



## **Finance Circular No. 34/ 1383**

**Dated \_\_ June 2004 (\_\_ Jawza, 1383)**

***Subject: Requirement for finalizing all payments before end of 1383***

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### **Background**

At the end of 1383 all financial appropriations will lapse – in accordance with the annual budget law and as described in the recent Finance and Budget Circulars dealing with end-of-year issues. To properly prepare financial statements for 1383 requires that all financial transactions are fully completed, for example:

- All cheques issued for 1383 have to be presented to Da Afghanistan Bank (DAB) and debited to the Treasury Single Account (TSA); and
- All advance payments have to be finalised and details of the final use of the funds reported to the Treasury for recording in the Afghanistan Financial Management Information System (AFMIS).

### **Purpose**

The purpose of this Finance Circular is to advise procedures to be followed to ensure by the end of 1383 all cheques issued are cashed at DAB, and all advance payments are completed.

### **Cheques**

Treasury reconciliations with DAB for the TSA indicated there are approximately 1,200 cheques issued during the first 9-months of 1383 which have not been presented to DAB for cashing.

Treasury will be sending its Client Liaison Officers (CLO) to visit all ministries, together with a list of the outstanding cheques, and ask that the cheques be taken to DAB and presented for cashing. These visits will commence on 17<sup>th</sup> Dalwa 1383.

At the end of Dalwa, Treasury will prepare a further list of cheques issued during Jadi and Dalwa which need to be presented to DAB. However ministries should not need to wait for a visit from Treasury CLO's – the requirement is simple – cheques are issued to be cashed at DAB – it does not make any sense to not cash these cheques.

In the event that cheques are not cashed before the end of 1383 the policy is clear – these cheques will be cancelled by Treasury. The value of these cheques will be credited to the original appropriation item from where the cheque was drawn. If a replacement cheques is required in 1384, the procedure to be followed is described below.

DAB have been instructed to refuse to cash any 1383 cheques in 1384.

To assist in ensuring all cheques issued during 1383 are cash in this year, the Treasury will stop issuing cheques after 24<sup>th</sup> Hoot, 1383.

## **Replacement cheque procedures**

Budget users requiring a replacement cheque for one of the cancelled cheques from 1383 should prepare an M16 payment application, using 1384 Chart of Account codes, and submit it to Treasury in the normal manner. Replacement cheques will be drawn on 1384 appropriations.

## **Advance Payments**

The CLO visits to ministries mentioned above will also bring a list of advance payments which have not been acquitted. It is important for preparation of financial statements that details of the purchases made from all advance payments are properly reflected in AFMIS.

Ministries are required to work to provide all the necessary information on advance payments (e.g. M12 documentation) before the end of 1383. All funds not acquitted are to be deposited into the Treasury Single Account and recorded on a M27 and M29 as return of advance to Treasury, referencing the same codes as shown on the original M16.

To assist in ensuring Treasury have the required information on advance payments usage in a timely manner at the end of 1383, no advance payments will be made by the Treasury during the month of Hoot, except under exceptional circumstances and with the special approval of the Deputy Minister (Finance) of the Ministry of Finance.

## **Implementation**

The requirements of this Finance Circular come into effect immediately. The good cooperation of all ministries is requested.

Salutation

**Waheedullah Shahrani**  
Deputy Minister (Finance)