

# Receipt & Payment Rules



26 August 2021

# Scope of Work

Legal and Regulatory Reforms Cluster has been assigned the task of redrafting following sets of rules:

Old Title	New Title
Delegations of Financial Powers Rules	Financial Management and Powers of Principal Accounting Officers Regulations,2021
Federal Treasury Rules,2021	Receipt and Payment Rules
General Financial Rules	General Financial Rules
No proper rules existed for grant-in-aid	Grant-in-Aid Rules

This will culminate into a comprehensive 'Finance Code' for the Federal Government

# Treasury Rules / Receipt and Payment Rules

- i) Location of moneys standing in the Consolidated Fund or the Public Account of the Province.
- ii) Management of Federal Treasuries:
- iii) Payment of revenues into the Consolidated Fund or the Public Account.
- iv) Custody of moneys relating to, or standing in the Consolidated Fund or the Public Account of the Province.
- v) Withdrawal of moneys from the Consolidated Fund or the Public Account.
- vi) Transfer of moneys standing in the Consolidated Fund or the Public Account of the Province.
- vii) Responsibility for moneys withdrawn.
- viii) Inter-Government Transactions

# The Rationale

The exercise was required to be undertaken because of the following factors:

- Archaic financial rules (origin in Government of India Act, 1935)
- Alignment with financial provisions of the Constitution and Acts (incl. Public Finance Management Act, 2019 and FRDLA)
- Alignment with Accounting Policies and Procedures Manual, 2001.
- Alignment with decentralized system of pre-audit after separation of accounts from audit
- Electronic mode of collection of receipts and payments
- Alignment with procurement regime after promulgation of PPRA Ordinance, 2002

# Definitions

Only 16 definitions were provided in the Treasury Rules

These definition were:

1. Insufficient
2. Outdated
3. Not in line with existing legal framework

# Old Definitions - Examples

“**The Act**” means the Government of India Act, 1935, as adapted by the Pakistan (Provisional Constitution) Order, 1947

“**Province**” means a Governor's Province

“**Auditor-General**” means the Auditor General of Pakistan.

“**Treasury**” includes a sub-treasury

“**Bank treasury**” means a treasury the cash business of which is conducted by the Bank and a “Non-Bank treasury” means a treasury other than a Bank treasury.

“**Federal treasury**” means and includes any treasury or sub-treasury not being a treasury or sub-treasury under the control of a Province.

# Definitions – Treasury Rules

- A comprehensive list (56 items) of definitions has been provided in the draft rules
  - i. Various definitions have been modified and redrafted to align them with the Constitution, PFM Act, 2019 and New Accounting Model
  - ii. A number of definitions have been added to cater for the requirements of collection of receipts in electronic mode and online payments
  - iii. Definitions also added to align these rules with procurement regime under PPRA Ordinance, 2002

# Provisions for Automation of Receipts and Payments

- Treasury Rules only provided for a manual system for collection of receipts and making payments
- Chapters 2-4 of Draft Receipt and Payment Rules, 2021 provide for:
  - i. Disbursement of salaries, pension, and payments to private persons (contractors/suppliers) through electronic/direct credit system
  - ii. Automation of collection of receipts
- An elaborate system proposed for monitoring of receipts & payments
- SBP's procedure for collection of government receipts in electronic mode added to rules



# Automated system of Government Receipts

- i. Generation of PSID and payment online/ATM
- ii. Debit to taxpayer and credit to Government account through 1-link system
- iii. Message to tax collecting department's system regarding the credit
- iv. Message to taxpayer on his system and an sms is sent by his bank
- v. 1-link generates message for settlement through RTGS and creates a file of the transaction
- vi. RTGS settlement posted on SBP's core banking system & information sent to collecting department's system
- vii. Issuance of e-CPR to the taxpayer

# Monitoring of Receipts

- Detailed procedure for maintenance of accounts of receipts has been prescribed in chapter-10
- It prescribes role and responsibilities of Revenue Collecting Officers (RCOs), Controlling Officers (COs) and Principal Accounting officers (PAOs) in compilation of departmental accounts of receipts
- Based on their own record, RCOs to submit monthly statements showing status of receipts to COs and PAOs
- Accounts Officer to separately provide the statement showing receipts credited to Government's account
- This will enable Finance Division and PAOs to take timely steps to achieve the targets

# Monitoring of Expenditure

- Detailed procedure for maintenance of accounts of expenditure has been prescribed in chapter-11.
- Responsibilities of the Drawing and Disbursing Officers (DDO), Controlling Officers, Heads of Departments and Principal Accounting Officers have been listed in this chapter.
- This will enable Principal Accounting officers to enforce strict financial discipline during the execution of the Budget
- Responsibilities of DDOs in maintaining accounts of salary payments in electronic mode (no possibility of ghost employees, wrong payment or credit to unauthorized account – Accountability of DDOs)

# Introduction of E-Stamping

- Punjab Government introduced E-Stamping in accordance with Section 10 of Electronic Transactions Ordinance, 2002
- E-Stamping resulted in increase of 40% in Punjab Government's revenue from Stamp Duty by eliminating the possibility of counterfeit stamp papers
- Basis for introduction of E-Stamping in Federal Government has been added to Receipt & Payment Rules
- Federal Government to initiate amendments in the Stamps Act, 1899
- Role of treasuries in sale of stamps will be eliminated except to the extent of refund of stamp duty.

# Alignment with Procurement Regime

- Procurement regime is now regulated under PPRA Ordinance 2002 and rules made thereunder
- Conflicting provisions were available in Treasury Rules
- Rules relating to procurement have been deleted

# Transparency in lending to PSEs, Provinces and Employees

- Sanction order to provide the purpose of loan, rate of interest, method of calculating interest etc. to avoid disputes at a later stage.
- Accounts office to be responsible for watching over recoveries and fulfilling conditions attached with the loan
- Term of loans reduced from 30 years to 20 years.
- Suitable changes have been made in the rules to provide legal cover to concessions granted to civil servants in special circumstances.

# Procedure of Assignment Accounts

- Detailed procedure for the operation of Assignment Accounts/Sub Assignment accounts to be operated in Federal Consolidated Fund and Public Account prescribed by the Federal Government has been added to the rules
- Detailed procedure for operation of Revolving Fund Accounts (foreign funded) prescribed by Federal Government has also been added in Vol-II.

# Treasury Operations

- The rules regarding operation of strong room / double lock made more comprehensive and self explanatory.
- Rules regarding preparation of monthly classified accounts, maintenance of books of Accounts by the Accounts office provided in detail.
- Duties which treasuries were performing as nonbanking treasury have been deleted
- Organizational structure of Treasuries needs a thorough review especially E-Stamping is introduced



# Omission of Special Rules

- Special rules applicable to particular departments have been deleted
- Authorization to line departments for development of their departmental regulations in consultation with MoF
- Separate chapter for self-accounting outlining basic procedures

# Thank you



[www.opml.co.uk](http://www.opml.co.uk)

OPMglobal

