



Finance Circular No. 12 / 1383

Dated

Subject: Procedures for Executing Foreign Currency Transactions

The following procedures are being implemented to enable central ministries to purchase a set quantity of foreign currency from the Operating Budget.

Step 1:

The paying ministry is required to ascertain from the DAB the “buy” exchange rate prevailing on the day the M16 is completed; these details need to be clearly shown on the M16. E.g. USD 100 @ 48.5 = 4850 Afs.

Step 2:

On receipt of the M16, the Treasury staff need to check the exchange rate quoted with DAB. The rate used must be the current rate being offered to “buy” the currency. The M16 will be returned to the ministry if an incorrect rate is used.

Step 3:

Treasury staff will complete an “Exchange Purchase Approval Notice” (EPAN) and attach it to the AFMIS produced cheque for signature.

Step 4:

The EPAN will record the following details (in two copies):

Part A :

- Details of requesting Ministry;
- M16 Number and date submitted to Treasury;
- Amount of foreign currency required; the foreign currency; the quoted rate; and the total of Afghanis required to “buy” the amount of foreign currency;
- The cheque number and amount in Afghanis;
- Signature of the Director-General of Treasury.

The EPAN will be addressed to the DAB and carry the following language:

“By the authority of the authorised officer whose signature appears below, the DAB is requested to supply to the bearer of this document the amount of foreign currency indicated above in exchange for the total of Afghanis recorded by the cheque detailed above.

- In the case where the tendered amount of Afghanis in the cheque is insufficient to purchase the required foreign currency amount, DAB is authorised to debit Account No. 600100 – Treasury Single Account, for the difference between the amount required (in Afghanis) and the amount tendered (in Afghanis), and record the details on the copy of the EPAN.
- In the case where the tendered amount of Afghanis in the cheque exceeds the amount required to purchase the required foreign currency amount, DAB is required to credit Account No. 600100 – Treasury Single Account, for the difference between the amount required (in Afghanis) and the amount tendered (in Afghanis), and record the details on the copy of the EPAN.
- In the case where the supplied amount of Afghanis is exactly sufficient to purchase the required foreign currency amount, DAB should record the details on the copy of the EPAN.”

Part B:

In Part B of the EPAN the DAB exchange officer will be required to calculate the exchange costs in Afghanis for the amount of foreign currency required, and show the difference as:

- A credit (where the cheque provides more Afs than are necessary to purchase the sought foreign currency amount);
- A debit (where insufficient Afghanis are available to purchase the sought foreign currency amount); or
- As exactly sufficient to purchase the sought foreign currency amount.

The EPAN is required to be signed by an authorised officer of DAB, and one copy returned to the Treasury of the MOF.

Step 5:

Upon receipt of the copy of the EPAN from DAB, the Treasury payments manager will raise a Journal Voucher and reflect the under/over supply of Afghanis in the expenditure code of the MOF, with the double entry to the bank account.

For 1383 the Budget Department is requested to open a foreign currency conversion expenditure appropriation, with an initial budget to be determined by Treasury.

These procedures are effective from the start of 1383.

Abdul Salam Rahimi
Deputy Minister

“Exchange Purchase Approval Notice”

Part A :

Requesting Ministry:

M16 Number: Date submitted - MOF:

Foreign Currency Requirement: Amount:

Currency:

Cheque No. Cheque Amount (Afs):

“By the authority of the authorised officer whose signature appears below, the DAB is requested to supply to the bearer of this document the amount of foreign currency indicated above in exchange for the total of Afghanis recorded by the cheque detailed above.

- In the case where the tendered amount of Afghanis in the cheque is insufficient to purchase the required foreign currency amount, DAB is authorised to debit Account No. 600100 – Treasury Single Account, for the difference between the amount required (in Afghanis) and the amount tendered (in Afghanis), and record the details on the copy of the EPAN.
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- In the case where the supplied amount of Afghanis is exactly sufficient to purchase the required foreign currency amount, DAB should record the details on the copy of the EPAN.”

Signature of Authorised Officer: _____
Ministry of Finance

Part B:

The above instruction was implemented by Da Afghanistan Bank, and the resulting adjusting entries made to Account No. 600100:

Amount in Afghanis: Credit: Debit: (tick one)

Signature of Authorised Officer: _____
Da Afghanistan Bank