

Government of Pakistan
Finance Division
(Budget Wing)

No F.3(1)FO/2024-25

Islamabad, 12th July, 2024

OFFICE MEMORANDUM

Subject:- STRATEGY FOR RELEASE OF FUNDS FOR RECURRENT BUDGET FINANCIAL YEAR 2024-25

The undersigned is directed to refer to the subject mentioned above and state that in pursuance of the provisions of the Public Finance Management Act, 2019 and Financial Management and Powers of Principal Accounting Officers Regulations, 2021, funds release strategy for the Recurrent Budget for Financial Year 2024-25 is being issued for implementation with immediate effect and until further orders.

2. Allocated funds for the Recurrent Budget to Divisions/Attached Departments/Subordinate and other offices i.e. Autonomous Bodies, Authorities, Commissions etc. shall be released for FY 2024-25 by Finance Division under Demands for Grants and 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. 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 Finance Division;
- 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) without prior concurrence of Finance Division;

3. PAOs have been provided additional funds to meet the funding requirements of Adhoc Relief Allowance 2024, announced in the budget for FY 2024-25, under a separate Cost Centre in each Demand for Grants. Finance Division shall release 100% of these funds in Quarter 3. PAOs are advised to re-appropriate these funds, in consultation with Expenditure Wing, Finance Division, only for the purpose of Adhoc Relief Allowance 2024, to Cost Centers of Divisions/Attached Departments/Subordinate Offices within respective Demands for Grants.

(Contd)

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, autonomous bodies and all accounting offices:

a) Grants-in-Aid:

- i. Recurrent funds released under para 2 above to autonomous bodies, authorities, commissions etc. shall be subject to following conditions;
 - a. PAOs shall, under their jurisdiction, ensure approval of annual budget of the autonomous bodies/authorities/commissions/funds/boards etc by the competent authority under respective Statutes, Rules and Regulations.
 - b. A certificate to the effect of such approval shall be communicated to Budget Wing and Expenditure Wing, Finance Division by 31st August, 2024. Autonomous Bodies/authorities/commissions/funds/boards etc shall provide detailed budget information i.e. on detailed object-wise classification, along with their own receipts.
- ii. PAOs shall not approach Finance Division for meeting any expenses of autonomous bodies/authorities/commissions/funds/boards etc, which are provided grant-in-aid, by ensuring proper distribution and adequate allocation of funds to such autonomous bodies/authorities/commissions/funds/boards etc out of the total funds placed at their disposal for CFY.
- iii. 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.
- iv. Grants-in-Aid shall be considered non-recurring in nature and funds shall be disbursed only to meet any justified shortfall for a limited period of time.

b) Grants & Subsidies:

- i. In case of subsidies, PAOs shall prepare quarterly funds requirement/cash plan within their allocated budget for CFY and communicate the same to concerned wings of Finance Division before start of each quarter;
- ii. Concerned wings in Finance Division shall review the quarterly funds requirement/cash plan for subsidies and convey their views and comments to PAOs within two weeks;
- iii. PAOs shall submit revised cash plan to concerned wings. In consultation with Budget Wing, the concerned wing shall seek approval of Finance Secretary.

(Contd)

- iv. For release of funds in accordance with the approved cash plan, PAOs shall approach the concerned wing for concurrence of Budget Wing and entry in SAP System. In case of any deviation from approved cash plan or fiscal constraints, Budget Wing shall seek approval of Finance Secretary before release of funds.
- v. Sanction of expenditure for subsidies by the PAOs shall be granted with prior concurrence of Expenditure Wing and copies will be sent to Budget Wing, AGPR and all concerned.
- vi. PAOs shall approach Expenditure Wing, Finance Division, for release of funds under grants. Expenditure Wing, in consultation with Budget Wing, shall seek approval of Finance Secretary. Afterwards, Budget Wing will release the funds for entry in SAP system.
- vii. Sanction of expenditure for grants by PAOs shall be made with prior concurrence of Expenditure Wing, Finance Division.
- viii. Grants & subsidies reflected in the Finance Division's Demand shall be processed by the concerned wings of Finance Division in consultation with Budget Wing.

c) Lending:

- i. Disbursement of budgetary funds on account of Loans & Advances and Investments to Provincial Governments, Public Sector Entities and others shall be subject to the condition that all due re-payments to Federal Government have been made as per schedules/maturities. If all due re-payments have not been made, at source deductions shall be ensured by Provincial Finance and Corporate Finance Wings; and
- ii. With the approval of Finance Secretary, sanction letter shall be issued to AGPR with a copy to Budget Wing for release of funds in SAP system.

d) Foreign Exchange Payments:

- i. Adequate budgetary allocations on account of Foreign Exchange Component (Rupee Cover) shall be ensured by all PAOs and conveyed to Economic Affairs Division and Finance Division; and
- ii. Funds for foreign exchange payments shall require prior approval of the External Finance Wing of Finance Division.

e) Commitment Control:

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

(Contd)

f) Austerity Measures:

- i. Austerity measures issued by the by the competent authority, from time to time, shall be fully adhered to by all concerned i.e. PAOs, Heads of Attached Departments, Heads of Subordinate Offices and autonomous bodies and all accounting offices.

g) General Guidelines and Instructions:

- i. All payments shall be made through pre-audit system by the Accounting Offices or through Assignment Accounts Procedure or any other procedure issued by the Finance Division;
- ii. No direct payment through SBP shall be made by any office, except with the prior approval of the Finance Secretary as per Rules 3(9) and (10) of the Cash Management and Treasury Single Account Rules, 2024;
- iii. Approved direct payments shall be booked and recorded by the concerned Accounting Office 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, 2024.
- v. Quarter wise fund releases will be uploaded on AGPR server by Finance Division within above stated release limits. No payment shall be made over and above the limits by any accounting office except with the prior approval of Finance Division.
- vi. The strategy for release of funds with regard to PSDP, interest Payment, repayments of domestic and foreign loans and supplementary grants for CFY shall be issued by Finance Division separately.

Note: Notwithstanding anything contained in this strategy, all releases of recurrent budget shall be subject to availability of fiscal space.


(Rana Obaid Ullah Anwar)
Joint Secretary (B-III)
051-9218838

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



(Abdur Rehman)
Accounts Officer
Fiscal Operation Section
051-9202564