

OFFICE MEMORANDUM

Subject: STRATEGY FOR RELEASE OF FUNDS FOR RECURRENT BUDGET FINANCIAL YEAR 2023-24

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 funds release strategy for Recurrent Budget for the Current Financial Year (CFY) 2023-24 is being issued for implementation with immediate effect and until further orders:

2. The funds for **Recurrent Budget** of the Divisions / Attached Departments / Sub-ordinate and other offices i.e. Autonomous Bodies, Authorities, Commissions etc. shall be released for CFY by Finance Division for Demands for Grants / Appropriations at 20% for Quarter 1, 25% for Quarter 2 & Quarter 3 each, and 30% for Quarter 4 as detailed below:

- i. Employees Related Expenses (ERE) and Pension payments at 25% for each Quarter.
- ii. Non ERE Expenditure at 15% for Quarter 1, 25% for Quarter 2 & Quarter 3 each and 35% for Quarter 4.
- iii. For Rent of Office and Residential Buildings, commuted value of pension, Encashment of LPR and PM Assistance Packages at 45% during 1st half of CFY and 55% in 2nd half of CFY.
- iv. Subsidies, Grants and Lending shall be released by Finance Division to PAOs on case to case basis.
- v. Cases relating to international and domestic contractual and obligatory payments beyond the above prescribed limits shall be considered on case to case basis by Budget Wing, Finance Division and shall require prior approval of the Finance Secretary.
- vi. The PAO or Head of Department or Head of Sub-ordinate Office shall not make any re-appropriation of allocated funds from ERE to any other head of account (Non-ERE) except with the prior concurrence of Finance Division through Expenditure Wing.

3. PAOs have been provided additional funds to meet the funding requirements of Adhoc Relief Allowance 2023 announced in the budget for CFY 2023-24, under a separate Cost Centre in each Demand for Grants. PAOs are, hereby, advised to re-appropriate these funds, in consultation with Expenditure Wing, Finance Division, only for the purpose of Adhoc Relief Allowance 2023, to Cost Centers of Divisions / Attached Departments / Subordinate Offices within respective Demands for Grants no later than 31st August, 2023.

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

a. 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 will review the quarterly requirement plan for subsidies and will 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.

b. Grants-in-Aid:

- i. The PAO or Head of Attached 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 competent authority under respective Statutes, 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 in respect of CFY reach Finance Division by 31st August, 2023.
- iii. PAOs shall not approach Finance Division for meeting any expenses of Public Entities / Organizations / Authorities and Bodies, which are provided grant in aid, by ensuring proper distribution and adequate allocation of funds to such Public Entities / Organizations / Authorities and Bodies out of the total funds placed at their disposal during CFY.
- iv. 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.
- v. 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 outputs, outcomes and performance of the entities.
- vi. Grants-in-Aid should be non-recurring in nature and funds shall be disbursed only to meet any justified shortfall for a limited period of time.

c. 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.