



Cash Management and Treasury Single Account Rules 2020

24th July, 2020

**Government of Pakistan
Finance Division
Islamabad**

www.finance.gov.pk

*Rules to prescribe an effective cash management system for Ministries/Divisions,
Attached Departments and Subordinate Offices and other Federal Government
Departments leading to Treasury Single Account – as required under section 30
read with section 42(1)of Public Finance Management Act, 2019*

Government of Pakistan

Finance Division

Islamabad, of the 24th July, 2020

NOTIFICATION

S.R.O._____ **(I)/2020.**- In exercise of the powers conferred by sub-section (1) of section 42 of the Public Finance Management Act, 2019, the Federal Government is pleased to make the following rules, namely:-

Chapter 1

Preliminary

1. Short title, commencement and application:

- 1). These rules shall be called the Cash Management (Treasury Single Account) Rules, 2020.
- 2). These rules shall come into force with effect from the date of publication in the official Gazette.
- 3). These rules shall apply to Government Offices and shall having effect notwithstanding anything to the contrary contained in the Federal Treasury Rules.

2. Definitions

- (1) Unless there is anything repugnant in the subject or context;
 - a. “accounting office” includes Office of the Accountant General of Pakistan Revenues, its sub-offices, treasury offices, accounts department of self-accounting entities, Office of Military Accountant General and its sub-offices;
 - b. “assignment account” means a ledger sub-account of the Federal Consolidated Fund or Public Account and includes sub-accounts, revolving fund accounts, required for donor aided projects or otherwise;
 - c. “Act” means the Public Finance Management Act, 2019;

- d. “cash buffer” means a minimum amount to be kept in the State Bank of Pakistan at all times to meet expenditure requirements of the Federal Government;
 - e. “Government financial management information system” or “GFMIS” means the computerised management information system used by Controller General of Accounts and Finance Division for accounting, recording and reporting of Government;
 - f. “Government office” includes Ministries, Divisions, their executive departments, attached departments, subordinate offices and other office or department declared as such by the Federal Government;
 - g. “non food account no. 1” means account as maintained by the State Bank of Pakistan (SBP) and its agents for recording of Federal Government receipts and payments;
 - h. “schedule of authorized expenditure” means a schedule as specified in Article 83 of the Constitution of the Islamic Republic of Pakistan, 1973; and
 - i. “special purpose funds” means the fund as described in section 32 of the Act.
- (2) The words and expressions used in these rules but not defined herein shall have the same meaning as assigned thereto in the Act.

Chapter II:

Treasury Management

3. Procedure for withdrawal from Federal Consolidated Fund.

- (1) For the purpose of Spending or withdrawal from Federal Consolidated Fund (FCF) as provided in the schedule of authorized expenditures or supplementary grants, as the case may be, there shall be required to observe procedures of:
- (a) pre-audit system of the accounting offices; or
 - (b) assignment account and sub-assignment accounts;
or
 - (c) direct debit advice by the Finance Division to the SBP.

- (2) Direct payments from Federal Consolidated Fund shall only be made by the Finance Division by issuing direct debit advice with the approval of the Secretary Finance, where inevitable circumstances exist necessitating such payment and a copy of the direct debit advice shall be sent to the accounting office, which shall record the same in GFMIS.
- (3) Each direct debit advice to SBP under sub rule (2) shall be signed by two authorised officers whose specimen signatures shall be communicated to SBP through Secretary Finance of the Federal Government and the direct debit advice to the SBP, must state by making explicit reference to the file, communication number and date of the approval.
- (4) In order to ensure that funds are available in a timely manner to settle all duly authorised expenditures in schedule of authorised expenditure and supplementary grants, the Finance Division shall as it may deem fit maintain a cash buffer as a percentage of total budgeted expenditure for any fiscal year excluding debt servicing.
- (5) Finance Division shall, in close coordination with the SBP, utilise all surplus cash, over and above cash buffer available in the cash balance report of SBP after taking into account estimated net cash receipts for retiring short term borrowing.
- (6) All Government offices shall report fiscal data through GFMIS to budget wing of Finance Division enabling it to prepare regular forecast cash flow reports for next two months on a monthly basis. The cash flow statement of the Federal Government shall be prepared by taking into account all expected cash flow determinants including but not limited to----
 - (a) historical data for last three years for tax and non tax receipts as adjusted on pro rata basis against budgeted revenue for that fiscal year and the historical data shall be extracted from GFMIS; and
 - (b) historical data for payment of expenditures, other than debt servicing, on various heads as mentioned in annual budget statement estimated against the budgeted figures.
- (7) Debt servicing payments shall be estimated by debt policy and coordination office of the Finance Division.

- (8) Line items for unforeseen cash inflows and outflows shall be accounted for in cash flow forecasting reports.
- (9) Finance Division, in collaboration with the Federal treasury office, shall issue public funds release strategy by the 10th July of each fiscal year.

Chapter III

Government bank accounts

4. Procedure for opening Government bank accounts.—

- 1). No Government office shall open, operate or maintain a bank account for any purpose, except in accordance with the Act and these rules.
- 2). The SBP shall instruct the scheduled banks to conduct their regular procedure of know your customer (KYC) on existing bank accounts prescribed format set out in Annexure A to these rules. The scheduled banks shall report all such bank accounts and balance therein, operated or maintained by any Government office to Finance Division through the SBP.
- 3). Subject to sub-rule (5), any approval granted by Finance Division prior to commencement of these rules, for opening of bank accounts in scheduled banks by Government offices stand revoked on commencement of these rules and the SBP shall instruct all scheduled banks not to open account of any Government office. The accounts already opened shall be closed and balance therein shall be transferred to the Federal Consolidated Fund using treasury challan provided in Form 32A of the Federal Treasury Rules while following accounting and recording procedure, under following heads of chart of accounts in GFMIS, namely:-

Major Object	C03	Miscellaneous Receipts
Minor Object	C037	Extra Ordinary Receipts
Detailed Object(New)	C093748	Monies returned to Treasury single account (TSA) under the Public Finance Management Act, 2019
Detailed Object (New)	C03749	Profits on monies returned to TSA under Public Finance Management Act, 2019

- 4) No authority shall transfer public monies in contravention of sub-section (2) of section 23 of the Act. All investments made by Government offices in commercial bank accounts from special purpose funds or otherwise, for which money was sourced through the Government's budget, schedule of authorised expenditure or supplementary grant, shall be disinvested and balance amount therein shall be deposited in non-food account No.1 of the Federal Government as non-tax revenue by the principal accounting officer or on his instruction, following procedure provided under sub rule (3).
- 5) Where, any expenditure is associated on disinvestment, under sub-rule (4) the same shall be communicated to Finance Division in advance which may agree to a supplementary grant for this purpose. Where investments were made prior to commencement of these rules and yet not matured, and it appears to principal accounting officer that disinvestment will cause loss to the national exchequer, then such investment shall be reverted to Federal Consolidated Fund on its maturity.
- 6) The SBP, in consultation with Finance Division, shall consolidate existing accounts including Federal Consolidated Fund, Public Accounts and other bank accounts of Government offices opened pursuant to section 31 of the Act. Finance Division shall communicate to the SBP any such bank account.
- 7) Finance Division may authorise, as provided under section 31 of the Act, opening of additional bank accounts in the SBP as well as in domestic and foreign commercial banks, to act as transitory bank accounts to facilitate collection of revenues or for processing of payments. However, the Finance Division shall ensure that the balances in these bank accounts are kept to a minimum and are cleared to the main operational account of Government at the SBP in a timely manner. Agreements with the SBP and Government shall be made with any domestic or foreign commercial banks to manage these transitory accounts.
- 8) Where collection of revenue or execution of payments are made through bank accounts opened pursuant to section 31 of the Act, Finance Division shall make arrangements regarding furnishing of such information to the SBP, its agents and accounting offices to ensure complete recording of transaction executed through such bank account.
- 9) Finance Division may, from time to time, seek such information, as may be agreed between the SBP and Finance Division, from commercial banks for purposes of the Act.

- 10) Finance Division may inquire from principal accounting officers, the purpose, cash balance, bank statement, information of signatories and authority or legal instrument under which bank accounts have been opened by any office under their administrative control.
- 11) The cheques drawn on non-food account No.1 maintained with the SBP shall be valid for a period of three months from the date of issuance or till the 30th June of that fiscal year, whichever is earlier.
- 12) Any ceiling facility provided to or being availed by any Government office or entity for withdrawal of funds directly from Federal Consolidated Fund by using cheque book of non-food account No.1 or assignment account shall cease on the 30th June every year.

Chapter IV:

Treasury Single Account system

5. Treasury single account system.—

- (1) Federal Consolidated Fund Account, Public Account, assignment accounts, their sub-accounts and linked accounts as approved by the Finance Division, shall form part of the treasury single account system.
- (2) Monies that have been appropriated through the Federal Government budget and have been transferred to scheduled bank accounts by Government offices shall be reverted to the non-food account No.1 of the Government by the 30th June 2020, as non-tax receipt of the Government as provided in sub-rule (3) of rule 4.
- (3) Finance Division shall identify and notify all Government offices which are required to be included in the treasury single account system, after classification and evaluation of all existing bank accounts being maintained by such offices.
- (4) Government offices that are fully funded through the Federal Government budget by using either local or foreign sources, including project and programme loans and grants, shall operate their bank accounts through treasury single account system and no cash operation shall be allowed outside the treasury single account. Assignment accounts, sub-assignment accounts and revolving fund accounts shall be used in case of local currency or foreign currency funding requirements.

- (5) Any government investment, loan, grant, subsidy, equity, project or scheme either funded locally or through foreign aid shall be provided to government enterprises and offices through sub-accounts of treasury single account system including assignment accounts, sub-assignment accounts and revolving fund accounts opened in public account.
- (6) Procedure for opening, operating and closing of assignment accounts including its sub-accounts and linked accounts shall remain operative as per Notification No. F.2(2)-BR-II/2008-948/18 dated 12.10.2018 issued by Finance Division, unless amended.
- (7) The SBP or its banking agent NBP shall operate or cause to operate assignment accounts, sub-assignment accounts and linked accounts as approved by Finance Division according to assignment accounts procedure. Assignment account both for local currency and foreign currency shall be part of non-food account No. 1 of Government maintained by SBP. Principal accounting officers shall be responsible for overseeing operations of such accounts including request for approval from Finance Division for opening of assignment accounts.
- (8) A request for opening of assignment accounts may be sent to Finance Division under existing procedure, available at www.finance.gov.pk. An assignment account shall be opened with designated branch of NBP for incurring expenditure under assignment accounts procedure. SBP and its agents shall be responsible for issuing bank statement for reconciliation and cooperate with Government offices as well as Finance Division for conflict resolution, if any.
- (9) The Government offices using the assignment accounts shall be responsible for enforcing financial order and strict economy at every step and after observance of all relevant fiduciary rules and regulations. The Government offices shall ensure that not only the total expenditure is kept within the limits of the authorized ceiling but also that the funds allocated to spending units are expended in the public interest and for objects for which the money was allocated. In order to maintain a proper control, the Government offices shall put in place a monitoring mechanism to know 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.
- (10) The Government offices concerned shall maintain proper books of accounts and maintain receipt and revenue ledger and disbursement ledger so that the balance of receipt side shall correspond with the money deposited in receipt account. Similarly, expenses shall be reconciled with bank statement issued by SBP or its agents.

- (11) The withdrawing entities shall be responsible for accounting of expenditure on a daily basis. On the basis of record and the bank statement, the drawing authorities shall render classified account of expenditure to the accounting offices on a monthly basis by 10th of each month for reconciliation of expenditure. The variations, if any, shall be reconciled and appropriate entries shall be made to update the accounting records. Monthly and quarterly release of funds shall be subject to reconciliation with accounting offices. The NBP shall report the account remaining undrawn against the authorized ceiling at the close of a financial year to accounting office in respect of each assignment account within a month.
- (12) The SBP shall host and maintain treasury single account on behalf of the Federal Government. It shall provide electronic gateway system for necessary payment reports and ability to check the account balances online and real-time. The SBP shall collect information from commercial banks under section 31 of the Act and ensure provision of all information to the Finance Division to ensure implementation of the treasury single account system.
- (13) Principal accounting officers, overseeing the Government offices on the instructions of Finance Division, shall close all bank accounts in commercial banks and provide evidence of such closure to Finance Division. Principal accounting officers shall transfer to treasury single account balances of accounts that contain public moneys appropriated through the Government's.
- (14) Accounting office's shall ensure that no payment is made from the Federal Consolidated Fund without available budget, assignment accounts and sub-accounts are maintained for treasury single account system and that reconciliations are carried out on quarterly basis between book balances, bank statements and GFMIS.

Annex A (See Rule 42)

**Bank
Name
Logo**

**Know Your
Customer For
Government
clients (KYC)**

Date: _____

Account Title (No abbreviation)							
Category	<input type="checkbox"/> Federal Government	<input type="checkbox"/> Provincial Government	<input type="checkbox"/> District/Local Government	<input type="checkbox"/> Tehsil/Taluka Administration	<input type="checkbox"/> Union Council	<input type="checkbox"/> NPO	<input type="checkbox"/> Others (please mention) _____
Sub Category	<input type="checkbox"/> Federal Division	<input type="checkbox"/> Provincial Department	<input type="checkbox"/> Executive Department		<input type="checkbox"/> Attached Department		<input type="checkbox"/> Government Commercial Deptt.
	<input type="checkbox"/> Sub-ordinate Office	<input type="checkbox"/> Public Sector Entity's Project	<input type="checkbox"/> Autonomous/Semi-Auto./Body Corporate		<input type="checkbox"/> Govt. Business Entity (under Companies Act)		Others (please mention) _____
Type	<input type="checkbox"/> Revolving Fund Account (FCY Assignment Account)		<input type="checkbox"/> Local Currency Assignment Account		<input type="checkbox"/> Saving Account		<input type="checkbox"/> Normal Current Account
	<input type="checkbox"/> Current Account with Interest/ Mark-up/ Profit		<input type="checkbox"/> Terms Deposit Receipt Account (TDR)		<input type="checkbox"/> Escrow Account		<input type="checkbox"/> Others (please mention) _____
Purpose	<input type="checkbox"/> Special Purpose Fund (SPF) Federal	<input type="checkbox"/> SPF Provincial /District	<input type="checkbox"/> SPF Autonomous Bodies		<input type="checkbox"/> Reimbursement	<input type="checkbox"/> Fee Collection	<input type="checkbox"/> Other Collection
	<input type="checkbox"/> Security Deposit	<input type="checkbox"/> Guarantee Deposit	<input type="checkbox"/> General Public Donations/ Contributions		<input type="checkbox"/> Employee Contributions	<input type="checkbox"/> Unit/Regiment Welfare Fund	<input type="checkbox"/> Pension Liability
Source of Fund	<input type="checkbox"/> Federal Consolidated Fund	<input type="checkbox"/> (Name) _____ <input type="checkbox"/> Provincial Consolidated Fund		<input type="checkbox"/> Foreign Donations/ Grants: (Name the Country & Agency) _____		<input type="checkbox"/> Recoveries on behalf of Government	<input type="checkbox"/> Others (please mention) _____
	<input type="checkbox"/> Act/ Ordinance of Federal Government	<input type="checkbox"/> Rules of Business of the Federal Government		<input type="checkbox"/> Presidential Orders		<input type="checkbox"/> Act/ Ordinance of the Provincial Government	<input type="checkbox"/> Rules of Business of the Provincial Government
Governing Legislation: (name the relevant field)	<input type="checkbox"/> Local/ District Government Act/ Ordinance	<input type="checkbox"/> Orders of the Governor		<input type="checkbox"/> Approval of the Cabinet		<input type="checkbox"/> Company Act	<input type="checkbox"/> Others (please mention) _____
	<input type="checkbox"/> LCY		<input type="checkbox"/> FCY		<input type="checkbox"/> Note:1- SBP approval required for FCY account. <input type="checkbox"/> 2- Finance Division/Department's endorsement/ approval is required		
Special resolution duly endorsed by finance department / higher office approval Obtained					<input type="checkbox"/> Yes		<input type="checkbox"/> No
Details of Governing body members / Authorized Officials/ signatories are obtained/ captured in system					<input type="checkbox"/> Yes		<input type="checkbox"/> No
Geographical location			<input type="checkbox"/> Low Risk Area	<input type="checkbox"/> Medium Risk Area		<input type="checkbox"/> High Risk Area	
Address Verifications Satisfactory			<input type="checkbox"/> Yes	<input type="checkbox"/> No		<input type="checkbox"/> If No provide details	

<input type="checkbox"/> Authorized Signatories	<input type="checkbox"/> Profile	<input type="checkbox"/> Screening	<input type="checkbox"/> SS Card	<input type="checkbox"/> Biosys / NADRA Verisys	<input type="checkbox"/> Posting Letter	<input type="checkbox"/> Financial Power
<ul style="list-style-type: none"> Anticipated Transaction Profile and Banking Relationships: 						
Budget Allocation / Grant			Amount:			
Total Debit / Credit Turnover Per month			Amount:		No. of transactions:	
Expected Inward Foreign Remittances per month			Amount:		No. of transactions:	
Expected Outward Foreign Remittances per month			Amount:		No. of transactions:	
Cash Withdrawal Limit as per governing Rules			Amount:		No. of transactions:	
Mandate	<input type="checkbox"/> Yes	<input type="checkbox"/> No	Beneficial Ownership	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
Mode of Transactions	<input type="checkbox"/> Cash		<input type="checkbox"/> Clearing	<input type="checkbox"/> Internet Banking	<input type="checkbox"/> Inter Branch	
	<input type="checkbox"/> Domestic remittance		<input type="checkbox"/> Foreign Remittance	<input type="checkbox"/> Other (please mention) _____		
Tax Exemption	<input type="checkbox"/> Yes	<input type="checkbox"/> No	Locker Facility Required	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
Account Operation	<input type="checkbox"/> Singly	<input type="checkbox"/> Jointly	Through Resolution	Other (please mention) _____		
Linked / Associated Accounts Details						
Details of Banking Relationships (Accounts with other Banks)						
<input type="checkbox"/> Name of the Bank & Branch 1. _____ 2. _____ 3. _____						
Risk Category	<input type="checkbox"/> Low		<input type="checkbox"/> Medium	<input type="checkbox"/> High		
Brief Comments						

I hereby certify that all relevant information and documents required for opening of **government account** have been obtained and are in order.

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-
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Name & Signature Operation Manager
Manager

Name & Signature Branch
Manager