



Finance Circular No. 9 / 1383
Dated 8 Hamal 1383

Subject: Treatment of Expenditures Made from Revenue Bank Accounts

Background

In 1382 most budget-funded organisations operated expenditure and revenue bank accounts. By an order of the President, all these accounts were frozen, and the balances will be transferred to the Single Treasury Account at the end of 1382, and the accounts will be closed.

In a recent instruction I advised that for 1383 budget-funded organisations will have one revenue sub-account opened in their name (however the account will be owned by Ministry of Finance) – this account is to be used to deposit all public monies collected by the budget-funded organisation.

The only approved method for spending monies collected by a budget-funded organisation is by a legal appropriation.

In finalising the accounts for 1382 it has come to the attention of the Treasury that expenditures have been made from revenues collected by budget-funded organisations.

Purpose

The purpose of this instruction is to inform budget-funded organisations of the procedures to be followed to bring revenue and expenditures from revenues not booked through the Treasury in 1382 to account properly.

Coverage

- All public revenue collected during 1382, irrespective of what happened to the money, is covered by this instruction.
- Any expenditure for 1382 which has been funded directly from revenues and not by using an M16 form and the Treasury Afghanistan Financial Management Information System (AFMIS) is covered by this instruction.

Correct Accounting Treatment

The correct accounting treatment for expenditures and revenues is for each to be booked into AFMIS in gross form – the revenue via an M27 form, and the expenditure via an M16.

As noted above, it is illegal to spend directly from revenues.

Required Actions

- for Revenues collected by budget-funded organisations

All revenues collected during 1382 have to be reported to Ministry of Finance via an M27 report, irrespective of whether:

- the money was deposited into an official or non-official bank account;
- the bank account was held with DAB or a commercial bank; or
- the money was used to purchase goods, services or to pay salaries.

- for Expenditures Made Directly From Revenues

If budget-funded organisations have made expenditures directly from revenues during 1382 they are required to do the following:

- Complete an M27 for the revenue (as required above); and
- Complete an M16 for the expenditure.

If the revenue has already been advised by an M27, this fact needs to be advised with the M16.

Budget and Allotment Cover

In the circumstance where booking expenditures mentioned above will result in expenditures in excess of budget or allotment, MOF Budget Department will adjust budget appropriation and allotments levels.

Timetable

The actions mentioned above, that is submission of M27 report for all revenues collected during 1382, and an M16 for all expenditures made directly from revenues during 1382, have to be completed by 10 Hamal 1383.

Dr. Ashraf Ghani
Minister of Finance
