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MANUAL

FOR

ESTABLISHMENT AND OPERATIONALIZATION OF

REVOLVING FUND ACCOUNTS

(FOREIGN CURRENCY ASSIGNMENT ACCOUNTS)

JULY 2011

Developed by: Assessment and Strengthening Program (ASP)-Rural Support Programmes Network (RSPN)

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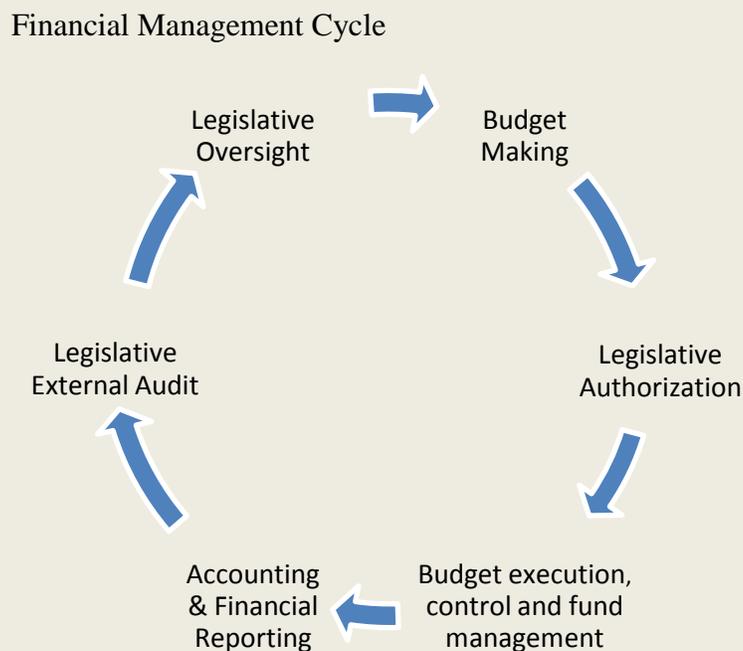
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1. Background

1.1 An overview of the Financial Management System of the Government

Mission Statement of the Ministry of Finance: *To pursue sound and equitable economic policies that put Pakistan on the path of sustained economic development and macroeconomic stability with a view to continuously and significantly improving the Quality of life of all citizens through prudent and transparent public financial management carried out by dedicated professional.*



As in all functional democracies, financial management systems ensure that acquisition of funds, their spending and control conforms to best practice. The above diagram illustrates the process starting from the budget making process; the legislative authorization of the budget leading to the Schedule of Authorized Expenditure authorized by parliament followed by exercise of financial controls, financial reporting, legislative audit by the Auditor-General and legislative oversight by the Public Accounts Committee. Revolving Fund Accounts are essential part of all the above core processes. The fact that they are segregated from the normal payment systems through Offices under CGA does not absolve those operating them from thinking that they should be subject to the same financial discipline as the other expenditure modes and payment streams through the CGA's system.

1.2 Constitutional Provisions relating to the operation of Federal Consolidated Fund and their linkage with Revolving Fund Accounts (RFA)

It is essential for the Project Managers operating the RFAs to understand that they stand committed to ensure financial discipline and compliance to authority ultimately linked to the Articles 78 to 84 of the Constitution relate to financial procedure. (Separate Articles relate similarly to Provincial funds) that Their cognizance is essential as their violation would mean violation of the Constitution. A gist of the Articles is as under.

Article No and Title	Gist of Contents	Implications for RFA
78. Federal Consolidated Fund and Public Account.	The provision stipulates that all revenues of the Federal Government and loan repayment receipts shall form part of the Federal Consolidated Fund (FCF) and all other monetary receipts received on behalf of the Federal Government or judicial deposits shall be a part of the Public Accounts (Trust money).	The amounts being utilized under grants operated through the RFAs are part of the Consolidated Fund and cannot be kept outside it.
79. Custody, etc., of Federal Consolidated Fund and Public Account.	The custody of the Federal Consolidated Fund and Public Account, deposits therein and withdrawals therefrom, and all matters connected with or ancillary to the matters aforesaid shall be regulated by Act of [Majlis-e-Shoora (Parliament)] or, until provision in that behalf is so made, by rules made by the President.	This is an important provision to understand as in the absence of an Act as indicated in the Article the withdrawal and deposits are being governed by Rules framed by the President. The rules (Treasury Rules, General Financial Rules etc.) thus carry a Constitutional backing. Treasury Rules and instructions issued by the Finance Division on operation of RFAs are thus linked to Constitutional procedure.
80. Annual Budget Statement.	Article 80 stipulates that the Federal Government shall, for every financial year, cause to be laid before the National Assembly the Annual Budget Statement distinguishing between charged and voted and revenue and capital expenditure.	The Annual Budget Statement when approved by the Parliament as per laid down provisions in the Constitution becomes a reference document for the Project Managers in so far as grants relate to their projects.
81. Expenditure charged upon Federal Consolidated Fund.	Not Applicable	Not Applicable
82. Procedure relating to Annual Budget Statement.	This Article defines charged expenditure as being liable for discussion but not for vote while stating that other expenditure shall be submitted to the National	No state institution whose financing comes from tax payers' money should be exempt from accountability.

	<p>Assembly in the form of demands for grants, and the Assembly shall have power to assent to, or to refuse to assent to, any demand, or to assent to any demand subject to a reduction of the amount specified therein. It also mentions that no demand for a grant shall be made except on the recommendation of the Federal Government.</p>	
<p>83. Authentication of schedule of authorised expenditure.</p>	<p>This is an important provision stipulating that the Prime Minister shall authenticate by his signature a schedule specifying the grants under Article 82. and the charged expenditure under Article 81. The schedule so authenticated is laid before the National Assembly but subject to discussion or vote. <u>Further, no expenditure from the Federal Consolidated Fund shall be deemed to be duly authorised unless it is specified in the schedule so authenticated and such schedule is laid before the National Assembly</u></p>	<p>Projects Managers shall specially ensure that lapsed amounts that are reinstated in the next fiscal year are included in the Schedule.</p>
<p>84. Supplementary and excess grants.</p>	<p>This Article takes care of unforeseen but necessary expenditure not provided in the Annual Budget Statement. The Federal Government has been empowered to authorize expenditure from the Federal Consolidated Fund, charged or otherwise, and shall cause to be laid before the National Assembly a Supplementary Budget Statement or, as the case may be, an Excess Budget Statement.</p>	<p>Internal Controls systems should prevent excess as the National Bank should not honor cheques exceeding the annual budgetary ceiling. Supplementary????</p>

1.3 Over view of the Financial Reporting System

The RFA system by-passes a whole system of pre-audit payments through the centralized system operated by offices under the CGA (AGPR, Provincial Accountants General and District

Accounts Officers (DAOs). Some DAOs are administratively under the respective Provincial Governments. The Office of the Controller General of Accounts has been set up under the CGA Ordinance 2001 it maintains the accounts and prepares the Annual Financial Statements of the of the Federal, Provincial and the District Governments, makes payments through its field offices of Accountant General Pakistan Revenue, Provincial Accountants General and District Accounts Offices, vets new accounting procedures and prescribes internal control principles. It is therefore essential that the control mechanism exercised by these institutions in ensuring accurate accounting and valid payments conforming to authority should be replicated to the extent possible without compromising on the efficiency of the Project.

It is essential that the project managers should know the control checks exercised by the accounting offices under CGA before making any payments. Their finance officers should also have enough capacity to fully understand them. The expenditure made through the RRA is ultimate reflected in the National Accounts prepared by the CGA. The duties and responsibilities of the PDs regarding submission of accurate accounting information to accounting offices under CGA are therefore very critical. CGA's role is defined by

The Controller General of Accounts (Appointment Functions and Powers) Ordinance 2001 that relates to the powers and functions of CGA relating to keeping of accounts of the Federal Government, Provincial Government and the District governments. It stipulates that CGA shall be appointed (section 4) by the President. The CGA shall be an officer of the Pakistan Audit and Accounts Service. The Ordinance (section 5) requires the CGA to

- a) Prepare the accounts of the Federation, the Provinces and the District Governments funds and submit them to the Auditor-General as per provisions of the Ordinance and prepare and maintain accounts of such organizations and authorities as may be assigned to him under the Ordinance by the President or the Governor as the case may be.
- b) To authorize payments from the Federal and Provincial Consolidated against approved budgetary provisions and after AGP prescribed pre-audit checks and to ensure resolution of audit observation of the Audit Department with the concerned departments.
- c) To develop and maintain an efficient system of pensions, provident funds and other retirement benefits.

d) To lay down the Principles of Internal Financial Control for government Departments, render advice on accounting procedure for new schemes and programs of Government concerned.

e) To prescribe syllabus, standards and provide facilities for training for officers and staff under his administrative control. (These are, under section 6 of the Ordinance, AGPR and its sub-offices, Military Accountant General and its sub-offices, offices of Provincial AGs and offices sub-ordinate to them, the accounting heads of departmentalized accounting offices and any other departmentalized accounting organizations as well as their sub-offices).

What acts of omission occur at the project level will affect the above mandate of CGA.

2 Introduction to Revolving Fund Accounts (RFA)

2.1 Background, nature and purpose of creation

WHAT IS A REVOLVING FUND ACCOUNT?

Revolving Funds are universally defined as a fund or account that has no fiscal year limitations. Either the balance does not lapse at the close of financial year or is restored through a budgetary procedure. In Pakistan the term RFA is used to denote foreign currency funded Assignment Accounts. These are lapsable, with a provision for restoration of balances through budgetary procedure. Provision for opening Assignment Accounts in National Bank was allowed under Treasury Rules so that Projects as distinct from Government departments are able to have their own payment system by-passing the offices now under CGA to promote efficient operations and avoid procedural bottlenecks.

2.2 Introduction to various stakeholders in establishment and operation of RFA.

Stakeholders in the Operation of Revolving Fund Accounts

- **Controlling Ministries**: They initiate the opening of RFA on request of Project Directors.
- **Ministry of Finance**: Gives Approval and Instructions
- **Accounting offices under CGA**: Account for expenditure for merging with Annual Financial Statements prepared by CGA.
- **State Bank of Pakistan**: Receives and initially accounts for foreign exchange receipt for the Project Account
- **National Bank of Pakistan**: Operates the RFA in its Books and acts as a banker providing information to SBP and AGs on payments made.
- **Project Directors**: Operate the accounts and maintains accounts at their

3 Role of Various stakeholders in establishment and Operation of RFA

3.1 Project Directors

- i. The PD will arrange immediate opening of the Assignment Accounts at an authorized branch of National Bank of Pakistan (NBP) that shall be the designated bank for handling all transactions, for the foreign currency component. A separate account shall be opened for the Government share. Special instructions for the operation of the account, if any, shall be provided to all parties concerned.
- ii. Each Project Director shall prepare financial statements comprising
 - a. Expenditure from RFA
 - b. Direct Payments(Showing in three separate columns for RFA, GoP Assignment Account and third party payments).
- iii. The financial Statements should be submitted to Donors as well as external auditors.
- iv. The Project accounts shall be subject to audit by the Auditor-General of Pakistan.
- v. To ensure that cash payments or funds transfers from RFA to any DDO account or any other account for the sake of onward disbursement is strictly prohibited
- vi. To ensure that consultancy charges to be paid by the Donor are be paid after verification of services by the Project Director/concerned Ministry or Department.
- vii. Take appropriate steps as per procedure for refund of unspent balances to Donors at the Close of the Project.
- vii. Separate RFAs shall be established by the project management at NBP for each of the Loans/Credits/Grants.
- viii. Each RFA, once established, will be designated a special sub-fund identification number.
- ix. Project Directors shall prepare financial statements for each Project comprising expenditure from RFAs and Direct payments. The financial Statements should be submitted to Donors as well as external auditors.
- x. PDs will ensure that all payments out of the RFA shall be made through checks signed by at least two authorized persons.
- xi. The payments of Donor funds into the RFA shall be initiated through Withdrawal Applications (WA) signed by such persons as nominated by Project Management with the approval Administrative Ministry/Division/Department. The assigned identification number of the RFA shall be indicated on the WA. Copies of the WA shall be sent to the concerned Ministries, EAD, MoF, NBP Head office, relevant branch of NBP, SBP Karachi and concerned AG/AGPR office.
- xii. The Project Management shall submit through its Ministry/Division/Department its budget for the following year to be included in the Schedule of Authorized Expenditure.
- xiii. The Project accounts shall be subject to audit by the Auditor-General of Pakistan.

ROLE OF PROJECT COORDINATORS

- Project Coordinators as the title implies are essential when a Project has various components. Often these work independently but are linked to each other as in some cases completion of project either in stages or in full is dependent on the other component of the project being completed either the relevant phase or output or in full. It is the primary duty of the Project Coordinator to ensure such coordination by:
 - Working with project management tools like Gant Charts, CPM etc
 - Prepare a regular schedule of meetings with project component chief to resolve issues and find solutions.
 - Issue proper minutes of the minutes with specified action stations for ensuring responsibility and follow up.

3.2 Project Finance managers

Duties of the Finance Managers of the Projects:

- i. Shall authorize payments within the available budgetary limits
- ii. Shall reconcile the accounts with NBP
- iii. Report direct payments to contractors/suppliers through Donors,
- iv. Prepare the financial statements/other financial reports
- v. Shall ensure that all payments except for authorized petty cash to be notified to the relevant NBP branch are made through crossed-cheques.
- vi. Prevent cash payments or funds transfers from RFA to any DDO account or any other account for the sake of onward disbursement as it is strictly prohibited.
- vii. Ensure that information relating to demand for grants contain: The Grant/Loan No , Project ID/Name, Fund Code, cost centre, sub-detailed function, Detailed Object as per Chart of Accounts.
- viii. In order to record expenditure upon issue of cheques the concerned DDO/PD shall ensure that a schedule given at Annex-A of the Revised accounting procedure for RFAs is submitted to the concerned AG/AGPR on a daily basis in addition to a monthly statement of account.. A copy of this schedule shall be sent to NBP on a monthly basis.
- ix. Obtain prior approval of concerned Ministry/Division for foreign training.

3.3 National Bank of Pakistan

- i. National Bank of Pakistan (NBP) that shall be the designated bank for handling all transactions, for the foreign currency component. A separate account shall be opened for the Government share.
- ii. NBP shall open the account only after obtaining necessary permission from exchange policy Department of the State bank of Pakistan, Karachi.
- iii. Each RFA, once established, will be designated a special sub-fund identification number.
- iv. The RFA shall in the books of NBP show all the debits and credits and balance in Pak rupees along with the US Dollar equivalent.
- v. The funds available to the Project Management would be in Pak rupee.
- vi. The USD balances and debits and credits shall be used for reporting to and reconciliation with Donors.
- vii. The reimbursement by NBP shall be claimed from the SBP-BSC on a daily basis. SBP shall ensure that reimbursement is made within two working days.
- viii. On receipt of funds from SBP, it is the NBP that shall thereafter make the accounting entry in RFA in Pak Rupee and USD under intimation to SBP Karachi, SBP-BSC local office, relevant PD and NBP Head Office.

- ix. The NBP shall provide a monthly statement of account to the Project Management by the end of first week of the succeeding month.
- x. NBP shall also send copy of the Bank Statement on 5th of the following month to SBP which shall be returned duly verified by 10th of the month.
- xi. NBP shall also send copy of the Bank Statement on 5th of the following month to SBP which shall be returned duly verified by 10th of the month.

3.4 State Bank of Pakistan

- i. The foreign currency amounts received under the foreign credit/loan/grant for RFAs shall be converted by SBP into Pak rupees at the SBP Weighted Average Buying Rate of exchange (WABRE) prevailing on the date of transfer of funds by the Donors.
- ii. The payments out of RFAs for reimbursement to NBP would be translated notionally at the WABRE prevailing on the date of payments from the RFAs.
- iii. The transactions against individual assignments accounts will be recorded and reported by the respective offices of the State Bank Banking Services Corporation (SBP-BSC) to SBP Karachi on a daily basis.
- iv. The reimbursement by NBP shall be claimed from the SBP-BSC on a daily basis. SBP shall ensure that reimbursement is made within two working days.
- v. The SBP shall ensure reporting of balances of RFAs in the daily report of the consolidated balances of the Federal, Provincial Government Account along with other Government Balances to the Federal/Provincial Government (Finance Depts. AGs).
- vi. The SBP-BSC after making the payment to NBP shall prepare a debit voucher for each payment for submission to Federal Treasury Office Karachi for accounting.
- vii. In case the funds received from Donors are in currencies other than USD they shall be credited in the RFA at the USD and currency conversion rate vis-à-vis USD. In case payment out of the RFA has to be made for eligible expenditures in currency other than USD prevailing conversion rate shall be applied.
- viii. On receipt of credit advice regarding receipt of funds from Donors through SBP Karachi SBP shall advise the Chief Manager SBP-BSC to credit Pak Rupee equivalent of USD to the RFA under appropriate Debt or grant Head.
- ix. The Chief Manager shall by next business day authorize amount in Pak Rupee to be credited to the RFA of the Project.
- x. The SBP-BSC will also immediately report receipt in Pak Rupee and the equivalent foreign currency to NBP HQ with a copy to a) the concerned NBP Branch b) the relevant Project Director, Planning & Development Division/Department, Economic Affairs Division and Finance Division/Department/AG/AGPR. No accounting entry shall be made at this stage.
- xi. In case of Projects under control of Provincial Governments or Local Governments, Financial and non-financial institutions under administrative control of Provincial Governments the SBP will transfer funds to the concerned Provincial Government Account.
- xii. The direct payment by Donor shall be reported as a contra receipt, noted as a third party transaction and reported to AG/AGPR, EAD/and Finance Division/Department.
- xiii. In case there is balance available in USD at the close of the project which is required to be refunded to the Donor, SBP Finance Department, Karachi will arrange remittance to the Donor at the prevailing exchange rate in consultation with EAD after clearance by concerned Ministry/Division/Department (MDD) under budgetary procedure. MDD will arrange immediate closing of the Assignment Account/RFA at the concerned NBP after full utilization of the Grants/ Loan/Credits.

3.5 Government Accounting Offices: CGA, AGPR, Provincial AGs and DAOs

- i. Shall ensure that balances of RFA are reported by the SBP in the daily report of the consolidated balances of the Federal, Provincial Government Accounts along with other Government Balances (sent to them) and appropriate action is taken.
- ii. Federal Treasury Office Karachi should also take appropriate steps for accounting for debit vouchers sent by NBP.
- iii. Shall record third party payments for reflection in the Annual Financial Statements.
- iv. Shall ensure reconciliation of accounts.
- v. Shall ensure effective operation of project modules/accounting under New Accounting Model developed under PIFRA
- vi. System should provide reporting of any deviations from applicable REFA procedure.

3.6 Concerned Government Ministries/Departments/Divisions

- i. The concerned Ministries/Divisions/Departments and the project implementation agencies will arrange immediate opening of the Assignment Accounts at an authorized branch of National Bank of Pakistan (NBP) that shall be the designated bank for handling all transactions, for the foreign currency component. A separate account shall be opened for the Government share.
- ii. The controlling Ministries/Division shall reconcile expenditure on account of foreign aid with AGPR/AG on a monthly basis Provincial Governments to follow suit. In case of non-reconciliation by 21st of the following month AGs/AGPR to advise the Donor through EAD to take appropriate action as per Donor's Financial Management Guidelines.
- iii. Should ensure institution of proper internal control systems in the projects through their CF&AOs

4 Revised Accounting Procedure for Revolving Fund Accounts (RAPERFA)

4.1 Salient Features

The revised Accounting Procedure for the opening and operation of the Revolving Fund Accounts covers the following areas:

- Administrative Procedure for establishment of Revolving Fund Accounts
- Accounting Procedure for operation of Revolving Fund Accounts.
- Accounting entries to be made by State Bank and Accounting offices under CGA
- Description and formats of vouchers and scrolls to be sent to accounting offices by NBP and Project Authorities
- Control procedure for issue of cheques
- Role of SBP, NBP, Controlling Ministries, AGPR/AGs/DAOs and Project Authorities in operation of the RFA.

4.2 Steps in Establishment of RFA

Initially, the Treasury Rules framed under the relevant Articles of the Constitution in force, Article 79 of the present Constitution and O.M.s issued by Ministry of Finance have, from time to time, spelled out the detailed procedures relating to the establishment and maintenance of Assignment Accounts. For foreign funded projects The project authorities apply to the Ministry of Finance for opening of the Revolving Fund Account (RFA). Once the permission is received and internal agreements regarding the opening of the RFA have been signed the following steps ensue.

- i. The concerned Ministries/Divisions/Departments and the project implementation agencies will arrange immediate opening of the Assignment Accounts at an authorized branch of National Bank of Pakistan (NBP), that shall be the designated bank for handling all transactions, for the foreign currency component. A separate account shall be opened for the Government share.
- ii. Special instructions for the operation of the account, if any, shall be provided to all parties concerned.
- iii. NBP shall open the account only after obtaining necessary permission from exchange policy Department of the State bank of Pakistan, Karachi.
- iv. Separate RFAs shall be established by the project management at NBP for each of the Loans/Credits/Grants.
- v. Each RFA, once established, will be designated a special sub-fund identification number.
- vi. These individual sub-accounts will together constitute a single but separate account called child account and in case of Federal Government be under Central Government Account No1 (Non-Food) held with the State Bank of Pakistan (SBP)
- vii. The Controller General of Accounts (CGA) will issue a Code of Classification in the Chart of Accounts for RFAs.
- viii. Each Project shall prepare its own financial statements comprising expenditure from RFAs and Direct payments.

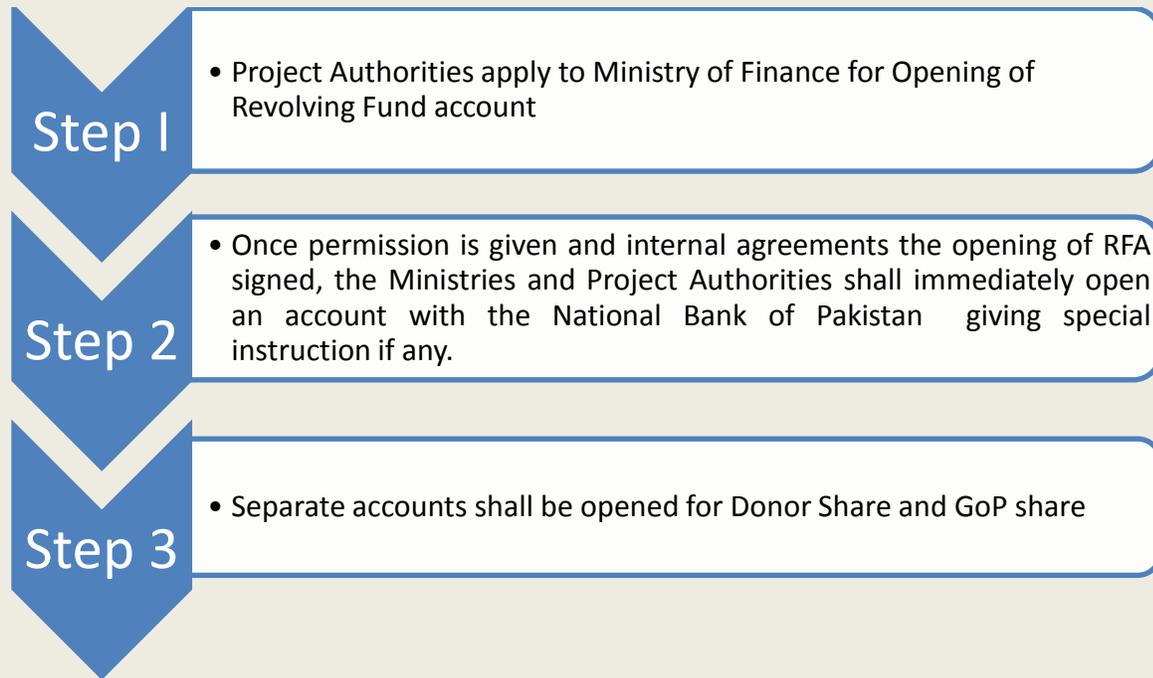
4.3 Steps in Operation of RFA

- i. The foreign currency amounts received under the foreign credit/loan/grant for RFAs shall be converted into Pak rupees at the SBP Weighted Average Buying Rate of exchange (WABRE) prevailing on the date of transfer of funds by the Donors.
- ii. The payments out of RFAs for reimbursement to NBP would be translated notionally at the WABRE prevailing on the date of payments from the RFAs.
- iii. The RFA shall in the books of NBP show all the debits and credits and balance in Pak rupees along with the US Dollar equivalent.
- iv. The funds available to the Project Management would be in Pak rupee.
- v. The USD balances and debits and credits shall be used for reporting to and reconciliation with Donors.
- vi. The transactions against individual assignments accounts will be recorded and reported by the respective offices of the State Bank Banking Services Corporation(SBP-BSC) to SBP Karachi on a daily basis.
- vii. The reimbursement by NBP shall be claimed from the SBP-BSC on a daily basis. SBP shall ensure that reimbursement is made within two working days.
- viii. The SBP shall ensure reporting of balances of RFAs in the daily report of the consolidated balances of the Federal, Provincial Government Account along with other Government Balances to the Federal/Provincial Government (Finance Depts. AGs)
- ix. The SBP-BSC after making the payment to NBP shall prepare a debit voucher for each payment for submission to Federal Treasury Office Karachi for accounting.
- x. The RFA shall be lapsable. The lapsed balance shall however be protected through a budgetary allocation next year.
- xi. In case the funds received from Donors are in currencies other than USD they shall be credited in the RFA at the USD and currency conversion rate vis-a-vis USD.
- xii. In case payment out of the RFA has to be made for eligible expenditures in currency other than USD prevailing conversion rate shall be applied.
- xiii. On receipt of credit advice regarding receipt of funds from Donors through SBP Karachi SBP shall advise the Chief Manager SBP-BSC to credit Pak Rupee equivalent of USD to the RFA unde appropriate Debt or grant Head.
- xiv. The Chief Manager shall by next business day authorize amount in Pak Rupee to be credited to the RFA of the Project.
- xv. The SBP-BSC will also immediately report receipt in Pak Rupee and the equivalent foreign currency to NBP HQ with a copy to a) the concerned NBP Branch b) the relevant Project Director, Planning & Development Division/Department, Economic Affairs Division and Finance Division/Department/AG/AGPR. No accounting entry shall be made at this stage.
- xvi. It is the NBP that shall thereafter make the accounting entry in RFA in Pak Rupee and USD under intimation to SBP Karachi, SBP-BSC local office, relevant PD and NBP Head Office.

- xvii. In case of Projects under control of Provincial Governments or Local Governments, Financial and non-financial institutions under administrative control of Provincial Governments the SBP will transfer funds to the concerned Provincial Government Account.
- xviii. Budget checks shall be applied by the Provincial Government.
- xix. All payments out of the RFA shall be made through checks signed by at least two authorized persons.
- xx. In order to record expenditure upon issue of cheques the concerned DDO/PD shall ensure that a schedule given at Annex-A of the Revised accounting procedure for RFAs is submitted to the concerned AG/AGPR on a daily basis in addition to a monthly statement of account.. A copy of this schedule shall be sent to NBP on a monthly basis.
- xxi. The payments of Donor funds into the RFA shall be initiated through Withdrawal Applications (WA) signed by such persons as nominated by Project Management with the approval Administrative Ministry/Division/Department. The assigned identification number of the RFA shall be indicated on the WA. Copies of the WA shall be sent to the concerned Ministries, EAD, MoF, NBP Head office, relevant branch of NBP,SBP Karachi and concerned AG/AGPR office.
- xxii. The Project Management shall submit through its Ministry/Division/Department its budget for the following year to be included in the Schedule of Authorized Expenditure.
- xxiii. The Grant/Loan No , Project ID/Name, Fund Code, cost centre, sub-detailed function, Detailed Object as per Chart of Accounts must be indicated.
- xxiv. Each project shall prepare its own financial statements comprising
 - a. Expenditure from RFA
 - b. Direct Payments(Showing in three separate columns for RFA, GoP Assignment Account and third party payments).
- xxv. The financial Statements should be submitted to Donors as well as external auditors.
- xxvi. The Project accounts shall be subject to audit by the Auditor-General of Pakistan.
- xxvii. The NBP shall provide a monthly statement of account to the Project Management by the end of first week of the succeeding month.
- xxviii. NBP shall also send copy of the Bank Statement on 5th of the following month to SBP which shall be returned duly verified by 10th of the month.
- xxix. Duties of the Finance Managers of the Projects:
 - a. Shall authorize payments within the available budgetary limits
 - b. Shall reconcile the accounts with NBP
 - c. Report direct payments to contractors/suppliers through Donors,
 - d. Prepare the financial statements/other financial reports
 - e. Shall ensure that all payments except for authorized petty cash to be notified to the relevant NBP branch are made through crossed-cheques.

- xxx. Cash payments or funds transfers from RFA to any DDO account or any other account for the sake of onward disbursement is strictly prohibited.
- xxxii. The direct payment by Donor shall be reported as a contra receipt, noted as a third party transaction and reported to AG/AGPR, EAD/and Finance Division/Department.
- xxxiii. The consultancy charges to be paid by the Donor shall be paid after verification of services by the Project Director/concerned Ministry or Department.
- xxxiiii. Prior approval of concerned Ministry/Division would be required for foreign training.
- xxxv. The controlling Ministries/Division shall reconcile expenditure on account of foreign aid with AGPR/AG on a monthly basis Provincial Governments to follow suit. In case of non-reconciliation by 21st of the following month AGs/AGPR to advise the Donor through EAD to take appropriate action as per Donor's Financial Management Guidelines.

FLOW DIAGRAM OF OPENING AND OPERATION OF REVOLVING FUND ACCOUNTS



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