



Finance Circular No. / 1383

Dated

Subject: Procedures for Advances

Background

Treasury Circular 21 issued recently dealt with procedures for controlling cash advances.

These procedures came into force from 1st Sarataan, 1383.

Purpose

The purpose of this circular is to outline and confirm the operational procedures applying to the processing of advance payments.

Use of Correct M16/M12 Form

Attached is a copy of the M16/M12 form implemented in 1382 for advance payments.

This form is superior to the old and separate M16 and M12 forms as it brings together the requirements for acquittal of the advance on the one form, which contains all the data needed by Treasury to confirm the acquittal.

From 1st Sarataan 1383 all advance payments must be requested using the combined M16/M12 form. Use of other M16 forms will result in the payments request being rejected.

Use of Different Codes

In cases where an M16 applied one Object Code and the M12 reports a different code, the following processing rules will be applied:

- Where the codes are within the same major economic group (for example, both are within the 20000 group), the code on the M12 will be entered into AFMIS to indicate the final expenditure category;
- Where the codes are in different major economic groups (for example, the M16 code is within the 20000 group and the M12 code is in the 30000 group), there are two possible actions:
 - a. The M12 code and transaction will be entered to AFMIS and checked against budget and allotment. Provided the transaction is validated by AFMIS, it will be the agreed code; or



- b. The M12 code and transaction, when entered to AFMIS, will be rejected due to lack of budget or allotment. The issue will be referred to the Budget Department, and further advances for that organization will be suspended pending resolution.

In the later circumstance, where further advances are suspended, the organization will have to rely on direct payments to suppliers to settle accounts.

Different Amounts between M16 and M12

In all cases the amounts shown on the M16 and the M12 must be the same. If the amounts are not the same the M12 acquittal will be rejected which may result in suspension of further advances until the problem is resolved:

- Where the M12 amount is greater than the M16, the M12 will need to be revised to reflect the advance amount.
- Where the M12 amount is less than the M16, the acquittal will be complete when Treasury receives a completed M27 processed by DAB for the unspent advance. The M27 must reference the original M16 expenditure code and NOT a revenue code (as the repayment is not to be treated as revenue). The cash must be repaid to Single Treasury Account at DAB; No. 600100.

Accounting Treatment of Transactions from Different Periods

In the case of an M16 being paid in Month-2 and the M12 acquittal being received in Month-3 the following accounting treatment will apply:

- The M16 holding code reversal will occur in Month-3; and
- The M12 expenditure will be recorded in Month-3.

The result of this treatment is that Month-2 will show the debit for the advance against the holding code and Month-3 will show the corresponding credit reversal. Budget users will need to be careful with monthly reconciliations in light of this treatment.

Payment Modes

To facilitate expenditures on behalf of the government, the Treasury offers a range of payment mechanisms:

- Direct payment to a suppliers bank account;
- Producing a cheque in the name of a supplier for distribution via the bonded trustee of the budget user;
- Payment to overseas bank accounts of suppliers; and
- Advances to budget users in cash (including Petty Cash).



Budget users are encouraged to use direct payment modes to suppliers, either by seeking their bank account details locally or overseas, or by having a cheque drawn by the Treasury in favor of the supplier.

This approach has many benefits to all parties, especially the supplier, who gets access to funds quicker. Large value, single supplier transactions should use direct payment, and are especially useful when payment is requested on delivery – the cheque (advance) can be prepared in the name of the supplier, and paid over when the goods are received – with the benefit of enhanced security (when compared with a cash advance).

Rejection Letters

When an M16 or other document is received in the Treasury and assessed for completeness, in the circumstance where the document/request is not able to be processed fully, the Treasury will provide a written reason for rejection of the document. This document will indicate the corrective actions that are required to have the request transacted.

Implementation

The new procedures for issue and acquittal of cash advances came into force from 1st Sarataan 1383.

Abdul Salam Rahimi
Deputy Minister



Islamic Transitional Government of Afghanistan
Ministry of Finance
Treasury Department
Payment Order

Form M-16

Voucher No.	
Date	

Issuing Agency	Disbursing Officer Name: Location: Account No.:
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Procurement Details

Price		Quantity		Description	Date of Delivery	Purchase Order No.
Total	Unit	Total	Unit			

Accounting

Liquidated Obligation		Prepayment Applied	Amount to Payee	Charge Code				
Amount	Reference			Economic	Location	Program	Organization	Fund

Payment Details

EV. No.	Check No.	Amount	Name and Address of Payee	No.
			Total Checks	

Total		Certification I certify that this disbursement is supported by the proper documents in conformity with and in the manner prescribed by law and regulations and is within the limits of allotment.	
Auditor's Exceptions <i>(see reverse for explanations)</i>			
Audited Total Certified Correct			
Deduct Amount of Prepayment			
Amount to Payee			
Check Over	Prepayment	Post Payment	Signature of



Group _____

			Authorized Certifying Officer
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Disbursement Details

Date	Check No.	Cash	Amount	Disbursement Officer's Signature	Recipient's Signature

Disbursing Office Schedule No. and Date		
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Submission of Checks					
A: Name and type of payee signature:			B: Payee submission		
1. Serial No.	2. Name of Bonded Trustee	3. Position and Id. No. of the person who has the right to submit the check	4. Signature of the person who has the right to submit the check	5. Check No.	6. Signature of Bonded trustee
		Signature			



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		testimony			