



Cash Management & Treasury Single Account Rules 2024

Finance Division
Ministry of Finance
Government of Pakistan

Government of Pakistan
Finance Division

Notification
Islamabad, the 29th of April, 2024

SRO____(I)/2024 – In exercise of powers conferred by Subsection (1) of Section 42 of the Public Finance Management Act, 2019 the Federal Government is pleased to make the following rules, namely:

Chapter 1

1. **Title, commencement and applicability:-** (1) These rules shall be called the ‘Cash Management & Treasury Single Account Rules, 2024’.

(2) These rules shall come into force at once.

(3) These rules shall apply to all Government offices and notified public entities, and shall have effect notwithstanding anything contrary contained in the Federal Treasury Rules.

2. **Definitions:-** (1) The words and expressions used in these rules but not defined hereunder shall have the same meaning as assigned thereto in the Public Finance Management Act, 2019.

(a) ‘Accounts Office’ includes Office of the Accountant General of Pakistan Revenues, its sub-offices, Military Accountant General, Federal Treasury Office, accounts departments of self-accounting entities, and any other office declared as such by Finance Division.

(b) ‘Assignment Account’ means a ledger sub-account of the Federal Consolidated Fund or the Public Account and includes Assan Assignment Account, Special Assignment Account, Revolving Fund Account and their sub-accounts.

(c) ‘Act’ means the Public Finance Management Act, 2019.

(d) ‘Cash Buffer’ means an amount maintained by the Federal Government in the State Bank of Pakistan to meet expenditure requirements.

(e) ‘Government Office’ includes ministries, division, executive and attached departments, and subordinate offices.

(f) ‘Non-food Account No. 1’ means the account maintained by the Federal Government in the State Bank of Pakistan for recording of receipts and payments.

(g) ‘Public Entity’ means an entity as defined in Section 36 of the Act.

(h) ‘Schedule of Authorized Expenditure’ means the schedule specified in Article 83 of the Constitution of the Islamic Republic of Pakistan 1973.

(i) ‘Special Purpose Funds’ means the funds as described in Section 32 of the Act.

(j) ‘Sweeping Arrangements’ mean a system in which funds lying in bank accounts are swept out and made part of Non-food Account no. 1 at the close of banking hours each day and swept back to bank accounts at the start of banking hours.

Chapter 2

3. **Procedure for Cash Management:-** (1) To ensure timely availability of funds for settling authorized expenditures, the Budget Wing and Debt Management Office of Finance Division shall project an estimate of cash buffer requirement on regular basis.

(2) Finance Division may, in coordination with the State Bank of Pakistan, utilize surplus funds, if any, to retire public debt.

(3) By 5th day of each month, Accountant General of Pakistan Revenues shall provide revenue and expenditure data, after end of each quarter, to secretaries of all divisions for review.

(4) Secretaries of all divisions shall provide a three-month forecast of revenue and expenditure to Finance Division by the 20th day of the month following end of each quarter.

(5) Debt Management Office shall prepare quarterly projections of debt servicing, principal and interest.

(6) Finance Division shall prepare cash forecast reports every month on the basis of data provided by divisions and Debt Management Office. The report shall be on a rolling basis and cover a period of three months.

(7) Each division shall prepare a variance statement for the previous quarter showing variation, and reasons thereof if variation is more than 10 percent, between projected and actual revenue and expenditure.

(8) For the purpose of Spending or withdrawal from Federal Consolidated Fund (FCF) as provided in the schedule of authorized expenditures or supplementary grants, as the case may be, there shall be required to observe procedures of:

- (a) pre-audit system of the accounting offices; or
- (b) assignment account and sub-assignment accounts; or
- (c) direct debit advice by the Finance Division to the SBP

(9) Direct payments from Federal Consolidated Fund shall only be made by the Finance Division by issuing direct debit advice with the approval of the Secretary Finance, where inevitable circumstances exist necessitating such payment and a copy of the direct debit advice shall be sent to the accounting office, which shall record the same in GFMIS.

(10) Each direct debit advice to SBP under sub rule (9) shall be signed by two authorized officers whose specimen signatures shall be communicated to SBP through Secretary Finance of the Federal Government and the direct debit advice to the SBP, must state by making explicit reference to the file, communication number and date of the approval.

Chapter 3

4. **Bank Accounts of the Government:-** (1) Government offices and public entities will open, maintain and operate bank accounts only in accordance with Section 31 of the Act and these rules.

(2) Request for opening of a bank account shall be submitted to Finance Division. The request shall mention any legal provision or approval granted by the Federal Government or clear justification for opening a bank account.

(3) Bank accounts opened before these rules take effect shall be jointly reviewed by Finance Division and division concerned, and those accounts which are found non-essential for functioning shall be closed and balance therein shall be transferred to the Federal Consolidated Fund or the Public Account in accordance with the procedure prescribed in the Federal Treasury Rules.

(4) State Bank of Pakistan shall provide a quarterly report to Finance Division of all bank accounts and balances therein operated and maintained by Government offices and public entities. The report shall be on a format agreed between Finance Division and State Bank of Pakistan.

(5) Government offices and public entities shall provide on quarterly basis a complete list of bank accounts to Finance Division. The information shall include balances, purpose, signatories, and the legal instrument or approval for operating these accounts.

(6) On the basis of information provided by the State Bank of Pakistan, Government offices and public entities, Finance Division shall maintain an inventory of these bank accounts.

(7) Bank accounts of Government offices shall be operated by at least two signatories, in BS-17 or above, nominated by the concerned Principal Accounting Officer.

(8) Finance Division may also authorize opening of additional bank accounts in the State Bank of Pakistan or domestic and foreign commercial banks to act as transitory bank accounts to facilitate collection of revenues and processing of payments. Balances in these accounts shall be kept to a minimum with deposition of balances in Non-food Account No. 1.

(9) No authority shall transfer public money in contravention of Subsection 2 of Section 23 of the Act.

Chapter 4

5. Treasury Single Account:- (1) Finance Division shall from time to time notify Government offices and public entities which are required to be part of the treasury single account.

(2) Bank accounts holding private money shall not be part of the treasury single account.

(3) Public money for investment, equity, loan, grant, subsidy, local or foreign aided projects or schemes shall be provided through assignment accounts.

(4) State Bank of Pakistan shall host and maintain treasury single account on behalf of the Federal Government, and shall provide monthly reports to Finance Division. It shall also explore the possibility of digital integration with commercial banks for provision of such information.

6. Sweeping arrangements:- (1) State Bank of Pakistan shall open a sub-account titled 'TSA Sweeping Deposit Account' in the Non-food Account No. 1 of the Federal Government for the purpose of implementing sweeping arrangements.

(2) At the close of banking hours every day, the available balances in notified bank accounts shall be consolidated in a transitory account at the main PRISM/RTGS branch by the banks holding these accounts.

- (3) The PRISM/RTGS branch shall transfer the balance consolidated in the transitory account to the State Bank of Pakistan through PRISM/RTGS for onward credit to the TSA Sweeping Deposit Account.
- (4) At the start of banking hours every day, the deposit in TSA Sweeping Deposit Account shall be sweep out by the State Bank of Pakistan and corresponding balances shall be credited to respective bank accounts.
- (5) State Bank of Pakistan shall intimate on a daily basis the credit and debit of TSA Sweeping Deposit Account to Finance Division and Accountant General of Pakistan Revenues for accounting purpose.
- (6) The balances of bank accounts covered under the sweeping arrangements shall remain available to respective account holders for utilization.
- (7) Sweeping arrangements shall be implemented in a phased manner starting from current accounts. Extension of sweeping arrangements to other types of bank accounts shall be undertaken in consultation and if found feasible as a policy matter.
- (8) State Bank of Pakistan shall ensure that commercial banks shall not charge any transaction fee from bank account holders covered under sweeping arrangements.
- (9) The procedure for recording and reconciliation of daily receipts and payments under the treasury single account has been issued by Finance Division (Annex-A).

Chapter 5

7. **Repeal and Savings:-** (1) Cash Management (Treasury Single Account) Rules, 2020 are hereby repealed.
- (2) Notwithstanding the repeal under Sub-rule 7 (i) above, all notifications, orders and instructions relating to Cash Management (Treasury Single Account) Rules, 2020 shall unless not inconsistent with the provisions of these Rules continue to be in force until amended or repealed.

[No. 1(13)S.O(TSA)/184/2024]

(Zain Muneer Kiyani)
Section Officer (TSA)

SUBJECT: **PROCEDURE FOR RECORDING AND RECONCILIATION OF DAILY RECEIPT & PAYMENT TRANSACTIONS UNDER TREASURY SINGLE ACCOUNT-11.**

1-INTRODUCTION.

The Public Finance Management Act, 2019 ("PFM Act") provides for establishment of cash management systems including treasury single account with the objective to anticipate cash needs of the Government, ensure availability of cash when required and neutralize impact of Government's cash requirement on the domestic banking sector. The Federal Cabinet approved Cash Management and Treasury Single Account Policy on June 3, 2019, followed by approval of Cash Management and Treasury Single Account Rules, 2020. The overarching aim of these documents is to consolidate cash resources in order to strengthen the cash and liquidity position of the Government and improve fiscal discipline of public entities.

2-CASH MANAGEMENT POLICY.

The Cash Management and Treasury Single Account Policy 2019-2029 requires that "The Government shall ensure full consolidation of cash balances of all government entities (budgetary and extra-budgetary) and devise a mechanism for daily zero balancing of the TSA and monthly reporting of complete cash balance of the government within and outside the TSA". To ensure consolidation of cash balances in Treasury Single Account, a uniform mechanism for recording and reconciliation of daily transactions is required.

3-RECORDING OF RETURN AND DAILY CONSOLIDATION OF BALANCES IN ACCOUNT-I OF THE FEDERAL GOVERNMENT

3.1. Sweeping Arrangements To Be Made By State Bank Of Pakistan.

Sweeping system shall be applicable to all Divisions, Departments, Subordinate Authorities or any other entities of the Federal Government notified by the Finance Division. State Bank of Pakistan (SBP) shall open a dedicated subaccount of the Account No. 1 (Non-Food) of the Federal Government titled 'TSA Sweeping Deposit Account' in connection with implementation of the sweeping option of TSA. Each day, at the close of the banking hours, the deposit in the current accounts of the notified Government entities shall be swept in by the SBP (with the assistance of the respective commercial banks) and credited to the 'TSA Sweeping Deposit Account' of the Federal Government using its RTGS system. The deposits so credited to 'TSA Sweeping Deposit Account' shall form the part of closing cash balance of the Federal Government and separately reported to the Finance Division and CGA/Accounting Office by the SBP. SBP will work with all commercial banks to develop and test this system for seamless sweep in and sweep out of funds. The deposit in 'TSA Sweeping Deposit Account' shall be swept out by the SBP next working day and the corresponding balance shall be swept into the respective bank account(s) of the Government

entities by the start of the banking hours. SBP will, on daily basis, intimate the daily credit and debit to 'TSA Sweeping Deposit Account' to AGPR for accounting purpose. Subsequently, procedure for TSA in respect of Saving Account, TDRs and any other type of account shall be notified by Finance Division, in consultation with CGA/SBP.

3.2. Daily Consolidation Of Balances In TSA.

For daily consolidation of Designated Accounts Balances, to zero the Designated Accounts balances and to transfer the balances to Federal Government Account No. 1 through Real-Time Gross Settlement (RTGS), the State Bank of Pakistan (SBP) shall incur daily receipt and payment entries in 'TSA Sweeping Deposit Account'. The SBP shall report these daily transactions to Federal Treasury Office in the SBP Karachi Daily Bank Scroll, for recording in the Books of Accounts of the Federal Government.

Since these transactions will simultaneously increase the cash balance with SBP and Current Liability of the Government, the corresponding Debit/ Credit entries under the F-Assets and G-Liabilities Head will be recorded.

The detail Head of Accounts for recording these transactions are as follow.

F-Assets

Major Head	F01	Cash and Bank Balances
Minor Head	F011	Balances with SBP
Detail Head	F01101	Non-Food Account

(i) G-Liabilities

Major Head	G01	Current Liabilities
Minor Head	G013	Liability under Designated Bank Accounts
Detail Head	G01301	Cash Refundable to Designated Bank Accounts.

At the close of the day, SBP through RTGS shall zero the Designated Accounts Balances and Credit the Funds as Receipts under G01301 to Federal Government Account No. I (Non-Food).

The AGPR/Accounting Office shall record this transaction as:-

Debit	FOI 101 -State Bank Non-Food Account- 1
Credit	G01301-Cash Refundable to Designated Bank Accounts

At the start of next day, SBP shall refund the Designated Accounts Balances and report the refund as Payments in the daily bank scroll. The AGPR/Accounting Office shall record the transactions as:-

Debit	G01301-Cash Refundable to Designated Bank Accounts.
Credit	FOI 101 -State Bank Non-Food Account-I.

4- RECONCILIATION.

The payment shall be equal to the amount of receipt reported at the close of the previous day. The Federal Treasury Office shall maintain proper reconciliation of the receipt and payments. In case of any variations in the receipts and payments, the Federal Treasury Office shall immediately report the difference to the SBP and Finance Division. The office of AGPR (SO), Karachi shall submit monthly reconciliation report of daily transactions under the TSA-II (sweeping in and sweeping out arrangements by SBP) to office of CGA, Islamabad.

On reporting of variations, the SBP shall review the daily receipt and payments and if satisfied, SBP shall pass necessary adjustment through the RTGS. The adjustment shall also be reported in the daily bank scroll and the Federal Treasury Office shall also record the adjustment for clearance of the differences pointed out in the bank reconciliation.

Note: The API/ digital interface for data entry on the basis of scroll will be developed by SBP and FTO in consultation with Director General (MIS), O/o Controller General of Accounts, Islamabad, to be made effective from March 1, 2023.