



Finance Circular No. X/ 1383

Dated __ 2004 (__ , 1383)

Implementing Minister of Finance Instruction on Payment to Contractor's Bank Accounts

In a letter No. xxx dated 30 Mizzan 1383 [check] the Minister of Finance set a deadline of 20th Aqrab 1383 for all contractor's to provide the Treasury with bank account details to enable electronic settlement of accounts.

Purpose

The purpose of this letter is to advise the implementation details for this order

Coverage

This procedure applies to all payments to contractors (suppliers) of goods and services to the government under contract, except those covered by the procedure on petty cash, payments to employees of Ministries and payments of social benefits to individuals.

Providing Contractor Details

To comply with this order, Ministries are required to provide details of existing contractor's in the form shown below to the reception area of the Treasury:

Ministry of [insert name]:

Contractor List:

Contractor or Company Name	Name of Bank	Branch of Bank	Name of Bank Account	Bank Account No.

As new contracts are entered into it is the responsibility of the contracting Ministry to provide Treasury, at the time of the 1st payment is requested, with the details of the name and banking arrangement of the new contractor.

Effective Date of Implementation

From 20th Aqrab 1383 requests for payments (M16's) to contractor's which do not comply with the Minister of Finance's order will be returned to the bonded trustee of the Ministry concerned, unpaid. Ministries are strictly prohibited from settling these accounts from cash advances or petty cash advances.

New Payment Flows from 20th Aqrab

From 20th Aqrab, 1383 all payment requests for contractors which are processed by Treasury will be made to the order of the contractor, by name, and payment instructions will be sent by Treasury, directly to Da Afghanistan Bank, for crediting to the bank and account shown for that contractor. The funds would normally be available in the contractor's bank account within 5-days of receipt of the M16 in the Treasury.

The Treasury will provide Ministries with a details of executed M16 when the payment request is sent to DAB. Ministries will also be able to monitor the payments to contractors from the monthly expenditure reconciliation reports issued by the Treasury.

Contractors will be able to indicate a reference description or number (up to 30-characters) on the payment request, which will included in the payment transmission to the bank.

Payments will not be processed to bank accounts in the name different from that shown on the payment instruction. Also, payments for a contractor will not be made to the bank account of a third party.

Communication with Contractors

Contractors are not permitted to enter the Treasury building in Ministry of Finance. All questions in regard to payments are to be directed to the implementing Ministry the contractor is contracted to.

It is the responsibility of Ministries to pass these instructions to their contractors.

Contracts from 20th Aqrab

Contractors who do not open bank accounts by 20th Aqrab will not be to receive payments for supplies the Government of Afghanistan. It is the responsibility of Ministries to ensure all contracts entered into from 20th Aqrab 1383 comply with the order of the Minister of Finance in regard to payments to bank accounts in the name of the contractor

Petty Cash and Cash Advances

The order for contractor payments does not stop Ministries making procurements without recourse to contract.

Petty Cash and other cash advances must not be used to pay for contracts.

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Ministry of Finance