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PART II

Statutory Notifications (S. R. O.)

GOVERNMENT OF PAKISTAN

MINISTRY OF PRIVATISATION AND INVESTMENT
(Privatisation Commission)

NOTIFICATION

Islamabad, the 31st March, 2008

S. R. O. 337(I)/2008.—In exercise of powers conferred by Section 40 of the Privatisation Commission Ordinance, 2000 (LII of 2000) and to meet the requirement of Section 20 of the Ordinance (*ibid*); the Form and Manner of Budget and Accounts (Accounting Procedure) of the Privatisation Commission shall be as under:—

CHAPTER I

1. Short title and commencement.—(1) These rules may be called “the Privatisation Commission, Form and Manner of Budget and Accounts (Accounting Procedure) Rules 2007”.

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

(957)

(3) **Definitions.**—In these rules, unless there is anything repugnant in the subject or context, the terms used in these rules shall have the same meanings as assigned to them in the Privatisation Commission Ordinance, 2000.

CHAPTER II

2. **Bank Accounts**

A. **Establishment and maintenance of Privatisation Fund Account:**

- All privatisation proceeds shall be deposited in this account;
- Transfer from this Account to Commission Account will be made with the approval of the Chairman to supplement the expenditure being met out of Commission Account; as indicated in Sub para (B) (ii).
- The remaining proceeds shall be kept in trust for and distributed to the Federal Government or to the enterprise owned or controlled by the Federal Government entitled to such proceeds as the case may be; [PC would act as Trustee for this purpose].
- The net sale proceeds [after deduction of expenditure specified in sub-para B (ii)] shall be transferred to Federal Government under the head of account indicated by the Finance Division in respect of each transaction, for debt retirement and for poverty alleviation program after finalization of particular transaction; Normally, a transaction may be completed within sixty days of issue of Letter of Acceptance (LOA). However, due to peculiar nature of certain transaction because of litigation, the terms of payment may vary. However, it would be ensured that net sale proceeds are transferred to GOP within 15 days after receipt of final payment from the buyer.
- The existing Privatisation Fund Account maintained with National Bank of Pakistan shall continue to be used for the above purpose. On completion of a transaction and with the transfer of net sale proceeds, Federal Government will be provided full details by Privatisation Commission of the sale proceeds received, head wise details of expenditure deducted and the date of transfer of net proceeds.

B. Establishment and Maintenance of Commission Account:

(i) All receipts on account of the following shall be deposited in this account;

(a) Grants from the Federal Government to meet establishment and office running charges [will be kept in a separate sub-account for accounting purpose].

(b) Supplementary contributions from the Privatisation Fund Account.

(c) Income from investments; [made on amounts of earnest money invested in TDRs/on provident funds, gratuities, annuities, etc].

(d) Fees and charges;

(e) Grants and sums borrowed by the Commission;

(f) All other sums or property which may in any manner become payable to or vested in the Commission in respect of any matter incidental to the exercise of its functions and powers;

(g) Existing Bank Account at National Bank of Pakistan Main Branch Islamabad opened as Commission Account will continue to be operated for above purpose.

(ii) The following expenditure will be met out of this Account:

— Any expenditure lawfully incurred by the Commission including the remuneration and allowances of the Chairman, members, staff, employees advisors and consultants, accountants, lawyers, valuers and other experts appointed and employed by the Commission;

— Provident fund contributions, superannuating allowances or gratuities; [to be kept in a separate bank account].

— Legal fees and costs and other fees and costs; if any, Payment for expenditure incurred on:—

- (a) Public offering and placement of shares;
 - (b) Marketing and publicity;
 - (c) Seminars and conferences;
 - (d) Labour rehabilitation and severance schemes;
 - (e) Restructuring.
- Purchase or hire of equipment and machinery and any other materials;
 - Acquiring land and erecting buildings and carrying out any other work and undertakings in performance of its functions or the exercise of its program under the Privatisation Commission Ordinance 2000.
 - Repayment of any financial accommodation received or moneys borrowed in accordance with the Privatisation Commission Ordinance 2000 and the profit, markup or return due thereon including investment made by the Commission under section 18 of the Ordinance.
 - Any other expenses, costs or expenditure properly incurred or accepted by the Commission in the performance of its functions or the exercise of its powers;
 - Provision for investment will be made;

CHAPTER III

3 Delegation of functions and powers of the Commission.—The Chairman or Secretary or any Officer of the Commission shall perform such function or functions of the Board of Commission or exercise such powers as may be delegated by the Board to the Chairman or the Secretary or such Officer of the Commission under Section 9 of the Privatisation Commission Ordinance 2000, in accordance with "Delegation of Powers- Regulations, 2002", as amended from time to time.

4 Procedure for disbursement.—Following disbursement procedure shall be followed for making payments by the Finance Department of the Commission:

- a. Payroll of the officers, in-house advisors, consultants and technical assistants shall be prepared by the Finance Department on the basis of appointment letters and other sanctions issued with the approval of competent authority. Adjustment if any, shall be made on the intimation from Administration Department on the basis of recruitment rules as notified separately.
- b. Travelling expenses duly approved by the concerned Departmental Head shall be drawn on the form specified for the purpose in form T-I and T-II.
- c. Office and other running expenses and payment of incentives to employees bonus/honorarium, etc shall be paid on verification and confirmation by Incharge Administration Department.
- d. Payments for professional fee of outside advisors, consultants, accountants, valuers and other experts appointed and employed by the Commission and other expenditure authorised under Section 15 of the Privatisation Commission Ordinance 2000, shall be made after due verification and approval of the competent authority.
- e. Payment of bills on advertisement and publicity will be made on the recommendation of the Head of Media Department and approval of competent authority.

CHAPTER IV

5. Maintenance of Accounts

- a. The Commission shall maintain its accounts in the NBP in respect of following funds/entities on accrual basis:
 - i. Privatisation Fund Account
 - ii. Commission Account
 - iii. Grant from the Federal Government
 - iv. Superannuating allowances/ gratuity Fund Account
Superannuating allowances and gratuity fund shall be maintained as separate entities under Commission Account.
 - v. Earnest Moneys etc.

- b. (i) The Privatisation Fund Account and Commission Account shall be maintained by Finance Department. The Bank accounts shall be operated jointly by any of two officers the Director (Admin), Deputy Director (Admin) and Accounts Officer. A cheque for drawing an amount from such bank account shall require to be signed by any two of the aforementioned officers who are not associated in payment process. All receipts and payments shall be routed through Finance Department.
- ii. The budgetary grant from Federal Government and its account shall be maintained by the DDO (PC) separately.
- c. i. The consolidated accounts shall be maintained covering following; Heads/ main Heads of Accounts to incorporate receipt of sale proceeds, expenses related to privatisation and transfers to Government.
- ii. A nine-digit account code will be maintained for each main account head with the facility to open sub-Accounts as detailed below:—

Account Code	Classification
	<u>ASSETS</u>
100-010-000	Durable goods/ fixed assets
100-015-000	Investment
100-020-000	Receivables — Privatisation Proceeds
100-021-000	Receivables — GOP loans
100-022-000	Receivables — Advances to units
100-025-000	Other receivables
100-026-000	Advances, Prepayments and Accruals
100-027-000	Accrued Interest
100-030-000	Bank and cash balance
	<u>LIABILITIES</u>
200-010-000	GOP Account
200-011-000	Funds remitted to GOP
200-012-000	DFIs / co-owners shares of proceeds
200-015-000	Liabilities absorbed
200-020-000	Accumulated Depreciation

200-025-000	Bank Borrowings
200-026-000	Advances against sales
200-030-000	Creditors and payables
200-031-000	Withholding tax deducted
200-035-000	Receipt/payment of earnest money

INCOME AND RECEIPTS

300-010-000	Sales Account
300-011-000	Markup on balance sale price
300-012-000	Markup on outstanding loan
300-014-000	Income from Investment
300-015-000	Supplementary contribution from Government
300-016-000	Transfers to Commission Account
300-020-000	Other transfers
300-025-000	Grants from Federal Government
300-030-000	Contributions from Privatisation Fund Account
300-035-000	Other grants
300-040-000	Other income
300-041-000	Interest income from interest bearing account
300-042-000	Interest income from delayed payment of sale price
300-043-000	Non-refundable Expression of Interest
300-044-000	Fee on sales

EXPENDITURE AND PAYMENTS

400-010-010	Salaries and Allowances of Chairman,
400-010-011	Salaries and allowances of Officers and Staff
400-010-015	Salaries and allowance of in-house Consultants
400-010-020	Salaries and allowance of Technical Assistants
400-015-010	Allowances and perquisites of officers and staff
400-015-015	Incentives/bonus/honorarium, etc.
400-020-000	Contributions to provident fund
400-025-000	Contributions to gratuity fund
400-030-000	Contributions to leave salary
400-035-000	Repair and maintenance
400-040-000	Communication expenses
400-045-000	Traveling expenses
400-045-010	Traveling expenses of members of PC Board and officers and staff
400-045-015	Traveling expense of Chairman, Consultants and Technical Assistants

400-050-000	Utilities
400-055-000	Stationery printing and publications etc.
400-060-000	Newspapers and periodicals
400-065-000	Rent rates and taxes
400-070-000	Advocates Legal Fee
400-075-000	Financial Advisory fee and expenses
400-076-000	Local Valuers fee and expenses
400-080-000	Advertisement and publicity
400-085-000	Public offering and placement of shares
400-086-000	Brokerage
400-087-000	Bankers Commission
400-088-000	Printing
400-089-000	CDC fee
400-090-000	Entertainment (Dinners/lunches/light refreshments etc.)
400-095-000	Financial expenses
400-096-000	Markup on refund of earnest money
400-100-000	Depreciation
400-105-000	Conference/ Seminars expenditures
400-110-000	GHS/VSS and legal dues
400-115-000	Rehabilitation/ Restructuring expenses
400-120-000	Other direct transaction cost

iii. The above account codes are subject to revision as and when required.

d. The accounting system will be computerized to incorporate all entries on daily basis. The accounting system will generate trial balance, income and expenditure account, balance sheet, notes to the accounts and various management information reports.

e. Following Books of Account and record shall be maintained by Finance Department and the Admn. Department.

- | | | |
|---|-------------------------------|---|
| — | Cash book register | } (These registers will be maintained by Admn Department) |
| — | Bank reconciliation statement | |
| — | Fixed assets register | |
| — | Provident fund ledger | |
| — | Gratuity fund ledger | |

CHAPTER V

6. Budget.

(a) Finance Department of Privatisation Commission in consultation with Departmental/Sectional heads shall prepare budget estimates for privatisation proceeds and expenditure for next financial year on following format:—

		Revised Estimates Year.....	Budget Estimates Year.....
	<u>Account Code</u>	<u>AMOUNT</u>	
I. Privatisation Fund			
<u>Receipts</u>			
(a) Privatisation proceeds	100-020-000	-	-
(b) <u>Payments/Transfers</u>			
Transfer to Commission Account	300-016-000	-	-
Transfer to Federal Government		-	-
for debt retirement / poverty alleviation	200-011-000	-	-
Transfer to legal entities	200-012-000	-	-
Total Payments/Transfers			
II. Commission Account			
(a) <u>Receipts</u>			
Transfer from Fund Account	300-016-000	-	-
Income from investments	300-014-000	-	-
Bank Borrowings	200-025-000	-	-
Advances against sales	200-026-000	-	-
Earnest money	200-035-000	-	-
Interest Income (balance sale price)	300-042-000	-	-
Interest Income (interest bearing a/c)	300-041-000	-	-
Non refundable EOIs	300-043-000	-	-
Fee on Sale.	300-044-000	-	-
All other income/receipts	300-040-000	-	-
Total Receipts			

(b) Payments/ Transfers

Durable Goods / Fixed Assets	100-010-000	-	-
Investments	100-015-000	-	-
Advances, Pre payments	100-026-000	-	-
Earnest money refund	200-035-000	-	-
Salary and Allowances of Chairman.	400-010-010	-	-
Salaries/allowance - in-house Consultants	400-010-015	-	-
Salaries/allowance - Technical Assistants	400-010-020	-	-
Transaction related incentives/honorarium	400-015-000	-	-
Traveling expense	400-045-000	-	-
Advocates Legal Fee	400-070-000	-	-
Financial Advisory fee and expenses	400-075-000	-	-
Local Valuers fee and expenses	400-076-000	-	-
Advertisement and publicity	400-080-000	-	-
Public offering and placement of shares	400-085-000	-	-
Brokerage	400-086-000	-	-
Bankers Commission	400-087-000	-	-
Printing	400-088-000	-	-
CDC fee	400-089-000	-	-
Financial expenses	400-095-000	-	-
Markup on refund of earnest money	400-096-000	-	-
Conference/ Seminars expenditures	400-105-000	-	-
GHS/VSS and legal dues	400-110-000	-	-
Rehabilitation/ Restructuring expenses	400-115-000	-	-
Other direct transaction cost	400-120-000	-	-
Total payments			

(b) The above account codes are subject to revision as and when required.

(c) The Budget estimates shall be presented, to the Board of the Privatisation Commission for approval before submission to Federal Government.

7. Audit

The Financial year of the Privatisation Commission shall be from 1st July to 30th June next year. For each Financial Year a statement of Accounts including balance sheet and income and expenditure account shall be prepared. The accounts so prepared shall be audited by a department of Auditor General of Pakistan.

In addition to audit by a department of the Auditor-General of Pakistan, the accounts shall also be audited by an independent firm of Chartered Accountants appointed from the approved list of Privatisation Commission. The annual accounts audited by a firm of Chartered Accountants shall be presented to the Board of the Commission for approval.

8. Annual Report

An annual report on the basis of generally accepted accounting practices shall be prepared and published by the Commission.

9. Standards of Financial propriety

Every officer incurring or authorising expenditure from funds of the Commission (i.e. Commission Account) should be guided by high standards of financial propriety. Some of the principles on which emphasis is generally laid are as follows, namely;

- i. Every officer is expected to exercise the same vigilance in respect of expenditure incurred from the Commission funds as a person of ordinary prudence would exercise in respect of expenditure of his own money
- ii. The expenditure should not be *prima facie* more than the occasion demands.
- iii. No authority should exercise its powers of sanctioning expenditure to pass an order which will be directly or indirectly to its own advantage.
- iv. Money from Commission funds should not be utilized for the benefit of a particular person or section of the community unless a claim for the amount could be enforced in a court of law or the expenditure is in pursuance of a recognized policy.
- v. The amount of allowance granted to meet expenditure should be so regulated that it is not, on the whole, a source of profit to the recipients.

[No. F.AC-II/PC/ACC-Proc/Vol-IX/08.]

MUHAMMAD AMEEN,
Director. (Admin.)