

PREFACE

The Pakistan Institute for Parliamentary Services (PIPS) has been established under an Act of the Parliament (Act III of 2008) to promote research, provide training and to extend facility of information to the Parliamentarians in performance of their duties and for matters connected therewith and ancillary thereto. The over all control, direction and the superintendence of the affairs of the institute vest in the Board of Governors.

Section 14 of the Act provides that the accounts of the Institute shall be maintained in such form and manner as the Board may prescribe. In pursuance of Section 14(1) read with Section 24 of the PIPS Act, the Board of Governors of the Pakistan Institute for Parliamentary Services (PIPS) has been pleased to frame the Financial Management Manual/Accounting Procedures for PIPS.

Chapter 1

Introduction

1.1 Purpose of the Manual

1.1.1 The purpose of this Manual is to set out the policies and procedures to be used in financial management of PIPS.

1.1.2 Under Section 14 of the Act No. III of 2008 to establish the Pakistan Institute for Parliamentary Services, the accounts of the Institute shall be maintained in such form and manner as the Board of Governors may prescribe.

1.2 Reader Guidance

1.2.1 There are four levels of heading in the Manual:

- Level 1 ó chapter
- Level 2 ó section
- Level 3 ó sub-section
- Level 4 ó bullet point

1.2.2 The layout of each page within this Manual is standardized.

1.3 Authority

1.3.1 This Manual is issued under the authority of the Board of Governors in accordance with Section 14 of the Act No. III of 2008 to establish the Pakistan Institute for Parliamentary Services.

1.4 Effective Date

1.4.1 The effective date for application of this Manual is the date of approval by the Board of Governors.

1.5.1 Revision

1.5.1 The Manual may be revised by the Executive Director with the approval of Board of Governors.

Chapter 2

Overview of PIPS

2.1 Introduction

2.1.1 The Pakistan Institute for Parliamentary Services (PIPS) has been established by the Parliament of Pakistan under Act No. III of 2008 to promote research, provide training and to provide facility of information to the Parliamentarians in performance of their duties as well as to take measures for the development of law making.

2.1.2 The following accounting procedure is laid down for the PIPS as per Section 14 of the above Act. The accounting procedure shall be called Pakistan Institute for Parliamentary Services Accounting Procedure.

2.2 The Business Process and Functions

2.2.1 Organization chart of PIPS is attached. The functions of PIPS as per Section 4 of the Act 2008 shall be:

- to maintain the national, provincial and international data, information and statistics to provide to the Parliamentarians for the efficient performance of their duties;
- to undertake the research in respect of the Federal and Provincial laws and also to have a study of international laws to help the Parliamentarians in the law making process;
- to provide technical assistance to Parliamentarians in performance of their duties;
- to provide training to Parliamentarians and the parliamentary functionaries for performance of their duties;
- to arrange seminars, workshops or conferences;
- to take measures for the development of law making;
- to maintain a record of all the existing Acts, Ordinances and other enactments in force in Pakistan and in each Province;

- to assist Parliamentarians and legislative bodies in their efforts to ensure the public's understanding of working of Parliament;
- to arrange legislative drafting courses with special emphasis on parliamentary practices;
- manage the internship programs for the Parliament and Provincial Assemblies;
- to establish and maintain resource centers for Parliamentarians;
- to support the parliamentary committees in the performance of their functions; and
- any other function as may be assigned to it by the Parliament or the Board.

2.3 Board of Governors

2.3.1 The over all control, direction and the superintendence of the affairs of the Institute shall vest in the Board of Governors which may exercise all powers, perform all functions and do all acts which may be exercised, performed or done by the Institute.

2.4 Powers and Functions of the Executive Director

2.4.1 The Executive Director shall be the Chief Executive of the Institute and shall work under the control of the Board and perform the following functions, namely;--

- to ensure efficient functioning of the Institute and to run the day to day administrative matters of the Institute;
- to carry out the directives and decisions of the Board and to formulate the programs for their implementation;
- to formulate and implement training and research plans for Parliamentarians and parliamentary functionaries;
- to arrange for the conference, seminars, workshops, orientation and refresher courses for the Parliamentarians and parliamentary functionaries;
- to prepare the annual report of the Institute for submission to the Board;
- to appoint such officers and employees as determined by the Board on such terms and conditions as may be prescribed;
- to prepare and propose budget estimates for approval of the Board;

- to ensure the protection of all assets of the Institute;
- to maintain the records and seal of the Institute; and
- such other functions as may be entrusted to him by the Board;

2.5 Funds of PIPS

2.5.1 The funds of PIPS as per Section 12 of the Act 2008 shall comprise:

- the funds allocated by the Senate from its budget to the Institute which shall be one third of the total annual expenses of the Institute;
- the funds allocated by the National Assembly from its budget to the Institute which shall be two third of the total annual expenses of the Institute;
- the contributions made by each Provincial Assembly;
- the contributions made by Parliamentarians;
- the grants in aid given by any national or international agencies and organization;
- the funds granted by the Federal Government or a Provincial Government; and
- the funds raised by the Institute, through donations, endowments and through its own sources.

2.6 Preparation of Budget

2.6.1 The annual budget of PIPS shall be prepared under the supervision of the Executive Director who shall submit for approval of the Board a statement showing estimated receipt and expenditure of PIPS for the next financial year in time.

2.6.2 The budget prepared by the Executive Director shall be approved by the Board with such amendments as it may deem necessary.

2.6.3 The budget approved by the Board shall be submitted to the Senate and the National Assembly Secretariats in time for the necessary allocation of funds.

- 2.6.4 Separate budgets shall be prepared for development and non-development expenditures.

Chapter 3

Financial Framework and Authorizations

3.1 Principal Accounting Officer

- 3.1.1 The Executive Director shall be the Principal Accounting Officer of PIPS in respect of all expenditure of PIPS.
- 3.1.2 The duties and responsibilities of the Principal Accounting Officer shall be such as may, from time to time, be determined by the Government for the Principal Accounting Officers in the Ministries or Divisions of the Government.

3.2 Financial Powers of the Executive Director

- 3.2.1 The financial powers delegated to the Ministries or Divisions by the Government shall be exercised by the Executive Director.
- 3.2.2 Unless otherwise indicated specifically in the order conveying sanction, a sanction issued by a competent authority has effect from the date of orders conveying the sanction.
- 3.2.3 A sanction for any fresh charge which has not been acted on for a year must be held to have lapsed, unless it is specifically renewed.

3.3 Expenditure beyond Financial Powers of Executive Director

The expenditure beyond financial powers of the Executive Director shall be incurred with the approval of the President, Board of Governors.

3.4 Drawal of Advance

The Executive Director may sanction drawal in advance, of any amount of expenditure sanctioned by him or the President of the Board.

3.5 Administrative Approval/Concurrence by Authority outside PIPS

Where under the rules of the Government administrative approval or concurrence of the Ministry, Division or other authority outside PIPS is required, such approvals or concurrences shall be accorded by the President, Board of Governors.

3.6 Segregation of functions:

The functions of sanctioning expenditure for release of payments and disbursements and recording thereof shall be separate and entrusted to different officials.

3.7 Financial Propriety:

Every officer of PIPS who is authorized to incur expenditure from its funds/budget shall,

- Exercise the same vigilance in respect of expenditure as a person of ordinary prudence would exercise in respect of the expenditure of his own money.
- Ensure that the expenditure is not prima facie more than the judicious requirement of the occasion.
- Not to pass an order that will be directly or indirectly in his/her own benefit except with the prior approval of higher authority in writing.
- Ensure that PIPS money is expended not for the benefit of a particular employee or class of employees unless admissible in accordance with the HR Rules of PIPS or any other order passed by PIPS.
- Ensure that money is expended in the interest of PIPS and not other than the purposes for which funds have been approved.
- Ensure that for any losses to the funds, receipts and stamps etc, caused by defalcation or otherwise the higher authority is informed immediately even if any loss has been made good by the party responsible for it.
- the officer who signs or countersigns a certificate shall be personally responsible for the facts certified, so far as it is his

duty to know or to the extent to which he may reasonably be expected to be aware of them and the fact that a certificate is printed shall be no justification for his signing unless it represents the facts of the case.

3.8 Matters not specifically provided for

All matters relating to finance, not specifically provided in these rules shall be regulated by the Rules of the Senate and National Assembly.

Chapter 4

Cash and Banks

4.1 Introduction

4.1.1 Cash and banking structure explained in the ensuing paragraphs has been devised in the light of operating requirements of PIPS. Ultimate authority vests with Finance Wing to ensure that an effective structure is established to safeguard the liquid funds of PIPS.

4.1.1 All cash and banking activities will be carried out in accordance with the approved schedule of powers and strictly in accordance with the instructions contained in the succeeding paragraphs and no divergence will be permitted.

4.2 transactions

4.2.1 As far as possible, the handling of cash should be discouraged. Only petty cash disbursements will be made from one or more imprest floats. Adequate fidelity insurance cover should be obtained to guard against loss of liquid resources.

4.2.1 At regular intervals, the length of which will be determined keeping in view daily cash requirements of PIPS and through observation, the imprest float will be reimbursed by drawing out an amount of cash from bank equal to the disbursements made. The float will then be reimbursed to its established level.

4.3 Establishing a Petty Cash Imprest Float

4.3.1 Imprest float will be established to facilitate day-to-day payments of petty nature to a maximum allowed limit. The imprest, however, cannot be used for small repetitive purchases to avoid routine procurement procedures.

- The formal request for establishing a Petty Cash Imprest Float from DDO shall be made to the Head of Admin & Finance Wing.
- The Head of Admin & Finance Wing shall approve the establishment of Imprest float in consultation with the Executive Director.
- The Cashier shall keep a petty cash balance and shall be reportable to the DDO.
- The Imprest amount shall be determined by the Head of Admin & Finance Wing and shall be based on the past experience.
- However petty cash limit at PIPS shall be Rs.50000/- to be utilized within the month.
- The Cashier shall ensure that the cash is always kept in a locked box and see that the funds placed at his disposal are disbursed in a proper manner and under the authority of DDO.

4.4 Petty Cash Expenses and Reimbursement

4.4.1 Imprest holder will use Petty Cash Reimbursement Statement to appropriately record petty cash payments/expenses. Each payment/expense will be made through Payment Voucher and supported by original receipts and other supporting documents.

4.4.2 After each payment, imprest holder will sign and stamp all the receipts/supporting documentation "PAID" to prevent re-use of the receipts.

4.4.3 The Petty Cash Reimbursement Statement will be submitted to Accounts Officer along with relevant supporting documents.

4.4.4 Accounts Officer will review and examine the reimbursement statement and obtain approval from the Head of Finance Wing for reimbursement. After due approval, Accounts Officer will prepare a cheque for the amount approved and post it through Payment Voucher.

4.4.5 The Petty Cash Reimbursement Statement and supporting documents will be marked as 'PAID' and attached with the voucher.

4.5 Varying the Amount of Petty Cash Float

4.5.1 The amount of petty cash float may be revised to reduce or enhance the current level in view of changing circumstances. As a guideline, if half of the petty cash float is not used monthly then the float exceeds current requirements, taking into account seasonal requirements and may, therefore, be reduced. If, however, the existing level is incapable of satisfying current requirements, it may be increased.

4.5.2 It is the responsibility of the imprest holder to review the level of the float and formally request Head of Admin Wing to reduce or enhance the float. The request will be made on Petty Cash Imprest Form with an appropriate explanation to requested increase or decrease.

4.5.3 The Petty Cash Imprest Form, after having been signed by the Head of Admin Wing, will be got approved from the concerned authority and forwarded to Accounts Officer to ensure that future float reimbursements are made in accordance with the new level.

4.6 Internal Controls for Petty Cash Transactions

4.6.1 Petty cash will be maintained on imprest basis;

- Petty cash disbursements will be evidenced by approved supporting documents;
- Petty cash disbursement statement will be supported by duly approved payment evidences and these supporting documents should adequately be reviewed at the time of reimbursement of imprest float;

- The voucher reference will be inserted on all supporting documents which will be stamped as PAID in order to avoid its reuse;
- Petty cash funds will be restricted to the expenditure of a petty nature not exceeding a certain fixed limit;
- There will be separation of functions so that the person who is responsible for the disbursement of cash or who has control of petty cash fund has no access to other cash, including cash receipts, other petty cash funds and securities; and
- Imprest floats should be checked by frequent and surprise counts by an independent authorized persons.

4.7 Maintenance of Cash Book

4.7.1 The Cash Book shall be written on daily basis and closed at the end of each month. Each entry in the Cash Book shall be carefully checked and authenticated by the DDO by putting his initials against each entry on daily basis. The Cash Book should be written clearly with no over writing. Any incorrect entry may be scored out and should be re-written in red ink under the signature of the DDO. The Cash Book shall be reconciled with actual cash on monthly basis. An officer other than cashier and DDO shall be nominated to check the cash book on quarterly basis. A separate cash book shall be maintained for each account maintained in the bank. The DDO shall also prepare expenditure statement in accordance with Chart of Accounts and reconcile it with the Finance Wing by the 1st week of the following month.

4.8 Banking operations

4.8.1 All payments except petty cash payment, as described above, will be made through banks. New bank accounts will be opened only after requisite authority has been obtained from the Executive Director. All funds will preferably be kept in the profit and loss sharing accounts and the bank accounts will be in the name of "Pakistan Institute for Parliamentary Services".

4.9 Bank Accounts

4.9.1 PIPS shall open and maintain its accounts with the National Bank of Pakistan to which shall be credited all funds, contributions, and grants-in-aid enumerated in Section 2.4. PIPS shall maintain two accounts, one lapsable and the other non-lapsable. The funds allocated by the Senate, National Assembly and Federal Government shall be kept in lapsable account which shall be operated as Assignment Account. Other funds shall be kept in non-lapsable bank account. The funds shall be utilized by PIPS for performance of functions in Section 2.2 or as authorized by the Parliament/Board.

4.10 Release/Credit of Funds

4.10.1 The total funds allocated by Senate, National Assembly shall be authorized/released directly to the Assignment Account by AGPR and in one installment because the activities of PIPS are driven by the varying demands of legislatures. The funds allocated by the Federal Government shall also be credited to the Assignment Account. The contributions of the Provincial Assemblies, Parliamentarians, grants in aid given by national agencies/organizations and funds raised by PIPS shall be credited to the Bank Account directly by it to the non-lapsable bank account.

4.11 Bank Signatories

4.11.1 Banks should be operated through Joint Signatories not below the rank of OG-V.

4.12 Cheque books

4.12.1 Only one cheque book will be used at a time for each bank account.

4.12.2 All cheque books will be controlled through a Cheque Book Register. This register will have the record of the receipts and issuance of cheque books to and from authorized persons.

4.12.3 All used and unused cheque books will be kept in the possession of Accounts Officer under lock and key. The number of cheque leaves in the cheque books received from the bank shall be immediately counted and stamped as "Crossed" or "Payee's Account only" and entered in the Cheque Book

Register containing the following particulars. In case of any discrepancy or misprint the matter shall be immediately reported to the bank.

4.12.4 Format of the Cheque Book Register:

S.No.	Date of Receipt	Cheque Book No	Total No. of Cheques	Cheques Numbers		Start Date	Closing Date	Signatures of Receiving Officers
				From	To			

4.13 Bank Reconciliation

4.13.1 Banks will be requested to supply bank statements each month and the balances held in bank will be reconciled with the balances appearing in PIPS records at the close of each month.

4.13.2 Accounts Officer will be responsible for preparing Bank Reconciliation Statement of each bank on monthly basis within ten days from the month end. A list of all outstanding and unrepresented cheques will be made by the Accounts Officer and subsequently checked for presentation at the banks. The bank statements will be filed in chronological order and retained for subsequent reconciliation and audit purposes.

4.14 Documentation Relating to Banks

4.14.1 A separate bank file will be maintained for each bank account and retained at least for a period of five years.

4.14.2 The bank file will contain the following documents:

- Account opening form;
- List of signatories and changes thereof;
- Monthly bank statements along with a copy of bank reconciliation statement;
- Account closure certificate and the final bank statement; and
- Detail of correspondence with banks.

Chapter 5

Disbursements and Treatment of Recoveries

5.1 Disbursement

5.1.1 All disbursements of PIPS will be made through cheques crossed as 'Payee's account only'. Vouchers will be prepared by DDO and cheques will be prepared and processed by the Finance Wing after pre-audit of vouchers along with supporting documents. The following key steps are required to be followed in all expenditure transactions:

- budget availability review
- sanction of expenditure by the competent authority
- preparation of claim voucher (bill) for payment (except for salaries and wages) by the incurring officer
- approval of expenditure (voucher/bill) by an officer other than the sanctioning officer
- registration of purchase order/claim voucher
- certification (pre-audit) of claims
- authorization of payment
- issue of payment
- recording of expenditure in the accounting records.

5.2 Treatment of Recoveries

5.2.1 The deductions/recoveries, where due, shall be made as under before making payment:

- Income tax as per Government rules;
- Group Insurance shall be deducted from salaries in SG-I and above (equivalent) at the rate prescribed by the Government;
- Benevolent Fund shall be deducted from the salaries of the employees at the prescribed rates;
- GP Fund deduction shall be made at the prescribed rates;

- Recoveries against loans and advances shall be made from the salaries of the concerned employees at the fixed rates; and
- Any other authorized recoveries/deductions.

5.3 Payment to Suppliers

5.3.1 As soon as the order is placed, a copy of Purchase Order will be received by Accounts for temporary filing till payment.

5.3.2 When goods or services are received satisfactorily, Accounts will receive the following documents from Stores Officer/Administration:

- Goods Inspection and Return Report
- Asset Receipt and Issuance Note
- Goods Receipt Note ó Original
- Delivery Challan ó Original
- Invoice ó Original
- Sanction of the competent authority
- Payment Voucher

5.3.3 Based on the copy of Purchase Order, Accounts will compare items ordered with items received as stated in Goods Receipt Note, checking the delivery date, quantities and prices. In case more than one item is purchased, he will allocate added costs based on the value of items purchased. Discount received will be treated as a reduction of cost and allocated accordingly. A complete process of pre-audit will be done at this stage.

5.3.4 Based on the pre-audit mentioned above, Accounts Section will prepare cheque and it will be signed by the authorized signatories.

5.4 Loan/Advance Payment

5.4.1 Following documents shall be provided by the Administration Wing to the Finance Wing for payment of employees Advances:

- Approved Voucher of Payment
- Funds availability certificate
- Sanction of the competent Authority
- mortgage/sales bond
- Incase of temporary employee surety bond from two permanent employees

5.4.2 On receipt of claim and above mentioned supporting documents, the Finance Wing will pre-audit and prepare cheque if the claim is in order.

Chapter 6

Receipts

6.1 Introduction

6.1.1 On receipt of cash, cheques or other monetary instruments, a pre-numbered official receipt will invariably be issued. The receipt will be signed by the Accounts Assistant and countersigned by the Accounts Officer and treated as security document.

6.1.2 Accounts Assistant will distribute official receipt as follows:

First Copy	Depositor
Second Copy	Attached with the voucher
Third Copy	Retained in official receipt book

6.1.3 In case of spoiled/cancelled official receipt, all copies will be marked "CANCELLED" and retained in the receipt book.

6.2 Memorandum Register

6.2.1 All receipt books will be controlled through memorandum register with their distinctive numbers entered therein at the time of their receipt and issuance. The stock of unused receipt books will be kept in safe custody and physically verified, at least once a month, by Accounts Officer. He will sign the memorandum register as a token of having agreed the physical balance with the balance appearing in the register.

6.3 Pay-in-Slips, Official Receipts and Credit Advices

6.3.1 Bank deposit slip will be prepared to deposit all funds received, on behalf of PIPS, into the bank on the same day or on the following day. All banking will be done promptly.

6.3.2 Another nature of receipt into the bank accounts are credit advices received from banks in respect of return on bank deposits or amounts transferred from term/fix deposit accounts or from other bank accounts.

6.3.3 Pay-in slips, official receipts and credit advices will be used to prepare Receipt Voucher to record receipts in the books of account of PIPS. Particulars of receipts including reference of official receipt number, depositor's name, title of account and account number will be stated in the Receipt Voucher.

6.4 Receipt Voucher

6.4.1 Receipt Voucher will be prepared by Accounts Assistant and checked and approved by Accounts Officer. The approved voucher will then be posted in the general ledger and marked "POSTED".

6.4.2 The reference of Receipt Voucher will also be mentioned on the official receipt to ensure that all receipts have been recorded in the proper account in PIPS books.

Chapter 7

Procurement

7.1 Introduction

7.1.1 Procurement for PIPS, must ensure value for money i.e the items procured are necessary for the institution, the quality is excellent and the price is minimum both at the time of procurement and its maintenance over the useful life of the item(s) procured. To ensure value for money, the procurement process must be conducted in a fair and transparent manner in the most economical and efficient way. The procurement procedure in PIPS will be regulated by Public Procurement Rules 2004 as amended from time to time which are framed under the Public Procurement Regulatory Authority Ordinance, 2002.

7.2 Corrupt and Fraudulent Practices

7.2.1 These include the offering, giving, receiving, or soliciting of any thing of value to influence the action of a public official or the supplier or contractor in the procurement process or in contract execution to the detriment of the procuring agencies; or misrepresentation of facts in order to influence a procurement process or the execution of a contract, collusive practices among bidders (prior to or after bid submission) designed to establish bid prices at artificial, non-competitive levels and to deprive the procuring agencies of the benefits of free and open competition and any request for, or solicitation of anything of value by any public official in the course of the exercise of his duty.

7.2.2 The employees of PIPS involved in procurement process shall desist from indulging in corrupt and fraudulent practices. They shall also ensure that the suppliers and contractors also do not indulge in such practices and that the procurement process is transparent. Executive Director shall take strict action against those found engaged in corrupt and fraudulent practices.

7.3 Procurement Planning

7.3.1 PIPS shall devise a mechanism, for planning in detail for all proposed procurements with the object of realistically determining the requirements, within its available resources, delivery time or completion date and benefits that are likely to accrue to the procuring agency in future. To achieve best value for money being spent out of PIPS Funds on procurement, proper planning is desirable as outlined below:

- To determine whether to procure
- What to procure
- How to procure
- How much to procure
- When to procure
- How to safeguard
- How to utilize
- How to control

7.4 Methods of Procurement

Following are the methods of procurement of goods, services and works which PIPS shall follow:

7.4.1 Open competitive bidding

This will be principal method of procurement for purchases over Rs.100000/-

7.4.2 Alternative methods of procurement

PIPS may utilize the following alternative methods of goods, services and works namely:

- Petty purchases ó These will be made where the object of procurement is below the financial limit of Rs.25000/- These procurements shall be exempt from requirements of bidding or quotation of prices.
- Request for quotations ó PIPS shall engage in this method of procurement only if the following conditions exist namely:
 - The cost of object of procurement is below the prescribed limit of one hundred thousand rupees;
 - The object of the procurement has standard specifications;

- Minimum of three quotations have been obtained; and
- The object of the procurement is purchased from the supplier offering the lowest price.
- Direct contracting - PIPS shall only engage in direct contracting if the following conditions exist, namely:-
 - the procurement concerns the acquisition of spare parts or supplementary services from original manufacturer or supplier provided that the same are not available from alternative sources;
 - only one manufacturer or supplier exists for the required procurement:
 - where a change of supplier would oblige PIPS to acquire material having different technical specifications or characteristics and would result in incompatibility or disproportionate technical difficulties in operation and maintenance, if the contract or contracts do not exceed three years in duration;
 - repeat orders not exceeding fifteen per cent of the original procurement;
 - in case of an emergency;
 - when the price of goods, services or works is fixed by the government or any other authority, agency or body duly authorized by the Government, on its behalf, and
 - for purchase of motor vehicles from local original manufacturers or their authorized agents at manufacturer's price.
- Negotiated tendering - PIPS may engage in negotiated tendering with one or more suppliers or contractors with or without prior publication of a procurement notification. This procedure shall only be used when,-
 - the supplies involved are manufactured purely for the purpose of supporting a specific piece of research or an experiment, a study or a particular development;
 - for technical or artistic reasons, or for reasons connected with protection of exclusive rights or intellectual property, the supplies may be manufactured or delivered only by a particular supplier;

- for reasons of extreme urgency brought about by events unforeseeable by PIPS, the time limits laid down for open and limited bidding methods cannot be met. The circumstances invoked to justify extreme urgency must not be attributable to PIPS provided that when using negotiated tendering as a method of procurement PIPS shall record its reasons and justifications in writing for resorting to negotiated tendering and shall place the same on record.

7.5 Methods of advertisement.-

7.5.1 Procurements over one hundred thousand rupees should be advertised on the websites of PIPS and Public Procurement Regulatory Authority as well as in other print media or newspapers having wide circulation. The advertisement in the newspapers shall principally appear in at least two national dailies, one in English and the other in Urdu.

7.6 Formation of Procurement Committee

7.6.1 There are four Wings in PIPS i.e Training, Research, Information Technology and Administration & Finance. A procurement committee will be constituted by the Executive Director by taking representative each from Administrative and Finance side and a representative from the Wing which initiated the procurement proposal. Level of the committee will depend on the method of procurement adopted. For open competitive bidding, a committee of officers not below OG-IV should be framed. The terms of reference for the committee including items like opening of bids, evaluations of bids, preparations of comparative statements, formulation of recommendations, submission of a detailed report may be constituted. For purchase through request for quotations method, a lower level smaller committee may be constituted.

7.7 Initiating a purchase

7.7.1 The Wing requiring any store item will prepare a requisition. Two copies of this form will be prepared duly verified by an officer not below the rank of OG-V. One copy of this requisition will be sent to the store and the second one

will be retained by the Wing for its own record. If the required items are not available in store, the purchase process will be initiated by the Admin Wing.

7.8. Issuance of Purchase Order:

7.8.1 After selection of a supplier and goods following the due process of procurement described above, purchase order will be prepared by the Admin Wing enumerating the specifications, quality, quantity and the time period for the supply of goods. This purchase order will be issued to the supplier after seeking approval of the competent authority.

7.9 Goods Inspection and return report

7.9.1 On receipt of goods, a delegated officer (s) shall inspect the goods and submit report on the following grounds with reference to the terms and conditions in the tender documents/purchase orders:

- Quantity
- Quality of the goods
- Specifications
- Condition of the goods

7.9.2 The delegated officer (s) deputed for the inspection shall have requisite expertise and knowledge in the relevant field.

7.9.3 In case the goods are not acceptable, the supplier will be asked to replace these within the stipulated time period.

Chapter 8

Payroll Management

8.1 Introduction

8.1.1 The following key internal controls must be observed in processing of payroll.

- All employees of PIPS shall be paid by direct credit into their bank account regardless of their grade level and may apply to be paid through the cheque system
 - Employees below grade V may elect to be paid in cash. In this case, payment shall be made in cash through DDO.
- 8.1.2 The powers in relation to creation and continuation of posts, payment against such posts, allowing increment or reduction in employees salaries and regulating their perquisites are prescribed in the relevant financial and administrative rules as approved by the Board of Governors.

8.2 Due date

- 8.2.1 Monthly salaries and allowances of employees shall be paid on the first working day of the following calendar month.
- 8.2.2 The exception to this rule is in relation to public and festival holidays (e.g. Eid holidays) and the relevant PIPS notifications.

8.3 Payment by direct credit

- 8.3.1 The normal method of payment of monthly salaries of all PIPS employees shall be by credit transfer direct to a bank account nominated by the employee. This is the most secure and economical method of payment and it automatically ensures that recipients have access to their salary on the due date. Moreover, direct credit has tangible advantages, over payment by cheque or cash, against risks of theft or fraud.
- 8.3.2 To enable payroll payments to be made by direct credit, an employee shall make an application to the Finance Wing nominating the account with a bank to which pays may be credited. The application shall specify the name and branch of the bank, the full title of the nominated account and the account number.

8.4 Payment by cheque

- 8.4.1 If payment is made by cheque, it should be handed over to the employee

against proper acknowledgement on the due date.

8.5 Deductions from salaries and wages

- 8.5.1 No deduction shall be made from salaries or wages unless prescribed by an Act or Statute or by any order of a Court of Law. The deductions shall be on the basis of rules or standing orders of PIPS.
- 8.5.2 Deductions shall be made from employees' monthly pay in accordance with the rules and regulations of GP Fund. The monthly deduction is the same throughout a financial year. The GP Fund monthly deductions of a subscriber shall be reported to the GP Fund record keeper.
- 8.5.3 Income tax deductions from the monthly pay shall be made strictly in accordance with the relevant provisions of the Income Tax Ordinance, 2001 as modified from time to time and the rules, orders and instructions issued from time to time by the Federal Board of Revenue.
- 8.5.4 Other payroll deductions (e.g. deductions for loan and advances) shall be made in accordance with the rules and regulations governing the deduction.
- 8.5.5 Any change in employees' allowances and deductions shall be notified through the change statement by the Administration Wing to the Finance Wing.

8.6 Deputation

- 8.6.1 Staff on deputation shall be charged to PIPS.

8.7 Final payment

- 8.7.1 The last payment of salary and allowances shall not be paid to employee leaving the service of IPS due to resignation, dismissal, or otherwise, until both the DDO and the Finance Wing are satisfied that there is no outstanding amount due from the employee.

8.8 Payment of sums due at death

- 8.8.1 On a death of a person to whom any sum is due in respect of pay, allowances, annuity or gratuity, payment can only be made either to a valid nomination made by the deceased or to a personal representative of the deceased on production of proof of entitlement in the form of Letters of Administration or other legal authority.
- 8.8.2 If any payment due is not claimed by the valid nomination made by the deceased or to a personal representative of the deceased, the amount shall be transferred to unclaimed money account.

8.9 Leave Payment

- 8.9.1 Payments in relation to earned leave, casual leave, sick leave, long service leave or other kinds of leave shall be made in accordance with the relevant rules and regulations issued by PIPS.

8.10 Payroll processing

- 8.10.1 Any change in staffing structure whether due to transfer, deputation, appointment, resignation, dismissal, retirement, or death shall be immediately notified by the DDO to the Finance Wing.
- 8.10.2 Any change in employee's pay scale shall be immediately notified by the DDO to the Finance Wing and be applicable from the date indicated in the notification.
- 8.10.3 The Finance Wing shall update the Establishment Register, as per the authorized notification, (manually or maintained on the computer system) and file the notification in the personal file of the relevant employee.
- 8.10.4 Any change in employee's allowances or deductions shall be immediately notified by the DDO to the Finance Wing and be applicable from the date indicated in the notification.
- 8.10.5 A delegated officer in the Finance Wing shall review the above notification and authorise it for updating the "Payroll Register"

- 8.10.6 The payroll officer in the Finance Wing shall update the Payroll Register, as per the authorized notification, (manually or maintained on the computer system) and file the notification in the personal file of the relevant employee.
- 8.10.7 A payslip (an authorization of any changes) is produced for an employee every time an employee's salary, allowances or deductions is changed. This payslip shall be sent to the employee at the end of the month in which the change arises.
- 8.10.8 A Monthly Salary Statement will be produced by the Finance Wing on a monthly basis for each employee on the payroll.
- 8.10.9 On the basis of the Payroll Register, the payroll officer shall prepare a monthly schedule of employees' salaries by 26th of each month. Any change notification received in relation to employee's salary or allowances after 25th of a month shall be adjusted in next month's payroll.
- 8.10.10 If the computerized system is used, the monthly schedule is automatically produced as part of the monthly payroll run. The computerized payroll system will also produce an exception report in relation to staff salaries (e.g. monthly salaries exceeding a set amount, variation between current month and last month).
- 8.10.11 The supervising payroll officer shall review and verify the monthly schedule of employees' salaries and authorize it for payment once he/she is satisfied with the payroll schedule. At the same time the officer shall update the Payroll Register.
- 8.10.12 The supervising payroll officer shall:
- Check that all amendments to payroll are accurate and there are no unauthorised amendments
 - compare current month payroll to last month and review any exceptions

- compare manual payroll to computer payroll to ensure that no employee is paid twice.

8.10.13 Once the monthly payroll schedule is authorized for payment, a delegated officer (independent of payroll officer and supervising payroll officer) shall prepare the "Payroll Credit Advice" for direct credit payments.

8.10.14 Where salary payment is paid by cheque, the delegated officer shall prepare salary cheques as per directions laid down in general procedures of payment.

8.10.15 Two delegated officers (signatories) shall sign the Direct Credit Advice and the cheques.

8.10.16 The Direct Credit Advice shall be sent to the bank by a delegated officer 3 working days before the end of the month for direct credit into the employee's bank account on the 1st working day of the following month.

8.10.17 The delegated officer who prepares the cheque shall enter the cheque details in the "Cheque Register".

8.10.18 Copy of the Direct Credit Advice shall be sent to the Accounts Section.

8.10.19 Where an employee's salary payment is paid incorrectly, the adjustment shall be made in next month's salary payment.

8.11 Payment in cash to employee below SG-VI

8.11.1 Payroll payments in cash shall only be allowed by the Executive Director in special circumstances and not for employees in grade V and above.

8.11.2 The Executive Director (through DDO) responsible for the employees receiving cash pays shall give directions that provide for adequate safeguarding of cash.

8.11.3 It is the responsibility of the Executive Director (through DDO) to ensure that arrangements for an employee's pay to be collected by or directed to

someone other than the employee are backed up by proper departmental controls to mitigate the risk of theft or fraud.

- 8.11.4 Through the monthly payroll procedures as set out in "Payroll processing", the Finance Wing shall issue the monthly salary cheque in the name of relevant DDO for those employees who exercise their option to be paid in cash and are below SG-VI.
- 8.11.5 Once the DDO encashes the salary cheque, he/she shall disburse the pays to relevant employees.
- 8.11.6 The DDO shall submit a monthly statement to the Finance Wing which certifies that either all relevant employees were paid in cash or state the name of employees not paid, the related amount and the reasons of non-payments.

8.12 Personnel files

- 8.12.1 The delegated officer in the Finance Wing is charged with the responsibility of maintaining personnel files for each staff member.
- 8.12.2 Each personnel file should contain the following information, at a minimum.
- Employment application or resume
 - A record of background investigation
 - date of employment
 - position, pay rates and changes therein
 - authorization of payroll deductions
 - termination data, when applicable
 - Any other information affecting employees' service status.
- 8.12.3 All personnel records are to be kept locked in a locking file cabinet in the Finance Wing.
- 8.12.4 Personnel files of the employees including the documents listed in para 12.2 shall also be maintained in the Admin Wing along with documents pertaining to other service matters.

Chapter 9

Fixed Assets Management

9.1 Introduction

9.1.1 To ensure proper recording of fixed assets, their physical safeguarding and authorized access, PIPS shall have fixed asset accounting procedures to ensure:

- All fixed assets are recorded in the books of PIPS.
- All fixed assets are valued correctly.
- Depreciation is charged correctly as per PIPS policy on all fixed assets.
- All fixed assets are insured against all known risks.
- All fixed assets are legally and physically in the possession of PIPS
- Custodians are identified for all the fixed assets of PIPS.

9.2 Definitions

9.2.1 “**Asset**” means something valuable that an entity owns, benefits from, or has use of in generating income. It is a resource:

- Controlled by PIPS as a result of past events; and
- From which future economic benefits are expected to flow to PIPS.

9.2.2 “**Acquisition Cost**” means the net invoice price of fixed assets including the cost of modifications, attachments, accessories, or auxiliary apparatus necessary to bring the asset in usable condition. Other charges such as the cost of installation, transportation, taxes, duty or protective in-transit insurance, shall be included in the acquisition cost.

9.2.3 “**Capitalized Fixed Assets**” are those which have a useful life of more than one year and have to be capitalized as per policy of PIPS.

9.2.4 “**Finance lease**” is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. Title may or may not eventually be transferred.

- 9.2.5 **Fixed Asset** (also known as a non-current asset) may be land, land improvement, building, infrastructure, equipment, furniture & fixtures, vehicles, computers and library books which has a life expectancy (i.e. usage period) of more than one year. Items with a life expectancy of one year or less are considered to be consumable items.
- 9.2.6 **“Fixture”** is equipment that is attached or permanently fastened to a building and cannot be removed without costly or extensive alterations to the building or area in which it is affixed.
- 9.2.7 **“Fair Value”** is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm’s length transaction.
- 9.2.8 **“Initial Cost”** means the asset’s purchase price plus any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of use in the manner intended. Directly attributable costs could include, but are not limited to, site preparation costs, initial delivery and handling costs, installation and assembly costs, asset testing costs, and professional fees. Initial cost does not include costs of advertising, conducting business and administration (e.g. staff training), other general overheads, or cost of relocating or reorganizing.
- 9.2.9 **“Operating lease”** is a lease other than a finance lease.
- 9.2.10 **“Tag”** means to place a control number of PIPS on a piece of equipment or property.
- 9.2.11 **“Useful Life”** is the period over which an asset is expected to be available for use by the College. It is determined in relation to an entire asset category, as opposed to an individual asset and after considering the factors such as expected usage, physical wear and tear, technical or commercial obsolescence, legal or other limits.
- 9.2.12 **“Fixed Assets Register”** is a register which contains complete record of tangible fixed assets. The information contained in fixed assets register includes description of the asset, asset’s location, cost, depreciation charged and other particulars relating to a fixed asset.

9.3 Fixed Assets

9.3.1 This policy is applicable to all tangible and intangible fixed assets acquired, capitalized or being used and owned by PIPS.

9.3.2 The tangible fixed assets acquired, capitalized or being used by PIPS may include the following categories of assets:

- Land
- Building
- Equipment
- Computers
- Furniture & Fixtures
- Vehicles

9.3.3 The intangible fixed assets acquired, capitalized or being used by PIPS may include Computer software, licenses etc.

9.4 Acquisition

9.4.1 Purchased/Owned Assets

- Fixed assets can be acquired by PIPS through direct purchase. Assets acquired through direct purchase may include vehicles, machinery/equipment, furniture and fixtures etc. All such fixed assets shall be purchased by Admin Wing. All assets should be recorded at their initial costs. The process of purchase is discussed in detail under the Procurement chapter.
- **Leased Assets:** Fixed assets can be acquired by transfer from leased assets on completion of lease term. Responsibility for acquiring the asset under lease arrangement is vested with the Admin Wing in consultation with Finance Wing due to financial complexity involved in such arrangements. For this purpose following steps will be followed:
 - Call quotations/tenders
 - Evaluate lessors by a committee constituted by the Executive Director.
 - Prepare lease file

- Lease agreement to be signed by the Executive Director or head of the Administration Wing if authorized by the Executive Director.
- Receive asset

At the time of acquisition of a leased asset, its value shall be determined by an independent value.

9.4.2 Self Constructed Assets

- The self constructed assets will be acquired through completion of capital work in progress. These works will be carried out by Capital Development Authority or Pak PWD as the Board of Governors may decide.

9.4.3 Donated Fixed Assets

- Donations or gifts of fixed assets may be received with the approval of the Executive Director. The value of the assets donated or gifted shall be in accordance with guidelines set by PIPS.

9.5 Capitalization Threshold

9.5.1 Every fixed asset purchased or improvement/extension made above Rs 100,000 shall be recorded in the Fixed Assets Register. This threshold should be subsequently adjusted in the light of experience and better defined management information requirements.

9.6 Recording of fixed assets

9.6.1 A "Fixed Assets Register" shall be maintained by the Admin Wing for all the categories of assets. The categories of assets shall include the following:

- land & building
- plant and machinery
- vehicles
- furniture & fitting
- office equipment
- computer equipment

9.6.2 The following information shall be kept on the Fixed Assets Register for each asset.

- Description of asset
- classification of asset
- date of purchase or date of completion
- original purchase cost in Rupees
- cost in foreign currency (where applicable)
- asset identification number
- current location
- ownership of/responsibility for asset
- current depreciated amount
- depreciation return off to date

9.6.3 The above data is the minimum required for the proper management of fixed assets.

9.6.4 The record of each item shall also include references to the relevant files, plans and deeds, source of acquisition, and other relevant details such as rents payable or receivable, and restrictive covenants.

9.6.5 Every change affecting the ownership, occupation or change in location of the asset shall be the subject of an entry in the register.

9.7 Receipt and Issuance

9.7.1 The procedure for receipt and issuance given in the Chapter of Inventory Management shall be followed.

9.8 Responsibility for Fixed Assets Recording

9.8.1 The Executive Director shall ensure that the Fixed Assets Register kept in PIPS is properly maintained and is up-to-date.

9.8.2 The Fixed Assets Register will be maintained by a delegated officer who should take appropriate precautions to safeguard the accuracy and integrity of the record.

9.8.3 Any entry in the register will only be made by an authorised officer who will sign it on every entry.

9.8.4 No item shall be removed/deleted from the register except under proper authority. When an item is removed/deleted the record entry should be noted to show the date and reasons for removal/deletion and the reference of the relevant written authority.

9.9 Depreciation

9.9.1 Depreciation on Fixed Assets shall be calculated and incorporated as per following policies.

9.9.2 Following classes of asset shall be subject to depreciation on the rates stated against them:

Asset Class	Useful Life (years)	Depreciation Rate (%)
Building	20	5
Land	-	-
Equipment & Tools	10	10
Vehicles	5	20
Furniture & Fixture	10	10
Computer Hardware	3	33.33

9.9.3 Straight line method of depreciation will be used.

9.9.4 Above rates shall be subject to constant review by the Finance Wing to ensure that rates of depreciation reflect the pattern of economic benefits derived from the assets and are not significantly different from those approved by the competent authority.

9.9.5 The Finance Wing shall calculate and record the depreciation on monthly basis based on the rates specified on the Asset Register.

9.9.6 When an item has been completely written down a token amount of Rs 1/- shall be shown at its written down value till its disposal.

9.10 Assets Physical Identification Codes

9.10.1 After receipt of asset, the delegated officer shall assign each asset a tag which shows its distinctive ID Code. This ID shall also be affixed on the asset as well for identification.

9.10.2 Fixed Asset Register will carry a record of additions, deletions, revaluation, impairment and disposals of that class of asset and assign identification numbers to those assets.

9.11 Physical Inspection of Assets

9.11.1 On receipt of asset (s), a delegated officer (s) shall inspect it on the following grounds with reference to the terms and conditions in the tender documents/purchase orders:

- Quantity
- Quality of the asset
- Specifications
- Condition of asset

9.11.2 The delegated officer (s) deputed for the inspection shall have requisite expertise and knowledge in the relevant field.

9.12 Disposal of Fixed Assets

9.12.1 Surpluses should be sold as quickly as possible, subject to value for money considerations and guidelines set by PIPS in relation to disposal of assets.

9.12.2 Surplus assets shall be sold on the open market by means of public auction or tender.

9.12.3 Where open market value is not available, Executive Director shall get it determined through qualified valuers.

9.12.4 Executive Director shall ensure that appropriate systems of control are instituted over the disposals of assets. The controls should ensure that the staff concerned is properly supervised and that duties are adequately separated; for example that staff responsible for selling assets do not also value them.

9.12.5 Where a loss of asset has taken place, it shall be taken off the Fixed Assets Register and included in the Loss Register with the permission of the Executive Director. The responsibility for loss shall be fixed and appropriate action taken.

9.13 Accounting for Proceeds from Disposals

9.13.1 Receipts from the sale of fixed assets shall be credited to the appropriate account head in PIPS bank account.

9.13.2 Sale receipts shall be accounted for on a gross basis. Sale expenses will not be netted off the sale proceeds but shall be separately accounted for as an expenditure item.

Chapter 10

Inventory Management

10.1 Introduction

10.1.1 This chapter will lay down procedures that govern how supplies are received, stored, handled, and issued.

10.2 Definition of Inventories

10.2.1 Inventories are defined as consumable items or goods acquired not for resale, which are the property of, in the possession or under the control of PIPS.

10.2.2 Expenditure on stores incurred in PIPS shall be included under contingent expenditure.

10.3 Segregation of duties

10.3.1 Control of stores records shall rest with a delegated officer(s) within the Admin Wing.

10.3.2 While other people may be allowed access to the records for operational reasons, any adjustment of the stores accounts should only be made by the delegated officer(s).

10.3.3 The tasks of ordering stores, checking deliveries and approving payments should be separated wherever possible.

10.4 Receipt of stores

10.4.1 All stores should be examined, by a delegated officer within the Admin Wing, on receipt of goods to ensure that there is a valid purchase order, that the correct quantities and qualities/specifications have been received, and that they are in good condition.

10.4.2 There should be a store/stock register in store for keeping the record of all transactions of purchase, issue and balance of each type of store. The store keeper/clerk responsible will keep this register update by using the perpetual inventory system. Accounts for purchase activities will be kept by the Finance Wing of PIPS.

10.4.3 Appropriate action should be taken by the delegated officer if unsolicited goods are received or if quantities or qualities are wrong, or if the goods are not in good condition.

10.5 Issue of stores

10.5.1 The procedure involved in the issue of goods to the user department shall be as under:

- Requisition from user Wing signed by an officer of OG-V or above will be sent to the Storekeeper.
- The storekeeper shall check the quantity and period when requisition items were last issued to the Wing.
- Availability of stock/store item shall be checked by the store keeper.

- In case stock/store item is not available then storekeeper shall send Material Requisition Form to Admin Wing for purchase of the item.
- In case of availability of items, the storekeeper with the approval of delegated officer shall issue the items to the concerned Wing. The storekeeper shall take acknowledgement of the items received from the concerned Wing.
- The consumption shall be recorded in the stock register by the Storekeeper and shall be checked by the delegated officer.
- Reconciliation of stores demands and stores issued shall be done by the storekeeper under the supervision of delegated officer at the end of each month.

10.6 Stocktaking

10.6.1 The delegated officer of Admin Wing shall ensure that the balances recorded in stores accounts are regularly checked by stocktaking, at least once in a year by an officer other than the officer in charge of stores as authorized by the Executive Director.

10.6.2 The condition of goods should also be examined.

10.6.3 The immediate purpose of stocktaking is to deter and detect losses by theft or fraud or misappropriation, to verify the accuracy of stock records, and to identify any weaknesses in custody arrangements.

10.6.4 The Executive Director must ensure that the arrangements for stocktaking will provide management with an independent verification of the contents and the state of stores.

10.6.5 The stocktaking will be carried out under the overall supervision of Chief Internal Auditor. If stores accounts or store keeping staff is required to assist, the Chief Internal Auditor should ensure that this will not prejudice the independence of stocktaking.

10.6.6 Discrepancies between stocktaking and store accounts should be investigated by the delegated officer(s) and responsibility for shortage, theft or misappropriation shall be fixed on the officials found responsible.

10.6.7 Any adjustments to store accounts shall be made only on the authority of an officer authorized by the Executive Director. Such adjustments shall be supported by reference to the relevant stocktaking reports and to the authority for the adjustments.

10.6.8 The report of stocktaking shall be put up to the Executive Director and a copy of the stocktaking report shall be sent to the Finance Wing.

10.7 Valuing Inventories

10.7.1 All inventories which are valued for the purpose of inclusion in PIPS annual financial statements are to be valued at the lower of cost and net realizable value. Where practicable, the cost of inventories is assigned to particular stock items on a Weighted Average basis. Cost comprises purchase prices and costs directly incurred in bringing the item to its present location and use.

10.7.2 Change in valuation policy shall be initiated by the Finance Wing and shall be approved by the Board of Governors.

Chapter 11

Advance Management

11.1 Introduction

11.1.1 Loans and advances made by PIPS to its employees are classified as under:

- House Building Advance
- Vehicle Advances
- Bicycle Advance

11.1.2 These loans and advances shall be interest bearing and non-interest bearing to PIPS employees. Short term interest free advances are available to PIPS employees on tour or transfer, or at times, treatment abroad.

11.1.3 The total budget grant of all interest bearing loans and advances requires the approval of the Board of Governors of PIPS. The financial delegation in relation to loans and advances is set out in the ~~Delegation of Financial Powers of PIPS~~

11.1.4 Interest rates and the basis of interest calculation shall be as determined by the Government for any particular loan or class of loans. Unless otherwise specified, simple interest shall be used. Loans shall bear interest from (and including) the date of advance, up to (but not including) the date of repayment.

11.2 Loans and advances to PIPS employees

11.2.1 Unless otherwise specified, loans and advances may be granted to PIPS employees who are permanent, and in special cases, to temporary PIPS employees as prescribed in GFR.

11.2.2 The approval of a loans and advances to a PIPS employee shall only be given by a delegated authority, independent to the applicant.

11.2.3 Simple interest, at a rate as determined by the Government, shall apply to all loans and advances made to PIPS employees, unless specific exemption is provided by the Board of Governors. Interest shall be calculated on the outstanding balance of the loan or advance on the last day of each month. If an advance is drawn in more than one installment then the interest rate used will be the rate prevailing on the date of the first installment.

11.2.4 If a PIPS employee elects not to claim interest on the GP fund he/she is entitled to interest free advances for the purchase of a house or a motor vehicle.

11.3 Housing advances to PIPS employees

11.3.1 This section applies to advances given to PIPS employees for the construction of new houses, purchase of a house or apartment or renovation of a house or apartment already owned by PIPS employee.

11.3.2 Applications for housing advances by PIPS employees may be approved by delegated authority, subject to the delegations set out in the ~~Delegation of Financial Powers~~ and after obtaining the Fund Availability Certificate from the Finance Wing.

The PIPS employee must satisfy the delegated authority that he/she has legal title to the land upon which the house is, or will be, built.

11.3.3 A delegated authority may grant housing advances to PIPS employees subject to the following conditions:

11.3.4 A certificate is produced by the head of Admin Wing to the effect that a disciplinary inquiry is not underway for that applicant.

11.3.5 In the case of temporary officers, at least 10 years of continuous service has been attained and security is provided by two permanent PIPS employees, released when the house has been constructed and mortgaged to PIPS.

11.3.6 Where the land has already been acquired by PIPS employee, that the land be mortgaged to PIPS with the house.

11.3.7 That the applicant proves, by way of certificate from an appropriate authority (e.g. house building society, CDA) that the land has been allotted to him/her.

11.3.8 That PIPS employee is not likely to retire before full recovery of the amount can be made.

11.3.9 For advances given for the purchase of houses or apartments, PIPS employee shall execute and register the mortgage deed/lease in the prescribed form, within 3 months of purchase, as security for repayment of the advance.

11.3.10 In the case of purchase of an apartment, PIPS employee shall obtain surety or other legally binding proof of ownership, from the concerned construction agency.

11.3.11 Repayments of housing advances shall commence from 4th month of pay after the payment of the final installment by PIPS. Repayments shall be of such amount to ensure recovery of the advance is made before retirement age. Unless otherwise specified in the loan agreement, repayments shall be made over the following periods:

- years (120 installments) for gazetted PIPS employees

- 20 years (240 installments) for non-gazetted PIPS employees

11.3.12 The amount advanced to a PIPS employee shall not exceed the equivalent of 36 months of his/her substantive pay.

11.3.13 Housing advances shall be recovered by deduction in monthly installments from PIPS employees' salary. Where PIPS employee would reach retirement before the standard 10 or 20 year interval, monthly repayments must be of such an amount as to ensure full recovery is affected by the date of retirement.

11.3.14 Monthly repayments shall cover both the principal and interest amounts due. Interest will not be recovered separately at the end of the repayment period.

11.3.15 PIPS employee shall receive a housing advance in addition to any housing advance that already been given to that employee and are not fully repaid.

11.4 Vehicle advances to PIPS employees

11.4.1 This section applies to advances given to PIPS employees for the purchase of motor vehicles, including cars and motorcycles.

11.4.2 Applications for vehicle advances by PIPS employees may be approved by delegated authority within Admin Wing, subject to the financial delegations set out in the PIPS delegation of Financial Powers and after obtaining the Fund Availability Certificate from the Finance Wing.

11.4.3 The delegated authority may approve a motor car advance of up to Rs. 150000/- as prescribed by the Government.

- the PIPS employee draws pay up to Rs. 8500/- or above
- they are satisfied that it is in the interest of PIPS and the employees' capacity to work that a vehicle be obtained.

11.4.4 The delegated authority may approve a motorcycle advance of up to Rs. 50000/- as prescribed by the Government.

- the PIPS employee draws pay up to Rs. 6000/-

- they are satisfied that it is in the interest of PIPS and the employee's capacity to work that a motorcycle be obtained.
- 11.4.5 At the time of drawing the vehicle advance, PIPS employee shall execute a mortgage/sales bond, providing security for the advance. A copy of this form, signed by the employee, shall be passed on to the Finance Wing by the delegated authority. The delegated approving authority, shall keep the mortgage/sales bond in safe custody.
- 11.4.6 The PIPS employee receiving advance shall complete the acquisition and payment of the vehicle within one month after drawing the advance. If this does not take place, the full amount of the advance, with interest, shall be repaid to PIPS.
- 11.4.7 The motor vehicle must be insured against accident, fire and theft.
- 11.4.8 Recovery of the vehicle advance will be made by equal monthly deductions from the employee's salary, and will commence on the first monthly pay after the advance is drawn. The amount shall be recovered within 60 months or, if nominated by the applicant, a shorter period.
- 11.4.9 Monthly repayments shall cover both the principal and interest amounts due. Interest will not be recovered separately at the end of the repayment period.
- 11.4.10 Where PIPS employee wishes to sell the motor vehicle, under which advance was given, the approval of the delegated authority who originally approved the advance must first be obtained. Sale proceeds obtained must be used to pay off the balance of the principal owing on the vehicle advance. This direction also applies to cases where the employee is instructed to sell the vehicle (e.g. employee is on long-term leave, retires from service or transfers to a position where possession of a vehicle is not considered necessary).
- 11.4.11 If PIPS employee wishes to sell the vehicle and use the sale proceeds to purchase a replacement vehicle, it may be approved by the delegated authority provided:
- the amount outstanding on the advance does not exceed the cost of the replacement vehicle

- the amount outstanding on the advance will be continued to be repaid at the rate previously fixed
- the replacement vehicle will be mortgaged and insured to PIPS.

11.5 Bicycle advances to PIPS employees

11.5.1 Advances for bicycles may be granted by a delegated authority within PIPS of up to Rs 2,000 for PIPS employees who are either permanent or temporary, provided:

- the employee draws pay not exceeding Rs 1,950
- if the applicant is a temporary employee surety is provided by a permanent employee
- the delegated authority is satisfied the employee will remain in service until recovery of the advance is obtained and the advance will be utilised in the purchase of a bicycle
- a second advance will not be drawn until three years after the expiry of the previous advance.

11.6 Interest free advances to PIPS employees

11.6.1 Interest-free advances may be given to PIPS employees, upon approval of a delegated authority, in respect of the following:

- to PIPS employees travelling on official duties, an amount sufficient to cover their personal traveling expenses, as provided under the TA rules of PIPS.
- other advances to PIPS employees for Institute purposes, as regulated by special orders of PIPS.

11.7 Permanent advances

11.7.1 These are advances granted to officers who are required to make payments before funds are made available to them. Permanent advances are intended to provide to the officer responsible for the advance, sums required for minor contingent expenditures.

11.7.2 The Executive Director or delegated authority may approve the granting of permanent advances to officers up to an amount advised by the Finance Wing.

11.8 Recording of loans and advances

11.8.1 Detailed accounts of all loans and advances granted by PIPS shall be maintained by the Finance Wing; which shall monitor their balances and identify any breaches in the terms and conditions of these loans.

11.8.2 The delegated officer in the Finance Wing shall record payments and recoveries of loans and advances in the relevant account heads under "Loans and Advances" in the Sub Ledger.

11.9 Consolidation of loans and advances

11.9.1 The concerned Accounts officer in the Account Section of the Finance Wing shall consolidate the expenditures and recoveries in respect of loans and advances, on a monthly basis, from the entries in the General Ledger and include them in the Monthly Accounts.

11.10 Reporting of loans and advances

11.10.1 An annual statement showing details of all loan balances, and amounts paid and received under the head "Loans and Advances" shall be prepared by the Finance Wing

11.10.2 Any default in repayment (either in principal or interest) shall be promptly reported by the Finance Wing to the Admin Wing who shall then take steps to recover the amount in default.

Chapter 12

General Accounting

12.1 System of Accounts

12.1. The system of accounting in PIPS shall be as under:

- The accounts shall be maintained as per accrual accounting and double entry system.
- The Chart of Accounts prescribed by the Auditor General/Federal Government shall be followed.

12.2 Financial Year

12.2.1 The financial year commencing 1 July and ending 30 June, consisting of twelve monthly periods.

12.3 Source Documents

12.3.1 Source Documents provide support for the financial statements. All items in the financial statements should be traceable to specific source documents and vice versa. Source Documents for booking are as follows:

- Printed receipt forms for cash received serially machine numbered
- Challan/Deposit slip for depositing receipt into designated branch of bank
- Bills and vouchers of payment
- Counterfoils of issued cheques
- Acquaintance Roll
- Bank statement
- Bank Receipt and Payment voucher,
- Cash Receipt/Payment and adjustment vouchers.

12.4 Monthly and Yearly Reports/Accounts

12.4.1 Following should be prepared on a monthly basis:

- Bank and Cash Book
- General and Subsidiary Ledgers
- Trial Balance
- Aging Schedules of Debtors and Creditors

12.4.2 Following should be prepared on a semiannual or an annual basis:

- Balance Sheet
- Income and Expenditure or Statement of Financial Activities
- Cash Flow Statement
- Statement of Change in Fund.

12.5 Maintenance of Accounts

12.5.1 The PIPS shall maintain proper accounts and other record relating to its financial affairs. The following books of accounts shall be maintained:

- Cash book
- General Ledger
- Sub-ledger
- Cheque Book Register
- Cheque Register
- Stock Register
- Payroll of Officers and Staff
- GP Fund Subscription Register
- Benevolent Fund Subscription Register
- Budget Control Register
- Register for Assets
- Disbursement Register
- Register of Advances
- Record of reconciliation with bank/AGPR
- Any other relevant record

12.6 Reconciliation

12.6.1 The authorized officers will obtain bank statement from the respective bank regularly to reconcile bank accounts monthly.

12.6.2 All receipts through AGPR will be reconciled with AGPR monthly.

12.6.3 Confirmation of year-end balances will be obtained from the bank for record

12.7 Documentation and Record-keeping

12.7.1 Proper record of all transactions shall be kept in safe custody to meet the requirement of internal and external Audit.

Chapter 13

Internal Controls and Audit

13.1 Internal Controls

13.1.1 Definition & Kinds

Internal Controls mean all measures taken by management in order that the organization's policies, plans and procedures succeed. The internal controls may be organized into brought categories of management, administrative and accounting controls. **Management controls** are used as encompassing all individual controls. They are the framework of the organization's all plans, policies, procedures, and practices needed for employees to achieve the entity's objectives. **Administrative controls** are those procedures and records concerning the decision-making processes that lead employees to carry out authorized activities in achieving the organization's objectives. **Accounting controls** cover the procedures and documentation concerned with the safeguarding of assets and the reliability of financial records. Internal controls can also be categorized as preventive controls and deductive controls. **Preventive controls** are design to discourage errors or irregularities from occurring. **Deductive controls** are design to find errors or irregularities after they have occurred.

13.1.2 Elements of Control

Adequate and effective internal controls shall be established in PIPS.

13.1.3 The internal controls will include but not limited to clearly defined Organization Chart, clear articulation of duties & job description of employees, well defined policies & procedures, delineation of objectives of the Wings, setting up of the targets & performance standards, supervision, clear delegation of powers, segregation of duties, annual research plans for training and research activities based on need assessment, feedback mechanism for training & research activities, review of expenditure statements, maintenance & review of different registers, reconciliation of cash and other accounts, effective monitoring and evaluation systems, quality assurance system etc.

13.1.4 In application of internal controls, guidance will also be sought from the Principles of Internal Financial Control issued by the Controller General of Accounts.

13.2 Internal Audit

13.2.1 An effective internal audit system shall be established. In this regard, guidance will be taken from the Internal Audit Manual for Government and Public Sector Organizations by Department of the Auditor General.

13.3 External Audit

14.3.1 The accounts of PIPS shall be audited by the Auditor General of Pakistan.

Annual Financial Report

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**Pakistan Institute For Parliamentary Services
Statement of Cash Receipts and Payments
For the Year Ended 30 June 20XX**

		20XX	20XX
	<i>Note</i>	Rupees in Million	Rupees in Million
RECEIPTS			
Funds from Senate			
Funds from National Assembly			
Contributions by Provincial Assemblies	7		
Contributions by Parliamentarians			
Grants in aid by national and international agencies and organizations	8		
Funds Granted by Federal Government and Provincial Government	9		
Donations and endowments	10		
Others	11		
TOTAL RECEIPTS		-	-
PAYMENTS			
Employee Related Expenses	12		
Operating Expenses	13		
Grants and Write-off of Loans			
Transfers			
Physical Assets	14		
Civil Works			
Investments	15		
Loans and Advances	16		
Repair & Maintenance	17		
TOTAL PAYMENTS			
NET RECEIPT/(PAYMENT) FOR THE YEAR			
CASH AT BEGINNING OF THE YEAR			
CASH AT END OF THE YEAR	19	-	-

The annexed notes 1 to 19 form an integral part of these financial statements.

Pakistan Institute For Parliamentary Services
Statement of Cash Receipts and Payments (By Current & Development)
For the Year Ended 30 June 20XX

		<u>20XX</u>	<u>20XX</u>
	<i>Note</i>	Rupees in Million	Rupees in Million
RECEIPTS			
Funds from Senate			
Funds from National Assembly			
Contributions by Provincial Assemblies	7		
Contributions by Parliamentarians			
Grants in aid by national and international agencies and organizations	8		
Funds Granted by Federal Government and Provincial Government	9		
Donations and endowments	10		
Others	11		
TOTAL RECEIPTS		-	-
PAYMENTS			
<i>Current Expenditure</i>			
<i>Development Expenditure</i>	18		
TOTAL PAYMENTS			
NET RECEIPT/(PAYMENT) FOR THE YEAR			
CASH AT BEGINNING OF THE YEAR			
CASH AT END OF THE YEAR	19	-	-

The annexed notes 1 to 19 form an integral part of these financial statements.

**Pakistan Institute For Parliamentary Services
Funds Flow Statement
For the Year Ended 30 June 20XX**

		20XX	20XX
	<i>Note</i>	Rupees in Million	Rupees in Million
Opening Balance			
Receipts During The Year			
Total Available Funds			
Payments During The Year			
Closing Balance	19		

The annexed notes 1 to 19 form an integral part of these financial statements.

Pakistan Institute For Parliamentary Services
Statement of Comparison of Budgeted and Actual Expenditure
For the Year Ended 30 June 20XX

	20XX (Rupees in Million)				Excess(+) / Saving (-)	20XX (Rupees in Million)				Excess(+) / Saving (-)
	Budgeted Amounts		Actual Amounts	Excess(+) / Saving (-)		Budgeted Amounts		Actual Amounts	Excess(+) / Saving (-)	
	Original	Revised				Original	Revised			
Pay										
Allowances										
Fees										
Communication										
Utilities										
Occupancy Cost										
Motor Vehicles										
Consultancy & Contractual Work										
Travel & Transportation										
General										
Grants										
Entertainment & Gifts										
Computer Equipment										
Other Stores & Stocks										
Purchase of Transport										
Purchase of Furniture & Fixtures										
Purchase of Plant & Machinery										
Investments										
Building & Structures										
Telecommunication Works										
Repair & Maintenance of Transport										
Repair & Maintenance of Building & Structure										
Repair & Maintenance of Furniture & Fixtures										
Repair & Maintenance of Computer Equipment										
TOTAL	-	-	-	-	-	-	-	-	-	-

The annexed notes 1 to 19 form an integral part of these financial statements.

Pakistan Institute For Parliamentary Services
Notes to the Financial Statements
For the Year Ended 30 June 20XX

	20XX Rupees in million	20XX Rupees in million
7 CONTRIBUTION BY PROVINCIAL ASSEMBLIES		
Punjab		
Sindh		
NWFP		
Balochistan	_____	_____
	=====	=====
8 GRANTS IN AID		
<i>National Agencies</i>	<div style="border: 1px solid black; width: 100%; height: 100%; display: flex; flex-direction: column; align-items: center; justify-content: center;"> <div style="border: 1px solid black; width: 80%; height: 40px; margin-bottom: 10px;"></div> <div style="margin-bottom: 10px;">-</div> <div style="border: 1px solid black; width: 80%; height: 40px; margin-bottom: 10px;"></div> <div style="margin-bottom: 10px;">-</div> </div>	<div style="border: 1px solid black; width: 100%; height: 100%; display: flex; flex-direction: column; align-items: center; justify-content: center;"> <div style="border: 1px solid black; width: 80%; height: 40px; margin-bottom: 10px;"></div> <div style="margin-bottom: 10px;">-</div> <div style="border: 1px solid black; width: 80%; height: 40px; margin-bottom: 10px;"></div> <div style="margin-bottom: 10px;">-</div> </div>
<i>International Agencies</i>	<div style="border: 1px solid black; width: 100%; height: 100%; display: flex; flex-direction: column; align-items: center; justify-content: center;"> <div style="border: 1px solid black; width: 80%; height: 40px; margin-bottom: 10px;"></div> <div style="margin-bottom: 10px;">-</div> <div style="border: 1px solid black; width: 80%; height: 40px; margin-bottom: 10px;"></div> <div style="margin-bottom: 10px;">-</div> </div>	<div style="border: 1px solid black; width: 100%; height: 100%; display: flex; flex-direction: column; align-items: center; justify-content: center;"> <div style="border: 1px solid black; width: 80%; height: 40px; margin-bottom: 10px;"></div> <div style="margin-bottom: 10px;">-</div> <div style="border: 1px solid black; width: 80%; height: 40px; margin-bottom: 10px;"></div> <div style="margin-bottom: 10px;">-</div> </div>
	_____	_____
	=====	=====
9 FUNDS GRANTED BY FEDERAL AND PROVINCIAL GOVT.		
Federal Government		
Provincial Government - Punjab		
Provincial Government - Sindh		
Provincial Government - NWFP		
Provincial Government - Balochistan	_____	_____
	_____	_____
	=====	=====
10 DONATIONS AND ENDOWMENTS		
	_____	_____
	_____	_____
	=====	=====
11 OTHERS		
Receipt from own sources		
Receipt from other sources	_____	_____
	_____	_____
	=====	=====

PREPARATION OF CHART OF ACCOUNTS AND CODES

1. Introduction

- 1.1 The New Accounting Model (NAM) which includes New Chart of Accounts (CoA) has been prescribed by the Auditor General with the approval of the President of Pakistan under Article 170 of the Constitution of the Islamic Republic of Pakistan. The new CoA provides ready information about entities, programs, projects and geographical distributions of resources etc. The new CoA will provide timely, accurate, comprehensive and reliable information to the decision makers to facilitate enforcement of effective accountability and better financial governance. The new CoA is a comprehensive document and besides Federal and Provincial Governments it is followed by institutions like Federal Judicial Academy, National Defense University, Higher Education Commission, Earthquake Reconstruction and Rehabilitation Authority and National School of Public Policy. The Pakistan Institute for Parliamentary Services should also follow this CoA which is briefly described in the following paras.

2. Elements of CoA

- 2.1 The Chart of Accounts is a comprehensive and detailed document. PIPS will use only those parts of CoA that are necessary to record its transactions. CoA structure consists of elements each of which represents a view or dimension of financial information, considered useful for financial reporting. The elements are:
- **Entity** the organization unit within GoP responsible for management and control of particular resources. The Government has to classify and record transactions of different Ministries, Divisions, Attached Departments and Departments etc. Therefore, this element is needed. PIPS being a single unit does not need this element.
 - **Object** the accounting classification, describing the item of expenditure, receipt, assets or liability. Each accounting classification is further sub-divided into a hierarchy, down to the level of detailed Object head.
 - **Fund** the pool of money from which budgetary allocation is made e.g. Consolidated Fund and is further sub divided into grants (in case of Consolidated Fund) or Public Account detailed heads.

- **Function** – the economic function, relating to the provision of a particular service, activity or Government program.
- **Project** – an element used for identifying development projects.

3. Details of Object Element

3.1 Object element will be explained in some detail, citing some Objects which will be normally used by PIPS. The Object element consists of two sub elements, the accounting element and the account number.

3.2 **Structure of the Object element:** The table below shows structure of this element.

ALPHA	NUMERIC	NUMERIC	NUMERIC	NUMERIC	NUMERIC
Accounting Element					
	Account Number				

3.3 **Accounting element:** the accounting element is a single alpha character sub-element and defines the accounting element to which a transaction will be classified. The accounting elements are denoted as under:

Accounting Element Description

A	Expenditure
B	Tax Receipts
C	Non-tax Receipts
E	Capital Receipts
F	Assets
G	Liabilities
H	Equity

3.4 **Account number:** This consists of five numeric characters. This sub-element defines the detailed natural accounts to which transactions will be classified (e.g. salaries, utilities etc.). The account number contains further internal structure which is:

- Major Object
- Minor Object
- Detailed Object

3.5 An example of Object element structure, containing codes is given in the table below:

Accounting Element	A Expenditure
Major object	A01 Employee related expenses
Minor object	A011 Pay
Detailed object	A01101 Basic Pay

3.6 Some Objects pertaining to items of expenditure which PIPS will normally use are given below with codes:

A=Expenditure:

Major Object		Minor Object	
Code	Description	Code	Description
A01	Employee Related Expenses	A011	Pay
		A012	Allowances
A03	Operating Expenses	A031	Fee
		A032	Communication
		A033	Utilities
		A034	Occupancy Costs
		A036	Motor Vehicles
		A037	Consultancy and Contractual Work
		A038	Travel & Transportation
		A039	General
A06	Transfer	A063	Entertainments & Gifts
A08	Loans & Advances	A081	Advances to Government Servants
A09	Expenditure on Acquiring of Physical Assets	A092	Computer Equipments
		A095	Purchase of Transport
		A097	Purchase of Furniture & Fixture
A13	Repair & Maintenance	A130	Transport
		A131	Machinery & Equipment
		A132	Furniture & fixture
		A133	Building & Structures