



HIGHER EDUCATION COMMISSION
Finance Division

F. No. 10-25/HEC/A&C/2008/2404

Dated: 25.02.2009

NOTIFICATION

Subject: HEC Accounting Procedure

In pursuance of Section 14(3)(a) of Higher Education Commission Ordinance (No LIII) of 2002, the Auditor General of Pakistan has been pleased to approve the following Accounting Procedure of Higher Education Commission vide letter No. 149/520/AP/Acctt-Proce-HEC/Vol.I dated: 18.07.2008, namely:-

1. Short title and commencement:

- 1.1. The procedure defined hereunder shall be called Higher Education Commission Accounting Procedure 2006.
- 1.2. It shall come into force at once.

2. Definitions:

- 2.1 In these procedures unless there is any thing repugnant to the subject or context:
 - a. "Controlling Authority" means the Controlling Authority of the Commission specified in Section 3 of the HEC Ordinance.
 - b. "Commission" means the Higher Education Commission.
 - c. "Chairman" means the Chairman of the Commission.
 - d. "Executive Director" means the Executive Director of the Commission, Principal Accounting Officer (PAO).
 - e. "Finance Planning Committee" means the Finance Planning Committee of the Commission.

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- f. "Director General Finance" means the Director General Finance of the Commission.
- g. "Director General Audit" means the Director General Audit of the Commission.
- h. "Director Services" means the Director Services of the Commission.
- i. "Bank" means the bank approved by the Commission.
- j. "Month" means the calendar month.
- k. "Year" means the Financial Year.
- l. "Authorized Officer" means an officer authorized by the Executive Director.

3. The Business Process and functions of the Commission:

3.1 Business process of the Commission has been described in the following paragraphs. Organizational chart of the HEC is at Annex A. Powers and functions of the Commission are enumerated below:-

- a. Formulate policies, guiding principles and priorities for higher education institutions for promotion of socio-economic development of the country;
- b. cause evaluation of the performance of institutions;
- c. prepare, through consultation with the institutions, plans for the development of higher education and express its opinion on all matters relating thereto;
- d. prescribe conditions under which institutions, including those that are not part of the state educational system, may be opened and operated;
- e. set up national or regional evaluation councils or authorize any existing council or similar body to carry out accreditation of institutions including their departments, faculties and disciplines by giving them appropriate ratings. The Commission shall help build capacity of existing councils or bodies in order to enhance the reliability of the evaluation carried out by them;
- f. advise the Federal Government and the Provincial Governments on proposals for granting a charter to award degrees in both public and private sector;
- g. submit to the Federal Government the recurring and development budgets for public sector institutions and allocate funds to public sector institutions out of bulk financial provision received from the government and other resources on performance and need basis;
- h. review and examine the financial requirements of public sector institutions; approve and provide funds to these institutions on the basis of annual recurring needs as well as for development projects and research based on

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specific proposals and performance and while approving funds for public sector institutions the Commission shall ensure that a significant proportion of the resources of the institutions are allocated to research support and libraries;

- i. approve projects within the same ceilings as are specified for Department Development Working Party;
- j. advise institutions in raising funds from sources other than the Government;
- k. support the development of linkages between institutions and industry as well as national and international organizations that fund research and development with a view to enhancing research;
- l. facilitate the introduction of educational programme that meet the needs of the employment market and promote the study of basic and applied sciences in every field of national and international importance in the institutions;
- m. advise institutions in ensuring a proper balance between teaching and research;
- n. cause to be set up testing bodies or designate any existing body for the purpose;
- o. determine the equivalence and recognition of degrees, diplomas and certificates awarded by institutions within the country and abroad;
- p. develop guidelines and facilitate the implementation of a system of evaluation of performance of faculty members and institutions;
- q. provide guidelines as regards minimum criteria and qualifications for appointment, promotion, salary structure in consultation with the Finance Division and other terms and conditions of service of faculty for adoption by individual institutions and review its implementation;
- r. take measures, including the allocation of funds for the establishment of fellowships, scholarships, visiting professorships programmes or any other programme, in addition to assistance of similar programmes of institutions, and facilitate greater mobility of faculty through national and international contacts;
- s. set up committees comprising national and international experts in various disciplines to advise the Commission on its affairs;
- t. promote formal links between institutions in the country to make the most effective use of experience and specialized equipment and promote national and international linkages with respect to knowledge sharing, collaborative research, personnel exchange and cost sharing;

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- u. encourage, support and facilitate training programme, workshops and symposia;
- v. guide institutions in designing curricula that provides a proper content of basic sciences, social sciences, humanities, engineering and technology in the curricula of each level and guide and establish minimum standards for good governance and management of institutions and advise the Chancellor of any institution on its statutes and regulations;
- w. establish an endowment fund for higher education with contributions from governmental as well as non-governmental resources with the approval of the Finance Division;
- x. collect information and statistics on higher education and institutions as it may deem fit and may cause it published; and
- y. perform such other functions consistent with the provisions of HEC Ordinance as may be prescribed or as may be incidental or consequential to the discharging of the aforesaid functions.

4. System of Accounts:

- 4.1. The system of accounting in the HEC shall be as under.
 - i. The accounts for both its development and non-development budget shall be maintained as per practice of Auditor General of Pakistan (AGP)/New Accounting Model as amended from time to time.
 - ii. The HEC shall follow the Chart of Accounts prescribed by the CGA.

5. Administration of HEC Account:

- 5.1 The Account shall be administrated by the Higher Education Commission for performing functions as described under Para-3.1.

6. Establishment and Source of Account:

- 6.1 The Commission shall have account to which shall be credited all grants and contributions made by the:
 - i. Federal Government,
 - ii. Provincial Government,
 - iii. Other Organizations, donor agencies & by any person or authority,
 - iv. Donations and Endowments; and
 - v. Income of the Commission.

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7. Operation and Maintenance of Accounts:

- 7.1 The Account shall be operated through a non-lapsable Personal Ledger Account with Federal Treasury and through accounts with commercial banks in the name of Higher Education Commission as per Finance Division, Government of Pakistan letter No.F.6 (18) DFA/2002-2872 dated: 30.11.2002, (Annexure II) and AGPR letter No.TM/01-21/PLA/Vol.132/702 dated 04.12.2002 (Annexure III).
- 7.2 The Executive Director will ensure that the funds are being utilized for the purpose for which these were granted, allocated or authorized.
- 7.3 All releases against allocated budget (development and recurring grants) shall be re-conciled with the Federal Treasury Office and AGPR.
- 7.4 All money received in the Commission shall be acknowledged on the prescribed receipt, under the signature of the authorized officer.
- 7.5 The accounts of the Commission shall be kept and maintained on forms and in accordance with the principles and methods prescribed by the Auditor General of Pakistan.
- 7.6 The Commission shall maintain the following books of accounts & subsidiary registers for actual expenses and receipts.
- Cash Book
 - Ledger
 - Budget Record/Report
 - Payroll of Officers and Staff
 - G.P. Fund Subscription Register/Report
 - Pension Fund Register/Report
 - Benevolent Fund Register/Report
 - Petty Cash Book
 - Advance Register/Report
 - Payable Register/Report
 - Stock Register/Report (stationery/contingent items)
 - Stock Register/Report for durable goods.
 - Log Book
 - Any other relevant Record.

8. Grants:

- 8.1 The AGPR issues an Authority regarding development Grants of Universities/Institutes/ Centers and HEC Projects which shall be deposited in HEC Personal Ledger Account with Federal Treasury Office, Islamabad and these

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grants shall be transferred to the Universities/Institutions/Centers and relevant Projects.

8.2 The Cheque issued by AGPR for recurring grants of Universities/Institutes/Centers and HEC shall be deposited in HEC account being maintained with commercial banks. These grants shall be transferred to the Universities concerned.

9. Preparation of Budget:

9.1 HEC Budget shall be prepared by the authorized officer for each financial year under the supervision of the Executive Director.

9.2 The budget shall be considered and recommended by the Finance Planning Committee and approved by the Commission.

9.3 The Commission may re-designate posts to carry out its functions efficiently on the recommendations of Finance Planning Committee.

9.4 The Executive Director is authorized to approve an expenditure if the amount allocated under a particular head exceeds the budgetary provision by re-appropriation.

10. Other Bank Accounts:

10.1 The Commission shall keep and operate bank accounts for employee's funds e.g. Pension, General Provident Fund, Benevolent Fund, Gratuity Fund, Projects and Programmes being executed by HEC.

11. Reconciliation:

11.1 All the bank accounts will be reconciled periodically by obtaining Bank Statements regularly. The Federal Treasury Account (FTA) will also be reconciled in the same manner.

11.2 All Government receipts through AGPR will be reconciled with AGPR regularly.

11.3 Year-end balances pertaining to all accounts will be obtained from the banks for confirmation and record.

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12. Observation of rules and regulation:

12.1 The rules and orders of the Federal Government for the time being in force that apply mutatis mutandis to the Commission will be observed provided that all powers for implementation shall be exercised by the Executive Director or by any officer authorized for the purpose. If any difficulty arises in giving effect to any of these rules/orders, the Executive Director in exceptional cases may relax any of these rules reason to be recorded in writing.

13. Documentation and Record-keeping:

13.1 The Higher Education Commission shall maintain and keep its proper record of all transactions in safe custody to meet the requirement of internal and external audit.

14. Drawing and Disbursing Officers:

14.1 The Director General Finance shall be authorized to act as Drawing and Disbursing Officer (DDO) of the Commission. He shall be assisted by dealing officers/staff.

15. Expenditure Sanctions:

15.1 The Executive Director being the Principal Accounting Officer shall be competent to sanction expenditure within the provisions of HEC Budget / Projects / Programs. He may delegate financial powers to any other Officer as it may deem fit for smooth functioning of the affairs of the Commission.

16. Receipts:

16.1 All moneys received in the Commission shall be acknowledged on the prescribed receipt, under the signature of the authorized officer. All transactions to which any Officer/staff of the Commission in his official capacity is a party must without any reservation is to be recorded in the books of accounts.

17. Purchases:

17.1 The Services Division of HEC shall be responsible for purchases and supply of day to day items to various sections / offices of the Commission on their demand. For this purpose this section shall maintain proper record of all receipts and issues through stock registers/reports.

17.2 In case of procurement of a technical or specific items, the relevant division/department may act as procuring agency instead of Services Division.

17.3 The Public Procurement Rules 2004 (issued by the PPRA as amended from time to time) shall be followed. For emergency purchases the rules may be relaxed by the Executive Director subject to justification in writing.

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18. Maintenance of Books:

18.1 The books of accounts shall be written clearly on occurrence of accounting transaction with no over writing. Any incorrect entry may be scored out and rewritten under the signature of the authorized officer. The cash books may be checked and reconciled by the authorized officer periodically.

19. Disbursement of Payments and Treatment of Recoveries:

19.1 Finance Division of HEC shall make payment of salaries, payments for purchase of goods and services and any other payment through cheques and other banking instruments.

19.2 No claim / Bill shall, however, be processed for payment unless it is pre-audited by the Audit Division of HEC and supported with relevant documents and sanction of the competent authority.

19.3 The deductions/recoveries shall be made as under before payments are made.

- a) Income tax where leviable shall be deducted as per Government rules.
- b) Group Life Insurance shall be deducted from the salaries at the rates prescribed from time to time by the Federal government.
- c) Benevolent Fund shall be deducted from the salaries of all HEC employees at the rates prescribed from time to time.
- d) Recoveries against loans and advances shall be made from the salaries of the concerned employees at the rates fixed for each of them.
- e) Any other authorized recoveries/deductions.

19.4 Pension contribution in respect of all deputationists and Group Insurance in respect of the non-gazetted employees shall be paid by the HEC to the concerned departments, as per rates prescribed by the Federal Government.

20. Safe Custody of Cheque Books:

20.1 The number of cheque leaves in the cheque books received from the Bank shall be counted and stamped.

20.2 The safe custody of Cheque Books shall be the responsibility of the authorized officer and the same shall be kept in the "iron safe". The cheques will be signed jointly by the two authorized officer of the HEC.

20.3 Cancelled cheques shall be carefully preserved until the accounts for the period have been audited and shall be destroyed as per procedure of the Federal Government.

20.4 If a cheque is lost or destroyed, an intimation of the fact shall be given at once to the bank and its payment shall be stopped.

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20.5 Fresh cheque in lieu of a misplaced / destroyed cheque shall be issued as per procedure.

21. Write off Losses:

21.1 The loss of any articles shall be written off under the orders of the Executive Director, if the cost does not exceed Rs. 1,000,000/- and the Chairman, if the cost exceeds this limit.

22. Dead Stock:

22.1 All consumable articles and non-consumable articles shall be entered in the relevant stock register under the signature of the authorized officer.

22.2 Physical stock taking will be carried out on yearly basis.

22.3 All un-serviceable articles shall be written off/auctioned under the orders of the Executive Director.

23. Audit:

23.1 Accounts of the Commission shall be audited by the Auditor General of Pakistan or his representative.

23.2 Notwithstanding the audit provided for in sub-section-23.1, accounts of the Commission shall be audited by an Auditor or Auditors who shall be Chartered Accountants with the meaning of the Chartered Accountants Ordinance, 1961 (XII of 1961) to be appointed by the Executive Director with the approval of the Auditor General of Pakistan.

23.3 The Commission shall, in addition to the audit under sub-section (i) and (ii), cause pre-audit to be carried out as **internal audit** of its accounts.

23.4 The internal audit is to deal with:

- a. All receipts and expenditure in accordance with the approved standard of audit contained in the Audit Manual of the Auditor General of Pakistan.
- b. Audit of salary claims.
- c. Pay fixation & verification of pay fixation of the employees.
- d. Verification of service & leave account of the employees of the Commission.
- e. Pre-audit of routine contingencies claims.

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- f. Release of recurring grants to universities.
- g. Release of Development grants to Universities/Institutes.
- h. Foreign Exchange remittance under HEC various scholarship schemes and other projects.
- i. Any other assignment.

23.5. The result of such audit will be communicated to concerned division/department and where necessary to the Executive Director.


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