



**FAO Wing**

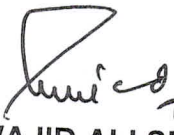
Office of the  
**AUDITOR GENERAL OF PAKISTAN**  
Constitution Avenue  
**ISLAMABAD**

No. 384 /23/P&C/1-C/2020  
Dated: April 10, 2023

1	Deputy Auditor General (A&C).	23	DGA. (Water Resources) Lahore.
2	Deputy Auditor General (Policy).	24	DGA. (Power Resources) Lahore.
3	Deputy Auditor General (RRA/SSA).	25	DGA. (PT&T), Lahore.
4	Deputy Auditor General (Central).	26	DGA. PNR, Lahore.
5	Deputy Auditor General (South).	27	DGA. Inland Revenue, Lahore.
6	Deputy Auditor General (QAIM).	28	DGA. Works, Federal, Islamabad.
7	Deputy Auditor General (DSA).	29	DGA. (CA&E), Karachi.
8	Deputy Auditor General (CA&E).	30	DGA AJK, Muzaffarabad.
9	Deputy Auditor General (North).	31	DGA. Works (Provincial), Lahore.
10	Rector, PAAA, Lahore.	32	DGA (Distt. Govt) North. Lahore.
11	DG (B&A) Local.	33	DGA (Distt. Govt) South. Multan.
12	DGA. Federal Govt. Islamabad.	34	DGA. (Local Council ) Bal. Quetta.
13	DGA (F&I) Audit, Islamabad.	35	DGA Works (Provincial), Karachi.
14	DGA (Clim. Change & Envir), Islamabad	36	DGA (Gilgit Baltistan) Gilgit.
15	DGA. Defence Services, Rawalpindi.	37	DGA Works (Provincial), Peshawar.
16	DGA. Defence Services, Karachi.	38	DGA. KPK, Peshawar.
17	DGA. (CA&E), Islamabad.	39	DGA. Balochistan, Quetta.
18	DGA. Inland Revenue, Karachi.	40	DGA. Sindh, Karachi.
19	DGA. (SSN) Islamabad.	41	DGA. (Local Council ) Sindh, Karachi.
20	DGA. Punjab, Lahore.	42	DGA. (District Govt) KPK, Peshawar.
21	DG (PAW) Lahore.	43	DGA. Railways, Lahore.
22	Project Director, AMIS. Local.		

Subject: **EXECUTION OF BUDGETARY ALLOCATION IN ACCORDANCE WITH PROVISIONS OF CONSTITUTION OF PAKISTAN 1973 AND PFM ACT, 2019**

I am directed to enclose herewith copy of Finance Division's (Budget Wing) letter No.F.1(3)-CAO(MoF)/Vol-IV/2023/150, dated 30.03.2023, on the subject noted above and remarks of worthy Auditor General of Pakistan thereon for compliance and necessary action please.

  
10/4/2023  
( WAJID ALI SHAH )  
Audit Officer (P&C)

Encl: (As Above)

Copy to:

- i. SPS to Auditor General of Pakistan.
- ii. SPS to Addl. Auditor General-I & II.
- iii. SPS to Dy. Auditor General (FAO).
- ✓ iv. AAO (IT) with the request to upload the same on DAGP website along-with enclosure.

Government of Pakistan  
Finance Division  
(Budget Wing)  
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Islamabad, the <sup>30/3</sup> March, 2023

F.1(3)-CAO(MoF)/Vol-IV/2023/150

Subject: **EXECUTION OF BUDGETARY ALLOCATIONS IN ACCORDANCE WITH PROVISIONS OF CONSTITUTION OF PAKISTAN 1973 AND PFM ACT 2019**

Dear Sir/Madam,

The financial procedure of the Federal Government has been laid down in **Articles 78 to 84 of the Constitution of Pakistan 1973**. It broadly prescribes that no expenditure from the Federal Consolidated Fund shall be made unless it is duly authorized by the National Assembly and specified in the Schedule of Authorized Expenditure, so authenticated by the Prime Minister. Furthermore, the Federal Government shall have power to authorize additional expenditures (Supplementary Grants) during a financial year from the Federal Consolidated Fund, whether the expenditure is charged by the Constitution upon that Fund or not.

2. In pursuance of **Article 79 of the Constitution of Pakistan 1973**, the **Public Finance Management Act 2019** has been enacted by the Federal Government. **Section 22 of the Act** provides that custody and operation of Federal Consolidated Fund and Public Account of Federation shall vest in the Finance Division under supervision of Federal Government. Furthermore, **under Section 23 of the Act**, no authority shall incur or commit any expenditure or enter into any liability involving expenditure from the Federal Consolidated Fund and Public Account of the Federation until the same has been sanctioned by a duly empowered competent authority and the expenditure has been provided for the financial year through Schedule of Authorized Expenditure; or Supplementary Grant and Technical Supplementary Grant; or Re-Appropriation. Moreover, no authority shall transfer public moneys for investment or deposit from government accounts, including the assignment accounts, to other bank accounts without prior approval from the Federal Government.

3. According to **Rules of Business 1973**, Finance Division has been mandated to manage the finances of the Federal Government and financial matters affecting the country as a whole. Finance Division has emphasized a number of times the efficient, prudent, disciplined management of the available resources by all the Principal Accounting Officers (PAOs) and other persons authorized to spend public money over the past year. These instructions have been issued at the time of allocation of funds through IBCs in May 2022, Funds Release Strategy in July – August 2022 and January 2023 and Commitment Control Guidelines in February 2022. In addition, **Financial Management and Powers of PAOs Regulations 2021** also elaborate the responsibilities and functions assigned to the PAOs and Heads of Departments/Offices.

4. While the PFM Act provides for delegation of financial powers to the PAOs and other persons; it also balances authority with responsibility for financial propriety as per applicable rules and regulations. Finance Division has been reiterating that the first charge on the allocated budget is to meet the ERE of the Division, Attached Departments and Sub-ordinate Offices under the administrative control of the PAO. Finance Division has also laid down the procedure and criteria for release of budgetary funds to the autonomous bodies, organizations, commissions, authorities, entities and corporations as Grant-in-Aid.

Diary No. \_\_\_\_\_  
Date: 25/3/23  
Director (MoF)

5. In the light of the above stated position and in order to maintain financial propriety, it is re-emphasized that all expenditures should be based on well-defined plans and should remain within the allocated and released budget. **No expenditure should be approved by the PAOs or other authorized officers and the Accounting Offices without availability of funds through budgetary mechanism.** All the Divisions, Attached Departments and Sub-ordinate Offices, autonomous bodies, organizations, commissions, authorities, entities and corporations of the Federal Government shall follow the following **budget execution strategy**:

- a. Strictly implement the provisions of Constitution, Law, Rules, Regulations, Procedures, Guidelines, Strategies and Instructions.
- b. There should not be any deviation, non-compliance by any authority or office for whatever reason and circumstances.
- c. The PAOs are the **Chief Accountable Officers** for the public funds entrusted to them by the National Assembly and the Prime Minister of Pakistan. The PAOs are responsible for financial propriety, fiscal discipline and output based performance budgeting.
- d. All the autonomous bodies, organizations, commissions, authorities, entities and corporations of the Federal Government, which are receiving public funds, in whichever form, kind, procedure, directly or indirectly, shall seek prior approval of Finance Division, through Expenditure Wing, **relating to creation of new posts, any increase in Pay and Allowances of their employees (ERE), Pension and Non-ERE (A01111, A01160, A01298, A03985, A04118 and A052).**
- e. Grant-in-Aid shall be non-recurring and funds shall be disbursed only to meet any justified shortfall for a limited period of time. All bodies receiving Grant-in-aid should endeavor to be self-sufficient to meet their operational expenditures in accordance with their approved budgets by their competent forums.
- f. The expenditures on subsidies should be targeted and output based. Any un-targeted subsidy should be phased out at the earliest. All the proposals for grant of subsidies shall be prepared in consultation with relevant Wings of the Finance Division. There shall be no un-funded subsidy.
- g. All commitments involving foreign exchange, including Subscriptions and Contributions to the international organizations, shall only be made with the prior concurrence of the External Finance Wing of the Finance Division.
- h. The PAOs are responsible for closely pursuing cases in courts of law that could result in adverse financial implications for the government.

6. All the PAOs, Heads of Departments and Sub-ordinate Offices and Heads of the Autonomous Bodies, Organizations, Commissions, Authorities, Entities and Corporations of the Federal Government and all the Accounting Offices/Organizations of the Federal Government are requested to fully comply with the above strategy for better financial and budgetary management during the financial year.

Yours Sincerely,

(Awais Manzoor Sumra)  
Special Secretary Finance  
30.03.2023

**Distribution:**

1. All PAOs.
2. All Heads of Departments and Sub-Ordinate Offices.
3. All Heads of Autonomous Bodies, Organizations, Commissions, Authorities, Entities and Corporations of the Federal Government.
4. All Audit and Account Offices/Organizations (AGP, CGA, AGPR, MAG, CAOs etc.)
5. Special Secretary Military Finance and All Additional Secretaries, Finance Division.
6. State Bank of Pakistan and State Bank Services Corporation, Karachi.

*to be observed during audit*

SPS to Addl. AG. - II  
File No.  
Date:

Auditor General (FAO)  
Date: 22/3/23

Auditor General of Pakistan  
04 APR 2023

Dy. No. 6150

*M. Azeem*  
*25/3/23*  
*25/3/23*

*PAOs AS highlighted for compliance*  
*100/17*  
*AO (PAO)*