Government)

Year	Rate of Interest	1994-1995	15.44	2001-2002	11.11
1989-1990	15.93	1995-1996	15.49	2002-2003	10.87
1990-1991	15.93	1996-1997	16.76	2003-2004	09.23
1991-1992	15.93	1997-1998	17.51	2004-2005	08.22
1992-1993	15.93	1998-1999	17.35	2005-2006	10.65
1993-1994	15.54	1999-2000	16.11	2006-2007	10.21
		2000-2001	15.00	2007-2008	10.50

8.4 Computerization of Payrolls

Computerized payroll has been introduced for disbursement of pay and allowances to the Government Servant's maintaining G.P. Fund accounts, accounting for various items of receipt and expenditure. The

manual preparation and submission of regular monthly pay bills are dispensed with under this computerized system. The detail audit of computerized pay rolls in respect of the officers is conducted by the Audit Office and DDO is responsible for all payments/ deductions in respect of non-gazetted employees in accordance with existing rules and orders.

(NAM.4.6.11-4.6.18)

8.5 Duties & Responsibilities of DDO regarding Computerization of Payrolls

The important responsibility of the DDO regarding computerized pay roll is to ensure that all input data is correctly supplied and all changes like promotions, demotions, leave, transfer, retirements and variations in the rates of entitlements and deductions etc. are promptly reported through change statements as any omission or delay may result into over payment(s).

8.6 Computer Changes

8.6.1 The computerized pay roll is now being done through SAP system throughout Pakistan. The detail of computer change forms is as under:

Sr.No	Form No	Description	Remarks
1	Pay 01	Employees Master File Creation Form	For new employee applicable for both payroll and G.P.Fund
2	Pay 02	Amendment Form	For single employee
3	Pay 03	Amendment Form (for multiple employee entry)	For more than one employee's changes
4	Pay 05	Temporary Loans & Advances Form (New & Amendment)	Loans & Advances except non-refundable G.P.Fund Advance
5	Pay 06	Permanent Loans & Advances Form (New & Amendment)	For Non-Refundable G.P.Fund Advances

Note: Guidance to fill these forms has been provided overleaf. Forms, duly filled, are annexed.

8.6.2 Main features of Computerization of Pay Roll, in SAP, are:

- (a) Employees shall be paid by direct credit into their bank account regardless of their grade level. Payroll payments in cash, through DDO, shall only be allowed by the Accountant General in special circumstances for Class-IV employees.
- (b) Monthly salaries and allowances of Government employees shall be paid on the first working day of the following calendar month.
- (c) No deduction shall be made from salaries or wages unless prescribed by an Act or Statute or by any order of a Court of Law.
- (d) Deductions / recoveries shall be made in accordance with rules and regulations.
- (e) Income Tax deductions at source from the monthly pay shall be made strictly in accordance with the relevant provisions of Income Tax Ordinance and instructions issued from time to time by the FBR.
- (f) The last payment of salary and allowance shall not be made to the employee leaving the service of the Government due to resignation, dismissal etc. until both the DDO, and the AG are satisfied that there is no outstanding amount due from the employee. However where an employee is leaving service due to retirement, the outstanding amount may be recovered from the pension (commutation) amount.

8.7 In-active / Stoppage of Pay

When an employee proceeds on EOL (leave without pay) or transfers to other station his salary should immediately be de-activated through change statement. As soon as the employee returns from E.O.L his pay may be got activated. On retirement, death, dismissal or removal an employee, his salary should be got stopped immediately to avoid overpayment. Following points should be kept in view:

- Reason for stoppage of salary should be mentioned e.g. un-authorized absence, death, retirement or resignation of the employee
- Date of inactivation of salary must be written
- In case of transfer of the employee, his data may be got transferred instead of stoppage of his pay

8.8 Transfer in and out of Payroll to other circle in SAP System

When an employee is transferred from one province to other or province to Islamabad or vice versa, his salary is transferred out by the previous Accounts Office and transferred in by the other Accounts Office subject to condition that SAP is operative in both the Accounts Offices. In this way there is no need to prepare and submit the detailed form "Pay-01" again. Following guidelines should be followed in this regard:

Transfer out

- Correct Payroll Area and Personal Area of posting should be entered
- In case of posting from one District to other District within a Province the functionality of re-organization is used in SAP as in this case the "SERVER" remained same
- Cost Center (DDO) number of new office should be mentioned

Transfer in

- Bank details of new station must be provided
- Changes required in pay and allowances as per revised entitlements at new station must be sent to Accounts Office (new) through appropriate change forms
- The balances of GPF and advances should be verified

8.9 Foreign Service

8.9.1 Foreign Service means service in which a Government Servant received his substantive pay, with the sanction of government, from any source other than the General Revenues of the Federal Government or of a Provincial / District Government.

8.9.2 No Government Servant may be transferred to Foreign Service against his will (FR-110). However, in accordance with Civil Servants Act, every Civil Servant, not recruited specifically to serve in a particular area or region, is also liable to serve anywhere within or outside Pakistan, in any post under the Federal Government or any Provincial Government or local authority, or a corporation or body, set up or established by any such Government.

8.9.3 Pay & Allowance/Other Fringe Benefits during the period of Foreign Service

(a) When the transfer of a Government Servant to Foreign Service in Pakistan is sanctioned, the period for which he is so transferred, the post which he shall hold in Foreign Service and the pay which he shall receive in such service must be precisely specified in the order sanctioning the transfer. No Government Servant will be permitted to receive any remuneration or enjoy any concession which is not so specified and if the order is silent as to any particular remuneration or concession; it must be assumed that the intention is that it shall not be enjoyed.

(b) During the period of foreign service, the person concerned will be entitled to pay, joining time pay, leave salary, allowances and traveling facilities (including passage for himself and his family to the place of employment under the borrowing Government and back on termination of the foreign service) in accordance with the regulations of or the terms and conditions offered by the borrowing Government/Organization. (FR-114).

(c) During the period of Foreign Service, the person concerned will not be entitled to any medical facility in respect of himself and family members at the expense of the Government.

(d) The Traveling Allowance and Joining Time Pay of a Government Servant both in respect of the journey on transfer to Foreign Service and the journey on repatriation therefrom on to government service will be borne by the foreign employer. This rule applies even in cases where the Government Servant lent takes leave on reversion before joining duty under Government. (SR.307-A)

8.9.4 Lien/Seniority & Promotion

While on Foreign Service Government Servant remains in the cadre or cadres in which he was included in a substantive or officiating capacity immediately before his transfer to the Foreign Service. (FR-113)

8.9.5 Period & Extension of Foreign Service

The person concerned will be on deputation with the borrowing Government or Organization for the period originally agreed upon. Any extension beyond the original period of deputation will not be made without the approval of the Government, and will be treated as an irregularity on the part of the person concerned and may call for disciplinary action.

8.9.6 Contribution towards Funds

During the period of Foreign Service the Government Servant concerned will continue to subscribe to the G.P. Fund, the remittance of which should invariably be supported with a G.P Fund schedule mentioning therein the G.P.Fund Account Number and the name of the Accounts Officer maintaining the account. As regards the Benevolent Fund and Group Insurance Premium contribution, this should be remitted directly by the Government Servant concerned through the normal banking channels.

8.10 Pension Contribution With Object Classification Code

8.10.1 The foreign employer (and where foreign employer is not agreeable to pay the pension contribution) the Government Servant concerned as the case may be, will during the period of foreign service, pay to the Government pension contribution in accordance with relevant rules and at the rates prescribed from time to time by the Government. The remittance shall be made by the foreign employer or the Government Servant concerned through normal banking channels to the parent office of the Government Servant. The parent office will send copies of challans and schedules to the Account Officer concerned for information and necessary action. The foreign employer or the Government Servant concerned shall pay pension contribution in foreign currency at a uniform rate of 33-1/3% (1/3) of the mean of minimum and maximum of the pay scale of the post, plus other emoluments reckonable for pension which would have been admissible to him had he not been deputed on foreign service. (FR-115)

8.10.2 To illustrate, the rate of the pension contribution will be as under in respect of an officer of BPS-17 the minimum and maximum of the pays scale of which is Rs.9850 and Rs.24650 respectively:-

$$\begin{aligned} - \text{ Mean} &= \frac{9850+24650}{2} = \text{Rs.}17250 \\ &= \text{Rate of Pension contribution at the rate of } 33\text{-}1/3\% \text{ will be} \\ &= \text{Contribution (PM)} = 17250 \times 33.1/3\% = \text{Rs. } 5750 \end{aligned}$$

8.11 Last Payment Certificate

8.11.1 The Last Payment Certificate in respect of officers is issued by the Audit Office i.e. AG or DAO and LPC of non-gazetted employees is issued by the Head of Office/ DDO. The LPC of non-gazetted employees also required to be countersigned by the concerned DAO of the District from where the employee has been transferred. The LPC should give all the necessary information so that the classification of charge may be correctly noted by the DDO in the bill of the new office. There are two main occasions of issuance of LPC:

- (a) Transfer to enable the other office/account office to authorize the pay & allowances, deduct the various funds and recover the outstanding balances of advances, along with interest, if any.
- (b) Retirement to enable the Pension section of the Accounts Office to calculate and authorize the pension/commutation/gratuity payments and to recovery the dues due to Government.

8.11.2 Apart from the date of relinquishment of charge, name of previous office, entitled joining time, certificate regarding payment of salary up to the date made in the previous office following information is provided in the LPC:-

- (a) Particular of rates (monthly) of pay & allowances entitled to the employee on the last working day in the previous office.
- (b) Detail of recoveries of overpayment advances of TA, HBA and conveyance etc. In this part the total amount, amount recovered and balance outstanding against the employee should be recorded. In case of interest bearing advances (HBA or conveyance) the date of drawl and information of interest free or bearing should also be given so that the new office may recover the dues due to Government accurately. The Form of the LPC has been revised adding statement of service overleaf by the Controller General of Accounts. However, the details of service are not required to be filled in the LPC issued for non-gazetted employees. A specimen of LPC dully filled in is given on Annex-ix.

A table for entitlement of HBA and Conveyance Advance are place at ANNEX-V. In addition, sample HR forms in required under SAP/R3 are placed at ANNEX-VI.

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