

Government of Pakistan
Finance Division
Budget Wing

No.F.5(1)-CAO/2022-23/925

Islamabad, the 4th August, 2022

OFFICE MEMORANDUM

Subject: **STRATEGY FOR ADDITIONAL ALLOCATION AND RE-APPROPRIATION OF FUNDS DURING CURRENT FINANCIAL YEAR**

The undersigned is directed to refer to the Finance Division Budget Wing's OM No. F.3(1)FO/2022-23 dated 7th July, 2022 and Expenditure Wing's OM No.F.7(1)Exp.IV/2016-340 dated 7th July, 2022, and to state that in case if it is found that the amount authorized to be expended for a particular service for the current financial year (CFY) is insufficient, or that a need has arisen for expenditure upon some new service not included in "Annual Budget Statement (ABS)", "Schedule of Authorized Expenditure" and "Details of Demands for Grants and Appropriations (Budget Books)", the following steps shall be taken by the Principal Accounting Officers (PAOs) or Heads of the Departments or Organizations or Sub-ordinate Offices, as the case may be:

A. RE-APPROPRIATION OF FUNDS

- i. Re-appropriation of funds shall be allowed, within an approved Demand for Grant and Appropriation, from one "Head of Account" to another "Head of Account", provided that no re-appropriation shall be made from Employees Related Expenses (ERE) to any other "Head of Account" (Non-ERE);
- ii. Within the various "Heads of Accounts" under ERE, re-appropriation of funds may be made;
- iii. In case of shortfall in ERE allocation during the CFY, re-appropriation of funds from Non-ERE "Heads of Accounts" may be made on priority basis;
- iv. Re-appropriation Orders, duly approved by the Competent Authority shall be provided to the Accounting Organizations/Offices for entry into SAP system; however, re-appropriation of funds shall remain within the prescribed quarterly limits given by the Finance Division in the Strategy for Release of Funds for CFY;
- v. Copies of the approved Re-appropriation Order shall be provided to the Expenditure Wing and Director (Budget Computerization), Finance Division for record and monitoring purposes;
- vi. Other guidelines and instructions contained in the "Financial Management and Powers of Principal Accounting Officers Regulations, 2021" including its Schedule shall be followed in true letter and spirit;

- vii. Re-appropriation cannot be made from unreleased budget;
- viii. No re-appropriation of funds shall be allowed in any case during the last month of the financial year.

B. TECHNICAL SUPPLEMENTARY GRANT

The cases of the Technical Supplementary Grant (TSG) shall not be considered during first quarter of the CFY. However, the cases of TSG shall be processed as per the following conditions:

- i. Fulfilment of provisions of the Public Finance Management (PFM) Act, 2019 and Financial Management and Powers of Principal Accounting Officers Regulations, 2021;
- ii. The request for provision of funds through the TSG shall be submitted to the concerned Joint Secretary (Expenditure), Finance Division for examination, duly approved by the PAO, along with up-to-date budget utilization report (SAP system report), availability of matching funds under other demand(s) or certificate regarding non-availability of saving in other demand(s) under the control of PAO;
- iii. The Expenditure Wing shall examine the TSG cases in detail and submit recommendation, either in support or otherwise of the proposal, with valid grounds and justifications for consideration by the Budget Wing, Finance Division;
- iv. The Budget Wing, Finance Division shall process the cases in the light of SAP system report, recommendation of Expenditure Wing and availability of funds before submission to Finance Secretary for consideration;
- v. TSG cases relating to PSDP, after meeting the requirements contained at above mentioned sub-paras, shall be processed through the Planning, Development and Special Initiatives Division;
- vi. On approval of funds through TSG from the Federal Cabinet, the PAO shall submit the schedule of TSG, duly endorsed by the Expenditure Wing, Finance Division, along with copies of the approved summary and decision of the Economic Coordination Committee (ECC) of the Cabinet, ratification of the Cabinet and surrender order to the Director (Budget Computerisation), Budget Wing, Finance Division for entry in SAP system;
- vii. Funds approved through TSG shall be released by Finance Division keeping in view the funds availability and in line with Release Strategy;
- viii. No proposal for the TSG shall be processed in any case during the last month of the financial year.

C. SUPPLEMENTARY GRANT


In order to remain within the approved budgetary allocation, no additional funds through Supplementary Grant (SG) shall be considered by the Finance Division during the CFY. Only under extreme and exceptional circumstances, the cases may be considered by the Finance Division, after fulfilment of the following conditions by the PAOs:

i. Cases where no funds can be made available through re-appropriation and TSG, shall require the following:

- The PAO certifies that all avenues have been exhausted, which is to be verified by the relevant Accounting Organization/Office;
- The PAO provides valid justification and cogent reasons for demanding SG;
- Examination by Expenditure Wing or concerned wing of the Finance Division
- Recommendation of Budget Wing

ii. The procedure reflected in Section B relating to Technical Supplementary Grant at sub-paras (i)-(viii) shall also be followed.

2. The above instructions and guidelines shall be applicable for all "Demand for Grants and Appropriations" both Current and Development expenditures, and shall be followed by all PAOs, Heads of the Departments or Organizations or Sub-ordinate Offices and the Accounting Organizations/ Offices.


(Muhammad Nawaz Aalam)
Joint Secretary (Budget-II)

Distribution:

1. All Principal Accounting Officers, Islamabad/Rawalpindi.
2. Heads of the Departments or Organizations or Sub-ordinate Office, Islamabad/Rawalpindi.
3. Controller General of Accounts, Islamabad.
4. Special Secretary, Military Finance Wing, Secretariat-II, Rawalpindi.
5. All Additional Finance Secretaries, Finance Division, Islamabad.
6. Accountant General Pakistan Revenues, Islamabad.
7. Military Accountant General, Rawalpindi.
8. All Senior Joint Secretaries/Joint Secretaries, Finance Division.
- ✓9. Web Master with the request to upload the same on Finance Division's Web-site.