

# **GENERAL FINANCIAL RULES**

1. GENERAL FINANCIAL RULES OF THE CENTRAL GOVERNMENT
2. GENERAL SYSTEM OF FINANCIAL MANAGEMENT AND CONTROL
3. REVENUE AND RECEIPTS
4. POWERS OF SANCTION
5. BUDGET, GRANTS AND APPROPRIATIONS
6. ESTABLISHMENT
7. CONTINGENCIES
8. STORES
9. WORKS
10. MISCELLANEOUS EXPENDITURE
11. DEBT AND MISCELLANEOUS OBLIGATIONS OF GOVERNMENT
12. LOCAL FUNDS

## **CHAPTER 1**

### **GENERAL FINANCIAL RULES OF THE CENTRAL GOVERNMENT VOLUME 1 CHAPTER 1 INTRODUCTORY**

1. The rules contained in this volume, which are essentially executive orders of the President describe primarily the financial powers of different authorities subordinate to the Federal Government and the procedure prescribed by the President which should be followed by them in the securing and spending of the funds necessary for the discharge of the functions entrusted to them. Department authorities should follow these rules, supplemented or modified by the special rules and instructions, if any, contained in their departmental regulations and other special orders applicable to them.

## **DEFINITIONS**

2. Unless there be anything repugnant in the subject or context, the terms defined in this chapter are used in these rules in the sense hereby explained-

- i. Accountant-General means the head of an office of accounts and audit or of accounts who keeps the accounts of the Federal Government.
- ii. Appropriation means the assignment to meet specified expenditure of funds at the disposal of the assigning authority.
- iii. Auditor General means the Auditor General of Pakistan.
- iv. The Bank means the State Bank of Pakistan or any office or agency of the State Bank of Pakistan and includes any branch of the National Bank of Pakistan acting as the agent of the State Bank of Pakistan in accordance with the provisions of the State Bank of Pakistan Act 1956.
- v. Competent Authority means Government or any other authority to which the relevant powers may be delegated by Government.
- vi. The Constitution means the Constitution of the Islamic Republic of Pakistan.
- vii. Controlling Officer means a head of a department or other departmental officer who is entrusted with the responsibility of controlling the incurring of expenditure and or the collection of revenue by the authorities subordinate to the department.
- viii. Federal Consolidated Fund Public Account.

1. All revenues received by the Federal Government all loans raised by that Government and all money received by it in repayment of any loan shall from part of a consolidated fund to be known as the Federal Consolidated Fund.

2. All other money-

- a. Received by or on behalf of the Federal Government; or
- b. Received by or deposited with the Supreme Court or any other court established under the authority of the Federation;

Shall be credited to the Public Account of the Federation

**Note:-** The custody of the Federal Consolidated Fund, the payment of money into that Fund, the withdrawal of moneys there from, the custody of other moneys received by or on behalf of the Federal Government their payment onto and withdrawal from the Public Account of the Federation and all matters connected with or ancillary to the matters aforesaid shall be and includes the Financial Advisers attached to the Ministries Divisions and such other authorities in which the powers of the Ministry of Finance are vested by the President.

- ix Ministry of Finance means the Ministry of Finance of the Federal Government and includes the Financial Advisers attached to the Ministries Divisions and such other authorities in which the powers of the Ministry of Finance are vested by the President.
- x Financial Year means the year beginning on the 1<sup>st</sup> of July and ending on the 30<sup>th</sup> of June Following.
- xi. Government means the Federal Government.
- xii. Head of Department.
  - 1. means any authority declared to be such with reference to Rule 210 of the Supplementary Rules if the declaration is made in general terms and not with reference to certain specified rules only and
  - 2. Includes any other officer declared to be such by the competent authority
- xiii. Nonrecurring expenditure means expenditure sanctioned as a lump sum charge whether the money be paid as a lump sum or by installments.
- xiv. President means the President of Pakistan.
- xv. Primary unit of appropriation means a lump sum of money placed by the President at the disposal of a subordinate authority by the method prescribed in rules 5 to 7 of the Book of Financial Powers vide Appendix 3.
- xvi. Public works means civil works and irrigation navigation embankment and drainage works.
- xvii. Public Works Department means the Department of Federal Government in administrative charge of public works.

- xviii. Re-appropriation means the transfer of funds from one unit of appropriation to another such unit.
  - xix. Recurring expenditure means all expenditure which is not nonrecurring.
  - xx. Subordinate authority means a Department of the Federal Government or any authority subordinate to or acting as Agent to the President.
  - xxi. Treasury Rules means the Treasury Rules of the Federal Government.
- 3 Heads of departments have been authorized to declare any gazette officers subordinate to them to be the head of an office for the purpose of these and other financial rules of Government.

## **CHAPTER 2**

### **GENERAL SYSTEM OF FINANCIAL MANAGEMENT AND CONTROL I-RECEIPT OF MONEY**

#### **GENERAL**

- 4 All transactions to which any officer of Government is a party in his official capacity must be brought to account without delay.
5. Moneys received as dues of Government or for deposit in the custody of Government should be credited into the Public Account in accordance with the Treasury Rules.
6. If a Government officer receives in his official capacity moneys which are not Government dues or the deposit of which in the custody of Government has not been authorized by Government he must open an account with a bank for their deposit. Such accounts may be opened without special sanction with a branch of the State Bank of Pakistan or the National Bank of Pakistan acting as an Agent of the State Bank of Pakistan or with a Post Office Savings Bank. The prior approval of Government is required to their deposit in any other bank. The Government officer receiving such moneys is personally responsible of seeing that they are disbursed in strict conformity with the rules, regulations or orders governing the fund to which the money appertains that a precise record of all the transactions is kept in a form complying with the regulations of the fund concerned and that the accounts are subjected to proper audit checks.

## **WITHDRAWAL OF MONEYS FROM THE PUBLIC ACCOUNT**

7. Unless otherwise expressly authorized by any law or rule or order having the force of law moneys may not be removed from the Public Account for investment or deposit elsewhere without the consent of the Ministry of Finance.

## **ASSESSMENT COLLECTION AND CHECK OF REVENUES**

- 8 Subject to such general or specific instruction as may be issued by Government in this behalf it is the duty of the Revenue or Administrative Department concerned to see that the dues of Government are correctly and promptly assessed collected and paid into the treasury Detailed instructions on the subject are contained in Chapter3.

## **II-EXPENDITURE AND PAYMENT OF MONEYS**

### **ESSENTIAL CONDITIONS GOVERNING EXPENDITURE FROM PUBLIC FUNDS**

- 9 As a general rule no authority may incur any expenditure or enter into any liability involving expenditure from public funds until the expenditure has been sanctioned by general or special orders of the President or by an authority to which power has been duly delegated in this behalf and the expenditure has been provided for in the authorized grants and appropriations for the year.

### **STANDARDS OF FINANCIAL PROPRIETY**

- 10 Every officer incurring or authorizing expenditure from public funds should be guided by high standards of financial propriety Among the principles on which emphasis is generally laid are the following.
  - i. Every public officer is expected to exercise the same vigilance in respect of expenditure incurred from public moneys as a person of ordinary prudence would exercise in respect of expenditure of his own money.
  - ii. The expenditure should not be prima facie more than the occasion demands.
  - iii. No authority should exercise its powers of sanctioning expenditure to pass an order which will be directly or indirectly to its own advantage.
  - iv. Public moneys should not be utilized for the benefit of a particular person or section of the community unless.

1. the amount of expenditure involved is insignificant or
  2. a claim for the amount could be enforced in a court of law or
  3. the expenditure is in pursuance of a recognized policy or custom
- v. The amount of allowances granted to meet expenditure of a particular type should be so regulated that the allowances are not on the whole a source of profit to the recipients.

### **CONTROL OF EXPENDITURE**

- 11 Each head of a department is responsible for enforcing financial order and strict economy at every step He is responsible for observance of all relevant financial rules and regulations both by his own office and by subordinate disbursing officers.
- 12 A controlling officer must see not only that the total expenditure is kept within the limits of the authorized appropriation but also that the funds allotted to spending units are expended in the public interest and upon objects for which the money was provided In order to maintain a proper control he should arrange to be kept informed not only of what has actually been spent from an appropriation but also what commitments and liabilities have been and will be incurred against it He must be in a position to assume before Government and the Public Accounts Committee if necessary complete responsibility for departmental expenditures and to explain or justify any instance of excess or financial irregularity that may be brought to notice as a result of audit security or otherwise.

### **INTERNAL CHECK AGAINST IRREGULARITIES WASTE AND FRAUD**

- 13 In the discharge of his ultimate responsibilities for the administration of an appropriation or part of an appropriation placed at his disposal every Controlling officer must satisfy himself not only that adequate provisions exist within the departmental organization for systematic internal checks calculated to prevent and detect errors and irregularities in the financial proceedings of its subordinate officers and to guard against waste and loss of public money and stores but also that the prescribed checks are effectively applied For this purpose each Head of the Department will get the account of his office and those of the subordinate disbursing officers if any inspected at least once in

every financial year by a Senior Officer not connected with the account matters to see whether;

- i. Rules on handling and custody of cash are properly understood and applied.
- ii. Effective system of internal check exists for securing regularity and propriety in the various transactions including receipt and issue of stores etc if any and .
- iii. Satisfactory arrangement exists for systematic and proper maintenance of Account Books and other ancillary records concerned with the Initial Accounts.

The results of these inspections should be incorporated in the form of an inspection report cop of which should be endorsed to Audit The head of the Department should after his scrutiny of the report communicate to Audit a copy of his remarks thereon and any orders issued in that connection.

**Note** The term Senior Officer should be taken to mean that the officer who inspects the accounts should be higher in status than the officer who maintains or prepares the accounts It has necessarily to b left to the discretion of the competent authority to appoint such an officer for the inspection of the accounts as could give him an independent report of the state of accounts records etc proposed to be subjected to review In exercising his discretion in the matter the competent authority would no doubt ensure that the contemplated inspection is entrusted to a senior Class 1 Officer who has had sufficient background of the Financial Rules and order and could vary out the check satisfactorily.

### **DELAYS IN PAYMENT**

- 14 Delay in the payment of money indisputably due by Government is contrary to all rules and budgetary principles and should be avoided vide also paras105 and 106.

### **III DUES AS REGARDS ACCOUNTS V MAINTENANCE OF ACCOUNTS**

- 15 Every one whose duty it is to prepare and render any accounts or returns in respect of public money or stores is personally responsible for their completeness and strict accuracy and their dispatch within the prescribed date.

- 16 An officers who signs or countersigns a certificate is personally responsible for the facts certified to so far as it is his duty to know or to the extent to which he may reasonably be expected to be aware of them The fact that a certificate is printed is no justification for his signing it unless it represents the facts of the case If in its printed form it does not represent the facts it is his duty to make any necessary amendment which will call attention to the deviation and so to give e authority concerned the opportunity of deciding whether the amendments cover requirements.

#### **DEMAND FOR INFORMATION BY AUDIT**

- 17 It is the duty of every departmental and Controlling officer to see that the Accountant General is afforded all reasonable facilities in the discharge of his functions and furnished with the fullest possible information for which he may ask for the preparation of any account or report which it is his duty to prepare No such information nor any books or other documents to which the Auditor-General has a statutory right of access may be withheld from the Accountant-General.

#### **IV CONTRACTS GENERAL PRINCIPLES**

- 18 No contracts may be entered into by any authority, which has not been earned to do so by or under the orders of the President various class contracts and assurances of property authorized by the President exercise of powers conferred by Article 99 of the Constitution to be executed by different authorities are specified in Appendix I. Subsidiary orders of Government as to the limitation upon the powers of these authorities the conditions under which such powers should be exercised and the general procedure prescribed with regard to such contracts such as calling for and acceptance of tenders etc., are laid down in the appropriate Departmental regulations.
- 19 The following general principles have been laid down for the guidance authorities, which have to enter into contracts or agreements involving expenditure from Public funds:-
- i. The terms of a contract must be precise and definite and there must be no room for ambiguity or misconstruction therein.
  - ii As far as possible, legal and financial advice should be taken in the drafting of contracts and before they are finally entered into.
  - iii Standard forms of contracts should be adopted wherever possible the terms to be subject to adequate prior scrutiny.



- iv The terms of a contract once entered into should not be materially varied without the previous consent of the authority competent to enter into the contract as so varied No payments to contractors by way of compensation or otherwise outside the strict terms of the contract or in excess of the contract rates may be authorized without the previous approval of the Ministry of Finance.
- v No contract involving an uncertain or indefinite liability or any condition of an unusual character should be entered into without the previous consent of the Ministry of Finance.
- vi Whenever practicable and advantageous, contracts should be placed only after tenders have been openly invited and, in cases where the lowest tender is not accepted reasons should be recorded.
- vii In selecting the tender to be accepted, the financial status of the individuals and firms tendering must be taken into consideration in addition to all other relevant factors.
- viii Even in cases where a formal written contract is not made into order for supplies, etc should be placed without at least a written agreement as to the price.
- ix Provision must be made in contracts for safeguarding Government property entrusted to a contractor.
- x When a contract is likely to endure for a period of more than 5 years. it should wherever feasible, include a provision for an unconditional power of revocation or cancellation by Government at any time on the expiry of six months notice to that effect.

## **V:- DEFALCATIONS, LOSSES, ETC.,**

### **REPORT OF LOSSES**

- 20 1. With the exceptions noted below, any loss of public money, departmental revenue or receipts, stamps, opium, stores or other property held by or on behalf of Government, caused by defalcation or otherwise, which is discovered in a treasury or other office or department, should be immediately reported by the officer concerned to his immediate official superior as well as to the Accountant General, even when such loss; has been made good by the party responsible for it. Such reports must be submitted as soon as a suspicion arises that there has been a loss; they must not be delayed while detailed enquiries are made. When the matter has been fully investigated a further and complete report should be submitted of the nature and extent of the loss,

showing the errors or neglect of rules by which such loss was rendered possible, and the prospects of effecting a recovery.

2. If the irregularity be detected by Audit in the first instance, the Accountant General will report it immediately to the administrative authority concerned, and if he considers necessary to Government as well.

Exception In the case of Customs Revenue (a) mistakes in assessments which are discovered too late to permit of a supplementary claim being made, and (b) under-assessments which are due to the interpretation of the law by the local Customs authority being overruled by higher authority more than three months after the assessment was, made, need not be reported to the Accountant General. A record should however be kept of such cases for examination by the Accountant General at the time of audit.

Exception 2-Petty cases, that is cases involving losses not exceeding Rs 200 each, need not be reported to the Accountant General unless there are in any case, important features which merit detailed investigation and consideration.

- 21 The officers receiving a report submitted to him under Para 20 must forward it forthwith to Government through the usual channel with such comments as may be considered necessary. He should also submit a detailed report after completing such departmental investigations as may be necessary or expedient on the causes or circumstances which led to the defalcation or loss the steps taken to prevent its recurrence and the disciplinary or other action proposed as regards the person responsible.

## **ACCIDENTS**

- 22 Any serious loss of immovable property, such as buildings, communications or other works, caused by fire, flood, cyclone, earthquake or any other natural cause, should be reported at once by the Departmental officer to the head of the department and by the latter to Government. When a full enquiry as to the cause and extent of the loss has been made, the detailed report should be sent by the departmental officer concerned to the head of the department a copy of the report on an abstract thereof being simultaneously forwarded to the Accountant General.

## ***RESPONSIBILITY FOR LOSSES, ETC***

- 23 Every Government officer should realize fully and clearly that he would be held personally responsible for any loss sustained by Government through fraud or negligence on his part and that he will also be held personally responsible for any loss arising from fraud or negligence on the part of any other Government officer to the extent to which it may be shown that he contributed to the loss by his own action or negligence. Detailed instructions

for regulating the enforcement of such responsibility are embodied in Appendix 2.

### ***WRITE OFF OF LOSSES, ETC.,***

- 24 The powers delegated to different authorities to write off the irrecoverable value of public money or stores lost through fraud or negligence of individuals or other causes are indicated in Chapter 4.

## ***VI. DEPARTMENTAL REGULATIONS***

All Departmental regulations in so far as they embody orders or instructions of a financial character or have important financial bearing should be made by or with the approval of the Ministry of Finance.

### ***CHAPTER 3***

#### ***REVENUE AND RECEIPTS***

##### ***I. GENERAL***

20 Subject to any special arrangement that may be authorized by competent authority with respect to any particular class of receipts it is the duty of the departmental Controlling officers to see that all sums due to Government are regularly and promptly assessed, realized and duly credited in the Public Account They should accordingly arrange to obtain from their subordinates monthly accounts and returns in suitable form claiming credit for so much paid into the treasury or otherwise accounted for and compare them with the statements treasury credits furnished by the Accountant General, to see that the amount, reported as collected have been duly credited in the Public Account.

If wrong credits thus come to the notice of the Controlling officer he should at once inform the Accountant General, with a view to the correction of the accounts If any credits are claimed but not found in the accounts enquiries should be made first of the responsible departmental officer concerned.

Note: - 1. For this purpose each Accountant General will send to the departmental Controlling Officer an extract from his account showing the amounts brought to credit in them in each month

Note: - 2. it is essential that the departmental accounts of revenue should not be compiled from the returns prepared by the treasury But the Treasury Officer may be required where necessary to verify the returns prepared for submission to the departmental Controlling authority.

Note:- 3. in order to minimize the differences between the treasury figures and the departmental figures it is essential that the chalang with which money is remitted to the treasury should bear full and correct accounts classifications.

27 Detailed rules and procedure regarding assessment collection remission etc of revenue should be laid down in the departmental regulations of the revenue and collecting departments concerned.

Note: - departments in which officers are required to receive moneys on behalf of Government and issue receipts therefore in Form TRS the departmental regulations should prescribe the procedure rules for the maintenance of a proper account of the receipt and issue of the receipt books the number of receipt books to be issued at a time to each officer and check with the Officers accounts of the used book when returned.

28 No amount due to Government should be left outstanding without sufficient reason and where any dues appear to be irrecoverable the orders of Competent authority for their adjustment must be sought.

29 Unless specially authorized by any rule or order made by competent authority no sums may be credited as revenue by debit to a suspense head the t must follow and not precede actual realization.

30 Heads of departments in charge of important sources of revenue should keep the Ministry of Finance fully informed of the progress of collection of revenue under their control and of all-important variations in such collections as compared with the Budget estimates.

## **II SPECIAL RULES FOR PARTICULAR CLASSES OF RECEIPTS RENTS OF GOVERNMENT BUILDINGS LAND , ETC.**

31 The detailed rules and procedure regarding the demand and recovery of Government buildings and lands are contained in the departmental regulations of the departments in charge of those buildings. When the maintenance of any rent able building is entrusted to a civil department other than the Public Works Department the head of the department concerned will be responsible for the due recovery of the rents thereof, The procedure for the assessment and recovery of the rents of such buildings will be regulated generally by the rules applicable to residences under the direct charge of the Public Works Department.

***FINES.***

32 It is the duty of every court or authority having the power to fine to see that the money realized reaches the treasury and that adequate precautions are taken against double refunds of fines or refunds of fines not actually paid into the treasury.

33 The duty of realizing fines and of checking the receipts and refunds lasts with the departmental officers Each court civil or criminal is required to submit to the District Judge or to the District Magistrate as the case may be on the last working day of each calendar month a statement in the prescribed form showing the demand collection and balance of fines levied and written off by It as well as of the refunds there from the statement being made up for the account month of the treasury or sub treasury with which the court deals. The District Judge and the District Magistrate should each consolidate these returns into a monthly fines statement for the courts under him and for his own and forward it to the Treasury Officer as soon as possible after the beginning of the month for verification other amounts shown as remitted into the treasury With the credit appearing in the treasury account. The Treasury Officer should certify to the correctness or otherwise of these amounts. Where there is any discrepancy between a consolidated statement and the treasury account. The Treasury Officer may if necessary before giving his certificate request the District Judge or the District Magistrate as the case may be to explain the discrepancy.

Note 1: - The statement should exhibit the amounts under each head of accounts glean fines under the Prevention of Cruelty to Animals Act etc separately.

Compensation fines due to an injured party which are creditable to deposits and fines the adder the orders of competent authority are creditable to a Municipal or Local Fund a our be excluded from this statement.

Note 2:- When fines are received in another district intimation should be given by the recovering officer to the officer concerned who should note the fact in his monthly fine statements.

34 Not Printed.

### ***MISCELLANEOUS DEMANDS***

35 Realization of miscellaneous demands of Government not falling under the ordinary revenue administration will be watched by the Accountant General. Such as payments due from States acceding to Pakistan , contributions from Provincial Governments, Local Funds, Contractors and others towards Establishment charges, etc.

### **III PERMISSIONS HAVE AND ABANDONMENT OF CLAIMS TO**

#### ***REVENUE***

36 The sanction of the competent authority is necessary for the remission of and abandonment of claims to revenue.

Note: the powers of subordinate authorities to sanction the write off of loss of revenue are indicated in Schedule V to the Book of Financial Powers.

37 Heads of departments and Local Administrations should submit annually on the first of September to the Accountant General concerned state statements showing the remissions of revenue and abandonment of claims to revenue sanctioned during the preceding year by competent authorities in exercise of the discretionary powers vested in them otherwise than by law or rule having the force of law. For inclusion in these statements remissions and abandonment should be classified broadly with reference to the grounds on which they were sanctioned and a total figure should be given for each class. A brief explanation of the circumstances leading to the remission should be added in the case of each class.

Subject to any general or special order issued by Government, individual remissions below Rs 100 need not be included in this statement.

Note 1. Heads of Local Administrations may make rules defining remissions and abandonment of revenues for the purpose of this rule

Note 2. Where the administrative year does not coincide with the financial year the figures of the former if this proves more convenient to the departmental authorities may be given in the statement

Note 3. This rule does not apply to Railways and Posts and Telegraphs Departments

#### ***IV--AUDIT OF RECEIPTS***

38 When the audit of the receipts of any department of Government is entrusted to the Auditor General, it will be conducted in accordance with the regulations reproduced in Annexure 9 to this Chapter.

Note 1. The procedure in respect of particular classes of receipts e.g stamps opium foreign service contributions, etc will be governed by special orders issued by Government.

Note 2. The audit of receipts accruing under Debt and remittance heads and of those included in the subsidiary accounts of Government Commercial undertakings devolves on the Auditor General and is conducted in such manner and to such extent as may be prescribed by him.

#### **ANNEXURE A See Para 38**

#### **REGULATIONS FOR THE CONDUCT OF THE AUDIT RECEIPTS.**

1 It is primarily the responsibility of the Departmental authorities to See 1 that all revenue or other debts due to Government which have to be brought to account, are

correctly and any investigation by Audit must be so conducted as not to interfere the correctness of the sums brought to account in respect of receipts of any department in such manner and to such an extent as may be determined by Government in consultation with the Accountant-General.

2 In conducting the audit of receipts of any Government department, the chief aim should be to ascertain that adequate regulations and procedure have been framed to secure an effective check on the assessment, collection, and proper allocation of revenue, and to see by an adequate detailed check that any such regulations and procedure are being observed. In the audit of receipts ordinarily the general is more important than the particular.

3 In the audit of receipts it would be necessary in the case of a department, which is receiver of public money, to ascertain what checks are imposed against the commission of irregularities at the various stages of collection and accounting and to suggest any appropriate improvement in the procedure. Audit might, for instance, suggest in a particular case that a test inspection should be carried out by comparing a sample set of receipt counter-foils with the receipts actually in the hands of the tax-payers or other debtors, the results of such an inspection being made available to Audit.

In no case, however, should independent enquiries be made among the tax-payers or the general public.

Audit should confine itself to calling upon the Executive to furnish necessary information and, in cases of difficulty, it should confer with the Administrative authorities concerned as to the best means of obtaining the evidence which It requires.

4 The audit of receipts should be regulated mainly with reference to the statutory provisions or financial rules or orders which may be applicable to the particular receipts involved. If the test check reveals any defect in such rules or orders, the advisability of amendment should be brought to notice.

It is, however, rarely if ever the duty of Audit to question an authoritative Interpretation of such rules or orders, and in no case may Audit review a judicial decision, or a decision given by an Administrative authority in a quasi-judicial capacity. This instruction does not, however, debar an auditor from bringing to

notice any conclusion deducible from the examination of the results of a number of such decisions.

5 Where any financial rule or order applicable to the case prescribes the scale or periodicity of recoveries, it will be the duty of Audit to see, as far as possible, that there is no deviation without proper authority from such scale or periodicity. When this check cannot be exercised centrally, a test audit may be conducted at local inspections, the aim being to secure that disregard of rule or defects of procedure are not such as to lead to leakage of revenue rather than to see that a "particular debt due to Government was not realised at all or on due date.

6 Ordinarily Audit will see that no amounts due to Government are left outstanding on its books without sufficient reason. Audit will continue carefully to watch such outstandings and suggest to departmental authorities any feasible means for their recovery. Whenever any dues appear to be irrecoverable, orders for their adjustment should be sought. But unless permitted by any rule or order of a competent authority, no sums may be credited to Government by debit to a suspense head ; credit must follow, and not precede, actual realization.

7 The procedure prescribed by though Auditor-General for the raising and pursuing audit objections in relation to expenditure including of Audit Officers to waive recovery of Government dues under cella ions shall apply mutates mantis in respect of audit objection on any of receipts.

## **CHAPTER 4**

### **POWERS OF SANCTION**

#### **I. POWERS OF VARIOUS AUTHORIZES IN THE MATTER OF SANCTIONING EXPENDITURE**

39 (1) Deleted

(2) The responsibility for financial operations of the Federal Government as also for the exercise of all executive authorities rests on the President, whose sanction given



either directly or by persons to whom the necessary power has been delegated is necessary to all expenditure from the Federal Consolidated Fund and Public Account. The extent to which powers to sanction expenditure have been delegated to various authorities is indicated in the following pages .

## **POWERS OF SUBORDINATE AUTHORITIES IN PAKISTAN**

40 All the most important general orders on the subject of financial powers of subordinate authorities in relation to expenditure from the Federal Consolidated Fund and Public Account Book of Financial Powers are embodied in Appendices 3 and 3-A and the relevant chapters of this compilation. Delegations made under those orders are incorporated in the departmental regulations or in the Manuals of the Accountant General concerned.

The financial powers of subordinate authorities in certain departments are regulated by separate schedules of powers relating to those departments and by general orders issued with the concurrence of the Ministry of Finance which are embodied in the respective departmental regulations.

41 The powers, which are commonly shared by all heads of departments and may, in the absence of any orders to the contrary be exercised by any subordinate authority in virtue of its being declared as the head of a department, are shown in Appendix 4.

42 The financial powers of the Federal Government, which have not been delegated to any other Ministry, department or authority vest in the Ministry of Finance.

43 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.

## **POWERS OF HEADS OF PAKISTAN MISSIONS IN FOREIGN COUNTRIES INCLUDING THE HIGH COMMISSIONER FOR PAKISTAN IN THE UNITED KINGDOM .**

44 The extent to which powers to sanction expenditure connected with the performance of the functions of Heads of Pakistan Missions in foreign countries have been delegated to the Heads of Missions is set out in Appendix 3-A.

## **FUNCTIONS OF THE AMBASSADOR FOR PAKISTAN IN THE UNITED KINGDOM**

44-A The functions now performed by the Ambassador for Pakistan in the United Kingdom on behalf of the Federal Government are specified in the list as given in Appendix 5.

## **II. POWERS IN REGARD TO CERTAIN SPECIAL MATTERS GRANTS OF LAND, ASSIGNMENTS OF REVENUE AND OTHER CONCESSIONS, ETC.**

45 No department or authority may, without previous consent of the Ministry of Finance, issue any orders (other than orders in pursuance of general delegation made by or with the approval of the Ministry of Finance) which -

- i. involve any grant of land, or assignment of revenue, or concession, grant, lease, or lanch of mineral or forest rights or right to water power, or any easement or privilege in respect of such concessions; or
- ii in any way involve any relinquishment of revenue.

Note:- The powers to execute instruments are governed by the orders given in Appendix and or departmental and cal orders on the subject.

### **PAYMENT OF COMMUTATION MONEY**

46 The powers of the Federal Government under rule 32 in section IV to Appendix 3 to the Account Code Vol. I to authorise, in respect of pensions which are divisible between the Federal Government and a Provincial Government and in which the latter cannot find funds to meet the due share of the commutation money, the debit to the Federal Consolidated Fund and Public Account of the whole commuted value of a portion of the pension (not exceeding the commuted value of the Federal Governments share of the pension), may be exercised by the Ministries and Divisions of the Federal Government administratively concerned.

### **WRITE-OFF OF LOSSES**

Note:- The orders in the following paras. do not apply to the Defense and the Railway Departments whose powers in the matter of write off of losses are regulated by special orders incorporate in the departmental regulations.

47 (1). Subject to the limits and conditions specified in Schedule V to the Book of Financial Powers, a competent authority may sanction the writing off finally of the irrecoverable value of stores or public money lost by fraud, negligence of individuals or other cases, provided that-

- i the loss does not disclose a defect of system the amendment of which requires the orders of higher authority; and
- ii there has not been any serious negligence on the part of some individual Government officer or officers which may possibly call for disciplinary action requiring the orders of any higher authority.

These orders apply also to the writing off of losses of revenue, irrecoverable loans and advances and of deficiencies, depreciation, etc., in the value of stores included in the stock and other accounts.

Note:- The expression value of Stores used in this subpart should be interpreted a meaning Book Value where priced accounts are maintained and Replacement Value in other cases.

2. All sanctions to write off should be communicated to the Accountant federal for scrutiny in each case and for bridging to notice any defect of system, which requires attention.

Note:- Sanctions to the writing off of irrecoverable balances of income tax demands accorded by competent authorities need not be communicated to the Accountant General.

Irrecoverable balances of income demands written off by competent authorities should however be included in the statement required to be submitted to the accountant-General under Para 37

48 The orders contained in the last preceding Para, do not apply to loss of cash in treasuries, whether in the course of remittance or out of treasury balance, small coin depot or currency sheet Individual cases of such losses should be reported to the Ministry of Finance and its specific approval obtained before any item can be written off in the accounts of the Federal Government.

Note:- It has been decided with the concurrence of Provincial Governments and the Auditor-General that, in general, losses sustained by the Federal Government through the reliance or capability of the staff paid for by a Provincial Government and vice versa, should be borne as they occur i.e. by the Federal Government, if the loss occurs in connection with central transactions, and by the Provincial Government, if it is on account or a Provincial transaction.

In cases where recoveries are made in cash e.g by deductions from pay or otherwise, from the persons responsible for a loss, the entire amount recovered should be credited to the Government which under the above arrangement, would bear the loss for this purpose. Recoveries made indirectly e.g, by stoppage of increment or promotion as a measure or punishment, should not be treated as recoveries made in cash. Where the staff is paid for by one Government and the loss is borne by another Government, a copy of the orders regarding the action taken against the persons responsible for the loss should be communicated by the former the latter.

## **REMISSION OF DISALLOWANCES BY AUDIT AND WRITE-OFF OF OVERPAYMENTS MADE TO GOVERNMENT SERVANTS.**

49 1. Ministries and Divisions of the Federal Government Governors of Provinces acting as agents to the President may, for reasons to be recorded, waive the recovery of an amount disallowed by an Audit Officer or otherwise found to have been overpaid to a Government servant, if-

- i. the amount disallowed has been drawn by the Government servant concerned under a reasonable belief that he was entitled to it.
- ii the enforcement of the recovery will, in the opinion of the competent authority cause undue hardship, or it will be physically impossible to affect the recovery, and
- iii in the case of disallowances of emoluments of the nature of pay as defined in Fundamental Rule 9 (21) made within one year of the date of payment.-

I. the Government servant is not in receipt of pay exceeding Rs 12,000 a year or in the case of others, the over drawl has not the effect of raising the Government servants pay beyond Rs 12000 in any year and.

2. the overdrawal has not been occasioned by delay in notifying a promotion or reversion.

These powers may be exercised by the authorities to which the powers may be specially delegated by Government provided that the yearly pay limit referred to in sub-clause 1. above does not exceed Rs 1500 in any individual case.

2. All sanctions to forego recovery under these orders Should be communicated to the Accountant-General. It is open to the Accountant General to require that the action taken in any case should be reported to the Ministry of Finance for orders.

50 The powers delegated to Audit Officers to waive objection to or to forego recovery of, irregular expenditure in individual cases are laid down in parts, 248 to 250 of the Audit Code, from which relevant extracts are reproduced in Appendix 6.

### **III. COMMUNICATION OF SANCTIONS**

51 Financial sanctions and orders of competent authorities under these or any other authorized rules e.g the Fundamental and Supplementary Rules, the Civil Service Regulations, the Provident Fund Rules, the Civil Pensions (Commutation) Rules, the Treasury Rules, the Public Works Department Code, the Central Public Works Account Code, etc will be communicated to the Accountant General concerned in accordance with the procedure set out below:-

i All financial sanctions and orders issued by a Ministry or Division within its own financial powers as a Ministry or Division of the Federal Government will be communicated direct to the Accountant-General by the Ministry or Division concerned. All other orders involving financial sanctions which may be issued by Ministry or division of the Federal Government i.e. sanctions beyond their financial powers Will be communicated to the Accountant-General through the Ministry of Finance.

ii Sanctions and orders of any other authority to which the power of action has been delegated will be communicated to the Accountant General by that authority.

iii in cases referred to in clause (i) above if an order sanctioning expenditure is sent to the Accountant-General direct by a Ministry or Division and that Ministry or Division is not competent to sanction the expenditure the Accountant General will not refuse obedience but Will report to the Ministry of Finance that such an order has been issued and request that it may be communicated to him by the Ministry of Finance in due course.

iv If an order or sanction, has been issued with the concurrence of the Auditor -General the fact should be mentioned in the endorsement to the Accountant-General.

v 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.

vi 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.

Note:-in cases in which the documents relating to any sanction or order are deemed secret the Accountant-General will accept a statement of fact signed by the President in lieu of those Documents.

52 All orders conveying sanction to the grant of additions to pay, such as Special pay and compensatory allowance, should contain a brief but clear summary of the reasons for the grant of the addition so as to enable the Accountant-General to see that it is correctly classified as special pay or compensatory allowance, as the case may be. In cases in which an official record in an open letter is considered undesirable, the reasons for the grant of such additions to pay should be communicated confidentially to the Accountant-General. A similar procedure should also be followed in all other cases in which the rules require that reasons for the grant of special concessions or allowances should be recorded.

53 Sanctions accorded by competent authority to grants of land and alienation of land revenue other than in

which assignments of land revenue are treated as cash payment, should be communicated to the Accountant-

General in a consolidated monthly return giving the necessary details to enable him to audit the sanctions accorded.

54 When proposals for a new grant-in-aid are placed before the Standing Finance Committee, details should be furnished showing the purpose of the grant and the exact nature of the conditions on which it is proposed to be made. To enable the Accountant-General to compare such purposes and conditions with those enumerated by the sanctioning authority in its subsequent orders of sanction, the Accountant General should be supplied, when the sanction is conveyed to him under para. 51, with relevant extracts from the Proceedings of that Committee.

#### **IV. INDICATION OF THE SOURCE OF APPROPRIATIONS IN THE SANCTION TO EXPENDITURE**

55 In all applications for sanction to expenditure it should be distinctly stated whether provision for the proposed charge has, or has not been made in the budget estimates of the year, and, if it has not been made whether the funds can be found by valid re- appropriation.

56 Authorities which sanction new expenditure after funds have been communicated, should be careful to indicate the source of appropriation. Where it is desired to sanction expenditure before funds have been communicated, as may be necessary in order to avoid delay in starting work at the beginning of a new financial year (vide Para 87), or to prevent duplication of orders, the authority which does so should be careful to add the words "subject to funds being communicated in the budget of the year".

Note.-Vague expressions such as "subject to budget provision" should be carefully avoided in conveying sanctions to expenditure.

#### **V. DATE OF EFFECT OF SANCTION**

##### **Rule 57 (Sub-part. 1)**

57 Unless otherwise indicated specifically in the order conveying the sanction a sanction issued by a competent authority has effect from the date of orders conveying the sanction.

In all cases, these orders are subject to the general order contained in Para . 3 of the Both of Financial Powers regarding appropriation of funds and to any special provisions as to the date of effect in the rules, orders or sanctions themselves.

Note:-Orders sanctioning the creation of temporary posts should in addition to the sanctioned duration of the post, invariably specify the date from which it is to run whether it be the date of entertainment or otherwise.

## **VI. RETROSPECTIVE SANCTION.**

58 1.All authorities which are competent to sanction revision of pay the grant of concessions to Government servants should bear in mind that retrospective effect should not be given to financial sanctions, except in exceptional circumstances, without the special approval of Government.

2 In the absence of special reasons to the contrary, concessions regarding rates of pay for any class of Government servants should take effect as from the first of June and not from some date in the middle of a financial year.

## **VII. LAPSE OF SANCTION**

59 A sanction for any fresh charge, which has not been acted upon for a year must be held to have lapsed, unless it is specifically renewed.

Note 1. This order does not apply to a case where an allowance sanctioned for a post or a class of Government Servants has not been drawn by a particular incumbent or incumbents, nor does it apply to additions made gradually from year to year to a permanent establishment under a general scheme which has been sanctioned by competent authority.

Note 2 .the term year as used in this paragraph means financial year.

60 Deleted .

## **VIII. SPECIAL RULES FOR WORKS EXPENDITURE.**

61 Special rules for regulating administrative approvals and sanctions to expenditure on works are contained in the Central Public Works Department Code and other departmental regulations see also Chapter 9.

# **CHAPTER.5 BUDGET, GRANTS AND APPROPRIATIONS**

## **I. BUDGET INTRODUCTORY**

62 A statement of the estimated annual revenue receipts and expenditure of the Federal Government, together with all other receipts and disbursements of the Federal Government, arising both in and outside Pakistan , is prepared by Finance Division and presented to the legislature as required by Article 80 of the Constitution. This statement is referred to as the □Annual Budget Statement□. This statement along with the book of Demands for Grants and Appropriations is generally known as the □Budget□.

63 The proposals of the Federal Government in connection with the votable part of the Budget are submitted to the vote of the legislature in the form of Demands for Grants. The detailed estimates presented in support of each demand include provision both for votable and non-votable (charged) expenditure, though the two classes of expenditure are clearly distinguished. The charged expenditure comprises the following:-

a. The remuneration payable to the President and other expenditure relating to his office.

b. The remuneration payable to :-

i. the judges of the Supreme Court;

ii the Chief Election Commissioner;

iii. the Chairman and the Deputy Chairman of the Senate;

iv. the Speaker and the Deputy Speaker of the National Assembly; and

v. the Auditor General.

c. The administrative expenses including the remuneration payable to officers and servants of the Supreme Court, the department of the Auditor-General and the office of the Chief Election Commissioner and the Election Commission, and Secretariats of the Senate and the National Assembly.

d. All debt charges for which the Federal Government is liable, including interest, sinking fund charges, the repayment or amortization of capital and other expenditure in connection with the raising of loans, and the service and redemption of debt on the security of the Federal Consolidated Fund.

e. Sums required to satisfy any judgment, degree or award against Pakistan by any court or tribunal.

f. Sums required for making loans to the Provinces.

g. Sums required for making grants-in-aid for the revenues of the Provinces by an Order of the President.

h. any other sums declared by the Constitution or by Act of Parliament to be so charged.

Note: Remuneration according to the Constitution, includes salary and Pension.

64 The form of the Budget and Demands for Grants is laid down by Finance Division and no alteration of arrangement or classification can be mad without the approval of that Division.



65 The material on which the Budget and Demands for Grants are based is obtained by Finance Division in the form of detailed estimates submitted by head of departments, administrations etc, who in their turn depend for the material on heads of offices and other offices who collect the revenues or incur expenditure. The Accountant General is responsible for rendering such assistance in the preparation, check and the consolidation of Budget Estimates and Demands for Grants as may be required by Finance Division in consultation with the Auditor-General.

66 All estimates of revenue and expenditure included in the Budget are for the financial year.

## **II- Preparation AND SUBMISSION OF DETAIL ESTIMATES GENERAL PROCEDURE FOR ESTIMATING**

67 Except in cases in which Government ha expressly directed otherwise departmental estimates of revenue expenditure should be prepared in two parts, namely.

Part I. relating to standing charges which though they may vary from year to year are nevertheless not dependent upon the volition of the heads of department. Examples of such charges are permanent establishments (both officers and staff), traveling and other fixed allowances, and ordinary contingent expenditure.

Part II. relating to fresh charges which may include new objects of expenditure, such as temporary additions to existing establishments or to services, facilities and organizations which are either continued from year to year on temporary basis or have been newly sanctioned and have not been provided for in the current years budget. This applied also to estimates of development expenditure special features of whose estimates have been dealt with separately in these rules.

Both Part I and Part II estimates should be submitted by administrative Ministries/Divisions through their Financial Advisers in the form of self-contained memoranda explaining the variations between :-

- i current year's sanctioned grant and the revised estimates as admitted;
- ii the admitted budget estimates for the current year and those for the next year.

68 The prescribed procedure for the preparation and submission of the several classes of detailed estimates which go to make up the Budget Estimates of revenues and expenditure of Government is set out in paragraph 69 et esq. and in Annexure A to this Chapter Supplementary instructions for the collection of subsidiary details and preparation and scrutiny of subsidiary estimates are contained in the Codes, Manuals, etc, of the departments concerned.

Special rules for the preparation and submission of departmental estimates e.g the Defense, Railways, Post Office, Telegraph and Telephone Department, etc are laid down in the departmental regulations of the respective departments.

### **ESTIMATES OF REVENUE AND ORDINARY EXPENDITURE (Part I Non development)**

69 The detailed estimates should be prepared on forms supplied by the Accounts Offices which contain separate columns to show:-

- i. the sub-heads and detailed heads of the estimates .
- ii the actual of the past three years under each detailed head or sub-head.
- iii the budget estimates for the current year;
- iv actual for the last eight months of the previous year and first four months of the current year;
- v the revised estimates for the current year, and
- vi the budget estimates for the ensuing year.

The actual for the past three years will be filled in by the Accounts Offices in the forms sent out by them to the estimating authorities; the latter should fill in the actual for the last eight months of the previous year and the first four months of the current year and the revised estimates in the relevant columns with reference to information available with them. The revised estimates like past actual's are one of the important factors to be taken into account.

In preparing the budget estimates. The column  Revised  should, therefore, be invariably filled in and great care should be taken in including or omitting comments that are likely to materialist or not during the year.

70 The making of the revised estimates should always precede an estimate of a future year. A revised estimate should be framed in the light of-

- i actuals for the first 4 months of the current year;
- ii the actual for the last 8 months of the previous years;
- iii the 12 months actuals of the past three years;
- iv orders issued or proposed to be issued regarding

- a appropriation or re-appropriation within the sanctioned grant.
  - b new items of expenditure sanctioned through supplementary grants, and
  - c surrenders already made or likely to be made during the year,
- v any other relevant factors.

Any information required from the Accountant-General in connection with these estimates should be obtained from him separately.

70 A. Where Revised Estimates of expenditure for the current financial year exceed the sanctioned grant, it should be clearly stated whether the increase has been authorized by competent authority and, if so, attested copies of relevant orders should be appended to the estimates. It is also necessary to indicate how the increase is proposed to be met (i.e., by

re-appropriation of savings within the grant or through supplementary grant).

When the

Revised Estimates are less than authorized grant, reasons for the savings should also be

given. These requirements are applicable to both Part I and Part II estimates

71 In framing the budget estimates, the estimating authorities should exercise the utmost foresight. All items of receipt and expenditure that can be foreseen should be provided for and care should be taken in consultation with the Accountant-General, where necessary, to see that the provision is included under proper heads. Needless to say, although the estimating authorities are asked to provide for all foreseeable items, Finance Division will exercise its right to excise or reduce the provision for any item which it thinks unjustifiable. An exhortation to show foresight is not an invitation to provide for additional items of expenditure without adequate justification. While provision should be made for all items of expenditure that can be foreseen, it is essential that the amount of the provision should be restricted to the absolute minimum requirement. The Budget Estimates of non-development expenditure for ensuing year should be accompanied by such details as nominal rolls in the prescribed form, calculation of Allowances, Honoraria, etc., and Other Charges so as to permit proper scrutiny. They should further be supported by a comparative statement in Form S-203 showing the position of past three years actuals, the sanctioned grant and the Revised Estimates for current year and the proposed Budget Estimates for next year.

72 In making estimates in respect of fixed charges, it must be borne in mind that what are called establishments are not irrevocably fixed for all items and should be brought under the formal critical review of heads of departments from time to time. Even when there is no thought or intention of making any change in establishments, heads of departments should review the entire estimates of the requirements of their departments. Similarly, sanction to recurring contingent expenditure should also be brought under the review of heads of departments from time to time.

73 The following are the main rules for the preparation of the detailed estimates:-

(i) The Federal Budget is on disbursement basis and not on commitment basis. Only provisions for foreign exchange from own resources, which term includes, cash, bartered commodity and are to be made on commitment basis. The estimates should, therefore, be prepared on the basis of what is expected to be actually received or paid (under proper sanction) during the ensuing year, including arrears of previous years and not merely the demand or the liability of expenditure falling due within the year. The transactions are to be shown gross and in full even where the receipts are treated as deduction from expenditure. In no case the net receipts or the net charges only are to be entered.

ii the budget estimates should only include items which have already been cleared with Finance Division. Any item, which is appearing in Part I estimates for the first time should be supported by a copy of the sanction authorizing the continuance of that particular item of expenditure on a permanent basis. Fresh items of expenditure which have been previously agreed to by Finance Division should be included only through Part II estimates. Provision for posts sanctioned for a specific period should, if their continuance be considered necessary, be made through Part II estimates. In such cases, justification should be established to the satisfaction of Financial Adviser concerned before submission of budget estimates.

iii The estimates proposed under the primary units, 'Pay of Officers', and 'Pay of Establishments' should be accompanied by detailed nominal rolls in Form GFR I.

iv The estimates should further show the charged and other than charged portions of the provision under the relevant primary unit Separately:-

1 In framing estimates for sanctioned establishment whether permanent or temporary, the full amount of pay and increments likely to be drawn by officers and staff on duty during the year should be included. Suitable provision for leave salary should be made both for officers and establishment on the basis of past actuals with due regard to any known factors which may effect the past actual. No provision of leave salary should be made for officers and staff of those cadres for which leave reserve has been provided. Provision for those who are on deputation or otherwise absent and unlikely to return to the strength within the period of budget should be excluded, but the names of the personnel on deputation should be shown in the nominal rolls. A lump deduction should be made where experience shows that a saving may occur by reason of posts remaining vacant or for other reasons .

2 When consolidating the detail estimates in respect of 'Pay of Officers' and 'Pay of Establishments' the number of posts must be carefully checked and in case of variation in numbers or the amounts of the provisions compared to those in the current years budget, an explanation should be included in the estimates. If the increase is based on specific Government sanction, a copy of the sanction should be enclosed with the estimates.

3 Provision should not be made in the estimates for posts which it has been decided to leave unfilled. If it is desired to revive any of these posts which has remained vacant for more than a year, prior concurrence of Finance Division should be obtained before including any provision in the estimate on this account. In all such cases, the relevant estimates should be accompanied by a copy of the sanction .

v for all fixed recoveries and fixed payments (other than establishment charges) an authenticated copy of the sanction fixing the amount should be enclosed

vi Opposite every item of fluctuating charges (such as traveling allowance, contingent charges official postage, telephone charges, etc.) The actual expenditure in the last three years should be shown in red ink. If estimates of these charges for the ensuing year differ to any appreciable degree from the actual of the preceding year, full explanation for the variation should be given.

Note:- the estimate of contingent charges should be carefully checked by the Controlling officers by comparison with past actuals. In the case of contract contingent charges, only the sanctioned amount of the contract grant should be included.

vii the provision for traveling allowance and honoraria under the primary unit Allowances, Honoraria, etc. should be shown distinctly and separate from other allowances.

viii the estimate of receipts and varying charges should not be merely an arithmetical average of three years figures. the average is a guide but it should not be taken absolutely.

ix Under revenue, the calculation of fixed revenue is to be based on actual demands, including arrears, if any and likelihood of realization during the year. The arrears and current demand are, however, to be shown separately. The estimates of fluctuating revenue may be based the average of last 3 years accruals, unless there are any known circumstances to affect these actual one way or the other.

x Every department will provide for the whole receipt an charge with which it deals finally; thus when the Pakistan Public Works Department collects revenue on account of civil works, It will estimate for it.

xi Lump sum provision in the budget should not made or proposed except in most exceptional circumstance, which should be invariably recorded. As far as possible, provision for contingent charges under the Primary unit Other Charges should be proposed according to the prescribed detailed heads of expenditure so that the number of references to the Financial Advisers\ Finance Division is reduced to it minimum.

xii Provision for losses should not be made in the expenditure estimates, If However, the nature of the work of a department is such that some losses must be

regarded as inevitable each year, provision in this behalf may be made with the specific sanction of Finance Division.

xiii Estimates of anticipated revenue both for current and subsequent years will be prepared by each Ministry \Division\ Department and rendered to the Accountant - General on dates to be prescribed by him.

xiv Part I of the budget which relates to standing charges and Part II estimates relating to fresh charges should be scrutinized finally by the Financial Advisor Concerned. He would issue to AGPR\Budget Wing of the Finance Division copies of the Budget orders in respect of part I estimates and New Item Statements in respect of Part II estimates. The admitted Part I and Part II estimates would be compiled together into relevant □Demands for Grants□ by the Finance and Accounts Officer of the Administrative Ministry Division and sent through the Financial Adviser to the Budget Wing of Finance Division.

### **ESTIMATES OF FRESH CHARGES (Part II-Non-development)**

74 Subject, as provided in Annexure A to this Chapter, proposals if any, involving fresh charges should be submitted by heads of departments and other estimating authorities to the Administrative Divisions concerned not later than the 15th October, each year to permit the latter to undertake an examination of the proposals in their various aspects. It is open to the Administrative Divisions to require heads of departments, etc, to submit proposals for fresh charges in the course of the year without reserving them for a consolidated report at the time of the submission of the budget estimates of the ensuing year and also to require them to submit direct to other Ministries\Divisions of the Federal Government such of the proposals for fresh charges as require to be considered by the later, in order to ensure that the proper consideration of the proposals from the administrative and financial points of view is completed before the 1st of November.

75 No scheme of fresh charges will be included in the Budget unless it is complete and finally approved. In submitting proposals for fresh charges, administrative difficulties and delays in sanctioning processes should always be borne in mind and not more should be recommended for provision in the budget than is likely to be spent during the course of the financial year.

76 All proposals for fresh charges should be referred to the Financial adviser not later than November 25th of each year. Ordinarily no proposals will be accepted after that date, but the Financial Advisers will exercise his discretion in admitting provision for items which have not been completed through all the requisite sanctioning processes. This does not mean that Finance Division will provide for unforeseen items, nor in general admit items into the Budget in regard to which there is insufficient proof that expenditure will be undertaken in the following year.

November 25th has been fixed as the latest date for referring proposals to the Financial Adviser, but special efforts should be made by Administrative Divisions to ensure that schemes are prepared and submitted as early as possible so as to avoid rush of work during the last few days. Suitable instructions should accordingly be issued by the administrative Divisions to all authorities subordinate to them.

77 The Financial Adviser will complete the examination of all proposals and transmit by the 20th January of each year fair copies of New Item Statements (Form 5-186) duly verified to the Accountant General, Pakistan Revenues and Finance Division (Budget Wing) together with explanations of variation between (a) the Budget Estimates and Revised Estimates for the current year and (b) the Budget Estimates for the current year and the admitted Part II estimates for the next year.

78 Omitted

79 The procedure for preparation and submission of estimates for works expenditure under □34-Frontier Regions□, □50-Civil Works□ and other Public Works major heads will be regulated mutates mutandis by the rules contained in Appendix 6 to the Central Public Works Account Code. Proposals for new major works should, just like other fresh items of expenditure be referred to the Financial Adviser for consideration. A consolidated list in Form GFR 2 of all new major works accepted by the Financial Adviser should be sent to him by the Administrative Division concerned by the 20 th January. Finance Division will allot a lump sum for new major works under each of the major heads □34-Frontier Regions□ , and □50-Civil Works□ and the distribution of these lump sums among various new works accepted by the Finance Division in principle will be settled in accordance with the procedure described in Appendix 6 to the Central Public Works Account Code.

80 Close adherence to the time-table given above is an essential part of the procedure and all departments should make every possible effort to submit their original proposals and subsequent statements in advance of the last dates fixed above. This will also be applicable to Part II Development Expenditure provided for in the subsequent rules.

81 For purposes of economic classification of the Federal Governments budget, the provision of contingent charges and other expenditure included under the primary unit, Other Charges will be broken-down into the under noted detailed heads, wherever applicable:-

- a Land and buildings purchase of.
- b Plant, machinery, equipment, livestock, etc.
- c Purchases of Transport (specify whether Motor Cars, Motor Cycles or Cycles.
- d Stores, furniture, tents, stationery, etc.

- e Repair and maintenance of:
  - i Building and structures, plant, machinery and equipments,
  - ii Transport (Car, Motor-cycle, etc.
- f Books, Periodicals, newspapers, etc.
- g Liveries, uniforms, etc.
- h Electricity, gas and water charges.
- i Hot and cold weather charges.
- j Payments to contingent staff (part time employees such as sweepers, farashes, mails, etc., and charges for supply of drinking water
- k Conveyance allowances paid from contingencies.
- l Rewards, bonuses, etc.
- m Section-writing and copying charges.
- n Royalties paid (details to be given).
- o Stipends scholarships, prizes, etc.
- p Postage and telegram charges.
- q Rent:
  - i Office Buildings.
  - ii Residential Accommodations.
- r Telephone and trunk call charges.
- s Transportation charges.
- t Local rates and taxes.
- u Other taxes and duties.
- v Grants-in-aid, contributions, donations (details to be given)



w Payments to other Government Departments, etc., for services rendered (details to be given).

x Expenditure on delegations (details of traveling and other allowances to be given).

y Law charges.

z Printing and publication charges.

aa Entertainments and gifts.

ab Expenditure on fares and exhibitions (details of expenditure on establishment, equipment, etc., to be given)

ac Expenditure on subsidies (details to be given)

ad Surveys and experimental operations (details of expenditure staff, tools and plants, etc., to be given)

ae Publicity charges (details to be given)

## **PART II DEVELOPMENT**

81 1. the concept of a workable definition of development expenditure should take into account the following basic considerations :-

i that it creates material assets;

ii that it is designed to keep intact, to enlarge and to improve the physical resources of the country;

iii that it will improve the knowledge, skill and productivity of the people; and

iv That it will encourage efficiency with which available resources are used.

2 The estimates of development expenditure will include only the schemes approved in accordance with the prescribed procedure. Simultaneously with the formulation and submission of their Annual Development Programmed to Planning Division the administrative Ministry Divisions will supply a copy of the programmed to their respective Financial Adviser. This will be accompanied by detailed expenditure estimates for budget provision in respect of individual projects. Other relevant information or material shall be supplied according to the time table prescribed by Planning Division.

3 In the case of on-going projects the estimates should also be accompanied by relevant file in which budget provision was admitted. All new projects for which budget provision is proposed for the first time should be supported by relevant PC I or PC II Form. A statement in PPWD Form 4 showing the provision that may have been separately proposed to Works Division for works expenditure if any, pertaining to a project should also be submitted along with the budget estimates. Works Division will compile them according to individual development projects included in the Annual Development Programme and furnish a copy to the Budget Wing of Finance Division within three days after the finalization of the Budget estimates in respect of development projects.

4 While proposing budget estimates for projects/schemes included in the Annual Development Programme, the Ministries/Divisions will ensure that there is no overlapping as to the nature and scope of project/scheme included in the ADP between (a) items proposed for the development budget, and (b) those provided for in the non-development budget. In cases where budget provision for carrying out certain activities and operations is made partly through the non-development budget and partly through the development budget (e.g. Plan Protection, Survey of Pakistan, Meteorological Services, etc.,) the administrative Ministry/Division concerned should present a consolidated picture while referring its budget estimates of development expenditure to the Financial Adviser.

5 Fair copies of New Item Statements in respect of accepted estimates of development expenditure will be distinctly marked to indicate that the provision relates to development expenditure. Another important point to be kept in view is that the classification of expenditure i.e. major, minor and sub-heads of account are correctly shown on the NISs and submitted to the Budget Wing of Finance Division within 24 hours of approval by Priorities Committee.

6 The revised estimates will not in any case exceed the original budget plus supplementary grants already sanctioned minus surrenders and shortfall in utilization of foreign project assistance.

7 The foreign exchange component of estimates of development expenditure is required to be shown distinctly together with the source from which it will be met (i.e. whether from own resources or from foreign aid). This information should be furnished in separate statements to be submitted to the Financial Adviser along with the estimates of development expenditure. When the foreign exchange component is intended to be financed (wholly or partly) from foreign aid, the source and type of aid will be invariably indicated in the New Item Statement. The foreign exchange component from own resources will be distinguished between each barter, and/or commodity assistance. Similarly foreign aid will be distinguished between loans and grants/suppliers credit, etc., and the source of foreign aid clearly identified.

8 Irrespective of its source/type all foreign aid (loan or grant) is required to be reflected in the expenditure estimates of the relevant projects. The estimates of foreign aid will be cleared with the Economic Affairs Division before incorporation in the budget

estimates. All foreign aid directly or indirectly received by the Federal Government\Provincial Governments bodies and other agencies should be duly accounted for in the relevant Federal or Provincial sections of accounts as the case may be. In case of foreign aid received by any private body individual with the approval\ guarantee of the Government, all transactions in this behalf shall be made with the knowledge and approval of the respective Government.

9 Foreign commodity assistance, though classified as foreign aid, is budgeted on the resource side in bulk and is not apportioned to projects even though some of the commodities may be utilized for development projects. Since such commodities have to be paid for in rupees, the portion of expenditure related thereto will be included by the Ministries\Divisions in their requirements of local currency for the relevant projects. This provision will also be clearly distinguished in the relevant New Item Statements.

10 The provision made for foreign exchange expenditure is not available for rupee expenditure or vice versa and no re-appropriation is permissible between the provision for rupees and foreign exchange expenditure. This should be kept in view while framing the estimates for rupee as well as foreign exchange requirements.

11 When furnishing the above information the estimating authorities should, as far as feasible specify the physical targets in quantitative terms e.g road mileage to be constructed, hospital beds to be provided, number of new school seats to be made available, acreage to be covered by Plant Protection measures, etc., etc.) In cases where quantitative assessment of physical targets is not feasible, the likely achievements should be specified in broad details.

12 As in the case of non-development budget details of posts under □Pay of Officers□ and □Pay of Establishment□ should be given in respect of development budget as well.

13 The sponsoring agencies will accord priority to foreign aided projects as are in conformity with national objectives.

14 All schemes may be classified into on-going\new and approved or unapproved as the case may be, according to the status of scheme. If the original scheme is revised, approval of the competent authority for revisit cost will be obtained before any request for budgetary allocation is made.

15 No expenditure should be incurred, nor any commitment of funds made for any project not included in the Annual Development Programme, nor any work started, contract awarded any down payment made, letters or credit opened for which there is no budgetary provision.

16 Ongoing projects which are in fairly advanced stage of completion or such projects as are likely to yield quick return to the Government should be given priority.

17 All schemes shall automatically qualify for inclusion in the Annual Development Programme if these are also included in the short or mid term plan *vis* . Five Year Plan, Mid Term Perspective etc, as the case may be and would be given priority over other schemes while making allocation of resources within the sectoral ceilings.

18 The Annual Development Programme will be prepared within the following parameters:-

- i Annual Phasing of sectoral allocations in the Medium Term (5 year) Plan
- ii Phasing of expenditure on approved projects included in the Medium Term Plan and their present status.
- iii Actual resource availability compared with projected resource for the year in the Medium Term Plan.

19 The agencies concerned will prepare their Annual Development Programmes on the basis of the annual sectoral allocation in the Plan and requirements of individual projects according to their actual status. They will also be required to take into account the expected utilization of committed foreign aid Simultaneously, Finance Division will prepare the resource position in order to work out the fiscal surplus and other internal and external resources available for financing the next years Annual Development Programme. For this purpose, estimates of all revenue and capital receipts will be prepared on the basis of existing taxation. The estimates of revenue surplus and net capital receipts and surpluses of Provinces and Corporations will constitute the net internal resources available for financing development expenditure. The Economic Affairs Division will furnish the estimates of external assistance.

20 In order to determine the size of the Annual Development Programme the following data will be computed :-

- i Revenue surplus and net capital receipts on the basis of *status quo*.
- ii Estimates of external assistance,
- iii Likely size of additional taxation effort, and
- iv Share of budgetary support in the overall monetary expansion planned for the next year

21 Once the size of the Annual Development Programmed is tentatively determined on the above basis, readjustment in priorities and sectoral allocations in the Annual

Development Programmed will be made by Planning Division. Thus a framework for the next year's Annual Development Programmed will be prepared.

22 The priorities Committee, headed by Additional Finance Secretary (Budget) will examine the demands for allocation for individual projects in the light of the total available resources, the revised sectoral priorities, phasing of the projects, availability of foreign assistance and the present status of the projects. The project-wise allocations made to Ministry/Divisions under each sector will constitute the draft of the public sector annual development programme which will be submitted to the Annual Plan Coordination Committee. The draft will be reviewed by the Committee in the light of pre-determined priorities resource position and representations from various agencies. The Annual Plan Coordination Committee will also review the development requirements of the Provincial Governments and make allocation for their Annual Development Programs. The Provinces will then be required to make adjustments in sectoral and project-wise allocations in the light of overall size and priorities approved by the Annual Plan Coordination Committee. The National Public Sector Annual Development Programme comprising the Federal Programme and the outlines of the Provincial Programme will be submitted to the National Economic Council for approval.

23 The approved project-wise allocations to the Federal agencies will constitute the authority for framing the development demands for grants of these agencies in the Federal Budget. Similarly, the overall size of the Provincial ADPs, and the break-down between expenditure financed from foreign loans and grants will constitute the basis for budgeting of the Federal development assistance to the Provinces. Thus the allocations in the ADP and their break-down into internal and external expenditure, expenditure not from foreign aid, expenditure from loans and grants will constitute the basis for compilation of the development portion of the Federal Budget.

### **III CONSOLIDATION OF THE ESTIMATES AND DEMANDS FOR GRANTS.**

83 i The Budget Wing of the Finance Division will receive Budget Orders in GFR Form I-A in respect of permanent obligation (Part I) and New item Statements in GFR FORM 5-186 in respect of temporary obligations (Part II). Copies of these documents will also be sent to Accountant-General, Pakistan Revenues. These two documents will form the basis of compilation of Demands for Grants of individual Ministries\Divisions\Departments and aggregates of budgeted expenditure estimates under various major heads to accounts. The Demand for Grant will be organized in the following manner :-

Demand No.

Name of Demand.

Major Head.

Name of Organization\activity.

Sub-heads of Appropriation:

Such as

Pay of Officers.

Pay of Establishment and so on .

Name of next Organization\activity.

Sub-heads of Appropriation.

Next Major Head.

Name of Organization\ activity.

Sub-head of Appropriation.

and so on.

(ii) The existing major heads of accounts in respect of expenditure correspond to various organizations activities, for example, 25- General Administration, 26 Audit, 27- Administration of Justice, 29-Police, etc. The organization units to be provided for under 25-General Administration in the case of a Ministry\Division would be Secretariat, attached organization, subordinate organizations, organizations abroad, etc. The sub-heads of appropriation against which provision will be made for each organization will be (a) Pay of Officers, (b) Pay of Establishments, (c) Allowances and Honoraria, etc., (d) Other Charges, (e) Delegation Abroad, (f) Contributions and Grants. The number of sub-heads of appropriation under each organization will depend on the variety of expenditure incurred by it. Any changes in the prescribed sub-heads found necessary by the departmental authorities or the Accountants General during the course of the year will be introduced only under the formal authority of Finance Division. A sub-head which remains in operative for three consecutive years will automatically be deleted from the Demands for Grants. Its revival will also require the formal sanction of Finance Division.

Note:- Subject to any general or special orders of Government, those sub-heads will be treated as the units or appropriation within the meaning of Paragraph 6 and 7 of the Book of Financial powers. The sub-heads or Demands are distinct from subheads of account.

(iii) In the volume of "Details of Demands and Appropriations", under 'Pay of Officers' and 'Pay of Establishment' there will be columns for strength showing the strength as it exists in the current year and as for the ensuing year.

(iv) The new items and all fresh recurring charges which are appearing in the Demands for Grants for the next year for the first time, are to be printed in thick type and are to be shown separately under the correct sub-head and properly described.

(v) The charged (non-voted) items should be shown in italics throughout and distinction between non-voted expenditure should be made in all columns.

(vi) The units "Pay of officers" and "Pay of Establishments" should be shown as distinct sub-heads. They should not be mixed up with other sub-heads.

(vii) Leave salary should be shown as a distinct item and classified under the head  "Pay of Officers" or  "Pay of Establishment" as case may be.

(viii) The distribution or the totals between voted and non-voted of the sub-heads of a grant should agree with those given in the  "Details of Demands and appropriations" under each sub-heads.

(ix) Combined establishments the charges of which are distributed between the Federal Government and a Provincial Government or between Departments of the Federal Government should be exhibited to their full amount in one place, and the portions recoverable from the Provincial Governments or other Departments, as the case may be, shown under the sub-head Establishment charges recovered from other Governments, Departments, etc. ". Lump sum amounts recoverable from other Governments should be exhibited under the same head without any details. Lump sum payments being similarly exhibited under the head  "Establishment charges paid to other Governments, Departments, etc.

#### **IV COMMUNICATION AND DISTRIBUTION OF GRANTS.**

84 (I) The grants voted by the legislature, together with any sums sanctioned for non-votable expenditure will be communicated by Finance Division to the Administrative Division and the Accountant General concerned. The Administrative Division will then make arrangements for distributing the sanctioned

funds, where necessary, among the controlling and disbursing officers subordinate to them in accordance with the instructions laid down in clause 2 of paragraph 122. The Accountant General will render such assistance in the distribution of grants as may be settled in each case.

2 Subject to any special rules or orders of Government, the distribution of grants should usually be affected as under:-

i The whole or part of the appropriation for a primary unit may placed at the disposal of a controlling or disbursing officer or the primary unit may be broken up into a

number of secondary units (each of which will cover either one or a number of detailed heads of account) and the appropriation for any of these, wholly or in Part, may be placed at his disposal.

ii A controlling officer at whose disposal an appropriation for a primary or secondary unit has been placed, may out of it allot funds for expenditure on a specific item or on a group of items.

iii Any distribution of appropriation among specific item or groups of items, which may be made by a disbursing officer for purposes of his control over the expenditure, will not be recognized by the Accountant General and should not be intimated to him.

85 An appropriation is intended to cover all the charges including the liabilities of any of past years, to be paid during the year or to be adjusted in the accounts of it. It can be authorized by competent authority at any time before but not after the expiry of the financial year. Any unspent balance lapses and is not available for utilization in the following year.

86 Omitted .

## **V INCURRING OF EXPENDITURE IN ANTICIPATION OF FUNDS**

87 In the event of the orders communicating the allotment of funds under paragraph 114 not being received before the commencement of the financial year, disbursing officer may authorize expenditure in anticipation of funds on pay and other charges on the basis of that incurred in the last month of the preceding year.

Note:- Appendix 6 to the Central Public Works Account Code lays down the rules for incurring expenditure in the Pakistan Public Works Department in anticipation of funds. These rules will apply mutatis mutandis to the expenditure on works executed by Other department, except where the controlling authority directs otherwise.

## **VI CONTROL OF Expenditure**

88 The authority administering a grant is ultimately responsible for watching the progress of expenditure on public service under its control and for keeping the expenditure within the grant. In order that the control of departments over such expenditure may be effective and real and that the Controlling officer should be in a position from month to month to estimate the likelihood of savings in and excesses over grants and Appropriations, the procedure laid down in the following rules should be observed by all departments and Controlling and disbursing officers sub-ordinate to



them, except where the Ministry of Finance have agreed in writing to Some other procedure.

89 (1) The head of each department will be responsible for controlling expenditure from the grant or grants at his disposal, and will exercise his control through the Controlling officers, if any, and the disbursing officers subordinate to him.

2 Control over expenditure must be exercised with reference to the grant as it stands from time to time. It is the duty of the head of the department to distribute the grant as voted by the Legislature or, in the case of non-voted appropriation, as sanctioned by the Governor-General, among the various Controlling and disbursing Officers subordinate to him, so far as this has not been done by the Ministry of Finance. In so doing he must take into account lump sum cuts made by the sanctioning authority. He must similarly distribute any increases or reductions subsequently made in the grant or in any part of it by the competent authority, whether the alteration is due to a supplementary grant, to a lump sum reduction or to a re-appropriation. When making his distributions, he must invariably communicate to the officer concerned the complete accounts classification of each item distributed, including the major, minor and detailed heads of account and the primary unit. Such distribution is however not essential in the case of provision for pay of officers and of establishments. In making a distribution, it is always open to the head of a department to keep a portion of the grant as an undistributed reserve in his own hands.

3 The following procedure must be followed by every disbursing officer in submitting claims for money :-

i He must attach to each bill a slip in Form G.F.R 3, which will be returned by the Treasury Officer, with the cash or cheque, after noting thereon the voucher number and the date assigned to the bill.

ii He must enter on each bill the complete accounts classification of the proposed expenditure from major head down to detailed head of account and state whether the charge is voted or non-voted. When a single bill includes charges falling under two or more detailed heads, the charges must be distributed accurately over the respective heads.

iii Except in the case of bills for the pay of officers or of establishments and for allowances drawn with pay, he must enter on each bill and on each slip in form G. F.R. 3, the progressive total of expenditure up to-date under the sub-head or subheads to which the bill relates, including the amount of the bill on which the entry is made.

4 In order to enable all concerned to which expenditure against those portions of grants which are peculiarly liable to fluctuation, the following procedure must be followed in respect of all bills other than those for pay of officers or of establishments and for allowances drawn with pay.

i Every disbursing officer and in respect of his own expenditure from portions of the grant retained in his own hands, every Controlling officer and head of department, must maintain a separate register Form G.F.R 4, for such minor or sub-head of account with which he is concerned. In this must be entered the necessary particulars of the charges drawn on each bill under the appropriate primary unit and detailed head.

ii On the third day of each month, a copy of the entries in this register, so far as these record sums actually drawn from the treasury during the preceding month must be sent in full detail by the officer maintaining it to the head of the department or other Controlling Officer. As certain of the entries in each month will represent bills which were not actually cashed before the end of that month, the copy sent will include a few entries of a previous month and exclude a few made in the month for which the return is submitted. With the copy must be forwarded all the slips in Form G. F. R 3 which relate to the bills entered in it. If there be no entries in the register in any month, a nil statement must invariably be sent.

iii In order to watch the receipt of the returns prescribed in the foregoing sub clause the Controlling officer must maintain a broad-sheet in Form G. F. R 5, in which a serial number will be allotted to each individual disbursing officer. This broad sheet must be carefully watched and reminders sent if any returns are not received by the 7th of the month, since the accuracy of the Controlling officers accounts will depend upon the receipt of complete returns. The serial number allotted to each disbursing officer must be communicated to the Accountant-General.

iv On receipt of the returns from disbursing officers, the Controlling officer must carefully examine them and must satisfy himself :-

(1) that progressive expenditure has been properly noted on the slips and the available balances worked out :-

(2) that the accounts classification has been properly given :-

(3) that expenditure up-to-date is within the grant ;

(4) that the returns have been signed by the disbursing officers; and

(5) that all relevant slips in Form G. F. R 3 have been attached.

If he finds defects in any of these respects, he must take immediate steps to rectify them.

v When all disbursing officers returns for a particular month have been received and found to be in order the Controlling officer must prepare a statement in Form G. F. R 6, in which he will incorporate :-

- (1) the totals of the figures supplied by disbursing officers ;
- (2) the totals taken from his own registers in Form G. F. R. 4 ; and
- (3) the totals of adjustments under the various detailed heads which will be communicated to him by the Accountant-General, on account of transfer entries and expenditure debited to the grant through accounts current.

If the Controlling officer be not the head of the department, he must forward to the latter authority a copy of this statement supporting it by the slips in Form G. R. G 3 and the copies of Form G. F. R 4, submitted by distributing officers and by a copy of the months entries in the register in Form G. F. R. 3.

If any adjustment communicated by the Accountant General affects the appropriation at the disposal of a subordinate disbursing officer, the fact that it has been made must be communicated by the Controlling officer to the disbursing officer concerned.

vi On the receipt of all the necessary returns, the head of the department must prepare an account in Form G. F. R. 7, showing the complete expenditure from the grant at his disposal up to the end of the preceding month.

The figures of expenditure upon pay of officers and establishments and upon allowances drawn with pay will be communicated to him by the Accountant General, as prescribed in sub-paragraph (5) below.

(vii) In May of each year, the head of the department must forward to the Accountant General, a copy of his account for April in Form G. F. R. 7. In subsequent months, it will suffice to send an abstract of the expenditure up-to-date under the various heads of disbursements in three columns showing :-

- (1) expenditure up to the end of the preceding month;
- (2) expenditure during the month just concluded ;and
- (3) total expenditure up-to-date being the total of 1 and 2

The subsidiary records in Forms G. F. R 4 and 6 will be retained by the head of the department in his own office, unless in any case the Accountant General, requires that the whole or any part of them should be sent to him with the statement.

viii The head of the department and the Accountant General will be jointly responsible for the reconciliation of the figures given in the accounts maintained by head of the department with those that appear in the Accountant Generals books. Unless in any

case there are special rules or orders to the contrary, such as those contained in paragraph 90, the reconciliation should be made monthly, the initial responsibility resting with the Accountant General. The reconciliation need not be very close; its extent should be determined by following considerations :-

1 that the account figures finally published will be those maintained by Accountant General, and.

2 that the main object of the reconciliation is to ensure that the departmental accounts are sufficiently accurate to render possible an efficient departmental control of expenditure.

5 Expenditure on the pay of officers and establishments is not, as a rule liable to violent fluctuations. Moreover, the provision for such expenditure is frequently not distributed among disbursing officers. It is therefore unnecessary to watch such expenditure through the forms and registers prescribed in sub-paragraph (4) above. The figures of such expenditure will be communicated monthly by the Accountant General to the head of the department, who must, enter them in his account Form

G. F. R 7 and watch the progress of expenditure against the grant.

6 The head of the department and his Controlling officers must further take steps to maintain a careful watch over expenditure incurred from time to time on important non-recurring objects, such as grants and contributions, purchase of rations and purchase of uniforms. It is necessary to deal with such items separately from the accounts of ordinary monthly expenditure since they occur once or twice only in the course of a year. The head of the department or Controlling officer must decide for himself what method of watching such expenditure he will adopt. In some cases he may prefer to keep the entire grant under his own control and to order disbursing Officers who wish to spend money against it to apply to him for a special allotment. In other cases he may prefer to distribute the grant and to order his disbursing officers to report expenditure against it as soon as they incur such expenditure, separately from their ordinary monthly accounts. Whatever method he adopts, it is essential that he should keep himself informed not only of actual expenditure against such grants but also of liabilities which have been incurred and must ultimately be met from them. Without such information no adequate control over expenditure can be exercised.

7 Under the procedure prescribed in these rules, a head of department or Controlling officer should be in a position from month to month to estimate the likelihood of savings or excesses and to regularise them in accordance with the instructions laid down in paragraph 94 *et seq.* The processes involved should receive the personal attention of the heads of departments and Controlling officers and must on no account be left to be conducted entirely by sub-ordinates.

90 The procedure outlined in sub-paragraph (3) to (5) of the preceding paragraph will not apply to Departments of the Federal Government and subordinate and attached

offices at the headquarters of the Government of Pakistan, which are under the audit control of the Accountant General, Pakistan Revenues. The special procedure to be adopted by those departments and offices is laid down in the late Government of India Finance Department Office Memorandum No D-2839-B dated the 8th July 1933, which is reproduced as Annexure B to this Chapter.

Note 1 Special rules for the control of expenditure under Public Works are laid down in Appendix 6 to the Central Public Works Amount Code. Those rules apply *mutatis mutandis* to works expenditure under 34-Tribal Areas.

Note 2 Special rules for the control of expenditure in other departments to which the procedural rules in subparagraphs (3) to (5) of paragraph 89 do not apply will be contained in departmental regulations and the Manuals of the Accountants General concerned.

91 The Accountant-General, will warn the department concerned immediately of the first appearance of any excessive proportionate outlay under any grant or under any primary unit of appropriation. It must be clearly understood, however, that the authority administering a grant and not the Accountant-General is ultimately responsible for the control of expenditure against the grant.

92 The Ambassador for Pakistan in the United Kingdom as disbursing authority for Charges in England will incur expenditure within the budget allotments under the respective grants as communicated to him by the Ministry of Finance. The head of the department or Controlling officer in Pakistan will be responsible for keeping watch over expenditure under the unit □Charges in England□ with reference to the grant as a whole and obtain from the Accountant General, details of monthly expenditure adjusted in his accounts from time to time.

## **Different VII PROVISION OF FUNDS FOR WORKS Executed THROUGH A AUTHORITY**

93 In order to ensure that a department undertaking a work on behalf of another does not exceed the sanctioned estimates without the authority of the employing department, the department responsible for providing the funds should intimate to the department undertaking the work the sanctioned grant within which the expenditure should to be incurred. The department incurring the expenditure shall be responsible not only for seeing that the allotment placed at its disposals is not exceeded but also that any anticipated savings are notified and surrendered in time. In cases where an excess is anticipated, the department incurring the expenditure shall be responsible for obtaining the additional allotment in proper time through the employing department.

## **VIII SURRENDER OF anticipated SAVINGS.**

94 A department or disbursing officer may find in the course of the year that the expenditure under some sub-head is likely to be less than the provision in the Budget. The saving may be due to one or more of the following causes

- i actual postponement of expenditure ;
- ii real savings due to economy; and
- iii normal savings due either-

(1) to original over-estimating ;or

(2) to the usual administrative causes, e.g, casualties, etc

Savings due to cause (i) should in no circumstances be used for re-appropriation to meet new items of expenditure without the sanction of Government. Unless savings due to cause (ii) have been made deliberately to provide for an unforeseen emergency, they should not ordinarily be utilized in the course of the year for new items of expenditure, as it is desirable that all such new items should be considered together at the time of the preparation of the Budget.

95 All anticipated savings should be surrendered to Movement immediately they are foreseen but not later than 31st March of each year in any case. unless they are required to meet excesses under some other unit or units which are definitely foreseen at the time (*see paragraph 98*). However, savings accruing from funds provided after 31st March shall be surrendered to Government immediately thy are foreseen but not later than 30th June of each year. No savings should be held in reserve for possible future excesses.

96 It is contrary to the interest of the State that money should be spent hastily or in an ill considered manner merely because it is available or that the laps of a grant could be avoided. In the public interest, grants that cannot be profitably utilized should be surrendered. The existence of likely savings should not be seized as an opportunity for introducing fresh items expenditure which might wait till next year. A rush of expenditure particularly in the closing months of the financial year will ordinarily be regarded as a breach of financial regularity.

## **IX EXPENDITURE NOT PROVIDED FOR Re-appropriations AND SUPPLEMENTARY GRANTS. GENERAL RULES**

97 Expenditure for which no provision has been made in the original budget estimate of the current financial year should rarely, if ever, be incurred.

98 It may, however be found that an excess is likely owing to either.

(1) an unforeseen emergency or, (2) under-estimating or insufficient allowance for factors leading to the growth of expenditure. In the case of an excess of either type the head of the department or Controlling officer concerned should proceed as follows :-

(i) He should in the first place examine the allotments given to other disbursing officers under the same detailed head inside the unit of appropriation, and transfer to the disbursing officer who requires an additional allotment such sums as can be permanently or temporarily spared. Since appropriation audit will ordinarily be conducted against total allotments for a unit, there is here no question of re-appropriation in the technical sense of the word. The process amounts to nothing more than redistribution. Which the Controlling officer can ordinarily effect without reference to any other authority.

THE GAZETTE OF PAKISTAN EXTRA., DEC. 31, 1984

(ii) Should he find such redistribution impossible, he should examine the allotments against other detailed heads inside the primary units of appropriation, with the object of discovering probable savings and effecting a transfer. Where such redistribution is feasible, he should if he has been invested with the necessary powers, carry it out. Otherwise, he should obtain the sanction of the competent authority.

(iii) If provision of funds from within the primary unit proves to be impossible, an examination of the whole grant should be undertaken to see whether there are likely to be savings under any of the other units of appropriation due to cause (iii) described in paragraph 94, which can be utilized to meet it. If so, he should proceed as indicated in clause (ii) above

(iv) If such savings are not available, it should be seen whether special economies can be effected under other sub-head. If funds cannot be provided by either of these methods, it will have to be considered whether the excess should be met by postponement of expenditure or whether an application for a supplementary grant should be made. In either case, application will have to be made to the Ministry of Finance through the Administrative Department concerned and the course recommended by the latter stated. Normally an application for a supplementary grant will not be entertained by Government unless the anticipated excess is due to a cause beyond the control of the authority concerned and funds cannot be found by any legitimate postponement of expenditure for which provision already exists. An application for supplementary grants should be accompanied by a full explanation of the reason for the excess and of the impossibility of providing funds to meet it.

### **RE-APPROPRIATION OF FUNDS**

99 Re-appropriation, which implies the transfer of funds from one primary unit of appropriation to another such unit within a grant can be sanctioned under formal orders of a competent authority, only when it is known or anticipated that the appropriation for the

unit from which funds is to be diverted will not be utilized in full, or that savings can be effected in the appropriation for that unit in the manner indicated in paragraph 94. In no case it is permissible to re-appropriate from a unit with the intention of restoring the diverted appropriations to that unit when savings become available under other units later in the year. Any allotment or re-appropriation within a grant or appropriation may be authorized at any time before but not after the expiry of the financial year to which such grant or appropriation relates.

Note:- The powers of re-appropriation conferred upon sub-ordinate authorities (vide Schedule III to the Book of Financial Power) are also subject to the conditions specified in paragraph 8 and 9 of that Book and such other general or specific restriction as may be imposed by Government in this behalf.

100 An application for additional appropriation of funds should ordinarily be supported by a statement in Form G. F. R. 8 (or other special form as may be authorised by departmental regulations) showing how the excess is proposed to be met. In all orders sanctioning re-appropriation, the reasons for savings and excesses of Re. 1000 or over and the primary units (and secondary units, where necessary), affected should be invariably stated. The authority sanctioning the appropriation should endorse a copy of the order to the Accountant General, concerned.

101 Copies of orders affecting the expenditure in England should also be communicated to the Director of Audit and Accounts to the Ambassador for Pakistan .

#### **SUPPLEMENTARY GRANTS:**

102 All applications for supplementary grants under paragraph 98 should normally be submitted to Government so as to reach the Ministry of Finance, as far as possible, by the middle of December at the latest or by such other date as may be prescribed by the Ministry of Finance from time to time. Administrative Departments should not, however, hold up the applications till that date, but forward each application to the Ministry of Finance as soon as they become convinced that supplementary a grant will be necessary.

103 On receipt of an application for a supplementary grant, the Ministry of Finance will review the position of the grant as a whole with reference to the known actuals of the year to date and actuals and estimates for previous years. If after this examination the Ministry of Finance comes to the conclusion that it should be possible for the Administrative Department to meet the expenditure within the sanction grant, either from normal savings or by special economies or in the last resort by judicious postponements of other expenditure, the Administrative Department will be so informed and no supplementary demand will be presented to the Assembly. If, on the other hand, the Ministry of Finance considers that a supplementary grant will be necessary a demand will be placed before the Assembly as soon as possible.



104 The supplementary grants and appropriation referred to in the preceding paragraphs are such as are required by extra expenditure on the normal activities or the department. Expenditure on a new service, in the technical sense, and on new items, such as, new buildings, new roads, etc., for which no provision exists in the budget, may be incurred in the middle of the year only in exceptional cases. Government is averse, on general principle, to admitting such demands in the course of year. In case, however, the necessity to incur such expenditure is urgent, the Administrative Department should explain clearly why it was not provided for in the original Budget and it cannot be postponed for consideration in connection with the next Budget. The Ministry of Finance, if satisfied on these points, will consider whether it would not be reasonable to ask the department concerned to curtail its other expenditure so as to keep the total within the grant. Ordinarily, no new service or item will be accepted by the Ministry of Finance unless the department concerned can guarantee that the extra, expenditure will be met from normal savings or by special economies within the grant. Cases which involve a supplementary grant will normally accepted by the Ministry of Finance only if they relate to matters of real imperative necessity, or to the earning or safe-guarding of revenue. In such cases the demand for a supplementary grant or for a token grant in respect of a new service 'if the expenditure can be met by re-appropriation, will be presented to the Legislature as soon as practicable after the need arises.

### INEVITABLE PAYMENTS

105 It is an important financial principle that money indisputably payable should not, as far as possible, be left unpaid, and that money paid should under no circumstances be kept out of accounts a day longer than is absolutely necessary even though the payment is not covered by proper sanction. It is no economy to postpone inevitable payments and it is very important to ascertain, provide for in the budget estimates, liquidate and record the payment of *all* actual obligations at the earliest possible date.

*Note:* -When demands (original or supplementary) are placed before the Legislature suitable provision should always be made for anticipated liabilities; and the provision in Note 3 below paragraph 321 that adjustment should not be made in the previous year's accounts in certain circumstances should not be used as a cloak to cancel the results of defective budgeting. The onus of providing that the disbursement could not have reasonably been anticipated should lie on the Controlling officer.

105-A Every disbursing officer shall maintain a register of liabilities in G.F.R., 10-A, in which he should enter all those items of expenditure for which (i) payment is to be liaise by or through another officer (ii) budget allotment or sanction of a higher authority is to be obtained or (iii) payment would be required partly or wholly during the next financial year or years.

106 A disbursing officer may not on his own authority authorise any payment in excess of the funds placed at his disposal; but absence of funds should not necessarily

prevent the payment of any sums really due by Government. If the disbursing officer is called upon to honour a claim which is certain to produce an excess over the allotment or appropriation at his disposal, he should take the orders of the administrative authority to which he is subordinate before authorizing payment of the claim in question.

## **X Appropriation ACCOUNTS**

107 The Appropriation Accounts mainly depend on explanation furnished the Ministry by heads of departments, etc., to the Accountant General as to the cause of variations between the appropriations and the expenditure. It is most important, therefore, that all references from the Accountant General in connection with the Appropriation Accounts should be dealt with as promptly as possible. The explanation furnished of variations between appropriation and expenditure or the technical of any apparent failures to exercise adequate financial control over expenditure should be concise, accurate and fully informative, and such vaguely worded phrases as "due to overestimating", covered by re-appropriation" or "re-appropriation proved unnecessary" or inadequate" should be avoided. The question in which the Public Accounts Committee are ordinarily interested are (1) whether the variation was inevitable, and (2) whether it could not have been foreseen. If the explanations indicate, with sufficient clearness the answers to both of these questions the number of points on which additional information may be required would be very materially reduced. The same principle applies also to cases of financial irregularities proposed for inclusion in the Appropriation Accounts or the Report thereon.

## **ANNEXURE A**

See paragraph 68

Procedure for the preparation and submission of the detailed budget estimate of the Central

Government, (CIVIL).

## **ESTIMATES FOR AGENCY SUBJECTS OTHER THAN CIVIL WORKS.**

The Provincial Government will in these cases send up their estimates of expenditure other than that for Federal Civil Works after the usual scrutiny by the Accountant General in two parts, Part II constituting all new items of expenditure and Part I of the rest of the estimates. Both the parts will be sent to the Administrative Division concerned so as to reach it not later than the 15th October, Part II, will be dealt with in accordance with the procedure outlined in paragraph 77 et seq., for proposals relating to new items. Part I will be scrutinized by the Administrative Division which will forward its remarks to the FA., concerned before the 1st November whose orders on the estimates will be communicated to the Accountant General for incorporation in his consolidated estimates.

In the case of revenue the Accountant General will, after discussion with Provincial Government, incorporate the estimate in Part I.

The instructions contained in rule 7 below apply also to Federal Civil Works entrusted to the agency of Provincial Governments.

### **ESTIMATES OF THE Audit DEPARTMENT .**

The procedure for dealing with these estimate will be as that prescribed above for estimates relating to agency subject, the Auditor General taking the place of the Provincial Governments. The detailed scrutiny of the estimates will be done by Finance Division, which is the Administrative Division in respect of this subject.

### **ESTIMATES OF WORKS EXPENDITURE UNDER □50-CIVIL WORK □AND OTHER Public WORKS MAJOR HEADS.**

The detailed rules regarding the preparation and submission of budget estimates for Federal Public Works are contained in paragraph 79 and in Appendix 6 to the Central Public Work Account Code. The rules in that Appendix apply mutatis mutandis to works expenditure, under □34-Frontier Regions□.

### **CERTAIN ESTIMATES PREPARED BY ACCOUNTS OFFICERS.**

These comprise mainly the estimates for superannuation allowances and the pensions and interest on miscellaneous obligations. The Accountants General will prepare these in accordance with such Instructions as may be issued by Government and incorporate them in the consolidated estimates submitted by them to Finance Division by the 15th of December. No orders will be issued by Finance Division on these estimates; they may be incorporated by the Accounts Officers in the consolidated estimates submitted in January after allowance for any modifications which may be considered necessary in the light of later information.

### **ANNEXURE B**

(See Paragraph 90)

(Extract from the late Government of India Finance Department Office Memorandum No 2839-8., dated the 8th July 1933, as adapted.

Special procedure regarding control of expenditure for heads of Accounts relating to Departments of the Central Governments and their subordinate and attached offices at the Headquarters of the Government of Pakistan.

The Controlling officer shall maintain a detailed statement of cash payment in Form G. F. R 10 with the headings of the columns altered to suit individual circumstances. Into this shall be incorporated the totals by sub-heads of each bill paid by cash with the date of its encashment. In the case of payments made to the Bank on behalf of officers it will be sufficient to show the anticipated approximate date of payment provided it is in the correct month of payment.

2 To record charges of the nature of the following items a register in similar form but with the title Detailed Statement of adjustments shall be kept.

1 Work bills and telephone charges. When the charge is accepted by the disbursing officer

concerned.

2 Charges for stores obtained through the Pakistan Stores Department (Department of Supply). When intimation of the charge is made to the Controlling officer either by the Stores Department or by the Accountant General, Pakistan Revenues.

3 Passage debits when intimation of the debit is made by the Accountant General, Pakistan Revenues to the Controlling Officer.

4 Passage contributions as the monthly liability accrues.

5 Charges on railway warrants when intimation of the charges is made by the Accountant General, Pakistan Revenues, and

6 Other adjustments when communicated by the Accountant General, Pakistan Revenues if not already otherwise incorporated in the register.

3 These monthly totals shall then be taken to an expenditure control form -Form G. F. R. II suitably modified to suit individual circumstances. The progressive totals to end of any given month shall be worked out by the 7th (say) of the next month and control based on these figures.

4 A clerk in the office of each Controlling officer concerned may bring his accounts to the office of the Accountant General, Pakistan Revenues for reconciliation of monthly totals up to the end of November and January with the cash accounts maintained in the Accountant General, Pakistan Revenues office on dates which may be separately determined in each case, the office concerned taking the initiative in the matter. The clerk will also have to ascertain that all adjustments incorporated in the office of the Accountant General, Pakistan Revenues, are also incorporated in his own accounts though many adjustment incorporated in his own accounts will not have been incorporated up to that time in the books of the Accountant General, Pakistan Revenues. His books will have to include under cash payment charges which he is aware have already been made in other Accounts Circles though they have not so far appeared in the Accountant General, Pakistan Revenues accounts through the Exchange Account.

5 The instructions given below should be carefully observed:-

(1) The discrepancies discovered during the checking of the accounts for the periods ending in November and January will be recorded in a special register one copy of which will be retained by the Accountant-General and the other by the department concerned. Within a week of the completion of the register the Accountant-General will send to the department a memorandum showing the discrepancies entered in the register and the action taken by his office to reconcile them. This memorandum should be returned in original as quickly as possible with the necessary comments and explanations. Further reference will then be made, if necessary until all the discrepancies are reconciled.

(2) After the closing of the accounts for February and March the Accountant General will send to each department concerned a statement showing:-

- a. the amounts adjusted during the month under the various sub-heads.
- b. the amounts of book of debits adjusted during the month under those sub-heads in the same details as at present, and
- c. progressive actual under each sub-heads

These statements should be compared with the books maintained in the department and any discrepancies should be promptly brought to the notice of the Accountant- General.

3 Accountant-General will obtain the concurrence of the departments concerned before accepting any book debits affecting their accounts but in the case of debits raised under standing orders, and when a voucher contains a record of acceptance by an officer of the department concerned after actual adjustment to enable the latter to account for them. No further concurrence of that department on the debits need to be obtained. The debits adjusted under standing orders should however, be intimated to the department concerned.

6 Departmental accounts shall also be maintained in respect of the sub-heads  pay of Officers  and  pay of Establishments  firstly because it is a simple matter, secondly because the accounts figures are much too late to be of use to the departments for the purpose of control of expenditure and thirdly, because the reconciliation of department accounts with the accounts kept in the office of the Accountant-General, Pakistan Revenues may bring to light some cases of misclassification in the accounts office.

7 Controlling officers who have to obtain monthly statements from subordinate officers may do so in Form G.F.R. 10 suitably modified separately for cash and adjustment. All these may be consolidated into a statement showing monthly totals by sub-heads from which the expenditure control form  Form G.F.R. may be prepared.

8 The Controlling officers are authorized to vary the general procedure to meet individual cases in consultation with the Accountant-General, Pakistan Revenues, if such a course should result in a simplification of work in

case of disagreeing between the Accountant- General, and the Controller Officer, the points should be referred to the Ministry of Finance for orders.

## **CHAPTER 6**

### **ESTABLISHMENT**

#### Alterableness OF ESTABLISHMENT

108 The powers of sanction of various subordinate authorities in the Civil Departments in the matter of creation of Permanent or temporary posts are specified in Schedules I and II to the Book of Financial Powers. The power of subordinate authorities in the Railway Departments are laid down in the Financial Codes and Regulations of that Department.

All proposals for additions to establishment, whether permanent or temporary, for any increase in the emoluments of existing posts, should be scrutinized with the greatest care by heads of departments and other authorities concerned. In submitting such proposals the instructions contained in the following paragraphs should be carefully observed.

109 When the entertainment of a new establishment or a change, temporary or permanent, is proposed in an office, a letter fully explaining the proposal and the conditions which have given rise to them, together with the proposition statement, if necessary under Para . III, should be submitted to the competent authority. In this letter should be set out inter alia:-

- i. the present cost, either the section or sections affected of the total establishment as the circumstances of the case may indicate to be necessary;
- ii details of the pay of the post or posts and the number of posts which it is proposed to add or modify; and
- iii as accurate an estimate as possible of the extra cost involved.

Note 1. In determining the extra cost, allowance, whether fixed or variable, should be Included.

Note 2 The authorities submitting the proposals should take into account claims to pensions that may arise. In consequence of their proposals with reference to Article 425 of the Civil Service Regulations and certify to their having done in their proposals.

110 If the expenditure is proposed to be incurred in the current year, the proposals should show clearly whether it could be met within the grant or appropriation of the year. If the expenditure can be met by re-appropriation, a re-appropriation statement prescribed in Para . 100 should be submitted

with the proposals.

111 Whenever any large scale or complicated proposals are made for the revision of existing or the creation of new establishments (including all proposals which require the sanction of Government), the latter explaining the proposals should be accompanied by a proposition statement in Form G. F R. 12 and submitted through the Accountant General who will verify the correctness of the statement.

112 The details to be shown in proposition statements should be determined by the following principles :-

- i) The proposition statement should relate strictly to the section or part of the office affected by the proposals. As regards the other parts or sections of the office neither details nor figures of total cost need be included.
- ii) Where a section consists of both Class IV and superior servants details need be given only of class affected, if a saving of labor will result from the adoption of this procedure.
- iii) Where the pay of any post, existing or proposed, rises from a minimum to a maximum by periodical increments, the average monthly cost, and not the actual or the commencing cost, must be given. The average monthly cost for the purpose of this rule should be calculated in the manner prescribed in the Finance Department letter No. F. 39 II-Ex 1-31, dated the 2nd April, 1931 as amended from time to time [vide Government orders printed below Fundamental Rule 9(31)].
- iv) The fixed allowance referred to in Note 1 below Para . 109 should be entered in the proposition statement but the variable allowances need not be included therein.

#### **VARIATION IN SANCTIONED PAY OF A POST.**

113 The head of an office is not at liberty to re-adjust the pay of Government servants by giving one Government servant more and another less than the sanctioned pay of his post; nor may he distribute the pay of an absentee otherwise than as provided in the rules governing the service to which the Government servant belongs. But in the case of non-gazetted establishments divided into separate units or cadres carrying different scales of pay, there is no objection to excess appointments being made in a Lower unit or cadre against an equal or greater number of vacancies left unfilled in a higher.

#### **TRANSFER OF OFFICE**

114 Every transfer of charge of gazetted officers should be reported by post on the same day to the Accountant General. The report should be made in Form TR. I unless any other form has been duly authorized and should simultaneously be sent to the head of the department or other Controlling Authority concerned.

115 In cases in which the transfer of charge involves assumption of responsibility for cash, stores, etc., the following instructions should be observed :---

i) The cash book or imprest account should be closed on the date of transfer and a note recorded in it over the signature of both the relieved and the relieving officers, showing the cash and imprest balances, and the number of unused cheques, if any, made over and received by them respectively.

ii) The relieving officer in reporting that the transfer has been completed should bring to notice anything irregular or objectionable in the conduct of business that may have come officially to his notice. He should examine the accounts, count the cash, inspect the stores, count, weight and measure certain selected articles in order to test the accuracy of the returns. He should also describe the state of the account records.

iii) In the case of any sudden casualty occurring or any emergent necessity arising for an officer to quit his charge, the next senior officer of the department present will take charge. When the person who takes charge is not a gazetted officer, he must at once report the circumstances to his nearest departmental superior, and obtain orders as to the cash in hand if any.

Note 1. The special procedure to be followed when there is a change in the incumbency of independent charge of a treasury is laid down in Rule 44 of the Treasury Rules.

Note 2. The additional procedure to be followed by an Accountant General, etc., in making over charge of his function in connection with the Charitable Endowments and other Trust Accounts is laid down in Appendix 16.

## **DATE OF BIRTH**

116 Every person newly appointed to a service or a post under Government should at the time of the appointment declare the date of his birth by the Christian era with as far as possible confirmatory documentary evidence such as matriculation certificate, municipal birth certificate and so on. If the exact date is not known, an approximate date may be given. The actual date or the assumed date determined under Para 117 should be recorded in the history of service, service book, or any other record that may be kept in respect of the Government servant's service under Government and once recorded, it cannot be altered, except in the case of a clerical error, without the previous orders of the Local Administration.

Note:-1 Ministries/Division of the Federal Government exercise the powers of a Local Administration for the purpose of this rule.

Note:-2 Heads of departments are authorized to exercise this power in the case of non-gazetted Government servants under their control.



117 1) If a Government servant is unable to state his exact date of birth but can state the year, or year and month of birth, the 1st July or the 16th of the month, respectively, may be treated as the date of his birth.

2) If he is only able to state his approximate age, his date of birth may be assumed to be the corresponding date after deducting the number of years representing his age from his date of appointment.

3) When a person who first entered Military employ is subsequently employed in a Civil department, the date of birth for the purpose of the Civil employment should be the date stated by him at the time of enrolment, or if at the time of enrolment he stated only his age, the date of birth should be deduced with reference to that age according to the method indicated in sub Para (2) above.

Note:-Cases in which the date of birth has been deduced from the age at appointment or enrolment by any other method, need not be reopened.

### **LEAVE APPLICATIONS**

118 Subject to any special rules or orders issued by the competent authority, all applications for leave should be submitted to the sanctioning authority concerned on Form G. F. R. 13.

### **ANNUAL RETURNS OF NON-GAZETTED ESTABLISHMENTS**

119 Deleted.

### **SERVICE BOOKS**

120 The detailed rules regarding the maintenance of Service Books are contained in the Supplementary Rules 197 to 203 and in Articles 188 and 189 of the Audit Code.

121 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 refer from which the verification is made.)

Note:- The verification of service referred to above should be in respect of all service qualifying for pension whether permanent, temporary or officiating.

2) 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 periods (naming them) a statement in writing by the

Government servant, as well as a record of the evidence of his contemporaries, is attached to the book.

When however a non-Gazetted Government servant is transferred from one office to another, the head of the office under whom he was originally employed should record in the service book under his signature the result of the verification of service, with reference to pay bills and acquaintance 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.

3) When non-gazetted Government servants are officiating in gazetted posts, their service book should be kept by head of the office to which each such Government servant permanently belongs, but when they are confirmed in such posts, their service books should be forwarded to the Accountant Generals office for record.

### **SERVICE ROLLS**

122 Service rolls for Government servants when they are maintained under Supplementary Rules 204 and 205, should be taken up every year for verification of service and record of necessary certificate in the manner laid down in Para 121.

### **ARREAR CLAIMS**

123 Save as provided in rule 136 of the Treasury Rules, no claims to pay and allowances of a Government servant, which are not preferred within six months of their becoming due can be paid without an authority from the Accountant General.

Note. For the purpose of this rule, the date on which the claim is presented at the treasury or any other office of disbursement should be considered to be the date on which it is preferred.

124 Claims of Government servants to arrears of pay or allowances or to increments, or in respect of any underpayments, which have been allowed to remain in abeyance for a period exceeding one year may not be investigated by an Accountant General, except under the special orders of competent authority.

Note:- Ministries and Divisions of the Federal Government exercise full power to sanction investigation of arrear claims, subject to the restrictions laid down in pares 125 and 126.

Subject to the restriction laid down in pares 125 and 126. Heads of Local Administrations and heads of departments have been empowered to exercise this power in respect of claims not more than three years old, and to delegate it at their discretion to a subordinate authority which appoints the Government servant by whom the claim is made.

125 Claims against Government, which are barred by time under the provisions contained in Section 3 read with the First Schedule of the Limitation Act of 1908 or under any other provisions of law relating to limitation, should ordinarily be refused and no claim on account of such a time barred item should be paid without the sanction of Government. The onus is upon the claimant to establish a claim to special treatment for a time barred item, and it is the duty of the authority against which such a claim is made to refuse the claim until a case for other treatment is made out. All petty time barred claims are to be rejected forthwith and only important claims of this nature considered.

It is the duty of the authority against which a claim is made to consider in the first instance the question of a time bar before submitting it to the Accountant General for the issue of authority for payment. The Accountant General will refuse payment of all claims found to be time barred until the sanction of Government has been obtained.

126 All petty claims of a Government servant more than three years old, other than those that affect his pension, and all such claims for whose delayed submission an adequate explanation is not forthcoming, should be rejected forthwith. Sanction to investigation of claims over six years old should not be accorded unless and until it has been ascertained from the Accountant General concerned that the relevant records are available and have not been destroyed and the Ministry of Finance has been consulted.

126-A The authority competent to authorize the investigation of a belated claim should be told why the claim was not submitted when it became due.

In respect of non-gazetted Government servants whose pay and allowances are drawn on establishment bills by the Heads of Offices, the responsibility for making claims rests on the latter and they should invariably see that all claims are presented within six months of their falling due.

The time limits prescribed in these instructions should be calculated from the date on which the charge becomes payable. In the case of sanction accorded with retrospective effect, the charge does not become payable before it is sanctioned; the time limits should, therefore, be calculated from the date of sanction and not from the date from which the sanction taken effect.

## **CHAPTER 7. CONTINGENCIES**

### **I INTRODUCTORY**

127 The rules in this Chapter are supplementary to the general rules of procedure prescribed in Chapter V of Part V of the Treasury Rules and have to be applied, where necessary in conjunction with them.

Special rules applicable to particular departments and administrations are contained in the Manuals, Codes, etc., of the departments or administrations concerned.

128 The different classes into which contingent charges incurred on the public service are divided, and the conditions governing them, are laid down in Chapter V of Part V of the Treasury Rules. The classification to be adopted in each department or office is regulated by general or special orders of Government.

Note:- Contingent charges are to be recorded and treated in the accounts and charges of the month in which they are actually disbursed from treasury.

129 Subject to any general or specific rules or orders, such as those contained in Annexure A to Appendix 8, restricting their general financial powers to sanction expenditure, Heads of Local Administrations are authorized to exercise full powers in respect of contingent charges of offices directly subordinate to them.

## **II POWERS OF SUBORDINATE AUTHORITIES TO SANCTION CONTINGENT CHARGES.**

130 1) The financial powers of subordinate authorities to sanction contingent expenditure are regulated generally by the orders embodied in Appendix 8 and such other general or special orders may issued by Government in this behalf.

Subject as aforesaid, the head of an office may incur sanction expenditure on contingencies within the amount of appropriation placed all his disposal for the purpose, provided that

i) In cases where any special rule, restriction, limit or scale has been prescribed by competent authority regarding any particular item or class of contingent expenditure, it should be strictly observed ;

Note: special rules, restrictions, etc., prescribed by Government regarding individual items of contingences are laid down in Annexure A to Appendix 8.

ii) Contingent expenditure of an unusual character or involving departure from any general or special rule or order made by Government should not be incurred, nor should any liability be undertaken in connection there without the previous sanction of Government.

2) In respect of contract contingent charges for which a lump sum is placed annually at the disposal of a disbursing officer, no formal sanction will be required for expenditure incurred within the annual allotment, except in so far as the authority fixing the contract allotment issues directions to the contrary.

3) The head of an office may authorise any gazetted officers serving under him to incur expenditure under sub-para. (I) above, subject to the conditions specified in Treasury Rule 142.

131 In the case of non-recurring contingencies, the competent authority may, where this course is more convenient, accord sanction by signing or countersigning the bill or voucher, whether before or after the money is drawn, instead of by a separate sanction.

### **III PERMANENT ADVANCES**

132 Permanent advances may be granted to officers who may have to make payments before they can place themselves in funds by drawing on the treasury. They are subject to the following rules :-

- i) The amount of the advance will be fixed by Government, or by the Heads of Local Administrations, as the case may be except in cases falling under clause (ii).
- ii) Heads of departments may, unless Government or the Head of a Local Administration otherwise directs, sanction the grant of permanent advances for offices subordinate to them, up to the amount advised as appropriate by the Accountant General concerned. Permanent advances for offices of heads of departments must, however, be sanctioned by the next superior administrative authority.
- iii) Applications for the grant or revision of a permanent advance must be submitted to the sanctioning authority through the Accountant General concerned who will advise as to the appropriate amount of the advance. In cases falling under clause (ii) above, if there is any difference of opinion between the Accountant General and the sanctioning authority on this point, the matter should be referred for the orders of Government.

Note: The applications for permanent advances should be accompanied by a statement showing month by month for the preceding twelve months the amounts of contingent bills cashed with classified details of items of expenditure.

- iv) As these advances involve the permanent retention of money outside the treasury, they must not be larger than is absolutely essential.
- v) These advances should not be multiplied unnecessarily. An officer's advances should meet the needs of every branch of his office. If he has sub-ordinates who require petty sums, he should spare a small portion of his own advance for their use rather than apply for separate advances for them, taking acknowledgements from them in the same way as he himself furnishes acknowledgement to the Accountant General, and retaining them in his office.
- vi) The advance is intended to provide, on the responsibility of the officer entrusted with it, for emergent petty advances of all kinds, though it is seldom that they will be needed

for other than contingent charges; thus, if a class IV servant is required to travel by rail, his fare must sometimes necessarily be advanced from this amount.

vii) The holder of a permanent advance is responsible for the safe custody of the money placed in his hands and he must at all times be ready to account for the total amount of the money.

viii) In the case of transfer of charges and yearly on the 15th July, each officer holding a permanent advance must send an acknowledgement to the Accountant General of the amount due from and accountable for by himself as on the 30th June preceding.

Note 1 The cost of service books required for office establishment should be met, in the first instance, from the permanent advance of the office concerned; the permanent advance being subsequently re-couped from the amount released by the sale of the books to Government servants.

Note 2: Advances may be made of the actual railway fare or/and road mileage to all non-gazetted police officers, but such advances and their repayment need not appear in Government accounts. Traveling allowance bills may be made out for the full claims admissible as soon as the journeys are completed and any advances made out of the permanent advance may be recovered out of the amounts drawn from the treasury on such traveling allowance bills.

#### **IV CONTROL OF EXPENDITURE**

133 For purposes of control and audit, Government will issue orders specifying the nature or object of contingent charges of particular disbursing officers which should be classed as countersigned contingent charges to be drawn and accounted for in accordance with the procedure prescribed in Rules 308 *et seq* of the Treasury Rules.

Expenditure incurred by a disbursing officer on objects classed as countersigned contingencies must come under the direct supervision and scrutiny of the head of the department or the Controlling Officer who will sign the detailed bills relating to them. Monthly detailed bill in respect of countersigned contingent charges incurred by each officer should be submitted to the Controlling authority concerned for detailed scrutiny and transmission after countersignature to the Accountant General. Full details of such charges need not be entered in the abstract bills presented for payment at the treasury. A competent authority may in respect of specified items of countersigned contingent charges require the detailed contingent bills to be sent to the Controlling authority for scrutiny and countersignature before it is presented for payment at the treasury.

Note: The provisions of this Para do not apply to contingent charges of heads of departments and other Controlling authorities, which will be drawn and accounted for in accordance with the procedure laid down in tube following Para .

134 No detailed bills need be submitted to a higher authority for contingent charges, which are not classed as countersigned contingencies, each bill presented at a treasury should, therefore, contain full details of the expenditure, supported by necessary sub-vouchers for individual payments included in the bill.

135 The duties and responsibilities of disbursing Controlling officers with regard to contingent expenditure incurred on the public service are defined in rules 295 and 296 of the Treasury Rules. The head of each department should issue such subsidiary instructions as may be necessary for the guidance of Controlling and disbursing officers subordinate to him .

136 Chapter 5 of these rules contains detailed instructions as to general procedure for the control of expenditure against appropriation. The following special instructions are laid down for the control of contingent expenditure :--

i) where the appropriation for contingent charges covers expenditure on a number of distinct and individually important objects or class of expenditure, such appropriation should be distributed by the Controlling authority among the important items comprised in it. If some of the items are not important, those items taken as a whole may be treated as a single important item for this purpose. The expenditure on each important item should be watched and controlled separately against the allotment for it, especially when the charges are of a fluctuating nature. The contingent register prescribed in Treasury Rule 298 should be so designed that this can be done conveniently.

ii) For non-countersigned contingencies, the Controlling authority should obtain the information required by the Controlling authority for checking the expenditure against the appropriation. If, in any month, the expenditure exceeds the monthly proportion of the appropriation for the year, the disbursing officer should send a report to the Controlling authority along with the detailed bill, furnishing special reasons for incurring the excess expenditure.

iii) For non-countersigned contingencies, the Controlling authority should get periodical statements from each disbursing officer (monthly or at least quarterly) of the progressive expenditure compared with the allotment under each item for which there is a specific appropriation or allotment. If the expenditure is progressing too rapidly, he should instruct the disbursing officer to curtail it to the necessary extent. He should also, during his local inspections scrutinize the contingent registers of the offices under his control and satisfy himself generally that the charges are necessary and not excessive, the rates correct, the sanction obtained adequate, etc.

## **V SPECIAL RULES RELATING TO PARTICULAR KINDS OF CONTINGENCIES**

### **CONTRACT CONTINGENCIES**

137 When under any special order of competent authority a lump sum is placed annually at the disposal of a disbursing officer for expenditure on specified items of contingencies without further restrictions, the officer incurring expenditure against the lump sum allotment should be held entirely responsible for the regularity of such expenditure, and for any expenditure in excess of such allotment until the access is sanctioned by competent authority .

138 The Head of a Local Administration and the Central Board of Revenue may sanction an increase not exceeding Rs 6000 a year in a contract grant for contingent expenditure. They may sanction the substitution of a contract grant for varying budget allotments in respect of heads of contingent expenditure for which countersignature is required, on condition that the amount of the contract grant does not exceed by more than Rs 6000 the total sum provided under those heads in the budget estimates of the year in which the change is made.

### **CONTINGENCIES REGULATED BY SCALES**

139 Contingencies regulated by scales include such charges as liveries to class IV servants, rewards for destruction of wild animals, diet and conveyance charges to witnesses, and the like. The authority prescribing the scale should lay down the conditions precedent to the application of the scale, making it clear whether the bills must be countersigned before or after payment and what certificate should support the bills. It should be the duty of the Controlling officers to see that the charges incurred are in accordance with the prescribed scales and the conditions which govern them.

### **VI EXPENDITURE FOR OTHER OFFICERS.**

140 The conditions under which a department of Government may make charges for services rendered or articles supplied by it and the procedure to be observed in dealing with such charges are laid in the Account Code, Volume I and in rule 316 of the Treasury Rules. When a Government officer makes purchases or incurs expenditure through an officer in another district and the amount to be paid on account of contingent expenditure incurred in this way is not less than Rs 50, payment may be made by Government Drafts, but otherwise every public officer who incurs expenditure in this way must treat it as expenditure of his own office, and not demand recoupment from the officer at whose request he, as an agent, incurs the expenditure. The charge must, however, be taken as expenditure of the department to which the officer requiring the expenditure is attached and therefore an officer should address his application for any service to the principal officer of his department in the district indented on e.g a police officer should ask the District Superintendent, not the Magistrate, to purchase blankets for him. The Magistrate in such a case would pass on the indent, or the voucher if he has supplied any articles, to the police officer who would deal with the charge if it is less than Rs 50 as a final one of his own office, applying to the proper authority for an extra appropriation if his own should fall short before the end of the year. The responsibility for obtaining proper sanction should always rest with the originating officer.



Note 1. These rules are applicable when purchases are effected in the capital town of a Province, the cost may then be sent by Government Drafts if it is not less than Rs 25, and by Postal Money Order if it is less than Rs. 25.

Note 2. The rule does not also apply to expenditure chargeable to local funds, which should always be recovered.

## **CHAPTER 8**

### **STORES**

#### **INTRODUCTORY**

141 The chapter contains the general rules applicable to all departments regarding stores required for use in the public service. Detailed rules and instructions relating to the various departments e.g. the Defense, Railways, Pakistan Post Office Telegraph and Telephone, Dept., Public Works, Directorate General of Supply and Development Survey of Pakistan, Stationery and Printing and other departments responsible for or concerned in large purchase, manufacture or consumption of stores, are contained in the department regulations relating to the departments concerned.

Note. The term stores used in this chapter applies generally to all articles and materials purchased or otherwise acquired for the use of Government, including not only expendable and issuable article in use or accumulated for specific purposes, but also articles of dead stock of the nature of plant, machinery, instruments, furniture, equipment fixture, etc.

142 Expenditure on stores incurred in Civil departments is included under contingent expenditure (except where it is treated otherwise, e.g., stores relating to works), and subject to what is provided in the following rules, is governed generally by the rules which apply to such expenditure.

#### **II PURCHASE AND Acquisition OF STORES AUTHORITIES COMPETENT TO PURCHASE STORES**

143 Subject to any special rule or order applying to any particular department, an authority which is competent to incur contingent expenditure may sanction the purchase of stores required for use in the public service in accordance with the provisions contained in the following paras. Such purchase are also subject to the usual restrictions regarding the existence of necessary appropriation and to any monetary limits and other conditions prescribed generally or in regard to specific articles or classes of articles (Cf. Annexure A to Appendix 8). The power of subordinate authorities in the matter of purchase of stores are laid down in Appendix 8 and Annexure B thereto.

Special powers delegated to purchasing officers of the Directorate General Supply and Development, Defence, Railways, Pakistan Post office, Telegraph and Telephone Department, Public Works, etc. department are laid down in the respective departmental regulations.

The powers of the Controller of Printing and Stationery and other officers to purchase stationery and printing stores, office machinery, appliances, etc., are specified in Appendix 10.

## **RULES AND INSTRUCTIONS GOVERNING THE PURCHASE OF STORES.**

144 i) Save as provided below, all purchases of stores for use in the public service should be regulated in strict conformity with the Store Rules and the subsidiary instructions which are respectively reproduced in Appendix 9 and Annexure A to this Chapter.

Special rules relating to the purchase of stationery and printing stores, including office machinery and appliances, etc., are contained in Appendix 10.

2) The procurement of stores required on mobilizations or during the continuance of military operations will be regulated by special rules and orders issued by Government in this half.

145 Purchases must be made in the most economical manner in accordance with the definite requirements of the public service. Stores should not be purchased in small quantities. Periodical indents should be prepared and as many articles as possible obtained by means of such indents. At the same time, care should be taken not to purchase stores much in advance of actual requirements, if such purchase is likely to prove unprofitable to Government.

Where scales of consumption or limits of stores have been laid down by competent authority, the officer ordering a supply should certify on the purchase order that the prescribed scales or limits are not exceeded.

146 Purchase Orders should not be split up to avoid the necessity for obtaining the sanction of higher authority required with reference to the total amount of the orders.

147 1) All indents sent out to the (Heads of Pakistan Missions abroad) (whether by formal indent, letter or telegram), should state clearly and accurately the grant number and the head of account to which the cost of the stores is debitable, the amount of appropriation provided and an estimate of cost of each item.

The indents should be prepared in such form and in accordance with such general or special instructions as may be issued by Government in this behalf .

2) Indents should not be sent out so late in the financial year that they cannot possibly be compiled with and paid for within that year. If the Head of a Mission abroad receives any indent which he cannot possibly comply with before the end of the financial year, he will carry it over to the following financial year under intimation to Government.

3) If it is essential to send out an indent to foreign countries before the sanctioned appropriation has been communicated to the authority concerned, the consent of the Ministry of Finance should be obtained if the estimated amount exceeds such limit as may be prescribed by Government in this behalf. In such cases the words The Ministry of Finance has agreed to indent being executed should be written on the indent.

4) The purchasing officer should distinguish very carefully between stores to be bought through the agency of the Head of a Mission abroad and stores merely to be delivered to them for dispatch and shipment through their agency. See also Treasury Rule 383.

### **RECEIPT OF STORES**

148 All materials received should be examined, counted, measured or weighed as the case may be, when delivery is taken, and they should be taken in charge by a responsible Government officer who should see that the quantities are correct and their quality good, and record a certificate to that effect. The officer receiving the stores should also be required to give a certificate that he has actually received the materials and recorded them in the appropriate stock register.

### **ISSUE OF STORES**

149 When materials are issued from stock for departmental use, Manufacture, sale, etc., the officer in charge of the stores should see that an indent in the prescribed form has been made by a properly authorized person, examine it carefully with reference to the orders or instructions for the issue of stores and sign it, after making suitable alterations under his dated initials in the description and quality of material, 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 actually made. The indent should be returned at once to the requisitioning officer 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.

In case of s issued to a contractor, the cost of which is recoverable from him, the acknowledgment should give full particulars of the materials issued, including the recovery rates and the total value chargeable to the contractor.

### **TRANSFER OF CHARGE OF STORES**

150 In cases of transfers, the officer in charge of stores should see that the stores in his custody are made over correctly to his successor and a proper receipt taken from him.

Every departmental officer is bound to take over charge of departmental stores which, from the death or departure of the person lately in charge or from any to cause, may be left at or near his station, without adequate protection. For detailed instruction see Para 115.

### **III CUSTODY AND ACCOUNTS OF STORES GENERAL**

151 The head of an office or any other officer entrusted with stores of any kind should take special care for arranging for their safe custody, for keeping them in good and efficient condition and for protecting them from damage or deterioration. Suitable accommodation should be provided more particularly for valuable and combustible stores. He should maintain suitable accounts and inventories and prepare correct returns in respect of the stores in his charge with a view to preventing losses through theft, accident, fraud or otherwise and to making it possible at any time to check the actual balances with the book balances and the payment to suppliers, etc.

152 The form of stock accounts mentioned in the preceding Para . should be determined with reference to the nature of the stores, the frequency of the transaction and the official requirements of each department or office in which they are used. The general and essential principles in accordance with which such accounts are to be kept are laid down in the following pares.

It is not, however, intended that these rules should replace the detailed store accounting rules prescribed in the departmental regulations of various departments or in any special orders which apply to any particular department, unless a competent authority has held that the existing rules are defective and should be brought into harmony with the general principles laid down below. Where audit of the accounts of stores and stock has been undertaken by the Auditor General, the Accountant General concerned will bring to notice cases in which there is a hiatus to be filled in by the application of these rules and in which losses to Government could have been avoided by the use of these rules.

153 Separate accounts should be kept of :-

- i) □Dead Stock□ such as plant, machinery furniture, equipment, fixture; and
- ii) Other stores.

### **DEAD STOCK**

154 An inventory of the dead stock should be maintained in all Government offices in a form prescribed by competent authority, showing the number received, the number disposed of (by transfer, sale loss etc) , and the balance in hand for each kind of article. The instructions given below should be carefully observed by all concerned.

i) The inventory should be priced whenever the items have to enter into the block account maintained for a Government commercial undertaking or the value of the items is necessary in order to enable Government to calculate the charge to be levied upon private persons or bodies. As regards other items, a numerical inventory would suffice, except for articles costing above Rs.25. Note:-For the purpose of numerical inventory, articles of a similar description such as tables, durries carpets, etc., should be put into separate categories, each category comprising articles of the same measurement and make and manufactured with the same metal or wood or other material.

ii) The inventory should ordinarily be maintained at the site of the dead-stock. Whether it is desirable, in any particular case, to depart from this general principle or to maintain additional consolidated inventories elsewhere should be decided on the merits of each case.

iii) The inventory should be checked by the competent administrative authority once a year and a certificate of the result of check recorded .

iv) Articles of dead stock should be verified at least once a year and the result of verification recorded on the inventory. All discrepancies noticed must be properly investigated and brought to account immediately so that the Inventory may represent the true account.

v) When articles of dead stock e.g tools and plant are lent to local bodies, contractors and others, the hire and other charges as determined under Rules prescribed by competent authority should be recovered regularly .

vi) Government libraries and museums should maintain up to date catalogues as well as prescribed stock accounts and inventories.

## **OTHER STORES**

155 A reliable list, inventory or account of all stores in the custody of Government officers should be maintained in a form prescribed by competent authority to enable a ready verification of stores and check of accounts at any time and transactions must be recorded in it as they occur.

156 Period lists recording both quantities and values should be maintained in cases where the stores are intended to be converted into money, or where it is desired to distribute their cost over the works, items or objects on which they are actually used. In such cases, the expenditure on stores must be charged to a stores suspense head in the first instance.

157 Purely numerical inventories, i.e., recording quantities only, will suffice for articles costing up to Rs. 25 when the articles are intended solely for the service of the department keeping them and it is not desired to distribute their cost. In such cases the expenditure on stores must be charged off finally to the service concerned.

Note:- In some cases it may be found necessary to show prices and measurement, etc.,

vide note below para 154 (i) against some articles, say, when for facility of identification or other reason, it is desirable to distinguish costly articles from cheap articles bearing the same general description otherwise.

158 The lists, inventories or accounts of stores should in all cases be subject to such internal check as may be prescribed by competent authority, whether or not they are subject to any check by the Accountant General.

159 A physical verification of all stores should be made at least once in every year under rules prescribed by competent authority, and subject to condition that the verification is not entrusted to a person.

i) Who is the custodian, the ledger, keeper, or the accountant of stores to be verified, or who is a nominee of, or is employed under the custodian, the ledger keeper or the accountant ;or

ii) Who is not conversant with the classification, nomenclature and technique of the particular classes of stores to be verified.

The verification should never be left to low paid subordinates and in the case of large and important stores, it should be as far as possible, entrusted to a responsible officer who is independent of the superior executive officer in charge of the stores.

160 A certificate of verification of stores with its results should be recorded on the list, inventory or account, as the case may be, where such verification is carried out.

161 In making a physical verification the following instructions should invariably be observed:-

i) verification must always be made in the presence of the officer responsible for the custody of the stores or of a responsible person deputed by him ;

ii) all discrepancies noticed should be brought to account immediately, so that the stores account may represent the true state of the stores ;and

iii) shortages and damages, as well as unserviceable stores, should be reported immediately to the authority competent to write off the loss.

162 Balances of stores should 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 should be made by a responsible officer, who must submit a report of surplus and obsolete store to the authority competent to issue orders for their disposal (See Para 166), The inspection should, unless there be good reason to the contrary, 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.

163 Where a priced inventory is maintained ;it is essential that, the values recorded therein shall not materially in excess of the market value of the stores. The head of the department concerned must issue instructions to govern.

- i) the fixation of prices with reasonable accuracy.
- ii) the periodical review and revision of rates, and
- iii) the agency to be employed in periodical revaluation.

Note:- The market value of an article for this purpose, means the cost per unit at which the article, or an article of a similar description, can be procured at the Stores Godown, from some suitable public markets.

164 All profits and losses due to revaluation, stock-taking or other cause ,should be duly recorded and adjusted where necessary. Formal sanction of competent authority should be obtained in respect of losses, even though no formal correction or adjustment in the accounts is involved.

165 (1) Losses due to depreciation should be analyzed, and recorded under following heads, according as they are due to :-

- i) normal fluctuation of market prices:
- ii) fair wear and tear :
- iii) lack of foresight in regulating purchases :
- iv) neglect after purchase.

2) Losses not due to depreciation should be grouped under the following heads :-

- i) losses due to theft or fraud ;
- ii) losses due to neglect ;
- iii) losses due to an act of God and other calamities such as fire, enemy action, etc.,
- iv) anticipated losses on account of surplus age of obsolete stores or of purchases in excess of requirements;
- v) other losses due to damage, etc.

## **SALE AND DISPOSALS OF STORES AND WRITES OFF OF STORES**

166 The previous sanction of competent authority should be obtained to the writing off of all losses, deficiencies or depreciation in the value of stores.(see Schedule V to the Book of Financial Powers).

167 Subject to any special rules or orders applicable to any particular department stores which are reported to be obsolete, surplus or unserviceable may be disposed of by sale or otherwise under the orders of the authority competent to sanction the writing off of a loss caused by deficiencies and depreciation equivalent to their value [Vide Col 4 of Schedule V to the Book of Facial Powers].

Each order declaring stores as unserviceable should record the full reasons for condemning them and how the condemned stores are to be disposed of i.e. whether by sale public auction or otherwise. The head of the office should record full particulars regarding all condemned stores in suitable list from which their disposal can be watched.

Note:- these instruction do not apply to the Defence, Railways, Pakistan Post Office, Telegraph all Telephone Department and other special departments whole procedure in this regard is regulated by separate orders contained in the departmental regulations.

168 Sales to private persons of stores other than those which are found to have become obsolete or unserviceable are regulated by special rules and orders applicable to particular departments. When stock materials are sold to the public or any other department or authority at their full value, a suitable percentages as determined by competent authority should be added to the book value to cover charges on account of supervision, storage and contingencies. This addition may, however, be waived by the officer empowered to sanction the sale in the case of surplus stock which in his opinion would otherwise be unsaleable.

## **OPIUM STOCK IN THE CUSTODY OF TREASURY OFFICERS.**

169 The opium in store must be kept in the treasury strong room and not elsewhere and all receipts into and issues from stock should be entered in a store register maintained for the purpose over the initials of the Treasury Officer. The Treasury Officer should give out opium to the Treasurer as required for sale to the public; an account of opium so issued to and sold by him being kept by the treasurer in a sub register in suitable form to be determined by the Treasury officer. The Treasury Officer should see that all issues to the Treasurer are entered up in the register and the proceeds of opium sold are duly credited into the treasury account. The balance of opium in the hands of the Treasurer should be checked by the Treasury Officer at least every month. No more opium should be issued to the Treasurer than is necessary to meet current demands.

## **IV AUDIT OF STORES AND STOCK ACCOUNTS**



170 When audit of the accounts of stores and stock kept in any office or department is undertaken by the Auditor General, it will be conducted in accordance with the regulations embodied in Appendix II.

## **V MISCELLANEOUS**

### **DEPARTMENTAL AND OTHER CHARGES ON IMPORTED STORES**

171 A surcharge at the rate fixed by Government from time to time to cover departmental expenses and marine insurance is added by the Heads of Missions abroad to the invoiced price including freight of all stores obtained through him by Provincial Governments, commercial departments (Railways, Irrigation Works, Pakistan Post Office, Telegraph and Telephone Department etc.,) Government commercial undertakings Local Funds, private individuals, etc in calculating the cost debitable to or recoverable from, the various sources.

Note 1. When under special arrangements a contractor undertakes to deliver stores at a part in Pakistan, the surcharge leviable will be for departmental charges only.

Note 2. The extra charge for marine insurance covers the risk of losses during the voyage to Pakistan and not losses between the ship's side and shore.

Note 3. The adjustment of the surcharge will be made by the Head of Mission concerned for Pakistan. A similar extra charge at the prescribed rates should be made in Pakistan for stores imported from foreign countries for the Central Government but eventually transferred to Provincial Government etc.

Note 4. In making recoveries from the agents of vessels on account of short delivery of stores, the surcharge should not be added to the invoiced value of the stores (including freight).

172 A charge at the rate fixed by the Government from time to time is levied by the Heads of Missions abroad to cover departmental expenses on the sales of stores made on behalf of Provincial Governments and Commercial Departments of the Federal Government. An additional charge at the rate fixed by the Government from time to time is also levied to cover marine insurances etc., when freight is arranged for and paid by the Heads Mission concerned.

### **GENERAL AVERAGE**

173 (I) □General average□ is the adjustment made among the owners of vessel and of cargo in the event of loss or damage occurring to the vessel. It may be explained that, where, under the presence of a common danger an extraordinary expenditure or sacrifice becomes necessary for the salvation of both the ship and its cargo the burden thus incurred is proportionately distributed upon all the interests that have been benefited by

the sacrifice. A familiar example is throwing overboard a cargo for safety such circumstances, a ship declares a □General average□.

2 Claims for contribution to general average in respect of vessels carrying Government stores between the United Kingdom and Pakistan are to be referred to he (Ambassador) for Pakistan in the United Kingdom for settlement. Such claims give no lien on the stores which are to be delivered in accordance with the conditions for freight notwithstanding any claims for contribution to average.

3 Claims in respect of vessels carrying Government stores other than those covered by sub-para 2 will be dealt with in Pakistan by the Accountant General, Lahore, or Pakistan Revenues as the case may be, or by such other officers as may be nominated by Government in this behalf, in accordance with the following instructions :-

i) When a Shipping Company declares a □General average' with regard to the cargo on board a particular ship in accordance with the provisions on the bill of lading, it may, before, giving delivery of cargo consigned to Government require the appropriate officer referred to above, to sign a bond on behalf of Government agreeing to abide by the ultimate award in connection with □General average', and also to make a deposit. This should be referred to the Government Solicitor for advice, where necessary as to whether the case is, or is not one for a General average. If he so reports, the bond should be signed, and the payment made to the shipping company and a separate account kept of the payment.

ii The adjustment will, after some time, be presented by the shipping company, Government in it will be credited (1) with the deposit, (2) for any special losses of its charge (3) for any special expenditure incurred by it, and debited with share of any general losses of expenditure, as well as any particular expenditure for its benefit and the resulting balance offered to or demanded from it.

The net loss to Government on the whole matter should be treated as expenditure but pending final settlement, all transactions connected with a case of loss, which is to be the subject of General average Adjustment, should be passed on to a suspense or other appropriate head of account opened in the books of the Account Office in connection with the case.

iii The cases are usually very complicated and the final settlement of each case has to be made under orders of Government, full particulars of the ship, the cargo, the amount claimed and the circumstance under which □General average' had been declared should therefore be furnished to Government for each case in which a payment on this account is made to a shipping company.

Copies of all correspondence subsequent to the initial deposit should also be sent to Government and further action taken under such directions as may be given by Government in each case.

Note:- The amount demanded by the shipping company may be drawn on contingent bill and paid to its local representative.

## **PURCHASE FOR LOCAL BODIES**

174 In the absence of special orders to the contrary the cost of all stores, purchased for Local Bodies, must be prepaid in cash. In the case of purchases made through the Head of Missions abroad the rupee deposits made on account of stores specially imported for them should be converted at the current rate of exchange and the cost in sterling of the stores supplied (including sea freight payable outside Pakistan), together with the extra charges mentioned in para 172, should be adjusted month by month against the deposit.

175 Deleted.

## **ANNEXURE A**

*Instructions for the guidance of officers who are required to make purchases of stores required for the Public Service.*

**(See Para 144)**

## **PREAMBLE TO THE RULES IN PART I OF APPENDIX 9**

The policy of Government is to make their purchases of stores for the public service in such a way as to encourage the development of the industries of the country to the utmost possible extent consistent with economy and efficiency and the following rules, which are applicable to be purchase of stores (other than printing and stationery stores) for the Federal Government are prescribed in accordance with this policy. These rules supersede all previous orders on the subject.

In order to give effect to the above policy preference in making purchases will be given in the following order:-

First, to articles which are produced in Pakistan in the form of raw materials, or are manufactured in Pakistan form raw materials, produced in Pakistan provided that the quality is sufficiently good for the purpose;

Secondly, to articles wholly or partially manufactured in Pakistan from imported materials provided that the quality is sufficiently good for the purpose ;

Thirdly, to articles of foreign manufacture held in stock in Pakistan provided that they are of suitable type and requisite quality;

Fourthly, to articles manufactured abroad which need to be specially imported.

Ministries and Divisions of the Federal Government, or officers specially Authorized in this behalf, may when they are satisfied that such a measure is justified, allow a limited degree of preference in respect of price to articles produced or manufactured in Pakistan either wholly or in part.

The rules express a definite preference for articles which are produced in Pakistan in the form of raw materials or are manufactured in Pakistan from raw materials produced in Pakistan and also for articles wholly or partly Manufactured in Pakistan from imported materials. They also extend a preference (but not in price) to articles of foreign manufacture stocked in Pakistan over those which have to be specially imported.

2 The difference in the character of the preference which may be given should be carefully noted. In the case of the first two categories mentioned in the preamble the condition is that the quality is sufficiently good for the purpose, and for the third category that the articles are of suitable type and requisite quality. This means that articles coming under the first two categories should be accepted unless it is considered that the quality is definitely not up to the standard required even though imported articles may be considered to be of better quality.

3 The other kind of preference referred to in these rules is a price preference, and it is enjoined that a limited price preference may be given to articles produced or manufactured in Pakistan either wholly or in part by officer especially authorized. It should be noted that no price preference should be given to articles falling in the third category over those which come within the last category.

4 A strict comparison with prices prevailing abroad is not required, but the underlying principle is that the preference to be accorded to Pakistan products or to imported stocks is to be tempered by the consideration of economy.

5 The degree of price preference that may be allowed to Pakistan products has not been specially provided for in the rules because Government intend to retain entirely in their own hands, for the present, the power to grant such a preference. Ordinarily a limited degree of price preference in favour of articles produced or manufactured in Pakistan will be justified for one or other of the following reasons :-

- a. when the industry in question is expected to fill a vital gap in the economic life of the country and is likely to take a firm root in the soil in the near future ;
- b. strategical necessity;
- c. to prevent any sudden dislocation of the labour market on a large scale;
- d. to regulate and control foreign competition especially during period of temporary trade depression abroad.

6 Every proposal for the grant of a price preference should be referred by the purchasing officer concerned through the proper channel, to the Central Government in the Administrative Department concerned. The latter will, before passing final orders, consult the Ministry of Industries. It will devolve on the latter to co-ordinate the action to be taken under this head by the different Ministries and Divisions of the Central Government.

Rule 1 in Appendix 9(PART I) Save as provided in Rules 7 and 8 all articles required to be purchased for the public service shall be purchased on the condition that delivery shall be made in Pakistan for payment in rupees in Pakistan.

7 It should be carefully noted by all purchasing officer that the purchase in Pakistan of all articles (with the exception of the classes of stores specified in Rules 7, 7A and 8) required for the Public Service is obligatory.

8 Indents for stores, other than the classes of stores specified in Rules 7, 7A and 8, should not be sent to the Heads of Missions abroad but the stores should be obtained by calling for tenders in Pakistan in accordance with the rules.

9 It should be clearly stated in all invitations to tender, issued by purchasing officers in Pakistan , that tenders must provide in their tenders for delivery in Pakistan , and that payment for the articles will be made in rupees in Pakistan .

10 With reference to the principles of preference mentioned in the preamble, tenders should be requested to furnish information in regard to the country of manufacture and or origin of the material used in the manufacture of the articles.

11 Purchasing officers may exercise full discretion regarding the point or place of delivery to be specified in their invitations to tender. They may specify C.I. F or F. O. R., Pakistan Port , F. O. R place of dispatch, in Pakistan or Free Delivery receiving station in Pakistan . Where tenders are invited for plant and equipment, in which the erection of the plant at site is to be undertaken by the successful tender appropriate terms in regard to delivery at site should be included in the invitation to tender or in the general specification.

12 When specifying the point or place of delivery, purchasing officers should endeavor to lay down terms which will give all tenderers equal opportunities to put forward their lowest prices. For instance, in many cases tenderers abroad may be unable to tender for delivery F. O. R. Pakistan port or free delivery receiving station in Pakistan and may only be able to tender on the basis of delivery C. I. F. Pakistan port with payment in rupees in Pakistan against shipping documents. Such tenders should be considered as coming within the meaning of Rule 1 and should be accepted if satisfactory in other respects.

13 Except, in special cases full payment for the stores should not be made against shipping documents but only after delivery of stores has been taken by the receiving officer and they are found to be satisfactory in every respect.

Rule 2 in Appendix 9 (PART I) Tenders shall be invited in Pakistan and abroad also when considered desirable, for the supply of all articles which are purchased under Rules 1 to 4, unless the value of order to be placed is small or sufficient reasons to be recorded, exist which Indicate that it is not in the public interest to call for tenders. No tender which fails to comply with the condition as to delivery and payment prescribed in Rule I, shall be accepted.

14 The rule authorises the issue of invitations to tender to firms abroad □ when considered desirable. □ The discretion to invite such tenders will vest in the head of the department concerned. e.g Directorate General of Supply and Development, the General Manager of the Railway concerned in the case of all State Railways, and the Master General of Ordinance in the case of the Ministry of Defense.

15 Tenders should be invited abroad as well as in Pakistan whenever it is considered necessary or desirable to do so in order to obtain adequate publicity and so ensure economical purchase. These considerations will apply mainly to the categories of stores which have to be obtained by indent on the Heads of Missions abroad and when dealing with the purchase of such classes of stores it is essential that tenders should be invited abroad in order to obtain wide competition and utilise all possible sources of supply.

16 If the response to any invitation to tender indicates that, owing to inadequate publicity or some other reason, favorable tenders have not been received, then fresh tenders should be invited and measure taken bring the invitation to tender to the notice of all possible tenderers.

17 When the circumstances of a particular case indicate the desirability of obtaining tenders from firms established abroad, who have no branches or agencies in Pakistan , a sufficient supply of tender forms with the relevant documents specifications and drawings should be sent as soon as possible to the Ambassador for Pakistan in U. K. The latter will give such publicity to the demand as he may consider to be the most suitable for the Purpose, by advertisement in the newspapers or otherwise Demands estimated to cost Rs 20,000 or over will, as a rule, be advertised by him.

Intending tenderers established abroad will be instructed by the Ambassador for Pakistan in U. K. to apply to him for the tender forms, copies of which will be supplied by him on payment in sterling of the charges (if any) to be fixed by him in each case. The tenderers will at the same time be instructed to submit their tenders direct to the purchasing officer concerned in Pakistan and not to the Ambassador for Pakistan in U. K. and the order will be placed by the former direct with the successful tenderer.

18 When it is desired to have the recommendations of the technical advisers of the Head of Mission abroad e.g., the Consulting Engineers, Naval Architects, etc., on the tenders, before a decision is reached as to the placing of the order, it should be stipulated in the invitation to tender that a complete duplicate of the tender should be delivered to the Head of Mission abroad on the same date as that fixed for the submission of the tenders in Pakistan. The Heads of Missions will arrange for the examination of the tenders by the

appropriate technical authority and will telegraph his recommendations to the purchasing officer concerned in Pakistan . For the work connected with this examination of tenders, the Heads of Missions will make a fixed charge against all commercial and other Departments who are not entitled to utilise the services of the Head of Mission free of cost.

19 It should be made clear on every tender form that the stores must be delivered in Pakistan , that payment will be made in Pakistan in rupees, and that any tender which does not comply with these conditions will not be considered. Tenderers abroad should also be required to specify their agents in Pakistan through whom delivery will be arranged and payment received, and who when so required, will arrange for erection at site and for the carrying out of such tests on completion as may be specified in the contract.

20 No account adjustment will be made between the Heads of Missions offices and the Purchasing Department in Pakistan for the value of tender forms sent to London and issued on behalf of the Purchasing authorities in Pakistan and the expenditure on advertisements, postage charges, etc., in the Heads of Missions Office.

21 When considering the desirability of calling for tenders abroad it is important that purchasing officers in Pakistan should bear in mind the necessity of allowing sufficient time for the receipt and publication of invitations to tender, the receipt of the tender forms by tenderers , and the preparation and dispatch the receipt tenders to Pakistan .

22 The following is an approximate estimate of the time required :-

Time required for sending the forms from Pakistan to London ..

By ordinary Mail □□□□□□□□□□ about 30 days.

By Parcel Mail□□□□□□□□□□. about 30 days.

By Air Mail□□□□□□□□□□. about 5 days.

Time taken in London in advertising and issuing forms of tenders, say 10 days.

Times required by tendereres to prepare and dispatch tenders average, says, 14 days.

Time required for forwarding the tenders to Pakistan .

By ordinary Mail□□□□□□□□□□. about 30 days.

By Parcel Mail□□□□□□□□□□ about 30 days.

By Air Mail□□□□□□□□□□. about 5 days.

If American tenders have to be awaited about three weeks will require to be added to the above figures and in cases of complicated engineering schemes it will be necessary to allow a longer time to tenderers for the preparation of their tenders.

23 Rule 2 does not preclude the use of limited or single tenders nor does it require that tenders should be called for where it is clearly not in the public interests to do so. The following procedure for obtaining tenders should be followed as far as practicable.

Tenders should be obtained :-

- 1 By advertisement (open tender).
- 2 By direct invitation to a limited number of firms (limited tenders).
- 3 By invitation to one firm only (single tender or private purchase).

24 The 'open tender' system i.e. invitation to tender by public advertisement should be used as a general rule and must be adopted subject to the exception noted below in all cases in which the estimated value of tenders to be received is Rs 5000 or over.

25 Deleted.

26 When in the circumstances stated in paragraph 15 it is decided to invite tenders from abroad the procedure described in paragraphs 17 and 18 should be followed.

27 The 'limited tender' system should ordinarily be adopted in the case of all orders the estimated value of which is less than Rs 5000.

28 For the purposes of the limited tender and single tender procedure, the purchasing officers will maintain a list of firms, both Pakistan and foreign, of known reliability who have been able to satisfy them that they possess the necessary equipment and facilities for the supply of stores which they offer. The list should be subjected periodically to examination and revision, and any application from a firm for inclusion in the list should be considered on its receipt. Before the name of a firm is added to the list such enquiries as may be considered necessary should be made by the purchasing officer to ascertain the ability of the firm to execute contracts satisfactorily. From this list the names of firms to be invited to tender should be selected.

29 such a list is already maintained by the Directorate General of Supply and Development and that department will, on receipt of a request, furnish purchasing officers with such information as he may possess regarding the capability and standing of any firm approved by him.

30 The 'single tender' system may be adopted in the case of small orders, or when the articles required are of a proprietary character and competition is not considered necessary. A small order shall be interpreted to mean for this purpose an order the total



value of which does not exceed Rs 250. In all such cases, however, the purchasing office should consider whether it is not feasible to enter into a rate or running contract for the articles in question or to utilise the rate or running contracts entered into by the Directorate General of Supply and Development.

31 The 'limited tender' system may, however, be adopted instead of the 'open tender' system even when the estimated value of the tenders to be received is not less than Rs 5000 in the following cases :

a) When sufficient reasons exist which indicate that it is not in the public interests to call for tenders by advertisement. In every such case the reason must be recorded by the purchasing officer and communicated to the Accounts and/or Audit Officer concerned confidentially, if necessary;

b) when the indenting officer certifies that the demand is urgent and any additional expenditure involved by the elimination of open competition must be incurred. In all such case the indenting officer must place on record the nature of the urgency and why the demand could not be anticipated.

32 When tenders are invited by public advertisement the issue of the tender forms need not be restricted to firms whose names are on the list of approved contractors. Firms not on the list should on enquiry be informed that they are at liberty on payment of the prescribed fee to tender for advertised requirements. When a tender which appears to be satisfactory has been received from a unknown firm steps should be taken before any order is placed to ascertain whether the firm is capable of executing the work in a proper manner. If the enquiries prove satisfactory the order, or a portion of it, may be placed with firm . If the order or a portion thereof is satisfactorily executed the name of the firm should be added to the list of approved contractors.

Rule 3 in Appendix 9 (Part I) All articles, whether manufactured in Pakistan or abroad, shall be subject to inspection before acceptance and articles for which specifications and for tests have been prescribed by competent authority shall be required to conform to such specifications and/or to satisfy the prescribed test or tests which may be carried out during manufacture or before or after dispatch from the supplier's premises.

Rule 5 in Appendix 9 (Part I). In the case of important construction works let out on contract, articles required for the construction of such works may be supplied by the contracting firm provided that when specifications and/or tests have been prescribed for such articles they shall conform to such specifications and/or shall satisfy such tests.

33 The object of Rules 3 and 5 is to emphasize the importance of ensuring that articles purchased for the public service conform to the specification which may be prescribed by competent authority, and the necessity for careful inspection of all stores before acceptance. The appropriate specifications should be annexed to or quoted in the invitations to tender, and it should be stipulated in the conditions of contract that the

articles supplied will be subject to inspection and/or tests prescribed in the specifications before acceptance.

34 When tenders for important construction works are invited the officer concerned should also stipulate in the invitations to tender that the articles required for the construction of such works must comply with the specifications prescribed for such articles. The articles should be inspected and/or tested in accordance with the provisions of the specifications before acceptance.

35 All purchasing officers should pay special attention to these points, and should take steps to ensure that adequate inspection arrangements are made in each case.

36 When articles are obtained from abroad which require inspection and/or test during manufacture and before shipment, arrangements should be made by the purchasing officer concerned for such inspection and/or tests to be carried out by the Head of Mission concerned. Any further inspection and test considered necessary or desirable after receipt of the articles in Pakistan should be arranged for by the Purchasing Department. The services of the Director-General of Supply and Development can be utilised in connection with such inspection and tests.

37 As soon as a contract for articles which require inspection and/or test during manufacture or before shipment, from abroad has been awarded, four complete copies of the accepted tender with specifications drawings, conditions of contract and all other relevant documents, should be sent to the Head of Mission concerned with complete instruction for inspection and the full address of the manufacturers. The contractors should be informed that inspection during manufacture or before shipment will be carried out by the Head of Mission concerned and should be asked to instruct his representatives in the country of manufacture to communicate direct with the mission concerned.

38 With regard to the inspection of articles obtained or manufactured in Pakistan all purchasing officers can, if they so desire, utilise the services of the Supply and Development Department for the inspection and/or test during manufacture and before dispatch.

39 In the case of order for plant and machinery, whether purchased in Pakistan or obtained from abroad which include erection and test at site of work, arrangements for inspection and test after erection at site also be made through the Department of Supply and Development.

Rule 4 in Appendix 9 (Part I) Important plant, machinery and iron and steel work shall be obtained only from firms approved by the Director-General Supply and Development and specified in the list issued by him from time to time.

40 The intention of this Rule is to ensure that plant, machinery and other engineering equipment, e.g bridge girders, roof trusses, which form important components of a

project shall be obtained from firm which possess workshops and appliances capable of turning out work of the desired standard.

41 The lists referred to in this Rule will be maintained and issued from time to time to all purchasing Departments by Department of Supply and Development. They will include the names of firms in Pakistan and abroad which have been approved for the supply of important plant, machinery, and iron and steel work.

42 Applications for inclusion in the lists mentioned in this Rule should be made to Department of Supply and Development direct by the firms with a full statement of the reasons which in their opinion justify such inclusions.

43 Cases may arise in which tenders may be received from firms whose names do not appear in the lists of approved firms. If the tenders are prima facie satisfactory, they should not be summarily rejected, but a reference should be made to Director General of Supply and Development who will if considered necessary make enquiries in regard to the capabilities and standing of the tendering firms and will intimate the result of the enquiries to the purchasing officer concerned.

Rule 6 in Appendix 9 (Part I) Nothing in these rules shall be deemed to prohibit the purchase of articles by one Department or Railway from another.

**(No instructions)**

Rule 7 in Appendix 9 (Part I) The articles enumerated in Schedule A, or any other articles of a special or unusual character may, when suitable and economical purchases cannot be made in accordance with the preceding rules, be obtained without reference to those rules, subject to the following conditions :-

a) Where the value of the purchase exceeds Rs 5000 the purchasing officer shall place on record his reasons for not effecting the purchase in accordance with the preceding rules.

b) The purchasing officer may at his discretion either obtain the article that he requires by indent on the Head of Missions, abroad, or purchase it direct from manufacturer or dealers abroad. Where resort is had to direct purchase from manufacturers or dealers abroad, tenders shall, whenever practicable, be first obtained.

c) When articles are purchased abroad under this rule through the agency of the Heads of Missions abroad payment shall be made by that department.

In other cases payment shall be made :-

i) in countries other than Great Britain and Northern Ireland direct to the suppliers by the purchasing officer :-

ii) in Great Britain and Northern Ireland , through the Ambassador for Pakistan in U. K.

44 This and the following Rules are in the nature of exceptions to the principle enunciated in Rule 1. Before availing himself of the discretion given by this Rule it will be incumbent on every purchasing officer to take all possible steps to assure himself that the stores of the requisite qualities cannot be obtained in Pakistan at suitable prices in accordance with the provisions of Rule I. In order to ensure that the underlying principles of the Rules are not violated, a copy of all orders for stores placed abroad, whether on the Head of Mission or directly on the suppliers under this Rule should be forwarded to Department of Supply and Development for scrutiny and also for the purpose of compilation and publication of a list every two months of all such orders placed abroad

45 It will be noted that under this Rule "articles of a special or unusual character" may be obtained by indent on the Head of Mission or purchased direct from manufacturers or dealers abroad. It should be clearly understood that the expression "articles of a special or unusual character" is not to be taken as covering generally the case of articles not produced or manufactured in Pakistan, such as, locomotives, boilers, plant and machinery, etc., etc.,. The expression "articles of a special or unusual Character" is intended to give purchasing officers liberty to obtain direct from manufacturers or through the Head of Mission concerned articles such as spare or replace parts of non standard appliances and other articles which cannot conveniently be obtained by calling for tenders on a rupee basis. For example, a purchasing officer may require a replace part for a machine tool of a particular type and make. The manufacturer may not be represented in Pakistan and he may be unable to tender for delivery and payment in Pakistan. Again, a special type of machine may be invented and produced by a manufacturer who is not represented in Pakistan and who will only agree to supply his machine on his own conditions of sale.

46 It should be noted that the inclusion of "Scientific Instruments" in item (VIII) of schedule A under this Rule is not intended to permit the purchase of drawing, surveying, and other Mathematical Instruments, either from manufacturers or dealers direct or through the Head of Mission. Indents for such instruments should be placed with the Mathematical Instruments office of the Director General, Survey of Pakistan.

Rule 7-A in Appendix 9 (Part 1). The purchasing officer shall obtain by indent on the Head of Mission, all articles not produced in Pakistan and required to be purchased for the public service, stocks of which are not available in the country or could not be made available within the time such articles are required to be brought into service.

In all such cases the purchasing officer shall, before forwarding the indent, place on record his reasons for not effecting the purchase in accordance with the preceding rules and also sign on the Indent a certificate on the following form :-

"I certify that from enquiries made I am satisfied that the article / articles included in this indent is / are not at present available in stock in Pakistan and cannot to be made available within the time such articles are required to be brought into service.

Dated□.....  
Officers.□

Purchasing

Rules 8 in Appendix 9 (Part 1).\_\_ Lethal weapons, munitions of war , technical apparatus and equipment, and any other stores required by the Naval, Military or Air Forces of Pakistan for which drawings patterns, specifications or designs have been issued, prescribed or announced by the Pakistan Government or Commander-in-chief in Pakistan, shall be obtained by indent on the Head of Mission unless they are available in Pakistan in accordance with the drawing, pattern specification or design. Any departure from the rule, requires sanction of Government.

47 To ensure that indents on the Head of Mission will be issued under this Rule only when stores of the categories mentioned are not available in Pakistan the Ministry of Defense will issue instructions to all stores purchasing officers under them that a copy of all orders placed abroad should be sent to Director General, of Supply and Development for scrutiny; in all cases of doubt, the indent should be sent to that Department for prior scrutiny. Purchases made from abroad under this Rule (Except of special classes of military stores ), will also be included in the monthly publication referred to in paragraph 44.

48 The purchase of military stores not falling under the categories mentioned in this Rule is regulated by the same rules as apply to purchases made by Civil Department. Purchases can, therefore be made for delivery outside Pakistan and for payment in non Pakistani currency only to the extent provided for in Rule 7.

## **SCHEDULE A**

**(See Rule 7)**

- i. Seeds
- ii. Cinchona Bark
- iii. Articles for experimental Purposes
- iv. China , glass, cutlery, plate, crockery and perishable fabrics including linen for residences which are furnished by Government.
- v. Copper Zinc and other nonferrous metals produced in Australia or America
- vi. Timber produced in Australia and North America
- vii. such articles as the Superintendents of Vaccine Depots may require for the preparation of vaccine lymph
- viii. Chemicals and scientific instruments

- ix. Preserved and tinned foodstuffs
- x. Articles required for Governor Generals residences.

## CHAPTER 9 WORKS

### Introductory

176 For purposes of administration and control, Central buildings and other works are divided broadly into the following class :-

- i) Military works i.e. buildings, defence works and ancillary services intended for different branches of the Defence Services, which are carried out by or on behalf of the Military Engineer Services ; and
- ii) Public works i.e., Civil Works and Irrigation, Navigation, Embankment and Drainage Works under the administrative control of the Public Works Department ; and
- iii) Buildings and other works under the administrative control of department using or requiring them. These comprise inter alia-
  - 1) all works pertaining to the Railways, **Pakistan Post Office** , Telegraph and Telephone, Forest, Salt, Lighthouse, Broadcasting and other quasi-commercial departments and undertakings ;
  - 2) Works pertaining to the Mints ;
  - 3) Archaeological works in connection with conservation of ancient monuments ;
  - 4) works relating to construction and maintenance of civil aerodromes ;
  - 5) any other works or class of works allotted under orders of Government to the department using or requiring them.

Note., Subject to any general or special rule or order of Government to the contrary, the term □administrative control as applied to works implies inter alia the assumptions of full responsibility for the construction, maintenance and upkeep of buildings and other works and the provision of funds for the execution of those functions ( See Article 33 of the Account Code, Vol.1)

177 Subject to the observance of the following general rules, the initiation, authorization and execution of works allotted to particular departments should be regulated by detailed

rules and orders contained in the respective departmental regulations and by other special orders applicable to them.

## **GENERAL RULES**

178 Except in cases covered by any special rules or orders of Government no work should be commenced or liability incurred in connection with in until .\_\_

i) administrative approval has been obtained from the authority appropriate in each case ;

ii) sanction, either special or general, of competent authority has been obtained authorizing the expenditure ;

iii) a properly detailed design and estimate has been sanctioned ; and

iv) funds to cover the charge during the year have been provided by competent authority (*see also Para 93*)

If, in any case, whether on grounds of urgency or otherwise, an executive officer is required by superior authority to carry out a work or incur a liability which involves an infringement of these fundamental rules, the orders of such authority should be conveyed in writing. On receipt of such written orders or in cases of emergency, on his own responsibility, the officer may proceed to carry out the necessary work, subject to the condition that he immediately intimates to the Accountant General concerned that he is incurring an unauthorized liability and states approximately the amount of the liability which he is likely to incur.

179 (1) The powers delegated to various subordinate authorities to accord administrative approval and sanction to expenditure upon, and to appropriate and re-appropriate funds for, works are regulated by the orders contained in the Book of Financial Powers and other special orders contained in the respective departmental regulations .

(2) For purposes of approval and sanctions, a group of works which forms one project should be considered as one work, and the necessity for obtaining the approval or sanction of higher authority to a project which consists of such a group of works is not avoided by the fact that the cost each particular work in the project is within the powers of approval or sanction of any authority subordinate thereto.

Note: \_ while no officer may sanction any estimate for a work, which cannot be fully efficient

unless other works are also sanctioned if the cost of all such works collectively exceeds his powers of sanction, It is not the intention that two or more works should be regarded as forming part of a group of work merely because they are of the same nature, if they are otherwise mutually in dependent.

180 The authority granted by a sanction to an estimate must on all occasions be looked upon as strictly limited by the precise objects for which the estimate was intended to provide Accordingly any anticipated or actual savings on a sanctioned estimate for a definite project should not, without special authority, be applied to carry out additional work not contemplated in the original project or fairly contingent on its actual execution.

181 Any development of project thought necessary while a work is in progress which is not fairly contingent on the proper execution of the work as first sanctioned, should be covered by a supplementary estimate.

182 To facilitate the preparation of estimates, as also to serve as a guide in settling rates in connection with contract agreements, a schedule of rates for each kind of work commonly executed should be maintained in each locality and kept up to date. The rates entered in the estimates should generally agree with the scheduled rates but where, from any cause, these are *considered* insufficient, or in excess, a detailed statement must be given in the report accompanying the estimate, showing the manner in which the rates used in the estimate are arrived at.

183 When the works are given out on contract, the general principles laid down in para 18 and 19 should be carefully borne in mind.

## **WORKS UNDER THE ADMINISTRATIVE CONTROL OF THE PUBLIC WORKS DEPARTMENT**

184 Subject as provided in Para 176, provision for expenditure on all buildings communications and other works required is civil departments, which Government has not specifically allotted to such departments, should be included in the Grant for □Civil Works□, to be administered and accounted for by the Public Works Department. No such work may be financed partly from funds provided in a departmental budget and partly from the budget for civil works.

The term □Civil Works' used in this rule embraces all works chargeable to the heads □50--Civil Works□ and □ 81 Capital Account of Civil Works□ outside the Revenue Account.

Note separate grants are obtained for expenditure on Irrigation, Navigation, Embankment and Drainage works in charge of the Public Works Department.

185. The rules and instructions contained in Appendix 6 to the Central Public Works Account Code should be strictly observed by all authorities responsible for the preparation of budget estimates and administration of funds allotted for Central Public Works.

186. The financial powers of different authorities responsible for or concerned in the execution of Central Public Works and of appropriating and re-appropriating funds allotted for expenditure upon such works are laid down in the Central Public Works



Department Code, the Central Public Works Account Code and other special rules made by Government for application to special classes of works. The general rules contained in these codes, which govern the accord of administrative approval and sanction to and allotment of funds for Central Public Works, will apply *mutates mutandis* when such works are executed by the Public Works Department of a Governor's province on behalf of the Central Government. But, subject to any general or special order of the Provincial Government, officers employed on such works will exercise in respect of them the same powers of technical sanction as they exercise in respect of provincial works and carry out the works under rules and procedure prescribed by the Provincial Government concerned.

187 Similarly, when Central Public Works are entrusted to the agency of the Military Engineer Service for execution or maintenance, administrative approval and expenditure sanction will be accorded and funds allotted, by the authority concerned under the rules contained in the Central Public Works Department Code ; the Military Engineer Services will then be responsible for design, specification and execution in accordance with the rules and procedure prescribed in the Regulations for those services. (See Appendix C to the Regulations for the Military Engineer Services.)

188 In provinces and areas in which the Pakistan Public Works Department operates, namely, in Punjab, Sind, NWFP and Baluchistan all Central Public Works will be executed by the Pakistan Public Works Department unless in any particular case such works have been entrusted under special orders of Government to the Provincial Government or to any other agency:

Provided that where for administrative or economic reasons the maintenance of any Central building in charge of the Public Works Department is entrusted to any other civil department, original works and special repairs costing Rs. 2500 or less and all ordinary repairs irrespective of cost, in respect of such buildings may be carried out by the head of the department concerned in accordance with such special instructions as may be issued to him by the Public Works Department. Provision for expenditure on such works should be made in the Budget for '50--Civil Works' under a special subhead □ Petty construction and repairs by Civil Departments □ subdivided into two secondary units (i) works and (ii) repairs, from which allotments will be made by the Public Works Department to heads of civil departments carrying out the works and while full budgetary and financial control in respect of such works remain with the Public Works Department, the charges incurred by the civil departments may be drawn under the rules and procedure governing contingent expenditure (See also Para 310 of the Central Public Works Account Code).

189 In provinces and areas where the Pakistan Public Works Department does not operate, a competent authority may, subject to such restrictions as it may think necessary to impose, assign to heads of civil departments, the execution of petty works and repairs costing Rs. 2500 or less relating to buildings under the administrative control of the Public Works Department, provided that such works do not form part a bigger programme. When such assignment has been made, the charges incurred by the civil department may be drawn and accounted for as contingent expenditure of the department concerned.

190 In all other cases in which a civil department is entrusted with the execution of Central Public Works, the departmental officer carrying out the work should act as a Public Works disbursing officer and be guided generally by the rules and procedure which apply when works are carried out by the Public Works Department.

### **WORKS UNDER THE ADMINISTRATIVE CONTROL OF OTHER CIVIL DEPARTMENTS**

191 (1) Save where any particular departments (e.g Salt, Forest, Archaeology, Broadcasting, Lighthouse, etc), has been authorized by Government to execute all or specified classes of departmental works without reference to the Public Works Department or the Military Engineer Services, and subject to any special rule or order issued by Government to apply to special classes of Works, all original works and special repairs, Costing more than Rs 2500 relating to buildings and other works, the administrative control of which vests in other civil departments, should be executed through the agency of the Public Works Department, Central or Provincial, as the case may be or through the Military Engineer Services where it is not convenient for the Public Works Department to undertake the Work. In exceptional cases in which the Public Works Department or the Military Engineer Services is not employed for the execution of such works or repairs, the Accountant General should invariably be consulted at the initial stage, i.e. prior to an agreement being entered into with an architect or contractor so that suitable provision may be made as far as possible for normal audit and financial control.

(2) The provisions of paras 186 and 187 will apply mutatis mutandis, when such works are executed through the Public Works Department or any other department or authority.

Note: - The rules and instructions laid down in Appendix 6 to the Central Public Works Account Code are applicable mutatis mutandis to works expenditure on works chargeable to the major heads '34 Tribal Areas'

When such works are executed through the Military Engineer Services, the rules contained in Appendix C to the Regulations for the Military Engineer Services will apply.

192 When works allotted to a civil department other than the Public Works Department are executed departmentally, whether direct or through contractors, the form and procedure relating to expenditure on such works should be prescribed by departmental regulations framed in consultation with the Accountant General generally on the principles underlying the financial and accounting rules prescribed for similar works carried out by the Public Works Department. The guiding principles laid down by the Accountant General, Pakistan Revenue are reproduced in Annexure A to this chapter.

Note: - Expenditure on Works of petty constructions and repairs costing Rs 2500 or less relating to buildings under the administrative control of a civil department, other than the Public Works Department may be drawn and charged as contingent expenditure of the department concerned provided that where any Individual item or such petty works

costing Rs 2500 or Less form part of a bigger Program, the expenditure should he treated as □ Works expenditure of the department carrying Out the work.

### **SPECIAL RULES FOR SANITARY, WATER SUPPLY AND ELECTRIC INSTALLATIONS TO GOVERNMENT BUILDINGS, STC.**

193 (1) Subject as hereinafter provided all works and repairs in connection with sanitary water Supply and electric installations to Government buildings, where such buildings are not in charge of the Military Engineer services or of Railways, should be carried out by or through the agency of the Public Works Department, except in special cases under the orders of Government.

In the case of Pakistan Post Office Department the Superintendent Post Offices and Railway Mail Service/1st Class Post Masters and in the case of Telegraph and Telephone Department the Divisional Engineers are authorized to execute departmentally all Works and repairs connected with sanitary and Water Supply installations to the Pakistan Post Office and Telegraph and Telephone Building up to a limit of Rs 250 /- and Rs 500 /- respectively, provided that the estimate for each work so executed has received the sanction of the of the competent authority.

Note: The rules relating to the provision of these installations in Government buildings occupied as residences are laid down in Rules 45-A and 45-B of the Fundamental Rules and the supplementary Rules issued there under.

(2) As a general exception to this rule, the Pakistan Post Office and Telegraph and Telephone Department is authorized to execute works and repairs in connection with electric installations in Pakistan Pot Office and Telegraph and Telephone buildings.

(3) The electric installations in Government buildings, etc., (including connect ground lighting arrangements) under the administrative Control of the Director of Civil Aviation in Pakistan constitute another exception to this rule. In their case the Directorate is left free either to execute such works and repairs departmentally or to employ the agency of the Public Works Department or the Military Engineer Services at their discretion.

(4) At places where the Pakistan Public Works Department operates (See Para 188), and where there is no staff of that department, the procedure for the execution of works and repairs in connection with sanitary, water supply and electric installations in Government buildings under the administrate control of Central Civil Department should be as follows :-

(i) all works and repairs costing up to Rs 300 in the case of electric installations and Rs.1000 in the case of sanitary and water supply installations should be executed departmentally ;

(ii) all estimates for such works and repairs to be carried out locally should be submitted for prior scrutiny to the Chief Engineer, Pakistan Public Works Department , and

(iii) all installations costing over Rs 2500 should be inspected annually and the remainder biennially by an officer of the Pakistan Public Works Department.

(5) deleted

194 The provision and maintenance of sanitary water supply and electric installations in Military and Railway buildings and other works and such provisions in civil buildings in charge of the Military Engineer Services are governed by special rules prescribed in the departmental regulations.

195 Expenditure incurred by civil departments in connection with these installations , where it does not exceed Rs 2500 may be charged as contingent expenditure of the department carrying out the work.

#### **MISCELLANEOUS RULES**

196 No authority lower than the Head of a Local Administration is competent to authorize the acquisition of a building by purchase, even though the purchase of the required accommodation may have been sanctioned by competent authority. In all such cases a survey and valuation report by the Public Works Divisional Officer should be submitted to the Head of the Local Administration.

197 No public building which is not a purely temporary structure may be sold or dismantled without the sanction, previously obtained of Government if its book value exceeds Rs. 10,000 or, in other cases of the Head of the Local Administration or Chief Engineer, Pakistan Public Works Department as the case may be.

198 In respect of buildings available for occupation as residences, capital and revenue accounts are prepared periodically by the Accountant General in accordance with the directions given in the Account Code, Volume IV and any further orders that Government may issue in this behalf. All officers concerned should furnish the Accountant General annually with the necessary data in respect of such buildings in such form as may be prescribed by the Accountant General.

199 Local Administrations may sanction expenditure on ceremonies connected with the inauguration of important public works e.g the laying of foundation stones of public buildings, the opening of canals, the opening of bridges, other than those constructed from railway funds, etc., up to the limit of Rs 2500 in each case.

Note: -The expenditure on such functions should be limited to the minimum absolutely necessary and the Ministry of Finance should be afforded full justification for any such contemplated outlay before any commitments are entered into with regard to it.

200. The preparatory stages of a major work may take anything from three months to a year and attempts to expedite the execution of works contrary to Code rules lead to bad estimating and computing and, to actual losses of money. These unfortunate results have been commented upon adversely by the Public Accounts Committee on various occasions, and it is desirable that the tendency to rush the preparatory stages for works should be checked. The Chief Engineer and his subordinate officers should accordingly take, in all cases, such time as is considered necessary for the preparation of proper estimate, the grant of technical sanction, and the invitation and examinations of tenders and refrain from entertaining request from administrative departments for special treatment. In emergent cases, however where circumstances warrant a departure from methods laid down by the Codes, the Public Works Department may issue special instructions on a reference received from the administrative department concerned.

**ANNEXURE. A**  
*(See Para 192)*

Generally Principles laid down by the Accountant General Pakistan Revenues regarding the Accounting of expenditure on □works' executed by Civil Officers.

For every work there should be a duly sanctioned detailed estimate Copies of sanctions to estimates are to be communicated to the Accountant General by the sanctioning authority as soon as a sanction is accorded. If however, the number of works sanctioned is large such sanctions may conveniently be communicated through a monthly statement in P. W .D Form No.34. Copies of sanctions to contracts, establishment charge to works or any other financial sanctions should be communicated to the Accountant General individually.

2 Payments for all works done by contract of materials purchased should be made on the basis of measurements recorded in Measurement Books (C. P. W. A. Form 23). A muster roll in C. P. W. A Form 21 should be prepared for works done by daily labor. It is desirable that C. P. W. A Form 24 or 27 should be used for payment to contractors. If any establishment is entertained on monthly wages whose pay is chargeable to a work C. P. W. A. Form 29 may be used for payment of their wages. The rules regarding the preparation and check of these documents will be found in Chapter X of the Central Public Works Account Code.

3 Separate contingent bills should be prepared for expenditure relating to □Works' duly supported by sub vouchers in forms referred to in paragraph 2 above. The name of work as given on the sanctioned estimate should be noted conspicuously on each sub voucher as well as in the bill itself.

4 At the end of a month every disbursing officer will render to the Accountant General, the following monthly accounts so as to reach him by the 8th of the next month :-

i) *Schedule of works expenditure* (C. P. W. A. Form 64) Showing expenditure incurred during the month and total charges up to date in respect of every work in progress. All payments pertaining to a work during a month will be posted in column 5 of the form

quoting voucher number and date in column 7 and all works in progress will be shown in this schedule.

ii) *Contractors ledger* in C. P. W Form 43 :- This account need only be prepared in accordance with Section G of Chapter X of the Central Public Works Account Code, if any intermediate payment on running account is made to a contractor. It is not required in cases where every payment to contractor is final.

iii) *Accounts of receipts and issues of Tools and Plant* purchased by or belonging to the departmental office in C. P. W. A Forms 13 and 14 :- To be prepared in accordance with paragraphs 145 and 146, Central Public Works Account Code.

5 In respect of articles of Tools and Plant purchased in connecting with 'work' and annual Register to show receipts, issue and balances will have to be maintained in C.P. W. A. Form 15 in accordance with paragraphs 147 et seq. of the Central Public Works Account Code. The register may be annually closed as soon after the month of December as possible, the book balance being physically verified and certified and sent to the Accountant General by the officer concerned so as to reach him on or before the 15th of February every year.

6 A copy of the Register of buildings in charge of every disbursing officer should be sent to the Accountant General in P.W.D Form No 25.

## **CHAPTER 10 MISCELLANEOUS EXPENDITURE**

### **I. GENERAL**

201 The term 'miscellaneous expenditure' applies generally to all expenditure in the civil departments which does not fall under the category of pay and allowances of Government servants, pensions, contingencies, grants-in-aid, contributions, stores or works.

The powers delegated to subordinate authorities to sanction items of miscellaneous expenditure as defined above, for which no special power, scale or limit has been prescribed by any Act, rule, code or order are specified in Schedule IV to the Book of Financial Powers.

Note :- Grants-in-aid and contribution have, however been dealt with in this chapter for the sake of convenience.

202 Miscellaneous expenditure is subject generally to the rules of procedure which apply to contingent expenditure, except in so far as it may be governed by any special rules or orders made by competent authority.

## **II\_\_ REFUNDS OF REVENUE**

203 Refunds of revenue are broadly classified as :-

- i) refunds to which the claimants are legally entitled, and
- ii) refunds which are made ex gratia, Government being under no Legal obligation to make them.

Note 1 :- Refunds of revenues are not regarded as expenditure for purpose of grants or appropriations.

Note 2 :- Remissions of revenue allowed before collection are to be treated as reduction of demands and not as refunds.

204 Subject to the provisions of the relevant Acts, and rules made there under, the sanction necessary for refunds of revenue will be regulated by the orders of the Local Administrations and by departmental rules and orders contained in the departmental manuals, etc.

The sanction may either be given on the voucher itself or quoted in it, a certified copy being attached when such orders are not separately communicated to the Accountant General.

205 Before a refund of any kind, otherwise in order, is allowed, the original demand or realization, as the case may be must be traced and a reference to the refund should be so recorded against the original entry in the cash book or other documents as to make the entertainment of a double or erroneous claim impossible. Any acknowledgment previously granted should if possible, be taken back and destroyed and a note of the repayment recorded on the counterfoil of the receipt.

Note :- The instructions contained in this Para do not apply to the refunds of revenue on tobaccos and industrial salt void Treasury Rule 401.

## **III.\_\_ GRANTS-IN-AID CONTRIBUTIONS, ETC**

### **GRANTS TO PUBLIC BODIES INSTITUTIONS, ETC**

206 The sanction necessary for payment of grants-in-aid or contributions to educational and other institutions, local bodies and Cooperative Societies and of educational scholarships is regulated by the orders contained in para 13 of the Book of Financial Powers and detailed rules made by Local Administrations under the powers vested in them. The following instructions are issued for the guidance of sanctioning authorities in the matter of according sanctions for grants-in-aids.

207 (1) Unless in any case Government directs otherwise, every order sanctioning a grant should specify clearly the object for which it is given and the conditions, if any, attached to the grant. In the case of non-recurring grants for specified objects, the order should also specify the time limit within which the grant or each installment of it is to be spent.

(2) Only so much of the grant should be paid during any financial year as is likely to be expended during that year. In the case of grants for specific works or services such as buildings, water supply schemes and the like, the sanctioning authority should use its discretion in authorizing payments according to the needs of the work. The authority signing or countersigning a bill for grant-in-aid under Treasury Rule 406 should see that money is not drawn in advance of requirements. There should be no occasion for a rush for payment of these grants in the month of June.

(3) Before a grant is paid to any public body or institution, the sanctioning authority should as far as possible insist on obtaining an audited statement of the account of the body or institution concerned in order to see that the grant-in-aid is justified by the financial position of the grantee and to ensure that any previous grant was spent for the purpose for which it was intended. It is not essential for this purpose, however, that the accounts should be audited in every case by the Pakistan Audit Department and it will be sufficient therefore if the accounts are certified as correct by a registered accountant or other recognized body of auditors. In the case of small institutions, which cannot afford to obtain the services of a registered accountant or other registered body of Auditors, the sanctioning authority may exercise its discretion of exempting any such institution from the submission of accounts audited in this fashion.

The authority sanctioning a grant, while communicating the sanction to the Accountant General, should state whether the audited statement of accounts has been received when required, or whether the grantee has been exempted from submitting the statement.

Note :- This order applies both to non-official institutions and to semi-official ones, such as Public Clubs, etc.

208 In cases in which conditions are attached to the utilization of a grant in the form of specification of particular objects of expenditure or the time within which the money must be spent or otherwise the departmental officer on whose signature or counter signature the grant-in-aid bill was drawn hold be primarily responsible for certifying to the Accountant General, where necessary, the fulfillment of the conditions attaching to the grant, Unless there is any special rule or order to the contrary. The certificate should be furnished in such form and at such intervals as may be agreed between the Accountant General and the head of the department concerned. Before recording the certificate, the certifying officer should take steps to satisfy himself that the conditions on which the grant was sanctioned have been or are being fulfilled. For this purpose he may require the submission to him at suitable intervals of such report statements etc., in respect of the expenditure from the grant as may be considered necessary. Where the accounts of expenditure from the grant are inspected or audited locally, the inspection or audit report as the case may be will either include a certificate that the conditions attaching to the



grant have been or are being fulfilled or will give details of the breaches of those conditions.

209 Unless it is otherwise ordered by Government, every grant made for a specific object is subject to the implied conditions :-

(i) that the grant will be spent upon the object within a reasonable time, if no time limit has been fixed by the sanctioning authority and

(ii) that any portion of the amount which is not ultimately required for expenditure upon that object, should be duly surrendered to Government.

### **EXPENDITURE FROM DISCRETIONARY GRANTS**

210 When under orders of competent authority, an allotment for discretionary grants is placed at the disposal of a particular officer, the expenditure from such grants will be regulated by general or special orders of the Local Administration, specifying the objects for which the grants can be made and any other condition that should apply to them. Such grants must be non recurring i.e. not involving any future commitments.

### **OTHER GRANTS**

211 Grants, Subventions etc other than those dealt with in the foregoing pages, can be made only under special orders of Government.

## **IV. \_\_ COMPENSATION TO CIVIL OFFICERS FOR LOSS OF PROPERTY**

212 (1) All cases in which it is proposed to grant compensation to any civil officers for the accidental loss of his property should be referred to Government for orders through the Administrative Department concerned.

(2) Compensation will not ordinarily be granted to a Government servant for any loss to his property which is caused by an act of God as earthquake, floods etc., or which is due to ordinary accident which may occur to any citizen e.g loss by theft, or as the result of a railway accident, fire etc., The mere fact that, at the time of the accident the Government servant is technically on duty or is living in Government quarters, in which he is forced to reside for the performance of his duties, will not be considered as a sufficient ground for the grant of compensation. These points should be borne in mind while submitting proposals to Government.

## **V. \_\_ SPECIAL POLITICAL EXPENDITURE**

213 The following rules have been prescribed for the regulation of expenditure incurred in connection with special political missions and, subject to such special orders as may be issued by Government in particular cases, these rules should be observed by all officers placed in charge of such missions.

(1) For the purposes of account and audit the expenditure should be broadly divided into two classes:-

Class.1\_\_Charges requiring the sanction of overment either specific or general.

### **PAY AND ALLOWANCES**

1. Pay of gazetted Government servants.
2. Pay of fixed establishment (both permanent and temporary).
3. Sumptuary allowance.
4. Outfit allowance.
5. Travelling allowance (if different from that admissible under the prescribed rules).
6. Free rations.
7. Compensation for dearness of provisions.
8. Other special allowances if any.

Class II. Charges which may be incurred by the officer-in-charge at his discretion within the amount of the sanctioned appropriation.\_\_

### **Initial Charges**

1. Purchase of tents.
2. Purchase of camp furniture and equipment.
3. Purchase of transport equipment.
4. Purchase of Toshakhana articles.
5. Purchase of mess equipment.
6. Purchase of transport animals.
7. Supply of warm clothes.

### **Recurring Charges**

8. Transport charges i.e camel, mule and cooly-hire

9. Purchase of stationery.
10. Compensation ---
  - i) to camp followers for loss of transport animals.
  - ii) to villagers for damage to crops, etc.
11. Rewards and khilats.
12. Secret Service expenditure.
13. Dak arrangements.
14. Mehmani to tribesmen and chiefs.
15. Payments to guides.
16. Improvement of roads.
17. Service telegrams and postage.
18. Fees and keep of transport animals.
19. Construction of boundary Pillars.
20. Miscellaneous expense.

( 2) (i) Officers entrusted with such expenditure are required to submit as early as possible, detailed estimates of probable expenditure classified as above. Under □Pay and Allowances□ present emoluments and the special pay and other allowances proposed should be clearly indicated. If the grant of traveling allowances, other than those authorized under rule is in any case recommended, the precise nature (e.g., increased daily or mileage allowance, etc), of the concession should be specified and when free carriage is allowed it should be explained to what extent the primary or special travel allowance should be reduced. The classes of officers entitled to rations, either free of charge or on payment, should be specified. A scale should be proposed for the issue of rations on payment as also if necessary □for compensation for dearness of provisions□. No expenditure should be incurred under Class I in excess of the amounts sanctioned.

(ii) As regards expenditure under Class II, a fairly approximate estimate of the initial charges 1 to 7 can be prepared. The estimates for Recurring charges can, in the first instance, be a rough forecast only, but as soon as the officer is in a position to do so, a revised estimate should be submitted. Expenditure under Class II may be incurred up to the limit of the estimates under each head when these have been approved and under

□Recurring charges□ appropriations may be transferred from one head to another, provided the total allotment is not exceeded.

Note. \_\_ the classes of servants to whom warm clothing is to be grant , maximum amount Per head should be laid down in addition to the total grant for that Purpose.

(3) An officer in-charge of a special political mission should supply himself with funds by cheques drawn on treasuries against letters of credit as laid down in clause (i) of Treasury Rule 418 and accounts of expenditure incurred by him should be rendered to the Accountant General in accordance with the procedure laid down in clauses ii to iv of that rule.

(4) A supply of stationery as well as of Pay, Traveling Allowance and Contingent Bill forms should be obtained from the Controller of Printing Stationery and Forms, Karachi and all charges should be drawn on the regular forms.

(5) Advances made for public expenditure will be held under objection until a detailed account duly supported by vouchers is furnished in adjustment of them.

(6) A Store Account in Form GFR-14 should be kept of the articles purchased for the Toshakhana, which at the close of mission should be submitted through Government to the Accountant General.

## **CHAPTER .\_\_11** **DEBT AND MISCELLANEOUS OBLIGATIONS OF GOVERNMENT**

### **RUPEE DEBT**

214. The management of Public debt in Pakistan and the maintenance of accounts relating thereto are vested in tic State Bank of Pakistan . A substantial part of the work falls, however on treasuries and sub treasuries.

215. The procedure to be followed in treasuries and other Government office in dealing with securities of rupee loans issued by Government and in making payment of interest in respect thereof is regulated by the provisions of the Public Debt Act 1944 (XVIII of 1944) as amended from time to time and the statutory rules issued thereunder. Detailed rules, based mostly on the statutory rules referred to above, and the supplementary orders issued by Government from time to time are to be found in the Government Securities Manual issued under the authority of Government.

Note .\_\_ Unless there be anything repugnant in the subject or context, and without prejudice to the provision of the law and the statutory rules mentioned above, the rules in the Government Securities Manual in so far as they deal with the procedure relating to disbursement of money from, and payment of money into, the Public Amount are to be

regarded as rules framed under the constitution . Likewise, the rules in the Manual which prescribe the form of initial accounts to be kept at treasuries in respect of payment of interest of Government Securities repayment to principal of terminable loans, receipt of subscription to new loans and of other allied transaction and the form in which the account of such transaction are to be rendered to the Accountant General should be regarded as directions given by the Auditor General which the approval of the President and will be subject to any directions contained in this behalf in Volume II of the Account Code .

216 Treasury Bills, Prize Bonds and Savings Certificates issued by the Government from time to time are special forms of Government Securities which are issued and repaid under special rules and orders made by Government in this behalf. (See also rules 593, 594 and 598 of the Treasury Rules )

### **PROVIDENT FUNDS**

217 The term 'Provident Funds' is strictly applicable to all 'Provident Funds' within the meaning of the Provident Funds Act, 1925 (XIX I of 1925), as amended, have been constituted for the benefit of Government servants including Railway employees under the administration of the Federal Government. The procedure relating to the recovery of subscriptions to, and withdrawals from such funds will be regulated strictly in accordance with the provisions of the respective Provident Fund Rules and the subsidiary instructions contained in Section III of Part VIII of the Treasury Rules.

The legal aspect of the provisions in the Provident Funds Rules has been dealt with the Memorandum explanatory of Government Provident Fund Rules vis-a-vis the law on the subject' which has been prepared by Government in consultation with its legal advisers Appendix 12. The Memorandum as stated in the preface thereto is not exhaustive and exceptional cases may arise which are not covered by the instructions in the Memorandum but it will be found useful in dealing with the generality of cases arising under the various Provident Fund Rules.

218 The following instructions should be carefully observed by heads of offices with a view to the correct preparation of the Fund Schedules referred to in Treasury Rules 604 :-

- i) A complete list of subscribers to each fund should be maintained in each disbursing office in the form of the schedule.
- ii) each new subscriber should be brought on this list and any subsequent changes resulting from his transfer or in the rate of subscription etc., clearly indicated.
- iii) Except where it is otherwise provided in the rules of the fund concerned changes in the monthly rates of subscription will be permissible only from the first of April each year i.e. with effect from the pay for June drawn in July.

iv) When a subscriber dies, quits the service or is transferred to another office, full particulars should be duly recorded in the list.

v) In the case of the transfer of a subscriber to another office the necessary note of transfer should be made in the list of both the offices.

vi) From this list the monthly schedule to be appended to the pay bill should be prepared and agreed with the recoveries made before the submission of the bill to the treasury for payment.

## **SERVICE AND OTHER FUNDS**

Central Employees Benevolent Fund.

Central Employees Group Insurance Fund.

Postal Insurance Fund

219 Contributions, donations, etc., recoverable, and benefits payable, in respect of the funds specified above will be regulated in accordance with the Rules of the respective funds and the subsidiary instructions contained in Treasury Rules 602 and 611.

220 Subscriptions to Central Employees Benevolent Fund from both Gazetted and non-Gazetted employees and Group Insurance Fund in case of Gazetted Officers only are realised in cash by deduction from the pay bills in accordance with the orders of the Government.

Note.\_ It must be distinctly understood that in the case of the General Family Pension Fund, the Hindu Family Annuity Fund and the Bengal Christian Family Pension Fund, Government exercises no supervision over the management of the Funds and is no way responsible for their solvency.

221. A detailed list of the subscriptions realised in cash on behalf of each fund showing the date and amount of each receipt and the name of the person on whose behalf it is paid in, should be submitted by the Treasury Officer to the Accountant General with the cash account of each month. This list will be a copy of a register maintained in the treasury.

222. The deposit accounts of these funds on the Government book will credited with interest at such rates and at such intervals as may be prescribed by Government in each case.

Note.\_\_ An important difference with regard to interest is made between subscriptions paid by deduction from pay-bills and subscriptions paid in cash, no interest being allowed for the month of payment on cash subscriptions received after the 4th of the month, whereas subscriptions deducted from a bill bear interest as though they had been received on the first of the month.

## **CHAPTER 12. LOCAL FUNDS**

### **INTRODUCTORY**

223 (I) The transactions of local funds as defined in Treasury Rule 652 are not included as such in the Public Account, except in so far as their cash balances may be deposited with Government under Treasury Rule 653 and accounted for under the deposit head □Deposits of Local Funds□, The function of Government in regard to such deposits is that of a bank (see Treasury Rule 654).

- 2) The main classes of local funds are :-
- i. District Funds ;
  - ii. Municipal Funds
  - iii. Cantonment Funds
  
  - iv. Port and Marine Funds
  
  - v. Other miscellaneous Funds

Note :\_\_ The expression □local body□ as used in this Chapter means the authority legally entitled or specially empowered by Government to administer a local fund.

224 The financial transactions between Government and local bodies will be regulated by the following rules and by such other general and Government may issue special orders as in this behalf.

### **GRANTS TO LOCAL BODIES**

225 The payment of the various classes of grants to local bodies will be governed by general instructions contained in pares 206 to 209 and by such special orders as may be issued by Government in regard to each class of grant.

### **LOANS TO LOCAL BODIES**

226 The detailed procedure to be followed in connection with the grants of loans to local bodies will be regulated by the by the provisions of the Local Authorities Loans Act and other special Acts and by rules made there under (see also Para 237).

### **CHARGES RECOVERABLE FROM LOCAL BODIES**

227 Unless any of the following arrangements have been authorized by Government a local fund should be required to pay in advance the estimated amount of charges to be incurred or cost of services to be rendered by Government on account of the Fund :\_\_

- i) payments as made by Government may be debited to the balance of the deposits of The local fund in Government books ;
- ii) recovery from the local fund may be postponed till the time when Government has to make payment for the charges ;
- iii) payments may be made as advances from Government funds in the first instance ,pending recovery from the local fund.

228 Any amount due to Government by a local body including any amount overdue for payment in respect of loan is subject to recovery by adjustment from any non-statutory grant sanctioned for payment to it. The authority signing or countersigning a bill for such a grant should see that this rule is observed as far as practicable.

### **REVENUE COLLECTED ON BEHALF OF LOCAL BODIES**

229 Unless it be expressly authorized by law, proceeds of taxes lines or other revenues levied or collected by Government may not be appropriated direct to a local Fund without passing them through the general revenue account of Government, whether or not such taxes fines etc., are earmarked from the start for the purposes of the fund.

230 Subject to the provisions of relevant Acts and rules made there under, adjustments with local bodies in respect of revenue an other moneys raised or received by Government on their behalf will be made in such manner and on such dates as may be authorized by general or special orders of Government.

### **USE OF SERVICE POSTAGE STAMPS**

231 Service Postage stamps may not be used by a local fund officer or any Government officer acting in a capacity connected with a local fund (such as Chairman or Secretary of a local fund committee), but they may be used on the correspondence of a public officer acting as such even though the correspondence relates to the affairs of a local body.

Note :- Telegraphic messages, the charges for which are to be borne by local funds, should be classified as Private and not as 'State'.

### **AUDIT OF ACCOUNTS**

232 Subject to the provisions of any law or rule having the force of law, the accounts of local bodies will be audited by the Pakistan Audit Department under general agreement reached between Government and the Auditor General. The agreement extends also to the accounts of other non-Government bodies or institutions, which under any general or special order of Government have to be audited through Government agency.

233 Audited fees on the basis of daily rates prescribed by Government from time to time will be charged for the audit by the Pakistan Audit Department of the accounts of local



and other non-governmental funds excluding Port Trusts and other funds for the audit of which the rates of fees recoverable are prescribed by law or by rules having the force of law.

Nothing contained in this Para shall be held to override any special instructions of Government exempting any particular local body or institution wholly or partially from the payment of audit fees.