



Finance Circular No. 13/ 1383
Dated __ April 2004 (__ Hamul, 1383)

Subject: Accounts held in trust

Overall management of the activity of banking monies belonging to the government is the responsibility of the Treasury Department of the Ministry of Finance.

The procedures related to the collection of receipts shall apply to the funds kept in trust, except for the provisions as established by this procedure.

The funds held in trust differ from revenues, because these funds are subject to payment back to the original depositor upon specific conditions. Therefore, the government accounts for the funds in trust as a liability rather than revenue.

1. Collections of funds in trust

Ministries, provincial mustofiats, and budget entities shall assign code (00970) to any receipts of funds collected in trust deposit on their sub-account, which subsequently is transferred to the Treasury account No. 600100.

Examples of funds in trust are the following, but not limited to:

- security deposit from different entities performing activities under the government order or upon government authorization; or
- funds belonging to individuals or entities temporarily in custody of a government entity.

The code 00970 should be applied to forms M27 and M29, while reporting on the collections of funds in trust to the Treasury.

The Treasury shall record liability upon receipt and recording of the funds in trust and report on collection of such funds and respective balances in the periodic treasury statements.

2. Re-payment of funds held in trust

Upon due application of withdrawal ministries or responsible budget entities shall produce request (form M16) to the Treasury regarding the payment of the funds held in trust. The payment does not effect the budget allotment for the current fiscal year of this ministry. The refund of such monies cannot exceed the amount of original receipt.

The Treasury shall process all due requests for refund of the funds held in trust within the limit of funds kept in trust for the requesting ministry. Any such payments in excess of the amounts kept in the treasury trust account shall be charged to the appropriation for expenditure, except for the cases described in the Section 3.

3. Budget revenue from the trust accounts

Ministries shall duly inform the Treasury on the change of status of the funds kept in trust.

In case of entity performing activities under the government order or on government authorization or any other similar event it becomes ineligible for due refund, such funds should be booked as government revenue.

Similarly funds belonging to individuals or entities not claimed for more than five years should be regarded dormant and recorded as budget revenue.

In case of legitimate claim by respective individual or entity of such funds transferred to the budget revenue, Treasury should make payment to the due individual or entity using the appropriation of unallocated expenditures.

Salutation

Dr. Ghani
Minister of Finance
