



Approved by:

DG Treasury

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ISLAMIC REPUBLIC OF AFGHANISTAN

Ministry of Finance

Treasury Department

SDU Procedure Guidelines for Implementing Agencies

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1390 Jadi

Prepared by Ieva V. Kaleja, Accounting Advisor HRCDP

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Background

Special Disbursement Unit (SDU) is an unit within the Treasury Department of the Ministry of Finance that is responsible for processing payment requests for the Development Budget component of the State Budget of Afghanistan, including donor grants/loans and accounting thereof. Apart from making the disbursement, the unit is also responsible for liaison with the donors and the Implementing Agencies in respect of disbursement and financial management of the development budget.

SDU is a unit within the Treasury Department of the MoF to be supported by both the Treasury Department and the Financial Management Advisor under the World Bank grant provided for the reforms of the public financial management.

The management of donor grants and loans has been based on the financing agreements with the donors. Meanwhile, the lack of unifying guidance for the Implementing Agencies has been causing difficulties in delivering the training and capacity building of the financial management staff. These guidelines have been developed for the use of the government units and for the information to donors about the standard procedures applied in the SDU. In any conflict between these procedures and a financing agreement adopted by the donor and the Government of Afghanistan the financing agreement provisions will apply. The Implementing Agency shall be responsible for preparing a control schedule for each grant and loan to list the specific requirements to be followed in the process of disbursement and accounting controls.

The financing agreement does not cancel the budget management, accounting, reporting, and transaction processing requirements established by the MOF unless these are specifically in conflict with the financing agreement.

These Guidelines have been developed in the cooperation between the advisors financed by HRCDP, Deloitte, and the staff of the SDU.

These procedures and their subsequent modifications have been approved by DG Treasury and are subject of implementation by SDU staff and Implementing Agencies. These procedures are a public document of the Treasury department of the MOF and shall be available to broad public and published on the Treasury website www.treasury.gov.af.

Abbreviations and key terms

GoIRA – Government of Islamic Republic of Afghanistan

MOF – Ministry of Finance

SDU – Special Disbursement Unit

DAB – DA Afghanistan Bank

ADB – Asian Development Bank

WB – World Bank

IA – Implementing Agency

LM – Line Ministries

LC – Letter of Credit

VPP – Verified Payroll Project

COA – Chart of Accounts

DB – Database

AFMIS - Afghanistan Financial Management Information System

DG – Director General

DM – Deputy Minister

IA – Implementing Agency is any state administration or other GoIRA funded organization responsible for implementation of the project.

M16 – Payment request form. M16 contain information specified in supporting documents like Ministry codes, commitment number, vendor details, and amounts and other.

B27 – Budget allotment form shows allotted budget for the payment. The amount should exceed or match with amount in M16.

PCS – Project Coding Sheet shows all the information about project – starting date, responsible ministry, contract number and other.

CS – Coding Sheet shows all the codes for the Payment request – Ministry, Program, Fund, Project, Location and Object codes.

Taminat - Taminat is Contractor's Performance Bond. Taminat is deducted from each payment to the Contractor and transferred to a separate government account for taminat. The Contractor would receive the taminat payment only after the end of guaranty period and if there are no defects or problems with goods and services received according to the terms of the contract. It is the responsibility of Implementing Agency to deduct the taminat and to refund it to the Contractor upon achievement of the conditions for the refund.

Receipt of new Grant or Loan

The role of SDU for managing development budget funds starts after the financing agreement is signed between the donor and the recipient representing the Government of Afghanistan for receipt of a new loan or grant by the Government of Afghanistan. However, the SDU also provides its support through comments and recommendations during the negotiations with the donor but this is beyond the scope of this manual. The SDU is responsible for the following tasks at the phase of receiving a new grant or loan:

1. Opening of Special Account with Bank as required by the financing agreement.
2. Request creation and setting up of Fund Codes, object codes for a special accounts, and GL Offsets in AFMIS in respect of the grant.

Setting up a fund code

As soon as the financial agreement is signed and executed, the Aid Coordination Unit of the Budget department prepares a request to the Treasury AFMIS Functional Group to set up the new fund code along with the codes for components of the grant in the format appended herewith. In case, when two grants are related, separate fund codes shall be requested for both grants. The components shall be created as sub-funds of the main fund and shall correspond to the components that are mentioned in the financing agreement of the grant. The new fund code and the sub-funds requested should be fulfilled and fitted into the logical construction of the Fund Segment in the Chart of Accounts. The AFMIS Functional Group consults with SDU on the correct assignment of the fund code to the relevant group of the Fund segment of the Chart of Accounts based on the signed Financing Agreement.

The fund codes, including fund component codes should be provided for the Budget department and the Implementing Agency as soon as the codes have been activated in AFMIS.

Opening of the Special Account

The Treasury opens a separate Special Account in Da Afghanistan Bank (DAB) for each loan or grant. The request to DAB for opening a special account will be prepared once the loan or grant agreement has been signed and become effective in steps as the following:

1. The Line Ministry and the Budget Department AID coordination prepare a letter to the Treasury (SDU) requesting to open a Special Account for the grant.
2. Treasury (SDU) prepares and sends letter for DAB to open a new account. The letter must contain the following information:
 - 2.1. Name of the project.
 - 2.2. Currency of the grant. Normally the currency for the Special Account is the same as the currency in which the funds are disbursed by the Donor. In case the payments under the grant are mostly made in any other currency, it is advisable to have the special account in such other currency.

3. DAB sends a letter in response with new account number to SDU once the account is opened.
4. The fund code for the grant shall be set up first before requesting Bank to open the Special Account.
5. The SDU updates the Database of Bank accounts with all the required particulars upon receiving the first M16 Payment request from this account.

Closure of Grant

During closure of any grant the following shall be ensured:

1. 30 days before closing date of the concerned grant or loan, the SDU shall verify whether there is any pending withdrawal of taxes or other deductions from the special account of the grant.
2. The SDU shall prepare for any pending withdrawals the details and immediately prepare proposal for the SDU Manager.
3. The SDU shall process the transfer of the amounts pending to be withdrawn from the special account to the relevant government account.
4. The Implementing Agencies shall supply SDU with the statement of contract performance bond (Taminat), which is withheld from the contractors' payment vendors, 30 days before of the closing date of any grant.
5. Alternatively, the Implementing Agency shall confirm in writing that no taminat (Contract Performance Bond) has been withheld from any contractors or vendors.
6. The Implementing Agency shall obtain a bank guaranty from contractor or vendor equivalent to the amount of the taminat held and submit a M16 form along with withdrawal application for direct payment of the taminat to the contractor or vendor in case of refund before the bond expires or other reasons preventing from the taminat transfer from the grant account to the MOF Taminat account.
7. SDU shall process direct payment of the Taminat in normal course, after all the necessary documents are received.
8. SDU shall request DAB to transfer the balance of the designated account after the grant is closed.

Payment request receiving and rejecting procedure

SDU Reception Unit faces Implementing Agencies on the matters regarding the receipt of payment requests and informing them on the status of their processing and has the following major tasks:

1. Receive all the payment requests brought to them through the window made for the purpose,
2. Contact Implementing Agencies and in case of rejection, explaining rejection reasons,
3. Inform Implementing Agencies about payment status, when requested.

Receiving payment requests:

- 1.1. M16 is prepared and brought to the payment request receiving window at the SDU by the Implementing Agencies. No person shall be allowed inside the SDU premises for submitting the payment.
- 1.2. A reception officer enters M16 number in database, when request is received, verifying the following:
 - 1.2.1. M16 number is not found in database, except if it has been rejected before and now is returned to SDU
 - 1.2.2. M 16 is completely filled,
 - 1.2.3. All the necessary supporting documents are attached,
 - 1.2.4. Documents are signed by authorized persons.
- 1.3. A reception officer would reject the payment request, if M16 with such a number is under SDU processing or has been already processed.
- 1.4. A Reception Officer Payment returns to the submitting party rejected payment requests for the reasons of discrepancy or insufficiency.
- 1.5. If the payment request is accepted after the initial screening, the M16 form shall be stamped with the date of receipt and the name of the Reception Officer in which it is received.
- 1.6. An entry of such receipt shall be made into the reception log and a receipt number shall be assigned to the payment request. Such receipt number shall be entered in the Payment processing check-list (Appendix 1), which shall be attached on top of each payment request that has been accepted.

The accepted payment requests shall be forwarded to other SDU officers for further verifying and processing.

Rejecting payment requests:

Other SDU officers may reject an M16 accepted by the Reception for failing different control requirements. In such case, the rejected M16 will be returned to Reception unit for return to the respective Implementing Agency:

- 2.1. Reception unit receives rejected M16 with attached rejection sheet from other SDU officer.
- 2.2. Reception unit contacts the Implementing Agency by reference phone number provided by the Implementing Agency, informs about rejection and the rejection reasons.
- 2.3. The person who claims rejected M16 must sign a special log were rejected M16 is registered.

Informing about payment status:

Implementing Agencies often contact SDU to verify the payment status. A representative of an Implementing Agency will receive update on the M16 status upon enquiry at the SDU Reception. Reception unit is responsible to provide them with this information. When such request is received, Reception officers:

- 3.1. Enter M16 number and Ministry code in database and verify the payment status,
- 3.2. Inform Implementing Agencies of payment status.

Accounting and reconciliation

The MOF Treasury department maintains the central records of the government and provides donors with the reporting on the donor funds received and used.

The SDU is specifically responsible for the following tasks in accounting and reconciliation:

1. Reconciliation of all bank balances on monthly basis with resolution of all outstanding issues/transactions.
2. Preparing the revenue, refund, fund transfer and journal vouchers and letters for transfer of funds from/to bank accounts for approval by the SDU Manager.
3. Reconciliation of direct payments made by Donors on monthly basis with resolution of all outstanding issues/transactions.
4. Generating and providing expenditure reports for reconciliation with Implementing Agencies, which do not have access to AFMIS, on monthly basis after the reconciliation of bank balances and donor disbursements.
5. Reconciling the expenditure reports with the Implementing Agencies.
6. Receiving Quarterly Reconciliation statements on liabilities in respect of deductions made on account of taxes and other deductions applicable, but not transferred to the government's revenue and other accounts.
7. Reconciling the Loan Disbursements with the Debt Management Unit (DMU) on quarterly basis.
8. Maintaining and regularly updating the register for letters of credit opened with or without special commitment from the donor.
9. Recording and accounting for revenues and other receipts on regular basis.
10. Recording and accounting for acquittal of advances on regular basis.
11. Accounting for the balances of the initial deposits by the donor, including the refund of unexpended grant or loan balances at the closing of a project, upon donor's request.
12. Liaising directly with DAB and donors for issues having a bearing on the accounting of unidentified transactions appearing in the Bank Statements.
13. Coordinating and liaising with Budget Department of the MoF for resolving accounting and reconciliation issues that require its intervention/approval/action.
14. Receiving from Implementing Agencies reports and financial data as necessary for the completion of the tasks of the MOF.
15. Reviewing the transactions and reports on a regular basis to identify items requiring attention and resolution.
16. Reviewing and monitoring of outstanding advances on monthly basis and preparing exception report in case of overdue advances.
17. Preparing of summary expenditure report and periodic financial reports for the MOF management and donors.
18. Preparing of annual financial and budget accountability statements for the development budget.
19. Preparing of the donor grants/financial statements annually and submitting it to the auditors.

20. Following up the audit observations in order to improve the public financial management.
21. Resolving the accounting and reconciliation issues brought to SDU by other unit and Implementing Agency officers.

General Responsibilities of Implementing Agencies

The Implementing Agencies shall handle the financial management of their projects, maintain their accounts and produce periodic reports to the SDU and donors as stipulated by the financing agreement and the MOF procedures. Specifically, the Implementing Agencies shall:

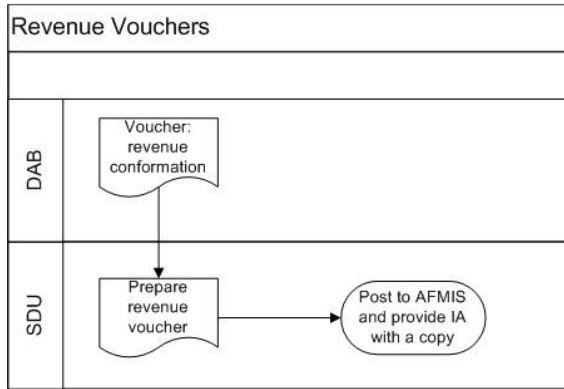
1. Provide the SDU with a financial management (or operations) manual to describe in detail the management of the project and the assignment of responsibilities to different officers of the project. The manual shall be in agreement with the financing agreement and consequent amendments as agreed with the donor or as required by amended SDU Procedure Guidelines for Implementing Agencies processing.
2. Inform the SDU of any modifications of the financing agreement, if this may impact SDU operations.
3. Inform the SDU through official communication regarding the actions necessary regarding the implementation of the financial management arrangements, including, but not limited to: (i) opening special accounts for the project management; (ii) preparing for the closing of the project, (iii) resolving other issues in the project execution.
4. Follow up on timely replenishment of the special account and following that the payments submitted to the SDU do not exceed the available balance of the special account.
5. Submit payment requests to SDU in order to implement the project activities.
6. Maintain records and accounts for all transactions processed, ensure keeping adequate supporting documents, reporting, and accounting controls.
7. Manage advances and imprest cash and ensure that all advance payments are adequately acquitted and report advance acquittal to SDU.
8. Reconcile accounts with SDU and resolve outstanding items within timeframe established by SDU.
9. Provide documents for audit as necessary.

Processing Revenue vouchers

Normally donor revenue is received to the special account through a withdrawal application the Implementing Agency will prepare and submit to the SDU for processing.

The revenue vouchers (Appendix 3) are prepared for recording revenue in AFMIS, when revenue is received based on DAB account statement.

- 1.1. An SDU officer will confirm with the donor the receipt of the grant and its deposit to the appropriate special account reconciling with the DAB confirmation voucher.
- 1.2. Prepare revenue voucher and post it into AFMIS.

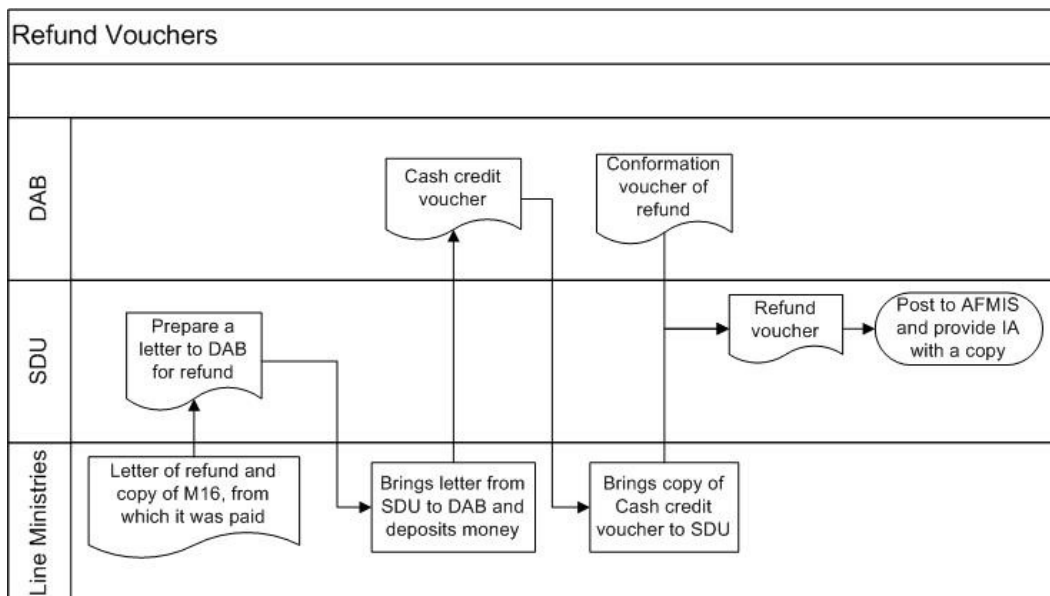


Refund vouchers

Implementing Agencies return the unspent cash to Special account at the end of the fiscal year and by choice. In such cases the refund voucher is made.

- 2.1. The Implementing Agency prepares and brings to SDU a letter requesting for refund attaching a copy of the original M16, which was used for the withdrawal attached.
- 2.2. An SDU officer prepares a letter to DAB, to notify that Implementing Agency will deposit the money in the Special account.
- 2.3. A representative from the Implementing Agency brings the letter to DAB and deposits money.
- 2.4. DAB will give the cash credit voucher to the representative of Implementing Agency, once the money is deposited.
- 2.5. The copy of this cash credit voucher is brought to SDU by the Implementing Agency.
- 2.6. DAB prepares and sends confirmation voucher to SDU once the account is credited for the amount of the deposit.
- 2.7. SDU officer prepares a refund voucher and post it to AFMIS only after he has received both copy of cash credit voucher from the Implementing Agency and DAB confirmation voucher ensuring that deposit was made.

In case if the Bank rejects request for refund, the letter is returned to SDU for correction.

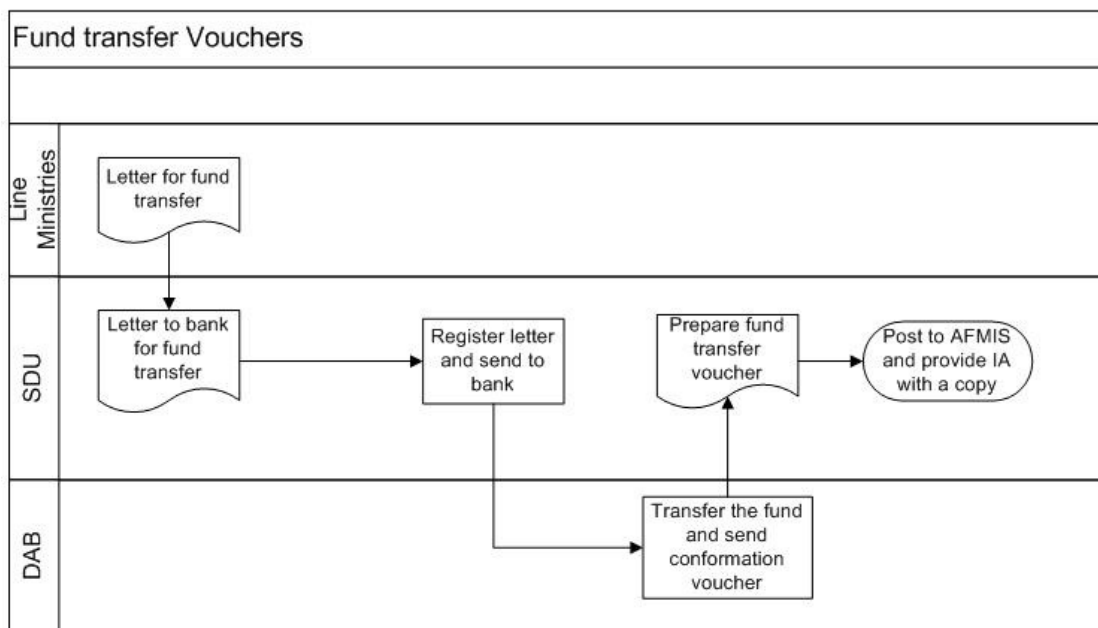


Fund transfer vouchers

Fund transfer vouchers are made when money from one fund is transferred to another.

- 3.1. The Treasury would process funds transfer request to DAB upon written application of the Implementing Agency.
- 3.5. The DAB transfers funds and sends a conformation voucher to SDU.
- 3.6. Responsible SDU officer prepares the Fund transfer voucher and post it to AFMIS upon receipt of the confirmation voucher.

In case, if the Bank rejects request for refund, the letter is returned to SDU for correction.



Other transactions

SDU would also process irregular transactions, including:

1. taminat payments to supplier upon meeting the contract conditions – upon request of the Implementing Agency
2. Initial deposits – upon receipt of funds on the special account
3. Refund to donors – upon authorization of the refund
4. Adjustments (tax, incorrect booking, etc.) – upon identifying error or other basis for adjustment

Processing development budget payments at provincial Mustofiats

The Treasury Department sends a Transfer advice to the Mustofiat with the copy to the Implementing Agency, whenever development budget funds are transferred to Mustofiats. Provincial Mustofiat shall check that the development budget expenditure account in DAB has been credited according to the Transfer advice and inform responsible line department within 5 working days of the bank statement or the receipt of the Transfer advice, whichever is later and report to SDU and MCU the date, when line department has been informed. The funds are transferred to provinces as advance payment and may be spent only for the purpose it was received for.

Every Mustofiat shall maintain Development Budget Bank Book for each bank account belonging to development budget to record all the receipts into and payments made from such bank account. All funds that are received by every province from centre shall be managed and accounted for based on the Commitment number, for which the funds have been transferred to the provinces. Therefore, all provinces shall maintain a Commitment register and enter there each transaction under a specific commitment number. At the end of month the Mustofiat bookkeeping section (Daftardari) is responsible for reconciling the Commitment register with the responsible Line department. Payments for the current month will be rejected until reconciliation of the previous month's expenditures is completed.

All Mustofiats shall send a copy of the Commitment register and the Bank book to the Treasury department in Kabul for the purposes of recording the transactions that have processed under each commitment number within 7 days after the end of each month. The Commitment register, before sending to the Treasury, shall be prepared and signed by payment and bookkeeping (Daftardari) officers, cosigned by the responsible Line department and approved and signed by the Mustofi. The Bank book before sending to SDU shall be prepared and signed by Payment section officer (Tadiat) and approved and signed by Mustofi.

Reconciliations between MOF and the Provincial Mustofiats are completed every month. The reconciliation is made between Bank statement and AFMIS and between AFMIS and database.

1. At the end of the month Mustofiats prepare report T8 from, the Bank book, and the Commitment register. The Bank Book allows reconciling the balances on the development budget expenditure account with the bank balances and the commitment register replace the M23 report for payments processed to be submitted to the Treasury.
2. Treasury reconciles data from T8 with the Bank Book and Commitment register with the transactions recorder in AFMIS for the provincial transfers of development budget funds and the entry is made for the expenditure processed by Mustofiats.
3. The Treasury will contact the provinces to resolve discrepancies identified. Correcting entries must be made in the AFMIS.
4. The Treasury shall add the transactions processed by provincial Mustofiats since the previous report has been entered in AFMIS.

Advance payments and acquittals

The following types of advances are issued by the Treasury upon the request of Implementing Agencies:

1. Advances to the Contractor/Vendors as mobilization advance to be deducted from future payment that shall be made to the vendor for supply of goods or services;
2. Advances to the Implementing Agencies for meeting the day-to-day operating costs and travel, training, and workshops of the project as imprest cash.

For advances to supplier the payment shall be recorded as expenditure, when the amount is actually disbursed. The supplier may receive an advance only upon providing a bank guarantee.

Advances to the Implementing Agency or a party related to the Government or acting on behalf of the Government the disbursement shall be recorded as advance in AFMIS initially and – as expenditure on subsequent acquittal of the advance upon submission by the Implementing Agencies.

The following procedure shall be observed for the disbursement and acquittal of the Advances by Implementing Agency:

1. All the M16 payment requests requesting disbursement of advances for day-to-day operating cost shall bear the object code of the Advance 22105 – travel advance, 22900 – for petty cash, 22901 – goods and salaries advance, 25900 – capital goods advance, while provinces use two codes 22909 – goods and services advance, and 25909 – capital goods advance.
2. The M16 payment request shall be rejected, if the Implementing Agency has not entered a correct object code for the advance.
3. All advances for day-to-day operating cost shall be requested and disbursed only in Afghanistan. Disbursement of advances in foreign currency shall be strictly prohibited.
4. All the advances under a particular grant disbursed for the operating costs of the Projects implemented in the center shall be acquitted to the extent of 90% of the advance within one month of the date on which the same was disbursed, unless SDU has agreed to issue and acquit advances on a different schedule. Advances to provinces shall be normally acquitted by each grant separately in three months from the disbursement. Detailed procedure of provincial advances is described in a separate document.
5. SDU Reconciliation provides SDU Reception daily with Advances status report for guidance to accept or reject new requests for advances
6. No further advance from any grant shall be claimed and disbursed until and unless the existing outstanding advance under every major code has been acquitted to the extent of 90%.

7. Exception to the provision above is the acquittal of travel advances within two weeks after completing the trip and refunding the advance, if the travel has not commenced within three months since the withdrawal of funds for the travel.
8. The SDU will monitor the balances of the outstanding advances by Implementing Agency on a monthly basis.
9. Whenever M16 form requesting Advance payment is received by SDU, it shall verify if there is no undue delay in acquittal of the previous advances before issuing a new advance.
10. The M16 form requesting advance payment shall be rejected if the outstanding balance of the advance is more than 10% of the total advance disbursed. Advance acquittals

The Line Ministry shall submit separate appropriately completed M12 advance acquittal for each M16 disbursing an advance. Each M12 form shall have attached the following:

1. Copy of the M16 form against which the advance was disbursed.
2. Statement of expenses incurred out of the advance being acquitted.
3. Supporting documents to substantiate outlays, including M7 Goods received note and M13 travel claim.

The SDU officers shall follow such guidelines:

1. The M12 form shall be properly numbered and verified by the financial controller, completed with the coding blocks under which the expenditure is recorded, before it is submitted for acquittal.
2. The acquittal of advance shall be used for the recording of the acquittal of advance in AFMIS.
3. The coding of M16 and the commitment obligation number debited at the time of disbursement of advance shall agree with the credit coding as per M12 advance acquittal and the expenditure coding paid from the advance record during the advance acquittal.
4. An advance or any part of thereof cannot be acquitted under a different major object code than the major code under which it was disbursed. For example, an advance disbursed under the major object code 22 cannot be acquitted against major object code 25.
5. After entering AFMIS record the M12 advance acquittal will be filed by the SDU.

Payment by Letter of Credit

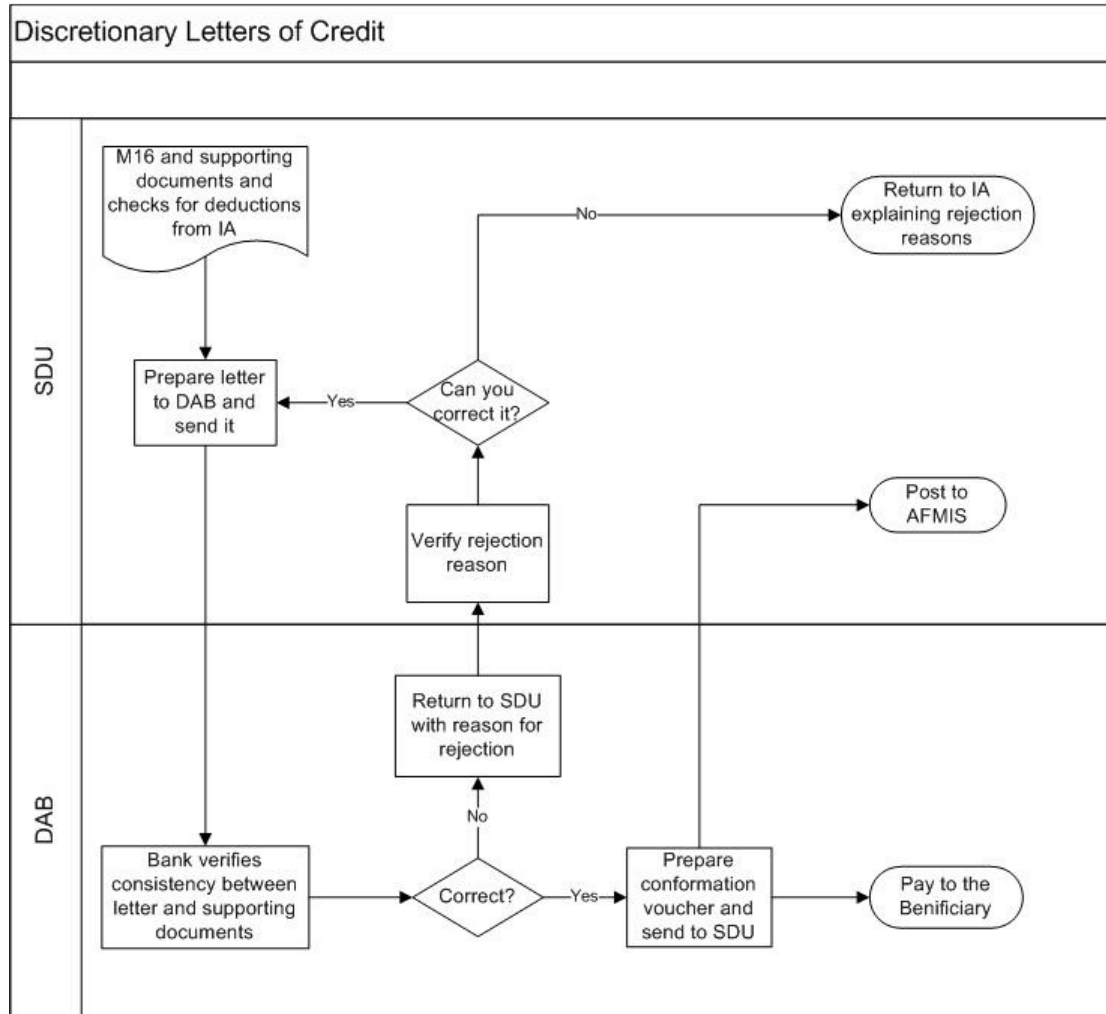
The Letter of Credit (LC) is a document which confirms to beneficiary that the Bank holds authorization to pay for goods and services upon receipt. The LC form of payment shall be used only for complex and large scale supplies from foreign countries to the Government of Afghanistan. The Implementing Agency from its budget shall assume the bank charges for the LC, if the LC has been selected as a form of payment for the contract concerned.

There are three types of letter of credit:

1. Discretionary Letter of Credit
2. Letter of Credit from the World Bank (WB)
3. Letter of Credit from the Asian Development Bank (ADB)

Discretionary Letter of Credit

1. Implementing Agency prepares and brings to SDU the following:
 - 1.1. Letter signed by authorized official of the Implementing Agency to issue payment as LC, including assuming the responsibility for bearing the cost of the associated bank services from the budget of the Implementing Agency,
 - 1.2. M16, PCS, B27, CS, Vendor details,
 - 1.3. Performance invoice for goods and services required,
 - 1.4. Signed contract for import of goods from abroad between Beneficiary and Implementing Agency, specifying the use of LC as the form of payment.
2. Company taxes are deducted from the LC, as applicable.
3. Taminat cannot be deducted from Discretionary LC.
4. SDU prepares letter to DAB for opening the LC upon meeting the controls related to the payment. SDU will introduce responsible officer of the Implementing Agency to DAB for follow up on the LC balance on regular basis.
5. DAB sends confirmation, when LC is opened.
6. SDU posts the LC in AFMIS and sends checks for deductions to DAB.
7. DAB notifies the beneficiary's bank of the LC opened.
8. The DAB sends rejection to open the LC if any discrepancy is found. In such case:
 - 8.1. DAB returns request to SDU for verification,
 - 8.2. SDU locates the problem and resolves it,
 - 8.3. SDU resends the request to open LC to the DAB.
9. The Implementing Agency shall be responsible for reporting to SDU on reconciling the outstanding LC balance with DAB.



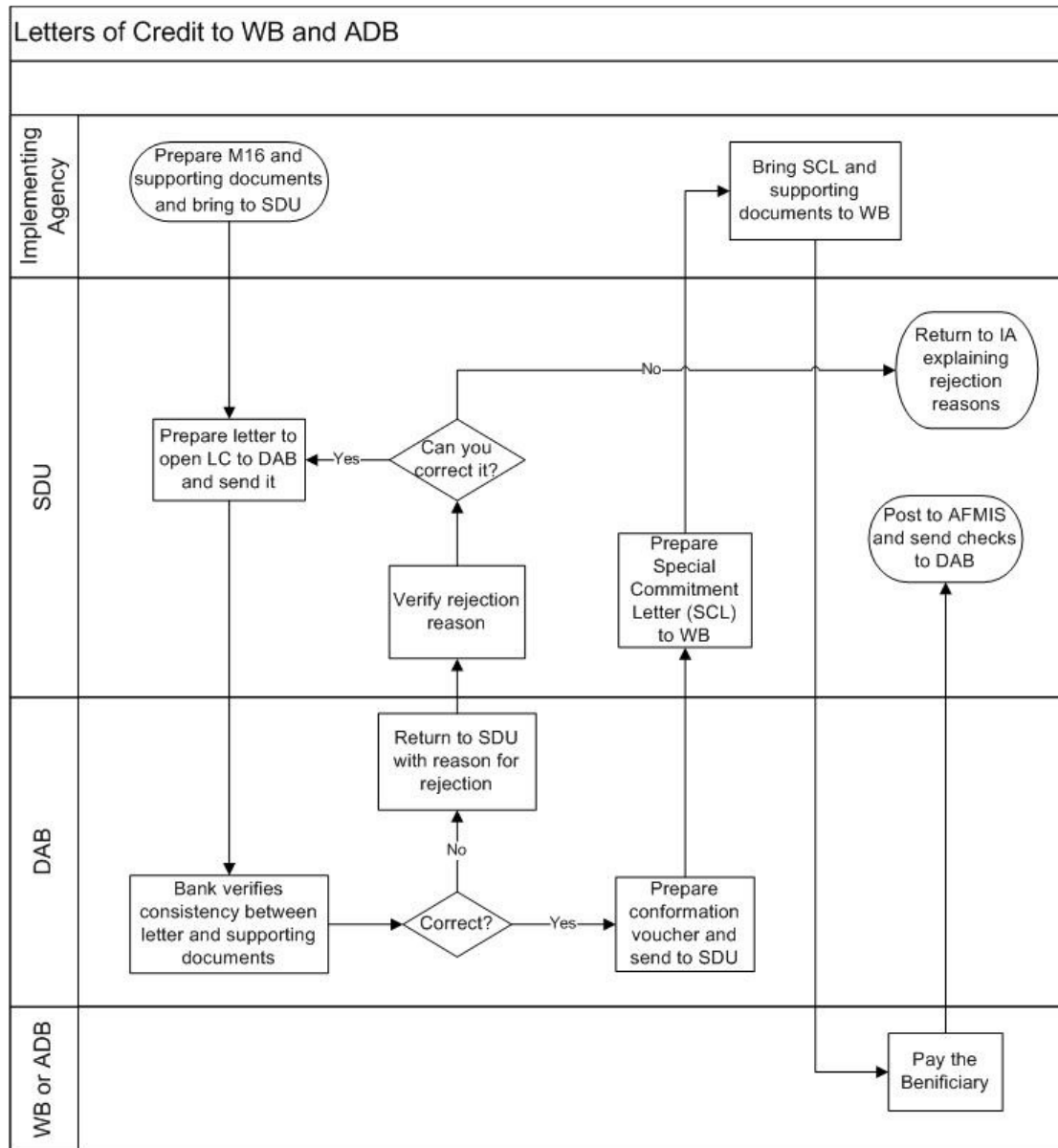
Letters of Credit from the World Bank or Asian Development Bank

The WB issues LC to the bank of the supplier of the Implementing Agency directly. WB makes direct payment to Beneficiary, not through the DAB upon the certification of the delivery of goods and services to the Implementing Agency. The World Bank usually issues a LC with special commitment. The Implementing Agency, while managing the LC with special commitment, shall ensure that both LC and special commitment are valid and have not expired.

The same procedure step by step is followed with the LCs opened with the Asian Development Bank (ADB), except that ADB provides MOF with a statement of transactions processed on the LC account instead of World Bank transactions being available on-line through the Client Connection.

1. Implementing Agency prepares and brings to SDU the following:
 - 1.1. Letter signed by authorized official of the Implementing Agency to issue payment as LC, including assuming the responsibility for bearing the cost of the associated bank services from the budget of the Implementing Agency,
 - 1.2. M16, PCS, B27, CS, Vendor details,
 - 1.3. Performance invoice for goods and services required,
 - 1.4. Signed contract between Beneficiary and Implementing Agency.

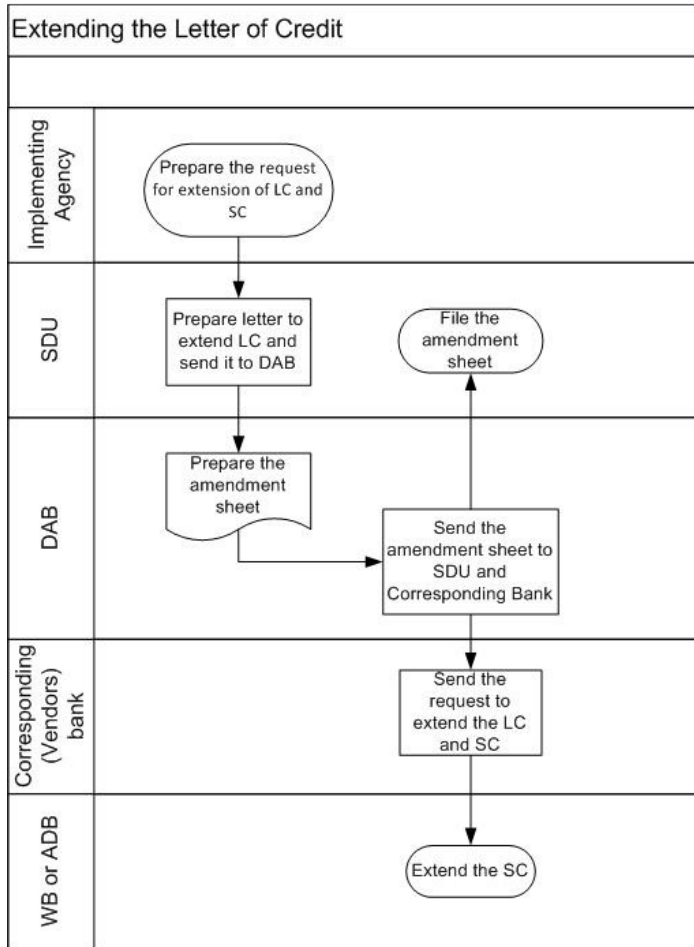
2. Company taxes are deducted from the LC, if necessary.
3. SDU prepares letter to DAB for issuing a SWIFT message to the supplier's bank for opening the LC.
4. DAB sends confirmation when LC is opened.
5. SDU posts the LC in AFMIS and sends checks for deductions to DAB.
6. SDU prepares Special Commitment Letter (SCL) for the WB. This contain:
 - 6.1. LC number
 - 6.2. Receivers instructions (to whom the money should be paid)
 - 6.3. Beneficiary bank details
 - 6.4. Amount payable
 - 6.5. Expire date
 - 6.6. Name of the Implementing Agency
 - 6.7. Contract number
 - 6.8. Description of goods and services
 - 6.9. Grant number
 - 6.10. Category (what kind of the payment)
7. SDU officer attach to SCL performance invoice and copy of approval from DAB and returns it to Beneficiary. Beneficiary sends the SCL and supporting documents to the WB.
8. WB pays the money to the Beneficiary based on meeting the contract conditions.
9. The SDU posts the payments into AFMIS upon transaction records available from the World Bank.
10. The DAB may reject the MOF request for opening a LC requiring MOF corrective action.



Extending the Letter of Credit and Special commitment

A letter of credit has expiring date. To extend the term for LC:

1. Implementing Agency brings to SDU request for the extension of LC.
2. SDU prepares a letter to DAB, requesting the extension for LC.
3. The DAB sends amendment sheet to SDU and to the supplier's bank.
4. The corresponding bank sends request to the WB or ADB to extend the Special Commitment.
5. Implementing Agency reports to SDU on penalties and fines applied to the vendor, if applicable in case of the extension of the LC.

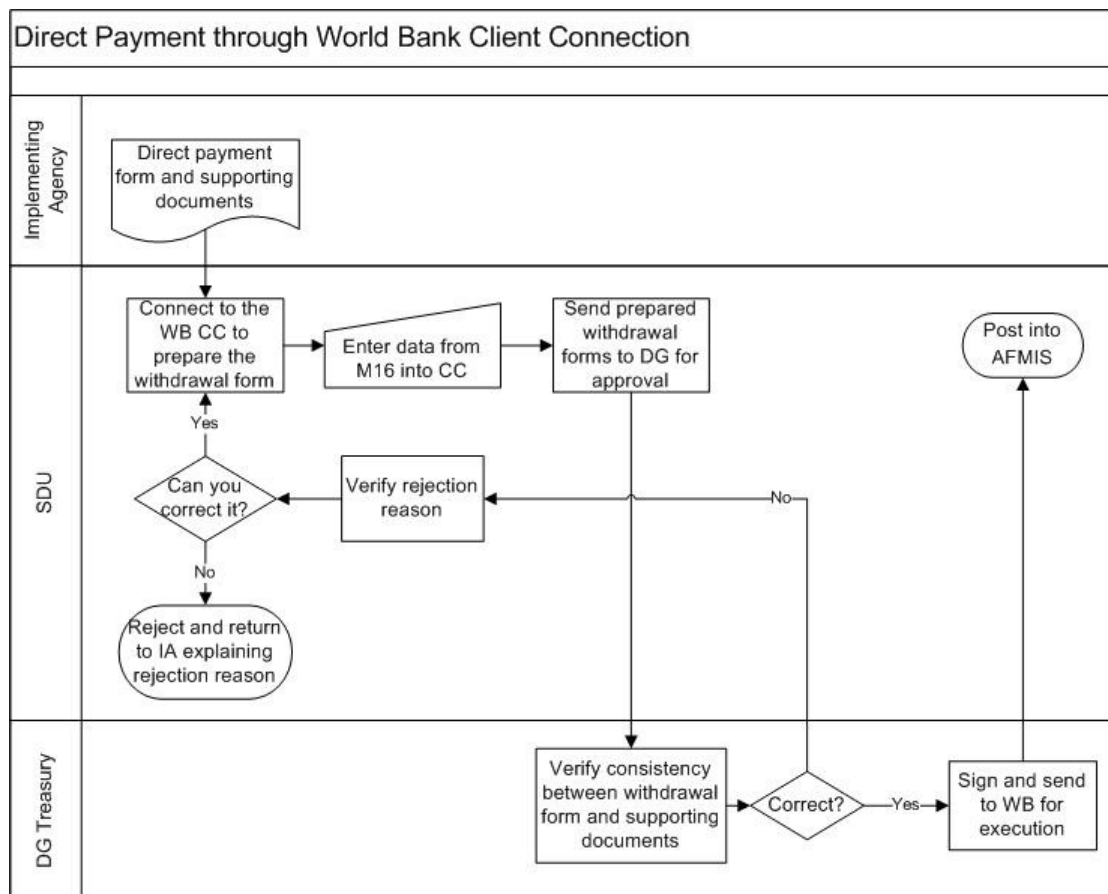


Direct payment and replenishment of the Special account

Direct payment through World Bank Client Connection

Implementing Agency prepares direct payment application form, when amount payable exceed certain threshold. This threshold is different for every grant and is specified in the contract. Direct payments for the World Bank grants are made electronically through the World Bank Client Connection. The SDU performs the tasks listed below:

1. Receive direct payment form from Implementing Agency together with M16.
2. Verify consistency between direct payment form, M16 and supporting documents.
3. Verify that the contract is registered on the WB Client Connection (CC) and process registration if necessary.
4. Reject the payment request not meeting the requirements and return the M16 to Implementing Agency explaining the rejection reason.
5. Process record in AFMIS for the payment authorized.
6. Process payment through the WB CC or return properly approved withdrawal application to the Implementing Agency for submission to the donor for processing a direct payment.

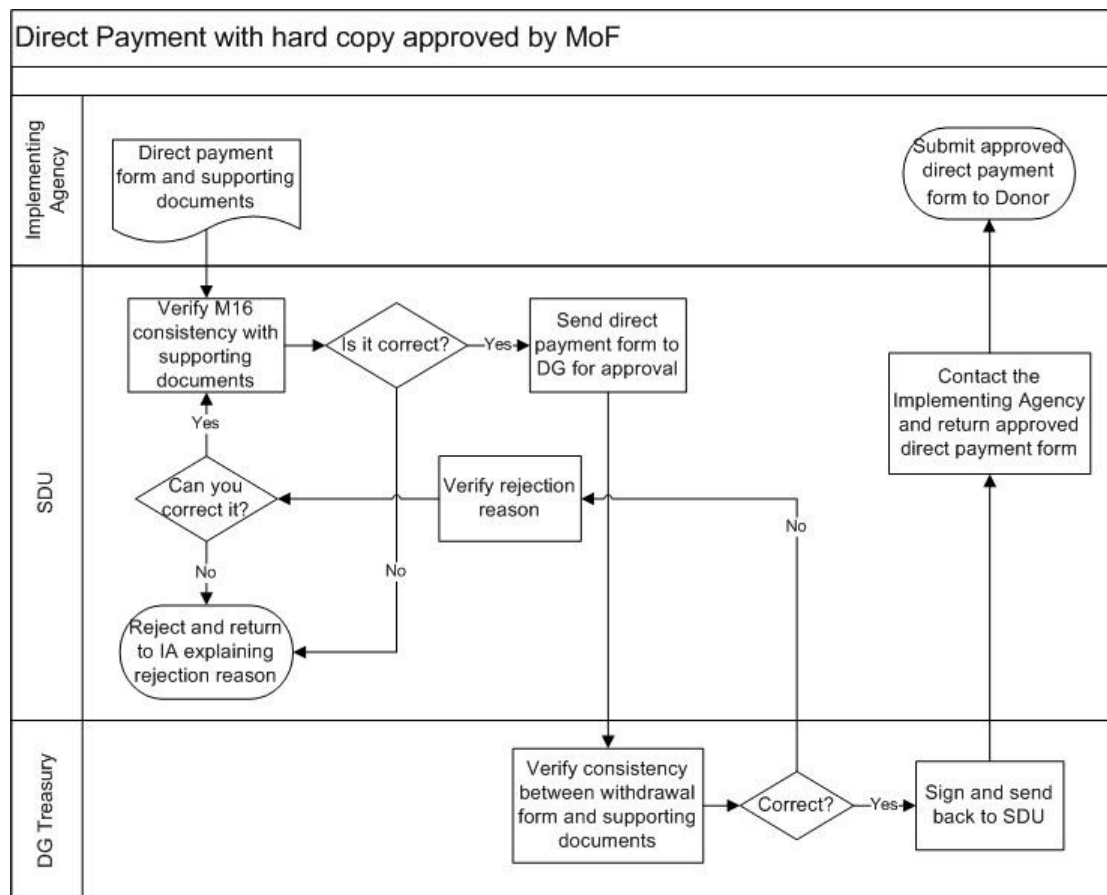


The direct payment that cannot be processed electronically through the World Bank Client Connection shall be submitted to the World Bank as the hard copy of approved withdrawal application with supporting documents.

Direct payment with hard copy approved by MOF

Direct payments for other donors that cannot be processed electronically are submitted to the donor with hard copy approved by Ministry of Finance (MOF). The SDU performs the tasks listed below:

1. Receive direct payment form from Implementing Agency together with M16.
2. Verify consistency between direct payment form, M16 and supporting documents.
3. Reject the payment request not meeting the requirements and return the M16 to Implementing Agency explaining the rejection reason.
4. Process record in AFMIS for the payment authorized.
5. Return approved payment to the Implementing Agency for submission to the donor.



Replenishment of Special account (Grant)

Donors gradually replenish special accounts according to the progress implementing their projects. Withdrawal applications for replenishing special accounts are processed through SDU like a regular direct payment from a donor's account.

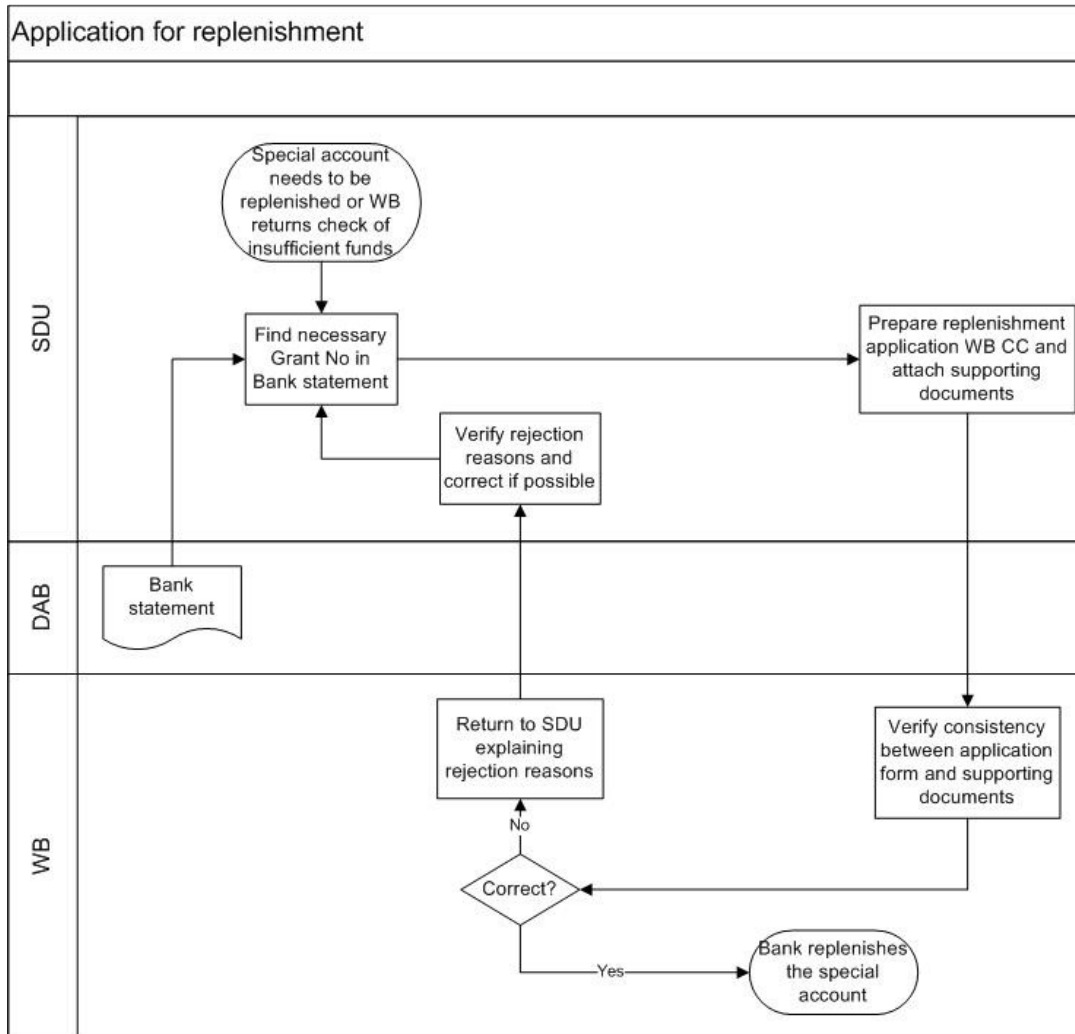
SDU initiate replenishment of the World Bank special accounts, while Implementing Agencies are responsible for the replenishment of the special accounts of grants and loans of other donors.

Implementing agencies should warn SDU about their plans of drawing down the World Bank special accounts to avoid rejection of payments for insufficient balance of the account by DAB.

Replenishment of World Bank Special accounts

SDU will replenish Special account after checking the Bank statement, when Bank rejects payment for insufficient funds or after request from Implementing Agency. The SDU performs the tasks listed below:

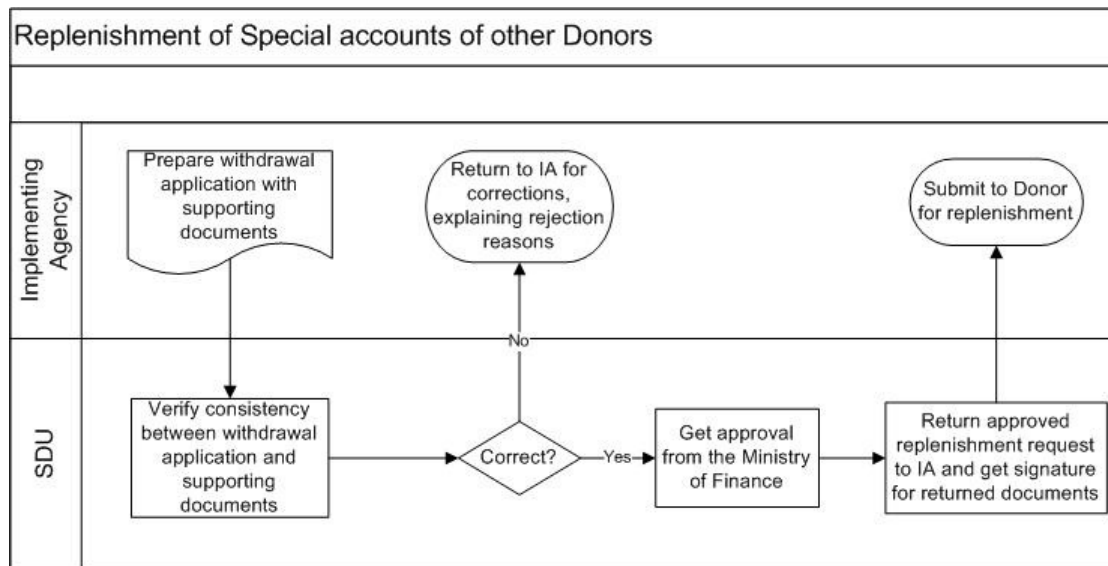
1. Prepare withdrawal application in World Bank Client Connection, scan and attach supporting documents. Approve the withdrawal application in the WB CC by appropriate official.
2. Receive from the World Bank requests for additional documents or modifications of the withdrawal application and address the comments.
3. Reconcile the processed replenishment of the World Bank Special account in the WB CC with the records in AFMIS.



Replenishment of Other Donor Special accounts

The Implementing agencies are responsible to follow up with status of Other Donor Special accounts and prepare the necessary documents for replenishment. The SDU performs the tasks listed below:

1. Receive the withdrawal application and the supporting documents from the Implementing Agency.
2. Verify consistency between supporting documents and withdrawal application.
3. Approve the withdrawal application by appropriate official of MOF.
4. Return approved replenishment request to Implementing Agency for submitting to the Donor.
5. Reject the replenishment request not meeting the requirements and return documents to the Implementing Agency explaining the rejection reason.



Control requirements for payment processing

The SDU is responsible for verifying whether the payment requests received are valid and eligible to be paid. They also are responsible for approving payment requests according to legal requirements and rules. In case, any payment request is found as not eligible to be paid for any reason, the SDU would reject the payment request and transmit to the Reception for returning to the Implementing Agency.

Document and calculation verification

SDU is responsible for verifying all the supporting documents and their consistency with M16 and B27 as well as the tax calculation. Required controls include the following:

- 1.1. Verify if all the necessary supporting documents are attached.
- 1.2. Ensure that the description is sufficient and complete. For instance, in case of the payment of taminat (Contract Performance Bond), the description should specify that the payment is refund of security deposit held, or in case of advance payment the description should specify that the payment is an advance payment.
- 1.3. Information is consistent between supporting documents and M16.
- 1.4. Amounts are consistent between supporting documents and M16.
- 1.5. Applicable taxes are deducted and correctly entered in the M16 form.
- 1.6. Documents have all the necessary signatures and are signed by authorized persons.

Each Implementing Agency has the responsibility for providing SDU with M50 Signatory card to list the names and sample signatures of all authorized officers, including the authorization level of the payment approval. SDU officer shall verify that the due officers have approved transaction documents at their authorization level. The documents may be approved by a higher level officer or a copy of letter from the Minister appointing a deputy Minister to sign the transaction document above authorization level during the Minister's travel shall be attached.

Taminat is Contractor's Performance Bond. Taminat is deducted from each payment to the Contractor and transferred to a separate government account for taminat. The Contractor would receive the taminat payment only after the end of guaranty period and if there are no defects or problems with goods and services received according to the terms of the contract. It is the responsibility of Implementing Agency to deduct the taminat and to refund it to the Contractor upon achievement of the conditions for the refund.

SDU Unit officers are responsible for verifying the following:

1. Taminat is calculated correctly (10% of the amount due to the Contractor),
2. All the necessary supporting documents are attached,
3. Taminat can be paid according to the supporting documents.

SDU officers are responsible for verifying data in AFMIS and database and rejecting payments not meeting the verification requirements.

After receiving M16 and supporting documents, SDU officers verify following and prepare proposal for the Budgets and allotments unit of the Treasury to issue additional allotment, if the posting is not possible because of the fluctuations in the Afghani foreign exchange rate.

Supporting documents and information

Supporting documents and information	Description
M16 number	M16 sequential number in the Implementing Agency
Ministry/Organization	Name of the Implementing Agency
Date	The date of filling the M16
Coding Block according to the AFMIS Chart of Accounts	<p>Coding Block according to the AFMIS Chart of Accounts must be consistent in PCS, CS and M16 and contains several sections:</p> <ol style="list-style-type: none"> 1. <u>Organization code</u>: every Line Ministry has an exact code which must be filled in this column 2. <u>Project code</u>: each project has a unique code that must be filled in this column 3. <u>Program code</u>: each project involves a special activity e.g. reconstruction of infrastructure; for each activity there is a specific code within Chart of Accounts (COA) 4. <u>Fund code</u>: number from COA for grant code from which the project is financed 5. <u>Location code</u>: each project is implemented in some area of Afghanistan and each district has a code within COA which must be filled in this column 6. <u>Object code</u>: account number from COA which shows where the money will be spent. For development budget only two major codes are used: <ol style="list-style-type: none"> 6.1. Code 22 for goods and services (which also covers operational costs and salaries) 6.2. Code 25 for acquisition of assets and buildings (covers capital costs and works of construction)
Commitment number	Commitment number is number given to each contract at budget department. Several payments can be made under the same commitment number. Commitment number must be written in M16, M10, B27 and coding sheet otherwise the payment will be rejected.

Special Account number	Special account number of the grant or loan from which the payment is made.
B27 – budget allotment form (copy)	Budget allotment form must be added to <u>all types of payments except taminat payment</u> . It is prepared by budget department for each contract. One budget allotment form can be used for several M16, but the total amount of M16 must not exceed the allotted amount in B27.
PCS – Project coding sheet (copy)	Project coding sheet must be added to <u>contract payments</u> . PCS contain following information: <ol style="list-style-type: none"> 1. Number 2. Date 3. Amount 4. Payment schedule 5. Assertion that contract is approved by responsible authority 6. Donors 7. Coding block, which must be consistent with M16 and Coding sheet.
CS – Coding sheet (copy)	Coding sheet must be added to <u>all types of payments</u> . The Coding sheet contains Coding block and the codes are appointed to the specific allotment. The codes are entered in AFMIS by Budget and Allotment unit under specific commitment number and must always match the coding sheet.
Vendor details	Vendor details are entered in AFMIS by Budget and Allotment unit of the Treasury department. Vendor details shall include: <ol style="list-style-type: none"> 1. Beneficiary name: Beneficiary or vendor name who delivered goods or services 2. AFMIS vendor ID: Number that is generated by AFMIS, when entering vendor details in the system 3. Beneficiary Bank account name: Beneficiary or vendor name to whom the money shall be transferred. Beneficiary Bank account name should match Beneficiary name. In case of different Beneficiary Bank account name signed letter by the authorized official from Implementing Agency is mandatory.

	<ol style="list-style-type: none"> 4. Beneficiary Bank account number: Account number to which the money shall be transferred. 5. Beneficiary Bank name: Bank name of the beneficiary 6. Beneficiary Bank address: The address used for business correspondence of the Beneficiary Bank or the branch of the bank, where the beneficiary's account is opened. 7. Beneficiary Bank SWIFT code: The address code for the bank to enable international financial transfer. <p>The details must be accurately filled and consistent with supporting documents and AFMIS. In case of discrepancy the payment order will be rejected.</p> <p>If Vendor details are entered incorrectly in the AFMIS the corrections will be made by AFMIS unit by request of the Implementing Agency.</p>
Payroll sheet (original)	<p>For <u>salary payment</u> payroll sheet (form M41) and bank report in Excel and signed hard copy (for salary distribution to employee bank accounts) must be attached to M16. Payroll sheet must contain the following:</p> <ol style="list-style-type: none"> 1. Employees name, 2. fathers name, 3. designation, 4. days present, 5. bank account, 6. monthly salary, 7. gross salary, 8. tax and other deductions, 9. net salary.
Attendance sheet (original or copy)	<p>Attendance sheet must also be attached to payment order for <u>salary payment</u>. The attendance sheet must be consistent with payroll sheet: employee's name, father's name, days' present and other information.</p>
Invoice (original)	<p>The original contractors invoice must be attached for <u>contract payment</u>.</p>
Cost estimate and breakdown of calculation; Treasury form (information about project) (original)	<p>For each <u>contract payment</u> cost estimate and breakdown of calculation in special Treasury form must be attached. The Breakdown calculation must be consistent with</p>

	<p>contractors invoice and contain the following information:</p> <ol style="list-style-type: none"> 1. Contract number 2. Total amount of the contract 3. Currency 4. Dates of the contract (beginning and the end) 5. Date of accomplished works 6. List of amounts paid and M16 numbers with which it was paid 7. Remaining balance 8. Amount payable and M16 number that's being processed (not mandatory).
Copy of Contractor's license	For each <u>contract payment</u> the copy of Contractor's license must be attached to payment order. The copy must be clear and the writing on it must be distinguishable.
Copy of contract	For the <u>first contract payment</u> the copy of the contract must be attached to payment order. For next contract payments a special Treasury form shall be attached.
M7 - Certification from the concerned authority for receipt of goods or services	Form M7 which is certification from the concerned authority for receipt of goods and services and must be attached to <u>contract payment</u> .
Copy of Bank ID card or Vendor form	The copy of Bank ID card is required for <u>all types of local payments except for Salary payment</u> . If there is no Bank ID card attached, a copy of Vendor form (provided by Allotment unit) must be attached to M16.
Copy of Bank guaranty	The copy of Bank guaranty is required for <u>advance payment to contractor</u> . The bank guaranty is issued by Contractors bank.
Copies of all M16 related to the payment	For <u>Taminat payment</u> copies of all the M16 from which the taminat was deducted are required. The payable taminat must be consistent with the total amount of deducted taminat.
Letter from Implementing Agency for taminat payment	For <u>Taminat payment</u> a letter from Implementing agency is required. The letter confirms that the contractor has finished his work and is meeting the contract requirements and no penalty fees are to be deducted from taminat payment.
Withdrawal application (original)	A special withdrawal application is necessary in case of direct payment or replenishment of the special account.

M10 - Advance request form (original or copy)	M10 must be attached whenever new advance request is made. Advances taken previously should be acquitted before requesting a new advance.
M50 – Signatory sheet (original)	M50 must be prepared yearly by every Implementing Agency and has signature samples of all authorized officials. A new M50 must be attached if changes are made in authorized person list during the year.
Letter from Minister	For payment requests exceeding specified threshold a letter signed by the Minister is required. A copy of the letter from Minister announcing the Acting Minister is necessary, if Deputy Minister signs the payment on behalf of the Minister.

Most common mistakes and rejection reasons

The rejection reason is mentioned on the Rejection sheet each time when M16 is rejected.

The most common rejection reasons are mentioned below.

Standard rejection reasons	Description
Wrong Coding Block	One of the most common mistakes is discrepancies in the coding block for example the codes in the Coding block doesn't match AFMIS.
Original invoice missing	Original invoice must be attached to M16 at all times. No copies can replace original invoice. There are exceptional cases according to the contract between Implementing Agency and Contractor when approved copies (signed and stamped) can be submitted with M16.
Supporting documents/contract is missing	Please make sure that all the necessary supporting documents are attached according to the table (appendix 3). If any supporting documents are not attached to the M16, the payment will be rejected.
B27 and PCS forms are missing	The copies of B27 and PCS must be attached to M16 according to the table.
"No objection letter" (NOL) from the World Bank/Donor is missing	The NOL is a letter from the Donor prepared according to Grant agreement to sign a contract or to incur expenditure under the project according to the conditions of the Financing agreement.
Bank details information is missing or wrong	Pay attention that Bank details, including bank address, must be consistent with the

	information in the AFMIS vendor record, supplier's invoice, and M16. The payment will be rejected, if the bank details (name, address, account number, account name, SWIFT code for international payments) are not provided in the M16 or do not agree with the vendor registration or/and invoice.
Invoice amount is less than M16 amount	Make sure that M16 amount is consistent with invoice amount and any differences are clearly explained. The amount in M16 can be less than amount in invoice but not the other way around.
Coding Block differs in M16 from B27 and PCS	The coding block in M16 must match the coding blocks on B27 and PCS. In case of discrepancy the payment order will be rejected.
The payment is not signed by authorized official	Every payment should be signed by authorized officials. If there are changes in list of authorized officials, the M15 form with new authorized official and his signature sample and executable amount for each type of payment is mentioned.
Applicable taxes are not deducted	The payment is subject of tax withholding from the contractor but relevant tax is not deducted in the M16. In case of tax exemption or document substantiating different withholding rate the supporting documents shall be attached.
Insufficient allotment	The M16 amount can't increase the allotted amount in B27.
The rejected M16 is brought without further amendment	The M16 has been rejected but the rejection reason has not been resolved. Please make sure you make all the necessary changes and not just a part of them.
Name/ID number of the bonded trustee is not mentioned or mentioned incorrect	Vendor/Contractor details must be consistent in AFMIS, M16 and supporting documents.
The documents are amended after authorized signature	Documents must be signed by the authorized official after the changes have been made and not before that.
Difference between Percentage of work progress and M16 amount	The payment to the Contractor is prepared according to the Contractors progress report. If the percentage on the works finished will be less than the contractor's invoice (for example, only 20%of the work will be finished, but the contractor's invoice and M16 shall be prepared for 30%) the payment order will be rejected.
The Petty cash/Advances are not acquitted completely	All the advances must be acquitted before requesting a new advance. The advance

	acquittal M12 form can be provided to SDU together with or before the new advance request. The new advance request shall be rejected in case of any discrepancy in M12.
Commitment/obligation number is not entered in the system	Each contract shall have Commitment/Obligation number assigned in AFMIS before processing any payment requests.
The allotment is not entered in the system	The allotment for each commitment/obligation number must be entered into AFMIS, as well as the corresponding value for the commitment.
Insufficient fund on the Special Account	Implementing Agencies are responsible for verifying that the funds balance in Special Account is sufficient to process the payment and request SDU to process replenishment on time. In case of insufficient funds the payment request will be rejected by DAB.
Not reviewed and controlled by MOF financial controllers	The financial controllers are responsible for the verification that the accounting requirements for processing the payment are met before the payment could be processed by the Treasury.
Calculation mistake	The M16 would be returned, if Taxes or other deductions have been calculated incorrectly.
Other rejection reasons	
Special Account, Commitment/Obligation number is missing in M16/B27/Coding Sheet	The payment order will be rejected in case of missing data in M16 and/or supporting documents
CS/PCS/B27 and/or other supporting documents (copy of bank card, vendor form, payroll sheet, suppliers invoice, etc) are missing	In case of missing supporting documents the payment request will be rejected.
Grant name is not mentioned or entered incorrectly in M16	Each grant has a number and a name that must be filled in M16.
License date is expired	The copy of Contractors license must be attached to each contract payment. The license must be valid for at least three months.
Bank Account number is incorrect in M16; Account number differs in M16, Bank Card and/or Vendor form	All the Bank details must be correct and consistent in M16, supplier's invoice, and AFMIS vendor's record
The name, address or other information differs in M16, Bank ID card, Vendor form etc.	In case of any discrepancies in M16 and/or Supporting documents the payment request will be rejected.
The withdrawal application is incorrect or missing (for processing a direct payment)	The withdrawal application must be properly prepared.
Bank guaranty is missing (in case of advance payment)	For each advance payment to a supplier the bank guaranty must be attached to payment order.

The M16 is not signed by authorized persons; Stamp is missing on M16	The payment order will be rejected if it is not signed by authorized persons or there will be signatures missing. Make sure the M50 form is added to payment request if authorized officials have changed; The M16 must have all the necessary stamps to avoid rejection
Currency in B27 is differs from the currency in the system	The allotment for each contract is given in one specific currency which is also entered in the system. The currency must be consistent between AFMIS and B27.
The currency differs between contract and invoice/payment request.	The payment must be prepared in the same currency as the contract, for example, if the contract is in Afghanis then the payment shall be made in Afghanis and not other currency.

Appendices



**MINISTRY OF FINANCE
TREASURY DEPARTMENT, SPECIAL DISBURSEMENT UNIT**

M16 PAYMENT PROCESS CHECKLIST

RECEPTION	Receipt No. <input style="width:200px;" type="text"/> Name <input style="width:200px;" type="text"/> Receipt Date <table style="display:inline-table; border:1px solid black;"><tr><td style="width:20px;">D</td><td style="width:20px;">D</td><td style="width:20px;">M</td><td style="width:20px;">M</td><td style="width:20px;">Y</td><td style="width:20px;">Y</td><td style="width:20px;">Y</td><td style="width:20px;">Y</td></tr></table> Shift (Tick) <input type="checkbox"/> A <input type="checkbox"/> B	D	D	M	M	Y	Y	Y	Y						
D	D	M	M	Y	Y	Y	Y								
VERIFICATION	<table style="width:100%; border:1px solid black;"> <tr> <td style="width:20%;"><input type="checkbox"/> Approved</td> <td style="width:20%;"><input type="checkbox"/> Approved</td> <td style="width:20%;"><input type="checkbox"/> Approved</td> </tr> <tr> <td><input type="checkbox"/> Rejected</td> <td><input type="checkbox"/> Rejected</td> <td><input type="checkbox"/> Rejected</td> </tr> </table> B27 & M16 B27 & AFMIS Budget Supporting Documents <input type="checkbox"/> Approved SDU # <input style="width:100px;" type="text"/> Date Verified <input type="checkbox"/> Rejected Name <input style="width:100px;" type="text"/> <table style="display:inline-table; border:1px solid black;"><tr><td style="width:20px;">D</td><td style="width:20px;">D</td><td style="width:20px;">M</td><td style="width:20px;">M</td><td style="width:20px;">Y</td><td style="width:20px;">Y</td><td style="width:20px;">Y</td><td style="width:20px;">Y</td></tr></table>	<input type="checkbox"/> Approved	<input type="checkbox"/> Approved	<input type="checkbox"/> Approved	<input type="checkbox"/> Rejected	<input type="checkbox"/> Rejected	<input type="checkbox"/> Rejected	D	D	M	M	Y	Y	Y	Y
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<input type="checkbox"/> Rejected	<input type="checkbox"/> Rejected	<input type="checkbox"/> Rejected													
D	D	M	M	Y	Y	Y	Y								
TEMP SAVE	EV No. Net Pay <input style="width:80px;" type="text"/> Sukook <input style="width:80px;" type="text"/> Malya <input style="width:80px;" type="text"/> I Tax <input style="width:80px;" type="text"/> Other <input style="width:80px;" type="text"/> Name <input style="width:300px;" type="text"/> Date <table style="display:inline-table; border:1px solid black;"><tr><td style="width:20px;">D</td><td style="width:20px;">D</td><td style="width:20px;">M</td><td style="width:20px;">M</td><td style="width:20px;">Y</td><td style="width:20px;">Y</td><td style="width:20px;">Y</td><td style="width:20px;">Y</td></tr></table>	D	D	M	M	Y	Y	Y	Y						
D	D	M	M	Y	Y	Y	Y								
CHECK	Net Pay <input type="checkbox"/> Sukook <input type="checkbox"/> Malya <input type="checkbox"/> I. Tax <input type="checkbox"/> Other <input type="checkbox"/> Name <input style="width:300px;" type="text"/> Date <table style="display:inline-table; border:1px solid black;"><tr><td style="width:20px;">D</td><td style="width:20px;">D</td><td style="width:20px;">M</td><td style="width:20px;">M</td><td style="width:20px;">Y</td><td style="width:20px;">Y</td><td style="width:20px;">Y</td><td style="width:20px;">Y</td></tr></table>	D	D	M	M	Y	Y	Y	Y						
D	D	M	M	Y	Y	Y	Y								
MANAGEMENT	M16 & Check <input type="checkbox"/> Grant & Special A/c <input type="checkbox"/> Name <input style="width:300px;" type="text"/> Date <table style="display:inline-table; border:1px solid black;"><tr><td style="width:20px;">D</td><td style="width:20px;">D</td><td style="width:20px;">M</td><td style="width:20px;">M</td><td style="width:20px;">Y</td><td style="width:20px;">Y</td><td style="width:20px;">Y</td><td style="width:20px;">Y</td></tr></table>	D	D	M	M	Y	Y	Y	Y						
D	D	M	M	Y	Y	Y	Y								
POSTING	Net Pay <input type="checkbox"/> Sukook <input type="checkbox"/> Malya <input type="checkbox"/> I. Tax <input type="checkbox"/> Other <input type="checkbox"/> Issues <input style="width:350px;" type="text"/> Ex. Rate <input style="width:80px;" type="text"/> Name <input style="width:300px;" type="text"/> Date <table style="display:inline-table; border:1px solid black;"><tr><td style="width:20px;">D</td><td style="width:20px;">D</td><td style="width:20px;">M</td><td style="width:20px;">M</td><td style="width:20px;">Y</td><td style="width:20px;">Y</td><td style="width:20px;">Y</td><td style="width:20px;">Y</td></tr></table>	D	D	M	M	Y	Y	Y	Y						
D	D	M	M	Y	Y	Y	Y								
FILING	Grant <input style="width:150px;" type="text"/> Folder # <input style="width:60px;" type="text"/> Name <input style="width:300px;" type="text"/> Date <table style="display:inline-table; border:1px solid black;"><tr><td style="width:20px;">D</td><td style="width:20px;">D</td><td style="width:20px;">M</td><td style="width:20px;">M</td><td style="width:20px;">Y</td><td style="width:20px;">Y</td><td style="width:20px;">Y</td><td style="width:20px;">Y</td></tr></table>	D	D	M	M	Y	Y	Y	Y						
D	D	M	M	Y	Y	Y	Y								



Islamic Republic of Afghanistan

Ministry of Finance, Treasury Department

Special Disbursement Unit

M16 Rejection Form

Please note that the attached M16 Payment Order is rejected on the grounds marked hereunder:

S#	Reasons for Rejection	Tick
1.	Wrong Coding Block	
2.	Original invoice is missing.	
3.	Contract is missing.	
4.	B27 and PCS form are missing.	
5.	"No objection letter" form the World Bank/Donor is missing	
6.	Bank Details information is missing/wrong	
7.	Invoice Amount differs from M16 Amount	
8.	Coding block differs in M16 from B27 and PCS	
9.	The payment is not signed by authorized official	
10.	Applicable taxes are not deducted	
11.	Insufficient allotment	
12.	The Rejected M16 is brought without further amendment	
13.	Name/ID number of the bonded trustee is not mentioned or mentioned incorrect	
14.	The documents are amended after authorized signature	
15.	The advance payment is not acquitted completely.	
16.	The petty cash is not acquitted completely.	
17.	The allotment is not entered in the system	
18.	Commitment/obligation is not entered in the system	
19.	Insufficient fund in the Special Account	
20.	Not reviewed and controlled by MOF controllers	
21.	Calculation mistakes	
22.	Others as mentioned below:	

You are requested to re - submit the M16 Form after rectifying the above sighted errors.

Rejected by:

Designation:

Date:

Appendix 3

Required supporting documents depending on type of payment

Supporting documents	Salary payment	Salary payment to individual contractor	Contractor payment for goods and services	Contractor payment for construction services	Taminat payment	Cash payment
B27 – budget form (copy)	X	X	X	X	X	X
PCS – Project coding sheet (copy)	X	X	X	X	X	X
CS – Coding sheet (copy)	X	X	X	X	X	X
Vendor details (copy)	X	X	X	X	X	X
Payroll sheet (original)	X	either				
Attendance sheet (original or copy)	X	X				
Invoice (original)		or	X	X	X	X
Cost estimate and breakdown of calculation; Treasury form (information about Project) (original)		For long term contracts only	X	X		
M3 – Purchase order form (original)			In case of advance payment			In case of advance payment
M7 received procurement form (Certification from the concerned authority for receipt of goods or services) (original or copy)			X			If necessary (for post payment)
Implementing agency certificate (original or copy)				X		
Copy of contract (for the first payment only)			X	X		
Copy of Bank ID card			X	X	X	X
Copy of Bank guaranty (for advance payments only)			X	X		
Copies of all M16 related to the payment					X	
Letter from Implementing Agency for taminat payment (original)					X	
Withdrawal application (original)			In case of direct payment	In case of direct payment	In case of direct payment	
Advance request form M10 (original)			In case of advance payment	In case of advance payment		In case if advance payment
M50 – Signatory form (original)	For first time only (for detailed requirements see on M50 table Supporting documents and information)					
Letter from Minister announcing acting Minister	If exceeds threshold (for detailed information see on Letter from Minister announcing acting Minister table Supporting documents and information)					

Appendix 5

Required supporting documents for opening a LC and processing an advance replenishment

	Discretionary LC	LC + SC	Advance replenishment
Letter from IA to issue LC (original), including the authorization to use the IA budget for the bank charges associated with the LC opening and management	X	X	
M16 – payment request form (original)	X	X	
PCS – Project coding sheet (copy)	X	X	
B27 – budget form (copy)	X	X	
CS – Coding sheet (copy)	X	X	
Vendor details (copy)	X	X	
Performance invoice (original)	X	X	
Signed contract (or copy) for import of goods or services, specifying the use of LCs as form of the payment and with copy of SPC decision, if the amount of contract exceeds the ceilings established for the IA	X	X	
Statement of Expenditure (original)			X
Letter from IA explaining how (or what for) the advance was spent, signed by authorized officials			X



Islamic Republic of Afghanistan

Ministry of Finance, Treasury Department

Special Disbursement Unit

Special requirements for transaction processing

Donor: _____ Grant agreement No. _____

Grant name: _____

No.	Special conditions and control requirements:
1.	
2.	
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Approved by DG Treasury:

Date:

Approved by Authorized representative of Implementing Agency:

Date: