

REGISTERED No. M - 302
L.-7646



EXTRAORDINARY
PUBLISHED BY AUTHORITY

ISLAMABAD, THURSDAY, APRIL 03, 2025

PART II

Statutory Notifications (S. R. O.)

GOVERNMENT OF PAKISTAN
FINANCE DIVISION

NOTIFICATION

Islamabad, the 28th March, 2025

CHAPTER-1: INTRODUCTION

S.R.O. 485(I)/2025.—In exercise of the powers conferred under sub-section 1 of section 42 of the Public Finance Management Act, 2019 the Government of Pakistan is pleased to make the following rules, namely:—

I. Preliminary

1. **Short title and Commencement.**—(1) These rules shall be called the General Financial Rules, 2025.

(2) They shall come into force at once.

805 (1—106)

Price Rs. 160.00

[557 (2025)Ex. Gaz]

(3) The custody of the Federal Consolidated Fund, the payment of moneys 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 into, and withdrawal from, the Public Account of the Federation, and all matters connected with, or ancillary thereto shall be regulated by these rules, or any other rules made under section 42 of the Public Financial Management Act, 2019.

Note.— These rules shall apply in conjunction and with reference to one another.

II. Definitions

2. **Definitions.**—(1) In these rules unless there is anything repugnant in the subject or context,—

- (i) **“Accountant General”** means the head of an office of accounts responsible for the compilation and consolidation of accounts of the Federal Government and includes the Accountant General Pakistan Revenues, Military Accountant General and Provincial Accountant Generals and for the purposes of certification and authorization (pre-audit) of claims it includes sub-offices, District Accounts Officer and Treasury Officer;
- (ii) **“accounts office”** includes Office of the Accountant General of Pakistan Revenues, its sub-offices, Military Accountant General, Federal Treasury Office, accounts departments of self-accounting entities, and any other office declared as such by Finance Division;
- (iii) **“Act”** means the Public Finance Management Act, 2019;
- (iv) **“appropriation”** means the assignment to meet specified expenditure of funds at the disposal of the assigning authority and For purposes of these rules it means amount provided in the budget estimates under a detailed object or part of that amount placed at the disposal of Controlling Officer to meet expenditure on a specified object, or item. It is intended to cover all the charges including the liabilities of past years to be paid during the year or to be adjusted in the accounts of that year;
- (v) **“Assembly”** means the National Assembly of Pakistan;
- (vi) **“assignment account”** means a ledger sub-account of the Federal Consolidated Fund or the Public Account and includes Asaan Assignment Account, Special Assignment Account, Revolving Fund Account and their sub-accounts;

- (vii) **“Auditor-General of Pakistan”** means the Auditor-General of Pakistan appointed under Article 168 of the Constitution of the Islamic Republic of Pakistan;
- (viii) **“Bank”** means the State Bank of Pakistan, or any branch or agency of the State Bank, or any bank acting as the agent of the State Bank of Pakistan, in accordance with the provisions of the State Bank of Pakistan Act, 1956 (XXXIII of 1956);
- (ix) **“collecting officer”**, is the officer designated as such, by the Secretary and or PAO of the concerned Administrative Division, and made responsible for realization of receipts for major or minor object within the area of his jurisdiction;
- (x) **“competent authority”** means the Government or any other authority to whom the relevant powers have been delegated by the Government;
- (xi) **“Constitution”** means the Constitution of the Islamic Republic of Pakistan, 1973;
- (xii) **“contract”** means an agreement enforceable by law;
- (xiii) **“contractor”** means a person, consultant, firm, company or an organization which undertakes to supply goods, services or works, as defined under Rule 2(d) of Public Procurement Rules, 2004, amended from time to time;
- (xiv) **“Controller General”** means Controller General of Accounts appointed under Section 4 of the Controller General of Accounts (Appointment, Functions and Powers) Ordinance 2001;
- (xv) **“controlling officer”** means an officer entrusted with the responsibility of supervision of expenditure under a given function of account or the collection of revenue;
- (xvi) **“Division”** means a self-contained administrative unit responsible for the conduct of business of the Federal Government in a distinct and specified sphere and declared as such by the Federal Government;
- (xvii) **“Drawing and Disbursing Officer”** means an officer responsible for drawing money from Government Accounts Office and disbursing it on behalf of the Government to the claimant under the Rules;
- (xviii) **“Finance Division”** means the Finance Division of the Government of Pakistan;
- (xix) **“financial year”** means a year commencing on the first day of July and ending on the last day of June;

- (xx) **“Federal Consolidated Fund and Public Account”** As defined in Article 78 (1) of the Constitution of Islamic Republic of Pakistan, all revenues received by the Federal Government, all loans raised by that Government and all moneys received by it in repayment of any loan, shall form part of a consolidated fund, to be known as the Federal Consolidated Fund which includes all other moneys—
- (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; and
- shall be credited to the Public Account of the Federation;
- (xxi) **“foreign government”** means any Government other than Government of Pakistan and its provincial governments;
- (xxii) **“Government”** means the Federal Government;
- (xxiii) **“government servant”** means a person in the service of the Government and includes a civil servant, , a contract employee, a member of the Supreme Court Establishment, an employee of public sector entity established under a statute dealing with the matters mentioned in these rules;
- (xxiv) **“head of attached department”** in relation to receipt and expenditure, means the in-charge of an attached department listed in Schedule III of the Rules of Business, 1973 and includes any other officer declared to be such by the competent authority. He shall be responsible for supervision and control of receipts and expenditure under any object in the respective function and grant;
- (xxv) **“local government”** means a union council or Metropolitan Corporation established under the Islamabad Capital Territory Local Government Act, 2015;
- (xxvi) **“medium-term”** means budgetary estimates for a rolling three-year budgetary horizon. This includes current estimates, which are to be appropriated by Parliament, and two additional or “outer years” estimates;
- (xxvii) **“non-recurring expenditure”** means expenditure of occasional nature;
- (xxviii) **“officer”** means Government Servant holding a post in Basic Pay Scale 16 and above;

- (xxix) **“official”** means a government servant holding a post in Basic Pay Scale 1 to 15;
- (xxx) **“Principal Accounting Officer”** means the secretary of a Division or any official notified as Principal Accounting Officer, responsible for exercising financial propriety in management of public money and having accountability to Parliament for the economic, efficient and effective use of resources;
- (xxxi) **“public asset”** as defined in Public Procurement Regulatory Authority Ordinance, 2002 (XXII of 2002);
- (xxxii) **“procuring agency”** as defined in Public Procurement Regulatory Authority Ordinance, 2002, amended from time to time, means any Ministry, Division, Department or any Office of the Federal Government and any authority, corporation, body or organization established by or under a Federal law or which is owned or controlled by the Federal Government;
- (xxxiii) **“public entity”** means an entity as defined in Section 36 of the Act;
- (xxxiv) **“supplementary grant”** means budget grant within the meaning of Article 84 of the Constitution;
- (xxxv) **“public moneys”** means the moneys forming part of the Federal Consolidated Fund and the Public Account of the Federation;
- (xxxvi) **“public procurement”** means acquisition of goods, services or construction of any works financed wholly or partly out of the public fund and includes disposal of public assets and commercial transactions between procuring agency and private party, in terms of which the private party is allowed to:
- (a) perform a procuring agency’s assigned functions, including operations and management, on its behalf;
 - (b) assume the use of public asset; or
 - (c) receive a benefit either from budget or revenue of the Federal Government or from fees or charges to be collected by the private party for performing the procuring agency’s function or any combination thereof;
- (xxxvii) **“re-appropriation”** means transfer of funds from one head of account of appropriation to another such head of account within one demand for grant;

- (xxxviii) **“recurring expenditure”** means the expenditures on goods and services and works which is of recurring nature and is usually consumed in the current period or typically within a financial year. Examples of these expenditures include employees’ related expenses, retirement benefits, operating expenses, repair and maintenance expenses, purchase of stores, subsidies, transfer payments etc.;
- (xxxix) **“technical supplementary grant”** means appropriation or authorization, as the case may be, of additional funds to a demand for grant against—
- (a) surrender from another demand for grant; or
 - (b) anticipated saving received by the Finance Division; or
 - (c) unbudgeted revenue receipt deposited by Provinces; or
 - (d) entities in Federal Consolidated Fund for a specific purpose; or
 - (e) unbudgeted foreign grants received or deposited by foreign governments or international donors in Federal Consolidated Fund for a specific purpose;
- (xl) **“validly accrued charge”** means a claim / charge against the government on account of some job or service rendered or goods purchased and taken on stock or works done, ensuring quality and quantity, after following the prescribed procedure and amounts payable under a contract;
- (xli) **“voted expenditure”** means expenditure other than the charged expenditure specified in the annual budget statement referred to in Article 82(2) of the Constitution;

CHAPTER 2: GENERAL SYSTEM OF FINANCIAL MANAGEMENT AND CONTROL

I—Receipt of Money

3. **General.**—(1) All moneys received by or on behalf of the Government either as dues of Government or for deposit, remittance (including loans and grants received from a foreign government) or otherwise, shall be brought into Federal Consolidated Fund and Public Account without delay.

(2) If a Government servant 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 with the prior approval of Finance Division. The Government Servant receiving such moneys is personally responsible for seeing

that they are disbursed in strict conformity with the rules, regulations or orders governing the fund to which the moneys appertain, that a precise record of all the transactions is kept in a form complying with the regulations of the fund concerned.

4. **Assessment, collection and check of revenues.**—(1) Subject to such general or specific instructions as may be issued by Government in this behalf, it is the duty of the Principal Accounting Officers concerned to check that the dues of Government are correctly and promptly assessed, collected, and paid into the Federal Consolidated Fund or the Public Account as the case may be.

(2) The object to which such moneys shall be credited, and the withdrawal of moneys therefrom shall be governed by the relevant provisions of Federal Receipts and Payments Rules, 2025 and the Chart of Accounts issued by the Controller General of Accounts or such general or special orders as issued in this behalf.

(3) Detailed regulations and procedures regarding assessment, collection, allocation, remission and abandonment of revenue and other receipts shall be laid down in the regulations of the Division Department responsible for the same.

5. **Withdrawal of moneys from the Public Account.**—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 Finance Division.

II—Expenditure and Payment of Moneys

6. **Essential conditions governing expenditure from public fund.**—As a rule, no authority may incur any expenditure or enter any liability involving expenditure from public money until the expenditure has been sanctioned by general or special orders of the Government 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.

7. **General Principles and restrictions relating to expenditure.**— (1) In incurring and sanctioning expenditure from the revenues of the Federation the Drawing and Disbursing Officers and sanctioning authorities should be guided by the following fundamental canons of financial propriety,—

- (i) same vigilance should be exercised in respect of expenditure incurred from Public Money, as a person of ordinary prudence would exercise in respect of the expenditure of his own money;
- (ii) money borrowed on the security of allocated revenues should be expended on those objects only for which money is borrowed;

- (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 money should not be utilized for the benefit of a particular person or section of the community, unless:—
 - (i) the amount of expenditure involved is insignificant; or
 - (ii) a claim for the amount should be enforced in a Court of law, or
 - (iii) the expenditure is in pursuance of a recognized policy or custom;
 - (v) no authority should sanction any expenditure which is likely to involve at a later date, expenditure beyond its own powers of sanction; and
 - (vi) the amount of allowances, such as travel allowance, granted to meet expenditure of a particular type should not on the whole be sources of profit to the recipients.
- (2) In addition to compliance with the canons enunciated above, the authorities incurring expenditure should further check,—
- (i) that all charges incurred are drawn and paid at once and should not be allowed to stand over to be paid from the grant of another year; that money indisputably payable is not left unpaid: and that all inevitable payments are ascertained and liquidated at the earliest possible date;
 - (ii) that money actually paid is under no circumstances kept out of account a day longer than is necessary even if it has been paid without proper sanction; and
 - (iii) that no money is withdrawn from the Federal Consolidated Fund unless it is required for immediate disbursement or has already, been paid out of the imprest or permanent advance and that it is not permissible to draw advances for the execution of works the completion of which is likely to take a considerable time:

Provided that no advance withdrawal shall be permissible, in cases where the vouched account is not likely to be rendered by the close of the financial year concerned.

8. **Control of expenditure.**—(1) Principal Accounting Officers, heads of departments and controlling officers are responsible for enforcing financial order and strict economy at every step. They are responsible for observance of all relevant financial rules and regulations, both by his own office and by subordinate disbursing officers.

(2) A Principal Accounting Officer must check not only that the total expenditure is kept within the limits of the authorized appropriation but also that the funds allocated to spending units are expended in the public interest and upon objects for which the money was provided. To maintain proper control, he should arrange to be kept informed, not only of what has 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 expenditure and to explain or justify any instance of excess or lapse, saving and any other financial irregularity that may be brought to notice as a result of audit scrutiny or otherwise.

9. **Internal check against irregularities, waste and fraud.**—(1) Each Principal Accounting Officer shall be responsible for enforcing financial order and strict economy at every step. He shall be responsible for observance of all relevant financial rules both by his own office and by subordinate Drawing and Disbursing Officers.

(2) In the discharge of his ultimate responsibilities for the administration of an appropriation or part of an appropriation placed at his disposal, every Principal Accounting Officer must satisfy himself not only that adequate provisions exist within the departmental organization for systematic internal checks 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 Principal Accounting Officer will get the account of his office and those of the subordinate Drawing and Disbursing Officers, if any, inspected at least once in every financial year by a senior officer not connected with the account matters to check whether,—

- (i) rules on handling and custody of cash are properly understood and applied;
- (ii) effective system of internal check exists for securing regularity, compliance of rules and propriety in the various transactions including receipt and issue of stores etc., if any;
- (iii) satisfactory arrangement exists for systematic and proper maintenance of accounts and other ancillary records concerned with the Accounts; and
- (iv) the results of these inspections shall be incorporated in the form of an inspection report and submitted to the Principal Accounting Officer who shall after his scrutiny of the report communicate it to Chief Internal Auditor, a copy of his remarks thereon and any orders issued in that connection.

Explanation.—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 be left to the discretion of the Principal Accounting Officer or Head of Department 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 an Officer who has had sufficient background of the Financial Rules and orders and could carry out the check satisfactorily.

10. **Submission of records and information to audit.**—(1) It is the duty of every Principal Accounting Officer to check that the Audit Offices are afforded all reasonable facilities in the discharge of their functions and furnished with the fullest possible information for which they may ask for the preparation of any accounts or report which it is their duty to prepare.

(2) Neither such information nor any books or other documents to which the Auditor-General of Pakistan have a statutory right of access shall be withheld from the Audit Officer.

(3) A subordinate authority shall not withhold any information, books or other documents required by Audit. If the contents of any file are categorized as ‘Secret’ the file may be sent personally to the Audit Officer specifying this fact, who will then deal with it in accordance with the standing instructions for the handling and custody of such classified documents.

III. Duties as Regards Accounts

11. **Maintenance of Accounts.**— (1) Every officer whose duty it is to prepare and render any accounts or returns in respect of public money or stores or physical assets is personally responsible for their completeness and strict accuracy in accordance with instructions contained in Accounting Policies and Procedures Manual and their dispatch within the prescribed date.

(2) An officer 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 the authority concerned the opportunity of deciding whether the amendments cover requirements.

12. **Claims to arrears or increase of pay or allowances.**—(1) Claims of Government servants to arrears of pay or allowances or increments which have been allowed to remain in abeyance or remain unpaid for a period exceeding one year cannot be paid by the Accountant General District Accounts Officer except with the

approval of the Principal Accounting Officer or an officer authorized in this behalf by the Principal Accounting Officer

(2) Delays in payment are opposed to all rules and are inconvenient, and objectionable, and when not satisfactorily explained, shall be brought to the notice of the head of the department concerned. So, all heads of offices should realize the necessity of securing the punctual and prompt submission disposal of claims against Government / correspondence on the subject among subordinates. The delay between presentation of a bill and its payment should always be avoided.

Note-2.— In the case of Travel Allowance bills, from the date of return to headquarters, or from the 1st of the month if the tour continues over that date; in the case of officiating pay, from the date of receipt of the order sanctioning the promotions if the officiating pay is due for a past completed month or months, otherwise from the following pay day; in the case of leave salary, from the date of the order granting the leave and in other cases from the date on which a claim became due, to the date of its presentation at the Accounts Office.

(2) The rule 17 does not apply to contingent payments as contingent charges are recorded as charges of the month in which they are recorded.

Note-1.— In the case of claims which are more than six months old, the referring officer should state in the bill the reason for the delay.

Note-2.— All petty arrear claims, other than those affecting a Government servant's pension, and all claims for the delayed submission of which an adequate explanation is not furnished, should be rejected. In considering old claims recommended for sanction, Government will also take into account the fact that it is normally not possible, owing to the limited period of preservation of records, to audit claims more than six years old.

(3) No payments may be made on account of increases to pay until the additional expenditure hereby caused has been provided for in the budget estimates and duly sanctioned.

Note.— Annual increments do not fall under the meaning of increase in pay in the above clause.

13. Treatment of claims against Government which are barred by time.—(1) A claim against Government which is barred by time under any provisions of law relating to limitation is ordinarily to be refused and no claim on account of such a time-barred item is to be paid without the sanction of PAO. The onus is upon the claiming authority to establish a claim to special treatment for a time-barred item, and it is the duty of the authority against whom such a claim is made to refuse the claim until a case for different treatment is made out. All petty time-barred claims are to be rejected forthwith and only important claims of this nature considered.

Note.— It is the duty of the Drawing and Disbursing Officer in the first instance, to consider the question of time-bar before submitting a claim to the Accountant General/District Accounts Officer for payment and pre-audit will refuse payment of all claims found to be time-barred until the sanction of Finance Division has been obtained.

14. **Responsibility for overcharges.**— (1) A drawer of claim for pay, allowances, contingent and other expenditure shall be held personally responsible for any overcharge, fraud, or misappropriations. He shall, therefore, make himself thoroughly acquainted with the various financial checks which he is expected to exercise to ascertain that the amounts drawn from Treasury are bona fide and in consideration of the valid claim against the Government.

(2) The responsibility of Controlling Officers will bring them under liability to make good any loss arising from their culpable negligence. Controlling Officers on their part should regard it as an important part of their duties to inspect the offices of their subordinates and to check to what extent the financial control is operative. In particular, where periodical inspections are required by rules they should be invariably made. Before sanctioning expenditure requested by subordinate officers, they should check whether the expenditure was necessary, the rates charged were not extravagant, and the payments have been properly vouched for and are covered by budget appropriation.

(3) The Accountant General/District Accounts Officer who authorizes payments through direct credit without or with pre-audit shall be responsible for checking any palpable errors against the data and profile given by the drawer viz-a-viz rate of pay and allowances of Government servant, for authorizing the new rate without reference to the orders directing the change.

(4) He is also required to examine the arithmetical accuracy of the computations in a bill or charge, relevant object classifications with sufficient appropriations for debiting the expenditure, besides the bona fides and competence of sanction, propriety of charge and competitiveness of the rates at which the charge is being paid.

(5) The responsibility of overcharges, frauds and misappropriations shall rest primarily with the drawer of the claim. The countersigning officer of the bill, if any, and the Accountant General/District Accounts Officer, shall be held responsible in the event of culpable negligence on their parts in admitting the charge sans evidence of the matters mentioned in clause (1) and (2) above.

(6) It is not sufficient that a government servant's accounts should be correct to his own satisfaction. He has to satisfy not only himself but also the Accountant General/District Accounts Officer that a claim which has been accepted is valid, that a voucher is a complete proof of the payment which it supports, and that amount is correct in all respects.

(7) It is necessary that all accounts should be so kept, and the details so fully recorded, as to afford the requisite means for satisfying any enquiry that may be made into the particulars of any case, even though such enquiry may be as to the economy or the bona fide of the transactions. It is further essential that the records of payments, measurements, and transactions in general, must be clear, explicit and self-contained so as to be producible as satisfactory and convincing evidence of facts, if required in a Court of Law.

(8) The responsibilities of Drawing and Disbursing Officers, controlling officers, Heads of Departments and Principal Accounting Officers regarding the control over expenditure incurred against the grants allocated to them are laid down in the Federal Receipts and Payment Rules, 2025.

15. **Pre-audit observations.**— Every Government servant, entrusted with the duty of making payments on behalf of Government, should attend promptly to all observations communicated to him by the Accountant General/District Accounts Officer through observation statement and return the statement or reply to observations within three working days or send explanation of the cause of delay.

IV. Defalcation and Losses, and Remissions and Abandonment of Claims to Revenue

16. **Responsibility for losses sustained through fraud or negligence of individuals.**— Every Government servant should realize fully and clearly that he will 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 servant to the extent to which it may be shown that he contributed to the loss by his own action or negligence.

17. **Report of losses.**—(1) Any loss of public money, departmental revenue or receipts, stamps, 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 Director General, Audit 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 affecting a recovery.

(2) If the irregularity has been detected by Audit in the first instance, the Director General Audit will report it immediately to the Principal Accounting Officer concerned.

(3) The officers receiving a report submitted to him under rule 25 ante must forward it forthwith to the Principal Accounting Officer 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 any other action proposed as regards the person responsible.

(4) General principles to regulate the enforcement of responsibility for losses sustained by Government through fraud or negligence of individuals.

(5) The procedure to be followed in prosecutions in respect of the embezzlement of Government money.

(6) The procedure to be observed for conducting departmental enquiry is given in Appendix-1 to these rules.

18. **Accidents.**— (1) 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 the Principal Accounting Officer. 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 Director General, Audit.

19. **Write off of losses, etc.**—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 Financial Management and Powers of Principal Accounting Officers Regulations, 2021.

V. Contracts

20. **General rules and principles relating to contract.**— (1) These general rules shall apply in conjunction with the Public Procurement Rules, 2004 and any other regulatory framework as amended from time to time.

(2) All Heads of Departments, Controlling Officers and Collecting Officers are empowered to execute deeds, contracts and other instruments within their own jurisdiction in accordance with law and rules.

(3) The following general principles have been laid down for the guidance of authorities which have to enter into contracts or agreements involving expenditure from public money—

- (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 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 PAO/authority concerned;
- (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 PAO/authority concerned;
- (vi) provision must be made in contracts for safeguarding Government interest and property entrusted to a contractor;
- (vii) 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. Provided that this sub rule shall not apply to agreements or contracts under public-private partnerships or concession agreements, where the nature of the investment necessitates long-term commitments and predictability for private sector confidence. For such contracts, specific termination and dispute resolution mechanisms tailored to the project and risk-sharing arrangements shall be explicitly defined and agreed upon at the time of execution; and
- (viii) procurement contracts should only be entered into completion of formalities required under Public Procurement Rules.

VI. Recovery of Money, System of Numeration and Departmental regulations

21. Recovery of money due to government from the amount standing to credit in a provident fund account of a government servant.—The amounts standing at credit of subscribers to a Provident Fund are under Section 2 (a) of the Provident Fund Act, 1925, compulsory deposits and are therefore protected from attachment by a Court of law under Section 3 *ibid*. Claims by Government are not, therefore, compulsorily and without the subscriber's consent recoverable from the balance at his credit.

22. **System of numeration.**—In all official documents and in case of rupees, numbers shall invariably be marked off according to the Metric system of numeration that is, after ten thousand, in hundred thousand, millions, etc.

23. **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 Finance Division.

CHAPTER-3: REVENUE RECEIPTS AND THEIR CHECK

I. General

24. **Revenue receipts and their check.**—(1) Subject to any special arrangement that may be prescribed regarding any particular class of receipts, it is the duty of the Principal Accounting Officer concerned to ensure that all sums due to the Government are promptly and correctly assessed, classified, realized and paid into the Federal Consolidated Fund or Public Account as the case may be. Such receipts may be credited manually (through challans) or electronically, as prescribed for each type of receipt. The Principal Accounting Officers should arrange to receive from their revenue collecting officer's accounts and returns regarding amounts credited to the Government account and compare them with the returns received from the Accountant General/District Accounts Officer in a manner prescribed in chapter-10 of the Federal Receipts and Payments Rules, 2025.

Note-1.— Receipt of revenue shall only be recognized after the credit of money or clearance of cheque by the bank.

Note-2.— In case of borrowings, revenue shall be recognized on the date that the money is brought into account by the Accountant General/District Accounts Officer.

Note-3.— Federal receipts will be accounted for and consolidated by the Accountant General Pakistan Revenue on the basis of classified monthly accounts rendered by the District Account Offices and Federal Treasuries and Heads of Departmentalized Accounts Offices.

(2) Receipts shall be recorded on a gross basis.

(3) All receipts shall be classified in accordance with the Chart of Accounts. If any wrong credits are brought to the notice of the controlling officer, he should at once inform the Accountant General/District Accounts Officer for the purpose of correction of the accounts. If any credits are claimed but not found in the accounts, it is necessary to first make enquiries from the departmental officers.

Note-1.—It is essential that the departmental controlling officer's account should not be compiled from the returns prepared by the Accounts Office. However, the Accountant General/District Accounts Officer is, in some cases, required to

verify returns prepared by the departmental officers for submission to departmental controlling officers.

Note-2.—The reconciliation of discrepancies should be carried out promptly, especially in the case of returns for month of June to include all corrections in the accounts of the year concerned. For this purpose, Accountant General/District Accounts Officer shall send to the Controlling Officer by 10th of the following month, an extract from his account showing the amounts brought to his credit in the preceding month.

II. Special Rules for particular classes of Receipts

25. **Fines.**— (1) Every Court, Civil or Criminal shall on the last working day of calendar month submit to the District & Sessions Judge, a statement in the prescribed form showing the aggregate balance of fines imposed or waived-off by the court as well as of refunds therefrom. The consolidated statement shall be reconciled with the Accounts Office.

Note-1.—For the purpose, every Court shall maintain a register giving particulars of every fine imposed by it and tracing it to realization and payment into the Bank.

Note-2.— The fine must not be written off from the register as realized until it is paid into the Treasury and it is the duty of the Court to check that the money has been deposited in the Bank.

Note-3.— Adequate precautions are to be taken against double refunds of fines or refunds of fines not actually paid into the Bank.

(2) Compensation fines due to an injured party which are creditable to deposits and fines, which under competent authority are credited to a municipal or another local fund, will be excluded from this return.

(3) In order to secure that returns are received from every Court having such power, it will be convenient to arrange for their collection by the head of every department in the district (the Collector, the Judge and the Magistrate), and their transmission by that officer. Any collective return must be based on the records or accounts of the Courts and not on those of the Accounts office, though it should be compared with the Accounts figures before being dispatched.

(4) A consolidated statement in the same form shall be furnished to the Controlling officer monthly, by the Account Officer giving particulars of fines and penalties, if any realized by Courts and remitted by them to the Bank for credit under the appropriate objects.

III. Remission and Abandonment

26. **Remissions of and abandonment of claims to revenue.**—(1) The sanction of the competent authority is necessary for the remission of, and abandonment of claims to revenue.

(2) Principal Accounting Officers shall submit annual 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. For inclusion in these statements remissions and abandonments 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.

CHAPTER-4: POWERS OF SANCTION

I – Powers to Sanction Expenditure

27. **Powers of the ministries and divisions.**—(1) The powers of Ministries and Divisions for according financial sanctions are regulated by the following provisions:

No ministry or division shall, without previous consultation with the Finance Division, authorize any orders (other than orders issued pursuant to any general delegations made under the Financial Management and Powers of Principal Accounting Officers Regulations, 2021), which either immediately, or by their repercussions, will affect the finance of the Federation or which either—

- (i) relate to the creation and / or up gradation of position in cadres or the emoluments of posts or to any other conditions of service of posts which may have financial implications; or
- (ii) involve any grant of lease of land or assignment of revenue or concessions, grants, lease, or license of mineral or forest rights or a right to water and power or any easement or privilege in respect of such concessions; or
- (iii) in any way involve any relinquishment of revenue; or
- (iv) incur any liability, except provided under these rules, involving expenditure or transfer of moneys from Government account for investment or deposit in a bank account.

28. **Delegation of financial powers.**—The financial powers have been delegated to the Principal Accounting Officers, Head of Departments and other subordinate authorities vide 'The Financial Management and Powers of Principal

Accounting Officers Regulations, 2021. The financial powers which have not been delegated shall vest with Finance Division.

II. Powers regarding Special matters

29. Powers regarding certain special matters, write off of losses.— (1)

A competent authority may write off finally the irrecoverable value of stores or goods or public money lost by fraud or negligence or other causes in accordance with 'The Financial Management and Powers of Principal Accounting Officers Regulations, 2021 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 which may call for disciplinary action requiring the orders of any higher authority.

Note.— This rule also applies to irrecoverable advances and losses of revenue, irrecoverable loans and deficiencies, depreciation, etc., in the value of stores included in the stock and other accounts.

(2) All sanctions to write off losses shall be communicated to the Accountant General Pakistan Revenues for scrutiny and for bringing to notice any defects of the system which may require attention.

Note.—The orders in the following paras do not apply to Departments whose powers are regulated by special orders/ department regulations.

30. **Grants of land, assignments of revenue and other concessions, etc.**— (1) No administrative division or department or authority may, without previous consent of the Finance Division issue any orders (other than orders in pursuance of general delegation made by or with the approval of the Finance Division) which—

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

31. **Remission of disallowances.**— A Competent Authority 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 governments 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 effect 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.
- (2) On receipt of the order, for waiving the recovery the Director General Audit will withdraw the objection.

III. Communication of Sanction

32. **Communication of sanctions.**—(1) The Accountant General/District Accounts Officer is entitled to receive a copy of the orders sanctioning expenditure from the authority which is competent to accord that sanction. Every sanctioning authority is responsible to check that all sanctions and orders relating to receipts and expenditure, revision of scales, creation or abolition of appointments, etc., against which process of certification is to be undertaken by the Accountant General/District Accounts Officer, shall be communicated in accordance with the following procedure—

(2) By the Principal Accounting Officers, the Head of the Departments, and other subordinate authorities, if the order is issued pursuant to any general delegation made under ‘The Financial Management and Powers of Principal Accounting Officers Regulations, 2021.

(3) In cases where the ministry or Division is not empowered to sanction the expenditure, if an order sanctioning the expenditure is sent to the Accountant General/District Accounts Officer direct by the Ministry or Division, the Accountant General/District Accounts Officer shall not refuse payment and will report to Finance Division that such an order has been issued and request that it may be communicated by Finance Division expeditiously.

(4) Sanctions accorded by Government to grants of land and alienations of land revenue other than those in which assignments of land revenue are treated as cash payments shall be communicated to the Accountant General/District Accounts Officer, a consolidated monthly return giving the details necessary for enabling pre-audit of the sanctions accorded.

(5) In all letters conveying sanctions to new expenditure including grants-in-aid, the sanctioning authorities shall invariably quote the rule under which the sanction has been accorded. Where a sanctioning authority imposes any further restrictions or conditions in addition to those laid down in the rules such restrictions or conditions shall also be clearly set forth in the letter.

IV. Indication of the source of Appropriation

33. **Indication of the source of appropriations in the sanction to expenditure.**— In all applications for sanction to expenditure it should be stated whether provisions for the proposed charge have, or have not, been made in the budget estimates of the year, and, if not made whether the funds can be found by valid re-appropriation.

V. Signature, Date of Effect, Lapse and Retrospective Sanction

34. **Signing of sanctions and date of effect of sanction.**— (1) All letters or orders sanctioning expenditure, appointments, etc., must be signed by the sanctioning authority or by an authorized officer, whose specimen signatures should be supplied to the Accountant General/District Accounts Officer.

(2) 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.

(3) Orders sanctioning the creation of a temporary post should, in addition to the sanctioned duration, invariably specify the date from which it is to be created.

35. **Lapse of sanctions.**—A sanction for any fresh charge shall, unless it is specifically renewed, lapse if no payment in whole or in part has been made during a period of twelve months from the date of issue of such sanction. Provided that—

- (i) when the period of currency of the sanction is prescribed in the departmental regulations or is specified in the sanction itself, it shall lapse on the expiry of such periods; or
- (ii) when there is a specific provision in a sanction that the expenditure would be met from the Budget provision of a specified financial year, it shall lapse at the close of that financial year.

Note.— Sanction to any expenditure becomes operative as soon as funds have been appropriated to meet the expenditure and does not become operative until funds have been so appropriated.

36. **Retrospective sanction.**— (1) All authorities which are competent to sanction revision of pay or 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 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.

CHAPTER-5: BUDGET

I – Introductory

37. **Budget statement.**— (1) A statement of the estimated annual revenue receipts and expenditure of the Federal Government under Article 80(1) of the Constitution is prepared by Finance Division and presented to the National Assembly and transmitted to the Senate of Pakistan as required under 73(1) of the Constitution of Pakistan. Senate may, within fourteen days, make recommendations to the National Assembly which shall consider these recommendations but may or may not include these recommendations as part of the statement.

(2) This statement is referred to as the Annual Budget Statement and includes a statement of the purpose and estimates divided into major objects for each demand for grant. This statement along with Memorandum of Federal Receipts and Demands for Grants and Appropriations constitute the explanatory part of the Annual Budget Statement.

(3) Each Demand for grant may indicate budget estimates of the ensuing year, initial budget estimates and revised estimates of outgoing year and provisional actual expenditure of year prior to outgoing year.

(4) Annual Budget Statement in respect of every financial year also shows the sum, required to meet expenditure described as charged expenditure and the sum required to meet other expenditure to be made from Federal Consolidated Fund and shall also distinguish expenditure on revenue account and on capital account under article 80 of the Constitution.

(5) Expenditure charged upon Federal Consolidated Fund may be discussed in but shall not be submitted to the vote of National Assembly. Expenditure other than charged shall be submitted to National Assembly in the form of Demands for Grants and National Assembly shall have power to assent or to refuse or reduction of the amount.

(6) The form of the Budget and Demands for Grants is laid down by Finance Division and no alteration of arrangement or classification can be made without the approval of that Division

(7) 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 the Principal Accounting Officers, heads of departments, administrations etc., who in turn depend for the material on heads of departments, controlling officers and other officers who collect the revenues or incur expenditure.

II.—Preparation and Submission of Detailed Estimates

38. **Budget strategy paper.**— (1) As per section 3 of the Public Finance Management Act, 2019 the Federal Government is required to approve the budget strategy paper containing quantified macroeconomic and fiscal projections for the medium-term by 10th of May each year. It shall be published as well as placed on the Finance Division's official website. The paper shall indicate strategic priorities of the Government revenue and spending policies and specify indicative levels of spending in various Ministries and Divisions. Upon approval of the paper, the Finance Division shall issue indicative budget ceilings to Ministries and Divisions.

39. **Issuance of budget call circular to the Principal Accounting Officers (PAOs).**— (1) Finance Division will issue "Budget Call Circular" to the PAOs which shall contain instructions, forms and timelines required to be completed by the respective PAOs by the timeline given by Finance Division.

40. **Issuance of Indicative Budget Ceilings for current and development budget to all PAOs.**—Federal Ministries/Divisions will receive the indicative budget ceilings after approval of the Budget Strategy Paper by the Cabinet. The ceilings for current budget are prepared by Finance Division. One line ceiling for development budget is issued by Finance Division in favour of Planning, Development and Special Initiatives Division. Demand/ PAO wise ceilings for development budget are prepared and issued by the Planning, Development and Special Initiatives Division.

41. **Submission of budget forecast by the Principal Accounting Officer.**—(1) The Indicative Budget Ceilings issued by Finance Division in accordance with rule 59 ante for current and development budget will be considered as base line for submission of Budget Estimates. PAOs will submit estimates keeping in view Public Finance Management Act, 2019 and priorities of Federal Government.

(2) Except in cases in which Government has expressly directed otherwise, departmental estimates of revenue and expenditure should be prepared in two parts, namely:—

- (i) Part-I relating to standing charges which though 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; and
- (ii) 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 year's budget. This

applies also to estimates of development expenditure special features of whose estimates have been dealt with separately in these rules.

(2) Both Part-I and Part-II estimates should be submitted by administrative Ministries/Divisions on prescribed forms explaining the variations between budget estimates, revised estimates and actuals. 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 rule 70. 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.

42. Estimates of federal receipts.—(1) The Estimates of Revenue Receipts, Capital Receipts and Receipts under Public Accounts are compiled in the budget publication titled as “Explanatory Memorandum on Federal Receipts”. ‘Revenue Receipts’ include the estimates of direct and indirect taxes whereas the ‘Capital Receipts’ comprise of the Recoveries of Investments, Recoveries of Loans and Advances and Public Debt including domestic and foreign debt. The major source of receipts under Public Account relates to the National Saving Schemes and contributions by the Government Servants under General Provident Fund Act 1925, and Federal Employees Benevolent Fund and Group Insurance Act, 1969.

(2) Budget estimates relating to Receipts creditable to Federal Consolidated Fund are submitted to the Finance Division on Form GFR-1 by the date indicated in the Budget Call Circular and contain information in respect of each major object, minor object, detailed object, and sub-detailed object, if any—

- (i) budget estimates of the coming financial year;
- (ii) budget estimates and Revised Estimates of the current financial year;
- (iii) reasons for variations; and
- (iv) actual collection of the current financial year.

(3) Budget proposals relating to Tax & Non-Tax Revenues such as imposition of new Tax or revision in its rate must be accompanied by a self-explanatory note giving detailed justification and annual revenue impact and draft legislation for inclusion in Finance Bill.

43. Estimates of public account and reserved funds (Receipts and Expenditure).—(1) Estimates of Public Account and Reserved Funds (Receipts and Expenditure) shall be submitted on Form GFR-2 and shall contain the following information:—

- (i) name of the Receipt along with detailed object classification;

- (ii) code as per chart of accounts;
- (iii) balance on 30th June of the previous financial year;
- (iv) budget estimates and revised estimates of the current financial year;
and
- (v) budget estimates of the upcoming financial year.

Note.—PAOs are responsible for full disclosure of Public Accounts Receipts and Payments under the Public Accounts opened under their jurisdiction and report to the Finance Division on regular basis

44. **Estimates of foreign aid resources.**—(1) The estimates of Foreign Aid Resources are required to be furnished by the Economic Affairs Division. The administrative authorities shall assist Economic Affairs Division by furnishing promptly such information or material as may be required for compiling these estimates.

45. **Revised budget estimates.**— (1) Revised Estimates for the current financial year on Form GFR-3 for current and development expenditure must include, among other the following things, namely:—

- (i) appropriations or re-appropriations within the sanctioned grants;
- (ii) new items of expenditure sanctioned through supplementary grants;
and
- (iii) surrenders made or likely to be made during the year.

(Part I— Estimates of Revenue and Ordinary Expenditure)

46. **Estimates of revenue and ordinary expenditure.**— (1) Administrative Divisions shall submit Budget Orders in GFR Form-4 in respect of permanent obligations (Part-I) and New Item Statements in respect of temporary obligations (Part-II).

(2) The following are the main guidelines for the preparation of detailed estimates—

- (i) the Federal Budget is prepared on Disbursement as well as Commitment basis. While preparing the revised estimates for the financial year, the ministries/departments shall estimate the commitments likely to remain unmet at the end of the financial year and add the amount required to meet such commitments in the budget estimates for the next financial year. Principal Accounting Officer shall also include multi-year commitments of cost centres under his control in the medium-term budget estimates within the approved

budget ceilings in addition to annual commitments carried forward from the current financial year;

- (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; and
- (iii) the detailed estimates proposed under the primary units, employee related expenses and non-salary expenses should be accompanied by information regarding posts and commitments in **Form GFR-5**.

(3) 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. 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. A lump deduction should be made where experience shows that a saving may occur by reason of posts remaining vacant or for other reasons.

(4) When consolidating the detailed estimates in respect of employee related expenses 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 year's 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.

(5) Provision should not be made in the estimates for posts which will remain vacant. Further, if it is desired to revive any of these, prior concurrence of Finance Division should be obtained before including any provision in the estimates on this account. In all such cases, the relevant estimates should be accompanied by a copy of the sanction.

(6) For all fixed recoveries and fixed payments (other than employee related expenses) an authenticated copy of the sanction fixing the amount should be enclosed.

(7) 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 actuals of the preceding year, full explanation for the variation should be given.

(8) The provision for traveling allowance and honoraria under the primary unit Allowances, Honoraria, etc, should be shown distinctly and separate from other allowance.

(9) The estimates of contingent charges should be carefully checked by the Controlling Officers by comparison with past actuals and lump provision in the budget should not be made or proposed except in most exceptional circumstances, which should be invariably recorded.

(10) 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 sanction of Finance Division.

(Part-II—Estimates of Fresh Charges)

47. Estimates of fresh charges.—(1) Proposals if any, involving fresh charges should be submitted by heads of departments and other estimating authorities to the Administrative Divisions concerned to permit the latter to undertake an examination of the proposals. It is open to the Administrative Divisions to require heads of departments, etc. to submit proposals for fresh charges during 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.

(2) No scheme of fresh charges will be included in the budget unless it is complete and approved. In submitting proposals for fresh charges, administrative difficulties and delays in sanctioning processes should be borne in mind and recommendations for provision in the budget may not be made if it is not likely to be spent during the financial year.

(3) Proposals for fresh charges should be referred to the Finance Division. Finance Division will exercise its discretion in admitting such proposals.

(4) Adherence to the timetable given in the Budget Calendar is an essential part of the procedure.

48. Submission of foreign exchange estimates.—(1) Foreign exchange estimates relating to current expenditure shall be submitted by the Administrative Divisions on **GFR-6 to 8 and on GFR 9 to 11** in case of development expenditure.

(2) Foreign Exchange Budget for the ensuing financial year as well as Revised Estimates for the current financial year shall be prepared in Pak. Rupees at exchange rate to be intimated by Finance Division. Request for FE Budget should also contain justification and item wise details of amount and date of requirement in foreign currency as provided in column 5 of FE Budget forms (6- 11).

(10) No foreign exchange allocation/release shall be allowed without provision of equivalent rupee cover.

(11) All foreign exchange expenditures i.e. recurrent and development shall be based on well-defined plans, as provided in Public Finance Management Act, 2019.

49. **Invisible expenditure.**— (1) This may include: delegations going abroad, trainees sent/proposed to be sent abroad, salaries and associated expenditure of missions abroad, official donations, subscription fees, salaries of officers abroad on leave, legal fees, demurrage charges, freight charges, payments to consultants/experts working on development projects, preparation of feasibility studies of development projects etc. whereas Import Expenditure may include import of machinery, equipment, raw material, spare parts, etc.

(2) FE allocation should be requested for only those development programs/schemes which are included in the Public Sector Development Program (PSDP) and Annual Development Programs (in provinces) after approval of the competent forum.

(3) No lump provision should be proposed and detail of all items included in a demand should be given by each organization/entity, as per prescribed formats.

(4) Ministries/Divisions and provincial Finance Departments are required to forward the Budget Call Circular to all Departments/Attached Departments/Sub Ordinate Offices/ Autonomous & Semi-Autonomous bodies/PSEs operating under their administrative control for provision of FE Budget estimates.

(5) Provincial Finance Departments will co-ordinate the foreign exchange requirements for the whole province and certify that, the Development Schemes included in the estimates are duly approved by competent authorities; and that corresponding rupee cover shall be made available.

50. **Development.**—(1) The estimates of development expenditure will include schemes approved in accordance with the prescribed procedure. 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, Development and Special Initiatives Division.

(2) In the case of on-going projects, the estimates should also be accompanied by relevant files 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.

(3) While proposing budget estimates for projects/schemes, the Ministries / Divisions will ensure that there is no overlapping as to be nature and scope of

projects/schemes items proposed for the development budget, and 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 the administrative Ministry / Division concerned should present a consolidated picture while referring its budget estimates of development expenditure.

(4) 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. The detailed classification of expenditure should be correctly shown on the NISs and submitted to the Budget Wing of Finance Division immediately.

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

(6) 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”). When the foreign exchange component is intended to be financed (wholly or partly) from foreign aid, the source and type of aid will be indicated in the New Item Statement.

(7) Irrespective of its source / type, all foreign aid is required to be reflected in the expenditure estimates of the projects. The estimates of foreign aid will be cleared with Economic Affairs Division before incorporation in the budget estimates. All foreign aid directly or indirectly received by the Federal Government / Provincial Governments public entities 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 shall be made with the knowledge and approval of the respective Government.

(8) 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.

(9) 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.

(10) 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, etc.). In cases where quantitative assessment of physical targets is not feasible, the likely achievements should be specified in broad details.

(11) 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.

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

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

(14) Ongoing projects which are at an advanced stage of completion, or projects likely to yield quick returns should be given priority.

(15) Those schemes shall have priority, which are part of the economic development plans of the Government.

(16) Development Programs will be prepared by the Divisions and public entities on the basis of the annual allocation and requirements of individual projects. They will also be required to take into account the expected utilization of committed foreign aid.

(17) Readjustment in priorities and sectoral allocations in the Development Program will be made by Planning Development and Special Initiatives Division.

(18) PD&SI Division shall examine the demands for allocation for individual projects in the light of available resources, sectoral priorities, phasing of projects, availability of foreign assistance and the present status of projects. The project-wise allocations made to Ministries / Divisions under each sector will constitute the draft of the public sector development program which will be submitted to the Annual Plan Coordination Committee. The draft will be reviewed by the Committee in the light of priorities, resource position and representation from various entities/agencies. The Annual Plan Coordination Committee will also review the development requirements of Provincial Governments. Public Sector Development Program will then be submitted to the National Economic Council for approval.

(19) The approved project-wise allocations will constitute the authority for framing the development demands for grants of these agencies in the Federal Budget.

51. Medium term performance based budget.— (1) Section-9 of the PFM Act, 2019 requires Federal Government to lay before the National Assembly, in respect of every financial year, a medium-term performance-based budget report along with the Annual Budget Statement.

(2) The medium-term performance-based budget report to be submitted by each principal accounting officer shall include policy and goals, past and future expenditure, outputs and outcomes and related performance indicators and targets.

(3) Budgetary estimates on a rolling three-year basis will be prepared in compliance with Section-9 of the Act.

(4) Medium Term performance budgetary estimates are prepared by the Principal Accounting Officers and submitted on **Form-GFR-12**

52. Preparation of strategic plan.—As required under Section 5 of PFM Act, 2019, all government expenditures, whether from a recurrent or development demand for grant, shall be based on well-defined plans. Strategic plan shall contain of—

- (i) goals to be achieved;
- (ii) outputs (services) to be delivered to achieve the goals, brief rationale and medium-term policy priorities;
- (iii) key Performance Indicators and targets for each output;
- (iv) outcomes (planned impact on services for target population);
- (v) responsible Organization that will achieve required outputs; and
- (vi) strategic Projects required to achieve outputs and outcomes.

53. Allocation of IBCs to outputs.—Once IBCs are received, PAOs shall allocate them to outputs (as defined in strategic plan) as per policy priorities.

54. Communication of IBCs to spending units and projects.—PAOs shall forward IBCs to spending units (DDOs) and project directors. Spending units and projects director shall prepare their detailed budgets (BO/NIS) within these ceilings. In addition to IBCs, organizations responsible for Key Performance Indicators (KPIs) (as defined in Strategic Plan) shall be requested to provide targets. A list of KPIs shall be forwarded to spending units, so they can provide relevant targets against KPIs.

55. **Compilation of budgets by outputs.**— Once detailed budgets are prepared by spending units and projects directors, the MTBF core team of the Ministries / Divisions shall consolidate the information and fill in **GFR-13**.

56. **Approval by PAOs.**—Filled GFR-13 shall be signed by respective PAOs and communicated to: MTBF Secretariat, Budget Wing, Finance Division.

57. **Discussion of performance based budgets in ‘demands review committee’ meetings.**—(1) Performance Based Budget prepared by PAOs shall be discussed during ‘Demands Review Committee’ meetings.

Note.— KPI’s relating to Gender and Climate will be specifically highlighted in performance budget proforma.

58. **Gender budgeting.**— Any activity, program or project having an impact on women for which expenditure is planned to be incurred during the financial year, shall be mentioned along with specific cost center/object in the Budget Estimates separately.

59. **Green budgeting.**— Any expenditure incurred related to on any activity, program or project having an impact on climate, alternate energy, environment etc. shall be mentioned along with specific cost center/object in the Budget Estimates separately.

III. Consolidation of Estimates and Demands for Grants

60. **Consolidation of the estimates and demands for grants.**— Finance Division shall compile Demands for Grants of individual Ministries / Divisions / Departments and aggregates of budget estimates arranged in accordance with Function- cum- Object classification given in Chart of Accounts on the basis of GFR Form-4 containing Budget Orders.

IV. Communication of Grants and Appropriation

61. **Communication of budget allotments.**— The grants voted by the legislature, together with any sums sanctioned for charged expenditure will be communicated by Finance Division as one line budget to the Administrative Divisions and Accounting Office concerned. The Administrative Division will then plan for distributing the sanctioned funds, where necessary, among the controlling and disbursing officers in accordance with the Release Strategy issued by Finance Division.

(2) An appropriation is intended to cover all the charges including liabilities to be paid during the year or to be adjusted. Any unspent balance shall lapse and is not available for utilization in the following year.

62. Appropriation of funds necessary to make sanctions to expenditure effective.—(1) Sanction to the expenditure of money against a valid charge becomes operative only when funds have been appropriated to meet such expenditure and does not become operative until they have been so appropriated. There are thus two elements necessary before public money can be spent on any object or work.

(2) There must be an act of sanction of an authority competent to sanction.

(3) There must be an act of appropriation of funds for the purpose by an authority competent to appropriate

(4) Sanction to recurring expenditure covering a specified period becomes operative when funds are appropriated to meet the expenditure of the first year and remains in operation till the end of the specified period subject to appropriation in each year.

(5) In dealing with recurring expenditure Drawing and Disbursing Officers must not only take the precautions indicated in rules 65 and 69 to 75 as regard its initiation, but also those indicated in rule 66 as regards its close. Sanction to recurring expenditure terminates.

(6) With the expiry of its specified term whether continuously or in broken periods; disbursing and controlling officers are, therefore, responsible for maintaining a check register of recurring temporary sanctions showing when each expires;

(7) When funds are no longer appropriated.

(8) Finance Division will communicate one-line budgetary allocation to Principal Accounting Officers who will allocate funds in various cost centers and elements of accounts.

(9) Principal Accounting Officers will ensure that adequate funds for all elements of accounts are available throughout the financial year especially for employee related expenses to avoid any delay or nonpayment of salaries.

(10) Budget estimates will be prepared at spending level (DDO level).

(11) The budget allocation/release shall also be posted on-line through system in addition to release of funds through an authenticated release order. The former act not being considered as a substitute for the later.

63. Indication of source of appropriation in the sanction to expenditure.—(1) Authorities who sanction expenditure should be careful to indicate the source of appropriation.

(2) Where it is desired to sanction expenditure before funds have been communicated (as may be necessary in order to avoid delay in starting work, the authority should be careful to add the words “subject to funds being communicated in the budget of the year”.

(3) If a government servant receives a sanction to expenditure which does not either indicate the source of appropriation or state that the sanction is subject to appropriation, it is his duty to refer the case back for orders.

(4) The expression “subject to budget provision” should be avoided in conveying sanctions as it has an ambiguous sense. It is necessary to “provide” for expenditure in the budget, but to do so convey no guarantee that it will be “provided” in the sense that it will be granted.

64. **Application for sanction to expenditure.**— 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 re-appropriation.

V. Expenditure in anticipation of Funds

65. **Incurring of expenditure in anticipation of funds.**—(1) Strictly speaking, no expenditure shall be incurred until the budget has been communicated.

(2) Bills for pay and other charges duly sanctioned for the month of June and previous months may be paid on or before 30th of June, as the expenditure on salary is debitable to the month to which it pertains.

VI. Expenditure not provided for

66. **General.**—Expenditure for which no provision has been made in the budget estimates of the current year shall not be incurred. If, on account of exceptional reasons, appropriation is either not provided for in the budget estimates of the current year or the expenditure is likely to exceed the budget provision, and if the authority incurring the expenditure is not in a position to find funds by appropriation, funds may be sought through supplementary grants.

67. **Re-appropriation of Funds.**—(1) As per section 11 of the Act, principal accounting officer may approve re-appropriation of funds from one expenditure item to another item within the same budget grant in the manner as prescribed by Finance Division at serial 5 of the ‘Schedule of Delegated Powers’ to the Financial Management and Powers of Principal Accounting Officers Regulations, 2021.

(2) Finance Division may extend the prescribed time limit in case of exigency.

(3) An application for additional appropriation of funds should ordinarily be supported by a statement or other special form as may be authorized by departmental regulations showing how the excess is proposed to be met. In all orders sanctioning re-appropriation, the reasons for savings and excess necessary, should be invariably stated. The authority sanctioning the appropriation should endorse a copy of the order to the Accounting Officer concerned.

68. **Supplementary grants.**— (1) All Applications for Supplementary Grants should normally be submitted to the Finance Division so as to reach, as far as possible, at the latest or by such other date as may be prescribed by the Finance Divisions from time to time. Administrative Divisions should not, however, hold up the applications till that date, but forward each application to the Finance Division as soon as they are convinced that supplementary a grant will be necessary.

(2) On receipt of an application for a supplementary grant, the Finance Division 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 Finance Division comes to the conclusion that it should be possible for the Administrative Division to meet the expenditure within the sanctioned grant, either from normal savings or by special economies or in the last resort by judicious postponements of other expenditure, the Administrative Division will be so informed, and no supplementary demand will be presented to the Assembly. If, on the other hand, if Finance Division considers that a supplementary grant will be necessary, a demand will be placed before the Assembly as soon as possible.

(3) 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, 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 the year. In case, however, the necessity to incur such expenditure is urgent, the Administrative Division 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 or technical supplementary grant will normally be 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, 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.

Note.— Finance Division issues a Budget Release Strategy Paper, containing instructions regarding technical supplementary and supplementary grants which shall be followed while submitting requests for supplementary grants.

VII. Expenditure in excess of the provisions

69. Incurring of expenditure in excess of the provision in the estimate.— No Government servant may, without previously obtaining an extra appropriation, incur expenditure in excess of the amount provided for expenditure under the heads concerned, and when a Government servant exceeds the annual appropriation, he may be held responsible for the excess.

VIII. Inevitable Payments

70. Inevitable payments and general rules for payments against sanctioned grants.—(1) An appropriation is intended to cover all the charges, including the liabilities of past years, to be paid during the year or to be adjusted in the accounts of it. It is operative until the close of the financial year. Any unspent balance lapses and is not available for utilization in the following year.

Note.—The financial year closes on the 30th of June. After that date all cash and stock transactions are treated as pertaining to the following year.

(2) Notwithstanding the provisions of these rules, the want of provision in the estimates does not operate to prevent payment of any sum really due by Government. It is no economy to postpone inevitable payment. It is very important to ascertain, provide for in the budget estimates, liquidate and record the payment of all actual obligations as soon as possible.

(4) Every Drawing and Disbursing Officer shall maintain a section in appropriation register to record commitments or liabilities.

Note.—Usually, charges incurred in one year be paid from the grant of that year. If no appropriation is available under the relevant object, it may be considered as commitment and liability to be paid against the appropriations in the next financial year.

(5) It is also not permissible to draw advances from the Federal Consolidated Fund to prevent the lapse of appropriations.

IX. Provision for Funds for work executed on behalf of other department

71. Provision for expenditure in respect of a work undertaken by one department on behalf of another.— (1) The department responsible for providing the funds should intimate to the department undertaking the work the sanctioned grant within which the expenditure is to be incurred, and the department incurring the expenditure should be made responsible for checking not only that grant is not

exceeded, but also that any anticipated savings therein are notified and surrendered in time. In cases where an excess is anticipated, the department incurring the expenditure should be held responsible for checking that the grant for the work is appropriately increased by the employing department before the excess is actually incurred.

X. Responsibilities of authorized officers

72. Responsibility of drawing and disbursing officer and controlling officer in respect of budget allocation.—(1) The controlling officers and drawing & disbursing officers in respect of funds placed at their disposal are to ensure—

- (a) that the expenditure does not exceed the budget allocation;
- (b) that the expenditure is incurred for the purpose for which funds have been provided;
- (c) that the expenditure is incurred in public interest;
- (d) that adequate control mechanism is functioning in his department / office for prevention, detection of errors and irregularities in the financial matters of his subordinate offices and guard against wasteful expenditure and loss of public money; and
- (e) to ensure that mechanism / checks contemplated above are effectively applied.

Note.— Detailed responsibilities of the various officers regarding control of expenditures and receipts have been prescribed in chapter 11 and 12 of the Federal Receipts and Payment Rules, 2025.

CHAPTER-6: CONTINGENCIES

I. General

73. Definition.— “Contingent expenditure (Operational expenses)” refers to those charges, which are other than Employee Related Expenses, classified under major object A03 and are incidental to the management of an office, e.g., purchase of ordinary books and periodicals, purchase of stationery, equipment, payment of utility charges etc. Such expenditure is of much the same kind whatever the department be to which the officer incurring them belongs.

74. Classification.—(1)The rules in this chapter apply primarily to Contingencies including Supplies and Services, but “Other Expenditure” is also subject to the rules of procedure prescribed in this chapter, except in so far as it may be governed by any special rules prescribed for the purpose.

Note.— The term “Other Expenditure” includes such classes of expenditure as grants to educational institutions, scholarships, medical and other grants to local bodies, grants to religious or charitable institutions, expenditure from the discretionary grants wherever admissible, compensation to Government servants for accidental losses, contributions to public exhibitions and fairs and rewards.

75. Powers of subordinate authorities to sanction contingent charges.— (1) Subject to the sanction of the competent authority as prescribed in the Financial Management and Powers of Principal Accounting Officers Regulations, 2021, a Drawing and Disbursing Officer is allowed to draw money from the Accounts Office for contingent expenses incurred on the public service within the amount allocated to him in budget estimate.

(2) In respect of both contingencies and other expenditure the powers of the Principal Accounting Officers and of the subordinate authorities are further restricted by the orders regulating their general financial powers.

(3) Contingent charges are recorded and treated in the accounts as charges of the month in which they are actually disbursed.

II. Special Rules relating to Contingencies

76. Payments to contractors and suppliers.—(1) Operational expenditure, other than payments made from imprest account, shall be processed, subject to appropriations and sanction, in the following manner:

- (i) a sequentially numbered purchase order shall be prepared for all contingent expenditures except utilities etc. by the Drawing and Disbursing Officer.
- (ii) for payments made from other than imprest account a prescribed claim voucher form (bill) will be prepared by the Drawing and Disbursing Officer for supplies made, services rendered and work done under a contract or other arrangement, setting forth the following details:
 - (a) particular voucher [all sub voucher in original, shall be part of the bill or voucher];
 - (b) the name of the supplier with Income Tax and Sales Tax number, bank account number, registered title and postal address;
 - (c) actual dates of supply or periods of service and the location and nature of service or work in respect of which expenditure is incurred. Each claim shall be accompanied by all necessary supporting documents.
 - (d) particulars of the object to which payment will be charged;

- (e) a reference number of the contract;
 - (f) deductions made (e.g. withholding tax, security, adjustment of advances etc.); and
 - (g) a copy (2nd copy) of the sequential purchase order attached to the claim voucher;
- (iii) delivery challan or completion certificate may also be provided; and
- (iv) payment of approved claims must be made only to the claimant as indicated on the claim voucher.

77. **Advance payments to suppliers.**—(1) Payment shall not be made in advance unless it is part of the contract as per Public Procurement Regulatory Framework

78. **Control over appropriations.**—(1) The Drawing and Disbursing Officer shall be held responsible for any excess over budgetary appropriation placed at his disposal. The Controlling Officer shall obtain monthly statements, from each Drawing and Disbursing Officer, showing progressive expenditure as compared with the allotment under each item duly reconciled with accounts office in accordance with Rule 102 in sub-rule (b) of the Federal Receipt and Payments Rules, 2025. In case the expenditure is progressing too rapidly, he shall instruct the Drawing and Disbursing Officer to curtail it to a suitable extent. He shall also, during his inspections, scrutinize the contingent registers of the officers under his control and satisfy himself that the charges incurred were necessary and not excessive, and that rates are correct and the sanctions obtained.

(2) If during absence of the head of the office or an officer to whom this duty has been delegated, entries have been initialed by an official, the register must be reviewed and the entries re-initialed by the head of the office or officer on return.

Note.— When sub-vouchers which should accompany a contingent bill are to follow, a note to this effect should be made in the “Remarks” column of the Contingent register, so that the necessity for furnishing these vouchers, as early as possible, may not be overlooked.

(3) As the office cashier pays away any money, he will enter in the contingent register the amount, date, name of payee, and number of sub-vouchers, and in the case of any charge requiring explanation, he will also take against the description the initials of the Government servant incurring it.

(4) To enable the Drawing and Disbursing Officer to watch the progress of the expenditure under each detailed object, as compared with the budget appropriation for it, a progressive total of all the columns must be made monthly, immediately after the monthly total, and will include all payments under each object

as also all work bills from the commencement of the year up to the end of the last expired month. The charges relating to two major objects are not to be shown in one register. But in the case of joint grant such grant may be entered in one register only for the purposes of control.

79. **Recurring contingencies.**—The sanction is not required for the payment of Local Councils taxes, whatever be their amount, when such taxes have been assessed by competent forum.

80. **Secret service expenditure.**—(1) Secret Service Expenditure shall be classified and allocated by the Finance Division.

(2) For the appropriation placed at his disposal, the Controlling Officer will maintain a contingent register, in the prescribed form, in which the date and amount of each contingent bill will be entered with a note of the progressive expenditure. Within the budget allotment, the Government servant may draw bills for such sums as may be necessary. Such bills will not be supported by vouchers.

(3) The general control of the grant will be vested in the Controlling Officer who will be responsible that accounts are duly maintained and that payments have been properly made for the purpose for which the grant is given.

(4) Every Controlling Officer will maintain in the form of a cashbook a secret record of the expenditure and receipts (if any) connected with the grant. This record should contain the amount and the date of each payment and such indication of its nature as the Administrative Department may consider necessary to enable him to discharge the responsibility placed upon him. The amounts drawn from the Federal Consolidated Fund on contingent bills will be entered in the cash book on the receipt side the number and date of the bill being noted against the entry.

(5) The Principal Accounting Officer should conduct at least once in every financial year an administrative audit of the expenditure incurred by the Controlling Officers and furnish a certificate to the Accountant General in the following form not later than the 31st of August following the year to which it relates.

“I hereby certify that the amount actually expended by me or under my authority for secret service in the year ending the 30th of June was Rs. that the balance in hand on the said 30th of June_____ was Rs._____ and that this balance was credited into the Federal Consolidated Fund on _____, and I declare that the interests of the public service required that the above payments should be made out of secret service funds and that they were properly so made.”.

(6) Accounts of the secret service expenditure will not be pre-audited by the Accountant General but will be subject to audit by the Auditor-General of Pakistan.

81. **Permanent Advances and Imprest Accounts.**— Advances are granted to Government servants who may have to make payments before they can place themselves in funds by drawing bills. They are subject to the following rules:

(1) Principal Accounting Officers are authorized to sanction permanent advances up to the amount advised by the Accountant General/District Accounts Officer.

(2) Heads of Departments can, unless a competent authority otherwise directs, sanction the grant of permanent advances for offices subordinate to them up to the amount advised by the Accountant General/District Accounts Officer as appropriate. The permanent advances, for the offices of the Heads of Departments must, however, be sanctioned by the next superior administrative authority.

(3) Applications for the grant of revision of a permanent advance must be submitted to the sanctioning authority through the Accountant General / District Accounts Officer who will advise as to the appropriate amount of the advance. In cases falling under sub-clauses (1) and (2) above, if there is any difference of opinion between the Accountant General/District Accounts Officer and the sanctioning authority on this point, the matter should be referred for the orders of the Finance Division.

(4) As these advances involve the permanent retention of money outside the Consolidated Fund of the Federation, they must not be larger than is essential.

(5) These advances should not be multiplied unnecessarily. A Government servant's advance should meet the needs of every branch of this office. If he has subordinates who require petty sums he should rather spare a small portion of his own advance for their use than to apply for separate advances for them taking acknowledgements from them in the same way as he himself furnishes to the Accountant General/District Accounts Officer, and retaining them in his office.

(6) In the case of transfer of charge and yearly on the 15th July each Government servant holding a permanent advance must send an acknowledgment to the Accountant General/District Accounts Officer of the amount due from and accountable for by himself on following form. If this be not received the Accountant General/District Accounts Officer will demand it immediately.

“I hereby acknowledge that the sum of Rs..... on account of the permanent advance assigned to my office, is due from and to be accounted for by me.

No.

(Signature)

Date

Designation

(7) The advance is intended to provide, on the responsibility of the Government servant 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 an official is required to travel by rail, his fare must sometime necessarily be advanced from this amount.

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 recouped from the amount realized by the sale of books to Government servants.

Note-2.— 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 details of items of expenditure.

82. Responsibility of different authorities.—Every Government Servant should exercise the same vigilance in respect of expenditure incurred from public money as a person of ordinary prudence would exercise in spending his own money. The Drawing and Disbursing Officer is responsible for checking that—

- (a) vouchers are prepared according to rules;
- (b) the money is either required for immediate disbursement or has already been paid from the permanent advance;
- (c) the expenditure is within the available appropriation;
- (d) all steps have been taken with a view to obtain an additional appropriation if the original appropriation has either been exceeded or is likely to be exceeded; and
- (e) in the case of contract contingencies, the proposed expenditure does not cause any excess over the amount fixed for these contingencies.

83. Responsibility of Drawing and Disbursing Officers.—(1) The Drawing and Disbursing Officer is responsible for checking that the rules regarding the preparation of vouchers are carefully observed and that the expenditure does not cause any excess over the budgetary allocation thereof. He is also to check that steps are taken to obtain additional appropriation if the original appropriation has either been exceeded or is likely to be exceeded.

(2) Where there is more than one officer attached to an office, the head of the office, being Drawing and Disbursing Officer, may delegate to any officer subordinate to him, the immediate responsibility of Drawing and Disbursing Officer, for the control and supervision of the contingent accounts, including the duty of signing the non-salary contingent bills and registers, checking and cancelling the vouchers, and sanctioning expenditure to the extent given under the delegation of

financial powers. The delegation of power will not, however, relieve the head of office, being original Drawing and Disbursing Officer, of the responsibility of checking that the grants placed at his disposal are being spent and disbursed in proper and transparent manner and under due authority.

84. **Responsibility of Controlling Officer.**— It is the duty of a controlling officer to check—

- (i) that the charges made in a contingent bill are of obvious necessity, and are at fair and reasonable rates
- (ii) that previous sanction for any item requiring it is attached
- (iii) that the requisite vouchers are all received and in order
- (iv) that the calculations are correct, and specially
- (v) that the appropriations have not been exceeded, or are not likely to be exceeded.

CHAPTER-7: INVENTORY MANAGEMENT

I. General Rules

85. **Introduction.**— Officers entrusted with the care, consumption of stores or use of fixed assets are responsible for maintaining correct records and preparing correct returns in respect of the stores and fixed assets entrusted to them. They are also responsible for keeping them in proper custody and in good and efficient condition and for protecting them from deterioration. They should also take proper precautions to prevent loss of public stores by fire or other accidents. Any loss of or damage to Government stores should forthwith be reported by them to their immediate superiors.

II. Receipt of stores

86. **Receipt of Goods and Materials from Private Suppliers.**—(1) While receiving goods and materials from a supplier, the officer-in-charge of stores should refer to the relevant contract terms and follow the prescribed procedure for receiving the materials.

(2) All materials received shall be examined, counted, measured and weighed, as the case may be, when delivery is taken and they shall be subject to visual inspection at the time of receipts to ensure that quantities are correct, the quality is according to the required specifications and there is no damage or deficiency in the materials. Technical inspection where required should be carried out at this stage, and an appropriate receipt, in terms of the relevant contract provisions may be given to the supplier on receiving the materials.

(3) Details of the material so received should thereafter be entered in the appropriate stock register, preferably in an IT-based system. The officer-in-charge of stores should certify that he has received the material and has recorded it in the appropriate stock registers.

87. Receipt/issue of goods and materials from internal divisions of the same organization.—(1) The officer requiring goods and materials from internal division(s) of the same organization should use GFR-14 for the purpose. While receiving the supply, the officer shall examine, count, measure or weigh the materials to ensure that the quantities are correct, the quality is in line with the required specifications and there is no damage or deficiency in the materials. An appropriate receipt shall also be given to this effect to the office sending the materials, giving full description and quantity of materials. Necessary entries of the articles shall be made in the system and Stock Register.

(2) In respect of transactions between a main store and a sub stores under it, it is essential that there should be complete reconciliation of the issues from the main store and the receipts in the subsidiary stores to which issues are affected from the main store. The issuing store will prepare an issue voucher and send copies to the recipient, who should return a signed copy. This signed copy of the issue voucher shall be kept by the issuing store for reconciling of goods.

(3) In case of goods issued to a contractor, the cost of which is recoverable from him, the acknowledgment shall give full particulars and specification of the materials issued, including the recovery rates and the total value chargeable to the contractor duly signed and dated.

III. Transfer of charge

88. Transfer of charge of stores.—(1) In case of transfers, the officer in charge of stores should check that the stores in his custody are made over correctly to his successor and a proper receipt taken from him.

(2) The 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 other cause, may be left at or near his station, without adequate protection.

IV. Stock Accounts

89. Quantity Accounts.—All quantities received in or issued from stores should be entered in the Stock Account under the respective headings on the dates the transactions take place, and balances reconciled every month.

90. Value accounts.—The value account should show the money value of the materials received in and issued from stock. The value of all the materials obtained from different sources, either by cash payment or by book adjustment, should be recorded. Similarly, the value of materials issued from time to time should

also be recorded A general valuation should also be made of the stock in hand at the close of each year. The difference between the totals of the two will ordinarily show profit or loss in the operation of different classes of materials.

V. Custody, Maintenance and Accounts of Inventory

91. **General.**— (1) The head of an office or any other officer entrusted with inventory of any kind shall take special care for arranging their safe custody, keeping them in good and efficient condition and protecting them from damage or deterioration. Appropriate storage space shall be provided more particularly for valuable and combustible inventory. He shall maintain suitable accounts of inventories and prepare correct returns in respect of the inventory in his charge with a view to prevent losses through theft, accident, fraud or otherwise and to check balances with book balances and payments to suppliers, etc. The form of stock accounts shall be determined with reference to the nature of the goods, the frequency of the transaction and the official requirements of each office in which they are used. The general and essential principles in accordance with which such accounts shall be maintained should be laid down.

(2) The Officer-in-charge of stores shall maintain suitable item-wise lists and accounts and prepare accurate returns in respect of the goods and materials in his charge making it possible at any point of time to check the actual balances with the book balances.

(3) Separate accounts shall be kept for—

- (a) fixed Assets such as plant, machinery, equipment, furniture, fixtures etc. in the Form GFR-15;
- (b) consumables such as office stationery, chemicals, maintenance spare parts etc. in the Form GFR-16;
- (c) library books in Form GFR-17;
- (d) loss Register in Form GFR -18;
- (e) sale Statement in Form GFR-19;
- (f) report of surplus, obsolete and unserviceable stores for disposal in Form GFR-20; and
- (g) the accounts of utilization of foreign aid, both grants and loans received shall be kept in Form GFR-21.

Note.— These forms can be supplemented with additional.

92. **Maintenance of accounts of stores/equipment and material etc. procured out of foreign loans/credits/grants.**— (1) In case of Stores, Equipment and Material etc., procured out of foreign loans/grants/credits, beside the general

principles of maintenance of Account of Stores given elsewhere in this chapter, the instructions below shall also be observed:

- (i) the Project Authority/Agencies who place orders for the supply of equipment, machinery and commodities against any allocation from foreign loans/credits or grants should maintain shipment-wise details of the supplies received against each order placed for such supplies. They shall be responsible for receipt of supplies against each order/indent and verifying that the quality and quantity of supplies received are in accordance with the orders placed. Any shortages or damages which come to light shall be scrutinized to determine whether a claim in respect thereof can be lodged with the supplier, the shipping company or the insurance company. Such claims should be promptly lodged with the party responsible for the loss and pursued till finally settled or recovery of the amount involved is made. If recovery from the party is not possible the loss should be written off under orders of competent authority after proper investigation and fixation of responsibility for the loss;
- (ii) the accounts of utilization of foreign aid, both grants and loans received shall be kept by the executing authorities in Form GFR-21. The amount of each foreign loan/credit or each allocation made therefrom shall be maintained separately so that the value of imports made against each order or allocation may be readily available;
- (iii) the disbursements on account of "services", etc., shall be entered in column 13 of the form;
- (iv) in column 17 reference to the entries made in Stores and Stock Registers on receipt of the material shall be given;
- (v) the Major, Minor and Detailed objects of account under which the Rupee value of the supplies received against each foreign loan/credit or allocation therefrom or grant from any foreign sources is to be accounted for in Government accounts shall be entered on the right-hand top of the form;
- (vi) the entries in the accounts shall be made promptly as and when the transaction originates and all documents connected with the imports and utilization of a foreign loan/credit/grant shall be kept in safe custody, until the accounts of such transactions are finally closed and audited; and
- (vii) if the accounts of foreign aid already maintained do not indicate the information required in the form referred to in this annexure, the accounts shall be re-casted with the help of Bills of Lading, Invoices and Purchase orders, etc.

93. **Physical verification.**— (1) Physical verification of all consumable goods and materials should be undertaken at least once a year and discrepancies, if any, should be recorded in the stock register for appropriate action by the competent authority.

(2) Physical verification will be conducted subject to following conditions—

- (i) that verification will not be entrusted to a person who is the custodian, the ledger, keeper, or the accountant of the stores to be verified, or who is a nominee of, or is employed under the custodian, the ledger, keeper or the accountant; or Who is not conversant with the classification, nomenclature and technique of the particular classes of stores to be verified;
- (ii) the verification should not be left to subordinates and in the case of large and important stores, it should be as far as possible, entrusted to an officer who is independent of the officer in charge of the stores;
- (iii) verification shall be made in the presence of the officer responsible for the custody of the inventory being verified;
- (iv) a certificate of verification along with the findings shall be recorded in the stock register;
- (v) discrepancies, including shortages, damages, and unserviceable goods, if any, identified during verification, shall immediately be brought to the notice of the competent authority for taking appropriate action; and
- (vi) all losses and shortages will immediately be entered in the Register of losses on Form **GFR-18**.

94. **Recording of fixed assets.**—(1) All departments/entities will maintain a Fixed Assets Register on Form GFR-19 for the categories of assets, for which they are responsible. The categories of assets shall include land & building, civil works, plants and machinery, vehicles, furniture and fitting, office and computer equipment.

(2) The information kept on the Fixed Assets Register for each asset shall include description, classification of asset, date of purchase or date of completion, original purchase cost in Rupees, cost in foreign currency (where applicable), asset identification number, location, and ownership of/responsibility for asset.

(3) The record of each item shall also include references to relevant files, plans and deeds, source of acquisition, and give other relevant details such as rents payable or receivable.

(4) Every change affecting the ownership, occupation or change in location of the asset shall be the subject of an entry in the register.

95. Responsibility for fixed assets recording.— (1) The Principal Accounting Officer shall ensure that the Fixed Assets Register is properly maintained and is up to date.

(2) Departments/entities will regularly review their holdings of fixed assets to match with the fixed assets records and to identify surplus assets.

(3) Every change affecting the ownership, occupation or change in location of the asset shall be the subject of an entry in the register.

(4) The record of each item shall also include references to relevant files, plans and deeds, source of acquisition, and give other relevant details such as rents payable or receivable.

(5) The Fixed Assets Register will be maintained by a delegated officer who shall take appropriate precautions to safeguard the accuracy and integrity of the record.

(6) Any entry in the register will only be made by an authorized officer who will sign it on every entry.

(7) No item will be removed from the register except under proper authority. When an item is removed the record should be noted to show the date and reasons for removal and the reference of the relevant authority.

(8) Where an asset is jointly owned by more than one department/entity, the Fixed Assets Register will be kept by the nominated controlling entity.

96. Donations / gifts of fixed assets.—(1) Donations or gifts of fixed assets may be received by a department/entity with the approval of the Principal Accounting Officer.

(2) The value of the assets donated or gifted shall be in accordance with guidelines set by the Government.

(3) Donations or gifts of fixed assets by department/entity may be made only with the approval of the PAO. Such assets shall be removed from the Fixed Assets Register on the date the fixed assets are donated or gifted.

97. Accounting for fixed assets.—(1) A memorandum account for fixed assets shall be kept by the DAO/AGPR to record transactions relating to fixed assets.

(2) Where claims are made in relation to expenditures for fixed assets, the claim voucher submitted to the DAO/AGPR shall also include information on Fixed Assets Form **(GFR-19)**.

98. **Reporting of fixed assets.**—(1) All principal accounting officers shall prepare a fixed assets report, DDO -wise, from the Fixed Assets Register and share it with Accountant General Pakistan Revenues. The report, shall contain the following information—

- (i) owner Division/Department etc;
- (ii) asset categories;
- (iii) cost at beginning of the reporting period;
- (iv) additions during the reporting period (at cost);
- (v) disposals during the period (at cost); and
- (vi) cost at end of reporting period.

(2) Accountant General/District Accounts Officers shall also prepare a fixed assets report, DDO -wise and send it to the Accountant General Pakistan Revenues.

(3) Accountant General Pakistan Revenues will consolidate the reports received from District Accountant General/District Accounts Officers and send a copy to Finance Division besides uploading it in the system.

99. **Physical verification.**—The inventory for fixed assets shall ordinarily be maintained at site. Fixed assets should be verified at least once in a year and the outcome of the verification recorded in the corresponding register. Discrepancies, if any, shall be promptly investigated and brought to account.

100. **General policies for disposal of fixed assets.**—(1) Surpluses should be sold, subject to value for money considerations and guidelines set by the Government in relation to disposal of assets.

(2) Surplus assets shall be sold on the open market by means of public auction or open advertised tender.

(3) Divisions/entities shall ensure that appropriate systems of control are instituted over the disposals of assets. In particular they should ensure that the staff concerned is properly supervised and that duties are adequately separated; for example, that staff responsible for selling assets do not also value them.

(4) Where a loss of asset has taken place, it shall be taken off the Fixed Assets Register and included in the Loss Register on **GFR Form-20**

VI. Disposal of Assets

101. Disposal of assets to other government departments / entities.—

(1) The transfer of assets by one department/entity to another will be treated as an arm's length transaction i.e., the asset will preferably be sold on cash basis instead of as a book entry.

(2) On transfer, the asset shall be removed from the Fixed Assets Register by a delegated officer within the department/entity. The delegated officer shall also inform the Accountant General/District Accounts Officer of this transfer, who shall make the adjustment in the fixed assets account.

(3) If the department/entity receiving the asset is under the jurisdiction of another DAO/AGPR/, that department/entity shall inform the concerned DAO/AGPR of the assets transferred.

102. Accounting for proceeds from disposals.—(1) Receipts from the sale of fixed assets shall be credited to the appropriate account object in the relevant Federal Consolidated Fund.

(2) Sale receipts shall be accounted for on a gross basis. Sale expenses will not be netted off the sale proceeds but shall be separately accounted for as an expenditure item.

(3) In relation to disposal of assets to other government department/entity, the value of the asset on transfer will be its original cost, as recorded in the books of transferee department.

103. Disposal of general stores.—(1) An item may be declared surplus or obsolete or unserviceable if the same is of no use to the Department. The reasons for declaring the item surplus or obsolete or unserviceable should be recorded by the authority competent to declare stores and stocks as surplus/ unserviceable under the powers delegated at serial 6 of the Financial Management and Powers of Principal Accounting Officers Regulations, 2021.

(2) The book value, guiding price and reserved price, which will be required while disposing of the surplus goods, should also be worked out. In case where it is not possible to work out the book value, the original purchase price of the goods in question may be utilized. A report of stores for disposal shall be prepared in **Form GFR - 20**.

(3) In case an item becomes unserviceable due to negligence, fraud or mischief on the part of a government servant, responsibility for the same should be fixed.

(4) A sale account should be prepared for goods disposed of in Form GFR-21 duly signed by the officer who supervised the sale or auction.

CHAPTER-8: DEBT AND MISCELLANEOUS LIABILITIES OF GOVERNMENT

I. Introductory

104. **Categories of liabilities.**—(1) Major liabilities of the Government include domestic debt, external debt, deferred liabilities, and employee entitlements and are explained in succeeding rules.

105. **Domestic debt.**—(1) Domestic debt is debt raised by the Government within Pakistan, through forms of permanent and floating debt:—

- (i) permanent debt is debt raised through issuance of Government Bonds and raising of loans at fixed rates of interest and fixed maturity terms;
- (ii) floating debt is debt raised through issuance of Treasury Notes and Treasury Bills at variable rates and variable maturity terms; and
- (iii) institutional debt is raised from various financial institutions at various fixed and floating rates of interest.

(2) Prize Bonds and Savings Certificates issued by the Government are special forms of Government Securities, which are issued and repaid under special rules and orders made by Government.

(3) Procedures for domestic loans are regulated by the provisions of the Public Debt Act (1944) as amended from time to time, and the statutory rules issued there under, with supplementary procedures set out in the Government Securities Manual.

106. **Payment of treasury bills.**—(1) Unless the Government direct otherwise, Treasury Bills will be issued from and repaid at the offices of the State Bank of Pakistan.

(2) The procedure to be observed by the Bank in connection with the sale and discharge of such bills will be governed by such instructions as may be issued by the Government to the Bank

(3) Treasury Bills can be paid on maturity at the office or branch of the State Bank from which they were issued. After payments the discharge bills shall be transmitted to the Accountant General in the same way as other paid vouchers.

107. **External debt.**—(1) External debt is finance obtained from abroad, in the form of long term, medium term, and short-term debt. Federal and Provincial Governments obtain loans, including technical assistance, from foreign agencies, such as foreign banks and organizations, as well as foreign Governments.

(2) External debt pertaining to bi-laterals and multilaterals is managed by EAD whereas commercial borrowing, IMF programs, time deposits, guaranteed loans, Naya-Pakistan Certificates and Eurobonds etc. are managed by Finance Division and State Bank of Pakistan.

Note.—Detailed rules and regulations issued by Ministry of Finance, governing the administration of foreign loans shall be followed. Where external loans are provided in the form of commodities, the liability shall be recorded at cash (Rupee) equivalent communicated by State Bank Pakistan.

108. **Deferred liabilities.**—(1) These liabilities shall be recorded on the prescribed liabilities register and form part of the budgeting process in the subsequent years.

II. Accounting

109. **Accounting policies.**—(1) All loan monies received must be recorded as capital receipt in the Federal Consolidated Fund. This includes any direct loans from donors to beneficiaries within the Government, direct payments and third-party disbursements.

(2) The debt servicing cost (i.e., interest) and loan repayments must both be treated as charged items under the Federal Consolidated Fund and recognized in the accounts when paid, including commitment charges and management fee.

(3) Loans shall be re-lent as per the applicable relending policy of the Government.

110. **Accounting records.**—(1) Cash transactions arising from liabilities shall be recorded in the Sub-Ledger and General Ledger of the DAO/AGPR offices.

(2) Any non-cash transactions arising from liabilities shall also be recorded for incorporation into the Annual Accounts. Where any non-cash transactions are recorded in the liability records, a corresponding direct adjustment to equity shall be made, rather than to expenditures or receipts. A non-cash transaction is a financial transaction which does not involve cash movement but can affect the outstanding liability.

(3) The detail of all liabilities shall be held in a Liabilities Register by the AGPR and District Accounts offices, and periodically updated as advised from appropriate entities. This register shall hold a formal detailed and aggregated record of all recognized liabilities for the Federal Government.

111. **Accounting procedures.**—The following key controls shall be observed when processing receipts and repayments of loans—

- (i) cash transactions arising from loans should be identified against the proper receipt and payment elements, and classified in accordance with chart of classification; and
- (ii) reconciliation of loan liability records loan receipts and repayment transactions shall be undertaken between AG/AGPR and EAD/Ministry of Finance and other concerned entities.

III. Loan Receipts

112. **General.**— (1) Loan monies may be received from lending agencies in the form of an advance (e.g. mobilization advance) or reimbursement of expenditure previously incurred by the beneficiary. In case of external loans, the funds are received initially by the National Bank of Pakistan branch in New York, which then places the funds (through the NBP-HQ Karachi) into the relevant bank account of the Government, including assignment accounts where applicable. These balances shall be reported to the State Bank.

(2) State Bank shall advise both AGPR and EAD/MoF of the loans received from lending agencies. EAD/MoF shall also seek independent confirmation from the lending agency of the funds deposited.

(3) EAD/MoF/FD shall then provide AGPR with the required accounting details relating to the loan receipt (amount, date received, receipt head to be charged etc.).

(4) Upon receipt of this advice, AGPR shall make the Sub-ledger accounting entry to record the capital receipt and increase in cash, and at the same time update the liability record / Liabilities Register.

113. **Loan repayments.**—(1) The scheduling of loan repayments is undertaken by EAD (in relation to external loans) and MoF (in relation to domestic loans), in accordance with the schedules provided in loan agreements. When a repayment needs to be made, EAD / MoF shall authorize the State Bank of Pakistan to make the repayment, informing them of the relevant details,—

- (i) prior to authorization, EAD/MoF will ensure the accuracy of the following—
 - (a) repayment schedules of the loan agreement;
 - (b) amount (principal and interest);
 - (c) payment of related fees and charges;
 - (d) currency;
 - (e) demand notice from the lender;

- (f) account elements to be used (principal, interest, related expenses);
- (g) check against available budget (i.e. debt servicing budget)
- (ii) after a loan repayment is made, SBP shall inform EAD/MoF with a copy to AGPR, of all relevant details of the repayment; and
- (iii) AGPR shall make the Sub-ledger accounting to record the loan principal and interest repayments, and at the same time update the liability record/Liabilities Register.

IV. Deferred liabilities

114. **General.**—(1) The receipt of funds in regard to the various savings and deposits schemes operated by the Government is undertaken by designated banks and savings centers. These collections are reported to the National Bank and State Bank who then produce daily scrolls of receipts.

(2) When funds are received on account of various deposit and savings schemes, the transaction shall be recorded in the Sub- Ledger/General Ledger of the AGPR/DAO against the appropriate element within the Public Account.

(3) AGPR shall update the liability records/register. In case of DAOs, monthly account of receipts against Public Account elements shall be reported to AGPR which shall update their liability records/Liability Register accordingly.

(4) Funds held in savings and deposit schemes shall be repaid when an investor submits certificates for encashment to the designated bank, savings centre or post office, subject to the terms and conditions of the individual schemes and procedures. All payments from the schemes shall be reported to AGPR.

(5) Upon repayment of funds from savings or deposit schemes, the transaction shall be recorded in the Sub-Ledger/General Ledger:

(6) AGPR shall update the liability record to reflect the reduction in liability, and also update the details of the Liabilities Register.

115. **Reconciliation of liability records.**—(1) AGPR/AG shall reconcile the balances of external and domestic debt held in liability records/registers on a monthly basis.

(2) The reconciliation between AGPR and EAD/MoF balances shall identify any gains and losses arising from foreign currency loans. A record of such foreign exchange gain and loss shall be kept by AGPR by adjusting (increasing for a loss, decreasing for a gain) the liability record and making a corresponding adjustment to equity. The losses and gains identified during reconciliation shall be agreed with EAD/MoF at the end of each financial year.

(3) The balances contained in the accounts of receipts and payments in respect of loans and other liabilities shall be reconciled by AGPR with the movement in the liability records/registers.

(4) EAD/MoF shall reconcile—

- (i) the sum of all domestic and foreign loan receipts provided by SBP with the accounts of loan receipts as recorded by AGPR; and
- (ii) the sum of all authorized loan repayments confirmed by SBP with the accounts of loan repayments (interest and principal).

116. Reporting of liabilities.—(1) It will be responsibility of the Principal Accounting Officer to obtain reports from project authorities providing details of the receipt and utilization of external and domestic loans. These shall be shared with EAD/MoF.

(2) Economic Affairs Division and Ministry of Finance shall prepare a debt report containing balances of the various classes of public debt, and movements in those balances. This report will provide an analysis of the debt position, with following details,—

- (i) opening balances at the start of the reporting period for domestic debt and foreign debt;
- (ii) additions during the reporting period;
- (iii) retirements during the reporting period;
- (iv) any foreign exchange gains / losses;
- (v) closing balances in each category; and
- (vi) brief description, if any.

(3) AGPR shall verify the information submitted in the report with liability records and registers, before incorporating in the Consolidated Monthly Accounts.

(4) AGPR shall also incorporate the balances of other liabilities (including current and deferred liabilities) into the Consolidated Monthly Accounts.

CHAPTER-9: GOVERNMENT ACCOUNTS

I. General

117. Form of accounts.—(1) Forms of accounts.—(a) As per Article 170 of the Constitution of the Islamic Republic of Pakistan, the accounts of the Federation

and of the provinces are to be kept in such form and in accordance with such principles and methods as the Auditor-General may, with the approval of the President prescribe.

(2) The form in which and the general principles and methods according to which the accounts of Government should be kept have been prescribed by the Auditor-General with the approval of the President. Main directions in respect thereof are contained in—

- (i) manual of Accounting Principles;
- (ii) accounting Policies and Procedures Manual;
- (iii) financial Reporting Manual;
- (iv) chart of Accounts; and
- (v) manual of Self Accounting Entities.

II. Key Aspects of the Accounting System

118. **Keeping of accounts.**—The key aspects of the accounting are—

- (i) double entry bookkeeping ;
- (ii) modified cash basis of accounting, record accounting transactions as per cash flow, with the following modifications,—
 - (a) commitment accounting: recognize and record significant commitments as they arise, through a purchase order or other legally binding contract; and
 - (b) accounting for assets and liabilities: disclosure of material assets and liabilities

119. **Key accounting control objectives and respective controls.**—The following key accounting control objectives are essential to the system of accounting—

- (i) Accuracy: the information in the accounts and the supporting subsidiary records shall be accurate, representing the actual past transactions, without undue errors or omission. This shall include correct and consistent classification of transactions and the recognition of revenues and expenditures in the correct time period; and
- (ii) Completeness: the information in the accounts and the supporting subsidiary records shall be a complete representation of all transactions that have occurred during the reporting period.

120. **Existence and validity.**—A systematic and verifiable consolidation of accounts from subsidiary ledgers, registers and source transactions,—

- (i) **Economy:** the accounting system shall include controls to ensure the prudent allocation of government resources;
- (ii) **Efficiency:** in practice there will often be a trade-off between economy and effectiveness. The accounting system should seek to operate as efficiently as possible by optimizing the relationship between these two variables; and
- (iii) **Minimize risk of fraud and corruption:** the accounting system shall include controls to minimize the risk of fraud and corruption.

121. **Chart of accounts.**—The Chart of Accounts is an essential component of the accounting framework. It provides the structure by which accounting transactions are coded, and thus used in financial reporting. The following key features of chart of accounts are—

- (i) government's chart of account involves a large number of codes to identify transactions with respect to its type, purpose, originating department, source of funding etc;
- (ii) provide a framework for organizing accounting transactions to provide a number of views of these transactions; and
- (iii) each element provides both summary and detailed views of accounting transactions.

122. **Entity element.**—(1) The entity element enables reporting of transactions by the organizational structure or in other words the organizational unit which is creating the transaction. The use of the entity element is mandatory for all accounting transactions.

(2) There are a number of sub-elements contained within the entity element. These allow for capturing transaction data at more detailed levels. The sub-elements contained in entity are government, division / department, attached department, district and Drawing and Disbursing Officer (DDO) which are as under—

- (i) **Government:** The government sub-element is the Federal or Provincial Government and represents the highest level at which entity information can be aggregated;
 - (a) Each government is represented by a single alpha character;
 - (b) Ministry;

- (c) Ministry refers to Federal Ministry;
- (d) Each Ministry is identified by two numeric characters;
- (ii) **Division or Department:** Division or Department is a subset of the Federal Government, while only Department is a subset of the Provincial Government and reflects the departmental organization responsibilities. Each division or department is identified by one numeric character;
- (iii) **Attached department:** attached department is a subset of a Division. This sub element defines the highest level at which operational responsibilities are assigned and at which operating entities can logically be aggregated and reported on. The attached department is identified by four numeric characters;
- (iv) **District:** District is the location in which the concerned DDOs of the Division / Department and / or attached department are located. The district also represents the District Accounting Office (DAO). Each DAO will be identified by a separate code. Each district is identified by two alpha characters.
- (v) **Drawing and Disbursing Officer (DDO):** DDO is the lowest organizational level at which budgetary control occurs and organization information is collected and reported on. It is an example of a cost centre. A DDO is also called a 'cost centre' that is, the place from where the costs/expenditures are incurred. The cost centre is represented by alpha-numeric codes. The alpha codes (two digits) represent the district and the four numeric codes represent the DDO. DDOs are ordinarily responsible for expenditure for one entity (e.g. a school or a single project). However, in circumstances where the DDO is responsible for more than one entity one DDO code will be assigned for each.
- (vi) **Object Element:** The object element enables the collection and classification of transactions into expenditure and receipts and also to facilitate recording of financial information about assets, liabilities and equity. The use of the object element is mandatory for all accounting transactions. The object element consists of two sub elements, the accounting element and the account number.

123. **Accounting Element.**— The accounting element is a single alpha character sub element and defines the accounting element to which a transaction will be classified. The accounting elements are as follows:—

- (i) A00000 Expenditure;

- (ii) B00000 Tax receipts;
- (iii) C00000 Non-tax receipts;
- (iv) E00000 Capital receipts;
- (v) F00000 Assets;
- (vi) G00000 Liabilities; and
- (vii) H00000 Equity.

124. **Account Number.**— The account number is five numeric character sub elements. This sub element defines the detailed “natural” accounts to which transactions will be classified such as salaries, utilities, etc. The account number contains a further internal structure. This structure is as shown below—

- (i) major object;
- (ii) minor object; and
- (iii) detailed object.

125. **Fund element.**—The fund element enables financial reporting by fund being either the Consolidated Fund or the Public Account. The use of the fund element is mandatory for all accounting transactions. The fund element consists of four sub elements, fund; source; sub-fund; and grant / public account number.

126. **Fund.**—The Fund Sub Element is a one alpha character and identifies the fund as being the Consolidated Fund or Public Account.

127. **Source.**— Source of Fund depicts the initial source of the Consolidated Fund amount met from either capital or revenue. It is not applicable to the Public Account and is represented by one numeric character.

128. **Sub-fund.**— The Consolidated Fund Sub Fund Sub Element is one numeric character, which divides the Consolidated Fund between current, development and capital alongside its classification of voted and charged expenditure. The Public Account is divided between trust accounts and special deposit accounts and is represented by two numeric characters.

129. **Sub-element.**— (1) Under the Consolidated Fund is based on the nature of expenditure incurred and not on the source of funding (which is depicted by a separate Sub Element). Based on the spending nature all recurring types of expenditures are categorized under “Current”; expenditures on non-financial assets (physical assets) are included under “Development” whereas expenditures on financial assets (investment) are categorized under “Capital”.

(2) The different Sub Fund Sub Elements of Consolidated Fund are as follows:—

- (i) voted Current expenditure;
- (ii) voted Development expenditure;
- (iii) voted Capital Expenditure;
- (iv) charged Current Expenditure;
- (v) charged Development Expenditure; and
- (vi) charged Capital Expenditure.

130. **Public account sub-fund.**— A separate coding convention as compared to Consolidated Fund and is represented by two numeric characters. As mentioned above, Public Account Sub Fund is divided into Trust Account and Special Deposits, which are bifurcated keeping in view their legal existence. Unlike Special Deposits, which are operated under the authority of Ministry of Finance, Trust Accounts are legal entities normally established under an Act of Parliament or Presidential Order. These Elements are described as:

- (i) trust accounts; and
- (ii) special Deposit Accounts.

131. **Grant number.**— (In case of Consolidated Fund) is a three numeric character Sub Element, which identifies the relevant Consolidated Fund Grant.

(2) In case of Public Account, the Sub Element is divided into major and minor heads, which are represented by one and two numeric characters respectively.

(3) Grant Numbers have not been provided as these are issued and change each year as part of the budget process.

(4) The grant number will facilitate capturing and reporting whether expenditure is met from capital and revenue via a grant being distinctly revenue or capital in nature.

132. **Function Element.**—(1) The function element provides reporting of transactions by economic function and program. The function code is mandatory for transactions relating to expenditure and revenue. The function element consists of four sub elements, major function, minor function, detailed function and program that are as under—

- (i) **major function** describes the principal economic function to which a transaction shall belong. The major functions included in the Chart of Accounts. Major function is identified by two numeric characters;

- (ii) **minor function:** The second sub element is minor function, which provides the lowest level of economic function to which a transaction will be classified;
- (iii) **detailed function** provides an additional level of detail and analysis and is uniquely applied to each major / minor function combination element. The detailed function is identified by one numeric character; and
- (iv) **sub-detailed function** provides a customized level of information for the government according to their requirements keeping in view the specific information needs of various stakeholders. This level provides additional information for in depth analysis and review and is identified by two numeric characters.

(2) The introduction of any new major or minor elements as well as the abolition or change of nomenclature of any of the existing element shall be subject to the approval of the Controller General of Accounts.

(3) In the matter of accounting and for control of expenditure, the nomenclature of the budget cum accounts heads should be strictly followed by departmental officers. Whenever provision made in the budget estimates or in any order of appropriation does not conform to the prescribed head or unit, the corresponding receipt or expenditure should be accounted for against the particular head or unit under which the provision has been made or the appropriation has been communicated by competent authority, unless there be strong reasons for a contrary course, e.g., when such accounting would be contrary to law. All such cases should be brought to the notice of the Ministry of Finance, so that in the estimates of the following year the error may be rectified, unless the Ministry of Finance agrees to give effect to the correct classification in the accounts of the current year because of magnitude of the amounts involved, or because the misclassification effects of the accounts of commercial departments or allocation between Capital and Revenue heads.

133. Responsibility of departmental officers and accounting records kept by the DDO.—(1) Every officer responsible for the collection of Government dues or expenditure of Government money should check that proper accounts are maintained in accordance with provisions contained in Accounting Policies and Procedures Manual and render accurately all such accounts and returns relating to them as may be required by Government, the Accountant General or the Controlling authority concerned. It is essential that all accounts should be so kept, and the details so fully recorded and that the initial records of payments measurement and transactions in general are so clear, explicit and self-contained as to be produce-able where necessary as satisfactory and convincing evidence of facts.

(2) The accounting records (manual or computerized) which need to be kept by the Drawing and Disbursing Officer include the following:—

- (i) cash book on form-1 prescribed in Federal Receipts and Payment Rules, 2025;
- (ii) contingent payment register;
- (iii) commitment register;
- (iv) payroll/establishment register;
- (v) receipt register;
- (vi) financial asset register;
- (vii) Appropriation control register on form-20 prescribed in Federal Receipts and Payment Rules, 2025; and
- (viii) In addition to above primary accounting records, the DDO may also maintain such other records as are necessary under departmental manuals.

(3) The responsibilities of disbursing officers, controlling officers, and heads of departments in regard to the control over expenditure incurred against the grants allotted to them are laid down in Federal Receipt and Payments Rules, 2025.

134. Capital and revenue accounts.— (1) Expenditure of a capital nature is broadly defined as expenditure incurred with the object of either increasing concrete assets of a material and permanent character, or of extinguishing or reducing recurring liabilities, such as those for future pensions by payment of commuted value. Expenditure on a temporary asset cannot ordinarily be considered as expenditure of a capital nature.

(2) Expenditure of a capital nature as defined above, incurred upon a scheme or project may not, however, be classed as capital expenditure in the Government account unless the classification has been expressly authorized by general or special orders of Government. Ordinarily, such classification will not be permitted unless—

- (i) it is essential for the exhibition of financial results of any special service or undertaking on the basis of generally accepted commercial principles or in some other conventional manner, either that the cost of the service or under-taking may be ascertained or that the full implications of any policy may be clearly demonstrated; or
- (ii) the expenditure involved is so large that it cannot reasonably be met from ordinary revenues.

Explanation: The term ‘ordinary revenues’ is applied to revenues derived from taxes, duties, fees, fines and similar items of current Government income including extraordinary receipts, if any, as distinct from receipts that are of a capital, or debt, deposits and banking character.

(3) When it has been decided by Government that the expenditure on a scheme for the creation of a new or additional asset should be classed as capital expenditure, and that separate capital and revenue accounts should be kept of such a scheme, the allocation of expenditure to capital and revenue should be determined in accordance with such detailed rules as may be prescribed by Government according to the circumstances of the department or undertaking in which the expenditure is incurred. The following are the main principles applicable to the treatment of the expenditure in the estimates and accounts:—

- (i) capital bears all charges for the first construction and equipment of a project as well as charges for intermediate maintenance of the work while not yet opened for service and bears also charges for such further additions and improvements as may be sanctioned under rules made by competent authority;
- (ii) subject to clause (iii), revenue should bear all subsequent charges for maintenance and all working expenses. These embrace all expenditure on the working and upkeep of the project and also on such renewals and replacements and such additions, improvements or extensions as under rules made by Government are debit-able to the revenue account;
- (iii) in the case of works of renewal and replacement, which partake both of a capital and revenue, nature, the allocation of expenditure should be regulated by the broad principle that Revenue should pay or provide a fund for the adequate replacement of all wastage or depreciation of property originally provided out of capital grants and that only the cost of genuine improvements, whether determined by prescribed rules or formulae, or under special orders of Government may be debited to Capital. Where under special orders of Government a Depreciation or Renewals Reserve Fund is established for renewing assets of any commercial department or undertaking, the distribution of expenditure on renewals and replacements between Capital and the Fund should be so regulated as to guard against overcapitalization on the one hand and excessive withdrawals from the Fund on the other;
- (iv) expenditure on account of preparation of damage caused by extraordinary calamities, such as flood, fire, earthquake, enemy action, etc., should be charged to Capital or to Revenue, or divided between them, in such way as may be determined by government according to circumstances of each case; and

- (v) capital receipts in so far as they relate to expenditure previously debited to Capital, accruing during the process of construction of a project should be utilized in reduction of capital expenditure. Thereafter their treatment in the accounts will depend on circumstances, but except under special rule or order of Government they should never be credited to the ordinary revenue account of the department or undertaking.

(4) Expenditure debit-able to capital will be booked under the appropriate capital head of accounts prescribed within or outside the revenue account, according as the funds required to meet such expenditure are provided from ordinary revenues or from other sources including borrowed money. As a general rule, the capital cost of all comparatively small schemes will be met from ordinary revenues. Borrowed money and other resources outside the revenue account will not ordinarily be spent for unproductive purposes unless the following conditions are fulfilled, viz :—firstly that the objects for which the money is wanted are so urgent and vital that the expenditure can be neither avoided, postponed nor distributed over a series of years, and secondly that the amount is too great to be met from ordinary revenues.

(5) Except under special orders of Government, no expenditure previously met from ordinary revenue may be transferred to a capital head outside the revenue account.

135. **Banking.**—(1) Government functionaries will only bank with the State Bank of Pakistan or its authorized agent/s under the authorized agreement.

(2) Government functionaries will not open or operate bank accounts outside of those authorized by the Ministry of Finance.

(3) All banking transactions will be conducted in accordance with the principles laid down in the Federal Receipts and Payments Rules 2025 and General Financial Rules as issued by the Ministry of Finance or Accounting Policies and Procedures Manual issued by the Auditor- General with the approval of the President.

(4) All payments will be made by cheque, transfer or direct debit unless otherwise authorized by the Ministry of Finance.

(5) All cheques and direct debits will be authorized in accordance with the policies and procedures set out in the Federal Receipt and Payment Rules 2025 as issued by the Ministry of Finance or and Accounting Policies and Procedures Manual.

(6) Money due to the Government may be credited directly into the specified branch of the Bank acting as agent of the State Bank or any branch of a commercial bank in accordance with the procedure notified by the Ministry or a Division. All deposits will be accounted for in accordance with the policies and

procedures set out in the Federal Receipt and Payment Rules or/and Accounting Policies and Procedures Manual.

(7) At the close of each month, the entity will reconcile its books of accounts with the bank records. This reconciliation is to be performed in accordance with the policies and procedures set out in the Federal Receipt and Payment Rules, General Financial Rules and Accounting Policies Procedure Manual.

(8) The head office of SBP shall report cash balances of each government bank account daily to the Finance Division as well as Accountant General of Pakistan Revenues. In addition to reporting daily balances, the SBP shall submit monthly cash balance report to Accountant General of Pakistan Revenue Islamabad. AGPR shall be responsible for reconciling cash balance with its accounts.

III. Submission of Accounting and Financial Statements

136. **Consolidated monthly accounts.**— (1) Accountant General Pakistan Revenue is responsible for consolidating the accounts submitted by DAOs and self-accounting entities, into the ‘Consolidated Monthly Accounts’ on the format prescribed in section 2.2 of the Financial Reporting Manual. These accounts shall be submitted to the Controller General of Accounts and to the Finance Division/ Department by 10th of the following month.

(2) Monthly Accounts will include the following:—

- (i) revenue and expenditure statement;
- (ii) division / department schedule;
- (iii) public account summary schedule;
- (iv) statements of cash flows ;
- (v) grant expenditure analysis;
- (vi) programs report;
- (vii) project expenditure statement;
- (viii) statement of fixed assets;
- (ix) revenues analysis;
- (x) debt report; and
- (xi) losses report.

137. **Half yearly financial statements of the Federal Government.**— Accountant General Pakistan Revenues shall prepare and submit abbreviated half

yearly financial statements on the format prescribed in Financial Reporting Manual to the Finance Division by the 20th February. These statements will include:—

- (i) statement of Assets and Liabilities;
- (ii) statement of Revenues and Expenditure;
- (iii) statement of Cash Flows; and
- (iv) notes to the Financial Statements.

138. Comprehensive general financial statement.— (1) Under Article 7 (b) of the Controller General of Accounts (Appointment, Functions and Powers) Ordinance 2001, the Controller General shall prepare and submit to the Auditor-General of Pakistan for each financial year a Consolidated and General Financial Statement incorporating the summary of the accounts of the Federation, all Provinces by 20th August. The Auditor-General of Pakistan, after authentication, shall forward the same to the Federal Government, Provincial Governments before 30th October.

(2) Comprehensive General Financial Statement shall be on format prescribed in Financial Reporting Manual and will include the following—

- (i) statement of Assets and Liabilities Statement of Revenues and Expenditure;
- (ii) statement of Cash Flows;
- (iii) notes to the Financial Statements;
- (iv) summary of Appropriation Accounts by Grants and Appropriations
- (v) appropriation Accounts by Economic Functions and Department / Division;
- (vi) appropriation Accounts by Grant; and
- (vii) analysis of Revenues by Division/Department.

(3) Separate disclosures shall be made for each of the entities and for the consolidated entity.

139. Annual appropriation accounts.—(1) Under Article 7 (a) of the Controller General of Accounts (Appointment, Functions and Powers) Ordinance 2001, the Controller General is required to prepare and submit each year the appropriation and financial statements and such other accounts as may be prescribed by rules for submission to the Auditor-General of Pakistan on such dates as may be specified by him.

(2) The Annual Appropriation Accounts is a comparative summary of annual expenditures against budget for each grant as specified in the Schedule of Authorized Expenditure and is prepared on the format prescribed by the Auditor-General of Pakistan.

(3) The Annual Appropriation Accounts shall identify significant variations from budget and include explanations for these variances, given by the concerned spending entities.

(4) The Auditor-General, shall on the basis of such audit as he may consider appropriate and necessary, certify the accounts, compiled and prepared by the Controller General of Accounts or any other person authorized in that behalf, for each financial year, showing under the respective heads the receipts and disbursements for the purpose of the Federation, of each province and of each district, and shall submit the certified accounts with such notes, comments or recommendations as he may consider necessary to the President or the Governor of a Province or the designated District Authority, as the case may be.

140. **Financial control reports.**— (1) Other reports are required to be produced by the accounting offices (AG/AGPR/DAOs) at various intervals. These reports are to be prepared on format prescribed in Financial Reporting Manual and include the following:

- (i) revenue confirmation statement;
- (ii) disbursement confirmation statement;
- (iii) division/department statement;
- (iv) exchange and settlement control account;
- (v) debt report; and
- (vi) losses report.

CHAPTER 10: MISCELLANEOUS SUBJECTS

I. Transfer of government land and buildings

141. **General.**— (1) Save as otherwise provided in any law, rule or order relating to the transfer of Government land, no land belonging to the Government shall be sold to a local authority, body or any person or institution without previous sanction of the Government.

142. **Transfer of land.**— (1) Transfer of land from a province to a Federal Government including departments of Defense and Railways or vice versa shall be regulated by the provisions of Article 152 of the Constitution and subsidiary instructions issued by the Federal Government as Appendix-2.

(2) Transfer of land from one Department of the Government to another shall be on 'no profit no loss' basis.

(3) Transfer of buildings and superstructures on land vide above shall be at the present cost minus depreciation of these structure standing on the land.

(4) The allotment of land to and recovery of cost of buildings from the public entities as defined in section 36 (2) (a) of the Act shall be at market value.

II. Insurance

143. **Insurance of Government property.**—No expenditure shall be incurred without prior consent of competent authority.

III. Record Maintenance

144. **Maintenance of accounting record and minimum periods of retention.**—Instructions regarding the maintenance of accounting records and their minimum periods for retention have been given in the Federal Receipts and Payments Rules, 2025.

IV. Incidence of Law Charges

145. **Incidence of law charges in Civil Suits in connection with the execution of works.**— (1) Law charges incurred in connection with the execution of Government works should be divided into 3 categories, namely:—

- (i) the amount of the claims for which a decree is given;
 - (ii) the amount of incidental law charges incurred by the executing department when acting as an agent in connection with a work financed from a different object of expenditure;
 - (iii) the amount of incidental law charges incurred by the executing department when acting as an agent in connection with a work financed from a different functional classification of expenditure.
- (2) These charges should be classified in the following manner—
- (i) item (i) above. — The decretal amount of the claim should be debited in all cases to the works concerned;
 - (ii) item (ii) above. — The charges should be debited to the sub-head "Establishment — contingencies" of the executing department; and
 - (iii) item (iii) above. — The charged should generally be borne by the department on whose behalf the work is undertaken, on the ground that the action of the executing department acting as agent, which is the cause of the suit, is normally taken in the interest of Work.

CHAPTER 11: REMOVAL OF DIFFICULTY AND POWER TO MAKE RULES

146. **General.**—Forms prescribed in these Rules can be modified or improved according to changing needs and requirements with the approval of the Secretaries of the Divisions.

147. **Removal of difficulties.**— In case any difficulty arises in giving effect to any of the provisions of these rules, Finance Division may give such directions, not inconsistent with the said provision of these rules as it may consider necessary for the removal of such difficulty.

148. **Repeal and savings.**— (1) The Financial Rules of the Federal Government (General Financial Rules) Volume- I and II, as amended from time to time, are hereby repealed.

(2) Notwithstanding the repeal under sub-rule (1), all notifications, orders and instructions relating to General Financial Rules Volume- I and II shall continue to be in force until altered, amended, or repealed by the competent authority.

149. **Interpretation and removal of difficulties.**—If any difficulty arises or interpretation requires to give effect to any of the provisions of these Rules, the Finance Division may make such order, not inconsistent with the provisions of the Act and these Rules, as it may appear to be necessary or expedient for the purpose of removing such difficulty.

TABLE OF APPENDIX AND FORMS

Appendix # / Form #	Reference to Rule	Description
Appendix-1	27(3)	Instructions for the Disposal of Cases of Losses etc.
Appendix-2	186	Transfer of lands and buildings between the Federal and the Provincial Governments
Form-1	64(a)	Receipts of Federal Government
Form-2	65	Public Accounts Receipts of Federal Government
Form-3	67	Revised Budget Estimates
Form-4	68	Budget Order / New Item Statement
Form-5	69(iii)	Detailed Estimates of Expenditure
Form-5(a)		Budget Estimates – Post Proforma
Form-6	74	Summary of Foreign Exchange Budget
Form-7	74	Current Expenditure – Import
Form-8	74	Current Expenditure – Invisible
Form-9	74	Development Expenditure – Import
Form-10	74	Development Expenditure – Invisible
Form-11	74	Foreign Exchange Receipts Estimates
Form-12	77 (4)	MTBF - Budget Estimates (Current & Development)
Form-13	78	Medium Term Performance Based Budget
Form-14	122 (a)	Indent for Stores
Form-15	125 (a)	Register of Fixed Assets
Form-16	125 (b)	Register of Consumable Stores
Form-17	125 (c)	Register of Library Books
Form-18	125 (d)	Register of Losses
Form-19	125 (e)	Sale Statement
Form-20	125 (f)	Report of Surplus, Obsolete and Unserviceable Stor Disposal
Form-21	125 (g), 126(ii)	Register of Stores and Equipment Procured through Foreign Loans/ Credits and Grants

Appendix – 1

(Rule 27(3))

Instructions for the Disposal of Cases of Losses etc

1. Main principle governing the assessment of responsibility is that every public officer should exert the same vigilance in respect of public expenditure and public funds generally as a person of ordinary prudence would exercise in respect of the expenditure and the custody of his own money. While the competent authority may, in special cases condone an officer's honest error of judgment involving financial loss, when the officer can show that he has acted in good faith and done his best to the limits of his ability and experience. Personal liability must be strictly enforced against all officers who are dishonest, careless or negligent in the duties entrusted to them.

2. It is important to avoid delays in the investigation of any loss due to fraud, negligence, financial irregularity, etc. Should the administrative authority require the assistance of the Accountant General in pursuing the investigation, he may call on that office with all vouchers and other documents that may be relevant to the investigation; and if the investigation is complex and he needs the assistance of an expert to unravel it, he should apply forthwith for the assistance to the Government which will then negotiate with the Accountant General for services of an investigating staff. Thereafter, the administrative authority and the audit authority will be personally responsible, with their respective spheres, for the expeditious conduct of the enquiry.

3. As soon as a reasonable suspicion arises that a criminal offence has been committed, the senior officer of the Ministry/Department etc. concerned present at the station shall report to the Special Police Establishment and if there be no officer of the Special Police Establishment at the station, to the nearest Police Station, full facts of the case for necessary action. A copy of the report made to the Police shall always be sent to the nearest Officer of the Special Police Establishment. The S.P.E. or the Police as the case may be, shall proceed into the matter in conformity with law, rules and instructions on the subject.

4. Whenever a case is thus reported to the Special Police Establishment or the Police, the senior officer of the Department concerned present at the station will see that all witnesses and documents are made available to the investigating officer and associate with the investigating officer an officer of the Department who is not personally concerned with the irregularity, leading up to the loss, but who is fully cognizant of the rules and procedures of the office in which the loss has occurred. Police has statutory powers to demand the record concerned and full cooperation should be extended in this regard.

5. (i) If, after investigation, the Special Police Establishment or the Police

considers the case to be fit for prosecution in a court of law, it will take all necessary steps in that direction and shall keep the Ministry/Department concerned informed of the progress of the case.

- (ii) When the case is taken to court by the Police, a senior officer of the Department concerned will ensure that all witnesses serving in the Department and all documentary evidence in the control of the Department are punctually produced and will also appoint an officer of the Department (preferably the officer who attended the investigation) to attend the proceedings in court and assist the prosecuting staff.
- (iii) If any prosecution results in the discharge or acquittal of any person or in the imposition of sentence which appears to be inadequate, the senior officer of the Department concerned will at once consult concerned as to the advisability of instituting further proceedings in revision or appeal, as the case may be, and if the concerned are of the opinion that further proceedings are necessary, these will be initiated.
- (iv) If it is considered that Departmental action will be suitable, the Ministry/Department concerned will be informed accordingly. Special Police Establishment or the Police shall supply to the authority concerned all available material which could be of use in the Departmental enquiry and will also otherwise help in the enquiry to the extent possible.

6. In the institution of departmental proceedings, the following points should be kept in view:

- (i) In case where loss is due to delinquencies of subordinate officials and where it appears that this has been facilitated by laxity of supervision on the part of a superior officer, the latter should also be called strictly to account and his personal liability in the matter carefully assessed.
- (ii) The question of enforcing pecuniary liability should always be considered as well as question of other forms of disciplinary action. In deciding the degree of an officer's pecuniary liability, it will be necessary to look not only to the circumstances of the case but also at the financial circumstances of the officer, since it should be recognized that the penalty should not be such as to impair his future efficiency. In particular, if the loss has accrued through fraud, every endeavour should be made to recover the amount lost from the guilty, and if laxity of supervision has facilitated the fraud, the supervising officer at fault may be penalized either directly by requiring him to make good the money in sufficient proportion to the loss or indirectly by reduction or stoppage of his increments or pay. It should always be considered

whether the value of Government property or equipment lost, damaged or destroyed by the carelessness of individuals entrusted with their care should recovered

- (iii) Steps should be taken to ensure that a government servant concerned in any loss or irregularity which is the subject of any enquiry, is not inadvertently allowed to retire on pension while the enquiry is in progress; and accordingly, when a pensionable Government servant is connected with any irregularity or loss, the authority under whom he is employed should immediately inform the Accountant-General responsible for reporting on his title to pension and the authority competent to sanction pension and it will be duty of the latter to make a note of the information and to see that pension is not sanctioned before either a conclusion is arrived at as regards Government servant's culpability, or it has been decided by the sanctioning authority that the result of the investigation need not be awaited.
 - (iv) The fact that the Government servants who were guilty of frauds or irregularities have been demobilized or have retired and have thus escaped punishment should not be made a justification for absolving those who are guilty but still remain in service.
7. (i) The senior officer of the department concerned present at the station will see that prompt reports are submitted to the Government regarding:
- (1) Commencement of a police officer investigation;
 - (2) Decision to prosecute a case;
 - (3) Outcome of any legal prosecution;
 - (4) Decision to pursue a revision or appeal in a case; and
 - (5) Result of any proceedings in revision or appeal.
- (ii) Notwithstanding anything contained in the above instructions, the senior officer of the Department concerned present at the station may, if he thinks fit, refer any matter for the orders of the competent authority before taking action.

8. In all cases of fraud, embezzlement or similar offences, departmental proceedings should be instituted at the earliest possible against all the delinquents and conducted with strict adherence to the Rules. There is no legal bar to the holding and finalizing of such proceedings against a government servant who is being prosecuted in a criminal court also. It must, however, be specifically considered whether the conduct of departmental proceedings against any of the delinquents, side

by side with the criminal proceedings, is likely to have the effect of impeding the course of justice or of prejudicing the trial, in which case the departmental proceedings should be deferred till the termination of criminal proceedings. If the accused is convicted by the court, the departmental proceedings should be resumed and formally completed. If the accused is not convicted, the departmental proceedings against him may be dropped, unless the authority competent to take disciplinary action is of the opinion that the facts of the case disclose adequate grounds for taking departmental action against him.

9. The following supplementary instructions should be followed by departmental officers wherever prosecutions in the criminal courts are, or are likely to be, necessary: —

- (i) As soon as a reasonable suspicion arises that a criminal offence has been committed, the senior officer of the department concerned present at the station will report to the Deputy Director, FIA, and/or the District Magistrate concerned and ask for a regular police investigation under the Code of Criminal Procedure, 1898, as adopted in Pakistan.
- (ii) If prosecution is decided, the departmental representative will ascertain from the prosecuting officer whether it is necessary to move the District Magistrate, or the authority concerned, to make special arrangements for a speedy trial, and will request the prosecuting officer to make any application that he may think necessary.

Appendix – 2

(Rule 186)

These rules apply to the transfer of lands and buildings between the Federal and the Provincial Governments.

Federal Government has laid down the following principles to be observed:

- (i) Acquisition of land for federal purposes: under Article 173 of the Constitution of Pakistan, where land belonging to a private party has to be acquired on behalf of the Federal Government, the acquisition shall be at the expense of that Government. In case where the Federal Government requires any land which is in the occupation of a provincial government, the amount payable by the Federal Government will ordinarily be the market value of the land and buildings, if any, thereon; the amount payable will include the capitalized value of land revenue assessable on the land when the transfer causes actual loss of land revenue to the provincial government.

Market value: Market value when applied to land may be defined as the price which the land would fetch if sold in the open market subject to the ground rent or assessment shown against it in the revenue registers, or, if no ground-rent or assessment is shown against it in the revenue registers, subject to a ground-rent or assessment levied at the rate at which ground rent or assessment is actually being levied on similar lands in the neighbourhood excluding all cases in which such similar lands in the neighbourhood are held free of ground-rent or assessment at favourable or unfavourable rates of ground-rent or assessment at favourable or unfavourable rates of ground rent or assessment.

FORM-I

Rule 64(a)

Receipts of the Federal Government**Estimates of Federal Receipts-Federal Consolidated Fund**

(Rs. Million)

S #	Name of Receipt with Head of Account	Departmental Code	Actual Receipts Previous year	B.E CFY	Actual Up to February	B.E CFY	B.E Coming FY	Reasons of variation

Budget Proposals relating to Tax & Non-Tax Revenues for inclusion in Finance Bill

1. Imposition of a new tax or non-tax with draft legislation:-

2. Revision of existing provision of law (tax and non-tax) with detailed justification and revenue impact per annum with draft amendment:-

Note: PAOs are responsible for collection of Non-Tax Revenues under their jurisdiction.

Prepared by:

Chief Finance & Accounts Officer / Head
of Finance

Verified by:

Principal Accounting Officer

Forwarded to:

**Deputy Secretary (NTR),
Budget Wing, Finance Division,
Islamabad.**

FORM-2

Rule 65

Public Account Receipts and Payments of Federal Government

Estimates of Public Account and Reserved Funds (Receipts and Expenditure)

(Rs. Million)

S #	Name of Receipt with Head of Account	Departmental Code	Balance As on 1 st July	B.E.CFY		B.E.CFY		B.E.NFY	
				Receipts	Expenditure	Receipts	Expenditure	Receipts	Expenditure

Note: PAOs are responsible for full disclosure of Public Accounts Receipts and Payments under the Public Accounts heads under their jurisdiction and report to the Finance Division on regular basis.

Prepared by:

Chief Finance & Accounts Officer / Head of Finance

Verified by:

Principal Accounting Officer

Forwarded to:

**Deputy Secretary (NTR),
Budget Wing, Finance Division,
Islamabad.**

Specific Instructions Federal Grant Receipt Forms –1 & 2

1. Administrative Divisions are required to co-ordinate with their respective Receipts Estimating Authorities/offices and submit verified and consolidated estimates by major, minor and detail object classification as given in the New Accounting Module (NAM) along-with explanatory notes.

2. The baseline of estimates will be half yearly actuals of current financial year; however, revised estimates for full CFY and estimates of coming financial year will also be based on Year-on-Year trend, seasonality factor, special / one-time activity etc.

3. Copies of relevant SROs, Notifications, Circulars etc. specifying the categories, rates on the basis of which collection of receipts is made, may also be mentioned. Besides, reasons and causes of shortfall (if any) against current year budget estimates may be elaborated and substantiated. Additionally, pitching of Budget Estimates for next financial year on the lower side vis-à-vis Budget Estimates for CFY may be explained with cogent reasons.

4. Incomplete submission of Budget Estimates may please be avoided for making the budget formulation exercise a meaningful one.

5. The estimates will be enrooted through the concerned CFAO, who will scrutinize the estimates and forward them with their comments to Deputy Secretary (Non Tax Revenue), Budget Wing by the prescribed dates. The final estimates firmed up on the basis of preliminary estimates will be submitted by the respective PAOs to the Finance Division.

6. The estimates of Foreign Aid Resources for CFY (Revised) and NFY (Budget), along with actuals for the previous financial year and CFY are required to be furnished by the Economic Affairs Division. The administrative authorities may, however, assist Economic Affairs Division by furnishing promptly such information or material as may be required by them for compiling these estimates.

7. The estimating authorities of various Government receipts are indicated below:—

	Heads of Receipts	Estimating Authorities
A.	Tax Revenue	Federal Board of Revenue (FBR)
B.	Non-Tax Revenue	Administrative Ministries/Divisions
C.	Domestic Capital Receipts	Administrative Ministries/Divisions
D.	Foreign Loans and Grants	Economic Affairs Division and External Finance Wing of Finance Division
E.	Debt, Deposits and Reserves	Director General (Debt), Central Directorate of National Savings, Administrative Ministries/Divisions.

FORM-3

Rule 67

Revised Budget Estimates
(Current and Development Expenditure)
Current Financial Year

Ministry/ Division/Department: _____

Name/Designation of Principal Accounting Officer: _____

(Rs/Million)

Demand (s) No.	Demand(s) Description	Budget Allocation CFY	*Revised Budget Estimates CFY	Reasons for Variation

**The revised estimates must be realistic, supplemented with supporting documents (where required)*

Prepared by:

Chief Finance & Accounts Officer / Head
of Finance

Verified by:

Principal Accounting Officer

Forwarded to:

**Deputy Secretary (Budget-I),
Budget Wing, Finance Division,
Islamabad.**

FORM-4

Rule 68

BUDGET ORDER / NEW ITEM STATEMENT

Government of Pakistan

Ministry: _____

Division: _____

Department/Office: _____

No. _____ Date: _____

From: _____

To: The Director (Budget Computerization) Budget
Wing, Finance Division, Islamabad.**COMING BUDGET YEAR**1 Type of Document
(Tick the Box Applicable)
☐ BO ☐ Addl.BO ☐ NIS ☐ Addl.NIS

2 Fund Information: Demand No. _____ Fund Code _____ Fund Description _____

3 Department/Office _____

Sub-Detailed Function _____

4 Cost Centre _____

5 District _____ Accounting Circle _____

6 DDO Information (i).Name & Official Address: _____

(ii).Official Email: _____ (iii) Contact No. (Off) _____ (Fax) _____

(iv)Notes (if any): _____

TO BE FILLED IN ONLY BY BUDGET WING (MoF)Category of IBC: A ☐ B ☐ C ☐ D ☐ E ☐ F ☐ G ☐ H ☐

New Diary No _____

Old Diary No _____ Checked By (Name) _____

Entered By (Name) _____

Page-2

9 Total Provision (Gross)
10 Foreign Exchange
 (i) Foreign Aid
 (ii) Own Resources
11 Local Currency

12 For Recoveries Only (If Any)

Recovery Code	Source of Recovery (Must be indicated)	Actual Recovery Previous FY	Revised Estimates CFY	Budget Estimates NFY

13 Recoveries are also being reported on Form-I under Receipt Heads to Deputy Secretary (N.T.R), Finance Division.

Prepared by:

(.....)

Name & Designation

Telephone No.....

Verified by:

(.....)

CFAO/Head of Finance

Telephone No.....

Note:-

- Additional sheets/ rows can be added as per requirement.
- Separate form must be used for each Fund Centre/ DDO.

* For MOF's (Budget Wing) use only

Specific Instructions FORM –4(BO / NIS)

1. Ministries/Divisions/Departments are required to submit one Budget Order (BO) and one New Item Statement (NIS), if necessary, for every office.
2. Separate BO/NIS for Charged and Voted Expenditure shall be submitted for every office.
 - a. Combined total of Charged and Voted Expenditure maybe shown invariably in a covering statement.
3. No column in the BO/ NIS form should be left blank. BO/NIS should be prepared in rupees (in thousands).
4. CFAOs may ensure that Functions/Objects are correct and number of posts shown in Form – V is same as in BO /NIS.
5. Under detailed object head, budget allocation of Rs 1,000/- may be avoided in BOs/ NISs, to keep the head operative on presumption basis.
6. For the purpose of activation/operation of new head during the currency of the Financial Year, token supplementary grant will not be required.
7. Separate object heads for Subsidies (A051) and Grants (A052) should be used.
8. The Estimates of Development Expenditure should not include any scheme which has not been approved in accordance with the prescribed procedure and PFM Act, 2019. These estimates should be accompanied by detailed expenditure estimates for budget provision in respect of individual projects and be supported by relevant PC-I or PC-II Forms.
9. Foreign exchange component of Development Expenditure – 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 resources). When the foreign exchange components are to be financed (wholly or partly) from foreign resources, the source and type of resource should invariably be indicated in the budget provision for the relevant project/scheme at the end of the relevant New Item Statement. In case of Foreign Grants, equal amount of recoveries should be reflected in NIS Form.
10. The provision made for foreign exchange expenditure would not be available for rupee component expenditure or vice versa and no re-appropriation is permissible between the provision for rupee and foreign exchange expenditure. This should be kept in view while framing the estimates for rupee as well as foreign exchange requirements.
11. In case of Development Projects or Programmes, budget for each Project/Programme shall be prepared on separate NIS form. Separate cost center may be used for each component of expenditure, which is required to track the component-wise budget release and expenditure.

12. Instructions to fill BO/NIS Form are as under:

- Serial No.1** Budget Document Type (Tick the relevant box).
- Serial No.2** **Fund information i.e. Demand No., Fund Code and Description. Serial No.3**
Attached Department and Sub-Detailed Function (Code and Description)
- Serial No.4** **Fund Centre / DDO Code and description.** In case of New Office/Department, the word "NEW" should be written in braces after the nomenclature. If an office has been opened during the current financial year, provision may be substantiated by a copy of the schedule of Supplementary Grants as an Annex to the BO/NIS. In case of Development Scheme, the name of department and scheme both should be mentioned.
- Serial No.5** **District (location) and Circle of Account**
- Serial No.6** **DDO Information (i-iii)** Official address, email, contact number (Office & Fax) of DDO may be filled in specifically.
Notes (iv) Use this space for writing any related information, otherwise write N.A. and should not be left blank.
- Serial No.7** Write all the **Function levels** i.e. **Major, Minor, Detailed** and **Sub-Detailed** codes with the descriptions and **total amount** of budget against each level of previous FY, revised estimates for the CFY and budget estimates for the NFY and in the BO/NIS form. It is irrelevant to mention those objects in which no Actual, Revised Estimates and Budget Estimates are reflected.
- Serial No.8** This has been bifurcated into following details:
- a) Object code Letter 'A' is pre-printed. Budget should be entered at all Major, Minor and Detailed Object level. Fill all the required five digits carefully using Chart of Accounts available on website <https://fabs.gov.pk>
 - b) Object Description Write object code description as per Chart of Accounts.
 - c) Actual Expenditure/
Revised Estimates/
Budget Estimates Mention amount of object item in thousands. If Rs.10,000 is to be filled, write 10 only.
 - d) No. of Posts Mention the number of posts for the salary budget (these should match with the posts details as mentioned in Posts Proforma).
- Serial No.9** Total Provision (Gross)
- Serial No.10-11** Foreign Exchange component should be shown (wherever necessary). Foreign Exchange bifurcation is also required against the space provided separately for (i) Foreign Resources and (ii) Own Resources.
Certain agreements of foreign aid state that the Government of Pakistan should initially incur the expenditure in local currency and there after the equivalent amount would be reimbursed on actual basis by the donor agency. In such cases in respect of a foreign aided scheme/project, the amount to be spent in local currency out of the foreign aid (reimbursable) should be clearly indicated under the scheme /projection the NIS.
- Serial No.12** Recoveries, if any, should also be shown in a separate sheet at the end of every BO/NIS form.
- Note: All officers signing BOs/NISs in the administrative Ministries/Divisions/Departments are required to indicate their telephone number on every BO / NIS. Furthermore, Section Officer or equivalent level officer may be deputed for reconciliation purpose.**

ENQUIRIES: For clarification or additional information, if required, please do not hesitate to contact us at:

Deputy Secretary(B-1) Ph# 9209367

Director (B.C) Ph# 9209587

Form -5 Rule 69(iii)

Detailed Estimates of Expenditure

Ministry _____

Division _____

(3) Grant No. _____

(4) Grant Name _____

(5) Fund Center Name _____

(6) Fund Center Code (DDO Code) _____

(7) Sub detailed Function _____

(8)	(9)	(10)						(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)		
Detailed Object code	Detailed Object description	Post data						ACCOUNTS INFORMATION				Commitments at the end of the Current Financial Year	Budget Estimates Current Financial Year	Proposed Budget Estimates for coming Financial Year	Outer Year Estimates			
		BS	Post Code	No. of post Current Financial Year			No. of Posts coming Financial Year			Actual Expenditure of the year just close	Actual Expenditure last 8Months of the Year just closed				Actual Expenditure first 4Months of the Current Financial Year	Probable Outlay in the Current Financials 1Year (Col.12+ 13)	Budget Estimates	Budget Estimates
				Male	Female	Total	Male	Female	Total									
<u>(a) Employee Related Expenses</u>																		
<u>(b) Non-Salary Expenses</u>																		
Grand Total (a+b)																		

(Signature) _____

Name _____

Designation _____

Telephone Number _____

FORM-5(a)

Posts Proforma
FEDERAL GOVERNMENT EMPLOYEES BY B.P.S
Budget Estimates

Fund Code: _____ Fund Description: _____

Demand No: _____ Description: _____

Cost Center Code: _____ Description _____
(DDO Code)

Post Code	BPS	Designation	Total No. of Sanctioned Posts	Total Budget of Sanctioned Posts	No. of Filled in Posts	Budget of Filled in Posts	No. of Vacant Posts	Budget of Vacant Posts
Total								

(_____)

CF&AO/Head of Finance

Tele No. _____

See instructions on next Page

Specific Instructions FORM-V

1. No BO/NIS will be accepted in which Employee Related Expenses have been claimed unless supported with details of posts in this Proforma.
2. Please ensure that the total number of posts reflected in this Proforma is the same as in BO /NIS form (FORM 4).
3. List of Post Codes is available on FD's website:
http://www.finance.gov.pk/budget_wing.html.

FORM-6

Rule 74

FOREIGN EXCHANGE BUDGET

MINISTRIES/DIVISIONS/ATTACHED DEPARTMENTS/AUTONOMOUS BODIES/PSEs
FINANCIAL YEAR

SUMMARY OF FOREIGN EXCHANGE BUDGET

HEADS	<i>(Rs. in million)</i>			
	Actual CFY	Revised Estimates CFY	Budget Estimates NFY	Detailed justifications with item wise list of exact amount and date of foreign currency requirement

Current Expenditure

Invisible
Imports

Sub-TotalDevelopment

Invisible
Imports

GRAND TOTAL

Prepared By:- _____

Verified By: _____

Forwarded to:

Deputy Secretary (EF.B)
Phone: 051-9203237
E-mail: soefbiv@gmail.com

FORM-7

Rule 74

FOREIGN EXCHANGE BUDGET

MINISTRIES/DIVISIONS/ATTACHED DEPARTMENTS/AUTONOMOUS BODIES/PSEs
FINANCIAL YEAR

CURRENT EXPENDITURE-IMPORT

<i>(Rs. in million)</i>				
HEADS	Actual CFY	Revised Estimates CFY	Budget Estimates NFY	Detailed justifications with item wise list of exact amount and date of foreign currency requirement

Current Expenditure

Invisible
Imports

Sub-Total

Development

Invisible
Imports

GRAND TOTAL

Prepared By:- _____

Verified By: _____

Forwarded to:

Deputy Secretary (EF.B)
Phone: 051-9203237
E-mail: soefbiv@gmail.com

FORM-8

Rule 74

FOREIGN EXCHANGE BUDGETMINISTRIES/DIVISIONS/ATTACHED DEPARTMENTS/AUTONOMOUS BODIES/PSEs
FINANCIAL YEAR**CURRENT EXPENDITURE-INVISIBLE**

HEADS	(Rs. in million)			
	Actual CFY	Revised Estimates CFY	Budget Estimates NFY	Detailed justifications with item wise list of exact amount and date of foreign currency requirement

Current ExpenditureInvisible
Imports**Sub-Total**DevelopmentInvisible
Imports**GRAND TOTAL**

Prepared By:- _____

Verified By: _____

Forwarded to:Deputy Secretary (EF.B)
Phone 051-9203237
E-mail soefbiv@gmail.com

FORM-9

Rule 74

FOREIGN EXCHANGE BUDGET

MINISTRIES/DIVISIONS/ATTACHED DEPARTMENTS/AUTONOMOUS BODIES/PSEs
FINANCIAL YEAR

DEVELOPMENT EXPENDITURE-IMPORT

<i>(Rs. in million)</i>				
HEADS	Actual CFY	Revised Estimates CFY	Budget Estimates NFY	Detailed justifications with item wise list of exact amount and date of foreign currency requirement

Current Expenditure

Invisible
Imports

Sub-Total

Development

Invisible
Imports

GRAND TOTAL

Prepared By:- _____

Verified By: _____

Forwarded to:

Deputy Secretary (EF.B)
Phone: 051-9203237
E-mail: soefbiv@gmail.com

FORM-10

Rule 74

FOREIGN EXCHANGE BUDGETMINISTRIES/DIVISIONS/ATTACHED DEPARTMENTS/AUTONOMOUS BODIES/PSEs
FINANCIAL YEAR**DEVELOPMENT EXPENDITURE-INVISIBLE***(Rs. in million)*

HEADS	Actual CFY	Revised Estimates CFY	Budget Estimates NFY	Detailed justifications with item wise list of exact amount and date of foreign currency requirement
-------	---------------	-----------------------------	----------------------------	--

Current ExpenditureInvisible
Imports**Sub-Total**DevelopmentInvisible
Imports**GRAND TOTAL**

Prepared By:- _____

Verified By: _____

Forwarded to:Deputy Secretary (EF.B)
Phone: 051-9203237
E-mail: soefbiv@gmail.com

FORM-11

Rule 74

FOREIGN EXCHANGE BUDGET

MINISTRIES/DIVISIONS/ATTACHED DEPARTMENTS/AUTONOMOUS BODIES/PSEs
FINANCIAL YEAR

FOREIGN EXCHANGE RECEIPTS ESTIMATES

(Relevant Currency in million)

Source (Donor/Agency/Others)	Amount	Grant/Loan/ Revenue/Others	Further details (if any)
---------------------------------	--------	-------------------------------	-----------------------------

GRAND TOTAL

Prepared By:- _____

Verified By: _____

Forwarded to:

Deputy Secretary (EF.B)
Phone: 051-9203237
E-mail: soefbiv@gmail.com

FORM-12

Rule 77 (4)

Budget Estimates
(Current & Development Expenditure)
Financial Year

Ministry/ Division/Department: _____

Name/Designation of Principal Accounting Officer: _____

(Rs/Million)

Demand (s) No.	Demand Description	Medium Term IBCFY *	Proposed Budget Demand for Medium Term					
			ERE	OTHER	ERE	OTHER	ERE	OTHER

* Already communicated by Budget Wing, Finance Division vide letter No.F.2(1)B-II/2021-22, dated 20th April, 2021.

Note(1): Proposed demand for Subsidy and Grants to be indicated separately in the above Proforma (if required) along-with valid justification.

Note(2): No request for Supplementary Grant will be entertained during the year.

Certificate by PAO: It is certified that sufficient budget has been demanded for ERE.

Prepared by: _____

Chief Finance & Accounts Officer / Head
of Finance

Verified by: _____

Principal Accounting Officer

Deputy Secretary (Budget-I)
Budget Wing, Finance Division,
Islamabad.

FORM-13

Rule 78

Medium Term Performance Based Budget

Principal Accounting Officer: _____

Executive Authority: _____

1. Goal: (Define Goal intangible terms).

2. Policy Document: Name of the Document and weblink (http://www._____.com)

3. Budget Details:

A. Budget by Demands (As per Indicative Budget Ceilings)				Rs.'000
Demand Description	Demand No.	Shown in the Demand of:	Budget Estimates CFY	Out of Total Demand Budget allocated for GEWE*
(1)	(2)	(3)	(4)	(5)
1.				
2.				
Total				

*Gender Equality and Women Empowerment (GEWE)

B. Budget by Outputs/Service Delivery (Line Ministry Form can be used to fill following table) Rs.'000

Outputs/ Office Responsible	Actual Expenditure		Budget		Forecasts	
	2 nd last FY	PFY	CFY	NFY	1 st Outer FY	2 nd Outer FY
Output 1 / Office Responsible	xx	xx	xx	xx	xx	Xx
Output 2/Office Responsible	xx	xx	xx	xx	xx	Xx
Total	xx	xx	xx	xx	xx	Xx

C. Budget by Inputs (Fund Centre Form can be used to fill following table) Rs.'000

Inputs- Object Classification Provide information(A01-A13)	Actuals		Budget		Forecast	
	2 nd last FY	PFY	CFY	NFY	1 st Outer FY	2 nd Outer FY
A01 Employee Related Expenses						
A02 Project Pre-investment Analysis	xx	xx	xx	xx	xx	Xx
A03 Operating Expenses	xx	xx	xx	xx	xx	Xx
Total	xx	xx	xx	xx	xx	Xx

5. Medium-Term Outcome(s):

- 1.Name of the outcome, and brief description
- 2.Name of the outcome, and brief description

6. Key Performance Indicators/Targets Details

(Fund Centre Form can be used to complete following table)

Outputs(As per table budget by outputs)	Key Performance Indicators*	Targets Achieved		Planned Targets		Forecast Targets	
		2 nd last FY	PFY	CFY	NFY	1 st Outer FY	2 nd Outer FY
Output 1							
Output 2							

*If column (5) of table 4(A) shows budget for GEWE, then the targets of Key Performance Indicators may include GEWE.

Signed By CFAO:

Name & Designation: _____

Counter Signed By PAO:

Name & Designation: _____

Specific Instructions

1. 'Performance-based budget' as required under Section 9 of Public Finance Management (PFM) Act, 2019 is also known as 'MTBF (Medium-term Budgetary Framework) Green Book'. Each year, the book is presented to the Parliament as part of the annual budget.
2. The next preparation cycle relates to the medium-term fiscal years 2022-23 (which will be the same as the annual budgets), and two forward years (2023-24, and 2024-25).
3. Performance-based budgets shall be prepared within the medium-term Indicative Budget Ceilings (IBCs) to be issued by the Finance Division. The process of issuance of IBCs is defined under Section 3 of the PFM Act, 2019.
4. Performance-based budgets shall be prepared by Principal Accounting Officers.
5. Please define key themes of performance agreement which was agreed between Executive Authority and Prime Minister before moving towards performance based budget.
6. The preparation of 'performance-based budgets' shall be based as per the following process:

Step1: Preparation of Strategic Plan:

- a. As required under Section 5 of PFM Act, 2019, which states that 'All government expenditures, whether from a re-current or development demand for grant, shall be based on well-defined plans', each Principal Accounting Officer shall prepare a medium-term strategic plan.
- b. The medium-term strategic plan shall be developed by 'MTBF Core-Team' of the relevant Ministries/Divisions.
- c. Strategic Plan shall contain:
 - (1) **Goal** to be achieved by Principal Accounting Officer
 - (2) **Outputs** (services) to be delivered to achieve the goal—their brief rationale, and medium-term policy priorities
 - (3) **Key Performance Indicators** and targets for each output

- (4) **Outcomes** (planned effects of services on target population)
 - (5) **Responsible Organisation** that will achieve required outputs
 - (6) **Strategic Projects** required to achieve improved outputs and outcomes.
- d. Outputs shall be mapped with relevant spending units and projects. Line Ministry (LM) Form can be used to complete this information. LM form can be downloaded from website i.e. http://finance.gov.pk/budget_wing.html
- e. Strategic Plan shall be approved by relevant Principal Accounting Officers in consultation with the respective Ministers.

Step2: Allocation of IBCs to outputs

Once IBCs are received, PAOs shall allocate them to outputs (as defined in strategic plan) as per their policy priorities. Line Ministry (LM) Form can be used to complete this information.

**LM form can be downloaded from website i.e. http://finance.gov.pk/budget_wing.html*

Step3: Communication of IBCs to spending units and projects

After completion of step 2, PAOs shall forward IBCs to spending units (DDOs) and project directors. Spending units and projects director shall prepare their detailed budgets (BO/NIS) within these ceilings. In addition to IBCs, organizations responsible for Key Performance Indicators (KPIs) (as defined in Strategic Plan) shall be requested to provide targets. A list of KPIs shall be forwarded to Spending units, so they can provide relevant targets against KPIs. To collect this information from departments, fund center form can be used.

***Fund center (FC) form can be downloaded from website i.e. http://finance.gov.pk/budget_wing.html*

Step 4: Compilation of budgets by outputs

Once detailed budgets are prepared by Spending units and project directors, the MTBF Core-Team of the Ministries / Divisions shall consolidate the information and fill in form VI. (Format of medium -term performance budget can be downloaded from website i.e. http://finance.gov.pk/budget_wing.html

Step 5: Approval by PAOs

Filled form VI shall be signed by respective PAOs and communicated to MTBF Secretariat, Budget Wing, Finance Division, Islamabad.

Step 6: Discussion of Performance Based Budgets in ‘Demands Review Committee’ meetings

Performance Based Budget prepared by PAOs shall be discussed during ‘Demands Review Committee’ meetings.

7. Please note:

- a. Performance based budget for the year 2022-25 for different PAOs are available on: http://finance.gov.pk/budget/MTPB_Budget_2021_24.pdf. All necessary steps may be taken to review and update; 1) goals, 2) outputs and outcomes, and 3) KPIs.

- b. Special feature of this year's Budget Call Circular is inclusion of **Gender Responsive Budget Allocation in the Budget Call Circular** for the FY 2022-25 to satisfy the criteria of indicator 5.1.C of the Sustainable Development Goals (which requires to develop appropriate budget tracking and monitoring system and make the information readily available to the public in respect of allocations for Gender Equality and Women Empowerment.)

- c. **Gender Responsive Budgeting:**

Gender responsive budgeting is an approach designed to mainstream the gender dimension in to all stages of the budget cycle. In general, gender responsive budgeting aims at analyzing the different impacts of a national expenditure revenue policy on women and girls, and on men and boys, respectively. In addition to the impact analysis, gender responsive budgeting comprises making proposals to reprioritize expenditures and revenues, taking into account the different needs and priorities of women and men, other factors of inequality may also be focused on, such as age, religious or ethnic affiliation, or the place of residence (urban/rural).

- d. **Following are the examples of women empowerment:**

- i. Women's health programmes
- ii. Special education initiatives for girls
- iii. Employment policy initiatives for women

- iv. Initiatives to address violence against women
- v. Scholarships for women/girls

Following are the examples of gender equality

- i. Ratio of girls to boys in primary, secondary and tertiary education
- ii. Ratio of female to male staff in ministries/divisions/departments

e. **In order to develop gender responsive budgets, following measures are being taken in Form-VI of this circular:**

In the table 4(A) of Form-VI, a column (5) has been added to indicate the budget for gender equality and women empowerment out of the total budget by each demand. It can easily be calculated through adding up the budgets of different cost centres which are gender sensitive.

- i. If the Ministry of National Health Services, Regulation & Coordination has two cost centres in a demand which are gender sensitive e.g. i) Mother/child health program and ii) Women/girls wards in PIMS. The budget of these two cost centres summed up then total budget of these cost centres may be shown in column (5), table4 (A) of Form-VI
- ii. Similarly, in the table 6, targets of key performance indicators must be gender sensitive e.g.
 - a. Number of male/female student to be enrolled in a school/college or universities.
 - b. Number of public awareness program to be run by women protection centre.
 - c. Number of mother/child health centre to be developed.
 - d. Number of women/child prison to be established.

FORM-11

Rule 74

FOREIGN EXCHANGE BUDGET

MINISTRIES/DIVISIONS/ATTACHED DEPARTMENTS/AUTONOMOUS
BODIES/PSEs

FOREIGN EXCHANGE RECEIPTS ESTIMATES

(Relevant Currency in million)			
Source	Amount	Grant/Loan/	Further details
(Donor/Agency/Other		Revenue/Others	(if any)

GRAND TOTAL

Prepared By:- _____

Verified By:- _____

Forwarded by:
Deputy Secretary (EF.B)
Phone: 051-9203237
E-mail: soefbiv@gmail.com

FORM-12

Rule 77(4)

**Budget Estimates
(Current & Development Expenditure)
Medium Term Performance Based Budget**

Ministry / Division/ Department: _____

Name / Designation of Principal Accounting Officer: _____

(Rs/Million)

Demand(s) No.	Demand Description	Medium Term IBC Current Year*	Proposed Budget Demand for Medium Term					
			Year -1		Year-2		Year-3	
			ERE	Other	ERE	Other	ERE	Other

Note(1): Proposed demand for Subsidy and Grants to be indicated separately in the above Proforma (if required) along with valid justification.

Note (2): No request for Supplementary Grant will be entertained during the year.

Certificate by PAO: It is certified that sufficient budget has been demanded for ERE.

Prepared by: _____

Chief Finance & Accounts Officer/ Head of Finance

Verified by:

Principal Accounting Officer

**Deputy Secretary (Budget-I),
Budget Wing, Finance Division,
Islamabad.**

FORM-14

Rule 122(a)

Indent for Stores

Book No. _____ Indent No. _____ Dated _____.

To _____

Description	Unit	Quantity	REMARKS

The material should be delivered / dispatched to-----

Dated _____

Indenting Officer

The indent has been complied within full/part on _____.

Vide alterations which I have attested.

Dated _____

Supplying Officer

Received the materials specified above in good condition and (*) entered in the Stock register. Book

No. _____ Page _____

Dated _____

Receiving person

FORM -16

Rule 125 (b)

Register of Consumable Stores

Name of Article..... Unit of Accounts.....

[illegible]

FORM – 17

Rule 125 (c)

Register of Library Books

[illegible]

[illegible]

FORM-20

Rule 125 (f)

REPORT OF SURPLUS, OBSOLETE AND UNSERVICEABLE STORES FOR DISPOSAL

Item No.	Particulars of stores	Quantity/ Weight	Book Value/ Original purchase price	Condition and year of purchase	Mode of disposal (sale, public auction or otherwise)	Remarks
1	2	3	4	5	6	7

Signature..... Designation.....

Date.....

FORM -21

Rule 125 (g) & 126 (ii)

**REGISTER OF STORES AND EQUIPMENT PROCURED THROUGH FOREIGN
LOANS/ CREDITS AND GRANTS****P.I.O.C. /PA****Country / Agency****Allocation****Name of Project****Grant / Foreign Loan / Credit****Project No.****Major, Minor and detailed elements of account**

ORDERS						PLACED	
S#	Month	No. and date of order/con-tract	No. and date of LC. established	Bank	Amount (foreign currency)	Nature of material	Invoice No. and date
1	2	3	4	5	6	7	8

VALUE					RECEIVED			
B/L No. and date	Name of vessel and date of arrival	Value of foreign currency	Freight / insurance in foreign currency	Other charges in Foreign currency including services	Total in foreign currency	Equivalent amount in Rs.	Rupee equivalent	How accounted for
9	10	11	12	13	14	15	16	17

Note—1. The disbursement on account of “Services” should be entered in col. 16**Note-2.** Information in Col. 17 should indicate reference to the relevant account records such as stores and stock registers, etc.

[No.3(21)PFMR-II/2023.]

WAJEEHA BASHIR,
Deputy Secretary PFMR.