



Finance Circular No. 31/ 1383
Dated __ October 2004 (__ Mizaan, 1383)

Subject: Reporting on unpaid claims

Purpose

This finance circular instructs all Ministries and budget-dependant organisations to report on all claims awaiting payment for Ariana Airlines (for airline tickets and related expenses); the Ministry of Water and Power (for water and electricity accounts); and any other trader they transact business with on credit.

Background

There is evidence suggesting that some Ministries have a backlog of unpaid claims for payment from the abovementioned organisations and other unpaid accounts from traders. The Ministry of Finance regards this situation unacceptable, given that there has been no shortage of funds to ensure payments in full, and that the government has a no-overdraft policy which implies no procurements on credit.

The Ministry of Finance requires all Ministries to report for the amounts of claims awaiting payment to these organisations to allow Treasury to plan to have these arrears discharged as soon as possible.

Assessing the amount of payables

Ministries are required to submit within 7-days of receipt of this Finance Circular a list of all payment requests from Ariana Airlines and Ministry of Water and Power and other traders which remain unpaid, for whatever reason. The list is to include:

- Organisation to whom the money is owed;
- Date account/invoice submitted to Ministry;
- Amount;
- Any reference number assigned to the account;
- Major economic code(s) for the payment (provide separate amounts where different codes are used);
- Reason the payment request has not been processed.

Action to be taken by the Treasury

After analysing the statements of unpaid claims, Treasury will negotiate with each Ministry the orderly settlement of all outstanding accounts with traders.

Duly completed reports shall be submitted to the Treasury (Accounting and Reporting Unit) within 7-days of the date of receipt of this Finance Circular. The Ministry of Finance will assume that there are no outstanding payables, if no report is received in the Ministry of Finance by the date due.

The Ministry of Finance reserves the right to audit these statements and to impose penalties on officials misreporting on outstanding payables. MOF will be seeking complimentary information from Ariana Airlines and Ministry of Water and Power and will cross-check this data against the returns from Ministries.

Policy on Credit purchases

Ministries are required to settle all claims at the trading terms of suppliers. Credit should not normally extend beyond 30-days.

Purchasing of goods and services on long-term credit is contrary to the no-overdraft policy stated in the annual budget law, and is not permitted under any circumstances. If Ministries are in any doubt they need to seek advice of Treasury before entering into any agreements.

Equally, pre-purchase of supplies, such as airline tickets, oil supplies, etc is not good cash management policy and is not allowed.

Salutation

Dr. Ghani
Minister of Finance