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PART II

Statutory Notifications (S.R.O.)

GOVERNMENT OF PAKISTAN

PUBLIC PRIVATE PARTNERSHIP AUTHORITY

NOTIFICATION

Islamabad, the 12th July, 2023

S. R. O. 915(I)/2023.—In exercised of powers conferred upon it under Section 25A of the Public Private Partnership Authority Act, 2017 (Act No. VIII of 2017) as amended, the Board of the Public Private Partnership Authority is pleased to approve the following regulations, namely:

**Public Private Partnership Authority
(Financial Management) Regulations, 2022**

PART-I

General

1. **Short title, application, and commencement.**—(1) These regulations may be called Public Private Partnership Authority (Financial Management) Regulations, 2022.

(2) These shall come into force at once.

(2155)

Price: Rs. 40.00

[1399(2023)/Ex. Gaz.]

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

- (a) “Act” means the Public Private Partnership Act, 2017 (Act No. VIII of 2017) as amended;
- (b) “Assignment Account” means Assignment Account as prescribed in Asaan Assignment Account Procedure (local Currency), 2020 as amended from time to time;
- (c) “Authority” means the Public Private Partnership Authority or P3A established under Section 3 of the Act;
- (d) “Asset” means something valuable that an entity owns, benefits from, or has use of in generating income. “Asset” (also known as a non-current asset) may be land, land improvement, building, infrastructure, equipment, furniture & fixtures, vehicles, computers and library books which has a life expectancy (*i.e.* usage period) of more than one year, computer program or software. Items with a life expectancy of one year or less are considered to be consumable items. It is a resource controlled by the P3A as a result of past events and from which future economic benefits are expected to flow to the P3A.
- (e) “Acquisition Cost” means the net invoice price of Assets including the cost of modifications, attachments, accessories, or auxiliary apparatus necessary to bring the asset in usable condition. Other charges such as the cost of installation, transportation, taxes, duty or protective in-transit insurance, shall be included in the acquisition cost.
- (f) “Assets Register” is a register which contains complete record of all Assets. The information contained in Assets register includes description of the asset, asset’s location, cost, depreciation charged and other particulars relating to a asset.
- (g) “Authorized Officer” means an officer of the P3A as designated by the CEO;
- (h) “Board” means the Board of Directors of the P3A constituted under section 6 of the Act;
- (i) “Competent Authority” means the Chief Executive Officer or an officer of the P3A to whom the powers are delegated by the CEO;

- (j) “Capitalized Assets” are those which have a useful life of more than one year and have to be capitalized as per policy of the P3A.
- (k) “CEO” means the Chief Executive Officer of P3A;
- (l) “CFO” means the Chief Financial Officer of P3A;
- (m) “DDO” mean Drawing and Disbursing Officer of P3A;
- (n) “Delegated Officer” means an officer authorized by the CFO;
- (o) “Eligible Investments” means securities including treasury bills issued by the Government or any other instrument approved by the Board or Authorized Committee of the Board;
- (p) “FM&PAO Regulations” means Financial Management and Powers of Principal Accounting Officers Regulations, 2021 as amended from time to time;
- (q) “Government” means the Federal Government of Pakistan;
- (r) “Liabilities” means future sacrifices of economic benefits that the P3A is presently obliged to make as a result of past transactions or other past events;
- (s) “MoPD&SI” means Ministry of Planning Development & Special Initiatives;
- (t) “P3A” means the Public Private Partnership Authority;
- (u) “PAO” means Principal Accounting Officer;
- (v) “Payments” means the partial or complete discharge of an obligation by its settlement in the form of the transfer of funds, assets, or services equal to the monetary value of part or all of the debtor's obligation;
- (w) “Re-appropriation” means the transfer of funds from one head of account to another head of account;
- (x) “Receipts” means an amount of cash collected, including P3A Fee or the process of collecting money;
- (y) “Tag” means to place a control number on equipment or property owned by the P3A.

- (z) “Useful Life” is the period over which an asset is expected to be available for use. It is determined in relation to an entire asset category, as opposed to an individual asset and after considering the factors such as expected usage, physical wear and tear, technical or commercial obsolescence, legal or other limits;

(2) Words and expressions used but not defined in these Regulations shall have the same meaning as assigned to it in the Act, or if not defined in the Act, as in common usage.

PART-II

Introduction

3. **Purpose of the Regulations.**—(1) The purpose of these regulations is to set out the responsibilities, policies and procedures to be used for financial management of the P3A.

4. **Workflow of Accounting Activities.**—The description of workflow of accounting activities shall be as determined by the CEO.

PART-III

Financial Framework and Authorizations

5. **Principal Accounting Officer.**—(1) Secretary MoPD&SI shall be the PAO for the financial management of the P3A till the time the CEO is notified as the PAO under the FM&PAO Regulations;

(2) Till such notification, CEO shall exercise the same powers as are delegated to a head of department under the FM&PAO Regulations, in addition to specific financial powers conferred upon him under the P3A Act or rules or regulations.

(3) The CEO shall be assisted by the CFO in the discharge of his duties in financial and budgetary matters.

6. **Powers and Functions of the Chief Executive Officer.**—The CEO shall work under the control of the Board and perform the following functions, namely:—

- (a) To exercise financial powers delegated by the Board from time to time.
- (b) To exercise powers for financial management of Assignment Account;

- (c) To exercise powers for financial management of funds established under the Act;
- (d) To exercise financial powers for project development expenditure as prescribed by the Public Private Partnership Authority (Project Development Facility) Regulations, 202;
- (e) To Re-appropriate funds within overall approved budget;
- (f) To sanction expenditures within the approved budget;
- (g) To invest surplus funds in Eligible Investments;
- (h) To notify DDO;
- (i) To review and propose budget estimates for approval of the Board or authorized committee;

7. Expenditure beyond Financial Powers of Chief Executive Officer.—Except for provided in the regulations, the expenditure beyond financial powers of the CEO shall be incurred with the approval of the Board or authorized committee.

8. Drawal of Advance.—The CEO may sanction drawal in advance as per any notification of Finance Division, Ministry of Housing & Works or any regulation approved by the Board.

9. Financial Propriety.—Every officer of the P3A who is authorized to incur expenditure from its funds/budget shall:—

- (a) Exercise the same vigilance in respect of expenditure as a person of ordinary prudence would exercise in respect of the expenditure of his own money;
- (b) Ensure that the expenditure is not *prima facie* more than the judicious requirement of the occasion;
- (c) Not to pass an order that will be directly or indirectly in his/her own benefit except with the prior approval of the CEO or Authorized Officer in writing;
- (d) Ensure that P3A money is expended not for the benefit of a particular employee or class of employees unless admissible in accordance with the HR Regulations of the P3A;

- (e) Ensure that money is expended in the interest of the P3A and no other than the purposes for which funds have been approved;
- (f) Ensure that for any losses to the funds, receipts and stamps etc, caused by embezzlement or otherwise the CEO or Authorized Officer is informed immediately even if any loss has been made good by the party responsible for it;

10. **Matters not specifically provided for.**—All matters relating to financial management, not specifically provided in these regulations shall be regulated under the Rules and Regulations of the Federal Government.

11. **Duties and Responsibilities of DDO.**—The DDO shall ensure that policies and procedures for financial management are observed and only that amount is drawn which is required for immediate disbursement.

- (a) The DDO shall ensure that the expenditure is within the sanctioned budget and if it is exceeded or is likely to exceed, he shall take prompt steps to obtain additional appropriation which include reporting to the CFO regarding need of such Re-appropriation and prepare Re-appropriation requirement;
- (b) In regard to the Contract Contingencies, the DDO shall see that expenditure is not in excess of the contract grant;
- (c) The DDO, along with Designated Officer, shall be responsible to ensure the safety of cheque books and cash money of the P3A;
- (d) Any other duty assigned by the CEO;

12. **Tasks and Responsibilities.**—The tasks related to accounting and financial management shall be performed by the employees as may be determined by the CEO.

PART-IV

Funds of the P3A

13. **Funds of P3A.**—(1) The P3A shall maintain fund as per Section 10 of the Act or any other fund or facility established under the Act;

(2) The P3A shall maintain Assignment Account.

(3) The management, operation and maintenance of the accounts of the P3A shall be done by such employees of the P3A as may be determined by the CEO.

(4) The P3A shall invest surplus Funds in Eligible Investments after approval of the CEO or any Authorized Officer.

PART-V

Budget of the P3A

14. **Preparation of Budget.**—(1) Under Section 9A of the Act, the P3A shall prepare its own budget in respect of each financial year and shall maintain complete and accurate books of accounts as provided in these regulations.

(2) The annual budget of the P3A shall be prepared under the supervision of the CEO who shall be responsible for budgetary activities and submit for approval of the Board or authorized committee as per section 8 of the Act.

15. **Budget Committee.**—(1) There shall be a budget committee to be constituted by the CEO which shall have the overall responsibility for the budgeting process.

- (2) The Budgeting Committee shall be responsible for the following:—
- (a) Overall preparation and submission of operational and development budgets;
 - (b) Estimate fee, investment and any other income which the P3A is likely to earn;
 - (c) Optimizing the financial resources available to meet the goals of the P3A;
 - (d) All communication relating to budgeting at organizational level;
 - (e) To review the P3A's operating and development budget and make recommendations about the allocation of available funds;
 - (f) To review requests for changes in the budget;
 - (g) To review financial reports prepared and to recommend action when the budget shows significant deviations;
 - (h) Submit budget estimates and revised estimates to the CEO;
 - (i) Any other task assigned by the CEO for timely completion of the budget process;

PART-VI

Cash and Banks

16. **Transactions:**—(1) Only petty cash disbursements will be made from one or more “imprest floats”. The imprest money of the P3A shall be Rs.75,000 which may be enhanced with the approval of Finance Division.

(2) At regular intervals, the length of which will be determined keeping in view daily cash requirements of the P3A and through observation, the imprest float will be reimbursed by drawing out an amount of cash from bank equal to the disbursements made. The float will then be reimbursed to its established level.

17. **Establishing a Petty Cash Imprest Float.**—Imprest float will be established to facilitate day-to-day payments of petty nature to a maximum allowed limit.

- (a) The Designated Officer shall keep a petty cash balance and shall report to the DDO;
- (b) The Designated Officer shall ensure that the cash is always kept in a locked box and ensure that the funds placed at his disposal are disbursed in a proper manner and under the authority of DDO;

18. **Petty Cash Expenses and Reimbursement.**—(1) Imprest holder will use Petty Cash Reimbursement Statement to appropriately record petty cash payments/expenses.

(2) Each payment/expense will be made through Payment Voucher and supported by original receipts and other supporting documents.

(3) After each payment, the Designated Officer will sign, cross and stamp all the receipts/supporting documentation “PAID” to prevent re-use of the receipts.

(4) The Designated Officer will review and examine the reimbursement statement and obtain approval from an officer authorized by the CEO. After due approval, expenditure shall be entered into the system by an employee designated by the CFO.

19. **Internal Controls for Petty Cash Transactions.**—Petty cash will be maintained as per the approved limit:

- (a) Petty cash disbursement statement shall be supported by duly approved payment evidences and these supporting documents

should adequately be reviewed at the time of reimbursement of imprest float;

- (b) The voucher reference will be inserted on all supporting documents which will be signed, crossed and stamped as 'PAID' in order to avoid its reuse;
- (c) Petty cash funds will be restricted to the expenditure of a petty nature not exceeding a certain fixed limit as determined by the CEO from time to time;
- (d) Imprest floats should be checked by frequent and surprise counts by an Authorized Officer.

20. **Maintenance of Cash Book.**— The Cash Book shall be written on daily basis and closed at the end of each month. Each entry in the Cash Book shall be carefully checked and authenticated by the DDO by putting his initials against each entry on daily basis. The Cash Book should be written clearly with no over writing. Any incorrect entry may be scored out and should be re-written under the signature of the DDO. The Cash Book shall be reconciled with actual cash on monthly basis. All Petty cash transactions shall be entered into the system on daily basis and the Delegated Officer shall ensure that the cash book balance match with that in the system.

21. **Banking operations.**—All payments except petty cash payment, as described above, will be made through banks. New bank accounts will be opened only after requisite authority has been obtained from the CEO. All funds will preferably be kept in the profit and loss sharing accounts and the bank accounts will be in the name of "P3A".

22. **Bank Accounts.**—The P3A shall open and maintain its accounts with the National Bank of Pakistan to which shall be credited Assignment account releases and government grants. The P3A shall also maintain its fund account with any scheduled bank. Other funds generated through revenue activities of the P3A shall be kept in non-lapsable bank account.

23. **Currency of Accounts.**—All funds of the P3A shall be in Pak Rupee or in Foreign Currencies.

24. **Release/Credit of Funds.**—Funds generated by the P3A either through investment, success fees or any other source shall be credited to the Bank Account maintained with any scheduled bank.

25. **Bank Signatories.**—Banks should be operated through Joint Signatories as prescribed in Asaan Assignment Account Procedures (Local

Currency), 2020 or as per the procedure prescribed by the Federal Government. The signatory for the Accounts shall be as determined by the PAO.

26. Cheque books.—(1) Only one cheque book will be used at a time for each bank account.

(2) All cheque books will be controlled through a Cheque Book Register. This register will have the record of the receipts and issuance of cheque books to and from authorized persons.

(3) All used and unused cheque books will be kept in the possession of the Delegated Officer under lock and key. The number of cheque leaves in the cheque books received from the bank shall be immediately counted and stamped as “Crossed” or “Payee’s Account only” and entered in the Cheque Book. In case of any discrepancy or misprint the matter shall be immediately reported to the bank.

27. Bank Reconciliation.—(1) Banks will be requested to supply bank statements on periodic basis and the balances held in bank will be reconciled with the balances appearing in the P3A records at the close of each month.

(2) The Delegated Officer will be responsible for preparing Bank Reconciliation Statement of each bank on monthly basis within ten days from the month end. A list of all outstanding and unrepresented cheques will be made by the Delegated Officer and subsequently checked for presentation at the banks. The bank statements will be filed in chronological order and retained for subsequent reconciliation and audit purposes.

28. Documentation Relating to Banks.—(1) A separate bank file will be maintained for each bank account and retained at least for a period of five years.

(2) The bank file will contain the following documents:

- (a) Account opening form for any account opened by the P3A;
- (b) List of signatories and changes thereof;
- (c) Monthly bank statements along with a copy of bank reconciliation statement;
- (d) Account closure certificate and the final bank statement;
- (e) Detail of correspondence with banks;

PART-VII

Disbursements and Receipts

29. **Disbursement.**—(1) All disbursements of the P3A will be made through cheques crossed as “Payee’s account only”. Vouchers and cheques will be prepared and processed by the Accounts Section after necessary verification of supporting documents and approvals required. The following key steps are required to be followed in all expenditure transactions:

- (a) Budget availability review;
 - (b) Preparation of Journal Voucher (JV);
 - (c) Ensure that applicable taxes have been deducted/ withheld and deposited in the relevant account;
 - (d) Approval of expenditure by the Competent Authority;
 - (e) Preparation of Bank Payment Voucher (BPV) for payment;
 - (f) Issuance of cheque;
 - (g) Recording of expenditure in the accounting records;
- (2) Payment Authorization Process shall be as determined by the CEO.

30. **Treatment of Recoveries.**—The deductions/recoveries, where due, shall be made as under before making payment:

- (a) Income tax as per Government rules;
- (b) Any other authorized recoveries/deductions;

31. **Payment to Suppliers.**—(1) As soon as the order is placed, a copy of Purchase Order will be issued by Admn Section for temporary filing till payment.

(2) When goods or services are received satisfactorily, Accounts will receive the following documents from Admn Section:

- (a) Purchase order
- (b) Invoice
- (c) Agreements with vendors, if any

- (d) Copy of relevant page of stock register
- (e) Delivery Challan
- (f) Quotations/ Tender Documents, as applicable

(3) Based on the copy of Purchase Order, Admn Section will compare items ordered with items received as stated in Goods Receipt Note, checking the delivery date, quantities and prices. In case more than one item is purchased, Admn will allocate added costs based on the value of items purchased. Discount received will be treated as a reduction of cost and allocated accordingly.

32. **Receipts.**—(1) On receipt of cash, cheques or other monetary instruments, a pre-numbered official receipt will invariably be issued. The receipt will be signed by the Delegated Officer and treated as security document.

(2) Bank deposit slip will be prepared to deposit all funds received, on behalf of the P3A, into the bank on the same day or on the following day. All banking will be done promptly.

(4) Receipt Voucher will be prepared by the Designated Officer. The approved voucher will then be posted in the general ledger and marked “POSTED”.

(5) The reference of Receipt Voucher will also be mentioned on the official receipt to ensure that all receipts have been recorded in the proper account in the P3A books.

PART-VIII

Payroll Management

33. **Introduction.**—All employees of the P3A shall preferably be paid by direct credit into their bank account; however, as the current system does not allow payment of payroll through direct credit, it may be processed through the cheque system.

34. **Due date.**—(1) Monthly salaries and allowances of employees shall be paid not later than the first working day of the following calendar month.

(2) The exception to the above is in relation to funds restrictions or public and festival holidays (*e.g.* Eid holidays) and the relevant P3A notifications.

35. **Payment by cheque.**—If payment is made by cheque, it should be handed over to the employee against proper acknowledgement.

36. Deductions from salaries and wages.—(1) No deduction shall be made from salaries or wages unless prescribed by the regulations, or Statute or by any order of a Court of Law or required by any legal obligation. The deductions shall be on the basis of rules or standing orders of the Authority. However unauthorized leave will be treated as leave without pay and accordingly liable to be deducted from the salary of the concerned employee.

(2) Income tax deductions from the monthly pay shall be made strictly in accordance with the relevant provisions of the Income Tax Ordinance, 2001 as amended from time to time and the rules, orders and instructions issued from time to time by the Federal Board of Revenue;

(3) Other payroll deductions shall be made in accordance with the rules and regulations governing the deduction;

(4) Any change in employees' allowances and deductions shall be notified through the change statement by the Administration Wing to the Accounts Section.

37. Final payment.—The last payment of salary and allowances shall not be paid to employee leaving the service of the P3A due to resignation, dismissal, or otherwise, until both the Administration/HR and the Accounts Section are satisfied that there is no outstanding amount due from the employee.

38. Payment of sums due at death.—(1) On a death of a person to whom any sum is due in respect of pay, allowances, annuity or gratuity, payment can only be made either to a valid nomination made by the deceased or to a personal representative of the deceased on production of proof of entitlement in the form of Letters of Administration or other legal authority.

(2) If any payment due is not claimed by the valid nomination made by the deceased or to a personal representative of the deceased, the amount shall be transferred to unclaimed money account.

39. Leave Payment.—Payments in relation to earned leave, casual leave, sick leave, long service leave or other kinds of leave shall be made in accordance with the regulations approved by the Board.

40. Payroll processing.—(1) Any change in staffing structure whether due to deputation, appointment, resignation, dismissal, death or otherwise shall be immediately notified by the HR Section to the Accounts Section.

(2) Any change in employee's pay shall be immediately notified by the HR Section to the Accounts Section and be applicable from the date indicated in the notification.

(3) The Accounts Section shall update the Establishment Register, as per the authorized notification, (maintained manually or electronically through any ICT system) and file the notification in the personal file of the relevant employee.

(4) Any change in employee's allowances or deductions shall be immediately notified by the HR Section to the Accounts Section and be applicable from the date indicated in the notification.

(5) A Delegated Officer in the Accounts Section shall review the above notification and authorize it for updating the "Payroll Register".

(6) The Delegated Officer in the Accounts Section shall update the Payroll Register, as per the authorized notification, (maintained manually or electronically through any ICT system) and file the notification in the personal file of the relevant employee.

(7) A Monthly Salary slip will be produced to each employee on the payroll by the Accounts Section on a monthly basis.

(8) On the basis of the Payroll Register, the Accounts Section shall prepare a monthly schedule of employees' salaries by the date notified by the CEO from time to time. Any change notification received in relation to employee's salary or allowances after 23rd of a month shall be adjusted in next month's payroll.

(9) The Delegated Officer shall review and verify the monthly schedule of employees' salaries and authorize it for payment once he/she is satisfied with the payroll schedule. At the same time the officer shall update the Payroll Register.

(10) The Delegated Officer shall:

- (a) Check that all amendments to payroll are accurate and there are no unauthorized amendments;
- (b) Compare current month payroll to last month and review any exceptions;

(11) Once the monthly payroll schedule is authorized for payment, the Delegated Officer shall prepare the "Payroll Credit Advice" for direct credit payments.

(12) Where salary payment is paid by cheque, the Delegated Officer shall prepare salary cheques as per directions laid down in general procedures of payment.

(13) Two Authorized Officers (signatories) shall sign the Direct Credit Advice and the cheques.

(14) The Direct Credit Advice shall be sent to the bank by the Authorized Officer at least 3 working days before the end of the month for direct credit into the employee's bank account on the 1st working day of the following month.

(15) The Delegated Officer who prepares the cheque shall enter the cheque details in the "Cheque Register" maintained manually or electronically.

(16) Where an employee's salary payment is paid incorrectly, the adjustment shall be made in next month's salary payment.

41. **Payment in cash to employee.**—There shall be no cash payment to employees on account of salary and allied charges *i.e.* medical, TA/DA, Board remuneration etc.

PART-IX

Assets Management

42. **Introduction.**—To ensure proper recording of Assets, their physical safeguarding and authorized access, the P3A shall have assets management accounting procedures to ensure:

- (a) All Assets are recorded in the books of the P3A;
- (b) All Assets are valued correctly;
- (c) Depreciation is charged correctly as per P3A policy on all Assets;
- (d) All Assets are legally and physically in the possession of the P3A.

43. **Assets.**—(1) This policy is applicable to all tangible and intangible assets acquired, capitalized or being used and owned by the P3A.

(2) The tangible Assets acquired, capitalized or being used by the P3A may include the following categories of assets:

- (a) Land
- (b) Building
- (c) Equipment

- (d) Computers
- (e) Furniture & Fixtures
- (f) Vehicles

(3) The intangible Assets acquired, capitalized or being used by the P3A may include Computer software, licenses etc.

44. **Purchased/Owned Assets.**—Assets can be acquired by the P3A through direct purchase. Assets acquired through direct purchase may include vehicles, machinery/equipment, furniture and fixtures etc. All such Assets shall be purchased by Admin Wing. All assets should be recorded at their initial costs. The process of purchase is discussed in detail under the Procurement chapter.

45. **Recording of Assets.**—(1) “Assets Register” shall be maintained by the Admin Wing for all the categories of assets.

(2) The following information shall be kept on the Assets Register for each asset.

- (a) Description of asset
- (b) classification of asset
- (c) date of purchase or date of completion
- (d) original purchase cost in Rupees
- (e) asset identification number
- (f) current location
- (g) ownership of/responsibility for asset
- (h) depreciated amount

(3) The above data is the minimum required for the proper management of Assets;

(4) The record of each item shall also include references to the relevant files, plans and deeds.

(5) Source of acquisition, and other relevant details such as rents payable or receivable, and restrictive covenants;

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

47. **Receipt and Issuance.**—The procedure for receipt and issuance given in the Chapter of Inventory Management shall be followed.

48. **Responsibility for Assets Recording.**—(1) The Admin Wing shall ensure that the Assets Register kept in the P3A is properly maintained and is up-to-date.

(2) The Assets Register will be maintained by an Authorized Officer who should take appropriate precautions to safeguard the accuracy and integrity of the record.

(3) Any entry in the register will only be made by an Authorized Officer who will sign it on every entry.

(4) No item shall be removed/deleted from the register except under proper authority. When an item is removed/deleted the record entry should be noted to show the date and reasons for removal/deletion and the reference of the relevant written authority.

49. **Depreciation.**—(1) Depreciation on Assets shall be calculated and incorporated as determined by the CEO which may be amended by the CEO as per accounting policies.

(2) Straight line method of depreciation will be used.

(3) Above rates shall be subject to constant review by the Accounts Section to ensure that rates of depreciation reflect the pattern of economic benefits derived from the assets and are not significantly different from those approved by the Competent Authority.

(4) The Accounts Section shall calculate and record the depreciation on periodic basis based on the specified rates as determined by the CEO.

(5) When an item has been completely written down a token amount of Rs 1/- shall be shown at its written down value till its disposal.

50. **Assets Physical Identification Codes.**—(1) After receipt of asset, the Authorized Officer shall assign each asset a tag which shows its distinctive ID Code. This ID shall also be affixed on the asset as well for identification.

(2) Fixed Asset Register will carry a record of additions, deletions, revaluation, impairment and disposals of that class of asset and assign identification numbers to those assets.

51. **Physical Inspection of Assets.**—(1) On receipt of asset (s), the Authorized Officer (s) shall inspect it on the following grounds with reference to the terms and conditions in the tender Documents/purchase orders:

- (a) Quantity
- (b) Quality of the asset
- (c) Specifications
- (d) Condition of asset

(2) The Authorized Officer (s) deputed for the inspection shall have requisite expertise and knowledge in the relevant field.

52. **Disposal of Assets.**—(1) Surpluses should be sold as quickly as possible by an auction committee to be notified by the CEO, subject to value for money considerations and guidelines set by the P3A in relation to disposal of assets.

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

(3) Where open market value is not available, the Authorized Officer shall get it determined through qualified values.

(4) The Authorized Officer shall ensure that appropriate systems of control are applicable over the disposals of assets. The controls 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.

(5) Where a loss of asset has taken place, it shall be taken off the Assets Register and included in the Loss Register with the permission of the Authorized Officer. The responsibility for loss shall be fixed and appropriate action taken.

53. **Accounting for Proceeds from Disposals.**—(1) Receipts from the sale of Assets shall be credited to the appropriate account head in the P3A bank account depending on the source of funds for procurement.

(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.

55. Writing-off Losses of Cash, Receivables and Property.—(1) Cases for write-off of losses shall be presented to the P3A Board or its authorized committee for approval.

CHAPTER X

Inventory Management

56. Introduction.—This chapter will lay down procedures that governs how supplies are received, stored, handled, and issued.

57. Definition of Inventories.—(1) Inventories are defined as consumable items or goods acquired not for resale, which are the property of, in the possession or under the control of the P3A.

(2) Expenditure on stores incurred in the P3A shall be included under contingent expenditure.

58. Segregation of duties.—(1) Control of stores' records shall rest with an Authorized Officer (s) within the Admin Wing.

(2) While other people may be allowed access to the records for operational reasons, any adjustment of the stores accounts should only be made by the Authorized Officer(s).

(3) The tasks of ordering stores, checking deliveries and approving payments should be separated wherever possible.

59. Receipt of stores.—(1) All stores should be examined, by an Authorized Officer within the Admin Wing, on receipt of goods to ensure that there is a valid purchase order, that the correct quantities and qualities/specifications have been received, and that they are in good condition.

(2) There should be a store/stock register in store for keeping the record of all transactions of purchase, issue and balance of each type of store. The Authorized Officer will keep this register update by using the perpetual inventory system.

(3) Appropriate action should be taken by the Authorized Officer if unsolicited goods are received or if quantities or qualities are wrong, or if the goods are not in good condition.

60. **Issue of stores.**—The procedure involved in the issue of goods to the user department shall be as under:

- (a) Requisition from user Wing signed by an officer will be sent to the Storekeeper;
- (b) The storekeeper shall check the quantity and period when requisition items were last issued to the Wing;
- (c) Availability of stock/store item shall be checked by the store keeper;
- (d) In case stock/store item is not available then storekeeper shall send Material Requisition Form to Admin Wing for purchase of the item;
- (e) In case of availability of items, the storekeeper with the approval of Authorized officer shall issue the items to the concerned Wing. The storekeeper shall take acknowledgement of the items received from the concerned Wing;
- (f) The consumption shall be recorded in the stock register by the Storekeeper and shall be checked by the Authorized Officer;
- (g) Reconciliation of stores demands and stores issued shall be done by the storekeeper under the supervision of the Authorized Officer at the end of each month;

61. **Stocktaking.**—(1) The Authorized Officer of Admin Wing shall ensure that the balances recorded in stores accounts are regularly checked by stocktaking, at least once in a year by an officer other than the officer incharge of stores.

- (2) The condition of goods should also be examined;

(3) The immediate purpose of stocktaking is to deter and detect losses by theft or fraud or misappropriation, to verify the accuracy of stock records, and to identify any weaknesses in custody arrangements;

(4) The Authorized Officer must ensure that the arrangements for stocktaking will provide management with an independent verification of the contents and the state of stores.

(5) The stocktaking will be carried out under the overall supervision of Authorized Officer. If stores accounts or store keeping staff is required to assist, the Authorized Officer should ensure that this will not prejudice the independence of stocktaking.

(6) Discrepancies between stocktaking and store accounts should be investigated by the Authorized Officer(s) and responsibility for shortage, theft or misappropriation shall be fixed on the officials found responsible.

(7) Any adjustments to store accounts shall be made only on the authority of Authorized Officer. Such adjustments shall be supported by reference to the relevant stocktaking reports and to the authority for the adjustments;

62. **Valuing Inventories.**—(1) All inventories which are valued for the purpose of inclusion in the P3A annual financial statements are to be valued at the lower of cost and net realizable value. Where practicable, the cost of inventories is assigned to particular stock items on a Weighted Average basis. Cost comprises purchase prices and costs directly incurred in bringing the item to its present location and use.

(2) Change in valuation policy shall be initiated by the Accounts Section and shall be approved by the CEO.

PART XI

General Accounting

63. **System of Accounts.**—The system of accounting in the P3A shall be as under:

- (a) The accounts shall be maintained as per cash accounting and double entry system;
- (b) The accounts shall be prepared under historical cost convention;
- (c) The Assets may ordinarily be replaced in accordance with the laid down Government procedure on completion of useful life as may be fixed by the P3A from time to time;

64. **Financial Year.**—The financial year commencing 1 July and ending 30 June, consisting of twelve-monthly period.

65. **Source Documents.**—Source Documents provide support for the financial statements. All items in the financial statements should be traceable to specific source documents and vice versa. Source Documents for booking are as follows:

- (a) Printed receipt forms for cash received serially machine numbered

- (b) Challan/Deposit slip for depositing receipt into designated branch of bank
- (c) Bills and vouchers of payment
- (d) Counterfoils of issued cheques
- (e) Bank statement
- (f) Bank Receipt and Payment voucher,
- (g) Cash Receipt/Payment and adjustment vouchers.

66. **Monthly and Yearly Reports/Accounts.**—Following should be prepared on a monthly basis:

- (a) Bank and Cash Book
- (b) Budget Execution Report
- (c) General and Subsidiary Ledgers
- (d) Trial Balance

67. **Maintenance of Accounts.**—The P3A shall maintain proper accounts and other record relating to its financial affairs either manually or electronically. The following books of accounts shall be maintained:

- (a) Cash book (as per electronic system)
- (b) General Ledger
- (c) Sub-ledger
- (d) Cheque Book Register
- (e) Payroll of Officers and Staff
- (f) Budget Control Register
- (g) Record of reconciliation with bank/AGPR
- (h) Any other relevant record

72. **Reconciliation.**—(1) The Delegated Officer will obtain bank statement from the respective bank regularly to reconcile bank accounts monthly.

(2) All payments through Assignment Account will be reconciled with AGPR and NBP on monthly basis.

(3) Confirmation of year-end balances will be obtained from the banks and AGPR for record.

73. **Accounting Software.**—All accounting transaction/payments shall be made through the accounting software as determined by the CEO.

74. **Chart of Accounts.**—For Assignment account purpose, the P3A shall maintain the Chart of Accounts as prescribed by the Controller General of Accounts time to time. P3A shall also maintain a master Chart of Accounts for both Assignment account and fund accounts with mapping with CGA's chart of accounts.

75. **Financial Statements.**—The P3A's annual financial statements shall be prepared in accordance with the best accounting standards applicable in Pakistan.

76. **Documentation and Record-keeping.**—Proper record of all transactions shall be kept in safe custody to meet the requirement of internal and external Audit.

CHAPTER-XII

Financial Reporting

77. **Financial Reporting.**—P3A shall prepare its accounts in the manner as prescribed below:

- (a) P3A shall prepare a Budget Execution Report for Assignment Account on monthly, quarterly and annual basis;
- (b) P3A shall also prepare a Statement of Expenditure from Fund Account on monthly, quarterly and annual basis;
- (c) P3A shall also prepare its annual accounts as to describe the over financial position at the end of the financial year which shall include:
 - i. Statement of Financial Position
 - ii. Income and Expenditure Statement
 - iii. Statement of Cash Flows

78. **Closure of Accounts.**—The accounts shall be closed on monthly basis by the 15th of the following month. Annual accounts will be closed at the close of financial year on 30th June. No adjustments for a prior financial year will be permitted unless adjustments so authorized by the CFO or Authorized Officer.

79. **Rectification of Errors.**—(1) Errors or omissions found prior to the cut-off date for production of the Annual Accounts may be made by way of journal entry with the prior approval of CFO. Such errors or omissions typically include:

- (a) Mis-classification of accounts, usually requiring an adjustment between heads;
- (b) Failure to record a receipt, payment or adjustment in the accounts during the year, as identified in the bank reconciliation;
- (2) An error or omission is considered to be material if:
 - (a) It exceeds 10% of the reported expenditure or revenue reported against a particular head;
 - (b) It affects the opening cash balance of the entity/Government;

80. **External Audit.**—(1) P3A shall hire a Chartered Accountant Firm for conducting annual audit of its financial affairs.

(2) The Auditor General of Pakistan may conduct audit of the accounts of the P3A.

81. **Internal Audit.**—(1) There shall be an internal audit function headed by Internal Auditor. After conducting internal audit, he shall furnish report to the P3A Board or its authorized committee. He will also furnish the report to the CEO for information purposes only.

- (2) The Internal Audit process shall:
 - (a) Ensure that P3A is fully complying with the P3A Act, regulations and accounting policies set by the P3A Board or its authorized committee;
 - (b) Ensure and maintain the level of transparency in financial disbursement;
 - (c) Monitor the accounting activities so that organization objectives are achieved.

82. **SOPs for Financial Management.**—CEO shall make SOPs for effective administration of financial management policies prescribed in these regulation.

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MOHAMMAD AWAIS,
Head Legal Affairs, P3A.