

# Financial Rules and Delegation of Financial Powers

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# Financial Rules and Accountability

## Features of Public Accountability

- **Financial Accountability**
- **Administrative and Managerial Accountability**
- **Program Accountability**

**Public Accountability is ensured if financial rules are strictly followed**

# Public Expenditure Management (PEM)

- **PEM Manual developed to provide practical guidance to officials in PEM process**
- **PEM Manual contains**
  - Budget and its coverage
  - Preparation of budget, MTBF and execution
  - Project management
  - Accounting, Reporting and Monitoring
  - Control and Evaluation
  - 24 Annexes

# **Public Financial Management (PFM)**

- **PFM contains mainly 3 processes:**
  - **Budget – estimated receipt and expenditure, implementation of government objectives and achievement of set targets**
  - **Accounts – record of utilisation of budget, financial reporting**
  - **Audit – evaluation of utilisation of budget, control mechanism**

# Financial Rules

- **Main two sets-**
  - **General Financial Rules**
  - **Bangladesh Treasury Rules**
- **Some other supporting rules and executive orders**
  - **Delegation and Sub-delegation of Financial Powers**
  - **Public Procurement Act, 2006**
  - **Public Procurement Regulations, 2008**
  - **Account Code**
  - **General Provident Fund Rules, 1979**
  - **Public Servant (Retirement) Act, 1974 and Rules, 1982**
  - **other**

# Some important financial rules

- **GFR 9: ..... No authority may incur any expenditure or enter into any liability involving expenditure from public funds until the expenditure has been sanctioned by the government or by an authority to which power has been duly delegated in this behalf and the expenditure has been provided for in the authorized grants and appropriations for the year**

# Some important financial rules

**GFR 10: Every officer incurring or authorizing expenditure from public funds should be guided by high standards of financial propriety.**

**GFR 11: Each head of department is responsible for enforcing financial order and strict economy at every step. He is responsible for observance of all relevant financial rules and regulations both by his own office and by subordinate disbursing offices.**

# Some important financial rules

- **GFR 12: A Controlling Officer must see not only that the total expenditure is kept within the limits of the authorized appropriation but also that the funds allotted to spending units are expended in the public interest and upon objects for which the money was provided**



# Some important financial rules

- **GFR 15: Every officer whose duty is to prepare and render any accounts or returns in respect of public money or stores is personally responsible for their completeness and strict accuracy and their dispatch within the prescribed date**
- **GFR 16: An officer who signs or countersigns a certificate is personally responsible for the facts certified to**

# Some important financial rules

- **GFR 17: A drawer of pay, abstracts or bills for pay, allowances or contingent expenses will be held responsible for any overcharge**
- **GFR 40 – 44: Rules relating to Delegation of Financial Powers – All sanctioning power rest on the President but these powers are delegated to different levels of authorities for convenience**

# Delegation of Financial powers

## Two types

- **Non-Development**

- Public Sector/Ministries/Divisions/Departments
- Sector Corporation/Autonomous bodies/ Semi-autonomous bodies

- **Development**

- Public Sector/Ministries/Divisions/Departments
- Sector Corporation/Autonomous bodies/ Semi-autonomous bodies

**Delegation & sub-delegation  
Of  
Financial Powers**

- ◇ **Published by Ministry of Finance (MOF) on 3/2/2005.**
- ◇ **Source of authority of MOF-**
  - \* All executive power to President by Art.133 of the Constitution .**
  - \* President allocated this power to ministries framing Rules of Business,1996 under 55(6) constn. Through it all financial powers to MOF.**
  - \* MOF delegated almost all financial powers to other administrative Ministries by delegation/sub-delegation model framed under Rule- 42 of General Financial Rule.**

- Δ MOF retained financial powers of only 27 items mentioned in annexure-A of the delegation model.**
- Δ To keep uniformity among all ministries MOF provided a model of sub-delegation by all ministries to their attached departments.**
- Δ Administrative Ministries are asked by the MOF to issue separate sub-delegation orders following the model.**

# **Financial powers of 27 items retained by MOF**

- 1) Financial commitment beyond concerned fiscal year.**
- 2) Expenditure proposal in excess of budgetary provision.**
- 3) Proposal for non-recurring expenditure for which no specific budget allocation.**
- 4) Re-appropriation-**
  - a) from pay & allowance head to other economic code group .**
  - b) From charged expenditure to non-charged(voted) head or to other charged head.**

5) a) Post creation,  
b) Retention of temporary posts,  
c) Changing status/designation & pay of any post,  
d) Making any post permanent,  
e) New appointment to work-charged, contingent employees or bringing them under regular establishment.

6) New expenditure on public works for which there is no specific allocation in the budget.



**7) Pre-liberation arrear claims.**

**8) Honorium of more than Tk.2500 to govt. officer/staff for hard laborious & meritorious works or any amount of honorium for more than one time in a single financial year.**

**9) Interpretation of orders relating to rules guiding pay & allowances , travelling & transfer expenditure, provident fund, pension & gratuity & other financial rules,**

**10) Changing terms of service relating to pay & allowances.**

- 11) Proposal for imposition of tax , duty & cess that affects the govt. revenue receipt,**
- 12) Allowing advance increment except the advance increment applicable during first appointment under certain rule,**
- 13) Sanction of grant beyond budgetary provision,**
- 14) Withdrawal of advance of more than taka 1.00 lakh which is not permanent advance or impressed fund,**
- 15) Purchase of stationery items of more than Tk. 1.00 lakh ssubject to availability of budget & no objection from Directorate of Printing, Stationeries,forms & publication,**

- 16) Light refreshment expenditure of more than Tk. 12.00 per head & Tk. 600 in total for meeting/conference/training.**
- 17) Write off loss of an amount of more than Tk. 5.00 lakh,**
- 18) Write off irrecoverable loan/advance & /or earned interest on loan/advance,**
- 19) Expenditure by Ministers on official foreign tour-**
- a) more than US \$ 500 for entertainment & more than 200 US \$ for expenditure in supply & service heads,**
  - b) Similarly, by State/Deputy minister more than 400 & 200 US \$ respectively,**

**19(c) by Secy./Secy. In charge as delegation head more than 300 & 100 US \$ respectively.**

**20) Determining allowances of officers/staff of govt.or autonomous bodies engaged in service abroad,**

**21) Matters having financial implication specially accomplishment of bilateral/international memorandum of understanding/contract/treaty,**

**framing import & export policy, investment policy, pricing policy, labour policy, overseas employment policy & duties policy,**

**22) Changing accounting system of under offices of Ministry/Division/Department/Directorates,**

- 23 ) All matters relating to Floatation of loans,**
- 24) Any other matter having dirtct or indirect financial implication,**
- 25) Approval of the break-up of block allocation before finalisation of utilization policy of such funds in consultation with Finance Division,**
- 26) Giving up, write off or determining amount of govt.revenue Whether actual or potential,**
- 27) Proposal expenditure where relaxation of GFR,Treasury Rules & Sub-sidiary Rules or other financial rules is needed.**

# Delegation of Financial Powers and Directorate of Secondary and Higher Education

Director General, Directorate of Secondary and Higher Education

<b>Supplies and Services</b>	<b>Economic Codes 4801 – 4899 (except code 4874)</b>	<b>With/ without definite allocation</b>	<b>Full power subject to two conditions</b>
<b>Supplies and Services</b>	<b>Economic Code 4874: Agreement for consultancy services</b>		<b>Up to Tk. 15 lakh subject to two conditions</b>
<b>Repairs and Maintenance</b>	<b>Economic Code 4901: Repair of transport</b>		<b>Up to Tk.50,000/= for one vehicle subject to three conditions</b>
<b>New civil works – construction of office</b>	<b>Economic Code 7006</b>		<b>Up to Tk. One crore in each case</b>

# Delegation of Financial Powers and Directorate of Secondary and Higher Education

## District Education Officer, Gazipur

<b>Supplies and Services</b>	<b>Economic codes 4801 – 4899 (except code 4874)</b>	<b>With/ without definite allocation</b>	<b>Full power subject to two conditions</b>
<b>Supplies and services</b>	<b>Economic code 4874: Agreement for consultancy services</b>		<b>Nil</b>
<b>Repairs and maintenance</b>	<b>Economic code 4901: Repair of transport</b>		<b>Up to Tk.15,000/= for one vehicle subject to three conditions</b>
<b>New civil works – Installation of Tube well</b>	<b>Economic code 7047</b>		<b>Up to Tk. 7 lakh in each case</b>

# Delegation of Financial Powers and Directorate of Secondary and Higher Education

Upazila Education Officer, Keranigonj

<b>Supplies and Services</b>	<b>Economic codes 4801 – 4899 (except code 4874)</b>	<b>With/ without definite allocation</b>	<b>Full power subject to two conditions</b>
<b>Supplies and services</b>	<b>Economic code 4874: Agreement for consultancy services</b>		<b>Nil</b>
<b>Repairs and maintenance</b>	<b>Economic code 4901: Repair of transport</b>		<b>Up to Tk.10,000/= for one vehicle subject to three conditions</b>
<b>New civil works – Installation of Tube well</b>	<b>Economic code 7047</b>		<b>Up to Tk. 3 lakh in each case</b>



# Some important financial rules

- **GFR 135 – 147: Procedures to be followed while making expenditure on Supplies and Services and Repairs and Maintenance**
- **GFR 137: The financial powers to sanction expenditure, in respect of supplies and services and repairs and maintenance of offices are regulated by orders issued by the Finance Division regarding Delegation of Financial Powers from time to time**

# Some important financial rules

- **GFR 138: The Head of an office may incur or sanction expenditure on supplies and services and repair and maintenance within the amount of appropriation placed at his disposal for the purpose, subject to**
  - **Restrictions on particular item or class of expenditure**
  - **Unusual expenditure involving departure from government rules**

# General conditions to be followed while spending government money

- All existing financial rules and procedures
- All items to be procured must be in the PCP/PP/TAPP and sufficient allocation must be there
- Quantity and number of items to be procured must be mentioned in PCP/PP/TAPP
- All accounts must be closed within the financial year
- In donor funded projects, policies and procedures of the donors will prevail over local rules and procedures

**THANK YOU**

**Any Question?**