Gujranwala Electric Power Company

(GEPCO)

Accounting Manual

Volume-I

Prepared by

USAID Power Distribution Program

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Update Control Sheet

Name of the DISCO: _____

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Preface

Background of Distribution Companies (DISCOs) in Pakistan

The electricity supply service in Pakistan, initially, was undertaken by different agencies, both in public and private sectors, in different areas. In order to provide for the unified and coordinated development of the water and power resources, Water and Power Development Authority (WAPDA) was created in 1958 through WAPDA Act, 1958.

The local areas electricity distribution service was being performed by various Regions of WAPDA. Then the Area Electricity Board (AEB) Lahore, on the eight AEBs in Pakistan, was established under the scheme of Area Electricity Boards in 1982, in order to provide more autonomy and representation to provincial government, elected representatives, industrialists, agriculturalists and other interest groups in functions of the AEBs.

The environment and structure of the power industry throughout the world are undergoing dramatic change. The power sector is moving from monopoly to privatization and from integration to disintegration. To keep pace with this change, the Government of Pakistan approved a Strategic Plan in 1994 as a consequence of which the power wing of WAPDA has been unbundled into 12 Companies for generation, transmission and distribution of electricity.

Purpose of Accounting Manual

In September, 2010, work began on a USAID funded program, USAID's Power Distribution Program (PDP), aimed at working jointly with the government-owned electric Power Distribution DISCO's (DISCO's) in Pakistan to improve performance in terms of reduction in losses and improvement in revenues and customer services, which would bring DISCOs to a level of well-run utilities similar to those in other progressive countries. Through this program, the United States Government provides assistance and support to the Government of Pakistan (GOP) in its efforts to reform the power sector and to end the current energy crisis.

The PDP consist of two components:

- Operational Audits of each of the eight Government-owned DISCOs. The purpose of these operational audits was to establish baseline information that can be used to measure improvement in performance over time. The audits covered the areas of governance, commercial, engineering and operations, financial, human resource, communications, and customer service. Opportunities for fundamental improvement surfaced in all areas. These improvement opportunities are reflected in DISCO-specific Performance Improvement Action Plans.

- Performance Improvement Action Plans in collaboration with each DISCO and the Ministry of Water and Power (MWP), aimed at: 1) sustainability, 2) governance improvement, 3) revenue improvement, 4) loss reduction, and 5) capacity building and training including implementation of interventions to demonstrate a number of key operational improvements and directly measure their value to the utility.

The results of the DISCO operational audits documented the policies, practices, procedures and operational characteristics employed to date. It was noted that, while the DISCOs do indeed manage some segments of electric distribution service well, there remained substantial room for improvement in business practices, human resource management, engineering and operations, and financial management. One such performance intervention recommended was updating the DISCOs accounting manual. The existing accounting manual has not been updated since 1980. The manual is outdated and unable to meet the needs of the organizations' current business practices and future ERP environment.

The goal of the Accounting Manual Update project was to redraft, revise and update the existing accounting manual to meet the standards of NEPRA uniform system of accounts and policies, procedures, reporting requirements, business processes and such other items which would support a comprehensive accounting resource, consistent with an ERP environment and compliant with International Accounting Standards as applicable in Pakistan.

This accounting manual outlines the accounting policies and procedures to be followed by the DISCO. It is expected to:

- facilitate the record keeping of each accounting process;
- ensure that books of account are prepared to conform to sound accounting policies;
- enable the management to obtain accurate and timely financial reports on monthly, quarterly and yearly basis;
- help organize and manage the assets and liabilities of the DISCO's;
- support coordination of accurate financial reporting and adequate financial disclosures;
- promote compliance with a applicable reporting framework, law and regulations;
- promote efficient financial management through the provision of useful reference materials and standard documents; and
- serve as a training tool to facilitate newly hired employees

Compliance with the Accounting Manual

Compliance with the Accounting Manual is mandatory.

In extraordinary circumstances, specific requirement of the Accounting Manual may be waived off subject to approval from the Audit Committee after consultation with the Head of Internal Audit and statutory auditors.

Amendments to the Manual

The Accounting Manual must be updated periodically in line with the introduction of amendments to applicable standards, regulations and legislations and the responsibility for doing so will rest with the Finance Director.

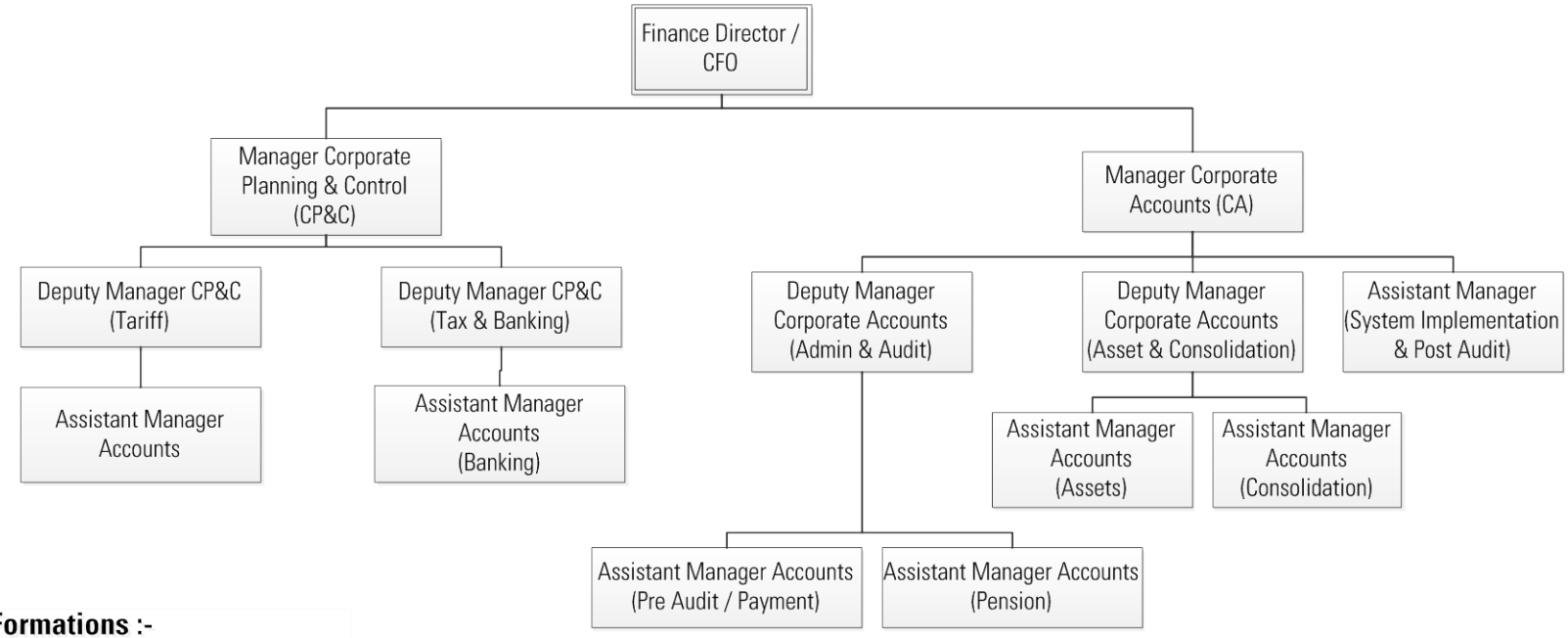
To assist in updating the manual whenever any amendments are issued, each batch of amendments must be listed on a schedule which should indicate the relevant sections and pages to be removed and the sections and pages that should be introduced as replacement sections and/or new sections. Once the manual is updated accordingly, the schedule of amendments must be filed for record purposes after the section of the manual that details its contents. A specimen schedule is given as ***"Updated Control Sheet"*** at the beginning of the Manual.

In-between amendments, new and / or amended procedures and controls will be conveyed by means of circulars issued by the Finance Director and these circulars will form the basis of subsequent amendments to the manual.

Finance Function

A. Finance Function Organisation Chart

The organisation structure of Finance Department of GEPCO is given below. Certain changes that have been made in the current organisation structure are also highlighted.



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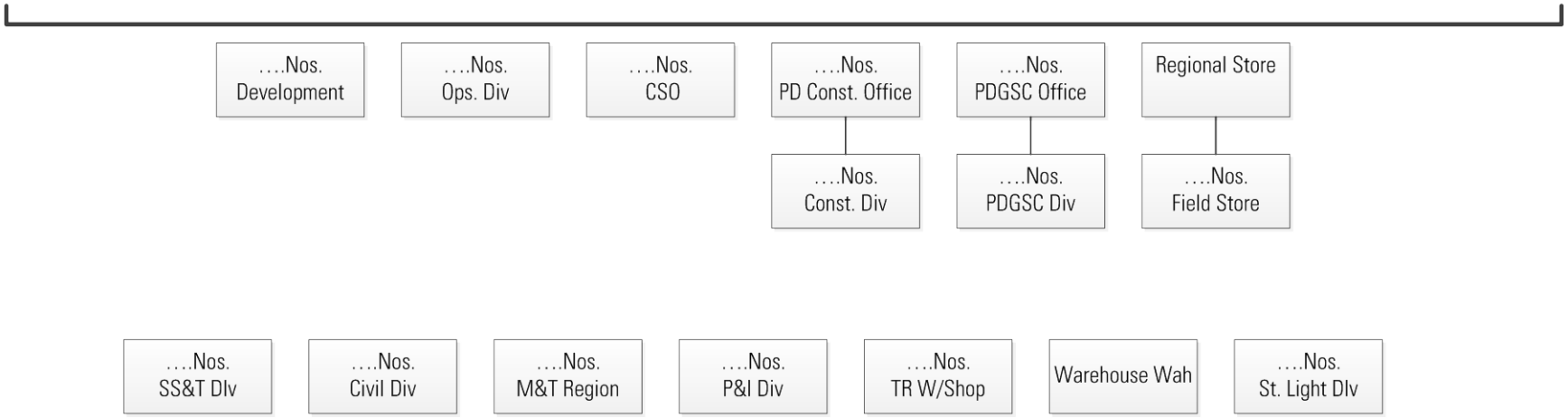

B. Major Responsibilitites of Finance Director / Chief Financial Officer (CFO)

The Finance Director has overall responsibility of Finance Department. He is Financial Advisor of the Company. He assists management in Strategic Management decision making. He controls all financial activities of the Company.

C. Activities of Finance Function

Major sections, responsibilities and activities under Finance Director's / CFO's control are as under.

S. No.	Section	Responsibility	Activity
1	Corporate Accounting	Manager Corporate Accounting	▪ Corporate Accounts ▪ Administration, and ▪ Payroll of finance department
2	Corporate Planning and Control	Manager Finance (CP&C)	▪ Corporate Planning and Control ▪ Costing / Pricing ▪ Budgeting, and ▪ Loan Management
3	Head Quarter Accounts	Deputy Manager Accounts (H/Q)	▪ Pension and Funds ▪ Audit Observation Reply, and ▪ Pre-Audit & Payments
4	Field Formation Accounts	Deputy Manager Accounts (F.F)	▪ Imprest / Banking ▪ IOT Reconciliation ▪ Receivables / Payables ▪ Fixed Asset Register ▪ Accounts Consolidation, and ▪ Financial Reporting

D. Sanctioned Strength of Finance Function

The sanctioned strength of Finance Function of GEPCO is as follows:

S. No.	Finance Offices	Designation
1.	Finance HO	a) Manager Corporate Planning and Control (CP&C)
		b) Manager Corporate Accounts (CA)
		c) Deputy Manager CP&C (Tariff)
		d) Deputy Manager CP&C (Tax & Banking)
		e) Deputy Manager CP&C (Admin & Audit)
		f) Deputy Manager CP&C (Asset & Consolidation)
		g) Assistant Manager (System Implementation & Post Audit)
		h) Assistant Manager Accounts
		i) Accounts Officer
		j) Accounts Assistant
	➢ Asset Section	a) Assistant Manager Assets (AMA)
		b) Accounts Officer
		c) Accounts Assistant
	➢ Consolidation Section	a) Assistant Manager Consolidation (AMC)
		b) Accounts Officer
		c) Accounts Assistant
	➢ Imprest / Banking Section	a) Assistant Manager Accounts (AMA)
		b) Accounts Officer
		c) Accounts Assistant
	➢ IOT Section	a) Assistant Manager Accounts (AMA)
		b) Accounts Officer
		c) Accounts Assistant
	➢ Payment Section	a) Assistant Manager Accounts (AMA)
		b) Accounts Officer
		c) Accounts Assistant
2.	Divisional Offices	a) Divisional Accounts Officer (DAO)
		b) Accounts Assistant (AA)
3.	Office of Assistant Manager Customer Services (AMCS)	a) Divisional Accounts Officer (DAO)
		b) Accounts Assistant (AA)
4.	Office of Project Director Grid System Construction (PDGSC)	a) Assistant Manager Finance (AMF)
		b) Accounts Assistant
	➢ Divisions of Office of PDGSC	a) Divisional Accounts Officer (DAO)
		b) Accounts Assistant

S. No.	Finance Offices	Designation
5.	Office of Project Director Construction (PDC)	a) Assistant Manager Finance (AMF)
		b) Accounts Assistant
	➢ Divisions of Office of PDC	a) Divisional Accounts Officer (DAO)
		b) Accounts Assistant
6.	Office of Project Management Unit (PMU)	a) Manager Project Finance
		b) Deputy Manager Project Finance
		c) Assistant Manager Project Finance
		d) Accounts Assistant
7.	Regional Store	a) Assistant Manager Accounts (AMA)
		b) Accounts Officer
		c) Accounts Assistant
	➢ Field Store	a) Accounts Officer
		b) Accounts Assistant
8.	Metering & Testing Region	a) Divisional Accounts Officer
		b) Accounts Assistant
9.	GSO Division (Sub-station & Transmission line)	a) Divisional Accounts Officer
		b) Accounts Assistant
10.	Protection & Instrumentation Division	a) Divisional Accounts Officer
		a) Accounts Assistant
11.	Civil Division	b) Divisional Accounts Officer
		a) Accounts Assistant
12.	Warehouse Wah	a) Accounts Officer
		b) Accounts Assistant

E. Performance Evaluation by Competent Authority

Performance Evaluation linked with control matrix is an essential element to ensure proper accountability of the personnel involved in the business activities performed under various processes.

Performance improvement in the Performance Evaluation process of finance function is mentioned in the following matrix.

a) Performance Evaluation of finance staff other than Finance Director / CFO

S. No.	Finance Offices	Designation	Performance Evaluation to be performed by		
			Reporting Officer	Counter Signing Officer	Second Counter Signing Officer
1.	Finance HO	a) Manager Corporate Planning and Control (CP&C)	Finance Director	CEO	CEO
		b) Manager Corporate Accounts (CA)	Finance Director	CEO	CEO
		c) Deputy Manager Finance (Tariff)	Manager Corporate Planning and Control (CP&C)	Finance Director	Finance Director
		d) Deputy Manager Finance (Tax & Banking)	Manager Corporate Planning and Control (CP&C)	Finance Director	Finance Director
		e) Deputy Manager Finance (Admin & Audit)	Manager Corporate Accounts (CA)	Finance Director	Finance Director
		f) Deputy Manager Finance (Asset & Consolidation)	Manager Corporate Accounts (CA)	Finance Director	Finance Director
		g) Assistant Manager (System Implementation & Post Audit)	Manager Corporate Planning and Control (CP&C)	Finance Director	Finance Director
		h) Assistant Manager Accounts	Concerned Deputy Manager Finance	Manager Corporate Planning and Control (CP&C)	Finance Director
		i) Accounts Officer	Concerned Assistant Manager Finance	Concerned Deputy Manager Finance	Concerned Manager Finance / CA

S. No.	Finance Offices	Designation	Performance Evaluation to be performed by		
			Reporting Officer	Counter Signing Officer	Second Counter Signing Officer
		j) Accounts Assistant	Accounts Officer	Concerned Assistant Manager Finance	Concerned Deputy Manager Finance
	➢ Asset Section	a) Assistant Manager Assets (AMA)	Deputy Manager Finance	Manager Corporate Accounts	Finance Director
		b) Accounts Officer	Assistant Manager Assets	Deputy Manager Accounts	Manager Corporate Accounts
		c) Accounts Assistant	Accounts Officer	Assistant Manager Assets	Deputy Manager Finance
	➢ Consolidation Section	a) Assistant Manager Consolidation (AMA)	Deputy Manager Finance	Manager Corporate Accounts	Finance Director
		b) Accounts Officer	Assistant Manager Consolidation	Deputy Manager Accounts	Manager Corporate Accounts
		c) Accounts Assistant	Accounts Officer	Assistant Manager Consolidation	Deputy Manager Finance
	➢ Imprest / Banking Section	a) Assistant Manager Accounts (AMA)	Deputy Manager Finance	Manager Corporate Accounts	Finance Director
		b) Accounts Officer	Assistant Manager Accounts	Deputy Manager Accounts	Manager Corporate Accounts
		c) Accounts Assistant	Accounts Officer	Assistant Manager Accounts	Deputy Manager Finance
	➢ IOT Section	a) Assistant Manager Accounts (AMA)	Deputy Manager Finance	Manager Corporate Accounts	Finance Director
		b) Accounts Officer	Assistant Manager Accounts	Deputy Manager Accounts	Manager Corporate Accounts
		c) Accounts Assistant	Accounts Officer	Assistant Manager Accounts	Deputy Manager Finance

S. No.	Finance Offices	Designation	Performance Evaluation to be performed by		
			Reporting Officer	Counter Signing Officer	Second Counter Signing Officer
	➢ Payment Section	a) Assistant Manager Accounts (AMA)	Deputy Manager Finance	Manager Corporate Accounts	Finance Director
		b) Accounts Officer	Assistant Manager Accounts	Deputy Manager Accounts	Manager Corporate Accounts
		c) Accounts Assistant	Accounts Officer	Assistant Manager Accounts	Deputy Manager Finance
2.	Divisional Offices	a) Divisional Accounts Officer (DAO)	Deputy Manager Finance	Manager Corporate Accounts	Finance Director
		b) Accounts Assistant (AA)	Divisional Accounts Officer (DAO)	Deputy Manager Finance (Admin)	Manager Corporate Accounts
3.	Office of Assistant Manager Customer Services (AMCS)	a) Divisional Accounts Officer (DAO)	Assistant Manager Accounts (Banking Sec)	Deputy Manager Finance	Manager Corporate Accounts
		b) Accounts Assistant (AA)	Divisional Accounts Officer (DAO)	Deputy Manager Finance (Admin)	Manager Corporate Accounts
4.	Office of Project Director Grid System Construction (PDGSC)	a) Assistant Manager Finance (AMF)	Deputy Manager Finance	Manager Corporate Accounts	Finance Director
		b) Accounts Assistant (AA)	Assistant Manager Finance	Deputy Manager Finance (Admin)	Manager Corporate Accounts
	➢ Divisions of Office of PDGSC	a) Divisional Accounts Officer (DAO)	Assistant Manager Accounts (Office of PDGSC)	Deputy Manager Finance (Admin)	Manager Corporate Accounts
		b) Accounts Assistant	Divisional Accounts Officer (DAO)	Assistant Manager Finance (Office of PDGSC)	Deputy Manager Finance (Admin)

S. No.	Finance Offices	Designation	Performance Evaluation to be performed by		
			Reporting Officer	Counter Signing Officer	Second Counter Signing Officer
5.	Office of Project Director Construction (PDC)	a) Assistant Manager Finance (AMF)	Deputy Manager Finance	Manager Corporate Accounts	Finance Director
		b) Accounts Assistant	Assistant Manager Finance	Deputy Manager Finance (Admin)	Manager Corporate Accounts
	➢ Divisions of Office of PDC	a) Divisional Accounts Officer (DAO)	Assistant Manager Finance (Office of PDC)	Deputy Manager Finance	Manager Corporate Accounts
		b) Accounts Assistant	Divisional Accounts Officer (DAO)	Assistant Manager Finance (Office of PDC)	Deputy Manager Finance
6.	Office of Project Management Unit (PMU)	a) Manager Project Finance	Finance Director	CEO	CEO
		b) Deputy Manager Project Finance	Manager Project Finance	Finance Director	Finance Director
		c) Assistant Manager Project Finance	Deputy Manager Project Finance	Manager Project Finance	Finance Director
		d) Accounts Assistant	Assistant Manager Project Finance	Deputy Manager Project Finance	Manager Project Finance
7.	Regional Store	a) Assistant Manager Accounts (AMA)	Deputy Manager Finance	Manager Corporate Accounts	Finance Director
		b) Accounts Officer	Assistant Manager Accounts	Deputy Manager Finance	Manager Corporate Accounts
		c) Accounts Assistant	Assistant Manager Accounts	Deputy Manager Finance	Manager Corporate Accounts
	➢ Field Store	a) Accounts Officer	Assistant Manager Accounts (Regional Store)	Deputy Manager Finance	Manager Corporate Accounts
		b) Accounts Assistant	Assistant Manager Accounts (Regional Store)	Deputy Manager Finance	Manager Corporate Accounts

S. No.	Finance Offices	Designation	Performance Evaluation to be performed by		
			Reporting Officer	Counter Signing Officer	Second Counter Signing Officer
8.	Metering & Testing Region	a) Divisional Accounts Officer (DAO)	Deputy Manager Finance	Manager Corporate Accounts	Finance Director
		b) Accounts Assistant	Divisional Accounts Officer (DAO)	Deputy Manager Finance (Admin)	Manager Corporate Accounts
9.	GSO Division (Sub-station & Transmission line)	a) Divisional Accounts Officer (DAO)	Deputy Manager Finance	Manager Corporate Accounts	Finance Director
		b) Accounts Assistant	Divisional Accounts Officer (DAO)	Deputy Manager Finance	Manager Corporate Accounts
10.	Protection & Instrumentation Division	a) Divisional Accounts Officer (DAO)	Deputy Manager Finance	Manager Corporate Accounts	Finance Director
		b) Accounts Assistant	Divisional Accounts Officer (DAO)	Deputy Manager Finance	Manager Corporate Accounts
11.	Civil Division	a) Divisional Accounts Officer (DAO)	Deputy Manager Finance	Manager Corporate Accounts	Finance Director
		b) Accounts Assistant	Divisional Accounts Officer (DAO)	Deputy Manager Finance	Manager Corporate Accounts
12.	Warehouse Wah	a) Accounts Officer	Assistant Manager Accounts	Deputy Manager Finance	Manager Corporate Finance
		b) Accounts Assistant	Accounts Officer	Assistant Manager Accounts	Deputy Manager Finance

Note:

- Drawing and Disbursement Officer (DDO) will report on quarterly basis the performance of his concerned officer in charge of the finance function to the concerned DMF (Reporting Officer).
- The Reporting Officer during the performance evaluation of finance staff of Field Formation would ask from the concerned dealing sections to provide their feedback on the performance of the concerned staff.

b) Performance Evaluation of Finance Director / CFO

The performance evaluation of Finance Director / CFO should be performed by the Chief Executive on annual basis. In accordance with the "Code of Corporate Governance", the appointment, remuneration and terms of condition of employment of the Chief Finance Officer shall be determined by the Board of Directors in the light of the Annual Performance Evaluation.

Reading Instructions

Following reading instructions are meant to provide the users of this Accounting Manual ("Manual") a general guidance on how to use this manual.

1) The main purpose of this manual is to cover only the accounting aspects of transactions. Operational and compliance aspects of transactions are not a part of this manual.

2) This manual is divided into 3 volumes. **Volume 'I'** and **Volume 'II'** comprise of details about various process of DISCO and **Volume 'III'** comprises of specimen documents.

3) The **Volume 'I'** and **Volume 'II'** are divided into following processes.

   - Tariff and Regulatory Matters
   - Planning, Budgeting and Forecasting
   - Revenue and Receivables
   - General and Administrative
   - Human Resource Management
   - Taxation
   - Fixed Assets Management
   - Inventory and Material Management
   - Cash and Treasury Management
   - Purchasing and Payables
   - Accounting and Financial Reporting

4) Each process is further divided into its sub-processes.

5) Each sub-process comprises of;

   - **Descriptive Overview**
     The descriptive overview gives a brief outline of the sub-process.

   - **Flow Chart**
     The flow chart specifies all the activities of the sub-process and the office/section involved. Each activity in the flow chart is given a unique number.

   - **Detail of Process Activities**
     All the activities mentioned in flow chart are elaborated in "Detail of Process Activities". The number of process activities matches with the unique number, given to each activity in the flow chart. This section comprises of description of process activities, output, reference to journal entries, office/section involved and responsibility of staff.

   - **General Entries**
     All the general entries related to each sub-process are given in this section. These entries are referred to the section of "Detail of Process Activities".

   - **Summary of Responsibilities for Functional Activities**

This section gives the description of various jobs, related to that sub-process, performed by the various section/office and officers.

- **Key Control Matrix**
  Key Control Matrix mentions various financial reporting risks related to the sub-process and controls that mitigate those risks. The controls are linked with the process activities, through the same unique numbering.

Acronyms

Acronyms	Expanded Form
AA	Account Assistant
AET	Assistant Engineer Transmission
AGM	Annual General Meeting
AM	Assistant Manager
AM – HR	Assistant Manager – Human Resource
AMA	Assistant Manager Accounts
AMC	Assistant Manager Construction
AMCA	Assistant Manager Corporate Accounts
AMCS	Assistant Manager Customer Service
AMFS	Assistant Manager Field Store
AMO	Assistant Manager Operations
AO	Accounts Officer
ATM	Automated Teller Machine
BOD	Board of Directors
BOQ	Bill OF Quantity
BPS	Basic Pay Scale
CA	Commercial Assistant
CC	Carbon Copy
CE O & M	Chief Engineer Operations and Maintenance
CE P & D	Chief Engineer Planning and Development
CE PMU	Chief Engineer Project Management Unit
CEO	Chief Executive Officer
CFC	Cash for Chest

Acronyms	Expanded Form
CFO	Chief Financial Officer
CP	Commercial Procedure
CP & C	Corporate Planning & Control
CPPA	Central Power Purchasing Agency
CPR	Computerized Payment RecitReceipte
CSD	Customer Services Director
CTM	Cash and Treasury Management
CWIP	Capital Work In Progress
D & D	Drawing and Disbursing
DA	Daily Allowance
DAO	Divisional Accounts Officer
DDO	Drawing and Disbursing Officer
DG – IT	Director General – Information Technology
DG Finance	Director General Finance
DG Training	Director General Training
DISCO	Distribution Company
DM	Deputy Manager
DM – Admin	Deputy Manager – Administration
DM – IT	Deputy Manager – Information Technology
DM R & CA	Deputy Manager Regulatory and Corporate Affairs
DM Warehouse	Deputy Manager Warehouse
DMA	Deputy Manager Accounts
DMA (FF)	Deputy Manager Accounts (Field Formation)
DMC	Deputy Manager Construction

Acronyms	Expanded Form
DMCA	Deputy Manager Corporate Accounts
DMCA (FF)	Deputy Manager Corporate Accounts (Field Formation)
DMO	Deputy Manager Operations
DMRS	Deputy Manager Regional Store
DN	Demand Notice
DOP	Distribution of Power
DTD	Deductable Temporary Difference
DWIP	Deposit Work In Progress
ELR	Energy Loss Reduction
EPF	Employee Provident Fund
EQ	Equalization
FBR	Federal Board of Revenue
FD	Finance Director
FF	Field Formations
FIA	Federal Investigation Agency
GAA	General and Administrative
GENCO	Generation Company
GLI	Group Life Insurance
GM	General Manager
GOP	Government of Pakistan
GPF	General Provident Fund
GRN	Goods Received Note
GSC	Grid System Construction
GSO	Grid Station Operations

Acronyms	Expanded Form
GST	General Sales Tax
GTN	Goods Transfer Note
HQ	Head Quarter
HR	Human Resource
HRD	Human Resource Director
HRM	Human Resource Management
IA	Internal Audit
IMM	Inventory and Materials Management
IOT	Inter Office Transaction
IT	Information Technology
LC	Letter of Credit
LD	Late Delivery charges
LDC	Lower Divisional Clerk
LOA	Letter of Acceptance
LPS	Ledger Posting Summary
LS	Line Superintendent
M & T	Monitoring and Testing
MBF	Medical Benevolent Fund
MCA	Manager Corporate Accounts
MF	Manager Finance
MF CP & C	Manger Finance Corporate Planning and Control
MIS	Management Information System
MM	Material Management
MoW & P	Ministry of Water and Power

Acronyms	Expanded Form
MRN	Material Return Note
MT	Money Transfer
NAB	National Accountability Bureau
NADRA	National Database Registration Authority
NBV	Net Book Value
NEPRA	National Electric Power Regulatory Authority
NJS	Neelum, Jhelum Surcharge
NRV	Net Realizable Value
NTDC	National Transmission & Dispatch Company
NUBC	National Utility Bills Collection
O & M	Operation and Maintenance
OGP	Outward Gate Pass
P & D	Planning and Development
P & E	Planning and Engineering
P & I	Planning and Inspection
P & S	Planning and Scheduling
PAP	Purchasing and Payables
PBF	Planning Budgeting and Forecasting
PC 1	Project Cycle 1
PD	Project Director
PDC	Project Director Construction
PDGSC	Project Director Grid Station Construction
PDP	Power Distribution Program
PEPCO	Pakistan Electric Power Company

Acronyms	Expanded Form
PITC	Pakistan Information Technology Company
PMU	Project Management Unit
PO	Purchase Order
POL	Petrol Oil Lubricant
PPO	Pension Payment Order
PPRA	Public Procurement Regulatory Authority
PSDP	Public Sector Development Program
R & CA	Regulatory & Corporate Affairs
RAB	Rent Assessment Board
RCO	Re-Connection Order
RE	Resident Engineer
RL	Retention Letter
RM	Regional Manger
RNR	Revenue and Receivables
RORB	Return on Rate Base
RRK	Resident Representative Karachi
RSM	Regional Store Manger
SDC	Sub-Divisional Clerk
SDO	Sub Divisional Officer
SE	Superintendent Engineer
SPP	Small Power Producer
SR	Store Requisition
SRO	Statuary Regulatory Order
SS & T	Sub Station and Transmission

Acronyms	Expanded Form
SS Cheque	Special Superscribed Cheque
SSO	Sub Station Operator
STG	Secondary Transmission and Grid
T & D	Transmission and Distribution
T & G	Transmission and Grid
TA/DA	Travelling Allowance / Daily Allowance
TOF	Transfer of Funds Letter
TRM	Tariff and Regulatory Matters
TRW	Transformer Reclamation Workshop
TTD	Taxable Temporary Difference
TV	Tele Vision
USAID	United States Agency for International Development
WACC	Weighted Average Cost of Capital
WAPDA	Water and Power Development Authority
WHT	Withholding Tax
WIP	Work in Process
WWF	WAPDA Welfare Fund

Legends

Symbol	Meaning
	Start / End
	Process
	Decision
	Data Flow Between different processes

Tariff and Regulatory Matters (TRM)

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1 Introduction

1.1 Objective

The purpose of preparing and submitting the Tariff Petition to NEPRA is to ensure that the tariff to be charged to the consumers incorporates the relevant cost incurred by the DISCO and allows the DISCO to earn a reasonable return on its Regulatory Asset Base.

The determination of tariff for electric power services is one of the primary responsibilities of NEPRA. NEPRA determines electricity tariffs, keeping in view the principles of economic efficiency and service of quality, according to the prescribed tariff standards and procedure rules 1998. In most cases under long term PPAs, Generation Company's tariff is determined on cost plus basis. DISCOs are given a multi-year performance tariff and transmission company tariff is determined on annual cost plus basis. .

1.2 Scope

This document covers all the aspects of the Tariff and Regulatory Matters at different Departments of DISCO. This document describes the Process of Preparation and Submission of Tariff Petition, which includes; Descriptive Overview of the process, Flow Chart of the process activities, Job Descriptions of persons responsible for performing activities and key control matrices to ensure that the process activities are in line with the Standard Policies and Procedure of the DISCO.

Process of Tariff and Regulatory Matters covers the following areas:

- Compilation of data and preparation of Tariff Petition
- Submission of Tariff Petition to NEPRA

All the Tariff and Regulatory Matters' activities in DISCO are covered under following Process:

Process ID	Process Name
TRM-1	Preparation and Submission of Tariff Petition

2 Policies and Definitions

2.1 General Policies

2.1.1 Tariff Policy

The determination of tariff for electric power services is one of the primary responsibilities of the National Electric Power Regulatory Authority (NEPRA). NEPRA determines electricity tariffs, keeping in view the principles of economic efficiency and service of quality.

2.1.2 Preparation and Submission of Tariff Petition

NEPRA has issued following act, standards and procedures to DISCOs for regulating the preparations and submission of Tariff Petitions:

- Regulation for Generation, Transmission and Distribution of Electric Power Act, 1997; and
- National Electric Power Regulatory Authority (Tariff Standards and Procedure) Rules, 1998.

2.1.3 Performance Standards (Distribution) Rules, 2005

In addition to above NEPRA has also issued Performance Standards (Distribution) Rules, 2005, to DISCOs. As per these rules, all distribution companies have to submit Annual Performance Reports (APRs) to NEPRA every year, reporting their technical and operational performance over the past year.

2.1.4 Distribution Code 2005

A Distribution Code is an essential part of the Regulatory Framework of the Pakistan Distribution Electric Supply System. In accordance with Section 20, of NEPRA "Regulation of Generation, Transmission and Distribution of Electric Power Act (XL of 1997)", all distribution companies must obtain a Distribution License from the National Electric Power Regulatory Authority, NEPRA. As per Section 35 of NEPRA Act, Clause 15 of the NEPRA Licensing (Distribution) Rules - 1999, and the provisions of NEPRA Distribution License, all NEPRA Distribution Licensees must comply with an approved Distribution Code at all times. Failure to do so can result in their License being suspended or revoked.

The purpose of this Code is to ensure that the Licensee's networks are planned, developed, operated, and maintained in an efficient, safe, reliable, co-ordinated and economical manner from the technical stand point.

2.1.5 National Electric Power Regulatory Authority Eligibility Criteria for Consumers of Distribution Companies, 2003

The purpose of NEPRA Eligibility Criteria for Consumers of Distribution Companies, 2003 is to lay down eligibility criteria for a non-discriminatory provision of distribution service and sale of electric power to all the consumers within the service territory of a distribution company.

2.1.6 Consumer Service Manual 2010

The Consumer Service Manual is applicable to all consumers served by DISCOs, for safe effective and reliable supply of electric power.

All these legislations, rules, standards, codes, criteria and manuals have been updated by NEPRA from time to time.

2.1.7 USAID Power Distribution Programme (PDP) Financial Model

Under the PDP a financial model has been developed for DISCO. The purposes of the said financial model are as follows:

- To provide a reliable tool for Planning, Budgeting and Consumer Tariff Modeling for NEPRA;
- To provide sufficient sensitivity analysis capability for DISCO planning purposes;
- To provide a model with a mechanism of 5 years historical and 10 years forecasted results; and
- To provide a model with variance analysis between forecast and actual numbers.

2.2 Definitions

2.2.1 Petition

Petition means a petition made to the Authority for the determination, modification or revision of tariff.

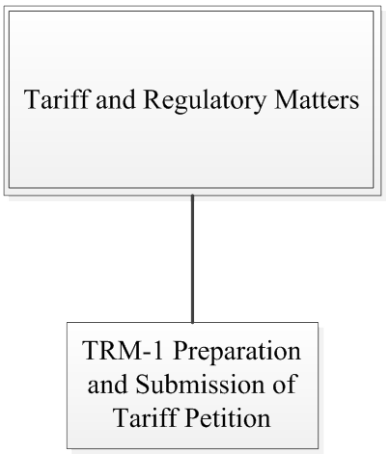
2.2.2 Registrar of NEPRA

Registrar means a person designated by the Authority to register and record the receipt of communications and petitions filed with the Authority and to perform such other duties under these rules as may from time to time be assigned by the Authority.

2.2.3 Tariff

Tariff means the rates, charges, terms and conditions for generation of electric power, transmission, inter-connection, distribution services and sales of electric power to consumers by a licensee.

3 Overview of the Process of Tariff and Regulatory Matters



Process ID	Process Name	Description of Process
TRM-1	Preparation and Submission of Tariff Petition.	A. This process covers the activities regarding the preparation and submission of Tariff Petition before NEPRA by using NEPRA Standard Tariff Petition formats. B. The information gathering process is initiated in the month of February by the CP & C Section of Finance Department. C. Departmental Plan and other information required for the preparation of Tariff Petition is obtained from the Concerned Departments. D. CP & C Section calculates the Distribution Margin, using data for Operating and Maintenance Cost collected from Concerned Departments and calculating estimated Depreciation, RORB and Other Income. E. Estimated Power Purchase Price and Prior Period Adjustment are calculated by the CP & C Section. F. Revenue Requirement is calculated using the Distribution Margin, Power Purchase Price and Prior Period Adjustment. G. Data is consolidated to prepare the Tariff Petition and the Tariff Petition is submitted to the Finance Director for review. H. Finance Director, CEO and Finance Committee review the Tariff Petition and submit it to the BOD with recommendations for approval. I. After BOD's approval, Tariff Petition is submitted to NEPRA by CEO along with an Affidavit. J. Tariff Petition is reviewed by NEPRA and Tariff Determination is forwarded to the DISCO's CEO and MoW&P. K. If the DISCO has any reservations with the Tariff Determined by NEPRA, a Review Motion is

Process ID	Process Name	Description of Process
		prepared by the CP & C Section and presented to the Finance Director for review. L. Review Motion is reviewed by the Finance Director, CEO, Finance Committee and submitted to NEPRA after BOD's approval. M. MoW&P reviews the Tariff Determination and issues a Notification to the DISCO, requiring the DISCO to charge the notified rate to the consumers.

TRM-1 Preparation and Submission of Tariff Petition

TRM-1.1 Descriptive Overview of the Process

A. This process covers the activities regarding the preparation and submission of Tariff Petition before NEPRA by using NEPRA Standard Tariff Petition formats.

B. The information gathering process is initiated in the month of February by the CP & C Section of Finance Department.

C. Departmental Plan and other information required for the preparation of Tariff Petition is obtained from the Concerned Departments.

D. CP & C Section calculates the Distribution Margin, using data for Operating and Maintenance Cost collected from Concerned Departments and calculating estimated Depreciation, RORB and Other Income.

E. Estimated Power Purchase Price and Prior Period Adjustment are calculated by the CP & C Section.

F. Revenue Requirement is calculated using the Distribution Margin, Power Purchase Price and Prior Period Adjustment.

G. Data is consolidated to prepare the Tariff Petition and the Tariff Petition is submitted to the Finance Director for review.

H. Finance Director, CEO and Finance Committee review the Tariff Petition and submit it to the BOD with recommendations for approval.

I. After BOD's approval, Tariff Petition is submitted to NEPRA by CEO along with an Affidavit.

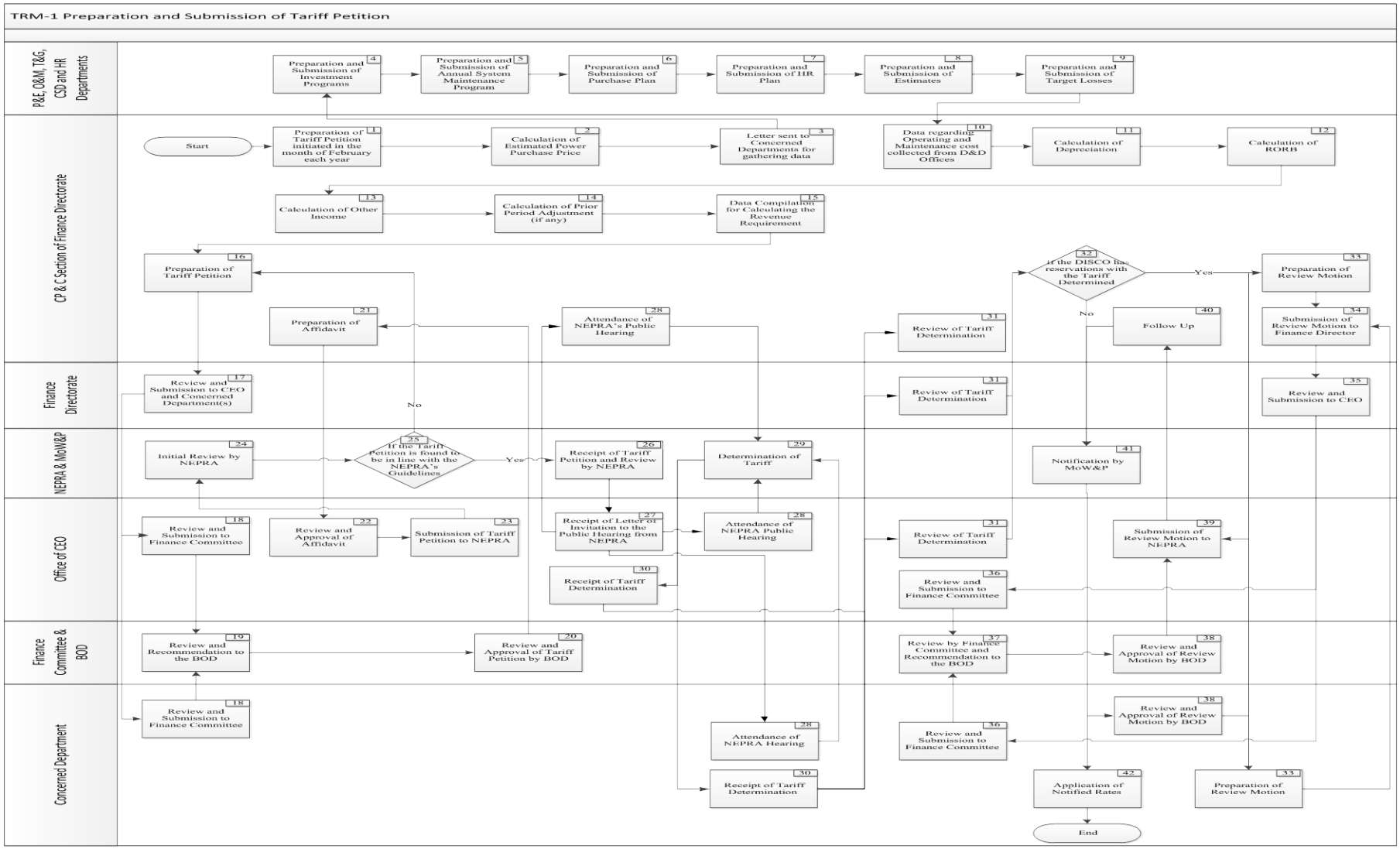
J. Tariff Petition is reviewed by NEPRA and Tariff Determination is forwarded to the DISCO's CEO and MoW&P.

K. If the DISCO has any reservations with the Tariff Determined by NEPRA, a Review Motion is prepared by the CP & C Section and presented to the Finance Director for review.

L. Review Motion is reviewed by the Finance Director, CEO, Finance Committee and submitted to NEPRA after BOD's approval.

M. MoW&P reviews the Tariff Determination and issues a Notification to the DISCO, requiring the DISCO to charge the notified rate to the consumers.

TRM-1.2 Flow Chart



TRM-1.3 Detail of Process Activities

Sr. No.	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
1.	Preparation of Tariff Petition initiated in the month of February each year	a) The CP & C Section of Finance Department initiates the process of gathering information for preparation of Tariff Petition in the month of February each year. b) Tariff Petition comprises of the following: ➢ Petition Summary ➢ Relief or Determination ➢ Revenue Requirement ➢ Comparative Schedule of Charges, Costs etc ➢ Proposed Changes in existing Tariff Design ➢ Tariff Determination of prior year and its repercussions ➢ Summary of Evidence ➢ Supporting Documents (Annexure) c) Main components of Revenue Requirement are as follows: ➢ Power Purchase Price ➢ Distribution Margin ➢ Prior Period Adjustment (if any)			CP & C Section of Finance Department	AMA, MF, DM
2.	Calculation of Estimated Power Purchase Price	The CP & C Section of Finance Department estimates the Power Purchase Price for the calculation of Revenue Requirement based on the Power Purchase Price determined by NEPRA in the prior period and analysis of previous trends.			CP & C Section of Finance Department	AMA, DM
3.	Letter sent to	a) A letter is sent to the Concerned Functional Heads of	Letter for		CP & C Section of	AO, AMA, MF

Sr. No.	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
	Concerned Departments for gathering data	DISCO requiring them to provide Departmental Plans, compliance on the previous directions of regulator and other information relating to the calculation of distribution margin for the preparation of Tariff Petition. b) The data / information relating to Departmental Plans required from the Concerned Functional Heads includes the following: ➢ Investment Programs ➢ Network Assumption/Plan ➢ Purchase Plan ➢ HR Plan ➢ Estimates ➢ Target Losses c) The data / information required for the calculation of Distribution Margin includes the following: ➢ Operating and Maintenance cost ➢ Depreciation ➢ Return on Rate Base (RORB) ➢ Other income (Deducted) [Refer "***Volume III, Annexure – 182*** " for the specimen of ***Letter for obtaining information from Concerned Department***]	obtaining information from Concerned Departments		Finance Department	
4.	Preparation and	a) Investment Programs for DOP, ELR and STG are			P&E Department	Technical

Sr. No.	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
	Submission of Investment Programs	submitted by Technical Director to the CP&C Section of Finance Department. b) Chief Engineer P&E is responsible for preparing the above information, along with Cost Benefit Analysis of the investment.				Director
5.	Preparation and Submission of Annual System Maintenance Program	a) Annual System Maintenance Program is submitted by the Operations Director to the CP&C Section of Finance Department. b) The above information is prepared by the Chief Engineer O&M Distribution and Chief Engineer T&G and submitted to Operations Director.			T&G Department / O&M Distribution	Operations Director
6.	Preparation and Submission of Purchase Plan	a) Plan for the following purchases are submitted by the Technical Director to the CP&C Section of Finance Department: ➢ Purchase of safety equipment, tools and plants. ➢ Purchase of land, construction of office and residential buildings. b) Chief Engineer P&E and Chief Engineer Development are responsible for preparing the above information. They submit this information to Technical Director for further submission to CP&C Section.			P&E Department	Technical Director
7.	Preparation and Submission of HR Plan	HR Plan for employees cost assumptions, estimate for training cost based on training plan, new recruitment cost based on the approved recruitment plan, plan for purchase of utility vehicles and plan for purchase of furniture for			HR Department	DG Human Resource

Sr. No.	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
		new expansion or replacement are submitted by DG Human Resource to the CP&C Section of Finance Department.				
8.	Preparation and Submission of Estimates	Estimates of growth in sales increase in number of customers and category wise projected sales are prepared by the Customer Services Director and submitted to the CP&C Section of Finance Department.			Customer Services Department	Customer Services Director
9.	Preparation and Submission of Target Losses	Estimated Target Losses are determined by the Operation Director, Technical Director and Customer Service Director and after joint consensus submitted to the CP&C Section of Finance Department.			O&M Distribution / T&G Department P&E Department Customer Services Department	Operation Director Technical Director Customer Services Director
10.	Data regarding Operating and Maintenance cost collected from D&D Offices	For calculating the Operating and Maintenance Cost component of Distribution Margin, the CP&C Section of Finance Department gathers data from the Concerned D&D Offices. [Refer ***"PBF – 1"*** for details regarding ***Operating and Maintenance Budget***]			CP & C Section of Finance Department	
11.	Calculation of Depreciation	For calculating the Depreciation component of Distribution Margin, the CP & C Section of Finance Department gathers data from Capital Expenditure Budget received from Concerned Departments. The Budgeted Financial Statements are also used for this purpose.			CP & C Section of Finance Department	

Sr. No.	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
		[Refer ***"PBF – 2"*** for details regarding ***Capital Expenditure Budget***]				
12.	Calculation of RORB	For calculating the RORB component of Distribution Margin, the CP & C Section of Finance Department uses the Regulatory Asset Base of the DISCO and WACC Rate determined by NEPRA.			CP & C Section of Finance Department	DM / DMF (Tariff), AMA, MF
13.	Calculation of Other Income	For calculating the Other Income component of Distribution Margin, the CP & C Section of Finance Department uses different assumptions and future investment plans of the DISCO.			CP & C Section of Finance Department	DM / DMF (Tariff), AMA, MF
14.	Calculation of Prior Period Adjustment (if any)	a) CP & C Section of Finance Department calculates the Prior Period Adjustment. b) Prior Period Adjustment is the portion of approved Revenue Requirement of prior period which the DISCO did not charge to the consumers in the relevant/prior period.			CP & C Section of Finance Department	DM / DMF (Tariff), AMA, MF
15.	Data Compilation for Calculating the Revenue Requirement	a) Revenue Requirement is calculated by the CP & C Section of Finance Department using the Power Purchase Price, Distribution Margin and Prior Period Adjustment (if any). b) Assumptions regarding Inflation, Total Units Sold (Estimated), Target Losses, New Investments and other assumptions obtained through Departmental Plan are used for the calculation of Revenue Requirement.			CP & C Section of Finance Department	AMA, DM
16.	Preparation of Tariff Petition	a) Tariff Petition is prepared by the CP & C Section of Finance Department using the Revenue Requirement, DISCO's Departmental Plan, Petition Forms and any	Petition Forms Tariff Petition		CP & C Section of Finance Department	AMA, MF, DM

Sr. No.	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
		other information. b) Tariff Petition is forwarded to the Finance Director for review. **[**Refer "***Volume III, Annexure – 184***" for the specimen of ***Petition Forms***] **[**Refer "***Volume III, Annexure – 17***" for the specimen of ***Tariff Petition***]				
17.	Review and Submission to CEO and Concerned Department(s)	FD reviews the Tariff Petition and submits it to the CEO and the Concerned Department(s) for comments.			Finance Department	FD
18.	Review and Submission to Finance Committee	CEO and Concerned Department(s) review the Tariff Petition and after suggesting any necessary changes (if required), submit the Tariff Petition to the Finance Committee with recommendations.			Concerned Department Office of CEO	All Functional Head CEO
19.	Review and Recommendation to the BOD	Finance Committee reviews the Tariff Petition and recommends it to the BOD for approval.			Finance Committee	Finance Committee
20.	Review and Approval of Tariff Petition by BOD	a) The BOD reviews the Tariff Petition to ensure that the Tariff Petition is prepared in line with the NEPRA's Tariff Standard and Procedure Rules 1998. b) Any queries raised by the BOD are resolved by the CP & C Section of Finance Department and FD. c) Tariff Petition is revised to incorporate any necessary			BOD	BOD

Sr. No.	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
		changes. d) Tariff Petition is approved by the BOD through a BOD Resolution.				
21.	Preparation of Affidavit	An Affidavit required to be attached with the Tariff Petition is prepared by the CP & C Section and submitted to the CEO for review and signing off. **[**Refer "***Volume III, Annexure – 183***" for the specimen of ***Affidavit***]	Affidavit		CP & C Section of Finance Department	AO, AMA, DM, MF
22.	Review and Approval of Affidavit	Affidavit is reviewed and signed by the CEO.			Office of CEO	CEO
23.	Submission of Tariff Petition to NEPRA	Tariff Petition is submitted by the CEO or the authorised representative to the Registrar of NEPRA.			Office of CEO	CEO
24.	Initial Review by NEPRA	NEPRA's Registrar carries out a preliminary review to ensure that the submission of Tariff petition is in line with the NEPRA Tariff Standard and Procedure Rules 1998.			NEPRA	NEPRA
25.	If the Tariff Petition is found to be in line with the NEPRA's Guidelines	If the Tariff Petition is found to be in line with the NEPRA's Guidelines continues to Activity # 26, else the Tariff Petition is sent back to the DISCO and continues to Activity # 16.			NEPRA	
26.	Receipt of Tariff Petition and Review by NEPRA	a) Tariff Petition is received by NEPRA and reviewed. b) NEPRA thoroughly reviews the Tariff Petition and invites the DISCO management to a Hearing for discussing their reservations and objections regarding the Tariff Petition.			NEPRA	NEPRA
27.	Receipt of Letter of Invitation to the	Letter of Invitation to the Public Hearing from NEPRA is received by the CEO and forwarded to the Functional			Office of CEO	CEO

Sr. No.	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
	Public Hearing from NEPRA	Heads for the preparation of hearing.				
28.	Attendance of NEPRA's Public Hearing	Hearing is conducted by NEPRA which is attended by the CEO, DISCO's Functional Heads and Manager Finance CP & C for discussing the issues raised by NEPRA.			Office of CEO Concerned Department CP & C Section of Finance Department	CEO All Functional Heads MF
29.	Determination of Tariff	a) After discussions with the DISCO, Tariff is determined by NEPRA. b) Tariff Determination is sent to the DISCO's CEO. c) Tariff Determination is sent to the MoW&P for Notification.			NEPRA	NEPRA
30.	Receipt of Tariff Determination	Tariff Determination is received by the CEO from NEPRA.			Office of CEO Concerned Departments	CEO All Functional Heads
31.	Review of Tariff Determination	NEPRA Tariff Determination is reviewed by the CP & C Section of Finance Department, FD and the CEO to verify whether the determination caters the financial requirements of the DISCO.			CP & C Section of Finance Department Finance Department Office of CEO	AMA, DM, MF FD CEO
32.	If the DISCO has reservations with the	If the DISCO has reservations with the Tariff determined by NEPRA then process continues to Activity # 33, else			CP & C Section of Finance Department	

Sr. No.	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
	Tariff Determined	Activity # 41.				
33.	Preparation of Review Motion	In case of reservations of DISCO regarding the Tariff determined by NEPRA, CP & C Section of Finance Department prepares a Review Motion, based on input of Functional Heads to communicate the DISCO's reservations on the Determined Tariff to NEPRA.			CP & C Section of Finance Department Concerned Departments	AMA, DM, MF All Functional Heads
34.	Submission of Review Motion to Finance Director	Review Motion is submitted to the FD for review.			CP & C Section of Finance Department	AMA, DM, MF
35.	Review and Submission to CEO	FD reviews the Review Motion and submits it to the CEO and the Concerned Department(s) for review.			Finance Department	FD
36.	Review and Submission to Finance Committee	Concerned Department(s) and the CEO review the Review Motion and after incorporating any necessary changes (if required), submit the Review Motion to the Finance Committee with recommendations.			Concerned Department Office of CEO	All Functional Heads CEO
37.	Review by Finance Committee and Recommendation to the BOD	Finance Committee reviews the Review Motion and recommends it to the BOD for approval.			Finance Committee	Finance Committee
38.	Review and Approval of Review Motion by BOD	a) Review Motion is reviewed by the BOD. b) Any queries regarding the Review Motion are clarified by the FD and all the relevant Functional Heads. c) Any necessary changes suggested by the BOD are incorporated in the Review Motion. d) Review Motion is approved by the BOD through a BOD Resolution.			BOD Concerned Department	BOD All Functional Heads

Sr. No.	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
39.	Submission of Review Motion to NEPRA	CEO submits the Review Motion to NEPRA within 10 days from the date of receipt of Tariff Determination and instructs the CP & C Section of Finance Department to follow up with NEPRA on the Review Motion.			Office of CEO	CEO
40.	Follow Up	CP & C Section of Finance Department follows up with the Review Motion and stays up to date with the progress.			CP & C Section of Finance Department	AMA, DM, MF
41.	Notification by MoW&P	In case DISCO has no reservation with the Tariff determined: a) MoW&P receives the Tariff Determination from NEPRA and reviews it. b) A Notification is issued by MoW&P, requiring the DISCO to charge new rates to the consumers.			MoW&P	MoW&P
42.	Application of Notified Rates	Upon receiving the Notification, Notified Rates are applied to the relevant consumers by the Concerned Departments.			Concerned Department	All Functional Head

TRM-1.4 Journal Entries

None

TRM-1.5 Summary of Responsibilities for Functional Activities

Office / Section	Summary of Responsibilities for Functional Activities – Reference No.
Accounts Officer	
CP & C Section of Finance Department	3, 21
Assistant Manager Accounts	
CP & C Section of Finance Department	1, 2, 3, 12, 13, 14, 15, 16, 21, 31, 33, 34, 40
Deputy Manager Finance (Tariff)	
CP & C Section of Finance Department	12, 13, 14
Deputy Manager	
CP & C Section of Finance Department	1, 2, 12, 13, 14,15, 16, 21, 31, 33, 34, 40
Manager Finance	
CP & C Section of Finance Department	1, 3, 12, 13, 14, 16, 21, 28, 31, 33, 34, 40
Finance Director	
Finance Department	17, 31, 35
All Functional Head	
Concerned Department	18, 28, 30, 33, 36, 38, 42
Director General Human Resource	
HR Department	7
Customer Services Director	
Customer Services Department	8, 9
Technical Director	
P&E Department	4, 6, 9
Operations Director	
O&M Distribution	5, 9
T&G Department	5, 9
Chief Executive Officer	
Office of CEO	18, 22, 23, 27, 28,30, 31, 36, 39
Finance Committee	
Finance Committee	19, 37
Board of Directors	
BOD	20,38

TRM-1.6 Key Control Matrix

Sr. No.	Objective	Risk	Control Activity	Activity Ref.#
1	Tariff Petition is thoroughly and comprehensively reviewed by the top tier management.	Lack of effective involvement from the top tier management carries a risk of a Tariff Petition being approved which does not completely reflect the Revenue Requirement of the DISCO and ultimately results in financial loss to the DISCO.	a) The BOD reviews the Tariff Petition to ensure that the Tariff Petition is prepared in line with the NEPRA's Tariff Standard and Procedure Rules 1998. b) Any queries raised by the BOD are resolved by the CP & C Section of Finance Department and FD. c) Tariff Petition is revised to incorporate any necessary changes. d) Tariff Petition is approved by the BOD through a BOD Resolution.	20
2	A Review Motion is filed against the Tariff Determination where the Determined Tariff Rate is below the Rate required to cover DISCO's expenditure.	Acceptance of a Tariff Rate that does not cater the expenditure of DISCO may have serious financial consequences for the DISCO.	Rate determined by NEPRA in the Tariff Determination is reviewed by the CP & C Section of Finance Department, Finance Director and the CEO to verify whether the determined rate caters the financial requirements of the DISCO. CP & C Section of Finance Department prepares a Review Motion to communicate the DISCO's reservations on the Determined Tariff to NEPRA.	31, 33
3	Only Notified Tariff Rates are charged to the consumers.	DISCO may be penalized for charging unauthorized Tariff Rate to the consumers.	Upon receiving the Notification, Notified Rates are applied to the relevant consumers.	42

Planning Budgeting and Forecasting (PBF)

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1 Introduction

1.1 Objective

The main objectives of Planning, Budgeting and Forecasting process are to:

- Translate corporate strategy into operational objectives
- Design the performance measurement framework
- Establish controls within the business activities and introduce discipline and accountability
- Improve management decision making and anticipate the changes affecting the business

Investment in PBF allows the organizations to effectively set goals, develop plans, monitor performance and forecast anticipated changes.

1.2 Scope

This document covers all the aspects of the Planning Budgeting and Forecasting of the DISCO. This document describes each Process of Planning Budgeting and Forecasting, which includes; Descriptive Overview of the process, Flow Chart of all the process activities, Job Descriptions of persons responsible for performing activities and key control matrices to ensure that the process activities are in line with the Standard Policies and Procedure of the DISCO.

Processes of Planning Budgeting and Forecasting are covered in the following main categories:

- Operating and Maintenance Budget
- Capital Expenditure Budget
- Preparation of PC-1
- Preparation of Strategic Business Plan

All the Planning Budgeting and Forecasting activities in DISCO are covered under the following Processes:

Process ID	Process Name
PBF-1	Operating and Maintenance Budget
PBF-2	Capital Expenditure Budget
PBF-3	Preparation of PC-1
PBF-4	Allocation of Additional Budget/Re-apportionment of Budget (Operating and Maintenance Budget)
PBF-5	Allocation of Additional Budget/Re-apportionment of Budget (Capital Expenditure Budget)
PBF-6	Preparation of Strategic Business Plan

2 Policies and Definitions

2.1 General Policies

2.1.1 Identification of objectives

The Departmental Heads meet with the FD and his team all through the year to exchange views about the vision and long term objectives of the Company.

The management of the DISCO has established an annual activity of meetings between the Finance Department and heads of the Concerned Departments to identify the Strategic Objectives of the Company. The identified objectives are then adopted by the Company after endorsement by the BOD.

2.1.2 Development of Strategic Business Plan

The Finance Department under the supervision of the CEO and in consultation with the Functional Heads of the Concerned Departments prepare the Strategic Business Plan for DISCO for five year*s*. This plan accounts for the internal and external factors to ensure that all factors of a potentially volatile environment are considered. The roles, responsibilities and accountabilities are clearly defined and understood. The Strategic Business Plans are usually driven by the Strategic Objectives formulated by the management and approved by the BOD.

2.1.3 Communication of Strategic Plan

The Finance Department plays a vital role in the dissemination of the Strategic Business Plan to the relevant stakeholders.

2.1.4 Communication of Budget Guidelines

The Finance Department is responsible for Budget guidelines. A standard format is used for preparation of the Operational and Maintenance Budget by the respective D&D Offices; however varying formats are used for preparation of the Capital Expenditure Budget by the Concerned Departments.

The relevant date of submission of the budget formats is by the end of April every year to the Finance Department. The Finance Department is responsible for preparing the Consolidated Budget which is approved by the BOD subsequent to the review by and recommendation of the CEO.

2.1.5 Preparation of the Budget

The Functional Heads of the departments are responsible for preparing the Departmental Budget. The Budgets are then forwarded to the Finance Department.

The Finance Department is responsible for reviewing the budget assumptions employed by the Functional Heads of the Concerned Departments against economic, market, business and regulatory constraints as well as the Strategic Business Plan approved by the BOD. Any inconsistent assumption is clarified and necessary amendments are incorporated.

The Manager Finance Corporate Planning & Control is responsible for consolidating the budgets and preparing the master budget that is submitted for CEO's review and followed by BOD's approval.

2.1.6 Forecasting

"Tariff Petition" is prepared by Manager Finance Corporate Planning & Control under the supervision of Finance Department in order to submit the petition to NEPRA for tariff determination. It covers all aspects of the DISCO's performance.

2.1.7 Periodic Analysis

Variance Analysis of budgeted and actual information is carried out monthly and quarterly/monthly management reports are generated for presentation to the BOD. Corporate Planning & Control Section under the supervision of FD is responsible for preparation of Variance Analysis and comparison of information in order to facilitate the management for decision making.

2.1.8 Budgeting Techniques

Fixed budgets are drafted based on specified criteria. This ensures that each department is aware of the budget allocated to them for the period. The budgets are developed based on historical data, market position and regulatory requirements.

2.2 Definitions

2.2.1 Strategic Planning

A systematic method used to identify an organization's long-term goals and to lay out the best approach for achieving those goals (this includes resource projections for key initiatives supporting the organization's strategy). Planning encompasses both external and internal factors that span the entire organization.

2.2.2 Budgeting

The process whereby an organization's Strategic Plan is translated into specific financial targets. The level of detail tends to be greater than in planning activities. Once in place, Budgets are compared against actual results and specific accountabilities are typically established at various levels within the organization.

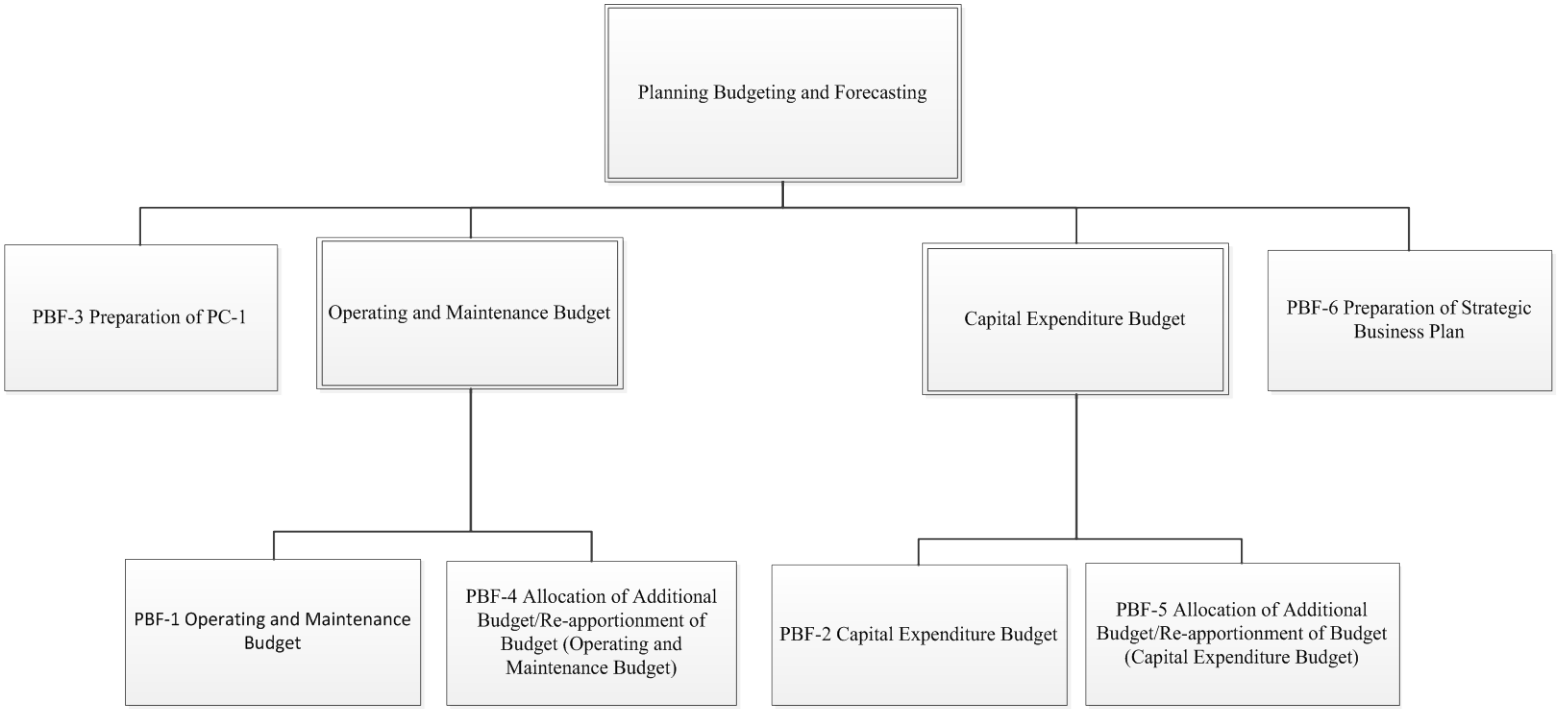
2.2.3 Forecasting

Forecasting is predictive analysis performed to provide insight into anticipated short-term business performance. It is a periodic update to the budget (and the Strategic Plan) that reflects changes and impacts actually being experienced in the marketplace. The actual results being experienced in the marketplace force changes in strategies, priorities and resource allocation. Forecasting is typically made up of revenue and expense outlooks and often extends further to the balance sheet and cash flow.

2.2.4 Reporting and Analysis

Reporting and Analysis describes the process of combining and displaying/distributing periodic business results for analysis. These results are made available to management to validate strategy, measure performance and guide business decision making.

3 Overview of the Process of Planning Budgeting and Forecasting



Process ID	Process Name	Description of Process
PBF-1	Operating and Maintenance Budget	A. This process covers the activities regarding preparation and allocation of Operating and Maintenance Budget. B. Budget Performa for the preparation of Estimated Budget is forwarded by the Budget Section of Finance Department to the D&D Offices. C. Estimated Budget is prepared by all the D&D Offices and submitted to the Budget Section for consolidation and scrutiny. D. The Estimated Consolidated Budget is reviewed by the FD, CEO and the Finance Committee and recommended to the BOD for approval. E. After Approval from BOD, Operating and Maintenance Budget is allocated and a Letter for Distribution of Allocated Budget is issued to all the D&D Offices. F. The approved budget is forwarded to NEPRA and any changes suggested by NEPRA are incorporated in the Revised Budget which is approved by the BOD. G. After approval of the Revised Budget, a Letter for Distribution of Revised Budget is issued to all D&D Offices by CP & C Section of Finance Department. H. Variance Analysis Report is prepared on monthly basis which is reviewed by FD and presented to the BOD. I. The Budget Section maintains and updates a D&D Office wise

Process ID	Process Name	Description of Process
		Budget Record.
PBF-2	Capital Expenditure Budget	A. This process covers the activities regarding the preparation and allocation of Capital Expenditure Budget. B. Letter is sent to the Concerned Departments for preparation and submission of Estimated Capital Expenditure Budget. C. Estimated Capital Expenditure Budget is prepared by Concerned Departments and forwarded to CP & C Section of Finance Department for consolidation and scrutiny. D. The Consolidated Capital Expenditure Budget is reviewed by the FD, CEO and the Finance Committee and recommended to the BOD for approval. E. After approval from BOD, Capital Expenditure Budget is allocated and a Letter of Distribution of Allocated Budget is issued to all the Concerned Departments. F. The approved budget is forwarded to NEPRA by the Office of CEO and any changes suggested by NEPRA are incorporated in the Revised Budget which is approved by the BOD. G. After approval of the Revised Budget, a Letter for Distribution of Revised Budget is issued to all Concerned Departments. H. Variance Analysis Report is prepared on monthly basis which is reviewed by FD and presented to the BOD. I. The Budget Section maintains and updates a Department wise

Process ID	Process Name	Description of Process
		Budget Record.
PBF-3	Preparation of PC-1	A. This process covers the activities regarding preparation of PC-1. B. PMU and P & E Departments assess their Department's future requirements keeping in view the Strategic Objectives of the DISCO. C. The P & E and PMU prepare PC-1 and forward it to the CP & C Section of the Finance Department. D. The PC-1 is reviewed by the MF, FD, GM Technical, CEO and the Finance Committee and submitted to the BOD for approval. E. After approval by the BOD, PC-1 is submitted to the Ministry of Water and Power for obtaining approval from the Planning Commission of Pakistan. F. Approved PC-1 is received by the CEO and forwarded to the FD, MF, P & E and PMU.
PBF -4	Allocation of Additional Budget/Re-apportionment of Budget (Operating and Maintenance Budget)	A. This process covers the activities regarding Allocation of Additional Budget/Re-appropriation of Budget (Operating and Maintenance Budget). B. If required, a request for Additional Budget/Re-appropriation of Budget is prepared and approved by the Concerned D&D Office(s) and forwarded to the Budget Section of Finance Department. C. The Budget Section, CP & C Section and the Finance Director review and scrutinize the request for Additional Budget/Re-

Process ID	Process Name	Description of Process
		appropriation of Budget and determine whether additional budget is to be granted. The additional budget is granted through Allocation of Additional Budget or Re-appropriation of Budget. D. Request for Additional Budget/Re-appropriation of Budget is forwarded to the CEO for approval. E. After approval from CEO an Office Order for Additional Budget/Re-appropriation of Budget is forwarded to the Concerned D&D Office after approval.
PBF -5	Allocation of Additional Budget/Re-apportionment of Budget (Capital Expenditure Budget)	A. This process covers the activities regarding Allocation of Additional Budget/Re-appropriation of Budget (Capital Expenditure Budget). B. If required, a request for Additional Budget/Re-appropriation of Budget is prepared and approved by the Concerned Department and forwarded to the Budget Section of Finance Department. C. The CP & C Section of Finance Department reviews and scrutinizes the Request for Additional Budget/Re-appropriation of Budget and determines whether additional budget is to be granted and if yes then either through Allocation of Additional Budget or Re-appropriation of Budget. D. Proposal for Additional Budget/Re-appropriation of Budget is forwarded to the CEO for approval. E. Proposal for Allocation of Additional Budget/Re-appropriation of Budget is reviewed by the CEO and Finance Committee and

Process ID	Process Name	Description of Process
		submitted to the BOD for approval. F. After approval from BOD, an Office Order for Additional Budget/Re-appropriation of Budget is forwarded to the Concerned Department after approval.
PBF -6	Preparation of Strategic Business Plan	A. This process covers the activities regarding the Preparation of Strategic Business Plan. B. BOD Determines the Strategic Objectives of the DISCO for the preparation of Strategic Business Plan based on the guidelines provided by NEPRA and Ministry of Water & Power. C. CEO instructs the Concerned Departments to assess their Departmental requirements, Plans and Strategies and instructs them to prepare their Departmental Plans. D. Departmental Plans are prepared by the Concerned Departments and submitted to the CP & C Section. E. CP & C Section collects and consolidates the Departmental Plans to prepare the Strategic Business Plan in consultation with the FD. F. Strategic Business Plan is reviewed by the Concerned Departments under the supervision of GM Technical and CEO before submission to the BOD for approval. G. Strategic Business Plan is updated by the Concerned Department when required.

PBF-1 Operating and Maintenance Budget

PBF-1.1 Descriptive Overview of the Process

A. This process covers the activities regarding preparation and allocation of Operating and Maintenance Budget.

B. Budget Performa for the preparation of Estimated Budget is forwarded by the Budget Section of Finance Department to the D&D Offices.

C. Estimated Budget is prepared by all the D&D Offices and submitted to the Budget Section for consolidation and scrutiny.

D. The Estimated Consolidated Budget is reviewed by the FD, CEO and the Finance Committee and recommended to the BOD for approval.

E. After Approval from BOD, Operating and Maintenance Budget is allocated and a Letter for Distribution of Allocated Budget is issued to all the D&D Offices.

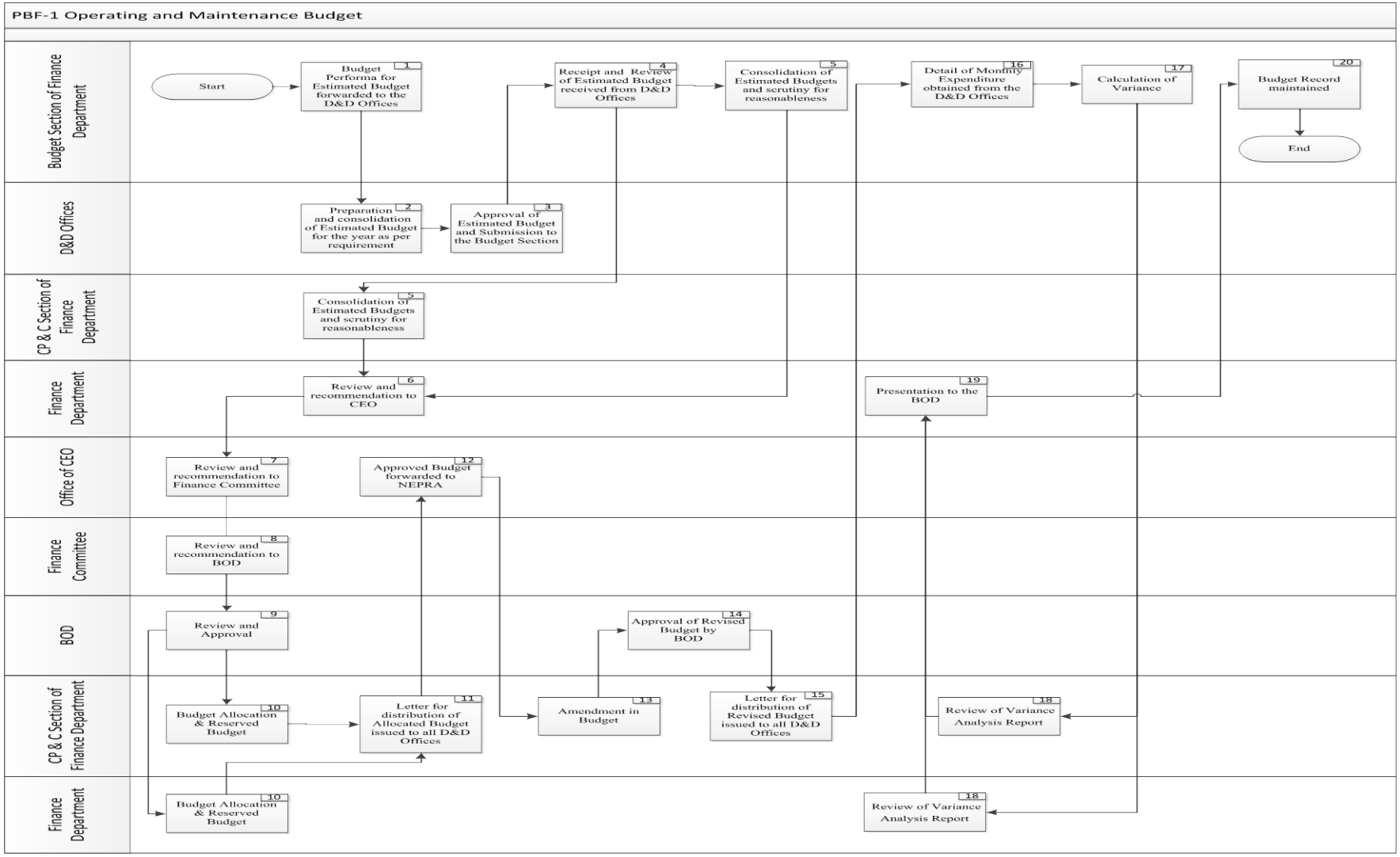
F. The approved budget is forwarded to NEPRA and any changes suggested by NEPRA are incorporated in the Revised Budget which is approved by the BOD.

G. After approval of the Revised Budget, a Letter for Distribution of Revised Budget is issued to all D&D Offices by CP & C Section of Finance Department.

H. Variance Analysis Report is prepared on monthly basis which is reviewed by FD and presented to the BOD.

I. The Budget Section maintains and updates a D&D Office wise Budget Record.

PBF-1.2 Flow Chart



PBF-1.3 Detail of Process Activities

Sr. #	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
1.	Budget Performa for Estimated Budget forwarded to the D&D Offices	a) Budget Performa is forwarded by the Budget Section of Finance Department to all D&D Offices for the preparation of estimates of Budget for upcoming Financial Year. b) This activity is performed in the last quarter of each Financial Year. **[**Refer "***Volume III, Annexure – 138*** " for the specimen of ***Budget Performa*****]**	Budget Performa		Budget Section of Finance Department	AO, AMA
2.	Preparation and Consolidation of Estimated Budget for the year as per requirement	a) All the D&D Offices prepare (and consolidate in case of Operational Divisions and Regional Stores) their Estimated Budget for the next year based on current year's expenditure, next year's assessment and underlying assumptions. Estimated Budget is prepared by the following D&D Offices: ➢ Offices of Operation Division ➢ Offices of AMCS ➢ Office of Finance Department ➢ Office of CEO			Offices of Operation Division Offices of AMCS Office of Finance Department Office of CEO	SDC, Head Clerk, DAO CA-Admin, DAO AO-Admin, DMCA DM (Admin)

Sr. #	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
		➢ Office of Civil Works			Office of Civil Works	SDC, Head Clerk, DAO
		➢ Office of SS&T No:1 North			Office of SS&T No:1 North	SDC, Head Clerk, DAO
		➢ Office of SS&T No:1 South			Office of SS&T No:2 South	SDC, Head Clerk, DAO
		➢ Office of M&T No.1 West			Office of M&T No.1 West	SDC, Head Clerk, DAO
		➢ Office of M&T No. 2 East			Office of M&T No. 2 East	SDC, Head Clerk, DAO
		➢ Office of DM (P&I)			Office of DM (P&I)	SDC, Head Clerk, DAO
		➢ Office of Training Centre			Office of Training Centre	AO
		➢ Office of Deputy Manager (Ware House)			Office of Deputy Manager (Ware House)	Head Clerk, DAO
		➢ Regional Store			Regional Store	Head Clerk, AO
		➢ Office of Deputy Manager Chief Auditor			Office of Deputy Manager Chief Auditor	Manager
		➢ Office of PMU			Office of PMU	DM (Admin)

Sr. #	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
		➢ Office of MP (GSC)			Office of MP (GSC)	AM (HR)
3.	Approval of Estimated Budget and Submission to the Budget Section	a) Estimated Operating and Maintenance Budget of D&D Office is reviewed and approved by the Concerned D&D Office and forwarded to the Budget Section of the Finance Department. [Refer "***Volume III, Annexure – 139***" for the specimen of ***Estimated Operating and Maintenance Budget***]	Estimated Operating and Maintenance Budget		Office of Operation Divisions Offices of AMCS Office of Finance Department Office of CEO Office of Civil Works Office of SS&T No:1 North Office of SS&T No:2 South Office of M&T No.1 West Office of M&T No. 2 East Office of DM (P&I) Office of Training	DMO AMCS FD HRD DM DM DM RM RM DM DM

Sr. #	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
					Centre Office of DM (Ware House) Regional Store Office of DM Chief Auditor Office of PMU Office of MP (GSC)	 DM AMA, RSM DM MF MP
4.	Receipt and Review of Estimated Budget received from D&D Offices	a) The Budget Section of Finance Department receives and reviews the Estimated Budget from the D&D Offices. b) Justification is obtained from the D&D Office(s) for any exceptional item in the Budget or over/under Budgeting.			Budget Section of Finance Department	AA, AO, AMA
5.	Consolidation of Estimated Budgets and scrutiny for reasonableness	a) The Budget Section of Finance Department consolidates all the Estimated Budgets into a Consolidated/Corporate Level Budget and scrutinizes the estimates for reasonableness. b) The Estimated Budget is prepared by taking into consideration the instructions of NEPRA regarding allowable expenditure. c) The Estimated Budget is forwarded to the FD for	Consolidated Budget (Operating and Maintenance) Budgeted Financial Statements		CP & C Section of Finance Department Budget Section of Finance Department	MF AMA

Sr. #	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
		review. [Refer "***Volume III, Annexure – 140***" for the specimen of ***Consolidated Budget (Operating and Maintenance***] [Refer "***Volume III, Annexure – 141***" for the specimen of ***Budgeted Financial Statements***]				
6.	Review and recommendation to CEO	FD reviews the Estimated Consolidated Budget and submits it with recommendation to the CEO.			Finance Department	FD
7.	Review and recommendation to Finance Committee	a) CEO reviews the Budget and recommends it to the Finance Committee. b) CEO forwards Working Paper to the Finance Committee along with the Budget containing the following: ➢ Main Head wise Summary of Consolidated Budget ➢ Comparison with Last Year Budget ➢ Budgeted Financial Statements and Budgeted Cash Flow ➢ Comments by FD [Refer "***Volume III, Annexure – 142***" for the specimen of ***Working Paper***]	Working Paper		Office of CEO	CEO
8.	Review and	The Finance Committee reviews the Estimated Budget and			Finance Committee	Finance

Sr. #	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
	recommendation to BOD	forwards the Budget along with the Working Paper and recommendations to the BOD.				Committee
9.	Review and Approval	a) The BOD reviews the Consolidated Operating and Maintenance Budget. b) Any queries raised by the BOD are resolved by the CP & C Section of Finance Department and Budget is revised to incorporate any necessary changes. c) Consolidated Operating and Maintenance Budget is approved by the BOD through a BOD Resolution.			BOD	BOD
10.	Budget Allocation & Reserved Budget	Budget is allocated to all D&D Offices from the total Budget approved by the BOD, keeping aside an approved Reserved Budget for allocating any justifiable additional Budget demands.			CP & C Section of Finance Department Finance Department	MF FD
11.	Letter for distribution of Allocated Budget issued to all D&D Offices	Letter for distribution of Allocated Budget is issued by CP & C Section of the Finance Department to all D&D Offices. **[**Refer "***Volume III, Annexure – 143***" for the specimen of ***Letter for distribution of Allocated Budget***]	Letter for distribution of Allocated Budget		CP & C Section of Finance Department	MF
12.	Approved Budget forwarded to NEPRA	Approved Budget is forwarded to NEPRA for approval as part of Tariff Petition. **[**Refer ***"TRM – 1"*** for details regarding ***the submission of Tariff Petition***]			Office of CEO	
13.	Amendment in Budget	In case NEPRA suggests any change in the expenditure during the review of Tariff Petition, such changes are			CP & C Section of Finance Department	MF

Sr. #	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
		incorporated in the Budget and the Budget is revised.				
14.	Approval of Revised Budget by BOD	Revised Budget is approved by the BOD through a BOD Resolution.			BOD	BOD
15.	Letter for distribution of Revised Budget issued to all D&D Offices	Letter for distribution of Revised Budget is issued by CP & C Section of Finance Department to all D&D Offices. [Refer "***Volume III, Annexure – 144***" for the specimen of ***Letter for distribution of Revised Budget***]	Letter for distribution of Revised Budget		CP & C Section of Finance Department	MF
16.	Detail of Monthly Expenditure obtained from the D&D Offices	Detail of Monthly Expenditure is obtained from the D&D Offices by the Budget Section of Finance Department.			Budget Section of Finance Department	AO, AMA
17.	Calculation of Variance	Budget Section of Finance Department calculates the variance between the Budgeted and Actual Operating and Maintenance Expenditure for each D&D Office.			Budget Section of Finance Department	AO, AMA
18.	Review of Variance Analysis Report	CP & C Section of Finance Department and FD use the Variance Analysis Report to check whether the D&D Offices are actually spending within the budget allocated by the BOD. [Refer "***Volume III, Annexure – 145***" for the specimen of ***Variance Analysis Report***]	Variance Analysis Report		CP & C Section of Finance Department, Finance Department	MF FD
19.	Presentation to the	On monthly basis Variance Analysis Report for Operating			Finance Department	FD

Sr. #	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
	BOD	and Maintenance Budget is presented to the Board of Directors by the FD.				
20.	Budget Record maintained	Head wise and D&D Office wise Budget Record is maintained by the Budget Section of Finance Department to record the distribution of Allocated Budget for each D&D Office. **[**Refer "***Volume III, Annexure – 146***" for the specimen of ***Budget Record***]	Budget Record		Budget Section of Finance Department	AO, AMA

PBF-1.4 Journal Entries

None

PBF-1.5 Summary of Responsibilities for Functional Activities

Office / Section	Summary of Responsibilities for Functional Activities – Reference No.
Commercial Assistant- Administration	
Offices of AMCS	2
Sub Division Clerk	
Offices of Operation Division	2
Office of Civil Works	2
Office of SS&T No:1 North	2
Office of SS&T No:1 South	2
Office of M&T No.1 West	2
Office of M&T No. 2 East	2
Office of DM (P&I)	2
Head Clerk	
Offices of Operation Division	2
Office of Civil Works	2
Office of SS&T No:1 North	2
Office of SS&T No:2 South	2
Office of M&T No.1 West	2
Office of M&T No. 2 East	2
Office of D. M (P&I)	2
Office of Deputy Manager (Ware House)	2
Regional Store	2
Accounts Assistant	
Budget Section of Finance Department	4
Accounts Officer Administration	
Office of Finance Department	2
Accounts Officer	
Budget Section of Finance Department	1, 4, 16, 17, 20
Office of Training Centre	2
Regional Store	2
Commercial Assistant- Administration	
Offices of AMCS	2
Divisional Accounts Officer	
Offices of Operation Division	2
Offices of AMCS	2
Office of Civil Works	2
Office of SS&T No:1 North	2
Office of SS&T No:2 South	2
Office of M&T No.1 West	2
Office of M&T No. 2 East	2
Office of D. M (P&I)	2
Office of Deputy Manager (Ware	2

Office / Section	Summary of Responsibilities for Functional Activities – Reference No.
House)	
Assistant Manager Customer Services	
Offices of AMCS	3
Assistant Manager Accounts	
Budget Section of Finance Department	1, 4, 5, 16, 17, 20
Regional Store	3
Assistant Manager- Human Resource	
Office of MP (GSC)	2
Deputy Manager	
Office of Civil Works	3
Office of SS&T No:1 North	3
Office of SS&T No:2 South	3
Office of D. M (P&I)	3
Office of Training Centre	3
Office of Deputy Manager (Ware House)	3
Deputy Manager Operations	
Office of Operation Divisions	3
Deputy Manager Corporate Accounts	
Office of Finance Department	2
Deputy Manager Administration	
Office of CEO	2
Office of PMU	2
Deputy Manager	
Office of Deputy Manager Chief Auditor	3
Manager	
Office of Deputy Manager Chief Auditor	2
Manager Finance	
Office of PMU	3
CP & C Section of Finance Department	5,10,11,13,15,18
Regional Store Manager	
Regional Store	3
Regional Manager	
Office of M&T No.1 West	3
Office of M&T No. 2 East	3
Project Director	
Office of MP (GSC)	3
Human Resource Director	
Office of CEO	3
Finance Director	
Office of Finance Department	3, 6, 10, 18, 19

Office / Section	Summary of Responsibilities for Functional Activities – Reference No.
Chief Executive Officer	
Office of CEO	7
Finance Committee	
Finance Committee	8
Board of Directors	
BOD	9, 14

PBF-1.6 Key Control Matrix

Sr.#	Objective	Risk	Control Activity	Activity Ref.#
1.	Complete and relevant data for preparation of Operating and Maintenance Budget is collected from D&D Offices in a systematic manner on timely basis.	Irrelevant and incomplete data may result inaccurate estimates for the coming year and delay in the budgetary process.	a) Budget Performa is forwarded by the Budget Section of Finance Department to all D&D Offices for the preparation of estimates of Budget for upcoming Financial Year. b) This activity is performed in the last quarter of each Financial Year.	1
2.	Estimated Budgets sent to Budget Section by the D&D Offices are duly authorized by the DDO.	Unauthorized estimates may result in over/under budgeting resulting in inaccurate analysis of variance.	Estimated Budget of D&D Office is reviewed and approved by the Concerned D&D Office and forwarded to the Budget Section of the Finance Department.	3
3.	Estimated Budgets received from D&D Offices are thoroughly scrutinized by the Budget Section.	Unjustified and excessive budgetary requests by the D&D Offices may result in financial loss to the DISCO.	a) The Budget Section of Finance Department receives and reviews the Estimated Budget from the D&D Offices. b) Justification is obtained from the D&D Office(s) for any exceptional item in the Budget or over/under Budgeting.	4
4.	Estimated Budget is in line with the NEPRA's guidelines.	Any Tariff Petition based on the budget that does not fulfil the guidelines set by NEPRA may result in revision of the Tariff Petition.	Approved Budget is forwarded to NEPRA for approval as part of Tariff Petition.	12
5.	Actual expenditure is periodically compared to the budgeted targets set for the D&D Offices.	Lack of regular analysis of actual expenditure in comparison with budgeted targets, may result in excessive spending being identified towards the end of the budgetary period which may ultimately defy the whole purpose of budgetary process.	CP & C Section of Finance Department and Finance Director use the Variance Analysis Report to check whether the D&D Offices are actually spending within the budget allocated by the BOD.	18

Sr.#	Objective	Risk	Control Activity	Activity Ref.#
6.	Distribution of allocated budget and revision in Budget is duly recorded.	Analysis of performance by D&D Offices may not be effectively carried without the presence of a comprehensive record of Allocated Budget.	Head wise, D&D Office wise Budget Record is maintained by the Budget Section of Finance Department to record the distribution of Allocated Budget for each D&D Office.	20

PBF-2 Capital Expenditure Budget

PBF-2.1 Descriptive Overview of the Process

A. This process covers the activities regarding the preparation and allocation of Capital Expenditure Budget.

B. Letter is sent to the Concerned Departments for preparation and submission of Estimated Capital Expenditure Budget.

C. Estimated Capital Expenditure Budget is prepared by Concerned Departments and forwarded to CP & C Section of Finance Department for consolidation and scrutiny.

D. The Consolidated Capital Expenditure Budget is reviewed by the FD, CEO and the Finance Committee and recommended to the BOD for approval.

E. After approval from BOD, Capital Expenditure Budget is allocated and a Letter of Distribution of Allocated Budget is issued to all the Concerned Departments.

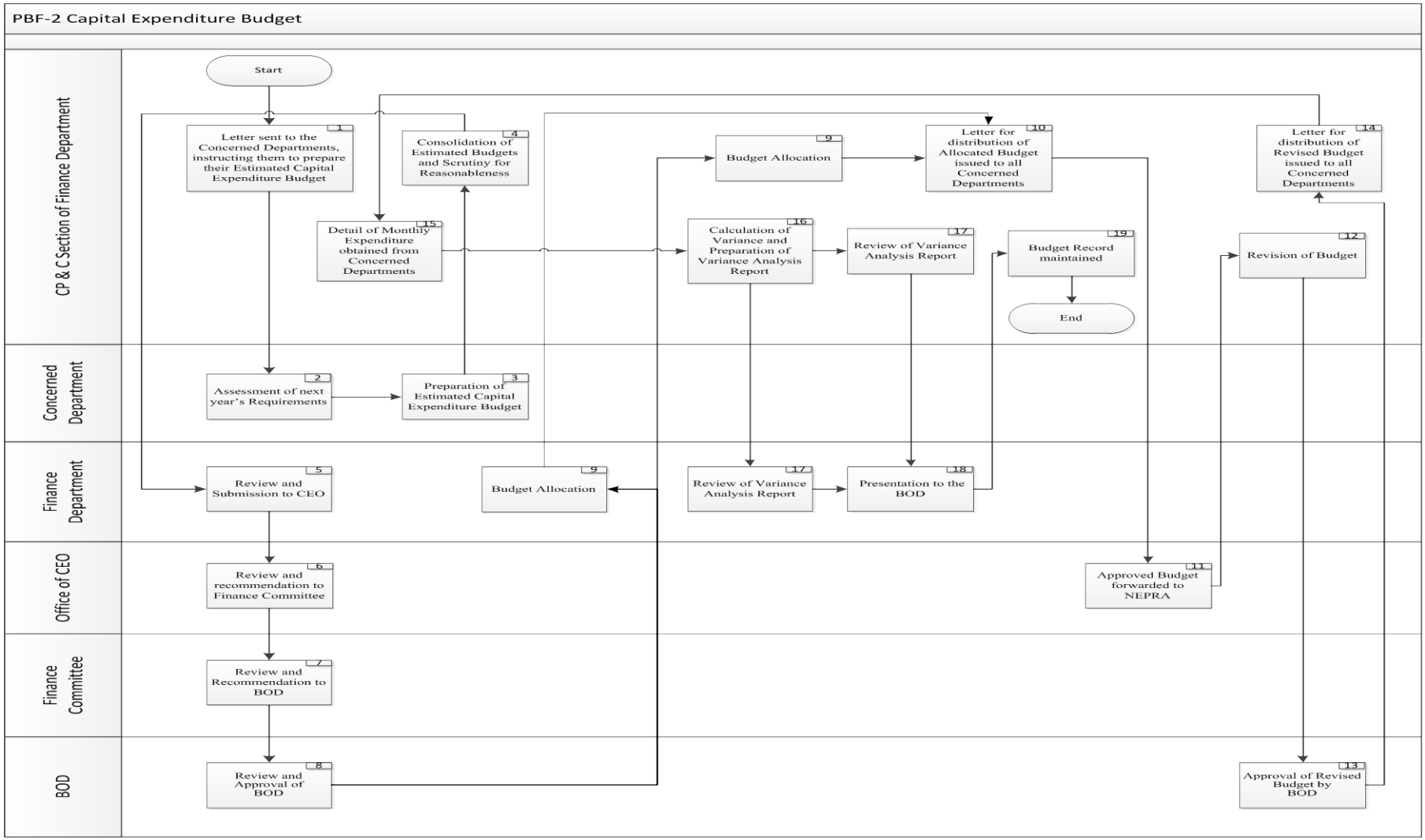
F. The approved budget is forwarded to NEPRA by the Office of CEO and any changes suggested by NEPRA are incorporated in the Revised Budget which is approved by the BOD.

G. After approval of the Revised Budget, a Letter for Distribution of Revised Budget is issued to all Concerned Departments.

H. Variance Analysis Report is prepared on monthly basis which is reviewed by FD and presented to the BOD.

I. The Budget Section maintains and updates a Department wise Budget Record.

PBF-2.2 Flow Chart



PBF-2.3 Detail of Process Activities

Sr. #	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
1.	Letter sent to the Concerned Departments, instructing them to prepare their Estimated Capital Expenditure Budget	a) Each year the budgetary process is initiated by the CP & C Section of Finance Department by sending a letter to the Functional Heads of Concerned Departments, requiring all Concerned Departments to submit their Estimated Capital Expenditure Budget. b) This activity is performed in the last quarter of each Financial Year. [Refer "***Volume III, Annexure – 147***" for the specimen of ***Letter for preparation of Estimated Capital Expenditure Budget***]	Letter to for preparation of Estimated Capital Expenditure Budget		CP & C Section of Finance Department	MF
2.	Assessment of next year's Requirements	a) Concerned Departments assess the Capital Expenditure requirements for the next year. b) In order to assess the Capital Expenditure requirements of next year for the preparation of Estimated Capital Budget, PC-1 of DOP, ELR, STG and Other projects along with other sources is used by the Concerned Departments.			Concerned Department	Functional Head
3.	Preparation of Estimated Capital Expenditure Budget	a) Estimated Capital Expenditure Budget is prepared by Concerned Departments on the basis of assessment for the next year. b) Estimated Capital Expenditure Budget is forwarded by the Concerned Department to the CP & C Section of	Estimated Capital Expenditure Budget		Concerned Department	Functional Head

Sr. #	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
		Finance Department for review and consolidation. [Refer "***Volume III, Annexure – 148***" for the specimen of ***Estimated Capital Expenditure Budget***]				
4.	Consolidation of Estimated Budgets and Scrutiny for Reasonableness	a) Estimated Budgets are collected by the CP & C Section of Finance Department from the Concerned Departments. b) CP & C Section consolidates all of the Estimated Capital Expenditure Budgets into a Consolidated/Corporate Level Budget and scrutinizes the estimates for reasonableness. c) The Capital Expenditure Budget is prepared as per the guidelines determined by NEPRA. d) The Capital Expenditure Budget is forwarded to the FD for review along with the Budgeted Financial Statements. [Refer "***Volume III, Annexure – 149***" for the specimen of ***Consolidated Budget (Capita Expenditure)***] [Refer "***Volume III, Annexure – 141***" for the specimen of ***Budget Financial Statements***]	Consolidated Budget (Capital Expenditure) Budgeted Financial Statements		CP & C Section of Finance Department	MF
5.	Review and Submission to CEO	Capital Expenditure Budget is reviewed by the FD and submitted to the CEO.			Finance Department	FD

Sr. #	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
6.	Review and Recommendation to Finance Committee	a) CEO reviews the Budget and recommends it to the Finance Committee. b) CEO forwards Working Paper to the Finance Committee along with the Budget containing the following: ➢ Main Head wise Summary of Consolidated Budget ➢ Comparison with Last Year Budget ➢ Budgeted Financial Statements and Budgeted Cash Flow ➢ Comments by FD **[**Refer "***Volume III, Annexure – 142***" for the specimen of ***Working Paper***]	Working Paper		Office of CEO	CEO
7.	Review and Recommendation to BOD	The Finance Committee reviews the Estimated Budget and forwards the Budget along with the Working Paper and recommendations to the BOD.			Finance Committee	Finance Committee
8.	Review and Approval of BOD	a) The BOD reviews the Capital Expenditure Budget. b) Any queries raised by the BOD are resolved by the CP & C Section and Budget is revised to incorporate any necessary changes. c) Capital Expenditure Budget is approved by the BOD under the guidelines of PEPCO as adopted by DISCO, through a BOD Resolution.			BOD	BOD

Sr. #	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
9.	Budget Allocation	Budget is allocated to all Concerned Departments by the CP & C Section of Finance Department.			CP & C Section of Finance Department Finance Department	MF FD
10.	Letter for distribution of Allocated Budget issued to all Concerned Departments	Letter for distribution of Allocated Budget is issued by CP & C Section of Finance Department to all Concerned Departments. **[**Refer "***Volume III, Annexure – 143***" for the specimen of ***letter for distribution of Allocated Budget***]	Letter for distribution of Allocated Budget		CP & C Section of Finance Department	MF
11.	Approved Budget forwarded to NEPRA	Approved Budget is forwarded to NEPRA for approval as part of the Tariff Petition. **[**Refer ***"TRM – 1"*** for details regarding ***submission of Tariff Petition***]			Office of CEO	
12.	Revision of Budget	In case NEPRA suggests any change in the Capital Expenditure during the review of Tariff Petition, such changes are incorporated in the Budget and the Budget is revised.			CP & C Section of Finance Department	MF
13.	Approval of Revised Budget by BOD	Revised Budget is approved by the BOD through a BOD Resolution.			BOD	BOD
14.	Letter for distribution of Revised Budget issued to all Concerned	Letter for distribution of Revised Budget is issued by CP & C Section of Finance Department to all Concerned Departments.	Letter for distribution of Revised Budget		CP & C Section of Finance Department	MF

Sr. #	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
	Departments	[Refer "***Volume III, Annexure – 144***" for the specimen of ***letter for distribution of Revised Budget***]				
15.	Detail of Monthly Expenditure obtained from Concerned Departments	Detail of Monthly Expenditure is obtained from the Concerned Departments by the Budget Section of Finance Department for the calculation of variance analysis.			CP & C Section of Finance Department	AO
16.	Calculation of Variance and Preparation of Variance Analysis Report	CP & C Section of Finance Department calculates the variance between the Budgeted and Actual Capital Expenditure for each Concerned Department and prepares a Variance Analysis Report. [Refer "***Volume III, Annexure – 145***" for the specimen of ***Variance Analysis Report***]	Variance Analysis Report		CP & C Section of Finance Department	AO, AMA
17.	Review of Variance Analysis Report	Variance Analysis Report is used by the CP & C Section of Finance Department and FD to check whether the Concerned Departments are spending within the limit approved by the BOD and NEPRA.			CP & C Section of Finance Department Finance Department	MF FD
18.	Presentation to the BOD	On monthly basis Variance Analysis Report for Capital Expenditure Budget is presented to the BOD by the FD.			Finance Department	FD
19.	Budget Record maintained	Head wise and Concerned Department wise Budget Record is maintained to record the distribution of Allocated Budget for each Concerned Department.	Budget Record		CP & C Section of Finance Department	AO, AMA

Sr. #	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
		[Refer "***Volume III, Annexure – 146***" for the specimen of ***Budget Record***]				

PBF-2.4 Journal Entries

None

PBF-2.5 Summary of Responsibilities for Functional Activities

Office / Section	Summary of Responsibilities for Functional Activities – Reference No.
Accounts Officer	
CP & C Section of Finance Department	15, 16, 19
Assistant Manager Accounts	
CP & C Section of Finance Department	16, 19
Manager Finance	
CP & C Section of Finance Department	1, 4, 9, 10, 12, 14, 17
Functional Head	
Concerned Department	2, 3
Finance Director	
Finance Department	5, 9, 17, 18
Chief Executive Officer	
Office of CEO	6
Finance Committee	
Finance Committee	7
Board of Directors	
BOD	8, 13

PBF-2.6 Key Control Matrix

Sr.#	Objective	Risk	Control Activity	Activity Ref.#
1.	Estimated Capital Expenditure Budget is timely collected from the Concerned Departments.	Delay in the collection of data may create problems in the Budgetary Process.	a) Each year the budgetary process is initiated by the CP & C Section of Finance Department by sending a letter to the Functional Heads of Concerned Departments, requiring all Concerned Departments to submit their Estimated Capital Expenditure Budget. b) This activity is performed in the last quarter of each Financial Year.	1
2.	Estimated Budgets received from Concerned Departments are thoroughly scrutinized by the CP & C Section.	Unjustified and excessive budgetary requests by the Concerned Departments may result in financial loss to the DISCO.	a) Estimated Budgets are collected by the CP & C Section of Finance Department from the Concerned Departments. b) CP & C Section consolidates all of the Estimated Capital Expenditure Budgets into a Consolidated/Corporate Level Budget and scrutinizes the estimates for reasonableness. c) The Capital Expenditure Budget is prepared as per the guidelines determined by NEPRA. d) The Capital Expenditure Budget is forwarded to the FD for review.	4
3.	Only the authorized Capital Expenditure Budget is allocated to the Concerned Departments.	Unauthorized allocation of Budget may result in financial loss to the DISCO.	a) The BOD reviews the Capital Expenditure Budget. b) Any queries raised by the BOD are resolved by the CP & C Section and Budget is revised to	8

Sr.#	Objective	Risk	Control Activity	Activity Ref.#
			incorporate any necessary changes. c) Capital Expenditure Budget is approved by the BOD through a BOD Resolution.	
4.	Actual expenditure is periodically compared to the budgeted targets set for the Concerned Department(s).	Lack of regular analysis of actual expenditure in comparison with budgeted targets, may result in excessive spending being identified towards the end of the budgetary period which may ultimately defy the whole purpose of budgetary process.	Variance Analysis Report is used by the CP & C Section of Finance Department and FD to check whether the Concerned Departments are spending within the limit approved by the BOD and NEPRA.	17
5.	Distribution of allocated budget and revision in Budget is duly recorded.	Analysis of performance by D&D Offices may not be effectively carried without the presence of a comprehensive record of Allocated Budget.	Head wise, Concerned Department wise Budget Record is maintained to record the distribution of Allocated Budget for each Concerned Department.	19

PBF-3 Preparation of PC-1

PBF-3.1 Descriptive Overview of the Process

A. This process covers the activities regarding the preparation of PC-1.

B. PMU and P & E Departments assess their Department's future requirements keeping in view the Strategic Objectives of the DISCO.

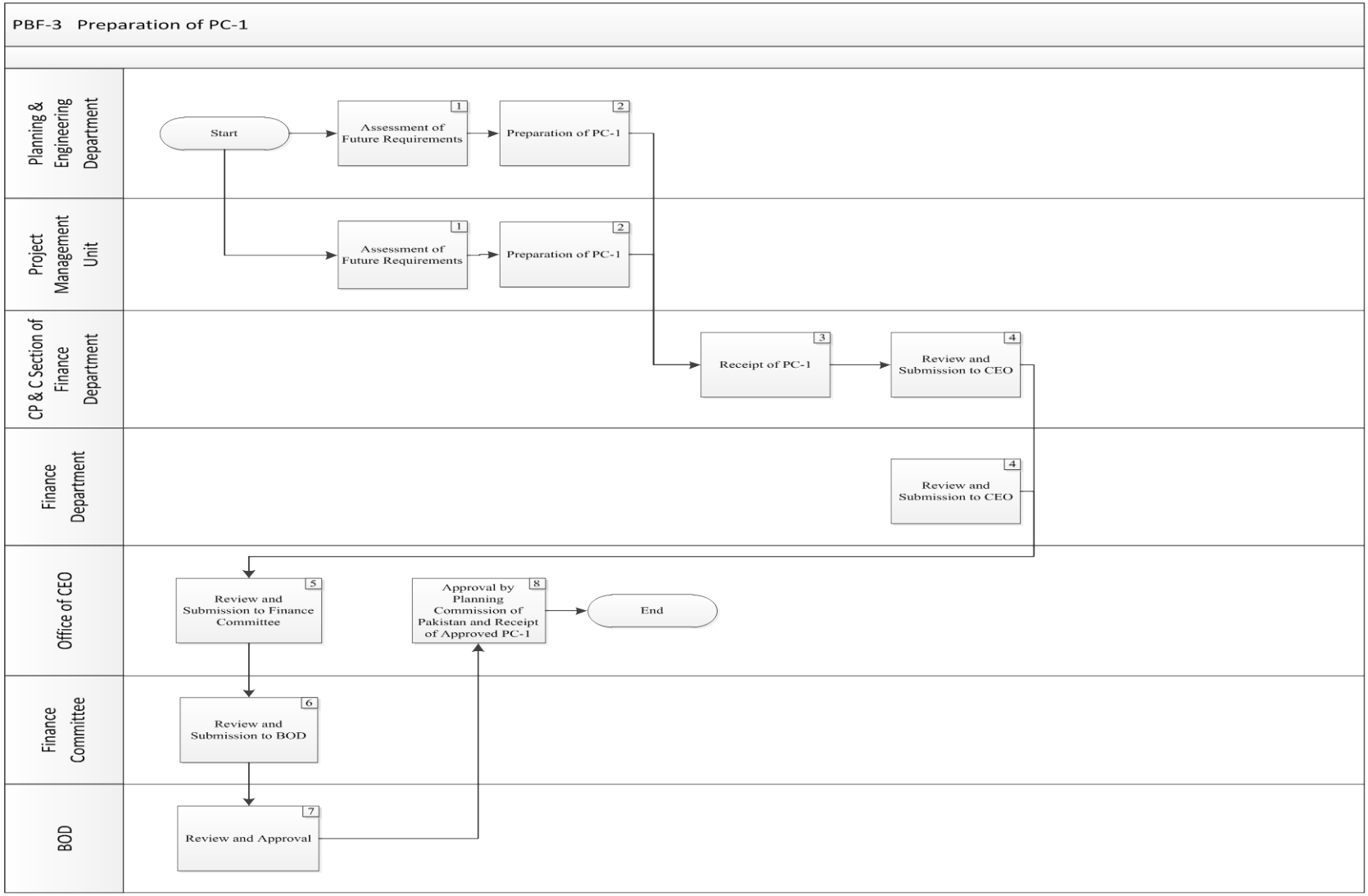
C. The P & E and PMU prepare PC-1 and forward it to the CP & C Section of the Finance Department.

D. The PC-1 is reviewed by the MF, FD, GM Technical, CEO and the Finance Committee and submitted to the BOD for approval.

E. After approval by the BOD, PC-1 is submitted to Ministry of Water and Power for obtaining approval from the Planning Commission of Pakistan.

F. Approved PC-1 is received by the CEO and forwarded to the FD, MF, P & E and PMU.

PBF-3.2 Flow Chart



PBF-3.3 Detail of Process Activities

Sr. #	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
1.	Assessment of Future Requirements	Future requirements for Development of Power, Electricity Loss Reduction, Secondary Transmission & Grid and other projects are assessed by the Office of P & E and Office of PMU to identify the resources required to complete the planned projects of Public Sector Development Program (PSDP) and other projects undertaken by the DISCO, keeping in view the Strategic Objectives of the DISCO.			Office of P & E Office of PMU	Chief Engineer P & E Chief Engineer PMU
2.	Preparation of PC-1	Office of P & E and Office of PMU prepare a five year plan, PC-1 for the projects undertaken and forward it to the CP & C Section of Finance Department.			Office of P & E Office of PMU	Chief Engineer P & E Chief Engineer PMU
3.	Receipt of PC-1	CP & C Section of Finance Department receives the PC-1 from Office of P & E and Office of PMU.			CP & C Section of Finance Department	MF
4.	Review and Submission to CEO	PC-1 is reviewed by the CP & C Section of Finance Department and FD and submitted with recommendation to the CEO.			CP & C Section of Finance Department Finance Department	MF FD
5.	Review and Submission to Finance Committee	PC-1 is reviewed by GM Technical and CEO and submitted with recommendation to Finance Committee for review.			Office of CEO	GM Technical, CEO
6.	Review and Submission to BOD	PC-1 is reviewed by Finance Committee and submitted to BOD with recommendation.			Finance Committee	Finance Committee
7.	Review and Approval	a) The BOD reviews the PC-1. b) Any queries raised by the BOD are resolved by the			BOD	BOD

Sr. #	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
		Concerned Department and Budget is revised to incorporate any necessary changes. c) PC-1 is approved by the BOD and submitted to the MoW&P.				
8.	Approval by Planning Commission of Pakistan and Receipt of Approved PC-1	a) The MoW&P reviews the PC-1 and forwards it to the Planning Commission of Pakistan for approval. b) If any discrepancy is found in PC-1, it is sent back to the Office of P & E/ Office of PMU for revision. c) PC-1 is approved by the Planning Commission of Pakistan and sent to the CEO. d) Approved PC-1 is received by the CEO and forwarded to the FD, CP & C Section of Finance Department and the Office of P & E/ Office of PMU.			Office of CEO	CEO

PBF-3.4 Journal Entries

None

PBF-3.5 Summary of Responsibilities for Functional Activities

Office / Section	Summary of Responsibilities for Functional Activities – Reference No.
Manager Finance	
CP & C Section of Finance Department	3, 4
Chief Engineer Planning and Engineering Department	
Office of Planning & Engineering Department	1, 2
Chief Engineer Project Management Unit	
Office of Project Management Unit	1, 2
General Manager Technical	
Office of CEO	5
Finance Director	
Finance Department	4
Chief Executive Officer	
Office of CEO	5, 8
Finance Committee	
Finance Committee	6
Board of Directors	
BOD	7

PBF-3.6 Key Control Matrix

Sr.#	Objective	Risk	Control Activity	Activity Ref.#
1.	PC-1 is submitted to the MoW&P after the review and approval of DISCO's top level management.	Lack of effective involvement from the top level management carries a risk of budgets being approved for projects which do not serve the Strategic Objectives of the DISCO. Active involvement of top level management in determining the projects for PC-1 is imperative if the DISCO intends to pursue its Goals effectively.	a) The BOD reviews the PC-1. b) Any queries raised by the BOD are resolved by the Concerned Department and Budget is revised to incorporate any necessary changes. c) PC-1 is approved by the BOD and submitted to the MoW&P.	7

PBF-4 Allocation of Additional Budget/Re-appropriation of Budget (Operating and Maintenance Budget)

PBF-4.1 Descriptive Overview of the Process

A. This process covers the activities regarding Allocation of Additional Budget/Re-appropriation of Budget (Operating and Maintenance Budget).

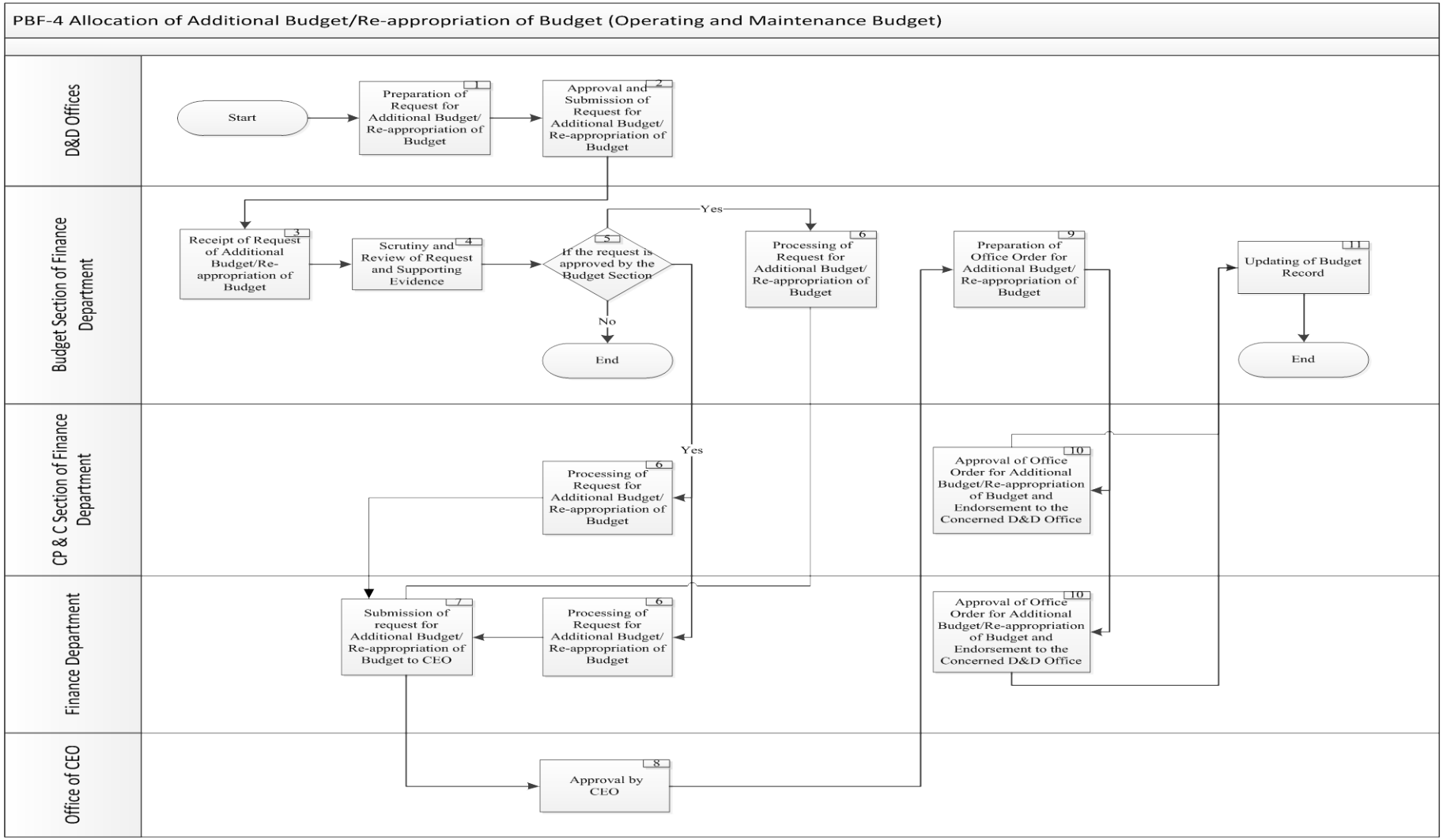
B. If required, a request for Additional Budget/Re-appropriation of Budget is prepared and approved by the Concerned D&D Office(s) and forwarded to the Budget Section of Finance Department.

C. The Budget Section, CP & C Section and the Finance Director review and scrutinize the request for Additional Budget/Re-appropriation of Budget and determine whether additional budget is to be granted. The additional budget is granted through Allocation of Additional Budget or Re-appropriation of Budget.

D. Request for Additional Budget/Re-appropriation of Budget is forwarded to the CEO for approval.

E. After approval from CEO an Office Order for Additional Budget/Re-appropriation of Budget is forwarded to the Concerned D&D Office after approval.

PBF-4.2 Flow Chart



PBF-4.3 Detail of Process Activities

Sr. #	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
1.	Preparation of Request for Additional Budget/Re-appropriation of Budget	If required, a request for Additional Budget/Re-appropriation of Budget is prepared by the following D&D Offices: ➢ Offices of Operation Division ➢ Offices of AMCS ➢ Office of Finance Department ➢ Office of CEO ➢ Office of Civil Works ➢ Office of SS&T No:1 North ➢ Office of SS&T No:1 South ➢ Office of M&T No.1 West ➢ Office of M&T No. 2 East	Request for Additional Budget/Re-appropriation of Budget		Offices of Operation Division Offices of AMCS Office of Finance Department Office of CEO Office of Civil Works Office of SS&T No:1 North Office of SS&T No:2 South Office of M&T No.1 West Office of M&T No. 2 East Office of DM (P&I)	SDC, Head Clerk, DAO CA-Admin, DAO AO-Admin, DMCA DM (Admin) SDC, Head Clerk, DAO SDC, Head Clerk, DAO SDC, Head Clerk, DAO SDC, Head Clerk, DAO SDC, Head Clerk, DAO SDC, Head Clerk, DAO

Sr. #	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
		➢ Office of DM (P&I) ➢ Office of Training Centre ➢ Office of Deputy Manager (Ware House) ➢ Regional Store ➢ Office of Manager Internal Audit ➢ Office of PMU ➢ Office of MP (GSC) [Refer "***Volume III, Annexure – 150***" for the specimen of ***Request for Additional Budget/Re-appropriation of Budget***]			Office of Training Centre Office of Deputy Manager (Ware House) Regional Store Office of Deputy Manager Chief Auditor Office of PMU Office of MP (GSC)	AO AA, DAO AO, AMA Manager DMA AMA
2.	Approval and Submission of Request for Additional Budget/Re-appropriation of Budget	a) Request for Additional Budget/Re-appropriation of Budget is approved by the D&D Office. b) Request is forwarded to the Budget Section of Finance Department along with the justified reasoning for the request and proper supporting evidence.			Office of Operation Divisions Offices of AMCS Office of Finance Department Office of CEO	DMO AMCS FD HRD

Sr. #	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
					Office of Civil Works	DM
					Office of SS&T No:1 North	DM
					Office of SS&T No:2 South	DM
					Office of M&T No.1 West	RM
					Office of M&T No. 2 East	RM
					Office of DM (P&I)	DM
					Office of Training Centre	DM
					Office of Deputy Manager (Ware House)	DM
					Regional Store	RSM
					Office of Deputy Manager Chief Auditor	DM
					Office of PMU	MF
					Office of MP (GSC)	MP

Sr. #	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
3.	Receipt of Request of Additional Budget/Re-appropriation of Budget	Budget Section of Finance Department receives the request for Additional Budget/Re-appropriation of Budget along with the supporting evidence from the Concerned D&D Office.			Budget Section of Finance Department	AA, AO
4.	Scrutiny and Review of Request and Supporting Evidence	Request for Additional Budget/Re-appropriation of Budget and the supporting evidence is thoroughly reviewed by the Budget Section of Finance Department to verify the reasonableness of the request.			Budget Section of Finance Department	AO, AMA
5.	If the request is approved by the Budget Section	After reviewing the request and supporting evidence, if the request for Additional Budget/Re-appropriation of Budget is approved by the Budget Section, continues to Activity # 6, else the process ends and request is turned down.			Budget Section of Finance Department	
6.	Processing of Request for Additional Budget/Re-appropriation of Budget	Decision is made for grant of Additional Budget/Re-appropriation of Budget in the following ways: ➢ Re-appropriation of Budget within the Budgetary Heads of the Concerned D&D Office. or ➢ Re-appropriation of Budget by re-allocating Budget from another D&D Office (where available) to Concerned D&D Office where additional funds are required. or ➢ Allocation of Additional Budget from DISCO's Reserve Budget if available.			Budget Section of Finance Department CP & C Section of Finance Department Finance Department	AMA MF FD

Sr. #	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
7.	Submission of request for Additional Budget/Re-appropriation of Budget to CEO	Proposal for Additional Budget/Re-appropriation of Budget is submitted to the CEO for approval.			Finance Department	FD
8.	Approval by CEO	Proposed allocation of Additional Budget/Re-appropriation of Budget is approved.			Office of CEO	CEO
9.	Preparation of Office Order for Additional Budget/Re-appropriation of Budget	An Office Order for Additional Budget/Re-appropriation of Budget is prepared by the Budget Section of Finance Department. **[**Refer "***Volume III, Annexure – 3*** " for the specimen of ***Office Order***]	Office Order		Budget Section of Finance Department	AA, AO, AMA
10.	Approval of Office Order for Additional Budget/Re-appropriation of Budget and Endorsement to the Concerned D&D Office	Office Order for Additional Budget/Re-appropriation of Budget is approved by the FD and a copy of the same is endorsed to the Concerned D&D Office.			CP & C Section of Finance Department Finance Department	MF FD
11.	Updating of Budget Record	After the issuance of Office Order, Budget Record is updated to record the Addition/Re-appropriation of Budget for the relevant D&D Office. **[**Refer "***Volume III, Annexure – 146***" for the specimen of ***Budget Record***]	Budget Record		Budget Section of Finance Department	AA, AO, AMA

PBF-4.4 Journal Entries

None

PBF-4.5 Summary of Responsibilities for Functional Activities

Office / Section	Summary of Responsibilities for Functional Activities – Reference No.
Commercial Assistant -Administration	
Offices of AMCS	1
Sub Division Clerk	
Offices of Operation Division	1
Office of Civil Works	1
Office of SS&T No:1 North	1
Office of SS&T No:2 South	1
Office of M&T No.1 West	1
Office of M&T No. 2 East	1
Office of D. M (P&I)	1
Head Clerk	
Offices of Operation Division	1
Office of Civil Works	1
Office of SS&T No:1 North	1
Office of SS&T No:2 South	1
Office of M&T No.1 West	1
Office of M&T No. 2 East	1
Office of DM (P&I)	1
Accounts Assistant	
Office of Deputy Manager (Ware House)	1
Budget Section of Finance Department	3, 9, 11
Accounts Officer Administration	
Office of Finance Department	1
Accounts Officer	
Budget Section of Finance Department	3, 4, 9, 11
Office of Training Centre	1
Regional Store	1
Divisional Accounts Officer	
Offices of Operation Division	1
Offices of AMCS	1
Office of Civil Works	1
Office of SS&T No:1 North	1
Office of SS&T No:2 South	1
Office of M&T No.1 West	1
Office of M&T No. 2 East	1
Office of D. M (P&I)	1
Office of Deputy Manager (Ware House)	1
Assistant Manager Customer Services	
Offices of AMCS	2

Office / Section	Summary of Responsibilities for Functional Activities – Reference No.
Assistant Manager Accounts	
Budget Section of Finance Department	4, 6, 9, 11
Regional Store	1
Office of MP (GSC)	1
Commercial Assistant- Administration	
Offices of AMCS	1
Deputy Manager	
Office of Civil Works	2
Office of SS&T No:1 North	2
Office of SS&T No:1 South	2
Office of D. M (P&I)	2
Office of Training Centre	2
Office of Deputy Manager (Ware House)	2
Deputy Manager Accounts	
Office of PMU	1
Deputy Manager Operations	
Office of Operation Divisions	2
Deputy Manager Corporate Accounts	
Office of Finance Department	1
Deputy Manager Administration	
Office of CEO	1
Deputy Manager	
Office of Deputy Manager Chief Auditor	2
Manager	
Office of Deputy Manager Chief Auditor	1
Manager Finance	
Office of PMU	2
CP & C Section of Finance Department	6,10
Regional Store Manager	
Regional Store	2
Regional Manager	
Office of M&T No.1 West	2
Office of M&T No. 2 East	2
Project Director	
Office of MP (GSC)	2
Human Resource Director	
Office of CEO	2
Finance Director	
Finance Department	2, 6, 7, 10
Chief Executive Officer	

Office / Section	Summary of Responsibilities for Functional Activities – Reference No.
Office of CEO	8

PBF-4.6 Key Control Matrix

Sr.#	Objective	Risk	Control Activity	Activity Ref.#
1.	Only authorized requests for Additional Budget/Re-appropriation of Budget are put forward to the Budget Section.	Unauthorized requests for Additional Budget/Re-appropriation of Budget may result in financial loss to the DISCO.	a) Request for Additional Budget/Re-appropriation of Budget is approved by the D&D Office. b) Request is forwarded to the Budget Section of Finance Department along with the justified reasoning for the request and proper supporting evidence.	2
2.	Requests for Additional Budget/Re-appropriation of Budget are appropriately reviewed and scrutinized before submission to the higher management.	Unjustified and excessive budgetary requests by the D&D Offices may result in financial loss to the DISCO.	Request for Additional Budget/Re-appropriation of Budget and the supporting evidence is thoroughly reviewed by the Budget Section of Finance Department to verify the reasonableness of the request.	4
3.	Addition/Re-appropriation of Allocated Budget is duly recorded.	Analysis of performance by D&D Offices may not be effectively carried without the presence of a comprehensive record of Additions and Re-appropriations in the Budget originally allocated.	After the issuance of Office Order, Budget Record is updated to record the Addition/Re-appropriation of Budget for the relevant D&D Office.	11

PBF-5 Allocation of Additional Budget/Re-appropriation of Budget (Capital Expenditure Budget)

PBF-5.1 Descriptive Overview of the Process

A. This process covers the activities regarding Allocation of Additional Budget/Re-appropriation of Budget (Capital Expenditure Budget).

B. If required, a request for Additional Budget/Re-appropriation of Budget is prepared and approved by the Concerned Department and forwarded to the Budget Section of Finance Department.

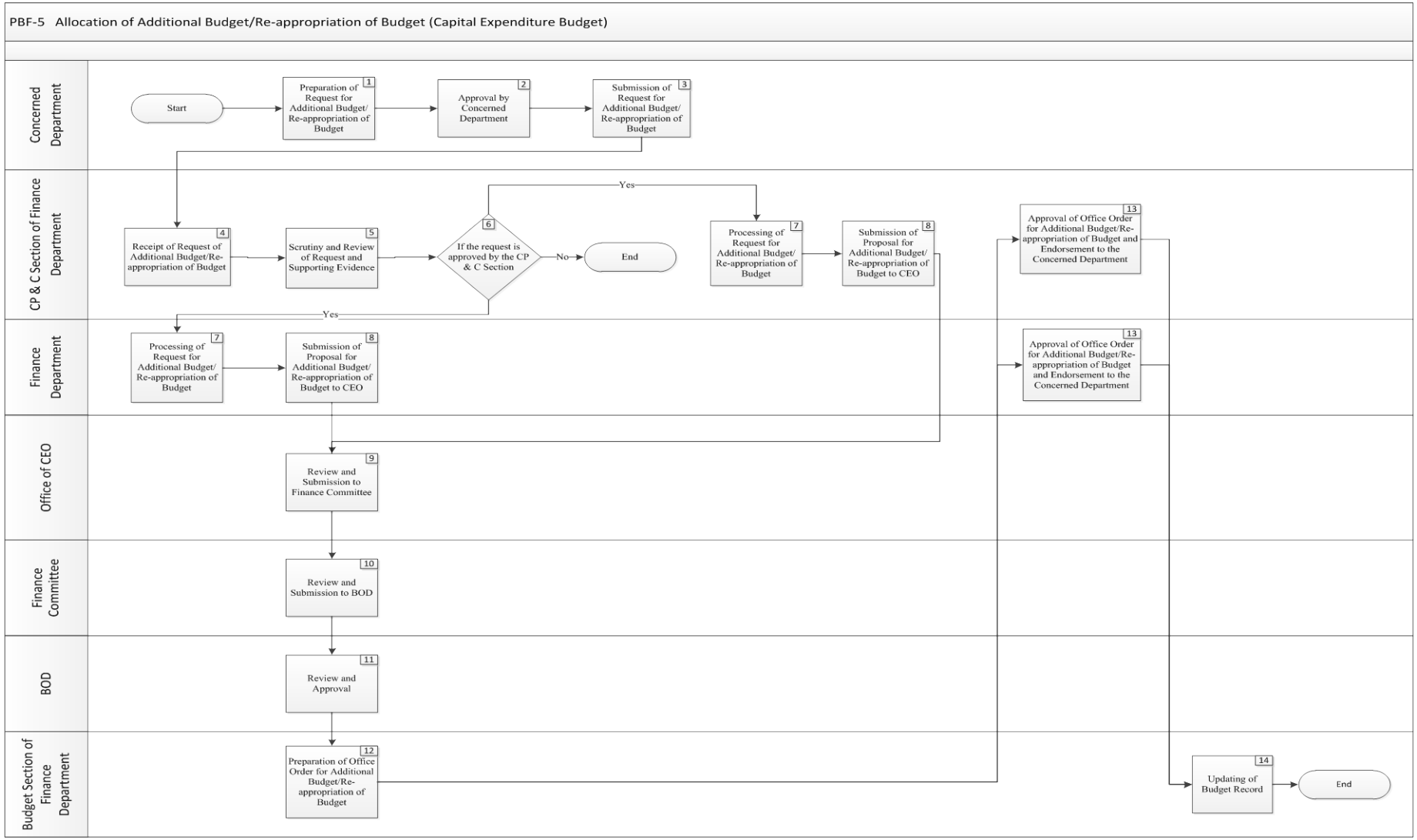
C. The CP & C Section of Finance Department reviews and scrutinizes the Request for Additional Budget/Re-appropriation of Budget and determines whether additional budget is to be granted and if yes then either through Allocation of Additional Budget or Re-appropriation of Budget.

D. Proposal for Additional Budget/Re-appropriation of Budget is forwarded to the CEO for approval.

E. Proposal for Allocation of Additional Budget/Re-appropriation of Budget is reviewed by the CEO and Finance Committee and submitted to the BOD for approval.

F. After approval from BOD, an Office Order for Additional Budget/Re-appropriation of Budget is forwarded to the Concerned Department after approval.

PBF-5.2 Flow Chart



PBF-5.3 Detail of Process Activities

Sr. #	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
1.	Preparation of Request for Additional Budget/Re-appropriation of Budget	If required, a request for Additional Budget/Re-appropriation of Budget is prepared by the Concerned Departments. [Refer "***Volume III, Annexure – 150*** " for the specimen of ***Request for additional budget / re-appropriation of budget***]	Request for Additional Budget/Re-appropriation of Budget		Concerned Department	Functional Head
2.	Approval by Concerned Department	Request for Additional Budget/Re-appropriation of Budget is approved by the Concerned Departments.			Concerned Department	Functional Head
3.	Submission of Request for Additional Budget/Re-appropriation of Budget	After the approval, Request for Additional Budget/Re-appropriation of Budget is forwarded by the Concerned Departments to the CP & C Section of Finance Department along with the justification for the request and proper supporting evidence.			Concerned Department	Functional Head
4.	Receipt of Request of Additional Budget/Re-appropriation of Budget	CP & C Section of Finance Department receives the request for Additional Budget/Re-appropriation of Budget from the Concerned Department.			CP & C Section of Finance Department	AO, MF
5.	Scrutiny and Review of Request and Supporting Evidence	Request for Additional Budget/Re-appropriation of Budget along with the supporting evidence is thoroughly reviewed by the CP & C Section of Finance Department to verify the reasonableness of the request.			CP & C Section of Finance Department	MF
6.	If the request is approved by the CP	After reviewing the request and supporting evidence, If the request for Additional Budget/Re-appropriation of			CP & C Section of Finance Department	

Sr. #	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
	& C Section	Budget is approved by the CP & C Section of Finance Department, continues to Activity # 7, else the process ends and the request is turned down.				
7.	Processing of Request for Additional Budget/Re-appropriation of Budget	a) Decision is made for grant of Additional Budget/Re-appropriation of Budget in the following ways: ➢ Re-appropriation of Budget within the Budgetary Main Heads. or ➢ Allocation of Additional Budget. b) While assessing the request of Re-appropriation of Budget or Allocation of Additional Budget, the case is critically analyzed considering the following: ➢ Provisions of PC-1 Performa for the concerned project. ➢ Prior approval of revised PC-1 (where applicable) ➢ NEPRA's Instructions/limits determined ➢ Subsequent approval of revised Tariff Petition by NEPRA, after incorporating the change in budget.			CP & C Section of Finance Department Finance Department	MF FD
8.	Submission of Proposal for Additional Budget/Re-appropriation of Budget to CEO	Proposal for Additional Budget/Re-appropriation of Budget is submitted to the CEO for review by the CP & C Section of Finance Department along with the Revised Budgeted Financial Statements.	Revised Budget Revised Budgeted Financial Statements		CP & C Section of Finance Department Finance Department	MF FD

Sr. #	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
		[Refer "***Volume III, Annexure – 151***" for the specimen of ***Revised Budget***] [Refer "***Volume III, Annexure – 152***" for the specimen of ***Revised Budgeted Financial Statements***]				
9.	Review and Submission to Finance Committee	Proposal for Additional Budget/Re-appropriation of Budget is reviewed by the CEO and submitted to the Finance Committee with recommendations.			Office of CEO	CEO
10.	Review and Submission to BOD	Proposal for Additional Budget/Re-appropriation of Budget is reviewed by the Finance Committee and submitted to the BOD with recommendations.			Finance Committee	Finance Committee
11.	Review and Approval	Proposed Addition/Re-apportionment of Budget is approved by the BOD through a BOD Resolution.			BOD	BOD
12.	Preparation of Office Order for Additional Budget/Re-appropriation of Budget	An Office Order for Additional Budget/Re-appropriation of Budget is prepared by the Budget Section of Finance Department [Refer "***Volume III, Annexure – 3***" for the specimen of ***Office Order***]	Office Order		Budget Section of Finance Department	AA, AO, AMA
13.	Approval of Office Order for Additional Budget/Re-appropriation of Budget and Endorsement to the Concerned Department	Office Order for Additional Budget/Re-appropriation of Budget is approved by the FD and a copy of the same is endorsed to the Concerned Department.			CP & C Section of Finance Department Finance Department	MF FD
14.	Updating of Budget Record	After the issuance of Office Order, Budget Record is updated to record the Addition/Re-appropriation of Budget	Budget Record		Budget Section of Finance Department	AA, AO, AMA

Sr. #	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
		for the Concerned Department. [Refer "***Volume III, Annexure – 146*** " for the specimen of ***Budget Record***]				

PBF-5.4 Journal Entries

None

PBF-5.5 Summary of Responsibilities for Functional Activities

Office / Section	Summary of Responsibilities for Functional Activities – Reference No.
Accounts Assistant	
Budget Section of Finance Department	12, 14
Accounts Officer	
CP & C Section of Finance Department	4
Budget Section of Finance Department	12, 14
Assistant Manager Accounts	
Budget Section of Finance Department	12, 14
Manager Finance	
CP & C Section of Finance Department	4, 5, 7, 8, 13
Functional Head	
Concerned Department	1, 2, 3
Finance Director	
Finance Department	7, 8, 13
Chief Executive Officer	
Office of CEO	9
Finance Committee	
Finance Committee	10
Board of Directors	
BOD	11

PBF-5.6 Key Control Matrix

Sr.#	Objective	Risk	Control Activity	Activity Ref.#
1.	Only authorized requests for Additional Budget/Re-appropriation of Budget are put forward to the CP & C Section.	Unauthorized requests for Additional Budget/Re-appropriation of Budget may result in financial loss to the DISCO.	Request for Additional Budget/Re-appropriation of Budget is approved by the Concerned Departments.	2
2.	Requests for Additional Budget/Re-appropriation of Budget are appropriately reviewed and scrutinized before submission to the higher management.	Unjustified and excessive budgetary requests by the Concerned Departments may result in financial loss to the DISCO.	Request for Additional Budget/Re-appropriation of Budget along with the supporting evidence is thoroughly reviewed by the CP & C Section of Finance Department to verify the reasonableness of the request.	5
3.	Addition/Re-appropriation of Allocated Budget is duly recorded.	Analysis of performance by Concerned Departments may not be effectively carried without the presence of a comprehensive record of Additions and Re-appropriations in the Budget originally allocated.	After the issuance of Office Order, Budget Record is updated to record the Addition/Re-appropriation of Budget for the Concerned Department.	14

PBF-6 Preparation of Strategic Business Plan

PBF-6.1 Descriptive Overview of the Process

A. This process covers the activities regarding the Preparation of Strategic Business Plan.

B. BOD Determines the Strategic Objectives of the DISCO for the preparation of Strategic Business Plan based on the guidelines provided by NEPRA and Ministry of Water & Power.

C. CEO instructs the Concerned Departments to assess their Departmental requirements, Plans and Strategies and instructs them to prepare their Departmental Plans.

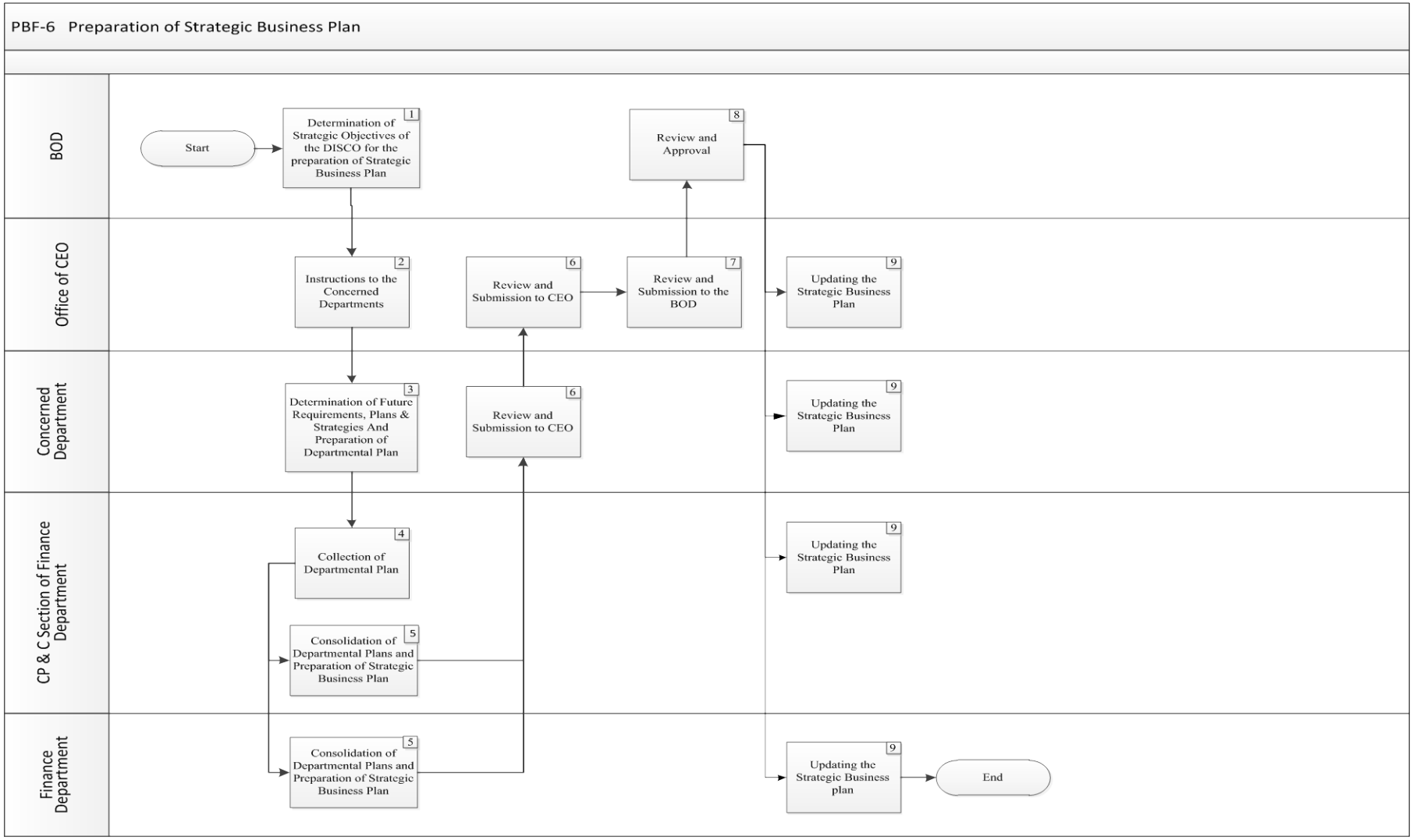
D. Departmental Plans are prepared by the Concerned Departments and submitted to the CP & C Section.

E. CP & C Section collects and consolidates the Departmental Plans to prepare the Strategic Business Plan in consultation with the FD.

F. Strategic Business Plan is reviewed by the Concerned Departments under the supervision of GM Technical and CEO before submission to the BOD for approval.

G. Strategic Business Plan is updated by the Concerned Department when required.

PBF-6.2 Flow Chart



PBF-6.3 Detail of Process Activities

Sr. #	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
1.	Determination of Strategic Objectives of the DISCO for the preparation of Strategic Business Plan	a) Preparation of a Strategic Business Plan is initiated by determination of the Strategic Objectives of the DISCO by the BOD based on the guidelines provided by NEPRA and Ministry of Water & Power. b) Strategic Objectives are based on the DISCO's mission and vision. Strategic Objectives may include the following: ➢ To provide uninterrupted power supplies to customers falling under DISCO's distribution network and authorized service territory. ➢ To provide electricity at lowest possible price by reducing technical & administrative losses and sharing efficiency gains with customers. ➢ To effectively provide customers facilities, i.e. minimization of customer's grievances with respect to installation of connection, failure of power supply, incorrect meter reading & billing and payment of bills etc. ➢ Improvement of financial health of the company and to have viable Capital Structure to finance its investment program from own sources as well as by arranging funds from open market.			BOD	BOD
2.	Instructions to the	The CEO instructs the Concerned Departments to arrange			Office of CEO	CEO

Sr. #	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
	Concerned Departments	relevant data for the preparation of a Strategic Business Plan.				
3.	Determination of Future Requirements, Plans & Strategies and Preparation of Departmental Plan	a) The Concerned Departments assess the requirements of their respective Departments and determine the Departmental Goals and Strategies to achieve these goals. b) Each Concerned Department submits their Departmental Plan to the CP & C Section of Finance Department for the preparation of the Strategic Business Plan.			Concerned Department	Functional Head
4.	Collection of Departmental Plans	CP & C Section of Finance Department collects Departmental Plans from the Concerned Departments for the preparation of Strategic Business Plan.			CP & C Section of Finance Department	AMA
5.	Consolidation of Departmental Plans and Preparation of Strategic Business Plan	a) Departmental Plans collected from Concerned Departments are consolidated by the CP & C Section of Finance Department and Strategic Business Plan is prepared in consultation with the FD, containing: ➢ DISCO's Business Objectives ➢ Statistical & Financial Information ➢ Existing System and Current Status ➢ Assumption for the Action Plan ➢ Action Plan for the DISCO ➢ SWOT Analysis b) Strategic Business Plan is forwarded to the Concerned Departments for review.			CP & C Section of Finance Department Finance Department	AMA, MF FD
6.	Review and Submission to CEO	Strategic Business Plan is reviewed by the Concerned Departments under the supervision of GM Technical and			Concerned Department	Functional Head

Sr. #	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
		submitted to the CEO with recommendation.			Office of CEO	GM Technical
7.	Review and Submission to the BOD	Strategic Business Plan is reviewed by the CEO and submitted to the BOD with recommendations.			Office of CEO	CEO
8.	Review and Approval	Strategic Business Plan is reviewed and approved by the BOD through a BOD Resolution after incorporating any necessary amendments.			BOD	BOD
9.	Updating the Strategic Business Plan	Keeping in view the changing environment of the business and latest instructions of NEPRA, the Strategic Business Plan is updated when required.			Concerned Department CP & C Section of Finance Department Finance Department Office of CEO	Functional Head MF FD GM Technical, CEO

PBF-6.4 Journal Entries

None

PBF-6.5 Summary of Responsibilities for Functional Activities

Office / Section	Summary of Responsibilities for Functional Activities – Reference No.
Assistant Manager Accounts	
CP & C Section of Finance Department	4, 5
Manager Finance	
CP & C Section of Finance Department	5, 9
General Manager Technical	
Office of CEO	6, 9
Functional Head	
Concerned Department	3, 6, 9
Finance Director	
Finance Department	5, 9
Chief Executive Officer	
Office of CEO	2, 7, 9
Board of Directors	
BOD	1, 8

PBF-6.6 Key Control Matrix

Sr.#	Objective	Risk	Control Activity	Activity Ref.#
1.	Strategic Business Plan is implemented after a thorough review by the DISCO's top level management.	Lack of effective involvement from the top level management may result in inconsistency between the Strategic Goals and Strategic Business Plan of the DISCO ultimately resulting in deviation from the DISCO's mission.	Strategic Business Plan is reviewed and approved by the BOD through a BOD Resolution after incorporating any necessary amendments.	8

Revenue and Receivables (RNR)

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1 Introduction

1.1 Objective

The primary objective of Revenue and Receivables process is timely collection of the sales proceeds. As with any process, accomplishing this process in an effective and efficient manner is important so that resources are not wasted. Benefits of an efficient revenue management process include:

- Improved cash management (including an improved cash flow, more accurate cash forecasting ability, and greater interest earnings)
- Greater budgetary control and ability to complete projects timely
- Improved credit worthiness and reduction in borrowing cost
- Timely payment of trade payables

1.2 Scope

This document covers all the aspects of the Revenue and Receivables at different Offices of AMCS and Finance Department of DISCO. This document describes each Process of Revenue and Receivables, which includes; Descriptive Overview of the process, Flow Chart of all the process activities, Journal Entries and their references with the process activities, Job Descriptions of personnel responsible for performing activities and key control matrices to ensure that the process activities are in line with the Standard Policies and Procedure of the DISCO.

The document also contains a List of Commercial Procedures which provides a brief description of the CPs used in the processes.

Processes of Revenue and Receivables are covered in the following main categories.

- Billing Assessment
- Collection
- Bill Adjustments
- Provisions
- Subsidy from Government of Pakistan

All the Revenue and Receivables activities in DISCO are covered under following Processes:

Process ID	Process Name
RNR-1	Billing Assessment and Sale of Electricity
RNR-2	Collection of Electricity Bills from General Consumers
RNR-3	Collection of Electricity Bills from Government Institutions
RNR-4	Collection of Electricity Bills from Other Accounting Units of DISCO
RNR-5	Payment of Electricity Bill of own Office of AMCS
RNR-6	Recording and Settlement of Subsidy from Government of Pakistan
RNR-7	Adjustment of Inter-Divisional Bill Collection
RNR-8	Adjustment of Cash Received on Behalf of Other Office of AMCS
RNR-9	Adjustment of Inter-Divisional Journal
RNR-10	Adjustment of Unidentified Cash of Collecting Office of AMCS
RNR-11	Adjustment of Unidentified Cash of Concerned Office of AMCS
RNR-12	Adjustment of Wrong Posting in Consumer Account of Concerned Office of AMCS
RNR-13	Adjustment of Inter-DISCO Bill Collection (Receipt of Credit Note)
RNR-14	Adjustment of Inter-DISCO Bill Collection (Issuance of Credit Note)
RNR-15	Adjustment of Free Electricity Supply to Entitled Employees (DISCO, WAPDA & Associated Companies)
RNR-16	Adjustment of Inter-Divisional Transfer of Consumers
RNR-17	Adjustment of Security against arrears of Electricity Bill
RNR-18	Provision for Spill over Revenue
RNR-19	Provision for Fuel Charges Adjustment
RNR-20	Provision for Doubtful Debts

2 Policies and Definitions

2.1 General Policies

2.1.1 Government Policy and Subsidies

The Government of Pakistan provides tariff subsidy as a support to the general public. The amount of subsidy provided by the Government is treated as Revenue from Subsidy by the DISCO.

2.1.2 Revenue Recognition Policy

For revenue arising from the rendering of services, provided that all of the following criteria are met, revenue should be recognised by reference to the stage of completion of the transaction at the balance sheet date (the percentage-of-completion method): [IAS 18.20]

- The amount of revenue can be measured reliably;
- It is probable that the economic benefits will flow to the seller;
- The stage of completion at the balance sheet date can be measured reliably; and
- The costs incurred, or to be incurred, in respect of the transaction can be measured reliably.

When the above criteria are not met, revenue arising from the rendering of services should be recognised only to the extent of the expenses recognised that are recoverable (a "cost-recovery approach").

2.1.3 Trade Debt Policy

Trade debts are carried at original billed value less an estimate of provision for doubtful debts. Provision for doubtful debts is created in full against all permanently disconnected consumers and deferred/set aside balances. Provision is created under the following criteria:

- For active consumers, outstanding for 3-6 months, 25% is provided for.
- For active consumer, outstanding for 6 months - 1 year, 50% is provided for.
- Full provision is created against the balances outstanding for more than one year for.

Furthermore receivable from the Government agencies are provided for at the rate of 10% for amounts outstanding over a period of 1 year and full provision is created against cases under litigation.

The Finance Department is responsible for developing the trade debt provision policy. After approval of the BOD, the policy is adopted.

Trade debts are carried at original invoice amount less an estimate made for doubtful debts based on a review of all outstanding amounts at the period end. Bad debts are written off when identified.

2.1.4 Provisions

Provisions are recognized in the balance sheet when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a

reliable estimate of the obligation can be made. However, provisions are reviewed at each balance sheet date and adjusted to reflect current best estimate.

2.2 Definitions

2.2.1 Revenue

The gross inflow of economic benefits (cash, receivables, other assets) arising from the ordinary operating activities of an entity (such as sales of goods, sales of services, interest, royalties, and dividends) [IAS18.7].

2.2.2 Billing Period

Billing period is a billing month of 30 days or less from the date of last meter reading.

2.2.3 Consumer

A person or his successor-in-interest as defined under Section 2(iv) of the regulation of Generation, Transmission and Distribution of Electric Power Act (XL of 1997)

2.2.4 Commercial Procedure

Commercial Procedure(s) (CP) are different formats used by the DISCO for recording and reporting commercial activities.

2.3 General Accounting Guidelines

2.3.1 Disclosures

An entity shall disclose:

- The accounting policies adopted for the recognition of revenue, including the methods adopted to determine the stage of completion of transactions involving the rendering of services;
- The amount of each significant category of revenue recognized during the period, including revenue arising from:
    - The rendering of services;
    - Interest

2.4 List of Commercial Procedures

2.4.1 List of CPs and Description

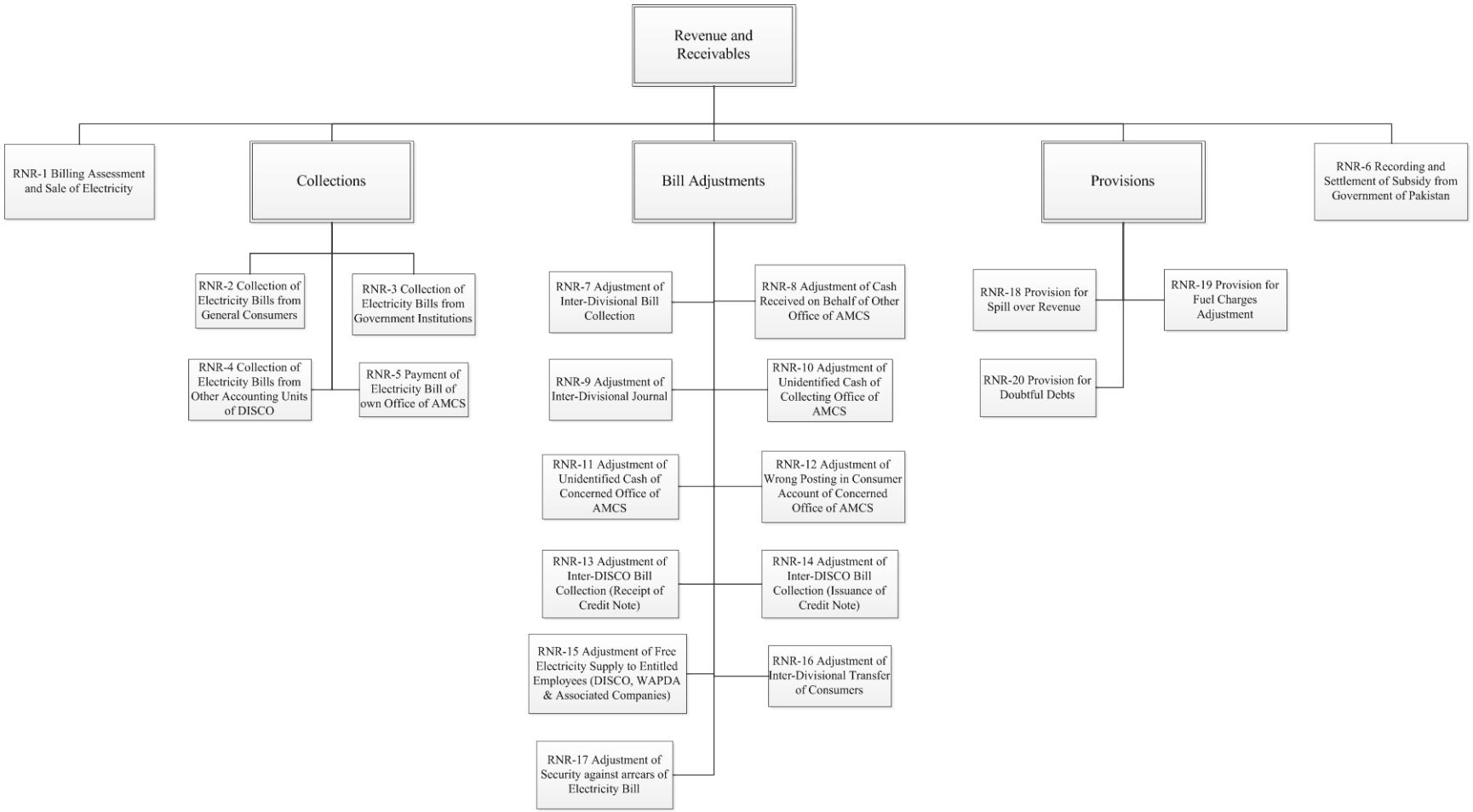
Serial No.	Commercial Procedure No.	Nomenclature of Commercial Procedure	Description
1.	CP-26	Security Deposit Register	CP-26 is the Security Deposit Register maintained at each Office of AMCS to record the details of Security Deposit deposited by the Consumer.
2.	CP-41	Return of Consumers Billing and Collection	CP-41 is the Return of Consumers Billing and Collection containing the following details: ➢ Receivables at the beginning of the month ➢ Billing for the month ➢ Collections during the month ➢ Adjustments (Adjustments against Consumers security Deposit, Adjustments of Inter Office Transactions, Within Division Adjustments, Adjustments of Unidentified Cash) ➢ Receivables at the end of the month Data from subsidiary CPs is used to prepare CP-41. CP-41 is prepared by the MIS Directorate on monthly basis for each Office of AMCS separately. CP-41 is used to prepare the monthly trial balance for each Office of AMCS.
3.	CP-48	Bank Reconciliation Statement	CP-48 is Bank Reconciliation Statement prepared by each Office of AMCS on monthly basis for each bank branch under its jurisdiction.
4.	CP-49	Collection and Remittance Summary	CP-49 is the summary of Collection and Remittance which shows collections deposited in the Revenue Collection Bank Accounts and date wise Remittances to the Main Revenue Collection Bank Accounts. CP-49 is prepared on the basis of CP-101 and Bank Statement.
5.	CP-64	Electricity Bill Enquiry	CP-64 is a form used to record Electricity Bill enquiries. When a Consumer visits the Office of AMCS for any adjustment relating to Electricity Bill, the Banking Section fills CP-64 form and forwards it to the Debtors Section for the preparation of CP-139.
6.	CP-91	WAPDA Employees Free Electricity Assessment and Payment Summary	CP-91 contains the list of employees entitled to free electricity. A separate CP-91 is prepared for each Office of AMCS containing the detail of entitled employees falling within the jurisdiction of Concerned Office of AMCS. The entitled employees may be from own DISCO, WAPDA and Associated

			Companies. CP-91 is prepared by the MIS Directorate on monthly basis and forwarded to each Office of AMCS.
7.	CP-95	Billing Summary	CP-95 is generated by the system at MIS Directorate showing batch wise, tariff wise and consolidated detail of billing to consumers for the month. CP-95 is prepared on monthly basis and forwarded to the Office(s) of AMCS.
8.	CP-99	Forwarding Memo Bank Scroll	Collection detail obtained through Bank Scrolls and stubs is manually entered in the CP-99 by the Cashier of Office of AMCS. CP-99 is prepared on daily basis for each bank branch falling under the jurisdiction of Concerned Office of AMCS. CP-99 is forwarded to the MIS Directorate for the preparation of CP-100 and CP-101.
9.	CP-100	Daily Cash List	Stubs and CP-99 are used to enter the collection data into the Billing System at MIS Directorate for the preparation of CP-100. CP-100 is prepared by the MIS Directorate on daily basis bank branch wise, for each Office of AMCS separately.
10.	CP-101	Weekly Collections Cash Book by Bank Branches	CP-101 is prepared on weekly basis, containing the detail of daily collections along with progressive totals for each week. It is the weekly summary of CP-100. It shows the bank wise detail of total collections received from each bank. This form does not contain the consumer wise detail.
11.	CP-102	Weekly Schedule of Bank Remittances by Bank Branches	On weekly basis Bank Statement from each Revenue Collection Bank Account is used to prepare CP-102 containing the detail of Remittance from Revenue Collection Bank Account to Main Revenue Collection Bank Account. CP-102 is forwarded by the Office of AMCS to the MIS Directorate for updating the remittance detail in the system.
12.	CP-104	Divisional Collections Cash Book	MIS Directorate prepares CP-104 on monthly basis containing the details of Revenue Collection Bank Accounts which includes Opening Balance of each Bank Account, Total Collections against bills, Remittances to the Main Revenue Collection Bank Accounts and Closing Balance. For the preparation of CP-104, collection detail is obtained from CP-101 whereas the remittance detail is taken from CP-102.
13.	CP-107	Unidentified Cash List	Unidentified Cash in collection of Electricity Bill of which Consumer Reference Number is not identified while posting in Billing System by MIS Directorate.

			CP-107 is prepared by the MIS Directorate on monthly basis to list down the unidentified collections received during the period. A separate CP-107 is prepared for each Office of AMCS.
14.	CP-108	Divisional Cash Analysis Summary	CP-108 is prepared by the MIS Directorate on monthly basis showing the Bank Account wise Collections and identifies whether the particular collection relates to the Concerned Office of AMCS or Other Office of AMCS.
15.	CP-110	Batch Debtors Ledger	CP-110 is prepared by the MIS Directorate on monthly basis containing the detail of billing and receivable from Consumers. CP-110 is forwarded to the Finance Department when required for the calculation of Spill Over Revenue.
16.	CP-116	Security Deposits Adjusted against Debtors or Repaid from MIS Directorate	CP-116 is the proof list of security deposit adjustments made by the MIS Directorate on the basis of CP-139 received from the Office of AMCS. CP-116 is prepared by MIS Directorate when adjustment is made in any Consumer's security deposit.
17.	CP-120A	Energy Debtors Arrears Analysis	CP-120A is prepared by the MIS Directorate on annual basis, containing Aging Analysis of debtors as at the end of the Financial Year. CP-120A is forwarded to the Finance Department for the calculation of Provision of Doubtful Debts.
18.	CP-127	Weekly List of Cash Postings made by Other Divisions	CP-127 is prepared by the MIS Directorate on weekly basis for each Office of AMCS separately, containing the detail of collection received by Other Office(s) of AMCS.
19.	CP-128	Monthly Summary of Cash received on behalf of Other Division	CP-128 is prepared by the MIS Directorate on monthly basis for each Office of AMCS separately, containing the detail of Collection received by Concerned Office of AMCS on behalf of Other Office(s) of AMCS.
20.	CP-130	Monthly List of Journal Adjustment	CP-130 is a proof list of adjustments made between the Consumer Accounts of the same Office of AMCS. These adjustments are made by the MIS Directorate on the basis of CP-139 received from the Office of AMCS. CP-130 is prepared by the MIS Directorate on monthly basis and forwarded to the Concerned Office of AMCS.
21.	CP-131	Inter Divisional Journal Adjustments	CP-131 is a proof list prepared by the MIS Directorate on monthly basis to list down the adjustments made on the basis of CP-139 where Collection from Consumer of Concerned Office of AMCS is wrongly posted in the account of another consumer of Collecting Office of AMCS.

22.	CP-132	Inter Divisional Unidentified Cash Adjustment	CP-132 is a proof list prepared by the MIS Directorate on monthly basis to list down the adjustments made on the basis of CP-139 for adjustment of Unidentified Cash of Collecting Office of AMCS where Collection from Consumer of Concerned Office of AMCS is wrongly recorded as Unidentified Cash in CP-107 (Unidentified Cash List) of Collecting Office of AMCS.
23.	CP-135	Inter Office Transactions Processed	CP-135 is prepared by the MIS Directorate on monthly basis to list down the Inter Office Transactions processed by the MIS Directorate for each Office of AMCS during the month. CP-135 is forwarded to the Concerned Office of AMCS. CP-135 is primary used for the following transactions: ➢ Adjustments of Electricity Bills receivable from Government Institutions. ➢ Adjustments of Electricity Bills receivable from Other Accounting Units of DISCO. ➢ Adjustment of Electricity Bill receivable of own Office of AMCS.
24.	CP-139	Unidentified Cash /Debtor's Adjustment Form	CP-139 is an input CP prepared by the Office of AMCS to make adjustments in the Consumer's Account in the Billing system. This CP is forwarded to MIS Directorate for making necessary adjustments.
25.	CP-149	List of Bad Debts Written Off	CP-149 is prepared by the MIS Directorate on the basis of CP-139 received from Office of AMCS containing the detail of bad debts written off. CP-149 is prepared on occurrence basis and forwarded to the Office of AMCS.
26.	CP-154	Inter Division Transfer of Consumers Account from one Division to Other	CP-154 contains the detail of consumers being transferred from one Division to Another Division. CP-154 is prepared by the MIS Directorate on the basis of List of Consumers Transferred into/out of the Division received from Director Commercial and forwarded to both Office(s) of AMCS.

3 Overview of the Process of Revenue and Receivables



Process ID	Process Name	Description of Process
RNR-1	Billing Assessment and Sale of Electricity	A. This process covers the activities regarding the Billing Assessment and Sale of Electricity. B. CP-41 (Return of Consumers Billing and Collection) and CP-95 (Billing Summary) are received by the Concerned Office of AMCS and verified. C. LPS is prepared on the basis of CP-41 for recording Sales and Receivables from Consumers. D. In case any difference is found between the CP-41 and CP-95, a discrepancy letter is sent to the MIS Directorate for rectification. E. Where the CP-41 is overstated or understated, LPS is prepared for making the necessary adjustments.
RNR-2	Collection of Electricity Bills from General consumers	A. This process covers the activities regarding the Collection of Electricity Bills from General Consumers by the Office of AMCS. B. CP-99 (Forwarding memo Bank Scroll) is prepared on the basis of Bank Scrolls and forwarded to the MIS Directorate after proper verification and approval. C. Scrolls regarding National Utility Bill Collection System are downloaded from the DISCO's website. D. CP-101 (Weekly Collections Cash Book by Bank Branches) is received from the MIS Directorate and reconciled with CP-99 and National Utility Bill Collection Scrolls. Any difference found is reported to the MIS Directorate through Debit/Credit Scrolls

Process ID	Process Name	Description of Process
		and to the Bank by CP-42 (Bank Query Letter). E. On weekly basis CP-102 (Weekly Schedule of Bank Remittances by Bank Branches) is prepared on the basis of Bank Statement and forwarded to the MIS Directorate for the preparation of CP104 (Divisional Collections Cash Book) and CP-108 (Divisional Cash Analysis Summary). F. CP-104 is verified with CP-101and CP-102. G. CP-48 (Bank Reconciliation Statement) and CP-49 (Collection and Remittance Summary) are prepared and forwarded to the Finance Department after approval. H. LPS is prepared for recording the Collection of own Office of AMCS, Collection on behalf of Other Office of AMCS, Reconnection Fee and Unidentified Cash.
RNR-3	Collection of Electricity Bills from Government Institutions	A. This process covers the activities regarding the Collection of Electricity Bills from Government Institutions. B. CP-135 (Inter Office Transactions Processed) is received by the Concerned Office of AMCS and the Finance Department from MIS Directorate. C. LPS is prepared by the Concerned Office of AMCS to adjust the receivables from Government Institutions. D. Credit Note is received by IOT Section of Finance Department from the CPPA and verified. E. Credit Advice(s) is prepared on the basis of Credit Note and

Process ID	Process Name	Description of Process
		issued to the Concerned Office of AMCS. F. Credit Advice(s) is received by the Concerned Office of AMCS and reconciled with CP-135.
RNR-4	Collection of Electricity Bills from Other Accounting Units of DISCO	A. This process covers the activities regarding Collection of Electricity Bills from Other Accounting Units of the DISCO. B. Upon receiving the Electricity Bill, the Concerned Accounting Unit prepares SS Cheque and LPS for recording the Electricity Bill. C. Concerned Office of AMCS receives the SS Cheque and prepares CP-139 (Unidentified Cash /Debtor's Adjustment Form) for adjustment of Electricity Bill. D. LPS is prepared by the Concerned Office of AMCS to record adjustment of Concerned Accounting Unit's receivables. E. CP-135 (Inter Office Transactions Processed) is received from the MIS Directorate and reconciled with the SS Cheque.
RNR-5	Payment of Electricity Bill of Own Office of AMCS	A. This process covers the activities regarding payment of Electricity Bill of own Office of AMCS. B. Electricity Bill is received by the Concerned Office of AMCS and approved by the DAO and AMCS. C. LPS is prepared to record the Electricity Bill expense and CP-139 (Unidentified Cash /Debtor's Adjustment Form) is prepared to make adjustment in the receivables of the Concerned Office of

Process ID	Process Name	Description of Process
		AMCS. D. Upon receipt of CP-135 (Inter Office Transactions Processed) from MIS Directorate, Electricity Bill is reconciled with CP-135.
RNR-6	Recording and Settlement of Subsidy from Government of Pakistan	A. This process covers the activities regarding Recording and Settlement of Subsidy from Government of Pakistan. B. Statement Showing Claim for GOP Tariff Subsidy by DISCO is received by the CP&C Section of Finance Department from MIS Directorate and verified. C. A Covering Letter and Claim for GOP Tariff Subsidy Report is prepared and approved by DG IT, CSD, FD, Manager Internal Audit and CEO. D. Subsidy Claim is submitted to the Ministry of Water and Power and LPS is prepared to record the Subsidy Receivables. E. When payment of Subsidy is directly made to the CPPA, a Credit Note is received from CPPA and LPS is prepared to adjust Payable to Associated Company CPPA. F. When payment of Subsidy is received through cheque, the cheque is forwarded by the CP&C Section of Finance Department to the ESCROW Section of Finance Department.
RNR-7	Adjustment of Inter-Divisional Bill Collection	A. This process covers the activities regarding adjustment of Inter-Divisional Bill Collection by receiving the Credit Advice(s). B. CP-127 (Weekly List of Cash Postings made by other Divisions), CP-131 (Inter Divisional Journal Adjustments) and CP-132 (Inter

Process ID	Process Name	Description of Process
		Divisional unidentified Cash Adjustment) are received by the Concerned Office of AMCS from MIS Directorate. C. LPS is prepared to record the adjustment of CP-127, CP-131 and CP-132 for the settlement of receivables of concerned consumers. D. Credit Advice(s) are received by the Concerned Office of AMCS from the Other Office of AMCS and verified with the CP-127, CP-131 and CP-132.
RNR-8	Adjustment of Cash Received on Behalf of Other Office of AMCS	A. This process covers the activities regarding adjustment for Collection received on behalf of Other Office of AMCS by issuing the Credit Advice(s). B. Credit Advice(s) is prepared by the Collecting Office on the basis of CP-128 (Monthly List of Cash Received on behalf of other Divisions) received from MIS Directorate. C. Credit Advice(s) is approved by the DAO and AMCS and issued to the Concerned Office of AMCS. D. LPS is prepared to record the issuance of Credit Advice(s).
RNR-9	Adjustment of Inter-Divisional Journal	A. This process covers the activities regarding adjustment of Inter-Divisional Journal by issuing Credit Advice(s) where Collection from Consumer of Concerned Office AMCS is wrongly posted in the account of another consumer of Collecting Office of AMCS. B. Paid Electricity Bill of Consumer from Concerned Office of AMCS is received by the Collecting Office of AMCS and verified with

Process ID	Process Name	Description of Process
		CP-100 (Daily Cash List). C. CP-139 (Unidentified Cash /Debtor's Adjustment Form) is prepared on the basis of CP-64 (Electricity Bill Enquiry) and forwarded to the MIS Directorate to make the necessary adjustment in the correct consumer's receivables. D. CP-131 (Inter Divisional Journal Adjustments) is received from MIS Directorate and reconciled with CP-139. E. Credit Advice(s) is prepared and issued to the Concerned Office of AMCS and LPS is prepared to record the issuance of Credit Advice(s).
RNR-10	Adjustment of Unidentified Cash of Collecting Office of AMCS	A. This process covers the activities regarding adjustment of Unidentified Cash of Collecting Office of AMCS by issuing Credit Advice(s) where Collection from Consumer of Concerned of Office AMCS is wrongly recorded as Unidentified Cash in CP-107 (Unidentified Cash List) of Collecting Office of AMCS. B. Paid Electricity Bill of Consumer from Concerned Office of AMCS is received by the Collecting Office of AMCS and verified with CP-100 (Daily Cash List) and CP-107. C. CP-139 (Unidentified Cash /Debtor's Adjustment Form) is prepared on the basis of CP-64 (Electricity Bill Enquiry) and forwarded to the MIS Directorate to make the necessary adjustment in the correct consumer's receivables and Unidentified Cash. D. CP-132 (Inter Divisional unidentified Cash Adjustment) is

Process ID	Process Name	Description of Process
		received from MIS Directorate and reconciled with CP-139. E. Credit Advice(s) is prepared and issued to the Concerned Office of AMCS and LPS is prepared to record the issuance of Credit Advice(s).
RNR-11	Adjustment of Unidentified Cash of Concerned Office of AMCS	A. This process covers the activities regarding adjustment of Unidentified Cash of Concerned Office of AMCS. B. Paid Electricity Bill is received from the consumer of Concerned Office of AMCS and verified in CP-100 (Daily Cash List) and CP-107 (Unidentified Cash List). C. CP-139 (Unidentified Cash /Debtor's Adjustment Form) is prepared on the basis of CP-64 (Electricity Bill Enquiry) and forwarded to the MIS Directorate to make the necessary adjustment in the correct consumer's receivables and Unidentified Cash. D. Upon receipt of latest CP-107, CP-107 is verified with CP-139 and LPS is prepared to adjust the Unidentified Cash accordingly.
RNR-12	Adjustment of Wrong Posting in Consumer Account of Concerned Office of AMCS	A. This process covers the activities regarding the adjustment of wrong posting in Consumer Account of Concerned Office of AMCS. B. Paid Electricity Bill of consumer from Concerned Office of AMCS is received by the Concerned Office of AMCS and verified in CP-100 (Daily Cash List). C. CP-139 (Unidentified Cash /Debtor's Adjustment Form) is prepared on the basis of CP-64 (Electricity Bill Enquiry) and

Process ID	Process Name	Description of Process
		forwarded to the MIS Directorate to make the necessary adjustment in the correct consumer's receivables. D. Upon receipt of CP-130 (Monthly List of Journal Adjustment), CP-130 is verified with CP-139.
RNR-13	Adjustment of Inter-DISCO Bill Collection (Receipt of Credit Note)	A. This process covers the activities regarding adjustment of Inter-DISCO Bill Collection (Receipt of Credit Note). B. Credit Note along with the supporting documents is received by the IOT Section of Finance Department from the Other DISCO and LPS is prepared to record receivable from Other DISCO. C. Credit Advice(s) is prepared and issued to the Concerned Office of AMCS. D. LPS is prepared by the Concerned Office of AMCS on the basis of Credit Advice(s) for adjustment in the consumer's receivables. E. CP-139 (Unidentified Cash /Debtor's Adjustment Form) is prepared and forwarded to the MIS Directorate for adjustment in the Consumer Account.
RNR-14	Adjustment of Inter-DISCO Bill Collection (Issuance of Credit Note)	A. This process covers the activities of adjustment of Inter-DISCO Bill Collection (Issuance of Credit Note). B. Original copy of paid Electricity Bill and a copy of Bank Scroll are received from consumer of Other DISCO and amount of Bill is verified in CP-100 (Daily Cash List) and CP-107 (Unidentified Cash List). C. CP-139 (Unidentified Cash /Debtor's Adjustment Form) is

Process ID	Process Name	Description of Process
		prepared on the basis of CP-64 (Electricity Bill Enquiry) and forwarded to the MIS Directorate for adjustment of Unidentified Cash. D. Credit Advice(s) is prepared on the basis of CP-139 and issued to the IOT Section of Finance Department along with the supporting documents. E. LPS is prepared by the Concerned Office AMCS to record Credit Advice(s). F. CP-107 (Unidentified Cash List) is received from MIS Directorate and verified with CP-139 (Unidentified Cash /Debtor's Adjustment Form). G. Credit Note is prepared on the basis of Credit Advice(s) by the IOT Section of Finance Deprtment and issued to the Other DISCO along with the supporting documents.
RNR-15	Adjustment of Free Electricity Supply to Entitled Employees (DISCO, WAPDA & Associated Companies)	A. This process covers the activities regarding adjustment of Free Electricity Supply to Entitled Employees (DISCO, WAPDA & Associated Companies). B. CP-91 (WAPDA Employees Free Electricity Assessment and Payment Summary) is received from MIS Directorate. C. For Entitled Employees of Concerned Office of AMCS, LPS is prepared to record expense for In Service Employees and decrease in Liability for Pensioners. D. For Entitled Employees of Other Accounting Units of own DISCO, Debit Advice(s) is prepared and issued to the Other Accounting

Process ID	Process Name	Description of Process
		Units. E. LPS is prepared by the Concerned Office of AMCS to record Debit Advice(s). F. For Entitled Employees of WAPDA and its Allied Office(s), a copy of CP-91 along with a Covering Letter is forwarded to WAPDA and its Allied Office(s) and LPS is prepared to record the receivables. G. For Entitled Employees of Associated Companies, Debit Advice(s) is prepared and issued to the IOT Section of Finance Department for the preparation of Debit Note. H. LPS is prepared by the Concerned Office of AMCS to record the Debit Advice(s). I. Debit Note is prepared on the basis of Debit Advice(s) by the IOT Section of Finance Department and issued to the concerned Associated Company. J. LPS is prepared by the IOT Section of Finance Department to record receivables from Associated Company.
RNR-16	Adjustment of Inter-Divisional Transfer of Consumers	A. This process covers the activities regarding adjustment of Inter-Divisional Transfer of Consumers. B. CP-154 (Inter Division Transfer of Consumers Account from one Division to Other) is prepared by the MIS Directorate on the basis of List of Consumers Transferred into/out of the Division received from Director Commercial and forwarded to the

Process ID	Process Name	Description of Process
		concerned Offices of AMCS. C. The Office of AMCS from which the Consumer(s) is transferred out prepares Debit Advice(s) and Credit Advice(s)on the basis of CP-154 and forwards the Debit Advice(s) and Credit Advice(s) to the Other Office of AMCS. D. LPS is prepared to record the Debit Advice(s). E. Other Office of AMCS prepares LPS on the basis of CP-154 to record the transfer of consumer into the Division and upon receiving CP-154, reconciles it with Debit Advice(s) and Credit Advice(s) received.
RNR-17	Adjustment of Security against arrears of Electricity Bill	A. This process covers the activities regarding the adjustment of Security against arrears of Electricity Bill. B. List of Permanent Defaulters is received from the MIS Directorate and CP-26 (Security Deposit Register) is verified to determine the amount of Security deposited by the Defaulter. C. CP-139 (Unidentified Cash /Debtor's Adjustment Form) is prepared to adjust the Security against Arrears and forwarded to MIS Directorate for the preparation of CP-116 (Security Deposits Adjusted against Debtors or Repaid). D. CP-116 is matched with CP-41 (Return of Consumers Billing and Collection) and LPS is prepared to record the adjustment of Security against Arrears. E. A list of Defaulters is prepared containing the detail of consumers whose balance against Electricity bill is to be written

Process ID	Process Name	Description of Process
		off. F. List of Defaulters is approved by the DMO and sent back to the Office of AMCS to write off the receivables. G. CP-139 is prepared and sent to MIS Directorate for writing off bad debts. H. CP-149 (List of Bad Debts written off) is received from MIS Directorate and verified with CP-41. I. LPS is prepared to write off the receivables of Defaulters.
RNR-18	Provision for Spill over Revenue	A. This process covers the activities regarding the Provision for Spill Over Revenue. B. Spill Over Revenue Report is prepare by the Consolidation Section on the basis of CP-110 (Batch Debtors Ledger) received from the MIS Directorate. C. LPS is prepared to record the Spill Over Revenue. D. The following year LPS is prepared for the Reversal of Provision for Spill Over Revenue.
RNR-19	Provision for Fuel Charges Adjustment	A. This process covers the activities regarding Provision for Fuel Charges Adjustment. B. Provision for Fuel Charges Adjustment is calculated using the detail in the SRO received from NEPRA and detail of Units consumed received from MIS Directorate.

Process ID	Process Name	Description of Process
		C. LPS is prepared to record the Provision for Fuel Charges Adjustment. D. Fuel Charges are charged to the consumers and LPS is prepared for the Reversal of Provision for Fuel Charges Adjustment.
RNR-20	Provision for Doubtful Debts	A. This process covers the activities regarding Provision for Doubtful Debts. B. Provision for Doubtful Debts is calculated by the Consolidation Section of Finance Department on the basis of CP-120A (Energy Debtors Arrears Analysis) and the DISCO's Policy for Doubtful Debts. C. LPS is prepared to record the increase or decrease in the Allowances for Doubtful Debts.

RNR-1 Billing Assessment and Sale of Electricity

RNR-1.1 Descriptive Overview of the Process

A. This process covers the activities regarding the Billing Assessment and Sale of Electricity.

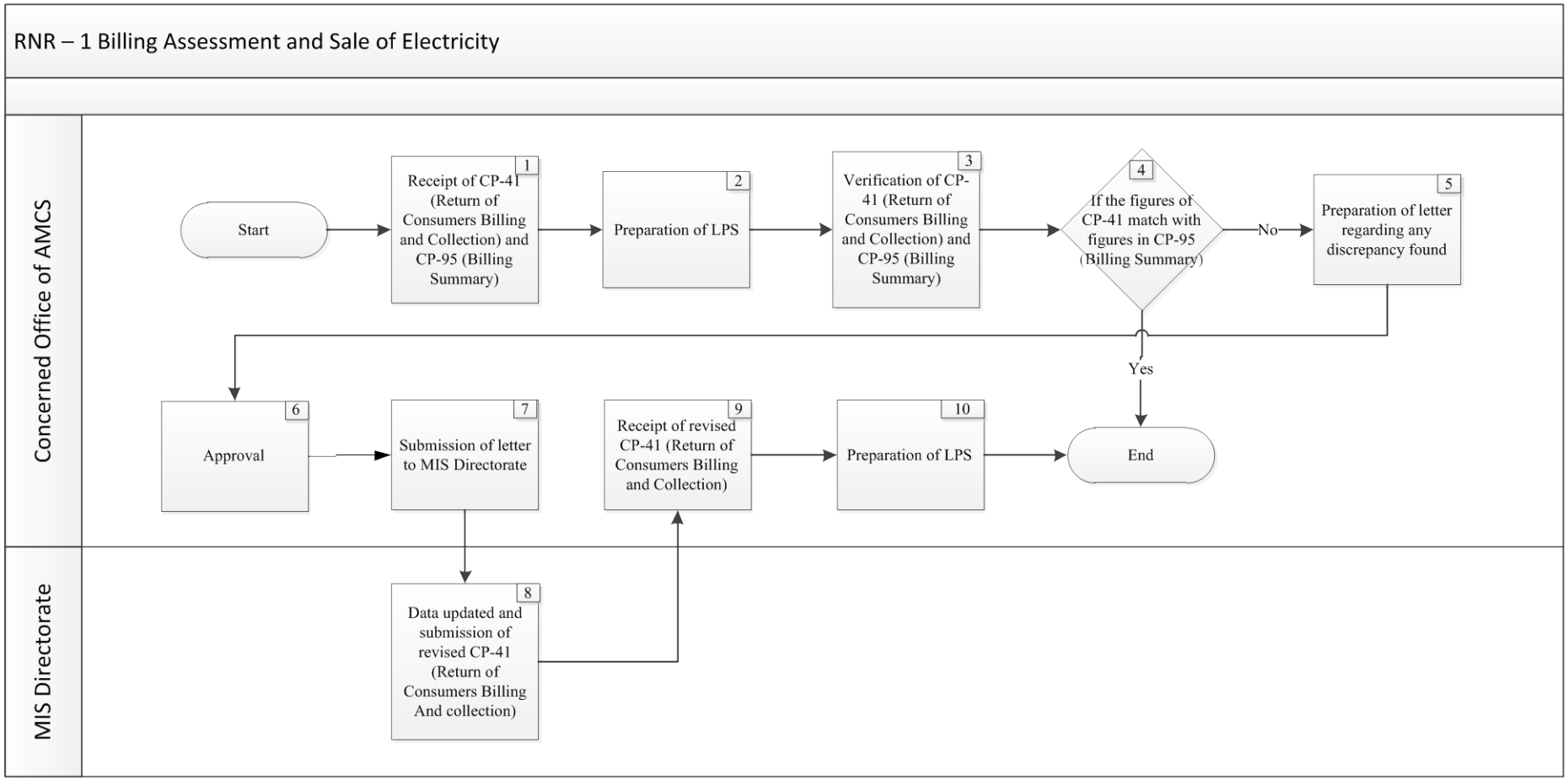
B. CP-41 (Return of Consumers Billing and Collection) and CP-95 (Billing Summary) are received by the Concerned Office of AMCS and verified.

C. LPS is prepared on the basis of CP-41 for recording Sales and Receivables from Consumers.

D. In case any difference is found between the CP-41 and CP-95, a discrepancy letter is sent to the MIS Directorate for rectification.

E. Where the CP-41 is overstated or understated, LPS is prepared for making necessary adjustments.

RNR-1.2 Flow Chart



RNR-1.3 Detail of Process Activities

Sr. No.	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
1.	Receipt of CP-41 (Return of Consumers Billing and Collection) and CP-95 (Billing Summary)	CP-41 and CP-95 are received by the Concerned Office of AMCS from the MIS Directorate.			Concerned Office of AMCS	AA
2.	Preparation of LPS	LPS is prepared by the Concerned Office of AMCS to record the Sale of Electricity. [Refer "***Volume III, Annexure – 20***" for the specimen of ***LPS***]	LPS	1	Concerned Office of AMCS	AA, DAO, AMCS
3.	Verification of CP-41 (Return of Consumers Billing and Collection) and CP-95 (Billing Summary)	Concerned Office of AMCS checks whether the billed amount in CP-41 matches with CP-95.			Concerned Office of AMCS	DAO, AMCS
4.	If the figures of CP-41 match with figures in CP-95 (Billing Summary)	If the billed amount in CP-41 matches with CP-95.the process ends, else continues to Activity# 5.			Concerned Office of AMCS	
5.	Preparation of letter regarding any difference found	If the billed amount in CP-41 does not match with CP-95, a letter is prepared by the Concerned Office of AMCS regarding any difference found in the comparison between CP-41 and CP-95. [Refer "***Volume III, Annexure – 167"*** for the specimen of ***Letter of Discrepancy***]	Letter of Discrepancy		Concerned Office of AMCS	DAO

Sr. No.	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
6.	Approval	Letter of Discrepancy is approved by the AMCS.			Concerned Office of AMCS	AMCS
7.	Submission of letter to MIS Directorate	The letter is submitted to MIS Directorate for necessary action and revision of CP-41.			Concerned Office of AMCS	AA
8.	Data updated and Submission of revised CP-41 (Return of Consumers Billing and Collection)	a) The difference is resolved by MIS Directorate and CP-41 is revised if necessary. b) Revised CP-41 is forwarded to the Concerned Office of AMCS.			MIS Directorate	DM
9.	Receipt of revised CP-41 (Return of Consumers Billing and Collection)	Revised CP-41 is received at the Concerned Office of AMCS.			Concerned Office of AMCS	AA
10.	Preparation of LPS	LPS is prepared to post the adjustment entry on the basis of rectified CP-41. **[**Refer "***Volume III, Annexure – 20***" for the specimen of ***LPS***]	LPS	2	Concerned Office of AMCS	AA, DAO, AMCS

RNR-1.4 Journal Entries

1. For recording the Receivables and Sale of Electricity upon receipt of CP-41, the following entry is posted by the Concerned Office of AMCS:

Description	Debit	Credit
Receivable – DISCO Circle Name	***	
Receivable – Electricity Duty	***	
Receivable – Income Tax	***	
Receivable – GST	***	
Receivable – TV Fee	***	
Receivable – Neelum Jhelum Surcharge	***	
Receivable – EQ Surcharge	***	
Receivable – Sales Tax	***	
Electricity Sales – Residential		***
Electricity Sales – Commercial		***
Electricity Sales – Industrial		***
Electricity Sales – Agricultural		***
Electricity Sales – Public and Street and Highway Lighting		***
Electricity Sales – Railroad and Railways		***
Electricity Sales – Bulk Tariff, Flat Rate		***
Electricity Sales – Residential Colonies attached to Industrial Premises		***
Meter Rental		***
Service Rental		***
Public Lighting		***
Late Payment Surcharge		***
Electricity Duty – Not Yet Realized		***
Income Tax – Not Yet Realized		***
GST – Payable		***
TV Fee – Not Yet Realized		***
Neelum Jhelum Surcharge – Not Yet Realized		***
Sales Tax – Not Yet Realized		***
EQ Surcharge – Not Yet Realized		***

2. After receiving the rectified CP-41, the following entry is posted by the Concerned Office of AMCS:

a. Where the amount in CP-41 was understated, the following entry will be posted by the Concerned Office of AMCS:

Description	Debit	Credit
Receivable – DISCO Circle Name	***	
Receivable – Electricity Duty	***	
Receivable – Income Tax	***	
Receivable – GST	***	
Receivable – TV Fee	***	
Receivable – Neelum Jhelum Surcharge	***	

Description	Debit	Credit
Receivable – EQ Surcharge	***	
Receivable – Sales Tax	***	
Electricity Sales – Residential		***
Electricity Sales – Commercial		***
Electricity Sales – Industrial		***
Electricity Sales – Agricultural		***
Electricity Sales – Public and Street and Highway Lighting		***
Electricity Sales – Railroad and Railways		***
Electricity Sales – Bulk Tariff, Flat Rate		***
Electricity Sales – Residential Colonies attached to Industrial Premises		***
Meter Rental		***
Service Rental		***
Public Lighting		***
Late Payment Surcharge		***
Electricity Duty – Not Yet Realized		***
Income Tax – Not Yet Realized		***
GST – Payable		***
TV Fee – Not Yet Realized		***
Neelum Jhelum Surcharge – Not Yet Realized		***
Sales Tax – Not Yet Realized		***
EQ Surcharge – Not Yet Realized		***

b. Where the amount in CP-41 was overstated, the following entry will be posted by the Concerned Office of AMCS:

Description	Debit	Credit
Electricity Sales – Residential	***	
Electricity Sales – Commercial	***	
Electricity Sales – Industrial	***	
Electricity Sales – Agricultural	***	
Electricity Sales – Public and Street and Highway Lighting	***	
Electricity Sales – Railroad and Railways	***	
Electricity Sales – Bulk Tariff, Flat Rate	***	
Electricity Sales – Residential Colonies attached to Industrial Premises	***	
Meter Rental	***	
Service Rental	***	
Public Lighting	***	
Late Payment Surcharge	***	
Electricity Duty – Not Yet Realized	***	
Income Tax – Not Yet Realized	***	
GST – Payable	***	
TV Fee – Not Yet Realized	***	
Neelum Jhelum Surcharge – Not Yet	***	

Description	Debit	Credit
Realized		
Sales Tax – Not Yet Realized	***	
EQ Surcharge – Not Yet Realized	***	
Receivable – DISCO Circle Name		***
Receivable – Electricity Duty		***
Receivable – Income Tax		***
Receivable – GST		***
Receivable – TV Fee		***
Receivable – Neelum Jhelum Surcharge		***
Receivable – EQ Surcharge		***
Receivable – Sales Tax		***

RNR-1.5 Summary of Responsibilities for Functional Activities

Office / Section	Summary of Responsibilities for Functional Activities – Reference No.
Accounts Assistant	
Concerned Office of AMCS	1,2,7,9,10
Divisional Accounts Officer	
Concerned Office of AMCS	2, 3, 5, 10
Assistant Manager Customer Services	
Concerned Office of AMCS	2, 3, 6, 10
Deputy Manager MIS Directorate	
MIS Directorate	8

RNR-1.6 Key Control Matrix

Sr. No.	Objective	Risk	Control Activity	Activity Ref.#
1	Sales and receivables are recorded accurately and completely in the correct accounting period.	Sales and receivables may be misstated.	LPS to record sales and receivables is prepared by the AA, verified by the DAO and approved by the AMCS.	2
2	Any difference between CP-41 and CP-95 are communicated to the MIS Directorate on timely basis.	A difference between CP-41 and CP-95 may result in incorrect amount being recorded as sales.	A letter is prepared by the Concerned Office of AMCS regarding any difference found in the comparison between CP-41 and CP-95.	5

RNR-2 Collection of Electricity Bills from General Consumers

RNR-2.1 Descriptive Overview of the Process

A. This process covers the activities regarding the Collection of Electricity Bills from General Consumers by the Office of AMCS.

B. CP-99 (Forwarding memo Bank Scroll) is prepared on the basis of Bank Scrolls and forwarded to the MIS Directorate after proper verification and approval.

C. Scrolls from National Utility Bill Collection System are downloaded from the DISCO's website.

D. CP-101 (Weekly Collections Cash Book by Bank Branches) is received from the MIS Directorate and reconciled with CP-99 and National Utility Bill Collection Scrolls. Any difference found is reported to the MIS Directorate through Debit/Credit Scrolls and to the Bank by CP-42 (Bank Query Letter).

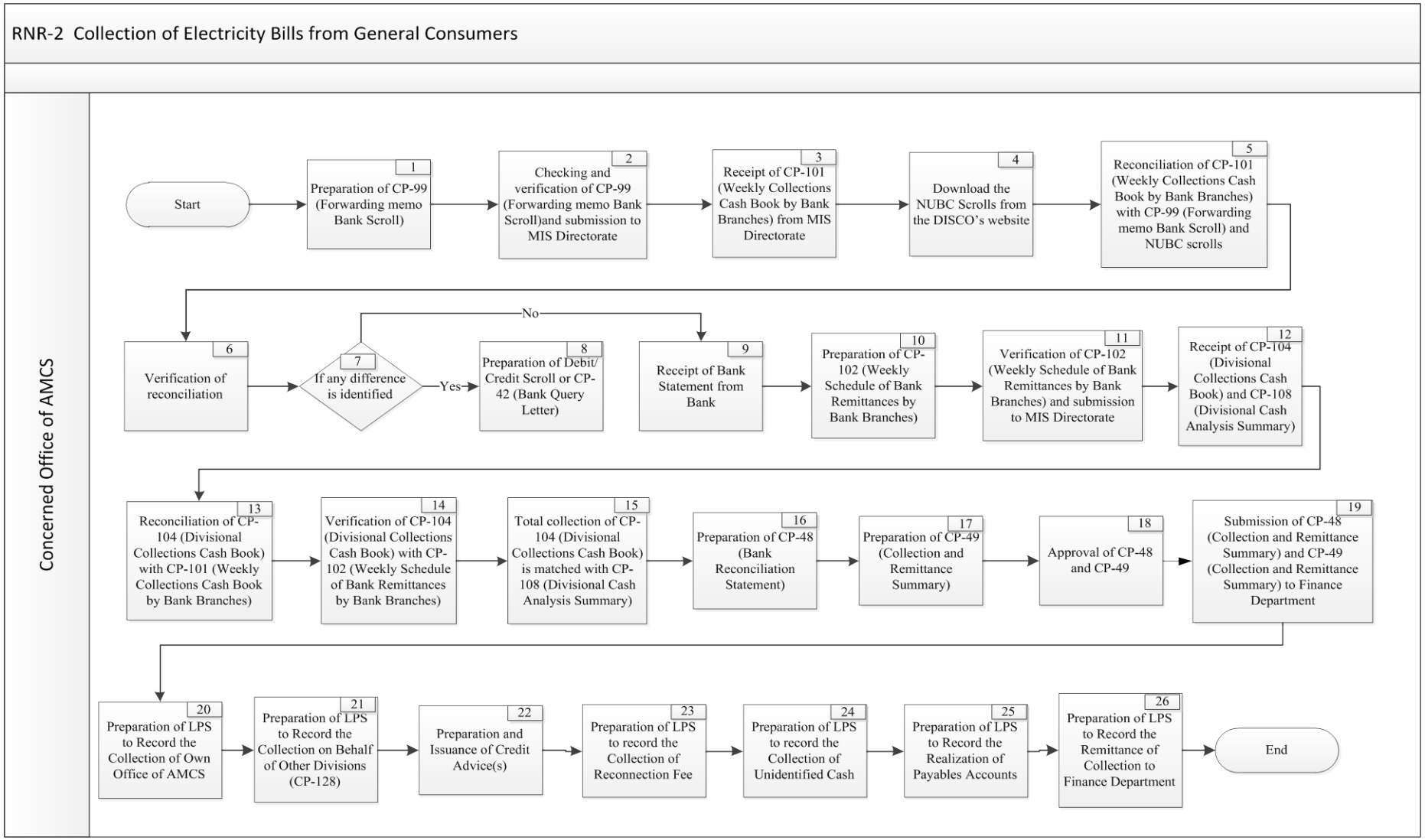
E. On weekly basis CP-102 (Weekly Schedule of Bank Remittances by Bank Branches) is prepared on the basis of Bank Statement and forwarded to the MIS Directorate for the preparation of CP104 (Divisional Collections Cash Book) and CP-108 (Divisional Cash Analysis Summary).

F. CP-104 is verified with CP-101and CP-102.

G. CP-48 (Bank Reconciliation Statement) and CP-49 (Collection and Remittance Summary) are prepared and forwarded to the Finance Department after approval.

H. LPS is prepared for recording the Collection of own Office of AMCS, Collection on behalf of Other Office of AMCS, Reconnection Fee and Unidentified Cash.

RNR-2.2 Flow Chart



RNR-2.3 Detail of Process Activities

Sr. No.	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
1.	Preparation of CP-99 (Forwarding memo Bank Scroll)	a) Detail of daily collections for Electricity Bills that are received at all Bank Branches under the jurisdiction of Concerned Office of AMCS, is received from the Bank Branches through Bank Scrolls and Stubs. b) Bank Scrolls are matched with Stubs for verification by the Concerned Office of AMCS. c) CP-99 is prepared on the basis of Bank Scrolls by the Concerned Office of AMCS on daily basis. [Refer "***Volume III, Annexure – 168***" for the specimen of ***CP-99***]	CP-99		Concerned Office of AMCS	Cashier
2.	Checking and verification of CP-99 (Forwarding memo Bank Scroll)and submission to MIS Directorate	a) CP-99 is verified and approved by the DAO and AMCS respectively. b) Approved CP-99 is submitted to the MIS Directorate on daily basis.			Concerned Office of AMCS	DAO, AMCS
3.	Receipt of CP-101 (Weekly Collections Cash Book by Bank Branches) from MIS Directorate	a) CP-101 is prepared by the MIS Directorate on the basis of CP-99 and National Utility Bill Collection (NUBC) Scrolls and forwarded to the Concerned Office of AMCS. b) CP-101 is received by the Concerned Office of AMCS from the MIS Directorate on weekly basis.			Concerned Office of AMCS	AA
4.	Download the	a) National Utility Bill Collection System is the procedure			Concerned Office of	AA, DAO

Sr. No.	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
	NUBC Scrolls from the DISCO's website	through which online Scrolls are received from Bank Alfalah, NADRA, ATM, Mobilink and others. b) Concerned Office of AMCS downloads the online NUBC Scrolls from the DISCO's website on daily basis.			AMCS	
5.	Reconciliation of CP-101 (Weekly Collections Cash Book by Bank Branches) with CP-99 (Forwarding memo Bank Scroll) and NUBC Scrolls	The Concerned Office of AMCS reconciles CP-99 and NUBC Scrolls with CP-101 to ensure that the collection data has been accurately entered by the MIS Directorate.			Concerned Office of AMCS	Cashier
6.	Verification of reconciliation	Reconciliation of CP-99 and NUBC Scrolls is verified by AA and DAO of the Concerned Office of AMCS.			Concerned Office of AMCS	AA, DAO
7.	If any difference is identified	If any difference is identified between CP-99 & NUBC Scrolls and CP-101 then continues to Activity# 8, else Activity# 9.			Concerned Office of AMCS	
8.	Preparation of Debit/Credit Scroll or CP-42 (Bank Query Letter)	a) In case the discrepancy is found on part of MIS Directorate then Debit/Credit Scroll is prepared and forwarded to the MIS Directorate for rectification. b) In case the discrepancy is found on part of the bank then CP-42 is prepared and forwarded to the concerned bank for rectification. **[**Refer "***Volume III, Annexure – 169***" for the specimen of ***CP-42***]	CP-42, Debit/Credit Scroll		Concerned Office of AMCS	DAO, AMCS

Sr. No.	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
		[Refer "***Volume III, Annexure – 170***" for the specimen of ***Debit/Credit Scroll***]				
9.	Receipt of Bank Statement from Bank	Concerned Office of AMCS receives the Bank Statements on weekly basis for each Bank Account.			Concerned Office of AMCS	AA
10.	Preparation of CP-102 (Weekly Schedule of Bank Remittances by Bank Branches)	The Concerned Office of AMCS uses the Bank Statement for the preparation of CP-102 to record the remittance of collection from Collection Bank Accounts to the Finance Department's Main Collection Account. [Refer "***Volume III, Annexure – 171***" for the specimen of ***CP-102***]	CP-102		Concerned Office of AMCS	Cashier
11.	Verification of CP-102 (Weekly Schedule of Bank Remittances by Bank Branches) and submission to MIS Directorate	a) Concerned Office of AMCS verifies CP-102 with the relevant Bank Statement. b) The verified CP-102 is submitted by the Concerned Office of AMCS to the MIS Directorate for the preparation of CP-104.			Concerned Office of AMCS	DAO, AMCS
12.	Receipt of CP-104 (Divisional Collections Cash Book) and CP-108 (Divisional Cash Analysis Summary)	a) MIS Directorate prepares CP – 104 and CP – 108 on the basis of CP – 102 and sends it to Concerned Office of AMCS. b) Concerned Office of AMCS receives CP-104 and CP-108 from the MIS Directorate.			Concerned Office of AMCS	AA
13.	Reconciliation of CP-104 (Divisional Collections Cash Book) with CP-101	Collection side in CP-104 is reconciled with the CP-101 of last week of the month.			Concerned Office of AMCS	DAO

Sr. No.	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
	(Weekly Collections Cash Book by Bank Branches)					
14.	Verification of CP-104 (Divisional Collections Cash Book) with CP-102 (Weekly Schedule of Bank Remittances by Bank Branches)	Concerned Office of AMCS verifies Remittance side in CP-104 with CP-102 of last week of the month.			Concerned Office of AMCS	DAO
15.	Total collection of CP-104 (Divisional Collections Cash Book) is matched with CP-108 (Divisional Cash Analysis Summary)	The Concerned Office of AMCS verifies total collection as per CP-104 from the collection figures in CP-108.			Concerned Office of AMCS	DAO
16.	Preparation of CP-48 (Bank Reconciliation Statement)	CP-48 (Bank Reconciliation Statement) is prepared by the Concerned Office of AMCS for each Revenue Bank Account. [Refer "***Volume III, Annexure – 22***" for the specimen of ***CP-48***]	CP-48		Concerned Office of AMCS	AA
17.	Preparation of CP-49 (Collection and Remittance Summary)	CP-49 is prepared on the basis of CP-101 and Bank Statement by the Concerned Office of AMCS. [Refer "***Volume III, Annexure – 23***" for the specimen of ***CP-49***]	CP-49		Concerned Office of AMCS	AA

Sr. No.	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
18.	Approval of CP-48 and CP-49	CP-48 and CP-49 is approved by the DAO and AMCS of the Concerned Office of AMCS.			Concerned Office of AMCS	DAO, AMCS
19.	Submission of CP-48 (Collection and Remittance Summary) and CP-49 (Collection and Remittance Summary) to Finance Department	CP-48 and CP-49 is submitted to the Finance Department by the Concerned Office of AMCS. [Refer ***"CTM – 22"*** for details regarding ***submission of CP-48 and CP-49 to Finance Department***]			Concerned Office of AMCS	AA, DAO
20.	Preparation of LPS to Record the Collection of Own Office of AMCS	LPS is prepared by the Concerned Office of AMCS to record the collection of Electricity Bills for Own Office of AMCS. [Refer "***Volume III, Annexure – 20***" for the specimen of ***LPS***]	LPS	1	Concerned Office of AMCS	AA, DAO, AMCS
21.	Preparation of LPS to Record the Collection on Behalf of Other Divisions (CP-128)	LPS is prepared by the Concerned Office of AMCS to record the collection of Electricity Bills on behalf of Other Divisions. [Refer "***Volume III, Annexure – 20***" for the specimen of ***LPS***]	LPS	2	Concerned Office of AMCS	AA, DAO, AMCS
22.	Preparation and Issuance of Credit Advice(s)	Credit Advice(s) is prepared and issued to the Other Office of AMCS by the Concerned Office of AMCS. [Refer ***"RNR – 8"*** for details regarding ***preparation and issuance of Credit Advice(s)***]			Concerned Office of AMCS	
23.	Preparation of LPS	LPS is prepared by the Concerned Office of AMCS to record	LPS	3	Concerned Office of	AA, DAO, AMCS

Sr. No.	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
	to record the Collection of Reconnection Fee	the Collection of Reconnection Fee. [Refer "***Volume III, Annexure – 20***" for the specimen of ***LPS***]			AMCS	
24.	Preparation of LPS to record the Collection of Unidentified Cash	LPS is prepared by the Concerned Office of AMCS to record the Collection of Unidentified Cash. [Refer "***Volume III, Annexure – 20***" for the specimen of ***LPS***]	LPS	4	Concerned Office of AMCS	AA, DAO, AMCS
25.	Preparation of LPS to Record the Realization of Payables Accounts	LPS is prepared by the Concerned Office of AMCS to record the Realization of Payables Accounts. [Refer "***Volume III, Annexure – 20***" for the specimen of ***LPS***]	LPS	5	Concerned Office of AMCS	AA, DAO, AMCS
26.	Preparation of LPS to Record the Remittance of Collection to Finance Department	LPS is prepared by the Concerned Office of AMCS to record the remittance of Electricity Bill Collection to the Finance Department. [Refer "***Volume III, Annexure – 20***" for the specimen of ***LPS***]	LPS	6	Concerned Office of AMCS	AA, DAO, AMCS

RNR-2.4 Journal Entries

1. To record the Collection of Own Office of AMCS, the following entry is posted by the Concerned Office of AMCS:

Description	Debit	Credit
Revenue Collection Bank Accounts	***	
Receivable – DISCO Circle Name		***
Receivable – Electricity Duty		***
Receivable – Income Tax		***
Receivable – GST		***
Receivable – TV Fee		***
Receivable – Neelum Jhelum Surcharge		***
Receivable – EQ Surcharge		***
Receivable – Sales Tax		***

2. To record the Collection of Other Office of AMCS (CP-128), the following entry is posted by the Concerned Office of AMCS:

Description	Debit	Credit
Revenue Collection Bank Accounts	***	
IOT – Credit Advice		***

3. To record the Collection of Reconnection Fee, the following entry is posted by the Concerned Office of AMCS:

Description	Debit	Credit
Revenue Collection Bank Accounts	***	
Reconnection Fees		***

4. To record the Revenue Collection of Unidentified Cash, the following entry is posted by the Concerned Office of AMCS:

Description	Debit	Credit
Revenue Collection Bank Accounts	***	
Un-Identified Cash Account		***

5. On Collection of Bills, the Payables are recorded by the Concerned Office of AMCS for different components of Bill:

Description	Debit	Credit
Electricity Duty Not Yet Realized	***	
Income Tax Not Yet Realized	***	
TV Fee Not Yet Realized	***	
EQ Surcharge Not Yet Realized	***	
Sales Tax Not Yet Realized	***	
Neelum Jhelum Surcharge Not Yet Realized	***	
Electricity Duty Payable		***
Income Tax Payable		***
TV Fee Payable		***
EQ Surcharge Payable		***
Sales Tax Payable		***

Neelum Jhelum Surcharge Payable		***
Income against collection of Electricity Duty		***
Income from TV fee		

6. To record the Remittance of Collection to Finance Department through CP-108, the following entry is posted by the Concerned Office of AMCS:

Description	Debit	Credit
IOT- Remittance	***	
Collection Charges	***	
Revenue Collection Bank Accounts		***

RNR-2.5 Summary of Responsibilities for Functional Activities

Office / Section	Summary of Responsibilities for Functional Activities – Reference No.
Cashier	
Concerned Office of AMCS	1, 5, 10
Accounts Assistant	
Concerned Office of AMCS	3, 4, 6, 9, 12,16, 17, 19, 20, 21, 23, 24, 25, 26
Divisional Accounts Officer	
Concerned Office of AMCS	2, 4, 6, 8,11,13,14,15,18,19, 20, 21, 23, 24, 25, 26
Assistant Manager Customer Services	
Concerned Office of AMCS	2, 8, 11, 18, 20, 21, 23, 24, 25, 26

RNR-2.6 Key Control Matrix

Sr. No.	Objective	Risk	Control Activity	Activity Ref.#
1	Accurate collection details are forwarded to the MIS Directorate	Inaccurate collection data may result in misstatement in the collection amount and create problems in the preparation of bank reconciliations.	After preparation of CP-99 by Cashier, it is verified and approved by the DAO and AMCS respectively	2
2	Correct collection details are entered into the system by the MIS Directorate	Inaccurate collection data may result in misstatement in the collection amount and create problems in the preparation of bank reconciliations statements.	CP-101 is reconciled with CP-99 by the Cashier to ensure that the collection data has been accurately entered by the MIS Directorate	5
3	Any difference found between the data received from the bank branches and CP-101 prepared by the MIS Directorate is communicated to the relevant authority.	Unresolved differences may result in misstatement in the collection amount and inaccurate amount recorded in the consumer's account.	a) In case the discrepancy is found on part of MIS Directorate then Debit/Credit Scroll is prepared and forwarded to the MIS Directorate for rectification. b) In case the discrepancy is found on part of the bank then CP-42 is prepared and forwarded to the concerned bank for rectification.	8
4	Collection and remittance detail received from bank branches are accurately forwarded to the MIS Directorate	Inaccurate remittance detail may result in differences arising in the bank reconciliation statement.	Concerned Office of AMCS verifies CP-102 with the relevant Bank Statement.	11
5	All collections are accurately and completely transferred to the Finance Department on timely basis.	Incorrect amount of collection transferred to Finance Department may result in misstatement of collections.	CP-48 is prepared by the Concerned Office of AMCS for each Revenue Bank Account.	16
6	All collections from bank branches and remittances to Finance Department are accurately and completely recorded in the correct accounting period.	Collection and remittance may be misstated.	LPS is prepared by the AA to record the collection and remittance to the Finance Department, verified by the Dao and approved by the AMCS.	20, 21, 23, 24, 25, 26

RNR-3 Collection of Electricity Bills from Government Institutions

RNR-3.1 Descriptive Overview of the Process

A. This process covers the activities regarding the Collection of Electricity Bills from Government Institutions.

B. CP-135 (Inter Office Transactions Processed) is received by the Concerned Office of AMCS and the Finance Department from MIS Directorate.

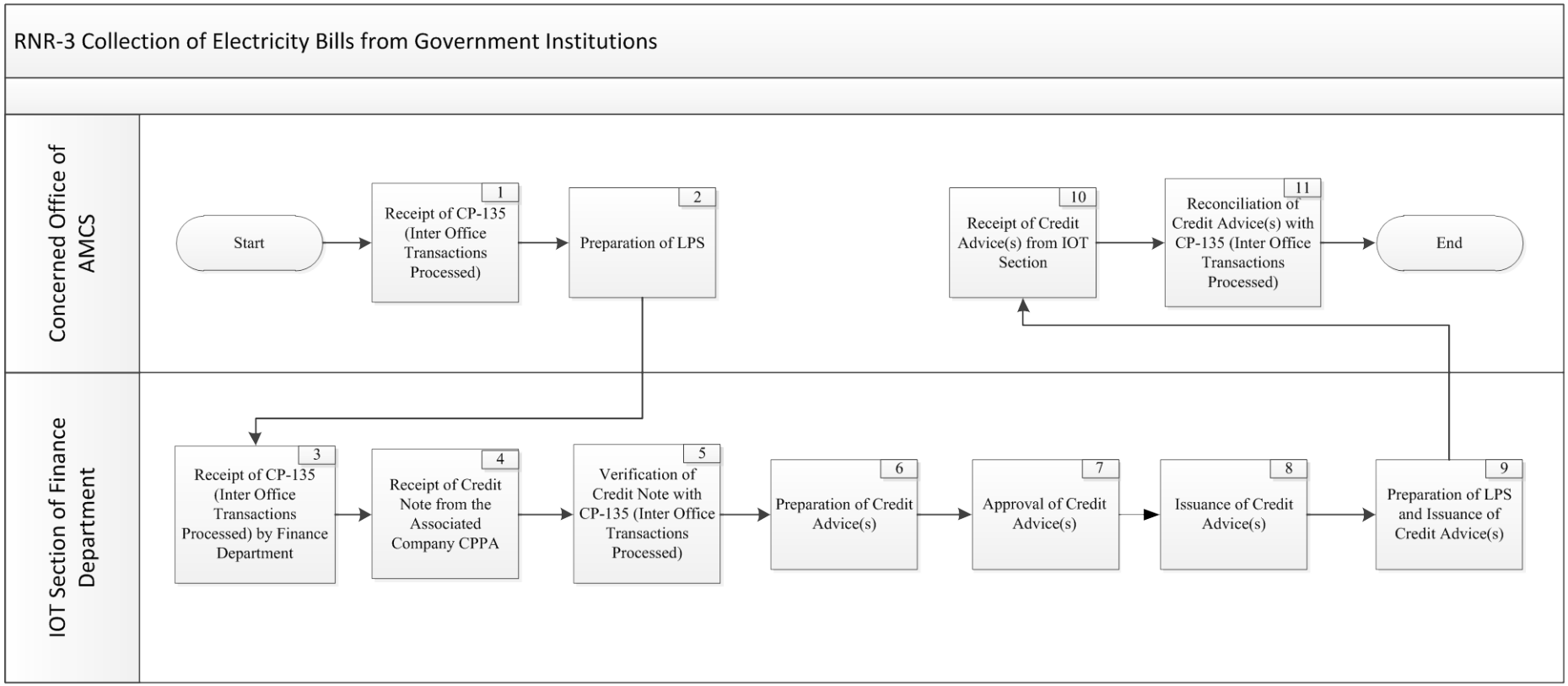
C. LPS is prepared by the Concerned Office of AMCS to adjust the receivables from Government Institutions.

D. Credit Note is received by IOT Section of Finance Department from the CPPA and verified.

E. Credit Advice(s) is prepared on the basis of Credit Note and issued to the Concerned Office of AMCS.

F. Credit Advice(s) is received by the Concerned Office of AMCS and reconciled with CP-135.

RNR-3.2 Flow Chart



RNR-3.3 Detail of Process Activities

Sr. No.	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
1.	Receipt of CP-135 (Inter Office Transactions Processed)	a) CP-135 is prepared by the MIS Directorate on the basis of information received from the Office of DG PITC (Pakistan Information Technology Company), regarding the payment received against Government Institution's electricity bills. b) CP-135 is forwarded to Concerned Office of AMCS and IOT Section of Finance Department. c) CP-135 is received by Concerned Office of AMCS for the adjustment of Receivables from the Government Institutions.			Concerned Office of AMCS	AA
2.	Preparation of LPS	LPS is prepared on the basis of CP-135 to record adjustment in the relevant Consumer Account of Government Institutions. **[**Refer "***Volume III, Annexure – 20***" for the specimen of ***LPS***]	LPS	1	Concerned Office of AMCS	AA, DAO, AMCS
3.	Receipt of CP-135 (Inter Office Transactions Processed) by Finance Department	a) CP-135 is received by IOT Section of Finance Department from MIS Directorate regarding the payment of Receivables from the Government. Institutions. b) CP-135 is maintained as record till receiving the Credit Note from CPPA.			IOT Section of Finance Department	AA
4.	Receipt of Credit Note from the	a) Payment for Electricity Bills is made by the Government Institutions to the CPPA directly.			IOT Section of Finance Department	AMA

Sr. No.	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
	Associated Company CPPA	b) Credit Note is received by the IOT Section of Finance Department from the CPPA regarding the payment received from the Government Institutions against the Electricity Bills.				
5.	Verification of Credit Note with CP-135 (Inter Office Transactions Processed)	The IOT Section of Finance Department verifies the amount of Credit Note with the amounts as per CP-135 for the particular month(s).			IOT Section of Finance Department	AO
6.	Preparation of Credit Advice(s)	Credit Advice(s) is prepared by the IOT Section of Finance Department to adjust the relevant Government Institution's Consumer Account. **[**Refer "***Volume III, Annexure – 21***" for the specimen of ***Credit Advice***]	Credit Advice		IOT Section of Finance Department	AA
7.	Approval of Credit Advice(s)	Credit Advice(s) is approved by the AO and AMA of the IOT Section of Finance Department.			IOT Section of Finance Department	AO, AMA
8.	Issuance of Credit Advice(s)	Credit Advice(s) is issued by the IOT Section of Finance Department to the Concerned Office of AMCS.			IOT Section of Finance Department	AA
9.	Preparation of LPS and Issuance of Credit Advice(s)	a) LPS is prepared by IOT Section of Finance Department on the basis of Credit Note received from the CPPA. b) Receivable from Associated Company CPPA is recorded and Credit Advice(s) is issued to Concerned Office(s) of AMCS by the IOT Section of Finance Department.	LPS	2	IOT Section of Finance Department	AA, AO, AMA

Sr. No.	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
		[Refer "***Volume III, Annexure – 20***" for the specimen of ***LPS***]				
10.	Receipt of Credit Advice(s) from IOT Section	Credit Advice(s) is received by the Concerned Office of AMCS from IOT Section of Finance Department.			Concerned Office of AMCS	AA, DAO
11.	Reconciliation of Credit Advice(s) with CP-135 (Inter Office Transactions Processed)	After receiving the Credit Advice(s) from IOT Section of Finance Department, the Concerned Office of AMCS matches the amount of Credit Advice(s) with CP-135 to ensure that LPS is prepared accurately.			Concerned Office of AMCS	AA, DAO

RNR-3.4 Journal Entries

1. In order to record the payment of Bills by Government Institution after receiving CP-135 the following entry is posted by the Concerned Office of AMCS:

Description	Debit	Credit
IOT – Credit Advice	***	
Receivable – DISCO Circle Name		***
Receivable – Electricity Duty		***
Receivable – Income Tax		***
Receivable – GST		***
Receivable – TV Fee		***
Receivable – Neelum Jhelum Surcharge		***
Receivable – EQ Surcharge		***
Receivable – Sales Tax		***

2. On receiving the Credit Note from the CPPA, the following entry is posted by the IOT Section of Finance Department:

Description	Debit	Credit
Receivable from Associated Company – CPPA	***	
IOT – Credit Advice		***

RNR-3.5 Summary of Responsibilities for Functional Activities

Office / Section	Summary of Responsibilities for Functional Activities – Reference No.
Accounts Assistant	
Concerned Office of AMCS	1, 2, 10, 11
IOT Section of Finance Department	3, 6, 8, 9
Accounts Officer	
IOT Section of Finance Department	5, 7, 9
Divisional Accounts Officer	
Concerned Office of AMCS	2, 10, 11
Assistant Manager Customer Services	
Concerned Office of AMCS	2
Assistant Manager Accounts	
IOT Section of Finance Department	4, 7, 9

RNR-3.6 Key Control Matrix

Sr. No.	Objective	Risk	Control Activity	Activity Ref.#
1	Adjustment for Electricity Bills of Government Institutions is accurately and completely recorded in the correct accounting period.	Inaccurate adjustments for Electricity Bills may result in misstatement in the receivables from government Institutions.	LPS is prepared by the AA on the basis of CP-135, verified by the DAO and approved by the AMCS.	2
2	Adjustment for Electricity Bills of Government Institutions is only made for Government Institutions for whom the Credit Note is received	Adjustments may be made in the receivables of unauthorized Institutions.	The IOT Section of Finance Department verifies the amount of Credit Note with the amounts as per CP-135 for the particular month(s).	5
3	Only authorized Credit Advice(s) are issued to the Concerned Office of AMCS.	Unauthorized adjustments maybe made in the receivables.	Credit Advice(s) is approved by the AO and AMA of the IOT Section of Finance Department.	8
4	Receivables from CPPA are recorded accurately in the correct accounting period.	Receivables from CPPA may be misstated.	LPS is prepared by the AA on the basis of Credit Note received from CPPA, verified by the AO and approved by the AMA.	9
5	Adjustment entries are recorded on the basis of Credit Advice(s) received from the IOT Section.	Unauthorized adjustments entries may be posted.	After receiving the Credit Advice(s) from IOT Section of Finance Department, the Concerned Office of AMCS matches the amount of Credit Advice(s) with CP-135 to ensure that LPS is prepared accurately.	11

RNR-4 Collection of Electricity Bills from Other Accounting Units of DISCO

RNR-4.1 Descriptive Overview of the Process

A. This process covers the activities regarding Collection of Electricity Bills from Other Accounting Units of the DISCO.

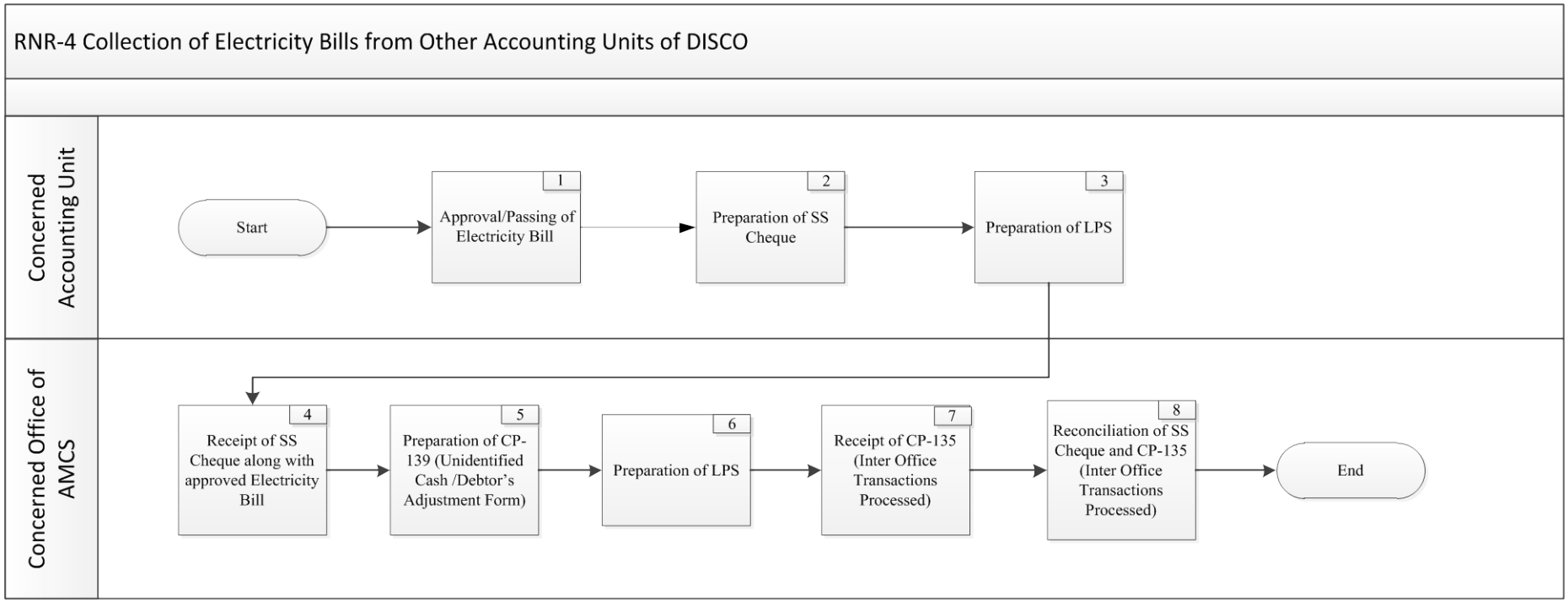
B. On receiving the Electricity Bill, the Concerned Accounting Unit prepares SS Cheque and LPS for recording the Electricity Bill.

C. Concerned Office of AMCS receives the SS Cheque and prepares CP-139 (Unidentified Cash /Debtor's Adjustment Form) for adjustment of Electricity Bill.

D. LPS is prepared by the Concerned Office of AMCS to record adjustment of Concerned Accounting Unit's receivables.

E. CP-135 (Inter Office Transactions Processed) is received from the MIS Directorate and reconciled with the SS Cheque.

RNR-4.2 Flow Chart



RNR-4.3 Detail of Process Activities

Sr. No.	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
1.	Approval/Passing of Electricity Bill	Electricity Bill of Concerned Accounting Unit is approved/passed by the DAO.			Concerned Accounting Unit	DAO
2.	Preparation of SS Cheque	SS Cheque is prepared by the Concerned Accounting Unit for the payment of Electricity Bill. **[**Refer "***Volume III, Annexure – 96***" for the specimen of ***SS Cheque***]	SS Cheque		Concerned Accounting Unit	AA, DAO
3.	Preparation of LPS	LPS is prepared by the Concerned Accounting Unit to record the Electricity Bill expense. **[**Refer "***Volume III, Annexure – 20***" for the specimen of ***LPS***]	LPS	1	Concerned Accounting Unit	AA, DAO
4.	Receipt of SS Cheque along with approved Electricity Bill	SS Cheque along with Electricity Bill is received in lieu of the payment of Electricity Bill from the Concerned Accounting Unit by the Concerned Office of AMCS.			Concerned Office of AMCS	AA
5.	Preparation of CP-139 (Unidentified Cash /Debtor's Adjustment Form)	a) CP-139 is prepared by the Debtor Section of the Concerned Office of AMCS to adjust the Receivables from Concerned Accounting Unit on the basis of the SS Cheque and Electricity Bill received. b) CP-139 is forwarded to the MIS Directorate for necessary adjustment.	CP-139		Concerned Office of AMCS	CA

Sr. No.	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
		c) A copy of CP-139 is forwarded to Accounts Section of the Concerned Office of AMCS for the preparation of LPS. [Refer "***Volume III, Annexure – 172***" for the specimen of ***CP-139***]				
6.	Preparation of LPS	LPS is prepared by the Concerned Office of AMCS on the basis of SS Cheque to adjust the Concerned Accounting Unit's Receivables. [Refer "***Volume III, Annexure – 20***" for the specimen of ***LPS***]	LPS	2	Concerned Office of AMCS	AA, DAO
7.	Receipt of CP-135 (Inter Office Transactions Processed)	a) On the basis of CP-139, MIS Directorate posts the bill adjustment in the Concerned Accounting Unit's Consumer Account. b) CP-135 is prepared by the MIS Directorate and forwarded to the Concerned Office of AMCS. c) CP-135 is received by the Concerned Office of AMCS.			Concerned Office of AMCS	AA
8.	Reconciliation of SS Cheque and CP-135 (Inter Office Transactions Processed)	Upon receiving CP-135, SS Cheque is matched with CP-135 to ensure that accurate amount is posted in the Consumer Account of Concerned Accounting Unit by the MIS Directorate.			Concerned Office of AMCS	AA, DAO

RNR-4.4 Journal Entries

1. To record the expense of Electricity Bill, the following entry is posted by the Concerned Accounting Unit:

Description	Debit	Credit
Electricity Bills	***	
IOT - SS Cheque		***

2. To adjust the Receivables for Electricity Bill of Accounting Unit, the following entry is posted by the Concerned Office of AMCS:

Description	Debit	Credit
IOT - SS Cheque	***	
Receivable – DISCO Circle Name		***
Receivable – Electricity Duty		***
Receivable – Income Tax		***
Receivable – GST		***
Receivable – TV Fee		***
Receivable – Neelum Jhelum Surcharge		***
Receivable – EQ Surcharge		***
Receivable – Sales Tax		***

RNR-4.5 Summary of Responsibilities for Functional Activities

Office / Section	Summary of Responsibilities for Functional Activities – Reference No.
Commercial Assistant	
Concerned Office of AMCS	5
Accounts Assistant	
Concerned Office of AMCS	4, 6, 7, 8
Concerned Accounting Unit	2, 3
Divisional Accounts Officer	
Concerned Office of AMCS	6, 8
Concerned Accounting Unit	1, 2, 3

RNR-4.6 Key Control Matrix

Sr. No.	Objective	Risk	Control Activity	Activity Ref.#
1	Adjustment for Electricity Bills is only made for approved bills of Concerned Accounting Units.	Bills adjustments may be made for unauthorized Electricity Bills.	Electricity Bill of Concerned Accounting Unit is approved/passed by the DAO.	1
2	Electricity expense is recorded accurately and in the correct accounting period.	Electricity expense may be misstated.	LPS is prepared by the AA and verified and approved by the DAO.	3
3	Bill adjustment is made for correct amount.	Receivables against Electricity Bills may be misstated.	CP-139 is prepared using the SS Cheque and Electricity Bill received from the Concerned Accounting Unit.	5
4	Concerned Accounting Unit's receivable is adjusted accurately and in the correct accounting period.	Concerned Accounting Unit's receivable may be misstated.	LPS is prepared by the AA, verified by the DAO and approved by the AMCS.	6

RNR-5 Payment of Electricity Bill of own Office of AMCS

RNR-5.1 Descriptive Overview of the Process

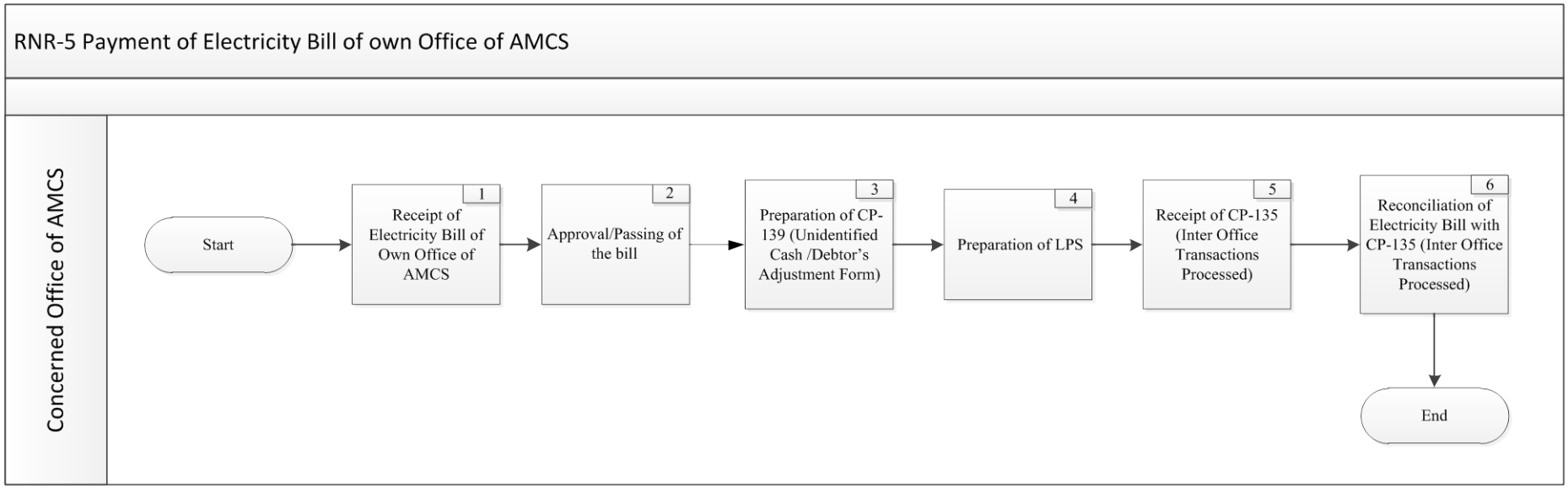
A. This process covers the activities regarding payment of Electricity Bill of own Office of AMCS.

B. Electricity Bill is received by the Concerned Office of AMCS and approved by the DAO and AMCS.

C. LPS is prepared to record the Electricity Bill expense and CP-139 (Unidentified Cash /Debtor's Adjustment Form) is prepared to make adjustment in the receivables of the Concerned Office of AMCS.

D. Upon receipt of CP-135 (Inter Office Transactions Processed) from MIS Directorate, Electricity Bill is reconciled with CP-135.

RNR-5.2 Flow Chart



RNR-5.3 Detail of Process Activities

Sr. No.	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
1.	Receipt of Electricity Bill of own Office of AMCS	Electricity Bill of own Office of AMCS is received by the Accounts Section of Concerned Office of AMCS.			Concerned Office of AMCS	AA
2.	Approval/Passing the bill	Bill is approved/passed by the DAO and AMCS and forwarded to the Debtor Section of Concerned Office of AMCS.			Concerned Office of AMCS	DAO, AMCS
3.	Preparation of CP-139 (Unidentified Cash /Debtor's Adjustment Form)	a) CP-139 is prepared by the Debtors Section of Concerned Office of AMCS adjust the receivables of own Office of AMCS on the basis of Electricity Bill. b) CP-139 is forwarded by the Concerned Office of AMCS to the MIS Directorate for necessary adjustment. c) A copy of CP-139 is forwarded to Accounts Section of the Concerned Office of AMCS for the preparation of LPS. **[**Refer "***Volume III, Annexure – 172***" for the specimen of ***CP-139***]	CP-139		Concerned Office of AMCS	CA
4.	Preparation of LPS	LPS is prepared by the Concerned Office of AMCS to record the expense of Electricity Expense of own Office of AMCS on the basis of CP-135. **[**Refer "***Volume III, Annexure – 20***" for the specimen of	LPS	1	Concerned Office of AMCS	AA, DAO, AMCS

Sr. No.	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
		LPS]				
5.	Receipt of CP-135 (Inter Office Transactions Processed)	a) On the basis of CP-139, MIS Directorate posts the adjustment in the relevant Consumer Account of Concerned Office of AMCS. b) CP-135 is prepared by the MIS Directorate to reflect the bill adjustment in the Concerned Office of AMCS and forwarded to the Concerned Office of AMCS. c) CP-135 is received by the Concerned Office of AMCS.			Concerned Office of AMCS	AA
6.	Reconciliation of Electricity Bill with CP-135 (Inter Office Transactions Processed)	Upon receiving CP-135, Electricity Bill is matched with the CP-135 to ensure that accurate amount is posted by the MIS Directorate in the Consumer Account of Concerned Office of AMCS.			Concerned Office of AMCS	AA, DAO

RNR-5.4 Journal Entries

1. To record the expense of Electricity Bill of own Office of AMCS, the following entry is posted by the Concerned Office of AMCS:

Description	Debit	Credit
Electricity Bills	***	
Receivable – DISCO Circle Name		***
Receivable – Electricity Duty		***
Receivable – Income Tax		***
Receivable – GST		***
Receivable – TV Fee		***
Receivable – Neelum Jhelum Surcharge		***
Receivable – EQ Surcharge		***

RNR-5.5 Summary of Responsibilities for Functional Activities

Office / Section	Summary of Responsibilities for Functional Activities – Reference No.
Commercial Assistant	
Concerned Office of AMCS	3
Accounts Assistant	
Concerned Office of AMCS	1, 4, 5, 6
Divisional Accounts Officer	
Concerned Office of AMCS	2, 4, 6
Assistant Manager Customer Services	
Concerned Office of AMCS	2, 4

RNR-5.6 Key Control Matrix

Sr. No.	Objective	Risk	Control Activity	Activity Ref.#
1	Adjustment for Electricity Bill of own Office of AMCS is only made for approved Bills.	Adjustment may be made for unauthorized Bills.	Bill is approved/passed by the DAO and AMCS and forwarded to the Debtor Section of Concerned Office of AMCS.	2
2	Bill adjustment is made for correct amount.	Receivables against Electricity Bills may be misstated.	CP-139 is prepared using the Electricity Bill.	3
3	Electricity expense is recorded accurately and in the correct accounting period.	Electricity expense may be misstated.	LPS is prepared by the AA, verified by the DAO and approved by the AMCS.	4

RNR-6 Recording and Settlement of Subsidy from Government of Pakistan

RNR-6.1 Descriptive Overview of the Process

A. This process covers the activities regarding Recording and Settlement of Subsidy from Government of Pakistan.

B. Statement Showing Claim for GOP Tariff Subsidy by DISCO is received by the CP&C Section of Finance Department from MIS Directorate and verified.

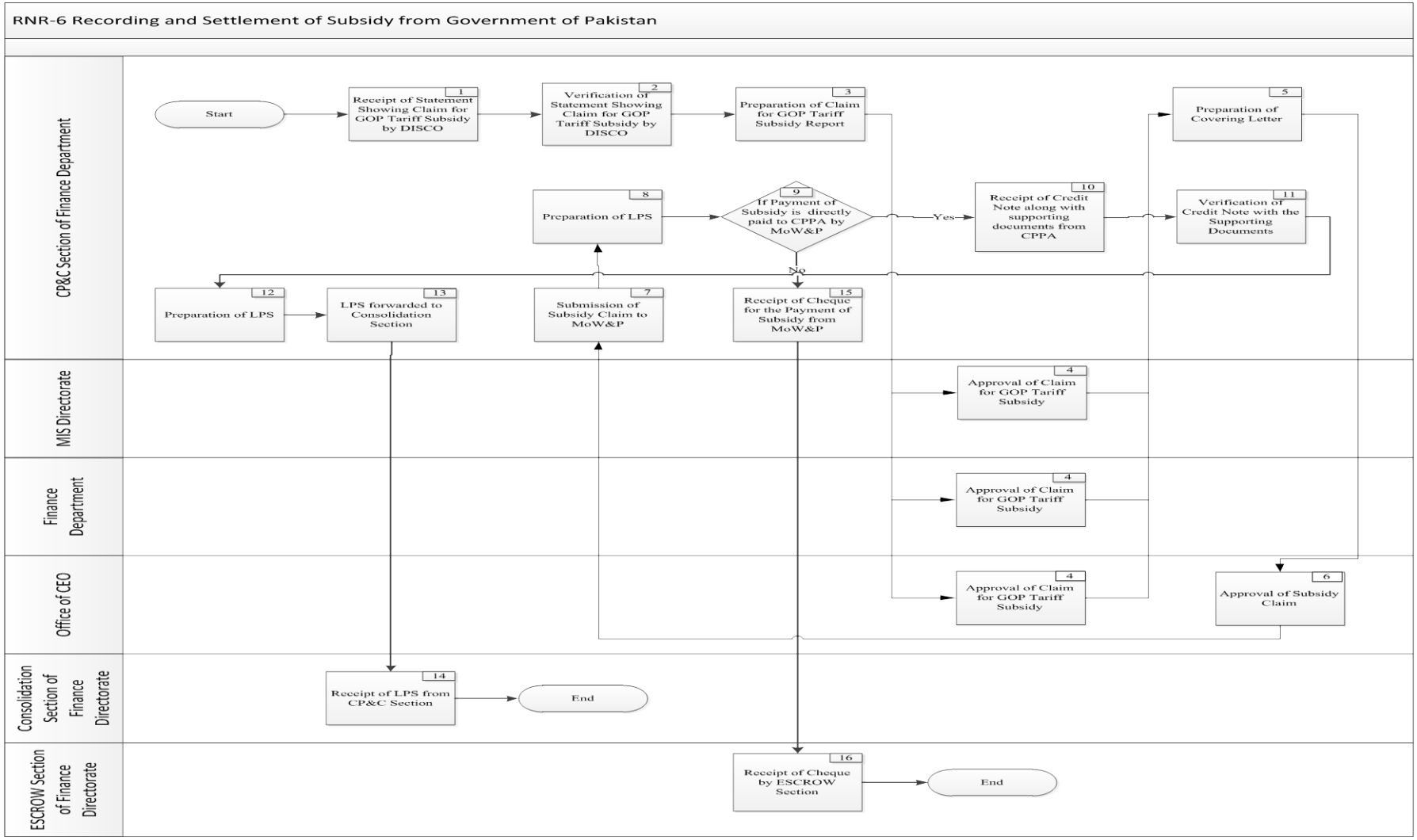
C. A Covering Letter and Claim for GOP Tariff Subsidy Report is prepared and approved by DG IT, CSD, FD, Manager Internal Audit and CEO.

D. Subsidy Claim is submitted to the Ministry of Water and Power and LPS is prepared to record the Subsidy Receivables.

E. When payment of Subsidy is directly made to the CPPA, a Credit Note is received from CPPA and LPS is prepared to adjust Payable to Associated Company CPPA.

F. When payment of Subsidy is received through cheque, the cheque is forwarded by the CP&C Section of Finance Department to the ESCROW Section of Finance Department.

RNR-6.2 Flow Chart



RNR-6.3 Detail of Process Activities

Sr. No.	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
1.	Receipt of Statement Showing Claim for GOP Tariff Subsidy by DISCO	Statement Showing Claim for GOP Tariff Subsidy by DISCO is received by the CP&C Section of Finance Department on monthly basis from the MIS Directorate.			CP&C Section of Finance Department	AO
2.	Verification of Statement Showing Claim for GOP Tariff Subsidy by DISCO	CP&C Section of Finance Department verifies whether accurate NEPRA and GOP tariff rates are used for the preparation of the Subsidy Claim.			CP&C Section of Finance Department	MF
3.	Preparation of Claim for GOP Tariff Subsidy Report	Using the Statement Showing Claim for GOP Tariff Subsidy by DISCO, received from MIS Directorate, Claim for GOP Tariff Subsidy Report is prepared by the CP&C Section of Finance Department as per the format provided by Ministry of Water & Power (MoW&P). **[**Refer "***Volume III, Annexure – 173***" for the specimen of ***Claim for GOP Tariff Subsidy Report***]**	Claim for GOP Tariff Subsidy Report		CP&C Section of Finance Department	AO, DM Tariff, MF
4.	Approval of Claim for GOP Tariff Subsidy Report	Claim for GOP Tariff Subsidy Report is approved by DG IT, CSD, FD, Manager Internal Audit and CEO.			MIS Directorate Finance Department Office of CEO	DG IT CSD, FD, Manager Internal Audit CEO

Sr. No.	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
5.	Preparation of Covering Letter	Covering Letter, to be attached with the Subsidy Claim, is prepared by the CP&C Section of Finance Department. **[**Refer "***Volume III, Annexure – 174***" for the specimen of ***Covering Letter for Tariff Subsidy***]	Covering Letter for Tariff Subsidy		CP&C Section of Finance Department	AO
6.	Approval of Subsidy Claim	a) Subsidy Claim along with the supporting documents is forwarded to CEO for review and approval. b) Subsidy Claim is approved by the CEO.			Office of CEO	CEO
7.	Submission of Subsidy Claim to MoW&P	After approval Subsidy Claim along with the supporting documents is submitted to the MoW&P by the CP&C Section of Finance Department.			CP&C Section of Finance Department	AO
8.	Preparation of LPS	LPS is prepared by the CP&C Section of Finance Department to record the Subsidy Receivables from Government of Pakistan. **[**Refer "***Volume III, Annexure – 20***" for the specimen of ***LPS***]	LPS	1	CP&C Section of Finance Department	AO, AMA, DM Tariff
9.	If Payment of Subsidy is directly paid to CPPA by MoW&P	If Payment of Subsidy is directly paid to CPPA by MoW&P then continues to Activity# 10 else continues to Activity# 15.			CP&C Section of Finance Department	
10.	Receipt of Credit Note along with supporting documents from CPPA	Credit Note regarding Subsidy Receivable along with the supporting documents is received by CP&C Section of Finance Department from CPPA.			CP&C Section of Finance Department	MF

Sr. No.	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
11.	Verification of Credit Note with the Supporting Documents	Detail of Credit Note is verified by the CP&C Section of Finance Department with the supporting documents received from CPPA.			CP&C Section of Finance Department	DM Tariff
12.	Preparation of LPS	LPS is prepared by the CP&C Section of Finance Department to record the adjustment of Subsidy Receivable from Government of Pakistan and adjustment of the Payables to Associated Company (CPPA). **[**Refer "***Volume III, Annexure – 20***" for the specimen of ***LPS***]	LPS	2	CP&C Section of Finance Department	AO, AMA, DM Tariff
13.	LPS forwarded to Consolidation Section	LPS is forwarded by the CP&C Section of Finance Department to the Consolidation Section of Finance Department for posting the Adjustment in the Trial Balance.			CP&C Section of Finance Department	AO
14.	Receipt of LPS from CP&C Section	LPS is received by the Consolidation Section of Finance Department.			Consolidation Section of Finance Department	AMA
15.	Receipt of Cheque for the Payment of Subsidy from MoW&P	a) Cheque for the Payment of Subsidy along with the detail of payment is received from MoW&P. b) After verification of Cheque with the payment details by the CP&C Section of Finance Department, Cheque is forwarded to ESCROW Section of Finance Department.			CP&C Section of Finance Department	MF
16.	Receipt of Cheque by ESCROW Section	Cheque is received by the ESCROW Section of Finance Department.		Entry for receipt of cheque by ESCROW	ESCROW Section of Finance Department	

Sr. No.	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
		[Refer ***"CTM - 27"*** for details regarding ***receipt of cheque by ESCROW Section of Finance Department***]		Section of Finance Department is mentioned in process CTM – 27		

RNR-6.4 Journal Entries

1. In order to record Subsidy Receivable from Government of Pakistan, the following entry is posted by the CP&C Section of Finance Department:

Description	Debit	Credit
Subsidy Receivable from GOP	***	
Sale of Electricity – Residential		***
Sale of Electricity – Commercial		***
Sale of Electricity – Industrial		***
Sale of Electricity - Agricultural		***
Sale of Electricity - Public Street and Highway Lighting		***
Sale of Electricity - Railroads and Railways		***
Sale of Electricity - Bulk Tariff, Flat Rate		***
Sale of Electricity - Residential Colonies attached to Industrial premises		***

2. In order to record Collection of Subsidy from Government of Pakistan, the following entry is posted by the CP&C Section of Finance Department:

Description	Debit	Credit
Payable to CPPA	***	
Subsidy Receivable from GOP		***

RNR-6.5 Summary of Responsibilities for Functional Activities

Office / Section	Summary of Responsibilities for Functional Activities – Reference No.
Accounts Officer	
CP&C Section of Finance Department	1, 3. 5, 7, 8, 12, 13
Assistant Manager Accounts	
CP&C Section of Finance Department	8, 12, 14
Deputy Manager Tariff	
CP&C Section of Finance Department	3, 8, 11, 12
Manager Finance	
CP&C Section of Finance Department	2, 3, 10, 15
Manager Internal Audit	
Finance Department	4
Customer Services Director	
Finance Department	4
Finance Director	
Finance Department	4
Director General Information Technology	
MIS Directorate	4
Chief Executive Officer	
Office of CEO	4, 6

RNR-6.6 Key Control Matrix

Sr. No.	Objective	Risk	Control Activity	Activity Ref.#
1	Statement Showing Claim for GOP Tariff Subsidy by DISCO is prepared using the accurate NEPRA and GOP rates.	Inaccurate NEPRA and GOP rates may result in misstatement in the subsidy from Government of Pakistan.	CP&C Section of Finance Department verifies whether accurate NEPRA and GOP tariff rates are used for the preparation of the Subsidy Claim.	2
2	Claim for GOP Tariff Subsidy Report is duly approved by the Competent Authority.	Unauthorized Claim for GOP Tariff Subsidy Report may be forwarded to the MoW&P.	Claim for GOP Tariff Subsidy Report is approved by DG IT, CSD, FD, Manager Internal Audit, and CEO.	4
3	Subsidy receivable is recorded accurately and in the correct accounting period.	Subsidy receivable may be misstated.	LPS is prepared by the AO to record the subsidy receivables, verified by the AMA and approved by the DM Tariff.	8
4	Subsidy receivable is adjusted against payable to CPPA accurately and in the correct accounting period.	Subsidy receivable may not be adjusted accurately against the payable to CPPA resulting in misstatement in the subsidy receivable.	LPS is prepared by the AO to record the subsidy receivables, verified by the AMA and approved by the DM Tariff.	12

RNR-7 Adjustment of Inter-Divisional Bill Collection

RNR-7.1 Descriptive Overview of the Process

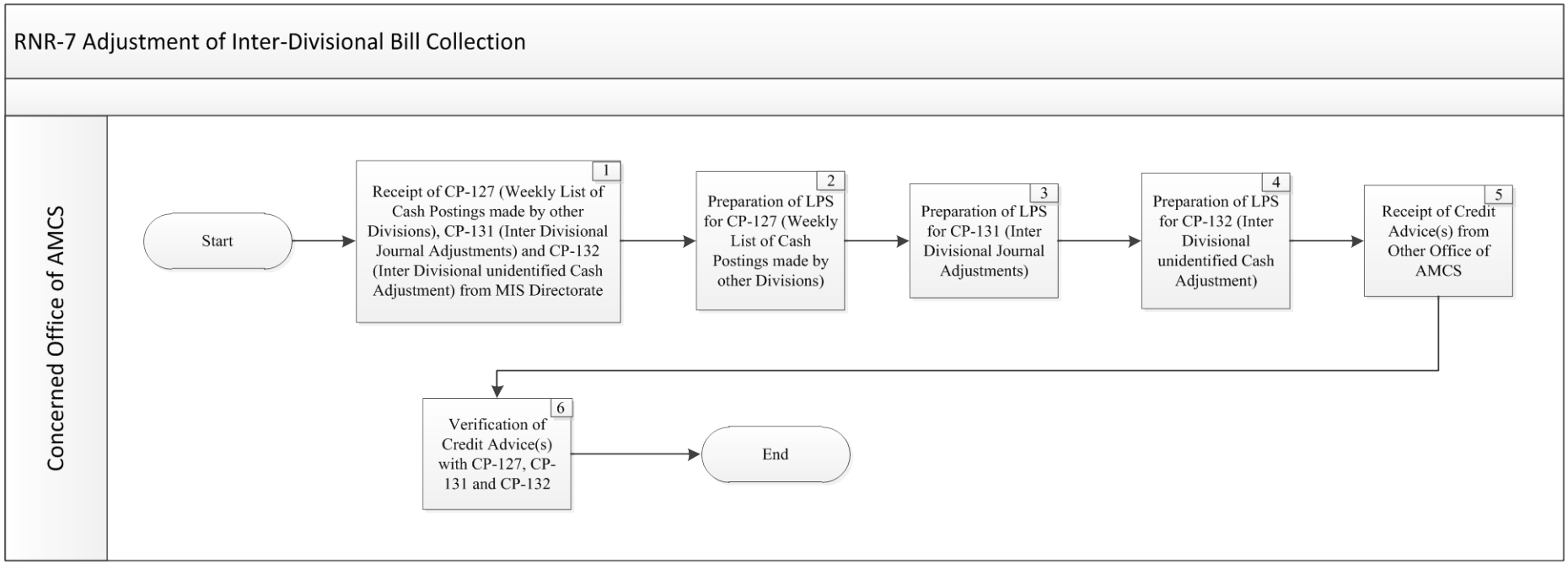
A. This process covers the activities regarding adjustment of Inter-Divisional Bill Collection by receiving the Credit Advice(s).

B. CP-127 (Weekly List of Cash Postings made by other Divisions), CP-131 (Inter Divisional Journal Adjustments) and CP-132 (Inter Divisional unidentified Cash Adjustment) are received by the Concerned Office of AMCS from MIS Directorate.

C. LPS is prepared to record the adjustment of CP-127, CP-131 and CP-132 for the settlement of receivables of concerned consumers.

D. Credit Advice(s) are received by the Concerned Office of AMCS from the Other Office of AMCS and verified with the CP-127, CP-131 and CP-132.

RNR-7.2 Flow Chart



RNR-7.3 Detail of Process Activities

Sr. No.	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
1.	Receipt of CP-127 (Weekly List of Cash Postings made by other Divisions), CP-131 (Inter Divisional Journal Adjustments) and CP-132 (Inter Divisional unidentified Cash Adjustment) from MIS Directorate	CP-127, CP-131 and CP-132 are received from MIS Directorate, containing the details of collections received by Other Office of AMCS on behalf of the Concerned Office of AMCS.			Concerned Office of AMCS	AA
2.	Preparation of LPS for CP-127 (Weekly List of Cash Postings made by other Divisions)	The Concerned Office of AMCS prepares LPS to record the adjustment of CP-127 (Weekly List of Cash Postings made by other Divisions) for the settlement of Receivables of its Consumers. [Refer "***Volume III, Annexure – 20***" for the specimen of ***LPS***]	LPS	1	Concerned Office of AMCS	AA, DAO, AMCS
3.	Preparation of LPS for CP-131 (Inter Divisional Journal	The Concerned Office of AMCS prepares LPS to record the adjustment of CP-131 (Inter Divisional Journal Adjustments) for the settlement of Receivables of its Consumers.	LPS	2	Concerned Office of AMCS	AA, DAO, AMCS

Sr. No.	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
	Adjustments)	[Refer "***Volume III, Annexure – 20***" for the specimen of ***LPS***]				
4.	Preparation of LPS for CP-132 (Inter Divisional unidentified Cash Adjustment)	The Concerned Office of AMCS prepares LPS to record the adjustment of CP-132 (Inter Divisional unidentified Cash Adjustment) for the settlement of Receivables of its Consumers. [Refer "***Volume III, Annexure – 20***" for the specimen of ***LPS***]	LPS	3	Concerned Office of AMCS	AA, DAO, AMCS
5.	Receipt of Credit Advice(s) from Other Office of AMCS	Credit Advice(s) is received from the Other Office of AMCS regarding the transactions appearing in its CP-128, CP-131 and CP-132 related to this Concerned Office of AMCS.			Concerned Office of AMCS	AA, DAO
6.	Verification of Credit Advice(s) with CP-127, CP-131 and CP-132	Credit Advice(s) is matched with the figures in CP-127, CP-131 and CP-132 to ensure that LPS is prepared for the correct amount.			Concerned Office of AMCS	AA, DAO

RNR-7.4 Journal Entries

1. In order to record the accounting impact of CP-127 (Incoming), the following entry is posted by the Concerned Office of AMCS:

Description	Debit	Credit
IOT – Credit Advice	***	
Receivable – DISCO Circle Name		***
Receivable – Electricity Duty		***
Receivable – Income Tax		***
Receivable – GST		***
Receivable – TV Fee		***
Receivable – Neelum Jhelum Surcharge		***
Receivable – EQ Surcharge		***
Receivable – Sales Tax		***

2. In order to record the accounting impact of CP-131 (Incoming), the following entry is posted by the Concerned Office of AMCS:

Description	Debit	Credit
IOT – Credit Advice	***	
Receivable – DISCO Circle Name		***
Receivable – Electricity Duty		***
Receivable – Income Tax		***
Receivable – GST		***
Receivable – TV Fee		***
Receivable – Neelum Jhelum Surcharge		***
Receivable – EQ Surcharge		***
Receivable – Sales Tax		***

3. In order to record the accounting impact of CP-132 (Incoming), the following entry is posted by the Concerned Office of AMCS:

Description	Debit	Credit
IOT – Credit Advice	***	
Receivable – DISCO Circle Name		***
Receivable – Electricity Duty		***
Receivable – Income Tax		***
Receivable – GST		***
Receivable – TV Fee		***
Receivable – Neelum Jhelum Surcharge		***
Receivable – EQ Surcharge		***
Receivable – Sales Tax		***

RNR-7.5 Summary of Responsibilities for Functional Activities

Office / Section	Summary of Responsibilities for Functional Activities – Reference No.
Accounts Assistant	
Concerned Office of AMCS	1, 2, 3, 4, 5, 6
Divisional Accounts Officer	
Concerned Office of AMCS	2, 3, 4, 5, 6
Assistant Manager Customer Services	
Concerned Office of AMCS	2, 3, 4

RNR-7.6 Key Control Matrix

Sr. No.	Objective	Risk	Control Activity	Activity Ref.#
1	Adjustment for settlement of receivable from consumers is made accurately and in the correct accounting period.	Receivable from consumers may be misstated.	LPS is prepared by the AA, verified by the DAO and approved by the AMCS.	2, 3, 4
2	Adjustment is made for the correct amount.	Receivable from consumers may be misstated.	Credit Advice(s) is matched with the figures in CP-127, CP-131 and CP-132 to ensure that LPS is prepared for the correct amount.	6

RNR-8 Adjustment of Cash Received on Behalf of Other Office of AMCS

RNR-8.1 Descriptive Overview of the Process

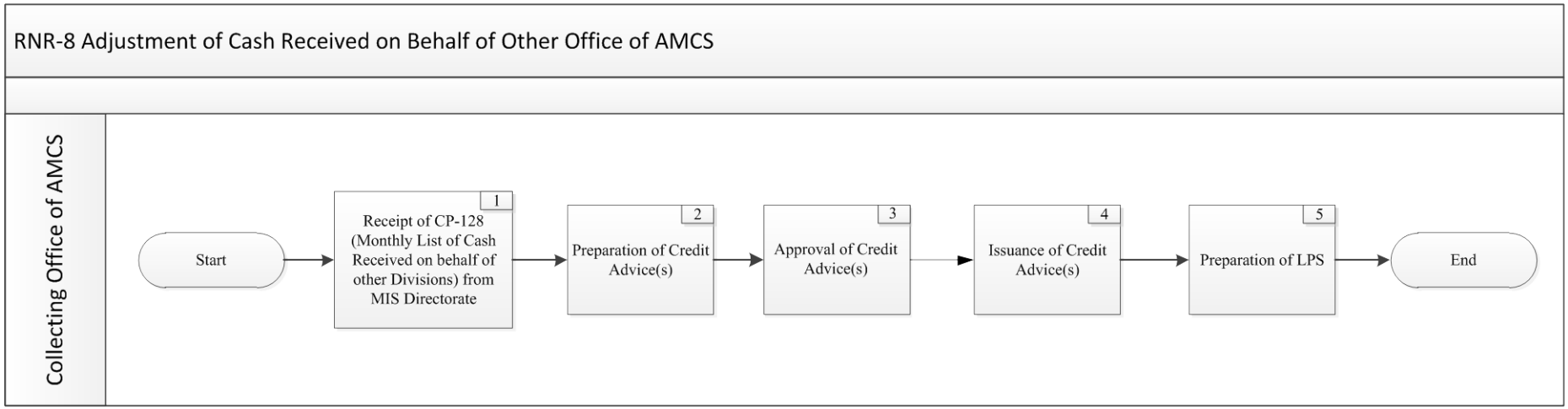
A. This process covers the activities regarding adjustment for Collection received on behalf of Other Office of AMCS by issuing the Credit Advice(s).

B. Credit Advice(s) is prepared by the Collecting Office of AMCS on the basis of CP-128 (Monthly List of Cash Received on behalf of other Divisions) received from MIS Directorate.

C. Credit Advice(s) is approved by the DAO and AMCS and issued to the Concerned Office of AMCS.

D. LPS is prepared to record the issuance of Credit Advice(s).

RNR-8.2 Flow Chart



RNR-8.3 Detail of Process Activities

Sr. No.	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
1.	Receipt of CP-128 (Monthly List of Cash Received on behalf of other Divisions) from MIS Directorate	CP-128 is received by the Collecting Office of AMCS from MIS Directorate.			Collecting Office of AMCS	AA
2.	Preparation of Credit Advice(s)	Credit Advice(s) is prepared by the Collecting Office of AMCS on the basis of CP-128 to give credit to the Concerned Office of AMCS. **[**Refer "***Volume III, Annexure – 21***" for the specimen of ***Credit Advice***]	Credit Advice		Collecting Office of AMCS	AA
3.	Approval of Credit Advice(s)	Credit Advice(s) is approved by the DAO and AMCS of the Collecting Office of AMCS.			Collecting Office of AMCS	DAO, AMCS
4.	Issuance of Credit Advice(s)	Credit Advice(s) is issued to the Concerned Office of AMCS.			Collecting Office of AMCS	AA
5.	Preparation of LPS	LPS is prepared by the Collecting Office of AMCS to record issuance of Credit Advice(s). **[**Refer **"*RNR – 2"*** for details regarding ***the recording of collection of cash on behalf of Other Office of AMCS***]		Entry to record the Collection of Cash on behalf of Other Office of AMCS is mentioned in process RNR-2	Collecting Office of AMCS	

RNR-8.4 Journal Entries

None

Summary of Responsibilities for Functional Activities

Office / Section	Summary of Responsibilities for Functional Activities – Reference No.
Accounts Assistant	
Collecting Office of AMCS	1, 2, 4
Divisional Accounts Officer	
Collecting Office of AMCS	3
Assistant Manager Customer Services	
Collecting Office of AMCS	3

RNR-8.5 Key Control Matrix

Sr. No.	Objective	Risk	Control Activity	Activity Ref.#
1	Only authorized Credit Advice(s) is issued to the Concerned Office of AMCS	Unauthorized Credit Advice(s) may be issued to the Concerned Office of AMCS.	Credit Advice(s) is approved by the DAO and AMCS of the Collecting Office of AMCS.	3

RNR-9 Adjustment of Inter-Divisional Journal

RNR-9.1 Descriptive Overview of the Process

A. This process covers the activities regarding adjustment of Inter-Divisional Journal by issuing Credit Advice(s) where Collection from Consumer of Concerned Office AMCS is wrongly posted in the account of another consumer of Collecting Office of AMCS.

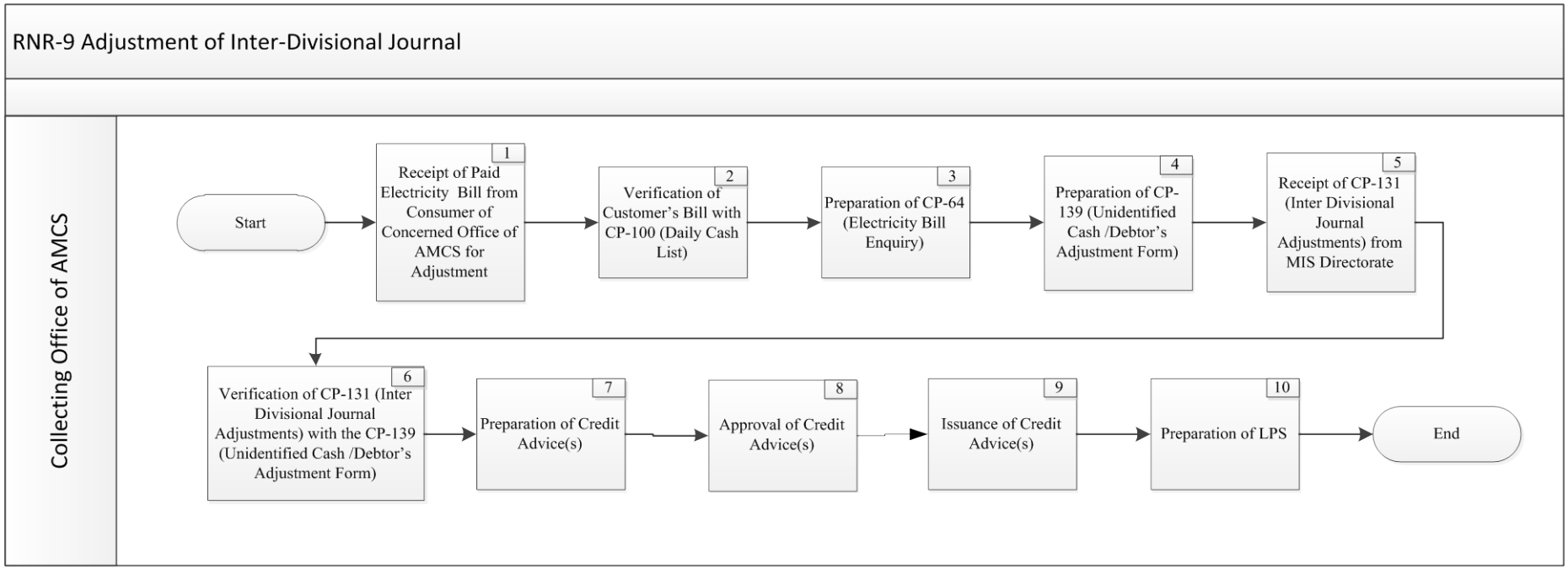
B. Paid Electricity Bill of Consumer from Concerned Office of AMCS is received by the Collecting Office of AMCS and verified with CP-100 (Daily Cash List).

C. CP-139 (Unidentified Cash /Debtor's Adjustment Form) is prepared on the basis of CP-64 (Electricity Bill Enquiry) and forwarded to the MIS Directorate to make the necessary adjustment in the correct consumer's receivables.

D. CP-131 (Inter Divisional Journal Adjustments) is received from MIS Directorate and reconciled with CP-139.

E. Credit Advice(s) is prepared and issued to the Concerned Office of AMCS and LPS is prepared to record the issuance of Credit Advice(s).

RNR-9.2 Flow Chart



RNR-9.3 Detail of Process Activities

Sr. No.	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
1.	Receipt of Paid Electricity Bill from Consumer of Concerned Office of AMCS for Adjustment	a) Consumer from Concerned Office of AMCS visits the Collecting Office of AMCS where the bill was collected and wrongly posted into another Consumer's Account. b) Consumer's paid Electricity Bill and an application for the adjustment in Bill is received by the Banking Section of Collecting Office of AMCS.			Collecting Office of AMCS	Cashier
2.	Verification of Consumer's Bill with CP-100 (Daily Cash List)	The Consumer's Electricity Bill is verified with the CP-100 by the Banking Section of Collecting Office of AMCS to check whether the amount of bill was actually received by the Collecting Office of AMCS and wrongly posted in the account of another Consumer.			Collecting Office of AMCS	Cashier
3.	Preparation of CP-64 (Electricity Bill Enquiry)	CP-64 is prepared by the Banking Section of Collecting Office of AMCS on the basis of Consumer's paid Electricity Bill and forwarded to the Debtor's Section of Collecting Office of AMCS for the preparation of CP-139. **[**Refer "***Volume III, Annexure – 176***" for the specimen of ***CP-64***]	CP-64		Collecting Office of AMCS	Cashier
4.	Preparation of CP-139 (Unidentified Cash /Debtor's Adjustment Form)	a) CP-139 is prepared by Debtor Section of Collecting Office of AMCS to make the adjustment in the correct Consumer's Account. b) CP-139 is forwarded to the MIS Directorate for necessary adjustments.	CP-139		Collecting Office of AMCS	CA

Sr. No.	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
		c) A copy of CP-139 is forwarded to Accounts Section of Collecting Office of AMCS. [Refer "***Volume III, Annexure – 172***" for the specimen of ***CP-139***]				
5.	Receipt of CP-131 (Inter Divisional Journal Adjustments) from MIS Directorate	CP-131 is received by the Collecting Office of AMCS from MIS Directorate.			Collecting Office of AMCS	AA
6.	Verification of CP-131 (Inter Divisional Journal Adjustments) with the CP-139 (Unidentified Cash /Debtor's Adjustment Form)	On receiving CP-131 from MIS Directorate, figures of CP-131 are verified with the CP-139 prepared during the month to ensure that each CP-139 submitted to the MIS Directorate is incorporated in the CP-131.			Collecting Office of AMCS	AA, DAO
7.	Preparation of Credit Advice(s)	Credit Advice(s) is prepared by the Collecting Office of AMCS on the basis of CP-131. [Refer "***Volume III, Annexure – 21***" for the specimen of ***Credit Advice***]	Credit Advice		Collecting Office of AMCS	AA
8.	Approval of	Credit Advice(s) is approved by the DAO and AMCS of the			Collecting Office of	DAO, AMCS

Sr. No.	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
	Credit Advice(s)	Collecting Office of AMCS.			AMCS	
9.	Issuance of Credit Advice(s)	Credit Advice(s) is issued to the Concerned Office of AMCS.			Collecting Office of AMCS	AA
10.	Preparation of LPS	LPS is prepared by the Collecting Office of AMCS to record the Credit Advice(s). **[**Refer "***Volume III, Annexure – 20***" for the specimen of ***LPS***]	LPS	1	Collecting Office of AMCS	AA, DAO, AMCS

RNR-9.4 Journal Entries

1. In order to record the accounting impact of CP-131 (Outgoing), the following entry is posted by the Collecting Office of AMCS:

Description	Debit	Credit
Receivable – DISCO Circle Name	***	
IOT –Credit Advice		***

RNR-9.5 Summary of Responsibilities for Functional Activities

Office / Section	Summary of Responsibilities for Functional Activities – Reference No.
Cashier	
Collecting Office of AMCS	1, 2, 3
Commercial Assistant	
Collecting Office of AMCS	4
Accounts Assistant	
Collecting Office of AMCS	5, 6, 7, 9, 10
Divisional Accounts Officer	
Collecting Office of AMCS	6, 8, 10
Assistant Manager Customer Services	
Collecting Office of AMCS	8, 10

RNR-9.6 Key Control Matrix

Sr. No.	Objective	Risk	Control Activity	Activity Ref.#
1	Inter-Divisional adjustment is only made for collections made by the Collecting Office of AMCS on behalf of consumer of Concerned Office of AMCS.	Inaccurate adjustments may be made in the account of consumer resulting in misstatement in the bill collections.	The Consumer's Electricity Bill is verified with the CP-100 by the Banking Section of Collecting Office of AMCS to check whether the amount of bill was actually received by the Collecting Office of AMCS and wrongly posted in the account of another Consumer.	2
2	Accurate adjustment information is forwarded to the MIS Directorate.	Inaccurate adjustment may be made by the MIS Directorate.	CP-64 is prepared by the Banking Section of Collecting office of AMCS on the basis of Consumer's paid Electricity Bill and forwarded to the Debtor's Section of Collecting Office of AMCS for the preparation of CP-139.	3
3	All adjustments made through CP-139 are incorporated accurately and completely in the correct consumers account.	Incorrect adjustments may result in misstatement in the consumer's account.	On receiving CP-131 from MIS Directorate, figures of CP-131 are verified with the CP-139 prepared during the month to ensure that each CP-139 submitted to the MIS Directorate is incorporated in the CP-131.	6
4	Only authorized Credit Advice(s) is issued to the Concerned Office of AMCS	Unauthorized Credit Advice(s) may be issued to the Concerned Office of AMCS.	Credit Advice(s) is approved by the DAO and AMCS of the Collecting Office of AMCS.	8
5	Bill adjustment is recorded accurately and in the correct accounting period.	Receivables from consumer may be misstated.	LPS for bill adjustment is prepared by the AA verified by the DAO and approved by the AMCS	10

RNR-10 Adjustment of Unidentified Cash of Collecting Office of AMCS

RNR-10.1 Descriptive Overview of the Process

A. This process covers the activities regarding adjustment of Unidentified Cash of Collecting Office of AMCS by issuing Credit Advice(s) where Collection from Consumer of Concerned Office AMCS is wrongly recorded as Unidentified Cash in CP-107 (Unidentified Cash List) of Collecting Office of AMCS.

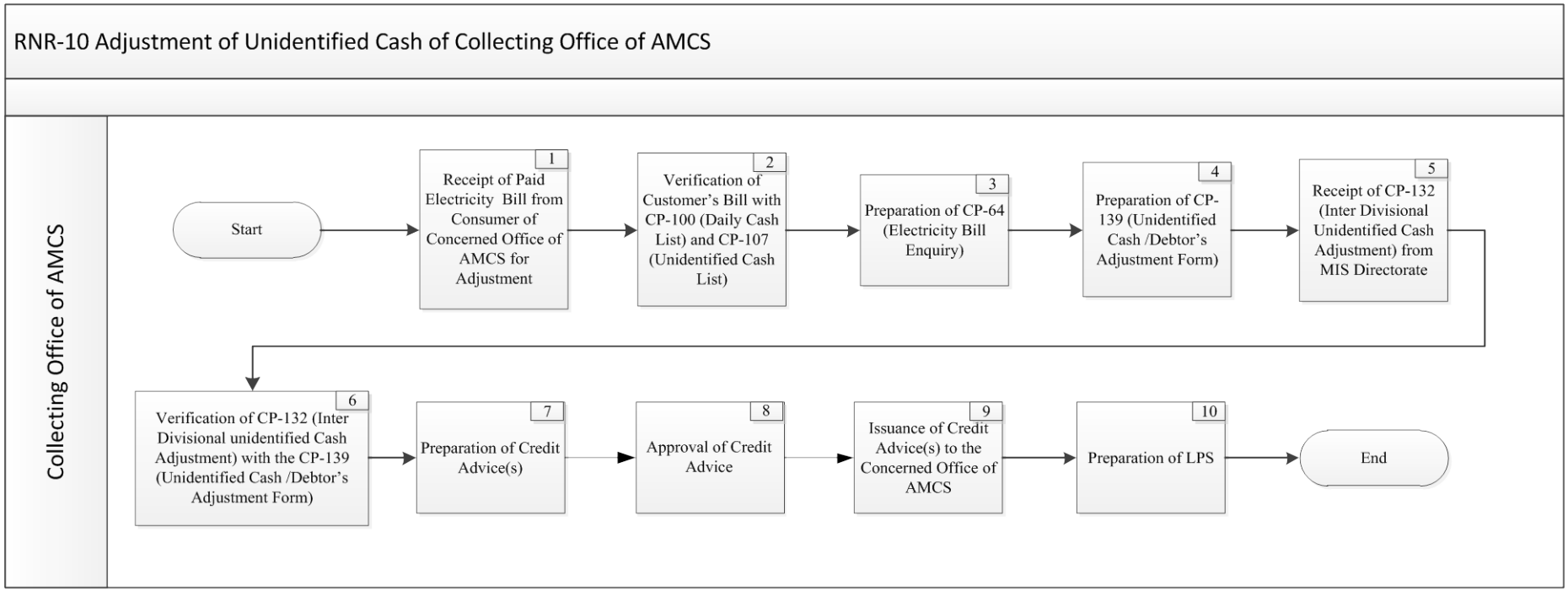
B. Paid Electricity Bill of Consumer from Concerned Office of AMCS is received by the Collecting Office of AMCS and verified with CP-100 (Daily Cash List) and CP-107.

C. CP-139 (Unidentified Cash /Debtor's Adjustment Form) is prepared on the basis of CP-64 (Electricity Bill Enquiry) and forwarded to the MIS Directorate to make the necessary adjustment in the correct consumer's receivables and Unidentified Cash.

D. CP-132 (Inter Divisional unidentified Cash Adjustment) is received from MIS Directorate and reconciled with CP-139.

E. Credit Advice(s) is prepared and issued to the Concerned Office of AMCS and LPS is prepared to record the issuance of Credit Advice(s).

RNR-10.2 Flow Chart



RNR-10.3 Detail of Process Activities

Sr. No.	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
1.	Receipt of Paid Electricity Bill from Consumer of Concerned Office of AMCS for Adjustment	a) Consumer from Concerned Office of AMCS visits the Collecting Office of AMCS along with the Original copy of paid bill where the bill was collected and collection was recorded as Unidentified Cash in CP-107. b) Consumer's paid Electricity Bill and an application for the adjustment in Bill is received by the Banking Section of Collecting Office of AMCS.			Collecting Office of AMCS	Cashier
2.	Verification of Consumer's Bill with CP-100 (Daily Cash List) and CP-107 (Unidentified Cash List)	The Consumer's bill is verified with the CP-100 and CP-107 by the Banking Section of Collecting Office of AMCS to check whether the amount of bill of the claimant was actually received by Collecting Office of AMCS and recorded as Unidentified Cash in CP-107.			Collecting Office of AMCS	Cashier
3.	Preparation of CP-64 (Electricity Bill Enquiry)	CP-64 is prepared by the Banking Section of Collecting Office of AMCS and forwarded to the Debtor's Section of Collecting Office of AMCS for the preparation of CP-139. **[**Refer "***Volume III, Annexure – 176***" for the specimen of ***CP-64***]	CP-64		Collecting Office of AMCS	Cashier
4.	Preparation of CP-139 (Unidentified Cash /Debtor's Adjustment	a) CP-139 is prepared by Debtor Section of Collecting Office of AMCS on the basis of CP-64 and Original copy of paid Electricity Bill to record the adjustment in the Consumer's Account and Unidentified Cash.	CP-139		Collecting Office of AMCS	CA

	Form)	b) CP-139 is forwarded to the MIS Directorate for necessary adjustment. c) A copy of CP-139 is forwarded to Accounts Section of Collecting Office of AMCS. [Refer "***Volume III, Annexure – 172***" for the specimen of ***CP-139***]				
5.	Receipt of CP-132 (Inter Divisional Unidentified Cash Adjustment) from MIS Directorate	CP-132 is received by the Collecting Office of AMCS from MIS Directorate.			Collecting Office of AMCS	AA
6.	Verification of CP-132 (Inter Divisional unidentified Cash Adjustment) with the CP-139 (Unidentified Cash /Debtor's Adjustment Form)	On receiving the CP-132 from MIS Directorate, figures of CP-132 are verified with the CP-139 prepared during the month to ensure that each CP-139 submitted to the MIS Directorate is incorporated in the CP-132.			Collecting Office of AMCS	AA, DAO
7.	Preparation of Credit Advice(s)	Credit Advice(s) is prepared by the Collecting Office of AMCS on the basis of CP-132. [Refer "***Volume III, Annexure – 21***" for the specimen of	Credit Advice		Collecting Office of AMCS	AA

		***Credit Advice*]**				
8.	Approval of Credit Advice(s)	Credit Advice(s) is approved by the DAO and AMCS of Collecting Office of AMCS.			Collecting Office of AMCS	DAO, AMCS
9.	Issuance of Credit Advice(s) to the Concerned Office of AMCS	Credit Advice(s) is issued to the Concerned Office of AMCS.			Collecting Office of AMCS	AA
10.	Preparation of LPS	LPS is prepared by the Collecting Office of AMCS to record the Credit Advice(s). **[**Refer "***Volume III, Annexure – 20***" for the specimen of ***LPS*]**	LPS	1	Collecting Office of AMCS	AA, DAO, AMCS

RNR-10.4 Journal Entries

1. In order to record the accounting impact of CP-132 (Outgoing), the following entry is posted by the Office of AMCS:

Description	Debit	Credit
Unidentified Cash	***	
IOT – Credit Advice		***

RNR-10.5 Summary of Responsibilities for Functional Activities

Office / Section	Summary of Responsibilities for Functional Activities – Reference No.
Cashier	
Collecting Office of AMCS	1, 2, 3
Commercial Assistant	
Collecting Office of AMCS	4
Accounts Assistant	
Collecting Office of AMCS	5, 6, 7, 9, 10
Divisional Accounts Officer	
Collecting Office of AMCS	6, 8, 10
Assistant Manager Customer Services	
Collecting Office of AMCS	8, 10

RNR-10.6 Key Control Matrix

Sr. No.	Objective	Risk	Control Activity	Activity Ref.#
1	Adjustment of Unidentified Cash is only made for the Unidentified collections made by the Collecting Office of AMCS.	Inaccurate adjustments may be made in the Unidentified Cash account and consumer's account resulting in misstatement in the bill collections.	The Consumer's bill is verified with the CP-100 and CP-107 by the Banking Section of Collecting Office of AMCS to check whether the amount of bill of the claimant was actually received by Collecting Office of AMCS and recorded as Unidentified Cash in CP-107.	2
2	Accurate adjustment information is forwarded to the MIS Directorate.	Inaccurate adjustment may be made by the MIS Directorate.	CP-64 is prepared by the Banking Section of Collecting office of AMCS on the basis of Consumer's paid Electricity Bill and forwarded to the Debtor's Section of Collecting Office of AMCS for the preparation of CP-139.	3
3	All adjustments made through CP-139 are incorporated accurately and completely in the correct consumers account.	Incorrect adjustments may result in misstatement in the consumer's account.	On receiving the CP-132 from MIS Directorate, figures of CP-132 are verified with the CP-139 prepared during the month to ensure that each CP-139 submitted to the MIS Directorate is incorporated in the CP-132.	6
4	Only authorized Credit Advice(s) is issued to the Concerned Office of AMCS	Unauthorized Credit Advice(s) may be issued to the Concerned Office of AMCS.	Credit Advice(s) is approved by the DAO and AMCS of the Collecting Office of AMCS.	8
5	Bill adjustment is recorded accurately and in the correct accounting period.	Unidentified Cash may be misstated.	LPS for adjustment in Unidentified Cash is prepared by the AA verified by the DAO and approved by the AMCS	10

RNR-11 Adjustment of Unidentified Cash of Concerned Office of AMCS

RNR-11.1 Descriptive Overview of the Process

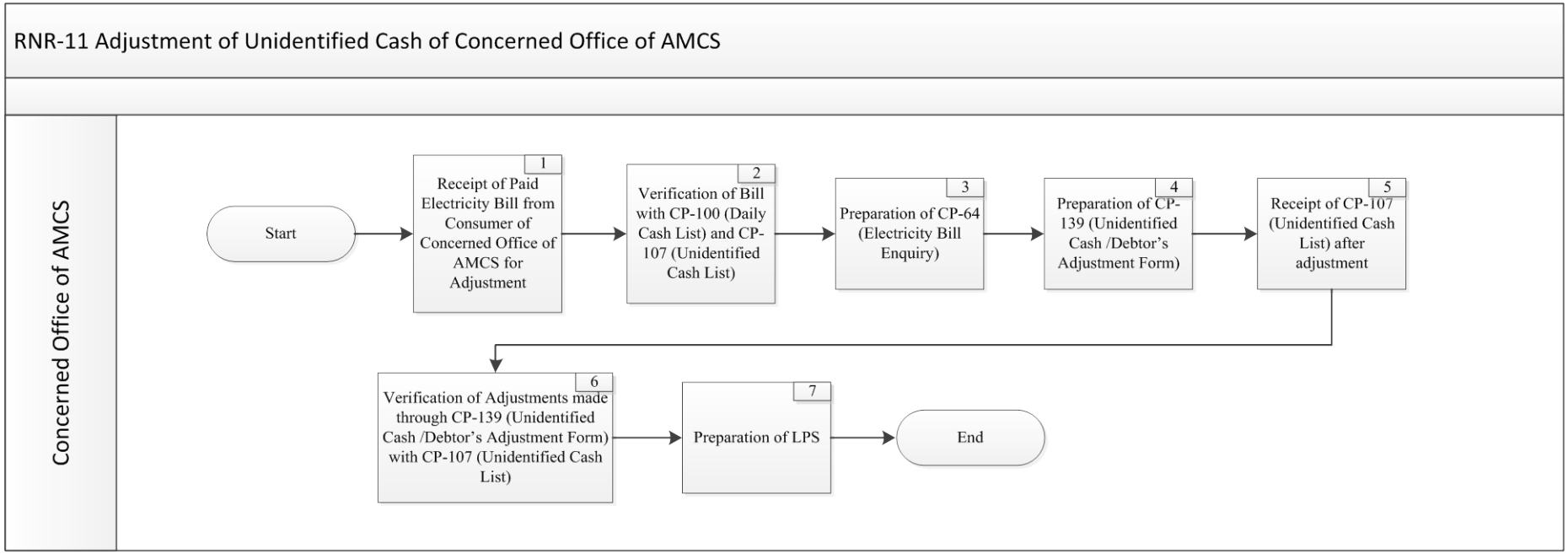
A. This process covers the activities regarding adjustment of Unidentified Cash of Concerned Office of AMCS.

B. Paid Electricity Bill is received from the consumer of Concerned Office of AMCS and verified in CP-100 (Daily Cash List) and CP-107 (Unidentified Cash List).

C. CP-139 (Unidentified Cash /Debtor's Adjustment Form) is prepared on the basis of CP-64 (Electricity Bill Enquiry) and forwarded to the MIS Directorate to make the necessary adjustment in the correct consumer's receivables and Unidentified Cash.

D. Upon receipt of latest CP-107, CP-107 is verified with CP-139 and LPS is prepared to adjust the Unidentified Cash accordingly.

RNR-11.2 Flow Chart



RNR-11.3 Detail of Process Activities

Sr. No.	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
1.	Receipt of Paid Electricity Bill from Consumer of Concerned Office of AMCS for Adjustment	a) Consumer of Concerned Office of AMCS visits the Office along with the Original copy of paid Electricity Bill and an application. b) Consumer's Original paid Electricity Bill and an application for the adjustment in Bill is received by the Banking Section of Concerned Office of AMCS.			Concerned Office of AMCS	Cashier
2.	Verification of Bill with CP-100 (Daily Cash List) and CP-107 (Unidentified Cash List)	The Consumer's Bill is verified with the CP-100 and CP-107 by the Banking Section to ensure that the amount of bill of the claimant was actually received by the Concerned Office of AMCS and recorded as Unidentified Cash in CP-107.			Concerned Office of AMCS	Cashier
3.	Preparation of CP-64 (Electricity Bill Enquiry)	CP-64 is prepared by the Banking Section of the Concerned Office of AMCS on the basis of Consumer's application and forwarded to the Debtor's Section of the Concerned Office of AMCS for the preparation of CP-139. **[**Refer "***Volume III, Annexure – 176***" for the specimen of ***CP-64***]	CP-64		Concerned Office of AMCS	Cashier
4.	Preparation of CP-139 (Unidentified Cash /Debtor's Adjustment Form)	a) To make the adjustment in the Consumer's Account and Unidentified Cash, CP-139 is prepared by Debtor Section of the Concerned Office of AMCS on the basis of CP-64 and Original copy of paid Electricity Bill. b) CP-139 is forwarded to the MIS Directorate for	CP-139		Concerned Office of AMCS	CA

Sr. No.	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
		necessary adjustment. c) A copy of CP-139 is forwarded to Accounts Section of Concerned Office of AMCS. **[**Refer "***Volume III, Annexure – 172***" for the specimen of ***CP-139***]				
5.	Receipt of CP-107 (Unidentified Cash List) after adjustment	After incorporation of adjustment from CP-139, CP-107 is received from the MIS Directorate.			Concerned Office of AMCS	AA
6.	Verification of Adjustments made through CP-139 (Unidentified Cash /Debtor's Adjustment Form) with CP-107 (Unidentified Cash List)	Adjustments made through CP-139 are verified in the latest CP-107 by the Concerned Office of AMCS.			Concerned Office of AMCS	AA, DAO
7.	Preparation of LPS	LPS is prepared by the Concerned Office of AMCS to post the Unidentified Cash of its Consumers in the relevant Consumer's Account. **[**Refer "***Volume III, Annexure – 20***" for the specimen of	LPS	1	Concerned Office of AMCS	AA, DAO, AMCS

Sr. No.	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
		***LPS*]**				

RNR-11.4 Journal Entries

1. To record the adjustment of Unidentified Cash through CP-107 in the relevant Consumer's Account, the following entry is posted by the Concerned Office of AMCS:

Description	Debit	Credit
Un-Identified Cash	***	
Receivable – DISCO Circle Name		***
Receivable – Electricity Duty		***
Receivable – Income Tax		***
Receivable – GST		***
Receivable – TV Fee		***
Receivable – Neelum Jhelum Surcharge		***
Receivable – EQ Surcharge		***
Receivable – Sales Tax		***

RNR-11.5 Summary of Responsibilities for Functional Activities

Office / Section	Summary of Responsibilities for Functional Activities – Reference No.
Cashier	
Concerned Office of AMCS	1, 2, 3
Commercial Assistant	
Concerned Office of AMCS	4
Accounts Assistant	
Concerned Office of AMCS	5, 6, 7
Divisional Accounts Officer	
Concerned Office of AMCS	6, 7
Assistant Manager Customer Services	
Concerned Office of AMCS	7

RNR-11.6 Key Control Matrix

Sr. No.	Objective	Risk	Control Activity	Activity Ref.#
1	Adjustment for Unidentified Cash of Concerned Office of AMCS is only made for Unidentified collections of own Office of AMCS.	Inaccurate adjustments may be made in the Unidentified Cash account and consumer's account resulting in misstatement in the bill collections.	The Consumer's Bill is verified with the CP-100 and CP-107 by the Banking Section to ensure that the amount of bill of the claimant was actually received by the Concerned Office of AMCS and recorded as Unidentified Cash in CP-107.	2
2	Accurate adjustment information is forwarded to the MIS Directorate.	Inaccurate adjustment may be made by the MIS Directorate.	CP-64 is prepared by the Banking Section of the Concerned Office of AMCS on the basis of Consumer's application and forwarded to the Debtor's Section of the Concerned Office of AMCS for the preparation of CP-139.	3
3	All adjustments made through CP-139 for Unidentified Cash are incorporated accurately and completely in the correct consumer's account.	Incorrect adjustments may result in misstatement in the consumer's account.	Adjustments made through CP-139 are verified in the latest CP-107 by the Concerned Office of AMCS.	6
4	Bill adjustment is recorded accurately and in the correct accounting period.	Unidentified Cash may be misstated.	LPS for adjustment in Unidentified Cash is prepared by the AA, verified by the DAO and approved by the AMCS	7

RNR-12 Adjustment of Wrong Posting in Consumer Account of Concerned Office of AMCS

RNR-12.1 Descriptive Overview of the Process

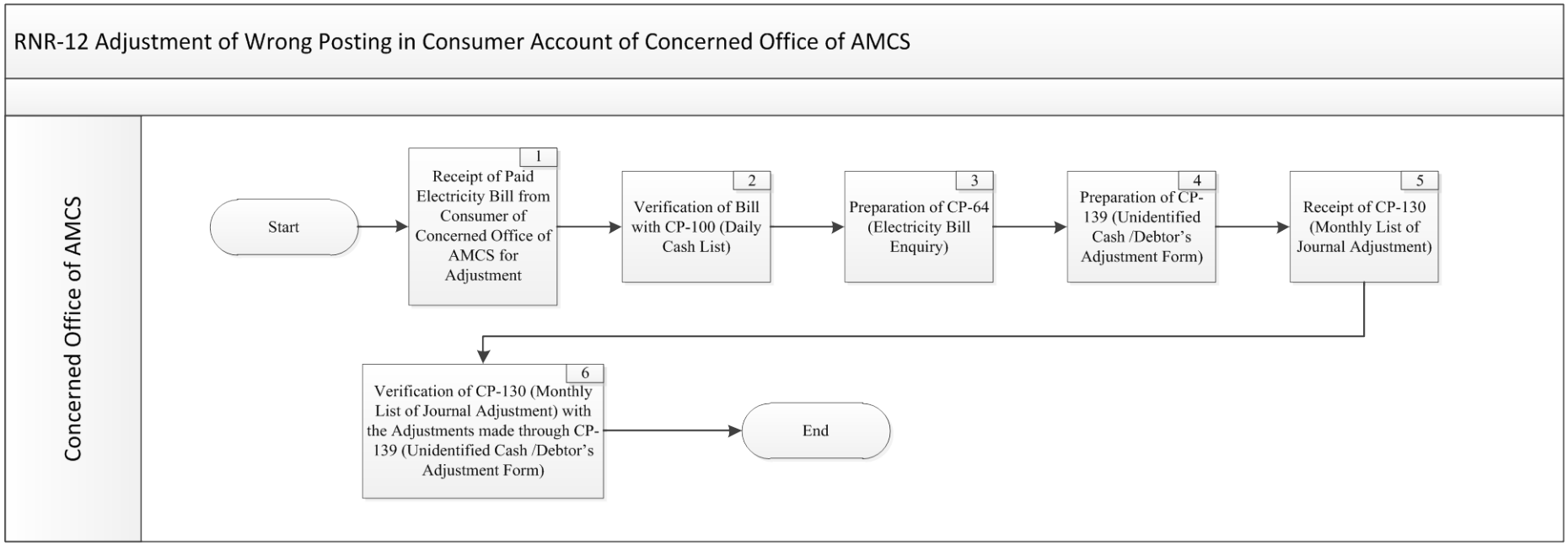
A. This process covers the activities regarding the adjustment of wrong posting in Consumer Account of Concerned Office of AMCS.

B. Paid Electricity Bill of consumer from Concerned Office of AMCS is received by the Concerned Office of AMCS and verified in CP-100 (Daily Cash List).

C. CP-139 (Unidentified Cash /Debtor's Adjustment Form) is prepared on the basis of CP-64 (Electricity Bill Enquiry) and forwarded to the MIS Directorate to make the necessary adjustment in the correct consumer's receivables.

D. Upon receipt of CP-130 (Monthly List of Journal Adjustment), CP-130 is verified with CP-139.

RNR-12.2 Flow Chart



RNR-12.3 Detail of Process Activities

Sr. No.	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
1	Receipt of Paid Electricity Bill from Consumer of Concerned Office of AMCS for Adjustment	a) Consumer of Concerned Office of AMCS visits the Office along with the Original copy of paid Electricity Bill and an application. b) Consumer's Original paid Electricity Bill and an application for the adjustment in Bill is received by the Banking Section of the Concerned Office of AMCS.			Concerned Office of AMCS	Cashier
2	Verification of Bill with CP-100 (Daily Cash List)	The Consumer's Bill is verified with the CP-100 by the Banking Section of the Concerned Office of AMCS to ensure that the bill was actually received by the Concerned Office of AMCS and wrongly posted into another Consumer's Account.			Concerned Office of AMCS	Cashier
3	Preparation of CP-64 (Electricity Bill Enquiry)	CP-64 is prepared by the Banking Section of the Concerned Office of AMCS on the basis of Consumer's application and forwarded to the Debtor's Section of the Concerned Office of AMCS for preparation of CP-139. **[**Refer "***Volume III, Annexure – 176***" for the specimen of ***CP-64***]	CP-64		Concerned Office of AMCS	Cashier
4	Preparation of CP-139 (Unidentified Cash /Debtor's Adjustment Form)	a) To make the adjustment in the Consumer Account of both Consumers, CP-139 is prepared by Debtor Section of the Concerned Office of AMCS on the basis of CP-64 and Original copy of paid Electricity Bill. b) CP-139 is forwarded to the MIS Directorate for	CP-139		Concerned Office of AMCS	CA

Sr. No.	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
		necessary adjustment. c) A copy of CP-139 is forwarded to Accounts Section of the Concerned Office of AMCS. **[**Refer "***Volume III, Annexure – 172***" for the specimen of ***CP-139***]				
5	Receipt of CP-130 (Monthly List of Journal Adjustment)	CP-130 is received from the MIS Directorate, containing the detail of rectifications made in the relevant Consumer's Account on the basis of CP-139.			Concerned Office of AMCS	AA, DAO
6	Verification of CP-130 (Monthly List of Journal Adjustment) with the Adjustments made through CP-139 (Unidentified Cash /Debtor's Adjustment Form)	a) Figures in CP-130 are verified with CP-139 to ensure that all adjustments made through CP-139 are incorporated in CP-130. b) No entry is required to be posted by the Concerned Office of AMCS, as the rectification in relevant Consumer's Account is already made in MIS Directorate.			Concerned Office of AMCS	AA, DAO

RNR-12.4 Journal Entries

None

RNR-12.5 Summary of Responsibilities for Functional Activities

Office / Section	Summary of Responsibilities for Functional Activities – Reference No.
Cashier	
Concerned Office of AMCS	1, 2, 3
Commercial Assistant	
Concerned Office of AMCS	4
Accounts Assistant	
Concerned Office of AMCS	5, 6
Divisional Accounts Officer	
Concerned Office of AMCS	5, 6

RNR-12.6 Key Control Matrix

Sr. No.	Objective	Risk	Control Activity	Activity Ref.#
1	Adjustment for incorrect posting is only made for collections made by the Concerned Office of AMCS on behalf of another consumer of the same Office of AMCS.	Inaccurate adjustments may be made in the account of consumer resulting in misstatement in the bill collections.	The Consumer's Bill is verified with the CP-100 by the Banking Section of the Concerned Office of AMCS to ensure that the bill was actually received by the Concerned Office of AMCS and wrongly posted into another Consumer's Account.	2
2	Accurate adjustment information is forwarded to the MIS Directorate.	Inaccurate adjustment may be made by the MIS Directorate.	CP-64 is prepared by the Banking Section of the Concerned Office of AMCS on the basis of Consumer's application and forwarded to the Debtor's Section of the Concerned Office of AMCS for preparation of CP-139.	3
3	All adjustments made through CP-139 are incorporated accurately and completely in the correct consumers account.	Incorrect adjustments may result in misstatement in the consumer's account.	Figures in CP-130 are verified with CP-139 to ensure that all adjustments made through CP-139 are incorporated in CP-130.	6

RNR-13 Adjustment of Inter-DISCO Bill Collection (Receipt of Credit Note)

RNR-13.1 Descriptive Overview of the Process

A. This process covers the activities regarding adjustment of Inter-DISCO Bill Collection (Receipt of Credit Note).

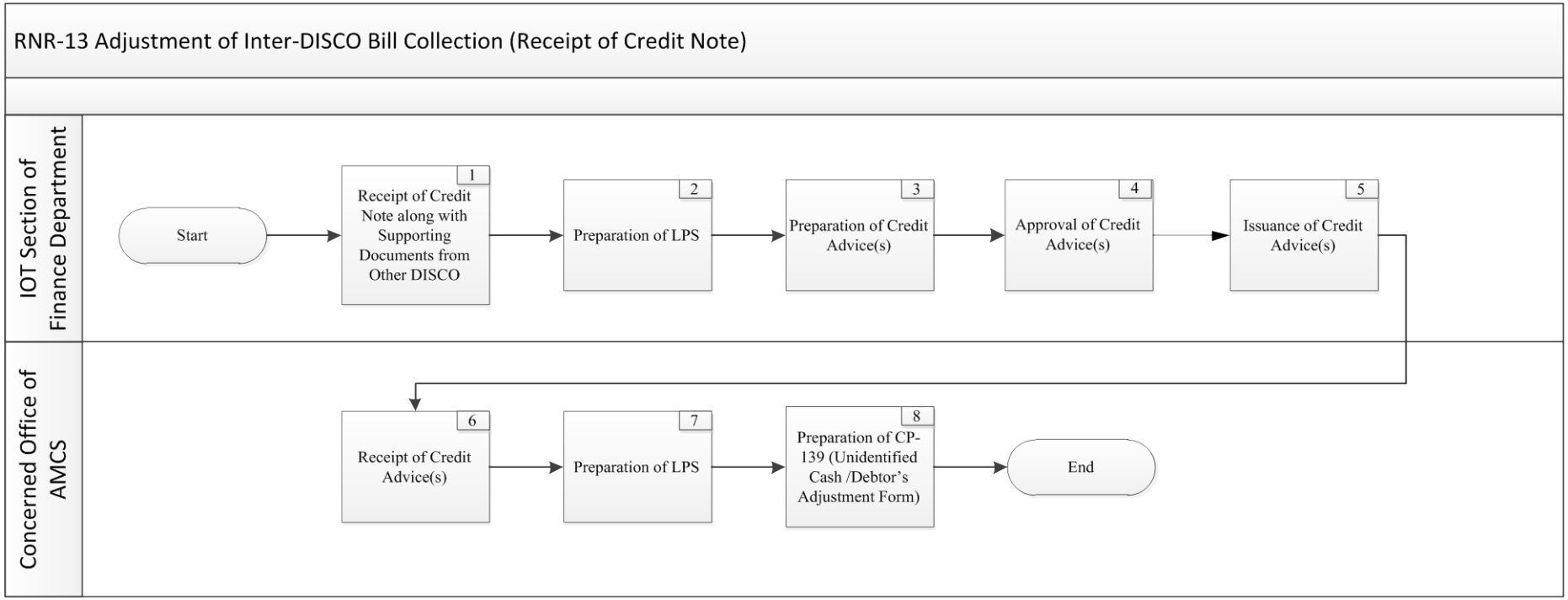
B. Credit Note along with the supporting documents is received by the IOT Section of Finance Department from the Other DISCO and LPS is prepared to record receivable from Other DISCO.

C. Credit Advice(s) is prepared and issued to the Concerned Office of AMCS.

D. LPS is prepared by the Concerned Office of AMCS on the basis of Credit Advice(s) for adjustment in the consumer's receivables.

E. CP-139 (Unidentified Cash /Debtor's Adjustment Form) is prepared and forwarded to the MIS Directorate for adjustment in the Consumer Account.

RNR-13.2 Flow Chart



RNR-13.3 Detail of Process Activities

Sr. No.	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
1.	Receipt of Credit Note along with Supporting Documents from Other DISCO	IOT Section of Finance Department receives Credit Note along with stubs and CP-107 from Other DISCO.			IOT Section of Finance Department	AMA
2.	Preparation of LPS	LPS is prepared by the IOT Section of Finance Department to record the Receivables from Associated Company - DISCO. **[**Refer "***Volume III, Annexure – 20***" for the specimen of ***LPS***]	LPS	1	IOT Section of Finance Department	AA, AO, AMA
3.	Preparation of Credit Advice(s)	Credit Advice(s) is prepared by the IOT Section of Finance Department and forwarded to the Concerned Office of AMCS for adjustment of Receivables from Consumers. **[**Refer "***Volume III, Annexure – 21***" for the specimen of ***Credit Advice***]	Credit Advice		IOT Section of Finance Department	AA
4.	Approval of Credit Advice(s)	Credit Advice(s) is reviewed and approved by the AO and AMA of the IOT Section of Finance Department.			IOT Section of Finance Department	AO, AMA
5.	Issuance of Credit Advice(s)	Credit Advice(s) is issued by the IOT Section of Finance Department to the Concerned Office of AMCS.			IOT Section of Finance Department	AA
6.	Receipt of Credit Advice(s)	a) Concerned Office of AMCS receives the Credit Advice(s) from IOT Section of Finance Department. b) A copy of Credit Advice(s) along with supporting documents is forwarded to Debtor Section of			Concerned Office of AMCS	DAO

Sr. No.	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
		Concerned Office of AMCS for the preparation of CP-139 for adjustment in the relevant Consumer's Account.				
7.	Preparation of LPS	LPS is prepared for the adjustment of Consumer's Receivables. **[**Refer "***Volume III, Annexure – 20***" for the specimen of ***LPS***]	LPS	2	Concerned Office of AMCS	AA, DAO, AMCS
8.	Preparation of CP-139 (Unidentified Cash /Debtor's Adjustment Form)	a) CP-139 is prepared by the Debtors Section of the Concerned Office of AMCS to make adjustment in the relevant Consumer's Account. b) CP-139 is forwarded to the MIS Directorate. **[**Refer "***Volume III, Annexure – 172***" for the specimen of ***CP-139***]	CP-139		Concerned Office of AMCS	CA

RNR-13.4 Journal Entries

1. In order to record Receivables from Other DISCO, the following entry is posted by the IOT Section of Finance Department:

Description	Debit	Credit
Receivables from Associated Company – DISCO	***	
IOT – Credit Advice		***

2. In order to record the Credit Advice(s) received from IOT Section of Finance Department, the following entry is posted by the Concerned Office of AMCS:

Description	Debit	Credit
IOT – Credit Advice	***	
Receivables – DISCO Circle Name		***
Receivables – Electricity Duty		***
Receivables – Income Tax		***
Receivables – GST		***
Receivables – TV Fee		***
Receivables – Neelum Jhelum Surcharge		***
Receivables – EQ Surcharge		***
Receivables - Sales Tax		***

RNR-13.5 Summary of Responsibilities for Functional Activities

Office / Section	Summary of Responsibilities for Functional Activities – Reference No.
Commercial Assistant	
Concerned Office of AMCS	8
Accounts Assistant	
IOT Section of Finance Department	2, 3, 5
Concerned Office of AMCS	7
Accounts Officer	
IOT Section of Finance Department	2, 4
Divisional Accounts Officer	
Concerned Office of AMCS	6, 7
Assistant Manager Accounts	
IOT Section of Finance Department	1 , 2, 4
Assistant Manager Customer Services	
Concerned Office of AMCS	7

RNR-13.6 Key Control Matrix

Sr. No.	Objective	Risk	Control Activity	Activity Ref.#
1	Receivables from Associated Company DISCO are recorded accurately and in the correct accounting period.	Inaccurate recording may result in misstatement in the receivables from Associated Company DISCO.	LPS is prepared by the AA, verified by AO and approved by the AMA.	2
2	Only authorized Credit Advice(s) is issued to the Concerned Office of AMCS	Unauthorized Credit Advice(s) may be issued to the Concerned Office of AMCS.	Credit Advice(s) is approved by the DAO and AMCS of the Collecting Office of AMCS.	4
3	Consumer's receivables are recorded accurately and in the correct accounting period.	Consumer's receivables may be misstated.	LPS is prepared by the AA, verified by DAO and approved by the AMCS.	7
4	Accurate adjustment detail is forwarded to the MIS Directorate for adjustment in the consumer's account.	Consumer's receivables may not be updated accurately.	a) CP-139 is prepared by the Debtors Section of the Concerned Office of AMCS to make adjustment in the relevant Consumer's Account. b) CP-139 is forwarded to the MIS Directorate.	8

RNR-14 Adjustment of Inter-DISCO Bill Collection (Issuance of Credit Note)

RNR-14.1 Descriptive Overview of the Process

A. This process covers the activities of adjustment of Inter-DISCO Bill Collection (Issuance of Credit Note).

B. Original copy of paid Electricity Bill and a copy of Bank Scroll are received from consumer of Other DISCO and amount of Bill is verified in CP-100 (Daily Cash List) and CP-107 (Unidentified Cash List).

C. CP-139 (Unidentified Cash /Debtor's Adjustment Form) is prepared on the basis of CP-64 (Electricity Bill Enquiry) and forwarded to the MIS Directorate for adjustment of Unidentified Cash.

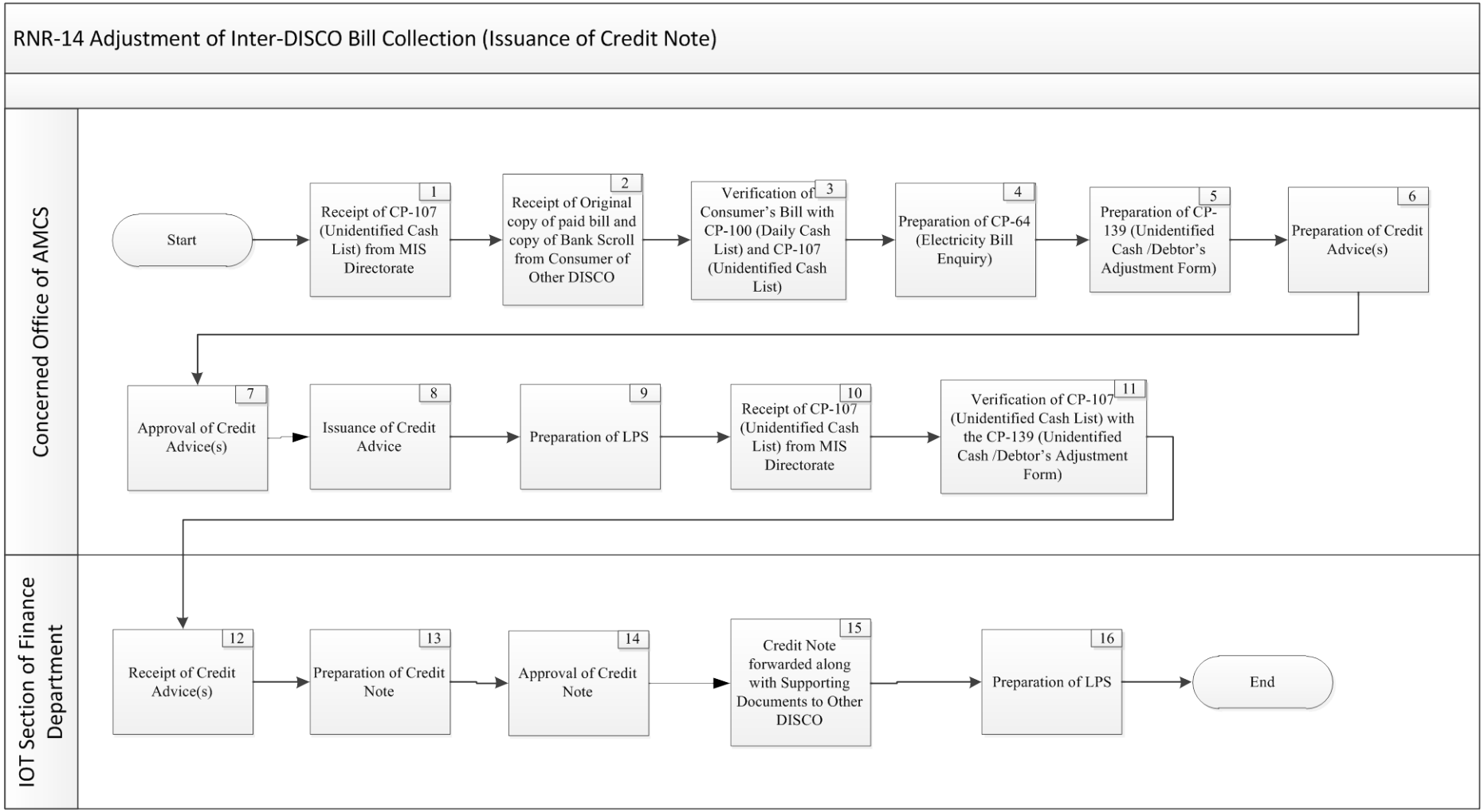
D. Credit Advice(s) is prepared on the basis of CP-139 and issued to the IOT Section of Finance Department along with the supporting documents.

E. LPS is prepared by the Concerned Office AMCS to record Credit Advice(s).

F. CP-107 (Unidentified Cash List) is received from MIS Directorate and verified with CP-139 (Unidentified Cash /Debtor's Adjustment Form).

G. Credit Note is prepared on the basis of Credit Advice(s) by the IOT Section of Finance Department and issued to the Other DISCO along with the supporting documents.

RNR-14.2 Flow Chart



RNR-14.3 Detail of Process Activities

Sr. No.	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
1.	Receipt of CP-107 (Unidentified Cash List) from MIS Directorate	CP-107 is received from the MIS Directorate which shows the amount of Unidentified Cash received by Concerned Office of AMCS. This Unidentified Cash may include the collection of Other DISCO's Consumer.			Concerned Office of AMCS	AA
2.	Receipt of Original copy of paid bill and copy of Bank Scroll from Consumer of Other DISCO	a) Consumer of Other DISCO visits the Bank where the bill was deposited and obtains Copy of Bank Scroll as proof of deposit of bill. b) Consumer of Other DISCO visits the Concerned Office of AMCS in whose Bank Branch the bill was deposited and submits an application for adjustment of Electricity Bill along with the Original copy of paid bill and a copy of Bank Scroll. c) Application and supporting documents are received by the Banking Section of the Concerned Office of AMCS.			Concerned Office of AMCS	Cashier
3.	Verification of Consumer's Bill with CP-100 (Daily Cash List) and CP-107 (Unidentified Cash List)	a) The Consumer's bill is verified with the CP-100 by Banking Section of the Concerned Office of AMCS to check whether the amount of bill of the claimant was actually received by Concerned Office of AMCS. b) The Concerned Office of AMCS verifies CP-107 to check whether this collection was recorded in its CP-107 as Unidentified Cash.			Concerned Office of AMCS	Cashier
4.	Preparation of CP-64	CP-64 is prepared by the Banking Section of the Concerned Office of AMCS on the basis of application and supporting	CP-64		Concerned Office of AMCS	Cashier

Sr. No.	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
	(Electricity Bill Enquiry)	documents received from Consumer of Other DISCO and forwarded to the Debtor's Section of the Concerned Office of AMCS for making necessary adjustments in the Unidentified Cash. **[**Refer "***Volume III, Annexure – 176***" for the specimen of ***CP-64***]				
5.	Preparation of CP-139 (Unidentified Cash /Debtor's Adjustment Form)	a) CP-139 is prepared by Debtor Section of the Concerned Office of AMCS to make the adjustment in Unidentified Cash. b) CP-139 is forwarded to the MIS Directorate. c) A copy of CP-139 is forwarded to Accounts Section of the Concerned Office of AMCS. **[**Refer "***Volume III, Annexure – 172***" for the specimen of ***CP-139***]	CP-139		Concerned Office of AMCS	CA
6.	Preparation of Credit Advice(s)	On the basis of CP-139, Credit Advice(s) is prepared by the Concerned Office of AMCS. **[**Refer "***Volume III, Annexure – 21***" for the specimen of ***Credit Advice***]	Credit Advice		Concerned Office of AMCS	AA
7.	Approval of Credit Advice(s)	Credit Advice(s) is approved by the DAO and AMCS of the Concerned Office of AMCS.			Concerned Office of AMCS	DAO, AMCS
8.	Issuance of Credit Advice(s)	Credit Advice(s) is issued to the IOT Section of Finance Department along with a copy of CP-107 and Stubs.			Concerned Office of AMCS	AA

Sr. No.	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
9.	Preparation of LPS	LPS is prepared to record the Credit Advice(s). **[**Refer "***Volume III, Annexure – 20***" for the specimen of ***LPS***]	LPS	1	Concerned Office of AMCS	AA, DAO, AMCS
10.	Receipt of CP-107 (Unidentified Cash List) from MIS Directorate	CP-107 for the following period is received by the Concerned Office of AMCS from MIS Directorate.			Concerned Office of AMCS	AA, DAO
11.	Verification of CP-107 (Unidentified Cash List) Journal Adjustments) with the CP-139 (Unidentified Cash /Debtor's Adjustment Form)	On receiving the CP-107 from MIS Directorate, transactions of CP-107 are verified by the Concerned Office of AMCS with the CP-139 issued to the MIS Directorate during the period to ensure that all adjustments are accurately incorporated by the MIS Directorate.			Concerned Office of AMCS	AA, DAO
12.	Receipt of Credit Advice(s)	Credit Advice(s) is received by IOT Section of Finance Department from Concerned Office of AMCS.			IOT Section of Finance Department	AMA
13.	Preparation of Credit Note	IOT Section of Finance Department prepares a Credit Note to be forwarded to the Other DISCO. **[**Refer "***Volume III, Annexure – 177***" for the specimen of ***Credit Note***]	Credit Note		IOT Section of Finance Department	AA
14.	Approval of	Credit Note is approved by the AO and AMA of the IOT			IOT Section of Finance	AO, AMA

Sr. No.	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
	Credit Note	Section of Finance Department.			Department	
15.	Credit Note forwarded along with Supporting Documents to Other DISCO	Credit Note along with stubs and relevant CP-107 is forwarded to the Other DISCO by the IOT Section of Finance Department.			IOT Section of Finance Department	AA
16.	Preparation of LPS	LPS is prepared by the IOT Section of Finance Department, on the issuance of Credit Note to Other DISCO. **[**Refer "***Volume III, Annexure – 20***" for the specimen of ***LPS***]	LPS	2	IOT Section of Finance Department	AA, AO, AMA

RNR-14.4 Journal Entries

1. In order to record the Credit Advice(s) sent to the IOT Section of Finance Department, the following entry is posted by the Concerned Office of AMCS:

Description	Debit	Credit
Un-Identified Cash	***	
IOT – Credit Advice		***

2. On issuance of Credit Note to Other DISCO, the following entry is posted by the IOT Section of Finance Department:

Description	Debit	Credit
IOT – Credit Advice	***	
Payable to Associated Company – DISCO		***

RNR-14.5 Summary of Responsibilities for Functional Activities

Office / Section	Summary of Responsibilities for Functional Activities – Reference No.
Cashier	
Concerned Office of AMCS	2, 3, 4
Commercial Assistant	
Concerned Office of AMCS	5
Accounts Assistant	
IOT Section of Finance Department	13, 15, 16
Concerned Office of AMCS	1, 6, 8, 9, 10, 11
Accounts Officer	
IOT Section of Finance Department	14, 16
Divisional Accounts Officer	
Concerned Office of AMCS	7, 9, 10, 11
Assistant Manager Accounts	
IOT Section of Finance Department	12, 14, 16
Assistant Manager Customer Services	
Concerned Office of AMCS	7, 9

RNR-14.6 Key Control Matrix

Sr. No.	Objective	Risk	Control Activity	Activity Ref.#
1	Adjustment of Unidentified Cash relating to Other DISCO is only made for the Unidentified collections made by the Concerned Office of AMCS.	Inaccurate adjustments may be made in the Unidentified Cash account resulting in misstatement in the bill collections.	a) The Consumer's bill is verified with the CP-100 by Banking Section of the Concerned Office of AMCS to check whether the amount of bill of the claimant was actually received by Concerned Office of AMCS. b) The Concerned Office of AMCS verifies CP-107 to check whether this collection was recorded in its CP-107 as Unidentified Cash.	3
2	Accurate adjustment information is forwarded to the MIS Directorate.	Inaccurate adjustment may be made by the MIS Directorate.	CP-64 is prepared by the Banking Section of Concerned office of AMCS on the basis of Consumer's paid Electricity Bill and forwarded to the Debtor's Section of Concerned Office of AMCS for the preparation of CP-139.	4
3	All adjustments made through CP-139 are incorporated accurately and completely in the correct consumer's account.	Incorrect adjustments may result in misstatement in the consumer's account.	On receiving the CP-107 from MIS Directorate, figures of CP-107 are verified with the CP-139 prepared during the month to ensure that each CP-139 submitted to the MIS Directorate is incorporated in the CP-107.	6
4	Only authorized Credit Advice(s) is issued to the IOT Section of Finance Department.	Unauthorized Credit Advice(s) may be issued to the IOT Section of Finance Department.	Credit Advice(s) is approved by the DAO and AMCS of the Concerned Office of AMCS.	8
5	Bill adjustment is recorded accurately and in the correct accounting period.	Unidentified Cash may be misstated.	LPS for adjustment in Unidentified Cash is prepared by the AA verified by the DAO and approved by the AMCS	9
6	All adjustments made through CP-139 are incorporated accurately and completely by the MIS Directorate.	Unidentified Cash may not be updated completely resulting in misstatement.	On receiving the CP-107 from MIS Directorate, transactions of CP-107 are verified by the Concerned Office of AMCS with the CP-139 issued to the MIS	11

Sr. No.	Objective	Risk	Control Activity	Activity Ref.#
			Directorate during the period to ensure that all adjustments are accurately incorporated by the MIS Directorate.	
7	Only authorized Credit Note is issued to the Other DISCO.	Unauthorized Credit Note may be issued to the Other DISCO.	Credit Note is approved by the AO and AMA of the IOT Section of Finance Department.	14
8	Payable to Associated Company – DISCO is recorded accurately and in the correct accounting period.	Payable to Associated Company – DISCO may be misstated.	LPS for recording Payable to Associated Company DISCO is prepared by the AA verified by the AO and approved by the AMA	16

RNR-15 Adjustment of Free Electricity Supply to Entitled Employees (DISCO, WAPDA & Associated Companies)

RNR-15.1 Descriptive Overview of the Process

A. This process covers the activities regarding adjustment of Free Electricity Supply to Entitled Employees (DISCO, WAPDA & Associated Companies).

B. CP-91 (WAPDA Employees Free Electricity Assessment and Payment Summary) is received from MIS Directorate.

C. For Entitled Employees of Concerned Office of AMCS, LPS is prepared to record expense for In Service Employees and decrease in Liability for Pensioners.

D. For Entitled Employees of Other Accounting Units of own DISCO, Debit Advice(s) is prepared and issued to the Other Accounting Units.

E. LPS is prepared by the Concerned Office of AMCS to record Debit Advice(s).

F. For Entitled Employees of WAPDA and its Allied Office(s), a copy of CP-91 along with a Covering Letter is forwarded to WAPDA and its Allied Office(s). LPS is prepared to record the receivables.

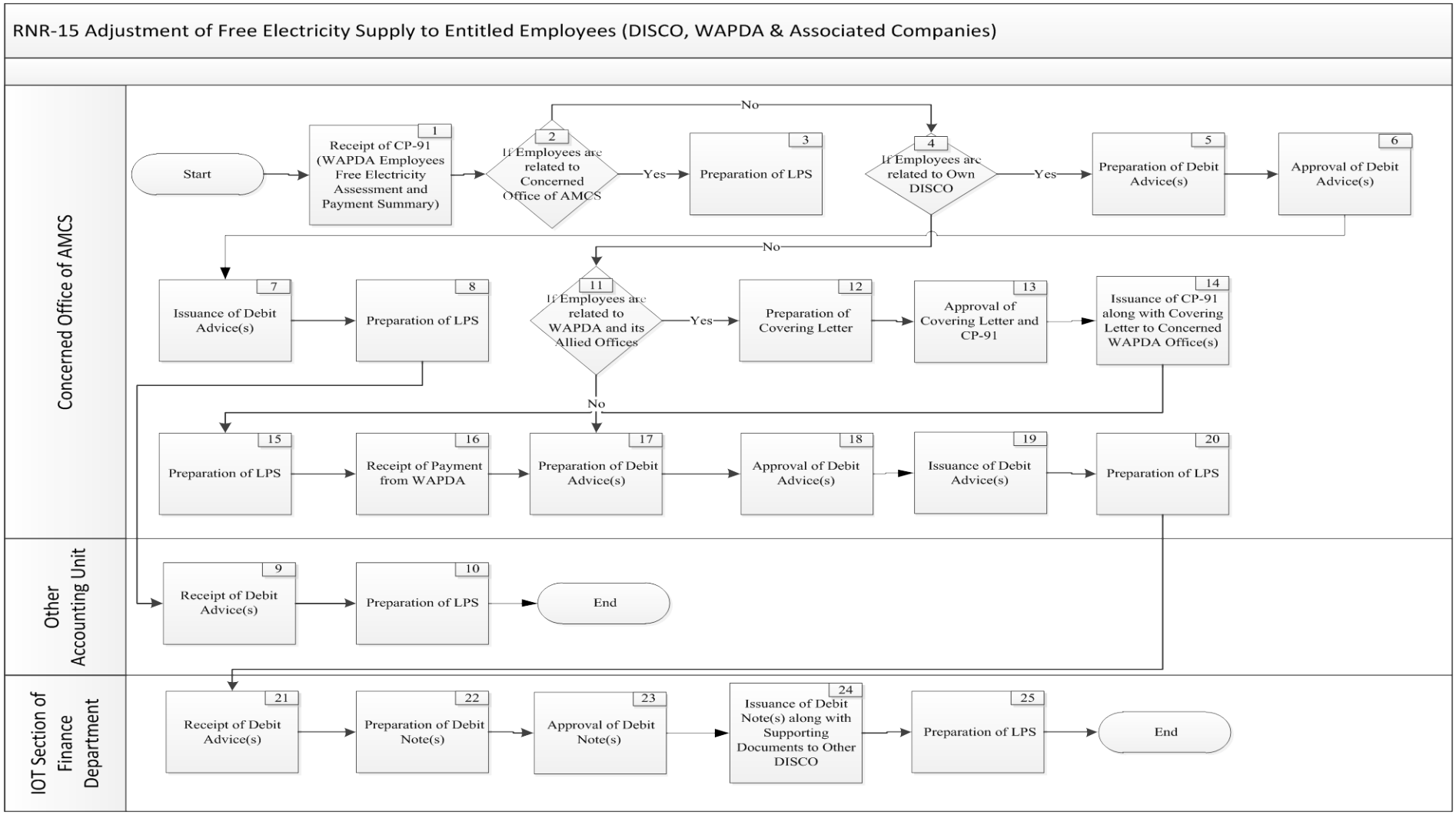
G. For Entitled Employees of Associated Companies, Debit Advice(s) is prepared and issued to the IOT Section of Finance Department for the preparation of Debit Note.

H. LPS is prepared by the Concerned Office of AMCS to record the Debit Advice(s).

I. Debit Note is prepared on the basis of Debit Advice(s) by the IOT Section of Finance Department and issued to the concerned Associated Company.

J. LPS is prepared by the IOT Section of Finance Department to record receivables from Associated Company.

RNR-15.2 Flow Chart



RNR-15.3 Detail of Process Activities

Sr. No.	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
1.	Receipt of CP-91 (WAPDA Employees Free Electricity Assessment and Payment Summary)	CP-91 is received by the Concerned Office of AMCS from the MIS Directorate on monthly basis, containing the details of Entitled Employees (Own DISCO, Associated Companies and WAPDA) under the jurisdiction of each Concerned Office of AMCS.			Concerned Office of AMCS	AA
2.	If Employees are related to Concerned Office of AMCS	If Employees are related to the Concerned Office of AMCS then continue to Activity# 3, else Activity# 4.			Concerned Office of AMCS	
3.	Preparation of LPS	a) LPS is prepared to record the Expense of Free Electricity to In Service Entitled Employees of the Concerned Office of AMCS. b) LPS is prepared to record the decrease in the Liability of Pensioners (Retired Employees). **[**Refer "***Volume III, Annexure – 20***" for the specimen of ***LPS***]	LPS	1	Concerned Office of AMCS	AA, DAO, AMCS
4.	If Employees are related to Own DISCO	If Employees are related to Own DISCO's Other Accounting Units then continues to Activity# 5, else continues to Activity# 11.			Concerned Office of AMCS	
5.	Preparation of Debit Advice(s)	Debit Advice(s) is prepared to record the Receivables for the Electricity Bills of Entitled Employees from the Other Accounting Unit(s).	Debit Advice		Concerned Office of AMCS	AA, DAO

Sr. No.	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
		[Refer "***Volume III, Annexure – 53***" for the specimen of ***Debit Advice***]				
6.	Approval of Debit Advice(s)	Debit Advice(s) is approved by the DAO and AMCS of the Concerned Office of AMCS.			Concerned Office of AMCS	DAO, AMCS
7.	Issuance of Debit Advice(s)	Debit Advice(s) is issued by the Concerned Office of AM Customer Services to the Other Accounting Unit(s).			Concerned Office of AMCS	AA
8.	Preparation of LPS	LPS is prepared by the Concerned Office of AMCS to record the issuance of Debit Advice(s). **[**Refer "***Volume III, Annexure – 20***" for the specimen of ***LPS***]	LPS	2	Concerned Office of AMCS	AA, DAO, AMCS
9.	Receipt of Debit Advice(s)	Other Accounting Unit receives the Debit Advice(s) from Concerned Office of AMCS.			Other Accounting Unit	AA, DAO
10.	Preparation of LPS	LPS is prepared by the Other Accounting Unit to record the Expense for Free Electricity to Entitled Employees and to decrease Liability of Pensioners. **[**Refer "***Volume III, Annexure – 20***" for the specimen of ***LPS***]	LPS	3	Other Accounting Unit	AA, DAO
11.	If Employees are related to WAPDA and its Allied Offices	If Employees are related to WAPDA and its Allied Offices then continues to Activity# 12, else continues to Activity# 17.			Concerned Office of AMCS	
12.	Preparation of Covering Letter	Concerned Office of AMCS prepares a Covering Letter containing the detail of supply of Free Electricity to Entitled Employees of WAPDA and its Allied Offices.	Covering Letter for Free Electricity to WAPDA		Concerned Office of AMCS	DAO

Sr. No.	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
		[Refer "***Volume III, Annexure – 178***" for the specimen of ***Covering Letter for free electricity to WAPDA employees***]	Employees			
13.	Approval of Covering Letter and CP-91	Covering Letter along with a copy of CP-91 is approved by the DAO and AMCS of the Concerned Office of AMCS.			Concerned Office of AMCS	DAO, AMCS
14.	Issuance of CP-91 along with Covering Letter to WAPDA and its Allied Office(s)	CP-91 along with the Covering Letter is forwarded by the Concerned Office of AMCS to WAPDA and its Allied Office(s).			Concerned Office of AMCS	AA
15.	Preparation of LPS	LPS is prepared by the Concerned Office of AMCS to record receivables from WAPDA and its Allied Offices. [Refer "***Volume III, Annexure – 20***" for the specimen of ***LPS***]	LPS	4	Concerned Office of AMCS	AA, DAO, AMCS
16.	Receipt of Payment from WAPDA	Cheque for Receivable from WAPDA and its Allied Office(s) for Free Electricity to Entitled Employees is received by the Concerned Office of AMCS from WAPDA and its Allied Office(s). [Refer ***"CTM – 28"*** for details regarding ***receipt of cheque from WAPDA for supply of free electricity***]		Entry for receipt of Cheque from WAPDA is mentioned in process CTM-28	Concerned Office of AMCS	
17.	Preparation of Debit Advice(s)	On the basis of CP-91, Debit Advice(s) is prepared by the Concerned Office of AMCS for supply of Free Electricity to the Entitled Employees of Associated Companies (Other	Debit Advice		Concerned Office of AMCS	AA

Sr. No.	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
		DISCO(s), GENCOs, NTDC, CPPA and Others). **[**Refer "***Volume III, Annexure – 53***" for the specimen of ***Debit Advice***]				
18.	Approval of Debit Advice(s)	Debit Advice(s) is approved by the DAO and AMCS of the Concerned Office of AMCS.			Concerned Office of AMCS	DAO, AMCS
19.	Issuance of Debit Advice(s)	Debit Advice(s) is issued along with a copy of CP-91 of relevant month to the IOT Section of Finance Department.			Concerned Office of AMCS	AA
20.	Preparation of LPS	LPS is prepared by the Concerned Office of AMCS to record the issuance of Debit Advice(s). **[**Refer "***Volume III, Annexure – 20***" for the specimen of ***LPS***]	LPS	5	Concerned Office of AMCS	AA, DAO, AMCS
21.	Receipt of Debit Advice(s)	Debit Advice(s) is received from Concerned Office of AMCS by IOT Section of Finance Department.			IOT Section of Finance Department	AMA
22.	Preparation of Debit Note(s)	IOT Section of Finance Department prepares a Debit Note(s). **[**Refer "***Volume III, Annexure – 179***" for the specimen of ***Debit Note***]	Debit Note		IOT Section of Finance Department	AA
23.	Approval of Debit Note(s)	Debit Note(s) is approved by the AO and AMA of the IOT Section of Finance Department.			IOT Section of Finance Department	AO, AMA
24.	Issuance of Debit Note(s) along with Supporting Documents to	IOT Section of Finance Department forwards the Debit Note(s), along with a copy of CP-91 to the Associated Companies.			IOT Section of Finance Department	AA

Sr. No.	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
	Other DISCO					
25.	Preparation of LPS	LPS is prepared by the IOT Section of Finance Department to record the Receivable from Associated Companies. [Refer "***Volume III, Annexure – 20***" for the specimen of ***LPS***]	LPS	6	IOT Section of Finance Department	AA, AO, AMA

RNR-15.4 Journal Entries

1. To record the Expense of Free Electricity to Entitled Employees of own Office of AMCS, the following entry is posted by the Concerned Office of AMCS:

a. In Service Employees

Description	Debit	Credit
Employee Free Electricity Supply – In Service Employees (Expense Account)	***	
Receivable – DISCO Circle Name		***
Receivable – Electricity Duty		***
Receivable – Income Tax		***
Receivable – GST		***
Receivable – TV Fee		***
Receivable – Neelum Jhelum Surcharge		***
Receivable – EQ Surcharge		***
Receivable – Sales Tax		***

b. Retired Employees

Description	Debit	Credit
Employee Free Electricity Supply - Pensioner (Liability Account)	***	
Receivable – DISCO Circle Name		***
Receivable – Electricity Duty		***
Receivable – Income Tax		***
Receivable – GST		***
Receivable – TV Fee		***
Receivable – Neelum Jhelum Surcharge		***
Receivable – EQ Surcharge		***
Receivable – Sales Tax		***

2. To record the Debit Advice(s) for Free Electricity Supply to Employees of Other Accounting Units of DISCO, the following entry is posted by the Concerned Office of AMCS :

a. In-Service Employees

Description	Debit	Credit
IOT – Debit Advice	***	
Receivable – DISCO Circle Name		***
Receivable – Electricity Duty		***
Receivable – Income Tax		***
Receivable – GST		***
Receivable – TV Fee		***
Receivable – Neelum Jhelum Surcharge		***
Receivable – EQ Surcharge		***
Receivable – Sales Tax		***

b. Retired Employees

Description	Debit	Credit

IOT – Debit Advice	***	
Receivable – DISCO Circle Name		***
Receivable – Electricity Duty		***
Receivable – Income Tax		***
Receivable – GST		***
Receivable – TV Fee		***
Receivable – Neelum Jhelum Surcharge		***
Receivable – EQ Surcharge		***
Receivable – Sales Tax		***

3. To record the Employee Benefit Expense, the following entry is posted by the Other Accounting Unit:

a. In Service Employees

Description	Debit	Credit
Employee Free Electricity Supply – In Service Employees (Expense Account)	***	
IOT – Debit Advice		***

b. Retired Employees

Description	Debit	Credit
Employee Free Electricity Supply - Pensioner (Liability Account)	***	
IOT – Debit Advice		***

4. To record the Receivable from WADPA, the following entry is posted by the Concerned Office of AMCS:

Description	Debit	Credit
Receivable from Associated Company – WAPDA	***	
Receivable – DISCO Circle Name		***
Receivable – Electricity Duty		***
Receivable – Income Tax		***
Receivable – GST		***
Receivable – TV Fee		***
Receivable – Neelum Jhelum Surcharge		***
Receivable – EQ Surcharge		***
Receivable – Sales Tax		***

5. To record the Debit Advice(s) for Free Electricity Supply to Employees of Other DISCOs, the following entry is posted by the Concerned Office of AMCS:

a. In-Service Employees

Description	Debit	Credit
IOT – Debit Advice	***	
Receivable – DISCO Circle Name		***
Receivable – Electricity Duty		***
Receivable – Income Tax		***
Receivable – GST		***

Receivable – TV Fee		***
Receivable – Neelum Jhelum Surcharge		***
Receivable – EQ Surcharge		***
Receivable – Sales Tax		***

b. Retired Employees

Description	Debit	Credit
IOT – Debit Advice	***	
Receivable – DISCO Circle Name		***
Receivable – Electricity Duty		***
Receivable – Income Tax		***
Receivable – GST		***
Receivable – TV Fee		***
Receivable – Neelum Jhelum Surcharge		***
Receivable – EQ Surcharge		***
Receivable – Sales Tax		***

6. To record Receivable against the concerned Associated Company - DISCO, the following entry is posted by the IOT Section of the Finance Department:

Description	Debit	Credit
Receivable from Associated Company – DISCO	***	
IOT – Debit Advice		***

RNR-15.5 Summary of Responsibilities for Functional Activities

Office / Section	Summary of Responsibilities for Functional Activities – Reference No.
Accounts Assistant	
IOT Section of Finance Department	22, 24, 25
Other Accounting Unit	9, 10
Concerned Office of AMCS	1, 3, 5, 7, 8, 14, 15, 17, 19, 20
Accounts Officer	
IOT Section of Finance Department	23,25
Divisional Accounts Officer	
Concerned Office of AMCS	3, 5, 6, 8, 12, 13, 15, 18, 20
Other Accounting Unit	9, 10
Assistant Manager Accounts	
IOT Section of Finance Department	21, 23, 25
Assistant Manager Customer Services	
Concerned Office of AMCS	3, 6, 8, 13, 15, 18, 20

RNR-15.6 Key Control Matrix

Sr. No.	Objective	Risk	Control Activity	Activity Ref.#
1	Adjustment for Free Electricity is only made for entitled employees.	Adjustment may be made for unauthorized employees.	CP-91 is received by the Concerned Office of AMCS from the MIS Directorate on monthly basis, containing the details of Entitled Employees (Own DISCO, Associated Companies and WAPDA) under the jurisdiction of each Concerned Office of AMCS.	1
2	Expense for Free Electricity is recorded accurately and in the correct accounting period.	Expense for Free Electricity may be misstated.	LPS is prepared by the AA, verified by the DAO and approved by the AMCS.	3
3	Only approved Debit Advice(s) is issued to the Other Accounting Unit(s).	Unauthorized Debit Advice(s) may be issued to the other Accounting Unit(s).	Debit Advice(s) is approved by the DAO and AMCS of the Concerned Office of AMCS.	6, 18, 23
4	Debit Advice(s) is recorded accurately and in the correct accounting period.	Debit Advice(s) is incorrectly recorded resulting in misstatement.	LPS is prepared by the AA, verified by the DAO and approved by the AMCS.	8, 20, 25
5	Only approved CP-91 and Covering Letter is forwarded to the WAPDA and its Allied Offices.	Unauthorized CP-91 and Covering Letter may be forwarded to the WAPDA and its allied Offices.	Covering Letter along with a copy of CP-91 is approved by the DAO and AMCS of the Concerned Office of AMCS.	13

RNR-16 Adjustment of Inter-Divisional Transfer of Consumers

RNR-16.1 Descriptive Overview of the Process

A. This process covers the activities regarding adjustment of Inter-Divisional Transfer of Consumers.

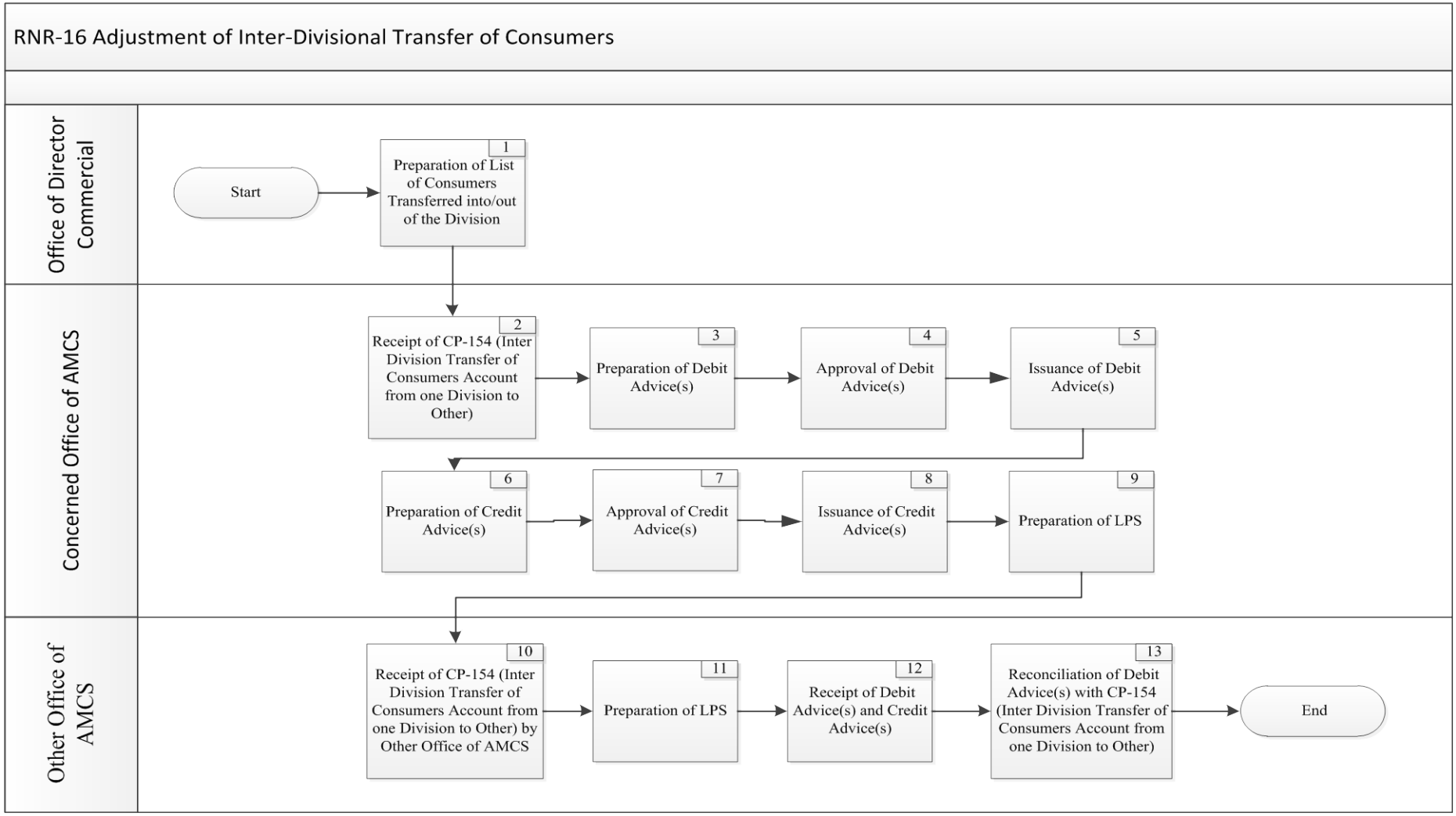
B. CP-154 (Inter Division Transfer of Consumers Account from one Division to Other) is prepared by the MIS Directorate on the basis of List of Consumers Transferred into/out of the Division received from Director Commercial and forwarded to the concerned Offices of AMCS.

C. The Office of AMCS from which the Consumer(s) is transferred out prepares Debit Advice(s) and Credit Advice(s)on the basis of CP-154 and forwards the Debit Advice(s) and Credit Advice(s) to the Other Office of AMCS.

D. LPS is prepared to record the Debit Advice(s).

E. Other Office of AMCS prepares LPS on the basis of CP-154 to record the transfer of consumer into the Division and upon receiving CP-154, reconciles it with Debit Advice(s) and Credit Advice(s) received.

RNR-16.2 Flow Chart



RNR-16.3 Detail of Process Activities

Sr. No.	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
1.	Preparation of List of Consumers Transferred into/out of the Division	In case Consumer(s) from one Division is to be transferred to another Division, a list of such Consumer(s) is prepared by the Director Commercial and forwarded to the MIS Directorate. **[**Refer "***Volume III, Annexure – 180***" for the specimen of ***List of consumers transferred into/out of the Division***]	List of Consumers Transferred into/out of the Division		Office of Director Commercial	Director Commercial
2.	Receipt of CP-154 (Inter Division Transfer of Consumers Account from one Division to Other)	a) MIS Directorate updates the relevant Consumers account as per the List received from the Director Customer Services. b) CP-154 is prepared by the MIS Directorate and forwarded to both the Offices of AMCS, i.e. The Concerned Office of AMCS from which the Consumer(s) is transferred out and the Other Office of AMCS where the Consumer(s) is transferred to. c) CP-154 is received by the Concerned Office of AMCS from which the Consumer(s) is transferred out.			Concerned Office of AMCS	AA
3.	Preparation of Debit Advice(s)	Debit Advice(s) is prepared by the Concerned Office of AMCS to transfer the Receivables of relevant Consumer(s) to the Other Office of AMCS. **[**Refer "***Volume III, Annexure – 53***" for the specimen of ***Debit Advice***]	Debit Advice		Concerned Office of AMCS	AA

Sr. No.	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
4.	Approval of Debit Advice(s)	Debit Advice(s) is approved by the DAO and AMCS of the Concerned Office of AMCS.			Concerned Office of AMCS	DAO, AMCS
5.	Issuance of Debit Advice(s)	Debit Advice(s) is issued by the Concerned Office of AMCS to Other Office of AMCS.			Concerned Office of AMCS	AA
6.	Preparation of Credit Advice(s)	Credit Advice(s) is prepared by the Concerned Office of AMCS to transfer the Not Yet Realized balances of relevant Consumer(s) to the Other Office of AMCS. **[**Refer "***Volume III, Annexure – 21***" for the specimen of ***Credit Advice***]	Credit Advice		Concerned Office of AMCS	AA
7.	Approval of Credit Advice(s)	Credit Advice(s) is approved by the DAO and AMCS of the Concerned Office of AMCS.			Concerned Office of AMCS	DAO, AMCS
8.	Issuance of Credit Advice(s)	Credit Advice(s) is issued by the Concerned Office of AMCS to Other Office of AMCS.			Concerned Office of AMCS	AA
9.	Preparation of LPS	LPS is prepared by the Concerned Office of AMCS to record the issuance of Debit Advice(s) and Credit Advice(s) for the transference of Receivables and Not Yet Realized balances of relevant Consumer(s) to Other Office of AMCS. **[**Refer "***Volume III, Annexure – 20***" for the specimen of ***LPS***]	LPS	1	Concerned Office of AMCS	AA, DAO, AMCS
10.	Receipt of CP-154 (Inter Division Transfer of Consumers Account from one Division to	CP-154 is received from the MIS Directorate by the Other Office of AMCS where the Consumer(s) is transferred to.			Other Office of AMCS	AA

Sr. No.	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
	Other) by Other Office of AMCS					
11.	Preparation of LPS	LPS is prepared to record the transference of Receivables into the Other Office of AMCS on the basis of CP-154. **[**Refer "***Volume III, Annexure – 20***" for the specimen of ***LPS***]	LPS	2	Other Office of AMCS	AA, DAO, AMCS
12.	Receipt of Debit Advice(s) and Credit Advice(s)	Debit Advice(s) and Credit Advice(s) are received by the Other Office of AMCS from the Concerned Office of AMCS.			Other Office of AMCS	AA
13.	Reconciliation of Debit Advice(s) and Credit Advice (s) with CP-154 (Inter Division Transfer of Consumers Account from one Division to Other)	Other Office of AMCS reconciles the Debit Advice(s) and Credit Advice(s) with CP-154 to verify the accuracy of LPS received from the MIS Directorate.			Other Office of AMCS	AA, DAO

RNR-16.4 Journal Entries

1. To record the transfer of consumers out of the Division on the basis of CP-154 through Debit Advice(s) and Credit Advice(s), the following entries are posted by the Concerned Office of AMCS:

a) To record the Debit Advice(s) the following entry is posted by the Concerned Office of AMCS:

Description	Debit	Credit
IOT – Debit Advice	***	
Receivable – DISCO Circle Name		***
Receivable – Electricity Duty		***
Receivable – Income Tax		***
Receivable – GST		***
Receivable – TV Fee		***
Receivable – Neelum Jhelum Surcharge		***
Receivable – EQ Surcharge		***
Receivable – Sales Tax		***

b) To record the Credit Advice(s) the following entry is posted by the Concerned Office of AMCS:

Description	Debit	Credit
Electricity Duty – Not Yet Realized	***	
Income Tax – Not Yet Realized	***	
TV Fee – Not Yet Realized	***	
Neelum Jhelum Surcharge – Not Yet Realized	***	
Sales Tax – Not Yet Realized	***	
EQ Surcharge – Not Yet Realized	***	
IOT – Credit Advice		***

2. To record the transfer of consumers in to the Division on the basis of CP-154 through receiving Debit Advice(s) and Credit Advice(s), the following entries are posted by the Other Office of AMCS:

a) To record the receipt of Debit Advice(s), the following entry is posted by the Other Office of AMCS:

Description	Debit	Credit
Receivable – DISCO Circle Name	***	
Receivable – Electricity Duty	***	
Receivable – Income Tax	***	
Receivable – GST	***	
Receivable – TV Fee	***	
Receivable – Neelum Jhelum Surcharge	***	
Receivable – EQ Surcharge	***	
Receivable – Sales Tax	***	
IOT – Debit Advice		***

b) To record the receipt of Credit Advice(s), the following entry is posted by the Other Office of AMCS:

Description	Debit	Credit
IOT – Debit Advice	***	
Electricity Duty – Not Yet Realized		***
Income Tax – Not Yet Realized		***
TV Fee – Not Yet Realized		***
Neelum Jhelum Surcharge – Not Yet Realized		***
Sales Tax – Not Yet Realized		***
EQ Surcharge – Not Yet Realized		***

RNR-16.5 Summary of Responsibilities for Functional Activities

Office / Section	Summary of Responsibilities for Functional Activities – Reference No.
Accounts Assistant	
Other Office of AMCS	10, 11, 12, 13
Concerned Office of AMCS	2, 3, 5, 6, 8, 9
Divisional Accounts Officer	
Other Office of AMCS	11, 13
Concerned Office of AMCS	4, 6, 9
Assistant Manager Customer Services	
Other Office of AMCS	11
Concerned Office of AMCS	4, 7, 9
Director Commercial	
Office of Director Commercial	1

RNR-16.6 Key Control Matrix

Sr. No.	Objective	Risk	Control Activity	Activity Ref.#
1	Only approved Debit Advice(s) is issued to the Other Office of AMCS.	Unauthorized Debit Advice(s) may be issued to the Other Office of AMCS.	Debit Advice(s) is approved by the DAO and AMCS of the Concerned Office of AMCS.	4
2	Only approved Credit Advice(s) is issued to the Other Office of AMCS.	Unauthorized Credit Advice(s) may be issued to the Other Office of AMCS.	Credit Advice(s) is approved by the DAO and AMCS of the Concerned Office of AMCS.	7
3	Receivables of relevant Consumer are transferred to the Other Office of AMCS accurately and completely.	Receivables of relevant consumers may be misstated.	LPS is prepared by the Concerned Office of AMCS to record the issuance of Debit Advice(s) and Credit Advice(s) for the transference of Receivables and Not Yet Realized balances of relevant Consumer(s) to Other Office of AMCS.	9
4	Receivables of relevant Consumer are transferred into the Other Office of AMCS accurately and completely.	Receivables of relevant consumers may be misstated.	LPS is prepared to record the transference of Receivables and Note Yet Realized balances into the Other Office of AMCS on the basis of CP-154.	11
5	Amount recorded in LPS matches the amount as per Debit Advice(s) and Credit Advice(s) received by the Other Office of AMCS.	Difference between amount as per Debit Advice(s) and Credit Advice(s) received and amount as per CP-154 may result in misstatement in the amount of receivables from consumers.	Other Office of AMCS reconciles the Debit Advice(s) with CP-154 to verify the accuracy of LPS received from the MIS Directorate.	13

RNR-17 Adjustment of Security against arrears of Electricity Bill

RNR-17.1 Descriptive Overview of the Process

A. This process covers the activities regarding the adjustment of Security against arrears.

B. List of Permanent Defaulters is received from the MIS Directorate and CP-26 (Security Deposit Register) is verified to determine the amount of Security deposited by the Defaulter.

C. CP-139 (Unidentified Cash /Debtor's Adjustment Form) is prepared to adjust the Security against Arrears and forwarded to MIS Directorate for the preparation of CP-116 (Security Deposits Adjusted against Debtors or Repaid).

D. CP-116 is matched with CP-41 (Return of Consumers Billing and Collection) and LPS is prepared to record the adjustment of Security against arrears.

E. A list of Defaulters is prepared containing the detail of consumers whose balance against the Electricity bill is to be written off.

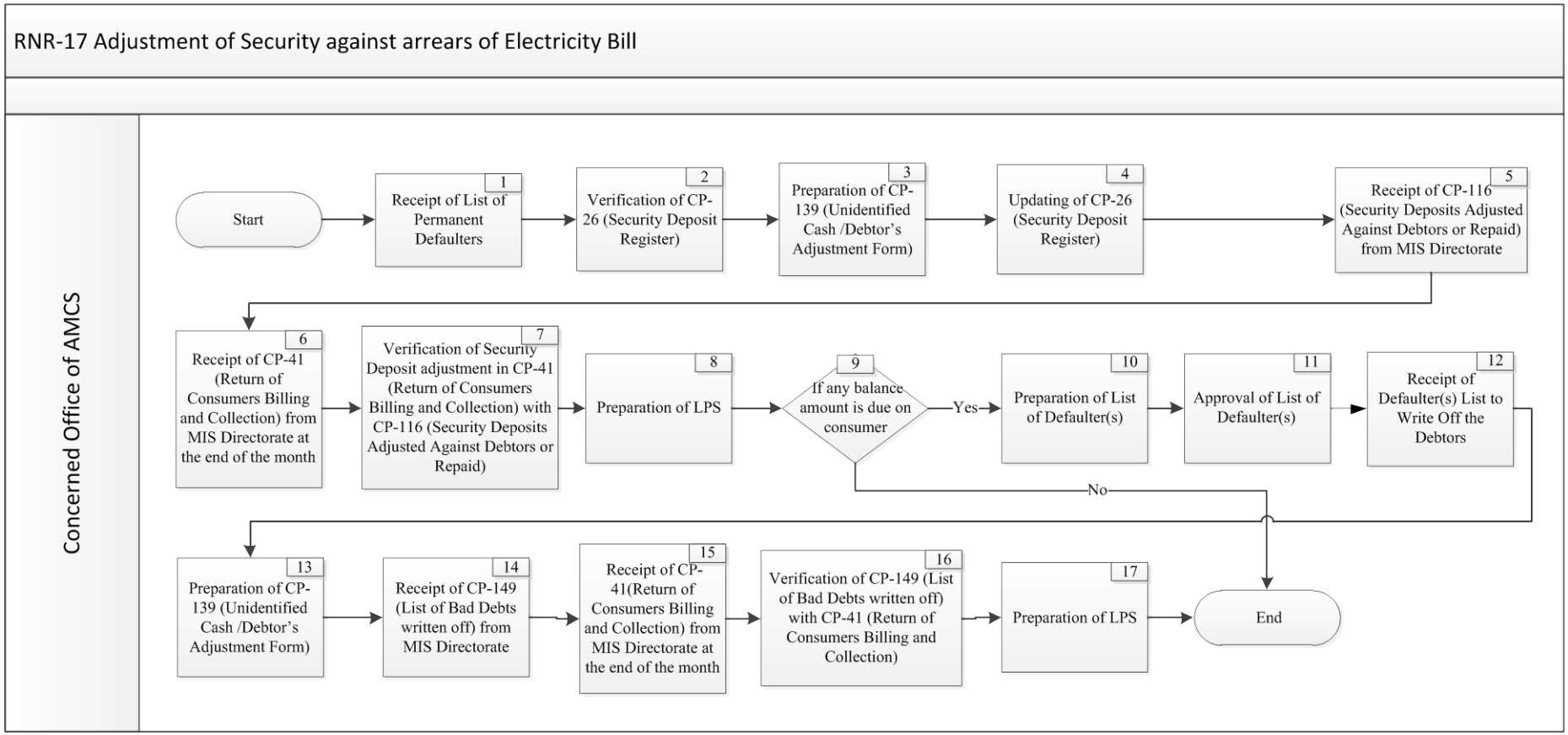
F. List of Defaulters is approved by the DMO and sent back to the Office of AMCS to write off the receivables.

G. CP-139 is prepared and sent to MIS Directorate for writing off bad debts.

H. CP-149 (List of Bad Debts written off) is received from MIS Directorate and verified with CP-41.

I. LPS is prepared to write off the receivables of Defaulters.

RNR-17.2 Flow Chart



RNR-17.3 Detail of Process Activities

Sr. No.	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
1.	Receipt of List of Permanent Defaulters	List of Permanent Defaulters is received by the Concerned Office of AMCS from the MIS Directorate to adjust the Security Deposit of Defaulter against Electricity Bill Receivables.			Concerned Office of AMCS	AA
2.	Verification of CP-26 (Security Deposit Register)	a) Concerned Office of AMCS checks CP-26 to determine the amount of Security deposited by the Defaulter. b) Adjustment detail is forwarded to the Debtors Section of the Concerned Office of AMCS for the preparation of CP-139.			Concerned Office of AMCS	AA, DAO
3.	Preparation of CP-139 (Unidentified Cash /Debtor's Adjustment Form)	a) CP-139 is prepared by the Debtors Section of the Concerned Office of AMCS for adjustment of Security Deposit of Defaulters against Electricity Bills Receivables. b) CP-139 is forwarded to the MIS Directorate. c) A copy of CP-139 is forwarded to the Accounts Section of the Concerned Office of AMCS. **[**Refer "***Volume III, Annexure – 172***" for the specimen of ***CP-139***]	CP-139		Concerned Office of AMCS	CA
4.	Updating of CP-26 (Security Deposit Register)	On the basis of CP-139, CP-26 is updated by the Concerned Office of AMCS to incorporate the adjustment made into the Security Deposit of relevant Consumer's Account.	CP-26		Concerned Office of AMCS	AA, DAO

Sr. No.	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
		[Refer "***Volume III, Annexure – 18***" for the specimen of ***CP-26***]				
5.	Receipt of CP-116 (Security Deposits Adjusted Against Debtors or Repaid) from MIS Directorate	a) On the basis of CP-139, CP-116 is prepared by MIS Directorate and forwarded to the Concerned Office of AMCS. b) CP-116 is received by Concerned Office of AMCS from the MIS Directorate.			Concerned Office of AMCS	AA
6.	Receipt of CP-41 (Return of Consumers Billing and Collection) from MIS Directorate at the end of the month	CP-41 is received by the Concerned Office of AMCS from MIS Directorate on monthly basis.			Concerned Office of AMCS	AA
7.	Verification of Security Deposit adjustment in CP-41 (Return of Consumers Billing and Collection) with CP-116 (Security Deposits Adjusted Against Debtors or Repaid)	Total of Security Deposit adjustment as per CP-41 is matched with the total amount of all CP-116 adjustments made during the period to ensure that all the adjustments are incorporated in the Consumer's Account.			Concerned Office of AMCS	AA, DAO

Sr. No.	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
8.	Preparation of LPS	LPS is prepared by the Concerned Office of AMCS to adjust the Security Deposit of the Defaulter(s). **[**Refer "***Volume III, Annexure – 20***" for the specimen of ***LPS***]	LPS	1	Concerned Office of AMCS	AA, DAO, AMCS
9.	If any balance amount is due on consumer	If any balance amount is due on consumer then continues to Activity# 10 else the process ends.			Concerned Office of AMCS	
10.	Preparation of List of Defaulter(s)	A list of Defaulter(s) is prepared by Debtor Section of the Concerned Office of AMCS and forwarded to Concerned Office of AMO for recovery purposes, in case security deposit is less than the arrears. **[**Refer "***Volume III, Annexure – 175***" for the specimen of ***List of Defaulters***]	List of Defaulters		Concerned Office of AMCS	CA
11.	Approval of List of Defaulter(s)	List of Defaulter(s) is approved by the AMO and sent back to the Concerned Officer of AMCS.			Concerned Office of AMO	AMO
12.	Receipt of Defaulter(s) List to Write Off the Debtors	Approved List of Defaulter(s) is received by Concerned Office of AMCS from the Concerned Division to Write Off the Debtors from whom the amount of Electricity Bills could not be recovered.			Concerned Office of AMCS	AA
13.	Preparation of CP-139 (Unidentified Cash /Debtor's Adjustment Form)	a) CP-139 is prepared by the Debtor Section of the Concerned Office of AMCS to Write Off the Receivables of Defaulters. b) CP-139 is forwarded by the Concerned Office of AMCS to the MIS Directorate for the preparation of CP-149.	CP-139		Concerned Office of AMCS	CA

Sr. No.	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
		[Refer "***Volume III, Annexure – 172***" for the specimen of ***CP-139***]				
14.	Receipt of CP-149 (List of Bad Debts written off) from MIS Directorate	a) CP-149 is prepared by the MIS Directorate on the basis of CP-139 and forwarded to the Concerned Office of AMCS. b) CP-149 is received from the MIS Directorate by the Concerned Office of AMCS..			Concerned Office of AMCS	AA
15.	Receipt of CP-41(Return of Consumers Billing and Collection) from MIS Directorate at the end of the month	CP-41 is received by the Concerned Office of AMCS from MIS Directorate.			Concerned Office of AMCS	AA
16.	Verification of CP-149 (List of Bad Debts written off) with CP-41 (Return of Consumers Billing and Collection)	Total amount of Receivables Written Off as per CP-41 is matched with the total amounts of CP-149 during the period to ensure that all the CP-139 sent to MIS Directorate for adjustments are incorporated in the relevant Consumer's Account.			Concerned Office of AMCS	AA, DAO
17.	Preparation of LPS	LPS is prepared to Write Off the Receivables of Defaulters. [Refer "***Volume III, Annexure –*** " for the specimen of	LPS	2	Concerned Office of AMCS	AA, DAO, AMCS

Sr. No.	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
		***LPS*]**				

RNR-17.4 Journal Entries

1. To adjust the Security Deposit against arrears of Electricity Bills on the basis of CP-116 and CP-41, the following entry is posted by the Concerned Office of AMCS:

Description	Debit	Credit
Security Deposit	***	
Receivable – DISCO Circle Name		***
Receivable – Electricity Duty		***
Receivable – Income Tax		***
Receivable – GST		***
Receivable – TV Fee		***
Receivable – Neelum Jhelum Surcharge		***
Receivable – EQ Surcharge		***
Receivable – Sales Tax		***

2. To Write Off the Receivables of Defaulter on the basis of CP-149 and CP-41, the following entry is posted by the Concerned Office of AMCS:

Description	Debit	Credit
Allowances for Bad Debts	***	
Receivable – DISCO Circle Name		***
Receivable – Electricity Duty		***
Receivable – Income Tax		***
Receivable – GST		***
Receivable – TV Fee		***
Receivable – Neelum Jhelum Surcharge		***
Receivable – EQ Surcharge		***
Receivable – Sales Tax		***

RNR-17.5 Summary of Responsibilities for Functional Activities

Office / Section	Summary of Responsibilities for Functional Activities – Reference No.
Commercial Assistant	
Concerned Office of AMCS	3, 10, 13
Accounts Assistant	
Concerned Office of AMCS	1, 2, 4, 5, 6, 7, 8, 12, 14, 15, 16, 17
Divisional Accounts Officer	
Concerned Office of AMCS	2, 4, 7, 8, 16, 17
Assistant Manager Operations	
Concerned Office of AMO	11
Assistant Manager Customer Services	
Concerned Office of AMCS	8, 17

RNR-17.6 Key Control Matrix

Sr. No.	Objective	Risk	Control Activity	Activity Ref.#
1	Arrears of electricity bills are adjusted against valid security deposit balance.	Security deposit account may be wrongly adjusted resulting in over/under statement of security that is to be adjusted against arrears.	CP-139 is prepared on the basis of List of Permanent Defaulters received from MIS Department and CP-26 (Security Deposit Register) by Commercial Assistant and reviewed by AA and DAO.	3
2	Adjustment of security deposit against arrears of electricity bill.	Arrears of electricity bills may not be adjusted appropriately against security deposit affecting the receivables in financial statements.	LPS is prepared to record the adjustment of security deposit on the basis of CP 41 and CP 116 in individual Consumer's Account by AA and reviewed by DAO and AMCS.	8
3	Bad debt is appropriately monitored and managed.	Defaulters list may be inappropriately prepared resulting in overstatement of debtors balance.	If arrears are not completely adjusted against security deposited by defaulter consumers, a list of these consumers is prepared by Commercial Assistant and approve by AMO to Write Off the Debtors.	12
4	Bad debt is appropriately monitored and managed.	Debtors may be wrongly written off resulting in misstatement of financial statements.	LPS is prepared to record write off of debtors by matching total amount of Receivables Written Off as per CP-41 with the total amounts of CP-149 during the period to ensure that all the CP-139 sent to MIS Directorate for adjustments are incorporated in the relevant Consumer's Account.	17

RNR-18 Provision for Spill over Revenue

RNR-18.1 Descriptive Overview of the Process

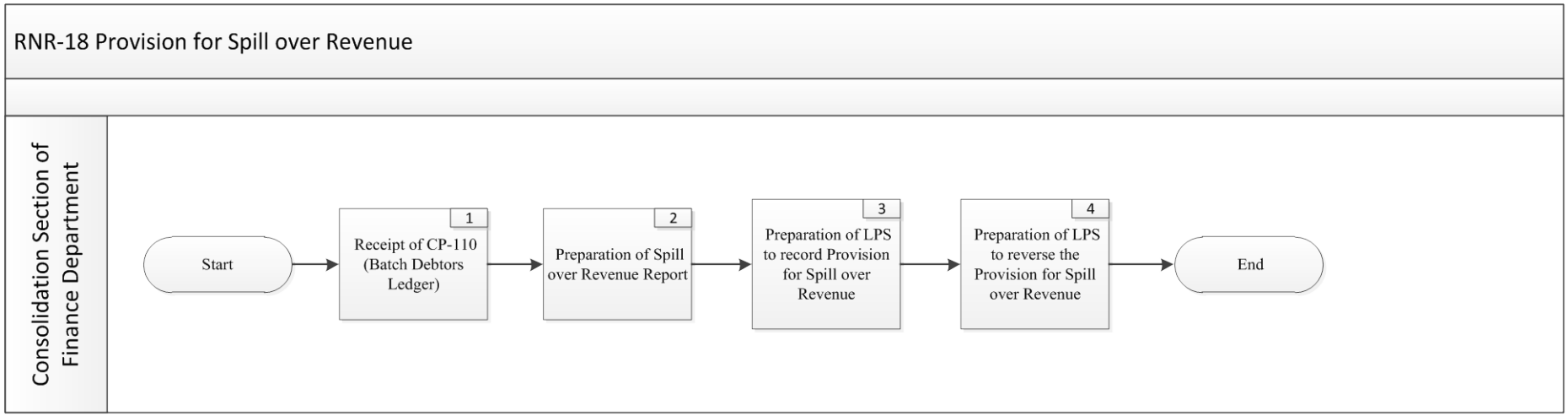
A. This process covers the activities regarding the Provision for Spill over Revenue.

B. Spill over Revenue Report is prepared by the Consolidation Section of Finance Department on the basis of CP-110 (Batch Debtors Ledger) received from the MIS Directorate.

C. LPS is prepared to record the Spill over Revenue.

D. The following year LPS is prepared for the Reversal of Provision for Spill over Revenue.

RNR-18.2 Flow Chart



RNR-18.3 Detail of Process Activities

Sr. No.	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
1.	Receipt of CP-110 (Batch Debtors Ledger)	CP-110 is received by the Consolidation Section of Finance Department from the MIS Directorate.			Consolidation Section of Finance Department	AMA
2.	Preparation of Spill over Revenue Report	Using the data in the CP-110, Spill over Revenue Report is prepared by the Consolidation Section of Finance Department to determine the Provision for Spill over Revenue. **[**Refer "***Volume III, Annexure – 181***" for the specimen of ***Spill over Revenue Report***]	Spill over Revenue Report		Consolidation Section of Finance Department	AMA
3.	Preparation of LPS to record Provision for Spill over Revenue	LPS is prepared by the Consolidation Section of Finance Department to record the Provision for Spill over Revenue for the concerned period. **[**Refer "***Volume III, Annexure – 20***" for the specimen of ***LPS***]	LPS	1	Consolidation Section of Finance Department	AO, AMA
4.	Preparation of LPS to reverse the Provision for Spill over Revenue	The following year, LPS is prepared by the Consolidation Section of Finance Department for the reversal of Provision of Spill over Revenue recorded in the preceding year. **[**Refer "***Volume III, Annexure – 20***" for the specimen of ***LPS***]	LPS	2	Consolidation Section of Finance Department	AO, AMA

RNR-18.4 Journal Entries

1. To record the Provision for Spill over Revenue, the following entry is posted by the Consolidation Section of Finance Department:

Description	Debit	Credit
Receivable – DISCO Circle Name	***	
Receivable – Electricity Duty	***	
Receivable – Income Tax	***	
Receivable – GST	***	
Receivable – TV Fee	***	
Receivable – Neelum Jhelum Surcharge	***	
Receivable – EQ Surcharge	***	
Receivable – Sales Tax	***	
Electricity Sales		***
Meter Rental		***
Service Rental		***
Public Lighting		***
Late Payment Surcharge		***
Electricity Duty – Not Yet Realized		***
Income Tax – Not Yet Realized		***
GST – Payable		***
TV Fee – Not Yet Realized		***
Neelum Jhelum Surcharge – Not Yet Realized		***
Sales Tax – Not Yet Realized		***
EQ Surcharge – Not Yet Realized		***

2. To reverse the Provision for Spill over Revenue, the following entry is posted by the Consolidation Section of Finance Department:

Description	Debit	Credit
Electricity Sales	***	
Meter Rental	***	
Service Rental	***	
Public Lighting	***	
Late Payment Surcharge	***	
Electricity Duty – Not Yet Realized	***	
Income Tax – Not Yet Realized	***	
GST – Payable	***	
TV Fee – Not Yet Realized	***	
Neelum Jhelum Surcharge – Not Yet Realized	***	
Sales Tax – Not Yet Realized	***	
EQ Surcharge – Not Yet Realized	***	
Receivable – DISCO Circle Name		***
Receivable – Electricity Duty		***
Receivable – Income Tax		***
Receivable – GST		***
Receivable – TV Fee		***

Description	Debit	Credit
Receivable – Neelum Jhelum Surcharge		***
Receivable – EQ Surcharge		***
Receivable – Sales Tax		***

RNR-18.5 Summary of Responsibilities for Functional Activities

Office / Section	Summary of Responsibilities for Functional Activities – Reference No.
Accounts Officer	
Consolidation Section of Finance Department	3, 4
Assistant Manager Accounts	
Consolidation Section of Finance Department	1, 2, 3, 4

RNR-18.6 Key Control Matrix

Sr. No.	Objective	Risk	Control Activity	Activity Ref.#
1	Provision for Spill over Revenue is appropriately calculated.	Inaccurate calculation may result in under/over provision for Spill over Revenue.	Provision for Spill over Revenue is calculated on the basis of CP-110 (Batch Debtors Ledger) by AM.	2
2	Provision for Spill over Revenue is accurately posted.	If provision for Spill over Revenue is posted inaccurately the financial statement will be misstated.	LPS to record provision for Spill over Revenue is prepared by AO and reviewed by AM.	3

RNR-19 Provision for Fuel Charges Adjustment

RNR-19.1 Descriptive Overview of the Process

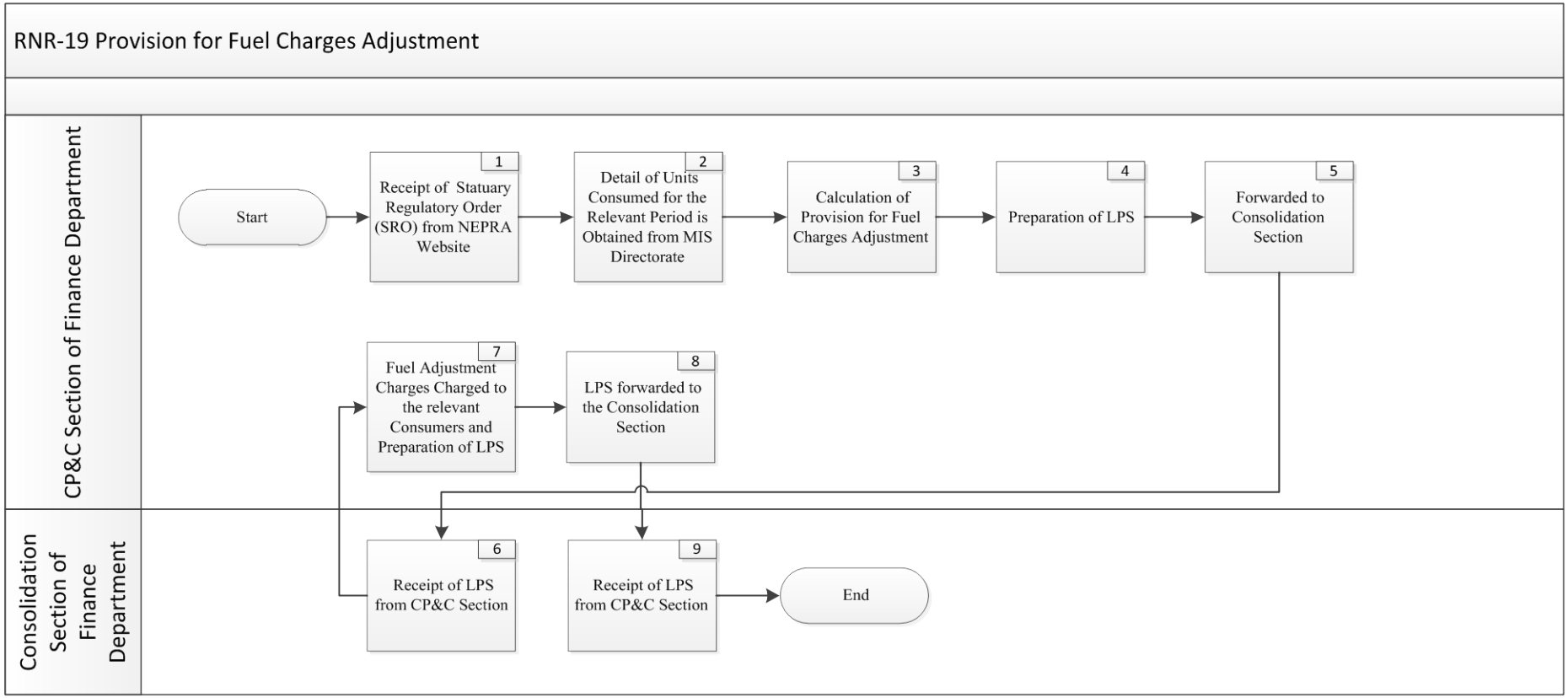
A. This process covers the activities regarding Provision for Fuel Charges Adjustment.

B. Provision for Fuel Charges Adjustment is calculated using the detail in the SRO received from NEPRA and detail of Units consumed received from MIS Directorate.

C. LPS is prepared to record the Provision for Fuel Charges Adjustment.

D. Fuel Charges are charged to the consumers and LPS is prepared for the Reversal of Provision for Fuel Charges Adjustment.

RNR-19.2 Flow Chart



RNR-19.3 Detail of Process Activities

Sr. No.	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
1.	Receipt of Statutory Regulatory Order (SRO) from NEPRA Website	a) SRO relating to Fuel Charges Adjustment of particular period is downloaded from NEPRA's website by the CP&C Section of Finance Department. b) The SRO contains the detail regarding the month to which the Adjustment relates, the month in which the Adjustment is to be charged to the Consumers and the Adjustment Rate.			CP&C Section of Finance Department	AMA
2.	Detail of Units Consumed for the Relevant Period is Obtained from MIS Directorate	a) Detail is obtained by the CP&C Section of Finance Department for the Units Consumed for the Relevant Period from MIS Directorate. b) This detail is used for the calculation of Provision for Fuel Charges Adjustment.			CP&C Section of Finance Department	AMA
3.	Calculation of Provision for Fuel Charges Adjustment	a) Calculation for the Units on which the provision is to be calculated is carried out by the CP&C Section of Finance Department: Total Units consumed by all consumers **Less**: Units consumed by lifeline consumers **Less**: Consumers using less than 350 units per month b) Provision for Fuel Charges Adjustment is calculated by multiplying the Units for Provision with the Adjustment Rate as per NEPRA's SRO.			CP&C Section of Finance Department	AO, AMA
4.	Preparation of LPS	LPS is prepared by the CP&C Section of Finance Department for the Provision of Fuel Charges Adjustment.	LPS	1	CP&C Section of Finance Department	AO, AMA

Sr. No.	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
		[Refer "***Volume III, Annexure – 20***" for the specimen of ***LPS***]				
5.	Forwarded to Consolidation Section	LPS is forwarded by the CP&C Section of Finance Department to the Consolidation Section of Finance Department for updating the Trial Balance.			CP&C Section of Finance Department	AO
6.	Receipt of LPS from CP&C Section	LPS is received by the Consolidation Section of Finance Department.			Consolidation Section of Finance Department	AMA
7.	Fuel Adjustment Charges Charged to the relevant Consumers and Preparation of LPS	a) The Fuel Adjustment Charges are charged by the CP&C Section of Finance Department to the relevant consumers through Electricity Bills, in the month determined by NEPRA's SRO. b) Upon receiving the CP-41 for the month when Fuel Charges Adjustment was charged to the Consumers, LPS is prepared for the reversal of Provision of Fuel Charges Adjustment. [Refer "***Volume III, Annexure – 20***" for the specimen of ***LPS***]	LPS	2	CP&C Section of Finance Department	AO, AMA
8.	LPS forwarded to the Consolidation Section	LPS is forwarded by the CP&C Section of Finance Department to the Consolidation Section of Finance Department for posting the Provision of Fuel Charges Adjustment in the Trial Balance.			CP&C Section of Finance Department	AO
9.	Receipt of LPS from CP&C Section	LPS is received by the Consolidation Section of Finance Department.			Consolidation Section of Finance Department	AMA

RNR-19.4 Journal Entries

1. To record the Provision for Fuel Charges Adjustment, the following entry is posted by the Consolidation Section of Finance Department:

Description	Debit	Credit
Receivables DISCO Circle Name	***	
Sale of Electricity – Residential		***

2. To record the reversal of Provision for Fuel Charges Adjustment, the following entry is posted by the Consolidation Section of Finance Department:

Description	Debit	Credit
Sale of Electricity – Residential	***	
Receivables DISCO Circle Name		***

RNR-19.5 Summary of Responsibilities for Functional Activities

Office / Section	Summary of Responsibilities for Functional Activities – Reference No.
Accounts Officer	
CP&C Section of Finance Department	3, 4, 5, 7, 8
Assistant Manager Accounts	
CP&C Section of Finance Department	1, 2, 3, 4, 7
Consolidation Section of Finance Department	6, 9

RNR-19.6 Key Control Matrix

Sr. No.	Objective	Risk	Control Activity	Activity Ref.#
1	Provision for Fuel Charges Adjustment is calculated as per NEPRA's Instruction.	Inaccurate calculation may result in under/over provision for Fuel Charges Adjustment.	Provision for Fuel Charges Adjustment is calculated as per SRO issued by NEPRA by AMA.	3
2	Provision for Fuel Charges Adjustment is accurately posted.	If provision for Fuel Charges Adjustment is posted inaccurately the financial statement will be misstated.	LPS to record provision for Fuel Charges Adjustment is prepared by AO and reviewed by AMA.	4

RNR-20 Provision for Doubtful Debts

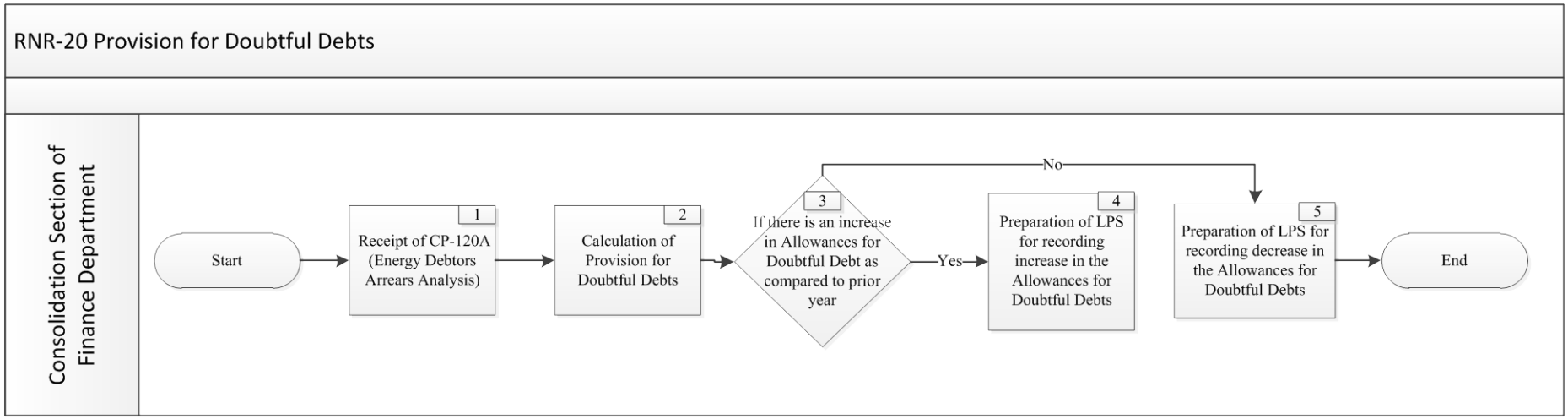
RNR-20.1 Descriptive Overview of the Process

A. This process covers the activities regarding Provision for Doubtful Debts.

B. Provision for Doubtful Debts is calculated by the Consolidation Section of Finance Department on the basis of CP-120A (Energy Debtors Arrears Analysis) and the DISCO's Policy for Doubtful Debts.

C. LPS is prepared to record the increase or decrease in the Allowances for Doubtful Debts.

RNR-20.2 Flow Chart



RNR-20.3 Detail of Process Activities

Sr. No.	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
1.	Receipt of CP-120A (Energy Debtors Arrears Analysis)	CP-120A containing Ageing Analysis of debtors as at the end of the Financial Year is received by the Consolidation Section of Finance Department from the MIS Directorate.			Consolidation Section of Finance Department	AMA
2.	Calculation of Provision for Doubtful Debt	Using CP-120A, Provision for Doubtful Debts is calculated by the Consolidation Section of Finance Department on Financial Year end as per the Policy for Provision for Doubtful Debts of DISCO.			Consolidation Section of Finance Department	AMA, DM R&CA
3.	If there is an increase in Allowances for Doubtful Debt as compared to prior year	If there is an increase in the Allowances for Doubtful Debts as compared to prior year then continues to Activity# 4, else continues to Activity# 5.			Consolidation Section of Finance Department	
4.	Preparation of LPS for recording increase in the Allowances for Doubtful Debts	LPS is prepared by the Consolidation Section of Finance Department to record increase in the Allowances for Doubtful Debts. **[**Refer "***Volume III, Annexure – 20***" for the specimen of ***LPS***]	LPS	1	Consolidation Section of Finance Department	AO, AMA
5.	Preparation of LPS for recording decrease in the Allowances for Doubtful Debts	LPS is prepared by the Consolidation Section of Finance Department to record decrease in the Allowances for Doubtful Debts. **[**Refer "***Volume III, Annexure – 20***" for the specimen of ***LPS***]	LPS	2	Consolidation Section of Finance Department	AO, AMA

RNR-20.4 Journal Entries

1. To record the increase in the Allowances for Doubtful Debts, the following entry is posted by the Consolidation Section of Finance Department:

Description	Debit	Credit
Doubtful Debts	***	
Allowance for Doubtful Debts		***

2. To record the decrease in the Allowances for Doubtful Debts, the following entry is posted by the Consolidation Section of Finance Department:

Description	Debit	Credit
Allowance for Doubtful Debts	***	
Reversal of Doubtful Debts		***

RNR-20.5 Summary of Responsibilities for Functional Activities

Office / Section	Summary of Responsibilities for Functional Activities – Reference No.
Accounts Officer	
Consolidation Section of Finance Department	4, 5
Assistant Manager Accounts	
Consolidation Section of Finance Department	1, 2, 4, 5
Deputy Manager Regulatory and Corporate Affairs	
Consolidation Section of Finance Department	2

RNR-20.6 Key Control Matrix

Sr. No.	Objective	Risk	Control Activity	Activity Ref.#
1	Provision for Doubtful Debt is calculated as per Company's policy.	Inaccurate calculation may result in under/over provision for Doubtful Debt.	Provision for Doubtful Debts is calculated as per Company's Policy on the basis of CP-120A (Energy Debtors Arrears Analysis) by AM and reviewed by DM R&CA.	2
2	Increase/decrease of provision for doubtful debt is accurately posted.	If increase/decrease of provision for doubtful debt is posted inaccurately the financial statement will be misstated.	LPS to record increase/decrease of provision for Doubtful debt is prepared by AO and reviewed by AM.	4, 5

General and Administrative (GAA)

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1 Introduction

1.1 Objective

This area provides the policies and accounting procedures regarding processing of different types of expenses. It also provides guidance on recording of expenses in accordance with DISCO's policies and in compliance with International Accounting Standards/ International Financial Reporting Standards & local regulations. The key controls on expenses involve the following:

- Expenses incurred are for the purpose of the business,
- Payments are authorized and are made only in case of approved expenses,
- Expense transactions are completely and accurately recorded.

The following key steps are required to be followed in all expenditure transactions:

- Preparation of Expense Claim Voucher (bill)
- Approval of expense
- Authorization of payment.

1.2 Scope

This document covers all the aspects of the General and Administrative at different offices of DISCO. This document describes each Process of General and Administrative, which includes; Descriptive Overview of the process, Flow Chart of all the process activities, Journal Entries and their references with the process activities, Job Descriptions of persons responsible for performing activities and key control matrices to ensure that the process activities are in line with the Standard Policies and Procedure of the DISCO.

Following are the types of Expenses of the DISCO:

- Rent,
- Electricity,
- Mobile and Telephone,
- Sundry General & Administrative and
- Temporary Advances to Employees.

All the General and Administrative activities in DISCO are covered under following Processes:

Process ID	Process Name
GAA-1	Acquisition of Building on Rent for Office Use
GAA-2	Payment of Electricity Bills of DISCO Offices through SS Cheque by Offices Other than Finance Department
GAA-3	Payment of Electricity Bills of Head Office Buildings through SS Cheque by Finance Department
GAA-4	Payment of Monthly Bills of Mobile and Telephone
GAA-5	Payment of Sundry General and Administrative Expenses
GAA-6	Temporary Advances to Employees and their Adjustment

2 Policies and Definitions

2.1 General Policies

The Book of Financial Powers outlines the authority limits for approval of expenses.

[Refer Annexure "GAA-Anx-9"for the specimen of Book of Financial Powers]The Mobile and Telephone policy highlights the limits awarded to different individuals as per their designations. Different limits are awarded for mobiles and office landline telephones.

Bank Collection Charges Policy highlights the charges to be deducted by the banks against the collection of the Bills as per the instructions given by the State Bank of Pakistan.

2.2 Definitions

2.2.1 Expenses

Decrease in economic benefits during the accounting period in the form of outflows or depletions of assets or incurrence of liabilities that result in decrease in equity, other than those relating to distributions to equity participants.

2.2.2 Income

Increase in economic benefits during the accounting period in the form of inflows or enhancements of assets or decrease of liabilities that result in increase in equity, other than those relating to contributions from equity participants

2.2.3 Statement of Comprehensive Income

Comprehensive income for a period includes profit or loss for that period plus other comprehensive income recognised in that period

2.3 General Accounting Guidelines

2.3.1 Recognition of Expense

Expenses are recognized in the Statement of Comprehensive Income when a decrease in future economic benefit relates to a decrease in an asset or an increase of a liability has arisen that can be measured reliably.

Expenses are recognized in the Statement of Comprehensive Income on the basis of a direct association between the costs incurred and the earning of specific items of income. This process, commonly referred to as the matching of costs with revenues, involves the simultaneous or combined recognition of revenues and expenses that result directly and jointly from the same transactions or other events. However, the application of the matching concept does not allow the recognition of items in the balance sheet which do not meet the definition of assets or liabilities.

When economic benefits are expected to arise over several accounting periods and the association with income can only be broadly or indirectly determined, expenses are recognized in the Statement of Comprehensive Income on the basis of systematic and rational allocation procedures. This is often necessary in recognizing the expenses associated with the using up of assets such as property, plant, equipment, goodwill, patents and trademarks; in such cases the expense is referred to as depreciation or amortization. These allocation procedures are intended to recognize expenses in the accounting periods in which the economic benefits associated with these items are consumed or expire.

An expense is recognized immediately in the Statement of Comprehensive Income when expenditure produces no future economic benefits or when, and to the extent that; future economic benefits do not qualify, or cease to qualify, for recognition in the Statement of Financial Position as an asset.

An expense is also recognized in the Statement of Comprehensive Income in those cases when a liability is incurred without the recognition of an asset e.g. when a liability under a product warranty arises.

2.3.2 Accrual Basis

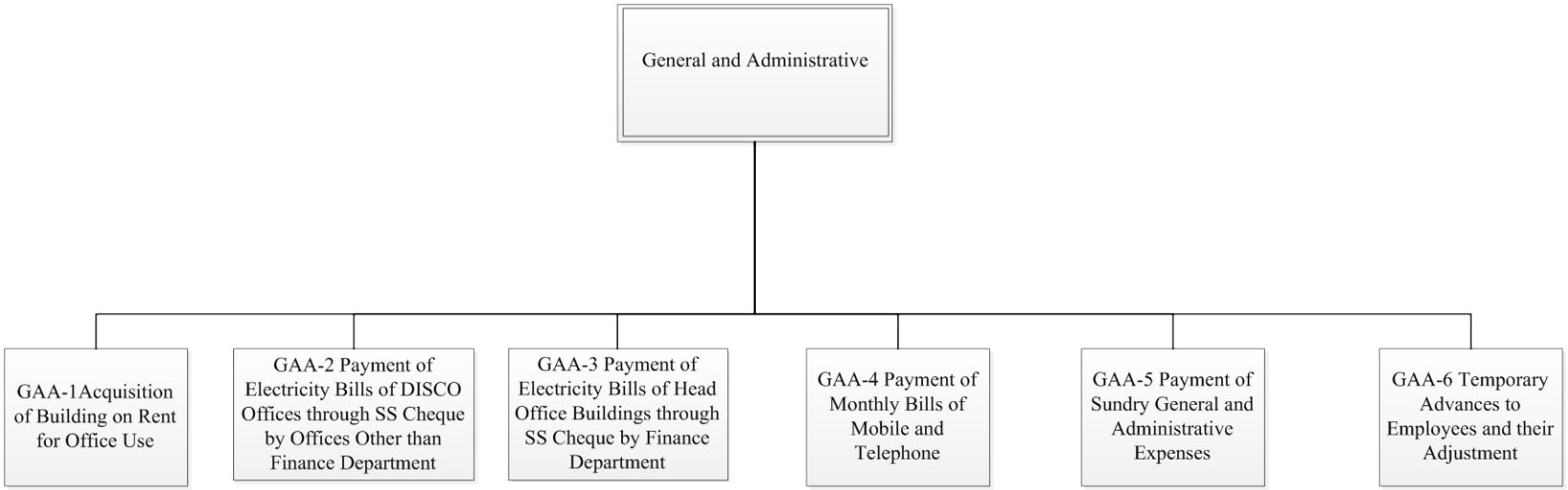
In order to meet their intended objectives, financial statements are prepared on the accrual basis of accounting. Under this basis, the effects of transactions and other events are recognized when they occur (and not as cash or its equivalent are received or paid) and they are recorded in the accounting records and reported in the financial statements of the periods to which they relate.

Financial statements prepared on the accrual basis inform users not only of past transactions involving the payment and receipt of cash but also of obligations to pay cash in the future and of resources that represent cash to be received in the future. Hence, they provide the type of information about past transactions and other events that is most useful to users in making economic decisions (Framework for the Preparation and Presentation of Financial Statements).

2.3.3 Required Disclosure

An entity shall present an analysis of expenses recognized in profit or loss using a classification based on either their nature or their function within the entity, whichever provides information that is reliable and more relevant (IAS 1).

3 Overview of the Process of General and Administrative



Process ID	Process Name	Description of Process
GAA-1	Acquisition of Building on Rent for Office Use	A. This process covers the activities regarding Acquisition of Building on Rent for Office use. B. Requisition for Acquisition of Building on Rent for Office use is received from the Concerned Accounting Unit mentioning the location and rent so offered. C. Rent Assessment Report is prepared by RAB and Office Order for renting of building for office purpose is issued by the Admin Section of Finance Department. D. Lease Agreement with the consent of Landlord is prepared by the Concerned Accounting Unit and approved by Admin Section of Finance Department. E. Rent Bill from Landlord is received by Concerned Accounting Unit on month end. Cheque is prepared and issued to Landlord for payment of Rent Bill. F. Imprest Cash Book is updated and LPS is prepared to record the payment.
GAA-2	Payment of Electricity Bills of DISCO Offices through SS Cheque by Offices Other than Finance Department	A. This process covers the activities regarding Payment of Electricity Bills of DISCO Offices through SS Cheque by Offices Other than Finance Department. B. Verified Electricity Bills of Concerned Sub Offices and Office of the Concerned Accounting Unit are received and a Summary is prepared by the Concerned Accounting Unit. C. Summary of Bills is approved and pre-audit is performed by the

Process ID	Process Name	Description of Process
		Concerned Accounting Unit. D. SS Cheque is issued to the Concerned Office of AMCS for payment of Electricity Bill and LPS is prepared to record the payment transaction.
GAA-3	Payment of Electricity Bills of Head Office Buildings through SS Cheque by Finance Department	A. This process covers the activities regarding Payment of Electricity Bills of Head Office Buildings through SS cheque by Finance Department. B. Electricity Bill is received, approved and pre-audited by the Concerned Office. C. SS Cheque for payment of Electricity Bill is prepared and approved by the Payment Section of Finance Department. D. SS Cheque is issued to Concerned Office of AMCS for payment of Electricity Bill and LPS is prepared to record the payment transaction.
GAA-4	Payment of Monthly Bills of Mobile and Telephone	A. This process covers the activities regarding Payment of Monthly Bills of Mobile and Telephone. B. Mobile/Telephone Bills are received by Admin Section of Concerned Office and verified by the Employees to whom the facility is given. C. Cheque is prepared and issued to Concerned Office for payment of Mobile/Telephone Bills by Payment Section of Finance Department/Account Section of Concerned Accounting Unit. D. Imprest Cash Book is updated and LPS is prepared to record the

Process ID	Process Name	Description of Process
		payment
GAA-5	Payment of Sundry General and Administrative Expenses	A. This process covers the activities regarding Payment of Sundry General and Administrative Expenses. B. Sundry General and Administrative Expenses includes the following: ➢ Rent, Rates and Taxes ➢ Power, Light and Water (Water Charges, Sui Gas) ➢ Postage and Telegram ➢ Office Supplies and Other Expenses (Stationery) ➢ Electricity Bills Collection Expenses ➢ Directors' Fee ➢ Professional Fee ➢ Auditors' Remuneration ➢ Management Fees ➢ Advertisement ➢ Repair and Maintenance ➢ Vehicle Running and Maintenance (POL, Repair of Vehicles) ➢ NEPRA Fees ➢ Miscellaneous Expenses C. Admin approval and Technical approval (if applicable) is accorded for Sundry General and Administrative Expenses in accordance with the Book of Financial powers. D. Bill for the payment of Sundry General and Administrative Expenses is received by the Concerned Office and Financial

Process ID	Process Name	Description of Process
		approval is accorded. E. Cheque is prepared and issued to the Concerned Authority for payment of Sundry General and Administrative Expenses by the Payment Section of Finance Department/Account Section of the Concerned Accounting Unit. F. Imprest Cash Book is updated and LPS is prepared to record the payment
GAA-6	Temporary Advances to Employees and their Adjustment	A. This process covers the activities regarding payment of Temporary Advances to Employees and their Adjustments. B. Intended Concerned Employees puts up the Requisition for Temporary Advance for Official use and requisition is approved by Admin Section of Concerned Office. C. Payment Bill is prepared for payment of temporary advance and pre-audit is performed. D. Cheque for payment of temporary advance is prepared and issued to Concerned Employee by Payment Section of Finance Department/Account Section of Concerned Accounting Unit. E. Imprest Cash Book is updated and LPS is prepared to record the payment. F. Adjustment Sheet along with Supporting Bills is received from Concerned Employee and approved by Admin Section of Concerned Office. G. Imprest Cash Book is updated and LPS is prepared to record for

Process ID	Process Name	Description of Process
		adjustment against temporary advance.

GAA-1 Acquisition of Building on Rent for Office Use

GAA-1.1 Descriptive Overview of the Process

A. This process covers the activities regarding Acquisition of Building on Rent for Office use.

B. Requisition for Acquisition of Building on Rent for Office use is received from the Concerned Accounting Unit mentioning the location and rent so offered.

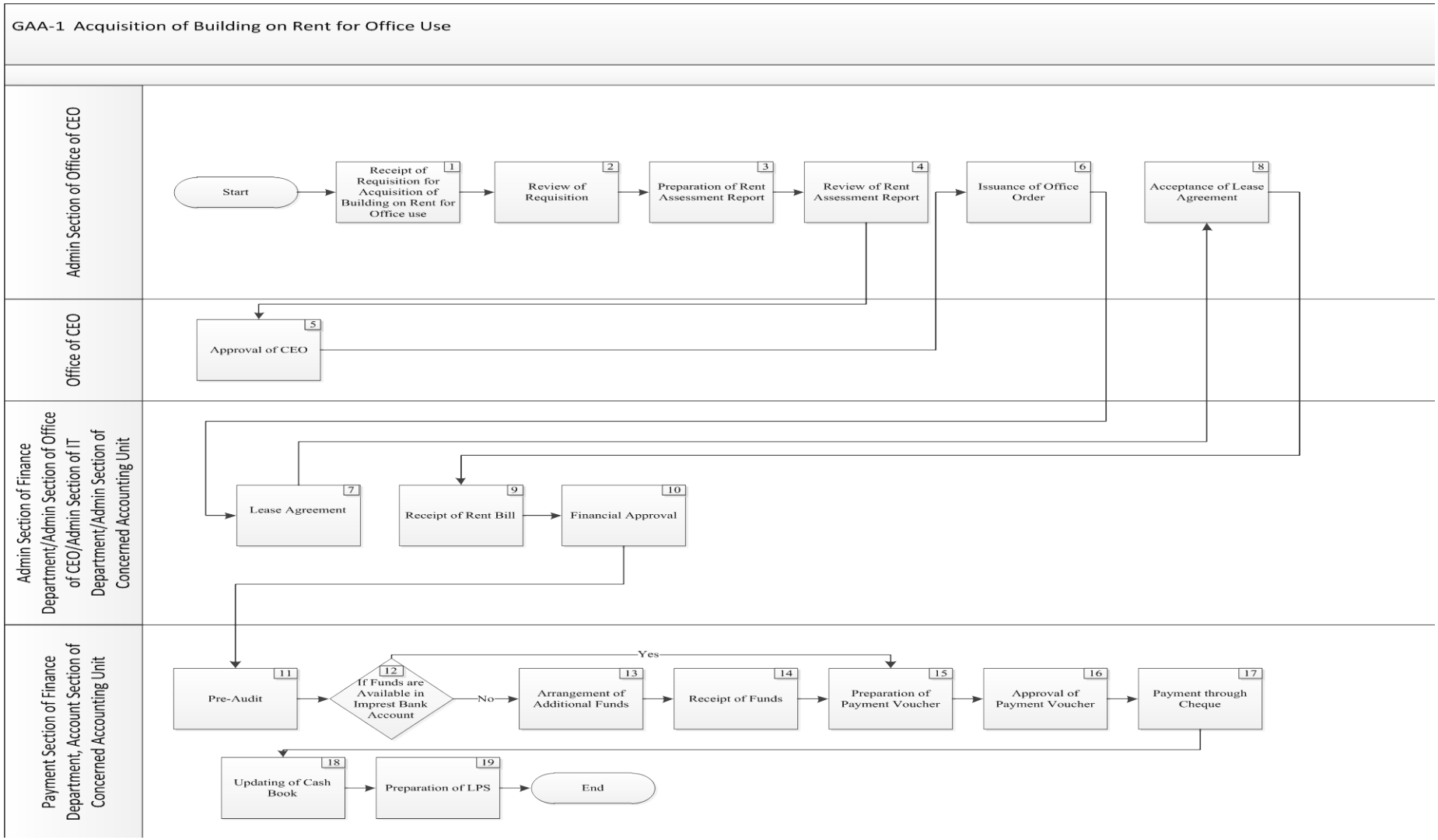
C. Rent Assessment Report is prepared by RAB and Office Order for renting of building for office purpose is issued by the Admin Section of Finance Department.

D. Lease Agreement with the consent of Landlord is prepared by the Concerned Accounting Unit and approved by Admin Section of Finance Department.

E. Rent Bill from Landlord is received by Concerned Accounting Unit on month end. Cheque is prepared and issued to Landlord for payment of Rent Bill.

F. Imprest Cash Book is updated and LPS is prepared to record the payment.

GAA-1.2 Flow Chart



GAA-1.3 Detail of Process Activities

Sr. #	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
1.	Receipt of Requisition for Acquisition of Building on Rent for Office use	a) Requisition for Acquisition of Building on Rent for Office use is received from the Concerned Office by Admin Section of Office of CEO. b) The location of building and rent offered by Landlord is mentioned in the requisition.			Admin Section of Office of CEO	Manager Admin
2.	Review of Requisition	Requisition for Acquisition of Building on Rent for Office use is reviewed and forwarded to RAB for assessment by Admin Section of Office of CEO.			- Admin Section of Office of CEO	- DM Admin
3.	Preparation of Rent Assessment Report	a) Members of RAB visit the building and assess the building in accordance with the provision of rules/policies and then prepare the Report. b) RAB consists of, President (Manager – Admin) and Representatives from Accounts, Sub Engineer (Civil) and Secretary RAB. [Refer ***"Volume III, Annexure – 95"*** for the specimen of ***Rent Assessment Report***]	Rent Assessment Report		Admin Section of Office of CEO	RAB
4.	Review of Rent Assessment Report	Rent Assessment Report is review by Manager Admin and forwarded to CEO for approval.			Admin Section of Office of CEO	Manager Admin
5.	Approval of CEO	Requisition for Acquisition of Building on Rent for Office use, is approved by CEO.			Office of CEO	CEO
6.	Issuance of Office Order	Office Order for renting of building for office purpose is issued by the Admin Section of Office of CEO to the Concerned Office.			Admin Section of Office of CEO	DM Admin

Sr. #	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
7.	Lease Agreement	On the basis of Office Order Lease Agreement on Rs. 20 stamp paper with the consent of Landlord is prepared by the Concerned Office.			Admin Section of Finance Department Admin Section of Office of CEO Admin Section of IT Directorate Admin Section of Concerned Accounting Unit	AA LDC AA Head Clerk / Superintendent
8.	Acceptance of Lease Agreement	Lease Agreement is accepted and a notification of Acceptance of Lease Agreement is issued to the Concerned Office by Admin Section of Office of CEO.			Admin Section of Office of CEO	DM Admin
9.	Receipt of Rent Bill	Rent Bill from Landlord is received by Concerned Office on month end.			Admin Section of Finance Department Admin Section of Office of CEO Admin Section of IT Directorate Admin Section of Concerned Accounting Unit	AA LDC AA Head Clerk / Superintendent
10.	Financial Approval	Rent Bill is verified, approved and forwarded for Pre-Audit by Admin Section of Concerned Office.			Admin Section of Finance Department	DMCA, MCA

Sr. #	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
					Admin Section of Office of CEO Admin Section of IT Directorate Admin Section of Concerned Accounting Unit	DM – Admin DG- IT AM – HR, DDO
11.	Pre-Audit	Pre Audit is performed by Payment Section of Finance Department/Account Section of Concerned Accounting Unit. [Refer ***"PAP - 9"*** for details regarding ***pre audit***]			Payment Section of Finance Department, Account Section of Concerned Accounting Unit	
12.	- If Funds are Available in Imprest Bank Account	a) Payment Section of Finance Department/Account Section of Concerned Accounting Unit checks the availability of funds in the Imprest Bank Account for the payment of Rent Bill. b) If funds are available in Imprest Bank Account then continue to Activity # 15 else continues to Activity # 13.			Payment Section of Finance Department, Account Section of Concerned Accounting Unit	AA
13.	Arrangement of Additional Funds	If funds are not available in the Imprest Bank Account following procedure is performed: a) The Demand for Release of Funds is prepared and approved. b) The Payment Section of Finance Department obtains	Demand for Release of Funds	Entry for release of funds by Finance Department is mentioned in CTM	Payment Section of Finance Department, Account Section of Concerned Accounting Unit	AA

Sr. #	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
		the approval from CEO and Banking Section of Finance Department releases funds to the Imprest Bank Account. [Refer ***"CTM - 9"*** for details regarding ***release of funds to Accounting Units***] [Refer ***"Volume III, Annexure – 25.1"*** for the specimen of ***Demand for Release of Funds***] [Refer ***"Volume III, Annexure – 25.2"*** for the specimen of ***Demand for Release of Funds***]				
14.	Receipt of Funds	Funds are received in the Imprest Bank Account of Concerned Accounting Unit. [Refer ***"CTM - 13"*** for details regarding ***receipt of funds from Finance Department***]		Entry for receipt of funds from Finance Department is mentioned in CTM	Payment Section of Finance Department, Account Section of Concerned Accounting Unit	
15.	Preparation of Payment Voucher	Payment Voucher is prepared by Payment Section of Finance Department/Account Section of Concerned Accounting Unit for the payment of Rent Bill. [Refer ***"Volume III, Annexure – 4"*** for the specimen of ***Payment Voucher***]	Payment Voucher		Payment Section of Finance Department, Account Section of Concerned Accounting Unit	Cashier/AA
16.	Approval of Payment Voucher	Payment Voucher is approved by Payment Section of Finance Department/Account Section of Concerned Accounting Unit.			Payment Section of Finance Department, Account Section of	AO, AMA/DAO/DDO

Sr. #	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
					Concerned Accounting Unit	
17.	Payment through Cheque	- Cheque is prepared and issued to the Landlord against the payment of Rent Bill by Payment Section of Finance Department/Account Section of Concerned Accounting Unit.			Payment Section of Finance Department, Account Section of Concerned Accounting Unit	Cashier/AA
18.	Updating of Cash Book	Imprest Cash Book is updated to record the payment of Rent Bill by Payment Section of Finance Department/Account Section of Concerned Accounting Unit. **[**Refer ***"Volume III, Annexure – 5"*** for the specimen of ***Cash Book***]	Cash Book		Payment Section of Finance Department, Account Section of Concerned Accounting Unit	Cashier/AA
19.	Preparation of LPS	LPS is prepared to record the payment of Rent Bill by the Payment Section of Finance Department/Account Section of Concerned Accounting Unit. **[**Refer ***"Volume III, Annexure – 20"*** for the specimen of ***LPS***]	LPS	1	Payment Section of Finance Department, Account Section of Concerned Accounting Unit	AA, AO, AMA/DAO/DDO

GAA-1.4 Journal Entries

1. On payment of Rent Bill, the following entry is posted by the Payment Section of Finance Department/Account Section of Concerned Accounting Unit:

Description	Debit	Credit
Rent Expense	***	
Bank - Imprest Account		***

GAA-1.5 Summary of Responsibilities for Functional Activities

Office / Section	Summary of Responsibilities for Functional Activities – Reference No.
Lower Division Clerk	
Admin Section of Office of CEO	7,9
Head Clerk/ Superintendent	
Admin Section of Concerned Accounting Unit	7,9
Cashier	
Payment Section of Finance Department	15,17,18
Accounts Section of Concerned Accounting Unit	15,17,18
Accounts Assistant	
Admin Section of Finance Department	7,9
Admin Section of IT Directorate	7,9
Payment Section of Finance Department	12,13,15,17,18,19
Accounts Section of Concerned Accounting Unit	12,13,15,17,18,19
Accounts Officer	
Payment Section of Finance Department	16,19
Accounts Section of Concerned Accounting Unit	16,19
Divisional Accounts Officer	
Payment Section of Finance Department	16,19
Accounts Section of Concerned Accounting Unit	16,19
Assistant Manager Human Resource	
Admin Section of Concerned Accounting Unit	10
Assistant Manager Accounts	
Payment Section of Finance Department	16,19
Accounts Section of Concerned Accounting Unit	16,19
Drawing and Disbursing Officer	
Payment Section of Finance Department	16,19
Accounts Section of Concerned Accounting Unit	10,16,19
Deputy Manager Corporate Accounts	
Admin Section of Finance Department	10

Deputy Manager Administration	
Admin Section of Office of CEO	2,6,8,10
Manager Corporate Accounts	
Admin Section of Finance Department	10
Manager Administration	
Admin Section of Office of CEO	1,4
Director General Information Technology	
Admin Section of IT Directorate	10
Chief Executive Officer	
Office of CEO	5
Rent Assessment Board	
Admin Section of Office of CEO	3

GAA-1.6 Key Control Matrix

Sr.#	Objective	Risk	Control Activity	Activity Ref.#
1	Rent Assessment Report is prepared as per Company policy.	Rent Assessment Report may not be prepared as per Company policy, resulting in inappropriate determination of rent.	Rent Assessment Report is prepared by Rent Assessment Board (RAB) which consists of President (Manager – Admin), Representatives from Accounts, Sub Engineer (Civil) and Secretary RAB. Rent Assessment Report is reviewed by Manager Admin.	3, 4
2	Expenses are approved by authorized personnel only.	Unauthorized approval may result in approval of expenses not incurred for business purpose and inappropriate expenses may be claimed.	Expenses are approved by DMCA and MCA/DM-Admin/DG-IT/AM-HR of Concerned Offices.	10
3	Payment Transactions are recorded completely and in the correct accounting period.	Posting of payment transaction is made incorrectly which may result in misstatement in financial statements.	LPS to record the payment transaction is prepared by AA and verified by AO and approved by AMA/DAO/DDO.	19

GAA-2 Payment of Electricity Bills of DISCO Offices through SS Cheque by Offices Other than Finance Department

GAA-2.1 Descriptive Overview of the Process

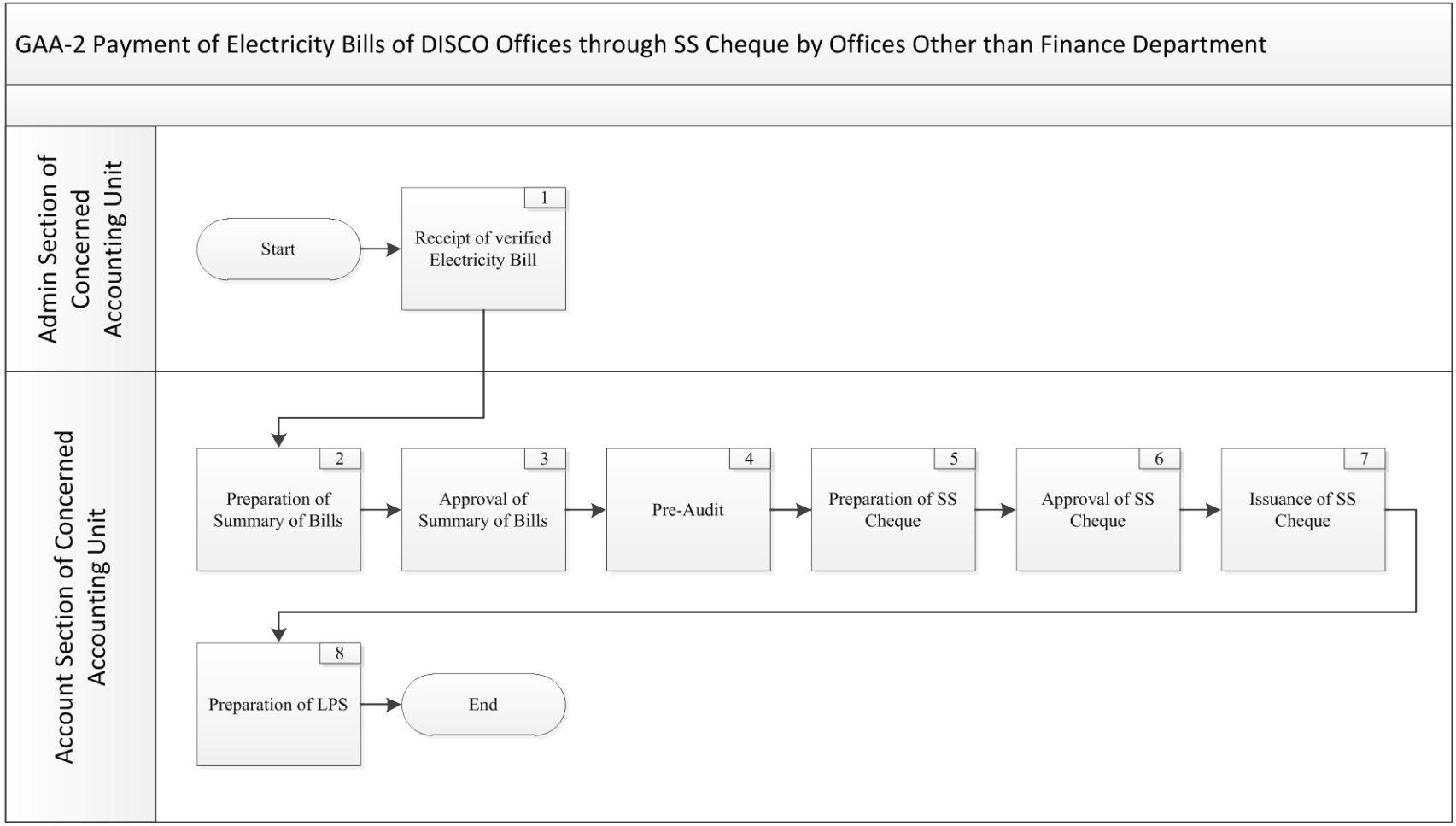
A. This process covers the activities regarding Payment of Electricity Bills of DISCO Offices through SS Cheque by Offices Other than Finance Department.

B. Verified Electricity Bills of Concerned Sub Offices and Office of Concerned Accounting Unit are received and a Summary is prepared by the Concerned Accounting Unit.

C. Summary of Bills is approved and pre-audit is performed by the Concerned Accounting Unit.

D. SS Cheque is issued to the Concerned Office of AMCS for payment of Electricity Bill and LPS is prepared to record the payment transaction.

GAA-2.2 Flow Chart



GAA-2.3 Detail of Process Activities

Sr. #	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
1.	Receipt of verified Electricity Bill	Verified Electricity Bills of Concerned Sub Offices and Office of Concerned Accounting Unit are received by Admin Section of Concerned Accounting Unit.			Admin Section of Concerned Accounting Unit	Head Clerk
2.	Preparation of Summary of Bills	Summary of Bills is prepared by the Account Section of Concerned Accounting Unit.			Account Section of Concerned Accounting Unit	AA
3.	Approval of Summary of Bills	Summary of Bills is approved by the Account Section of Concerned Accounting Unit.			Account Section of Concerned Accounting Unit	DDO
4.	Pre-Audit	Pre Audit is performed by Account Section of Concerned Accounting Unit. [Refer ***"PAP - 9"*** for details regarding ***pre audit***]			Account Section of Concerned Accounting Unit	
5.	- Preparation of SS Cheque	SS Cheque for payment of Electricity Bills is prepared by the Account Section of Concerned Accounting Unit. [Refer ***"Volume III, Annexure – 96"*** for the specimen of ***SS Cheque***]	SS Cheque		Account Section of Concerned Accounting Unit	AA
6.	Approval of SS Cheque	SS Cheque is approved by the Account Section of Concerned Accounting Unit.			Account Section of Concerned Accounting Unit	AO/AMA/DAO, DDO
7.	Issuance of SS Cheque	SS Cheque is issued to Concerned Office of AMCS under whose jurisdiction the Offices fall by the Account Section of Concerned Accounting Unit.			Account Section of Concerned Accounting Unit	AA

Sr. #	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
8.	Preparation of LPS	LPS is prepared to record the payment of Electricity Bills through SS Cheque by the Account Section of Concerned Accounting Unit. [Refer ***"Volume III, Annexure – 20"*** for the specimen of ***LPS***]	LPS	1	Account Section of Concerned Accounting Unit	AA, AO/AMA/DAO

GAA-2.4 Journal Entries

1. On payment of Electricity Bills of DISCO Offices through SS Cheque by Offices Other than Finance Department, the following entry is posted by the Account Section of Concerned Accounting Unit:

Description	Debit	Credit
Electricity Expense	***	
- IOT – SS Cheque		***

GAA-2.5 Summary of Responsibilities for Functional Activities

Office / Section	Summary of Responsibilities for Functional Activities – Reference No.
Head Clerk	
Admin Section of Concerned Accounting Unit	1
Accounts Assistant	
Accounts Section of Concerned Accounting Unit	2,5,7,8
Accounts Officer	
Account Section of Concerned Accounting Unit	6,8
Divisional Accounts Officer	
Accounts Section of Concerned Accounting Unit	6,8
Assistant Manager Accounts	
Accounts Section of Concerned Accounting Unit	6,8
Drawing and Disbursing Officer	
Accounts Section of Concerned Accounting Unit	3,6

GAA-2.6 Key Control Matrix

Sr.#	Objective	Risk	Control Activity	Activity Ref.#
1	Expenses are approved by authorized personnel only.	Unauthorized approval may result in approval of expenses not incurred for business purpose and inappropriate expenses may be claimed.	Expenses are approved by DDO of Concerned Accounting Unit.	3
2	Payments are appropriately reviewed and authorized by the Competent Authority.	Inappropriate or inaccurate payments may be made without proper authorization.	SS Cheque is prepared by AA and approved by AO/AMA/DAO and DDO.	5, 6
3	Payment Transactions are recorded completely and in the correct accounting period.	Posting of payment transaction is made incorrectly which may result in misstatement in financial statements.	LPS to record the payment transaction is prepared by AA and approved by AO/AMA/DAO.	8

GAA-3 Payment of Electricity Bills of Head Office Buildings through SS Cheque by Finance Department

GAA-3.1 Descriptive Overview of the Process

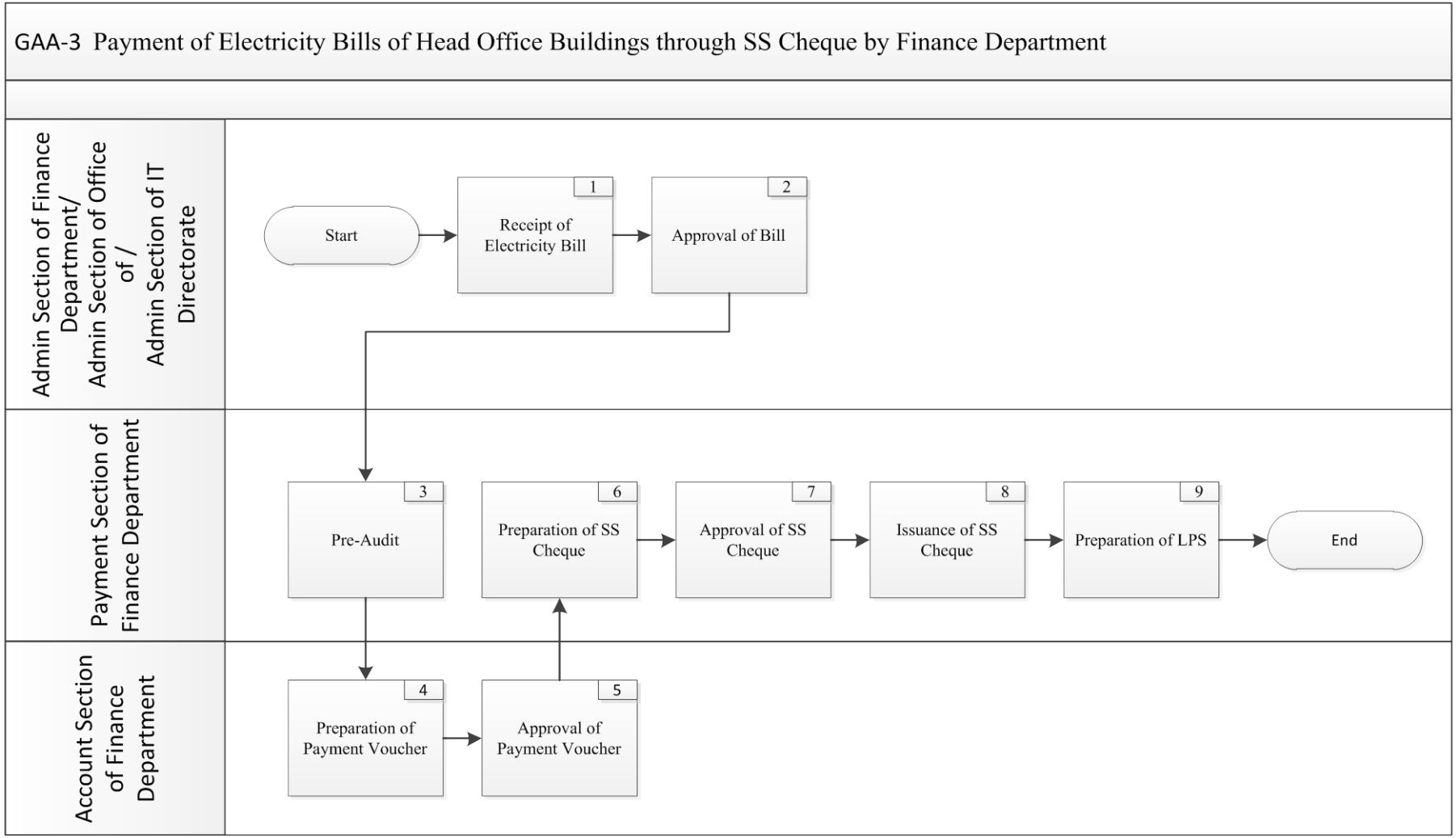
A. This process covers the activities regarding Payment of Electricity Bills of Head Office Buildings through SS cheque by Finance Department.

B. Electricity Bill is received, approved and pre-audited by the Concerned Office.

C. SS Cheque for payment of Electricity Bill is prepared and approved by the Payment Section of Finance Department.

D. SS Cheque is issued to the Concerned Office of AMCS for payment of Electricity Bill and LPS is prepared to record the payment transaction.

GAA-3.2 Flow Chart



GAA-3.3 Detail of Process Activities

Sr. #	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	- Office / Section	- Respon sibility
1.	- Receipt of Electricity Bill	- Electricity Bill is received by the Concerned Office.			Admin Section of Finance Department Admin Section of Office of CEO Admin Section of IT Directorate	AA Cashier AA
2.	Approval of Bill	Electricity Bill is approved by the Concerned Office.			Admin Section of Finance Department Admin Section of Office of CEO Admin Section of IT Directorate	DMCA DM – Admin DG- IT
3.	Pre-Audit	Pre-Audit is performed by the Payment Section of Finance Department. [Refer ***"PAP - 9"*** for details regarding ***pre audit***]			Payment Section of Finance Department	
4.	Preparation of Payment Voucher	Payment Voucher for the payment of Electricity Bill through SS Cheque is prepared by the Account Section of Finance Department. [Refer ***"Volume III, Annexure – 4"*** for the specimen of ***Payment Voucher***]	Payment Voucher		Account Section of Finance Department	AA

Sr. #	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	- Office / Section	- Respon sibility
5.	Approval of Payment Voucher	Payment Voucher is approved by the Account Section of Finance Department.			Account Section of Finance Department	AMA
6.	Preparation of SS Cheque	SS Cheque for payment of Electricity Bill is prepared by the Payment Section of Finance Department. [Refer ***"Volume III, Annexure – 96"*** for the specimen of ***SS Cheque***]	SS Cheque		Payment Section of Finance Department	AA
7.	Approval of SS Cheque	SS Cheque is approved by the Payment Section of Finance Department.			Payment Section of Finance Department	AMA
8.	Issuance of SS Cheque	SS Cheque is issued by the Payment Section of Finance Department to the Concerned Office of AMCS under whose jurisdiction Offices fall.			Payment Section of Finance Department	AA
9.	Preparation of LPS	LPS is prepared to record the payment of Electricity Bill through SS Cheque by the Payment Section of Finance Department. [Refer ***"Volume III, Annexure – 20"*** for the specimen of ***LPS***]	LPS	1	Payment Section of Finance Department	AA, AMA

GAA-3.4 Journal Entries

1. On payment of Electricity Bills of Head Office Buildings through SS Cheque by Finance Department, the following entry is posted by the Payment Section of Finance Department:

Description	Debit	Credit
Electricity Expense	***	
IOT – SS Cheque		***

GAA-3.5 Summary of Responsibilities for Functional Activities

Office / Section	Summary of Responsibilities for Functional Activities – Reference No.
Cashier	
Admin Section of Office of CEO	1
Accounts Assistant	
Admin Section of Finance Department	1
Account Section of Finance Department	4
Admin Section of IT Directorate	1
Payment Section of Finance Department	6,8,9
Assistant Manager Accounts	
Payment Section of Finance Department	7,9
Account Section of Finance Department	5
Deputy Manager Corporate Accounts	
Admin Section of Finance Department	2
Deputy Manager Administration	
Admin Section of Office of CEO	2
Director General Information Technology	
Admin Section of IT Directorate	2

GAA-3.6 Key Control Matrix

Sr.#	Objective	Risk	Control Activity	Activity Ref.#
1	Expenses are approved by authorized personnel only.	Unauthorized approval may result in approval of expenses not incurred for business purpose and inappropriate expenses may be claimed.	Expenses are approved by DMCA/DM-Admin/DG-IT of Concerned Offices.	2
2	Payments are appropriately reviewed and authorized by the Competent Authority.	Inappropriate or inaccurate payments may be made without proper authorization.	SS Cheque is prepared by AA and approved by AMA.	6, 7
3	Payment Transactions are recorded completely and in the correct accounting period.	Posting of payment transaction is made incorrectly which may result in misstatement in financial statements.	LPS to record the payment transaction is prepared by AA and approved by AMA.	9

GAA-4 Payment of Monthly Bills of Mobile and Telephone

GAA-4.1 Descriptive Overview of the Process

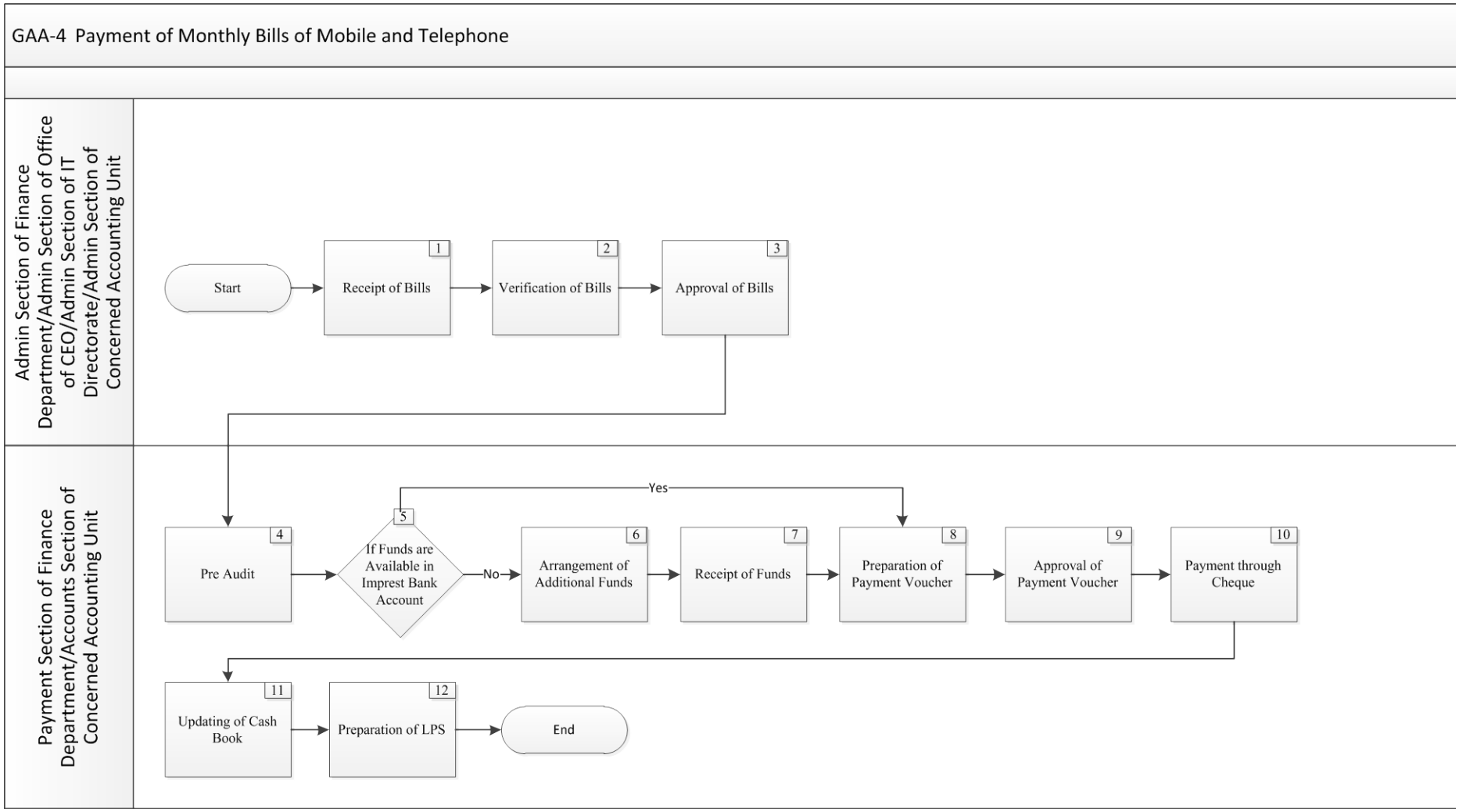
A. This process covers the activities regarding Payment of Monthly Bills of Mobile and Telephone.

B. Mobile/Telephone Bills are received by the Admin Section of Concerned Office and verified by the Employees to whom the facility is given.

C. Cheque is prepared and issued to the Concerned Office for payment of Mobile/Telephone Bills by the Payment Section of Finance Department/Account Section of the Concerned Accounting Unit.

D. Imprest Cash Book is updated and LPS is prepared to record the payment.

GAA-4.2 Flow Chart



GAA-4.3 Detail of Process Activities

Sr. #	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
1.	Receipt of Bills	Mobile/Telephone Bills are received by the Admin Section of Concerned Office.			Admin Section of Finance Department, Admin Section of Office of CEO, Admin Section of IT Directorate, Admin Section of Concerned Accounting Unit	Diary Clerk
2.	Verification of Bills	Mobile/Telephone Bills are verified by the Employees to whom the facility is given.			Admin Section of Finance Department, Admin Section of Office of CEO, Admin Section of IT Directorate, Admin Section of Concerned Accounting Unit	Concerned Employees
3.	Approval of Bills	Mobile/Telephone Bills are approved and forwarded for Pre-Audit by the Admin Section of Concerned Office. **Note:** If the Mobile/Telephone Bills exceeds the Entitled Limit, excess amount is recovered from the Concerned Employee.			Admin Section of Finance Department - Admin Section of Office of CEO Admin Section of IT Directorate	DMCA, MCA DM – Admin DG- IT DAO/AM – HR,

Sr. #	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
					Admin Section of Concerned Accounting Unit	DDO
4.	Pre-Audit	Pre-Audit is performed by Payment Section of Finance Department/Account Section of Concerned Accounting Unit. [Refer ***"PAP - 9"*** for details regarding ***pre audit***]			Payment Section of Finance Department, Account Section of Concerned Accounting Unit	
5.	If Funds are Available in Imprest Bank Account	a) Payment Section of Finance Department/Account Section of Concerned Accounting Unit checks the availability of funds in the Imprest Bank Account for the payment of Mobile/Telephone Bills. b) If funds are available in Imprest Bank Account then continues to Activity # 8 else continues to Activity # 6.			Payment Section of Finance Department, Account Section of Concerned Accounting Unit	AA
6.	Arrangement of Additional Funds	If funds are not available in the Imprest Bank Account following procedure is performed: a) The Demand for Release of Funds is prepared and approved. b) The Payment Section of Finance Department obtains the approval from CEO and Banking Section of Finance Department releases funds to the Imprest Bank Account. [Refer ***"CTM - 9"*** for details regarding ***release of funds***	Demand for Release of Funds	Entry for release of funds by Finance Department is mentioned in CTM	Payment Section of Finance Department, Account Section of Concerned Accounting Unit	AA

Sr. #	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
		to Accounting Units] [Refer ***"Volume III, Annexure – 25.1"*** for the specimen of ***Demand for Release of Funds***] [Refer ***"Volume III, Annexure – 25.2"*** for the specimen of ***Demand for Release of Funds***]				
7.	Receipt of Funds	Funds are received in the Imprest Bank Account of Concerned Accounting Unit. [Refer ***"CTM - 13"*** for details regarding ***receipt of funds from Finance Department***]		Entry for receipt of funds from Finance Department is mentioned in CTM	Payment Section of Finance Department, Account Section of Concerned Accounting Unit	
8.	Preparation of Payment Voucher	Payment Voucher is prepared by the Payment Section of Finance Department/Account Section of the Concerned Accounting Unit for payment of Mobile/Telephone Bills. [Refer ***"Volume III, Annexure – 4"*** for the specimen of ***Payment Voucher***]	Payment Voucher		Payment Section of Finance Department, Account Section of Concerned Accounting Unit	Cashier/AA
9.	Approval of Payment Voucher	Payment Voucher is approved by the Payment Section of Finance Department/Account Section of Concerned Accounting Unit.			Payment Section of Finance Department, Account Section of Concerned Accounting Unit	AO, AMA/DAO, DDO
10.	Payment through Cheque	Cheque is prepared and issued to Concerned Office against the payment of Mobile/Telephone Bills by the Payment Section of Finance Department/Account Section of Concerned Accounting Unit.			Payment Section of Finance Department, Account Section of Concerned Accounting Unit	Cashier/AA

Sr. #	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
11.	Updating of Cash Book	Imprest Cash Book is updated to record the payment of Mobile/Telephone Bills by the Payment Section of Finance Department/Account Section of Concerned Accounting Unit. [Refer ***"Volume III, Annexure – 5"*** for the specimen of ***Cash Book***]	Cash Book		Payment Section of Finance Department, Account Section of Concerned Accounting Unit	Cashier/AA
12.	Preparation of LPS	LPS is prepared to record the payment of Mobile/Telephone Bills by the Payment Section of Finance Department/Account Section of the Concerned Accounting Unit. [Refer ***"Volume III, Annexure – 20"*** for the specimen of ***LPS***]	LPS	1	Payment Section of Finance Department, Account Section of Concerned Accounting Unit	AA, AO, AMA/DAO, DDO

GAA-4.4 Journal Entries

1. On payment of Monthly Bills of Mobile and Telephone, the following entry is posted by the Payment Section of Finance Department/Account Section of Concerned Accounting Unit:

Description	Debit	Credit
Mobile/Telephone Expense	***	
Bank - Imprest Account		***

GAA-4.5 Summary of Responsibilities for Functional Activities

Office / Section	Summary of Responsibilities for Functional Activities – Reference No.
Concerned Employees	
Admin Section of Finance Department	2
Admin Section of Office of CEO	2
Admin Section of IT Directorate	2
Admin Section of Concerned Accounting Unit	2
Dairy Clerk	
Admin Section of Finance Department	1
Admin Section of Office of CEO	1
Admin Section of IT Directorate	1
Admin Section of Concerned Accounting Unit	1
Cashier	
Payment Section of Finance Department	8,10,11
Accounts Section of Concerned Accounting Unit	8,10,11
Accounts Assistant	
Payment Section of Finance Department	5,6,8,10,11,12
Accounts Section of Concerned Accounting Unit	5,6,8,10,11,12
Accounts Officer	
Payment Section of Finance Department	9,12
Accounts Section of Concerned Accounting Unit	9,12
Divisional Accounts Officer	
Admin Section of Concerned Accounting Unit	3
Accounts Section of Concerned Accounting Unit	9,12
Payment Section of Finance Department	9,12
Assistant Manager Human Resource	
Admin Section of Concerned Accounting Unit	3
Assistant Manager Accounts	
Payment Section of Finance Department	9,12
Accounts Section of Concerned Accounting Unit	9,12

Drawing and Disbursing Officer	
Admin Section of Concerned Accounting Unit	3
Payment Section of Finance Department	9,12
Accounts Section of Concerned Accounting Unit	9,12
Deputy Manager Corporate Accounts	
Admin Section of Finance Department	3
Deputy Manager Administration	
Admin Section of Office of CEO	3
Manager Corporate Accounts	
Admin Section of Finance Department	3
Director General Information Technology	
Admin Section of IT Directorate	3

GAA-4.6 Key Control Matrix

Sr.#	Objective	Risk	Control Activity	Activity Ref.#
1	Expenses are approved by authorized personnel only.	Unauthorized approval may result in approval of expenses not incurred for business purpose and inappropriate expenses may be claimed.	Expenses are approved by DMCA and MCA/DM-Admin/DG-IT/DAO/AM-HR and DDO of Concerned Offices.	3
2	Payment Transactions are recorded completely and in the correct accounting period.	Posting of payment transaction is made incorrectly which may result in misstatement in financial statements.	LPS to record the payment transaction is prepared by AA, checked by AO and approved by AMA/DAO and DDO.	12

GAA-5 Payment of Sundry General and Administrative Expenses

GAA-5.1 Descriptive Overview of the Process

A. This process covers the activities regarding Payment of Sundry General and Administrative Expenses.

B. Sundry General and Administrative Expenses includes the following:

- Rent, Rates and Taxes
- Power, Light and Water (Water Charges, Sui Gas)
- Postage and Telegram
- Office Supplies and Other Expenses (Stationery)
- Electricity Bills Collection Expenses
- Directors' Fee
- Professional Fee
- Auditors' Remuneration
- Management Fees
- Advertisement
- Repair and Maintenance
- Vehicle Running and Maintenance (POL, Repair of Vehicles)
- NEPRA Fees
- Miscellaneous Expenses

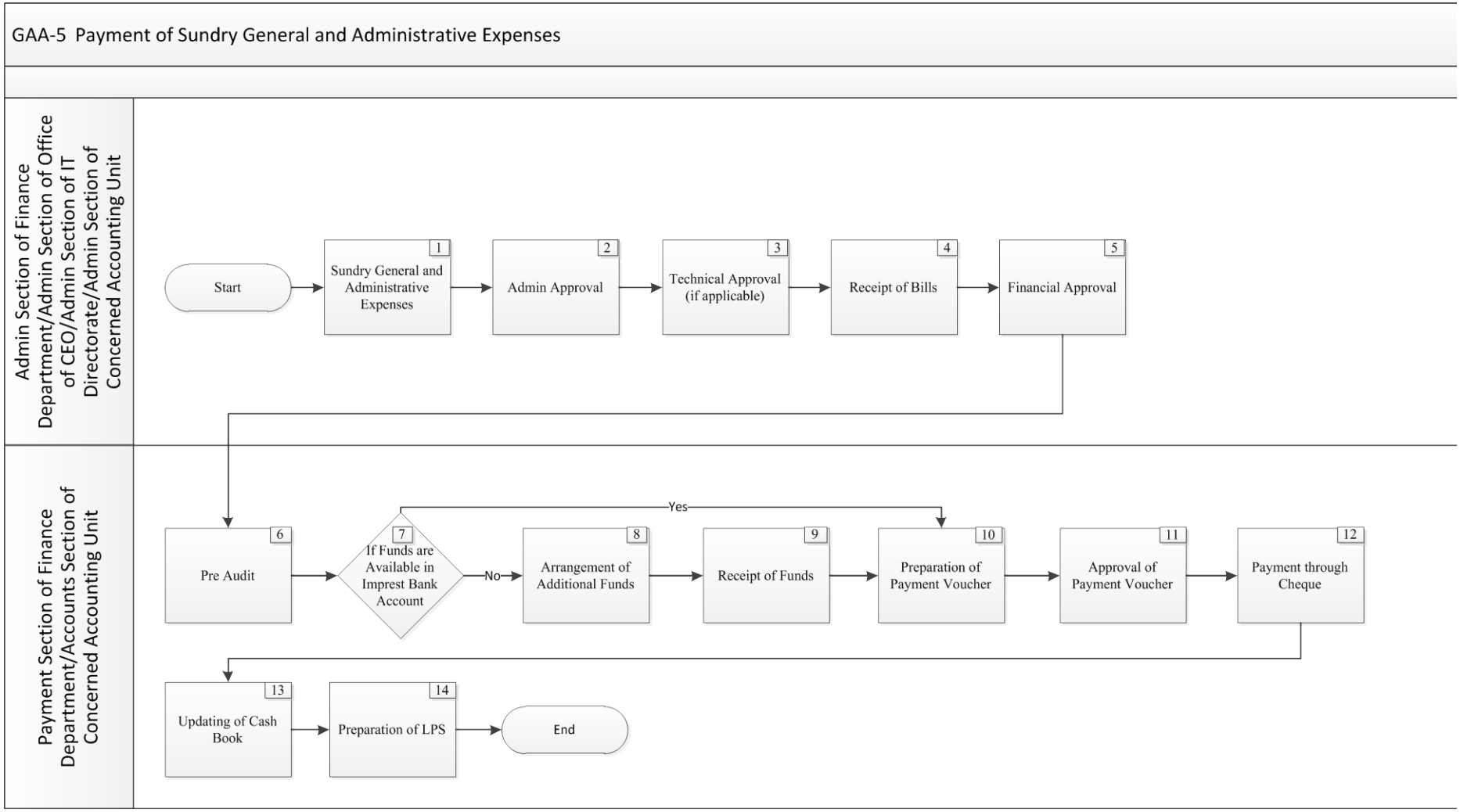
C. Admin approval and Technical approval (if applicable) is accorded for Sundry General and Administrative Expenses in accordance with Book of Financial powers.

D. Bill for the payment of Sundry General and Administrative Expenses is received by the Concerned Office and Financial approval is accorded.

E. Cheque is prepared and issued to the Concerned Authority for payment of Sundry General and Administrative Expenses by the Payment Section of Finance Department/Account Section of the Concerned Accounting Unit.

F. Imprest Cash Book is updated and LPS is prepared to record the payment.

GAA-5.2 Flow Chart



GAA-5.3 Detail of Process Activities

Sr. #	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
1.	Sundry General and Administrative Expenses	Sundry General and Administrative Expenses includes the following: ➢ Rent, Rates and Taxes ➢ Power, Light and Water (Water Charges, Sui Gas) ➢ Postage and Telegram ➢ Office Supplies and Other Expenses (Stationery) ➢ Electricity Bills Collection Expenses ➢ Directors' Fee ➢ Professional Fee ➢ Auditors' Remuneration ➢ Management Fees ➢ Advertisement ➢ Repair and Maintenance ➢ Vehicle Running and Maintenance (POL, Repair of Vehicles) ➢ NEPRA Fees ➢ Miscellaneous Expenses			Admin Section of Finance Department Admin Section of Office of CEO Admin Section of IT Directorate Admin Section of Concerned Accounting Unit	
2.	Admin Approval	Admin approval is accorded for Sundry General and Administrative Expenses by or through Admin Section of the Concerned Office in accordance with the Book of Financial Powers. **[**Refer ***"Volume III, Annexure – 191"*** for ***Book of Financial Powers*****]**			Admin Section of Finance Department Admin Section of Office of CEO Admin Section of IT Directorate	DMCA, MCA DM – Admin DG – IT

Sr. #	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
					Admin Section of Concerned Accounting Unit	AM – HR, DDO
3.	Technical Approval **(if applicable)**	Technical approval (**if applicable**) is accorded for Sundry General and Administrative Expenses by or through Admin Section of Finance Department in accordance with the Book of Financial powers**.** **[**Refer ***"Volume III, Annexure – 191"*** for ***Book of Financial Powers***]			Admin Section of Finance Department Admin Section of Office of CEO Admin Section of IT Directorate Admin Section of Concerned Accounting Unit	DMCA, MCA DM – Admin DG – IT AM – HR, DDO
4.	Receipt of Bills	Bills for the payment of Sundry General and Administrative Expenses are received by Admin Section of Concerned Office.			Admin Section of Finance Department Admin Section of Office of CEO Admin Section of IT Directorate Admin Section of Concerned Accounting Unit	AA LDC AA Head Clerk/ Superintendent
5.	Financial Approval	Financial approval is accorded for payment of Sundry General and Administrative Expenses by the Admin			Admin Section of Finance Department	DMCA, MCA

Sr. #	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
		Section of the Concerned Office.			Admin Section of Office of CEO Admin Section of IT Directorate Admin Section of Concerned Accounting Unit	DM – Admin DG – IT AM – HR, DDO
6.	Pre-Audit	Pre-Audit is performed by the Payment Section of Finance Department/Account Section of the Concerned Accounting Unit. [Refer ***"PAP - 9"*** for details regarding ***pre audit***]			Payment Section of Finance Department, Account Section of Concerned Accounting Unit	
7.	If Funds are Available in Imprest Bank Account	a) Payment Section of Finance Department/Account Section of Concerned Accounting Unit checks the availability of funds in the Imprest Bank Account for the payment of Bill. b) If funds are available in Imprest Bank Account then continues to Activity # 10 else continues to Activity # 8.			Payment Section of Finance Department, Account Section of Concerned Accounting Unit	AA
8.	Arrangement of Additional Funds	If funds are not available in the Imprest Bank Account following procedure is performed: a) The Demand for Release of Funds is prepared and approved.	Demand for Release of Funds	Entry for release of funds by Finance Department is mentioned	Payment Section of Finance Department, Account Section of Concerned Accounting Unit	AA

Sr. #	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
		b) The Payment Section of Finance Department obtains the approval from CEO and Banking Section of Finance Department releases funds to the Imprest Bank Account. [Refer ***"CTM - 9"*** for details regarding ***release of funds to Accounting Units***] [Refer ***"Volume III, Annexure – 25.1"*** for the specimen of ***Demand for Release of Funds***] [Refer ***"Volume III, Annexure – 25.2"*** for the specimen of ***Demand for Release of Funds***]		in CTM		
9.	Receipt of Funds	Funds are received in the Imprest Bank Account of Concerned Accounting Unit. [Refer ***"CTM - 13"*** for details regarding ***receipt of funds from Finance Department***]		Entry for receipt of funds from Finance Department is mentioned in CTM	Payment Section of Finance Department, Account Section of Concerned Accounting Unit	
10.	Preparation of Payment Voucher	- Payment Voucher is prepared by the Payment Section of Finance Department/Account Section of the Concerned Accounting Unit for payment of Bill. - [Refer ***"Volume III, Annexure – 4"*** for the specimen of ***Payment Voucher***]	Payment Voucher		Payment Section of Finance Department, Account Section of Concerned Accounting Unit	Cashier/AA
11.	Approval of	Payment Voucher is approved by the Payment Section of			Payment Section of	AO,

Sr. #	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
	Payment Voucher	Finance Department/Account Section of the Concerned Accounting Unit.			Finance Department, Account Section of Concerned Accounting Unit	AMA/DAO/DDO
12.	Payment through Cheque	Cheque is prepared and issued to the Concerned Authority against the payment of Bill by Payment Section of Finance Department/Account Section of Concerned Accounting Unit.			- Payment Section of Finance Department, Account Section of Concerned Accounting Unit	- Cashier/ AA
13.	Updating of Cash Book	Imprest Cash Book is updated to record the payment of Bill by Payment Section of Finance Department/Account Section of the Concerned Accounting Unit. [Refer ***"Volume III, Annexure – 5"*** for the specimen of ***Cash Book***]	Cash Book		Payment Section of Finance Department, Account Section of Concerned Accounting Unit	Cashier/AA
14.	Preparation of LPS	LPS is prepared to record the payment of Bill by the Payment Section of Finance Department/Account Section of the Concerned Accounting Unit. [Refer ***"Volume III, Annexure – 20"*** for the specimen of ***LPS***]	LPS	1	- Payment Section of Finance Department, Account Section of Concerned Accounting Unit	- AA, AO, AMA/DAO/DDO

GAA-5.4 Journal Entries

1. On payment of Sundry General and Administrative Expenses, the following entry is posted by the Payment Section of Finance Department/Account Section of the Concerned Accounting Unit:

Description	Debit	Credit
Relevant Expense	***	
- Bank - Imprest Account		***

GAA-5.5 Summary of Responsibilities for Functional Activities

Office / Section	Summary of Responsibilities for Functional Activities – Reference No.
Lower Division Clerk	
Admin Section of Office of CEO	4
Head Clerk	
Admin Section of Concerned Accounting Unit	4
Cashier	
Payment Section of Finance Department	10,12,13
Accounts Section of Concerned Accounting Unit	10,12,13
Superintendent	
Admin Section of Concerned Accounting Unit	4
Accounts Assistant	
Admin Section of Finance Department	4
Admin Section of IT Directorate	4
Payment Section of Finance Department	7,8,10,12,13,14
Accounts Section of Concerned Accounting Unit	7,8,10,12,13,14
Accounts Officer	
Payment Section of Finance Department	11,14
Accounts Section of Concerned Accounting Unit	11,14
Divisional Accounts Officer	
Payment Section of Finance Department	11,14
Accounts Section of Concerned Accounting Unit	11,14
Assistant Manager Human Resource	
Admin Section of Concerned Accounting Unit	2,3,5
Assistant Manager Accounts	
Payment Section of Finance Department	11,14
Accounts Section of Concerned Accounting Unit	11,14
Drawing and Disbursing Officer	
Admin Section of Concerned Accounting Unit	2,3,5
Payment Section of Finance Department	11,14

Accounts Section of Concerned Accounting Unit	11,14
Deputy Manager Corporate Accounts	
Admin Section of Finance Department	2,3,5
Deputy Manager Administration	
Admin Section of Office of CEO	2,3,5
Manager Corporate Accounts	
Admin Section of Finance Department	2,3,5
Director General Information Technology	
Admin Section of IT Directorate	2,3,5

GAA-5.6 Key Control Matrix

Sr.#	Objective	Risk	Control Activity	Activity Ref.#
1	Expenses are approved by authorized personnel only.	Unauthorized approval may result in approval of expenses not incurred for business purpose and inappropriate expenses may be claimed.	Admin approval, Technical approval (if applicable) and Financial approval is accorded by or through DMCA and MCA/DM-Admin/DG-IT/DAO/AM-HR and DDO of Concerned Offices as per financial powers.	2, 3, 5
2	Payment Transactions are recorded completely and in the correct accounting period.	Posting of payment transaction is made incorrectly which may result in misstatement in financial statements.	LPS to record the payment transaction is prepared by AA, checked by AO and approved by AMA/DAO/DDO.	14

GAA-6 Temporary Advances to Employees and their Adjustment

GAA-6.1 Descriptive Overview of the Process

A. This process covers the activities regarding payment of Temporary Advances to Employees and their Adjustment.

B. Intended Concerned Employees raises the Requisition for Temporary Advance and requisition is approved by the Admin Section of Concerned Office.

C. Payment Bill is prepared for payment of temporary advance and pre-audit is performed.

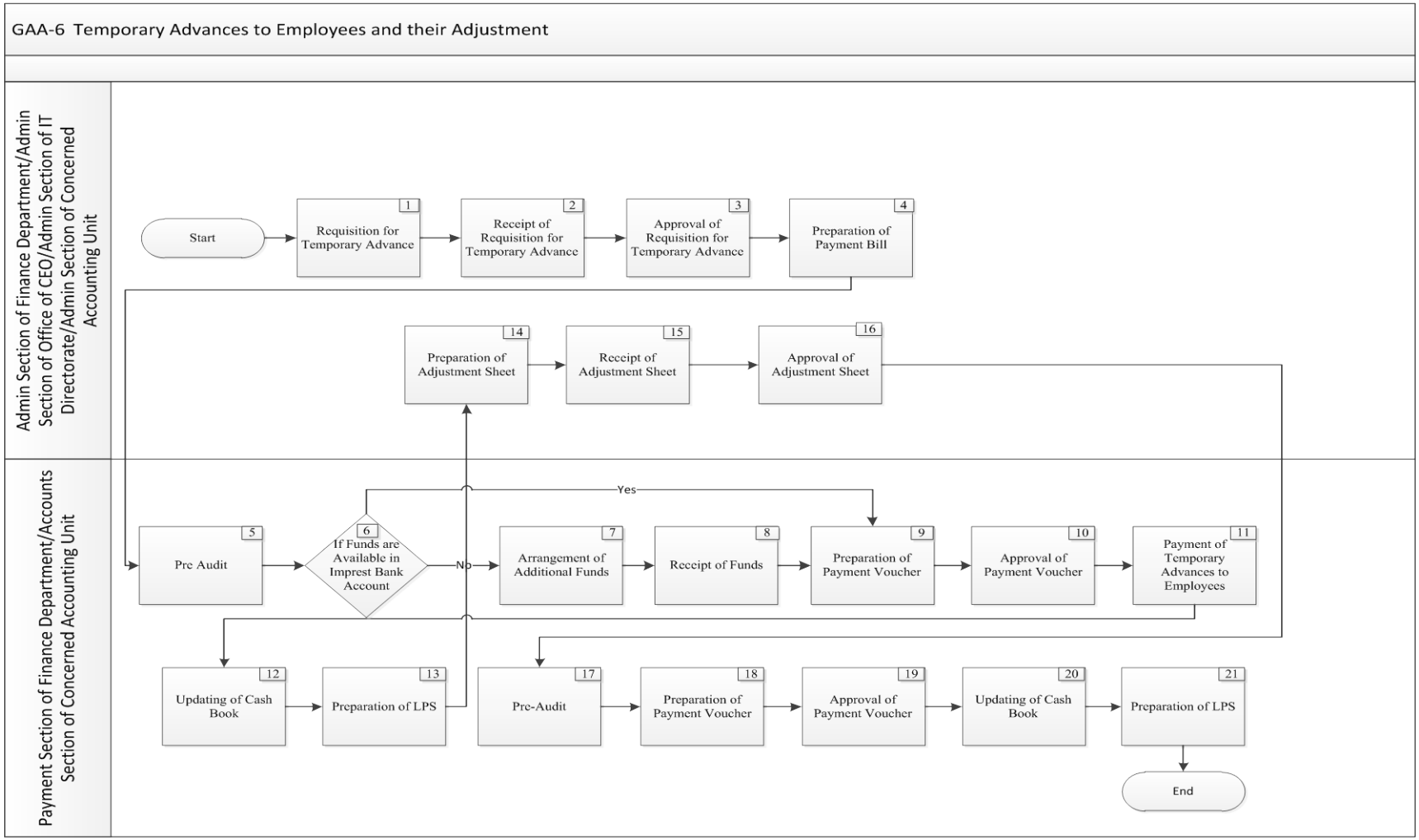
D. Cheque for payment of temporary advance is prepared and issued to the Concerned Employee by the Payment Section of Finance Department/Account Section of Concerned Accounting Unit.

E. Imprest Cash Book is updated and LPS is prepared to record the payment.

F. Adjustment Sheet along with Supporting Bills is received from the Concerned Employee and approved by the Admin Section of Concerned Office.

G. Imprest Cash Book is updated and LPS is prepared to record for adjustment against temporary advance.

GAA-6.2 Flow Chart



GAA-6.3 Detail of Process Activities

Sr. #	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
1.	Requisition for Temporary Advance	Intended Concerned Employees raises the Requisition for Temporary Advance.			Admin Section of Finance Department, Admin Section of Office of CEO, Admin Section of IT Directorate, Admin Section of Concerned Accounting Unit	Intended Concerned Employees
2.	Receipt of Requisition for Temporary Advance	Requisition for Temporary Advance is received by the Admin Section of the Concerned Office.			Admin Section of Finance Department Admin Section of Office of CEO Admin Section of IT Directorate Admin Section of Concerned Accounting Unit	AO LDC AA Head Clerk / Superintendent
3.	Approval of Requisition for Temporary Advance	Requisition for Temporary Advance is approved by the Admin Section of the Concerned Office.			Admin Section of Finance Department Admin Section of Office of CEO Admin Section of IT	DMCA, MCA DM – Admin DG – IT

Sr. #	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
					Directorate Admin Section of Concerned Accounting Unit	 DDO
4.	Preparation of Payment Bill	Payment Bill for payment of temporary advance is prepared by the Admin Section of the Concerned Office. [Refer ***"Volume III, Annexure – 97"*** for the specimen of ***Payment Bill***]	Payment Bill		Admin Section of Finance Department Admin Section of Office of CEO Admin Section of IT Directorate Admin Section of Concerned Accounting Unit	AA Cashier AA Head Clerk / Superintendent
5.	- Pre-Audit	Pre-Audit is performed by the Payment Section of Finance Department/Account Section of the Concerned Accounting Unit. [Refer ***"PAP - 9"*** for details regarding ***pre audit***]			Payment Section of Finance Department, Account Section of Concerned Accounting Unit	
6.	- If Funds are Available in Imprest Bank Account	a) Payment Section of Finance Department/Account Section of the Concerned Accounting Unit checks the availability of funds in the Imprest Bank Account. b) If funds are available in Imprest Bank Account then continues to Activity # 9 else continues to Activity # 7.			Payment Section of Finance Department, Account Section of Concerned Accounting Unit	AA

Sr. #	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
7.	Arrangement of Additional Funds	If funds are not available in the Imprest Bank Account, the following procedure is performed: a) The Demand for Release of Funds is prepared and approved. b) The Payment Section of Finance Department obtains the approval from CEO and Banking Section of Finance Department releases funds to the Imprest Bank Account. [Refer ***"CTM - 9"*** for details regarding ***release of funds to Accounting Units***] [Refer ***"Volume III, Annexure – 25.1"*** for the specimen of ***Demand for Release of Funds***] [Refer ***"Volume III, Annexure – 25.2"*** for the specimen of ***Demand for Release of Funds***]	Demand for Release of Funds	Entry for release of funds by Finance Department is mentioned in CTM	Payment Section of Finance Department, Account Section of Concerned Accounting Unit	AA
8.	Receipt of Funds	Funds are received in the Imprest Bank Account of Concerned Accounting Unit. [Refer ***"CTM - 13"*** for details regarding ***receipt of funds from Finance Department***]		Entry for receipt of funds from Finance Department is mentioned in CTM	Payment Section of Finance Department, Account Section of Concerned Accounting Unit	
9.	Preparation of Payment Voucher	Payment Voucher for payment of temporary advance to employees is prepared by the Payment Section of Finance Department/Account Section of the Concerned Accounting	Payment Voucher		Payment Section of Finance Department, Account Section of	Cashier/AA

Sr. #	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
		Unit. [Refer ***"Volume III, Annexure – 4"*** for the specimen of ***Payment Voucher***]			Concerned Accounting Unit	
10.	Approval of Payment Voucher	Payment Voucher is approved by the Payment Section of Finance Department/Account Section of Concerned Accounting Unit.			Payment Section of Finance Department, Account Section of Concerned Accounting Unit	AO, AMA/DAO/DDO
11.	Payment of Temporary Advances to Employees	Payment is made through Cheque to the Concerned Employee from Imprest Bank Account by the Payment Section of Finance Department/Account Section of the Concerned Accounting Unit.			Payment Section of Finance Department, Account Section of Concerned Accounting Unit	Cashier/AA
12.	Updating of Cash Book	Imprest Cash Book is updated to record the payment made through Cheque by the Payment Section of Finance Department/Account Section of the Concerned Accounting Unit. [Refer ***"Volume III, Annexure – 5"*** for the specimen of ***Cash Book***]	Cash Book		Payment Section of Finance Department, Account Section of Concerned Accounting Unit	Cashier/AA
13.	Preparation of LPS	LPS is prepared to record the payment of temporary advances to employees by the Payment Section of Finance Department/Account Section of the Concerned Accounting Unit. [Refer ***"Volume III, Annexure – 20"*** for the specimen of	LPS	1	Payment Section of Finance Department, Account Section of Concerned Accounting Unit	AA, AO, AMA/DAO

Sr. #	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
		LPS]				
14.	- Preparation of Adjustment Sheet	a) Adjustment Sheet for adjustment of expense against temporary advance is prepared by the Concerned Employee. b) Adjustment Sheet along with Supporting Bills is submitted to the Admin Section of Concerned Office. [Refer ***"Volume III, Annexure – 98"*** for the specimen of ***Adjustment Sheet***]	Adjustment Sheet		Admin Section of Finance Department Admin Section of Office of CEO Admin Section of IT Directorate Admin Section of Concerned Accounting Unit	Intended Concerned Employees
15.	- Receipt of Adjustment Sheet	Adjustment Sheet along with Supporting Bills is received by the Admin Section of Concerned Office.			- Admin Section of Finance Department Admin Section of Office of CEO Admin Section of IT Directorate Admin Section of Concerned Accounting Unit	AA Cashier AA Head Clerk / Superintendent
16.	Approval of Adjustment Sheet	Adjustment Sheet is approved and forwarded for Pre-Audit by the Admin Section of Concerned Office.			Admin Section of Finance Department	DMCA, MCA

Sr. #	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
					Admin Section of Office of CEO Admin Section of IT Directorate Admin Section of Concerned Accounting Unit	DM – Admin DG – IT DAO/AM – HR, DDO
17.	Pre-Audit	Pre-Audit is performed by the Payment Section of Finance Department/Account Section of Concerned Accounting Unit. [Refer ***"PAP - 9"*** for details regarding ***pre audit***]			Payment Section of Finance Department, Account Section of Concerned Accounting Unit	
18.	Preparation of Payment Voucher	Payment Voucher for adjustment against temporary advance is prepared by the Payment Section of Finance Department/Account Section of Concerned Accounting Unit. [Refer ***"Volume III, Annexure – 4"*** for the specimen of ***Payment Voucher***]	Payment Voucher		Payment Section of Finance Department, Account Section of Concerned Accounting Unit	Cashier/AA
19.	Approval of Payment Voucher	Payment Voucher is approved by the Payment Section of Finance Department/Account Section of Concerned Accounting Unit.			Payment Section of Finance Department, Account Section of Concerned Accounting Unit	AO, AMA/DAO, DDO

Sr. #	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
20.	Updating of Cash Book	Imprest Cash Book is updated to record the adjustment against temporary advance by the Payment Section of Finance Department/Account Section of Concerned Accounting Unit. [Refer ***"Volume III, Annexure – 5"*** for the specimen of ***Cash Book***]	Cash Book		Payment Section of Finance Department, Account Section of Concerned Accounting Unit	Cashier/AA
21.	Preparation of LPS	LPS for adjustment against temporary advance is prepared by the Payment Section of Finance Department/Account Section of the Concerned Accounting Unit. [Refer ***"Volume III, Annexure – 20"*** for the specimen of ***LPS***]	LPS	2, 3, 4	Payment Section of Finance Department, Account Section of Concerned Accounting Unit	AA, AO, AMA/DAO, DDO

GAA-6.4 Journal Entries

1. On issuance of Temporary Advances to Employees, the following entry is posted by the Payment Section of Finance Department/Accounts Section of the Concerned Accounting Unit:

Description	Debit	Credit
- Accounts Receivables – Other	***	
- Bank – Imprest Account		***

2. If amount of expense exceeds the amount of Temporary Advance, the following entry is posted by the Payment Section of Finance Department/Accounts Section of the Concerned Accounting Unit:

Description	Debit	Credit
Relevant Expense	***	
Accounts Receivables – Other		***
Bank – Imprest Account		***

3. If amount of expense is less than the amount of Temporary Advance, the following entries are required to be posted:

   a) On deposit of excess amount of Temporary Advance into Imprest Bank Account, the following entry is posted by Payment Section of Finance Department/Accounts Section of Concerned Accounting Unit:

Description	Debit	Credit
Bank – Imprest Account	***	
Refund Clearing Account		***

   b) On adjustment of expense against Temporary Advance, the following entry is posted by the Payment Section of Finance Department/Accounts Section of Concerned Accounting Unit:

Description	Debit	Credit
Relevant Expense	***	
Refund Clearing Account	***	
Accounts Receivables – Other		***

4. If amount of expense equals the amount of Temporary Advance, the following entry is posted by Payment Section of Finance Department/Accounts Section of Concerned Accounting Unit:

Description	Debit	Credit
Relevant Expense	***	
Accounts Receivables – Other		***

GAA-6.5 Summary of Responsibilities for Functional Activities

Office / Section	Summary of Responsibilities for Functional Activities – Reference No.
Intended Concerned Employees	
Admin Section of Finance Department	1,14
Admin Section of Office of CEO	1,14
Admin Section of IT Directorate	1,14
Admin Section of Concerned Accounting Unit	1,14
Lower Division Clerk	
Admin Section of Office of CEO	2
Cashier	
Admin Section of Office of CEO	4,15
Payment Section of Finance Department	9,11,12,18,20
Accounts Section of Concerned Accounting Unit	9,11,12,18,20
Head Clerk	
Admin Section of Concerned Accounting Unit	2,4,15
Superintendent	
Admin Section of Concerned Accounting Unit	2,4,15
Accounts Assistant	
Admin Section of Finance Department	4,15
Admin Section of IT Directorate	2,4,15
Payment Section of Finance Department	6,7,9,11,12,13,18,20,21
Accounts Section of Concerned Accounting Unit	6,7,9,11,12,13,18,20,21
Accounts Officer	
Admin Section of Finance Department	2
Payment Section of Finance Department	10,13,19,21
Accounts Section of Concerned Accounting Unit	10,13,19,21
Divisional Accounts Officer	
Payment Section of Finance Department	10,13,19,21
Accounts Section of Concerned Accounting Unit	10,13,19,21
Admin Section of Concerned Accounting Unit	16
Assistant Manager Human Resource	

Admin Section of Concerned Accounting Unit	16
Assistant Manager Accounts	
Payment Section of Finance Department	10,13,19,21
Accounts Section of Concerned Accounting Unit	10,13,19,21
Drawing and Disbursing Officer	
Admin Section of Concerned Accounting Unit	3,16
Payment Section of Finance Department	10,19,21
Accounts Section of Concerned Accounting Unit	10,19,21
Deputy Manager Corporate Accounts	
Admin Section of Finance Department	3,16
Deputy Manager Administration	
Admin Section of Office of CEO	3,16
Manager Corporate Accounts	
Admin Section of Finance Department	3,16
Director General Information Technology	
Admin Section of IT Directorate	3,16

GAA-6.6 Key Control Matrix

Sr.#	Objective	Risk	Control Activity	Activity Ref.#
1	Requisition for Temporary Advance is approved by authorized personnel only.	Unauthorized release of funds may be approved which may result in financial loss to Company.	Requisition for Temporary Advance is approved by DMCA and MCA/DM-Admin/DG-IT/DDO of Concerned Offices.	3
2	Expenses are approved by authorized personnel only.	Unauthorized approval may result in approval of expenses not incurred for business purpose and inappropriate expenses may be claimed.	Expenses are approved by DMCA and MCA/DM-Admin/DG-IT/DAO/AM-HR and DDO of Concerned Offices.	16
3	Payment Transactions are recorded completely and in the correct accounting period.	Posting of payment transaction is made incorrectly which may result in misstatement in financial statements.	LPS to record the payment transaction is prepared by AA, checked by AO and approved by AMA/DAO and DDO.	13, 21

Human Resource Management (HRM)

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1 Introduction

1.1 Objective

Human Resource Management function has come to be recognized as an inherent part of any organization. The function is charged with overall responsibility for implementing strategies and policies relating to the management of individuals (i.e. the Human Resource Management) thereby optimizing their contribution towards the realization of organizational objectives.

Human Resource Management process has the following main objectives:

- To maintaining awareness of and compliance with local, provincial and federal labour laws;
- To maintain employee record keeping and confidentiality;
- To make approved and accurate Salary and Wage adjustments;
- To make accurate, complete and timely Payroll distribution;
- To Administer and record Employee Benefits as per organizational policy; and
- To Facilitates employee growth.

1.2 Scope

This document covers all the aspects of the Human Resource Management at different Accounting Units of DISCO. This document describes each Process of Human Resource Management, which includes; Descriptive Overview of the process, Flow Chart of all the process activities, Journal Entries and their references with the process activities, Job Descriptions of persons responsible for performing activities and key control matrices to ensure that the process activities are in line with the Standard Policies and Procedure of the DISCO.

All the Human Resource Management activities in DISCO are covered under following Processes:

Process ID	Process Name
HRM-1	Pay Determination and Maintenance of Service Record (Employees of BPS 16 - Gazetted and above)
HRM-2	Pay Determination and Maintenance of Service Record (Employees of BPS 1 to 16 – Non-Gazetted)
HRM-3	Processing and Payment of Payroll of Permanent Employees / Attached Employees
HRM-4	Processing and Payment of Payroll of Daily Wages Employees
HRM-5	Preparation of Payroll Deduction Schedules and Payment
HRM-6	Employee Claim for GLI and GPF
HRM-7	Employee Claim of WWF and Its Reimbursement from WAPDA
HRM-8	Employees' Claims for other Benefits
HRM-9	Processing and Payment of House Acquisition
HRM-10	Employee Long Term Advances and their Adjustments
HRM-11	Processing and Payment of Pension on Retirement and Monthly Payment
HRM-12	Provision for Post Employee Benefits as per Actuarial Valuation

2 Policies and Definitions

2.1 General Policies

These rules and policies may change according to the terms and conditions as approved by the Competent Authority from time to time.

2.1.1 Group Life Insurance

Group life insurance is paid to a serving employee's dependents after his death. Employee dependents are only paid if employee dies during the period of service i.e. if employee dies after retirement then no group life insurance will be paid.

Monthly deductions from the pay of employees for GLI vary with the basic pay slabs. For the employees of BPS 1-5, DISCOs contribute for GLI deduction while employees above the BPS 5 contribute on their own for this deduction.

2.1.2 General Provident Fund / Employees Provident Fund

Monthly deduction of GPF / EPF is compulsory for all regularized employees. Monthly deductions from the pay of employees for GPF / EPF are in a specified range depending on BPS. An employee may opt to receive interest free GPF / EPF by forwarding an application to Director Funds WAPDA through his Head of Office.

- Employee under the age of 45 may withdraw up to 1/3rd of the balance in his GPF / EPF. This amount is repayable within specified time which varies from 12 to 36 months at the discretion of Director Funds WAPDA.
- Employee can withdraw 80 % from his GPF / EPF on attaining the age of 45. This amount does not have to be repaid.
- Employee can withdraw the total balance from his GPF / EPF on attaining the age of 50. This amount does not have to be repaid.

For detailed Policy, refer to WAPDA Employees GP Fund Rules, 1985.

2.1.3 Medical Benevolent Fund

MBF was established for the purpose of meeting with high cost of specialized treatment against life threatening diseases / ailments to employees. The sources of the Fund were based on monthly deduction from pay of the employees at source and a matching contribution of equivalent amount by the DISCO.

2.1.4 Union Fund

An employee may opt for Union membership for which a specific monthly amount is deducted from his pay.

2.1.5 Club Fund

Club Fund is deducted from the pay of employees of BPS 17 and above. A specific amount is deducted on a monthly basis whether an employee avails the club facility or not.

2.1.6 WAPDA Welfare Fund

This fund is established for the support of employees. Out of the fund, monthly welfare grants are provided to the widows of employees, employees who retired on medical grounds and for the handicapped children of the employees.

Monthly Deductions are made from the salary of all employees for contribution in this fund. Monthly Deductions from the pay of employees in case of WWF are in a specified range depending on basic pay slab.

WAPDA Welfare Fund provides following grants:

- **Monthly Grants**

From the WWF monthly grants are allowed to the widows of employees, which are in a specified range depending on BPS. These monthly grants are also available to the deceased / invalidated employees, employees who have been retired on medical grounds and as well as for handicapped children of the employees.

- **Marriage Grant**

Marriage grant of a specific amount is allowed for self marriage and one daughter of an employee (BPS 1-15 only) during his entire service period, however for an employee being retired on medical grounds and for the widow of an employee, this grant is provided for two daughters.

- **Educational Scholarship**

Educational Scholarships are also provided to the children of the employees for their education.

- **Special Diet**

A specific amount on monthly basis is allowed for a period between 6 months and one year, to an employee (BPS 1-15) or a member of his family suffering from chronic disease.

For detailed Policy, refer to WAPDA SOPs for Decentralization of Powers for Sanction of Welfare Grants.

2.1.7 Funeral Charges

Serving employees are entitled to reimbursement for funeral charges for their dependents, and in case of death of an employee funeral charges will also be paid to his family as per the policy.

2.1.8 Ex-gratia Grant

Ex-gratia compensation benefits are available in case of an employee's expiry / death due to fatal accident while performing his service / duty. Compensation benefits associated with ex-gratia are as per the policy of GOP.

2.1.9 Leave Encashment

Leave Encashment of up to a maximum limit of 365 days basic pay is provided to employees on retirement.

2.1.10 Long Term Advances

Long Term Advances are allowed to regular employees only. There are different types of long term advances which are provided to employees.

- Construction of House:
- Purchase of House:
- Purchase of Plot:
- Purchase of Motorbike:
- Purchase of Car:

For detailed Policy, refer to The Pakistan WAPDA Rules Regulating the Grant of Advances for the Purchase of Motor Car/Motor Cycle, 1962 and The Pakistan WAPDA Rules Regulating the Grant of Advances for Construction / Purchase of House / Plots, 1967.

2.1.11 Transportation Charges

Transportation Charges are deducted from the pay of all employees if they are using transportation facility. Monthly deductions from the pay of employees for Transportation Charges vary with the BPS of each employee.

2.1.12 Professional Tax

As per the Provincial Finance Act, Professional Tax is levied on salaried persons who are also assessed to Income tax at a specific annual rate.

2.1.13 Income Tax

Income Tax from the salaries of employees is deducted on monthly basis as per the Income Tax Ordinance 2001 and rules made there under.

For detailed Policy, refer to Income Tax Ordinance 2001.

2.1.14 Medical/ Hospitalization Claims

Medical/ Hospitalization Claims are allowed to employees in a specified range depending on BPS of each employee.

For detailed Policy, refer to The Pakistan WAPDA Employees Medical Attendance Rules, 1979.

2.1.15 TA / DA Claim

TD / DA Claims are allowed to employees in a specified range depending on BPS of each employee.

For detailed Policy, refer to The Pakistan WAPDA Travelling Allowance Rules, 1982.

2.1.16 Overtime and off day Wages

Overtime is allowed to employees of BPS 1 to 16 only depending on the ceiling of basic pay.

2.1.17 Residential Telephone

Monetary limits of specified amount for Residential Telephone facility is allowed to employees depending on their BPS.

2.1.18 House Acquisition

Depending on BPS of all employees, rental ceilings of specified amount for hiring residential accommodation at specified stations is allowed to each employee on monthly basis.

2.1.19 House Accommodation Deduction

Deductions related to House Accommodations from third party houses are not deducted these deductions are only deducted (5% of Basic Pay) on house accommodation provided by WAPDA or DISCO in the form of bungalows, flats or quarters etc.

2.1.20 Pension

Pension is provided as periodical and lump sum amount to each retired employee or widow of diseased employee as retirement benefit.

For detailed Policy, refer to WAPDA Pension Rules 1977.

2.2 Definitions

2.2.1 Human Resource

Human Resource may be defined as the total knowledge, skills, creative abilities, talents and aptitudes of an organization's workforce, as well as the values, attitudes, approaches and beliefs of the individuals involved in the affairs of the organization.

2.2.2 Advance Increments

Advance increment is based on the qualification in accordance with the job requirement. If the academic qualification of the employee is higher than the job requirement, then the employee may be considered for an advance increment.

2.2.3 Service Statement

Service Statement is maintained for employees of BPS 16 (Gazetted only) and above. Service Statement includes service record details from appointment to retirement. This statement also includes information regarding where employee served, how much salary paid at different stages in different time scales, promotions received, benefits availed, penalty imposed, and leave records etc.

2.2.4 Service Book

Service Book is maintained for employees of BPS 1 to 16 (Non-Gazetted). Service Book is maintained from the date joining of service. It includes the employee information from the appointment to retirement such as where employee served, how much salary paid at different stages in different time scales, promotions achieved, benefits received, penalty imposed, leaves record etc.

2.2.5 Drawing and Disbursing Officer

DDO is the head of the D & D office or any person nominated by him.

2.2.6 Payroll

Payroll is the employers cost incurred for employees services. Payroll consists of the actual cash paid to employees and the withheld amounts (liabilities) for employee's income taxes and various benefit plans.

2.2.7 Allowance

Allowance is a sum of money paid regularly to an employee, typically to meet specified needs or expenses.

2.2.8 Seniority

Privileged status attained by an employee because of the length of continuous service with the same employer, which also determines the order of promotion, benefits, or layoffs.

2.2.9 Pension

Periodical or lump sum income received as a retirement benefit.

2.2.10 Commutation

This is the advance accumulated pension given to a former employee on his retirement as a single payment along with monthly arrears (if any) of Pension amount.

2.3 General accounting guidelines

2.3.1 Employees' retirement benefits

The DISCO has adopted the pension, post retirement free electricity and medical benefit schemes of WAPDA for its employees. These liabilities are determined on the basis of actuarial valuation carried out at each financial year end. Contributions towards the retirement benefits are made on the basis of actuarial valuation and are charged to income currently. The DISCO amortizes the unrecognized actuarial gains and losses over the expected remaining service of current employees. Cumulative net unrecognized actuarial gains and losses in excess of the corridor limit as of the balance sheet date are amortized over the expected average working lives of the participating employees.

2.3.2 Accumulated compensated absences

The DISCO's employees are also entitled for accumulated compensated absences, which are encashed at the time of retirement up to a maximum limit of 365 days. Actuarial gains and losses regarding compensated absences are recognized in the year of occurrence.

2.3.3 General Provident Fund and WAPDA Welfare Fund

For GPF and WWF, the DISCO makes deduction from salaries of the employees and remits these amounts to the funds established by WAPDA through their allotted GPF / EFP number.

2.3.4 Basic Principle of IAS 19 (Employee Benefits)

The cost of providing employee benefits should be recognised in the period in which the benefit is earned by the employee, rather than when it is paid or payable.

2.3.4.1 Short-term Employee Benefits

For short-term employee benefits (those payable within 12 months after service is rendered, such as wages, paid vacation and sick leave, bonuses, and nonmonetary benefits such as medical care and housing), the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period should be recognised in that period. [IAS 19.10] The expected cost of short-term compensated absences should be recognised as the employees render service that increases their entitlement or, in the case of non-accumulating absences, when the absences occur. [IAS 19.11]

2.3.4.2 Types of Post-employment Benefit Plans

The accounting treatment for a post-employment benefit plan will be determined according to whether the plan is a defined contribution or a defined benefit plan:

- Under a defined contribution plan, the entity pays fixed contributions into a fund but has no legal or constructive obligation to make further payments if the fund does not have sufficient assets to pay all of the employees' entitlements to post-employment benefits.
- A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. These would include both formal plans and those informal practices that create a constructive obligation to the entity's employees.

2.3.4.3 Defined Contribution Plans

For defined contribution plans, the cost to be recognised in the period is the contribution payable in exchange for service rendered by employees during the period. [IAS 19.44]

If contributions to a defined contribution plan do not fall due within 12 months after the end of the period in which the employee renders the service, they should be discounted to their present value. [IAS 19.45]

2.3.4.4 Defined Benefit Plans

For defined benefit plans, the amount recognised in the balance sheet should be the present value of the defined benefit obligation (that is, the present value of expected future payments required to settle the obligation resulting from employee service in the current and prior periods), as adjusted for unrecognized actuarial gains and losses and unrecognized past service cost, and reduced by the fair value of plan assets at the balance sheet date. [IAS 19.54]

The present value of the defined benefit obligation should be determined using the Projected Unit Credit Method. [IAS 19.64] Valuations should be carried out with sufficient regularity such that the amounts recognised in the financial statements do not differ materially from those that would be determined at the balance sheet date. [IAS 19.56] The assumptions used for the purposes of such valuations should be unbiased and mutually compatible. [IAS 19.72] The rate used to discount estimated cash flows should be determined by reference to market yields at the balance sheet date on high quality corporate bonds. [IAS 19.78]

On an ongoing basis, actuarial gains and losses arise that comprise experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions. In the long-term, actuarial gains and losses may offset one another and, as a result, the entity is not required to recognize all such gains and losses in profit or loss immediately. IAS 19 specifies that if the accumulated unrecognized actuarial gains and losses exceed 10% of the greater of the defined benefit obligation or the fair value of plan assets, a portion of that net gain or loss is required to be recognised immediately as income or expense. The portion recognised is the excess divided by the expected average remaining working lives of the participating employees. Actuarial gains and losses that do not breach the 10% limits described above (the 'corridor') need not be recognised - although the entity may choose to do so. [IAS 19.92-93]

Over the life of the plan, changes in benefits under the plan will result in increases or decreases in the entity's obligation.

2.3.4.5 Other Long-term Benefits

IAS 19 requires a simplified application of the model described above for other long-term employee benefits. This method differs from the accounting required for post-employment benefits in that: [IAS 19.128-129]

Actuarial gains and losses are recognised immediately and no 'corridor' (as discussed above for post-employment benefits) is applied; and

All past service costs are recognised immediately.

2.3.4.6 Termination Benefits

For termination benefits, IAS 19 specifies that amounts payable should be recognised when, and only when, the entity is demonstrably committed to either: [IAS 19.133]

- terminate the employment of an employee or group of employees before the normal retirement date; or
- provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

The entity will be demonstrably committed to a termination when, and only when, it has a detailed formal plan for the termination and is without realistic possibility of withdrawal. [IAS 19.134] Where termination benefits fall due after more than 12 months after the balance sheet date, they should be discounted. [IAS 19.139]

2.3.5 Required Disclosure

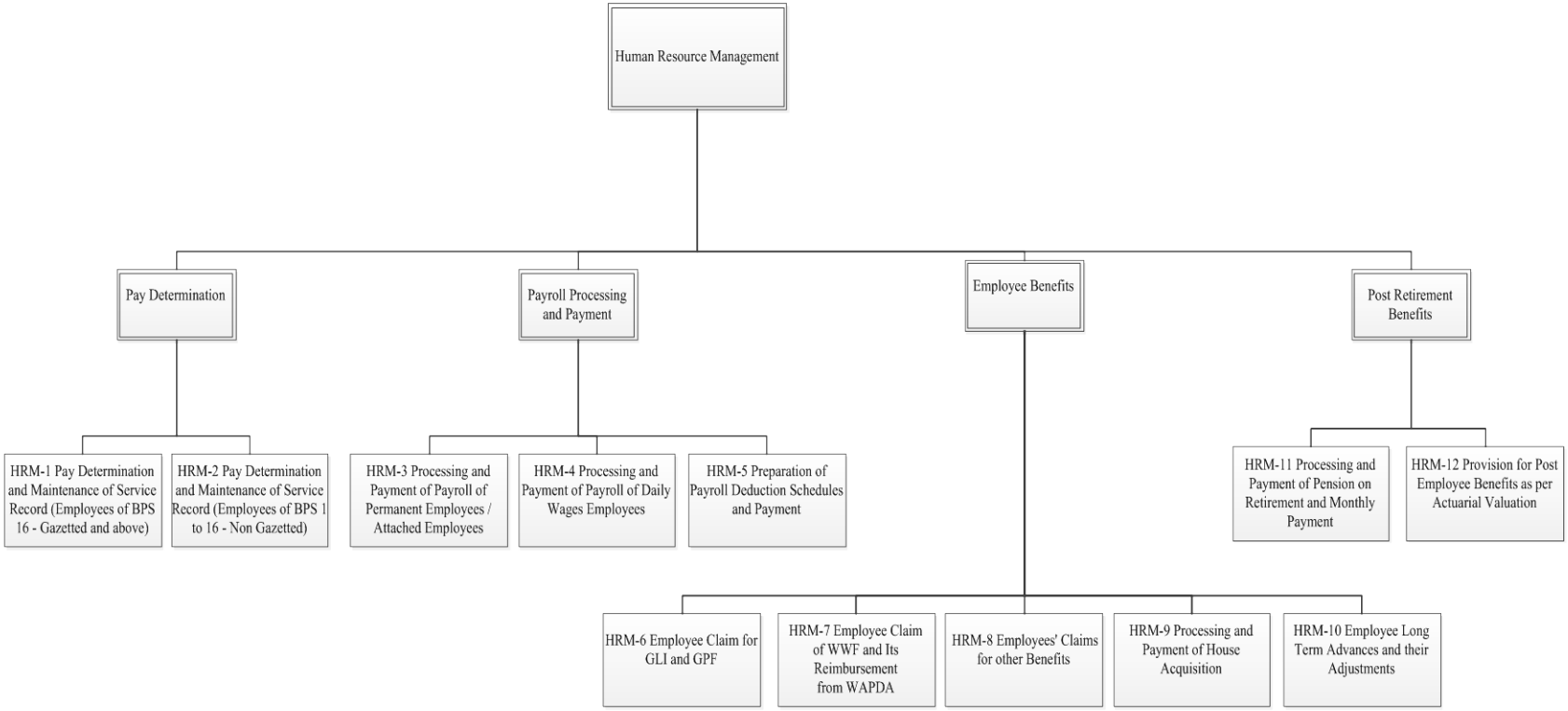
An entity should disclose the following information about defined contribution plans:

- the employee benefit expense
- the defined contribution plans relating to key management personnel

An entity should disclose the following information about defined benefit plans:

- the accounting policy applied for recognizing actuarial gains and losses;
- a general description of the type of plan;
- a reconciliation of:
  - the obligation: showing the movement between the opening and closing balances;
  - the plan asset, showing the movement between the opening and closing balances;
  - the surplus/ deficit and the asset/ liability recognized in the statement of financial position;
- An analysis of the obligation into:
  - portion that is completely unfunded;
  - portion that is partially or completely funded;
  - the various components of the expense and the line item in which these are included;
- an explanation of how the expected rate of return was calculated;
- the actual return on the assets; and
- the main actuarial assumptions (e.g. the discount rates, expected salaries etcetera).

3 Overview of the Process of Human Resource Management



Process ID	Process Name	Description of Process
HRM-1	Pay Determination and Maintenance of Service Record (Employees of BPS 16 - Gazetted and above)	A. This process covers the activities regarding the pay determination and maintenance of service record for Employees of BPS- 16 (Gazetted only) and above. B. Office Order is received along with the supporting documents at the Salary Slip Section of Finance Department. C. Service record for Employees of BPS- 16 (Gazetted only) and above is maintained at Salary Slip Section of Finance Department. D. In the light of the Office Order and relevant documents Salary Slip is prepared by the Salary Slip Section of Finance Department. E. Salary Slip is approved and issued to the Concerned Accounting Unit for incorporation of changes in monthly payroll of employee.
HRM-2	Pay Determination and Maintenance of Service Record (Employees of BPS 1 to 16 - Non Gazetted)	A. This process covers the activities regarding the pay determination and maintenance of service record for Employees of BPS 1- 16 (Non-Gazetted). B. Office Order is received along with the supporting documents at the Concerned Accounting Unit. C. Service record for Employees of BPS 1- 16 (Non-Gazetted only) is maintained at the Concerned Accounting Unit where employee is serving. D. In the light of the relevant Office Order and supporting documents benefits are fixed in the Service book of employees

Process ID	Process Name	Description of Process
		and submitted to Salary Slip Section of Finance Department for vetting. E. In Salary Slip Section of Finance Department, these cases are scrutinized and validity of the cases is also checked / confirmed. F. After scrutiny, Service Book is approved and issued to the Concerned Accounting Unit for incorporation of changes in monthly payroll of employee.
HRM-3	Processing and Payment of Payroll of Permanent Employees / Attached Employees	A. This process covers the activities regarding the processing and payment of Payroll of Permanent and Attached Employees. B. Payroll changes are updated in the payroll record of each employee as per the Salary Slip / Service Statement issued by Salary Slip Section of Finance Department. C. Monthly Pay Bill containing the details of Payroll of all employees is prepared, verified and approved by all Accounting Units. D. LPS is prepared to record the accounting impact of Pay Bill by all Accounting Units. E. After Pre Audit of Pay Bill, Cheque is issued to relevant bank for transfer of Salaries to the Employee Bank Account. F. LPS is prepared by all Accounting Units to record the Payment of Salaries.
HRM-4	Processing and Payment of Payroll of Daily Wages Employees	A. This process covers the activities regarding the processing and

Process ID	Process Name	Description of Process
		payment of Payroll of Daily Wages Employees. B. Attendance Record of Daily Wages Employees is maintained and approved at each Concerned Office. C. Monthly Wages Bill is prepared, verified and approved by all Accounting Units. D. After Pre Audit of Wages Bill, Cheque is issued to relevant bank for transfer of Salaries to the Employee Bank Account. E. LPS is prepared by all Accounting Units to record the Payment of Wages.
HRM-5	Preparation of Payroll Deduction Schedules and Payment	A. This process covers the activities regarding the processing and payment of different payroll deductions. B. Monthly Payroll Deduction Schedule for each deduction is prepared, verified and approved by all Accounting Units. C. After Pre Audit of Payroll Deduction Schedules, Payment is made to Concerned Office / Third Parties. D. LPS is prepared to record the payment of Deductions by all Accounting Units.
HRM-6	Employee Claim for GLI and GPF	A. This process covers the activities regarding the processing and payment of GLI and GPF / EPF Claims. B. Employee / Employee Dependent submits GLI and GPF / EPF Claim to Concerned Accounting Unit.

Process ID	Process Name	Description of Process
		C. After verification and administrative approval, all Claims related to GLI and GPF / EPF are submitted to Concerned Office of WAPDA. D. Funds are received from Concerned Office of WAPDA and Payment Bill is prepared and approved by the Concerned Accounting Unit for payment of GLI or GPF/ EPF Claim. E. Received Cheque is deposited into Bank Account and LPS is prepared by the Concerned Accounting Unit to record the receipt of Funds for respective GLI or GPF/ EPF Claim. F. After Pre Audit of Payment Bill, Cheque is issued to Employee / Employee Dependent for payment of respective GLI or GPF / EPF Claim. G. LPS is prepared by the Concerned Accounting Unit to record the payment of GLI and GPF / EPF Claim.
HRM-7	Employee Claim of WWF and Its Reimbursement from WAPDA	A. This process covers the activities regarding the processing and payment of WWF Claims and its reimbursement from WAPDA. B. Employee / Former Employee / Widow of an Employee submits WWF Claim to Concerned Accounting Unit. C. After review, Concerned Accounting Unit submits the WWF Claim to Admin Section of Office of CEO for verification and administrative approval. D. After administrative approval, Payment Bill is prepared and approved by Concerned Accounting Unit for payment of WWF

Process ID	Process Name	Description of Process
		Claim. E. After Pre Audit of Payment Bill and release of funds from the Banking Section of Finance Department, Cheque is issued to Employee / Former Employee / Widow of an Employee for the payment of WWF Claim. F. LPS is prepared by the Concerned Accounting Unit to record the payment of WWF Claim, and after the payment all Claims related to WWF are submitted to Concerned Office of WAPDA. G. Cheque regarding WWF Claims is received from Concerned Office of WAPDA which is deposited into Bank Account and LPS is prepared by the Concerned Accounting to record the receipt of Funds.
HRM-8	Employees' Claims for other Benefits	A. This process covers the activities regarding the processing and payment of Employees' Claims for other Benefits. B. Concerned Office receives the applications for relevant Claims, all the Claims are scrutinized and administrative approval is provided. C. After administrative approval, Payment Bill is prepared and approved by Concerned Accounting Unit for payment of relevant Claim. D. After Pre Audit of Payment Bill and release of funds from the Banking Section of Finance Department, Cheque is issued to Concerned Employee for the payment of relevant Claim. E. LPS is prepared by the Concerned Accounting Unit to record the

Process ID	Process Name	Description of Process
		payment of relevant Claim.
HRM-9	Processing and Payment of House Acquisition	A. This process covers the activities regarding the processing and payment of House Acquisition Claims. B. Employee submits House Acquisition Application to Concerned Accounting Unit. C. After review and scrutiny of all House Acquisition Cases, Concerned Accounting Unit submits the House Acquisition Cases to RAB for preparation of Rent Assessment Report. D. After the preparation of Rent Assessment Report, administrative approval is provided for House Acquisition Cases. E. After administrative approval, Rent Bill is received from Employee / Owner of House on monthly basis. F. Payment Bill is prepared and approved by Concerned Accounting Unit for payment of House Acquisition Claims. G. After Pre Audit of Payment Bill and release of funds from the Banking Section of Finance Department, Cheque is issued to Employee / Owner of House for the payment of House Acquisition Claim. H. LPS is prepared by the Concerned Accounting Unit to record the payment of House Acquisition Claim.
HRM-10	Employee Long Term Advances and their Adjustments	A. This process covers the activities regarding the processing and payment of Long Term Advances to Employees.

Process ID	Process Name	Description of Process
		B. Concerned Offices receive the applications from employees for respective Long Term Advances. C. Concerned Offices provide their recommendations on all cases and then forward the applications to Admin Section of Office of CEO for verification. D. In Admin Section of Office of CEO Ear Marking of Funds for Long Term Advances is done and recommendations are taken from HRM Committee before the approval of BOD. E. After the approval of BOD, Payment Bill is prepared and approved by Concerned Accounting Unit for payment of Long Term Advances. F. After Pre Audit of Payment Bill and release of funds from the Banking Section of Finance Department, Cheque is issued to Concerned Employee for the payment of respective Long term Advance. G. LPS is prepared by the Concerned Accounting Unit to record the payment of Long Term Advance.
HRM-11	Processing and Payment of Pension on Retirement and Monthly Payment	A. This process covers the activities regarding the processing and payment of Pension on Retirement and monthly payment of Pension to Pensioners. B. Pension Section of Finance Department receives the Pension applications of Retired Employees along with supporting documents from Concerned Accounting Units. C. All the Pension Cases are reviewed, verified and approved in

Process ID	Process Name	Description of Process
		Pension Section of Finance Department. D. After approval, Request for Release of Pension Funds is forwarded to Banking Section of Finance Department. E. Disburser Portion and Pension Book is forwarded to the Concerned Accounting Unit instructing to pay Commutation and regular monthly Pension. F. After release of funds from the Banking Section of Finance Department, Cheque is issued to Pensioner for payment of Pension after Retirement. G. Payment transaction is recorded in Pension Cash Book by the Concerned Accounting Unit and Pension Cash Book is submitted to Pension Section of Finance Department. H. Consolidated LPS is prepared by the Pension Section of Finance Department to record the payment of Pension at Retirement by different Accounting Units. I. Demand for Release of Funds for the payment of next month regular Pension is submitted to Pension Section of Finance Department. J. Funds are received in Pension Bank Account and Cheque is issued to Pensioner for regular monthly Pension by the Concerned Accounting Unit. K. Payment transaction of regular monthly Pension is recorded in Pension Cash Book by the Concerned Accounting Unit and Pension Cash Book is submitted to Pension Section of Finance

Process ID	Process Name	Description of Process
		Department. L. Consolidated LPS is prepared by the Pension Section of Finance Department to record the payment of regular monthly pension by different Accounting Units.
HRM-12	Provision for Post Employee Benefits as per Actuarial Valuation	A. This process covers the activities regarding the recording of provision for Post Employee Benefits as per Actuarial Valuations by the Consolidation Section of Finance Department. B. A separate proportional monthly LPS is prepared on the basis of the provisions finalised by the Actuaries Company in last year Final Report. C. At the end of Financial Year, previous monthly LPS(s) prepared during the Financial Year is reversed. D. Necessary information regarding Provisions for Actuarial Valuation is collected and submitted to Actuaries Company. E. After receipt of Final Report for each Post Retirement Benefits from Actuaries Company, LPS is prepared on the basis of the provisions finalised by the Actuaries.

HRM-1 Pay Determination and Maintenance of Service Record (Employees of BPS 16 - Gazetted and above)

HRM-1.1 Descriptive Overview of the Process

A. This process covers the activities regarding the pay determination and maintenance of service record for Employees of BPS- 16 (Gazetted only) and above.

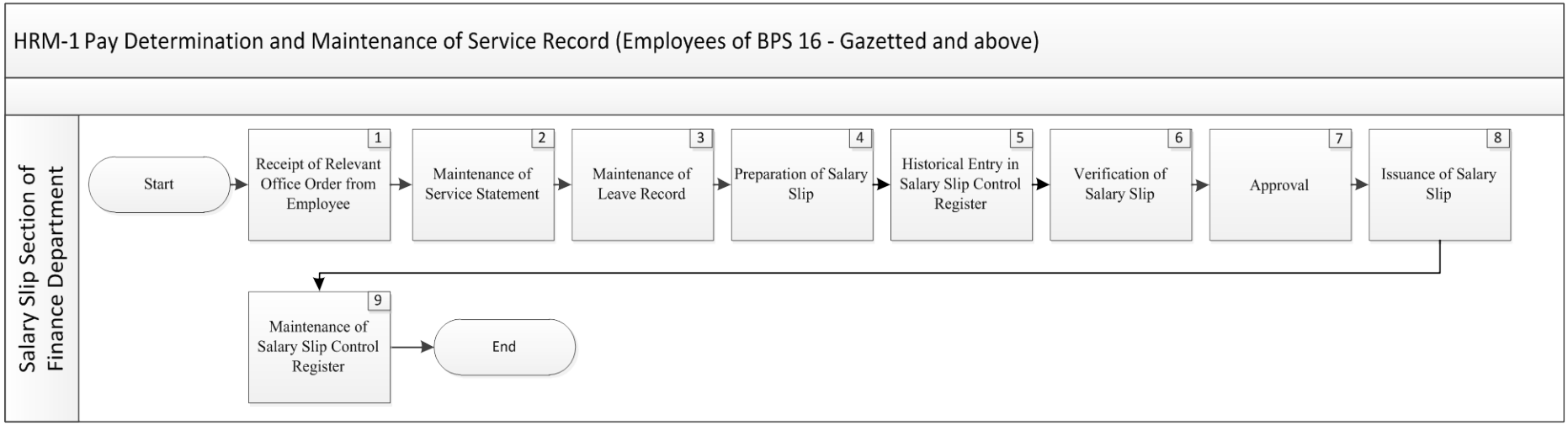
B. Office Order is received along with the supporting documents at the Salary Slip Section of Finance Department.

C. Service record for Employees of BPS- 16 (Gazetted only) and above is maintained at Salary Slip Section of Finance Department.

D. In the light of the Office Order and relevant documents Salary Slip is prepared by the Salary Slip Section of Finance Department.

E. Salary Slip is approved and issued to the Concerned Accounting Unit for incorporation of changes in monthly payroll of employee.

HRM-1.2 Flow Chart



HRM-1.3 Detail of Process Activities

Sr. #	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
1.	Receipt of Relevant Office Order from Employee	Salary Slip Section of Finance Department receives relevant Office Orders / compliance documents from the Employees of BPS 16 (Gazetted only) and above, for fixation of pay in the following circumstances: ➢ Appointment ➢ Fixation of Salary due to revision of BPS ➢ Any additional increase allowed by Government of Pakistan ➢ Qualification Pay ➢ Annual Increments ➢ Advance Increments / Meritorious Increment ➢ Transfer/Posting ➢ Penalty/Reversion ➢ Up gradation ➢ Promotion ➢ Any Other			Salary Slip Section of Finance Department	AA
2.	Maintenance of Service Statement	a) On receipt of the relevant Office Order on occurrence of any circumstances as stated above, a separate b) Personal File is opened / updated along with Service Statement. c) Service Statement is also maintained for employees of BPS 16 (Gazetted only) and above in Salary Slip Section of Finance Department. d) Service Statement includes service record details from appointment to retirement. This statement also includes information regarding where employee	Personal File, Service Statement		Salary Slip Section of Finance Department	AA

Sr. #	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
		served, how much salary paid at different stages in different time scales, promotions received, benefits availed, penalty imposed, and leave records etc. *[Refer **"Volume III, Annexure – 99"** for the specimen of **Service Statement]***				
3.	Maintenance of Leave Record	On receipt of the relevant Office Order on occurrence of any circumstances as stated above, Leave Record is opened / updated by the Salary Slip Section of Finance Department.			Salary Slip Section of Finance Department	AA
4.	Preparation of Salary Slip	In the light of above Office Order and relevant documents Basic Pay and other Allowances admissible as per rules of WAPDA/DISCO/GOP are fixed and Salary Slip is prepared accordingly by the Salary Slip Section of Finance Department. *[Refer **"Volume III, Annexure – 100"** for the specimen of **Salary Slip]***	Salary Slip		Salary Slip Section of Finance Department	AA
5.	Historical Entry in Salary Slip Control Register	Historical Entry in Salary Slip Control Register is posted by the Salary Slip Section of Finance Department.			Salary Slip Section of Finance Department	AA, AO
6.	Verification of Salary Slip	Salary Slip, Service Statement and Leave Record are verified at the Salary Slip Section of Finance Department.			Salary Slip Section of Finance Department	AO
7.	Approval	Salary Slip, Service Statement and Leave Record are approved at the Salary Slip Section of Finance Department.			Salary Slip Section of Finance Department	AMA
8.	Issuance of Salary Slip	Salary Slip is issued by the Salary Slip Section of Finance Department to the concerned office for incorporation of changes in monthly payroll of employee.			Salary Slip Section of Finance Department	AA

Sr. #	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
9.	Maintenance of Salary Slip Control Register	For entering detail of each Salary Slip issued during the service of employee, separate pages are allocated in Salary Slip Control Register for each employee.			Salary Slip Section of Finance Department	AA

HRM-1.4 Journal Entries

None

HRM-1.5 Summary of Responsibilities for Functional Activities

Office / Section	Summary of Responsibilities for Functional Activities – Reference No.
Accounts Assistant	
Salary Slip Section of Finance Department	1, 2, 3, 4, 5, 7, 8, 9
Accounts Officer	
Salary Slip Section of Finance Department	5, 6
Assistant Manager Accounts	
Salary Slip Section of Finance Department	7

HRM-1.6 Key Control Matrix

Sr.#	Objective	Risk	Control Activity	Activity Ref.#
1	Basic Pay and other Allowances are admissible as per the rules of WAPDA/DISCO/GOP.	Basic Pay and other allowances are not Fixed as per the rules of WAPDA/DISCO/GOP, which may lead to inaccurate Payroll expenses.	In the light of relevant Office Order and supporting documents Basic Pay and other Allowances admissible as per rules of WAPDA/DISCO/GOP are fixed and Salary Slip is prepared by AA, verified by AO and approved by AMA of Salary Slip Section of Finance Department.	6

HRM-2 Pay Determination and Maintenance of Service Record (Employees of BPS 1 to 16 - Non Gazetted)

HRM-2.1 Descriptive Overview of the Process

A. This process covers the activities regarding the pay determination and maintenance of service record for Employees of BPS 1- 16 (Non-Gazetted only).

B. Office Order is received along with the supporting documents at the Concerned Accounting Unit.

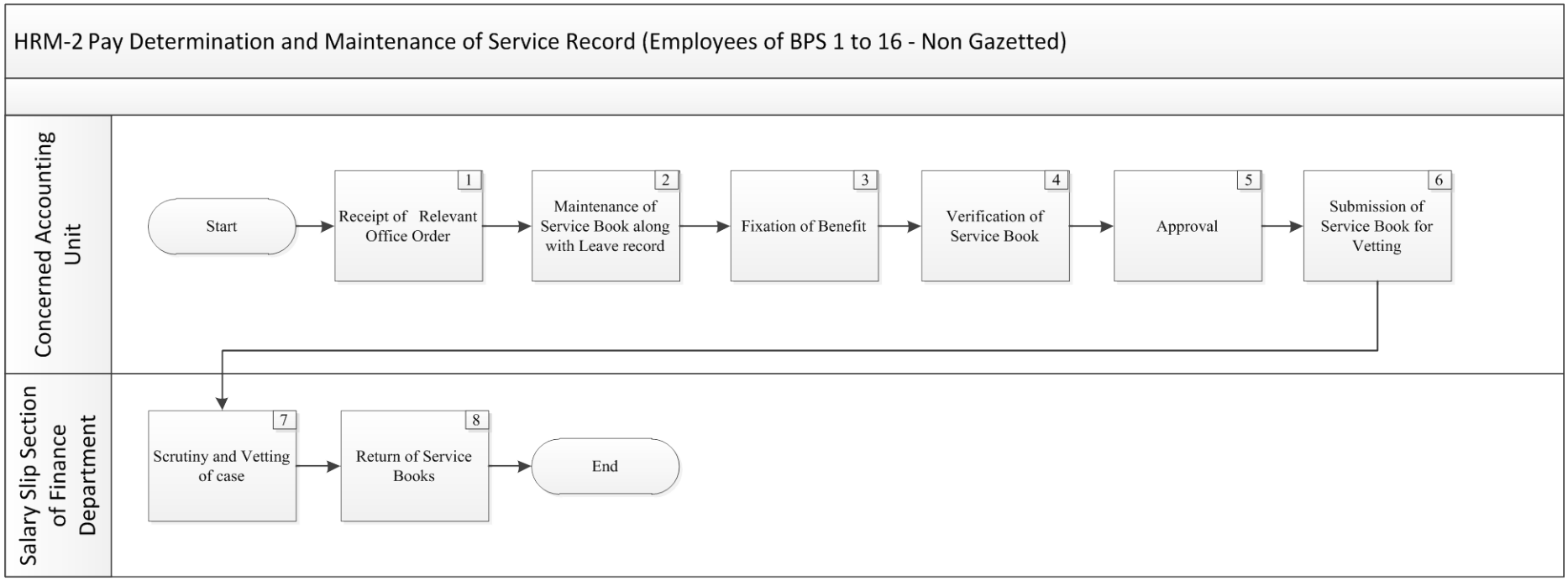
C. Service record for Employees of BPS 1- 16 (Non-Gazetted only) is maintained at the Concerned Accounting Unit where employee is serving.

D. In the light of the relevant Office Order and supporting documents benefits are fixed in the Service book of employees and submitted to Salary Slip Section of Finance Department for vetting.

E. In Salary Slip Section of Finance Department, these cases are scrutinized and validity of the cases is also checked / confirmed.

F. After scrutiny, Service Book is approved and issued to the Concerned Accounting Unit for incorporation of changes in monthly payroll of employee.

HRM-2.2 Flow Chart



HRM-2.3 Detail of Process Activities

Sr. #	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
1.	Receipt of Relevant Office Order	Concerned Accounting Unit receives relevant Office Orders / compliance documents from the Employees of BPS 1 to 16 (Non-Gazetted), for fixation of pay in the following circumstances: ➢ Appointment ➢ Fixation of Salary due to revision of BPS ➢ Any additional increase allowed by Government of Pakistan ➢ Qualification Pay ➢ Annual Increments ➢ Advance Increments / Meritorious Increment ➢ Transfer/Posting ➢ Penalty/Reversion ➢ Up gradation ➢ Promotion ➢ Any Other			Concerned Accounting Unit	AA
2.	Maintenance of Service Book along with Leave record	a) On receipt of the relevant Office Order on occurrence of any circumstances as stated above, a separate Service Book along with Leave record is opened / updated for each employee. b) Individual Service Book is maintained by the Concerned Accounting Unit from the joining date of service. It includes the employee information from the appointment to retirement such as where employee served, how much salary paid at different stages in different time scales, promotions achieved, benefits received, penalty imposed, leave record etc.	Service Book		Concerned Accounting Unit	AA

Sr. #	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
		*[Refer **"Volume III, Annexure - 101"** for the specimen of **Service Book]***				
3.	Fixation of Benefit	In the light of above Office Order and relevant documents Basic Pay and other Allowances admissible as per rules of WAPDA/DISCO/GOP are fixed and Service Book is updated accordingly by the Concerned Accounting Unit.			Concerned Accounting Unit	AA
4.	Verification of Service Book	Service Book along with Leave record is verified by the Concerned Accounting Unit.			Concerned Accounting Unit	DAO/AO
5.	Approval	Service Book is approved by the Concerned Accounting Unit.			Concerned Accounting Unit	DAO/AO/AMA and DDO
6.	Submission of Service Book for Vetting	In offices where AMA is not posted / present all the cases for the circumstances mentioned in activity# 1 above (except Annual Increment) are further submitted to the Salary Slip Section of Finance Department for vetting under a Covering Memo pertaining the Service Book, signed by the in charge of Concerned Accounting Unit. *[Refer **"Volume III, Annexure - 102"** for the specimen of **Covering Memo]***	Covering Memo		Concerned Accounting Unit	AA
7.	Scrutiny and Vetting of case	a) In Salary Slip Section of Finance Department, cases are scrutinized and validity of the cases is also checked / confirmed. b) After the scrutiny, Vetting Stamp is placed on Service Book. *[Refer **"Volume III, Annexure - 103"** for the specimen of*	Vetting Stamp on Service Book		Salary Slip Section of Finance Department	AA,AO,AMA

Sr. #	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
		Vetting Stamp]				
8.	Return of Service Books	After vetting, Service Books are returned by the Salary Slip Section of Finance Department to the Concerned Accounting Unit for incorporation of changes in monthly payroll of employees.			Salary Slip Section of Finance Department	AA

HRM-2.4 Journal Entries

None

HRM-2.5 Summary of Responsibilities for Functional Activities

Office / Section	Summary of Responsibilities for Functional Activities – Reference No.
Accounts Assistant	
Concerned Accounting Unit	1, 2, 3, 6
Salary Slip Section of Finance Department	7, 8
Divisional Accounts Officer	
Concerned Accounting Unit	4, 5
Accounts Officer	
Concerned Accounting Unit	4, 5
Salary Slip Section of Finance Department	7
Assistant Manager Accounts	
Concerned Accounting Unit	5
Salary Slip Section of Finance Department	7
Drawing and Disbursing Officer	
Concerned Accounting Unit	5

HRM-2.6 Key Control Matrix

Sr.#	Objective	Risk	Control Activity	Activity Ref.#
1	Basic Pay and other Allowances are admissible as per the rules of WAPDA/DISCO/GOP.	Basic Pay and other allowances are not Fixed as per the rules of WAPDA/DISCO/GOP, which may lead to inaccurate Payroll expenses.	In the light of relevant Office Order and supporting documents Basic Pay and other Allowances admissible as per rules of WAPDA/DISCO/GOP are fixed by AA, verified by AO and approved by AMA and DDO of Concerned Accounting Unit.	5
2	All employees are awarded with authorised benefits only.	Employee may be awarded with unauthorised benefits and this may lead to overstatement of Payroll Expenses.	All cases are scrutinized and validity of the cases is also checked / confirmed by AA, verified by AO, and approved by AMA of Salary Slip Section of Finance Department.	7

HRM-3 Processing and Payment of Payroll of Permanent Employees/Attached Employees

HRM-3.1 Descriptive Overview of the Process

A. This process covers the activities regarding the processing and payment of Payroll of Permanent and Attached Employees.

B. Payroll changes are updated in the payroll record of each employee as per the Salary Slip / Service Statement issued by Salary Slip Section of Finance Department.

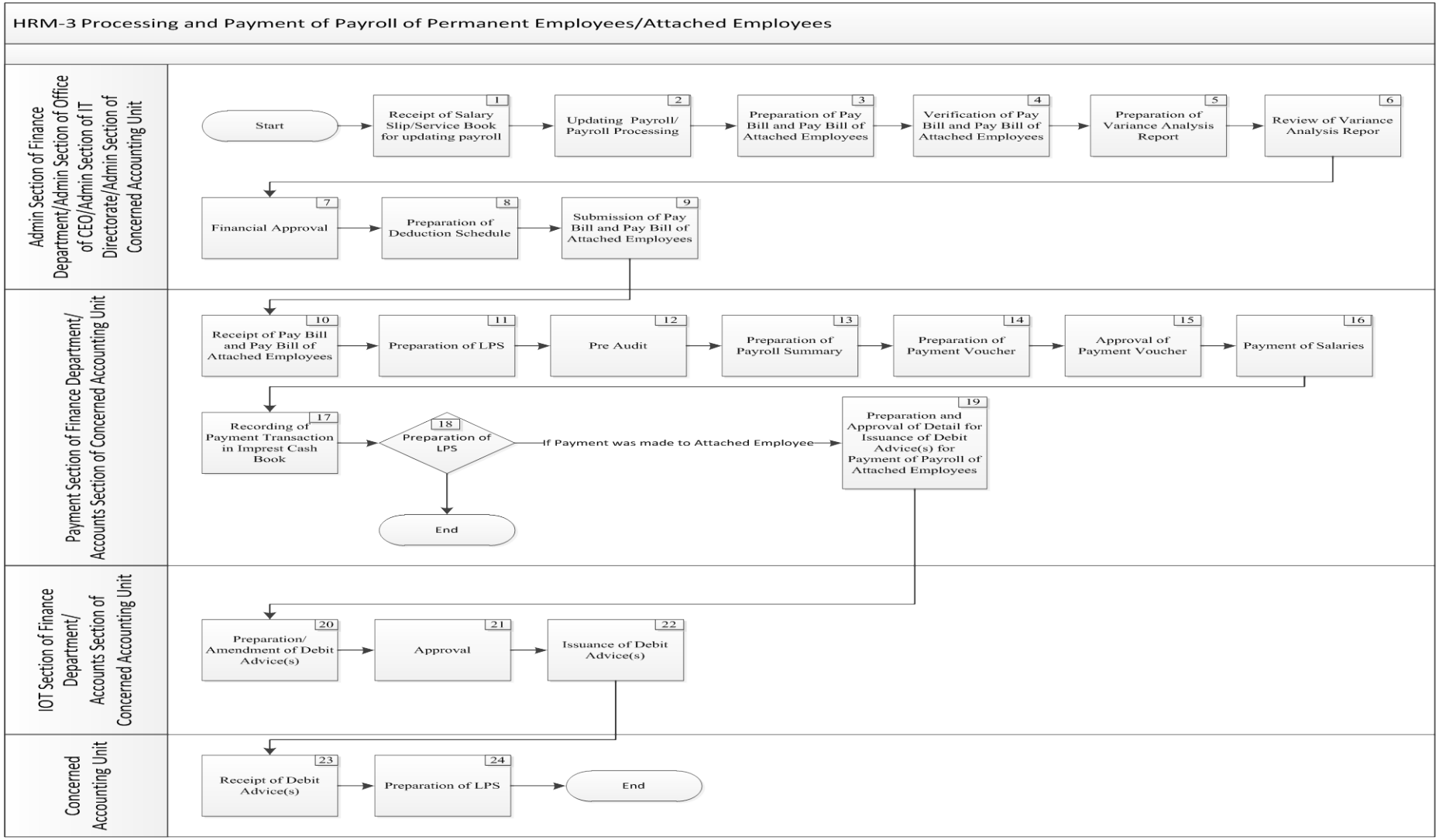
C. Monthly Pay Bill containing the details of Payroll of all employees is prepared, verified and approved by all Accounting Units.

D. LPS is prepared to record the accounting impact of Pay Bill by all Accounting Units.

E. After Pre Audit of Pay Bill, Cheque is issued to relevant bank for transfer of Salaries to the Employee Bank Account.

F. LPS is prepared by all Accounting Units to record the Payment of Salaries.

HRM-3.2 Flow Chart



HRM-3.3 Detail of Process Activities

Sr. #	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
1.	Receipt of Salary Slip/Service Book for updating payroll	Salary Slips / Service Books are received by the Concerned Office to incorporate the changes in the Payroll of the employees. [Refer ***"HRM - 1"*** for details regarding ***receipt of Salary Slip for updating payroll for employees of BPS 16 - gazetted and above***] [Refer ***"HRM - 2"*** for details regarding ***receipt of Service Book for updating payroll for employees of BPS 1 to 16 - non gazetted***]			Admin Section of Finance Department Admin Section of Office of CEO Admin Section of IT Directorate Admin Section of Concerned Accounting Unit	AA Cashier Superintendent AA
2.	Updating Payroll/Payroll Processing	a) Payroll changes are updated by the Concerned Office in the Payment Slip of each employee. Payment Slip provides detail of basic pay, allowances and deductions in employee's salary. b) From employee's record, earned leaves and sanctioned leaves are verified for incorporation of adjustments if any in Salary of concerned employee. c) If there is no change in Payroll from previous month then simply the previous month's payroll of employee is processed. *[Refer **"Volume III, Annexure - 104"** for the specimen of **Payment Slip**]*	Payment Slip		Admin Section of Finance Department Admin Section of Office of CEO Admin Section of IT Directorate Admin Section of Concerned Accounting Unit	AA, AO Cashier, Head Cashier AA AA, DAO or Superintendent, AM – HR
3.	Preparation of Pay	a) Monthly Pay Bill is prepared by the Concerned Office.	Pay Bill		Admin Section of	AA, AO

Sr. #	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
	Bill and Pay Bill of Attached Employees	Monthly Pay Bill contains the details of Payroll of all employees of concerned office. b) Pay Bill of Attached Employees is separately prepared to issue the Debit Advice(s) to the employee's parent offices. *[Refer **"Volume III, Annexure - 90"** for the specimen of **Pay Bill]***			Finance Department Admin Section of Office of CEO Admin Section of IT Directorate Admin Section of Concerned Accounting Unit	 Cashier, Head Cashier AA AA, DAO or Superintendent, AM – HR
4.	Verification of Pay Bill and Pay Bill of Attached Employees	The Concerned Office verifies the Pay Bill and Pay Bill of Attached Employees for reasonableness.			Admin Section of Finance Department Admin Section of Office of CEO Admin Section of IT Directorate Admin Section of Concerned Accounting Unit	AO Head Cashier AA DAO or Superintendent, AM – HR
5.	Preparation of Variance Analysis Report	Monthly Variance Analysis Report of salaries and other benefits is prepared by the Concerned Office to identify unusual variations or items. *[Refer **"Volume III, Annexure - 105"** for the specimen of **Payroll Variance Analysis Report]***	Payroll Variance Analysis Report		Admin Section of Finance Department Admin Section of Office of CEO Admin Section of IT Directorate	AA Head Cashier AA

Sr. #	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
					Admin Section of Concerned Accounting Unit	AA or Superintendent
6.	Review of Variance Analysis Report	Variance Analysis Report is reviewed by the Concerned Office for accountability and control of unnecessary payroll expenses.			Admin Section of Finance Department Admin Section of Office of CEO Admin Section of IT Directorate Admin Section of Concerned Accounting Unit	AO, DMCA DM – Admin DG – IT DAO or AM - HR, DDO
7.	Financial Approval	Pay Bill, Pay Bill of Attached Employees and Variance Analysis Report along with other supporting documents are approved by Concerned Office.			Admin Section of Finance Department Admin Section of Office of CEO Admin Section of IT Directorate Admin Section of Concerned Accounting Unit	AO, DMCA, MCA DM- Admin DG – IT DAO or AM - HR, DDO
8.	Preparation of Deduction Schedule	Monthly Deduction schedule is prepared by the Concerned Office for each deduction on the basis of monthly payroll amount paid to the employees.			Admin Section of Finance Department	-

Sr. #	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
		[Refer ***"HRM - 5"*** for details regarding ***preparation and payment of payroll Deduction Schedules***]			Admin Section of Office of CEO Admin Section of IT Directorate Admin Section of Concerned Accounting Unit	
9.	Submission of Pay Bill and Pay Bill of Attached Employees	After approval, Pay Bill and Pay Bill of Attached Employees are forwarded to the Payment Section of Finance Department / Accounts Section of Concerned Accounting Unit.			Admin Section of Finance Department Admin Section of Office of CEO Admin Section of IT Directorate Admin Section of Concerned Accounting Unit	AA Cashier AA AA or Superintendent
10.	Receipt of Pay Bill and Pay Bill of Attached Employees	Pay Bill and Pay Bill of Attached Employees are received by the Payment Section of Finance Department / Accounts Section of Concerned Accounting Unit.			Payment Section of Finance Department Accounts Section of Concerned Accounting Unit	AA AA
11.	Preparation of LPS	LPS is prepared by the Payment Section of Finance Department / Accounts Section of Concerned Accounting Unit to record the accounting impact of Pay Bill and Pay Bill of Attached Employees.	LPS	1, 2	Payment Section of Finance Department Accounts Section of	AA, AO,AMA AA, DAO or

Sr. #	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
		*[Refer **"Volume III, Annexure - 20"** for the specimen of **LPS]***			Concerned Accounting Unit	AMA
12.	Pre Audit	Pay Bill and Pay Bill of Attached Employees are pre-audited by the Payment Section of Finance Department / Accounts Section of Concerned Accounting Unit. [Refer ***"PAP - 9"*** for details regarding ***pre audit***]			Payment Section of Finance Department Accounts Section of Concerned Accounting Unit	-
13.	Preparation of Payroll Summary	Payroll Summary is prepared by the Payment Section of Finance Department / Accounts Section of Concerned Accounting Unit. This Summary contains the total amount of Pay and allowances along with deductions of Concerned Offices. *[Refer **"Volume III, Annexure - 106"** for the specimen of **Payroll Summary]***	Payroll Summary		Payment Section of Finance Department Accounts Section of Concerned Accounting Unit	AA, AO AA, DAO
14.	Preparation of Payment Voucher	After Pre Audit, Payment Voucher is prepared by the Payment Section of Finance Department / Accounts Section of Concerned Accounting Unit. *[Refer **"Volume III, Annexure - 4"** for the specimen of **Payment Voucher]***	Payment Voucher		Payment Section of Finance Department Accounts Section of Concerned Accounting Unit	AA or Cashier AA or Cashier
15.	Approval of Payment Voucher	Payment Voucher is approved by the Payment Section of Finance Department / Accounts Section of Concerned Accounting Unit.			Payment Section of Finance Department Accounts Section of Concerned Accounting	AO,AMA DAO or AMA, DDO

Sr. #	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
					Unit	
16.	Payment of Salaries	The Payment Section of Finance Department / Accounts Section of Concerned Accounting Unit, issues the Cheque to relevant bank for transfer of Salaries to the employee Bank Account.			Payment Section of Finance Department Accounts Section of Concerned Accounting Unit	AA or Cashier AA or Cashier
17.	Recording of Payment Transaction in Imprest Cash Book	Transaction of payment is recorded by the Payment Section of Finance Department / Accounts Section of Concerned Accounting Unit in the Imprest Cash Book. *[Refer **"Volume III, Annexure - 5"** for the specimen of **Cash Book]***	Cash Book		Payment Section of Finance Department Accounts Section of Concerned Accounting Unit	AA or Cashier AA or Cashier
18.	Preparation of LPS	a) LPS is prepared by the Payment Section of Finance Department / Accounts Section of Concerned Accounting Unit to record the Payment of Salaries. b) If Payment was made to Attached employee then continue to activity# 19 else process ends. *[Refer **"Volume III, Annexure - 20"** for the specimen of **LPS]***	LPS	3	Payment Section of Finance Department Accounts Section of Concerned Accounting Unit	AA, AO, AMA AA, DAO or AMA
19.	Preparation and Approval of Detail for Issuance of Debit Advice(s) for Payment of Payroll of Attached Employees	a) On the payment of Salaries of Attached Employees, Detail for Issuance of Debit Advice(s) is prepared. b) This Detail is approved by the Payment Section of Finance Department / Accounts Section of Concerned Accounting Unit. c) In case of Finance Department, Detail for Issuance of	Detail for Issuance of Debit Advice		Payment Section of Finance Department Accounts Section of Concerned Accounting Unit	AA, AO, AMA AA, DAO or AMA

Sr. #	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
		Debit Advice(s) is submitted to the IOT Section of Finance Department. *[Refer **"Volume III, Annexure – 52.1"** for the specimen of **Detail for Issuance of Debit Advice]*** *[Refer **"Volume III, Annexure – 52.2"** for the specimen of **Detail for Issuance of Debit Advice]***				
20.	Preparation/ Amendment of Debit Advice(s)	The Debit Advice(s) is prepared / amended by the IOT Section of Finance Department / Accounts Section of Concerned Accounting Unit with the details of payment to Attached Employees. *[Refer **"Volume III, Annexure - 53"** for the specimen of **Debit Advice]***	Debit Advice		IOT Section of Finance Department Accounts Section of Concerned Accounting Unit	AA AA
21.	Approval	The Debit Advice(s) is approved by the IOT Section of Finance Department / Accounts Section of Concerned Accounting Unit.			IOT Section of Finance Department Accounts Section of Concerned Accounting Unit	AO, AMA DAO or AMA
22.	Issuance of Debit Advice(s)	The Debit Advice(s) is issued by the IOT Section of Finance Department / Accounts Section of Concerned Accounting Unit to relevant Accounting Units of which employees are attached.			IOT Section of Finance Department Accounts Section of Concerned Accounting Unit	AA AA
23.	Receipt of Debit Advice(s)	The relevant Accounting Unit receives the Debit Advice(s).			Concerned Accounting Unit	AA, AO

Sr. #	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
24.	Preparation of LPS	The relevant Accounting Unit prepares LPS. *[Refer **"Volume III, Annexure - 20"** for the specimen of **LPS]***	LPS	4	Concerned Accounting Unit	AA, AO, AMA

HRM-3.4 Journal Entries

1. On preparation of LPS of Payroll Expense of own employees (not attached from other offices), the following entry is posted by the Payment Section of Finance Department / Accounts Section of Concerned Accounting Unit:

Description	Debit	Credit
Basic Pay	***	
Allowances	***	
Payroll Deductions Payables:		
GLI (if any)		***
GPF/EPF (if any)		***
WWF (if any)		***
MBF (if any)		***
House Accommodation Deduction (if any)		***
Water Charges (if any)		***
Professional Tax (if any)		***
Income Tax (if any)		***
Union Fund (if any)		***
Club Fund (if any)		***
Misc. Deductions (if any)		***
Other Payables (Deduction on Behalf of Third Party/ Supplier) (if any)		***
Other Receivables from employees		***
Payroll Clearing Account (Net Salary)		***

2. On preparation of LPS of Payroll of Attached Employees and issuance of Debit Advice(s), the following entry is posted by the Payment Section of Finance Department / Accounts Section of Concerned Accounting Unit:

Description	Debit	Credit
IOT – Debit Advice	***	
Payroll Clearing Account (Net Salary)		***
Payroll Deductions Payables		***

3. On payment of Payroll of employees, the following entry is posted by the Payment Section of Finance Department / Accounts Section of Concerned Accounting Unit:

Description	Debit	Credit
Payroll Clearing Account (Net Salary)	***	
Bank – Imprest Account		***

4. On receipt of Debit Advice(s), the following entry is posted by the relevant Accounting Units of which employees are attached:

Description	Debit	Credit
Basic Pay	***	
Allowances	***	
IOT – Debit Advice		***

HRM-3.5 Summary of Responsibilities for Functional Activities

Office / Section	Summary of Responsibilities for Functional Activities – Reference No.
Cashier	
Admin Section of Office of CEO	1, 2, 3, 9
Payment Section of Finance Department	14,16,17
Accounts Section of Concerned Accounting Unit	14,16,17
Head Cashier	
Admin Section of Office of CEO	2, 3, 4, 5
Superintendent	
Admin Section of IT Directorate	1
Admin Section of Concerned Accounting Unit	2, 3, 4, 5, 9
Accounts Assistant	
Admin Section of Finance Department	1, 2 ,3, 5, 9
Admin Section of Concerned Accounting Unit	1, 2, 3, 5, 9
Admin Section of IT Directorate	2, 3, 4, 5, 9
Payment Section of Finance Department	10,11,13,14,16,17,18,19
Accounts Section of Concerned Accounting Unit	10,11,13,14,16,17,18,19, 20, 22
IOT Section of Finance Department	20, 22
Concerned Accounting Unit	23, 24
Accounts Officer	
Admin Section of Finance Department	2, 3, 4, 6, 7
Payment Section of Finance Department	11,13,15,18,19
IOT Section of Finance Department	21
Concerned Accounting Unit	23, 24
Divisional Accounts Officer	
Admin Section of Concerned Accounting Unit	2, 3, 4, 6, 7
Accounts Section of Concerned Accounting Unit	11,13,15,18,19, 21
Assistant Manager Human Resource	
Admin Section of Concerned Accounting Unit	2, 3, 4, 6, 7
Assistant Manager Accounts	
Payment Section of Finance Department	11,15,18,19
Accounts Section of Concerned Accounting Unit	11,15,18,19, 21

IOT Section of Finance Department	21
Concerned Accounting Unit	24
Drawing and Disbursing Officer	
Admin Section of Concerned Accounting Unit	6, 7
Accounts Section of Concerned Accounting Unit	15
Deputy Manager Corporate Accounts	
Admin Section of Finance Department	6, 7
Deputy Manager Administration	
Admin Section of Office of CEO	6, 7
Manager Corporate Accounts	
Admin Section of Finance Department	7
Director General Information Technology	
Admin Section of IT Directorate	6, 7

HRM-3.6 Key Control Matrix

Sr.#	Objective	Risk	Control Activity	Activity Ref.#
1	Only authorized and valid changes are made to the Payroll record and changes are processed completely and accurately.	Unauthorized changes are made to the payroll record, resulting in inaccurate payments to employees.	Changes in payroll of employees can only be made against valid and approved Office Orders and other documents e.g. Salary Slip / Service Book.	1
2	Allowances and deductions from an employee's pay are reported to the employee.	All allowances and deductions from employee pay are not reported to the employee on a timely basis. The employee may be inappropriately underpaid due to an unauthorized or inappropriate deduction in pay. This would adversely affect the DISCO's reputation.	Payment Slip is prepared which provides a breakdown of allowances and deductions incorporated in the payroll of an employee.	2
3	Management regularly reviews and approves payroll related information.	Management does not regularly review Payroll reports. Payroll information may be inaccurate or incomplete and may require extensive investigation to correct errors.	In all Accounting Units Pay Bill and Variance Analysis Report on monthly Payroll is reviewed and approved by Concerned Management.	6, 7
4	Payments of Salaries to Employees are reviewed, authorised and completely recorded.	Inappropriate or inaccurate payments may be made without proper authorization.	Payment of Salaries to employees Pay Bill is approved and Pre Audited by the Concerned Offices before making payment. Payment Vouchers are prepared and approved to record the payment of salaries by the Concerned Offices.	16
5	Recording of payment transaction in the Imprest Cash Book and LPS is made correctly.	Recording of payment transaction in the Imprest Cash Book and LPS is not made correctly, will result in the misstatement of financial statements.	There is segregation of duties for the recording of payment transaction in the Imprest Cash Book and LPS. In Payment Section of Finance Department recording in Imprest Cash Book and LPS is done by AA or Cashier, checking by AO and approval by AMA.	17, 18

Sr.#	Objective	Risk	Control Activity	Activity Ref.#
			In Accounts Section of Concerned Accounting Unit recording in Imprest Cash Book and LPS is done by AA or Cashier while DAO or AMA checks and approves the recording.	
6	Only approved Debit Advice(s) is issued to the relevant Accounting Unit.	Unauthorized Debit Advice(s) may be issued to the other Accounting Unit(s).	In IOT Section of Finance Department Debit Advice(s) is approved by AMA. In Accounts Section of Concerned Accounting Unit Debit Advice(s) is approved by the DAO or AMA.	21
7	Debit Advice is recorded accurately and in the correct accounting period.	Debit Advice(s) is incorrectly recorded resulting in misstatement.	On receipt of Debit Advice(s), LPS is prepared by the AA, verified by the AO and approved by the AMA of relevant Accounting Unit.	24

HRM-4 Processing and Payment of Payroll of Daily Wages Employees

HRM-4.1 Descriptive Overview of the Process

A. This process covers the activities regarding the processing and payment of Payroll of Daily Wages Employees.

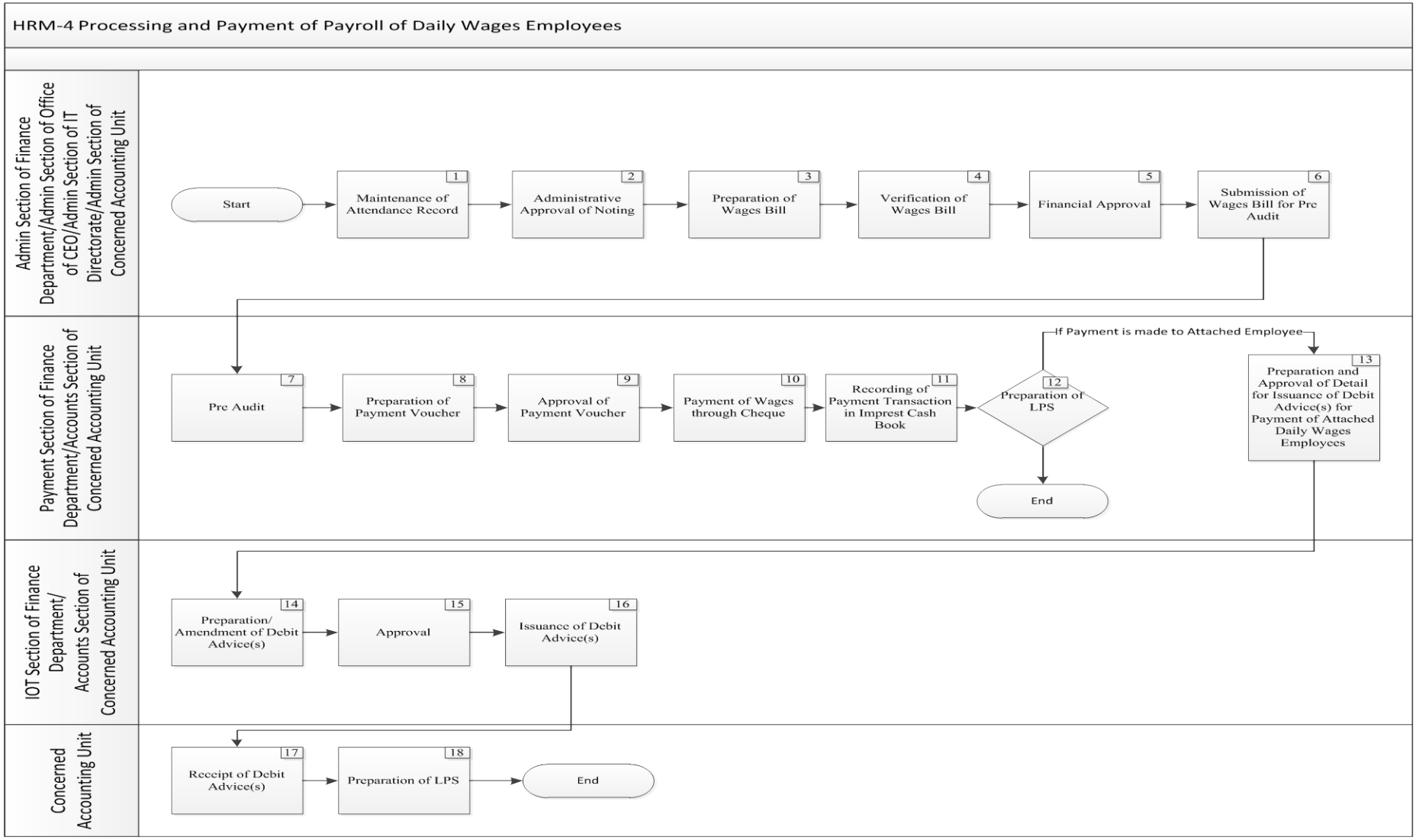
B. Attendance Record of Daily Wages Employees is maintained and approved at each Concerned Office.

C. Monthly Wages Bill is prepared, verified and approved by all Accounting Units.

D. After Pre Audit of Wages Bill, Cheque is issued to relevant bank for transfer of Salaries to the Employee Bank Account.

E. LPS is prepared by all Accounting Units to record the Payment of Wages.

HRM-4.2 Flow Chart



HRM-4.3 Detail of Process Activities

Sr. #	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
1.	Maintenance of Attendance Record	a) Attendance Record of Daily Wages Employees is maintained at each Concerned Office. b) At month end Noting is prepared for approval of payment of wages to daily wages employees. This Noting pertains the Attendance Sheet of all concerned Daily Wages Employees showing the total number of days they worked in Concerned Office. *[Refer **"Volume III, Annexure - 41"** for the specimen of **Noting]***	Noting		Admin Section of Finance Department Admin Section of Office of CEO Admin Section of IT Directorate Admin Section of Concerned Accounting Unit	AA Assistant Superintendent AA or Superintendent
2.	Administrative Approval of Noting	Noting is approved by the Concerned Office.			Admin Section of Finance Department Admin Section of Office of CEO Admin Section of IT Directorate Admin Section of Concerned Accounting Unit	AO, DMCA, MCA, FD Concerned DM Manager – IT DAO or AM - HR, DDO
3.	Preparation of Wages Bill	Monthly Wages Bill is prepared for Daily Wages Employees of Own Accounting Unit and Attached Daily Wages Employees. The bill is prepared on the basis of Attendance Sheet and Approved Noting.	Wages Bill		Admin Section of Finance Department Admin Section of Office	AA Cashier

Sr. #	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
		*[Refer **"Volume III, Annexure - 107"** for the specimen of **Wages Bill]***			of CEO Admin Section of IT Directorate Admin Section of Concerned Accounting Unit	 AA AA or Superintendent
4.	Verification of Wages Bill	Wages Bill is verified by the Concerned Office.			Admin Section of Finance Department Admin Section of Office of CEO Admin Section of IT Directorate Admin Section of Concerned Accounting Unit	AO Head Cashier DG – IT DAO or AM - HR
5.	Financial Approval	Wages Bill along with other supporting documents is approved by the Concerned Office.			Admin Section of Finance Department Admin Section of Office of CEO Admin Section of IT Directorate Admin Section of Concerned Accounting	AO, DMCA, MCA DM – Admin DG –IT DAO or AM - HR, DDO

Sr. #	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
					Unit	
6.	Submission of Wages Bill for Pre Audit	After Approval, Wages Bill is forwarded for Pre Audit to the Payment Section of Finance Department / Accounts Section of Concerned Accounting Unit.			Admin Section of Finance Department Admin Section of Office of CEO Admin Section of IT Directorate Admin Section of Concerned Accounting Unit	AA Cashier AA AA or Superintendent
7.	Pre Audit	The Wages Bill of Daily Wages Employees is pre-audited by the Payment Section of Finance Department / Accounts Section of Concerned Accounting Unit. [Refer ***"PAP - 9"*** for details regarding ***pre audit***]			Payment Section of Finance Department Accounts Section of Concerned Accounting Unit	-
8.	Preparation of Payment Voucher	Payment Voucher is prepared by the Payment Section of Finance Department / Accounts Section of Concerned Accounting Unit. *[Refer **"Volume III, Annexure - 4"** for the specimen of **Payment Voucher]***	Payment Voucher		Payment Section of Finance Department Accounts Section of Concerned Accounting Unit	AA AA
9.	Approval of Payment Voucher	Payment Voucher is approved by the Payment Section of Finance Department / Accounts Section of Concerned Accounting Unit.			Payment Section of Finance Department Accounts Section of Concerned Accounting	AO,AMA DAO or AMA, DDO

Sr. #	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
					Unit	
10.	Payment of Wages through Cheque	The Payment Section of Finance Department / Accounts Section of Concerned Accounting Unit issues the Cheque to relevant Bank for transfer of Daily Wages to Bank Accounts of employees.			Payment Section of Finance Department Accounts Section of Concerned Accounting Unit	AA or Cashier AA or Cashier
11.	Recording of Payment Transaction in Imprest Cash Book	Transaction of payment is recorded in the Imprest Cash Book by the Payment Section of Finance Department / Accounts Section of Concerned Accounting Unit. *[Refer **"Volume III, Annexure - 5"** for the specimen of **Cash Book]***	Cash Book		Payment Section of Finance Department Accounts Section of Concerned Accounting Unit	AA or Cashier AA or Cashier
12.	Preparation of LPS	a) LPS is prepared by the Payment Section of Finance Department / Accounts Section of Concerned Accounting Unit to record the payment of wages for Daily Wages Employees. b) If Payment is made to Attached employee then continue to activity# 13 else process ends. *[Refer **"Volume III, Annexure - 20"** for the specimen of **LPS]***	LPS	1, 2	Payment Section of Finance Department Accounts Section of Concerned Accounting Unit	AA, AO, AMA AA, DAO or AMA
13.	Preparation and Approval of Detail for Issuance of Debit Advice(s) for Payment of Attached Daily	a) On payment of Attached Daily Wages Employees, Detail for Issuance of Debit Advice(s) is prepared. b) This Detail is approved by the Payment Section of Finance Department / Accounts Section of Concerned Accounting Unit.	Detail for Issuance of Debit Advice		Payment Section of Finance Department Accounts Section of Concerned Accounting Unit	AA, AO, AMA AA, DAO or AMA

Sr. #	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
	Wages Employees	c) In case of Finance Department, Detail for Issuance of Debit Advice(s) is submitted to the IOT Section of Finance Department. *[Refer **"Volume III, Annexure - 52.1"** for the specimen of **Detail for Issuance of Debit Advice]*** *[Refer **"Volume III, Annexure - 52.2"** for the specimen of **Detail for Issuance of Debit Advice]***				
14.	Preparation/ Amendment of Debit Advice(s)	The Debit Advice(s) is prepared / amended by the IOT Section of Finance Department / Accounts Section of Concerned Accounting Unit for the details of payment to Attached Daily Wages Employees. *[Refer **"Volume III, Annexure - 53"** for the specimen of **Debit Advice]***	Debit Advice		IOT Section of Finance Department Accounts Section of Concerned Accounting Unit	AA AA
15.	Approval	The Debit Advice(s) is approved by the IOT Section of Finance Department / Accounts Section of Concerned Accounting Unit.			IOT Section of Finance Department Accounts Section of Concerned Accounting Unit	AO, AMA DAO or AMA
16.	Issuance of Debit Advice(s)	The Debit Advice(s) is issued to relevant Accounting Unit by the IOT Section of Finance Department / Accounts Section of Concerned Accounting Unit of which Daily Wages Employees are attached.			IOT Section of Finance Department Accounts Section of Concerned Accounting Unit	AA AA
17.	Receipt of Debit	The relevant Accounting Unit receives the Debit Advice(s).			Concerned Accounting	AA, AO

Sr. #	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
	Advice(s)				Unit	
18.	Preparation of LPS	The relevant Accounting Unit prepares LPS after receiving Debit Advice(s). *[Refer **"Volume III, Annexure - 20"** for the specimen of **LPS]***	LPS	3	Concerned Accounting Unit	AA, AO, AMA

HRM-4.4 Journal Entries

1. On payment of Wages Expense of Daily Wages Employees of Own Accounting Unit, the following entry is posted by the Payment Section of Finance Department/Accounts Section of Concerned Accounting Unit:

Description	Debit	Credit
Daily Wages Labour	***	
Bank - Imprest Account		***

2. On payment of Wages of Attached Daily Wages Employees, the following entry is posted by the Payment Section of Finance Department/Accounts Section of Concerned Accounting Unit:

Description	Debit	Credit
IOT – Debit Advice	***	
Bank - Imprest Account		***

3. On receipt of Debit Advice(s), the following entry is posted by the relevant Accounting Unit of which Daily Wages Employees are attached:

Description	Debit	Credit
Daily Wages Labour	***	
IOT – Debit Advice		***

HRM-4.5 Summary of Responsibilities for Functional Activities

Office / Section	Summary of Responsibilities for Functional Activities – Reference No.
Assistant	
Admin Section of Office of CEO	1
Cashier	
Admin Section of Office of CEO	3, 6
Payment Section of Finance Department	10,11
Accounts Section of Concerned Accounting Unit	10,11
Head Cashier	
Admin Section of Office of CEO	4
Superintendent	
Admin Section of IT Directorate	1
Admin Section of Concerned Accounting Unit	1, 3, 6
Accounts Assistant	
Admin Section of Finance Department	1, 3, 6
Admin Section of Concerned Accounting Unit	1, 3, 6
Admin Section of IT Directorate	3, 6
Payment Section of Finance Department	8,10,11,12,13
Accounts Section of Concerned Accounting Unit	8,10,11,12,13,14,16
IOT Section of Finance Department	14,16
Concerned Accounting Unit	17,18
Accounts Officer	
Admin Section of Finance Department	2, 4, 5
Payment Section of Finance Department	9,12,13
IOT Section of Finance Department	15
Concerned Accounting Unit	17,18
Divisional Accounts Officer	
Admin Section of Concerned Accounting Unit	2, 4, 5
Accounts Section of Concerned Accounting Unit	9, 12, 13, 15
Assistant Manager Human Resource	
Admin Section of Concerned Accounting Unit	2, 4, 5
Assistant Manager Accounts	
Payment Section of Finance Department	9,12,13

Accounts Section of Concerned Accounting Unit	9,12,13,15
IOT Section of Finance Department	15
Concerned Accounting Unit	18
Drawing and Disbursing Officer	
Admin Section of Concerned Accounting Unit	2, 5
Accounts Section of Concerned Accounting Unit	9
Deputy Manager Corporate Accounts	
Admin Section of Finance Department	2, 5
Deputy Manager Administration	
Admin Section of Office of CEO	5
Concerned Deputy Manager	
Admin Section of Office of CEO	2
Manager Corporate Accounts	
Admin Section of Finance Department	2, 5
Manager Information Technology	
Admin Section of IT Directorate	2
Director General Information Technology	
Admin Section of IT Directorate	4, 5
Finance Director	
Admin Section of Finance Department	2

HRM-4.6 Key Control Matrix

Sr.#	Objective	Risk	Control Activity	Activity Ref.#
1	Payments of Wages to Daily Wages Employees are reviewed, authorised and completely recorded.	Inappropriate or inaccurate payments may be made without proper authorization.	Wages Bill is prepared on the basis of Attendance Sheet, Wages Bill also is approved and Pre Audited by the Concerned Offices before payment of Wages to employees. Payment Vouchers are prepared and approved to record the payment of wages by the Concerned Offices.	10
2	Recording of payment transaction in the Imprest Cash Book and LPS is made correctly.	Recording of payment transaction in the Imprest Cash Book and LPS is not made correctly, will result in the misstatement of financial statements.	There is segregation of duties for the recording of payment transaction in the Imprest Cash Book and LPS. In Payment Section of Finance Department recording in Imprest Cash Book and LPS is done by AA or Cashier, checking by AO and approval by AMA. In Accounts Section of Concerned Accounting Unit recording in Imprest Cash Book and LPS is done by AA or Cashier while DAO or AMA checks and approves the recording.	11, 12
3	Only approved Debit Advice(s) is issued to the relevant Accounting Unit.	Unauthorized Debit Advice(s) may be issued to the other Accounting Unit(s).	In IOT Section of Finance Department Debit Advice(s) is approved by AMA. In Accounts Section of Concerned Accounting Unit Debit Advice(s) is approved by the DAO or AMA.	15
4	Debit Advice is recorded accurately and in the correct accounting period.	Debit Advice(s) is incorrectly recorded resulting in misstatement.	On receipt of Debit Advice(s), LPS is prepared by the AA, verified by the AO and approved by the AMA of relevant Accounting Unit.	18

HRM-5 Preparation of Payroll Deduction Schedules and Payment

HRM-5.1 Descriptive Overview of the Process

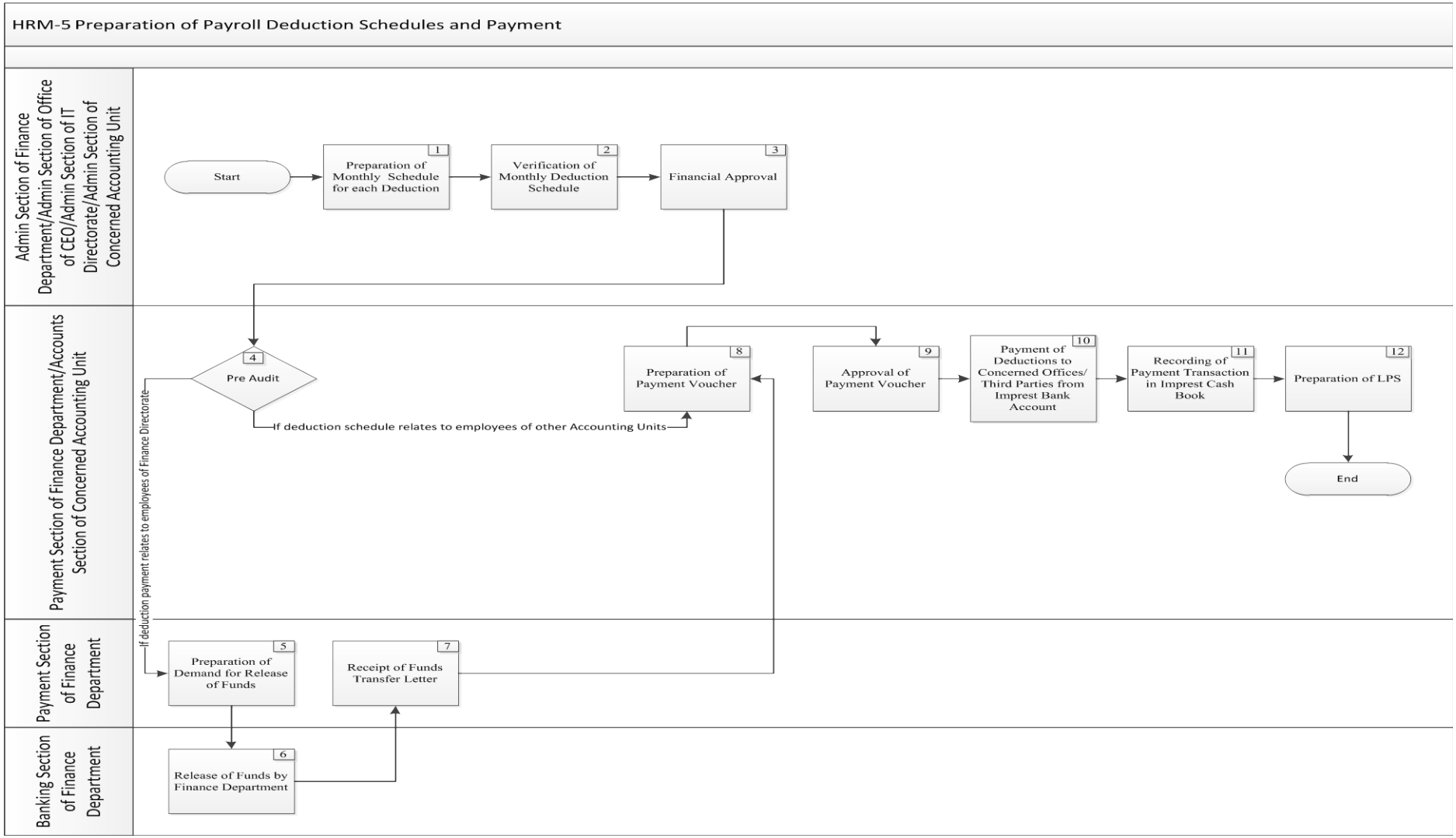
A. This process covers the activities regarding the processing and payment of different payroll deductions.

B. Monthly Payroll Deduction Schedule for each deduction is prepared, verified and approved by all Accounting Units.

C. After Pre Audit of Payroll Deduction Schedules, Payment is made to Concerned Office / Third Parties.

D. LPS is prepared to record the payment of Deductions by all Accounting Units.

HRM-5.2 Flow Chart



HRM-5.3 Detail of Process Activities

Sr. #	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
1.	Preparation of Monthly Schedule for each Deduction	Monthly schedule is prepared by the Concerned Office for each deduction on the basis of monthly payroll amount paid to employees. Following major Deduction Schedules are prepared: ➢ GLI ➢ GPF ➢ WWF ➢ Medical Benevolent Fund ➢ Long Term Advances ➢ House Accommodation Deduction (5% of Basic pay) ➢ Water Charges ➢ Transportation Charges ➢ Professional Tax ➢ Income Tax ➢ Union Fund ➢ Club Fund ➢ Deduction on Behalf of Third Party (e.g. Suppliers of Home Appliances, Bank Loans, Supplier of Rickshaw etc.) ➢ Misc. Deductions (if any) ***[**Refer **"Volume III, Annexure - 108"** for the specimen of **Deduction Schedule]***	Deduction Schedule		Admin Section of Finance Department Admin Section of Office of CEO Admin Section of IT Directorate Admin Section of Concerned Accounting Unit	AA Cashier AA AA or Superintendent
2.	Verification of Monthly Deduction Schedule	Monthly deduction schedule is verified by the Concerned Office along with the monthly Pay Bill.			Admin Section of Finance Department	AO

Sr. #	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
					Admin Section of Office of CEO Admin Section of IT Directorate Admin Section of Concerned Accounting Unit	Head Cashier DM – IT DAO or AM - HR
3.	Financial Approval	Monthly Deduction Schedule is approved by the Concerned Office.			Admin Section of Finance Department Admin Section of Office of CEO Admin Section of IT Directorate Admin Section of Concerned Accounting Unit	MCA DM – Admin DG – IT DDO
4.	Pre Audit	After approval, Deduction Schedules are Pre Audited by the Payment Section of Finance Department / Accounts Section of Concerned Accounting Unit. a) If deduction payment relates to employees of Finance Department, Chief Directorate and IT Directorate then continue to activity #5. b) If deduction schedule relates to employees of other Accounting Units then continue to activity #8.			Payment Section of Finance Department Accounts Section of Concerned Accounting Unit	-

Sr. #	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
		[Refer ***"PAP - 9"*** for details regarding ***pre audit***]				
5.	Preparation of Demand for Release of Funds	a) Payment Section of Finance Department prepares Demand for Release of Fund and obtains approval from the CEO. b) After approval, Demand for Release of Funds is forwarded to Banking Section of Finance Department. *[Refer **"Volume III, Annexure - 25.1"** for the specimen of **Demand for Release of Funds]*** *[Refer **"Volume III, Annexure - 25.2"** for the specimen of **Demand for Release of Funds]***	Demand for Release of Funds		Payment Section of Finance Department	AA
6.	Release of Funds by Finance Department	Banking Section of Finance Department releases the Funds to Payment Section of Finance Department. [Refer ***"CTM - 9"*** for details regarding ***release of funds by Finance Department***]			Banking Section of Finance Department	-
7.	Receipt of Funds Transfer Letter	Funds are received by the Payment Section of Finance Department from Banking Section of Finance Department. [Refer ***"CTM - 13"*** for details regarding ***receipt of funds from Finance Department***]			Payment Section of Finance Department	-
8.	Preparation of Payment Voucher	Payment Vouchers are prepared by the Payment Section of Finance Department / Accounts Section of Concerned Accounting Unit.	Payment Voucher		Payment Section of Finance Department	AA

Sr. #	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
		*[Refer **"Volume III, Annexure - 4"** for the specimen of **Payment Voucher]***			Accounts Section of Concerned Accounting Unit	AA
9.	Approval of Payment Voucher	Payment Vouchers are approved by the Payment Section of Finance Department / Accounts Section of Concerned Accounting Unit.			Payment Section of Finance Department Accounts Section of Concerned Accounting Unit	AO, AMA DAO or AMA, DDO
10.	Payment of Deductions to Concerned Offices/Third Parties from Imprest Bank Account	Payments are made by the Payment Section of Finance Department / Accounts Section of Concerned Accounting Unit through Cheques to Concerned Offices / Third Parties from Imprest Bank Account as per following arrangements: ➢ For GLI deductions, Cheque is issued to Office of Director Insurance WAPDA. ➢ For GPF / EPF and WWF deductions, Cheque is issued to Office of Director Funds WAPDA. ➢ For Medical Benevolent Fund deductions, Cheque is issued to Office of the DG Finance Budget & Coordination, WAPDA. ➢ For House Accommodation deductions, Cheque is issued to Office of Chief Engineer/PD Buildings, WAPDA. ➢ For Water Charges deductions, Cheque is issued to Chief Engineer/PD Buildings, WAPDA. ➢ For Professional tax deduction, Cheque is issued to concerned Excise and Taxation Officer - Professional Tax. ➢ For Income Tax deduction, Cheque is issued to			Payment Section of Finance Department Accounts Section of Concerned Accounting Unit	AA or Cashier AA or Cashier

Sr. #	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
		concerned Office of FBR. ➢ For Club Fund deduction, Cheque is issued to respective Bank Account of Officers Club. ➢ For Union Fund deduction, Cheque is issued to respective Bank Account of Employees Trade Union. ➢ For deductions on behalf of Third Parties, Cheque is issued to respective Third Party.				
11.	Recording of Payment Transaction in Imprest Cash Book	Transaction of payment is recorded in the Imprest Cash Book by the Payment Section of Finance Department / Accounts Section of Concerned Accounting Unit. *[Refer **"Volume III, Annexure - 5"** for the specimen of **Cash Book]***	Cash Book		Payment Section of Finance Department Accounts Section of Concerned Accounting Unit	AA or Cashier AA or Cashier
12.	Preparation of LPS	LPS is prepared to record the payment of Deductions by the Payment Section of Finance Department / Accounts Section of Concerned Accounting Unit. *[Refer **"Volume III, Annexure - 20"** for the specimen of **LPS]***	LPS	1	Payment Section of Finance Department Accounts Section of Concerned Accounting Unit	AA, AO, AMA AA, DAO or AMA

HRM-5.4 Journal Entries

1. On payment of deductions from the payroll of employees, the following entry is posted by the Payment Section of Finance Department / Accounts Section of Concerned Accounting Unit:

Description	Debit	Credit
Payroll Deductions Payables:		
GLI (if any)	***	
GPF/EPF (if any)	***	
WWF (if any)	***	
MBF (if any)	***	
House Accommodation Deduction (if any)	***	
Water Charges (if any)	***	
Professional Tax (if any)	***	
Income Tax (if any)	***	
Union Fund (if any)	***	
Club Fund (if any)	***	
Misc. Deductions (if any)	***	
Other Payables (Deduction on Behalf of Third Party/ Supplier) (if any)	***	
Bank – Imprest Account		***

HRM-5.5 Summary of Responsibilities for Functional Activities

Office / Section	Summary of Responsibilities for Functional Activities – Reference No.
Cashier	
Admin Section of Office of CEO	1
Payment Section of Finance Department	10,11
Accounts Section of Concerned Accounting Unit	10,11
Head Cashier	
Admin Section of Office of CEO	2
Superintendent	
Admin Section of Concerned Accounting Unit	1
Accounts Assistant	
Admin Section of Finance Department	1
Admin Section of Concerned Accounting Unit	1
Admin Section of IT Directorate	1
Payment Section of Finance Department	5, 8, 10, 11, 12
Accounts Section of Concerned Accounting Unit	8,10,11,12
Accounts Officer	
Admin Section of Finance Department	2
Payment Section of Finance Department	9, 12
Divisional Accounts Officer	
Admin Section of Concerned Accounting Unit	2
Accounts Section of Concerned Accounting Unit	9, 12
Assistant Manager Human Resource	
Admin Section of Concerned Accounting Unit	2
Assistant Manager Accounts	
Payment Section of Finance Department	9, 12
Accounts Section of Concerned Accounting Unit	9, 12
Drawing and Disbursing Officer	
Admin Section of Concerned Accounting Unit	3
Accounts Section of Concerned Accounting Unit	9
Deputy Manager Administration	

Admin Section of Office of CEO	3
Deputy Manager Information Technology	
Admin Section of IT Directorate	2
Manager Corporate Accounts	
Admin Section of Finance Department	3
Director General Information Technology	
Admin Section of IT Directorate	3

HRM-5.6 Key Control Matrix

Sr.#	Objective	Risk	Control Activity	Activity Ref.#
1	Only authorised deductions are made from the Payroll of employees and the Deduction Schedules prepared are accurate and complete.	Deduction schedules may contain errors or employees may be deducted wrongly.	All the payroll deductions are as per the BPS of each employee, GOP / DISCO policy. All Deduction Schedules are verified and approved by the Concerned Offices. All the Payroll Deductions are also reported to employees through Payment Slip.	2, 3
2	Requisition for Additional Funds is only raised for valid and authorised payments / transactions.	Additional Funds may be requested for unauthorised transactions.	Demand for Release of Funds is raised only after the approval and Pre Audit of Deduction Schedules. For the payment of payroll deductions of employees of Finance Department, AA prepares Demand for Release of Fund and obtains approval from the CEO.	5
3	Payments of deductions are reviewed, authorised and completely recorded.	Inappropriate or inaccurate payments may be made without proper authorization.	Before the payment of deductions, Deduction Schedules are approved and Pre Audited by the Concerned Offices. Payment Vouchers are also prepared and approved to completely record the payment of deductions by the Concerned Offices.	10
4	Recording of payment transaction in the Imprest Cash Book and LPS is made correctly.	Recording of payment transaction in the Imprest Cash Book and LPS is not made correctly, will result in the misstatement of financial statements.	There is segregation of duties for the recording of payment transaction in the Imprest Cash Book and LPS. In Payment Section of Finance Department recording in Imprest Cash Book and LPS is done by AA or Cashier, checking by AO and approval by AMA. In Accounts Section of Concerned Accounting Unit	11, 12

Sr.#	Objective	Risk	Control Activity	Activity Ref.#
			recording in Imprest Cash Book and LPS is done by AA or Cashier while DAO or AMA checks and approves the recording.	

HRM-6 Employee Claim for GLI and GPF

HRM-6.1 Descriptive Overview of the Process

A. This process covers the activities regarding the processing and payment of GLI and GPF / EPF Claims.

B. Employee / Employee Dependent submits GLI and GPF / EPF Claim to Concerned Accounting Unit.

C. After verification and administrative approval, all Claims related to GLI and GPF / EPF are submitted to Concerned Office of WAPDA.

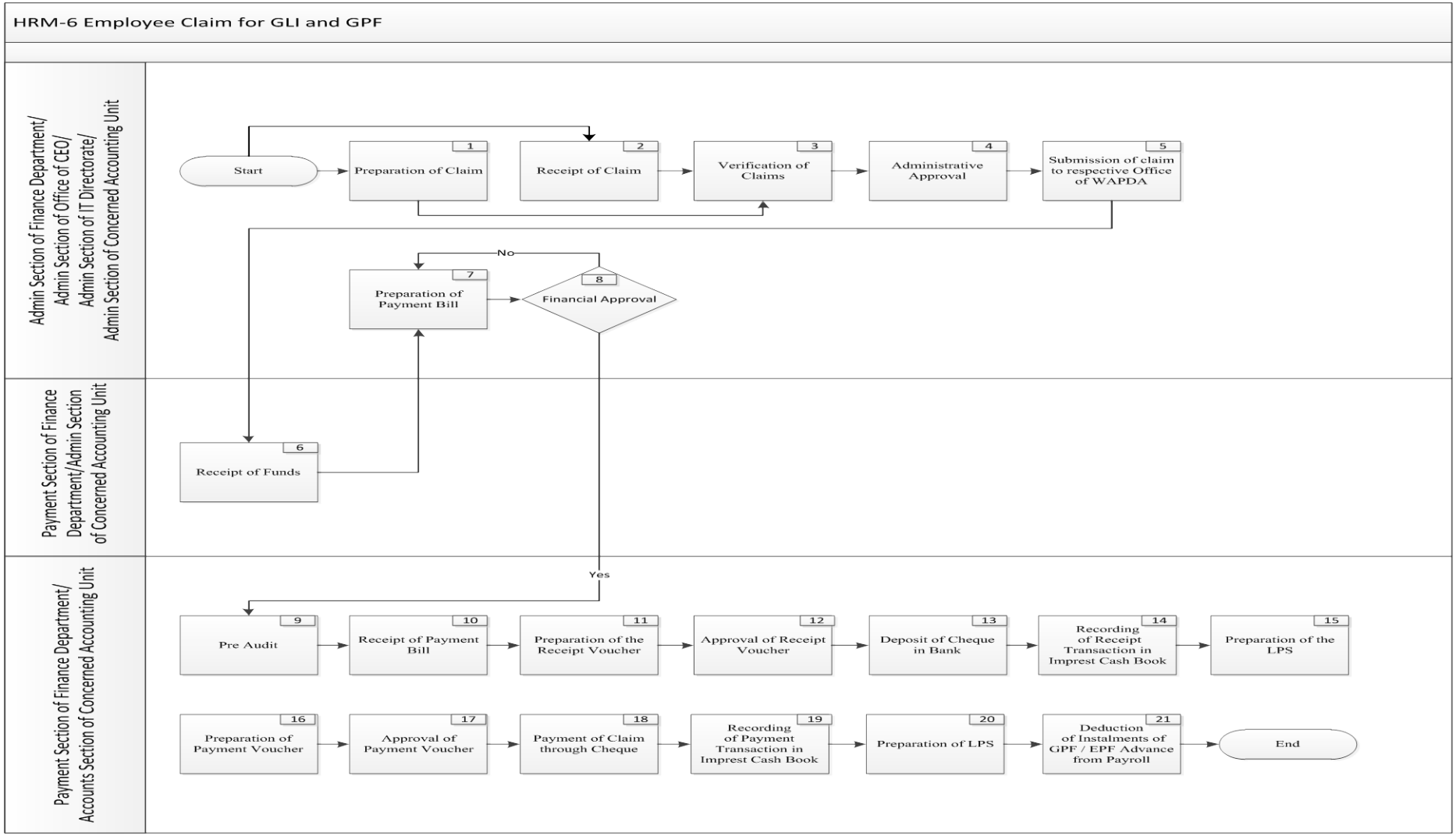
D. Funds are received from Concerned Office of WAPDA and Payment Bill is prepared and approved by the Concerned Accounting Unit for payment of GLI or GPF/ EPF Claim.

E. Received Cheque is deposited into Bank Account and LPS is prepared by the Concerned Accounting Unit to record the receipt of Funds for respective GLI or GPF/ EPF Claim.

F. After Pre Audit of Payment Bill, Cheque is issued to Employee / Employee Dependent for payment of respective GLI or GPF / EPF Claim.

G. LPS is prepared by the Concerned Accounting Unit to record the payment of GLI and GPF / EPF Claim.

HRM-6.2 Flow Chart



HRM-6.3 Detail of Process Activities

Sr. #	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
1.	Preparation of Claim	GLI and Final Settlement of GPF / EPF Claims are prepared by the Concerned Office on Prescribed Forms along with all necessary documents. For GLI Claim necessary documents includes the following: ➢ GLI Nomination Form ➢ Death Certificate ➢ Last Pay Certificate ➢ Widowhood Certificate ➢ Non Separation Certificate *[Refer **"Volume III, Annexure - 109"** for the specimen of **GLI Claim Form]*** *[Refer **"Volume III, Annexure - 110"** for the specimen of **GPF / EPF Claim Form]***	GLI Claim Form, GPF / EPF Claim Form		Admin Section of Finance Department Admin Section of Office of CEO Admin Section of IT Directorate Admin Section of Concerned Accounting Unit	AA Superintendent Superintendent Head Clerk or Superintendent
2.	Receipt of Claim	GPF / EPF Advance Claims are received from Employees on Prescribed GPF / EPF Advance Claim Form along with GPF Balance Statement.			Admin Section of Finance Department Admin Section of Office of CEO Admin Section of IT Directorate Admin Section of Concerned Accounting	AA Cashier AA Head Clerk or Superintendent

Sr. #	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
					Unit	
3.	Verification of Claims	Claims along with supporting documents are verified by the by the Concerned Office.			Admin Section of Finance Department Admin Section of Office of CEO Admin Section of IT Directorate Admin Section of Concerned Accounting Unit	AO, DMCA Superintendent Manager – IT DAO or AM - HR
4.	Administrative Approval	Claims are approved by the Concerned Office.			Admin Section of Finance Department Admin Section of Office of CEO Admin Section of IT Directorate Admin Section of Concerned Accounting Unit	AO, DMCA, MCA, FD DM- Admin, M-HR, HRD DG- IT DAO or AM - HR, DDO
5.	Submission of claim to respective Office of WAPDA	Approved Claims along with supporting documents are submitted by the Concerned Office to the respective Office of WAPDA. a) GLI Claim is submitted to the Office of Director Insurance WAPDA.			Admin Section of Finance Department Admin Section of Office of CEO	AA Superintendent

Sr. #	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
		b) Claim related to GPF/EPF is submitted to Office of Director Funds WAPDA.			Admin Section of IT Directorate Admin Section of Concerned Accounting Unit	Superintendent Head Clerk or Superintendent
6.	Receipt of Funds	a) For GLI Claim, Cheque is received by the Concerned Office from the Office of Director Insurance WAPDA. b) For GPF / EPF Advance and GPF / EPF Final Settlement Claims, Cheque is received by the Concerned Office from Director Funds WAPDA.			Payment Section of Finance Department Admin Section of Concerned Accounting Unit	Cashier AA
7.	Preparation of Payment Bill	After receiving the Cheque, Payment Bill is prepared by the Concerned Office for each claim of GLI, GPF / EPF Advance and GPF / EPF Final Settlement. *[Refer **"Volume III, Annexure - 97"** for the specimen of **Payment Bill]***	Payment Bill		Admin Section of Finance Department Admin Section of Office of CEO Admin Section of IT Directorate Admin Section of Concerned Accounting Unit	AA Cashier AA AA
8.	Financial Approval	a) Payment Bill is approved by the Concerned Office. b) If approved then continue to activity# 9 else sends back the Payment Bill for rectification / amendment and continues from activity# 7.			Admin Section of Finance Department Admin Section of Office of CEO Admin Section of IT	DMCA, MCA DM – Admin DG –IT

Sr. #	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
					Directorate Admin Section of Concerned Accounting Unit	 DAO or AMA, DDO
9.	Pre Audit	The Payment Bill is pre-audited by the Payment Section of Finance Department / Accounts Section of Concerned Accounting Unit. [Refer ***"PAP - 9"*** for details regarding ***pre audit***]			Payment Section of Finance Department Accounts Section of Concerned Accounting Unit	-
10.	Receipt of Payment Bill	Payment Bill along with Cheque is received by the Payment Section of Finance Department / Accounts Section of Concerned Accounting Unit.			Payment Section of Finance Department Accounts Section of Concerned Accounting Unit	AA or Cashier AA or Cashier
11.	Preparation of the Receipt Voucher	Receipt Voucher is prepared by the Payment Section of Finance Department / Accounts Section of Concerned Accounting Unit to record the receipt of Cheque for respective GLI, GPF / EPF Advance and GPF / EPF Final Settlement Claims. *[Refer **"Volume III, Annexure - 27"** for the specimen of **Receipt Voucher]***	Receipt Voucher		Payment Section of Finance Department Accounts Section of Concerned Accounting Unit	AA or Cashier AA or Cashier
12.	Approval of Receipt Voucher	Receipt Voucher is approved by the Payment Section of Finance Department / Accounts Section of Concerned Accounting Unit.			Payment Section of Finance Department Accounts Section of Concerned Accounting	AO,AMA DAO or AMA, DDO

Sr. #	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
					Unit	
13.	Deposit of Cheque in Bank	The Cheque received is deposited in the Bank Account by the Payment Section of Finance Department / Accounts Section of Concerned Accounting Unit.			Payment Section of Finance Department Accounts Section of Concerned Accounting Unit	AA or Cashier AA or Cashier
14.	Recording of Receipt Transaction in Imprest Cash Book	Receipt of Cheque is recorded in the Imprest Cash Book by the Payment Section of Finance Department / Accounts Section of Concerned Accounting Unit. *[Refer **"Volume III, Annexure - 5"** for the specimen of **Cash Book]***	Cash Book		Payment Section of Finance Department Accounts Section of Concerned Accounting Unit	AA or Cashier AA or Cashier
15.	Preparation of the LPS	LPS is prepared by the Payment Section of Finance Department / Accounts Section of Concerned Accounting Unit to record the receipt of Cheque. *[Refer **"Volume III, Annexure - 20"** for the specimen of **LPS]***	LPS	1	Payment Section of Finance Department Accounts Section of Concerned Accounting Unit	AA, AO, AMA AA, DAO or AMA
16.	Preparation of Payment Voucher	Payment Voucher is prepared by the Payment Section of Finance Department / Accounts Section of Concerned Accounting Unit *[Refer **"Volume III, Annexure - 4"** for the specimen of **Payment Voucher]***	Payment Voucher		Payment Section of Finance Department Accounts Section of Concerned Accounting Unit	AA or Cashier AA or Cashier
17.	Approval of Payment Voucher	Payment Voucher is approved by the Payment Section of Finance Department / Accounts Section of Concerned			Payment Section of Finance Department	AO,AMA

Sr. #	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
		Accounting Unit.			Accounts Section of Concerned Accounting Unit	DAO or AMA, DDO
18.	Payment of Claim through Cheque	a) For GLI Claim, Cheque is issued to employee dependent by the Payment Section of Finance Department / Accounts Section of Concerned Accounting Unit. b) For Claim of GLI and GPF / EPF Advance and GPF / EPF Final Settlement, Cheque is issued to employee by the Payment Section of Finance Department / Accounts Section of Concerned Accounting Unit.			Payment Section of Finance Department Accounts Section of Concerned Accounting Unit	AA or Cashier AA or Cashier
19.	Recording of Payment Transaction in Imprest Cash Book	Transaction of payment is recorded in the Imprest Cash Book by the Payment Section of Finance Department / Accounts Section of Concerned Accounting Unit. ***[**Refer **"Volume III, Annexure - 5"** for the specimen of **Cash Book]***	Cash Book		Payment Section of Finance Department Accounts Section of Concerned Accounting	AA or Cashier AA or Cashier
20.	Preparation of LPS	LPS is prepared by the Payment Section of Finance Department / Accounts Section of Concerned Accounting Unit to record the payment of GLI and GPF / EPF Claims. ***[**Refer **"Volume III, Annexure - 20"** for the specimen of **LPS]***	LPS	2	Payment Section of Finance Department Accounts Section of Concerned Accounting	AA, AO, AMA AA, DAO or AMA
21.	Deduction of Instalments of GPF / EPF Advance from Payroll	If GPF / EPF Claim is Refundable then, instalment amount of GPF / EPF Advance is deducted by the Payment Section of Finance Department / Accounts Section of Concerned Accounting Unit from employee's Payroll along with the normal monthly deduction of GPF / EPF.			Payment Section of Finance Department Accounts Section of Concerned Accounting	-

Sr. #	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
		[Refer ***"HRM – 5"*** for details regarding ***deduction of instalments of GPF / EPF advance from payroll***]				

HRM-6.4 Journal Entries

1. On Receipt of Cheque from WAPDA, the following entries are posted by the Payment Section of Finance Department / Accounts Section of Concerned Accounting Unit:

   a. On receipt of GLI Cheque from WAPDA, the following entry is posted:

Description	Debit	Credit
Bank-Imprest Account	***	
GLI – Received from WAPDA Payable		***

   b. On receipt of Cheque for GPF / EPF Advance or Final Settlement of GPF / EPF from WAPDA, the following entry is posted:

Description	Debit	Credit
Bank-Imprest Account	***	
GPF – Received from WAPDA Payable		***

2. On payment of Claims, the following entries are posted by the Payment Section of Finance Department / Accounts Section of Concerned Accounting Unit:

   a. On payment of GLI Claim, the following entry is posted:

Description	Debit	Credit
GLI – Received from WAPDA Payable	***	
Bank-Imprest Account		***

   b. On payment of GPF / EPF Advance or Final Settlement of GPF / EPF Claims to employee, the following entry is posted:

Description	Debit	Credit
GPF – Received from WAPDA Payable	***	
Bank-Imprest Account		***

HRM-6.5 Summary of Responsibilities for Functional Activities

Office / Section	Summary of Responsibilities for Functional Activities – Reference No.
Cashier	
Admin Section of Office of CEO	2, 7
Payment Section of Finance Department	6,10,11,13,14,16,18,19
Accounts Section of Concerned Accounting Unit	10,11,13,14,16,18,19
Head Clerk	
Admin Section of Concerned Accounting Unit	1, 2, 5
Superintendent	
Admin Section of IT Directorate	1, 5
Admin Section of Office of CEO	1, 3, 5
Admin Section of Concerned Accounting Unit	1, 2, 5
Accounts Assistant	
Admin Section of Finance Department	1, 2, 5, 7
Admin Section of Concerned Accounting Unit	6, 7
Admin Section of IT Directorate	2, 7
Payment Section of Finance Department	10,11,13,14,15,16,18,19,20
Accounts Section of Concerned Accounting Unit	10,11,13,14,15,16,18,19,20
Accounts Officer	
Admin Section of Finance Department	3, 4
Payment Section of Finance Department	12,15,17, 20
Divisional Accounts Officer	
Admin Section of Concerned Accounting Unit	3, 4, 8
Accounts Section of Concerned Accounting Unit	12,15,17,20
Assistant Manager Human Resource	
Admin Section of Concerned Accounting Unit	3, 4
Assistant Manager Accounts	
Admin Section of Concerned Accounting Unit	8
Payment Section of Finance Department	12,15,17, 20
Accounts Section of Concerned Accounting Unit	12,15,17, 20
Drawing and Disbursing Officer	
Admin Section of Concerned	4, 8

Accounting Unit	
Accounts Section of Concerned Accounting Unit	12,17
Deputy Manager Corporate Accounts	
Admin Section of Finance Department	3, 4, 8
Deputy Manager Administration	
Admin Section of Office of CEO	4, 8
Manager Corporate Accounts	
Admin Section of Finance Department	4, 8
Manager Information Technology	
Admin Section of IT Directorate	3
Manager Human Resource	
Admin Section of Office of CEO	4
Director General Information Technology	
Admin Section of IT Directorate	4, 8
Finance Director	
Admin Section of Finance Department	4
Human Recourse Director	
Admin Section of Office of CEO	4

HRM-6.6 Key Control Matrix

Sr.#	Objective	Risk	Control Activity	Activity Ref.#
1	Only authorised and approved GLI and GPF Claims are submitted to WAPDA for release of funds.	Unauthorised claims may be submitted for release of funds.	All the GLI and GPF Claims are reviewed and approved by Concerned Offices before they are submitted to WAPDA for release of funds.	3, 4
2	Receipt of funds from WAPDA are reviewed, authorised and completely recorded.	Inappropriate or inaccurate Funds may be received and recorded.	Payment Bill is prepared for the funds received against the approved GLI and GPF Claim, Payment Bill is also approved and Pre Audited by the Concerned Offices. Receipt Vouchers are prepared and approved by the Concerned Offices to record the receipt of funds from WAPDA.	12
3	Recording of receipt transaction in the Imprest Cash Book and LPS is made correctly.	Recording of receipt transaction in the Imprest Cash Book and LPS is not made correctly which may result in the misstatement of financial statements.	There is segregation of duties for the recording of receipt transaction in the Imprest Cash Book and LPS. In Payment Section of Finance Department recording in Imprest Cash Book and LPS is done by AA or Cashier, checking by AO and approval by AMA. In Accounts Section of Concerned Accounting Unit recording in Imprest Cash Book and LPS is done by AA or Cashier while DAO or AMA checks and approves the recording.	14, 15
4	Payments of GLI and GPF Claims to Employees are reviewed, authorised and completely recorded.	Inappropriate or inaccurate payments may be made without proper authorization.	Before payment of GLI and GPF Claims to employees Payment Bill is approved and Pre Audited by the Concerned Offices. Payment Vouchers are prepared and approved to record the payment of GLI and GPF Claims by the Concerned Offices.	18

Sr.#	Objective	Risk	Control Activity	Activity Ref.#
5	Recording of payment transaction in the Imprest Cash Book and LPS is made correctly.	Recording of payment transaction in the Imprest Cash Book and LPS is not made correctly which may result in the misstatement of financial statements.	There is segregation of duties for the recording of payment transaction in the Imprest Cash Book and LPS. In Payment Section of Finance Department recording in Imprest Cash Book and LPS is done by AA or Cashier, checking by AO and approval by AMA. In Accounts Section of Concerned Accounting Unit recording in Imprest Cash Book and LPS is done by AA or Cashier while DAO or AMA checks and approves the recording.	19, 20

HRM-7 Employee Claim of WWF and Its Reimbursement from WAPDA

HRM-7.1 Descriptive Overview of the Process

A. This process covers the activities regarding the processing and payment of WWF Claims and its reimbursement from WAPDA.

B. Employee / Former Employee / Widow of an Employee submits WWF Claim to Concerned Accounting Unit.

C. After review, Concerned Accounting Unit submits the WWF Claim to Admin Section of Office of CEO for verification and administrative approval.

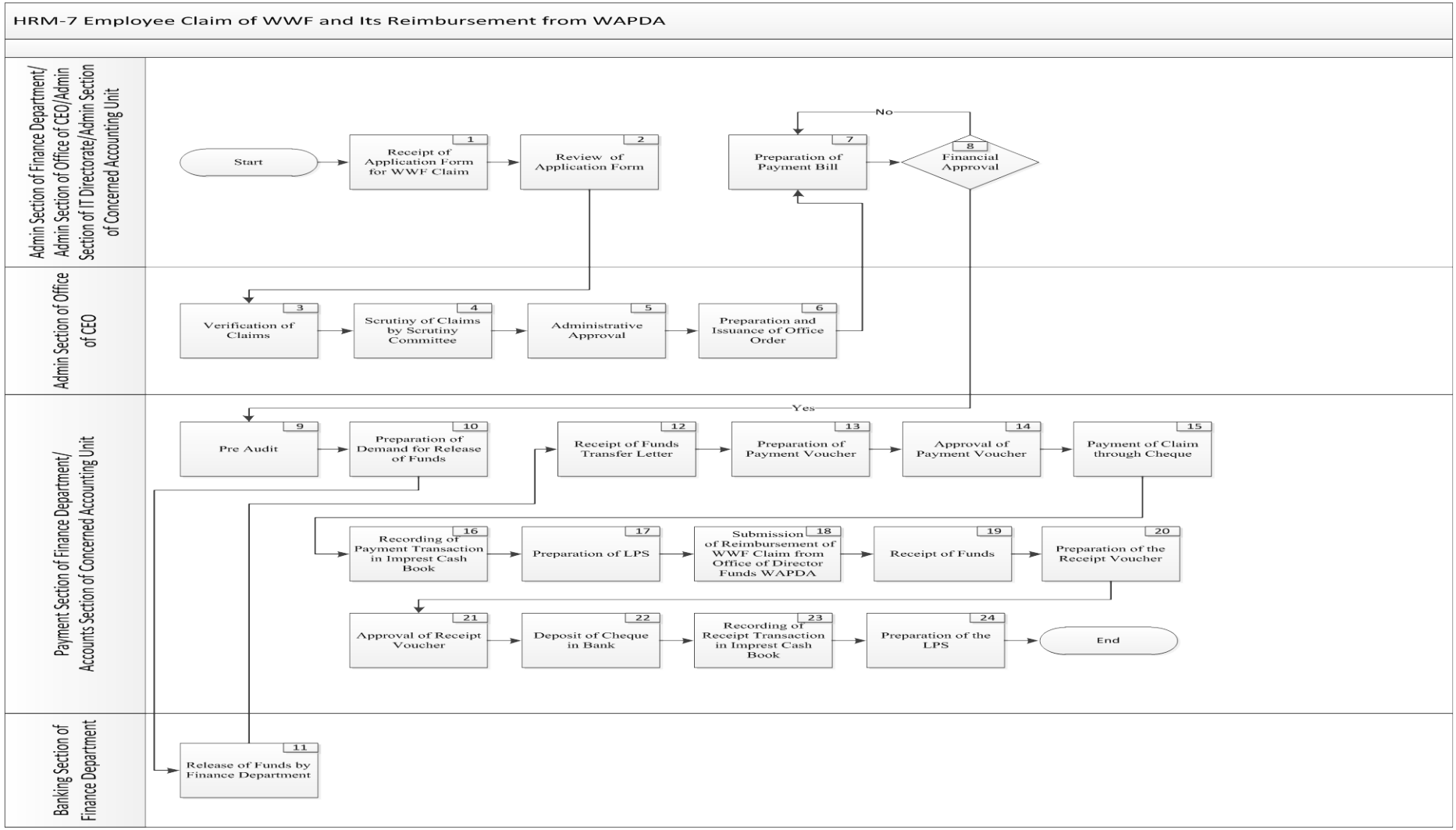
D. After administrative approval, Payment Bill is prepared and approved by Concerned Accounting Unit for payment of WWF Claim.

E. After Pre Audit of Payment Bill and release of funds from the Banking Section of Finance Department, Cheque is issued to Employee / Former Employee / Widow of an Employee for the payment of WWF Claim.

F. LPS is prepared by the Concerned Accounting Unit to record the payment of WWF Claim, and after the payment all Claims related to WWF are submitted to Concerned Office of WAPDA.

G. Cheque regarding WWF Claims is received from Concerned Office of WAPDA which is deposited into Bank Account and LPS is prepared by the Concerned Accounting to record the receipt of Funds.

HRM-7.2 Flow Chart



HRM-7.3 Detail of Process Activities

Sr. #	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
1.	Receipt of Application Form for WWF Claim	Application Form for relevant Claim of WWF is received by the Concerned Office from the Employee / Former employee (medically retired) / Widow of an employee. a) Application for Monthly Grant and Marriage Grant is received on "Form C". b) Application for Scholarship is received on "Form E". c) Employees in service submit WWF Claims in the offices where they are serving while Retired Employees / Employees Widows submit WWF Claims in Concerned Accounting Units from where they are receiving Pension. *[Refer **"Volume III, Annexure - 111"** for the specimen of **Form C]*** *[Refer **"Volume III, Annexure - 112"** for the specimen of **Form E]***	Form C, Form E		Admin Section of Finance Department Admin Section of Office of CEO Admin Section of IT Directorate Admin Section of Concerned Accounting Unit	AA LDC Superintendent Head Clerk or Superintendent
2.	Review of Application Form	Concerned Office reviews the Application Form and then submits it to Admin Section of Chief Directorate along with necessary documents. a) For Monthly Grants following documents are attached with the Application Form: ➢ List of Family Members			Admin Section of Finance Department Admin Section of Office of CEO Admin Section of IT Directorate	AO LDC Superintendent

Sr. #	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
		➢ WWF deduction Certificate ➢ Widowhood Certificate ➢ Death Certificate b) For Marriage Grants following documents are attached with the Application Form: ➢ List of Family Members ➢ WWF deduction Certificate ➢ First Marriage Grant Certificate ➢ Nikah Nama c) For Scholarships following documents are attached with the Application Form: ➢ List of Family Members ➢ Result Card			Admin Section of Concerned Accounting Unit	Head Clerk or Superintendent
3.	Verification of Claims	a) In Admin Section of Office of CEO, Claims from all other Accounting Units are verified and recommendations are provided. b) After the verification of claims these are forwarded to the Scrutiny Committee.			Admin Section of Office of CEO	Superintendent
4.	Scrutiny of Claims by Scrutiny Committee	a) Scrutiny Committee scrutinizes the cases and forwards these to CEO for final approval. b) Scrutiny Committee consists of Convener (Manager Admin), Representatives from Finance Department and Labour Union.			Admin Section of Office of CEO	-
5.	Administrative Approval	Claims are approved by the Admin Section of Office of CEO.			Admin Section of Office of CEO	AM-Admin, DM-Admin, Manger Admin, CEO

Sr. #	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
6.	Preparation and Issuance of Office Order	After Approval, Office Orders are prepared and issued to Concerned Offices by the Admin Section of Office of CEO. *[Refer **"Volume III, Annexure - 3"** for the specimen of **Office Order]***	Office Order		Admin Section of Office of CEO	AM-Admin, DM-Admin
7.	Preparation of Payment Bill	After receiving the Office Order and other necessary documents from Admin Section of Office of CEO, Payment Bill is prepared for relevant WWF claim by the Concerned Office. *[Refer **"Volume III, Annexure - 97"** for the specimen of **Payment Bill]***	Payment Bill		Admin Section of Finance Department Admin Section of Office of CEO Admin Section of IT Directorate Admin Section of Concerned Accounting Unit	AA Cashier AA Head Clerk or Superintendent
8.	Financial Approval	a) Payment Bill is verified and approved by the Concerned Office. b) If approved then continue to activity# 9 else sends back the Payment Bill for rectification/ amendment and continues from activity# 7.			Admin Section of Finance Department Admin Section of Office of CEO Admin Section of IT Directorate Admin Section of Concerned Accounting Unit	DMCA, MCA DM – Admin DG – IT AM – HR, DDO
9.	Pre Audit	The Payment Bill is Pre Audited by the Payment Section of			Payment Section of	-

Sr. #	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
		Finance Department / Accounts Section of Concerned Accounting Unit. [Refer ***"PAP - 9"*** for details regarding ***pre audit***]			Finance Department Accounts Section of Concerned Accounting Unit	
10.	Preparation of Demand for Release of Funds	a) Payment Section of Finance Department prepares Demand for Release of Funds with the approval of CEO. b) Accounts Section of Concerned Accounting Unit prepares Demand for Release of Funds with the approval of concerned DDO. c) After approval, Demand for Release of Funds is forwarded to the Banking Section of Finance Department. *[Refer **"Volume III, Annexure - 25.1"** for the specimen of **Demand for Release of Funds]*** *[Refer **"Volume III, Annexure - 25.2"** for the specimen of **Demand for Release of Funds]***	Demand for Release of Funds		Payment Section of Finance Department Accounts Section of Concerned Accounting Unit	AA AA
11.	Release of Funds by Finance Department	Banking Section of Finance Department releases the Funds. [Refer ***"CTM - 9"*** for details regarding ***release of funds by Finance Department***]			Banking Section of Finance Department	-
12.	Receipt of Funds Transfer Letter	Payment Section of Finance Department / Accounts Section of Concerned Accounting Unit receives the Funds from the Banking Section of Finance Department.			Payment Section of Finance Department	-

Sr. #	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
		[Refer ***"CTM - 13"*** for details regarding ***receipt of funds from Finance Department***]			Accounts Section of Concerned Accounting Unit	
13.	Preparation of Payment Voucher	Payment Voucher is prepared by the Payment Section of Finance Department / Accounts Section of Concerned Accounting Unit. *[Refer **"Volume III, Annexure - 4"** for the specimen of **Payment Voucher]***	Payment Voucher		Payment Section of Finance Department Accounts Section of Concerned Accounting Unit	AA or Cashier AA or Cashier
14.	Approval of Payment Voucher	Payment Voucher is approved by the Payment Section of Finance Department / Accounts Section of Concerned Accounting Unit.			Payment Section of Finance Department Accounts Section of Concerned Accounting Unit	AO,AMA DAO or AMA, DDO
15.	Payment of Claim through Cheque	Cheque is issued by Payment Section of Finance Department / Accounts Section of Concerned Accounting Unit to employee or employee's dependent for relevant WWF Claim.			Payment Section of Finance Department Accounts Section of Concerned Accounting Unit	AA or Cashier AA or Cashier
16.	Recording of Payment Transaction in Imprest Cash Book	Transaction of payment is recorded in the Imprest Cash Book by the Payment Section of Finance Department / Accounts Section of Concerned Accounting Unit. *[Refer **"Volume III, Annexure - 5"** for the specimen of **Cash Book]***	Cash Book		Payment Section of Finance Department Accounts Section of Concerned Accounting Unit	AA or Cashier AA or Cashier
17.	Preparation of LPS	LPS is prepared by the Payment Section of Finance	LPS	1	Payment Section of	AA, AO, AMA

Sr. #	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
		Department / Accounts Section of Concerned Accounting Unit to record the payment of WWF Claim. *[Refer **"Volume III, Annexure - 20"** for the specimen of **LPS]***			Finance Department Accounts Section of Concerned Accounting Unit	AA, DAO or AMA
18.	Submission of Reimbursement of WWF Claim from Office of Director Funds WAPDA	Reimbursement Claim along with relevant documents is submitted to Office of Director Funds WAPDA by the Payment Section of Finance Department / Accounts Section of Concerned Accounting Unit. *[Refer **"Volume III, Annexure - 113"** for the specimen of **WWF Reimbursement Form]***	WWF Reimbursement Form		Payment Section of Finance Department Accounts Section of Concerned Accounting Unit	AA or Cashier AA or Cashier
19.	Receipt of Funds	Funds are received through Cheque from the Office of Director Funds WAPDA.			Payment Section of Finance Department Accounts Section of Concerned Accounting Unit	AA or Cashier AA or Cashier
20.	Preparation of the Receipt Voucher	Receipt Voucher is prepared by the Payment Section of Finance Department / Accounts Section of Concerned Accounting Unit to record the receipt of Cheque for respective reimbursement of WWF Claim. *[Refer **"Volume III, Annexure - 27"** for the specimen of **Receipt Voucher]***	Receipt Voucher		Payment Section of Finance Department Accounts Section of Concerned Accounting Unit	AA or Cashier AA or Cashier
21.	Approval of Receipt Voucher	Receipt Voucher is approved by the Payment Section of Finance Department / Accounts Section of Concerned			Payment Section of Finance Department	AO, AMA

Sr. #	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
		Accounting Unit.			Accounts Section of Concerned Accounting Unit	DAO or AMA, DDO
22.	Deposit of Cheque in Bank	Cheque is deposited in the Bank Account by the Payment Section of Finance Department / Accounts Section of Concerned Accounting Unit.			Payment Section of Finance Department Accounts Section of Concerned Accounting Unit	AA or Cashier AA or Cashier
23.	Recording of Receipt Transaction in Imprest Cash Book	Receipt of Cheque is recorded in the Imprest Cash Book by the Payment Section of Finance Department / Accounts Section of Concerned Accounting Unit. ***[**Refer **"Volume III, Annexure - 5"** for the specimen of **Cash Book]***	Cash Book		Payment Section of Finance Department Accounts Section of Concerned Accounting Unit	AA or Cashier AA or Cashier
24.	Preparation of the LPS	LPS is prepared by the Payment Section of Finance Department / Accounts Section of Concerned Accounting Unit to record the receipt of Cheque from Office of Director Funds WAPDA. ***[**Refer **"Volume III, Annexure - 20"** for the specimen of **LPS]***	LPS	2	Payment Section of Finance Department Accounts Section of Concerned Accounting Unit	AA, AO, AMA AA, DAO or AMA

HRM-7.4 Journal Entries

1. On payment of WWF on behalf of WAPDA, the following entry is posted by the Payment Section of Finance Department / Accounts Section of Concerned Accounting Unit:

Description	Debit	Credit
Advance on Behalf of Secretary WWF	***	
Bank-Imprest Account		***

2. On receipt of WWF reimbursement from WAPDA, the following entry is posted by the Payment Section of Finance Department / Accounts Section of Concerned Accounting Unit:

Description	Debit	Credit
Bank-Imprest Account	***	
Advance on Behalf of Secretary WWF		***

HRM-7.5 Summary of Responsibilities for Functional Activities

Office / Section	Summary of Responsibilities for Functional Activities – Reference No.
Cashier	
Admin Section of Office of CEO	7
Payment Section of Finance Department	13,15,16,18,19, 20, 22, 23
Accounts Section of Concerned Accounting Unit	13,15,16,18,19, 20, 22, 23
Lower Division Clerk	
Admin Section of Office of CEO	1, 2
Head Clerk	
Admin Section of Concerned Accounting Unit	1, 2, 7
Superintendent	
Admin Section of IT Directorate	1, 2
Admin Section of Concerned Accounting Unit	1, 2, 7
Admin Section of Office of CEO	3
Accounts Assistant	
Admin Section of Finance Department	1, 7
Admin Section of IT Directorate	7
Payment Section of Finance Department	10,13,15,16,17,18,19, 20, 22, 23, 24
Accounts Section of Concerned Accounting Unit	10,13,15,16,17,18,19, 20, 22, 23, 24
Accounts Officer	
Admin Section of Finance Department	2
Payment Section of Finance Department	14,17, 21, 24
Divisional Accounts Officer	
Accounts Section of Concerned Accounting Unit	14, 17, 21, 24
Assistant Manager Human Resource	
Admin Section of Concerned Accounting Unit	8
Assistant Manager Administration	
Admin Section of Office of CEO	5, 6
Assistant Manager Accounts	
Payment Section of Finance Department	14, 17, 21, 24
Accounts Section of Concerned Accounting Unit	14, 17, 21, 24
Drawing and Disbursing Officer	
Admin Section of Concerned Accounting Unit	8
Accounts Section of Concerned	14, 21

Accounting Unit	
Deputy Manager Corporate Accounts	
Admin Section of Finance Department	8
Deputy Manager Administration	
Admin Section of Office of CEO	5, 6, 8
Manager Administration	
Admin Section of Office of CEO	5
Manager Corporate Accounts	
Admin Section of Finance Department	8
Director General Information Technology	
Admin Section of IT Directorate	8
Chief Executive Officer	
Admin Section of Office of CEO	5

HRM-7.6 Key Control Matrix

Sr.#	Objective	Risk	Control Activity	Activity Ref.#
1	Only valid and authorised employees are paid for WWF Claims.	Approval could be made for the employees who are not authorised for the claim.	All the WWF Claims are reviewed and scrutinized by Scrutiny Committee and approved by the CEO.	4, 5
2	Requisition for Additional Funds is only raised for valid and authorised payments / transactions.	Additional Funds may be requested for unauthorised transactions.	Demand for Release of Funds is raised only after the financial approval and Pre Audit of WWF Claims. For the payment of WWF Claims of employees of Finance Department, AA prepares Demand for Release of Fund and obtains approval from the CEO. For the payment of WWF Claims of employees of other Accounting Units, AA prepares Demand for Release of Fund and obtains approval from the DDO.	10
3	Payments of WWF Claims to Employees are reviewed, authorised and completely recorded.	Inappropriate or inaccurate payments may be made without proper authorization.	Before payment of WWF Claims to employees Payment Bill is approved and Pre Audited by the Concerned Offices. Payment Vouchers are prepared and approved to record the payment of WWF Claims by the Concerned Offices.	15
4	Recording of payment transaction in the Imprest Cash Book and LPS is made correctly.	Recording of payment transaction in the Imprest Cash Book and LPS is not made correctly which may result in the misstatement of financial statements.	There is segregation of duties for the recording of payment transaction in the Imprest Cash Book and LPS. In Payment Section of Finance Department recording in Imprest Cash Book and LPS is done by AA or Cashier, checking by AO and approval by AMA. In Accounts Section of Concerned Accounting Unit	16, 17

Sr.#	Objective	Risk	Control Activity	Activity Ref.#
			recording in Imprest Cash Book and LPS is done by AA or Cashier while DAO or AMA checks and approves the recording.	
5	Only authorised and approved WWF Claims are submitted to WAPDA for reimbursement.	Unauthorised claims may be submitted for reimbursement.	WWF Claims authorised by Scrutiny Committee and CEO along with approved and Pre Audited Payment Bills are submitted to WAPDA for reimbursement.	18
6	Receipt of funds from WAPDA are reviewed, authorised and completely recorded.	Inappropriate or inaccurate Funds may be received and recorded.	Receipt Vouchers are prepared and approved by the Concerned Offices to record the reimbursement of WWF Claims from WAPDA.	21
7	Recording of receipt transaction in the Imprest Cash Book and LPS is made correctly.	Recording of receipt transaction in the Imprest Cash Book and LPS is not made correctly which may result in the misstatement of financial statements.	There is segregation of duties for the recording of receipt transaction in the Imprest Cash Book and LPS. In Payment Section of Finance Department recording in Imprest Cash Book and LPS is done by AA or Cashier, checking by AO and approval by AMA. In Accounts Section of Concerned Accounting Unit recording in Imprest Cash Book and LPS is done by AA or Cashier while DAO or AMA checks and approves the recording.	23, 24

HRM-8 Employees' Claims for other Benefits

HRM-8.1 Descriptive Overview of the Process

A. This process covers the activities regarding the processing and payment of Employees' Claims for other Benefits.

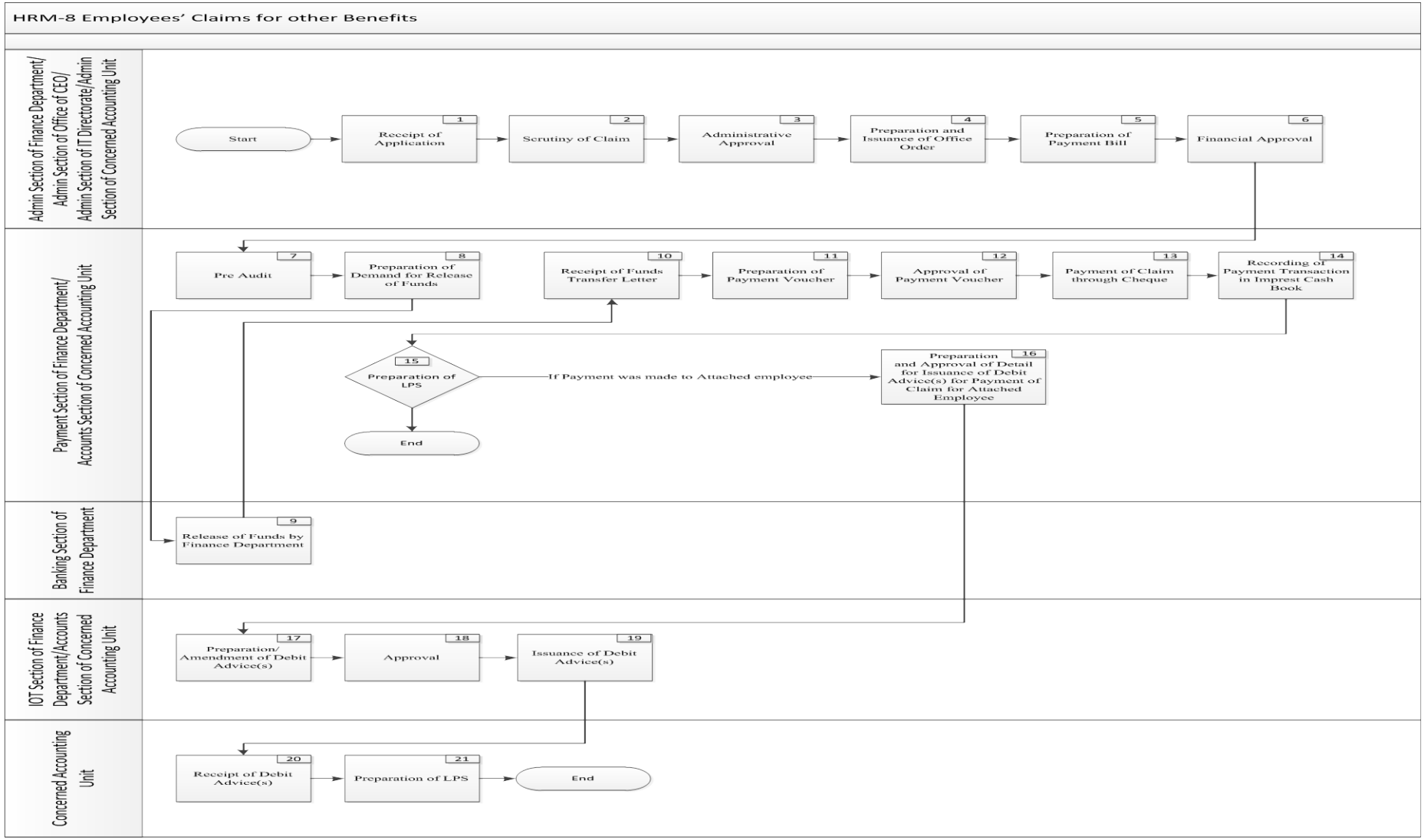
B. Concerned Office receives the applications for relevant Claims, all the Claims are scrutinized and administrative approval is provided.

C. After administrative approval, Payment Bill is prepared and approved by Concerned Accounting Unit for payment of relevant Claim.

D. After Pre Audit of Payment Bill and release of funds from the Banking Section of Finance Department, Cheque is issued to Concerned Employee for the payment of relevant Claim.

E. LPS is prepared by the Concerned Accounting Unit to record the payment of relevant Claim.

HRM-8.2 Flow Chart



HRM-8.3 Detail of Process Activities

Sr. #	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
1.	Receipt of Application	Application for relevant claim along with necessary documents is received by the Concerned Office. Some Claims of Employees' Benefits are as follow: a) Employees in service submit Medical/ Hospitalization Claims along with following documents for reimbursement in the offices where they are serving. ➢ Medical Bill / Lab Report approved by MS WAPDA Hospital b) Retired Employees submit Medical and / Hospitalization Claims along with following documents for reimbursement in Concerned Accounting Unit where they are receiving Pension. ➢ Medical Bill / Lab Report approved by MS WAPDA Hospital c) For TA / DA Claim employee submits TA / DA Bill along with necessary documents e.g. ➢ Tour Program d) For Overtime and off day Wages employee submits Overtime and off day Wages Bill. e) For Funeral Charges Employee / Employee Dependent submits application along with necessary documents e.g. ➢ Copy of CNIC ➢ Death Certificate	TA / DA Bill, Overtime and off day Wages Bill		Admin Section of Finance Department Admin Section of Office of CEO Admin Section of IT Directorate Admin Section of Concerned Accounting Unit	Dairy Clerk LDC Superintendent Head Clerk or Superintendent

Sr. #	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
		f) For Residential Telephone Expense employee submits Monthly Telephone Bill. g) For Education and Training Expenses DG – Training WAPDA submits Demand for Funds. h) For Compensation / Ex-gratia Charges concerned office submits the claim along with Safety report approved by Director Safety. i) For Leave Encashment employee submits the application (Maximum 365 days leave encashment on retirement). ***[**Refer **"Volume III, Annexure - 114"** for the specimen of **TA / DA Bill]*** ***[**Refer **"Volume III, Annexure - 115"** for the specimen of **Overtime and off day Wages Bill]***				
2.	Scrutiny of Claim	Claim is scrutinized and recommendation is provided as per the entitlement of employee by the Concerned Office. a) If claim is not under the competency of concerned office then it may be forwarded to Admin Section of Office of CEO for Approval. e.g. ➢ Medical Claims above Rs.15, 000 ➢ Ex-gratia Charges ➢ Training and Education			Admin Section of Finance Department Admin Section of Office of CEO Admin Section of IT Directorate Admin Section of Concerned Accounting Unit	AA, AO Superintendent Superintendent Head Clerk or Superintendent

Sr. #	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
3.	Administrative Approval	Claim is approved by the Concerned Office.			Admin Section of Finance Department Admin Section of Office of CEO Admin Section of IT Directorate Admin Section of Concerned Accounting Unit	DMCA, MCA, FD AM-Admin DM-Admin Manager-Admin, HRD, CEO DG – IT AM – HR, DDO
4.	Preparation and Issuance of Office Order	Office Order is prepared and issued on the basis of approved claim by the Concerned Office. *[Refer **"Volume III, Annexure - 3"** for the specimen of **Office Order]***	Office Order		Admin Section of Finance Department Admin Section of Office of CEO Admin Section of IT Directorate Admin Section of Concerned Accounting Unit	AA DM - Admin Superintendent Head Clerk
5.	Preparation of Payment Bill	After receiving the Office Order and other necessary documents, Payment Bill is prepared by the Concerned Office for the respective Claim.	Payment Bill		Admin Section of Finance Department Admin Section of Office of CEO	AA Cashier

Sr. #	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
		*[Refer **"Volume III, Annexure - 97"** for the specimen of **Payment Bill]***			Admin Section of IT Directorate Admin Section of Concerned Accounting Unit	AA Head Clerk or Superintendent
6.	Financial Approval	a) Payment Bill is verified and approved by the Concerned Office. b) If approved then continue to activity# 7 else sends back the Payment Bill for rectification/ amendment and continue from activity# 5.			Admin Section of Finance Department Admin Section of Office of CEO Admin Section of IT Directorate Admin Section of Concerned Accounting Unit	DMCA, MCA DM-Admin DG – IT AM - HR, DDO
7.	Pre Audit	The Payment Bill is Pre Audited by the Payment Section of Finance Department / Accounts Section of Concerned Accounting Unit. a) Bill for which Concerned Accounting Unit has no competency for Pre Audit is also Pre Audited in Payment Section of Finance Department. [Refer ***"PAP - 9"*** for details regarding ***pre audit***]			Payment Section of Finance Department Accounts Section of Concerned Accounting Unit	-
8.	Preparation of Demand for	a) Payment Section of Finance Department prepares Demand for Release of Funds with the approval of	Demand for Release of		Payment Section of Finance Department	AA

Sr. #	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
	Release of Funds	CEO. b) Accounts Section of Concerned Accounting Unit prepares Demand for Release of Funds with the approval of concerned DDO. c) After approval, Demand for Release of Funds is forwarded to the Banking Section of Finance Department. *[Refer **"Volume III, Annexure - 25.1"** for the specimen of **Demand for Release of Funds]*** *[Refer **"Volume III, Annexure - 25.2"** for the specimen of **Demand for Release of Funds]***	Funds		Accounts Section of Concerned Accounting Unit	AA
9.	Release of Funds by Finance Department	Banking Section of Finance Department releases the Funds. [Refer ***"CTM - 9"*** for details regarding ***release of funds by Finance Department***]			Banking Section of Finance Department	-
10.	Receipt of Funds Transfer Letter	Payment Section of Finance Department / Accounts Section of Concerned Accounting Unit receives the Funds from Banking Section of Finance Department. [Refer ***"CTM - 13"*** for details regarding ***receipt of funds from Finance Department***]			Payment Section of Finance Department Accounts Section of Concerned Accounting Unit	-
11.	Preparation of Payment Voucher	Payment Voucher is prepared by the Payment Section of Finance Department / Accounts Section of Concerned Accounting Unit.	Payment Voucher		Payment Section of Finance Department	AA or Cashier

Sr. #	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
		*[Refer **"Volume III, Annexure - 4"** for the specimen of **Payment Voucher]***			Accounts Section of Concerned Accounting Unit	AA or Cashier
12.	Approval of Payment Voucher	Payment Voucher is approved by the Payment Section of Finance Department / Accounts Section of Concerned Accounting Unit.			Payment Section of Finance Department Accounts Section of Concerned Accounting Unit	AO,AMA DAO or AMA, DDO
13.	Payment of Claim through Cheque	Cheque is issued to employee / employee's dependents for relevant Claim by the Payment Section of Finance Department / Accounts Section of Concerned Accounting Unit.			Payment Section of Finance Department Accounts Section of Concerned Accounting Unit	AA or Cashier AA or Cashier
14.	Recording of Payment Transaction in Imprest Cash Book	Transaction of payment is recorded in the Imprest Cash Book by the Payment Section of Finance Department / Accounts Section of Concerned Accounting Unit. *[Refer **"Volume III, Annexure - 5"** for the specimen of **Cash Book]***	Cash Book		Payment Section of Finance Department Accounts Section of Concerned Accounting Unit	AA or Cashier AA or Cashier
15.	Preparation of LPS	a) LPS is prepared to record the payment of Claim by the Payment Section of Finance Department / Accounts Section of Concerned Accounting Unit. b) If Payment was made to Attached employee then continue to activity# 16 else process ends.	LPS	1, 2	Payment Section of Finance Department Accounts Section of Concerned Accounting Unit	AA, AO, AMA AA, DAO or AMA

Sr. #	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
		*[Refer **"Volume III, Annexure - 20"** for the specimen of **LPS]***				
16.	Preparation and Approval of Detail for Issuance of Debit Advice(s) for Payment of Claim for Attached Employee	a) On the payment of Claim for Attached Employee, Detail for Issuance of Debit Advice(s) is prepared by the Payment Section of Finance Department / Accounts Section of Concerned Accounting Unit. b) This Detail is approved by the Payment Section of Finance Department / Accounts Section of Concerned Accounting Unit. c) In case of Finance Department, Detail for Issuance of Debit Advice(s) is submitted to the IOT Section of Finance Department. *[Refer **"Volume III, Annexure - 52.1"** for the specimen of **Detail for Issuance of Debit Advice]*** *[Refer **"Volume III, Annexure - 52.2"** for the specimen of **Detail for Issuance of Debit Advice]***	Detail for Issuance of Debit Advice		Payment Section of Finance Department Accounts Section of Concerned Accounting Unit	AA, AO, AMA AA, DAO or AMA
17.	Preparation / Amendment of Debit Advice(s)	The Debit Advice(s) is prepared / amended by the IOT Section of Finance Department / Accounts Section of Concerned Accounting Unit with the detail of payment of Claim. *[Refer **"Volume III, Annexure - 53"** for the specimen of **Debit Advice]***	Debit Advice		IOT Section of Finance Department Accounts Section of Concerned Accounting Unit	AA AA
18.	Approval	The Debit Advice(s) is approved by the IOT Section of Finance Department / Accounts Section of Concerned Accounting Unit.			IOT Section of Finance Department	AO, AMA

Sr. #	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
					Accounts Section of Concerned Accounting Unit	DAO or AMA
19.	Issuance of Debit Advice(s)	The Debit Advice(s) is issued by the IOT Section of Finance Department / Accounts Section of Concerned Accounting Unit to relevant Accounting Units of which Employees is attached.			IOT Section of Finance Department Accounts Section of Concerned Accounting Unit	AA AA
20.	Receipt of Debit Advice(s)	The relevant Accounting Unit receives the Debit Advice(s).			Concerned Accounting Unit	AA, AO
21.	Preparation of LPS	The relevant Accounting Unit prepares LPS after receiving Debit Advice(s). ***[****Refer* ***"Volume III, Annexure - 20"*** *for the specimen of* ***LPS]***	LPS	3	Concerned Accounting Unit	AA, AO, AMA

HRM-8.4 Journal Entries

1. On payment of relevant Claims to Employees of Own Accounting Unit, the following entries are posted by the Payment Section of Finance Department / Accounts Section of Concerned Accounting Unit:

   a. On payment of Medical Claims to Employees of Own Accounting Unit, the following entry is posted:

Description	Debit	Credit
Medical and Hospitalization	***	
Bank - Imprest Account		***

   b. On payment of Medical Claims of Retired Employees of Own Accounting Unit the following entry is posted:

Description	Debit	Credit
Employee Medical Liabilities - Pensioner	***	
Bank - Imprest Account		***

   c. On payment of TA / DA Claims to Employees of Own Accounting Unit, the following entry is posted:

Description	Debit	Credit
TA / DA Expense	***	
Bank - Imprest Account		***

   d. On payment of Over time and Off Day Wages Claims to Employees of Own Accounting Unit, the following entry is posted:

Description	Debit	Credit
Over time and Off Day Wages	***	
Bank - Imprest Account		***

   e. On payment of Funeral Charges Claims to Employees of Own Accounting Unit, the following entry is posted:

Description	Debit	Credit
Funeral Charges	***	
Bank - Imprest Account		***

   f. On payment of Residential Telephone Expense Claims to Employees of Own Accounting Unit, the following entry is posted:

Description	Debit	Credit
Residential Telephone Expense	***	
Bank - Imprest Account		***

g. On payment of Education and Training Expense Claims to Employees of Own Accounting Unit, the following entry is posted:

Description	Debit	Credit
Education and Training Expense	***	
Bank - Imprest Account		***

h. On payment of Compensation / Ex-gratia Charges Claims to Employees of Own Accounting Unit, the following entry is posted:

Description	Debit	Credit
Compensation / Ex-gratia Charges	***	
Bank - Imprest Account		***

i. On payment of Leave Encashment to Employees of Own Accounting Unit, the following entry is posted:

Description	Debit	Credit
Leave Encashment (Liability)	***	
Bank - Imprest Account		***

2. On payment of relevant Claims to Attached Employees, the following entry is posted by the Payment Section of Finance Department / Accounts Section of Concerned Accounting Unit:

Description	Debit	Credit
IOT – Debit Advice	***	
Bank - Imprest Account		***

3. On receipt of Debit Advice(s), the following entries are posted by the relevant Accounting Unit:

a. On receipt of Debit Advice(s) for Medical Claims the following entry is posted:

Description	Debit	Credit
Medical and Hospitalization	***	
IOT – Debit Advice		***

b. On receipt of Debit Advice(s) for TA / DA Claims the following entry is posted:

Description	Debit	Credit
TA / DA Expense	***	
IOT – Debit Advice		***

c. On receipt of Debit Advice(s) for Over time and Off Day Wages Claims the following entry is posted:

Description	Debit	Credit
Over time and Off Day Wages	***	
IOT – Debit Advice		***

d. On receipt of Debit Advice(s) for Funeral Charges Claims the following entry is posted:

Description	Debit	Credit
Funeral Charges	***	
IOT – Debit Advice		***

e. On receipt of Debit Advice(s) for Residential Telephone Claims the following entry is posted:

Description	Debit	Credit
Residential Telephone Expense	***	
IOT – Debit Advice		***

f. On receipt of Debit Advice(s) for Compensation / Ex-gratia Charges Claims, the following entry is posted:

Description	Debit	Credit
Compensation / Ex-gratia Charges	***	
IOT – Debit Advice		***

g. On receipt of Debit Advice(s) for Leave Encashment, the following entry is posted:

Description	Debit	Credit
Leave Encashment (Liability)	***	
IOT – Debit Advice		***

HRM-8.5 Summary of Responsibilities for Functional Activities

Office / Section	Summary of Responsibilities for Functional Activities – Reference No.
Diary clerk	
Admin Section of Finance Department	1
Lower Division Clerk	
Admin Section of Office of CEO	1
Cashier	
Admin Section of Office of CEO	5
Payment Section of Finance Department	11,13,14
Accounts Section of Concerned Accounting Unit	11,13,14
Head Clerk	
Admin Section of Concerned Accounting Unit	1 ,2, 4, 5
Superintendent	
Admin Section of IT Directorate	1, 2, 4
Admin Section of Concerned Accounting Unit	1 ,2, 5
Admin Section of Office of CEO	2
Accounts Assistant	
Admin Section of Finance Department	2, 4, 5
Admin Section of IT Directorate	5
Payment Section of Finance Department	8,11,13,14,15,16
Accounts Section of Concerned Accounting Unit	8,11,13,14,15,16,17,19
IOT Section of Finance Department	17,19
Concerned Accounting Unit	20, 21
Accounts Officer	
Admin Section of Finance Department	2
Payment Section of Finance Department	12,15,16
IOT Section of Finance Department	18
Concerned Accounting Unit	20, 21
Divisional Accounts Officer	
Accounts Section of Concerned Accounting Unit	12,15,16,18
Assistant Manager Human Resource	
Admin Section of Concerned Accounting Unit	3, 6
Assistant Manager Administration	
Admin Section of Office of CEO	3

Assistant Manager Accounts	
Payment Section of Finance Department	12,15,16
Accounts Section of Concerned Accounting Unit	12,15,16,18
IOT Section of Finance Department	18
Concerned Accounting Unit	21
Drawing and Disbursing Officer	
Admin Section of Concerned Accounting Unit	3, 6
Accounts Section of Concerned Accounting Unit	12
Deputy Manager Corporate Accounts	
Admin Section of Finance Department	3, 6
Deputy Manager Administration	
Admin Section of Office of CEO	3, 4, 6
Manager Administration	
Admin Section of Office of CEO	3
Manager Corporate Accounts	
Admin Section of Finance Department	3, 6
Director General Information Technology	
Admin Section of IT Directorate	3, 6
Human Resource Director	
Admin Section of Office of CEO	3
Finance Director	
Admin Section of Finance Department	3
Chief Executive Officer	
Admin Section of Office of CEO	3

HRM-8.6 Key Control Matrix

Sr.#	Objective	Risk	Control Activity	Activity Ref.#
1	Only valid and authorised employees are paid as per their entitlement for other benefits Claims.	Approval could be made for the employees who are not authorised or entitled for other benefits claims.	All the other benefits claims are reviewed, scrutinized and approved by the Concerned Offices.	2, 3
2	Requisition for Additional Funds is only raised for valid and authorised payments / transactions.	Additional Funds may be requested for unauthorised transactions.	Demand for Release of Funds is raised only after the financial approval and Pre Audit of other benefits claims. For the payment of other benefits claims of employees of Finance Department, AA prepares Demand for Release of Fund and obtains approval from the CEO. For the payment of other benefits claims related to employees of other Accounting Units, AA prepares Demand for Release of Fund and obtains approval from the Concerned DDO.	8
3	Payments of other benefits claims to Employees are reviewed, authorised and completely recorded.	Inappropriate or inaccurate payments may be made without proper authorization.	Before payment of other benefits claims to employees Payment Bill is approved and Pre Audited by the Concerned Offices. Payment Vouchers are prepared and approved to record the payment of other benefits claims by the Concerned Offices.	12
4	Recording of payment transaction in the Imprest Cash Book and LPS is made correctly.	Recording of payment transaction in the Imprest Cash Book and LPS is not made correctly, will result in the misstatement of financial statements.	There is segregation of duties for the recording of payment transaction in the Imprest Cash Book and LPS. In Payment Section of Finance Department recording in Imprest Cash Book and LPS is done by AA or	14, 15

Sr.#	Objective	Risk	Control Activity	Activity Ref.#
			Cashier, checking by AO and approval by AMA. In Accounts Section of Concerned Accounting Unit recording in Imprest Cash Book and LPS is done by AA or Cashier while DAO or AMA checks and approves the recording.	
5	Only approved Debit Advice(s) is issued to the relevant Accounting Unit.	Unauthorized Debit Advice(s) may be issued to the other Accounting Unit(s).	In IOT Section of Finance Department Debit Advice(s) is approved by AMA. In Accounts Section of Concerned Accounting Unit Debit Advice(s) is approved by the DAO or AMA.	18
6	Debit Advice is recorded accurately and in the correct accounting period.	Debit Advice(s) is incorrectly recorded resulting in misstatement.	On receipt of Debit Advice(s), LPS is prepared by the AA, verified by the AO and approved by the AMA of relevant Accounting Unit.	21

HRM-9 Processing and Payment of House Acquisition

HRM-9.1 Descriptive Overview of the Process

A. This process covers the activities regarding the processing and payment of House Acquisition Claims.

B. Employee submits House Acquisition Application to Concerned Accounting Unit.

C. After review and scrutiny of all House Acquisition Cases, Concerned Accounting Unit submits the House Acquisition Cases to RAB for preparation of Rent Assessment Report.

D. After the preparation of Rent Assessment Report, administrative approval is provided for House Acquisition Cases.

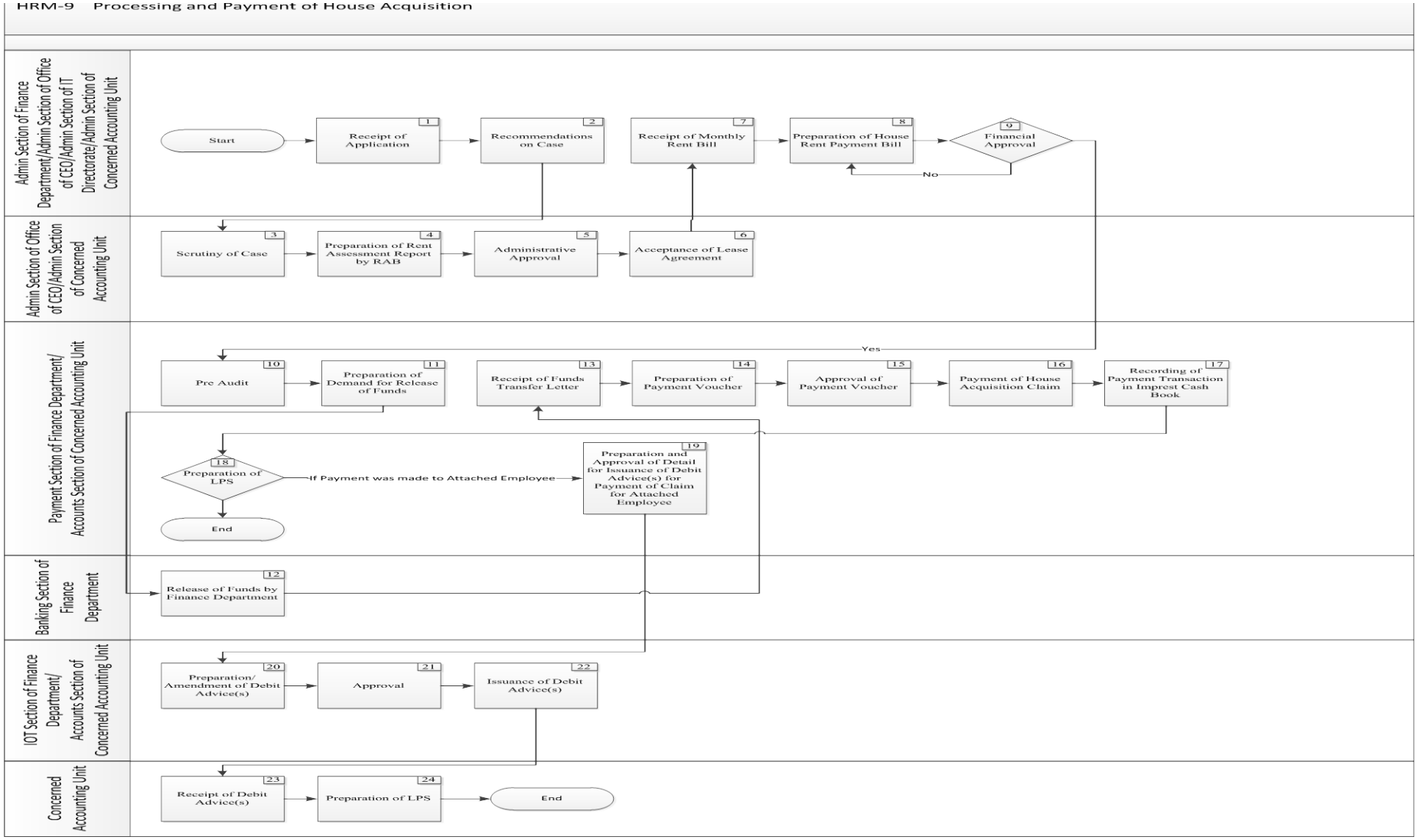
E. After administrative approval, Rent Bill is received from Employee / Owner of House on monthly basis.

F. Payment Bill is prepared and approved by Concerned Accounting Unit for payment of House Acquisition Claims.

G. After Pre Audit of Payment Bill and release of funds from the Banking Section of Finance Department, Cheque is issued to Employee / Owner of House for the payment of House Acquisition Claim.

H. LPS is prepared by the Concerned Accounting Unit to record the payment of House Acquisition Claim.

HRM-9.2 Flow Chart



HRM-9.3 Detail of Process Activities

Sr. #	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
1.	Receipt of Application	Concerned Office receives the application from employee for House Acquisition along with necessary documents e.g. ➢ Application for House Acquisition ➢ Registry of House ➢ Consent of Owner etc. ***[**Refer **"Volume III, Annexure - 116"** for the specimen of **House Acquisition Form]***	House Acquisition Form		Admin Section of Finance Department Admin Section of Office of CEO Admin Section of IT Directorate Admin Section of Concerned Accounting Unit	AA LDC Superintendent Head Clerk or Superintendent
2.	Recommendations on Case	Concerned Office reviews and recommends Applications for assessment to relevant RAB. **Note:** i. All Cases for House Acquisition of all Employees of any grade of Finance Department, IT Directorate, Chief Directorate and all cases of Employees of BPS 17 and Above of Concerned Accounting Units are forwarded to the Admin Section of Office of CEO for Assessment and Approval.			Admin Section of Finance Department Admin Section of Office of CEO Admin Section of IT Directorate Admin Section of Concerned Accounting Unit	AO LDC Superintendent Head Clerk or Superintendent
3.	Scrutiny of Case	a) The cases are scrutinized and recommended as per the entitlement of employee (as provided in General Policy) by the Admin Section of Office of CEO / Admin Section of Concerned Accounting Unit.			Admin Section of Office of CEO Admin Section of	LDC Head Clerk or

Sr. #	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
		b) If all documents are valid then House Acquisition Cases are forwarded to RAB.			Concerned Accounting Unit	Superintendent
4.	Preparation of Rent Assessment Report by RAB	a) RAB receives the document for preparation of Rent Assessment Report. b) Members of RAB visit the house and assess the house in accordance with the provision of rules and then submit the Report. **Note:** i. RAB of Chief Directorate consists of; President (Manager – Admin) and Representatives from Finance Department, Manager Civil Works Secretary Board and SDO - Civil Works Division. ii. RAB of Concerned Accounting Units consists of; President (Concerned Manager Operations) and Representative from Finance Department, Concerned DM -Operations and Concerned AM - Civil Works. *[Refer **"Volume III, Annexure - 95"** for the specimen of **Rent Assessment Report]***	Rent Assessment Report		Admin Section of Office of CEO Admin Section of Concerned Accounting Unit	-
5.	Administrative Approval	Approval is provided by the Admin Section of Office of CEO / Admin Section of Concerned Accounting Unit for House Acquisition Cases.			Admin Section of Office of CEO Admin Section of Concerned Accounting Unit	Manager Admin Concerned Manager Operations or DM – Operations
6.	Acceptance of	a) After approval, employee submits Lease Agreement			Admin Section of Office	AM – Admin,

Sr. #	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
	Lease Agreement	on Rs. 50 stamp paper with the consent of the Owner of the house to Admin Section of Office of CEO / Admin Section of Concerned Accounting Unit. b) Lease Agreement is accepted and a notification of Acceptance of Lease Agreement is issued to all concerned i.e. Concerned Office, Owner / Occupant of the House and Finance Department.			of CEO Admin Section of Concerned Accounting Unit	DM – Admin Concerned Manager Operations or DM – Operations
7.	Receipt of Monthly Rent Bill	At each month end, Concerned Office receives the Rent Bill from Employee / Owner on a Prescribed Form. *[Refer **"Volume III, Annexure - 117"** for the specimen of **Rent Bill]***	Rent Bill		Admin Section of Finance Department Admin Section of Office of CEO Admin Section of IT Directorate Admin Section of Concerned Accounting Unit	AA LDC AA Head Clerk or Superintendent
8.	Preparation of House Rent Payment Bill	After receiving the Rent Bill, Payment Bill is prepared for the House Rent Claim by the Concerned Office. *[Refer **"Volume III, Annexure - 118"** for the specimen of **House Rent Payment Bill]***	House Rent Payment Bill		Admin Section of Finance Department Admin Section of Office of CEO Admin Section of IT Directorate Admin Section of Concerned Accounting Unit	AA, AO LDC AA Head Clerk or Superintendent

Sr. #	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
9.	Financial Approval	a) Payment Bill it is verified and approved by the Concerned Office. b) If approved then continue to activity# 10 else sends back the Payment Bill for rectification / amendment and continues from activity# 8.			Admin Section of Finance Department Admin Section of Office of CEO Admin Section of IT Directorate Admin Section of Concerned Accounting Unit	DMCA, MCA DM – Admin DG- IT AM – HR, DDO
10.	Pre Audit	The Payment Bill is pre-audited by the Payment Section of Finance Department / Accounts Section of Concerned Accounting Unit. **[**Refer ***"PAP - 9"*** for details regarding ***pre audit*** **]**			Payment Section of Finance Department Accounts Section of Concerned Accounting Unit	-
11.	Preparation of Demand for Release of Funds	a) Payment Section of Finance Department prepares Demand for Release of Funds with the approval of CEO. b) Accounts Section of Concerned Accounting Unit prepares Demand for Release of Funds with the approval of concerned DDO. c) After approval, Demand for Release of Funds is forwarded to the Banking Section of Finance Department. *[Refer* ***"Volume III, Annexure - 25.1"*** *for the specimen*	Demand for Release of Funds		Payment Section of Finance Department Accounts Section of Concerned Accounting Unit	AA AA

Sr. #	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
		*of **Demand for Release of Funds]*** ***[**Refer **"Volume III, Annexure - 25.2"** for the specimen of **Demand for Release of Funds]***				
12.	Release of Funds by Finance Department	Banking Section of Finance Department releases the Funds. **[**Refer ***"CTM - 9"*** for details regarding ***release of funds by Finance Department***]			Banking Section of Finance Department	-
13.	Receipt of Funds Transfer Letter	Payment Section of Finance Department / Accounts Section of Concerned Accounting Unit receives the Funds from Banking Section of Finance Department. **[**Refer ***"CTM - 13"*** for details regarding ***receipt of funds from Finance Department***]			Payment Section of Finance Department Accounts Section of Concerned Accounting Section	-
14.	Preparation of Payment Voucher	Payment Voucher is prepared by the Payment Section of Finance Department / Accounts Section of Concerned Accounting Unit. ***[**Refer **"Volume III, Annexure - 4"** for the specimen of **Payment Voucher]***	Payment Voucher		Payment Section of Finance Department Accounts Section of Concerned Accounting Section	AA or Cashier AA or Cashier
15.	Approval of Payment Voucher	Payment Voucher is approved by the Payment Section of Finance Department / Accounts Section of Concerned Accounting Unit.			Payment Section of Finance Department Accounts Section of Concerned Accounting Section	AO,AMA DAO or AMA, DDO
16.	Payment of House	Cheque is issued to Employee / Owner for House			Payment Section of	AA or Cashier

Sr. #	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
	Acquisition Claim	Acquisition Claim by the Payment Section of Finance Department / Accounts Section of Concerned Accounting Unit.			Finance Department Accounts Section of Concerned Accounting Section	 AA or Cashier
17.	Recording of Payment Transaction in Imprest Cash Book	Transaction of payment is recorded in the Imprest Cash Book by the Payment Section of Finance Department / Accounts Section of Concerned Accounting Unit. *[Refer **"Volume III, Annexure - 5"** for the specimen of **Cash Book]***	Cash Book		Payment Section of Finance Department Accounts Section of Concerned Accounting Section	AA or Cashier AA or Cashier
18.	Preparation of LPS	a) LPS is prepared to record the payment of Claim by the Payment Section of Finance Department / Accounts Section of Concerned Accounting Unit. b) If Payment was made to Attached employee then continue to activity# 19 else process ends. *[Refer **"Volume III, Annexure - 20"** for the specimen of **LPS]***	LPS	1, 2	Payment Section of Finance Department Accounts Section of Concerned Accounting Section	AA, AO, AMA AA, DAO or AMA
19.	Preparation and Approval of Detail for Issuance of Debit Advice(s) for Payment of Claim for Attached Employee	a) On the payment of Claim for Attached Employee, Detail for Issuance of Debit Advice(s) is prepared by the Payment Section of Finance Department / Accounts Section of Concerned Accounting Unit. b) This Detail is approved by the Payment Section of Finance Department / Accounts Section of Concerned Accounting Unit. c) In case of Finance Department, Detail for Issuance of	Detail for Issuance of Debit Advice		Payment Section of Finance Department Accounts Section of Concerned Accounting Unit	AA, AO, AMA AA, DAO or AMA

Sr. #	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
		Debit Advice(s) is submitted to the IOT Section of Finance Department. *[Refer **"Volume III, Annexure - 52.1"** for the specimen of **Detail for Issuance of Debit Advice]*** *[Refer **"Volume III, Annexure - 52.2"** for the specimen of **Detail for Issuance of Debit Advice]***				
20.	Preparation / Amendment of Debit Advice(s)	The Debit Advice(s) is prepared / amended by the IOT Section of Finance Department / Accounts Section of Concerned Accounting Unit with the detail of payment of Claim. *[Refer **"Volume III, Annexure - 53"** for the specimen of **Debit Advice]***	Debit Advice		IOT Section of Finance Department Accounts Section of Concerned Accounting Unit	AA AA
21.	Approval	The Debit Advice(s) is approved by the IOT Section of Finance Department / Accounts Section of Concerned Accounting Unit.			IOT Section of Finance Department Accounts Section of Concerned Accounting Unit	AO, AMA DAO or AMA
22.	Issuance of Debit Advice(s)	The Debit Advice(s) is issued by the IOT Section of Finance Department / Accounts Section of Concerned Accounting Unit to relevant Accounting Units of which Employees is attached.			IOT Section of Finance Department Accounts Section of Concerned Accounting Unit	AA AA
23.	Receipt of Debit Advice(s)	The relevant Accounting Unit receives the Debit Advice(s).			Concerned Accounting Unit	AA, AO

Sr. #	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
24.	Preparation of LPS	The relevant Accounting Unit prepares LPS after receiving Debit Advice(s). *[Refer **"Volume III, Annexure - 20"** for the specimen of **LPS]***	LPS	3	Concerned Accounting Unit	AA, AO, AMA

HRM-9.4 Journal Entries

1. On payment of House Rent to Employees of Own Accounting Unit, the following entry is posted by the Payment Section of Finance Department / Accounts Section of Concerned Accounting Unit:

Description	Debit	Credit
House Rent (Acquisition)	***	
Bank - Imprest Account		***

2. On payment of House Rent to Attached Employees, the following entry is posted by the Payment Section of Finance Department / Accounts Section of Concerned Accounting Unit:

Description	Debit	Credit
IOT – Debit Advice	***	
Bank - Imprest Account		***

3. On receipt of Debit Advice(s), the following entry is posted by relevant Accounting Unit:

Description	Debit	Credit
House Rent (Acquisition)	***	
IOT – Debit Advice		***

HRM-9.5 Summary of Responsibilities for Functional Activities

Office / Section	Summary of Responsibilities for Functional Activities – Reference No.
Cashier	
Payment Section of Finance Department	14,16,17
Accounts Section of Concerned Accounting Unit	14,16,17
Lower Division Clerk	
Admin Section of Office of CEO	1, 2, 3, 7, 8
Head Clerk	
Admin Section of Concerned Accounting Unit	1, 2, 3, 7, 8
Superintendent	
Admin Section of IT Directorate	1, 2
Admin Section of Concerned Accounting Unit	1, 2, 3, 7, 8
Accounts Assistant	
Admin Section of Finance Department	1, 7, 8
Admin Section of IT Directorate	7, 8
Payment Section of Finance Department	11,14,16,17,18,19
Accounts Section of Concerned Accounting Unit	11,14,16,17,18,19,20,22
IOT Section of Finance Department	20, 22
Concerned Accounting Unit	23, 24
Accounts Officer	
Admin Section of Finance Department	2, 8
Payment Section of Finance Department	15,18,19
IOT Section of Finance Department	21
Concerned Accounting Unit	23, 24
Divisional Accounts Officer	
Accounts Section of Concerned Accounting Unit	15,18,19,21
Assistant Manager Human Resource	
Admin Section of Concerned Accounting Unit	9
Assistant Manager Administration	
Admin Section of Office of CEO	6
Assistant Manager Accounts	
Payment Section of Finance Department	15,18,19
Accounts Section of Concerned Accounting Unit	15,18,19,21

IOT Section of Finance Department	21
Concerned Accounting Unit	24
Drawing and Disbursing Officer	
Admin Section of Concerned Accounting Unit	9
Accounts Section of Concerned Accounting Unit	15
Deputy Manager Corporate Accounts	
Admin Section of Finance Department	9
Deputy Manager Operations	
Admin Section of Concerned Accounting Unit	5, 6
Deputy Manager Administration	
Admin Section of Office of CEO	6, 9
Concerned Manager Operations	
Admin Section of Concerned Accounting Unit	5, 6
Manager Administration	
Admin Section of Office of CEO	5
Manager Corporate Accounts	
Admin Section of Finance Department	9
Director General Information Technology	
Admin Section of IT Directorate	9

HRM-9.6 Key Control Matrix

Sr.#	Objective	Risk	Control Activity	Activity Ref.#
1	Only valid and authorised employees are paid for House Acquisition as per their entitlement.	Approval could be made for the employees who are not authorised or entitled for House Acquisition.	All the House Acquisition cases are reviewed and scrutinized by RAB and approved by the Concerned Offices.	2, 3
2	Requisition for Additional Funds is only raised for valid and authorised payments / transactions.	Additional Funds may be requested for unauthorised transactions.	Demand for Release of Funds is raised only after the financial approval and Pre Audit of House Acquisition claims. For the payment of House Acquisition claims of employees of Finance Department, AA prepares Demand for Release of Fund and obtains approval from the CEO. For the payment of House Acquisition claims related to employees of other Accounting Units, AA prepares Demand for Release of Fund and obtains approval from the Concerned DDO.	8
3	Payments of House Acquisition claims to Employees are reviewed, authorised and completely recorded.	Inappropriate or inaccurate payments may be made without proper authorization.	Before payment of House Acquisition claims to employees Payment Bill is approved and Pre Audited by the Concerned Offices. Payment Vouchers are prepared and approved to record the payment of House Acquisition claims by the Concerned Offices.	12
4	Recording of payment transaction in the Imprest Cash Book and LPS is made correctly.	Recording of payment transaction in the Imprest Cash Book and LPS is not made correctly which may result in the misstatement of financial statements.	There is segregation of duties for the recording of payment transaction in the Imprest Cash Book and LPS. In Payment Section of Finance Department recording	14, 15

Sr.#	Objective	Risk	Control Activity	Activity Ref.#
			in Imprest Cash Book and LPS is done by AA or Cashier, checking by AO and approval by AMA. In Accounts Section of Concerned Accounting Unit recording in Imprest Cash Book and LPS is done by AA or Cashier while DAO or AMA checks and approves the recording.	
5	Only approved Debit Advice(s) is issued to the relevant Accounting Unit.	Unauthorized Debit Advice(s) may be issued to the other Accounting Unit(s).	In IOT Section of Finance Department Debit Advice(s) is approved by AMA. In Accounts Section of Concerned Accounting Unit Debit Advice(s) is approved by the DAO or AMA.	21
6	Debit Advice is recorded accurately and in the correct accounting period.	Debit Advice(s) is incorrectly recorded resulting in misstatement.	On receipt of Debit Advice(s), LPS is prepared by the AA, verified by the AO and approved by the AMA of relevant Accounting Unit.	24

HRM-10 Employee Long Term Advances and their Adjustments

HRM-10.1 Descriptive Overview of the Process

A. This process covers the activities regarding the processing and payment of Long Term Advances to Employees.

B. Concerned Offices receive the applications from employees for respective Long Term Advances.

C. Concerned Offices provide their recommendations on all cases and then forward the applications to Admin Section of Office of CEO for verification.

D. In Admin Section of Office of CEO Ear Marking of Funds for Long Term Advances is done and recommendations are taken from HR Committee before the approval of BOD.

E. After the approval of BOD, Payment Bill is prepared and approved by Concerned Accounting Unit for payment of Long Term Advances.

F. After Pre Audit of Payment Bill and release of funds from the Banking Section of Finance Department, Cheque is issued to Concerned Employee for the payment of respective Long term Advance.

G. LPS is prepared by the Concerned Accounting Unit to record the payment of Long Term Advance.

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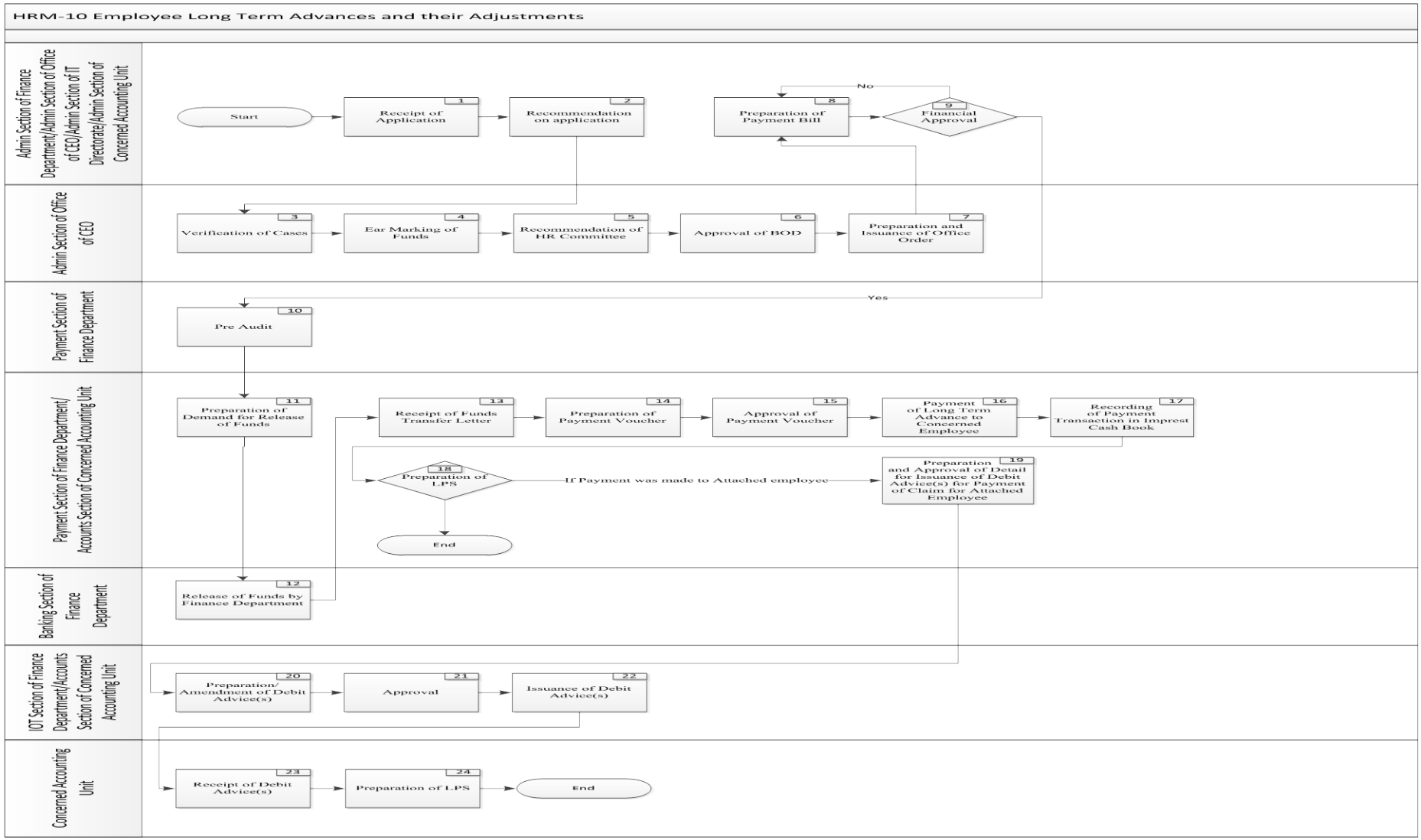
HRM-10.2 Flow Chart



HRM-10.3 Detail of Process Activities

Sr. #	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
1.	Receipt of Application for Long term Advances	Application for Long Term Advance is received from employee till 31 August of every Year on a prescribed form by the Concerned Office. Long Term Advances available to Employee are as follow: ➢ House Building / Purchase of House Advance ➢ Car Advance ➢ Motor Cycle Advance ➢ Purchase of Plot Advance *[Refer **"Volume III, Annexure - 119"** for the specimen of **Form for Long Term Advances]***	Form for Long Term Advances		Admin Section of Finance Department Admin Section of Office of CEO Admin Section of IT Directorate Admin Section of Concerned Accounting Unit	AA LDC Superintendent Head Clerk or Superintendent
2.	Recommendation on application	a) Recommendation is provided on the Application by the Concerned Office. b) After recommendation, the application along with supporting documents is forwarded to the Admin Section of Office of CEO. c) Supporting documents includes the following: ➢ No Inquiry Certificate ➢ No Long Term Advance Certificate ➢ Assets Declaration Certificate etc.			Admin Section of Finance Department Admin Section of Office of CEO Admin Section of IT Directorate Admin Section of Concerned Accounting Unit	AO LDC Superintendent Head Clerk or Superintendent
3.	Verification of Cases	All the cases are verified and recommended by the Admin Section of Office of CEO on the basis of Rules & Policies and Seniority of Employees.			Admin Section of Office of CEO	LDC

Sr. #	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
4.	Ear Marking of Funds	a) All applications are consolidated category wise and Grand Total of all categories is ascertained for which funds are required to be Ear Marked. b) The Case is prepared as Agenda Item for Approval HR Committee of BOD. *[Refer **"Volume III, Annexure - 120"** for the specimen of **List of Employees for Long Term Advances]***	List of Employees for Long Term Advances		Admin Section of Office of CEO	DM – Admin, Manager - Admin
5.	Recommendation of HR Committee	HR Committee of BOD recommends the Ear Marking of Funds for Long Term Advances, keeping in view the Financial Position of DISCO.			Admin Section of Office of CEO	-
6.	Approval of BOD	In the Light of recommendations of HR Committee, BOD finally Approves the Cases for Long Term Advances to Employees.			Admin Section of Office of CEO	AM-Admin, DM - Admin, Manger - Admin, HRD, CEO, BOD
7.	Preparation and Issuance of Office Order	Office Order is prepared and issued on the basis of approval of BOD by the Admin Section of Office of CEO. *[Refer **"Volume III, Annexure - 3"** for the specimen of **Office Order]***	Office Order		Admin Section of Office of CEO	DM – Admin, Manager - Admin
8.	Preparation of Payment Bill	After receiving the Office Order and other necessary documents, Payment Bill is prepared for the respective Long Term Advance by the Concerned Office.	Payment Bill		Admin Section of Finance Department	AA

Sr. #	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
		*[Refer **"Volume III, Annexure - 97"** for the specimen of **Payment Bill]***			Admin Section of Office of CEO Admin Section of IT Directorate Admin Section of Concerned Accounting Unit	Cashier AA Head Clerk or Superintendent
9.	Financial Approval	a) Payment Bill is verified and approved by the Concerned Office. b) If approved then continue to activity# 11 else sends back the Payment Bill for rectification/ amendment and continue from activity# 9.			Admin Section of Finance Department Admin Section of Office of CEO Admin Section of IT Directorate Admin Section of Concerned Accounting Unit	DMCA, MCA DM - Admin DG - IT DDO
10.	Pre Audit	a) The Payment Bill is Pre Audited by the Payment Section of Finance Department. b) All Cases of Long Term Advances from other Accounting Units are also Pre Audited in the Payment Section of Finance Department. [Refer ***"PAP - 9"*** for details regarding ***pre audit***]			Payment Section of Finance Department	-

Sr. #	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
11.	Preparation of Demand for Release of Funds	a) Payment Section of Finance Department prepares Demand for Release of Funds with the approval of CEO. b) Accounts Section of Concerned Accounting Unit prepares Demand for Release of Funds with the approval of concerned DDO. c) After approval, Demand for Release of Funds is forwarded to Banking Section of Finance Department. ***[**Refer **"Volume III, Annexure - 25.1"** for the specimen of **Demand for Release of Funds]*** ***[**Refer **"Volume III, Annexure - 25.2"** for the specimen of **Demand for Release of Funds]***	Demand for Release of Funds		Payment Section of Finance Department Accounts Section of Concerned Accounting Unit	AA AA
12.	Release of Funds by Finance Department	Banking Section of Finance Department releases the Funds. **[**Refer ***"CTM - 9"*** for details regarding ***release of funds by Finance Department*****]**			Banking Section of Finance Department	-
13.	Receipt of Funds Transfer Letter	Payment Section of Finance Department / Accounts Section of Concerned Accounting Unit receives the Funds from Banking Section of Finance Department. **[**Refer ***"CTM - 13"*** for details regarding ***receipt of funds from Finance Department*****]**			Payment Section of Finance Department Accounts Section of Concerned Accounting Unit	-

Sr. #	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
14.	Preparation of Payment Voucher	Payment Voucher is prepared by the Payment Section of Finance Department / Accounts Section of Concerned Accounting Unit. *[Refer **"Volume III, Annexure - 4"** for the specimen of **Payment Voucher]***	Payment Voucher		Payment Section of Finance Department Accounts Section of Concerned Accounting Unit	AA or Cashier AA or Cashier
15.	Approval of Payment Voucher	Payment Voucher is approved by the Payment Section of Finance Department / Accounts Section of Concerned Accounting Unit.			Payment Section of Finance Department Accounts Section of Concerned Accounting Unit	AO,AMA DAO or AMA, DDO
16.	Payment of Long Term Advance to Concerned Employee	Payment is made through Cheque to concerned employee from Imprest Bank Account by the Payment Section of Finance Department / Accounts Section of Concerned Accounting Unit.			Payment Section of Finance Department Accounts Section of Concerned Accounting Unit	AA or Cashier AA or Cashier
17.	Recording of Payment Transaction in Imprest Cash Book	Transaction of payment is recorded in the Imprest Cash Book by the Payment Section of Finance Department / Accounts Section of Concerned Accounting Unit. *[Refer **"Volume III, Annexure - 5"** for the specimen of **Cash Book]***	Cash Book		Payment Section of Finance Department Accounts Section of Concerned Accounting Unit	AA or Cashier AA or Cashier
18.	Preparation of LPS	a) LPS is prepared to record the payment of Long Term Advance by the Payment Section of Finance Department / Accounts Section of Concerned Accounting Unit.	LPS	1, 2	Payment Section of Finance Department Accounts Section of Concerned Accounting	AA, AO, AMA AA, DAO or AMA

Sr. #	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
		b) If Payment was made to Attached employee then continue to activity# 19 else process ends. *[Refer **"Volume III, Annexure - 20"** for the specimen of **LPS]***			Unit	
19.	Preparation and Approval of Detail for Issuance of Debit Advice(s) for Payment of Claim for Attached Employee	a) On the payment of Long Term Advances to Attached Employee, Detail for Issuance of Debit Advice(s) is prepared. b) This Detail is approved by the Payment Section of Finance Department / Accounts Section of Concerned Accounting Unit. c) In case of Finance Department, Detail for Issuance of Debit Advice(s) is submitted to the IOT Section of Finance Department. *[Refer **"Volume III, Annexure – 52.1"** for the specimen of **Detail for Issuance of Debit Advice]*** *[Refer **"Volume III, Annexure – 52.2"** for the specimen of **Detail for Issuance of Debit Advice]***	Detail for Issuance of Debit Advice		Payment Section of Finance Department Accounts Section of Concerned Accounting Unit	AA, AO, AMA AA, DAO or AMA
20.	Preparation / Amendment of Debit Advice(s)	The Debit Advice(s) is prepared / amended by the IOT Section of Finance Department / Accounts Section of Concerned Accounting Unit with the detail of payment of Claim. *[Refer **"Volume III, Annexure - 53"** for the specimen of **Debit Advice]***	Debit Advice		IOT Section of Finance Department Accounts Section of Concerned Accounting Unit	AA AA

Sr. #	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
21.	Approval	The Debit Advice(s) is approved by the IOT Section of Finance Department / Accounts Section of Concerned Accounting Unit.			IOT Section of Finance Department Accounts Section of Concerned Accounting Unit	AO, AMA DAO or AMA
22.	Issuance of Debit Advice(s)	The Debit Advice(s) is issued by the IOT Section of Finance Department / Accounts Section of Concerned Accounting Unit to relevant Accounting Units of which Employees is attached.			IOT Section of Finance Department Accounts Section of Concerned Accounting Unit	AA AA
23.	Receipt of Debit Advice(s)	The relevant Accounting Unit receives the Debit Advice(s).			Concerned Accounting Unit	AA, AO
24.	Preparation of LPS	The relevant Accounting Unit prepares LPS after receiving Debit Advice(s). ***[**Refer **"Volume III, Annexure - 20"** for the specimen of **LPS]***	LPS	3	Concerned Accounting Unit	AA, AO, AMA

HRM-10.4 Journal Entries

1. On payment of Long Term Advances to Employees of Own Accounting Unit, the following entry is posted by the Payment Section of Finance Department / Accounts Section of Concerned Accounting Unit:

Description	Debit	Credit
Long Term Advances to Employees:		
House Building Advance	***	
Car Advance	***	
Motor Cycle Advance	***	
Purchase of Plot Advance	***	
Bank - Imprest Account		***

2. On payment of Long Term Advances to Attached Employees, the following entry is posted by the Payment Section of Finance Department / Accounts Section of Concerned Accounting Unit:

Description	Debit	Credit
IOT – Debit Advice	***	
Bank - Imprest Account		***

3. On receipt of Debit Advice(s), the following entry is posted by relevant Accounting Unit:

Description	Debit	Credit
Long Term Advances to Employees:		
House Building Advance	***	
Car Advance	***	
Motor Cycle Advance	***	
Purchase of Plot Advance	***	
IOT – Debit Advice		***

HRM-10.5 Summary of Responsibilities for Functional Activities

Office / Section	Summary of Responsibilities for Functional Activities – Reference No.
Cashier	
Admin Section of Office of CEO	8
Payment Section of Finance Department	14,16,17
Accounts Section of Concerned Accounting Unit	14,16,17
Lower Division Clerk	
Admin Section of Office of CEO	1, 2, 3
Head Clerk	
Admin Section of Concerned Accounting Unit	1, 2, 8
Superintendent	
Admin Section of IT Directorate	1, 2
Admin Section of Concerned Accounting Unit	1, 2, 8
Accounts Assistant	
Admin Section of Finance Department	1, 8
Admin Section of IT Directorate	8
Payment Section of Finance Department	11,14,16,17,18,19
Accounts Section of Concerned Accounting Unit	11,14,16,17,18,19,20,22
IOT Section of Finance Department	20, 22
Concerned Accounting Unit	23, 24
Accounts Officer	
Admin Section of Finance Department	2
Payment Section of Finance Department	15,18,19
IOT Section of Finance Department	21
Concerned Accounting Unit	23, 24
Divisional Accounts Officer	
Accounts Section of Concerned Accounting Unit	15,18,19,21
Assistant Manager Accounts	
Payment Section of Finance Department	15,18,19
Accounts Section of Concerned Accounting Unit	15,18,19, 21
IOT Section of Finance Department	21
Concerned Accounting Unit	24
Assistant Manager – Administration	

Admin Section of Concerned Accounting Unit	6
Drawing and Disbursing Officer	
Admin Section of Concerned Accounting Unit	9,15
Deputy Manager Corporate Accounts	
Admin Section of Finance Department	9
Deputy Manager Administration	
Admin Section of Office of CEO	4, 6, 7, 9
Manager Corporate Accounts	
Admin Section of Finance Department	9
Manager Administration	
Admin Section of Office of CEO	4, 6, 7
Director General Information Technology	
Admin Section of IT Directorate	9
Human Recourse Director	
Admin Section of Office of CEO	6
Chief Executive Officer	
Admin Section of Office of CEO	6
Board of Directors	
Admin Section of Office of CEO	6

HRM-10.6 Key Control Matrix

Sr.#	Objective	Risk	Control Activity	Activity Ref.#
1	Only valid and authorised employees are paid for Long Term Advances as per their entitlement.	Approval could be made for the employees who are not authorised or entitled for Long Term Advances.	All the House Acquisition cases are reviewed and scrutinized by Admin Section of Office of CEO while HR Committee recommends on all cases and final approved is taken from the BOD.	5, 6
2	Requisition for Additional Funds is only raised for valid and authorised payments / transactions.	Additional Funds may be requested for unauthorised transactions.	Demand for Release of Funds is raised only after the financial approval and Pre Audit of claims related to Long Term Advances. For the payment of Long Term Advances to employees of Finance Department, AA prepares Demand for Release of Fund and obtains approval from the CEO. For the payment of Long Term Advances to employees of other Accounting Units, AA prepares Demand for Release of Fund and obtains approval from the Concerned DDO.	11
3	Payments of Long Term Advances to Employees are reviewed, authorised and completely recorded.	Inappropriate or inaccurate payments may be made without proper authorization.	Before the payment of Long Term Advances to employees Payment Bill is approved and Pre Audited by the Concerned Offices. Payment Vouchers are prepared and approved to record the payment of House Acquisition claims by the Concerned Offices.	16
4	Recording of payment transaction in the Imprest Cash Book and LPS is made correctly.	Recording of payment transaction in the Imprest Cash Book and LPS is not made correctly, will result in the misstatement of financial statements.	There is segregation of duties for the recording of payment transaction in the Imprest Cash Book and LPS. In Payment Section of Finance Department recording in Imprest Cash Book and LPS is done by AA or	17, 18

Sr.#	Objective	Risk	Control Activity	Activity Ref.#
			Cashier, checking by AO and approval by AMA. In Accounts Section of Concerned Accounting Unit recording in Imprest Cash Book and LPS is done by AA or Cashier while DAO or AMA checks and approves the recording.	
5	Only approved Debit Advice(s) is issued to the relevant Accounting Unit.	Unauthorized Debit Advice(s) may be issued to the other Accounting Unit(s).	In IOT Section of Finance Department Debit Advice(s) is approved by AMA. In Accounts Section of Concerned Accounting Unit Debit Advice(s) is approved by the DAO or AMA.	21
6	Debit Advice is recorded accurately and in the correct accounting period.	Debit Advice(s) is incorrectly recorded resulting in misstatement.	On receipt of Debit Advice(s), LPS is prepared by the AA, verified by the AO and approved by the AMA of relevant Accounting Unit.	24

HRM-11 Processing and Payment of Pension on Retirement and Monthly Payment

HRM-11.1 Descriptive Overview of the Process

A. This process covers the activities regarding the processing and payment of Pension on Retirement and monthly payment of Pension to Pensioners.

B. Pension Section of Finance Department receives the Pension applications of Retired Employees along with supporting documents from Concerned Accounting Units.

C. All the Pension Cases are reviewed, verified and approved in Pension Section of Finance Department.

D. After approval, Request for Release of Pension Funds is forwarded to Banking Section of Finance Department.

E. Disburser Portion and Pension Book is forwarded to the Concerned Accounting Unit instructing to pay Commutation and regular monthly Pension.

F. After release of funds from the Banking Section of Finance Department, Cheque is issued to Pensioner for payment of Pension after Retirement.

G. Payment transaction is recorded in Pension Cash Book by the Concerned Accounting Unit and Pension Cash Book is submitted to Pension Section of Finance Department.

H. Consolidated LPS is prepared by the Pension Section of Finance Department to record the payment of Pension at Retirement by different Accounting Units.

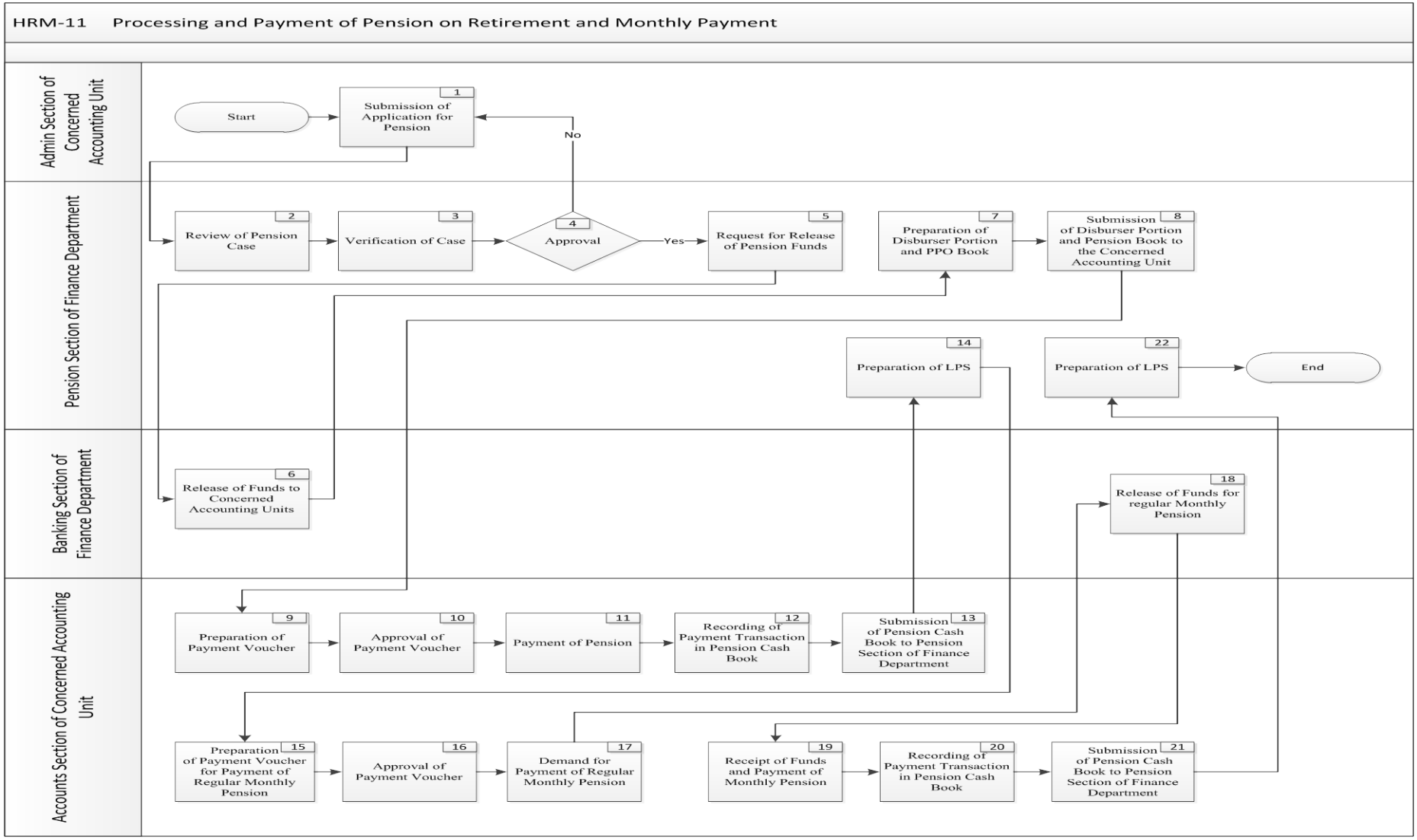
I. Demand for Release of Funds for the payment of next month regular Pension is submitted to Pension Section of Finance Department.

J. Funds are received in Pension Bank Account and Cheque is issued to Pensioner for regular monthly Pension by the Concerned Accounting Unit.

K. Payment transaction of regular monthly Pension is recorded in Pension Cash Book by the Concerned Accounting Unit and Pension Cash Book is submitted to Pension Section of Finance Department.

L. Consolidated LPS is prepared by the Pension Section of Finance Department to record the payment of regular monthly pension by different Accounting Units.

HRM-11.2 Flow Chart



HRM-11.3 Detail of Process Activities

Sr. #	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
1.	Submission of Application for Pension	Admin Section of Concerned Accounting Unit submits the Pension Application of Pensioner along with required documents with the approval of concerned DDO. Documents required with application are as follow: ➢ Service Book / Service Statement ➢ Pension Papers ➢ Last Pay Certificate ➢ Retirement Order ➢ No Audit Para Certificate ➢ No Due Certificate ➢ No Inquiry Certificate ➢ FIA / NAB Certificate ➢ Medical Certificate for Invalid Pension ➢ Other Documents (if any) For Death / Family Pension cases following documents are also required: ➢ Death Certificate of Late Employee ➢ No Marriage Certificate ➢ Nomination Form ➢ No Separation Certificate ➢ List of Family Members ➢ Widowhood Certificate ➢ Other Documents (if any)	Pension Papers		Admin Section of Concerned Accounting Unit	AA or Head Clerk or Superintendent

Sr. #	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
		a) If Pension Cases relates to Employees of BPS 1 to 11 then these cases are directly submitted to Pension Section of Finance Department by the Concerned Accounting Unit. b) If Pension Cases relates to Employees of BPS 12 and above then these are first Submitted to Admin Section of Office of CEO for Counter Sign of Pension Papers (Page 1 to 5) by Manager HR / CEO. After Counter Signing Pension Case is submitted to Pension Section of Finance Department. ***[**Refer **"Volume III, Annexure - 121"** for the specimen of **Pension Papers]***				
2.	Review of Pension Case	The monthly pension and commutation along with all other documents are reviewed and checked by the Pension Section of Finance Department.			Pension Section of Finance Department	AA
3.	Verification of Case	If the case is valid then a Precis (Pension Summary) is prepared by the Pension Section of Finance Department which is also checked and verified. Precis includes the following data: ➢ Personal Bio Data ➢ Amount of monthly Pension ➢ Commutation ➢ Any Deduction a) If there is any Receivable against employee then	Precis (Pension Summary)		Pension Section of Finance Department	AA, AO, AMA - Pension

Sr. #	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
		Precis is prepared by deducting all the Receivables from the employee. *[Refer **"Volume III, Annexure - 122.1"** for the specimen of **Precis (Pension Summary)]*** *[Refer **"Volume III, Annexure - 122.2"** for the specimen of **Precis (Pension Summary)]***				
4.	Approval	After verification by the Pension Section of Finance Department, the case is approved.			Pension Section of Finance Department	AO, AMA - Pension, DMCA, MCA
5.	Request for Release of Pension Funds	After the approval of Precis, an individual PPO number is allotted to each pensioner and after that a request is forwarded for the release of Pension funds to Banking Section of Finance Department. *[Refer **"Volume III, Annexure – 25.1"** for the specimen of **Demand for Release of Funds]*** *[Refer **"Volume III, Annexure – 25.2"** for the specimen of **Demand for Release of Funds]***	Demand for Release of Funds		Pension Section of Finance Department	AO, AMA - Pension, DMCA, MCA
6.	Release of Funds to Concerned Accounting Units	Banking Section of Finance Department transfers the funds to the Concerned Accounting Units for the issuance of pension payment to respective Pensioner with the approval of the FD and CEO.			Banking Section of Finance Department	AA, FD, CEO
7.	Preparation of Disburser Portion and PPO Book	Disburser Portion and PPO Book are prepared by the Pension Section of Finance Department with the approval of AMA – Pension.	Disburser Portion, PPO Book		Pension Section of Finance Department	AA, AO, AMA - Pension

Sr. #	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
		*[Refer **"Volume III, Annexure - 123"** for the specimen of **Disburser Portion]*** *[Refer **"Volume III, Annexure - 124"** for the specimen of **PPO Book]***				
8.	Submission of Disburser Portion and Pension Book to the Concerned Accounting Unit	Disburser Portion and Pension Book is forwarded to the Concerned Accounting Unit instructing the office to pay Commutation and regular monthly pension.			Pension Section of Finance Department	AA
9.	Preparation of Payment Voucher	Payment Voucher is prepared by the by the Accounts Section of Concerned Accounting Unit, with the amount of Commutation and monthly arrears (if any) of pension amount. *[Refer **"Volume III, Annexure - 4"** for the specimen of **Payment Voucher]***	Payment Voucher		Accounts Section of Concerned Accounting Unit	AA or Cashier
10.	Approval of Payment Voucher	Payment Voucher is approved by the Accounts Section of Concerned Accounting Unit.			Accounts Section of Concerned Accounting Unit	AMA, DDO
11.	Payment of Pension	a) Cheque is issued to Pensioner by the Accounts Section of Concerned Accounting Unit. b) Fist Pension Cheque includes amount of Commutation and monthly arrears (if any) of pension amount.			Accounts Section of Concerned Accounting Unit	AA or Cashier
12.	Recording of Payment Transaction in Pension Cash Book	Payment of Commutation and monthly arrears (if any) of pension amount is recorded in the Pension Cash Book by the Accounts Section of Concerned Accounting Unit.	Cash Book		Accounts Section of Concerned Accounting Unit	AA or Cashier

Sr. #	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
		*[Refer **"Volume III, Annexure - 5"** for the specimen of **Cash Book]***				
13.	Submission of Pension Cash Book to Pension Section of Finance Department	Pension Cash Book is submitted to Pension Section of Finance Department for Preparation of Consolidated LPS of all Pension Paying Offices.			Accounts Section of Concerned Accounting Unit	AA or Cashier
14.	Preparation of LPS	Consolidated LPS is prepared by the Pension Section of Finance Department to record the payment of pension by different Accounting Units. *[Refer **"Volume III, Annexure - 20"** for the specimen of **LPS]***	LPS	1	Pension Section of Finance Department	AA
15.	Preparation of Payment Voucher for Payment of Regular Monthly Pension	For payment of regular monthly Pension, Payment Voucher is prepared by the Accounts Section of Concerned Accounting Unit. *[Refer **"Volume III, Annexure - 4"** for the specimen of **Payment Voucher]***	Payment Voucher		Accounts Section of Concerned Accounting Unit	AA or Cashier
16.	Approval of Payment Voucher	Payment Voucher is approved by the Accounts Section of Concerned Accounting Unit.			Accounts Section of Concerned Accounting Unit	AMA, DDO
17.	Demand for Payment of Regular Monthly Pension	a) The Payment Vouchers along with the Pension Cash Book is submitted to Pension Section of Finance Department. b) Demand for Release of Funds for the payment of next month is also submitted with the approval of	Demand for Release of Funds		Accounts Section of Concerned Accounting Unit	AA or Cashier

Sr. #	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
		Concerned DDO. *[Refer **"Volume III, Annexure – 25.1"** for the specimen of **Demand for Release of Funds]*** *[Refer **"Volume III, Annexure – 25.2"** for the specimen of **Demand for Release of Funds]***				
18.	Release of Funds for regular Monthly Pension	Funds are released from Banking Section of Finance Department. [Refer ***"CTM - 9"*** for details regarding ***release of funds by Finance Department***]			Banking Section of Finance Department	-
19.	Receipt of Funds and Payment of Monthly Pension	Funds are received in Pension Bank Account and Cheque is issued to Pensioner for regular monthly Pension by the Accounts Section of Concerned Accounting Unit.			Accounts Section of Concerned Accounting Unit	AA or Cashier
20.	Recording of Payment Transaction in Pension Cash Book	Payment of regular monthly Pension is recorded in the Pension Cash Book by the Accounts Section of Concerned Accounting Unit. *[Refer **"Volume III, Annexure - 5"** for the specimen of **Cash Book]***	Cash Book		Accounts Section of Concerned Accounting Unit	AA or Cashier
21.	Submission of Pension Cash Book to Pension Section of Finance Department	Pension Cash Book is submitted to Pension Section of Finance Department for Preparation of Consolidated LPS of all Pension Paying Offices.			Accounts Section of Concerned Accounting Unit	AA or Cashier
22.	Preparation of LPS	Consolidated LPS is prepared to record the payment of pension.	LPS	2	Pension Section of Finance Department	AA

Sr. #	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
		*[Refer **"Volume III, Annexure - 20"** for the specimen of **LPS]***				

HRM-11.4 Journal Entries

1. On Payment of Commutation and monthly arrears (if any) of pension amount, the following entry is posted by the Pension Section of Finance Department:

Description	Debit	Credit
Employees' Pension Liability	***	
Pension Bank Account		***

2. On Payment of regular monthly Pension, the following entry is posted by the Pension Section of Finance Department:

Description	Debit	Credit
Employees' Pension Liability	***	
Pension Bank Account		***

HRM-11.5 Summary of Responsibilities for Functional Activities

Office / Section	Summary of Responsibilities for Functional Activities – Reference No.
Cashier	
Accounts Section of Concerned Accounting Unit	9,11,12,13,15,17,19,20,21
Head Clerk	
Admin Section of Concerned Accounting Unit	1
Superintendent	
Admin Section of Concerned Accounting Unit	1
Accounts Assistant	
Admin Section of Concerned Accounting Unit	1
Accounts Section of Concerned Accounting Unit	9,11,12,13,15,17,19, 20, 21
Banking Section of Finance Department	6
Pension Section of Finance Department	2, 3, 7, 8,14, 22
Accounts Officer	
Pension Section of Finance Department	3, 4, 5, 7
Assistant Manager Accounts – Pension	
Pension Section of Finance Department	3, 4, 5, 7
Assistant Manager Accounts	
Accounts Section of Concerned Accounting Unit	10,16
Drawing and Disbursing Officer	
Accounts Section of Concerned Accounting Unit	10,16
Deputy Manager Corporate Accounts	
Pension Section of Finance Department	4, 5
Manager Corporate Accounts	
Pension Section of Finance Department	4, 5
Finance Director	
Banking Section of Finance Department	6
Chief Executive Officer	
Banking Section of Finance Department	6

HRM-11.6 Key Control Matrix

Sr.#	Objective	Risk	Control Activity	Activity Ref.#
1	All the pensioners are paid for pension as per their entitlement.	Pensioners could be over/under paid.	Pension cases are reviewed by the Admin Section of Concerned Accounting Units while Pension Section of Finance Department verifies and approves all pension cases and the final approval is provided by the MCA.	3, 4
2	Requisition for release of Pension Funds is only raised for valid and authorised payments / transactions.	Funds may be requested for unauthorised transactions.	Request for Release of Pension Funds is raised only after the approval of Pension Cases by MCA. For the payment of Pension (Commutation) after Retirement, AO prepares Request for Release of Pension Funds and obtains approval from the MCA.	5
3	After Retirement, payments of Commutation to Pensioners are reviewed, authorised and completely recorded.	Inappropriate or inaccurate payments may be made without proper authorization.	Before the payment of Commutation to Pensioners, Disburser Portion and Pension Book are approved by the Pension Section of Finance Department. After receipt of Disburser Portion and Pension Book Payment Bill is prepared and approved by the Concerned Accounting Unit. Payment Vouchers are prepared and approved to record the payment of Commutation by the Concerned Accounting Unit.	11
4	Payments of monthly regular Pension to Pensioners are reviewed, authorised and completely recorded.	Inappropriate or inaccurate payments may be made without proper authorization.	Before the payment of monthly regular Pension to Pensioners, Payment Bill is approved by the Concerned Offices. Payment Vouchers are prepared and approved to record the payment of monthly regular Pension by the Concerned Offices.	19

Sr.#	Objective	Risk	Control Activity	Activity Ref.#
5	Recording of payment transaction in the Pension Cash Book and LPS is made correctly.	Recording of payment transaction in the Pension Cash Book and LPS is not made correctly, will result in the misstatement of financial statements.	There is segregation of duties for the recording of payment transaction in the Pension Cash Book and LPS. In Accounts Section of Concerned Accounting Unit recording in Pension Cash Book is done by AA or Cashier while DAO or AMA checks and approves the recording. In Pension Section of Finance Department recording in Consolidated LPS is done by AA, checking by AO and approval by AMA.	12, 14, 20, 22

HRM-12 Provision for Post Employee Benefits as per Actuarial Valuation

HRM-12.1 Descriptive Overview of the Process

A. This process covers the activities regarding the recording of provision for Post Employee Benefits as per Actuarial Valuations by the Consolidation Section of Finance Department.

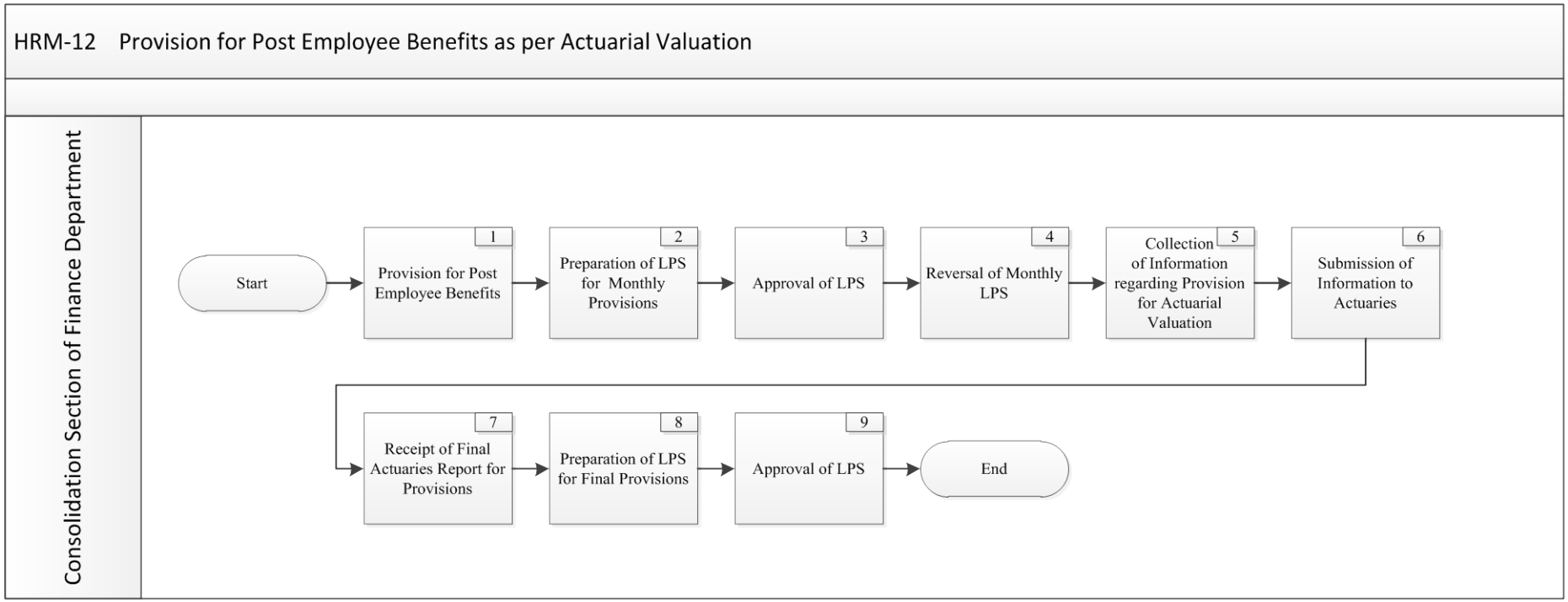
B. A separate proportional monthly LPS is prepared on the basis of the provisions finalised by the Actuaries Company in last year Final Report.

C. At the end of Financial Year, previous monthly LPS(s) prepared during the Financial Year is reversed.

D. Necessary information regarding Provisions for Actuarial Valuation is collected and submitted to Actuaries Company.

E. After receipt of Final Report for each Post Retirement Benefits from Actuaries Company, LPS is prepared on the basis of the provisions finalised by the Actuaries.

HRM-12.2 Flow Chart



HRM-12.3 Detail of Process Activities

Sr. #	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
1.	Provision for Post Employee Benefits	The following Provisions are created for Post Employee Benefits to quantify the contingent outcomes in order to minimize the losses associated with uncertain and undesirable events: ➢ Pension ➢ Medical ➢ Free Electricity ➢ Leave Encashment			Consolidation Section of Finance Department	-
2.	Preparation of LPS for Monthly Provisions	A separate proportional monthly LPS is prepared by the Consolidation Section of Finance Department for each of the above post employee benefits on the basis of increase in Pay due to increment during the year, discount rate and other major factors. ***[**Refer **"Volume III, Annexure - 20"** for the specimen of **LPS]***	LPS	1	Consolidation Section of Finance Department	AA
3.	Approval of LPS	The LPS is Approved by the Consolidation Section of Finance Department.			Consolidation Section of Finance Department	AO, AMA
4.	Reversal of Monthly LPS	At the end of Financial Year during the Audit by Commercial Auditors, previous monthly LPS(s) prepared during the Financial Year is reversed. ***[**Refer **"Volume III, Annexure - 20"** for the specimen of*	LPS	2	Consolidation Section of Finance Department	AO, AMA

Sr. #	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
		LPS]				
5.	Collection of Information regarding Provision for Actuarial Valuation	After the end of Financial Year necessary information regarding Provisions for Actuarial Valuation is collected by the Consolidation Section of Finance Department from all Accounting Units. *[Refer **"Volume III, Annexure - 125"** for the specimen of **Data Collection Form for Actuarial Valuation]***	Data Collection Form for Actuarial Valuation		Consolidation Section of Finance Department	AO, AMA
6.	Submission of Information to Actuaries	a) After scrutinizing and checking the information all the Figures are tallied with the Figures of respective Trial Balances of all Accounting Units. b) A Consolidated Report / Information is submitted to Actuaries Company for assessment of Final Report by the Consolidation Section of Finance Department. *Refer **"Volume III, Annexure - 126"** for the specimen of **Consolidated Report for Actuaries]***	Consolidated Report for Actuaries		Consolidation Section of Finance Department	AO, AMA
7.	Receipt of Final Actuaries Report for Provisions	Final Report for each Post Retirement Benefits is received by the Consolidation Section of Finance Department from Actuaries Company.	Final Actuaries Report		Consolidation Section of Finance Department	AO, AMA
8.	Preparation of LPS for Final Provisions	A separate LPS is prepared by the Consolidation Section of Finance Department for each of the above Post Employee Benefits on the basis of the provisions finalised by the Actuaries. *[Refer **"Volume III, Annexure - 20"** for the specimen of*	LPS	3	Consolidation Section of Finance Department	AA

Sr. #	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
		LPS]				
9.	Approval of LPS	The LPS is Approved by the Consolidation Section of Finance Department			Consolidation Section of Finance Department	AO, AMA

HRM-12.4 Journal Entries

1. On preparation of LPS for Proportionate Monthly Provisions, following entries are posted by the Consolidation Section of Finance Department:

   a. For Pension:

Description	Debit	Credit
Pension Fund Expense	***	
Employees' Pension Liability		***

   b. For Medical:

Description	Debit	Credit
Reimbursement of DISCO Retired Employees – Medical	***	
Employee Medical Liabilities - Pensioner		***

   c. For Free Electricity:

Description	Debit	Credit
Free Electricity to DISCO Retired Employees	***	
Employee Free Supply Liabilities – Pensioner		***

   d. For Leave Encashment:

Description	Debit	Credit
Leave Encashment	***	
Leave Encashment (Liability)		***

2. On preparation of LPS for Reversal of all Proportionate Monthly Provisions at the end of Financial Year, the following entries are posted by the Consolidation Section of Finance Department:

   a. For Pension:

Description	Debit	Credit
Employees' Pension Liability	***	
Pension Fund Expense		***

   b. For Medical:

Description	Debit	Credit
Employee Medical Liabilities - Pensioner	***	
Reimbursement of DISCO Retired Employees – Medical		***

c. For Free Electricity:

Description	Debit	Credit
Employee Free Supply Liabilities – Pensioner	***	
Free Electricity to DISCO Retired Employees		***

d. For Leave Encashment:

Description	Debit	Credit
Leave Encashment Liability	***	
Leave Encashment		***

3. On preparation of LPS for the Provisions finalised by the Actuaries, following entries are posted by the Consolidation Section of Finance Department:

a. For Pension:

Description	Debit	Credit
Pension Fund Expense	***	
Employees' Pension Liability		***

b. For Medical:

Description	Debit	Credit
Reimbursement of DISCO Retired Employees – Medical	***	
Employee Medical Liabilities - Pensioner		***

c. For Free Electricity:

Description	Debit	Credit
Free Electricity to DISCO Retired Employees	***	
Employee Free Supply Liabilities – Pensioner		***

d. For Leave Encashment:

Description	Debit	Credit
Leave Encashment	***	
Leave Encashment Liability		***

HRM-12.5 Summary of Responsibilities for Functional Activities

Office / Section	Summary of Responsibilities for Functional Activities – Reference No.
Accounts Assistant	
Consolidation Section of Finance Department	2, 8
Accounts Officer	
Consolidation Section of Finance Department	3, 4, 5, 6, 7, 9
Assistant Manager Accounts	
Consolidation Section of Finance Department	3, 4, 5, 6, 7, 9

HRM-12.6 Key Control Matrix

Sr.#	Objective	Risk	Control Activity	Activity Ref.#
1	Recording of provisions in the LPS is made correctly and LPS is approved.	Recording of provisions in the LPS is not made correctly which may result in the misstatement of financial statements.	There is segregation of duties for the recording of provisions in the LPS. In Consolidation Section of Finance Department recording in LPS is done by AA while AO verifies the recording and AMA approves the LPS.	2, 3, 4, 8, 9
2	Necessary information regarding the creation of Provisions for Actuarial Valuation is collected completely and verified.	Incomplete or inaccurate information may lead to under/over recording of provisions.	Necessary information regarding Provisions for Actuarial Valuation is collected by the Consolidation Section of Finance Department from all Accounting Units on Specified Forms. All necessary information is scrutinized and verified by AO and AMA of Consolidation Section of Finance Department. All the Figures are tallied with the Figures of respective Trial Balances of all Accounting Units by AO and AMA of Consolidation Section of Finance Department.	5, 6

Taxation (TAX)

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1 Introduction

1.1 Objective

Tax is basically a pecuniary burden laid upon individuals or property owners by the government to manage the administration offices and other development works undertaken in the country.

The tax function basically aids in enhancement of its contribution to the broader enterprise value by supporting major transactions and operational decisions. There is a vision for broader and more strategic contribution from the tax function and a clear acknowledgement of the importance of risk management and avoiding errors in financial statements. Much of the information used in the tax function serves more than one purpose.

The DISCO is assessed for tax on its operations. In addition, it is liable to collect taxes, on behalf of the Federal and Provincial Governments, under various SROs. Hence, personnel involved in the taxation process adhere to different calendars and timetables for processing of tax returns. The DISCO is liable to collect / pay and deposit the following types of taxes:

- Income tax
- Advance tax
- Withholding tax
- Sales tax
- Neelum Jhelum surcharge
- Electricity duty
- Equalization surcharge
- PTV fee

1.2 Scope

This document covers all the aspects of the Tax at different offices of DISCO. This document describes each Process of Tax, which includes; Descriptive Overview of the process, Flow Chart of all the process activities, Journal Entries and their references with the process activities, Job Descriptions of persons responsible for performing activities and key control matrices to ensure that the process activities are in line with the Standard Policies and Procedure of the DISCO.

All the Tax activities in DISCO are covered under following Processes:

Process ID	Process Name
TAX-1	Income Tax on Company's Profit/Loss for the Financial Year
TAX-2	Deduction and Payment of the Withholding Tax
TAX-3	Sales Tax –Reconciliation (Input and Output), Payment and Return
TAX-4	Recording and Payment of Various Duties and Surcharges
TAX-5	Advance Tax deducted of DISCOs

2 Policies and Definitions

2.1 General Policies

2.1.1 Income on Collection of Taxes

The DISCO is liable to collect Neelum Jhelum Surcharge, Electricity Duty, Equalization Surcharge and PTV Fee on behalf of the Federal and Provincial Government. In case of Electricity Duty and PTV Fee, the DISCO retains a certain percentage or amount of bill collected and treats it as Other Income.

2.1.2 Pre-Audit of Tax Invoices

The DISCO has a Pre-Audit department. Prior to making any payment, all the tax invoices are subject to pre-audit. Once the invoices are cleared, then the payment is made.

2.1.3 Accounting for Income Tax

Income tax expense comprises of current and deferred tax. Income tax is recognized in profit and loss account except to the extent that it relates to items recognized directly in equity, in which case it is included in equity.

2.1.4 Current Tax

Provision for current tax is based on taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted after taking into account tax credits, rebates and exemptions, if any. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

2.1.5 Deferred Tax

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from difference between the carrying amount of the assets and liabilities in the financial statements and corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized. Deferred tax asset is also recognized for the carry forward of unused tax losses and unused tax credits to the extent it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilized. Deferred tax is charged to / credited in the profit and loss account except in case of items credited or charged to equity in which case it is included in equity.

The carrying amount of all the deferred tax assets is reviewed at each balance sheet date and adjusted to the appropriate extent, if it is no longer probable that sufficient profit will be available to allow all or part of the deferred tax assets to be utilized.

Deferred tax assets and liabilities are measured at the rates that are expected to apply to the period when the differences reverse, based on tax rates that have been enacted or substantively enacted at the balance sheet date

2.2 Definitions

2.2.1 Accounting profit

Accounting profit is profit or loss for a period before deducting tax expense. (IAS 12.5)

2.2.2 Taxable Profit

Taxable profit (tax loss) is the profit (loss) for a period, determined in accordance with the rules established by the taxation authorities, upon which income taxes are payable (recoverable). (IAS 12.5)

2.2.3 Tax Expense

Tax expense (tax income) is the aggregate amount included in determination of profit or loss for the period in respect of current and deferred tax. (IAS 12.5)

2.2.4 Current Tax

Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (tax loss) for the period. (IAS 12.5)

2.2.5 Deferred Tax Liabilities

Deferred tax liabilities are the amounts of income taxes payable in future periods in respect of taxable temporary differences. (IAS 12.5)

2.2.6 Deferred Tax Assets

Deferred tax assets are the amounts of income taxes recoverable in future periods in respect of:

- Deductible temporary differences;
- Carry forward of unused tax losses; and
- Carry forward of unused tax credits. (IAS 12.5)

2.2.7 Temporary difference

Difference between the carrying amount of an asset or liability and its tax base. (IAS 12.5)

2.2.8 Taxable temporary difference

A temporary difference that results in taxable amounts in the future when the carrying amount of the asset is recovered or the liability is settled (IAS 12.5).

2.2.9 Deductible temporary difference

A temporary difference that will result in amounts that are tax deductible in the future when the carrying amount of the asset is recovered or the liability is settled. (IAS 12.5)

2.2.10 Tax base

The tax base of an asset or liability is the amount attributed to that asset or liability for tax purposes. (IAS 12.5)

2.2.11 Advance Tax

Advance Tax is part payment of one's tax liability before the end of the fiscal year.

2.2.12 Withholding Tax

Tax deducted or withheld by a payer of an item of income from the settlement amount, on behalf of the government. It is treated as a payment on account of the recipient's final tax liability.

2.2.13 Minimum Tax

Minimum tax is applicable to a resident company having turnover as specified by the Income Tax Ordinance.

For the purpose of calculation of minimum tax u/s 113 of the Income Tax Ordinance, 2001, the Federal Board of Revenue (FBR) through SRO 171(I/2008), has declared that purchase price of electricity shall be excluded from the turnover liable to minimum tax up to the year 2013.

2.3 General Accounting Guidelines

2.3.1 Current Tax

Current tax for the current and prior periods should be recognized as a liability to the extent that it has not yet been settled, and as an asset to the extent that the amounts already paid exceed the amount due. (IAS 12.12)

The benefit of a tax loss which can be carried back to recover current tax of a prior period should be recognized as an asset. (IAS 12.13)

Current tax assets and liabilities should be measured at the amount expected to be paid to (recovered from) taxation authorities, using the rates/laws that have been enacted or substantively enacted by the balance sheet date. (IAS 12.46)

2.3.2 Recognition of Deferred Tax Liabilities

The general principle in IAS 12 is that deferred tax liabilities should be recognized for all taxable temporary differences. There are three exceptions to the requirement to recognize a deferred tax liability, as follows: (IAS 12.15)

Liabilities arising from initial recognition of goodwill for which amortization is not deductible for tax purposes;

Liabilities arising from the initial recognition of an asset/liability other than in a business combination which, at the time of the transaction, does not affect either the accounting or the taxable profit; and

A liability arising from undistributed profits from investments where the entity is able to control the timing of the reversal of the difference and it is probable that the reversal will not occur in the foreseeable future. (IAS 12.39)

2.3.3 Recognition of Deferred Tax Assets

A deferred tax asset should be recognized for deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized, unless the deferred tax asset arises from: (IAS 12.24)

Deferred tax assets for deductible temporary differences arising from investments in subsidiaries, associates, branches and joint ventures should be recognized to the extent that it is probable that the temporary difference will reverse in the foreseeable future and that taxable profit will be available against which the temporary difference will be utilized. (IAS 12.44)

The carrying amount of deferred tax assets should be reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or that entire deferred tax asset to be utilized. Any such reduction should be subsequently reversed to the extent that it becomes probable that sufficient taxable profit will be available. (IAS 12.37)

A deferred tax asset should be recognized for an unused tax loss carry forward or unused tax credit if, and only if, it is considered probable that there will be sufficient future taxable profit against which the loss or credit carry forwards can be utilized. (IAS 12.34)

2.3.4 Measurement of Deferred Tax Assets and Liabilities

Deferred tax assets and liabilities should be measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled (liability method), based on tax rates/laws that have been enacted or substantively enacted by the end of the reporting period. (IAS 12.47) The measurement should reflect the entity's expectations, at the balance sheet date, as to the manner in which the carrying amount of its assets and liabilities will be recovered or settled. (IAS 12.51)

Deferred tax assets and liabilities should not be discounted. (IAS 12.53)

2.3.5 Recognition of Tax Expense or Income

Current and deferred tax should be recognized as income or expense and included in profit or loss for the period, except to the extent that the tax arises from: (IAS 12.58)

A transaction or event that is recognized directly in equity; or

If the tax relates to items that are credited or charged directly to equity, the tax should also be charged or credited directly to equity. (IAS 12.61)

2.3.6 Presentation

Current tax assets and current tax liabilities should be offset on the balance sheet only if the entity has the legal right and the intention to settle on a net basis. (IAS 12.71)

Deferred tax assets and deferred tax liabilities should be offset on the balance sheet only if the entity has the legal right to settle on a net basis and they are levied by the same taxing authority on the same entity or different entities that intend to realize the asset and settle the liability at the same time. (IAS 12.74)

2.3.7 Disclosure

In addition to the disclosures required by IAS 12, some disclosures relating to income taxes are required by IAS 1 are as follows:

- Disclosures on the face of the statement of financial position about current tax assets, current tax liabilities, deferred tax assets, and deferred tax liabilities (IAS 1.54(n) and (o))
- Disclosure of tax expense (tax income) on the face of the statement of comprehensive income (IAS 1.82(d)).

IAS 12 requires disclosure of tax expense (tax income) relating to ordinary activities on the face of the statement of comprehensive income (IAS 12.77).

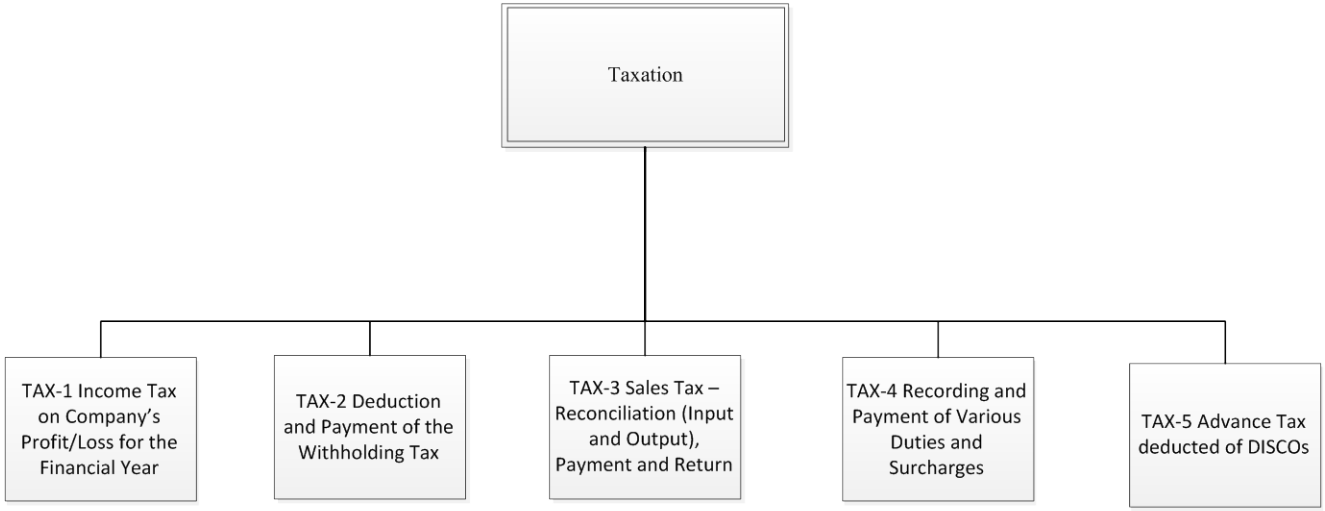
IAS 12 requires that if an entity presents a statement of income, in addition to a statement of comprehensive income, tax expense (income) from ordinary activities should be presented in the statement of income. (IAS 12.77A)

IAS 12.81 requires the following disclosures:

- aggregate current and deferred tax relating to items reported directly in equity
- tax relating to each component of other comprehensive income

- explanation of the relationship between tax expense (income) and the tax that would be expected by applying the current tax rate to accounting profit or loss (this can be presented as a reconciliation of amounts of tax or a reconciliation of the rate of tax)
- changes in tax rates
- amounts and other details of deductible temporary differences, unused tax losses, and unused tax credits
- for each type of temporary difference and unused tax loss and credit, the amount of deferred tax assets or liabilities recognized in the statement of financial position and the amount of deferred tax income or expense recognized in the income statement
- tax consequences of dividends declared after the end of the reporting period
- details of deferred tax assets (IAS 12.82)
- tax consequences of future dividend payments (IAS 12.82A)

3 Overview of the Process of Taxation



Process ID	Process Name	Description of Process
TAX-1	Income Tax on Company's Profit/Loss for the Financial Year	A. The reference to sections of Income Tax Ordinance, 2001 and financial statements (as given in ***"Volume III, Annexure – 185" Tax Computation Report***) are based on the calculation of income tax for the financial year ended **30 June 2011**. B. This process covers the activities regarding Income Tax on Company's Profit/Loss for the Financial Year. C. The Financial Statements are received and Income Tax Payable under the Head Income from Business, Income from Other Sources and Tax Liability Under all the Heads is calculated accordingly. Minimum Tax Payable is also calculated as per sec113 of Income Tax Ordinance. D. Income Tax liability for the year is determined and Adjustment of Tax deducted at source is made to calculate Net Tax Payable.LPS is prepared to record it. E. Tax base of the Assets and Liabilities is determined to calculate Deferred Tax. Tax base of the Assets and Liabilities is compared with their Accounting Base (carrying value) to calculate Taxable/Deductable Temporary Differences. F. Tax working is reviewed by DM Tax and Consolidation Section and LPS is prepared to record Income Tax Expense, Income Tax Payable and Deferred Tax Asset or Deferred Tax liability. G. Income Tax Return is prepared and approved. A noting is prepared and approved for the payment of the Income Tax Payable. H. After the Pre-Audit of Noting the Payment Voucher is prepared. Income Tax Payable is paid to the concerned bank

Process ID	Process Name	Description of Process
		against the copy of the CPR (Computerised Payment Receipt) and LPS is prepared to record it. I. Cash Book is updated, the CPR is submitted to the Tax Section and it files the return along with the CPR to the relevant office of FBR. Tax authorities stamp the return as acknowledgement.
TAX-2	Deduction and Payment of the Withholding Tax	A. The reference to sections of Income tax Ordinance, 2001, are based on the applicable tax laws as at **30 June 2011**. B. This process covers the activities regarding Deduction and Payment of the Withholding Tax. C. DISCOs are liable to deduct withholding tax as per Income Tax Ordinance on: ➢ Purchase of goods ➢ Acquisition of services ➢ On the execution of the contract, other than a contract for the purchase of goods or acquisition of services and ➢ According to section 149 of Division III of Part V of Income Tax Ordinance the DISCOs are liable to deduct the Advance Tax from the amount paid to employee at average rate of tax computed at the rates specified in Division I of Part I of the First schedule. D. The amount of withholding tax is determined while performing of pre-audit and the payment of withholding tax is made to the Concerned Office of the FBR against the copy of the CPR. E. Tax withheld on salaries is deducted and paid to FBR against the copy of the CPR.

Process ID	Process Name	Description of Process
		F. The information for filing of the return is received by the Tax Section of Finance Department from Concerned Accounting Units and Tax section will prepare the return for the Withholding Tax deducted on the Salaries and Purchase of Material. G. The return is approved and filed with the office FBR.
TAX-3	Sales Tax –Reconciliation (Input and Output), Payment and Return	A. The reference to sections of Sales Tax Act in this sub-process is based on applicable tax laws applicable as at **30 June 2011**. B. This process covers the activities regarding Sales Tax Reconciliation (Input and Output), Payment and Return. C. Input Tax is calculated on purchase of electricity according to the rate as specified in the Sales Tax Act and LPS is prepared accordingly. D. Input Tax on the Purchase of Material and acquisition of Services is determined and LPS is prepared accordingly to record it. E. Output Tax on collection of the bills is calculated according to the rate as appearing in the Sec 2 of the Sale Tax Act for normal consumer and for steel melters rate is applied as appearing in the Special Sales Tax Procedures 2007. F. The Sales Tax (Output Tax) is recorded at the time of the Sale of the Scrap. G. C-41 is received by the Consolidation Section of the Finance Department and AMCS wise Summary of Sales Tax (Output Tax) is prepared by consolidation section H. The Summary is submitted to the IOT Section of the Finance

Process ID	Process Name	Description of Process
		Department where Debit Advice(s) for each office of the AMCS is prepared. I. Debit Advice(s) are approved and issued to each office of AMCS.LPS is prepared to record the issuance of Debit Advice(s). J. Consolidated CP-41 and Consolidated CP-95 containing the Sales Tax billed on the sale of the electricity along with other Sales Tax Invoice(s) is received by the Tax section and reconciliation is prepared to determine net Sales Tax Payable. LPS is prepared to record the Sales Tax Payable to Government. K. Approval of the reconciliation, Payment, and filing of the return is obtained through Noting and Noting is sent to Banking Section for the payment of the Sales Tax. L. The return is filled online on FBR web portal, The IOT Section receives the LPS from the Tax Section and issues Debit and Credit Advice(s) accordingly.LPS is prepared to record this issuance.
TAX-4	Recording and Payment of Various Duties and Surcharges	A. This process covers the activities regarding the Recording and Payment of Various Duties and Surcharges. B. The various Duties and Surcharges are recorded at the time of issuance of the bill(s). C. The collection of the various Duties and Surcharges are recorded along with recording of the collection of the bill(s). D. The various Duties and Surcharges are deposited with the relevant authority.

Process ID	Process Name	Description of Process
TAX-5	Advance Tax deducted of DISCOs	A. The references to sections of Income Tax Ordinance, 2001 are based on applicable tax laws as at **30 June 2011**. B. This process covers the activities regarding Advance Tax deducted of DISCOs. C. The invoices regarding following items is received and pre-audited. ➢ Cash withdrawal from the a bank (Sec 231A); ➢ Advance tax on transactions in Bank (Sec 231AA); ➢ Tax on motor vehicles (Sec 234); ➢ Electricity Consumption (Sec 235); ➢ Telephone Users (Sec 236); ➢ Advance tax at the time Sales by auction (Sec 236A); D. Advance tax Purchase of air tickets Sec 236B.The Advance Tax on the above mentioned invoices is recorded at the time of the recording of the expense and LPS is prepared accordingly to record it. E. The Income Tax Payable is adjusted by the Advance Tax Deducted of the DISCOs, at the time of calculating the Income Tax Payable and LPS is prepared accordingly to record it.

TAX-1 Income Tax on Company's Profit/Loss for the Financial Year

TAX-1.1 Descriptive Overview of the Process

A. The reference to sections of Income Tax Ordinance, 2001 and financial statements (as given in ***"Volume III, Annexure –185" Tax Computation Report***) are based on the calculation of income tax for the financial year ended **30 June 2011**.

B. This process covers the activities regarding Income Tax on Company's Profit/Loss for the Financial Year.

C. The Financial Statements are received and Income Tax Payable under the Head Income from Business, Income from Other Sources and Tax Liability Under all the Heads is calculated accordingly. Minimum Tax Payable is also calculated as per sec113 of Income Tax Ordinance.

D. Income Tax liability for the year is determined and Adjustment of Tax deducted at source is made to calculate Net Tax Payable.LPS is prepared to record it.

E. Tax base of the Assets and Liabilities is determined to calculate Deferred Tax. Tax base of the Assets and Liabilities is compared with their Accounting Base (carrying value) to calculate Taxable/Deductable Temporary Differences.

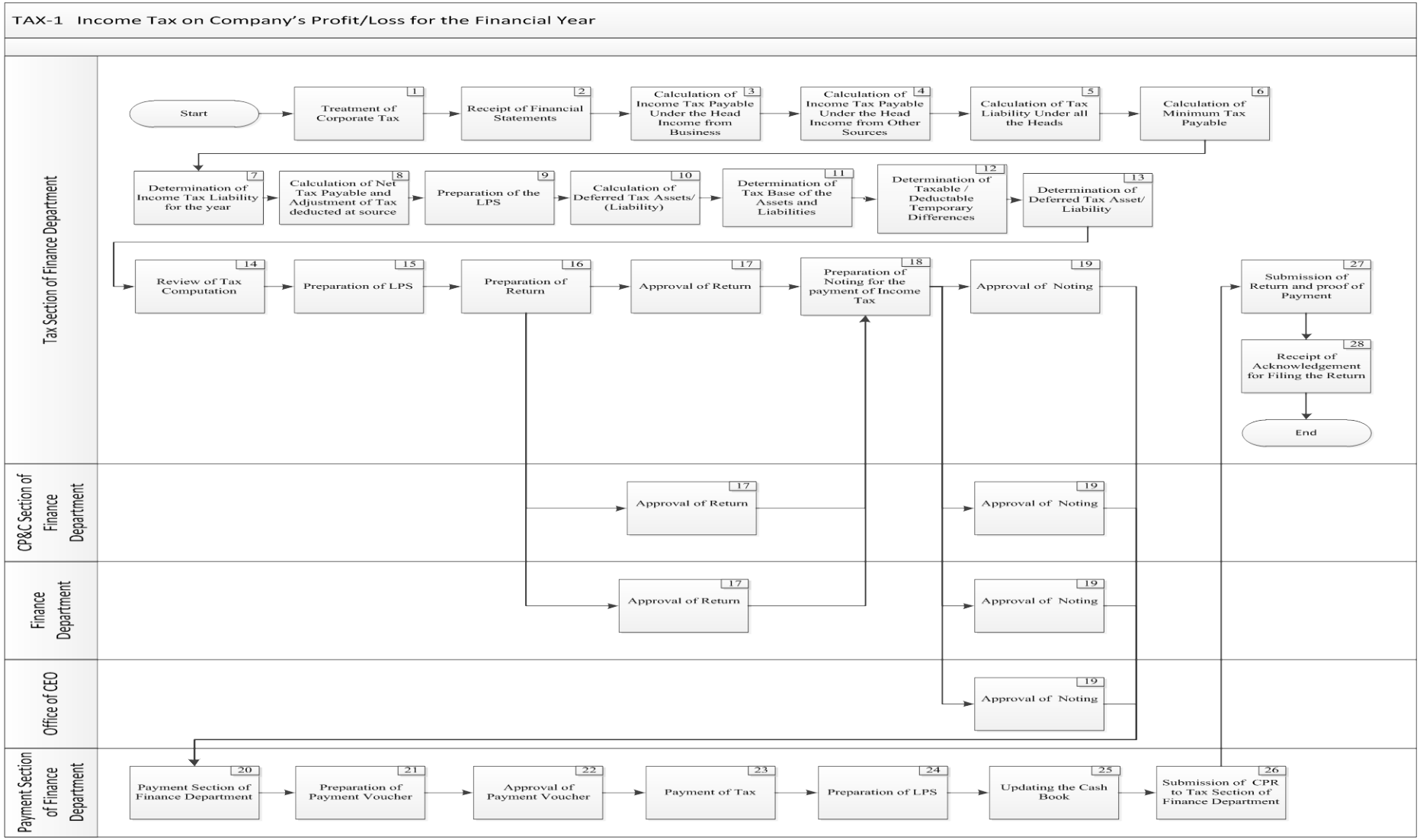
F. Tax working is reviewed by DM Tax and Consolidation Section and LPS is prepared to record Income Tax Expense, Income Tax Payable and Deferred Tax Asset or Deferred Tax liability

G. Income Tax Return is prepared and approved. A noting is prepared and approved for the payment of the Income Tax Payable.

H. After the Pre-Audit of Noting the Payment Voucher is prepared. Income Tax Payable is paid to the concerned bank against the copy of the CPR (Computerised Payment Receipt) and LPS is prepared to record it.

I. Cash Book is updated, the CPR is submitted to the Tax Section and it files the return along with the CPR to the relevant office of FBR. Tax authorities stamp the return as acknowledgement.

TAX-1.2 Flow Chart



TAX-1.3 Detail of Process Activities

Sr. #	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
1.	Treatment of Corporate Tax	For calculating Income Tax Payable and its Treatment/Adjustment in shape of Income Tax Expense and Deferred Tax Assets/ Deferred Tax Liability there are following two broad areas of Tax. ➢ Part I- Calculation of Income Tax Payable ➢ Part II- Deferred Tax Assets/Deferred Tax Liability			Tax Section of Finance Department	
Part I- Calculation of Income Tax Payable						
2.	Receipt of Financial Statements	The Financial Statements are received from Consolidation Section of Finance Department by Tax Section of Finance Department.			Tax Section of Finance Department	AMA
3.	Calculation of Income Tax Payable Under the Head Income from Business	a) Calculation of Income Tax Payable is made as per the guidelines of Income Tax Ordinance 2001 and rules made there under. b) Tax Computation Report for calculation of Income Tax Payable for the year is prepared by Tax Section of Finance Department. c) The following procedure is followed for calculation of Income Tax Payable under the Head Income from Business.	Tax Computation Report		Tax Section of Finance Department	AA, AO, AMA

Sr. #	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
		➢ Profit / (Loss) for the year is ascertained **(Note A of Tax Computation Report)**. ➢ The Inadmissible expenses are added to the Profit / (Loss). **(Note B of Tax Computation Report)** ➢ Inadmissible expenses includes the following: • Accounting Depreciation • Provision for Doubtful Debt • Provision for Worker's Profit Participation Fund • Provision for Pension • Provision for Medical Benefit • Provision for Free Electricity • Provision for Compensated Absences ➢ The Admissible Expenses are deducted from the profit/ (loss). **(Note C of Tax Computation Report)** ➢ Admissible expenses includes the following: • Tax Depreciation • Pension paid for the year • Medical Benefits paid for the year • Electricity Benefits paid for the year • Compensated Absences paid for the year • Subsidy Income claimed as Exempt (under clause 102A of second schedule to the Income Tax Ordinance, 2001) • Income from other sources ➢ Hence Net Taxable Income / (Loss) under the Head Income from Business is calculated. **(Note D of Tax Computation Report)**				

Sr. #	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
		➢ In case of taxable profits, the rate as mentioned in the Income tax Ordinance, 2001 is applied to calculate the Income Tax Payable under the Head Income from Business. **(Note E of Tax Computation Report)** [Refer ***"Volume III, Annexure –185 "*** for the specimen of ***Tax Computation Report***]				
4.	Calculation of Income Tax Payable Under the Head Income from Other Sources	The AMA of the Tax Section of Finance Department calculates the Income Tax Liability Payable under the Head Income from Other Source according to the provision of Section 39 of Income Tax Ordinance 2001. **(Note F of Tax Computation Report)**			Tax Section of Finance Department	AA, AO, AMA
5.	Calculation of Tax Liability Under all the Heads	The AMA of the Tax Section of the Finance Department calculates the Total Tax Payable of the Company by adding the Tax liability under the all Heads. **(Note G of Tax Computation Report)** The following rules are applied: ➢ In case there is a loss under the Head Income from business, the Income from other source is adjusted against the loss from business and the tax rate is applied on the remaining income, if any. ➢ In case there is profit under both the heads, the tax liability under both the heads is added to calculate the tax Payable by the company. Income Tax Liability Under the Total Head of the Income is the sum of the Tax Liability under the Head Income from Business and Income from Other Sources.			Tax Section of Finance Department	AA, AO, AMA

Sr. #	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
6.	Calculation of Minimum Tax Payable	a) The Minimum Tax Liability under section 113 is calculated by the Tax Section of Finance Department. **(Note H of Tax Computation Report)** b) The following procedure is followed to calculate the Minimum Tax Liability: ➢ Total Income is determined by adding the Revenue, Rental and Service Income. ➢ Subsidy received from Government and Purchase Price of Electricity is deducted from the above figure to calculate the **Distribution Margin** as mentioned in the clause 5 of Part-III of the 2nd Schedule of the Income Tax Ordinance, 2001 is applied to determine the Minimum Tax Liability.			Tax Section of Finance Department	AMA
7.	Determination of Income Tax Liability for the year	The higher of the amount as calculated in Activity # 6 and Activity # 5 is taken as the Income Tax Liability for the year. **(Note I of Tax Computation Report)**			Tax Section of Finance Department	AMA
8.	Calculation of Net Tax Payable and Adjustment of Tax deducted at source	a) The Income Tax Payable **(Note K of Tax Computation Report)** is calculated by adjusting the Tax deducted at source. **(Note J of Tax Computation Report)** with the Income Tax Liability for the Year (**(Note I of Tax Computation Report)** b) Tax deducted at source includes the following: ➢ Tax deducted on Bank Profits (Sec 151); ➢ Tax deducted on motor vehicles registration (Sec 234); ➢ Tax deducted on Telephone Bills (Sec 236)			Tax Section of Finance Department	AMA
9.	Preparation of the	The LPS is prepared to record to record the Income Tax	LPS	1	Tax Section of Finance	AA, AO, AMA,

Sr. #	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
	LPS	Expense. [Refer ***"Volume III, Annexure – 20"*** for the specimen of ***LPS***]			Department	DM
Part II - Deferred Tax Assets/ (Liability)						
10.	Calculation of Deferred Tax Assets/(Liability)	AMA prepares the Tax Computation Report (Deferred Tax) to calculate the Deferred Tax Assets/ (Liability) for the year. **Note:** Deferred tax arises only if the company foresees taxable profit in future. [Refer ***"Volume III, Annexure – 186"*** for the specimen of ***Tax Computation Report(Deferred Tax)***]	Tax Computation Report (Deferred Tax)		Tax Section of Finance Department	AMA
11.	Determination of Tax Base of the Assets and Liabilities	a) The AMA of the Tax Section of Finance Department calculates the Tax Base of the Assets and Liabilities. **{Column A of Tax Computation Report (Deferred Tax)}** b) The tax base of an asset or liability is the amount attributed to that asset or liability for tax purposes.			Tax Section of Finance Department	AMA
12.	Determination of Taxable / Deductable Temporary Differences	a) The AMA of the Tax Section of Finance Department takes the Accounting Base (Carrying Value) of the Assets and Liabilities from the Balance Sheet. **{Column B of Tax Computation Report (Deferred**			Tax Section of Finance Department	AMA

Sr. #	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
		Tax)} b) The AMA of the Tax Section of Finance Department determines the Taxable/ Deductible Temporary Differences by deducting the Tax Base of the Assets and Liability from the Accounting Base of the Assets and Liabilities. **{(Column C = A-B) of Tax Computation Report (Deferred Tax)}** c) The following rules are applied to determine whether the resulting figure is a TTD (Taxable Temporary Difference) or DTD (Deductable Temporary Difference). ➢ Rules for Assets **(IAS 12)** • If the Accounting base of the Assets is greater than the Tax Base of the Assets then the resulting figure is a Taxable Temporary Difference. • If the Accounting base of the Assets is less than the Tax Base of the Assets then the resulting figure is a Deductable Temporary Difference. ➢ Rules for Liability **(IAS 12)** • If the Accounting base of the Liability is greater than the Tax Base of the Liability				

Sr. #	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
		then the resulting figure is a Deductable Temporary Difference. • If the Accounting base of the Liability is less than the Tax Base of the Liability then the resulting figure is a Taxable Temporary Difference.				
13.	Determination of Deferred Tax Asset/Liability	The AMA of the Tax Section of Finance Department applies the applicable Tax Rate on the Taxable Temporary Difference/ Deductable Temporary Difference **{Column D of Tax Computation Report (Deferred Tax)}** to Determine the Deferred Tax Asset or Deferred Tax Liability. **{Column E = (C*D) of Tax Computation Report (Deferred Tax)}** a) Deferred Tax Liability (**IAS 12)** ➢ Resulting figure will be Deferred Tax Liability if the rate is applied on Deductable Temporary Difference calculated from Liability. ➢ Resulting figure will be Deferred Tax Liability if the rate is applied on Deductable Temporary Difference calculated from Assets. b) Deferred Tax Asset (**IAS 12)** ➢ Resulting figure will be Deferred Tax Asset if the rate is applied on Taxable Temporary Difference calculated from Liability.			Tax Section of Finance Department	AMA

Sr. #	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
		➢ Resulting figure will be Deferred Tax Asset if the rate is applied on Taxable Temporary Difference calculated from Assets. All the Deferred Tax Assets and Liability are added to determine the net Deferred Tax Assets or the Deferred Tax Liability. **{Note F of Tax Computation Report (Deferred Tax)}**				
14.	Review of Tax Computation	DM and Consolidation Section review all the three parts of the Tax Computation Report for reasonableness and suggests appropriate changes (if any).			Tax Section of Finance Department	DM
15.	Preparation of LPS	LPS is prepared to record Deferred Tax Asset / Deferred Tax liability by DM of the Tax Section of Finance Department. [Refer ***"Volume III, Annexure – 20"*** for the specimen of ***LPS***]	LPS	2,3	Tax Section of Finance Department	AA, AO
16.	Preparation of Return	The Return is prepared by AMA of the Tax Section of Finance Department. [Refer ***"Volume III, Annexure – 187"*** for the specimen of ***Return***]	Return		Tax Section of Finance Department	AA
17.	Approval of Return	The Return is approved by the Tax Section of Finance Department.			Tax Section of Finance Department CP&C Section of	AO, AMA, DM MF (CP&C)

Sr. #	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
					Finance Department Finance Department	 FD
18.	Preparation of Noting for the payment of Income Tax	A noting is prepared for the payment of the Income Tax Payable. [Refer ***"Volume III, Annexure – 41"*** for the specimen of ***Noting***]	Noting		Tax Section of Finance Department	AA
19.	Approval of Noting	The noting is approved by the Tax Section of Finance Department.			Tax Section of Finance Department CP&C Section of Finance Department Finance Department Office of CEO	AMA, DM MF (CP&C) FD CEO
20.	Pre Audit	The noting is submitted to the Payment Section of Finance Department for Pre Audit. [Refer ***"PAP – 9"*** for details regarding ***Pre-Audit***]			Payment Section of Finance Department	
21.	Preparation of Payment Voucher	After the Pre-Audit the Payment Voucher is prepared by the Payment Section of the Finance Department. [Refer ***"Volume III, Annexure – 4"*** for the specimen of ***Payment Voucher***]	Payment Voucher		Payment Section of Finance Department	AA

Sr. #	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
22.	Approval of Payment Voucher	The Payment Voucher is approved by the Payment Section of Finance Department.			Payment Section of Finance Department	AO, AMA
23.	Payment of Tax	Payment Section of Finance Department makes the tax payment to concerned bank against the copy of the CPR (Computerised Payment Receipt)			Payment Section of Finance Department	AMA
24.	Preparation of LPS	The LPS is prepared to record the payment of the Income Tax Payable. [Refer ***"Volume III, Annexure – 20"*** for the specimen of ***LPS]***	LPS	4	Payment Section of Finance Department	AA, AO, AMA, DM
25.	Updating the Cash Book	The transaction of the tax payment is recorded by the Payment Section of Finance Department in the Imprest Cash Book. Refer ***"Volume III, Annexure – 5"*** for the specimen of ***Cash Book***]	Cash Book		Payment Section of Finance Department	AA, AO, AMA
26.	Submission of CPR to Tax Section of Finance Department	The CPR is submitted to the Tax Section of Finance Department.			Payment Section of Finance Department	AMA
27.	Submission of Return and proof of Payment	Tax Section of Finance Department files the Return along with the CPR to the relevant office of FBR.			Tax Section of Finance Department	AMA
28.	Receipt of Acknowledgement for Filing the Return	The Tax Authority stamps the Return as acknowledgement of receipt and returns the Return to the Tax Section of Finance Department where it is filed as record.			Tax Section of Finance Department	AMA

TAX-1.4 Journal Entries

1. To record the Income Tax Payable, the following entry is posted by the Tax Section of Finance Department:

Description	Debit	Credit
Income Tax Expense	***	
Income Tax Payable		***

2. To record the Deferred Tax Liability, the following entry is posted by the Tax Section of Finance Department:

Description	Debit	Credit
Deferred Tax Expense	***	
Deferred Tax Liability / Deferred Tax Asset		***

3. To record the Deferred Tax Assets, the following entry is posted by the Tax Section of Finance Department:

Description	Debit	Credit
Deferred Tax Assets/ Deferred Tax Liability	***	
Deferred Tax Income		***

4. To record the payment of the Liability, the following entry is posted by the Payment Section of Finance Department:

Description	Debit	Credit
Income Tax Payable	***	
Bank- Imprest Account		***

TAX-1.5 Summary of Responsibilities for Functional Activities

Office / Section	Summary of Responsibilities for Functional Activities – Reference No.
Accounts Assistant	
Tax Section of Finance Department	3, 4, 5, 9,15,16,18
Payment Section of Finance Department	21,24,25
Accounts Officer	
Tax Section of Finance Department	3, 4, 5, 9,15,17
Payment Section of Finance Department	22,24,25
Assistant Manager Accounts	
Tax Section of Finance Department	2,3,4,5,6,7,8,9,10,11,12,13,,17,19,27,28
Payment Section of Finance Department	22,23,24,25,26
Deputy Manager	
Tax Section of Finance Department	9,14, 17,19
Payment Section of Finance Department	24
Manager Finance Corporate Planning & Control	
CP&C Section of Finance Department	17,19
Finance Director	
Finance Department	17,19
Chief Executive Officer	
Office of CEO	19

TAX-1.6 Key Control Matrix

Sr.#	Objective	Risk	Control Activity	Activity Ref.#
1.	Income Tax Payable is calculated accurately and completely in accordance with the Income Tax Ordinance 2001.	Non compliance with the Income Tax Ordinance 2001 may result in misstatement in the financial statement and penalization by the Tax Authority.	Income Tax Payable Income from Business, Income from Other Sources, Tax Liability Under all the Heads and Minimum Tax Payable are calculated in accordance with Income Tax Ordinance 2001.	3, 4, 5, 6
2.	Income Tax Expense is recorded accurately and completely in the correct accounting period.	Income Tax Expense may be misstated.	LPS is prepared by the AA to record the Income Tax Expense, verified by the AO and AMA, and approved by the DM.	9
3.	Taxable / Deductable Temporary Differences are determined in accordance with IAS-12	Non compliance with IAS-12 may result in misstatement in the financial statements.	a) The AMA of the Tax Section of Finance Department takes the Accounting Base (Carrying Value) of the Assets and Liabilities from the Balance Sheet. **{Column B of Tax Computation Report (Deferred Tax)}** b) The AMA of the Tax Section of Finance Department determines the Taxable/ Deductible Temporary Differences by deducting the Tax Base of the Assets and Liability from the Accounting Base of the Assets and Liabilities. **{(Column C = A-B) of Tax Computation Report (Deferred Tax)}** c) The following rules are applied to determine whether the resulting figure is a TTD (Taxable Temporary Difference) or DTD (Deductable Temporary Difference). ➢ Rules for Assets **(IAS 12)**	12

Sr.#	Objective	Risk	Control Activity	Activity Ref.#
			• If the Accounting base of the Assets is greater than the Tax Base of the Assets then the resulting figure is a Taxable Temporary Difference. • If the Accounting base of the Assets is less than the Tax Base of the Assets then the resulting figure is a Deductable Temporary Difference. ➢ Rules for Liability **(IAS 12)** • If the Accounting base of the Liability is greater than the Tax Base of the Liability then the resulting figure is a Deductable Temporary Difference. • If the Accounting base of the Liability is less than the Tax Base of the Liability then the resulting figure is a Taxable Temporary Difference.	
4.	Deferred Tax Asset/Liability is calculated in accordance with IAS-12	Non compliance with IAS-12 may result in misstatement in the financial statements.	The AMA of the Tax Section of Finance Department applies the applicable Tax Rate on the Taxable Temporary Difference/ Deductable Temporary Difference **{Column D of Tax Computation Report (Deferred Tax)}** to Determine the Deferred Tax Asset or Deferred Tax Liability. **{Column E = (C*D) of Tax Computation Report (Deferred Tax)}**	13

Sr.#	Objective	Risk	Control Activity	Activity Ref.#
			a) Deferred Tax Liability (**IAS 12)** ➢ Resulting figure will be Deferred Tax Liability if the rate is applied on Deductable Temporary Difference calculated from Liability. ➢ Resulting figure will be Deferred Tax Liability if the rate is applied on Deductable Temporary Difference calculated from Assets. b) Deferred Tax Asset (**IAS 12)** ➢ Resulting figure will be Deferred Tax Asset if the rate is applied on Taxable Temporary Difference calculated from Liability. ➢ Resulting figure will be Deferred Tax Asset if the rate is applied on Taxable Temporary Difference calculated from Assets. All the Deferred Tax Assets and Liability are added to determine the net Deferred Tax Assets or the Deferred Tax Liability. **{Note F of Tax Computation Report (Deferred Tax)}**	
5.	Income Tax Payable and Deferred Tax Asset or Deferred Tax liability is recorded accurately and completely in the correct	Income Tax Payable and Deferred Tax Asset or Deferred Tax liability may be misstated.	LPS is prepared by the AA to record Income Tax Payable and Deferred Tax Asset or Deferred Tax liability, verified by the AO and AMA, and approved by	15

Sr.#	Objective	Risk	Control Activity	Activity Ref.#
	accounting period.		the DM.	
6.	Tax Return is duly approved before submission.	Submission of unauthorized Tax Return may result in financial loss to the DISCO.	The Return is approved by the Tax Section of Finance Department.	17
7.	Payment of Income Tax Payable is recorded accurately and completely in the correct accounting period.	Income Tax Payable may be misstated.	LPS is prepared by the AA to record the payment of Income Tax Payable, verified by the AO and AMA, and approved by the DM.	24

TAX-2 Deduction and Payment of the Withholding Tax

TAX-2.1 Descriptive Overview of the Process

A. The reference to sections of Income tax Ordinance, 2001, are based on the applicable tax laws as at **30 June 2011**.

B. This process covers the activities regarding Deduction and Payment of the Withholding Tax.

C. DISCOs are liable to deduct withholding tax as per Income Tax Ordinance on:

- Purchase of goods
- Acquisition of services
- On the execution of the contract, other than a contract for the purchase of goods or acquisition of services and
- According to section 149 of Division III of Part V of Income Tax Ordinance the DISCOs are liable to deduct the Advance Tax from the amount paid to employee at average rate of tax computed at the rates specified in Division I of Part I of the First schedule.

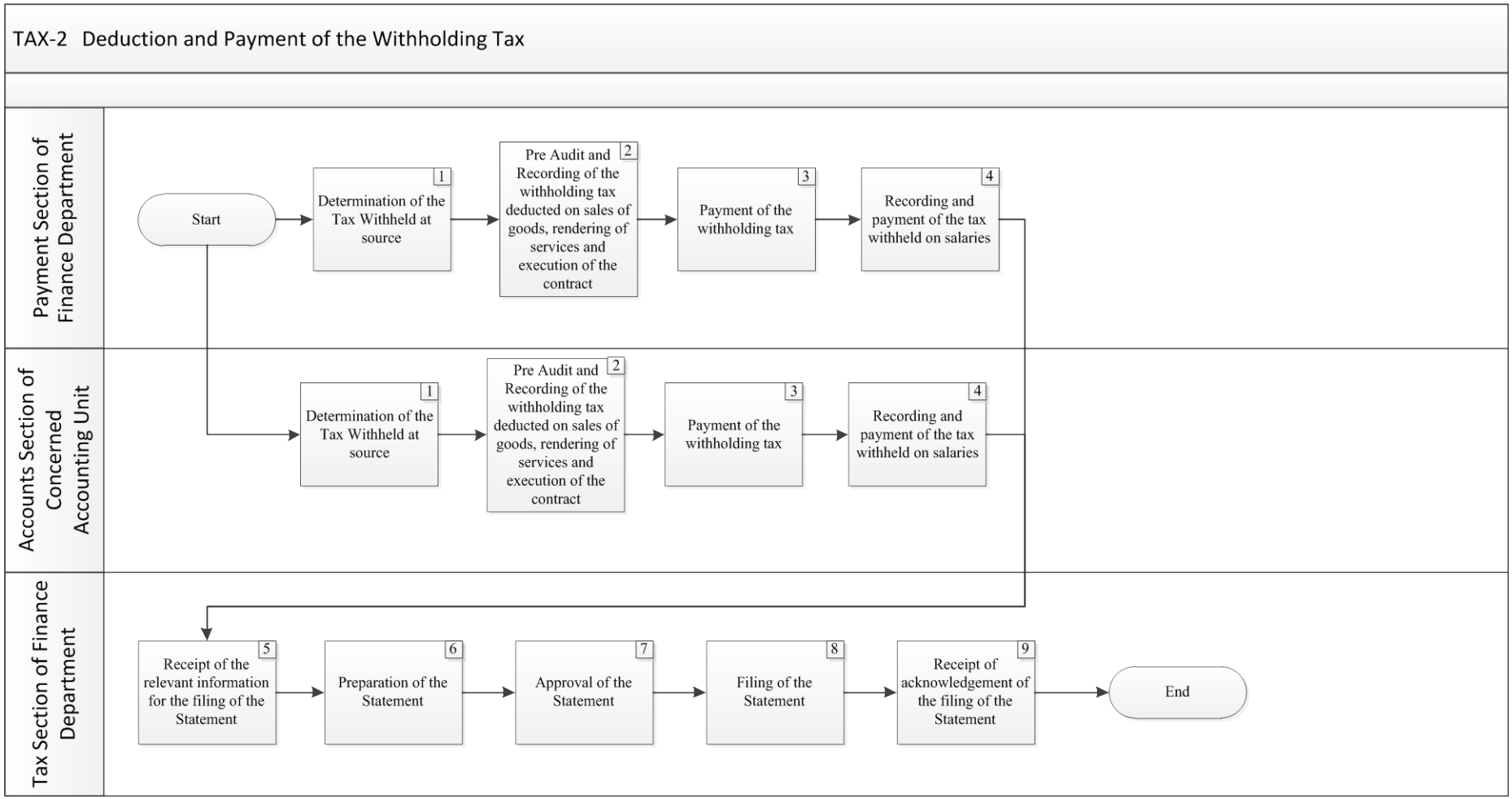
D. The amount of withholding tax is determined while performing of pre-audit and the payment of withholding tax is made to the Concerned Office of the FBR against the copy of the CPR.

E. Tax withheld on salaries is deducted and paid to FBR against the copy of the CPR.

F. The information for filing of the return is received by the Tax Section of Finance Department from Concerned Accounting Units and Tax section will prepare the return for the Withholding Tax deducted on the Salaries and Purchase of Material.

G. The return is approved and filed with the office of FBR.

TAX-2.2 Flow Chart



TAX-2.3 Detail of Process Activities

Sr. #	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
1.	Determination of Tax Withheld at Source	a) According to Section 153 of Division III of Part V of Income Tax Ordinance, the DISCOs are liable to deduct Tax from the Gross Amount Payable (including Sales Tax) at the time of making payment: ➢ for the purchase of goods; ➢ for the acquisition of services; ➢ on the execution of a contract, other than a contract for the purchase of goods or the acquisition of services; and ➢ Section 149 of Division III of Part V of Income Tax Ordinance liable the DISCOs to deduct the Advance Tax from the amount paid to employee at average rate of tax computed at the rates specified in Division I of Part I of the First Schedule.(Salaries paid to employees) b) If transaction and payment relates to: ➢ the purchase of goods; ➢ the acquisition of services; and ➢ the execution of a contract, other than a contract for the purchase of goods or the acquisition of services, then go to activity #2, else go to activity #4.			Payment Section of Finance Department Accounts Section of Concerned Accounting Unit	

Sr. #	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
2.	Pre Audit and Recording of Withholding Tax Deducted	The amount of Withholding Tax is determined while performing pre-audit and deducted at the time of making the payment: ➢ for the purchase of goods; ➢ for the acquisition of services; and ➢ on the execution of a contract, other than a contract for the purchase of goods or the acquisition of services. [Refer ***"PAP – 2"*** for details regarding ***Purchase of Goods by***] [Refer ***"PAP – 3"*** for details regarding ***Purchase of Goods by***] [Refer ***"PAP – 5"*** for details regarding ***acquisition of Services***] [Refer ***"PAP – 9"*** for details regarding ***Pre-Audit***]		Entry for tax withheld on purchase of goods is mentioned in PAP-2 Entry for tax withheld on purchase of goods is mentioned in PAP-3 Entry for tax withheld on acquisition of services is mentioned in PAP-5	Payment Section of Finance Department Accounts Section of Concerned Accounting Unit	
3.	Payment of the Withholding Tax	The payment of Withholding Tax is made to the Concerned Office of the FBR against the copy of the CPR. [Refer ***"CTM –17"*** for details regarding ***Payment of the Withholding Tax]*** [Refer ***"Volume III, Annexure – 54"*** for the specimen of ***Withholding Tax Deduction Detail***]	Withholding Tax Deduction Detail	Entry for payment of withholding tax is mentioned in CTM-17	Payment Section of Finance Department Accounts Section of Concerned Accounting Unit	

Sr. #	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
4.	Recording and payment of Tax Withheld on Salaries	a) At the time of making the payment of Salaries to employees the amount of tax is withheld. b) The amount of the tax withheld is deposited to FBR through Bank against the copy of the CPR. [Refer ***"HRM – 5"*** for details regarding ***recording of the tax withheld on salaries***] [Refer ***"CTM – 17"*** for details regarding ***Payment of the withholding Tax***]		Entry for recording of tax withheld on payment of salaries is mentioned in HRM-5 Entry for payment of tax withheld on payment of salaries is mentioned in CTM-17	Payment Section of Finance Department Accounts Section of Concerned Accounting Unit	
5.	Receipt of relevant Information for the Filing of Statement	The information for filing of Statement is received by the Tax Section of the Finance Department from Concerned Accounting Units. ➢ Detail of the Withholding Tax deducted on the salaries along with the CPR of the payment of the tax withheld is received by the Tax Section of Finance Department from all Accounting Units. ➢ Detail of the Withholding Tax deducted on purchase of Material along with the CPR is received by the Tax Section of Finance Department from the Office of MM / PMU and other Accounting Units. ➢ Detail of the Withholding Tax deducted on the			Tax Section of Finance Department	AA

Sr. #	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
		Services along with the CPR is received by Tax Section of Finance Department from the Cashier of the Payment Section of the Finance Department.				
6.	Preparation of WHT Statement	The DM prepares the Statement for the Withholding Tax deducted on the Salaries and Purchase of Material [Refer ***"Volume III, Annexure – 188"*** for the specimen of ***Return of Withholding Tax***]	Return of Withholding Tax		Tax Section of Finance Department	AA, AO, AMA
7.	Approval of WHT Statement	The WHT statement is approved by DM.			Tax Section of Finance Department	DM
8.	Filing of WHT Statement	The Return along with the CPR is submitted to the relevant Office of the FBR.			Tax Section of Finance Department	AA
9.	Receipt of Acknowledgement for the Filing of Statement	Tax Section of the Finance Department keeps the record of the WHT Statement.			Tax Section of Finance Department	AA

TAX-2.4 Journal Entries

None.

TAX-2.5 Summary of Responsibilities for Functional Activities

Office / Section	Summary of Responsibilities for Functional Activities – Reference No.
Accounts Assistant	
Tax Section of Finance Department	5,6, 8,9
Assistant Manager Accounts	
Tax Section of Finance Department	6
Deputy Manager	
Tax Section of Finance Department	7
Accounts Officer	
Tax Section of Finance Department	6

TAX-2.6 Key Control Matrix

Sr.#	Objective	Risk	Control Activity	Activity Ref.#
1.	Tax return is filed using the accurate information obtained from Concerned Accounting Unit.	Inaccurate and incomplete returns may be filed.	The information for filing of the return is received by the Tax Section of the Finance Department from Concerned Accounting Units. ➢ Detail of the withholding tax deducted on the salaries along with the CPR of the payment of the tax withheld is received by the Tax Section of Finance Department from all Accounting Units. ➢ Detail of the withholding tax deducted on purchase of Material along with the CPR is received by the Tax Section of Finance Department from the Office of MM / PMU and other Accounting Units. Detail of the withholding tax deducted on the Services along with the CPR is received by Tax Section of Finance Department from the Cashier of the Payment Section of Finance Department.	5
2.	Only duly approved tax returns are filed.	Filing of unauthorized tax returns may result in financial misstatements and financial loss to the DISCO.	The Return is approved by DM.	7

TAX-3 Sales Tax-Reconciliation (Input and Output), Payment and Return

TAX-3.1 Descriptive Overview of the Process

A. The reference to sections of Sales Tax Act in this sub-process is based on applicable tax laws applicable as at **30 June 2011**.

B. This process covers the activities regarding Sales Tax Reconciliation (Input and Output), Payment and Return.

C. Input Tax is calculated on purchase of electricity according to the rate as specified in the Sales Tax Act and LPS is prepared accordingly.

D. Input Tax on the Purchase of Material and acquisition of Services is determined and LPS is prepared accordingly to record it.

E. Output Tax on collection of the bills is calculated according to the rate as appearing in the Sec 2 of the Sale Tax Act for normal consumer and for steel melters rate is applied as appearing in the Special Sales Tax Procedures 2007.

F. The Sales Tax (Output Tax) is recorded at the time of the Sale of the Scrap.

G. C-41 is received by the Consolidation Section of the Finance Department and AMCS wise Summary of Sales Tax (Output Tax) is prepared by consolidation section

H. The Summary is submitted to the IOT Section of the Finance Department where Debit Advice(s) for each office of the AMCS is prepared.

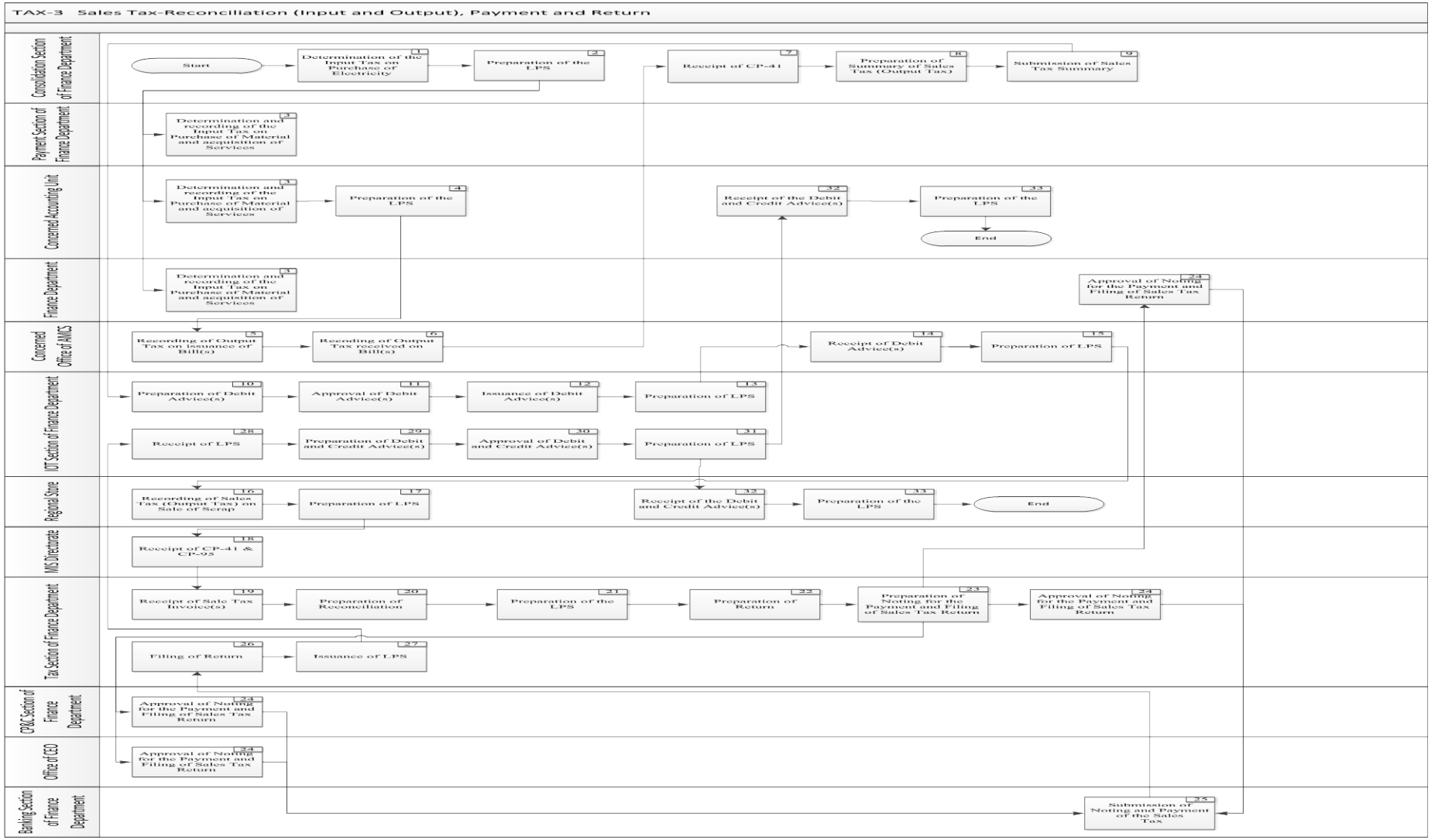
I. Debit Advice(s) are approved and issued to each office of AMCS.LPS is prepared to record the issuance of Debit Advice(s).

J. Consolidated CP-41 and Consolidated CP-95 containing the Sales Tax billed on the sale of the electricity along with other Sales Tax Invoice(s) is received by the Tax section and reconciliation is prepared to determine net Sales Tax Payable. LPS is prepared to record the Sales Tax Payable to Government.

K. Approval of the reconciliation, Payment, and filing of the return is obtained through Noting and Noting is sent to Banking Section for the payment of the Sales Tax.

L. The return is filled online on FBR web portal, The IOT Section receives the LPS from the Tax Section and issues Debit and Credit Advice(s) accordingly.LPS is prepared to record this issuance.

TAX-3.2 Flow Chart



TAX-3.3 Detail of Process Activities

Sr. #	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
		Input Tax				
1.	Determination of Input Tax on Purchase of Electricity	a) The Sales Tax (Input Tax) is applied at the relevant rate on the basis of the invoice received from CPPA. b) The rate as specified in the Sales Tax Act, Sec 2 is applied. [Refer ***"PAP – 6"*** for details regarding ***the purchase of electricity of electricity***]			Consolidation Section of Finance Department	AA
2.	Preparation of LPS	The LPS is prepared by the Consolidation Section of the Finance Department to record the Sales Tax (Input Tax). [Refer ***"Volume III, Annexure – 20"*** for the specimen of ***LPS***]	LPS	1	Consolidation Section of Finance Department	AA, AO, AMA
3.	Determination and recording of Input Tax on Purchase of Material and acquisition of Services	a) The Sales Tax (Input Tax) is determined at the time of the pre-audit of the Invoice(s). b) The Sales Tax (Input Tax) is recorded at the time of the recording of the invoice(s) of the Material, Services and Utility Bill(s).			Payment Section of Finance Department Concerned Accounting Unit Finance Department	

Sr. #	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
		[Refer ***"PAP – 2"*** for details regarding ***the purchase of Material***] [Refer ***"PAP – 5"*** for details regarding ***the acquisition of Services***] [Refer ***"PAP – 9"*** for details regarding ***the Pre-Audit***]				
4.	Preparation of LPS	The LPS is prepared by the relevant Accounting Unit / head Office to record the Sales Tax (Input Tax) on the Purchase of the material and procurement of services. [Refer ***"Volume III, Annexure – 20"*** for the specimen of ***LPS***]	LPS	2	Concerned Accounting Unit / Head Office	AA, AO, AMA
Output Tax						
5.	Recording of Output Tax on issuance of Bill(s)	The Sales Tax (Output Tax) to be collected is recorded at the time of the issuance of the Bill(s). a) The rate as appearing in the Sec 2 of the Sale Tax Act is applied on normal consumer. b) The rate as appearing in the Special Sales Tax Procedures 2007 is applied on the steel melters. [Refer ***"RNR – 1"*** for details regarding ***Recording of the Output Tax on the issuance of the Bill(s)]***		Entry for recording of output tax on issuance of Bill(s) is mentioned in RNR-1	Concerned Office of AMCS	

Sr. #	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
6.	Recoding of Output Tax received on Bill(s)	The Output Tax received from consumers is recorded at the time of the receipt of the Bill(s). [Refer ***"RNR – 2"*** for details regarding ***Recoding of the Output tax received on Bill(s)]***		Entry for recording of output tax received on Bill(s) is mentioned in RNR-2	Concerned Office of AMCS	
7.	Receipt of CP-41	The CP-41 is received from the MIS Directorate by the Consolidation Section of the Finance Department.			Consolidation Section of Finance Department	AA
8.	Preparation of Summary of Sales Tax (Output Tax)	The AA of the Consolidation Section prepares a Summary of Sales Tax (Output Tax) on the basis of different Offices of the AMCS. [Refer ***"Volume III, Annexure – 189"*** for the specimen of ***Summary of Sales Tax***]	Summary of Sales Tax		Consolidation Section of Finance Department	AA
9.	Submission of Sales Tax Summary	The Summary is submitted to the IOT Section of Finance Department.			Consolidation Section of Finance Department	AA
10.	Preparation of Debit Advice(s)	The AA of the IOT Section of the Finance Department prepares the Debit Advice(s) for each office of the AMCS. [Refer ***"Volume III, Annexure – 53"*** for the specimen of ***Debit Advice***]	Debit Advice		IOT Section of Finance Department	AA
11.	Approval of Debit Advice(s)	The Debit Advice(s) are approved by the IOT Section of Finance Department.			IOT Section of Finance Department	AO, AMA
12.	Issuance of Debit Advice(s)	The Debit Advice(s) is issued to the Office of the AMCS.			IOT Section of Finance Department	AA

Sr. #	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
13.	Preparation of LPS	The LPS is prepared to record the Issuance of the Debit Advice(s) by the IOT Section of the Finance Department. [Refer ***"Volume III, Annexure – 20"*** for the specimen of ***LPS***]	LPS	3	IOT Section of Finance Department	AA, AO, AMA
14.	Receipt of Debit Advice(s)	The Debit Advice(s) is received by the office of the AMCS.			Concerned Office of AMCS	AA
15.	Preparation of LPS	The LPS is prepared to record the receipt of the Debit Advice(s). [Refer ***"Volume III, Annexure – 20"*** for the specimen of ***LPS***]	LPS	4	Concerned Office of AMCS	AA, DAO, AMCS
16.	Recording of Sales Tax (Output Tax) on Sale of Scrap	The Sales Tax (Output Tax) is recorded at the time of the Sale of the Scrap. [Refer ***"IMM –11"*** for details regarding ***Sale of Scrap)]***			Regional Store	
17.	Preparation of LPS	The LPS is posted to record the GST on the Sale of Scrap by the Regional Store. [Refer ***"Volume III, Annexure – 20"*** for the specimen of ***LPS***]	LPS	5	Regional Store.	AA, AO, AMA
Reconciliation of the Input Tax and Output Tax						

Sr. #	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
18.	Receipt of CP-41 & CP-95	a) At the month end, the MIS Directorate sends the Consolidated CP-41 and Consolidated CP-95 to the Tax Section of Finance Department. b) The CP-41 and CP-95 contains the Sales Tax billed on the sale of the electricity.			MIS Directorate	AMA
19.	Receipt of Sale Tax Invoice(s)	The following Sales Tax Invoice(s) are received by the Tax Section of the Finance Department; a) Sales Tax Invoice(s) from CPPA related to purchase of electricity from the CPPA. b) Sales Tax Invoice(s) related to purchases of Material Stores and Services from Regional Store, PMU, and PD GSC, Finance Department and other Accounting Units. c) Sales Tax Invoice(s) related to sale of Scrap from Regional Store.			Tax Section of Finance Department	AA
20.	Preparation of Reconciliation	On receiving the statements, the DM of the Tax Section of Finance Department prepares reconciliation and determines the net Sales Tax Payable. The Sales Tax is determined in the following way. a) The Sales Tax receivable from GOP (Input Tax) on the account of purchase of the power, material, acquisition of services and utilities is adjusted against the Sales Tax Payable to GOP (Output Tax) on account of sale of electricity and sale of scrap.	Reconciliation of the Sales Tax		Tax Section of Finance Department	DM

Sr. #	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
		b) The output Tax on sale of electricity to consumer (Other than Steel Melters and re-rollers) is adjusted on accrual basis and Sales tax collected from Steels Melters and re-roller is paid to FBR without adjustment with the input tax. [Refer ***"Volume III, Annexure – 190"*** for the specimen of ***Reconciliation of the Sales Tax***]				
21.	Preparation of LPS	The LPS is prepared by the Tax Section of the Finance Department to record the Sales Tax Payable to Government. [Refer ***"Volume III, Annexure – 20"*** for the specimen of ***LPS***]	LPS	6	Tax Section of Finance Department	AA, AO, AMA
22.	Preparation of Return	The Return is prepared by the Tax Section of the Finance Department. [Refer ***"Volume III, Annexure – 187"*** for the specimen of ***Return***]	Return		Tax Section of Finance Department	DM
23.	Preparation of Noting for the Payment and Filing of Sales Tax Return	Noting is prepared by the DM of the Tax Section for the approval of the reconciliation, Payment, and filing of the return. [Refer ***"Volume III, Annexure – 41"*** for the specimen of ***Noting***]	Noting		Tax Section of Finance Department	DM

Sr. #	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
24.	Approval of Noting for the Payment and Filing of Sales Tax Return	The Noting is approved.			Tax Section of Finance Department CP&C Section of Finance Department Finance Department Office of CEO	AMA, DM MF CP&C FD CEO
25.	Submission of Noting and Payment of the Sales Tax	a) The noting is submitted to the Banking Section of Finance Department for the payment of the Sales Tax. The Concerned Bank provides the CPR against the received payment. b) The CPR is forwarded to the Tax Section of Finance Department. [Refer ***"CTM –17"*** for details regarding ***Payment of the Sales Tax****]*		Entry for payment of sales tax is mentioned in CTM-17	Banking Section of Finance Department	
26.	Filing of Return	The Return is filed online on the FBR web portal.			Tax Section of Finance Department	AO, AMA, DM
27.	Issuance of LPS	The Tax Section of Finance Department issues the LPS prepared in activity #20 to IOT Section of Finance Department.			Tax Section of Finance Department	AA
28.	Receipt of LPS	The IOT Section of the Finance Department receives the LPS from the Tax Section of the Finance Department.			IOT Section of Finance Department	AA
29.	Preparation of Debit and Credit	The Debit Advice(s) are prepared by the IOT Section of the Finance Department on account of sale of Scrap.	Debit Advice, Credit Advice		IOT Section of Finance Department	AA

Sr. #	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
	Advice(s)	Credit Advice(s) are prepared to record the Sales Tax on purchase of material, acquisition of services and utilities. [Refer ***"Volume III, Annexure – 53"*** for the specimen of ***Debit Advice(s)***] [Refer ***"Volume III, Annexure – 21"*** for the specimen of ***Credit Advice(s)***]				
30.	Approval of Debit and Credit Advice(s)	The Debit and Credit Advice(s) is approved by IOT Section of Finance Department.			IOT Section of Finance Department	AO,AMA
31.	Preparation of LPS	The LPS is prepared to record the issuance of the Debit and Credit Advice(s). [Refer ***"Volume III, Annexure – 20"*** for the specimen of ***LPS***]	LPS	7,8	IOT Section of Finance Department	AA,AO,AMA
32.	Receipt of the Debit and Credit Advice(s)	a) The Debit Advice(s) is received by the Regional Store. b) Credit Advice(s) is received by the Concerned Accounting Units.			Regional Store, Concerned Accounting Unit	AA
33.	Preparation of the LPS	The LPS is prepared to record the receipt of the Debit and Credit Advice(s). [Refer ***"Volume III, Annexure – 20"*** for the specimen of ***LPS***]	LPS	9,10	Regional Store, Concerned Accounting Unit	AA, AO, AMA

TAX-3.4 Journal Entries

1. To record the Sales Tax (Input Tax) on sale of electricity, the following entry is posted by the Consolidation Section of the Finance Department:

Description	Debit	Credit
Sales Tax (input Tax) receivable from GOP	***	
Payable to CPPA		***

2. a) To record the Input Tax on purchase of material, acquisition of services and utility, the following entry is posted by the Concerned Accounting Unit:

Description	Debit	Credit
Sales Tax (input tax) receivable from GOP	***	
Payable to Creditor		***

b) To record the Input Tax on purchase of material, acquisition of services and utility, the following entry is posted by the Head Office:

Description	Debit	Credit
Sales Tax (input tax) receivable from GOP	***	
Payable to Creditor		***

3. To record the issuance of the Debit Advice(s) to the Office of AMCS, the following entry is posted by the IOT Section of Finance Department:

Description	Debit	Credit
IOT – Debit Advice	***	
Sales Tax Payable to GOP (Output Tax)		***

4. To record the receipt of Debit Advice(s), the following entry is posted by the office of AMCS:

Description	Debit	Credit
Sales Tax Payable to GOP (Output Tax)	***	
IOT – Debit Advice		***

5. To record the Sales Tax (Output Tax) on the sale of scrap, the following entry is posted by the Regional Store

Description	Debit	Credit
Bank- Miscellaneous Account	***	
Sales Tax Payable to GOP (Output Tax)		***

6. To record the adjustment of Sales Tax(output and input), the following entry is posted by the Tax Section of Finance Department:

Description	Debit	Credit
Sales Tax (Output Tax) Payable from GOP	***	
Sales Tax (Output Tax) on Sale of Scrap	***	

Sales Tax input tax on purchases, services and utilities		***
Sales Tax Input Tax on Purchase from CPPA		***
Sales Tax Payable Clearing Account		***

7. To record the issuance of Debit Advice(s), the following entry is posted by the IOT Section of Finance Department:

Description	Debit	Credit
IOT – Debit Advice	***	
Sales Tax Payable to GOP (Output Tax)		***

8. To record the issuance of Credit Advice(s), the following entry is posted by the IOT Section of Finance Department:

Description	Debit	Credit
Sales Tax (input tax) receivable from GOP	***	
IOT – Credit Advice		***

9. To record the issuance of Credit Advice(s), the following entry is posted by the IOT Section of Finance Department:

Description	Debit	Credit
Sales Tax Payable to GOP (Output Tax)	***	
IOT – Credit Advice		***

10. To record the receipt of the of Credit Advice(s), the following entry is posted by the Regional Store :

Description	Debit	Credit
IOT – Credit Advice	***	
Sales Tax (input Tax) receivable from GOP		***

TAX-3.5 Summary of Responsibilities for Functional Activities

Office / Section	Summary of Responsibilities for Functional Activities – Reference No.
Accounts Assistant	
Consolidation Section of Finance Department	1,2,7,8,9
Concerned Accounting Unit	4,32,33
IOT Section of Finance Department	10,12,13,28,29,31
Concerned Office of AMCS	14,15
Tax Section of Finance Department	19,21,27
Regional Store	17,32,33
Accounts Officer	
Consolidation Section of Finance Department	2
Concerned Accounting Unit / HO	4,33
IOT Section of Finance Department	11,13,30,31
Tax Section of Finance Department	21,26
Regional Store	17,33
Divisional Accounts Officer	
Concerned Office of AMCS	15
Assistant Manager Accounts	
Consolidation Section of Finance Department	2
Concerned Accounting Unit / HO	4,33
IOT Section of Finance Department	11,13,30,31
Tax Section of Finance Department	21,24,26
MIS Directorate	18
Regional Store	17,33
Assistant Manager Customer Services	
Concerned Office of AMCS	15
Deputy Manager	
Tax Section of Finance Department	20,22,23,24,26
Manager Finance Corporate Planning & Control	
CP&C Section of Finance Department	24
Finance Director	
Finance Department	24
Chief Executive Officer	
Office of CEO	24

TAX-3.6 Key Control Matrix

Sr.#	Objective	Risk	Control Activity	Activity Ref.#
1.	Accurate rate of Input tax is applied to the Purchase of electricity.	Application of incorrect rate may result in misappropriation of accounts and penalization by the Tax Authorities.	a) The Sales Tax (Input Tax) is applied at the relevant rate on the basis of the invoice received from CPPA. b) The rate as specified in the Sales Tax Act, Sec 2 is applied.	1
2.	Sales Tax (Input Tax) is recorded accurately and completely in the correct accounting period.	Sales Tax (Input Tax) may be misstated.	LPS is prepared by the AA to record the Sales Tax (Input Tax), verified by the AO and approved by the AMA.	2, 4
3.	Accurate rate of Input tax is applied to the Purchase of Material and acquisition of Services.	Application of incorrect rate may result in misappropriation of accounts and penalization by the Tax Authorities.	a) The Sales Tax (Input Tax) determine at the time of the pre-audit of the Invoice(s). b) The Sales Tax (Input Tax) is recorded at the time of the recording of the invoice(s) of the Material, Services and Utility Bill(s).	3
4.	Only approved Debit Advice(s) is issued to the Other Office of AMCS.	Unauthorized Debit Advice(s) may be issued to the Other Office of AMCS.	The Debit Advice(s) is approved by the IOT Section of Finance Department.	11
5.	Sales Tax (Ouput Tax) is recorded accurately and completely in the correct accounting period.	Sales Tax (Output Tax) may be misstated.	LPS is prepared by the AA to record the Sales Tax (Output Tax), verified by the AO and approved by the AMA.	13
6.	Tax Return is prepared on the basis of data received from Concerned Departments.	Usage of Incorrect data for the preparation of Tax Return may result in the misappropriation of Tax Return	The following Sales Tax Invoice(s) are received by the Tax Section of the Finance Department; a) Sales Tax Invoice from CPPA related to purchase of electricity from the CPPA. b) Sales Tax Invoice(s) related to purchases of	19

Sr.#	Objective	Risk	Control Activity	Activity Ref.#
			Material Stores and Services from Regional Store, PMU, and PD GSC, Finance Department and other Accounting Units. c) Sales Tax Invoice(s) related to sale of Scrap from Regional Store.	
7.	Payment for Sales tax return is only made on the basis of authorized Noting.	Incorrect amount of payment made may result in financial loss to the DISCO.	The Noting is approved by the AMA, DM, MF CP&C, FD and CEO.	24

TAX-4 Recording and Payment of Various Duties and Surcharges

TAX-4.1 Descriptive Overview of the Process

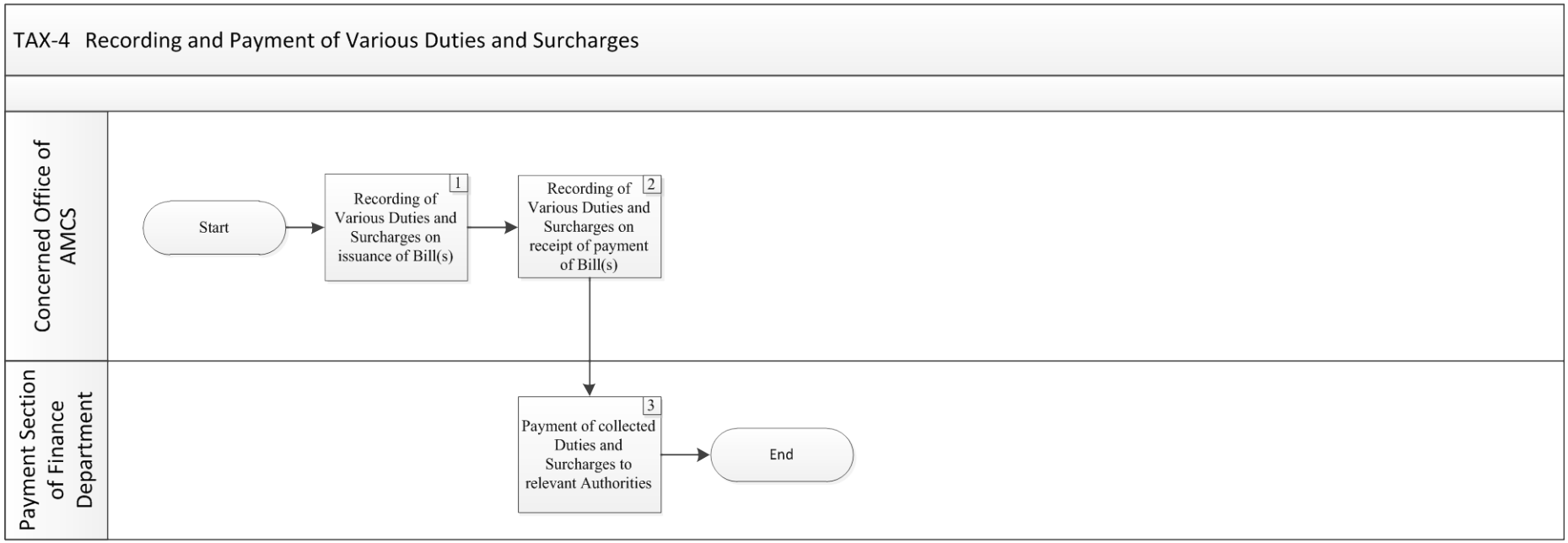
A. This process covers the activities regarding the Recording and Payment of Various Duties and Surcharges.

B. The various Duties and Surcharges are recorded at the time of issuance of the bill(s).

C. The collection of the various Duties and Surcharges are recorded along with recording of the collection of the bill(s).

D. The various Duties and Surcharges are deposited with the relevant authority.

TAX-4.2 Flow Chart



TAX-4.3 Detail of Process Activities

Sr. #	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
1.	Recording of Various Duties and Surcharges on issuance of Bill(s)	The various duties and surcharges are recorded at the time of issuance of the Bill(s). [Refer ***"RNR– 1"*** for details regarding ***recording of various Duties and Surcharges***]		Entry for recording of various duties and surcharges is mentioned in RNR-1	Concerned Office of AMCS	
2.	Recording of Various Duties and Surcharges on receipt of payment of Bill(s)	The collection of the various duties and surcharges are recorded along with recording of the collection of the Bill(s) [Refer ***"RNR– 2"*** for details regarding ***Recording of the Various Duties and Surcharges on receipt of the payment of the Bills***]		Entry for recording of various duties and surcharges on receipt of payment of the Bill(s) is mentioned in RNR-2	Concerned Office of AMCS	
3.	Payment of collected Duties and Surcharges to relevant Authorities	The various duties and surcharges are deposited with the relevant Authority. [Refer ***"CTM– 16"*** for details regarding ***Payment of the Duties and Surcharges collected to the relevant Authorities***]		Entry for payment of collected duties and surcharges is mentioned in CTM-16	Payment Section of Finance Department	

TAX-4.4 Journal Entries

None

TAX-4.5 Summary of Responsibilities for Functional Activities

Office / Section	Summary of Responsibilities for Functional Activities – Reference No.
N/A	N/A

TAX-4.6 Key Control Matrix

Sr.#	Objective	Risk	Control Activity	Activity Ref.#
1.	N/A	N/A	N/A	N/A

TAX-5 Advance Tax deducted of DISCOs

TAX-5.1 Descriptive Overview of the Process

A. The references to sections of Income Tax Ordinance, 2001 are based on applicable tax laws as at **30 June 2011**.

B. This process covers the activities regarding Advance Tax deducted of DISCOs.

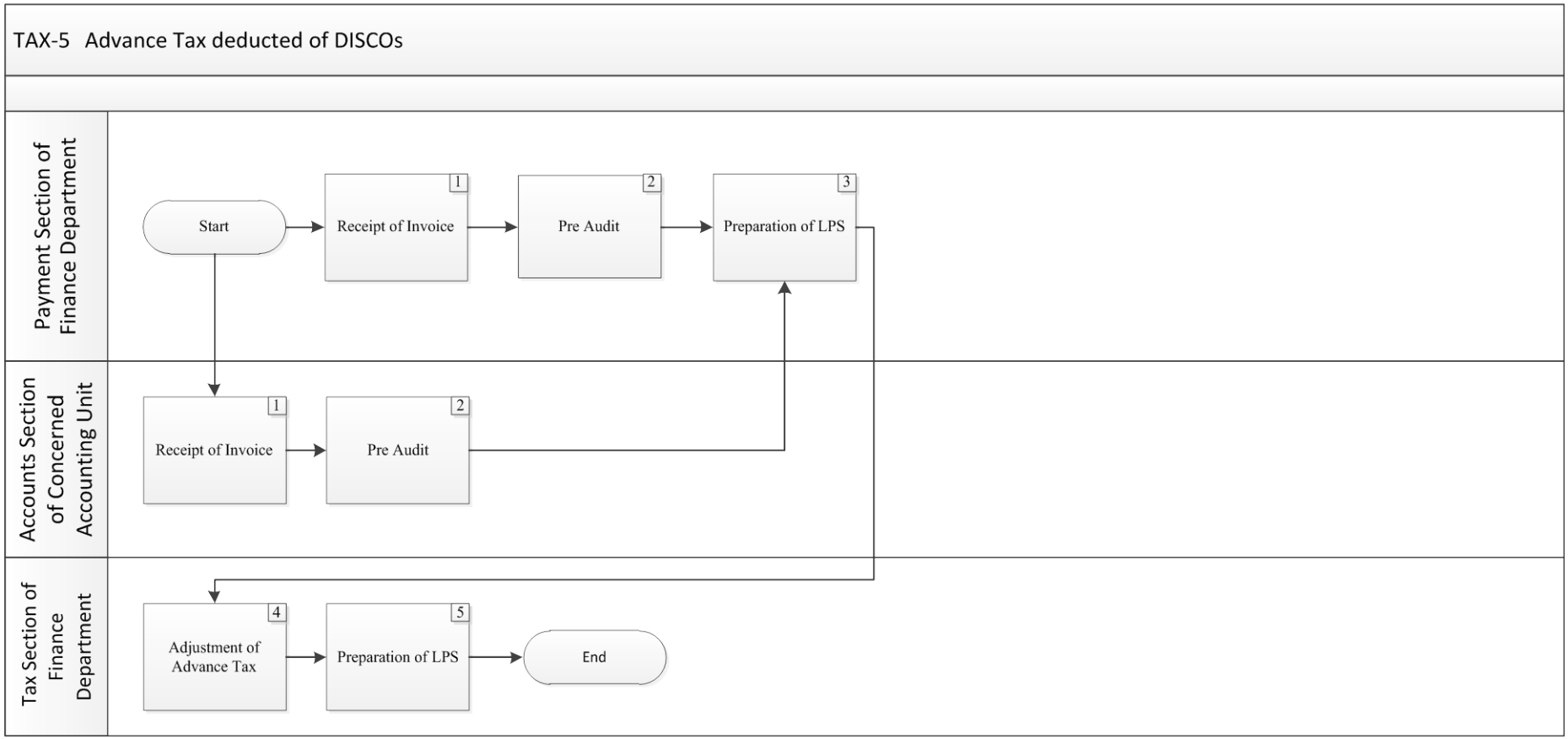
C. The invoices regarding following items is received and pre-audited.

- Cash withdrawal from the a bank (Sec 231A);
- Advance tax on transactions in Bank (Sec 231AA);
- Tax on motor vehicles (Sec 234);
- Electricity Consumption (Sec 235);
- Telephone Users (Sec 236);
- Advance tax at the time Sales by auction (Sec 236A);

D. Advance tax Purchase of air tickets Sec 236B.The Advance Tax on the above mentioned invoices is recorded at the time of the recording of the expense and LPS is prepared accordingly to record it.

E. The Income Tax Payable is adjusted by the Advance Tax Deducted of the DISCOs, at the time of calculating the Income Tax Payable and LPS is prepared accordingly to record it.

TAX-5.2 Flow Chart



TAX-5.3 Detail of Process Activities

Sr. #	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
1.	Receipt of Invoice	The Invoice(s) related to relevant expenses on which Advance Tax is deducted is received by the Payment Section of Finance Department / Accounts Section of Concerned Accounting Unit.			Payment Section of Finance Department, Accounts Section of Concerned Accounting Unit	AA
2.	Pre Audit	The Invoice(s) is Pre-Audited by the Payment Section of the Finance Department / Accounts Section of Concerned Accounting Unit. [Refer ***"PAP – 9"*** for details regarding ***Pre-Audit***]			Payment Section of Finance Department, Accounts Section of Concerned Accounting Unit	
3.	Preparation of LPS	The LPS is prepared by the Payment Section of the Finance Department / Accounts Section of Concerned Accounting Unit to record the deduction of Advance Tax. [Refer ***"Volume III, Annexure – 20"*** for the specimen of ***LPS***]	LPS	1	Payment Section of Finance Department, Accounts Section of Concerned Accounting Unit	AA, AO, AMA
4.	Adjustment of Advance Tax	Advance Tax deducted is adjusted against the Income Tax Payable for the year. [Refer ***"TAX – 1"*** for details regarding ***calculation of the Income Tax***]			Tax Section of Finance Department	

Sr. #	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
5.	Preparation of LPS	The LPS is prepared by the Tax Section of the Finance Department to adjust the Advance Tax deducted against the Income Tax Liability of the Company. [Refer ***"Volume III, Annexure – 20"*** for the specimen of ***LPS***]	LPS	2	Tax Section of Finance Department	AA, AO, AMA

TAX-5.4 Journal Entries

1. On recording of the Advance Tax Paid, the following entry is posted by the Payment Section of Finance Department:

Description	Debit	Credit
Advance Income Tax	***	
Bank-Imprest Account		***

2. On recording of adjustment of Advance Tax against the company's Income Tax Liability, the following entry is posted by the Tax Section of Finance Department:

Description	Debit	Credit
Income Tax Payable	***	
Advance Income Tax		***

TAX-5.5 Summary of Responsibilities for Functional Activities

Office / Section	Summary of Responsibilities for Functional Activities – Reference No.
Accounts Assistant	
Payment Section of Finance Department	1,3
Accounts Section of Concerned Accounting Unit	1,3
Tax Section of Finance Department	5
Accounts Officer	
Payment Section of Finance Department	3
Accounts Section of Concerned Accounting Unit	3
Tax Section of Finance Department	5
Assistant Manager Accounts	
Payment Section of Finance Department	3
Accounts Section of Concerned Accounting Unit	3
Tax Section of Finance Department	5

TAX-5.6 Key Control Matrix

Sr.#	Objective	Risk	Control Activity	Activity Ref.#
1.	Advance Income Tax is recorded accurately and completely in the correct accounting period.	Advance Income Tax may be misstated.	LPS is prepared by the AA to record the Advance Income Tax, verified by the AO and approved by the AMA.	4
2.	Adjustment of Advance Tax Deducted against the Income Tax Liability of the Company is recorded accurately and completely in the correct accounting period.	Income Tax Liability of the Company may be misstated.	LPS is prepared by the AA to record the adjustment of Advance Tax Deducted against the Income Tax Liability of the Company, verified by the AO and approved by the AMA.	5

Fixed Assets Management (FAM)

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1 Introduction

1.1 Objective

The management of physical assets their selection, maintenance, inspection and renewal plays a key role in determining the operational performance and profitability of Power Distribution Companies that operate assets as part of their core business.

With this objective, Asset management function deals with the optimal management of physical assets and their life cycles.

Fixed Assets Management process aims to ensure that:

- Fixed Assets are appropriately reported in financial statements in accordance with DISCO's policies and the related International Financial Reporting Standards (IFRS);
- Only authorized employees have access to the asset records;
- Fixed assets acquisitions, receipt, recording and disposal duties are segregated;
- Fixed asset acquisition, transfers, dispositions, valuations and depreciation are approved and recorded in accordance with DISCO's policies and in light of the IFRS;
- Fixed assets are properly safeguarded in accordance with DISCO's policy.

1.2 Scope

This document covers all the aspects of the Fixed Assets Management at different Accounting Units of DISCO. This document describes each Process of Fixed Assets Management, which includes; Descriptive Overview of the process, Flow Chart of all the process activities, Journal Entries and their references with the process activities, Job Descriptions of persons responsible for performing activities and key control matrices to ensure that the process activities are in line with the Standard Policies and Procedure of the DISCO.

Following are the major categories of Fixed Assets in DISCO:

- Land
- Building & Civil Works
- IT Equipments
- Office Equipments
- Distribution Equipments (Distribution Plant Assets)
- Other Plant & Equipments (Tools and Plants)
- Distribution Equipment (Transmission Lines and Grids)
- Vehicles
- Furniture & Fixture

All the Fixed Assets Management activities in DISCO are covered under following Processes:

Process ID	Process Name
FAM-1	Capitalization of Fixed Assets at Office of Project Director Grid System Construction through Deposit Work
FAM-2	Capitalization of Fixed Assets at Office of Project Director Grid System Construction through Own Resources
FAM-3	Capitalization of Fixed Assets at Office of PD Construction through Deposit Work
FAM-4	Capitalization of Fixed Assets at Office of PD Construction through Own Resources including LT Proposals and HT Proposals.
FAM-5	Capitalization of Fixed Assets at Concerned Operation Division through Capital Contribution
FAM-6	Capitalization of Fixed Assets at Concerned Operation Division through Own Resources against LT Proposals
FAM-7	Capitalization of Civil Works by Civil Works Division
FAM-8	Acquisition of Land for Grid System Construction
FAM-9	Acquisition of Land by Civil Works Division
FAM-10	Acquisition of Fixed Assets through Direct Purchase or Central purchase by MM via Regional Store
FAM-11	Dismantlement or Transfer of spare Fixed Assets after placement of new Fixed Asset by the Office of MPGSC / MPC
FAM-12	Inter DISCOs/Inter Accounting Units Transfer of Fixed Assets
FAM-13	Fixed Assets Theft/Written Off
FAM-14	Disposal / Retirement of Fixed Assets
FAM-15	Depreciation on Fixed Assets
FAM-16	Impairment of Fixed Assets

Process ID	Process Name
FAM-17	Revaluation of Fixed Assets
FAM-18	Power Generation

2 Policies and Definitions

2.1 General Policies

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions and judgments are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Property, plant and equipment except freehold land are stated at cost, less accumulated depreciation and impairment losses. Freehold land is stated at cost. Cost includes the cost of replacing the part of such assets when the cost is incurred if the recognition criteria are met. Capital work-in-progress is stated at cost plus applicable overheads less impairment loss.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefit associated with the item will flow to the DISCO and the cost of the item can be measured reliably. Major renewals and improvements are capitalized. Minor replacement, repairs and maintenance are expensed out.

Physical counts of Fixed Assets are performed periodically in order to ensure the existence and completeness of assets recorded in the balance sheet.

Depreciation on property, plant and equipment is charged on the straight-line method so as to write off the depreciable amount of an asset over its estimated useful life. Depreciation is charged on Pro-rata basis on the number of days the asset is place in service and depreciation is charged until the date of Deletion/Retirement. The assets residual values, useful lives and method are reviewed, and adjusted if appropriate, at each financial year end.

An item of property, plant and equipment is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of the asset is included in the profit and loss account in the year the asset is disposal.

The carrying amount of the DISCO's assets is reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the assets recoverable amount is estimated and impairment losses are recognized in the profit and loss account.

A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. The increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit and loss account.

2.2 Definitions

2.2.1 Asset

An asset is a resource:

a. Controlled by an entity as a result of past events; and

b. From which future economic benefits are expected to flow to the entity. (IAS38.8)

2.2.2 Cost

Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognized in accordance with the specific requirements of other IFRS. (IAS 16.6)

2.2.3 Property, plant and equipment

Property, plant and equipment are tangible items that:

a. Are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes; and

b. Are expected to be used during more than one period. (IAS 16.6)

2.2.4 Depreciation

Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life. (IAS 16.6)

2.2.5 Depreciable amount

Depreciable amount is the cost of an asset or other amount substituted for cost, less its residual value. (IAS 16.6)

2.2.6 Useful life

The period over which an asset is expected to be available for use by an entity, the number of production or similar units expected to be obtained from the asset by an entity. (IAS 16.6)

2.2.7 Impairment loss

Impairment is the amount by which the carrying amount of an asset exceeds its recoverable amount. (IAS 16.6)

2.2.8 Recoverable amount

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

2.2.9 Residual value

Residual value is the estimated amount that an entity would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life. (IAS 16.6)

2.2.10 Carrying amount

Carrying amount is the amount at which an asset is recognized after deducting any accumulated depreciation and accumulated impairment losses.

2.2.11 Fair value

Fair value is the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction. (IAS 16.6)

2.2.12 Lease

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time. (IAS 17.4)

2.2.13 Finance lease

A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. Title may or may not eventually be transferred. (IAS 17.4)

2.2.14 Operating lease

An operating lease is a lease other than a finance lease. (IAS 17.4)

2.2.15 Lease term

The lease term is the non-cancellable period for which the lessee has contracted to lease the asset together with any further terms for which the lessee has the option to continue to lease the asset, with or without further payment, when at the inception of the lease it is reasonably certain that the lessee will exercise the option. (IAS 17.4)

2.2.16 Minimum lease payment

Minimum lease payments are the payments over the lease term that the lessee is or can be required to make, excluding contingent rent, costs of services and taxes to be paid by and reimbursed to the lessor. (IAS 17.4)

2.2.17 Interest rate implicit

The interest rate implicit in the lease is the discount rate that, at the inception of the lease, causes the aggregate present value of (a) the minimum lease payments and (b) the unguaranteed residual value to be equal to the sum of (i) the fair value of the leased asset and (ii) and initial direct costs of the lessor. (IAS 17.4)

2.2.18 Cash generating unit

A cash generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. **(IAS 36.6)**

2.2.19 Goodwill

Ann asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognised.

2.3 General accounting guidelines

2.3.1 Recognition criteria for recording of tangible assets

The cost of an item of Property, Plant and Equipment shall be recognized as an asset if, and only if:

a. It is probable that future economic benefits associated with the item will flow to the entity; and

b. The cost of the item can be measured reliably. (IAS 16.7)

Spare parts and servicing equipment are usually carried as inventory and recognized in profit or loss as consumed. However, major spare parts and stand-by equipment qualify as Property, Plant and Equipment when an entity expects to use them during more than one period. Similarly, if the spare parts and servicing equipment can be used only in connection with an item of Property, Plant and Equipment, they are accounted for as Property, Plant and Equipment. (IAS16.8)

An entity evaluates under this recognition principle all its Property, Plant and Equipment costs at the time they are incurred. These costs include costs incurred initially to acquire or construct an item of Property, Plant and Equipment and costs incurred subsequently to add to, replace part of, or service it.

2.3.2 Measurement at recognition

An item of Property, Plant and Equipment that qualifies for recognition as an asset shall be measured at its cost. (IAS 16.15)

The cost of an item of Property, Plant and Equipment comprises: (a) its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates. (b) Any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. (c) The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period. (IAS16.16)

Examples of directly attributable costs are: (a) costs of employee benefits (as defined in IAS 19 Employee Benefits) arising directly from the construction or acquisition of the item of Property, Plant and Equipment; (b) costs of site preparation; (c) initial delivery and handling costs; (d) installation and assembly costs; (e) costs of testing whether the asset is functioning properly, after deducting the net proceeds from selling any items produced while bringing the asset to that location and condition (such as samples produced when testing equipment); and (f) professional fees. (IAS16.17)

Recognition of costs in the carrying amount of an item of Property, Plant and Equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management. (IAS 16.20)

2.3.3 Measurement after Recognition

An entity shall choose either the cost model or the revaluation model as its accounting policy and shall apply that policy to an entire class of Property, Plant and Equipment. (IAS16.29)

A. Cost Model

After recognition as an asset, an item of property, plant and equipment shall be carried at its cost less any accumulated depreciation and any accumulated impairment losses. (IAS16.30)

B. Revaluation Model

After recognition as an asset, an item of property, plant and equipment whose fair value can be measured reliably shall be carried at a devalued amount, being its fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations shall be made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the balance sheet date. (IAS16.31)

2.3.4 De-recognition of Asset

The carrying amount of an item of Property, Plant and Equipment shall be derecognized:

a. On disposal; or

b. When no future economic benefits are expected from its use or disposal.

The gain or loss arising from the de-recognition of an item of Property, Plant and Equipment shall be included in profit or loss when the item is derecognized (unless IAS 17 requires otherwise on a sale and leaseback). Gains shall not be classified as revenue. (IAS 16.67, 68)

2.3.5 Recognition criteria for an intangible asset

An intangible asset shall be recognized if, and only if:

It is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and

The cost of the asset can be measured reliably. (IAS 38.21)

2.3.6 Disclosures

For each class of Property, Plant and Equipment following are to be disclosed in the financial statements of the entity:

- Basis for measuring carrying amount
- Depreciation method(s) used
- Useful lives or depreciation rates
- Gross carrying amount and accumulated depreciation and impairment losses (at the beginning and the end of the period)
- Reconciliation of the carrying amount at the beginning and the end of the period, showing:
- Disposals (assets classifies as held for sale or included in a disposal group classified as held for sale in accordance with IFRS 5 and other disposal)
- Acquisitions through business combinations
- Revaluation increases or decreases

- Impairment losses
- Reversals of impairment losses
- Depreciation
- Net foreign exchange differences on translation
- Other movements
- Restrictions on title
- Expenditures on Property, Plant and Equipment during the period, which are in course of construction.
- Contractual commitments to acquire Property, Plant and equipment
- Compensation from third parties for items of Property, Plant and Equipment that were impaired, lost or given up that is included in profit or loss

If Property, Plant, and Equipment are stated at revalued amounts, certain additional disclosures are required:

- The effective date of the revaluation
- Whether an independent valuation was carried out
- The methods and significant assumptions used in estimating fair values
- The extent to which fair values were determined directly by reference to observable prices in an active market or recent market transactions on arm's length terms or were estimated using other valuation techniques
- For each revalued class of Property, Plant and Equipment the carrying amount that would have been recognized had the assets been carried under the cost model
- The revaluation surplus, including changes during the period and any restrictions on the distribution of the balance to shareholders

2.3.7 Impairment of Assets (IAS 36)

An entity shall disclose the following for each class of assets, in case of impairment, in its financial statements:

- The amount of impairment losses recognized in profit or loss during the period and the line item(s) of the Profit and Loss Account in which those impairment losses are included.
- The amount of reversals of impairment losses recognized in profit or loss during the period and the line item(s) of Profit and Loss Account in which those impairment losses are reversed.
- The amount of impairment losses on revalued assets recognized in Statement of Changes in Equity during the period.
- The amount of reversals of impairment losses on revalued amounts.

If an individual impairment loss (or reversal of impairment loss) is material, following are to be disclosed in the financial statements: (IAS 36.130)

- Events and circumstances resulting in the impairment loss

- Amount of the loss
- Individual asset: nature and segment to which it relates
- Cash generating unit: description, amount of impairment loss (reversal) by class of assets and segment
- If recoverable amount is fair value less costs to sell, disclose the basis for determining fair value
- If recoverable amount is value in use, disclose the discount rate

If impairment losses recognized (reversed) is material in aggregate to the financial statements as a whole, disclose: (IAS 36.131)

- main classes of assets affected
- main events and circumstances
- Disclose detailed information about the estimates used to measure recoverable amounts of cash generating units containing goodwill or intangible assets with indefinite useful lives. (IAS 36.134-35)

2.3.8 Leases (IAS 17)

Lessors shall, in addition to meeting the requirements in IFRS 7 (Financial Instruments: Disclosures), disclose the following for finance leases:

Reconciliation between the gross investment in the lease at the end of the reporting period, and the present value of minimum lease payments receivable at the end of the reporting period. In addition, an entity shall disclose the gross investment in the lease and the present value of minimum lease payments receivable at the end of the reporting period, for each of the following periods:

- Not later than one year;
- Later than one year and not later than five years;
- Later than five years.
- Unearned finance income.
- The unguaranteed residual values accruing to the benefit of the lessor.
- The accumulated allowance for uncollectable minimum lease payments receivable
- Contingent rents recognized as income in the period

A general description of the lessor's material leasing arrangements. (IAS 17.47)

2.3.9 Initial recognition criteria for Finance Leases

Lessors shall recognise assets held under a finance lease in their statements of financial position and present them as a receivable at an amount equal to the net investment in the lease. (IAS 17.36)

2.3.10 Subsequent recognition

The recognition of finance income shall be based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the finance lease. (IAS 17.39)

2.3.11 Intangible Assets (IAS 38)

An entity shall disclose the following for each class of intangible assets, distinguishing between internally generated intangible assets and other intangible assets:

Whether the useful lives are indefinite or finite and, if finite, the useful lives or the amortization rates used;

The amortization methods used for intangible assets with finite useful lives;

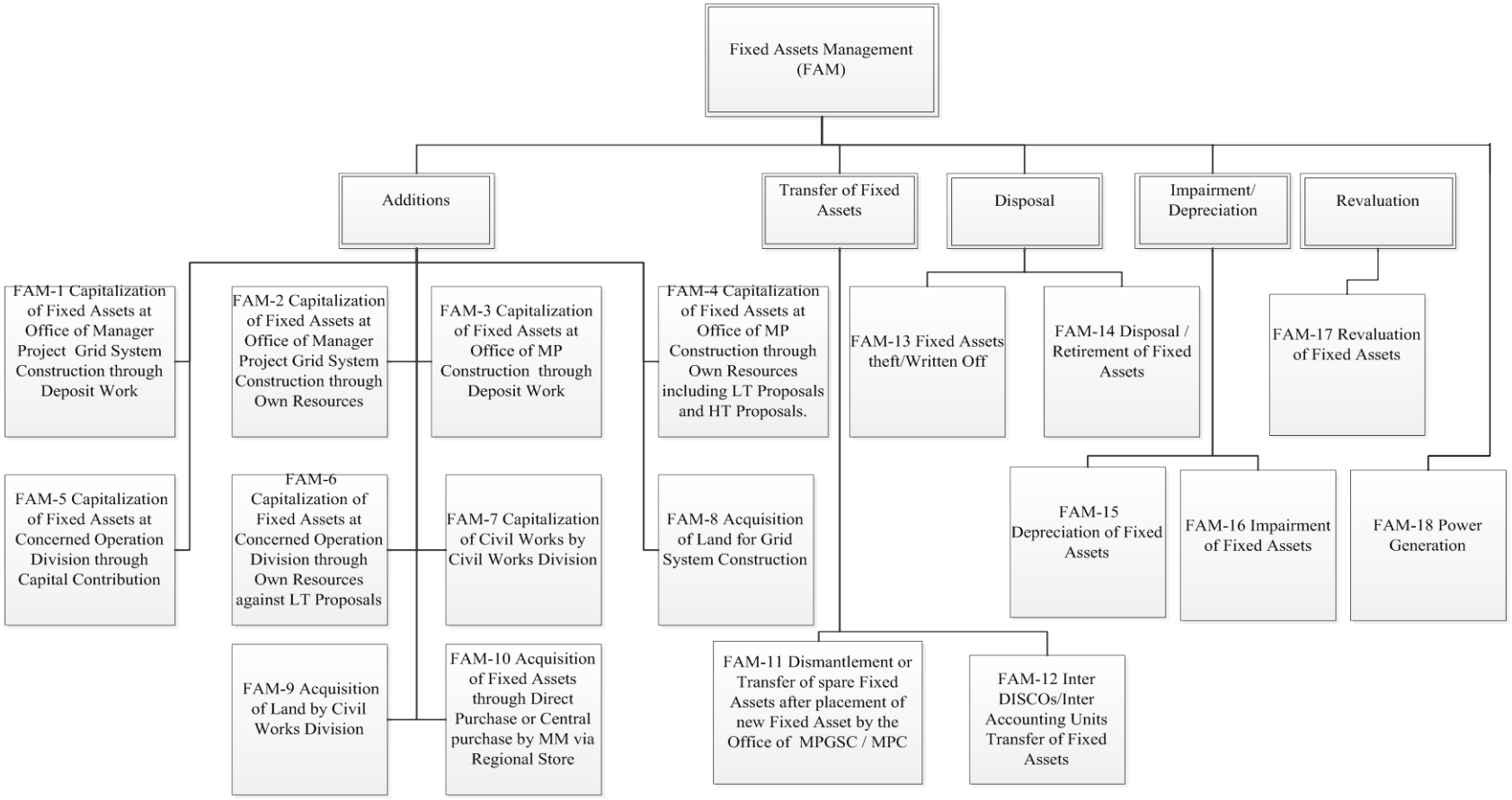
The gross carrying amount and any accumulated amortization (aggregated with accumulated impairment losses) at the beginning and end of the period;

The line item(s) of the statement of comprehensive income in which any amortization of intangible assets is included;

A reconciliation of the carrying amount at the beginning and end of the period showing:

- Additions, indicating separately those from internal development, those acquired separately, and those acquired through business combinations;
- Assets classified as held for sale or included in a disposal group classified as held for sale in accordance with IFRS 5 (Financial Instruments: Disclosures) and other disposals;
- Increases or decreases during the period resulting from revaluations under paragraphs 75, 85 and 86 and from impairment losses recognized or reversed in other comprehensive income in accordance with IAS 36 (if any);
- Impairment losses recognized in profit or loss during the period in accordance with IAS 36 (if any);
- Impairment losses reversed in profit or loss during the period in accordance with IAS 36 (if any);
- Any amortization recognized during the period;
- Net exchange differences arising on the translation of the financial statements into the presentation currency, and on the translation of a foreign operation into the presentation currency of the entity; and
- Other changes in the carrying amount during the period. (IAS 38.118)

3 Overview of the Process of Fixed Assets Management



Process ID	Process Name	Description of Process
FAM-1	Capitalization of Fixed Assets at Office of Project Director Grid System Construction through Deposit Work	A. This process covers the activities of construction of the Grid System of 66/132 KVA through Deposit Work. This Office constructs Grid Systems for industrial connection, Housing Societies and these Grid Systems are further bifurcated on the basis of their load. B. Application from consumer is received for the construction of Grid System through Deposit Work. C. Approval is sought from the competent authorities in accordance with the financial powers, after the deposit amount is received from the consumer. D. Works starts after the amount is deposited by the consumer and DWIP is recorded in the office of MPGSC. E. After completion, the Assets are transferred to the concerned division of GSO Circle, which in turn capitalise the Asset and Fixed Assets Register is updated accordingly.
FAM-2	Capitalization of Fixed Assets at Office of Project Director Grid System Construction through Own Resources	A. This process covers the activities of construction of the Grid System of 66/132 KVA through Own Sources. B. Work for the construction of Grid Systems starts after the approval from the competent authority in accordance with the financial powers. C. Work starts and CWIP is recorded in the office of MPGSC. D. After completion, the Assets are transferred to the concerned division of GSO Circle, which in turn capitalise the Asset and

Process ID	Process Name	Description of Process
		Fixed Assets Register is updated accordingly.
FAM-3	Capitalization of Fixed Assets at Office of PD Construction through Deposit Work	A. This process covers the activities of installing distribution assets [other than grid systems] through Deposit Work less than 66/132 KVA. B. This section deals with the new structural developments. The major customers of this department are either private individuals or Government bodies. C. Application from consumer is received for installing distribution assets [other than grid systems]. Approval from the competent authority in accordance with the financial powers is sought after the deposit amount is received from the consumer. Works starts and DWIP is recorded in the office of PD Construction. D. After completion, the Assets are transferred to the Concerned Operation Division, which in turns capitalise the Asset and Fixed Assets Register is updated accordingly.
FAM-4	Capitalization of Fixed Assets at Office of PD Construction through Own Resources including LT Proposals and HT Proposals.	A. This process covers the activities of installing distribution assets [other than grid systems] through Own Sources for less than 66/132 KVA. B. This section deals with the new structural developments. The major customers/beneficiaries of this department are either private individuals or Government bodies. C. Work for installing distribution assets [other than grid systems] starts after the approval from the competent authority in accordance with the financial powers. CWIP is recorded in the

Process ID	Process Name	Description of Process
		Office of PD Construction. D. After completion, the Assets are transferred to the concerned Operation division, which in turn capitalise the Asset and Fixed Assets Register is updated accordingly.
FAM-5	Capitalization of Fixed Assets at Concerned Operation Division through Capital Contribution	A. This process covers the activities of the Operation Division (OD) through Capital Contribution for installing domestic, commercial, and industrial connections (meters). B. Application from consumer is received for installing domestic, commercial, and industrial connections (meters) through Deposit Work; Approval from the competent authority in accordance with the financial powers is sought after the deposit amount is received from the consumer. C. Works starts and DWIP is recorded at concerned operation division. After completion, the Assets are capitalised at the concerned operation division and Fixed Assets Register is updated accordingly.
FAM-6	Capitalization of Fixed Assets at Concerned Operation Division through Own Resources against LT Proposals	A. This process covers the activities of the Operation Division (OD) through Own Sources regarding the installation of LT Lines. B. Work regarding the installation of LT Lines starts after the approval from the competent authority in accordance with financial powers. CWIP is recorded in the Concerned Operation Division. C. After completion, the Assets are capitalised at the concerned operation division and Fixed Assets Register is updated

Process ID	Process Name	Description of Process
		accordingly.
FAM-7	Capitalization of Civil Works by Civil Works Division	A. This process covers the activities of the Office of Civil Works Division for the construction of office buildings, walls and residential colonies. B. Civil Works Division initiates the work for the construction of office buildings, walls and residential colonies C. Work starts after the allotment of the job order number by the Assets Section of the Finance Department. The Work is outsourced to the Contactor and when bill is received, it is pre audited by the Competent Authority in accordance with the financial powers and payment is made by the payment section of the Finance Department and WIP is recorded accordingly D. After completion, the Assets are capitalised at the concerned Civil Works division and Fixed Assets Register is updated accordingly.
FAM-8	Acquisition of Land for Grid System Construction	A. This process covers the activities regarding the Acquisition of Land from the Government/Private Owner by DISCO or acquisition of Land on receiving the offer for providing the land to DISCO from Housing Societies for Construction of Grid Systems. B. Approval is sought for the purchase of Land or offer by Housing Society for providing the land, from Office of CEO and Job order number is requested from Assets Section of Finance Department. C. Office of MPGSC receives the request for payment to owner of

Process ID	Process Name	Description of Process
		land and the request is approved by the Competent Authority in accordance with the financial powers. D. The bill is pre audited by CE PMU and funds are transferred by the Finance Department. Office of MPGSC transfers the funds for payment to the concerned GSC division for the purchase of Land. E. When the land is transferred in the name of the DISCO, and on receiving of land transferring documents, a Debit Advice is prepared to transfer the Land as Fixed Asset to GSO Division. F. GSO Division receives the Debit Advice and record the Land as Fixed Asset in the books and updates the Fixed Assets Register accordingly.
FAM-9	Acquisition of Land by Civil Works Division	A. This process covers the activities regarding the Acquisition of Land from the Government/Private Owner for the Construction of residential colonies, Offices etc. B. Approval is sought for the purchase of Land, from Office of CEOOffice of CEO and Job Order Number is requested from Assets Section of Finance Department. C. The request for the payment is approved by the Competent Authority in accordance with the financial powers. The bill is pre audited and funds are transferred. D. The land is then transferred under the name of the DISCO through a Land transferring document. Payment is made and LPS is prepared to book the Land as a Fixed Asset.

Process ID	Process Name	Description of Process
FAM-10	Acquisition of Fixed Assets through Direct Purchase or Central purchase by MM via Regional Store	A. This process covers the activities regarding the purchase of Vehicles, Furniture & Fixture, and IT & Office equipment through direct or central purchase from the supplier. B. Requisition for the purchase of Asset is approved by the Competent Authority in accordance with the financial powers. If purchase is to be made directly by the Accounting Unit, PO is issued to the supplier, Asset is received and after the bill is pre audited, funds are transferred and payment is made to the supplier. C. If the Asset is to be purchased centrally by the office of MM via Regional Store, the requisition is referred to the office of MM, PO is issued and inventory is received by the Store. D. Store in turn issues inventory to the concerned Accounting Unit as per their SR. LPS is prepared by the Accounting Unit and Fixed Asset Register is updated.
FAM-11	Dismantlement or Transfer of Fixed Assets (Spared after placement of new Fixed Asset by MPGSC/MPC)	A. This process covers the activities regarding the Dismantlement or Transferring of spare Fixed Assets. Fixed Assets become spare when new Fixed Assets are placed due to changed requirements of an Operation Division / Division of GSO. B. In case Dismantled Fixed Asset is handed over to the Store. MRN is prepared by the Concerned Sub Division / GSO, from where the Asset is being dismantled on the basis of Net Book value of the Asset confirmed by relevant Operation Division/GSO Division.

Process ID	Process Name	Description of Process
		C. In case after installation of new Asset, already installed Asset is spared, MPGSC/MPC issues Credit Advice of NBV along with detail of cost and Accumulated depreciation to the Concerned Sub Division / GSO from where the Fixed Asset is dismantled. D. Simultaneously the MPGSC/MPC issues Debit advice of NBV along with detail of cost and Accumulated depreciation to the Concerned Sub Division / GSO where the Fixed is being installed. E. Fixed Assets Registers are updated accordingly.
FAM-12	Inter DISCOs/Inter Accounting Units Transfer of Fixed Assets	A. This process covers the activities regarding the transfer of Fixed Assets between DISCOs or transfer between various Accounting Units of a DISCO. B. The Transferor Accounting Unit receives the Allocation Order from Competent Authority to transfer the Fixed Asset from one location to another. The Asset is transferred to the other location and Fixed Asset register is updated accordingly (In case of inter Accounting Unit transfer) C. In case Fixed Asset is to be transferred to other DISCOs, LPS is prepared and Fixed Asset cost and Accumulated depreciation and other details are also transferred to the DISCO to whom Fixed Asset is transferred and Fixed Asset Register is updated accordingly. D. The DISCO to whom the Fixed Asset is transferred also prepares LPS and updates its Fixed Assets Register accordingly.

Process ID	Process Name	Description of Process
FAM-13	Fixed Assets theft/Written Off	A. This process covers the activities regarding theft and writing off of Fixed Assets, penalties and recoveries from the employees and third parties. B. When the Accounting Unit receives the theft report, LPS is prepared to record the effect of deletion of stolen Asset. New Fixed Asset is installed in placement of the stolen Asset, LPS is prepared to record the effect of deletion of stolen asset and Fixed Asset register is updated accordingly. C. If an employee/third party is involved in the theft of Asset, the amount is recovered from them and if no employee or third party is identified then it is charged to income statement as a loss.
FAM-14	Disposal / Retirement of Fixed Assets	A. This process covers the activities regarding the disposal and retirement of Fixed Assets. B. In case of Disposal/Retirement, the Asset is returned to the Field Store/Regional Store through MRN by the Concerned Sub Division. The concerned Accounting Unit, sends Store Statement and MRN to the Concerned Sub Division for verification. C. After verification the Concerned Accounting Unit consolidates and records all monthly Store Account and prepares LPS to record the effect of Fixed Assets. Fixed Assets Register is updated accordingly. D. If Fixed Asset to be disposed off / retired relates to Burnt or Damaged Asset. The DG insurance WAPDA intimates regarding the amount of claims to be made to Insurance Company and payment is received accordingly.

Process ID	Process Name	Description of Process
FAM-15	Depreciation on Fixed Assets	A. This process covers the activities regarding the depreciation and amortization of Fixed Assets. B. Fixed Assets addition/deletion details are submitted to the Asset Section of the Finance Department for verification. After the verification and Consolidation of Fixed Assets transaction, depreciation is calculated on all the Fixed Assets for all the Accounting Units and is forwarded to the concerned Accounting Units. C. LPS is prepared and Fixed Assets Register is updated accordingly. Depreciation expense for the Office of MPC/MPGSC and PMU is charged to the projects in the Work in Progress.
FAM-16	Impairment of Fixed Assets	A. This process covers the activities regarding the Impairment of Fixed Assets. B. At each Balance Sheet date, the DISCO evaluates whether there are conditions indicating the impairment. If such condition exists, the assets recoverable amount is estimated, impairment loss is calculated and LPS is posted. C. Subsequently, if the recoverable amount exceeds the carrying amount, reversal of impairment is charged and LPS is posted.
FAM-17	Revaluation of Fixed Assets	A. This process covers the revaluation of the Fixed Assets. B. After recognition as an asset, an item of fixed asset whose fair value can be measured reliably shall be carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent

Process ID	Process Name	Description of Process
		accumulated impairment losses. C. The frequency of revaluations depends upon the changes in fair values of the items of fixed asset being revalued. D. Fair values are determined by the Independent Valuer and Valuation Report is received. E. On the basis of Valuation Report, the Competent Authority decides the class of assets to be revalued. F. Approved Valuation Report is sent to the Assets Section of Finance Department which updates the fair values of the assets. G. In case fair value is higher than the carrying value, a revaluation surplus reserve is created with an amount left after reversing any impairment loss. H. In case fair value is lower than the carrying value, an impairment loss is recorded with an amount left after reversing an already existing revaluation surplus.
FAM-18	Power Generation	A. There are medium and small Power Houses generating power for the purpose of distribution of electricity to areas outside the network of the DISCO. B. The two medium Power Houses are Accounting Units and hence, Trial Balance is prepared for each of the two Power Houses. C. The cost incurred by the other small Power Houses is consolidated in the Trial Balance of one of the Medium Power

Process ID	Process Name	Description of Process
		House. D. When material is required for the purpose of power generation, Demand is raised by the Resident Engineer of the Concerned Power House to Chief Engineer Operation and Maintenance (CE O&M). E. CE O&M obtains approval for payment to supplier from the Chief Executive Officer. F. Cost of generation is recorded on E Forms by the small Power Houses and at month end this data is sent to the Medium Power Houses for the purpose of Consolidation. G. At month end, Trial Balance is prepared by the Medium Power Houses which is consolidated at the Finance Department.

FAM-1 Capitalization of Fixed Assets at Office of Project Director Grid System Construction through Deposit Work

FAM-1.1 Descriptive Overview of the Process

A. This process covers the activities of construction of the Grid System of 66/132 KVA through Deposit Work. This Office constructs Grid Systems for industrial connection, Housing Societies and these Grid Systems are further bifurcated on the basis of their load.

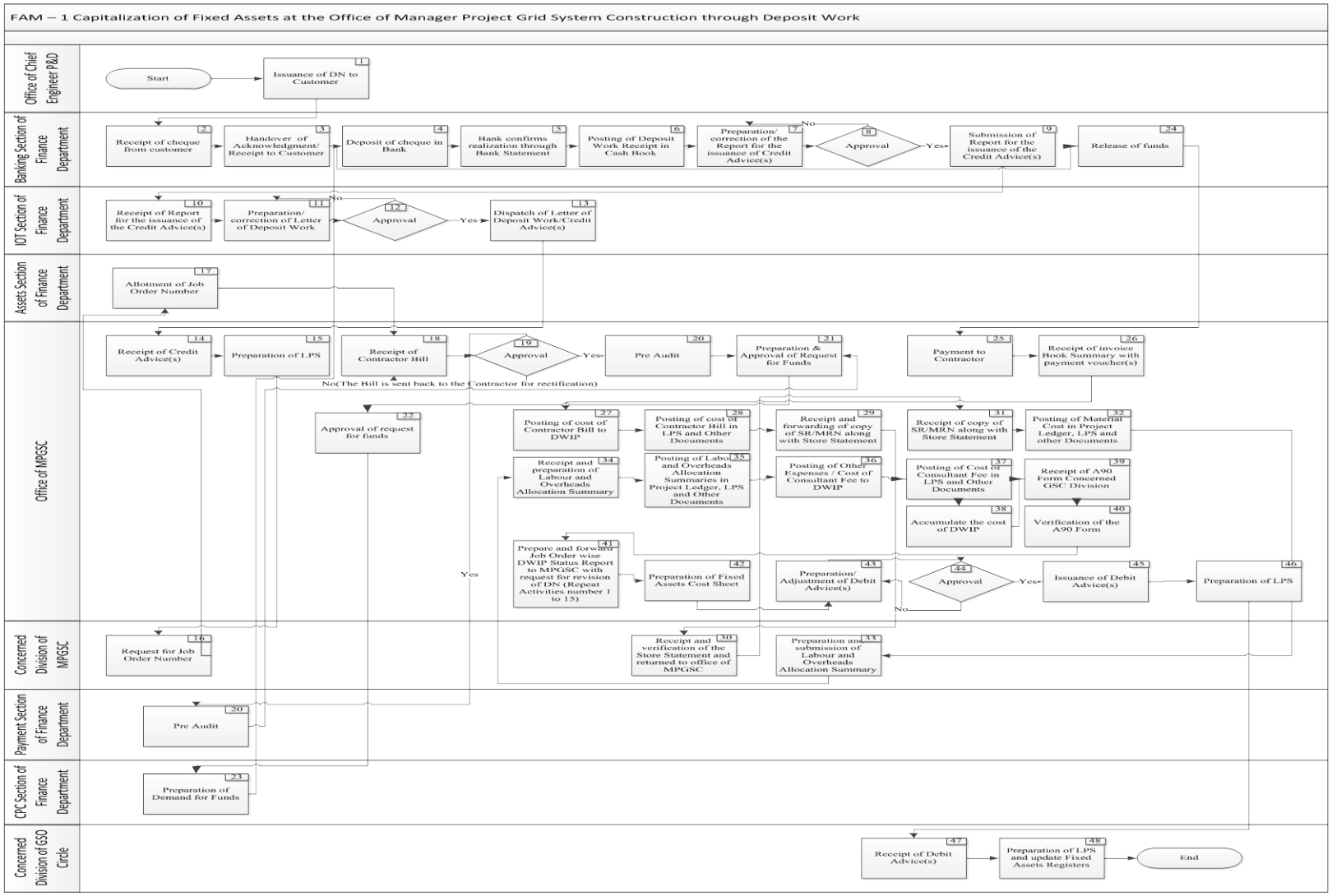
B. Application from consumer is received for the construction of Grid System through Deposit Work.

C. Approval is sought from the competent authorities in accordance with the financial powers, after the deposit amount is received from the consumer.

D. Works starts after the amount is deposited by the consumer and DWIP is recorded in the office of MPGSC.

E. After completion, the Assets are transferred to the concerned division of GSO Circle, which in turn capitalise the Asset and Fixed Assets Register is updated accordingly.

FAM-1.2 Flow Chart



FAM-1.3 Detail of Process Activities

Sr. No	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
1.	Issuance of DN to Customer	DN is issued to the customer by the Office of Chief Engineer P&D for Deposit Work. [Refer ***"Volume III, Annexure - 35"*** for the specimen of ***Demand Notice***]	DN		Office of Chief Engineer P&D	Chief Engineer P&D
2.	Receipt of cheque from customer	a) Cheque for Deposit Work is received from Customer at the Banking Section and the amount on the cheque is matched with the amount of DN. b) Following documents are verified at the Banking Section ➢ DN; and ➢ Technical Clearance			Banking Section of Finance Department	AA
3.	Handover of Acknowledgment/ Receipt to Customer	Acknowledgment/Receipt for receiving the cheque is prepared at the Banking Section and is delivered to the customer. [Refer ***"Volume III, Annexure - 36 "*** for the specimen of ***Acknowledgement/Receipt***]	Acknowledgment /Receipt		Banking Section of Finance Department	AA, AO
4.	Deposit of cheque in Bank	The cheque is then deposited in the Deposit Work Bank Account by the Banking Section.			Banking Section of Finance Department	AA
5.	Bank confirms realization through	Bank Statement of the Deposit Work Bank Account is obtained to confirm the realization of the amount of			Banking Section of Finance Department	AMA

Sr. No	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
	Bank Statement	Deposit Work Cheque.				
6.	Posting of Deposit Work Receipt in Cash Book	Deposit Work Receipt transaction is then posted in the Cash Book. [Refer ***"Volume III, Annexure - 5 "*** for the specimen of ***Cash Book***]	Cash Book	1	Banking Section of Finance Department	AA, AMA
7.	Preparation/correction of the Report for the issuance of Credit Advice(s)	a) Report of Detail of Deposit Work Receipts is prepared for the issuance of Credit Advice. b) In case the Report of Detail of Deposit Work Receipts is not approved in Activity # 8, it is corrected; deficiencies are removed and again submitted for approval. [Refer ***"Volume III, Annexure - 37 "*** for the specimen of ***Detail of Deposit Work Receipts***]	Detail of Deposit Work Receipts		Banking Section of Finance Department	AA
8.	Approval	Report of Detail of Deposit Work Receipts is approved by Competent Authority for submission to IOT Section of Finance Department. If approved then continues to activity# 9 else activity# 7. [Refer ***"Volume III, Annexure – 191"*** for ***Book of Financial Powers***]			Banking Section of Finance Department	AA, AO, AMA, DMCA
9.	Submission of Report for the issuance of the	Report of Detail of Deposit Work Receipts is submitted to the IOT Section of Finance Department for issuance of Credit Advice(s) to the concerned Accounting Unit(s).			Banking Section of Finance Department	AA

Sr. No	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
	Credit Advice(s)					
10.	Receipt of Report for the issuance of the Credit Advice(s)	Report of Detail of Deposit Work Receipts is received at the IOT Section of Finance Department, for the issuance of the Credit Advice(s). [Refer ***"Volume III, Annexure - 37 "*** for the specimen of ***Detail of Deposit Work Receipts***]	Detail of Deposit Work Receipts		IOT Section of Finance Department	AA
11.	Preparation/correction of Letter of Deposit Work	Letter of Deposit Work and Credit Advice is prepared at the IOT Section of Finance Department and supporting documents are attached. [Refer ***"Volume III, Annexure - 40 "*** for the specimen of ***Letter of Deposit Work***] [Refer ***"Volume III, Annexure - 21"*** for the specimen of ***Credit Advice***]	Letter of Deposit Work, Credit Advice		IOT Section of Finance Department	AA
12.	Approval	Letter of Deposit Work is approved by Competent Authority in accordance with the financial powers. If approved then continues to activity# 13 else activity# 11. [Refer ***"Volume III, Annexure – 191"*** for ***Book of Financial Powers***]			IOT Section of Finance Department	AA, AO, AMA
13.	Dispatch of Letter of Deposit Work/Credit Advice(s)	Letter of Deposit Work along with supporting documents are despatched from IOT Section of Finance Department to Office of MPGSC. Supporting documents may include: ➢ Credit Advice			IOT Section of Finance Department	AA

Sr. No	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
14.	Receipt of Credit Advice(s)	Credit Advice(s) is received at the Office of MPGSC. [Refer ***"Volume III, Annexure - 21"*** for the specimen of ***Credit Advice***]	Credit Advice		Office of MPGSC	AA
15.	Preparation of LPS	LPS is prepared at the Office of MPGSC on receipt of Credit Advice(s) and adjusting accounting entry is passed. [Refer ***"Volume III, Annexure - 20"*** for the specimen of ***LPS***]	LPS	2	Office of MPGSC	AA, AO, AMA
16.	Request for Job Order Number	a) Request is prepared for allocation of Job Order Number to the work. The said request is sent to the Asset Section of Finance Department along with the supporting documents. The supporting documents include: ➢ Credit Advice, ➢ Letter of Deposit Work, and ➢ Report of Detail of Deposit Work Receipts b) The basic objective of Job Order number is to keep a check on any price or quantity change. [Refer ***"Volume III, Annexure - 72"*** for the specimen of ***Request for Allocation of Job Order Number***]	Request for allocation of Job Order Number		Concerned Division of MPGSC	Deputy Manager GSC Division
17.	Allotment of Job Order Number	a) Job Order Number is allocated by Asset Section of Finance Department, to the work, after verification of	Letter of Allotment of		Asset Section of Finance Department	AA,AO,AMA

Sr. No	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
		supporting documents. The supporting documents are as follows: ➢ Admin Approval where applicable ➢ Technical approval where applicable ➢ Work order and estimate of work b) Letter of Allotment of Job Order Number is sent to the Office of MPGSC. [Refer ***"Volume III, Annexure - 73"*** for the specimen of ***Letter of Allotment of Job Order Number***]	Job Order Number			
18.	Receipt of Contractor Bill	a) If work is outsourced, the Office of MPGSC receives the bill of Contractor through the concerned Division of MPGSC. b) LPS is prepared at the Office of MPGSC on receipt of Contractor Bill and an entry is posted. c) The Bill is required to be prepared on the basis that the payment shall be linked to the work completed by the Contractor. d) In case amendments are required in the bill as per activity # 19, rectified/ amended bill is sought from the Contractor. [Refer ***"PAP - 5"*** for details regarding ***hiring of contractor***]	LPS	3	Office of MPGSC	AA

Sr. No	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
		[Refer ***"Volume III, Annexure - 20"*** for the specimen of ***LPS***]				
19.	Approval	a) The Bill is approved by the Competent Authority of the Office of MPGSC in accordance with the financial powers. b) If approved then continues to activity# 20 else sends back the bill to the Contractor for rectification/ amendment and continues from activity# 18. [Refer ***"Volume III, Annexure – 191"*** for ***Book of Financial Powers***]			Office of MPGSC	AA, AO, AMA, MPGSC
20.	Pre Audit	The Bill is pre audited by the Accounts Section of the Office of MPGSC/Payment Section of Finance Department. [Refer ***"PAP - 9"*** for details regarding ***pre audit***]			Office of MPGSC /Payment Section of Finance Department	
21.	Preparation & Approval of Request for Funds	Request for transferring the funds, for the payment to Contractor, is prepared at the Office of MPGSC and approved by Competent Authority of the Office of MPGSC in accordance with the financial powers. [Refer ***"Volume III, Annexure – 25.1"*** for the specimen of ***Demand for Release of Funds***] [Refer ***"Volume III, Annexure – 25.2"*** for the specimen of ***Demand for Release of Funds***] [Refer ***"Volume III, Annexure – 191"*** for ***Book of Financial Powers***]	Demand for Release of Funds		Office of MPGSC	AA, AO, AMA, MPGSC

Sr. No	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
22.	Approval of request for funds	Competent Authority of Office of MPGSC approves the Request for transferring the funds. The approval is sent to the CPC Section of Finance Department.			Office of MPGSC	DMCA, Manager Finance
23.	Preparation of Demand for Funds	On receiving of Request for Funds, demand for funds is prepared at the CPC Section of Finance Department and approved by Competent Authority in accordance with the financial powers. [Refer ***"CTM - 9"*** for details regarding ***release of funds to Accounting Units***] [Refer ***"Volume III, Annexure – 25.1"*** for the specimen of ***Demand for Release of Funds***] [Refer ***"Volume III, Annexure – 25.2"*** for the specimen of ***Demand for Release of Funds***] [Refer ***"Volume III, Annexure – 191"*** for ***Book of Financial Powers***]	Demand for Release of Funds		CPC Section of Finance Department	
24.	Release of funds	Funds are released in the Imprest Bank Account of the Office of MPGSC by the Banking Section of Finance Department. [Refer ***"CTM - 9"*** for details regarding ***release of funds to Accounting Units***] [Refer ***"Volume III, Annexure - 42"*** for the specimen of ***Funds Transfer Letter***]	Funds Transfer Letter	4	Banking Section of Finance Department	

Sr. No	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
25.	Payment to Contractor	The Office of MPGSC after receipt of funds makes the payment to the Contractor.			Office of MPGSC	
26.	Receipt of invoice Book Summary with payment voucher(s)	Invoice Book Summary is received from the Cashier. Invoice Book Summary includes the details of all the payments made to the Contractors against the work.			Office of MPGSC	AA
27.	Posting of cost of Contractor Bill to DWIP	Contractor Bill Expenditure is posted to the concerned Project in the Project Ledger. **[**Refer ***"Volume III, Annexure - 74 "*** for the specimen of ***Project Ledger*****]**	Project Ledger		Office of MPGSC	AA
28.	Posting of cost of Contractor Bill in LPS and Other Documents	After posting in Project Ledger, Contractor Bill Expenditure is posted in following reports: ➢ Expenditure Statement Report, ➢ Abstract of DWIP Report, ➢ Receipt against Deposit Work Report, and ➢ LPS **[**Refer ***"Volume III, Annexure - 75"*** for the specimen of ***Expenditure Statement Report*****]** **[**Refer ***"Volume III, Annexure – 76.1 "*** for the specimen of ***Abstract of DWIP Report (Category wise)*****]** **[**Refer ***"Volume III, Annexure – 76.2"*** for the specimen of ***Abstract of DWIP Report (Division wise)*****]**	Expenditure Statement Report, Abstract of DWIP Report, Receipt against Deposit Work Report and LPS.	5	Office of MPGSC	AA, AO, AMA

Sr. No	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
		[Refer ***"Volume III, Annexure – 166"*** for the specimen of ***Receipt against Deposit Work***] [Refer ***"Volume III, Annexure - 20 "*** for the specimen of ***LPS***]				
29.	Receipt and forwarding of copy of SR/MRN along with Store Statement	a) The Concerned Division of MPGSC issues the SR/MRN to the store to draw/return the required material. b) After receiving/issuing material, Store then forwards the copy of SR/MRN along with Store Statement to Office of MPGSC. c) The Office of MPGSC then forwards the copy of SR/MRN along with Store Statement to the Concerned Division of MPGSC for verification. [Refer ***"Volume III, Annexure - 77"*** for the specimen of ***SR***] [Refer ***"Volume III, Annexure - 78"*** for the specimen of ***MRN***]	Copy of SR/MRN		Office of MPGSC	AO
30.	Receipt and verification of the Store Statement and returns to office of MPGSC	Store Statement and SR/MRN are received and verified at the Concerned Division of MPGSC and then returned to Office of MPGSC.			Concerned Division of MPGSC	DAO
31.	Receipt of copy of SR/MRN along with Store Statement	Verified Store Statement along with SR/MRN is received at the Office of MPGSC from Concerned Division of MPGSC.			Office of MPGSC	AA

Sr. No	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
32.	Posting of Material Cost in Project Ledger, LPS and other Documents	Material Cost is then posted in the followings: ➢ Project Ledger, ➢ Expenditure Statement Report, ➢ Abstract of DWIP Report, ➢ Receipt against Deposit Work Report, and ➢ LPS.	Project Ledger, Expenditure Statement Report, Abstract of DWIP Report, Receipt against Deposit Work Report, LPS.	6,7	Office of MPGSC	AA, AO, AMA
33.	Preparation and submission of Labour and Overheads Allocation Summary	Consolidated Labour and Overheads Allocation Summary are prepared at the Concerned Division of MPGSC and then submitted to the Office of MPGSC [Refer ***"Volume III, Annexure - 88"*** for the specimen of ***Consolidated Labour and Overheads Allocation Summary***]	Consolidated Labour and Overheads Allocation Summary		Concerned Division of MPGSC	DAO
34.	Receipt and preparation of Labour and Overheads Allocation Summary	a) Consolidated Labour and Overheads Allocation Summary are received at the Office of MPGSC from Concerned Division of MPGSC. b) Labour and Overheads Allocation Summary relating to Office of MPGSC are prepared.			Office of MPGSC	AA,AO, AMA
35.	Posting of Labour and Overheads Allocation Summaries in Project Ledger, LPS and Other Documents	a) Labour and Overheads Allocation Summaries are posted to Labour and Overheads Pool Clearing Accounts. b) Labour (8% of material drawn in the month) and Overhead (12% of material drawn in the month) costs are calculated.		8,9,10	Office of MPGSC	AMA

Sr. No	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
		c) The amounts of Labour and Overheads (8% and 12% respectively) are debited to Labour WIP and Overhead WIP and credited to Labour Pool Clearing Account and Overhead Pool Clearing Accounts respectively. d) Following are then updated: ➢ Project Ledger, ➢ Expenditure Statement Report, ➢ Abstract of WIP Report, and ➢ LPS				
36.	Posting of Other Expenses / Cost of Consultant Fee to DWIP	a) Certain other expenses can also be posted to Project Ledger. These other expenses include any direct material purchase, repair of vehicle etc. and Consultant Fee (for verification of A-90 Form). b) Any bill received for other expenses is approved at the Office of MPGSC and pre-audited by the Accounts Section of the Office of PDGCS / CE PMU in accordance with the financial powers. **[**Refer ***"Volume III, Annexure - 74"*** for the specimen of ***Project Ledger***]	Project Ledger		Office of MPGSC	AA
37.	Posting of Cost of Consultant Fee in LPS and Other Documents	After posting in Project Ledger, the other expenses are posted in the followings: ➢ Expenditure Statement Report, ➢ Abstract of DWIP Report,	Expenditure Statement Report, Abstract of DWIP Report, Receipt against Deposit Work	11,12	Office of MPGSC	AA, AO, AMA

Sr. No	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
		➢ Receipt against Deposit Work Report, and ➢ LPS [Refer ***"Volume III, Annexure - 75"*** for the specimen of ***Expenditure Statement Report***] [Refer ***"Volume III, Annexure – 76.1 "*** for the specimen of ***Abstract of DWIP Report (Category wise)***] [Refer ***"Volume III, Annexure – 76.2"*** for the specimen of ***Abstract of DWIP Report (Division wise)***] [Refer ***"Volume III, Annexure – 166"*** for the specimen of ***Receipt against Deposit Work***] [Refer ***"Volume III, Annexure - 20 "*** for the specimen of ***LPS***]	Report and LPS.			
38.	Accumulate the cost of DWIP	a) The cost of DWIP is accumulated at the Office of MPGSC. b) Then the accumulated cost is compared with DN.			Office of MPGSC	AMA
39.	Preparation and Receipt of A90 Form Concerned GSC Division	a) In case the cost of DWIP is less than DN, A90 Form is prepared and approved by DM GSC. b) A90 Form is then certified by the Consultants and forwards to Office of MPGSC. [Refer ***"Volume III, Annexure - 79"*** for the specimen of ***A90 Form***]	A90 Form		Office of MPGSC	,AA
40.	Verification of the	a) Details of A90 Form are verified at the Office of			Office of MPGSC	AA

Sr. No	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
	A90 Form	MPGSC that it is certified by the Consultant. b) The amount of DWIP as per A90 Form is capitalised.				
41.	Prepare and forward Job Order wise DWIP Status Report to MPGSC with request for revision of DN (Repeat Activities number 1 to 15)	In case the cost of DWIP is higher than DN, Job Order wise DWIP Status Report is prepared by the Division GSC and sent to MPGSC with request for revision of DN. **[**Refer ***"Volume III, Annexure - 80"*** for the specimen of ***Job Order wise DWIP Status Report*****]**	Job Order wise DWIP Status Report		Office of MPGSC	AMA
42.	Preparation of Fixed Assets Cost Sheet	AB-161 Form (Fixed Assets Cost Sheet) is prepared for each project that is being capitalized while ensuring the following points as mentioned below: ➢ Account Heads are assigned to the Fixed Assets being capitalized, ➢ Quantity of Fixed Assets, ➢ Amount of each asset, ➢ Name of Division of GSO Circle to whom Fixed Assets were transferred **[**Refer ***"Volume III, Annexure - 81"*** for the specimen of ***Form AB-161*****]**	Form AB-161		Office of MPGSC	AA
43.	Preparation/Adjustment of Debit Advice(s)	a) Debit Advice(s) is prepared for the transfer of each project to the Concerned Division of GSO with the supporting documents which include;	Debit Advice		Office of MPGSC	AA

Sr. No	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
		➢ A90 From, ➢ AB 161 Form b) In case Debit Advice(s) is not approved in activity # 44, it is adjusted and necessary changes are made to it before it is again submitted for approval. **[**Refer ***"Volume III, Annexure - 53 "*** for the specimen of ***Debit Advice*****]**				
44.	Approval	a) Debit Advice(s) is approved by Competent Authority. b) If approved then continues to activity# 45 else activity# 43.			Office of MPGSC	AO, AMA
45.	Issuance of Debit Advice(s)	After approval, Debit Advice(s) is issued to the Concerned Division of GSO Circle.			Office of MPGSC	AA
46.	Preparation of LPS	a) After issuance of Debit Advice(s) LPS is prepared for posting to Trial Balance. b) Transfer of Fixed Asset and Deferred Credit to the Concerned Division of GSO Circle is posted in Trial Balance. **[**Refer ***"Volume III, Annexure - 20"*** for the specimen of ***LPS*****]**	LPS	13,14,15	Office of MPGSC	AA, AO, AMA
47.	Receipt of Debit Advice(s)	The Debit Advice(s) is received at the Concerned Division of GSO Circle from the Office of MPGSC.			Concerned Division of GSO Circle	DAO

Sr. No	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
48.	Preparation of LPS and update Fixed Assets Registers	a) LPS is prepared on receipt of Debit Advice(s). b) Deferred Credit is amortized over the useful life of the asset and Fixed Assets Register is updated. [Refer ***"Volume III, Annexure - 20"*** for the specimen of ***LPS***]	LPS	16,17,18	Concerned Division of GSO Circle	DAO

FAM-1.4 Journal Entries

1. On receipt from the Consumer against Deposit Work at Finance Department and issuance of Credit Advice to the Office of MPGSC, the following entry is posted by the Finance Department:

Description	Debit	Credit
Deposit Work Bank Account	***	
IOT – Credit Advice		***

2. On Receiving of Credit Advice by the Office of MPGSC, the following entry is posted by the Office of MPGSC:

Description	Debit	Credit
IOT – Credit Advice	***	
Receipt against Deposit Work		***

3. When bill is received the following entry is posted by the Office of MPGSC:

Description	Debit	Credit
DWIP – Contract Work	***	
Payables		***

4. When funds are received from the Finance Department, the following entry is posted by the Office of MPGSC:

Description	Debit	Credit
Bank – Imprest Account	***	
IOT – Cash		***

5. When payment is made to the Contractor (Outsourced), the following entry is posted by the Office of MPGSC:

Description	Debit	Credit
Payables	***	
Bank – Imprest Account		***

6. When material is received from Store, the following entry is posted by the Office of MPGSC:

Description	Debit	Credit
DWIP – Material	***	
IOT – SS Cheque		***

7. When excess drawn Material returned to Store, the following entry is posted by the Office of MPGSC:

Description	Debit	Credit
IOT – SS Cheque	***	
DWIP – Material		***

8. On transferring of labour and overhead expenses to Pool Clearing Accounts, the following entry is posted by the Office of MPGSC:

Description	Debit	Credit

Labour Pool Clearing Account	***	
Overhead Pool Clearing Account	***	
Labour Construction Clearing Account		***
Overhead Construction Clearing Account		***

9. For 8 % Provision of labour (related to DISCO working), the following entry is posted by the Office of MPGSC:

Description	Debit	Credit
DWIP – Labour	***	
Labour Pool Clearing Account		***

10. For 12 % Provision for overhead (related to DISCO working), the following entry is posted by the Office of MPGSC:

Description	Debit	Credit
DWIP – Overhead	***	
Overhead Pool Clearing Account		***

11. When payment is made to the consultant, the following entry is posted by the Office of MPGSC:

Description	Debit	Credit
DWIP – Consultant Fee	***	
Bank-Imprest Account		***

12. When payment is made for any other expense, the following entry is posted by the Office of MPGSC:

Description	Debit	Credit
DWIP – Other Expense	***	
Bank – Imprest Account		***

13. When work is completed and work transferred to Divisions of GSO through Debit Advice, the following entries are posted by the Office of MPGSC:

Description	Debit	Credit
Assets	***	
DWIP – Material		***
DWIP – Labour		***
DWIP – Overhead		***
DWIP – Contract Work		***
DWIP – Consultant Fee		***
DWIP – Other Expense		***

Description	Debit	Credit
IOT - Debit Advice	***	
Assets		***

14. Transfer of Receipt against Deposit Work balance to Deferred Credit on Capitalisation:

    a. In case Amount of Receipt against Deposit work is equal to cost of work completed, the following entry is posted by the Office of MPGSC:

Description	Debit	Credit
Receipt against Deposit Work	***	
Capital Contribution (Deferred Credit)		***

b. In case the Surplus in the amount of Receipt against Deposit Work as against the Actual cost of the Project does not exceed by 10% of amount of Receipt against Deposit Work, the following entry is posted by the Office of MPGSC:

Description	Debit	Credit
Receipt against Deposit Work	***	
Capital Contribution (Deferred Credit)		***
Income from Non Utility Operation		***-

c. In case the Surplus in the amount of Receipt against Deposit Work as against the Actual cost of the Project exceeds by 10% of amount of Receipt against Deposit Work, the following entry is posted by the Office of MPGSC:

Description	Debit	Credit
Receipt against Deposit Work	***	
Capital Contribution (Deferred Credit)		***
Payable to Consumer		***

d. In case the Deficit in the amount of Receipt against Deposit Work as against the Actual cost of the Project does not exceed by 10% of amount of Receipt against Deposit Work, the following entry is posted by the Office of MPGSC:

Description	Debit	Credit
Receipt against Deposit Work	***	
Income from Non Utility Operation	***	
Capital Contribution (Deferred Credit)		***

e. In case the Deficit in the amount of Receipt against Deposit Work as against the Actual cost of the Project exceeds by 10% of amount of Receipt against Deposit Work, the following entry is posted by the Office of MPGSC:

Description	Debit	Credit
Receipt against Deposit Work	***	
Receivable from Consumer	***	
Capital Contribution (Deferred Credit)		***

15. On transfer of Deferred Credit to Concerned Division of GSO, the following entry is posted by the Office of MPGSC:

Description	Debit	Credit
Capital Contribution (Deferred Credit)	***	
IOT – Credit Advice		***

16. When assets received by the Divisions of GSO from the Office of MPGSC, following entry is posted by the Division of GSO Circle:

Description	Debit	Credit
Assets	***	
IOT – Debit Advice		***

17. On receipt of IOT relating to Capital Contribution (Deferred Credit) by Concerned Division of GSO from the Office of MPGSC, the following entry is posted by the Division of GSO Circle:

Description	Debit	Credit
IOT – Credit Advice	***	
Capital Contribution (Deferred Credit)		***

18. When Deferred Credit is amortized, the following entry is posted by the Division of GSO Circle:

Description	Debit	Credit
Capital Contribution (Deferred Credit)	***	
Amortization of Deferred Credit		***

FAM-1.5 Summary of Responsibilities for Functional Activities

Office / Section	Summary of Responsibilities for Functional Activities – Reference No.
Accounts Assistant	
Banking Section – Finance Department	2,3,4,6,7,8,9
IOT Section – Finance Department	10,11,12,13
Office of MPGSC	14,15,18,19,21,26,27,28,31,32,34,36,37,39,40,42,43,44,45,46
Asset Section – Finance Department	17
Accounts Officer	
Banking Section – Finance Department	3,8
IOT Section – Finance Department	12
Office of MPGSC	15,19,21,28,29,32,34,37,44,46
Asset Section – Finance Department	17
Divisional Accounts Officer	
Division of GSO Circle	47,48
Concerned Division of MPGSC	30,33
Assistant Manager Accounts	
Banking Section – Finance Department	5,6,8
IOT Section – Finance Department	12
Asset Section – Finance Department	17
Office of MPGSC	15,19,21,28,32,34,35,37,38,41,44,46
Deputy Manager Corporate Accounts	
Banking Section – Finance Department	8
Office of MPGSC	22
Deputy Manager GSC Division	
Concerned Division of MPGSC	16
Manager Finance	
Office of MPGSC	22
Manager Project Grid System Construction	
Office of MPGSC	19,21
Chief Engineer Planning and Development	
Office of Chief Engineer P&D	1

FAM-1.6 Key Control Matrix

Sr.No	Objective	Risk	Control Activity	Activity Ref.#
1	Realization of the amount of Deposit Work Cheque from Customer is ensured before the start of work.	Amount of Deposit work may not be realised before the start of the work.	Assistant Manager Accounts in the Banking Section confirms the realisation of the amount through receipt of bank Statement before the start of the work.	5
2	Posting of Deposit Work Receipt in Cash Book is made correctly.	Deposit Work receipt may be wrongly posted which may result in misstatement of assets recorded.	Assistant Manager Accounts reviews the Deposit Work Receipt prior to its posting in the Cash Book by the Accounts Assistant.	6
3	Correct posting in the books is made on receipt of Credit Advice(s).	Incorrect amount is posted in the LPS, which may result in misstatement of assets recorded.	There is segregation of duties for the posting of Credit advice in LPS. Posting is made after preparation of voucher by Accounts Assistant, checking by Accounts Officer and approval by Assistant Manager Accounts.	15
4	Posting of cost of Contractor Bill in LPS Expenditure Statement Report, Abstract of DWIP Report and Receipt against Deposit Work Report is made correctly.	Posting of cost of Contractor Bill in LPS, Expenditure Statement Report, Abstract of DWIP Report and Receipt against Deposit Work Report is not made correctly which may result in misstatement of asset records and financial statements.	There is segregation of duties for posting in LPS and other documents. Posting is made after preparation of voucher by Accounts Assistant, checking by Accounts Officer and approval by Assistant Manager Accounts.	28
5	Posting of Material Cost in Project Ledger, LPS and other Documents is made correctly.	Posting of Material Cost in Project Ledger, Expenditure Statement Report, Abstract of DWIP Report, Receipt against Deposit Work Report and LPS is not made correctly may result in misstatement of asset records and financial statements.	There is segregation of duties for the Posting of Material Cost in Project Ledger, LPS and other Documents. Posting is made after preparation of voucher by Accounts Assistant, checking by Accounts Officer and approval by Assistant Manager Accounts.	32
6	Posting of Labour Allocation Summaries in Project Ledger, LPS and Other Documents is made correctly.	Posting of Labour Allocation summaries in Project Ledger, Expenditure Statement Report, Abstract of DWIP Report, Receipt against Deposit Work Report and LPS is not made correctly may result in misstatement	Labour Allocation Summary is prepared by the DAO of the Concerned Division. Labour Allocation Summary relating to Office of MPGSC is prepared by AA, reviewed by AO and approved by AMA.	35

Sr.No	Objective	Risk	Control Activity	Activity Ref.#
		of asset records and financial statements.		
7	Posting of Overheads Allocation Summaries in Project Ledger, LPS and Other Documents is made correctly.	Posting of Overheads Allocation summaries in Project Ledger, Expenditure Statement Report, Abstract of DWIP Report, Receipt against Deposit Work Report and LPS is not made correctly may result in misstatement of asset records and financial statements.	Overheads Allocation Summary is prepared by the DAO of the Concerned Division. Overheads Allocation Summary relating to Office of MPGSC is prepared by AA, reviewed by AO and approved by AMA.	35
8	Posting of Other Expenses/Consultant Fee in Project Ledger, LPS and Other Documents is made correctly.	Posting of Other Expenses/Consultant Fee in Project Ledger, Expenditure Statement Report, Abstract of DWIP Report, Receipt against Deposit Work Report and LPS is not made correctly may result in misstatement of asset records and financial statements.	There is segregation of duties for the Posting of Other Expenses/Consultant Fee in Project Ledger, LPS and other Documents. Posting is made after preparation of voucher by Accounts Assistant, checking by Accounts officer and approval by Assistant Manager Accounts.	37
9	Assets under construction are completed and capitalized as and when completed.	Failure to capitalize the asset may result in the understatement of assets and hence, misstatement of financial statements.	Entry for the completion of the work and transfer to Divisions of GSO through Debit Advice is posted after the receipt of A90 Form from Division by AA and Verification of the A90 Form by AO.	46

Sr.No	Objective	Risk	Control Activity	Activity Ref.#
10	Physical counts of fixed assets for the DISCO should be performed on a periodic basis to ensure the existence and completeness of assets recorded in the balance sheet.	Non-existent assets and incomplete assets record may be maintained which will cause a material misstatement in the financial statements.	Physical counts of fixed assets are periodically performed.	General Policy 2.1

FAM-2 Capitalization of Fixed Assets at Office of Manager Project Grid System Construction through Own Resources

FAM-2.1 Descriptive Overview of the Process

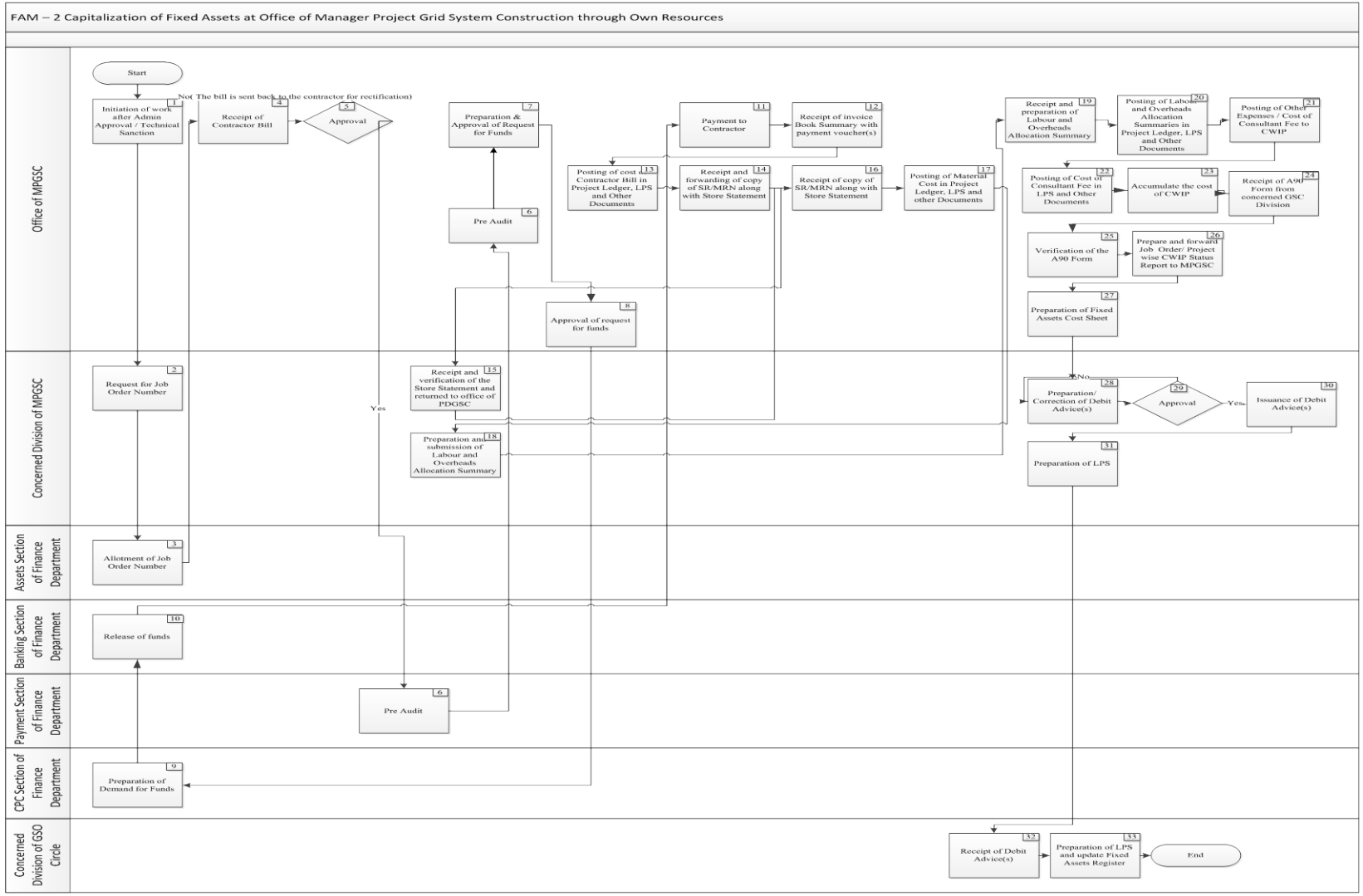
A. This process covers the activities of construction of the Grid System of 66/132 KVA through Own Sources.

B. Work for the construction of Grid Systems starts after the approval from the competent authority in accordance with the financial powers.

C. Work starts and CWIP is recorded in the Office of MPGSC.

D. After completion, the Assets are transferred to the concerned division of GSO Circle, which in turn capitalise the Asset and Fixed Assets register is updated accordingly.

FAM-2.2 Flow Chart



FAM-2.3 Detail of Process Activities

Sr. No	Process Activity	Description of Process Activity	Output	Ref. of Accounting Entry	Office / Section	Responsibility
1.	Initiation of work after Admin Approval / Technical Sanction	Office of MPGSC initiates the particular work after the Sanction of Budget/Admin Approval / Technical Sanction by Competent Authority of the relevant Office in accordance with the financial powers. **[**Refer ***"Volume III, Annexure – 191"*** for ***Book of Financial Powers***]			Office of MPGSC	
2.	Request for Job Order Number	a) Request is prepared for allocation of Job Order Number to the work. b) The said request is sent to the Asset Section of Finance Department along with the supporting documents which includes; estimate of the work etc. c) The basic objective of Job Order number is to keep a check on any price or quantity change. **[**Refer ***"Volume III, Annexure - 72"*** for the specimen of ***Request for Allocation of Job Order Number***]	Request for allocation of Job Order Number		Concerned Division of MPGSC	Deputy Manager Construction
3.	Allotment of Job Order Number	a) Job Order Number is allocated by Asset Section of the Finance Department to the work after verification of the supporting documents. The supporting documents are as follows: ➢ Admin Approval where applicable ➢ Technical approval where applicable	Letter of Allotment of Job Order Number		Assets Section OF Finance Department	AA,AO,AMA

Sr. No	Process Activity	Description of Process Activity	Output	Ref. of Accounting Entry	Office / Section	Responsibility
		➢ Work order and estimate of work b) Letter of Allotment of Job Order Number is sent to the Office of MPGSC. c) If there is any change in rate or quantity the budget is revised. **[**Refer ***"Volume III, Annexure - 73"*** for the specimen of ***Letter of Allotment of Job Order Number***]				
4.	Receipt of Contractor Bill	a) If work is outsourced, the Office of MPGSC receives the Bill of Contractor through the Concerned Division. b) LPS is prepared at the Office of MPGSC on receipt of Contractor Bill and an entry is posted. c) The Bill is required to be prepared on the basis that the payment shall be linked to the work completed by the Contractor. d) In case amendments are required in the Bill as per activity # 5, rectified /amended bill is sought from the Contractor. **[**Refer ***"PAP - 5"*** for details regarding ***hiring of contractor***] **[**Refer ***"Volume III, Annexure - 20"*** for the specimen of ***LPS***]	LPS	1	Office of MPGSC	AA
5.	Approval	a) The Bill is approved and is issued by the Competent			Office of MPGSC	AA, AO, AMA,

Sr. No	Process Activity	Description of Process Activity	Output	Ref. of Accounting Entry	Office / Section	Responsibility
		Authority of the Office of MPGSC in accordance with the financial powers. b) If approved then continues to activity # 6 else sends back the bill to the Contractor for rectification/ amendment and continues from activity # 4. [Refer ***"Volume III, Annexure – 191"*** for ***Book of Financial Powers***]				MPGSC
6.	Pre Audit	The Bill is pre-audited by the Accounts Section of the Office of MPGSC / Payment Section of Finance Department. [Refer ***"PAP - 9"*** for details regarding ***pre audit***]			Payment Section of Finance Department /Office of MPGSC	
7.	Preparation & Approval of Request for Funds	Request for transferring the funds for the payment to Contractor is prepared at the Office of MPGSC and approved by Competent Authority in accordance with the financial powers [Refer ***"Volume III, Annexure – 25.1"*** for the specimen of ***Demand for Release of Funds***] [Refer ***"Volume III, Annexure – 25.2"*** for the specimen of ***Demand for Release of Funds***] [Refer ***"Volume III, Annexure – 191"*** for ***Book of Financial Powers***]	Demand for Release of Funds		Office of MPGSC	AA, AO, AMA, MPGSC

Sr. No	Process Activity	Description of Process Activity	Output	Ref. of Accounting Entry	Office / Section	Responsibility
8.	Approval of request for funds	a) Comptent Authority of the Office of MPGSC approves the Request for transferring the funds. b) The approval is sent to the CPC Section of Finance Department.			Office of MPGSC	AA, AO, AMA, MPGSC
9.	Preparation of Demand for Funds	On receiving of Request for Funds, Demand for funds is prepared at the Office of CPC Section of Finance Department and approved by Competent Authority in accordance with the financial powers. **[**Refer ***"CTM - 9"*** for details regarding ***release of funds to Accounting Units***] **[**Refer ***"Volume III, Annexure – 25.1"*** for the specimen of ***Demand for Release of Funds*****]** **[**Refer ***"Volume III, Annexure – 25.2"*** for the specimen of ***Demand for Release of Funds*****]** **[**Refer ***"Volume III, Annexure – 191"*** for ***Book of Financial Powers*****]**	Demand for Release of Funds		CPC Section of Finance Department	
10.	Release of funds	Funds are released in the Imprest Bank Account of the Office of MPGSC by the Banking Section of Finance Department. **[**Refer ***"CTM - 9"*** for details regarding ***release of funds to Accounting Units***] **[**Refer ***"Volume III, Annexure - 42"*** for the specimen of	Funds Transfer Letter	2	Banking Section of Finance Department	

Sr. No	Process Activity	Description of Process Activity	Output	Ref. of Accounting Entry	Office / Section	Responsibility
		Funds Transfer Letter]				
11.	Payment to Contractor	The Office of MPGSC makes the payment to the Contractor.			Office of MPGSC	
12.	Receipt of invoice Book Summary with payment voucher(s)	Invoice Book Summary is received from the Cashier. Invoice Book Summary includes the details of all the payments made to the Contractors against the work.			Office of MPGSC	AA
13.	Posting of cost of Contractor Bill in Project Ledger, LPS and Other Documents	Contractor Bill Expenditure is posted in the followings: ➢ Project Ledger ➢ Expenditure Statement Report ➢ Abstract of CWIP Report ➢ LPS. [Refer ***"Volume III, Annexure - 74 "*** for the specimen of ***Project Ledger***] [Refer ***"Volume III, Annexure - 75"*** for the specimen of ***Expenditure Statement Report***] [Refer ***"Volume III, Annexure – 76.1 "*** for the specimen of ***Abstract of CWIP Report (Category wise)***] [Refer ***"Volume III, Annexure – 76.2"*** for the specimen of ***Abstract of CWIP Report (Division wise)***] [Refer ***"Volume III, Annexure - 20 "*** for the specimen of ***LPS***]	Project Ledger, Expenditure Statement Report, Abstract of CWIP Report, and LPS.	3	Office of MPGSC	AA, AO, AMA
14.	Receipt and	a) The Concerned Division of MPGSC issues the	Copy of		Office of MPGSC	AO

Sr. No	Process Activity	Description of Process Activity	Output	Ref. of Accounting Entry	Office / Section	Responsibility
	forwarding of copy of SR/MRN along with Store Statement	SR/MRN to the store to draw/return the required material. b) After receiving/issuing material, Store then forwards the copy of SR/MRN along with Store Statement to office MPGSC. c) The Office of MPGSC then forwards the copy of SR/MRN along with Store Statement to the Concerned Division of MPGSC for verification. **[**Refer ***"Volume III, Annexure - 77"*** for the specimen of ***SR***] **[**Refer ***"Volume III, Annexure - 78"*** for the specimen of ***MRN***]	SR/MRN			
15.	Receipt and verification of the Store Statement and returns to office of MPGSC	Copy of SR/MRN along with Store Statement is received by the Concerned Division of MPGSC from the Office of MPGSC.			Concerned Division of MPGSC	DAO
16.	Receipt of copy of SR/MRN along with Store Statement	Verified Store Statement along with SR/MRN is sent back to the Office of MPGSC from Concerned Division of MPGSC.			Office of MPGSC	AA
17.	Posting of Material Cost in Project Ledger, LPS and other Documents	Material cost is then posted in the following: ➢ Project Ledger, ➢ Expenditure Statement Report, ➢ Abstract of CWIP Report and	Project Ledger, Expenditure Statement Report, Abstract of CWIP Report, LPS.	4,5	Office of MPGSC	AA, AO, AMA

Sr. No	Process Activity	Description of Process Activity	Output	Ref. of Accounting Entry	Office / Section	Responsibility
		➢ LPS.				
18.	Preparation and submission of Labour and Overheads Allocation Summary	Consolidated Labour and Overheads Allocation Summary is prepared at the Concerned Division of MPGSC and then submitted to the Office of MPGSC.			Concerned Division of MPGSC	DAO
19.	Receipt and preparation of Labour and Overheads Allocation Summary	a) Consolidated Labour and Overheads Allocation Summary are received at the Office of MPGSCfrom Concerned Division of MPGSC. b) Labour and Overheads Allocation Summary relating to Office of MPGSC are prepared.			Office of MPGSC	AA,AO, AMA
20.	Posting of Labour and Overheads Allocation Summaries in Project Ledger, LPS and Other Documents	a) Labour and Overheads Allocation Summaries are posted to Labour and Overheads Pool Clearing Accounts. b) Labour [8% of material drawn in the month] and Overheads [12% of material drawn in the month] costs are calculated c) The amounts of Labour and Overheads [8% and 12% respectively] are debited to Labour CWIP and Overhead CWIP and credited to Labour Pool Clearing Accounts respectively. d) Following are then updated: ➢ Project Ledger, ➢ Expenditure Statement Report, ➢ Abstract of CWIP Report and	Project Ledger, Expenditure Statement Report, Abstract of CWIP Report and LPS.	6,7,8	Office of MPGSC	AMA

Sr. No	Process Activity	Description of Process Activity	Output	Ref. of Accounting Entry	Office / Section	Responsibility
		➢ LPS				
21.	Posting of Other Expenses / Cost of Consultant Fee to CWIP	a) Certain other expenses can also be posted to Project Ledger. These other expenses include any direct material purchase, repair of vehicle etc. and Consultant Fee (for verification of A-90 Form). b) Any bill received for other expenses is approved at the Office of MPGSC and pre-audited by the Accounts Section of the Office of MPGSC/ Payment Section of Finance Department in accordance with the financial powers. **[**Refer ***"Volume III, Annexure - 74 "*** for the specimen of ***Project Ledger*****]**	Project Ledger		Office of MPGSC	AA
22.	Posting of Cost of Consultant Fee in LPS and Other Documents	After posting in Project Ledger, the other expenses are posted in the followings: ➢ Expenditure Statement Report, ➢ Abstract of CWIP Report, ➢ Receipt against Deposit Work Report, and ➢ LPS **[**Refer ***"Volume III, Annexure - 75"*** for the specimen of ***Expenditure Statement Report*****]** **[**Refer ***"Volume III, Annexure – 76.1 "*** for the specimen of ***Abstract of CWIP Report (Category wise)*****]**	Expenditure Statement Report, Abstract of CWIP Report and LPS.	9,10	Office of MPGSC	AA, AO, AMA

Sr. No	Process Activity	Description of Process Activity	Output	Ref. of Accounting Entry	Office / Section	Responsibility
		[Refer ***"Volume III, Annexure – 76.2"*** for the specimen of ***Abstract of CWIP Report (Division wise)***] [Refer ***"Volume III, Annexure - 20 "*** for the specimen of ***LPS***]				
23.	Accumulate the cost of CWIP	The cost of CWIP is accumulated at the Office of MPGSC.			Office of MPGSC	AMA
24.	Preparation and Receipt of A90 Form from concerned GSC Division	a) A90 Form is prepared and approved by DM GSC. b) A90 Form is then certified by the Consultants and forwards to Office of MPGSC. [Refer ***"Volume III, Annexure - 79"*** for the specimen of ***A90 Form***]	A 90 Form		Office of MPGSC	AA
25.	Verification of the A90 Form	a) Details of A90 Form are verified at the Office of MPGSC that it is certified by the Consultant. b) The amount of CWIP as per A90 Form is capitalised.			Office of MPGSC	AA
26.	Prepare and forward Job Order/ Project wise CWIP Status Report to MPGSC	Job Order wise CWIP Status Report is prepared by the Division of GSC and is forwarded to MPGSC. [Refer ***"Volume III, Annexure - 80"*** for the specimen of ***Job Order Wise CWIP Status Report***]	Job Order wise CWIP Status Report		Office of MPGSC	AMA
27.	Preparation of Fixed Assets Cost Sheet	AB-161 Form (Fixed Assets Cost Sheet) is prepared for each project that is being capitalized while ensuring the following points as mentioned below: ➢ Account Heads are assigned to the Fixed Assets	Form AB-161		Office of MPGSC	AA

Sr. No	Process Activity	Description of Process Activity	Output	Ref. of Accounting Entry	Office / Section	Responsibility
		being capitalized, ➢ Quantity of Fixed Assets, ➢ Amount of each asset, ➢ Name of Division of GSO Circle to whom Fixed Assets are going to be transferred etc. **[**Refer ***"Volume III, Annexure - 81"*** for the specimen of ***Form AB-161*****]**				
28.	Preparation/Correction of Debit Advice(s)	a) Debit Advice(s) is prepared for the transfer of each project to the Concerned Division of GSO with the supporting documents which includes; ➢ A90 From, ➢ AB 161 Form b) In case Debit Advice(s) is not approved in activity # 29, it is adjusted and necessary changes are made to it before it is again submitted for approval. **[**Refer ***"Volume III, Annexure - 53 "*** for the specimen of ***Debit Advice*****]**	Debit Advice		Office of MPGSC	AA
29.	Approval	a) Debit Advice(s) is approved by Competent Authority of the Office of MPGSC in accordance with the financial powers. b) If approved then continues to activity # 30 else activity # 28.			Office of MPGSC	AO, AMA

Sr. No	Process Activity	Description of Process Activity	Output	Ref. of Accounting Entry	Office / Section	Responsibility
30.	Issuance of Debit Advice(s)	After approval Debit Advice(s) is issued to the Concerned Division of GSO Circle.			Office of MPGSC	AA
31.	Preparation of LPS	a) After issuance of Debit Advice(s) LPS is prepared for posting to Trial Balance. b) Transfer of Fixed Assets to the Concerned Division of GSO Circle is posted in Trial Balance. **[**Refer ***"Volume III, Annexure - 20"*** for the specimen of ***LPS*****]**	LPS	11	Office of MPGSC	AA, AO, AMA
32.	Receipt of Debit Advice(s)	The Debit Advice(s) is received at the Concerned Division of GSO Circle from the Office of MPGSC. **[**Refer ***"Volume III, Annexure - 53 "*** for the specimen of ***Debit Advice*****]**	Debit Advice		Concerned Division of GSO Circle	DAO
33.	Preparation of LPS and update Fixed Assets Register	LPS is prepared on receipt of Debit Advice(s) and Fixed Assets Register is updated. **[**Refer ***"Volume III, Annexure - 20"*** for the specimen of ***LPS*****]**	LPS	12	Concerned Division of GSO Circle	DAO

FAM-2.4 Journal Entries

1. When bill is received the following entry is posted by the Office of MPGSC:

Description	Debit	Credit
CWIP – Contract Work	***	
Payables		***

2. When funds are received from the Finance Department, the following entry is posted by the Office of MPGSC:

Description	Debit	Credit
Bank – Imprest Account	***	
IOT – Cash		***

3. When payment is made to the Contractor (outsourced) the following entry is posted by the Office of MPGSC:

Description	Debit	Credit
Payables	***	
Bank – Imprest Account		***

4. When material is received from Store, the following entry is posted by the Office of MPGSC:

Description	Debit	Credit
CWIP – Material	***	
IOT-SS Cheque		***

5. When excess drawn material is returned to the store, the following entry is posted by the Office of MPGSC:

Description	Debit	Credit
IOT-SS Cheque	***	
CWIP – Material		***

6. On transferring of labour and overhead expenses to Pool Clearing Accounts, the following entry is posted by the Office of MPGSC:

Description	Debit	Credit
Labour Pool Clearing Account	***	
Overhead Pool Clearing Account	***	
Labour Construction Clearing Account		***
Overhead Construction Clearing Account		***

7. For 8 % Provision of labour [related to DISCO working], the following entry is posted by the Office of MPGSC:

Description	Debit	Credit
CWIP – Labour	***	
Labour Pool Clearing Account		***

8. 8For 12 % Provision for overhead [related to DISCO working], the following entry is posted by the Office of MPGSC:

Description	Debit	Credit
CWIP – Overhead	***	
Overhead Pool Clearing Account		***

9. When payment is made to the consultant, the following entry is posted by the Office of MPGSC:

Description	Debit	Credit
CWIP – Consultant Fee	***	
Bank-Imprest		***

10. When payment is made for any other expense, the following entry is posted by the Office of MPGSC:

Description	Debit	Credit
CWIP – Other Expense	***	
Bank-Imprest		***

11. When work is completed and work transferred to Divisions of GSO through Debit Advise, the following entries are posted by the Office of MPGSC:

Description	Debit	Credit
Assets	***	
CWIP – Material		***
CWIP – Labour		***
CWIP – Overhead		***
CWIP – Mark up		***
CWIP – Contract Work		***
CWIP – Consultant Fee		***
CWIP – Other Expense		***

Description	Debit	Credit
IOT – Debit Advice	***	
Assets		***

12. When assets are received by the Divisions of GSO from the Office of MPGSC, the following entry is posted by the Division of GSO:

Description	Debit	Credit
Assets	***	
IOT – Debit Advice		***

FAM-2.5 Summary of Responsibilities for Functional Activities

Office / Section	Summary of Responsibilities for Functional Activities – Reference No.
Accounts Assistant	
Asset Section – Finance Department	3
Office of MPGSC	4,5,7,8,12,13,16,17,19,21,22,24,25,27,28,29,30,31
Accounts Officer	
Asset Section – Finance Department	3
Office of MPGSC	5,7,8,13,14,17,19,22,29,31
Divisional Accounts Officer	
Division of GSO Circle	32,33
Concerned Division of MPGSC	15,18
Assistant Manager Accounts	
Asset Section – Finance Department	3
Office of MPGSC	5,7,8,13,17,19,20,22,23,26,29,31
Deputy Manager Construction	
Concerned Division of MPGSC	2
Manager Project Grid System Construction	
Office of MPGSC	5,7,8.

FAM-2.6 Key Control Matrix

Sr. No	Objective	Risk	Control Activity	Activity Ref.#
1	Job Order number is issued after Admin Approval/ Technical Sanction.	Job Order Number issued without Admin Approval/ Technical Sanction and without verification of all supporting documents.	Admin Approval/ Technical Sanction is granted by the MPGSC as per the delegation of Financial Powers and all the supporting documents are verified by the AA, AO and AMA of the Asset Section of the Finance Department.	1, 3
2	Payment is made after approval of the Competent Authority and Pre Audited by the Office of MPGSC/Chief Engineer PMU	Unauthorized payments made to the Contractor.	There is segregation of duties and the Bill is prepared by AA, checked by AO and finally approved by the Competent Authority and Pre Audit is performed by the Office of MPGSC/Chief Engineer PMU	6, 11
3	Posting of cost of Contractor Bill in LPS, Expenditure Statement Report and Abstract of CWIP Report is made correctly.	Posting of cost of Contractor Bill in LPS, Expenditure Statement Report and Abstract of CWIP Report is not made correctly which may result in misstatement of asset records and financial statements.	There is segregation of duties for posting in LPS and other documents. Posting is made after preparation of voucher by Accounts Assistant, checking by Accounts Officer and approval by Assistant Manager Accounts.	13
4	Posting of Material Cost in Project Ledger, LPS and other Documents is made correctly.	Posting of Material Cost in Project Ledger, Expenditure Statement Report, Abstract of CWIP Report and LPS is not made correctly may result in misstatement of asset records and financial statements.	There is segregation of duties for the Posting of Material Cost in Project Ledger, LPS and other Documents. Posting is made after preparation of voucher by Accounts Assistant, checking by Accounts Officer and approval by Assistant Manager Accounts.	17
5	Posting of Labour Allocation Summaries in Project Ledger, LPS and Other Documents is made correctly.	Posting of Labour Allocation summaries in Project Ledger, Expenditure Statement Report, Abstract of CWIP Report and LPS is not made correctly may result in misstatement of asset records and financial statements.	Labour Allocation Summary is prepared by the DAO of the Concerned Division. Labour Allocation Summary relating to Office of MPGSC is prepared by AA, reviewed by AO and approved by AMA.	20

Sr. No	Objective	Risk	Control Activity	Activity Ref.#
6	Posting of Overheads Allocation Summaries in Project Ledger, LPS and Other Documents is made correctly.	Posting of Overheads Allocation summaries in Project Ledger, Expenditure Statement Report, Abstract of CWIP Report and LPS is not made correctly may result in misstatement of asset records and financial statements.	Overheads Allocation Summary is prepared by the DAO of the Concerned Division. Overheads Allocation Summary relating to Office of MPGSC is prepared by AA, reviewed by AO and approved by AMA.	20
7	Posting of Other Expenses/Consultant Fee in Project Ledger, LPS and Other Documents is made correctly.	Posting of Other Expenses/Consultant Fee in Project Ledger, Expenditure Statement Report, Abstract of CWIP Report and LPS is not made correctly may result in misstatement of asset records and financial statements.	There is segregation of duties for the Posting of Other Expenses/Consultant Fee in Project Ledger, LPS and other Documents. Posting is made after preparation of voucher by Accounts Assistant, checking by Accounts Officer and approval by Assistant Manager Accounts	22
8	Assets under construction are completed and capitalized as and when completed.	Failure to capitalize the asset may result in the understatement of assets and hence, misstatement of financial statements.	Entry for the completion of the work and transfer to Division of GSO through Debit Advice is posted after the receipt of A90 Form from Division by AA and Verification of the A90 Form by AO.	31
9	Physical counts of fixed assets for the DISCO should be performed on a periodic basis to ensure the existence and completeness of assets recorded in the balance sheet.	Non-existent assets and incomplete assets record may be maintained which will cause a material misstatement in the financial statements.	Physical counts of fixed assets are periodically performed.	General Policy 2.1

FAM-3 Capitalization of Fixed Assets at Office of MP Construction through Deposit Work

FAM-3.1 Descriptive Overview of the Process

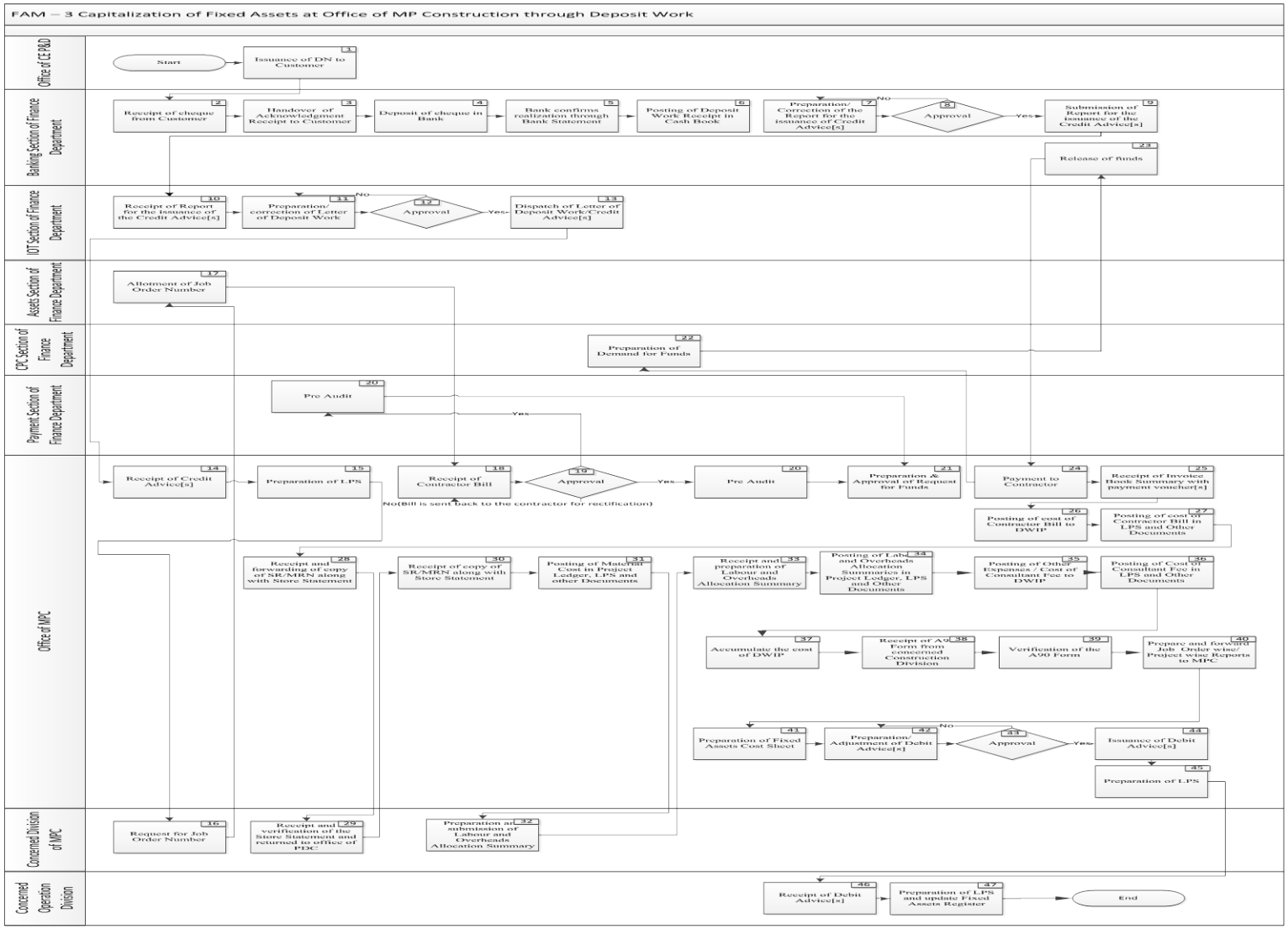
A. This process covers the activities of installing distribution assets [other than grid systems] through Deposit Work less than 66/132 KVA.

B. This section deals with the new structural developments. The major customers of this department are either private individuals or Government bodies.

C. Application from consumer is received for installing distribution assets [other than grid systems]. Approval from the competent authority in accordance with the financial powers is sought after the deposit amount is received from the consumer. Works starts and DWIP is recorded in the Office of PD Construction.

D. After completion, the Assets are transferred to the Concerned Operation Division, which in turns capitalise the Asset and Fixed Assets Register is updated accordingly.

FAM-3.2 Flow Chart



FAM-3.3 Detail of Process Activities

Sr. No	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
1.	Issuance of DN to Customer	DN is issued to the customer by the Office of Chief Engineer P&D for Deposit Work.			Office of Chief Engineer P&D	Chief Engineer P&D
2.	Receipt of cheque from Customer	a) Cheque for Deposit Work is received from Customer at the Banking Section and the amount of cheque is matched with the amount of DN. b) Following documents are verified at the Banking Section ➢ DN; and ➢ Technical Clearance.	Cheque of Deposit Work		Banking Section of Finance Department	AA
3.	Handover of Acknowledgment Receipt to Customer	Acknowledgment/Receipt for receiving the cheque is prepared at the Banking Section and is delivered to the customer. [Refer ***"Volume III, Annexure - 36 "*** for the specimen of ***Acknowledgement/Receipt***]	Acknowledgment /Receipt		Banking Section of Finance Department	AA, AO
4.	Deposit of cheque in Bank	The cheque in then deposited in the Deposit Work Bank Account by the Banking Section.			Banking Section of Finance Department	AA
5.	Bank confirms realization through Bank Statement	Bank Statement of the Deposit Work Bank Account is obtained to confirm the realization of the amount of Deposit Work Cheque.			Banking Section of Finance Department	AMA
6.	Posting of Deposit Work Receipt in Cash Book	Deposit Work Receipt transaction is then posted in the Cash Book.	Cash Book	1	Banking Section of Finance Department	AA

Sr. No	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
		[Refer ***"Volume III, Annexure - 5 "*** for the specimen of ***Cash Book***]				
7.	Preparation/ Correction of the Report for the issuance of Credit Advice(s)	a) Report of Detail of Deposit Work Receipts is prepared for the issuance of Credit Advice. b) In case the Report of Detail of Deposit Work Receipts is not approved in activity # 8, it is corrected; deficiencies are removed and again submitted for approval. [Refer ***"Volume III, Annexure - 37 "*** for the specimen of ***Detail of Deposit Work Receipts***]	Detail of Deposit Work Receipts		Banking Section of Finance Department	AA
8.	Approval	Report of Detail of Deposit Work Receipts is approved by the Competent of the Banking Section of Finance Department for submission to IOT Section of Finance Department. If approved then continues to activity # 9 else activity # 7.			Banking Section of Finance Department	AA, AO, AMA, DMCA
9.	Submission of Report for the issuance of the Credit Advice(s)	Report of Detail of Deposit Work Receipts is submitted to the IOT Section of Finance Department for issuance of Credit Advice(s) to the concerned Accounting Unit(s).			Banking Section of Finance Department	AA
10.	Receipt of Report for the issuance of the Credit Advice(s)	Report of Detail of Deposit Work Receipts is received at the IOT Section of Finance Department, for the issuance of the Credit Advice(s). [Refer ***"Volume III, Annexure - 37 "*** for the specimen of	Detail of Deposit Work Receipts		IOT Section of Finance Department	AA

Sr. No	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
		Detail of Deposit Work Receipts]				
11.	Preparation/ correction of Letter of Deposit Work	Letter of Deposit Work and Credit Advice is prepared at the IOT Section of Finance Department and supporting documents are attached: [Refer ***"Volume III, Annexure - 40 "*** for the specimen of ***Letter of Deposit Work***] [Refer ***"Volume III, Annexure - 21"*** for the specimen of ***Credit Advice***] [Refer ***"Volume III, Annexure - 93"*** for the specimen of ***Schedule of Deposit Work Receipts***]	Letter of Deposit Work, Credit Advice, Schedule of Deposit Work Receipts		IOT Section of Finance Department	AA
12.	Approval	Letter of Deposit Work is approved by Competent Authority in accordance with the financial powers of IOT Section of the Finance Department. If approved then continues to activity# 13 else activity# 11. [Refer ***"Volume III, Annexure – 191"*** for ***Book of Financial Powers***]			IOT Section of Finance Department	AA, AO, AMA
13.	Dispatch of Letter of Deposit Work/Credit Advice(s)	Letter of Deposit Work along with following supporting documents are despatched from IOT Section of Finance Department to Office of PDGSC. Supporting documents include: ➢ Credit Advice; and ➢ Detail of Deposit Work Receipts			IOT Section of Finance Department	AA

Sr. No	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
14.	Receipt of Credit Advice(s)	Credit Advice(s) is received at the Office of MPC [Refer ***"Volume III, Annexure - 21"*** for the specimen of ***Credit Advice***]	Credit Advice		Office of MPC	AA
15.	Preparation of LPS	LPS is prepared at the Office of MPC on receipt of Credit Advice(s) and adjusting accounting entry is passed. [Refer ***"Volume III, Annexure - 20"*** for the specimen of ***LPS***]	LPS	2	Office of MPC	AA, AO, AMA
16.	Request for Job Order Number	a) Request is prepared for allocation of Job Order Number to the work. The said request is sent to the Asset Section of Finance Department along with following supporting documents, which include: ➢ Credit Advice, ➢ Letter of Deposit Work, and ➢ Report of Detail of Deposit Work Receipts b) The basic objective of Job Order number is to keep a check on any price or quantity change. [Refer ***"Volume III, Annexure - 72"*** for the specimen of ***Request for Allocation of Job Order Number***]	Request for allocation of Job Order Number		Concerned Division of MPC	Concerned Deputy Manager Construction
17.	Allotment of Job Order Number	Job Order Number is allocated by Asset Section of Finance Department, to the work, after verification of supporting documents.	Letter of Allotment of Job Order		Assets Section of Finance Department	AA,AO,AMA

Sr. No	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
		[Refer ***"Volume III, Annexure - 73"*** for the specimen of ***Letter of Allotment of Job Order Number***]	Number			
18.	Receipt of Contractor Bill	c) If work is outsourced the Office of MPC receives the bill of Contractor through the concerned Division. d) LPS is prepared at the Office of MPC on receipt of Contractor Bill and an entry is posted. a) The Bill is required to be prepared on the basis that the payment shall be linked to the work completed by the Contractor. b) In case amendments are required in the bill as per activity # 19, rectified/ amended bill is sought from the Contractor. [Refer ***"PAP - 5"*** for details regarding ***hiring of contractor***] [Refer ***"Volume III, Annexure - 20"*** for the specimen of ***LPS***]	LPS	3	Office of MPC	AA
19.	Approval	a) The Bill is approved by the Competent Authority at the office of MPC in accordance with the financial powers. b) If approved then continues to activity # 20 else sends back the bill to the Contractor for rectification/ amendment and continues from activity # 18.			Office of MPC	AA, AO, AMA, MPC

Sr. No	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
		[Refer ***"Volume III, Annexure – 191"*** for ***Book of Financial Powers***]				
20.	Pre Audit	The Bill is pre audited by the Competent Authority of the of the Office of MPC/Payment section of Finance Department. [Refer ***"PAP - 9"*** for details regarding ***pre audit***]			Office of MPC /Payment Section of Finance Department	
21.	Preparation & Approval of Request for Funds	a) Request for transferring the funds, for the payment to Contractor, is prepared at the Office of MPC and approved by Competent Authority in accordance with the financial powers. b) The Request is sent to the CPC Section of Finance Department [Refer ***"Volume III, Annexure – 25.1"*** for the specimen of ***Demand for Release of Funds***] [Refer ***"Volume III, Annexure – 25.2"*** for the specimen of ***Demand for Release of Funds***] [Refer ***"Volume III, Annexure – 191"*** for ***Book of Financial Powers***]	Demand for Release of Funds		Office of MPC	AA, AO, AMA, MPC
22.	Preparation of Demand for Funds	On receiving the Request for Funds, Demand for funds is prepared at the CPC Section of Finance Department and approved by Competent Authority in accordance with the	Demand for Release of Funds		CPC Section of Finance Department	

Sr. No	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
		financial powers. [Refer ***"CTM - 9"*** for details regarding ***release of funds to Accounting Units***] [Refer ***"Volume III, Annexure – 25.1"*** for the specimen of ***Demand for Release of Funds***] [Refer ***"Volume III, Annexure – 25.2"*** for the specimen of ***Demand for Release of Funds***] [Refer ***"Volume III, Annexure – 191"*** for ***Book of Financial Powers***]				
23.	Release of funds	Funds are released in the Imprest Bank Account of the Office of MPC by the Banking Section of Finance Department. [Refer ***"Volume III, Annexure - 42"*** for the specimen of ***Funds Transfer Letter***] [Refer ***"CTM - 9"*** for details regarding ***release of funds to Accounting Units***]	Funds Transfer Letter	4	Banking Section of Finance Department	
24.	Payment to Contractor	The Office of MPC after receipt of funds makes the payment to the Contractor.			Office of MPC	
25.	Receipt of Invoice Book Summary with payment	Invoice Book Summary is received by the Office of MPC, from the Cashier. Invoice Book Summary includes the details of all the			Office of MPC	AA

Sr. No	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
	voucher(s)	payments made to the Contractors against the work.				
26.	Posting of cost of Contractor Bill to DWIP	Contractor Bill Expenditure is posted to the concerned Project in the Project Ledger, [Refer ***"Volume III, Annexure - 74 "*** for the specimen of ***Project Ledger***]	Project Ledger		Office of MPC	
27.	Posting of cost of Contractor Bill in LPS and Other Documents	After posting in Project Ledger Contractor Bill Expenditure is posted in following reports: ➢ Expenditure Statement Report, ➢ Abstract of DWIP Report, ➢ Receipt against Deposit Work Report, and ➢ LPS [Refer ***"Volume III, Annexure - 75"*** for the specimen of ***Expenditure Statement Report***] [Refer ***"Volume III, Annexure – 76.1 "*** for the specimen of ***Abstract of DWIP Report (Category wise)***] [Refer ***"Volume III, Annexure – 76.2"*** for the specimen of ***Abstract of DWIP Report (Division wise)***] [Refer ***"Volume III, Annexure – 166"*** for the specimen of ***Receipt against Deposit Work***] [Refer ***"Volume III, Annexure - 20 "*** for the specimen of ***LPS***]	Expenditure Statement Report, Abstract of DWIP Report, and LPS.	5	Office of MPC	AA, AO, AMA

Sr. No	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
28.	Receipt and forwarding of copy of SR/MRN along with Store Statement	a) The Concerned Division of MPC issues the SR/MRN to the store to draw/return the required material. b) After receiving/issuing material, Store then forwards the copy of SR/MRN along with Store Statement to Office of MPC. c) The Office of MPC then forwards the copy of SR/MRN along with Store Statement to the Concerned Division of MPC for verification. **[**Refer ***"Volume III, Annexure - 77"*** for the specimen of ***SR*****]** **[**Refer ***"Volume III, Annexure - 78"*** for the specimen of ***MRN*****]**	Copy of SR/MRN		Office of MPC	AO
29.	Receipt and verification of the Store Statement and returns to office of MPC	Store Statement, SR/MRN are received and verified at the Concerned Division of MPC and then returned to Office of MPC.			Concerned Division of MPC	DAO
30.	Receipt of copy of SR/MRN along with Store Statement	Verified Store Statement along with SR/MRN is received at the Office of MPC from Concerned Division of MPC.			Office of MPC	AA
31.	Posting of Material Cost in Project Ledger, LPS and other Documents	Material Cost is then posted by the Office of MPC in following: ➢ Project Ledger, ➢ Expenditure Statement Report,	Project Ledger, Expenditure Statement Report, Abstract of DWIP Report, Receipt against	6,7	Office of MPC	AA, AO, AMA

Sr. No	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
		➢ Abstract of DWIP Report, ➢ Receipt against Deposit Work Report, and ➢ LPS.	Deposit Work Report andLPS.			
32.	Preparation and submission of Labour and Overheads Allocation Summary	Consolidated Labour and Overheads Allocation Summary are prepared at the Concerned Division of MPC and then submitted to the Office of MPC. **[**Refer ***"Volume III, Annexure - 88"*** for the specimen of ***Consolidated Labour and Overheads Allocation Summary*****]**	Consolidated Labour and Overheads Allocation Summary		Concerned Division of MPC	DAO
33.	Receipt and preparation of Labour and Overheads Allocation Summary	a) Consolidated Labour and Overheads Allocation Summary are received at the Office of MPC from Concerned Division of MPC. b) Labour and Overheads Allocation Summary relating to Office of MPC are prepared.			Office of MPC	AA, AO, AMA
34.	Posting of Labour and Overheads Allocation Summaries in Project Ledger, LPS and Other Documents	a) Labour and Overheads Allocation Summaries are posted to Labour and Overheads Pool Clearing Accounts. b) Labour [8% of material drawn in the month] and Overhead [12% of material drawn in the month] costs are calculated. c) The amounts of Labour and Overheads [8% and 12% respectively] are debited to Labour WIP and Overhead WIP and credited to Labour Pool Clearing Account and Overhead Pool Clearing Accounts respectively.	Project Ledger, Expenditure Statement Report, Abstract of DWIP Report and LPS.	8,9,10	Office of MPC	AA, AO, AMA

Sr. No	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
		d) Following are then updated: ➢ Project Ledger, ➢ Expenditure Statement Report, ➢ Abstract of WIP Report, and ➢ LPS				
35.	Posting of Other Expenses / Cost of Consultant Fee to DWIP	a) Certain other expenses can also be posted to Project Ledger. These other expenses include any direct material purchase, repair of vehicle etc. and Consultant Fee (for verification of A-90 Form). b) Any bill received for other expenses is approved at the Office of MPC and pre-audited by the Accounts Section of the Office of MPC / Payment Section of Finance Department in accordance with the financial powers. **[**Refer ***"Volume III, Annexure - 74"*** for the specimen of ***Project Ledger*****]** **[**Refer ***"Volume III, Annexure – 191"*** for ***Book of Financial Powers*****]**	Project Ledger		Office of MPC	AA
36.	Posting of Cost of Consultant Fee in LPS and Other Documents	After posting in Project Ledger, the other expenses are posted in the followings: ➢ Expenditure Statement Report, ➢ Abstract of DWIP Report, ➢ Receipt against Deposit Work Report, and	Expenditure Statement Report, Abstract of DWIP Report, Receipt against Deposit Work and LPS.	11,12	Office of MPC	AA, AO, AMA

Sr. No	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
		➢ LPS [Refer ***"Volume III, Annexure - 75"*** for the specimen of ***Expenditure Statement Report***] [Refer ***"Volume III, Annexure – 76.1 "*** for the specimen of ***Abstract of DWIP Report (Category wise)***] [Refer ***"Volume III, Annexure – 76.2"*** for the specimen of ***Abstract of DWIP Report (Division wise)***] [Refer ***"Volume III, Annexure – 166"*** for the specimen of ***Receipt against Deposit Work***] [Refer ***"Volume III, Annexure - 20 "*** for the specimen of ***LPS***]				
37.	Accumulate the cost of DWIP	a) The cost of DWIP is accumulated at the of Office of MPC. b) Then the accumulated cost is compared with DN.			Office of MPC	AMA
38.	Receipt of A90 Form from concerned Construction Division	a) In case the cost of DWIP is less than DN, A90 Form is prepared and approved by DM Construction. b) A90 Form is then certified by the Consultants and forwards to the of Office of MPC.			Office of MPC	AA
39.	Verification of the A90 Form	a) Details of A90 Form are verified at the Office of MPC that it is certified by the Consultant. b) The amount of DWIP as per A90 Form is capitalised.			Office of MPC	AA
40.	Prepare and	In case the cost of DWIP is higher than DN, Job Order	Job Order wise		Office of MPC	AMA

Sr. No	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
	forward Job Order wise/ Project wise Reports to MPC	wise DWIP Status Report is prepared by the Division Construction and sent to MPC with request for revision of DN. [Refer ***"Volume III, Annexure - 80"*** for the specimen of ***Job Order wise DWIP Status Report***] [Refer ***"Volume III, Annexure - 87"*** for the specimen of ***Pool Clearing Account Status Report***]	DWIP Status Report and Pool Clearing Account Status Report			
41.	Preparation of Fixed Assets Cost Sheet	AB-161 Form (Fixed Assets Cost Sheet) is prepared for each project that is being capitalized while ensuring the following points as mentioned below: ➢ Account Heads are assigned to the Fixed Assets being capitalized, ➢ Quantity of Fixed Assets, ➢ Amount of each asset, ➢ Name of Concerned Operation Division to whom Fixed Assets are going to be transferred etc. [Refer ***"Volume III, Annexure - 81"*** for the specimen of ***Form AB-161***]	Form AB-161		Office of MPC	AA
42.	Preparation/Adjustment of Debit Advice(s)	a) Debit Advice(s) is prepared for the transfer of each project to the Concerned Operation Division with the supporting documents which includes;	Debit Advice		Office of MPC	AA

Sr. No	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
		➢ A90 From, ➢ AB 161 Form b) In case Debit Advice(s) is not approved in activity # 43, it is adjusted and necessary changes are made to it before it is again submitted for approval. **[**Refer ***"Volume III, Annexure - 53 "*** for the specimen of ***Debit Advice*****]**				
43.	Approval	a) Debit Advice(s) is approved by Competent Authority of the Office of MPC in accordance with the financial powers. b) If approved then continues to activity # 44 else activity # 42.			Office of MPC	AO, AMA
44.	Issuance of Debit Advice(s)	After approval, Debit Advice(s) is issued to the Concerned Operation Division.			Office of MPC	AA
45.	Preparation of LPS	a) After issuance of Debit Advice(s), LPS is prepared for posting to Trial Balance. b) Transfer of Fixed Asset and Deferred Credit to the Concerned Operation Division is posted in Trial Balance. **[**Refer ***"Volume III, Annexure - 20"*** for the specimen of ***LPS*****]**	LPS	13,14,15	Office of MPC	AA, AO, AMA
46.	Receipt of Debit Advice(s)	The Debit Advice(s) is received at the Concerned Operation	Debit Advice		Concerned Operation Division	DAO

Sr. No	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
		Division from the Office of MPC. **[**Refer ***"Volume III, Annexure - 53 "*** for the specimen of ***Debit Advice*****]**				
47.	Preparation of LPS and update Fixed Assets Register	a) LPS is prepared on receipt of Debit Advice(s). b) Deferred Credit is amortized over the useful life of the asset and Fixed Assets Register is updated. **[**Refer ***"Volume III, Annexure - 20"*** for the specimen of ***LPS*****]**	LPS	16,17,18	Concerned Operation Division	DAO

FAM-3.4 Journal Entries

1. On receipt from the Consumer against Deposit Work at Finance Department and issuance of Credit Advice to the Office of MPC, the following entry is posted by the Finance Department:

Description	Debit	Credit
Deposit Work Bank Account	***	
IOT – Credit Advice		***

2. On receiving the Credit Advice from the Finance Department, the following entry is posted by the Office of MPC:

Description	Debit	Credit
IOT – Credit Advice	***	
Receipt against Deposit Work		***

3. When bill is received the following entry is posted by the Office of MPC:

Description	Debit	Credit
DWIP – Contract Work	***	
Payables		***

4. When funds are received from the Finance Department, the following entry is posted by the Office of MPC:

Description	Debit	Credit
Bank-Imprest Account	***	
IOT – Cash		***

5. When payment is made to the contractor [outsourced], the following entry is posted by the Office of MPC:

Description	Debit	Credit
Payables	***	
Bank – Imprest Account		***

6. When material is received from the Store, the following entry is posted by the Office of MPC:

Description	Debit	Credit
DWIP – Material	***	
IOT-SS Cheque		***

7. When excess drawn material is returned to the Store, the following entry is posted by the Office of MPC:

Description	Debit	Credit
IOT-SS Cheque	***	
DWIP – Material		***

8. On transferring of actual labour and overhead expenses to Pool Clearing Accounts, the following entry is posted by the Office of MPC:

Description	Debit	Credit
Labour Pool Clearing Account	***	

Overhead Pool Clearing Account	***	
Labour Construction Clearing Account		***
Overhead Construction Clearing Account		***

9. For 8% Provision of labour [related to DISCO working], the following entry is posted by the Office of MPC:

Description	Debit	Credit
DWIP – Labour	***	
Labour Pool Clearing Account		***

10. For 12 % Provision for overhead [related to DISCO working], the following entry is posted by the Office of MPC:

Description	Debit	Credit
DWIP – Overhead	***	
Overhead Pool Clearing Account		***

11. When payment is made to the consultant, the following entry is posted by the Office of MPC:

Description	Debit	Credit
DWIP – Consultant Fee	***	
Bank-Imprest Account		***

12. When payment is made for any other expense, the following entry is posted by the Office of MPC:

Description	Debit	Credit
DWIP – Other Expense	***	
Bank-Imprest Account		***

13. When work is completed and work is transferred to Operation Division through Debit Advice, the following entries are posted by the Office of MPC:

Description	Debit	Credit
Assets	***	
DWIP – Material		***
DWIP – Labour		***
DWIP – Overhead		***
DWIP – Contract Work		***
DWIP – Consultant Fee		***
DWIP – Other Expense		***

Description	Debit	Credit
IOT - Debit Advice	***	
Assets		***

14. Transfer of Receipt against Deposit Work balance to Deferred Credit on Capitalisation:

    a. In case Amount of Receipt against Deposit work is equal to cost of work completed, the following entry is posted by the Office of MPC:

Description	Debit	Credit
Receipt against Deposit Work	***	
Capital Contribution [Deferred Credit]		***

    b. In case the Surplus in the amount of Receipt against Deposit Work as against the Actual cost of the Project does not exceed by 10% of amount of Receipt against Deposit Work, the following entry is posted by the Office of MPC:

Description	Debit	Credit
Receipt against Deposit Work	***	
Capital Contribution [Deferred Credit]		***
Income from Non Utility Operation		***

    c. In case the Surplus in the amount of Receipt against Deposit Work as against the Actual cost of the Project exceeds by 10% of amount of Receipt against Deposit Work, the following entry is posted by the Office of MPC:

Description	Debit	Credit
Receipt against Deposit Work	***	
Capital Contribution [Deferred Credit]		***
Payable to Consumer		***

    d. In case the Deficit in the amount of Receipt against Deposit Work as against the Actual cost of the Project does not exceed by 10% of amount of Receipt against Deposit Work, the following entry is posted by the Office of MPC:

Description	Debit	Credit
Receipt against Deposit Work	***	
Income from Non Utility Operation	***	
Capital Contribution [Deferred Credit]		***

    e. In case the Deficit in the amount of Receipt against Deposit Work as against the Actual cost of the Project exceeds by 10% of amount of Receipt against Deposit Work, the following entry is posted by the Office of MPC:

Description	Debit	Credit
Receipt against Deposit Work	***	
Receivable from Consumer	***	
Capital Contribution [Deferred Credit]		***

15. On transfer of Deferred Credit to Concerned Operation Division of MPC, the following entry is posted by the Office of MPC:

Description	Debit	Credit
Capital Contribution [Deferred Credit]	***	
IOT – Credit Advice		***

16. When assets are received from the Office of MPC, the following entry is posted by the Concerned Operation Divisions:

Description	Debit	Credit
Assets	***	
IOT – Debit Advice		***

17. On receipt of IOT relating to Capital Contribution [Deferred Credit] from the Office of PD, the following entry is posted by Concerned Division of GSO:

Description	Debit	Credit
IOT – Credit Advice	***	
Capital Contribution [Deferred Credit]		***

18. When Deferred Credit is amortized, the following entry is posted by Concerned Division of GSO:

Description	Debit	Credit
Capital Contribution (Deferred Credit)	***	
Amortization of Deferred Credit		***

FAM-3.5 Summary of Responsibilities for Functional Activities

Office / Section	Summary of Responsibilities for Functional Activities – Reference No.
Accounts Assistant	
Banking Section of Finance Department	2,3,4,5,6,7,8,9
IOT Section	10,11,12,13
Office of MPC	14,15,18,19,21,25,27,30,31,33,34,35,36,38,39,41,42,43,44,45
Asset Section –Finance Department	17
Accounts Officer	
Banking Section of Finance Department	3,8
IOT Section	12
Office of MPC	15,19,21,27,28,31,33,34,36,43,45
Asset Section –Finance Department	17
Divisional Accounts Officer	
Concerned Operation Division	46,47
Concerned Division of MPC	29,32
Assistant Manager Accounts	
Banking Section of Finance Department	5,8
IOT Section	12
Office of MPC	15,19,21,27,31,33,34,36,37,40,43,45
Asset Section –Finance Department	17
Deputy Manager Corporate Accounts	
Banking Section of Finance Department	8
Concerned Deputy Manager Construction	
Concerned Division of MPC	16
Project Director Construction	
Office of MPC	19,21
Chief Engineer P&D	
Office of Chief Engineer P&D	1

FAM-3.6 Key Control Matrix

Sr. No	Objective	Risk	Control Activity	Activity Ref.#
1	Realization of the amount of Deposit Work Cheque from Customer is made before the start of work.	Amount of Deposit work may not be realised before the start of the work.	Assistant Manager Accounts in the Banking Section confirms the realisation of the amount through receipt of bank Statement before the start of the work.	5
2	Posting of Deposit Work Receipt in Cash Book is made correctly.	Deposit Work receipt may be wrongly posted which may result in misstatement of assets record.	Assistant Manager Accounts reviews the Deposit Work Receipt prior to its posting in the Cash Book by the Accounts Assistant.	6
3	Correct posting in the books is made on receipt of Credit Advice (s).	Incorrect amount is posted in the LPS.	There is segregation of duties for the posting of Credit advice in LPS. Posting is made after preparation of voucher by Accounts Assistant, checking by Accounts officer and approval by Assistant Manager Account.	15
4	Posting of cost of Contractor Bill in LPS, Expenditure Statement Report, Abstract of DWIP Report and Receipt against Deposit Work Report is made correctly.	Posting of cost of Contractor Bill in LPS, Expenditure Statement Report, Abstract of DWIP Report and Receipt against Deposit Work Report is not made correctly which may result in misstatement of asset records and financial statements.	There is segregation of duties for posting in LPS and other documents. Posting is made after preparation of voucher by Accounts Assistant, checking by Accounts officer and approval by Assistant Manager Accounts.	27
5	Posting of Material Cost in Project Ledger, LPS and other Documents is made correctly.	Posting of Material Cost in Project Ledger, Expenditure Statement Report, Abstract of DWIP Report, Receipt against Deposit Work Report and LPS is not made correctly may result in misstatement of asset records and financial statements.	There is segregation of duties for the Posting of Material Cost in Project Ledger, LPS and other Documents. Posting is made after preparation of voucher by Accounts Assistant, checking by Accounts officer and approval by Assistant Manager Accounts.	31
6	Posting of Labour Allocation Summaries in Project Ledger, LPS and Other Documents is made correctly.	Posting of Labour Allocation summaries in Project Ledger, Expenditure Statement Report, Abstract of DWIP Report, Receipt against Deposit Work Report and LPS is	Labour Allocation Summary is prepared by the DAO of the Concerned Division. Labour Allocation Summary relating to Office of MPC is prepared by AA, reviewed by AO and approved by AMA.	34

Sr. No	Objective	Risk	Control Activity	Activity Ref.#
		not made correctly may result in misstatement of asset records and financial statements.		
7	Posting of Overheads Allocation Summaries in Project Ledger, LPS and Other Documents is made correctly.	Posting of Overheads Allocation summaries in Project Ledger, Expenditure Statement Report, Abstract of DWIP Report, Receipt against Deposit Work Report and LPS is not made correctly may result in misstatement of asset records and financial statements.	Overheads Allocation Summary is prepared by the DAO of the Concerned Division. Overheads Allocation Summary relating to Office of MPC is prepared by AA, reviewed by AO and approved by AMA.	34
8	Posting of Other Expenses/Consultant Fee in Project Ledger, LPS and Other Documents is made correctly.	Posting of Other Expenses/Consultant Fee in Project Ledger, Expenditure Statement Report, Abstract of DWIP Report, Receipt against Deposit Work Report and LPS is not made correctly may result in misstatement of asset records and financial statements.	There is segregation of duties for the Posting of Other Expenses/Consultant Fee in Project Ledger, LPS and other Documents. Posting is made after preparation of voucher by Accounts Assistant, checking by Accounts officer and approval by Assistant Manager Accounts.	36
9	Assets under construction are completed and capitalized as and when completed.	Failure to capitalize the asset may result in the understatement of assets and hence, misstatement of financial statements.	Entry for the completion of the work and transfer to Operation Division through Debit Advice is posted after the receipt of A90 Form from Division by AA and Verification of the A90 Form by AO.	45

Sr. No	Objective	Risk	Control Activity	Activity Ref.#
10	Physical counts of fixed assets for the DISCO should be performed on a periodic basis to ensure the existence and completeness of assets recorded in the balance sheet.	Non-existent assets and incomplete assets record may be maintained which will cause a material misstatement in the financial statements.	Physical counts of fixed assets are periodically performed.	General Policy 2.1

FAM-4 Capitalization of Fixed Assets at Office of MP Construction through Own Resources including LT Proposals and HT Proposals

FAM-4.1 Descriptive Overview of the Process

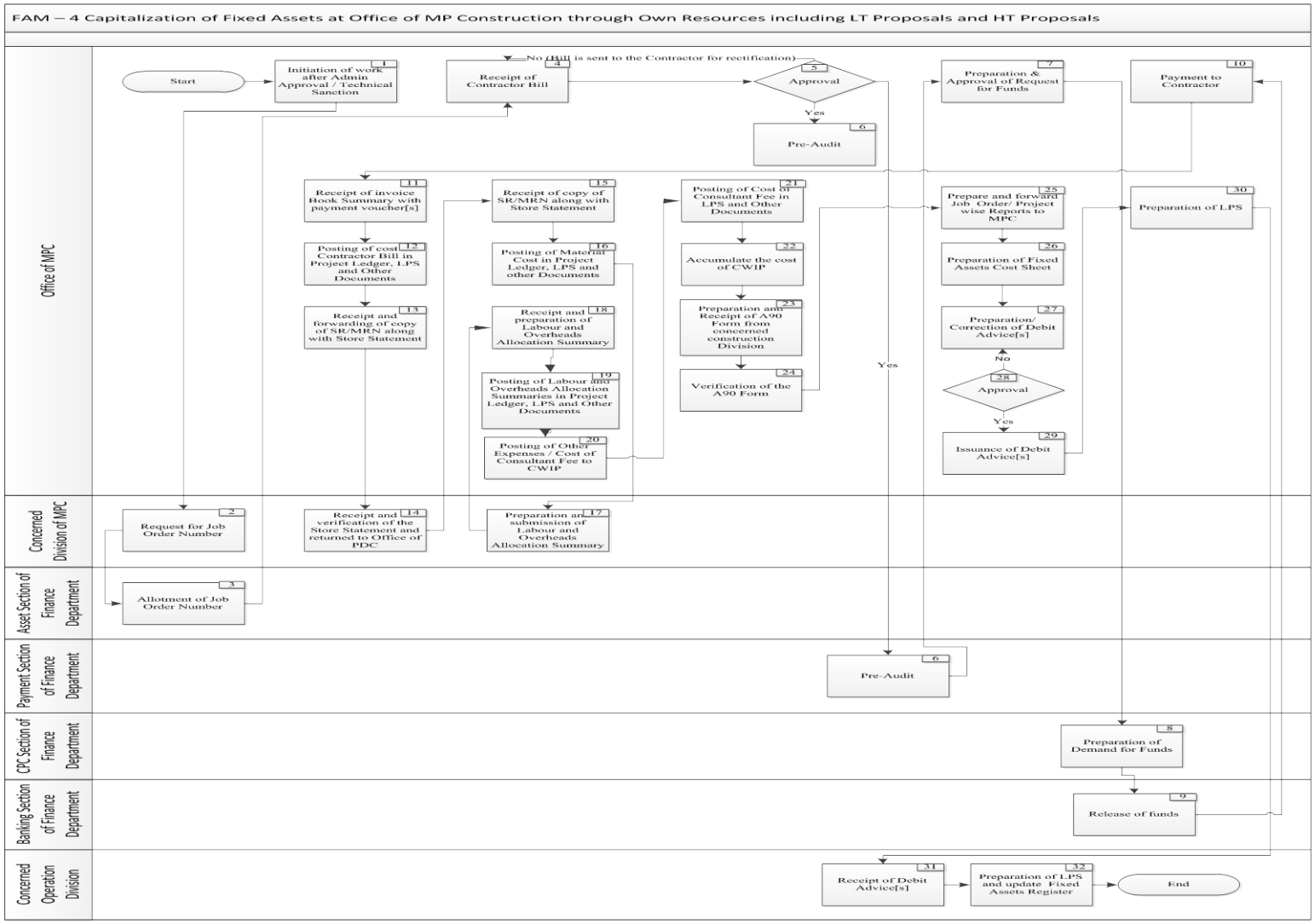
A. This process covers the activities of installing distribution assets [other than grid systems] through Own Sources for less than 66/132 KVA.

B. This section deals with the new structural developments. The major customers/beneficiaries of this department are either private individuals or Government bodies.

C. Work for installing distribution assets [other than grid systems] starts after the approval from the competent authority in accordance with the financial powers. CWIP is recorded in the Office of PD Construction.

D. After completion, the Assets are transferred to the concerned Operation division, which in turn capitalise the Asset and Fixed Assets Register is updated accordingly.

FAM-4.2 Flowchart



FAM-4.3 Detail of Process Activities

Sr. No	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
1.	Initiation of work after Admin Approval / Technical Sanction	Office of MPC initiates the particular work after the Sanction of Budget/Admin Approval / Technical Sanction by Competent Authority of the relevant Office in accordance with financial powers. [Refer ***"Volume III, Annexure – 191"*** for ***Book of Financial Powers***]			Office of MPC	
2.	Request for Job Order Number	a) Request is prepared for allocation of Job Order Number to the work. b) The said request is sent to the Asset Section of Finance Department along with the supporting documents. The supporting documents are as follows: ➢ Admin Approval where applicable ➢ Technical approval where applicable ➢ Work order and estimate of work c) The basic objective of Job Order number is to keep a check on any price or quantity change. [Refer ***"Volume III, Annexure - 72"*** for the specimen of ***Request for Allocation of Job Order Number***]	Request for allocation of Job Order Number		Concerned Division of MPC	Deputy Manager Construction
3.	Allotment of Job Order Number	a) Job Order Number is allocated by Asset Section of the Finance Department to the work after verification of the	Letter of Allotment of Job Order		Assets Section of Finance Department	AA,AO,AMA

Sr. No	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
		supporting documents like the estimate of the work etc. b) Letter of Allotment of Job Order Number is sent to the Office of MPC. c) If there is any change in rate or quantity the budget is revised. **[**Refer ***"Volume III, Annexure - 73"*** for the specimen of ***Letter of Allotment of Job Order Number***]	Number			
4.	Receipt of Contractor Bill	d) If work is outsourced, the Office of MPC receives the Bill of Contractor through the Concerned Division. e) LPS is prepared at the Office of MPC on receipt of Contractor Bill and an entry is posted. f) The Bill is required to be prepared on the basis that the payment shall be linked to the work completed by the Contractor. g) In case amendments are required in the Bill as per activity # 5, rectified /amended bill is sought from the Contractor. **[**Refer ***"PAP - 5"*** for details regarding ***hiring of contractor***] **[**Refer ***"Volume III, Annexure - 20"*** for the specimen of ***LPS***]	LPS	1	Office of MPC	AA
5.	Approval	a) The Bill is approved by the Competent Authority in accordance with the financial powers at the Office of			Office of MPC	AA, AO, AMA, MPC

Sr. No	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
		MPC. b) If bill is approved then continues to activity # 6 else sends back the bill to the Contractor for rectification/ amendment and continues from activity # 4.				
6.	Pre Audit	The Bill is pre-audited by the Accounts Section of the Office of MPC / Payment Section of Finance Department. [Refer ***"PAP - 9"*** for details regarding ***pre audit***]			Office of MPC/Payment Section of Finance Department	
7.	Preparation & Approval of Request for Funds	Request for transferring the funds for the payment to Contractor is prepared at the Office of MPC and approved by Competent Authority in accordance with the financial powers. The request is sent to the CPC Section of Finance Department. [Refer ***"Volume III, Annexure – 25.1"*** for the specimen of ***Demand for Release of Funds***] [Refer ***"Volume III, Annexure – 25.2"*** for the specimen of ***Demand for Release of Funds***] [Refer ***"Volume III, Annexure – 191"*** for ***Book of Financial Powers***]	Demand for Release of Funds		Office of MPC	AA, AO, AMA, MPC
8.	Preparation of Demand for Funds	On receiving of Request for Funds from the Office of MPC, Demand for funds is prepared and approved by Competent Authority of the Finance Department in accordance with the financial powers.	Demand for Release of Funds		CPC Section of Finance Department	

Sr. No	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
		[Refer ***"CTM - 9"*** for details regarding ***release of funds to Accounting Units***] [Refer ***"Volume III, Annexure – 191"*** for ***Book of Financial Powers***] [Refer ***"Volume III, Annexure – 25.1"*** for the specimen of ***Demand for Release of Funds***] [Refer ***"Volume III, Annexure – 25.2"*** for the specimen of ***Demand for Release of Funds***]				
9.	Release of funds	Funds are released in the Imprest Bank Account of the Office of MPC by the Banking Section of Finance Department. [Refer ***"CTM - 9"*** for details regarding ***release of funds to Accounting Units***] [Refer ***"Volume III, Annexure - 42"*** for the specimen of ***Funds Transfer Letter***]	Funds Transfer Letter	2	Banking Section of Finance Department	
10.	Payment to Contractor	The Office of MPC makes the payment to the Contractor.			Office of MPC	
11.	Receipt of invoice Book Summary with payment voucher(s)	Invoice Book Summary is received from the Cashier. Invoice Book Summary includes the details of all the payments made to the Contractors against the work.			Office of MPC	AA
12.	Posting of cost of Contractor Bill in Project Ledger, LPS and Other	Contractor Bill Expenditure is posted in the followings: ➢ Project Ledger	Project Ledger, Expenditure Statement Report, Abstract	3	Office of MPC	AA, AO, AMA

Sr. No	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
	Documents	➢ Expenditure Statement Report ➢ Abstract of CWIP Report ➢ LPS. [Refer ***"Volume III, Annexure - 74 "*** for the specimen of ***Project Ledger***] [Refer ***"Volume III, Annexure - 75"*** for the specimen of ***Expenditure Statement Report***] [Refer ***"Volume III, Annexure – 76.1 "*** for the specimen of ***Abstract of CWIP Report (Category wise)***] [Refer ***"Volume III, Annexure – 76.2"*** for the specimen of ***Abstract of CWIP Report (Division wise)***] [Refer ***"Volume III, Annexure - 20 "*** for the specimen of ***LPS***]	of CWIP Report, and LPS.			
13.	Receipt and forwarding of copy of SR/MRN along with Store Statement	a) The Concerned Division of MPC issues the SR/MRN to the store to draw/return the required material. b) After receiving/issuing material, Store then forwards the copy of SR/MRN along with Store Statement to office MPC. c) The Office of MPC then forwards the copy of SR/MRN along with Store Statement to the Concerned Division of MPC for verification. [Refer ***"Volume III, Annexure - 77"*** for the specimen of ***SR***]	Copy of SR/MRN		Office of MPC	AO

Sr. No	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
		[Refer ***"Volume III, Annexure - 78"*** for the specimen of ***MRN*****]**				
14.	Receipt and verification of the Store Statement and returns to Office of MPC	Store Statement and SR/MRN are received and verified at the Concerned Division of MPC and then returned to Office of MPC.			Concerned Division of MPC	DAO
15.	Receipt of copy of SR/MRN along with Store Statement	Verified Store Statement along with SR/MRN is received at the Office of MPC from Concerned Division of MPC.			Office of MPC	AA
16.	Posting of Material Cost in Project Ledger, LPS and other Documents	Material cost is then posted in the following: ➢ Project Ledger, ➢ Expenditure Statement Report, ➢ Abstract of CWIP Report and ➢ LPS.	Project Ledger, Expenditure Statement Report, Abstract of CWIP Report, LPS.	4,5	Office of MPC	AA, AO, AMA
17.	Preparation and submission of Labour and Overheads Allocation Summary	Consolidated Labour and Overheads Allocation Summary is prepared at the Concerned Division of MPC and then submitted to the Office of MPC.			Concerned Division of MPC	DAO
18.	Receipt and preparation of Labour and Overheads Allocation	Consolidated Labour and Overheads Allocation Summary is received at the Office of MPC from Concerned Division of MPC. Labour and Overheads Allocation Summary relating to Office of MPC is prepared by the Office of MPC.			Office of MPC	AA,AO, AMA

Sr. No	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
	Summary					
19.	Posting of Labour and Overheads Allocation Summaries in Project Ledger, LPS and Other Documents	a) Labour and Overheads Allocation Summaries are posted to Labour and Overheads Pool Clearing Accounts. b) Labour [8% of material drawn in the month] and Overheads [12% of material drawn in the month] costs are calculated c) The amounts of Labour and Overheads [8% and 12% respectively] are debited to Labour CWIP and Overhead CWIP and credited to Labour Pool Clearing Accounts respectively. d) Following are then updated: ➢ Project Ledger, ➢ Expenditure Statement Report, ➢ Abstract of CWIP Report and ➢ LPS	Project Ledger, Expenditure Statement Report, Abstract of CWIP Report and LPS.	6,7,8	Office of MPC	AA,AO, AMA
20.	Posting of Other Expenses / Cost of Consultant Fee to CWIP	a) Certain other expenses can also be posted to Project Ledger. These other expenses include any direct material purchase, repair of vehicle etc. and Consultant Fee (for verification of A-90 Form). b) Any bill received for other expenses is approved at the Office of PDGSC and pre-audited by the Accounts Section of the Office of MPC / Payment Section of Finance Department in accordance with the financial powers.	Project Ledger		Office of MPC	AA

Sr. No	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
		[Refer ***"Volume III, Annexure - 74 "*** for the specimen of ***Project Ledger***] [Refer ***"Volume III, Annexure – 191"*** for ***Book of Financial Powers***]				
21.	Posting of Cost of Consultant Fee in LPS and Other Documents	After posting in Project Ledger, the other expenses are posted in the followings: ➢ Expenditure Statement Report, ➢ Abstract of DWIP Report, ➢ Receipt against Deposit Work Report, and ➢ LPS [Refer ***"Volume III, Annexure - 75"*** for the specimen of ***Expenditure Statement Report***] [Refer ***"Volume III, Annexure – 76.1 "*** for the specimen of ***Abstract of CWIP Report (Category wise)***] [Refer ***"Volume III, Annexure – 76.2"*** for the specimen of ***Abstract of CWIP Report (Division wise)***] [Refer ***"Volume III, Annexure - 20 "*** for the specimen of ***LPS***]	Expenditure Statement Report, Abstract of CWIP Report and LPS.	9,10	Office of MPC	AA, AO, AMA
22.	Accumulate the cost of CWIP	The cost of DWIP is accumulated at the Office of MPC.	A 90 Form		Office of MPC	AMA
23.	Preparation and Receipt of A90 Form from concerned	a) A90 Form is prepared and approved by DM Construction. b) A90 Form is then certified by the Consultants and forwards to Accounts Section of Office of MPC.			Office of MPC	AA

Sr. No	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
	construction Division	[Refer ***"Volume III, Annexure - 79"*** for the specimen of ***A90 Form***]				
24.	Verification of the A90 Form	a) Details of A90 Form are verified at the Office of MPC that it is certified by the Consultant. b) The amount of DWIP as per A90 Form is capitalised.			Office of MPC	AA
25.	Prepare and forward Job Order/ Project wise Reports to MPC	Job Order wise CWIP Status Report is prepared by the Division of MPC and is forwarded to MPC.. [Refer ***"Volume III, Annexure - 80"*** for the specimen of ***Job Order Wise CWIP Status Report***] [Refer ***"Volume III, Annexure - 87"*** for the specimen of ***Pool Clearing Account Status Report***]	Job Order wise CWIP Status Report and Pool Clearing Account Status Report		Office of MPC	AMA
26.	Preparation of Fixed Assets Cost Sheet	AB-161 Form (Fixed Assets Cost Sheet) is prepared for each project that is being capitalized while ensuring the following points as mentioned below: ➢ Account Heads are assigned to the Fixed Assets being capitalized, ➢ Quantity of Fixed Assets, ➢ Amount of each asset, ➢ Name of the Concerned Operation Division to whom Fixed Assets are going to be transferred etc. [Refer ***"Volume III, Annexure - 81"*** for the specimen of	Form AB-161		Office of MPC	AA

Sr. No	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
		Form AB-161]				
27.	Preparation/Correction of Debit Advice(s)	a) Debit Advice(s) is prepared for the transfer of each project to the Concerned Operation Division with the supporting documents which include; ➢ A90 From, ➢ AB 161 Form b) In case Debit Advice(s) is not approved in activity # 28, it is adjusted and necessary changes are made to it before it is again submitted for approval. [Refer ***"Volume III, Annexure - 53 "*** for the specimen of ***Debit Advice***]	Debit Advice		Office of MPC	AA
28.	Approval	a) Debit Advice(s) is approved by Competent Authority of the Office of MPC in accordance with the financial powers. b) If approved then continues to activity # 29 else activity # 27 [Refer ***"Volume III, Annexure – 191"*** for ***Book of Financial Powers***].			Office of MPC	AO, AMA
29.	Issuance of Debit Advice(s)	After approval Debit Advice(s) is issued to the Concerned Operation Division.			Office of MPC	AA
30.	Preparation of LPS	a) After issuance of Debit Advice(s) LPS is prepared for posting to Trial Balance.	LPS	11	Office of MPC	AA, AO, AMA

Sr. No	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
		b) Transfer of Fixed Assets to the Concerned Operation Division is posted in the Trial Balance. [Refer ***"Volume III, Annexure - 20"*** for the specimen of ***LPS***]				
31.	Receipt of Debit Advice(s)	The Debit Advice(s) is received at the Concerned Operation Division from the Office of MPC. [Refer ***"Volume III, Annexure - 53 "*** for the specimen of ***Debit Advice***]	Debit Advice		Concerned Operation Division	DAO
32.	Preparation of LPS and update Fixed Assets Register	LPS is prepared on receipt of Debit Advice(s) and Fixed Assets Register is updated. [Refer ***"Volume III, Annexure - 20"*** for the specimen of ***LPS***]	LPS	12	Concerned Operation Division	DAO

FAM-4.4 Journal Entries

1. When bill is received the following entry is posted by the Accounts Section of Office of PDGSC:

Description	Debit	Credit
CWIP –Contract Work	***	
Payables		***

2. When funds are received from the Finance Department, the following entry is posted by the Office of MPC:

Description	Debit	Credit
Bank-Imprest Account	***	
IOT – Cash		***

3. When payment is made to the contractor [Outsourced], the following entry is posted:

Description	Debit	Credit
Payables	***	
Bank-Imprest Account		***

4. When material is received from Store, the following entry is posted by the Office of MPC:

Description	Debit	Credit
CWIP –Material	***	
IOT – SS Cheque		***

5. When excess drawn material is returned to the Store, the following entry is posted by the Office of MPC:

Description	Debit	Credit
IOT – SS Cheque	***	
CWIP –Material		***

6. On transferring of labour and overhead expenses to Pool Clearing Accounts, the following entry is posted by the Office of MPC:

Description	Debit	Credit
Labour Pool Clearing Account	***	
Overhead Pool Clearing Account	***	
Labour Construction Clearing Account		***
Overhead Construction Clearing Account		***

7. For 8 % Provision of labour [related to DISCO working], the following entry is posted:

Description	Debit	Credit
CWIP –Labour	***	
Labour Pool Clearing Account		***

8. For 12 % Provision for overhead [related to DISCO working], the following entry is posted by the Office of MPC:

Description	Debit	Credit
CWIP –Overhead	***	
Overhead Pool Clearing Account		***

9. When payment is made to the consultant, the following entry is posted by the Office of MPC:

Description	Debit	Credit
CWIP –Consultant Fee	***	
Bank-Imprest		***

10. When payment is made for any other expense, the following entry is posted by the Office of MPC:

Description	Debit	Credit
CWIP –Other Expense	***	
Bank-Imprest		***

11. When work is completed and work is transferred to Concerned Operation Division through Debit Advice, the following entries are posted by the Office of MPC:

Description	Debit	Credit
Assets	***	
CWIP –Material		***
CWIP –Labour		***
CWIP –Overhead		***
CWIP –Contract Work		***
CWIP –Consultant Fee		***
CWIP –Other Expense		***

Description	Debit	Credit
IOT - Debit Advice	***	
Assets		***

12. When asset is received by Concerned Operation Division from the Office of MPC, the following entry is posted by the Office of MPC:

Description	Debit	Credit
Asset	***	
IOT – Debit Advice		***

FAM-4.5 Summary of Responsibilities for Functional Activities

Office / Section	Summary of Responsibilities for Functional Activities – Reference No.
Accounts Assistant	
Office of MPC	4,5,7,11,12,15,16,18,19,20,21,23,24,26,27,28,29,30
Asset Section of Finance Department	3
Accounts Officer	
Office of MPC	5,7,12,13,16,18,19,21,28,30
Asset Section –Finance Department	3
Divisional Accounts Officer	
Concerned Division of MPC	14,17
Concerned Operation Division	31,32
Assistant Manager Accounts	
Office of MPC	5,7,12,16,18,19,21,22,25,28,30
Asset Section of Finance Department	3
Deputy Manager Construction	
Concerned Division of MPC	2
Project Manager Construction	
Office of MPC	5,7

FAM-4.6 Key Control Matrix

Sr. No	Objective	Risk	Control Activity	Activity Ref.#
1	Job Order number is issued after Admin Approval/ Technical Sanction.	Job Order Number issued without Admin Approval/ Technical Sanction and without verification of all supporting documents.	Admin Approval/ Technical Sanction is granted by the MPC as per delegation of Financial Powers and all the supporting documents are verified by the AA, AO and AMA of the Asset Section of the Finance Department.	1, 3
2	Payment is made after approval of the Competent Authority and Pre Audited by the Office of MPC.	Unauthorized payments made to the Contractor.	There is segregation of duties and the Bill is prepared by AA, checked by AO and finally approved by the Competent Authority and Pre Audit is performed by the Office of MPC	6, 10
3	Posting of cost of Contractor Bill in LPS, Expenditure Statement Report and Abstract of CWIP Report is made correctly.	Posting of cost of Contractor Bill in LPS, Expenditure Statement Report and Abstract of CWIP Report is not made correctly which may result in misstatement of asset records and financial statements.	There is segregation of duties for posting in LPS and other documents. Posting is made after preparation of voucher by Accounts Assistant, checking by Accounts Officer and approval by Assistant Manager Accounts.	12
4	Posting of Material Cost in Project Ledger, LPS and other Documents is made correctly.	Posting of Material Cost in Project Ledger, Expenditure Statement Report, Abstract of CWIP Report and LPS is not made correctly may result in misstatement of asset records and financial statements.	There is segregation of duties for the Posting of Material Cost in Project Ledger, LPS and other Documents. Posting is made after preparation of voucher by Accounts Assistant, checking by Accounts Officer and approval by Assistant Manager Accounts.	16
5	Posting of Labour Allocation Summaries in Project Ledger, LPS and Other Documents is made correctly.	Posting of Labour Allocation summaries in Project Ledger, Expenditure Statement Report, Abstract of CWIP Report and LPS is not made correctly may result in misstatement of asset records and financial statements.	Labour Allocation Summary is prepared by the DAO of the Concerned Division. Labour Allocation Summary relating to Office of MPC is prepared by AA, reviewed by AO and approved by AMA.	19

Sr. No	Objective	Risk	Control Activity	Activity Ref.#
6	Posting of Overheads Allocation Summaries in Project Ledger, LPS and Other Documents is made correctly.	Posting of Overheads Allocation summaries in Project Ledger, Expenditure Statement Report, Abstract of CWIP Report and LPS is not made correctly may result in misstatement of asset records and financial statements.	Overheads Allocation Summary is prepared by the DAO of the Concerned Division. Overheads Allocation Summary relating to Office of MPC is prepared by AA, reviewed by AO and approved by AMA.	19
7	Posting of Other Expenses/Consultant Fee in Project Ledger, LPS and Other Documents is made correctly.	Posting of Other Expenses/Consultant Fee in Project Ledger, Expenditure Statement Report, Abstract of CWIP Report and LPS is not made correctly may result in misstatement of asset records and financial statements.	There is segregation of duties for the Posting of Other Expenses/Consultant Fee in Project Ledger, LPS and other Documents. Posting is made after preparation of voucher by Accounts Assistant, checking by Accounts officer and approval by Assistant Manager Accounts.	21
8	Assets under construction are completed and capitalized as and when completed.	Entry may not be posted correctly which may result in misstatement of asset records and financial statements.	Entry for the completion of the work and transfer to Operation Divisions through Debit Advice is posted after the receipt of A90 Form Division by AA and Verification of the A90 Form by AA. Preparation of Fixed Assets Cost Sheet Preparation/Adjustment of Debit Advice[s] by AA and finally Approval by AMA.	30
9	Physical counts of fixed assets for the DISCO should be performed on a periodic basis to ensure the existence and completeness of assets recorded in the balance sheet.	Non-existent assets and incomplete assets record may be maintained which will cause a material misstatement in the financial statements.	Physical counts of fixed assets are periodically performed.	General Policy 2.1

FAM-5 Capitalization of Fixed Assets at Concerned Operation Division through Capital Contribution

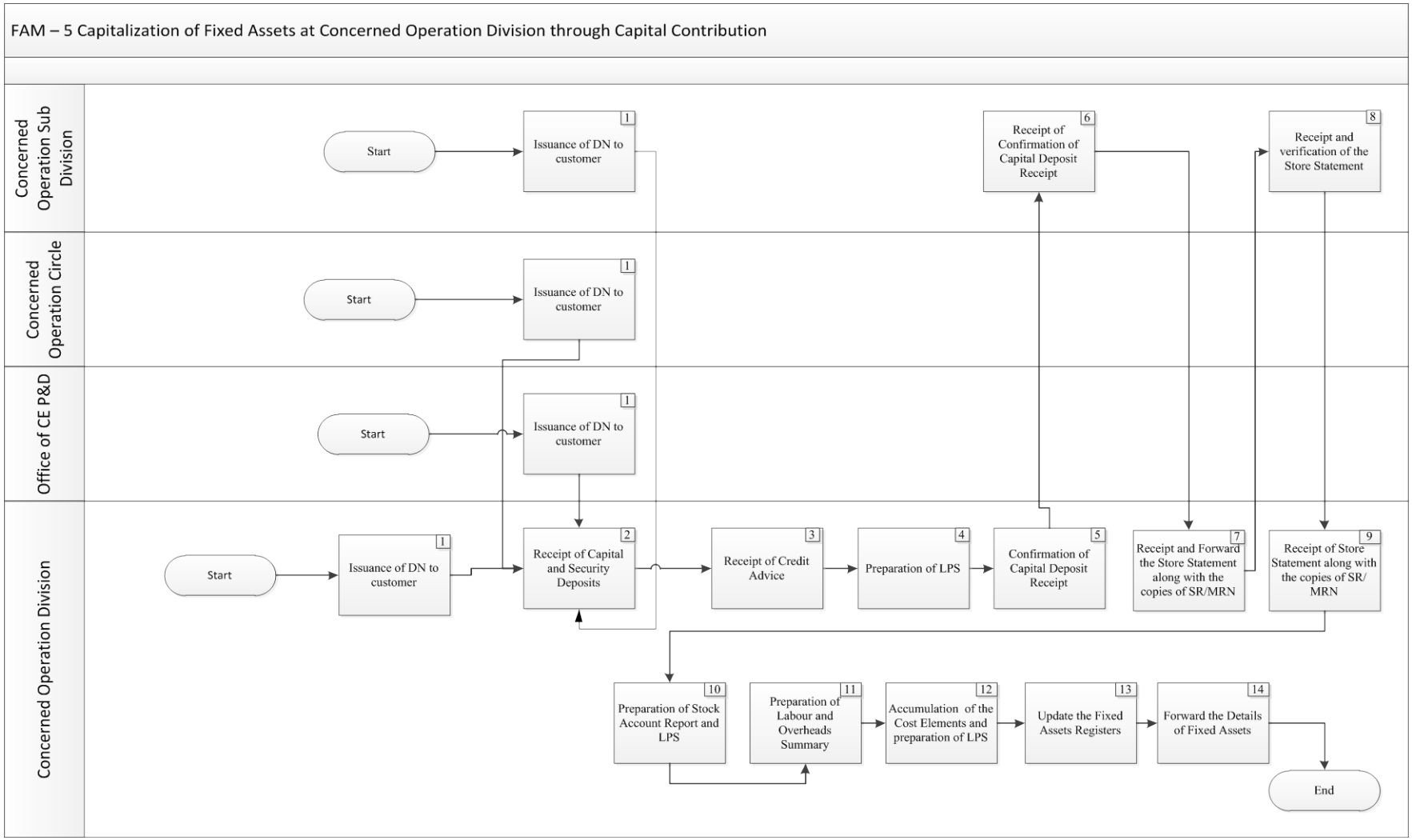
FAM-5.1 Descriptive Overview of the Process

A. This process covers the activities of the Operation Division (OD) through Capital Contribution for installing domestic, commercial, and industrial connections (meters).

B. Application from consumer is received for installing domestic, commercial, and industrial connections (meters) through Deposit Work; Approval from the competent authority in accordance with the financial powers is sought after the deposit amount is received from the consumer.

C. Works starts and DWIP is recorded at concerned Operation Division. After completion, the Assets are capitalised at the concerned operation division and Fixed Assets Register is updated accordingly.

FAM-5.2 Flow Chart



FAM-5.3 Detail of Process Activities

Sr. No	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
1.	Issuance of DN to Customer	a) DN can be issued to the customer from various offices/section depending upon the load of the connection. b) DN may be issued from the following offices/section: ➢ Concerned Operation Sub-Division ➢ Concerned Operation Division ➢ Concerned Operation Circle ➢ Office of CE P&D			Concerned Operation Sub-Division Concerned Operation Division Concerned Operation Circle Office of CE P&D	AMO DMO Manager Operation CE P&D
2.	Receipt of Capital and Security Deposits	The customer deposits the amount as mentioned in the DN. The amount is deposited by the customer in the designated bank account of the concerned office from where DN is issued. [Refer ***"CTM - 8"*** for details regarding ***receipt against Demand Notice***]			Concerned Operation Division	
3.	Receipt of Credit Advice	The Concerned Operation Division receives Credit Advice from Finance Department.			Concerned Operation Division	AA, DAO
4.	Preparation of LPS	On receiving the Credit Advice, LPS is prepared by the Concerned Operation Division. [Refer ***"Volume III, Annexure - 20"*** for the specimen of ***LPS***]	LPS	1	Concerned Operation Division	AA, DAO

Sr. No	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
5.	Confirmation of Capital Deposit Receipt	The Concerned Operation Division sends the confirmation of Capital Deposit Receipt to concerned Operation Sub-Division for initiating the execution of work.			Concerned Operation Division	DMO
6.	Receipt of Confirmation of Capital Deposit Receipt	The Concerned Operation Sub-Division receives the confirmation of Capital Deposit Receipt by concerned Operation Division for initiating the execution of work.			Concerned Operation Sub-Division	AMO
7.	Receipt and Forward the Store Statement along with the copies of SR/MRN	a) The Concerned Operation Sub-Division issues the SR/MRN to the store to draw/return the required material. b) After receiving/issuing material, Store then forwards the copy of SR/MRN along with Store Statement to the Concerned Operation Division. c) The Concerned Operation Division then forwards the copy of SR/MRN along with Store Statement to the Concerned Operation Sub-Division for verification. **[**Refer ***"Volume III, Annexure - 86"*** for the specimen of ***Store Statement*****]** **[**Refer ***"Volume III, Annexure - 77"*** for the specimen of ***SR*****]** **[**Refer ***"Volume III, Annexure - 78"*** for the specimen of ***MRN*****]**	Store Statement and Copies of SR/MRN		Concerned Operation Division	AA, DAO
8.	Receipt and verification of the Store Statement	Store Statement, SR/MRN are received and verified at the Concerned Operation Sub-Division and then returned to the Concerned Operation Division.			Concerned Operation Sub-Division	AMO

Sr. No	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
9.	Receipt of Store Statement along with the copies of SR/MRN	Verified Store Statement along with SR/MRN is received at the Concerned Operation Division from the Concerned Operation Sub-Division.			Concerned Operation Division	AA, DAO
10.	Preparation of Stock Account and LPS	a) The Concerned Operation Division records the Material Cost relating to new connections as per Store Statement. b) The Material Cost is recorded in the relevant Fixed Assets Accounting Codes in Stock Account. c) After recording Material Cost, LPS is prepared by the Concerned Operation Division. **[**Refer ***"Volume III, Annexure – 89.1"*** for the specimen of ***Store Account***] **[**Refer ***"Volume III, Annexure – 89.2"*** for the specimen of ***Store Account***]	Store Account	2, 3	Concerned Operation Division	AA, DAO
11.	Preparation of Labour and Overheads Summary	The Concerned Operation Division records Labour and Overheads Charges (5% Labour and 3% Overheads) of Material Cost to relevant Fixed Assets Accounting Codes in Labour and Overheads Summary. **[**Refer ***"Volume III, Annexure – 88"*** for the specimen of ***Consolidated Labour and Overheads Allocation Summary***]	Consolidated Labour and Overheads Allocation Summary		Concerned Operation Division	AA, DAO
12.	Accumulation of the Cost Elements	a) The Concerned Operation Division accumulates the following cost elements:		4, 5, 6	Concerned Operation Division	AA, DAO

Sr. No	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
	and preparation of LPS	➢ Material Cost; ➢ Store Handling Charges; and ➢ Labour & Overheads Charges b) After accumulating the cost elements, the Concerned Operation Division prepares the LPS for capitalization of Fixed Assets accordingly.				
13.	Update the Fixed Assets Registers	a) After the preparation of LPS the Fixed Assets Register is updated. b) The Deferred Credit is amortised by the Concerned Operation Division over useful life of the asset. **[**Refer ***"Volume III, Annexure – 84"*** for the specimen of ***Fixed Assets Register*****]**	Fixed Assets Register	7	Concerned Operation Division	AA, DAO
14.	Forward the Details of Fixed Assets	The Concerned Operation Divisions forwards the Details of capitalized Fixed Assets to Assets Section of Finance Department. **[**Refer ***"Volume III, Annexure – 84"*** for the specimen of ***Fixed Assets Register*****]**	Fixed Assets Register		Concerned Operation Division	AA, DAO

FAM-5.4 Journal Entries

1. To record the Credit Advice issued by the Finance Department, the following entry is posted by the Operation Division:

Description	Debit	Credit
IOT – Credit Advice	***	
Capital Contribution of Consumers Awaiting Connection		***

2. To record Material in WIP, the following entry is posted the Operation Division:

Description	Debit	Credit
DWIP –Material	***	
IOT-SS Cheque		***

3. When excess drawn material is returned to the Store, the following entry is posted the Operation Division:

Description	Debit	Credit
IOT-SS Cheque	***	
DWIP –Material		***

4. To record Labour & Overhead in WIP, the following entry is posted the Operation Division:

Description	Debit	Credit
DWIP –Labour	***	
DWIP –Overhead	***	
Labour/ Overhead Recovery on Meters		***

5. When work is completed, the following entry is posted the Operation Division:

Description	Debit	Credit
Asset	***	
DWIP –Material		***
DWIP –Labour		***
DWIP –Overhead		***

6. Transfer of Capital Contribution of Consumers Awaiting Connection to Capital Contribution (Deferred Credit):

   a. In case DN Amount is equal to the Cost of work completed, the following entry is posted the Operation Division:

Description	Debit	Credit
Capital Contribution of Consumers Awaiting Connection	***	
Capital Contribution (Deferred Credit)		***

b. In case the Surplus in the DN Amount against the Cost of the work completed does not exceed by 10% of amount the amount of DN, the following entry is posted the Operation Division:

Description	Debit	Credit
Capital Contribution of Consumers Awaiting Connection	***	
Capital Contribution (Deferred Credit)		***
Income from Non Utility Operation		***

c. In case the Surplus in the DN amount from the Cost of the work completed exceeds by 10% of the amount of DN, the following entry is posted the Operation Division:

Description	Debit	Credit
Capital Contribution of Consumers Awaiting Connection	***	
Capital Contribution (Deferred Credit)		***
Payable to Consumer		***

d. In case the Deficit in the DN amount against the Cost of the work completed does not exceed by 10% of amount of DN, the following entry is posted the Operation Division:

Description	Debit	Credit
Capital Contribution of Consumers Awaiting Connection	***	
Income from Non Utility Operation	***	
Capital Contribution (Deferred Credit)		***

e. In case the Deficit in the DN amount against the Cost of the work completed exceeds by 10% of amount of DN, the following entry is posted the Operation Division:

Description	Debit	Credit
Capital Contribution of Consumers Awaiting Connection	***	
Receivable from Consumer	***	
Capital Contribution (Deferred Credit)		***

7. When Deferred Credit is amortized, the following entry is posted by the Operation Division:

Description	Debit	Credit
Capital Contribution (Deferred Credit)	***	
Amortization of Deferred Credit		***

FAM-5.5 Summary of Responsibilities for Functional Activities

Office / Section	Summary of Responsibilities for Functional Activities – Reference No.
Accounts Assistant	
Concerned Operation Division	3,4,7,9,10,11,12,13,14
Divisional Accounts Officer	
Concerned Operation Division	3,4,7,9,10,11,12,13,14
Assistant Manager Operations	
Concerned Operation Sub Division	1,6,8
Deputy Manager Operations	
Concerned Operation Division	1,5
Manager Operations	
Concerned Operation Circle	1
Chief Engineer P&D	
Office of CE P&D	1

FAM-5.6 Key Control Matrix

Sr. No	Objective	Risk	Control Activity	Activity Ref.#
1	The Credit Advice received from the Finance Department is posted accurately.	Wrong posting will misstate the financial statements.	LPS is prepared and reviewed by the AA and DAO.	4
2	Posting of Material Cost in Project Ledger, LPS and other Documents is made correctly.	Posting of Material Cost in Project Ledger, Expenditure Statement Report, Abstract of DWIP Report, Receipt against Deposit Work Report and LPS is not made correctly may result in misstatement of asset records and financial statements.	There is segregation of duties for the Posting of Material Cost in Project Ledger, LPS and other Documents. Posting is made after preparation of voucher by Accounts Assistant and review by Divisional Accounts Officer.	10
3	Posting of Labour Allocation Summaries in Project Ledger, LPS and Other Documents is made correctly.	Posting of Labour Allocation summaries in Project Ledger, Expenditure Statement Report, Abstract of DWIP Report, Receipt against Deposit Work Report and LPS is not made correctly which may result in misstatement of asset records and financial statements.	There is segregation of duties for the Posting of Cost in Project Ledger, LPS and other Documents. Posting is made after preparation of voucher by Accounts Assistant and review Divisional Accounts Officer.	11
3	Posting of Overheads Allocation Summaries in Project Ledger, LPS and Other Documents is made correctly.	Posting of Overheads Allocation summaries in Project Ledger, Expenditure Statement Report, Abstract of DWIP Report, Receipt against Deposit Work Report and LPS is not made correctly which may result in misstatement of asset records and financial statements.	There is segregation of duties for the Posting of Cost in Project Ledger, LPS and other Documents. Posting is made after preparation of voucher by Accounts Assistant and review Divisional Accounts Officer.	11

Sr. No	Objective	Risk	Control Activity	Activity Ref.#
4	Assets under construction are completed and capitalized as and when completed	Failure to capitalize the asset may result in the understatement of assets and hence, misstatement of financial statements.	All cost elements are accumulated and LPS is prepared for the capitalization by the Accounts Assistant and reviewed by Divisional Accounts Officer.	12
5	Physical counts of fixed assets for the DISCO should be performed on a periodic basis to ensure the existence and completeness of assets recorded in the balance sheet.	Non-existent assets and incomplete assets record may be maintained which will cause a material misstatement in the financial statements.	Physical counts of fixed assets are periodically performed.	General Policy 2.1

FAM-6 Capitalization of Fixed Assets at Concerned Operation Division through Own Resources against LT Proposal

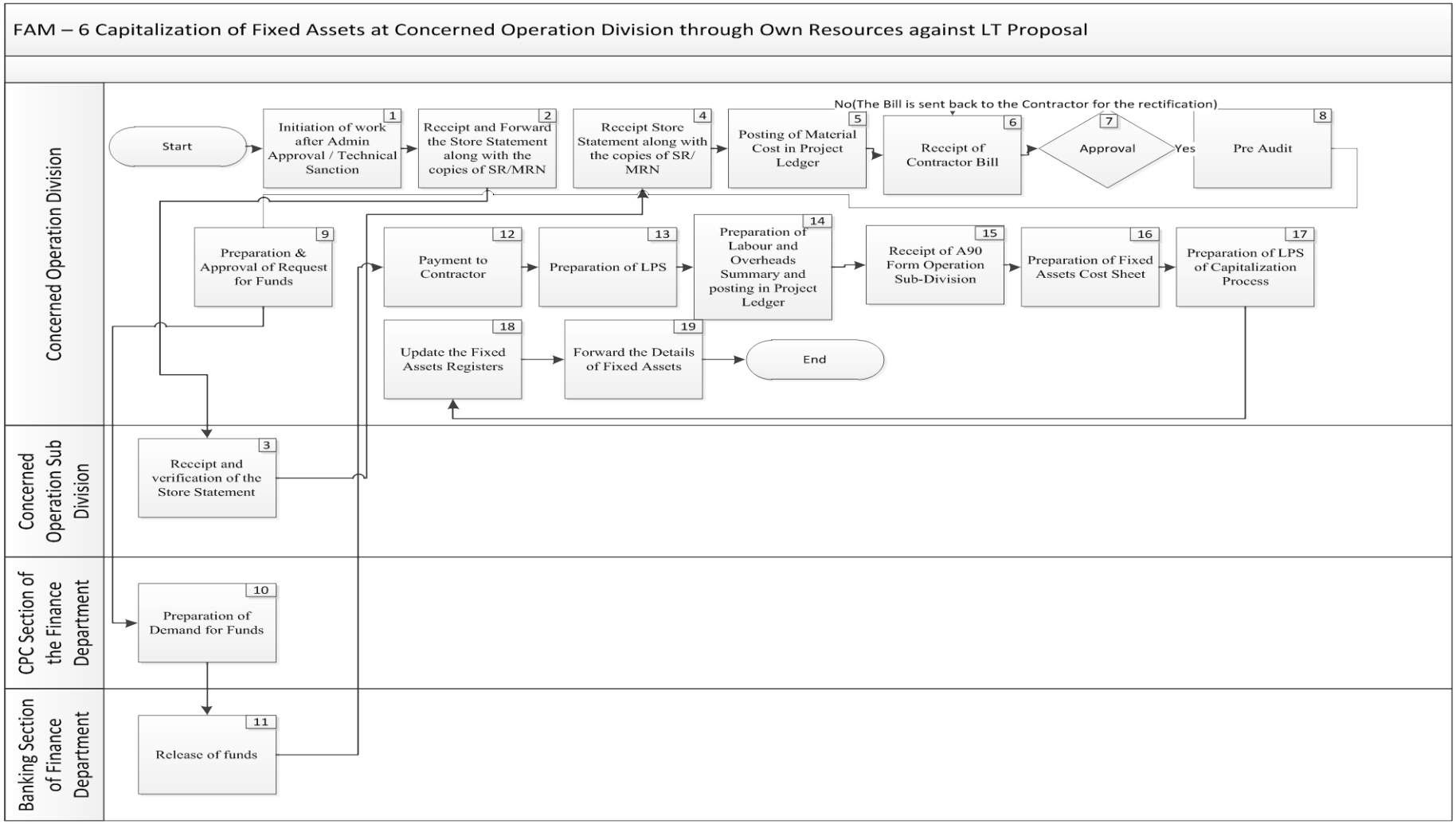
FAM-6.1 Descriptive Overview of the Process

A. This process covers the activities of the Operation Division (OD) through Own Sources regarding the installation of LT Lines.

B. Work regarding the installation of LT Lines starts after the approval from the competent authority in accordance with financial powers. CWIP is recorded at the Concerned Operation Division.

C. After completion, the Assets are capitalised at the concerned Operation Division and Fixed Assets Register is updated accordingly.

FAM-6.2 Flow Chart



FAM-6.3 Detail of Process Activities

Sr. No	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
1.	Initiation of work after Admin Approval / Technical Sanction	a) The Concerned Operation Division is intimated by the Office of MPC to initiate the particular work. b) Sanction of Budget / Admin Approval / Technical Sanction by Competent Authority is obtained by MPC. c) The Concerned Operation Division intimates its sub-Division to initiate the execution of work.			Concerned Operation Division	
2.	Receipt and Forward the Store Statement along with the copies of SR/MRN	a) The Concerned Operation Sub-Division issues the SR/MRN to the store to draw/return the required material. b) After receiving/issuing material, Store then forwards the copy of SR/MRN along with Store Statement to the Concerned Operation Division. c) The Concerned Operation Division then forwards the copy of SR/MRN along with Store Statement to the Concerned Operation Sub-Division for verification. **[**Refer ***"Volume III, Annexure - 86"*** for the specimen of ***Store Statement*****]** **[**Refer ***"Volume III, Annexure - 77"*** for the specimen of ***SR*****]** **[**Refer ***"Volume III, Annexure - 78"*** for the specimen of ***MRN*****]**	Store Statement and Copies of SR/MRN		Concerned Operation Division	AA, DAO
3.	Receipt and	Store Statement, SR/MRN are received and verified at the			Concerned Operation	AMO

Sr. No	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
	verification of the Store Statement	Concerned Operation Sub-Division and then returned to the Concerned Operation Division.			Sub-Division	
4.	Receipt Store Statement along with the copies of SR/MRN	Verified Store Statement along with SR/MRN is received at the Concerned Operation Division from the Concerned Operation Sub-Division.			Concerned Operation Division	AA, DAO
5.	Posting of Material Cost in Project Ledger	The Concerned Operation Division posts the cost of the material as per the store statement in the Project Ledger. The cost includes material cost and 12% Store Handling Charges relating to works. **[**Refer ***"Volume III, Annexure - 74"*** for the specimen of ***Project Ledger***]	Project Ledger	1, 2	Concerned Operation Division	AA, DAO
6.	Receipt of Contractor Bill	a) If work is outsourced the Concerned Operation Division receives the bill of the Contractor on the basis of the work executed. a) LPS is prepared at the Concerned Operation Division on receipt of Contractor Bill and an entry is posted. **[**Refer ***"PAP - 5"*** for details regarding ***hiring of contractor***] **[**Refer ***"Volume III, Annexure - 20"*** for the specimen of ***LPS***]	LPS	3	Concerned Operation Division	AA, DAO
7.	Approval	a) The Bill is approved by the Competent Authority of the Concerned Operation Division in accordance with			Concerned Operation Division	AA, DAO

Sr. No	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
		the financial powers. b) If approved then continues to activity # 8 else sends back the Bill to the Contractor for rectification/ amendment and continues from activity # 6. [Refer ***"Volume III, Annexure – 191"*** for ***Book of Financial Powers***]				
8.	Pre Audit	The Bill is sent to the Payment Section of Finance Department where it is pre-audited. [Refer ***"PAP - 9"*** for details regarding ***pre audit***]			Concerned Operation Division	
9.	Preparation & Approval of Request for Funds	Request for transferring the funds for the payment to Contractor is prepared, approved and sent to the CPC Section of the Finance Department. [Refer ***"Volume III, Annexure – 25.1"*** for the specimen of ***Demand for Release of Funds***] [Refer ***"Volume III, Annexure – 25.2"*** for the specimen of ***Demand for Release of Funds***]	Demand for Release of Funds		Concerned Operation Division	AA, DAO, DMO
10.	Preparation of Demand for Funds	On receiving of Request for Funds, Demand for funds is prepared at the CPC Section of Finance Department and approved by Competent Authority in accordance with the financial powers.	Demand for Release of Funds		CPC Section of Finance Department	

Sr. No	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
		[Refer ***"CTM - 9"*** for details regarding ***release of funds to Accounting Units***] [Refer ***"Volume III, Annexure – 25.1"*** for the specimen of ***Demand for Release of Funds***] [Refer ***"Volume III, Annexure – 25.2"*** for the specimen of ***Demand for Release of Funds***] [Refer ***"Volume III, Annexure – 191"*** for ***Book of Financial Powers***]				
11.	Release of funds	Funds are released in the Imprest Bank Account of the Concerned Operation Division by the Banking Section of Finance Department. [Refer ***"CTM - 9"*** for details regarding ***release of funds to Accounting Units***] [Refer ***"Volume III, Annexure - 42"*** for the specimen of ***Funds Transfer Letter***]	Funds Transfer Letter	4	Banking Section of Finance Department	
12.	Payment to Contractor	Concerned Operation Division then makes the payment to the Contractor through cheque.			Concerned Operation Division	
13.	Preparation of LPS	Concerned Operation Division after making payment to the Contractor posts the LPS. [Refer ***"Volume III, Annexure - 20"*** for the specimen of ***LPS***]	LPS	5	Concerned Operation Division	AA, DAO
14.	Preparation of	The Concerned Operation Division records the 8% Labour	Consolidated	6	Concerned Operation	AA, DAO

Sr. No	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
	Labour and Overheads Summary and posting in Project Ledger	and Overheads Charges i.e. 5% Labour and 3% Overheads of Material Cost to relevant Fixed Assets Accounting Codes in Labour and Overheads Summary. **[**Refer ***"Volume III, Annexure - 88"*** for the specimen of ***Consolidated Labour and Overheads Allocation Summary*****]**	Labour and Overheads Allocation Summary		Division	
15.	Receipt of A90 Form Operation Sub-Division	After completion of the work the Concerned Operation Division receives the A90 Form from the Concerned Sub Division.			Concerned Operation Division	AA, DAO
16.	Preparation of Fixed Assets Cost Sheet	AB-161 Form [Fixed Assets Cost Sheet] is prepared at the Concerned Operation Division for each project that is being capitalized. Following are mentioned on AB-161 Form: ➢ Account Heads are assigned to the Fixed Assets being capitalized, ➢ Quantity of Fixed Assets, ➢ Item wise amount of each fixed Assets **[**Refer ***"Volume III, Annexure - 81"*** for the specimen of ***Form AB-161*****]**	Form AB-161		Concerned Operation Division	AA, DAO
17.	Preparation of LPS of Capitalization Process	a) The Concerned Operation Division accumulates the following Cost Elements:	LPS	7	Concerned Operation Division	AA, DAO

Sr. No	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
		➢ Material Cost; ➢ Store Handling Charges; and ➢ Labour & Overheads Charges b) After accumulating the Cost Elements, the Concerned Operation Division prepares the LPS for capitalization of Fixed Assets accordingly. **[**Refer ***"Volume III, Annexure - 20"*** for the specimen of ***LPS*****]**				
18.	Update the Fixed Assets Register	After the preparation of LPS, the Concerned Operation Division updates the Fixed Assets Register. **[**Refer ***"Volume III, Annexure – 84"*** for the specimen of ***Fixed Assets Register*****]**	Fixed Assets Register		Concerned Operation Division	AA, DAO
19.	Forward the Details of Fixed Assets	The concerned Operation Division forwards the details of fixed assets capitalized during the month, while submitting the monthly Trial Balance to Finance Department. **[**Refer ***"Volume III, Annexure – 84"*** for the specimen of ***Fixed Assets Register*****]**	Fixed Assets Register		Concerned Operation Division	AA, DAO

FAM-6.4 Journal Entries

1. When material is received, the following entry is posted by the Operation Division:

Description	Debit	Credit
CWIP –Material	***	
IOT– SS Cheque		***

2. When excess drawn material is returned to the Store the following entry is posted by the Operation Division:

Description	Debit	Credit
IOT – SS Cheque	***	
CWIP –Material		***

3. When bill is received from the Contractor, the following entry is posted by the Concerned Operation Division:

Description	Debit	Credit
CWIP – Contract Work	***	
Payables		***

4. When funds are received from the Finance Department, the following is posted by the Operation Division:

Description	Debit	Credit
Bank – Imprest Account	***	
IOT – Cash		***

5. When payment is made to the Contractor, the following entry is posted by the Concerned Operation Division:

Description	Debit	Credit
Payables	***	
Bank – Imprest Account		***

6. To record the CWIP for Operation & Maintenance, the following entry is posted by the Operation Division:

Description	Debit	Credit
CWIP –Labour	***	
CWIP –Overheads	***	
Labour/ Overhead Recovery on meters		***

7. When work is completed, the following entry is posted by the Operation Division:

Description	Debit	Credit
Asset	***	
CWIP –Material		***
CWIP –Labour		***
CWIP –Overhead		***
CWIP –Contract Work		

FAM-6.5 Summary of Responsibilities for Functional Activities

Office / Section	Summary of Responsibilities for Functional Activities – Reference No.
Accounts Assistant	
Concerned Operation Division	2,4,5,6,7,9,13,14,15,16,17,18,19
Divisional Accounts Officer	
Concerned Operation Division	2,4,5,6,7,9,13,14,15,16,17,18,19
Deputy Manager Operations	
Concerned Operation Division	9
Assistant Manager Operations	
Concerned Operation Sub Division	3

FAM-6.6 Key Control Matrix

Sr. No	Objective	Risk	Control Activity	Activity Ref.#
1	Work is initiated after Admin Approval/ Technical Sanction.	Work is started without Admin Approval/ Technical Sanction and without verification of all supporting documents.	Admin Approval/ Technical Sanction is granted by the Competent Authority and all the supporting documents are verified by the AA, DAO.	1
2	Posting of Material Cost in Project Ledger, LPS and other Documents is made correctly.	Posting of Material Cost in Project Ledger, Expenditure Statement Report, Abstract of CWIP Report, Receipt against Deposit Work Report and LPS is not made correctly which may result in misstatement of asset records and financial statements.	There is segregation of duties for the Posting of Material Cost in Project Ledger, LPS and other Documents. Posting is made after preparation of voucher by Accounts Assistant and review by Divisional Accounts Officer.	5
3	Posting of Labour Allocation Summaries in Project Ledger, LPS and Other Documents is made correctly.	Posting of Labour Allocation summaries in Project Ledger, Expenditure Statement Report, Abstract of CWIP Report, Receipt against Deposit Work Report and LPS is not made correctly which may result in misstatement of asset records and financial statements.	There is segregation of duties for the Posting of Cost in Project Ledger, LPS and other Documents. Posting is made after preparation of voucher by Accounts Assistant and review by Divisional Accounts Officer.	14
3	Posting of Overheads Allocation Summaries in Project Ledger, LPS and Other Documents is made correctly.	Posting of Overheads Allocation summaries in Project Ledger, Expenditure Statement Report, Abstract of CWIP Report, Receipt against Deposit Work Report and LPS is not made correctly which may result in misstatement of asset records and financial statements.	There is segregation of duties for the Posting of Cost in Project Ledger, LPS and other Documents. Posting is made after preparation of voucher by Accounts Assistant and review by Divisional Accounts Officer.	14
4	Payment is made to the Contractor after it is approved by the Competent Authority and Pre Audited by the Payment Section of the Finance Department.	Unauthorized and incorrect amount of payments are made to the Contractor.	The Bill is approved by the Competent Authority. Before making the Payment the Bill is also Pre Audited by the Payment Section of the Finance Department.	8, 12

Sr. No	Objective	Risk	Control Activity	Activity Ref.#
5	Payment made to the Contractor is posted accurately.	Incorrect posting of LPS may result in the misstatement of Financial Statements.	LPS is posted to record the payment made to the Contractor. LPS is prepared and reviewed by DAO and AA respectively.	13
6	Assets under construction are completed and capitalized as and when completed.	Failure to capitalize the asset may result in the understatement of assets and hence, misstatement of financial statements.	All cost elements are accumulated and LPS is prepared for the capitalization by the Accounts Assistant and reviewed by Divisional Accounts Officer.	17
7	Appropriate preparation of LPS and timely updating of Fixed Assets Registers.	Preparation of LPS and updating of Fixed Assets Registers is not made appropriately	Preparation of LPS by DAO and updating of Fixed Assets Register accordingly.	18
8	Physical counts of fixed assets for the DISCO should be performed on a periodic basis to ensure the existence and completeness of assets recorded in the balance sheet.	Non-existent assets and incomplete assets record may be maintained which will cause a material misstatement in the financial statements.	Physical counts of fixed assets are periodically performed.	General Policy 2.1

FAM-7 Capitalization of Civil Works by Civil Works Division

FAM-7.1 Descriptive Overview of the Process

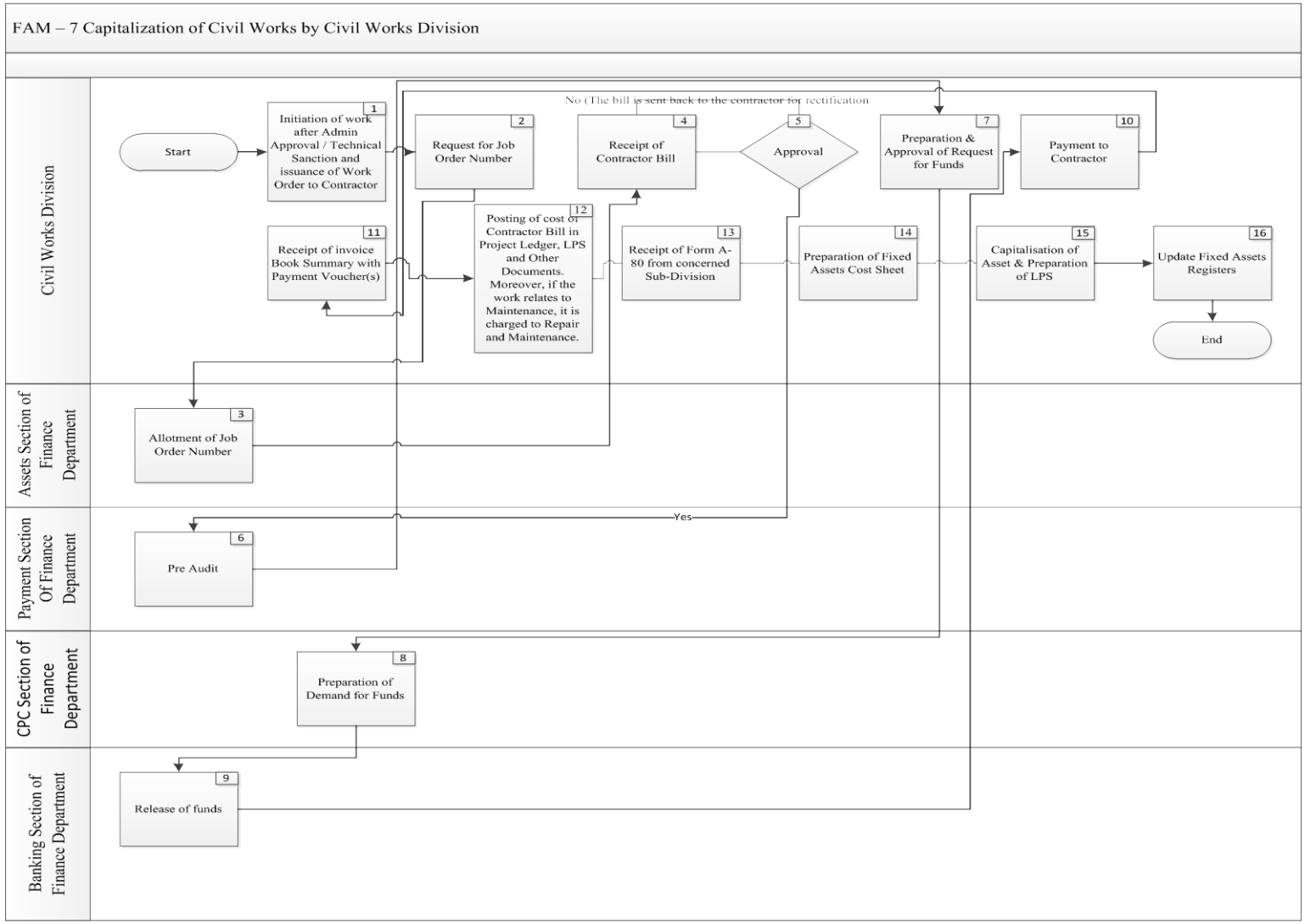
A. This process covers the activities of the Office of Civil Works Division for the construction of office buildings, walls and residential colonies.

B. Civil Works Division initiates the work for the construction of office buildings, walls and residential colonies

C. Work starts after the allotment of the job order number by the Assets Section of the Finance Department. The Work is outsourced to the Contactor and when bill is received, it is pre audited by the Competent Authority in accordance with the financial powers and payment is made by the payment section of the Finance Department and WIP is recorded accordingly

D. After completion, the Assets are capitalised at the concerned Civil Works Division and Fixed Assets Register is updated accordingly.

FAM-7.2 Flow Chart



FAM-7.3 Detail of Process Activities

Sr. No	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
1.	Initiation of work after Admin Approval / Technical Sanction and issuance of Work Order to Contractor.	Civil Works Division initiates the work after the Admin Approval / Technical Sanction by Competent Authority in accordance with the financial powers and issuance of Work Order to Contractor. **[**Refer ***"Volume III, Annexure – 191"*** for ***Book of Financial Powers*****]**			Civil Works Division	
2.	Request for Job Order Number	Request is prepared for allocation of Job Order Number to the work. The said request is sent to the Asset Section of Finance Department along with the supporting documents which includes: ➢ Estimate, ➢ Admin/Technical approval document. **[**Refer ***"Volume III, Annexure - 72"*** for the specimen of ***Request for Allocation of Job Order Number*****]**	Request for allocation of Job Order Number		Civil Works Division	DM Civil Works
3.	Allotment of Job Order Number	Job Order Number is allocated by Asset Section of Finance Department, after verification of supporting documents. **[**Refer ***"Volume III, Annexure - 73"*** for the specimen of ***Letter of Allotment of Job Order Number*****]**	Letter of Allotment of Job Order Number		Assets Section of Finance Department	AA
4.	Receipt of Contractor Bill	a) Civil Works Division receives the Bill along with the Small Measurement Book and other Documents on	LPS	1	Civil Works Division	AA

Sr. No	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
		the Basis of the work completed and measured. b) LPS is prepared at the Office of PDGSC on receipt of Contractor Bill and an entry is posted. c) The Bill is required to be prepared on the basis that the payment shall be linked to the work completed by the contractor. d) In case adjustments are required in the bill as per Activity # 5, rectified / amended bill is sought from the Contractor. **[**Refer ***"PAP - 5"*** for details regarding ***hiring of contractor***] **[**Refer ***"Volume III, Annexure - 20"*** for the specimen of ***LPS*****]**				
5.	Approval	a) The bill is approved by Competent Authority of the Civil Works Division in accordance with the financial powers and sends to the Payment Section of Finance Department for Pre Audit. b) If approved then continues to activity # 6 else sends back the bill to the Contractor for rectification/ amendment and continues from activity # 4. **[**Refer ***"Volume III, Annexure – 191"*** for ***Book of Financial Powers*****]**			Civil Works Division	AA, DAO, DM Civil Works
6.	Pre Audit	The Bill is pre-audited by the Competent Authority of the			Payment Section of Finance Department.	

Sr. No	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
		Payment Section of the Finance Department. [Refer ***"PAP - 9"*** for details regarding ***pre audit***]				
7.	Preparation & Approval of Request for Funds	a) Request for transferring the funds, for the payment to Contractor, is prepared at the Civil Works Division and approved by Competent Authority in accordance with the financial powers. b) The Request is sent to the CPC Section of the Finance Department. [Refer ***"Volume III, Annexure – 25.1"*** for the specimen of ***Demand for Release of Funds***] [Refer ***"Volume III, Annexure – 25.2"*** for the specimen of ***Demand for Release of Funds***] [Refer ***"Volume III, Annexure – 191"*** for ***Book of Financial Powers***]	Demand for Release of Funds		Civil Works Division	AA, DAO, DM Civil Works
8.	Preparation of Demand for Funds	On receiving of Request for Funds, Demand for funds is prepared and approved by Competent Authority of the CPC Section of the Finance Department in accordance with the financial powers. [Refer ***"CTM - 9"*** for details regarding ***release of funds to Accounting Units***] [Refer ***"Volume III, Annexure – 25.1"*** for the specimen	Demand for Release of Funds		CPC Section of Finance Department	

Sr. No	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
		of ***Demand for Release of Funds***] [Refer ***"Volume III, Annexure – 25.2"*** for the specimen of ***Demand for Release of Funds***] [Refer ***"Volume III, Annexure – 191"*** for ***Book of Financial Powers***]				
9.	Release of funds	Funds are released in the Imprest Bank Account of the Civil Works Division by the Banking Section of Finance Department. [Refer ***"CTM - 9"*** for details regarding ***release of funds to Accounting Units***] [Refer ***"Volume III, Annexure - 42"*** for the specimen of ***Funds Transfer Letter***]	Funds Transfer Letter	2	Banking Section of Finance Department	
10.	Payment to Contractor	After Receipt of funds the Payment is made to the Contractor by the Civil Works Division.			Civil Works Division	
11.	Receipt of invoice Book Summary with Payment Voucher(s)	At the Civil Works Division Invoice Book Summary is obtained from the Cashier. Invoice Book Summary includes the details of all the payments made to the Contractors against the Civil Works.			Civil Works Division	AA
12.	Posting of cost of Contractor Bill in Project Ledger, LPS and Other	a) After payment, Contractor Bill Expenditure is posted in following reports: ➢ Project ledger	Project Ledger, Expenditure Statement Report, Abstract	3,4	Civil Works Division	AA, DAO

Sr. No	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
	Documents. Moreover, if the work relates to Maintenance, it is charged to Repair and Maintenance.	➢ Expenditure Statement Report, ➢ Abstract of WIP Report, ➢ LPS b) Moreover, if the work relates to Maintenance, it is charged to Repair and Maintenance. [Refer ***"Volume III, Annexure - 74 "*** for the specimen of ***Project Ledger***] [Refer ***"Volume III, Annexure - 75"*** for the specimen of ***Expenditure Statement Report***] [Refer ***"Volume III, Annexure – 76.1 "*** for the specimen of ***Abstract of WIP Report (Category wise)***] [Refer ***"Volume III, Annexure – 76.2"*** for the specimen of ***Abstract of WIP Report (Division wise)***] [Refer ***"Volume III, Annexure - 20"*** for the specimen of ***LPS***]	of WIP Report, and LPS.			
13.	Receipt of Form A-80 from concerned Sub-Division	Civil Works Division receives Form A-80 from concerned Civil Works Sub-Division. The Form A-80 is duly counter signed by Dy. Manager Civil Works.			Civil Works Division	AA
14.	Preparation of Fixed Assets Cost Sheet	AB-161 Form [Fixed Assets Cost Sheet] is prepared for each project that is being capitalized. Following are mentioned on AB-161 Form: ➢ Account Heads are assigned to the Fixed Assets being capitalized, ➢ Quantity of Fixed Assets,	Form AB-161		Civil Works Division	AA

Sr. No	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
		➢ Amount of each asset [Refer ***"Volume III, Annexure - 81"*** for the specimen of ***Form AB-161***]				
15.	Capitalization of Asset & Preparation of LPS	Civil Works Division prepares LPS on account of Capitalization process. [Refer ***"Volume III, Annexure - 20"*** for the specimen of ***LPS***]	LPS	5	Civil Works Division	AA, DAO
16.	Update Fixed Assets Register	Civil Works Division updates the Fixed Assets Register once the entry is posted in the LPS. [Refer ***"Volume III, Annexure – 84"*** for the specimen of ***Fixed Assets Register***]	Fixed Assets Register		Civil Works Division	AA, DAO

FAM-7.4 Journal Entries

1. When bill is received the following entry is posted by the Civil Works Division:

Description	Debit	Credit
WIP – Contract Work	***	
Payables		***

2. When funds are received from the Finance Department, the following entry is posted by the Civil Works Division:

Description	Debit	Credit
Bank - Imprest Account	***	
IOT – Cash		***

3. Material, Labour and overhead charges when incurred (After receiving Bill), the following entry is posted by the Civil Works Division:

Description	Debit	Credit
Payables	***	
Bank - Imprest Account		***

4. When the work is charged to the Repair & Maintenance, the following entry is posted by the Civil Works Division:

Description	Debit	Credit
Repair & Maintenance (Civil Works)	***	
Bank - Imprest Account		***

5. When asset is capitalized, the following entry is posted by the Civil Works Division:

Description	Debit	Credit
Buildings and Civil Works	***	
WIP –Contract Work		***

FAM-7.5 Summary of Responsibilities for Functional Activities

Office / Section	Summary of Responsibilities for Functional Activities – Reference No.
Accounts Assistant	
Asset Section of Finance Department	3
Civil Works Division	4,5,7,11,12,13,14,15,16
Divisional Accounts Officer	
Civil Works Division	5,7,12,15,16
Deputy Manager Civil Works	
Civil Works Division	2,5,7

FAM-7.6 Key Control Matrix

Sr. No	Objective	Risk	Control Activity	Activity Ref.#
1	Job Order number is issued after Admin Approval/ Technical Sanction.	Job Order Number issued without Admin Approval/ Technical Sanction and without verification of all supporting documents.	Admin Approval/ Technical Sanction is granted by the Competent Authority and all the supporting documents are verified by the AA, AO and AMA of the Asset Section of the Finance Department.	1, 3
3	Payment is made after approval of the Competent Authority and Pre Audited by the Payment Section of Finance Department.	Unauthorized payments made to the Contractor.	There is segregation of duties and the Bill is prepared by AA, checked by AO and finally approved by the Competent Authority and Pre Audit is performed by the Payment Section of Finance Department.	6, 10
4	Posting of cost of Contractor Bill is made correctly.	Wrong Posting of cost of Contractor Bill will lead to the misstatement of asset records and financial statements.	There is segregation of duties for posting in LPS and other documents. Posting is made after preparation of voucher by Accounts Assistant and review by Divisional Accounts Officer.	12
5	Assets under construction are completed and capitalized as and when completed.	Failure to capitalize the asset may result in the understatement of assets and hence, misstatement of financial statements.	Assets capitalized are posted in the LPS by the Accounts Assistant after it is reviewed by the Divisional Accounts Officer.	15
6	Physical counts of fixed assets for the DISCO should be performed on a periodic basis to ensure the existence and completeness of assets recorded in the balance sheet.	Non-existent assets and incomplete assets record may be maintained which will cause a material misstatement in the financial statements.	Physical counts of fixed assets are periodically performed.	General Policy 2.1

FAM-8.1 Acquisition of Land for Grid System Construction

FAM-8.2 Descriptive Overview of the Process

A. This process covers the activities regarding the Acquisition of Land. When the land is transferred in the name of the DISCO, and on receiving of land transferring documents, a Debit Advice is prepared to transfer the Land as Fixed Asset to GSO Division.

B. Government/Private Owner by DISCO or acquisition of Land on receiving the offer for providing the land to DISCO from Housing Societies for Construction of Grid Systems.

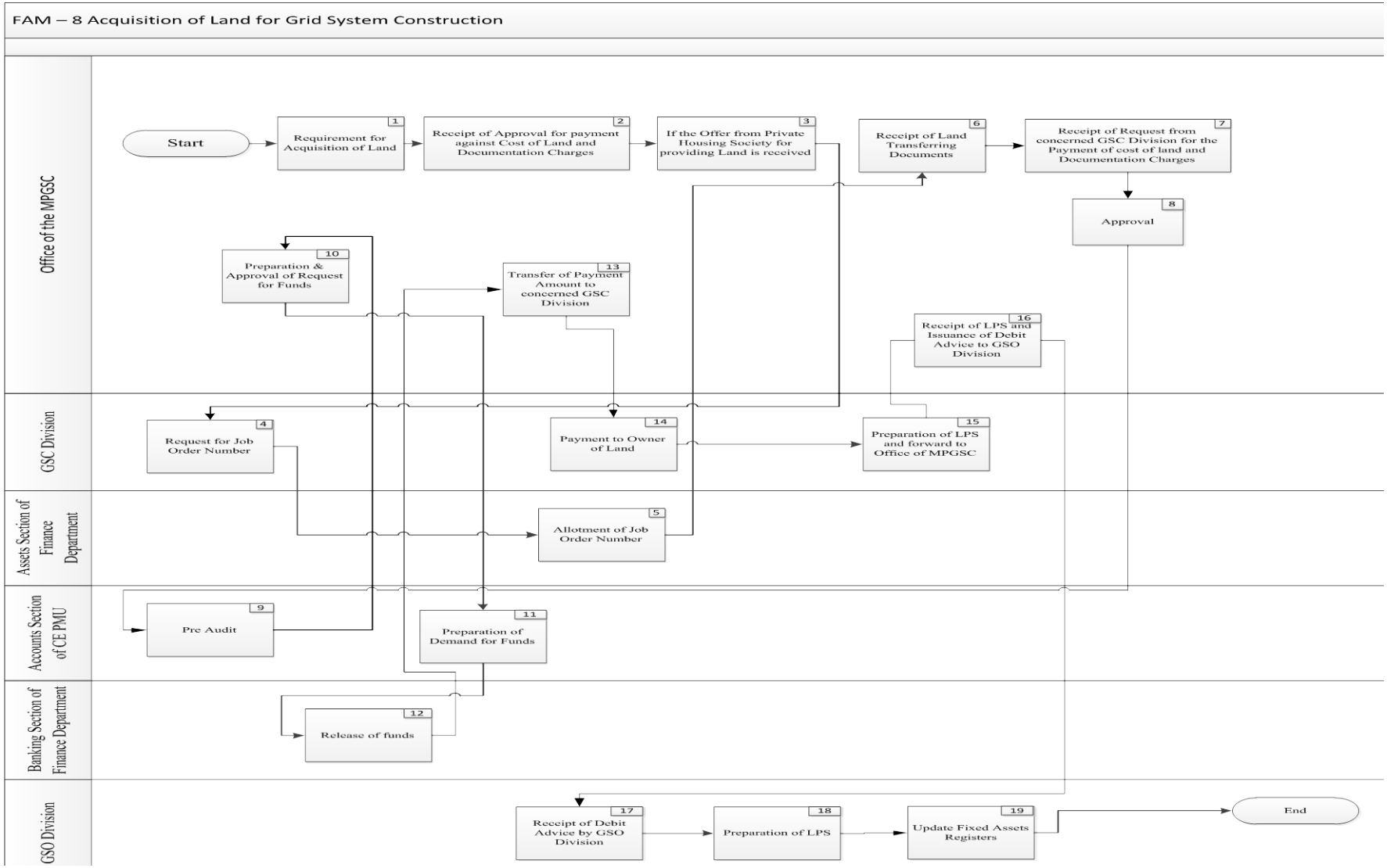
C. Approval is sought for the purchase of Land or offer by Housing Society for providing the land, from Office of CEO and Job order number is requested from Assets Section of Finance Department.

D. Office of MPGSC receives the request for payment to owner of land and the request is approved by the Competent Authority in accordance with the financial powers.

E. The bill is pre audited by CE PMU and funds are transferred by the Finance Department. Office of MPGSC transfers the funds for payment to the concerned GSC division for the purchase of Land.

F. GSO Division receives the Debit Advice and record the Land as a Fixed Asset in the books and updates the Fixed Assets Register accordingly.

FAM-8.3 Flow Chart



FAM-8.4 Detail of Process Activities

Sr. No	Process Activity	Description Of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
1.	Requirement for Acquisition of Land	Requisition for land is raised by the Office of MPGSC for the Grid System Construction. The land can either be purchased from the Government or the private owners. In some cases, the land is offered by the private housing societies which intend to get a grid system constructed within their societies.			Office of MPGSC	
2.	Receipt of Approval for payment against Cost of Land and Documentation Charges	a) If the land is to be purchased from the Government or private owners, the Office of MPGSC sought approval for purchasing the land from Office of CEO. b) Approval is sought for the payment of cost of land and ancillary expenses relating to the transfer of property to DISCO			Office of MPGSC	MPGSC
3.	If the Offer from Private Housing Society for providing Land is received	In case the land is offered by the private housing society for grid system construction, approval is sought by the Office of MPGSC and accorded MPGSC in accordance with the financial powers. **[**Refer ***"Volume III, Annexure – 191"*** for ***Book of Financial Powers*****]**			Office of MPGSC	MPGSC
4.	Request for Job Order Number	Respective GCC Division prepares requisition for Job order no and refers to Finance Department along with the following documents: ➢ Approval from Office of CEO (in case of Government or private owners land).	Request for allocation of Job Order Number		GSC Division	Deputy Manager GSC

Sr. No	Process Activity	Description Of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
		➢ Approval from the Office of MPGSC (in case of land of housing societies). **[**Refer ***"Volume III, Annexure - 72"*** for the specimen of ***Request for Allocation of Job Order Number***]				
5.	Allotment of Job Order Number	Job Order Number is allocated by Asset Section of Finance Department to the work after verification of supporting documents. **[**Refer ***"Volume III, Annexure - 73"*** for the specimen of ***Letter of Allotment of Job Order Number***]	Letter of Allotment of Job Order Number		Assets Section of Finance Department	AA, AO, AMA
6.	Receipt of Land Transferring Documents	When the land is transferred in the name of DISCO, the Land Transferring Documents are received at the Office of MPGSC accordingly from the concerned GSC Division.			Office of MPGSC	AA, AO, AMA, MPGSC
7.	Receipt of Request from concerned GSC Division for the Payment of cost of land and Documentation Charges	The Office of MPGSC receives the request for payment of cost of land and ancillary charges.			Office of MPGSC	MPGSC, AMA
8.	Approval	a) The Request for Payment is approved by Competent Authority at the Office of MPGSC in accordance with the financial powers. b) The request for payment is sent to CE PMU Office for Pre Audit.			Office of MPGSC	AA, AO, AMA,MPGSC

Sr. No	Process Activity	Description Of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
		c) If approved then continues to activity# 9 else sends back the Request for rectification/ amendment and continues from activity# 3 or 7. [Refer ***"Volume III, Annexure – 191"*** for ***Book of Financial Powers***]				
9.	Pre Audit	The Accounts Section of CE PMU pre audits the Request for Payment. [Refer ***"PAP - 9"*** for details regarding ***pre audit***]			Accounts Section of CE PMU	
10.	Preparation & Approval of Request for Funds	a) After the Request for Payment is pre audited, the Office MPGSC prepares a request for transferring funds for the payment. b) The request for transferring the funds is approved by Competent Authority at the Office of MPGSC in accordance with the financial powers. c) The request is then sent to the Accounts Section of CE PMU. [Refer ***"Volume III, Annexure – 25.1"*** for the specimen of ***Demand for Release of Funds***] [Refer ***"Volume III, Annexure – 25.2"*** for the specimen of ***Demand for Release of Funds***] [Refer ***"Volume III, Annexure – 191"*** for ***Book of***	Demand for Release of Funds		Office of MPGSC	AA, AO, AMA,MPGSC

Sr. No	Process Activity	Description Of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
		Financial Powers]				
11.	Preparation of Demand for Funds	On receiving of Request for Funds, Demand for funds is prepared at the Accounts Section of CE PMU and approved by the Competent Authority in accordance with the financial powers [Refer ***"CTM - 9"*** for details regarding ***release of funds to Accounting Units***] [Refer ***"Volume III, Annexure – 25.1"*** for the specimen of ***Demand for Release of Funds***] [Refer ***"Volume III, Annexure – 25.2"*** for the specimen of ***Demand for Release of Funds***] [Refer ***"Volume III, Annexure – "*** for ***Book of Financial Powers***]	Demand for Release of Funds		Accounts Section of CE PMU	
12.	Release of funds	The Banking Section of the Finance Department releases the funds into the Imprest Bank Account of the Office of MPGSC. [Refer ***"CTM - 9"*** for details regarding ***release of funds to Accounting Units***] [Refer ***"Volume III, Annexure - 42"*** for the specimen of ***Funds Transfer Letter***]	Funds Transfer Letter	1	Banking Section of Finance Department	
13.	Transfer of Payment Amount to concerned GSC	The Office of MPGSC transfers the amount to the Imprest Bank Account of concerned GSC Division for making		2,3	Office of MPGSC	AA, AO, AMA

Sr. No	Process Activity	Description Of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
	Division	payment for acquisition of land.				
14.	Payment to Owner of Land	The GSC Division makes payment to the Owner of Land through Cheque and posts the transaction in Imprest Cash Book.			GSC Division	DAO
15.	Preparation of LPS and forward to Office of MPGSC	The GSC Division prepares the LPS and forwards it to the Office of MPGSC. **[**Refer ***"Volume III, Annexure - 20"*** for the specimen of ***LPS***]	LPS	4	GSC Division	DAO
16.	Receipt of LPS and Issuance of Debit Advice to GSO Division	The Office MPGSC receives the LPS from GSC Division and prepares the Debit Advice to transfer the Land as a Fixed Asset to GSO Division. **[**Refer ***"Volume III, Annexure - 53 "*** for the specimen of ***Debit Advice***]	Debit Advice	5	Office of MPGSC	AA, AO, AMA
17.	Receipt of Debit Advice by GSO Division	The GSO Division receives the Debit Advice from the Office of MPGSC.			GSO Division	AA, DAO
18.	Preparation of LPS	The GSO Division prepares the LPS after necessary verification of Debit Advice. **[**Refer ***"Volume III, Annexure - 20"*** for the specimen of ***LPS***]	LPS	6	GSO Division	AA, DAO, DM
19.	Update Fixed Assets Register	GSO Division Updates the Fixed Assets Register accordingly.	Fixed Assets Register		GSO Division	AA, DAO

Sr. No	Process Activity	Description Of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
		[Refer ***"Volume III, Annexure – 84"*** for the specimen of ***Fixed Assets Register***]				

FAM-8.5 Journal Entries

1. On receiving of funds from the Finance Department the following entry is posted at the Office of MPGSC:

Description	Debit	Credit
Bank – Imprest Account	***	
IOT – Cash		***

2. On transferring of funds to GSC Division, the following entry is posted by the Office of MPGSC:

Description	Debit	Credit
IOT – Cash	***	
Bank – Imprest Account		***

3. On receiving of funds by the GSC Division from the Office of MPGSC, the following entry is posted by the GSC Division:

Description	Debit	Credit
Bank – Imprest Account	***	
IOT – Cash		***

4. When Land is acquired and payment is made to the supplier, the following entry is posted by the GSC Division:

Description	Debit	Credit
Land	***	
Bank – Imprest Account		***

5. On issuing of Debit Advice to the GSO Division by GSC Division, the following entry is posted:

Description	Debit	Credit
IOT – Debit Advice	***	
Land		***

6. On receiving of Debit Advice from the GSC Division, the following entry is posted by the GSO Division:

Description	Debit	Credit
Land	***	
IOT – Debit Advice		***

FAM-8.6 Summary of Responsibilities for Functional Activities

Office / Section	Summary of Responsibilities for Functional Activities – Reference No.
Accounts Assistant	
Asset Section of Finance Department	5
Office of MPGSC	6,8,10,13 ,16
GSO Division	17,18,19
Accounts Officer	
Asset Section of Finance Department	5
Office of MPGSC	6,8,10,13 ,16
Divisional Accounts Officer	
GSO Division	17,18,19
GSC Division	14,15
Assistant Manager Accounts	
Asset Section of Finance Department	5
Office of MPGSC	6,7,8,10,13,16
Deputy Manager Grid System Construction	
GSC Division	4
Deputy Manager Grid System Operations	
GSO Division	18
Manager Project Grid System Construction	
Office of MPGSC	2,3,6,7,8,10
GSO Division	18

FAM-8.7 Key Control Matrix

Sr. No	Objective	Risk	Control Activity	Activity Ref.#
1	Payment approval is sought from the Office of CEO.	Unauthorized payments may be made by the DISCO.	Receipt of Approval for payment against Cost of Land and Documentation Charges is sought from the Office of CEO.	2
2	Job Order Number is allotted after the verification of the supporting documents.	Incorrect allotment of the Job Order Number.	Job Order Number is allotted after the supporting documents are verified by the AA, AO and AMA.	5
3	The Debit Advice received from the Office of MPGSC is posted accurately by GSO Division.	Preparation of LPS and updating of Fixed Assets Register is not made appropriately	LPS is prepared to record the Debit Advice. LPS is prepared by the AA, reviewed by DAO And approved by the DM.	18

FAM-9 Acquisition of Land by Civil Works Division

FAM-9.1 Descriptive Overview of the Process

A. This process covers the activities regarding the Acquisition of Land from the Government/Private Owner for the Construction of residential colonies, Offices etc.

B. Approval is sought for the purchase of Land, from Office of CEO and Job Order Number is requested from Assets Section of Finance Department.

C. The request for the payment is approved by the Competent Authority in accordance with the financial powers. The bill is pre audited and funds are transferred.

D. The land is then transferred under the name of the DISCO through a Land transferring document. Payment is made and LPS is prepared to book the Land as a Fixed Asset.

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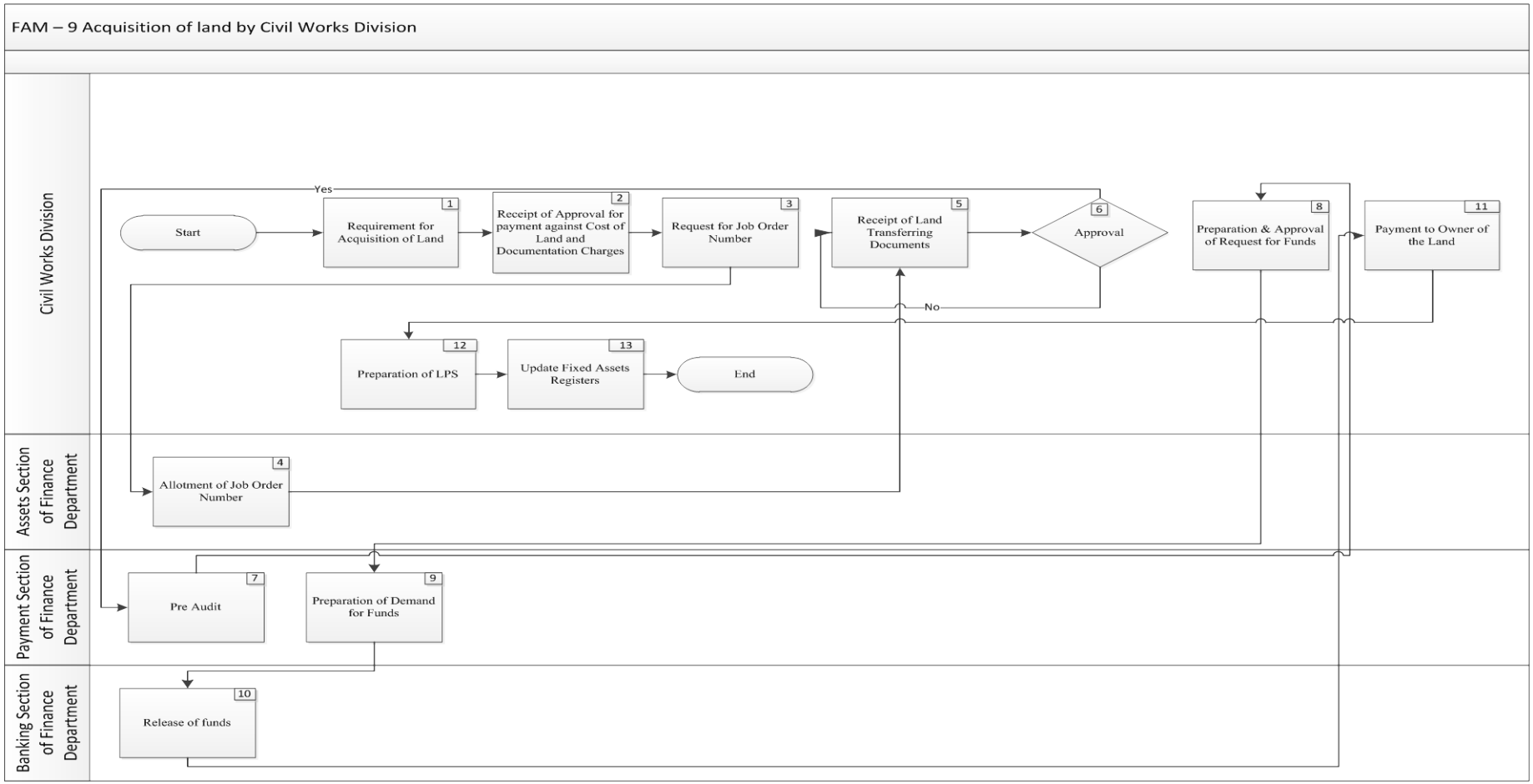
FAM-9.2 Flow Chart



FAM-9.3 Detail of Process Activities

Sr. No	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
1.	Requirement for Acquisition of Land	Requisition for land is raised by the Civil Works Division for the Grid System Construction. The land can either be purchased from the Government or the private owners.			Civil Works Division	
2.	Receipt of Approval for payment against Cost of Land and Documentation Charges	a) If the land is to be purchased from the Government or private owners, Civil Works Division receives approval for purchasing the land from Office of CEO. b) Approval is obtained for payment of cost and documentation charges.			Civil Works Division	DM Civil Works Division
3.	Request for Job Order Number	a) The Civil Works Division prepares the request and sends it to the Assets Section of Finance Department for allocation of Job Order Number. b) Supporting Documents are attached with the request which includes Approval from Office of CEO. **[**Refer ***"Volume III, Annexure - 72"*** for the specimen of ***Request for Allocation of Job Order Number***]	Request for allocation of Job Order Number		Civil Works Division	DM Civil Works Division
4.	Allotment of Job Order Number	Job Order Number is allocated by Asset Section of Finance Department, to the work, after verification of supporting documents. **[**Refer ***"Volume III, Annexure - 73"*** for the specimen of ***Letter of Allotment of Job Order Number***]	Letter of Allotment of Job Order Number		Assets Section of Finance Department	AA, AO, AMA
5.	Receipt of Land	When the land is transferred in the name of DISCO, the			Civil Works Division	DM Civil Works

Sr. No	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
	Transferring Documents	Land Transferring Documents are received at the Civil Works Division accordingly from the concerned GSC Division				Division
6.	Approval	a) The Request for Payment is prepared and approved by Competent Authority at the Civil Works Division in accordance with the financial powers. b) The request for payment is sent to Payment Section of the Finance Department for Pre Audit. **[**Refer ***"Volume III, Annexure – 191"*** for ***Book of Financial Powers*****]**			Civil Works Division	AA, DAO, AM,DM, Manager Civil Works
7.	Pre Audit	The Payment Section of the Finance Department pre audits the bill. **[**Refer ***"PAP - 9"*** for details regarding ***pre audit***]			Payment Section of Finance Department	
8.	Preparation & Approval of Request for Funds	a) After the bill is pre audited, the Civil Works Division prepares a request for transferring funds for the payment. b) The request for transferring the funds is approved by Competent Authority at the Civil Works Division in accordance with the financial powers. c) The request is then sent to the Payment Section of the Finance Department.	Demand for Release of Funds		Civil Works Division	DAO, DM Civil Works

Sr. No	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
		[Refer ***"Volume III, Annexure – 25.1"*** for the specimen of ***Demand for Release of Funds***] [Refer ***"Volume III, Annexure – 25.2"*** for the specimen of ***Demand for Release of Funds***] [Refer ***"Volume III, Annexure – 191"*** for ***Book of Financial Powers***]				
9.	Preparation of Demand for Funds	On receiving of Request for Funds, Demand for funds is prepared at the Payment Section of the Finance Department and approved by the Competent Authority in accordance with the financial powers [Refer ***"CTM - 9"*** for details regarding ***release of funds to Accounting Units***] [Refer ***"Volume III, Annexure – 25.1"*** for the specimen of ***Demand for Release of Funds***] [Refer ***"Volume III, Annexure – 25.2"*** for the specimen of ***Demand for Release of Funds***] [Refer ***"Volume III, Annexure – 191"*** for ***Book of Financial Powers***]	Demand for Release of Funds		Payment Section of Finance Department	
10.	Release of funds	The Banking Section of the Finance Department releases the funds into the Imprest Bank Account of the Office Civil Works Division. [Refer ***"CTM - 9"*** for details regarding ***release of funds***	Funds Transfer Letter	1	Banking Section of Finance Department	

Sr. No	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
		to Accounting Units] **[**Refer ***"Volume III, Annexure - 42"*** for the specimen of ***Funds Transfer Letter*****]**				
11.	Payment to Owner of the Land	The Civil Works Division makes payment to the Owner of Land through Cheque and posts the transaction in Imprest Cash Book.			Civil Works Division	
12.	Preparation of LPS	The Civil Works Division prepares the LPS after necessary verification. **[**Refer ***"Volume III, Annexure - 20"*** for the specimen of ***LPS*****]**	LPS	2	Civil Works Division	AA, DAO
13.	Update Fixed Assets Register	Civil Works Division Updates the Fixed Assets Register accordingly. **[**Refer ***"Volume III, Annexure – 84"*** for the specimen of ***Fixed Assets Register*****]**	Fixed Assets Register		Civil Works Division	AA, DAO

FAM-9.4 Journal Entries

1. When funds are received from the Finance Department, the following entry is posted by the Civil Works Division:

Description	Debit	Credit
Bank – Imprest Account	***	
IOT – Cash		***

2. When Land is acquired, the following entry is posted by the Civil Works Division:

Description	Debit	Credit
Land	***	
Bank – Imprest Account		***

FAM-9.5 Summary of Responsibilities for Functional Activities

Office / Section	Summary of Responsibilities for Functional Activities – Reference No.
Accounts Assistant	
Asset Section of Finance Department	4
Civil Works Division	6,12,13
Accounts Officer	
Asset Section of Finance Department	4
Divisional Accounts Officer	
Civil Works Division	6,8,12,13
Assistant Manager Accounts	
Asset Section of Finance Department	4
Assistant Manager Civil Works Division	
Civil Works Division	6
Deputy Manager Civil Works Division	
Civil Works Division	2,3,5,6,8
Manager Civil Works Division	
Civil Works Division	6

FAM-9.6 Key Control Matrix

Sr. No	Objective	Risk	Control Activity	Activity Ref.#
1	Payment approval is sought from the Office of CEO.	Unauthorized payments made by the DISCO.	Receipt of Approval for payment against Cost of Land and Documentation Charges from the Office of CEO	2
2	Job Order Number is allotted after the verification of the supporting documents.	Incorrect allotment of the Job Order Number.	Job Order Number is allotted after the supporting documents are verified by Deputy Manager Civil Works Division.	4
3	Funds are transferred after the advance payment is approved by the Competent Authority and the Bill is Pre Audited.	Unauthorized payments made to the seller.	AA prepares the request for the payment to be made to the owner of the land. The request is approved by the Competent Authority according to the Book of Financial Powers and the Bill is Pre Audited by the Payment Section of the Finance Department.	7, 8, 9
4	The payment made to the Owner of the land is posted accurately in the Imprest Cash Book.	Incorrect posting will misstate the financial statements.	The payment is recorded after the LPS is prepared by the AA and reviewed by DAO.	12

FAM-10 Acquisition of Fixed Assets through Direct Purchase or Central Purchase by MM via Regional Store

FAM-10.1 Descriptive Overview of the Process

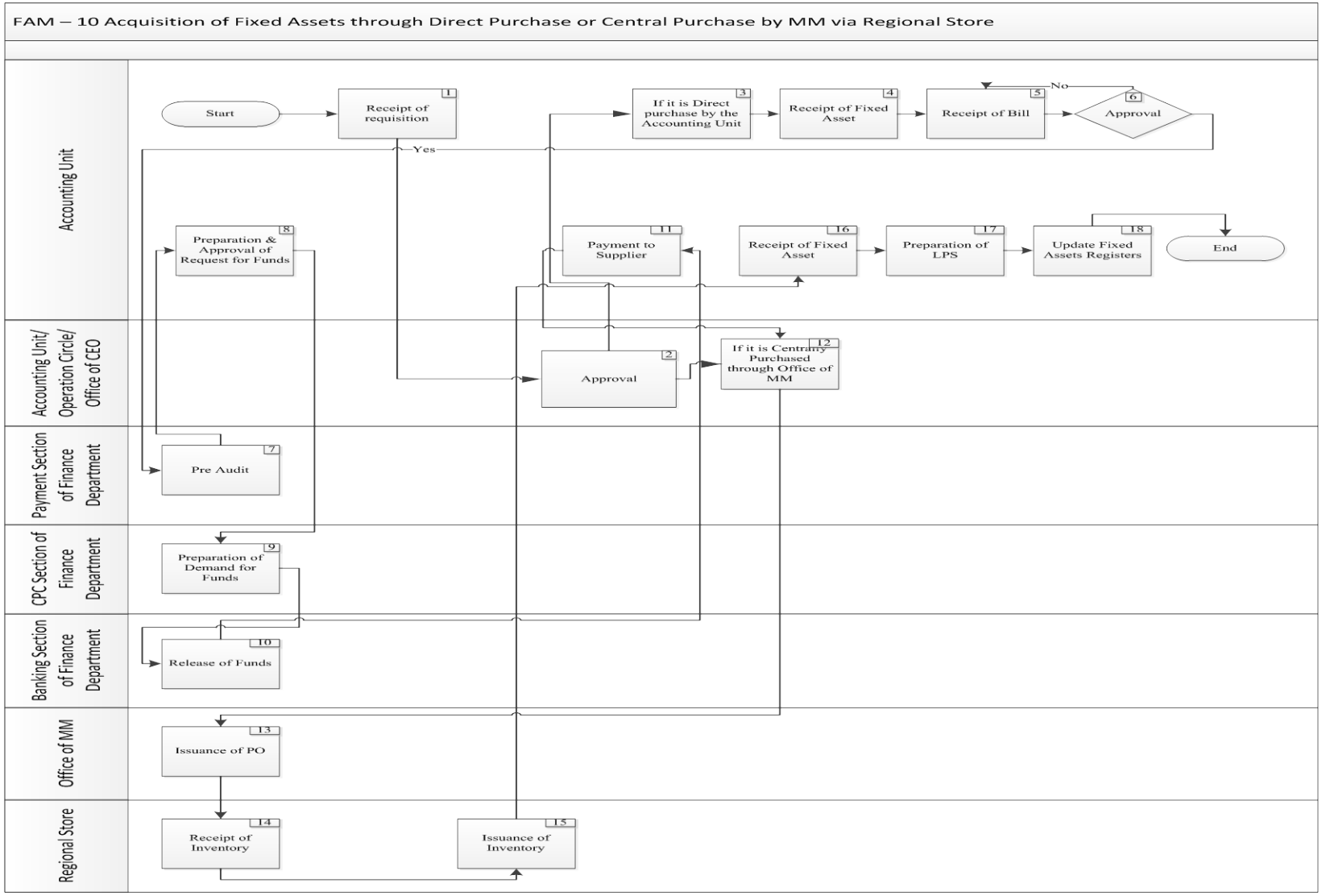
A. This process covers the activities regarding the purchase of all Assets other than Land, Building and Distribution Assets. i.e. Vehicles, Furniture & Fixture, IT & Office equipment and Tools & Plant etc through direct or central purchase from the supplier.

B. Requisition for the purchase of Asset is approved by the Competent Authority in accordance with the financial powers. If purchase is to be made directly by the Accounting Unit, PO is issued to the supplier, Asset is received and after the bill is pre audited, funds are transferred and payment is made to the supplier.

C. If the Asset is to be purchased centrally by the Office of MM via Regional Store, the requisition is referred to the Office of MM, PO is issued and inventory is received by the Store.

D. Store in turn issues inventory to the concerned Accounting Unit as per their SR. LPS is prepared by the Accounting Unit and Fixed Assets Register is updated.

FAM-10.2 Flow Chart



FAM-10.3 Detail of Process Activities

Sr. No	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
1.	Receipt of Requisition	The Accounting Unit receives the Requisition for the procurement of Fixed Assets from Sub Divisions/ Sections of Accounting Unit. **[**Refer ***"Volume III, Annexure - 94"*** for the specimen of ***Requisition for Purchase of Fixed Assets***]	Requisition for Purchase of Fixed Assets		Accounting Unit	Competent Authority
2.	Approval	The Requisition is approved by the Competent Authority at the Concerned Accounting Unit in accordance with the financial powers. **[**Refer ***"Volume III, Annexure – 191"*** for ***Book of Financial Powers***]***Volume III***			Accounting Unit/Operation Circle/Office of CEO	Competent Authority
3.	If it is Direct purchase by the Accounting Unit	a) If purchase is to be made directly by the Accounting Unit then a Purchase Order is issued to the supplier by the Concerned Accounting Unit. b) If purchasing is to be made centrally by the Office of MM via regional Store, go to the activity # 12. **[**Refer ***"Volume III, Annexure - 92"*** for the specimen of ***Purchase Order***]	Purchase Order		Accounting Unit	Head of Accounting Unit
4.	Receipt of Fixed Asset	The Concerned Accounting Unit receives the Fixed Asset and a Delivery Challan is prepared.			Accounting Unit	Concerned Section in Accounting Unit

Sr. No	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
5.	Receipt of Bill	a) The Bill from the supplier is received for payment. b) In case the Bill is sent back to the contractor for rectification the Accounting Unit receives the rectified/amended Bill from the supplier. c) LPS is prepared at the Accounting Unit on receipt of Contractor Bill and an entry is posted. [Refer ***"PAP - 1"*** for details regarding ***hiring of supplier if purchased at Accounting Unit level***] [Refer ***"PAP - 2"*** for details regarding ***hiring of supplier if purchase is made by MM***] [Refer ***"Volume III, Annexure - 20"*** for the specimen of ***LPS***]	LPS	1	Accounting Unit	AA
6.	Approval	a) When the Bill is received from the supplier it is verified and approved by the Competent Authority at the Concerned Accounting Unit in accordance with the financial powers. b) After approval, the Bill is sent to the Payment Section of the Finance Department for pre-audit. c) If the Bill is approved then it is sent to the Payment Section of Finance Department for Pre Audit and continues to activity # 7 else sends back the request for rectification/ amendment and continues from activity # 5.			Accounting Unit	AA, DAO/AO/AMA, AMCS/DM/ Manager

Sr. No	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
		[Refer ***"Volume III, Annexure – 191"*** for ***Book of Financial Powers***]***Volume III***				
7.	Pre Audit	The Payment Section of the Finance Department receives the Bill from the Accounting Unit and it is pre audited. [Refer ***"PAP - 9"*** for details regarding ***pre audit***]			Payment Section of Finance Department	
8.	Preparation & Approval of Request for Funds	a) After the bill is pre audited, the Accounting Unit prepares a request for transferring funds for the payment. b) The request for transferring the funds is approved by Competent Authority at the Accounting Unit. c) The request is then sent to the CPC Section of the Finance Department. [Refer ***"Volume III, Annexure – 25.1"*** for the specimen of ***Demand for Release of Funds***] [Refer ***"Volume III, Annexure – 25.2"*** for the specimen of ***Demand for Release of Funds***]	Demand for Release of Funds		Accounting Unit	AA, DAO/AO/AMA, AMCS/DM/ Manager
9.	Preparation of Demand for Funds	On receiving of Request for Funds, Demand for funds is prepared at the CPC Section of the Finance Department and approved by the Competent Authority in accordance with the financial powers [Refer ***"CTM - 9"*** for details regarding ***release of funds***	Demand for Release of Funds		CPC Section of Finance Department	

Sr. No	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
		to Accounting Units] [Refer ***"Volume III, Annexure – 25.1"*** for the specimen of ***Demand for Release of Funds***] [Refer ***"Volume III, Annexure – 25.2"*** for the specimen of ***Demand for Release of Funds***] [Refer ***"Volume III, Annexure – 191"*** for ***Book of Financial Powers***]***Volume III***				
10.	Release of Funds	The Banking Section of the Finance Department releases the funds into the Imprest Bank Account of the Accounting Unit. [Refer ***"CTM - 9"*** for details regarding ***release of funds to Accounting Units***] [Refer ***"Volume III, Annexure - 42"*** for the specimen of ***Funds Transfer Letter***]	Funds Transfer Letter	2	Banking Section of Finance Department	
11.	Payment to Supplier	a) The Accounting Unit makes payment to the supplier. b) LPS is prepared to record the Fixed Assets purchased. Fixed Assets Register is updated. [Refer ***"Volume III, Annexure - 20"*** for the specimen of ***LPS***]	LPS	3	Accounting Unit	
12.	If it is Centrally Purchased through	a) In case the requirement of fixed assets is to be made through purchasing by Office of MM via	Requisition for Purchase of		Accounting Unit/Operation	Competent Authority

Sr. No	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
	Office of MM	Regional Store. b) The requisition for purchase of fixed assets will be forwarded to the Office of MM. [Refer ***"Volume III, Annexure - 94"*** for the specimen of ***Requisition for Purchase of Fixed Assets***]	Fixed Assets		Circle/Office of CEO	
13.	Issuance of PO	The Office of MM issues the Purchase Order to the Supplier after fulfilling all the requirements of procurement procedure. [Refer ***"PAP - 2"*** for details regarding ***purchases made by MM***] [Refer ***"Volume III, Annexure - 94"*** for the specimen of ***Purchase Order***]	Purchase Order		Office of MM	Manager MM
14.	Receipt of Inventory	a) The supplier delivers the inventory to the Regional Store in accordance with the requirement of PO. b) A GRN is prepared at the Regional Store. [Refer ***"IMM - 1 "*** for details regarding ***receipt of inventory from the Supplier***] [Refer ***"Volume III, Annexure - 85"*** for the specimen of ***GRN***]	GRN		Regional Store	
15.	Issuance of Inventory	a) The Accounting Unit issues Store Requisition to the Regional Store.	SR		Regional Store	

Sr. No	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
		b) The Regional Store issues inventory to the concerned Accounting Unit as per Store Requisition. [Refer ***"IMM - 5 "*** for details regarding ***issuance of material from Store***] [Refer ***"Volume III, Annexure - 77"*** for the specimen of ***SR***]				
16.	Receipt of Fixed Asset	The Accounting Unit receives the Fixed Assets against the SR sent to the Regional Store.			Accounting Unit	AA, DAO/AO/AMA, AMCS/DM/ Manager
17.	Preparation of LPS	The Accounting Unit prepares LPS to record the Fixed Assets obtained through the Office of MM. [Refer ***"Volume III, Annexure - 20"*** for the specimen of ***LPS***]	LPS	4	Accounting Unit	AA, DAO/AO/AMA
18.	Update Fixed Assets Register	The Accounting Unit updates the Fixed Assets Register accordingly. [Refer ***"Volume III, Annexure – 84"*** for the specimen of ***Fixed Assets Register***]	Fixed Assets Register		Accounting Unit	AA, DAO/AO/AMA

FAM-10.4 Journal Entries

1. When item is directly purchased by the Accounting Unit, the following entry is posted by the Accounting Unit to record the payable:

Description	Debit	Credit
Asset	***	
Payable		***

2. When funds are received by the Accounting Unit from the Finance Department, the following entry is posted by the Accounting Unit:

Description	Debit	Credit
Bank – Imprest Account	***	
IOT – Cash		***

3. When item is directly purchased by the Accounting Unit, the following entry is posted when payment is made:

Description	Debit	Credit
Payable	***	
Bank – Imprest Account		***

4. When Asset is received by the Accounting Unit from the Store, the following entry is posted:

Description	Debit	Credit
Asset	***	
IOT-SS Cheque		***

FAM-10.5 Summary of Responsibilities for Functional Activities

Office / Section	Summary of Responsibilities for Functional Activities – Reference No.
Accounts Assistant	
Accounting Unit	5,6,8,16,17,18
Accounts Officer	
Accounting Unit	6,8,16,17,18
Divisional Accounts Officer	
Accounting Unit	6,8,16,17,18
Assistant Manager Accounts	
Accounting Unit	6,8,16,17,18
Assistant Manager Customer Services	
Accounting Unit	6,8,16
Deputy Manager	
Accounting Unit	6,8,16
Manager	
Accounting Unit	6,8,16
Office of MM	13

FAM-10.6 Key Control Matrix

Sr. No	Objective	Risk	Control Activity	Activity Ref.#
1	Requisition for the purchase of Fixed Assets is approved by the Competent Authority.	Unauthorized purchases are made.	When requisition for the purchase of the Fixed Assets is raised, approval is sought from the Competent Authority in accordance with the financial powers.	2
2	Payment to supplier is made after the Bill is approved and is Pre Audited.	Wrongful payments made to the contractor.	The Bill when received is approved by the Competent Authority and Pre Audited by the Payment Section of the Finance Department.	6, 7, 11
3	Appropriate users are able to release purchase orders.	Inappropriate users have the ability to release purchase orders. Purchase orders may be released inappropriately or without the expected management review per the business policy.	Manager MM is responsible for the issuance of the PO after ensuring that all the requirements were met.	13
4	Assets acquired from the Store are posted correctly and Fixed Assets Register is updated accordingly.	Incorrect posting in the books may misstate the financial statements.	When assets are received, LPS is posted which is prepared by DAO, reviewed by AA and approved by AMA. After posting the LPS, Fixed Assets Register is updated accordingly.	17
5	Physical counts of fixed assets for the DISCO should be performed on a periodic basis to ensure the existence and completeness of assets recorded in the balance sheet.	Non-existent assets and incomplete assets record may be maintained which will cause a material misstatement in the financial statements.	Physical counts of fixed assets are periodically performed.	General Policy 2.1

FAM-11 Dismantlement or Transfer of spare Fixed Assets after placement of new Fixed Asset by Office of MPGSC / Office of MPC

FAM-11.1 Descriptive Overview of the Process

A. This process covers the activities regarding the Dismantlement or Transferring of spare Fixed Assets. Fixed Assets become spare when new Fixed Assets are placed due to changed requirements of an Operation Division / Division of GSO.

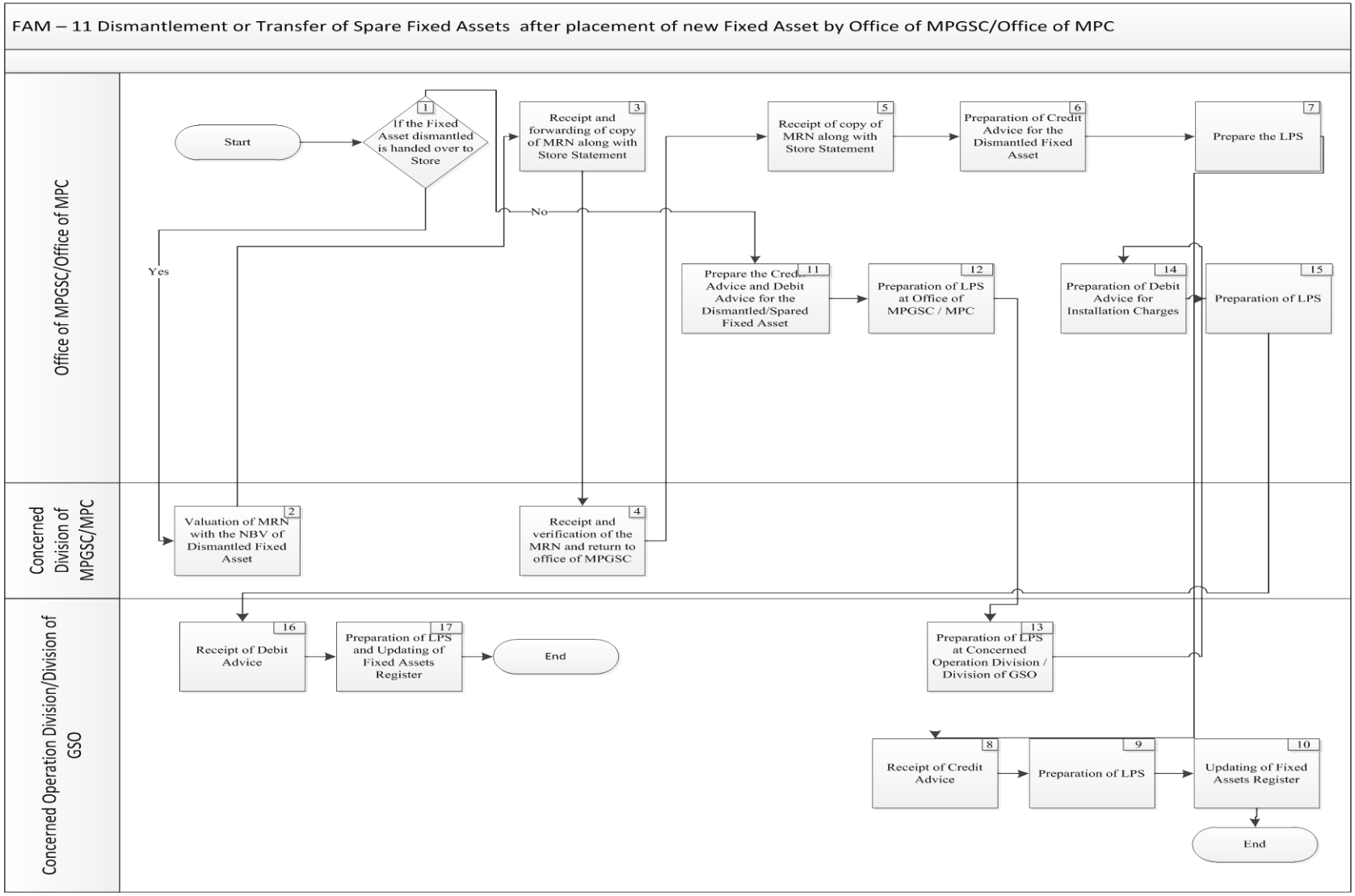
B. In case Dismantled Fixed Asset is handed over to the Store. MRN is prepared by the Concerned Sub Division / GSO, from where the Asset is being dismantled on the basis of Net Book Value of the Asset confirmed by relevant Operation Division/GSO Division.

C. In case after installation of new Asset, already installed Asset is spared, MPGSC/MPC issues Credit Advice of NBV along with detail of cost and accumulated depreciation to the Concerned Sub Division / GSO from where the Fixed Asset is dismantled.

D. Simultaneously the MPGSC/MPC issues Debit advice of NBV along with detail of cost and Accumulated depreciation to the Concerned Sub Division / GSO where the Fixed is being installed.

E. Fixed Assets Registers are updated accordingly.

FAM-11.2 Flow Chart



FAM-11.3 Detail of Process Activities

Sr. No	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
1.	If the Fixed Asset dismantled is handed over to Store	In case dismantled Fixed Asset is handed over to Store refer activities from 2 to 10.			Office of MPGSC/Office of MPC	
2.	Valuation of MRN with the NBV of Dismantled Fixed Asset	a) MRN is prepared on the basis of NBV of dismantled Fixed Asset by the Concerned Division of MPGSC / MPC. b) The NBV is obtained from the Fixed Assets Register of relevant Operation Division/ Division of GSO. c) The MRN is sent to the Store by the Concerned Division of MPGSC / MPC. **[**Refer ***"Volume III, Annexure - 78"*** for the specimen of ***MRN*****]**	MRN		Concerned Division of MPGSC/ MPC	DAO
3.	Receipt and forwarding of copy of MRN along with Store Statement	a) After receiving material, Store then forwards the copy of MRN along with Store Statement to Office of MPGSC / MPC for verification. b) The Office of MPGSC / MPC then forwards the copy of MRN along with Store Statement to the Concerned Division of MPGSC / MPC for verification.			Office of MPGSC/Office of MPC	AMA
4.	Receipt and verification of the MRN and return to	Store Statement and MRN are received and verified at the Concerned Division of MPGSC / MPC and then returned to Office of MPGSC / MPC.			Concerned Division of MPGSC/ MPC	DAO

Sr. No	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
	office of MPGSC					
5.	Receipt of copy of MRN along with Store Statement	Verified Store Statement along with MRN is received at the Office of MPGSC / MPC from Concerned Division of MPGSC / MPC.			Office of MPGSC/Office of MPC	AMA
6.	Preparation of Credit Advice for the Dismantled Fixed Asset	The Office of MPGSC / MPC prepares the Credit Advice for the Dismantled Fixed Asset to be issued to the Concerned Operation Division / Division of GSO from where the Fixed Asset is to be dismantled. **[**Refer ***"Volume III, Annexure - 21"*** for the specimen of ***Credit Advice*****]**	Credit Advice		Office of MPGSC/Office of MPC	AA, AO, AMA
7.	Prepare the LPS	LPS is prepared at the Office of MPGSC / MPC for posting in Trial Balance. **[**Refer ***"Volume III, Annexure - 20"*** for the specimen of ***LPS*****]**	LPS	1	Office of MPGSC/Office of MPC	AA, AO, AMA
8.	Receipt of Credit Advice	The Concerned Operation Division / Division of GSO receive the Credit Advice from the Office of PDGCS / MPC.			Concerned Operation Division/ Division of GSO	DAO
9.	Preparation of LPS	LPS is prepared at the Concerned Operation Division / Division of GSO for posting in the Trial Balance. **[**Refer ***"Volume III, Annexure - 20"*** for the specimen of ***LPS*****]**	LPS	2	Concerned Operation Division/ Division of GSO	AA, DAO
10.	Updating of Fixed	Concerned Operation Division / Division of GSO updates	Fixed Assets		Concerned Operation	AA, DAO

Sr. No	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
	Assets Register	the Fixed Assets Register accordingly. [Refer ***"Volume III, Annexure – 84"*** for the specimen of ***Fixed Assets Register***]	Register		Division/ Division of GSO	
11.	Prepare the Credit Advice and Debit Advice for the Dismantled/Spared Fixed Asset	a) In case dismantlement of Fixed Assets is transferred from one Operation Division/ Division of GSO to the other, it is carried out by the Office of MPGSC / MPC. b) Allocation Order is received at the Office of MPGSC / MPC by the Competent Authority. c) Office of MPGSC / MPC consults the DAO of the relevant Operation Division/ Division of GSO and obtains NBV of the Fixed Asset to be dismantled. d) A Credit Advice is then prepared at the Office of MPGSC / MPC to be issued to the Concerned Operation Division / Division of GSO from where the Fixed Asset is to be dismantled. e) A Debit Advice is prepared to be issued to the Concerned Operation Division / Division of GSO where the Fixed Asset is going to be transferred and installed. [Refer ***"Volume III, Annexure - 21"*** for the specimen of ***Credit Advice***] [Refer ***"Volume III, Annexure - 53 "*** for the specimen of ***Debit Advice***]	Credit Advice, Debit Advice		Office of MPGSC/Office of MPC	AA, AO, AMA

Sr. No	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
12.	Preparation of LPS at Office of MPGSC / MPC	LPS is prepared at the Office of MPGSC / MPC to record the transfers of dismantled Fixed Asset. **[**Refer ***"Volume III, Annexure - 20"*** for the specimen of ***LPS*****]**	LPS	3	Office of MPGSC/Office of MPC	
13.	Preparation of LPS at Concerned Operation Division / Division of GSO	a) LPS is prepared at the Concerned Operation Division / Division of GSO to record the transfers of dismantled Fixed Asset. b) LPS is prepared at the other Concerned Operation Division / Division of GSO to record the installation of Fixed Asset. **[**Refer ***"Volume III, Annexure - 20"*** for the specimen of ***LPS*****]**	LPS	4, 5	Concerned Operation Division/ Division of GSO	AA, AO, AMA
14.	Preparation of Debit Advice for Installation Charges	a) Charges to dismantle and install the Fixed Asset are borne by the Concerned Operation Division / Division of GSO where the Fixed Asset is transferred and installed. b) The Office of MPGSC / MPC prepares the Debit Advice to transfer the amount of expense(s) incurred on dismantlement and installation of Fixed Asset. **[**Refer ***"Volume III, Annexure - 53 "*** for the specimen of ***Debit Advice*****]**	Debit Advice		Office of MPGSC/Office of MPC	AA, AO, AMA

Sr. No	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
15.	Preparation of LPS	LPS is prepared by the Office of MPGSC / MPC to transfer the installation charges. **[**Refer ***"Volume III, Annexure - 20"*** for the specimen of ***LPS*****]**	LPS	6	Office of MPGSC/Office of MPC	AA, AO, AMA
16.	Receipt of Debit Advice	The Concerned Operation Division / Division of GSO receive the Debit Advices from the Offices of MPGSC / MPC in respect of followings: ➢ Debit Advice for transferring the NBV of newly installed Fixed Asset, and ➢ Debit Advice for transferring the dismantling and installation charges of new Fixed Asset.			Concerned Operation Division/ Division of GSO	DAO
17.	Preparation of LPS and Updating of Fixed Assets Register	a) LPS is prepared to record the transfer of Fixed Asset by the Concerned Operation Divisions/ Division of GSOs. b) Fixed Assets Registers are updated accordingly. **[**Refer ***"Volume III, Annexure - 20"*** for the specimen of ***LPS*****]**	LPS	7	Concerned Operation Division/ Division of GSO	AA, DAO

FAM-11.4 Journal Entries

1. On issuance of Credit Advice for the Dismantled Fixed Asset to the Concerned Operation Division/ Division of GSO, the following entry is posted:

Description	Debit	Credit
IOT-SS Cheque	***	
IOT – Credit Advice		***

2. On receiving of Credit Advice for the Dismantled Fixed Asset from the Office of PD GSC / MP Construction, the following entry is posted:

Description	Debit	Credit
IOT – Credit Advice	***	
Accumulated Depreciation	***	
Asset		***

3. On issuance of Credit Advice to the Concerned Operation Division/ Division of GSO for the Dismantled Fixed Asset and issuance of Debit Advice to the Concerned Operation Division / Division of GSO on transferring the Fixed Asset, with the NBV of the dismantled and transferred Fixed Asset, the following entry is posted :

Description	Debit	Credit
IOT – Debit Advice (Accounting Unit to which Fixed Asset is transferred)	***	
IOT – Credit Advice (Accounting Unit of which Fixed Asset is Dismantled)		***

4. On receiving of Credit Advice for the dismantlement of Fixed Asset by the Concerned Operation Division / Division of GSO from the Office of PD GSC / MP Construction, the following entry is posted:

Description	Debit	Credit
IOT – Credit Advice	***	
Accumulated Depreciation	***	
Asset		***

5. On receiving of Debit Advice for the installation of Fixed Asset by the Concerned Operation Division / Division of GSO from the Office of PD GSC / MP Construction, the following entry is posted:

Description	Debit	Credit
Asset	***	
Accumulated Depreciation		***
IOT – Debit Advice		***

6. On issuance of Debit Advice for the Dismantlement and Installation Charges to the Concerned Operation Division/ Division of GSO, the following entry is posted in the Office of MPGSC:

Description	Debit	Credit
IOT – Debit Advice (Accounting Unit to which Fixed Asset is transferred)	***	
Dismantlement and Installation Charges		***

7. On receiving of Debit Advice for transferring dismantlement and installation charges from the Office of PD GSC / MP Construction, following entry will be posted:

Description	Debit	Credit
Asset	***	
IOT – Debit Advice		***

FAM-11.5 Summary of Responsibilities for Functional Activities

Office / Section	Summary of Responsibilities for Functional Activities – Reference No.
Accounts Assistant	
Office of MPGSC	6,7,11,14,15
Office of MPC	6,7,11,14,15
Concerned Operation Division	9,10,13,17
Division of GSO	9,10,13,17
Accounts Officer	
Office of MPGSC	6,7,11,14,15
Office of MPC	6,7,11,14,15
Divisional Accounts Officer	
Concerned Division of MPGSC	2,4
Concerned Division of MPC	2,4
Concerned Operation Division	8,9,10,16,17
Division of GSO	8,9,10,16,17
Assistant Manager Accounts	
Office of MPGSC	3,5,6,7,11,14,15
Office of MPC	3,5,6,7,11,14,15
Concerned Operation Division	13
Division of GSO	13

FAM-11.6 Key Control Matrix

Sr. No	Objective	Risk	Control Activity	Activity Ref.#
1	Credit Advice is issued by the Office of MPGSC/MPC after verifying the asset through MRN and confirming its NBV.	Credit Advice is issued for an incorrect amount and without verification of the asset through MRN will misstate the financial statements.	The Concerned Division of MPGSC/MPC confirms the value of the asset from the Fixed Assets Register and its condition from the MRN before the issuance of the Credit Advice for the value of the dismantled asset. After the value and the condition are confirmed, LPS is then posted to record the transaction.	2,6,7
2	LPS is prepared and Fixed Assets Register is updated on the basis of the Credit Advice received from the Office of MPGSC/MPC after the approval of the Competent Authority.	Fixed Assets Register is not updated correctly.	LPS is posted and Fixed Assets Register is updated by AA and reviewed by DAO after receiving the Credit Advice duly verified by the Competent Authority of the Office of MPGSC/MPC.	9
3	Credit Advice is issued and LPS is posted by the Office of MPGSC/MPC after verifying the NBV of the asset from the DAO of the concerned Operation Division/Division of GSO	Credit Advice is issued for an incorrect amount and without verification of the NBV of the asset from the concerned Operation Division/Division of GSO.	The Operation Division/Division of GSO confirms the NBV of the asset from the Fixed Assets Register and after that Credit Advice is issued by the Competent Authority of the Office of MPGSC/MPC.	11,12
4	Accounting head of the installation charges is nullified at the end of the year in the books of the MPGSC/MPC.	Financial Statement will be misstated.	It is the duty of the AMA of MPGSC/MPC to confirm that Installation charges are nullified at the end of every Financial Year.	14
5	Debit/Credit Advice must be recorded in the same month by the Concerned Division.	Depreciation will not be recorded properly if the Debit/Credit advice is not recorded in the same month.	It is the duty of the AMA of MPGSC/MPC to confirm that Debit/Credit advices are Issued and accounted by the Concerned Division in the same month of Transfer.	14

FAM-12 Inter DISCOs/ Inter Accounting Units Transfer of Fixed Assets

FAM-12.1 Descriptive Overview of the Process

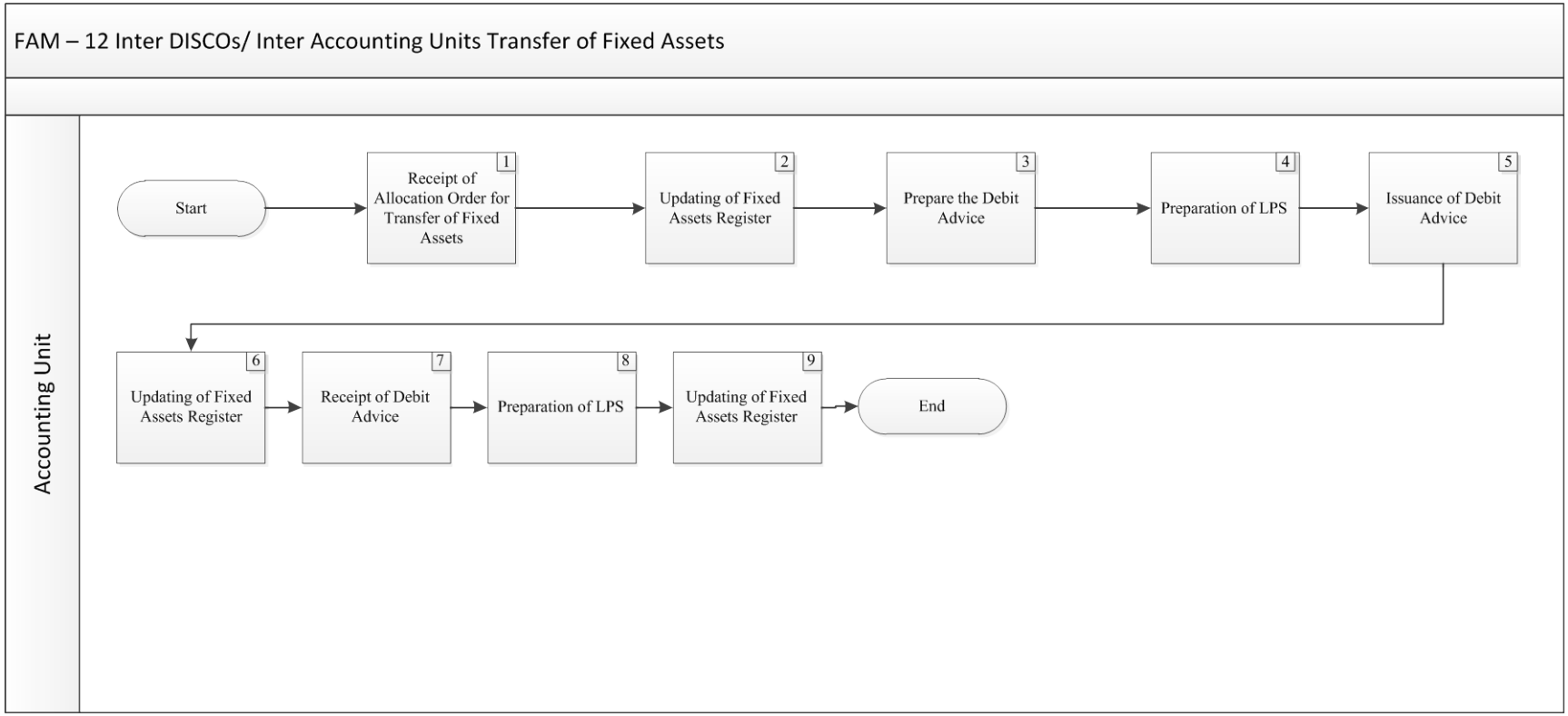
A. This process covers the activities regarding the transfer of Fixed Assets between DISCOs or transfer between various Accounting Units of a DISCO.

B. The Transferor Accounting Unit receives the Allocation Order from Competent Authority to transfer the Fixed Asset from one location to another. The Asset is transferred to the other location and Fixed Asset Register is updated accordingly (In case of inter Accounting Unit transfer)

C. In case Fixed Asset is to be transferred to other DISCOs, LPS is prepared and Fixed Asset cost and accumulated depreciation and other details are also transferred to the DISCO to whom Fixed Asset is transferred and Fixed Asset Register is updated accordingly.

D. The DISCO to whom the Fixed Asset is transferred also prepares LPS and updates its Fixed Assets Register accordingly.

FAM-12.2 Flow Chart



FAM-12.3 Detail of Process Activities

Sr. No	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
1.	Receipt of Allocation Order for Transfer of Fixed Assets	The Accounting Unit of the DISCO receives Allocation Order from Competent Authority to transfer the Fixed Assets from one location to other.			Accounting Unit	DAO/AMA
2.	Updating of Fixed Assets Register	a) In case Fixed Assets are transferred between Accounting Units of a DISCO, the Fixed Assets Register is updated and LPS is prepared to transfer the Fixed Asset to other Accounting Unit. b) Debit Advice is issued to the Accounting Unit to whom Fixed Asset is being transferred. c) The Accounting Unit receiving Fixed Asset also prepares LPS and updates its Fixed Assets Register. **[**Refer ***"Volume III, Annexure – 84"*** for the specimen of ***Fixed Assets Register*****]**	Fixed Assets Register	1, 2	Accounting Unit	AA, DAO/AMA
3.	Prepare the Debit Advice	a) In case fixed assets are to be transferred to another DISCO, the Concerned Accounting Unit whose fixed asset is to be transferred (Transferee Accounting Unit) prepares the Debit Advice. b) The Debit Advice is to be issued to the Concerned Accounting Unit of the DISCO to whom fixed Assets are to be transferred (Transferee Accounting Unit)	Debit Advice		Accounting Unit	AA, DAO/AMA

Sr. No	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
		[Refer ***"Volume III, Annexure - 53 "*** for the specimen of ***Debit Advice***]				
4.	Preparation of LPS	The Concerned Accounting Unit prepares the LPS to record the transfer of the Fixed Assets. [Refer ***"Volume III, Annexure - 20"*** for the specimen of ***LPS***]	LPS	1	Accounting Unit	AA, DAO/AMA
5.	Issuance of Debit Advice	a) The Transferor Accounting Unit issues Debit Advice to Transferee Accounting Unit to whom Fixed Asset is transferred. b) The Debit Advice includes details of Fixed Assets Cost and Accumulated Depreciation.			Accounting Unit	AA
6.	Updating of Fixed Assets Register	The Transferor Accounting Unit updates the Fixed Assets Register by transferring Fixed Asset accordingly. [Refer ***"Volume III, Annexure – 84"*** for the specimen of ***Fixed Assets Register***]	Fixed Assets Register		Accounting Unit	AA, DAO/AMA
7.	Receipt of Debit Advice	The Transferee Accounting Unit receives the Debit Advice.			Accounting Unit	DAO/AMA
8.	Preparation of LPS	The Transferee Accounting Unit prepares the LPS. [Refer ***"Volume III, Annexure - 20"*** for the specimen of ***LPS***]	LPS	2	Accounting Unit	AA, DAO/AMA
9.	Updating of Fixed Assets Register	Fixed Assets Register of the Transferee Accounting Unit is	Fixed Assets Register		Accounting Unit	AA, DAO/AMA

Sr. No	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
		updated by Addition of Fixed Asset. **[**Refer ***"Volume III, Annexure – 84"*** for the specimen of ***Fixed Assets Register*****]**				

FAM-12.4 Journal Entries

1. On issuance of Debit Advice to transferring the Fixed Asset, the following entry is posted by the Transferor:

Description	Debit	Credit
IOT – Debit Advice	***	
Accumulated Depreciation	***	
Asset		***

2. On receiving of Debit Advice for the Receiving of Fixed Asset, the following entry is posted by the Transferee:

Description	Debit	Credit
Asset	***	
IOT – Debit Advice		***
Accumulated Depreciation		***

FAM-12.5 Summary of Responsibilities for Functional Activities

Office / Section	Summary of Responsibilities for Functional Activities – Reference No.
Accounts Assistant	
Accounting Unit	2,3,4,5,6,8,9
Divisional Accounts Officer	
Accounting Unit	1,2,3,4,6,7,8,9
Assistant Manager Accounts	
Accounting Unit	1,2,3,4,6,7,8,9

FAM-12.6 Key Control Matrix

Sr. No	Objective	Risk	Control Activity	Activity Ref.#
1	All fixed asset transfers are authorized.	If transfers are not authorized, wrong transfer of assets would misstate the location and value of the assets in the books.	Fixed Assets are transferred after the receipt of Allocation Order from the Competent Authority in accordance with the financial powers.	1
2	The Transferor Accounting Unit issues Debit Advice to the Transferee Accounting Unit only after receiving Allocation Order from the Competent Authority.	Debit Advice will be issued with an incorrect amount and without the approval of the Competent Authority.	LPS is posted for the issuance of the Debit Advice by the DAO/AMA after receiving the approval from the Competent Authority.	4
3	Fixed Assets Register is updated by the Transferee Accounting Unit after receiving the approved Debit Advice from the Transferor Accounting Unit.	Fixed Assets Register is updated with an incorrect amount and without the approval of the Competent Authority.	LPS is posted by the DAO/AMA after the receipt of approved Debit Advice and Fixed Assets Register is updated accordingly.	8

FAM-13 Fixed Assets Written Off

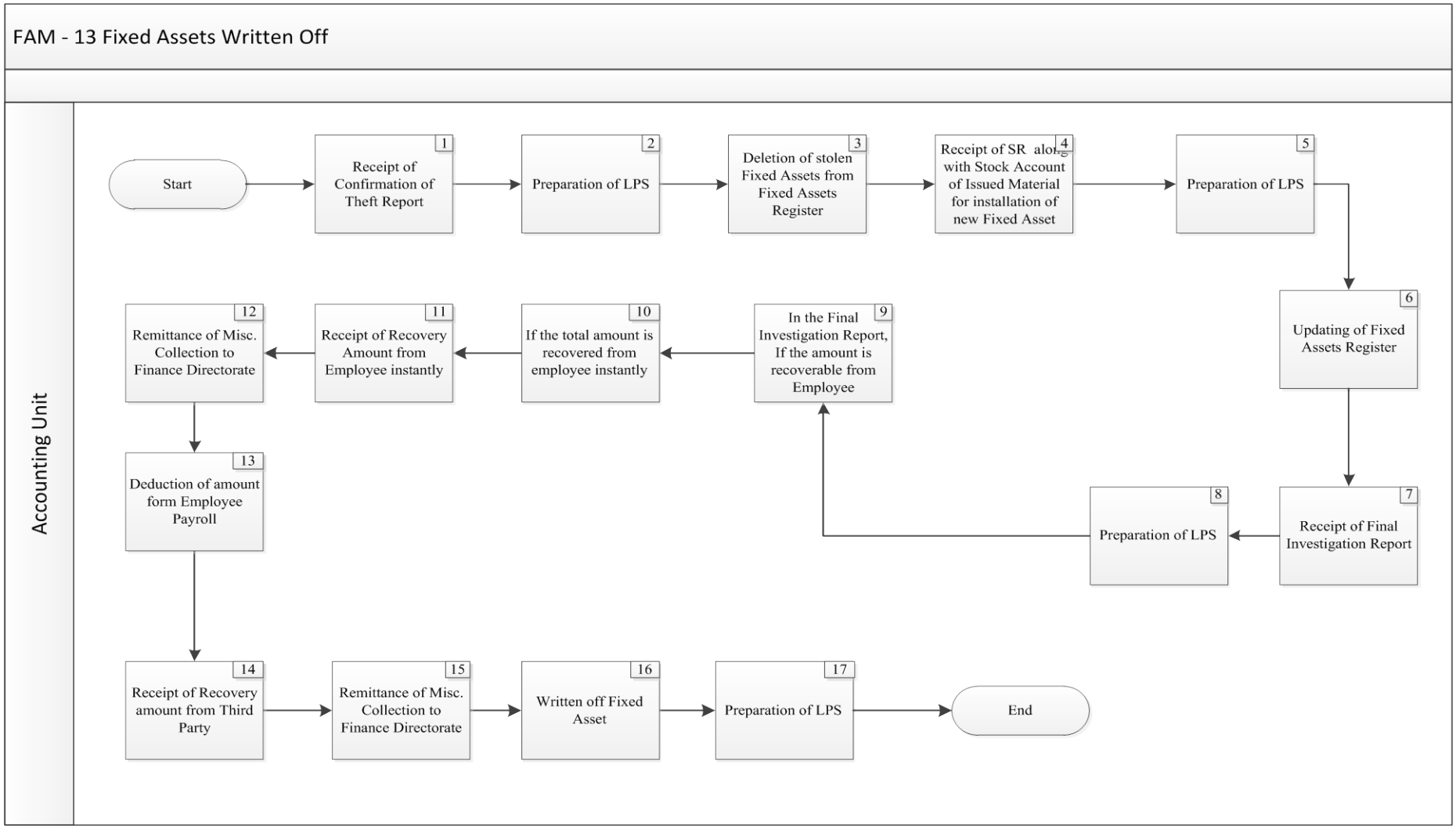
FAM-13.1 Descriptive Overview of the Process

A. This process covers the activities regarding writing off of Fixed Assets, penalties and recoveries from the employees and third parties.

B. When the Accounting Unit receives the theft report, LPS is prepared to record the effect of deletion of stolen Asset. New Fixed Asset is installed in placement of the stolen Asset, LPS is prepared to record the effect of deletion of stolen asset and Fixed Assets Register is updated accordingly.

C. If an employee/third party is involved in the theft of Asset, the amount is recovered from them and if no employee or third party is identified then it is charged to income statement as a loss.

FAM-13.2 Flow Chart



FAM-13.3 Detail of Process Activities

Sr. No	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
1.	Receipt of Confirmation of Theft Report	The Accounting Unit receives Theft Report duly confirmed by the Competent Authority. [Refer ***"Volume III, Annexure - 82"*** for the specimen of ***Theft Report***]	Theft Report		Accounting Unit	AA, DAO/AMA
2.	Preparation of LPS	The Accounting Unit prepares LPS to record the effect of deletion of stolen Fixed Asset and charging the NBV to the Receivables against Theft Asset Code. [Refer ***"Volume III, Annexure - 20"*** for the specimen of ***LPS***]	LPS	1	Accounting Unit	AA, DAO/AMA
3.	Deletion of stolen Fixed Assets from Fixed Assets Register	The stolen Fixed Asset is deleted from the Fixed Assets Register. [Refer ***"Volume III, Annexure – 84"*** for the specimen of ***Fixed Assets Register***]	Fixed Assets Register		Accounting Unit	AA, DAO/AMA
4.	Receipt of SR along with Stock Account of Issued Material for installation of new Fixed Asset	a) The Accounting Unit issues the SR/MRN to the store to withdraw/return the required material. b) After receiving/issuing material, Store then forwards the copy of SR/MRN along with Store Statement to the Accounting Unit.	SR		Accounting Unit	AA

Sr. No	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
		[Refer ***"Volume III, Annexure - 77"*** for the specimen of ***SR***]				
5.	Preparation of LPS	The Accounting Unit prepares the LPS to record the addition of new Fixed Asset. [Refer ***"Volume III, Annexure - 20"*** for the specimen of ***LPS***]	LPS	2	Accounting Unit	AA, DAO/AMA
6.	Updating of Fixed Assets Register	Fixed Assets Register is updated by the Accounting unit. [Refer ***"Volume III, Annexure – 84"*** for the specimen of ***Fixed Assets Register***]	Fixed Assets Register		Accounting Unit	AA, DAO/AMA
7.	Receipt of Final Investigation Report	The Accounting Unit receives the Final Investigation Report.			Accounting Unit	Diary Clerk of Concerned AM CS / DM
8.	Preparation of LPS	The Accounting Unit prepares LPS to record the Journal Entry by debiting "Receivables from Employee against Theft" (in case the theft amount will be recovered from Employee) or "Receivables from Third Party against Theft" (in case the theft amount will be recovered from Third Party) and crediting "Receivables against Theft Asset". [Refer ***"Volume III, Annexure - 20"*** for the specimen of ***LPS***]	LPS	3,4	Accounting Unit	AA, DAO/AMA
9.	In the Final Investigation	As per Final Investigation Report if the employee is involved in theft then the amount is recovered from			Accounting Unit	

Sr. No	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
	Report, If the amount is recoverable from Employee	employee.				
10.	If the total amount is recovered from employee instantly	If the lump sum recovery amount (fully or partially) is recovered from the employee, it is received in the form of cash or cheque.			Accounting Unit	
11.	Receipt of Recovery Amount from Employee instantly	The amount recovered from the employee is deposited in Miscellaneous Bank Account. If the amount is partially recovered then remaining amount is charged to Income Statement.		5,6	Accounting Unit	AA, DAO/AMA
12.	Remittance of Misc. Collection to Finance Department	At the end of the month, the amount of Miscellaneous Bank Account is remitted by the Accounting Unit to Finance Department in Main Miscellaneous Bank Account. **[**Refer ***"CTM - 6"*** for details regarding ***the remittance of miscellaneous collection to Finance Department***]		7	Accounting Unit	
13.	Deduction of amount form Employee Payroll	If the amount is recovered in instalments through Payroll then it is deducted from the monthly salary of employee. **[**Refer ***"Volume III, Annexure - 90"*** for the specimen of ***Pay Bill*****]**	Pay Bill	8	Accounting Unit	AA, DAO/AMA
14.	Receipt of Recovery amount from Third Party	As per Final Investigation Report if the Third Party is involved in theft then the recovery amount is received from Third Party as cash/ cheque and same is deposited in Miscellaneous Bank Account.		9,10	Accounting Unit,	AA, DAO, AO, AMA

Sr. No	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
15.	Remittance of Misc. Collection to Finance Department	At the end of the month, the amount of Miscellaneous Bank Account is remitted to Finance Department in Main Miscellaneous Bank Account. **[**Refer ***"CTM - 6"*** for details regarding ***the remittance of miscellaneous collection to Finance Department***]		11	Accounting Unit	
16.	Written off Fixed Asset	a) As per Final Investigation Report if the employee is not involved and Third Party is involved but unidentified then stolen Fixed Asset is written off to Profit and Loss Account. b) After Physical verification, non existing assets are identified and written off accordingly c) The writing off Fixed Assets is approved by CEO or BOD in accordance with Financial Powers.			Accounting Unit,	AA, DAO, AO, AMA
17.	Preparation of LPS	The Accounting Unit prepares LPS to record the effect of loss of stolen Fixed Asset. **[**Refer ***"Volume III, Annexure - 20"*** for the specimen of ***LPS***]	LPS	12	Accounting Unit	AA, DAO/AMA

FAM-13.4 Journal Entries

1. On the identification of theft, the following entry is posted by the Concerned Accounting Unit:

Description	Debit	Credit
Acc Depreciation	***	
Receivable against theft	***	
Cost		***

2. When asset is replaced, the following entry is posted by the Concerned Accounting Unit:

Description	Debit	Credit
Fixed Asset	***	
IOT- SS Cheque		***

3. When employee is involved in the theft, the following entry is posted by the Concerned Accounting Unit:

Description	Debit	Credit
Receivables from Employee against Theft	***	
Receivable against theft		***

4. When Third Party is involved in the theft, the following entry is posted by the Concerned Accounting Unit:

Description	Debit	Credit
Receivables from Third Party against Theft	***	
Receivable against theft		***

5. When full recovery is made from the employee, the following entry is posted by the Concerned Accounting Unit:

Description	Debit	Credit
Bank – Miscellaneous Account	***	
Receivables from Employee against Theft		***

6. To record the partial recovery from the employee, the following entry is posted by the Concerned Accounting Unit:

Description	Debit	Credit
Bank – Miscellaneous Account	***	
Loss against Theft	***	
Receivables from Employee against Theft		***

7. At the end of the month, the amount of Miscellaneous Bank Account is remitted to Finance Department in Main Miscellaneous Bank Account and the following entry is posted by the Concerned Accounting Unit:

Description	Debit	Credit
IOT – Remittance – Miscellaneous Collection	***	
Bank – Miscellaneous Account		***

8. When recovery from the employee is deducted from the salary in instalments, the following entry is posted every month by the Concerned Accounting Unit:

Description	Debit	Credit
Payroll Clearing Account	***	
Receivables from Employee against Theft		***

9. When full recovery is made from the third party involved in the theft, the following entry is posted by the Concerned Accounting Unit:

Description	Debit	Credit
Bank – Imprest Account	***	
Receivable against Third Party		***

10. When partial recovery is made from the third party involved in the theft, the following entry is posted by the Concerned Accounting Unit:

Description	Debit	Credit
Bank – Miscellaneous Account	***	
Loss against Theft	***	
Receivable against Third Party		***

11. At the end of the month, the amount of Miscellaneous Bank Account is remitted to Finance Department in Main Miscellaneous Bank Account and the following entry is posted by the Concerned Accounting Unit:

Description	Debit	Credit
IOT – Remittance – Miscellaneous Bank	***	
Bank – Miscellaneous Account		***

12. In case of theft, if the loss cannot be attributed to employee or the third party, the following entry is posted by the Concerned Accounting Unit:

Description	Debit	Credit
Loss against theft	***	
Receivable against theft		***

FAM-13.5 Summary of Responsibilities for Functional Activities

Office / Section	Summary of Responsibilities for Functional Activities – Reference No.
Accounts Assistant	
Accounting Unit	1,2,3,4,5,6,8,11,13,14,16,17
Accounts Officer	
Accounting Unit	14,16
Divisional Accounts Officer	
Accounting Unit	1,2,3,5,6,8,11,13,14,16,17
Assistant Manager Accounts	
Accounting Unit	1,2,3,5,6,8,11,13,14,16,17
Diary Clerk of Concerned AM CS / DM	
Accounting Unit	7

FAM-13.6 Key Control Matrix

Sr. No	Objective	Risk	Control Activity	Activity Ref.#
1	Accurate posting is done to record the effect of the deletion of the stolen assets and the correct amount of the NBV of the stolen asset is recorded as receivable against theft.	Wrong posting in the LPS may result in the misstatement of Financial Statements.	LPS is posted by the DAO/AMA after receiving the Theft Report and confirming the NBV of the asset from the Books.	2
2	Installation of the new asset is posted accurately.	Wrong posting in the LPS may misstate the Financial Statements.	New Fixed Asset is capitalized by DAO/AMA on the basis of SR issued by the Store.	5
3	The recording of the receivable either from the employee or the third party depending on the investigation is done accurately.	Wrong posting in the LPS may misstate the Financial Statements	The amount against "Receivable from employee against theft" or "Receivable from the third party against theft" is recorded after the receiving the final Investigation Report. The report highlights the actual individual involved in the theft.	8

FAM-14: Disposal/Retirement of Fixed Assets

FAM-14.1 Descriptive Overview of the Process

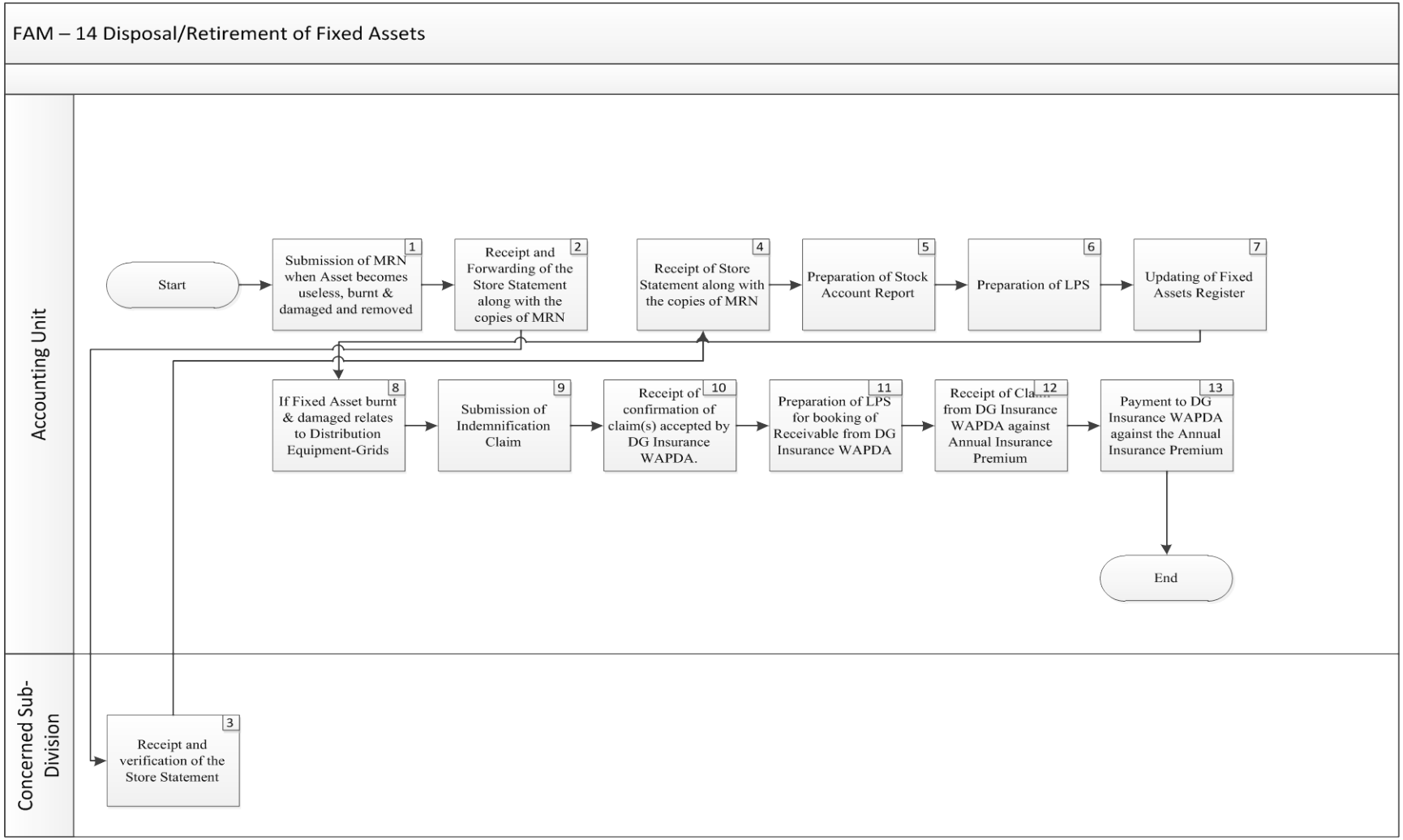
A. This process covers the activities regarding the disposal and retirement of Fixed Assets.

B. In case of Disposal/Retirement, the Asset is returned to the Field Store/Regional Store through MRN by the Concerned Sub Division. The concerned Accounting Unit, sends Store Statement and MRN to the Concerned Sub Division for verification.

C. After verification, the Concerned Accounting Unit consolidates and records all monthly Store Account and prepares LPS to record the effect of Fixed Assets. Fixed Assets Register is updated accordingly.

D. If Fixed Asset to be disposed off / retired relates to Burnt or Damaged Asset. The DG insurance WAPDA intimates regarding the amount of claims to be made to Insurance Company and payment is received accordingly.

FAM-14.2 Flow Chart



FAM-14.3 Detail of Process Activities

Sr. No	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
1.	Submission of MRN when Asset becomes useless, burnt & damaged and removed	In order to return the Asset when it becomes useless, burns and/or is damaged and removed from location, the Accounting Unit prepares and sends the MRN along with Asset to Field Store/Regional Store. MRN is prepared at the NBV of the Asset. **[**Refer ***"Volume III, Annexure - 78"*** for the specimen of ***MRN*****]**	MRN		Accounting Unit	LS/Sub Engineer
2.	Receipt and Forwarding of the Store Statement along with the copies of MRN	a) In case MRN is sent to the store by Sub Division / Section, b) After receiving material, Store forwards the copy of MRN along with Store Statement to the Accounting Unit. c) The Accounting Unit forwards the MRN to the Concerned Sub Division/ Section for verification. **[**Refer ***"Volume III, Annexure - 86"*** for the specimen of ***Store Statement*****]** **[**Refer ***"Volume III, Annexure - 78"*** for the specimen of ***MRN*****]**	Store Statement and Copies of MRN		Accounting Unit	AA, DAO/AMA
3.	Receipt and verification of the Store Statement	Store Statement and MRN are received and verified at the Concerned Sub Division and then returned to the Accounting Unit.			Concerned Sub-Division	AMA

Sr. No	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
4.	Receipt of Store Statement along with the copies of MRN	Verified Store Statement along with MRN is received at the Accounting Unit from Concerned Sub Division.			Accounting Unit	AA
5.	Preparation of Store Account	The Accounting Unit consolidates and records all MRNs received from the Concerned Sub Division/Section in Monthly Store Account. **[**Refer ***"Volume III, Annexure – 89.1"*** for the specimen of ***Store Account***] **[**Refer ***"Volume III, Annexure – 89.2"*** for the specimen of ***Store Account***]	Store Account		Accounting Unit	AA, DAO/AMA
6.	Preparation of LPS	The Accounting Unit prepares LPS to record the effect of MRNs in Fixed Assets. **[**Refer ***"Volume III, Annexure - 20"*** for the specimen of ***LPS***]	LPS	1	Accounting Unit	AA, DAO/AMA
7.	Updating of Fixed Assets Register	Fixed Assets Register is updated accordingly. **[**Refer ***"Volume III, Annexure – 84"*** for the specimen of ***Fixed Assets Register***]	Fixed Assets Register		Accounting Unit	AA, DAO/AMA
8.	If Fixed Asset burnt	a) If Fixed Asset, to be written off relates to Distribution			Accounting Unit	

Sr. No	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
	& damaged relates to Distribution Equipment-Grids	Equipment-Grids then continue to Activity#9. b) For other Fixed Assets the process ends at Activity # 7.				
9.	Submission of Indemnification Claim	Accounting Unit submits the Indemnification Claim to DG Insurance WAPDA. **[**Refer ***"Volume III, Annexure – 91.1"*** for the specimen of ***Indemnification Claim*****]** **[**Refer ***"Volume III, Annexure – 91.2"*** for the specimen of ***Indemnification Claim*****]**	Indemnification Claim		Accounting Unit	AMA, DM
10.	Receipt of confirmation of claim(s) accepted by DG Insurance WAPDA.	The Accounting Unit receives intimation of amount of claim from DG Insurance WAPDA after completing all formalities.			Accounting Unit	DAO/ DM
11.	Preparation of LPS for booking of Receivable from DG Insurance WAPDA	LPS is prepared at the Accounting Unit. ''Receivable from DG Insurance WAPDA'' is debited and "Recovery against Insurance Claim" is credited with the amount of Claim is accepted.		2	Accounting Unit	AA, DAO
12.	Receipt of Claim from DG Insurance WAPDA against Annual Insurance Premium	The Claim is adjusted against Annual Insurance Premium by DG Insurance WAPDA.			Accounting Unit	DAO, DM
13.	Payment to DG Insurance WAPDA against the Annual	The Accounting Unit makes payment to DG Insurance WAPDA against the Annual Insurance Premium after deducting the amount already booked as Receivable from		3	Accounting Unit	AA, DAO

Sr. No	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
	Insurance Premium	DG Insurance WAPDA as per Activity # 11.				

FAM-14.4 Journal Entries

1. When asset is transferred to the Store, the following entry is posted:

Description	Debit	Credit
IOT-SS Cheque	***	
Accumulated Depreciation	***	
Asset		***

2. To record the receivable from the DG Insurance WAPDA for the burnt assets, the following entry is posted:

Description	Debit	Credit
Receivable from DG Insurance WAPDA	***	
Recovery against Insurance Claim		***

3. On Payment to DG Insurance WAPDA against the Annual Insurance Premium after deducting the premium, the following entry is posted:

Description	Debit	Credit
Insurance Premium	***	
Receivable from DG Insurance WAPDA		***
Bank		***

FAM-14.5 Summary of Responsibilities for Functional Activities

Office / Section	Summary of Responsibilities for Functional Activities – Reference No.
Line Superintendent	
Accounting Unit	1
Sub Engineer	
Accounting Unit	1
Accounts Assistant	
Accounting Unit	2,4,5,6,7,11,13
Divisional Accounts Officer	
Accounting Unit	2,5,6,7,10,11,12,13
Assistant Manager Accounts	
Accounting Unit	2,5,6,7
Concerned Sub Division	3
Accounting Unit	9
Deputy Manager	
Accounting Unit	9,10,12

FAM-14.6 Key Control Matrix

Sr. No	Objective	Risk	Control Activity	Activity Ref.#
1	The ability to retire assets is appropriately restricted.	Retirement of assets by unauthorized users may result in premature retirement of assets and/ or inaccurate postings to the general ledger.	MRN is prepared by LS/Sub Engineer of the relevant Accounting Unit and is then verified by the Competent Authority in accordance with the financial powers.	1
2	Disposal of non-inventory assets is approved.	Assets may be prematurely or inappropriately disposed of, requiring the acquisition of replacement assets to fulfil the interim needs of the business.	All MRNs prepared are verified by the LS/Sub Engineer of the Sub Divisions. When MRN is received by the Division it is approved by the AM/DM depending on the financial powers.	3,5
3	All assets returned to the store for disposal are posted accurately by the Accounting Unit.	Incorrect posting relating to the assets returned to the Store causes a material misstatement in the financial statements.	After receiving all verified MRNs from the Sub Division, DAO prepares LPS to record the affect. LPS is then reviewed by the AMA.	5,6

FAM-15 Depreciation on Fixed Assets

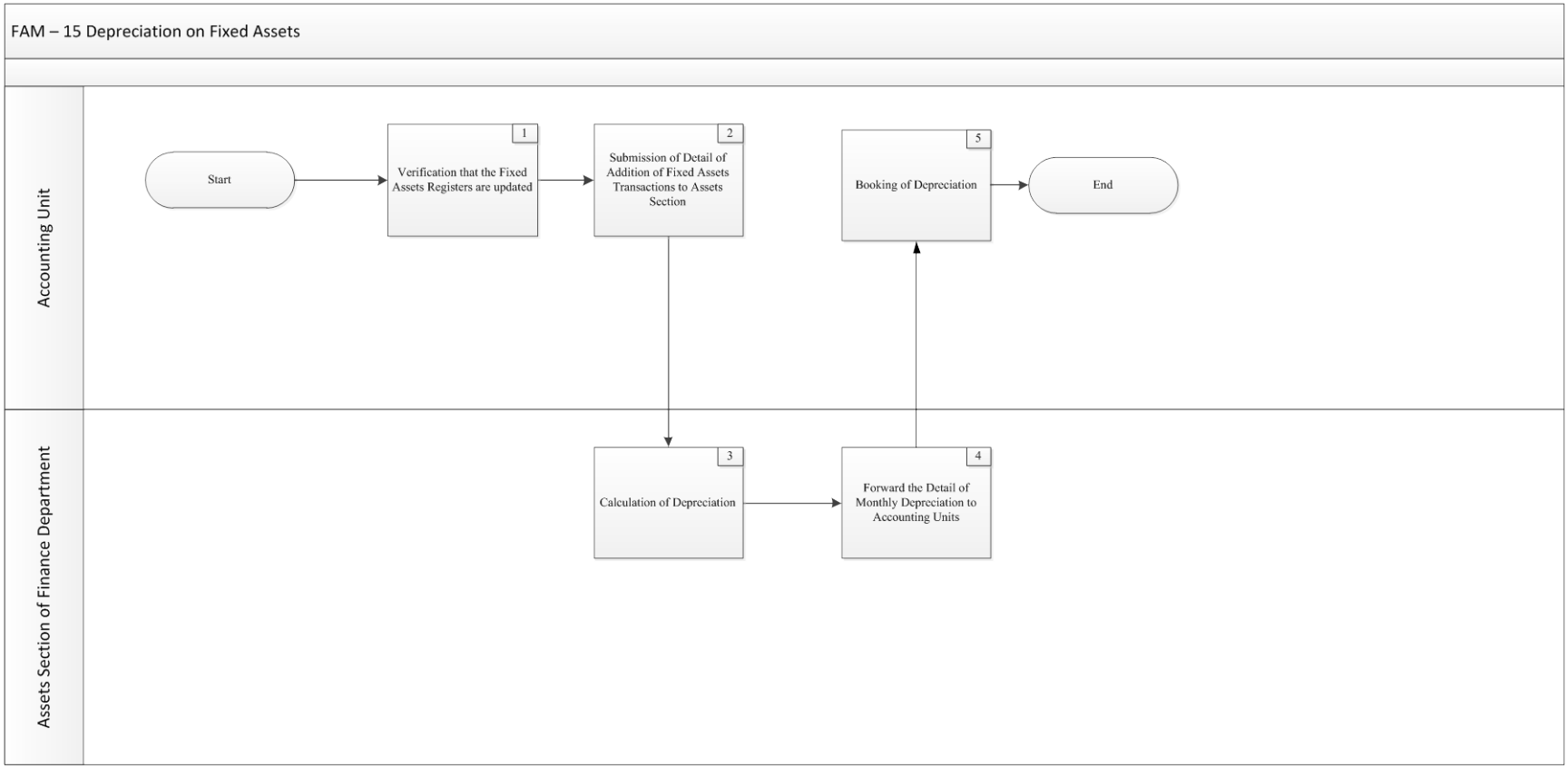
FAM-15.1 Descriptive Overview of the Process

A. This process covers the activities regarding the depreciation and amortization of Fixed Assets.

B. Fixed Assets addition/deletion details are submitted to the Asset Section of the Finance Department for verification. After the verification and Consolidation of Fixed Assets transaction, depreciation is calculated on all the Fixed Assets for all the Accounting Units and is forwarded to the concerned Accounting Units.

C. LPS is prepared and Fixed Assets Register is updated accordingly. Depreciation expense for the Office of MPC/MPGSC and PMU is charged to the projects in the Work in Progress.

FAM-15.2 Flow Chart



FAM-15.3 Policy of Fixed Assets

The depreciation is charged on Fixed Assets as per the following rates:

Land	0%
Building and Civil works	2%
Office Equipment	10%
IT Equipment	10%
Distribution Equipments – Distribution Plant Assets	3.5%
Other Plant and Equipment (Tools and Plants)	10%
Vehicles	10%
Furniture	10%
Distribution Equipments – Transmission Lines and Grids	3.5%

A. The addition by the Concerned Accounting Unit is made in Fixed Assets Register and Trial Balance on monthly basis. The monthly Fixed Assets Register is submitted by the Concerned Accounting Unit to the Asset Section of the Finance Department who verifies the report.

B. Asset Section of the Finance Department calculates the depreciation for all the fixed assets and for all the Accounting Units. The depreciation expense of the Offices of MPC, MPGSC and PMU is charged to the projects in the Work-in-Progress and the depreciation expenses for the remaining Offices is charged to the Income Statement.

C. The entry for the depreciation and accumulated depreciation will be booked in the relevant Office as per the detail forwarded by the Assets Section of the Finance Department.

FAM-15.4 Detail of Process Activities

Sr. No	Process Activity	Description of Process Activity	Output	Ref. of Journal Entries	Office / Section	Responsibility
1.	Verification that the Fixed Assets Registers are updated	On the month end, the Accounting Unit verifies that the Fixed Assets transactions during the month are updated in Fixed Assets Registers and the Fixed Assets Register is matched with the Trial Balance.			Accounting Unit	DAO/ AMA
2.	Submission of Detail of Addition of Fixed Assets Transactions to Assets Section	The Accounting Unit submits the Detail of Addition of Fixed Assets Transactions during the month to the Assets Section of the Finance Department for further necessary verification. **[**Refer ***"Volume III, Annexure – 84"*** for the specimen of ***Fixed Assets Register*****]**	Fixed Assets Register		Accounting Unit	DAO/ AMA
3.	Calculation of Depreciation	The Asset Section of the Finance Department after verification and consolidation of Fixed Assets Transactions of all the Accounting Units for the month, calculates the depreciation on all the up to date Fixed Assets of all the Accounting Units. **[**Refer ***"Volume III, Annexure – 83"*** for the specimen of ***Monthly Depreciation*****]**	Monthly Depreciation		Assets Section of Finance Department	AA, AO, AMA
4.	Forward the Detail of Monthly Depreciation to Accounting Units	The Assets Section of the Finance Department forwards the Detail of Monthly Depreciation to Accounting Units.			Assets Section of Finance Department	AA, AO, AMA

Sr. No	Process Activity	Description of Process Activity	Output	Ref. of Journal Entries	Office / Section	Responsibility
5.	Booking of Depreciation	a) The LPS for the monthly Depreciation and Accumulated Depreciation is prepared by the relevant Accounting Unit as per the detail received from Assets Section of the Finance Department. b) The depreciation expense of the Offices of MPC, MPGSC and PMU is charged to the projects in the Work-in-Progress and the Depreciation expenses for the remaining Offices is charged to the Profit and Loss Account. **[**Refer ***"Volume III, Annexure - 20"*** for the specimen of ***LPS***]	LPS	1, 2, 3, 4	Accounting Unit	AA, DAO/AO/ AMA

FAM-15.5 Journal Entries

1. In order to record the depreciation by the Accounting Units other than the Offices of MPC, MPGSC and PMU, the following entry is posted:

Description	Debit	Credit
Depreciation	***	
Accumulated Depreciation		***

2. In order to record the depreciation by the Offices of MPGSC and MPC, the following entry is posted by the Offices of MPGSC and MPC

Description	Debit	Credit
DWIP - Overhead	***	
CWIP - Overhead	***	
Accumulated Depreciation		***

3. When the Office of PMU records depreciation and issues the Debit Advice to the Office of MPGSC, the following entry is posted by the Office of PMU:

Description	Debit	Credit
IOT – Debit Advice	***	
Accumulated Depreciation		***

4. When the Office of MPGSC receives the Debit Advice from the Office of PMU, the following entry is posted by the Office of MPGSC:

Description	Debit	Credit
DWIP - Overhead	***	
CWIP - Overhead	***	
IOT – Debit Advice		***

FAM-15.6 Summary of Responsibilities for Functional Activities

Office / Section	Summary of Responsibilities for Functional Activities – Reference No.
Accounts Assistant	
Accounting Unit	5
Asset Section of Finance Department	3,4
Accounts Officer	
Accounting Unit	5
Asset Section of Finance Department	3,4
Divisional Accounts Officer	
Accounting Unit	1,2,5
Assistant Manager Accounts	
Accounting Unit	1,2,5
Asset Section of Finance Department	3,4

FAM-15.7 Key Control Matrix

Sr. No	Objective	Risk	Control Activity	Activity Ref.#
1	Depreciation calculations are performed accurately and correctly.	Inaccurate or inappropriate accumulated depreciation account mappings may result in a financial misstatement.	After the verification and consolidation of Fixed Assets Transactions of all the Accounting Units submitted for the month, AO calculates the Depreciation on all the up to date Fixed Assets for all the Accounting Units. The calculated depreciation is reviewed by the AM.	3
2	The ability to execute depreciation calculation runs is limited to appropriate personnel.	Unauthorized individuals may run the depreciation calculation program resulting in inaccurate and untimely posting of fixed asset and depreciation accounting entries.	After the verification and consolidation of Fixed Assets Transactions of all the Accounting Units, AMA is authorized to execute depreciation calculation runs.	3
3	Depreciation transactions are accurately posted.	If asset depreciation expense is posted inaccurately the financial statement will be misstated.	The LPS for the monthly Depreciation and Accumulated Depreciation is prepared by the DAO as per the detail received from Assets Section of the Finance Department.	5

FAM-16 Impairment of Fixed Assets

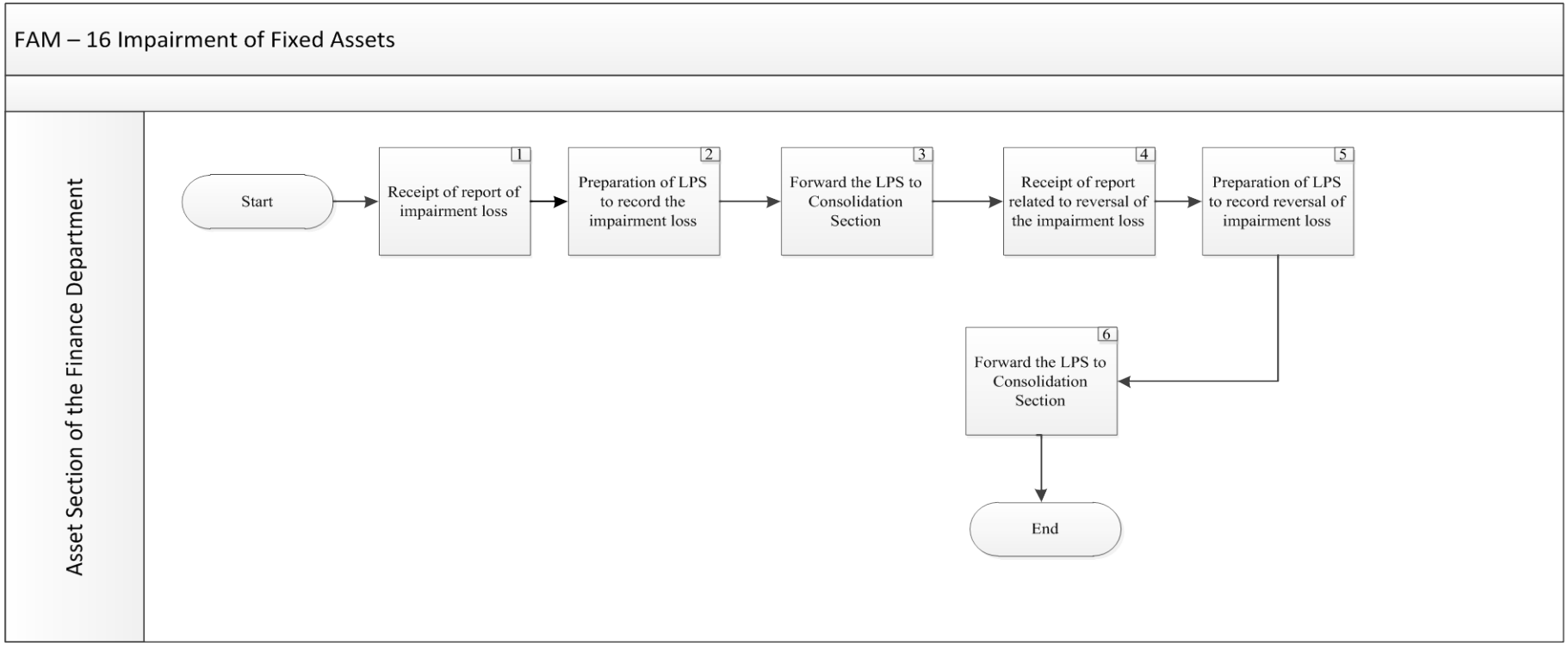
FAM-16.1 Descriptive Overview of the Process

A. This process covers the activities regarding the Impairment of Fixed Assets.

B. At each Balance Sheet date, the DISCO evaluates whether there are conditions indicating the impairment. If such condition exists, the assets recoverable amount is estimated, impairment loss is calculated and LPS is posted.

C. Subsequently, if the recoverable amount exceeds the carrying amount, reversal of impairment is charged and LPS is posted.

FAM-16.2 Flow Chart



FAM-16.3 Detail of Process Activities

Sr. No	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
1.	Receipt of report of impairment loss	a) The Assets Section of the Finance Department receives the report of impairment loss from the Accounting Unit. The report indicates the recoverable amount of Fixed Asset due to damage. b) If the carrying amount of assets exceeds its recoverable amount, the impairment loss will be calculated and recognized in the Profit & Loss Account.			Assets Section of Finance Department	AA, AO, AMA
2.	Preparation of LPS to record the impairment loss	The Assets Section of the Finance Department prepares LPS to record the impairment loss. [Refer ***"Volume III, Annexure - 20"*** for the specimen of ***LPS***]	LPS	1	Assets Section of Finance Department	AA, AO, AMA
3.	Forward the LPS to Consolidation Section	The LPS for recording impairment loss is forwarded to Consolidation Section.			Assets Section of Finance Department	AA
4.	Receipt of report related to reversal of the impairment loss	a) The Assets Section of the Finance Department receives the report related to reversal of the impairment loss from the Accounting Unit. The recoverable amount will be matched with the carrying amount of the assets to determine if there is a reversal of the impairment. b) The increased carrying amount due to reversal should not be more than what the depreciated historical cost would have been if the impairment had not been			Asset Section of Finance Department	AA, AO, AMA

Sr. No	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
		recognised.				
5.	Preparation of LPS to record reversal of impairment loss	The Assets Section of the Finance Department prepares the LPS to record reversal of impairment loss. **[**Refer ***"Volume III, Annexure - 20"*** for the specimen of ***LPS*****]**	LPS	2	Asset Section of Finance Department	AA, AO, AMA
6.	Forward the LPS to Consolidation Section	The LPS for recording reversal of impairment loss is forwarded to Consolidation Section of the Finance Department.			Asset Section of Finance Department	AA

FAM-16.4 Journal Entries

1. On recording of the impairment loss, the following entry is posted by the Assets Section of the Finance Department:

Description	Debit	Credit
Impairment Loss	***	
Accumulated Impairment Loss		***

2. On reversal of Impairment Loss, the following entry is posted by the Assets Section of the Finance Department:

Description	Debit	Credit
Accumulated Impairment Loss	***	
Reversal of Impairment Loss		***

FAM-16.5 Summary of Responsibilities for Functional Activities

Office / Section	Summary of Responsibilities for Functional Activities – Reference No.
Accounts Assistant	
Asset Section of the Finance Department	1,2,3,4,5,6
Accounts Officer	
Asset Section of the Finance Department	1,2,4,5
Assistant Manager Accounts	
Asset Section of the Finance Department	1,2,4,5

FAM-16.6 Key Control Matrix

Sr. No	Objective	Risk	Control Activity	Activity Ref.#
1	Impairment loss transactions are accurately posted.	Inaccurate posting of the impairment loss may result in the misstatement of financial statements.	The LPS is prepared after receiving the report of impairment loss from the Accounting Unit. LPS is prepared by AA, reviewed by AO and approved by AMA.	2
2	Impairment loss transactions are accurately posted.	Assets may be under/over valued as a result of inaccurate posting of impairment/reversal of impairment loss.	The LPS is prepared after receiving the report of reversal of impairment loss. LPS is prepared by AA, reviewed by AO and approved by AMA.	5

FAM-17 Revaluation of Fixed Assets

FAM-17.1 Descriptive Overview of the Process

A. This process covers the revaluation of the Fixed Assets.

B. After recognition as an asset, an item of fixed asset whose fair value can be measured reliably shall be carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

C. The frequency of revaluations depends upon the changes in fair values of the items of fixed asset being revalued.

D. Fair values are determined by the Independent Valuer and Valuation Report is received.

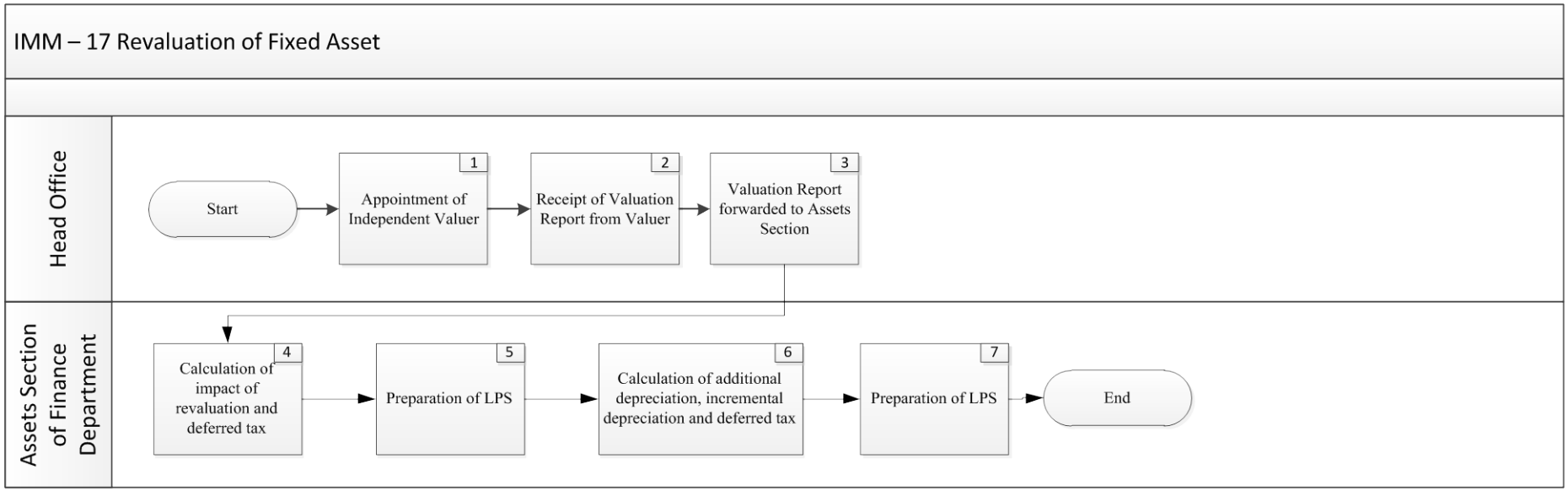
E. On the basis of Valuation Report, the Competent Authority decides the class of assets to be revalued.

F. Approved Valuation Report is sent to the Assets Section of Finance Department which updates the fair values of the assets.

G. In case fair value is higher than the carrying value, a revaluation surplus reserve is created with an amount left after reversing any impairment loss.

H. In case fair value is lower than the carrying value, an impairment loss is recorded with an amount left after reversing an already existing revaluation surplus.

FAM-17.2 Flow Chart



FAM-17.3 Detail of Process Activities

Sr. No	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
1.	Appointment of Independent Valuer	An independent Valuer is appointed by the Head Office. [Refer ***"PAP - 5"*** for details regarding ***procurement of services***]			Head Office	
2.	Receipt of Revaluation Report from Valuer	a) Revaluation Reports from the Independent Valuer are received at the Head Office and reviewed by the Revaluation Committee. b) The Revaluation Reports are obtained on the basis of each Accounting Unit because the Fixed Assets Register is maintained at each Accounting Unit. c) The Revaluation Committee shall comprise of followings: ➢ Competent authority from Assets Section of Finance Department ➢ Finance Director ➢ Manager Material Management			Head Office	Revaluation Committee
3.	Revaluation Report forwarded to Assets Section	a) The difference between the book value and re-valued amount of fixed assets are reviewed on the basis of class of fixed assets. b) In case there is a material difference between the book value and re-valued amount of fixed assets, the Revaluation Committee decides to revalue the			Head Office	Revaluation Committee

Sr. No	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
		whole class of fixed asset. c) In case the Revaluation Committee decides to re-value a class of fixed assets, all the fixed assets related to that class shall be re-valued in all the Accounting Units. d) The Revaluation Report is approved by the Revaluation Committee and is forwarded to the Assets Section of Finance Department.				
4.	Calculation of impact of revaluation and deferred tax	a) The Revaluation Report is received by the Assets Section of Finance Department from the Revaluation Committee. b) The Assets Section of Finance Department calculates the impact (increase or decrease) of revaluation of fixed assets of each accounting unit. In case Land is re-valued there is no impact of deferred tax on surplus on revaluation of fixed assets. In case fixed assets other than land are re-valued impact of deferred tax is calculated as follows: Increase / Decrease in Surplus on revaluation of fixed assets — XXX **Less**: Deferred tax (at the rate of 35% of increase / decrease in surplus on revaluation of fixed assets) — (XXX) Net Increase / Decrease in Surplus on revaluation of fixed assets — XXX			Assets Section of Finance Department	AA, AMA

Sr. No	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
5.	Preparation of LPS	a) LPS is prepared by the Assets Section of Finance Department to post the impact of Revaluation of Fixed Assets and the Deferred Tax. b) At each month end reconciliation is performed by AA and reviewed by AMA, the reconciliation is performed between the balances of cost forwarded by the Accounting Units with the Carrying Value of the asset including the affect of the revaluation calculated by the Assets Section of Finance Department. [Refer ***"Volume III, Annexure - 20"*** for the specimen of ***LPS***]	LPS	3, 4	Assets Section of Finance Department	AA, AMA
6.	Calculation of additional depreciation, incremental depreciation and deferred tax	c) At month end the Assets Section of Finance Department calculates the increase / decrease in depreciation due to Revaluation of Fixed Assets, incremental depreciation and charge of Deferred Tax Liability separately for each category of Fixed Assets. d) The impact on depreciation and the impact of incremental depreciation are calculated on the basis of each Accounting Unit. Increase / decrease in depreciation due to Surplus on Revaluation of Fixed Assets is calculated as follows: **[Outstanding Surplus / deficit on revaluation of fixed assets * Rate of depreciation of fixed**			Assets Section of Finance Department	AA, AMA

Sr. No	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
		assets] e) The impact of change in Deferred Tax Liability is calculated on the basis of each Accounting Unit. Increase / decrease in Deferred Tax Liability is calculated as follows: **[Outstanding Deferred Tax Liability on revaluation of fixed assets * Rate of depreciation of fixed assets]**				
7.	Preparation of LPS	LPS is prepared by the Assets Section of Finance Department to post the increase / decrease in depreciation due to Revaluation of Fixed Assets, incremental depreciation and Deferred Tax Liability, separately for each category of Fixed Assets. **[**Refer ***"Volume III, Annexure - 20"*** for the specimen of ***LPS***]	LPS	5	Assets Section of Finance Department	AA, AMA

FAM-17.4 Journal Entries

1. **In accordance with Section 235 of Companies Ordinance, 1984, the revaluation loss of a class of fixed assets can be off set with the revaluation surplus of other class of fixed assets.**

2. **When Land is re-valued there is no impact of Deferred Tax. Whereas when assets other than Land are re-valued impact of Deferred Tax is accounted for.**

3. Following entries are posted by the Assets Section of Finance Department in case Land is re-valued.

a) In case the re-valued amount of Land has increased from its carrying value, the following entry is posted by the Assets Section:

Description	Debit	Credit
Asset – Land	***	
Surplus on revaluation of fixed assets		***

b) In case there is no previous Surplus on Revaluation and the re-valued amount of Land has decreased from its carrying value, the following entry is posted by the Assets Section:

Description	Debit	Credit
Impairment of fixed assets (Profit and Loss Account)	***	
Asset – Land		***

c) In case there is a previous Surplus on Revaluation of Fixed Assets and the re-valued amount of Land has decreased from its carrying value, the following entry is posted by the Assets Section:

Description	Debit	Credit
Surplus on revaluation of fixed assets	***	
Asset – Land		***

4. Following entries are posted by the Assets Section of Finance Department in case Fixed Assets other than Land are re-valued.

d) In case the re-valued amount of Fixed Asset has increased from its carrying value, the following entry is posted by the Assets Section:

Description	Debit	Credit
Asset – Fixed Assets other than Land	***	
Surplus on revaluation of fixed assets		***
Deferred Tax Liability		***

e) In case there is no previous Surplus on Revaluation and the re-valued amount of Fixed Assets have decreased from its carrying value, the following entry is posted by the Assets Section:

Description	Debit	Credit
Impairment of fixed assets (Profit and Loss Account)	***	
Asset – Fixed Assets other than Land		***

f) In case there is a previous Surplus on Revaluation of Fixed Assets and the re-valued amount of Fixed Assets has decreased from its carrying value, the following entry is posted by the Assets Section:

Description	Debit	Credit
Surplus on revaluation of fixed assets	***	
Deferred Tax Liability	***	
Asset – Fixed Assets other than Land		***

5. Following entries are posted to record the impact of depreciation, incremental depreciation and deferred tax at month end, by the Assets Section of Finance Department.

a) In case the there is an outstanding Revaluation Surplus of a category of Fixed Asset, following entries are posted to record additional depreciation, incremental depreciation and impact of deferred tax:

Description	Debit	Credit
Depreciation	***	
Accumulated Depreciation		***

Description	Debit	Credit
Surplus on Revaluation of Fixed Assets	***	
Retained Earnings		***

Description	Debit	Credit
Deferred Tax Liability	***	
Taxation - Profit and loss account		***

b) In case the there is an outstanding Revaluation Deficit of a category of Fixed Asset, following entries are posted to record impact on depreciation, incremental depreciation and deferred tax :

Description	Debit	Credit
Accumulated Depreciation	***	
Depreciation		***

Description	Debit	Credit
Retained Earnings	***	
Surplus on Revaluation of Fixed Assets		***

Description	Debit	Credit
Taxation - Profit and loss account	***	
Deferred Tax Liability		***

FAM-17.5 Summary of Responsibilities for Functional Activities

Office / Section	Summary of Responsibilities for Functional Activities – Reference No.
Accounts Assistant	
Assets Section of Finance Department	4,5,6,7
Assistant Manager Accounts	
Assets Section of Finance Department	4,5,6,7

FAM-17.6 Key Control Matrix

Sr. No	Objective	Risk	Control Activity	Activity Ref.#
1	Any change in the carrying value of the asset is made on the basis of the approved Revaluation Report.	Carrying value is changed without the approval of the Revaluation Committee.	An independent Valuer is appointed by the head office that determines the fair value of the fixed assets and prepares a valuation report which is then approved by the Revaluation Committee.	1,2
2	Change in the fair value of the asset is posted accurately in the books.	If the change in the fair value of the asset is not posted accurately the financial statements will be misstated.	LPS is prepared by AA and verified by AMA of the Assets Section of Finance Department to post the impact of Revaluation of Fixed Assets and the Deferred Tax.	5
3	Depreciation transactions are accurately posted.	If asset depreciation expense is posted inaccurately the financial statement will be misstated.	LPS is prepared by AA and verified by AMA of the Assets Section of Finance Department to post the increase / decrease in depreciation due to Revaluation of Fixed Assets, incremental depreciation and Deferred Tax Liability, separately for each category of Fixed Assets.	7
4	Correct Carrying Value of the asset is maintained at the Head Office level.	Carrying Value of the asset is misstated.	At each month end reconciliation is performed by AA and reviewed by AMA, the reconciliation is performed between the balances of cost forwarded by the Accounting Units with the Carrying Value of the asset including the affect of the revaluation calculated by the Assets Section of Finance Department.	5

FAM-18 Power Generation

FAM-18.1 Descriptive Overview of the Process

A. There are medium and small Power Houses generating power for the purpose of distribution of electricity to areas outside the network of the DISCO.

B. The two medium Power Houses are Accounting Units and hence, Trial Balance is prepared for each of the two Power Houses.

C. The cost incurred by the other small Power Houses is consolidated in the Trial Balance of one of the Medium Power House.

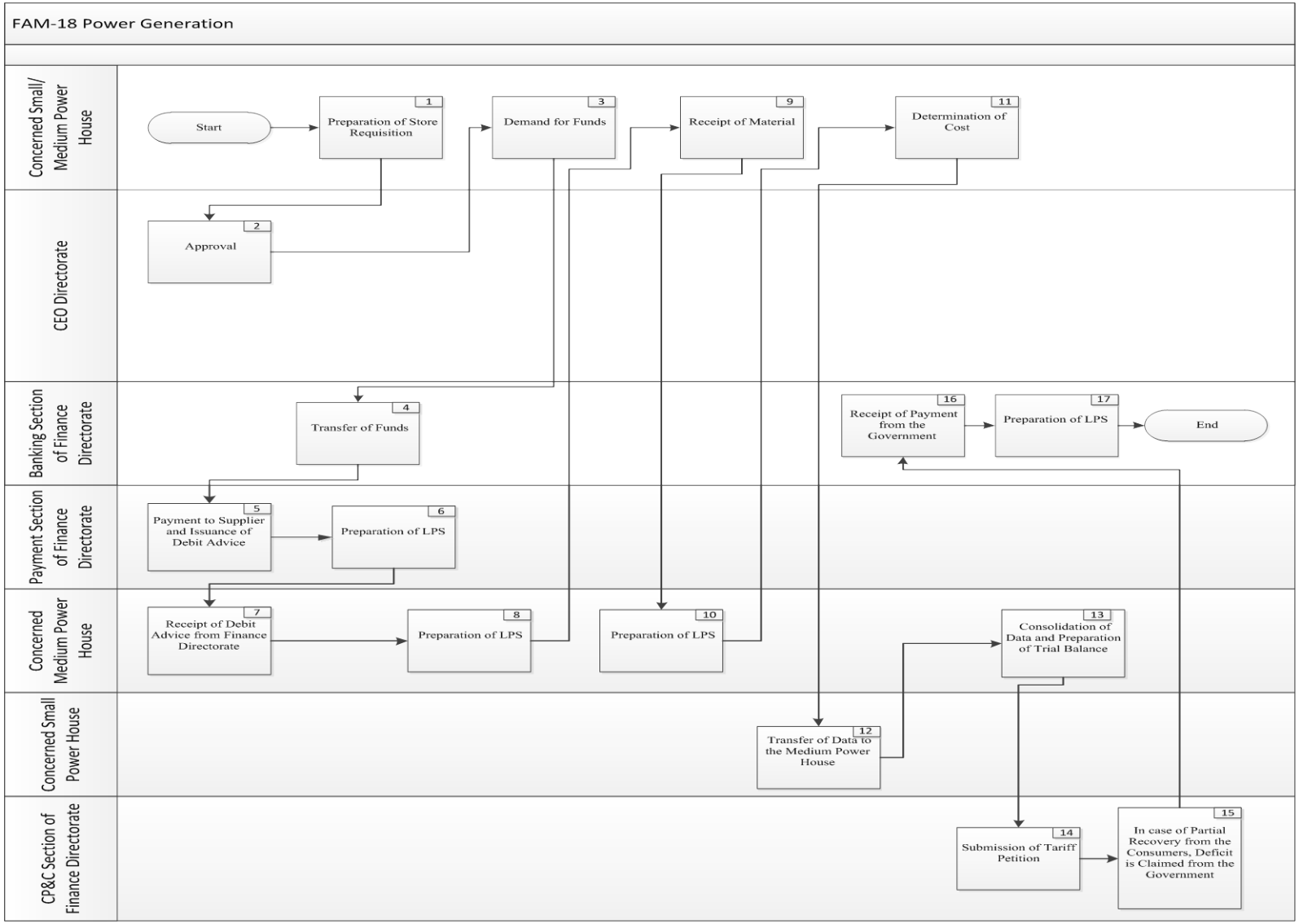
D. When material is required for the purpose of power generation, Demand is raised by the Resident Engineer of the Concerned Power House to Chief Engineer Operation and Maintenance (CE O&M).

E. CE O&M obtains approval for payment to supplier from the Chief Executive Officer.

F. Cost of generation is recorded on E Forms by the small Power Houses and at month end this data is sent to the Medium Power Houses for the purpose of Consolidation.

G. At month end, Trial Balance is prepared by the Medium Power Houses which is consolidated at the Finance Department.

FAM-18.2 Flow Chart



FAM-18.3 Detail of Process Activities

Sr. #	Process Activity	Description of Process Activity	Output	Ref. of Journal Entry	Office / Section	Responsibility
1.	Preparation of Store Requisition	a) Store Requisition (SR) is prepared by the Resident Engineer (RE) of the Concerned Power House to purchase Oil or any other material required in power generation. b) SR is sent to CE O&M for obtaining approval from CEO. **[**Refer ***"Volume III, Annexure - 77"*** for the specimen of ***SR***]	SR		Concerned Small/Medium Power House	XEN/RE
2.	Approval	Approval is obtained from CEO for purchase of material.			Office of CEO	CEO
3.	Demand for Funds	After receiving approval from the CEO, Demand for Funds is prepared by the RE and sent to the Banking Section of Finance Department.			Concerned Small/Medium Power House	XEN/RE
4.	Transfer of Funds	Banking Section Transfers the fund to the Payment Section for the payment of material purchased for power generation.			Banking Section of Finance Department	AA., AO
5.	Payment to Supplier and Issuance of Debit Advice	Payment is made by the Payment Section of Finance Department and Debit Advice is issued to the Concerned Power House.			Payment Section of Finance Department	AA, AO
6.	Preparation of LPS	LPS is prepared by the Payment Section of Finance Department to record the payment to Supplier. **[**Refer ***"Volume III, Annexure - 20"*** for the specimen of	LPS	1	Payment Section of Finance Department	AA, AO

		LPS]				
7.	Receipt of Debit Advice from Finance Department	Debit Advice is received from Finance Department. [Refer ***"Volume III, Annexure - 53 "*** for the specimen of ***Debit Advice***]	Debit Advice		Concerned Medium Power House	AA, DAO
8.	Preparation of LPS	LPS is prepared by the Concerned Power House to record the receivables from Supplier. [Refer ***"Volume III, Annexure - 20"*** for the specimen of ***LPS***]	LPS	2	Concerned Medium Power House	AA, DAO
9.	Receipt of Material from Supplier	Material is received from the Supplier by the Store Keeper of the Concerned Small/Medium Power House.			Concerned Small/Medium Power House	Store Keeper
10.	Preparation of LPS	LPS is prepared by the Concerned Power House to settle the receivables from Supplier. [Refer ***"Volume III, Annexure - 20"*** for the specimen of ***LPS***]	LPS	3	Concerned Medium Power House	AA, DAO
11.	Determination of Cost	Cost is determined by the Concerned Power House on the basis of E Forms. Cost include: ➢ Variable Cost • Fuel, additives and other chemicals • Repair and maintenance • Office supplies and other expenses • Postage and telephone etc. ➢ Fixed Cost			Concerned Small/ Medium Power House	XEN/AA, DAO

		• Salaries, wages and other benefits • Rent etc.				
12.	Transfer of Data to the Medium Power House	At month end, the small Power House sends the E Forms to the Medium Power House for the purpose of Consolidation.			Concerned Small Power House	XEN
13.	Consolidation of Data and Preparation of Trial Balance	Data is consolidated and Trial Balance is prepared by the Concerned Medium Power House.			Concerned Medium Power House	AA, DAO
14.	Submission of Tariff Petition	Tariff Petition is submitted to NEPRA for determination of rate to be charged to the consumers.			CP&C Section of Finance Department	AMA
15.	In case of Partial Recovery from the Consumers, Deficit is Claimed from the Government	a) On the basis of the rate determined by NEPRA, revenue is collected from the consumers (including those outside the network). b) In case revenue collected from the areas outside the network of the Concerned DISCO is below the variable cost and avoidable fixed cost, then the Deficit is claimed from the Government.			CP&C Section of Finance Department	AA, AMA
16.	Receipt of Payment from the Government	Payment is received from the Government in the designated Bank Account.			Banking Section of Finance Department	AA, AO
17.	Preparation of LPS	LPS is prepared by the Banking Section of Finance Department to record Other Income. **[**Refer ***"Volume III, Annexure - 20"*** for the specimen of ***LPS*****]**	LPS	4	Banking Section of Finance Department	AA, AO

FAM-18.4 Journal Entries

1. When advance payment is made to the Supplier the following entry is posted by the Payment Section of Finance Department:

Description	Debit	Credit
IOT-Cash	***	
Bank – Imprest		***

2. When Debit Advice is received from the Payment Section of Finance Department, the following entry is posted by the Concerned Power House:

Description	Debit	Credit
Receivables from Supplier	***	
IOT-Cash		***

3. When material is received from Supplier the following entry is posted by the Concerned Power House:

Description	Debit	Credit
Material	***	
Receivables from Supplier		***

4. When deficit is recovered from the Government, the following entry is posted by the Banking Section of Finance Department:

Description	Debit	Credit
Bank - Imprest	***	
Other Income		***

FAM-18.5 Summary of Responsibilities for Functional Activities

Office / Section	Summary of Responsibilities for Functional Activities – Reference No.
Store Keeper	
Concerned Small/Medium Power House	9
Accounts Assistant	
Banking Section of Finance Department	4,16,17
Payment Section of Finance Department	5,6
Concerned Medium Power House	7,8,10,11,13
CP&C Section of Finance Department	15
Accounts Officer	
Banking Section of Finance Department	4,16,17
Payment Section of Finance Department	5,6
Divisional Accounts Officer	
Concerned Medium Power House	7,8,10,11,13
Executive Engineer (XEN)	
Concerned Small Power House	1,3,11,12
Resident Engineer (RE)	
Concerned Medium Power House	1,3
Assistant Manager Accounts	
CP&C Section of Finance Department	14,15
Chief Executive Officer (CEO)	
Office of CEO	2

FAM-18.6 Key Control Matrix

Sr.#	Objective	Risk	Control Activity	Activity Ref.#
1	All purchases of material are authorized by the Competent Authority	Unauthorized purchases may result in the financial loss to the Company.	All purchases are approved by the CEO.	2
2	All transactions are appropriately reflected in the trial balance.	Posting in incorrect account may result in the misstatement of financial statements.	LPS is prepared by AA and checked by DAO of the Concerned Medium Power House. LPS is prepared by AA and checked by AO of the Banking Section of Finance Department.	8,10,17
3	All calculations are accurate and properly reviewed by the Competent Authority.	Posting of inaccurate amount may result in the misstatement of financial statements.	Deficit calculation is performed by AA and checked by AMA of the CP&C Section of Finance Department.	15