

STANDARD OPERATING PROCEDURES (SOPs)
FINANCE DIVISION
HIGHER EDUCATION COMMISSION, ISLAMABAD

INTRODUCTION

This document outlines the Financial Control Framework within the Higher Education Commission and explains its business processes being followed by the HEC Finance Division. It will also ensure that internal controls are in place and financial powers are exercised appropriately, effectively and efficiently.

PAYROLL

The Human Resources Department (Administration Division) is responsible for establishing and maintaining detailed payroll and pensions procedures. All payments are made in accordance with these detailed procedures and to comply with other statutory requirements.

Salary Bills are prepared:-

1. HEC Recurring Budget
2. Development Budget (for Project Staff)

SALARY PREPARATION PROCEDURE

- I) All office orders pertaining to appointments are incorporated in Payroll upto 15th of instant month.
- II) Appointment office orders which do not indicate the proper budget head, period of contract are referred back to Administration Division for clarification.
- III) Office orders are stamped as

| |
|---|
| Posted in HEC Payroll dated: _____ |
|---|

 after posting in the SAP system.
- IV) Payroll duly completed is sent to Audit for vetting upto 20th of instant month.
- V) Amendments/corrections if any made by audit are incorporated in system upto 25th of the month.
- VI) Transfer letters & cheques of salary are prepared & get signed upto 27th of the month.

VII) Letter are sent to bank on 28th of the month for transfer of salary into employees account on the last/closing day of the month

PAYMENTS

Finance Division processes the cases forwarded for release of payments, issuance of advances and there adjustments. Finance Division is maintaining the expenditures from following four types of Budget:-

RECURRING GRANTS

1. HEC Secretariat Budget
 2. Promotion of Research
 3. Inter-University Academic Activities
 4. Recurring Grant to universities, centres ...
 5. HEC, Universities Programs
- } Which are further divided into sub heads

DEVELOPMENT GRANTS

1. Development Grant for Projects managed by HEC
2. Development Grants for Projects managed by Universities.

GENERAL

The Project Director/Officer responsible for initiating cases for advances/releases/adjustments should ensure that:

- The expenditure is in accordance with the relevant financial rules/regulations/policies;
- Budget/PSDP provision is available to meet the expenditures.
- All prescribed codal formalities have been followed such as;
 - o Collection of quotations (wherever applicable)
 - o Tender (wherever applicable) has been invited through open advertisement in press/web sites;
 - o Verified comparative statements;
 - o Minutes duly evaluated, signed by the Tender Committee and approved

by the Competent Authority.

- All verified receipts/bills/invoices/Sale Tax Invoices/cash memos (in support of payments) are placed in the file.
 - The expenditure is correctly classified under proper head of account.
 - The expenditures have been duly sanctioned by the competent authority specifying:
 - o Amount (in figure and words) to be released;
 - o Individuals/Parties in favour of which the releases are to be made; and
 - o Specific head/sub head of the account against which the releases are to be made.
 - All “Sanctions” are in accordance with the **Delegation of (sanctioning) Powers** as notified by the Administration Division from time to time.
 - In case of Head of Accounts titled “**Contingencies**” in case of development projects, the Project Directors should ensure that sanctioning power of Rs.50,000/- is not overrun. If the expenditure is more than Rs. 50,000/-, sanction and approval of Executive Director is required.
 - In case of meetings of Management/Other Committees, the Project Directors are empowered to sanction the expenditure for “**refreshments**” only. Approval of Executive Director is required in case of **meals, accommodation, traveling, official visit and travel by private cars.**
 - All vouchers are supported by **Debit Advices** specifying:
 - o Amount (in figure and words) to be released;
 - o Individual/Parties in favour of which the releases are to be made;
 - o Specific head/sub head of the account against which the releases are to be made; and
 - o Purpose for which is the amount is being released.
- (Specimen of Debit Advice is attached at Annex 'A')**
- Entries of articles purchased are made in **Stock Registers** maintained for assets/consumable stores.
 - The entries of condemned articles/items are made in the **Dead Stock Register.**
 - Copy of **PC-Is/Research Projects** (wherever applicable) are placed in the file.

- Copies of *Administrative Approvals* of development projects are provided in the files.
- Copies of **Award Letters/Purchase Orders/Work Orders** have been attached and referenced.
- The explanatory notes are comprehensive and self-speaking. The notes should contain full history of past releases and rates and parameters used for calculations. Documents are flagged properly.
- Various HEC programs/development projects contain provision for workshops/seminars/courses to be organized by the departments/institutes/centers of a university and for which “**Advances**” are to be placed at the disposal of Heads of Departments/Officers of university. In all such cases it is the responsibility of concerned PD/Director/initiating officer to obtain audited statements of expenditures alongwith audited vouchers from universities for adjustment.
- In case of air fare, three verified quotations are required from HEC approved *Travel Agents* and one of these quotations should invariably be obtained from PIA directly.
- The paragraphs (and pages) of noting portion are properly referenced.
- The file consists of two portions
 - Note Portion
 - Correspondence Portion
- Both portions should be properly maintained in separate file covers, properly tagged, marked page and paragraph numbers and submitted in a file board.

TA/DA CLAIMS FOR REIMBURSEMENT

- TA/DA claims should be made on prescribed TA/DA claim Form
- Claim for the re-imburement of actual expenditure incurred wholly and necessarily on the business of the commission, must be in accordance with the approved rates.
- TA/DA claims should be accompanied by approved tour program.
- Supporting vouchers dully verified by the officer concerned must be provided for the cost of accommodation, fares, and other major items of expenditure.
- All columns of the *TA/DA* claims should be are completed in all aspects.

- If personal car is used then approval of the *Executive Director* may be obtained and also *car number* may be recorded on the *TA/DA* claim.

TA/DA ADVANCE

- Advance for travel is made according to approved daily rates.
- Request for advance should be made by giving details of dates and countries to be visited, and breakdown of the advance required duly vetted by Audit.
- Claimants must submit full documents within seven days of return and the process of the claims against advance must be completed within one month of the return date.
- Advance should not be outstanding for more than two months, it must be adjusted after the completion of activity for which the advance was drawn.

DEVELOPMENT PROJECTS

- For Scholarship Projects, Tuition fee invoice must be:
 - On the official letter head pad along with date of issue, amount for the period/semester, student names, and program under the signatures and official stamp of the Bursar/Finance Director.
 - Verified by the concerned *Project Director*.
- All releases are objective based. Approved **Scope/Targets (financial as well as physical)** prescribed in the PC-I, should not be overrun.
- **Periodic Progress Reports** are duly signed by *Supervisor* and *Head of Department*.
- **Statement of Expenditure** are signed by *Resident Auditor, Supervisor* or *Head of Department*.
- Minutes of Various Management Committees duly signed and approved by the competent authority are placed in the file.
- Each case is forwarded for payment on its permanent (main) file. Part-files/Multiple Files are avoided unless absolutely necessary.
- All documents in support of claims of individuals/parties sent for pre-audit are certified by concerned Project Director, failing which case will not be entertained in Finance section for Payment.
- The paragraphs (and pages) of noting portion are properly referenced.

- Head of Account from which payment is to be made and competent authority to sanction the remittance is invariably reflected in the noting by case initiating officer.
- In case of every new Scholarship Award, availability following information/documents is ensured through a suitably designed check list:
 - o NTS Results with percentage
 - o Copy of NSMC decisions
 - o Application form duly attested by leave sanctioning authority
 - o Name of the University / Institute (Job Place)
 - o Job Status of Awardee & Designation
 - o Subject Status
 - o Acceptance Letter
 - o **Deeds of Agreement** duly signed by Project Director/dealing officer of HEC.
 - o Study Leave
 - o Admission Letter
 - o Registration Number with registration date
 - o Consent of HEC approved supervisor
 - o Recognized University / Institute
 - o Date of start of course work
 - o Copy of relevant pages of PC-I.
 - o Installment Details.
 - o Date of joining letter.
 - o **Confirmed award and Acceptance** letters.

Following checklists may please be observed while submitting files to Finance Division for processing of payments:-

| S No. | Description | Yes | No |
|-------|--|-----|----|
| 1 | The Budget Head (HEC recurring/ Development Project) from where the expenditure is to be met | | |
| 2 | Balance available in Budget/Project (PSDP Allocation) | | |
| 3 | Approval/Sanction of the Competent Authority | | |
| 4 | In case of Scholarship payments, list of beneficiaries are provided giving details of the period for which the scholarship is to be released & copy of the minutes of NSMC Decision. | | |
| 5 | In case of purchase, bills have been entered in the relevant stock register and verified by the concerned officer. | | |
| 6 | Proper printed bills/invoices bearing number have been obtained | | |
| 7 | in case of purchases exceeding Rs. 200,000/- and above tender requirements have been met | | |
| 8 | In case of sole distributor of the firm, an authorized certificate has been obtained accordingly | | |
| 9 | The firm from whom procurement is being made is registered with Income Tax and Sales Tax Department. | | |

GENERAL PROVIDENT FUND (GP FUND)

SUBSCRIBER'S ACCOUNT

An account is prepared in the name of each subscriber and the amount of his subscription with interest thereon is credited.

CONTRIBUTION

Contribution of General Provident Fund in respect of subscriber is made according to the prescribed rates as notified by the Government of Pakistan from time to time.

INTEREST

Account of subscriber is charged/credited with Interest rate as may be determined for each year according to the method of calculation prescribed from time to time by the Government of Pakistan.

Interest is credited with effect from last day of in each year in the following manner:-

- I. On the amount at the credit of a subscriber on the last day of the preceding year, less any sums drawn during the current year – interest for twelve months.
- II. On all sums credited to the subscriber's account after the last day of the preceding year – interest from the date of deposit up to the end of the current year

Interest shall not be credited to the account of Muslim subscriber if he informs in writing that he does not wish to receive it, but if he subsequently asks for interest, it shall be credited with effect from the first day of the year in which he asks for it.

GP FUND ADVANCE

An advance may be granted to a subscriber from the amount standing to his credit in the Fund with the approval of the appropriate authority to the following reasons:-

- (a) No advance shall be granted unless the sanctioning authority is satisfied that the applicant's pecuniary circumstances justify it, and that it will be expended on the following object or object and not otherwise:-
 - i) for the repair & renovation of House 80% of the amount at the credit of the subscriber in the fund.
 - ii) any other purpose 50% of the amount at the credit of the subscriber in the fund.

NON REFUNDABLE ADVANCE

- a) 100% of the amount at the credit of the subscriber in the fund may also be advanced as Non-refundable to a Government servant, who has attained the age of 50Years
- b) 80% of the amount at the credit of the subscriber in the fund may also be advanced as Non-refundable advance to a Government servant, who has attained the age of 45 Years.

RECOVERY

Recovery of the advance is made in maximum 48 equal installments from the monthly salary of the subscribers

HOUSE BUILDING ADVANCE

A competent authority may sanction the grant of advance to a Government servant for construction of house, purchasing a house, completely reconstruction a house or extending a house already owned by him.

The advance is granted only once in service for the construction of a new house and for the genuine residential requirements of the Government servants himself. In case of construction of a house at Islamabad, however a second advance may be granted provided that the previous advance drawn by him has been repaid in full together with the interest.

House Building Advance may be granted to the extent and subject to the usual conditions prescribed for the admissibility of house building advance. This shall be subject to the following further provision:-

- a) Before receiving the amount of advance, or payment of the amount to the construction agency direct, the Government servant concerned should be required to execute an Agreement in the prescribed Form, and after the purchase of the house is completed to execute and register the Mortgage deed in the prescribed Form as security for repayment of the amount advanced with interest.
- b) Satisfactory evidence will have to be produced within 3 months of the drawl of the advance to show that the amount has been spent on the purchase of house. This can be done by showing the valid legal receipt issued by the competent agency concerned in token of the purchase deed. The advance should not exceed 36 months pay of Government servant. The advances should be paid in installments, the amount of the each installment being such as likely to be spent during the next three months. The borrower should produce satisfactory evidence before the sanctioning authority to the effect that the installment previously drawn has actually been utilized towards the construction of house and then only a second installment will be paid. All the bills for the drawl of advances, when presented should be dully supported by the following certificate from the controlling officer in respect of officer BPS-16 and above and from drawing officer in respect of others:-

“Certified that the amount Rs. _____ being _____ installment towards the house building advance granted to Mr. _____ is likely to be required for expenditure in the next three months, and that I am satisfied that the amount previously advances (if any) had actually been utilized for the purpose for which it was drawn.

ADVANCE FOR PURCHASE OF CONVEYANCE

The Government servants may be granted advances for purchase of conveyance.

ADVANCE FOR THE PURCHASE OF MOTOR CAR

A Government servant drawing pay of Rs. 8,136/- p.m. (as notified by Govt. of Pakistan from time to time) or above may be granted advance for the purchase of motor car. The total amount of advance should not exceed Rs. 150,000/- or eighteen months pay of the Government servants or the anticipated price of the car whichever is less.

The recovery of the advance will start from the first issue of pay after the drawl of the advance and will be completed in 60 (sixty) equal installments. It may be recovered in smaller number of installments if the Government servant concerned so desires. The recovery of interest would commence from the month following the month in which the recovery of the principal amount is completed.

At the time of drawl of advance the Government servant should execute an agreement in Form G.F.R.16. The controlling officer should scrutinize the agreement and record a certificate on the bill that the agreement is in order.

ADVANCE FOR THE PURCHASE OF MOTOR CYCLE

An advance for the purchase of motorcycle may be granted to a Government servant drawing pay Rs. 2,926/- (as notified by Govt. of Pakistan from time to time) and above. The advance should not exceed eighteen months pay of the Government servant of Rs. 50,000/- or the anticipated price of the motorcycle whichever is less. Other conditions will be same as in the case of motor car.

ADVANCE FOR PURCHASE OF BICYCLE

Advance for purchase of bicycle may be granted to Government servants subject to the following conditions:-

- a) The amount of advance should not exceed Rs. 3.000/-
- b) Recovery to be made in 30 installments

INTEREST FREE LOANS

No interest should be charged on the house building and conveyance advance drawn by a Government servants whose deposits in the Provident Fund carry no interest subject to the following conditions:-

- a) The Government servant has not received on his Provident Fund accumulation prior to the drawl of the advance from Government.
- b) If at any time in future the Government servant who has availed himself of this concession chooses to take interest on his G.P. Fund deposits, he will be required to pay in full to the Government the amount of interest accrued on the advances drawn by him from Government.

Annex 'A'



HIGHER EDUCATION COMMISSION Finance Division

Ref : (File No.) _____

Dated: _____

From : Name of PM/PD
Official Designation
Higher Education Commission
Islamabad

To: Director General Finance
Higher Education Commission
Islamabad

Subject: **Release of scholarship funds under (Name of the projects/scheme)**

Please arrange to release an amount of Rs. 200,950/- (Rupees two hundred thousand nine hundred fifty only) in favour of _____ (by giving full particular of the payee) on account of _____ (purpose of the payment with full description) from the:-

Project : (Name of the Project)

**Head of expenditure _____ (according to
Administrative approval/cash plan provided)**

Signed/-

(Name & Designation of PM/PD)

Copy to :-

Concerned departments

Note: in case of funds are to remitted to abroad following information are pre-requisites to materials the transfers:

Title of Account:

Account No.

Name of Bank

Bank Address

ABA/IBAN No.

Swift Code.

Any other additional information provided for safe transfer of funds