

Government of Pakistan  
Finance Division  
(Budget Wing)  
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No F. 3(1)FO/2022-23

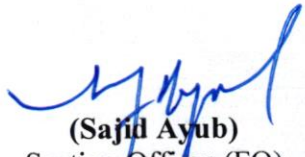
Islamabad, the 24<sup>th</sup> August, 2022

**OFFICE MEMORANDUM**

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

This refers to Finance Division's O.M. No F. 3(1)FO/2022-23 dated 7<sup>th</sup> July, 2022 (Copy enclosed) and to say that the Strategy for Release of Funds for Recurrent Budget for Current Financial Year 2022-23 has been amended as under: -

- i. The fund release strategy shall be applied on each Demand for Grant and Appropriation for Recurrent Budget included in the Schedule of Authorized Expenditure for FY 2022-23.
  - ii. Funds shall be released by Finance Division for each Demand for Grant and Appropriations at the maximum level of **17% for Quarter 1, 23% for Quarter 2, 25% for Quarter 3 and 35% for Quarter 4 of the approved budget.**
  - iii. PAO shall utilize funds within **the released budget**, for making expenditures under the various heads of accounts; Employees Related Expenses (ERE), Rent of Office and Residential Buildings, Commuted value of pension, Encashment of LPR, PM Assistance Packages in each Quarter, etc.
  - iv. Quarter wise budget allocation & release will be uploaded on the MoF & AGPR Servers by the Finance Division within above stated release limits. No payment shall be made over and above the limits by any accounting organization/office except with the prior written approval of the Finance Division.
2. **The strategy for release of funds will not be applicable to the following organizations:-**
- a. **The Senate Secretariat, Islamabad**
  - b. **The National Assembly Secretariat, Islamabad.**
  - c. **Supreme Court of Pakistan, Islamabad**
  - d. **Federal Shariat Court of Pakistan, Islamabad.**
  - e. **Islamabad High Court (IHC), Islamabad.**
3. All other clauses of the strategy for release of funds issued on 07-07-2022 will remain the same.

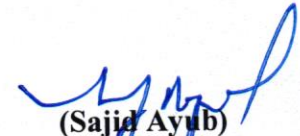
  
(Sajid Ayub)  
Section Officer (FO)  
051-9202564

Distribution:

1. All Principal Accounting Officers
2. All Heads of Departments, Offices and Autonomous Bodies
3. All Additional Finance Secretaries, Senior Joint Secretaries and Joint Secretaries of Finance Division.
4. Governor, State Bank of Pakistan, Karachi.
5. Auditor General of Pakistan, Islamabad.
6. Controller General of Accounts, Islamabad.
7. Accountant General Pakistan Revenues, Islamabad.
8. Military Accountant General (MAG), Rawalpindi.
9. Sub-Offices of AGPR, Lahore, Karachi, Peshawar, Quetta & Gilgit.
10. CF & AOs of all Divisions.
11. Managing Director, SBP Banking Services Corporation, Head Office, Karachi
12. Director (Budget Computerization), Budget Wing, Finance Division, Islamabad.
13. Federal Treasury Officer, Islamabad, Karachi.
14. Web Master (with the request to upload on the Finance Division's website).

Copy to:

- SA to Finance Minister
- SA to Minister of State for Finance & Revenue
- SA to Finance Secretary
- SA to Special Secretary Finance

  
(Sajid Ayub)  
Section Officer (FO)  
051-9202564



**OFFICE MEMORANDUM**

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

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

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

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

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

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

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

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**b. Contractual and Obligatory Payments**

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

**c. Subsidies**

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

**d. Grants (Budgetary Allocations in CFY)**

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

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

**e. Lending**

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

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**f. Foreign Program Loans and Grants**

Adequate budgetary allocations on account of Foreign Exchange Component – Loans and Grants under different programs shall be ensured by all relevant PAOs, and conveyed to Economic Affairs Division and Finance Division.

**g. Foreign Exchange Payments**

Funds for foreign exchange payments shall require prior approval by the External Finance Wing of the Finance Division. While examining requests for such funds, External Finance Wing shall consider availability of Foreign Exchange.

**h. Commitment Control**

Finance Division has issued Commitment Control Guidelines on 4<sup>th</sup> March, 2022. Annual and multi-annual commitments for procurement of goods, services and civil works by all PAOs and accounting organizations and offices shall be recorded through **SAP System**.

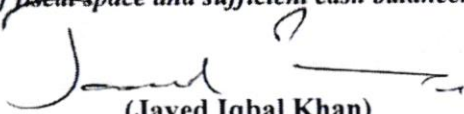
**i. Austerity Measures**

Federal government's drive for adoption of austerity measures issued by the Expenditure Wing of the Finance Division shall be fully adhered to by all Principal Accounting Officers, Head of Departments, Head of Sub-ordinate offices and Autonomous bodies and all Accounting Organizations and Offices.

**j. General Guidelines and Instructions**

- i. All payments shall be made through the pre-audit system by all the Accounting Organizations and Offices or through Assignment Account Procedure or any other procedure issued by the Finance Division.
- ii. No direct payment through the State Bank of Pakistan (SBP) shall be made by any office, except with the prior approval of the Finance Secretary as per Rules 3(2) and 3(3) of the Cash Management and Treasury Single Account Rules 2020.
- iii. Approved Direct Payments shall be booked and recorded by the Accounting Organizations and Offices and Federal Treasury Offices immediately after receipt of intimation from SBP.
- iv. The special purpose funds or any other fund established, managed or controlled by the Ministries, Divisions, Departments and Organizations of the Federal Government shall be regulated in accordance with Section 32 of the PFM Act 2019 read with the Cash Management and Treasury Single Account Rules 2020.
- v. Section 23 of the Public Finance Management Act, 2019 provides that no authority shall incur or commit any expenditure from the "Federal Consolidated Fund" until the same has been sanctioned by the National Assembly and the expenditure has been provided for the financial year through:-
  - a) Schedule of authorized expenditure in terms of Article 83 of the Constitution of Pakistan;
  - b) Supplementary grant or technical supplementary grant as per Article 84 of the constitution duly approved by the Federal Government, or
  - c) Re-appropriation as per section 2 (u) and 11 of the Public Finance Management Act, 2019.
- vi. Funds shall only be authorized by the Budget Wing of Finance Division through SAP System.

***Note: Notwithstanding anything contained in this strategy, all releases of recurrent budget (except those provided for in the Constitution) shall be subject to availability of fiscal space and sufficient cash balance.***

  
(Javed Iqbal Khan)

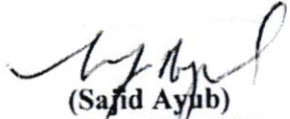
Joint Secretary (Budget-III)  
051-9201854

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