

OFFICE MEMORANDUM

Subject: STRATEGY FOR RELEASE OF FUNDS FOR RECURRENT BUDGET FINANCIAL YEAR 2022-23

The undersigned is directed to refer to the subject mentioned above and to state that in pursuance of the provisions of the Public Finance Management Act, 2019, Rule 3(9) of the Cash Management and Treasury Single Account Rules 2020 and Financial Management and Powers of Principal Accounting Officers Regulations, 2021, the budget release strategy for Recurrent Budget for the Current Financial Year (CFY) 2022-23 is being issued for implementation with immediate effect and until further orders.

2. The funds for **Recurrent Budget** of the Divisions / Departments / Offices shall be released for CFY by Finance Division for the approved Demands for Grants / Appropriations as per limits prescribed below:

- i. Employees Related Expenses (ERE) and Pensions payment at the level of 25% for each Quarter of the CFY.
- ii. Non ERE Expenditure at the level of 20% for Quarter 1 and Quarter 2 each, 25% for Quarter 3 and 35% for Quarter 4.
- iii. Release of funds in respect of Rent of Office and Residential Buildings, Commuted value of pension, Encashment of LPR and PM Assistance Packages will be made @ 50% during each half of CFY.
- iv. Subsidies shall be released by Finance Division to the PAOs on case to case basis.
- v. Grants and Lending at the level of 20% for Quarter 1 and Quarter 2 each, 25% for Quarter 3 and 35% for Quarter 4.

3. The strategy with regard to PSDP, Interest Payment, Repayments of Domestic and Foreign Loans and Supplementary Grants for CFY shall be issued by Finance Division separately.

4. **Guidelines and Instructions:** In order to keep prudent fiscal discipline and sanctity of the budgetary allocations, the guidelines and instructions given below shall be strictly followed by the Finance Division, all Principal Accounting Officers, Head of Departments, Head of Sub-ordinate offices and Autonomous bodies and all Accounting Organizations and Offices.

- a. **Employees Related Expenses (ERE) and Non-Employee Related Expenses (Non-ERE)**
 - i. Finance Division has provided one line budget to PAOs with the responsibility to keep available funds in all heads of accounts especially ERE.
 - ii. Where inadequate allocation has been made in ERE by the PAO in the budget for CFY, necessary re-appropriation from Non-ERE budget will be made forthwith as no additional funds for ERE shall be provided during the course of the financial year.
 - iii. There shall be no excess expenditure and no spending without budgetary allocations.
 - iv. Allocations under various Adhoc Relief Allowances which have been merged into basic pay scales w.e.f. 01.07.2022 shall be re-appropriated to the head of account "Basic Pay" and "Adhoc Relief Allowance 2022" not later than 31st August, 2022.
 - v. The PAO or Head of Department or Head of Sub-ordinate Office shall not make any re-appropriation of allocated funds from the ERE to any other head of account (Non-ERE) except with the prior concurrence of Finance Division through Expenditure Wing.

Contd...

b. Contractual and Obligatory Payments

- i. The cases relating to international and domestic contractual and obligatory payments which are beyond the above prescribed limits shall be considered on case to case basis by the Budget Wing, Finance Division and shall require prior approval of the Finance Secretary.
- ii. Release of funds in respect of detailed Object Heads “A03402-Rent of Office Building”, “A03403-Rent of Residential Building”, “A04102-Commuted value of pension”, “A04114-Encashment of LPR” and “A05216, A05219, A05224, A05225 (PM Assistance Packages)” will be made 50% during each half of CFY.

c. Subsidies

- i. The PAOs concerned shall prepare quarterly funds requirement plans within allocated budget for CFY and shall share with relevant Wings of Finance Division before start of each quarter.
- ii. Finance Division may review the quarterly requirement plan for subsidies and may convey its views and comments to the PAO concerned within two weeks.
- iii. While firming up its views and comments Finance Division shall consider, *inter-alia*, fiscal space as well as cash balances availability.
- iv. Release of funds by the PAO for subsidies shall be made in accordance with the funds requirement plans, as modified in light of Finance Division’s comments.
- v. The sanction for expenditure will be issued by PAO concerned and copy will be sent to Budget Wing, Finance Division for entry in SAP System.

d. Grants (Budgetary Allocations in CFY)

Following instructions are applicable for those Grants which have budgetary allocation in CFY:

- i. The PAO or Head of Department or Head of Sub-ordinate Office shall ensure that the Annual Budget of the Organizations/Autonomous Bodies/Authorities/Commissions/Funds/Boards which are established, managed and controlled by the Federal Government shall be approved by the Federal Government or any other competent Authority as required under the respective Statute, Rules and Regulations.
- ii. A certificate to the effect of such approval shall be submitted to Budget Wing, Finance Division. The details of such approved budgets shall also be shared with the Finance Division (Expenditure Wing). Organizations / entities shall provide detailed budget information (i.e. on detailed object classification) along with details of their own receipts. PAOs shall ensure that such certificates as well as approved budgets reach Finance Division by 31st August, 2022 in respect of FY 23.
- iii. Sanction of expenditure for Grants by the PAOs shall be made with prior concurrence of the Expenditure Wing of the Finance Division. The cases of Grants reflected in the Finance Division’s Demand for Grant will be processed by the relevant Wings of Finance Division.
- iv. The allocation and disbursement of funds to the public and private authorities, institutions, bodies, associations, foundations and others are required to be regulated and linked to the outputs, outcomes and performance of the entities.
- v. Grants-in-Aid shall be **non-recurring** and funds shall be disbursed only to meet any justified shortfall for a limited period of time.

e. Lending

Budgetary funds on account of Loans and Advances and Investments to Provincial Governments, Public Sector Entities and others shall be provided with the condition that all due re-payments to the Federal Government on these accounts have been made as per schedules/maturities. If all due re-payment have not been made, at source deductions shall be ensured by Provincial Finance and Corporate Finance Wings.

Contd...