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# STUDY ON FUNDS FLOW MECHANISM OF HEC- USAID MERIT AND NEED BASED SCHOLARSHIP PROGRAM

FEBRUARY 9, 2013

This study report is compiled by Assessment and Strengthening Program-RSPN upon request of USAID to conduct an independent process evaluation of funds flow mechanism of MNBSP.

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## ACRONYMS

AGPR	Accountant General Pakistan Revenues
ASP	Assessment and Strengthening Program
B.S.	Bachelor of Science
BBA	Bachelor of Business Administration
FATA	Federally Administered Tribal Areas
GDP	Gross Domestic Product
GER	Gross Enrollment Ratio
GOP	Government of Pakistan
HEC	Higher Education Commission
HIES	Household Integrated Economic Survey
ISAC	Institutional Scholarship Award Committee (in universities)
KPK	Khyber Pakhtunkhwa
M.Phil	Master of Philosophy
M.S	Master of Science
MBA	Master of Business Administration
MDG	Millennium Development Goals
MNBSPP	Merit and Needs-Based Scholarship Program
MOF	Ministry of Finance
MTDF	Medium Term Development Framework, 2011-15
PD	Project Director
Ph.D	Doctor of Philosophy
PMES	Project Evaluation and Monitoring System
PMU	Program Monitoring Unit
R&I	Receipt and Issue
SAP	Systems Applications and Products
SMC	Scholarship Management Committee (in HEC)
SOP	Standard Operating Procedure
SRC	Students Resource Center
TORs	Terms of Reference
USAID	United States Agency for International Development
USG	United States Government

## Participating Universities

AUP	Agricultural University - Peshawar
BUIEMS	Balochistan University of Information Technology, Engineering and Management Sciences - Quetta
IBA-K	Institute of Business Administration - Karachi
IBA-S	Institute of Business Administration - Sukkur
IMS	Institute of Management Sciences – Peshawar
LUMS	Lahore University of Management Sciences - Lahore
QAU	Quaid-e-Azam University – Islamabad
SAUT	Sindh Agriculture University - Tandojam
SZABIST	Shaheed Zulfikar Ali Bhutto Institute of Science and Technology - Karachi
UAAR	University of Arid Agriculture – Rawalpindi
UAF	University of Agriculture Faisalabad

## 1. EXECUTIVE SUMMARY

USAID and HEC developed the Merit and Needs-based scholarship Program (MNBSBP) with the objective to enable academically qualified and financially needy students to have access to higher education. So far MNBSBP has awarded 1,807 scholarships through 11 Pakistani universities. USAID's total investment for this program is estimated to reach USD 13.1 million. A number of issues however have arisen that are causing delays in disbursements of these scholarships to beneficiary students. The delayed payments in turn are causing significant hardships to these students with limited financial resources. The problem is largely attributable to poor fund flow mechanism of this program - too many tiers and procedures slowing the flow of funds along the way. The purpose of this report is to provide an independent process evaluation with the aim to identify the loopholes, address the issues involved in the process and provide a mechanism for disbursement of scholarships in a timely manner.

Transfer of funds to HEC can take two different routes. One entails budgetary support and involves several entities i.e., MoF, Planning Commission and AGPR, the other is a direct transfer of USAID funds to HEC. The former process incorporates various sub-processes at MoF, HEC and universities' level and ordinarily it takes a total number of 4-7 months for the scholarship money to be disbursed to the students. This extraordinary delay is caused by several bottlenecks and procedural requirements in each of these entities. Transfer of funds from MoF to HEC is on quarterly basis and on average the whole process takes about 30-35 days. But occasionally this gets considerably delayed and there have been situations where grant for the whole quarter was not released to HEC. Upon receipt of funds from MoF, HEC takes a long time of 3-4 weeks for disbursing them to universities as there are various time-consuming procedures to be followed. Universities on their part take a lot of time in fulfilling the conditions laid down by HEC for release of scholarship amount to the students. There is a great deal of variation among universities for processing of funds' transfer ranging from 10 days to 2 months. There are too many offices and tiers within universities that deal with this process, each adding to the total time taken up for money to be finally transferred to students.

After studying the current funds flow mechanism and identifying bottlenecks and shortcomings which are causing delays, the report recommends measures and SOPs whose adoption can reduce the disbursement time from 5-10 months to 10 days. It makes a case for direct cash transfer from USAID to HEC through a dedicated assignment account; simplification of procedures followed by HEC and the participating universities; upfront transfer of funds from HEC to universities on a quarterly basis and direct disbursement of stipend amount to students by HEC.

## 2. INTRODUCTION

The participation rate at higher education in Pakistan is low compared with other countries of the region. Currently less than 8 percent of the 17-23 age cohorts are enrolled in any form of higher education<sup>1</sup>. Scarcity of financial resources coupled with lack of access to financial aid options prevents many students from pursuing higher education. Most scholarships that are available for pursuing higher education in Pakistan are merit -, not need-based, and only cover tuition fee part of the expenses that a student has to incur while pursuing his/her studies. And although most of the public sector universities subsidize the tuition fee but it is still unaffordable for majority of the aspiring students. Less than 20% of Pakistan's households earn 35000 per month<sup>2</sup>. 20-25 percent of the population is living below the poverty line<sup>3</sup>.

Improving the access of Pakistan's youth to higher education is one of the key objectives of the second Medium Term Development Framework for Higher Education for 2011-2015 [MTDF-HE (II)]<sup>4</sup>. USAID (Pakistan) has shown commitment to support this program and to provide funding amounting to 13.1 million US \$<sup>5</sup>. USAID's support to Pakistan's higher education begun in 2003. It coincided with a long overdue reform initiative in Pakistan to transform higher education after decades of neglect of this sector, which at that point was in a disastrous state with only 2.6 percent of its college age students obtaining a higher education. USAID support to date has helped the country increase access to education, expand US cooperation and linkages, promote exchanges of students and scholars, encourage research collaboration, and expand financial support for higher education and training. Thus, there is a high degree of congruence between the goals of the GOP and USAID.

One reflection of USAID's support is the development of Merit and Needs-based Scholarship Program (MNBSBP) in 2004, with the objective to enable academically qualified and financially needy students to have access to university education. Students receiving scholarships are able to pursue study in agriculture for four years or in business administration for two years in a partner Pakistani university. The Program initially allocated funding for 1,000 scholarships. 407 additional scholarships were approved in 2009. For the academic year 2010-11, USAID further increased funding for MNBSBP and added another 400 scholarships, bringing the cumulative total of scholarships to 1,807. Of the 1,807 scholarships awarded, 1,195 students have graduated, 461 are still attending classes and 151 dropped out of the school. At the time of this study, USAID has invested a total of USD 7.7 million in the program. The program's ongoing scholarships and programmatic components are expected to be complete by March 16, 2016. By that time, USAID's total investment in MNBSBP is expected to reach USD 13.1 million<sup>6</sup>.

MNBSBP is implemented through the HEC in cooperation with 11 Pakistani universities out of which nine are in public sector and the remaining two are in private sector.

Disbursement of this scholarship to beneficiary students has remained somewhat problematic. There have been complaints from students about delays in receipt of the scholarships – some students receiving the amount after the whole semester had ended. The delayed payments are causing significant hardships to these students who could least afford to cover their costs by other means thus defeating the very purpose for which the program was designed. The problem of

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<sup>1</sup> Higher Education Commission, Pakistan

<sup>2</sup> Data from the Household Integrated Economic Survey (HIES)

<sup>3</sup> CIA, The World Fact Book

<sup>4</sup> MTDF pp. iii-iv

<sup>5</sup> Merit and Needs-Based Scholarship Program (MNBSBP) – Evaluation Report, p.vii

<sup>6</sup> ibid

delayed disbursement is largely attributable to poor fund flow mechanism of this program - too many tiers and procedures slowing the flow of funds along the way. The purpose of this study is to provide an independent process evaluation of the fund's flow mechanism of MNBSP. It aims at understanding the process; identifying the bottlenecks and addressing the issues and recommending a strategy for timely flow of funds through all the stages of the program.

### **3. PURPOSE, SCOPE AND METHODOLOGY:**

#### **3.1. Purpose and Scope**

The purpose of this report is to provide an independent evaluation to help improve the timeliness of MNBSP funds disbursement mechanism. It aims to identify loopholes and bottle necks in the system, suggest improvements in the payment mechanism to minimize the hardships delayed payments are currently causing to scholarship recipients and give suggestions for improving bottlenecks and proposing changes at policy and procedural levels. Scope of work for this study comprised the following:

- (i) Review of existing mechanism for transfer of funds from MoF and/or USAID to HEC
- (ii) Review of existing fund flow mechanism of HEC to the universities
- (iii) Review of existing fund flow mechanism of universities to selected students
- (iv) Focus group discussions and meetings with officials of HEC, universities and USAID
- (v) Suggest and recommend mechanism to avoid delays in disbursement of funds
- (vi) Development of a robust funds flow mechanism through a consultative process to ensure timely disbursement to selected students
- (vii) Drafting of Standard Operating Procedures for implementation of the recommended Fund Flow Mechanism

#### **3.2 Methodology:**

For the purpose of this study a number of instruments were adopted to gather information/data from primary and secondary sources. Data collection methods and sources included:

##### ***Surveys of current MNBSP scholarship recipients:***

A questionnaire was developed to collect data from current MNBSP scholarship recipients. During its visit to six participating universities the evaluation team met 48 pre-identified students and got the questionnaire filled up from them. The team also assisted the students in translation and understanding of questions in Urdu whenever needed. In addition to this, discussions were also held with these students seeking their candid views on the program and disbursement related issues that were not covered in the questionnaire.

##### ***Interviews with University officials:***

With HEC's assistance KIIs with the following officials from each participating university were held:

- Vice Chancellor
- Director Finance
- Members of the selection committees
- Officials in the Financial Aid Offices.

Three different sets of semi-structured questions were developed for these interviews corresponding to the positions, responsibilities and roles of the interviewees. In total 23 university



officials were interviewed. In addition to the above mentioned officials, interviews with a few faculty members at participating institutions were also held.

#### ***Interviews with officials of HEC:***

Since the HEC is the most critical link in the fund flow trail, detailed interviews with officials and examination of record files were conducted at Project Management Unit; Planning and Development Department; and Audit and Finance Department.

#### ***Interviews with officials of Ministries of Finance and EAD:***

Ministry of Finance and EAD play an important role in the funds flow chain, therefore concerned officers in both offices were interviewed to understand the mechanism and suggest improvement.

#### ***Secondary data:***

Extensive use of the following secondary data has been made:

- Database maintained by HEC of all MNBSP scholarship recipients.
- Office record of relevant departments of participating universities
- Office record of relevant departments of HEC
- USAID Evaluation Report on MNBSP
- MNBSP Annual Reports
- Program Implementation Letters issued by USAID
- HEC PC-1 document<sup>7</sup>

## **4. Funds Flow Mechanism**

### **4.1 Overview of the Payment Process:**

The payment mechanism refers to the processes by which funds are transferred to HEC. This can happen in two ways: either the USAID commits and releases funds to GOP, MOF transfers scholarship funds to HEC, HEC transfers funds to universities and the universities transfer funds to scholarship recipients or alternatively USAID releases funds directly to HEC through an assignment accounts, which subsequently releases these funds to universities and so forth

**Transfer of funds to HEC through MoF:** This payment process incorporates various sub-processes illustrated in Figure 1. The first sub process involves release of funds by USAID to Government of Pakistan<sup>8</sup>. The second sub process involves MOF approving annual cash plan and quarterly releases to HEC<sup>9</sup> (3-7 months); the third sub process includes evaluation and selection of scholarship recipients by the universities and verifying to HEC that the student has satisfied the requirements to receive/continue receiving the scholarship<sup>10</sup> (35-45 days). The fourth sub-process involves the flow

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<sup>7</sup> GOP Planning Commission pro forma for development projects

<sup>8</sup> The process is explained at section 4.2 'Transfer of funds to HEC'

<sup>9</sup> The process is explained at Section 3.2, 'Transfer of Funds from MoF to HEC'

<sup>10</sup> The process is explained at Section 3.3, 'Internal Procedure of HEC'

of scholarship funds from HEC to the university and then to the student<sup>11</sup> (20-40 days). Each step is explained in detail in the following section.

**Table 1: Transfer of funds to HEC through MoF**

<b>Sr. No.</b>	<b>Sub Process</b>	<b>Average time taken</b>
<b>1</b>	Release of funds by USAID to Government of Pakistan	
<b>2</b>	MOF approving annual cash plan and quarterly releases to HEC <sup>12</sup> (3-7 months);	3-7 months
<b>3</b>	evaluation and selection of scholarship recipients by the universities and verifying to HEC that the student has satisfied the requirements to receive/continue receiving the scholarship <sup>13</sup> (35-45 days)	35-45 days
<b>4</b>	The fourth sub-process involves the flow of scholarship funds from HEC to the university and then to the student <sup>14</sup> (20-40 days).	20-40 days
	<b>Total average time taken</b>	<b>5-10 months</b>

**Transfer of funds to HEC through USAID cash transfer mechanism:** This payment process consists of the following sub processes:

In the first sub process USAID transfers funds directly to the Assignment account operated by HEC ; the second sub process includes evaluation and selection of scholarship recipients by the universities and verifying to HEC that the student has satisfied the requirements to receive/continue receiving the scholarship. The fourth sub-process involves the flow of scholarship funds from HEC to the university and then to the student.

<sup>11</sup> The process is explained at Section 3.4, 'Internal Procedure of Universities'

<sup>12</sup> The process is explained at Section 3.2, 'Transfer of Funds from MoF to HEC'

<sup>13</sup> The process is explained at Section 3.3, 'Internal Procedure of HEC'

<sup>14</sup> The process is explained at Section 3.4, 'Internal Procedure of Universities'

**Figure 1: Illustration of Payment Mechanism**

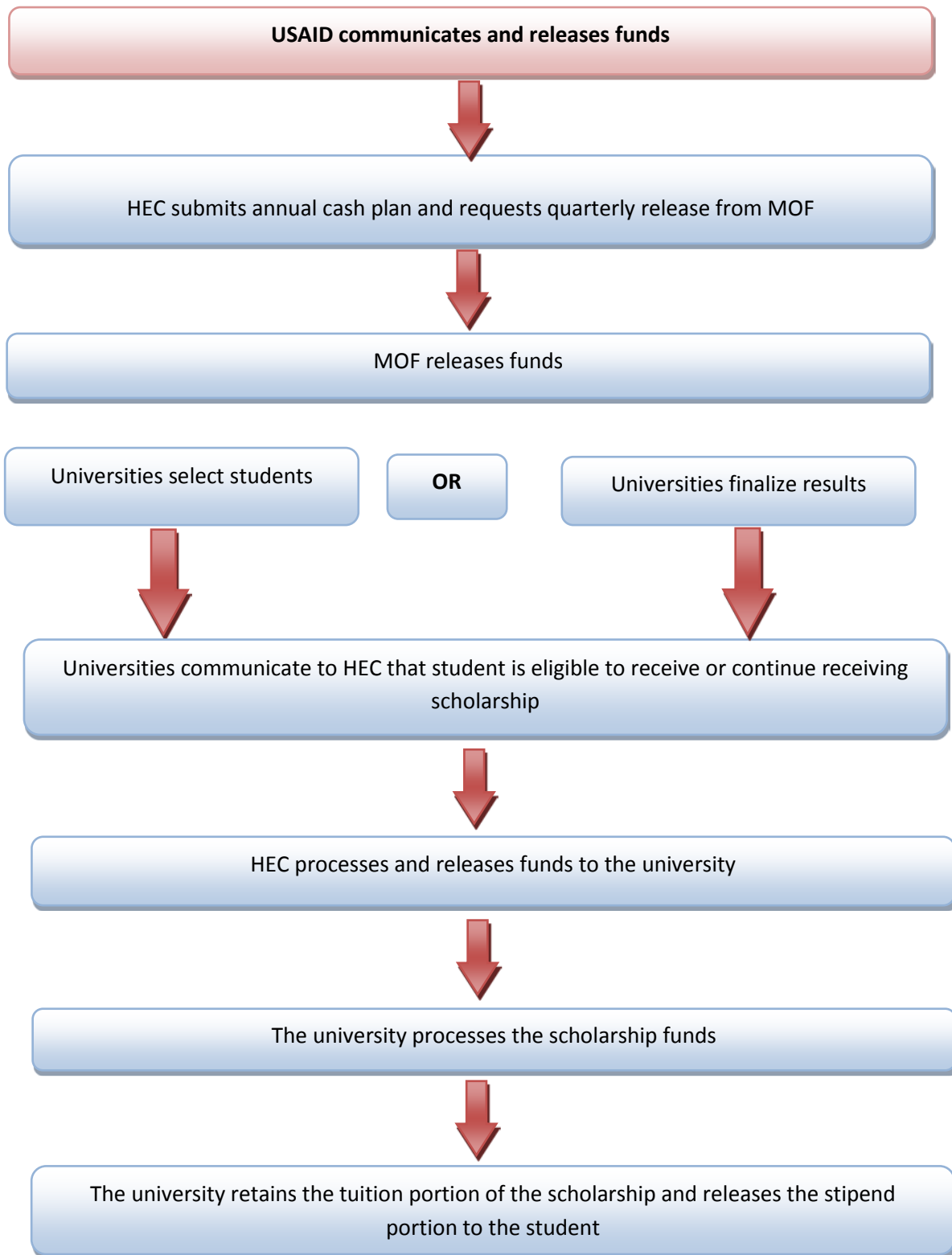
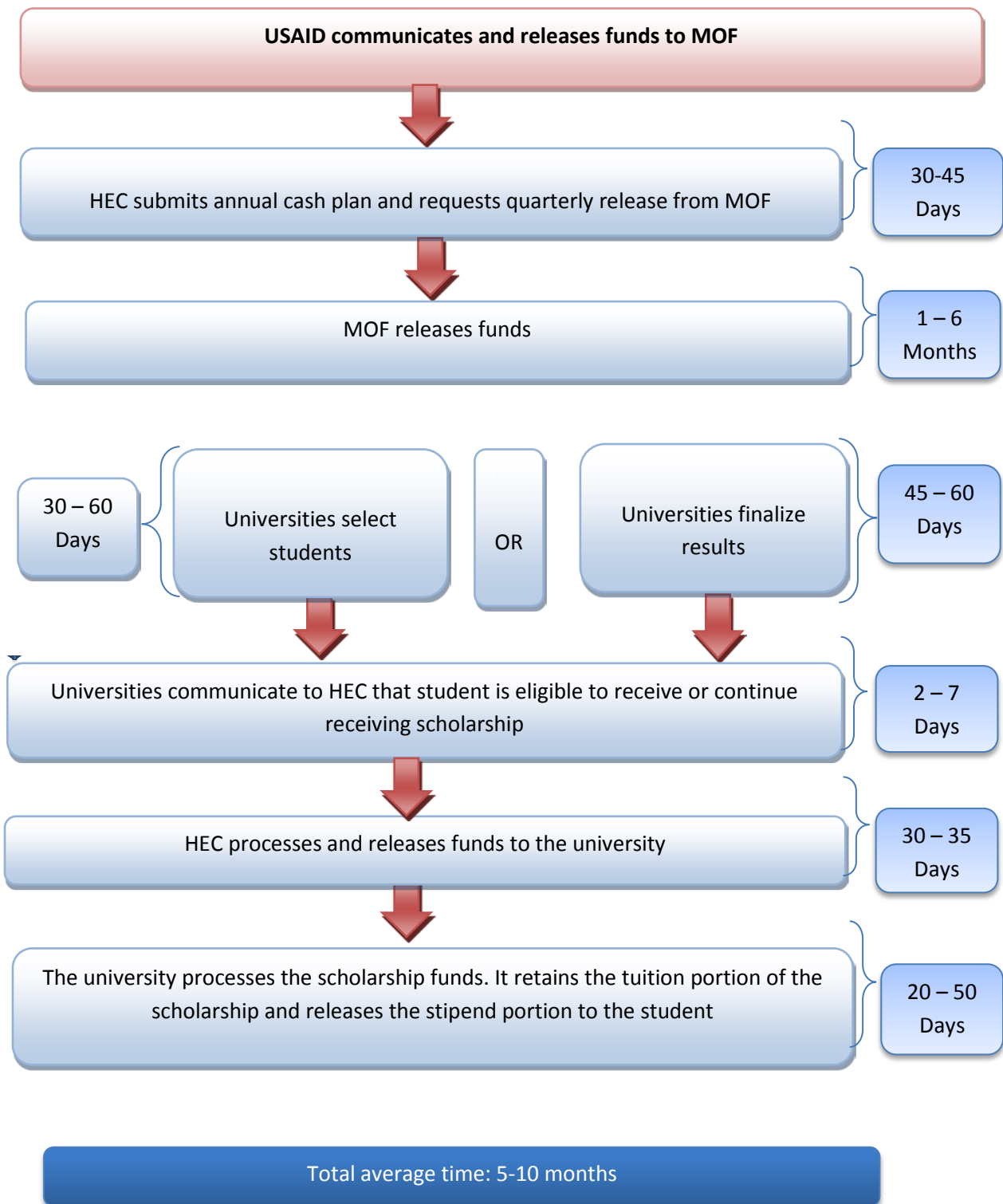


Figure 2: Illustration of Payment Mechanism with Average Timeline



## 4.2 Transfer of Funds from MOF to HEC

Transfer of funds from MOF to HEC takes place in two stages:

### a. Approval of Cash Plan by MOF:

At the start of financial year, HEC prepares a Cash Plan incorporating quarterly requirement of cash for all projects including MNBSP. On average this process takes 45-60 days to complete and involves following steps:

**Table 2: Transfer of funds from MOF to HEC\_ Steps and Timeline**

Sino	Step	Average time taken	Actual time line followed in the current F.Y
1	HEC receives letter from the Planning Commission for submission of cash plans		Last week of June
2	HEC issues letter to Universities/PDs for submission of cash plans		By 30 <sup>th</sup> June
3	Meetings with universities for preparation of cash plans at HEC	15-20 days	1 <sup>st</sup> -3 <sup>rd</sup> week of July
4	PDs upload the Cash Plans on PMES	1 day	By the end of third week of July
5	Review of cash plans by P&D Department of HEC and submission to PMES for approval of Planning Commission	1 day	By end of third week of July
6	Review of cash plan by Project Wing of Planning Commission and its online approval	1 day	By third week of July
7	Planning Commission sends the cash plan to HEC for signature of PDs & Executive Director	15-20 days	First week of August
8	HEC manually submits signed copies to Planning Commission for signature which sends it to MOF	1-2 days	First week of August
9	MOF approves and signs the cash plan	1-6 months	First week of September (on average it takes one month but in certain situations this has taken 5-6 months when MOF kept waiting for submission of cash plans of all development projects)
	Average time taken	3-7 months	

### b. Approval of Quarterly Development Grant:

At the start of each quarter, HEC seeks authorization from MOF through Planning Commission for release of funds. On average this takes 42-59 days and the following steps are involved in this process:

**Table 3: Approval of Quarterly Development Grant - Steps and Timeline**

S. No.	Step	Average time taken	Actual timeline followed in the 2 <sup>nd</sup> quarter of F.Y 2012-13
1	PMU of HEC prepares quarterly requirement	15-20 days	20 <sup>th</sup> July
2	HEC submits quarterly requirement for authorization to the Planning Commission	4-5 days	3 <sup>rd</sup> August
3	Planning Commission issues authorization to HEC	10-15 days	17 <sup>th</sup> August
4	After Planning Commission's authorization, HEC submits quarterly requirement for Ways and Means clearance by Ministry of finance.	1-2 days	17 <sup>th</sup> August
5	Ministry of Finance authorizes Ways and Means clearance.	7-10 days	31 <sup>st</sup> August
6	Upon receipt of authorization from MOF, HEC issues sanction letter to AGPR	2-3 days	4 <sup>th</sup> Sep
7	AGPR issues seal authority to NBP	3-4 days	10 <sup>th</sup> Sep
8	Funds released by AGPR to HEC's account		10 <sup>th</sup> Sep
	<b>Total no. of days</b>	<b>42- 59</b>	

### 4.3 Internal Procedures of the HEC

There are four departments within HEC which are involved in the process of transfer of funds from HEC to universities and the average time taken by HEC from receipt of funds from MOF to their further release to universities is 35-45 days. Departments with their hierarchies are given as under:

1. Planning and Development
  - Deputy Director
  - Advisor
2. Project Management Unit
  - Assistant Manager
  - Accounts Manager
  - Project Manager
  - Project Coordinator
3. Finance Department
  - Assistant Director
  - Director
4. Audit Department
  - Assistant Director
  - Deputy Director

The processing of funds' transfer within HEC goes through the following steps:

**a. Work flow from P&D to PMU:**

Once funds are received from MOF in the main account of HEC, P&D department of HEC releases them to Project's head of account as per Cash Plan submitted by PMU at the start of the year. This process is completed in the following steps:

**Table 4: Processing from P&D to PMU - Steps and Timeline**

S.No	Step	Time taken
1	Deputy Director (P&D) initiates the case for approval of release plan and sends it to the Advisor (P&D)	1-2 days
2	Advisor (P&D) sends it to the Executive Director (HEC).	1-2 days
3	ED approves release plan which is then entered/reflected into SAP	1-2 days
4	ED sends the file back to the Adviser (P&D)	1-2 days
5	Adviser sends it back to DD(P&D)	1 day
6	DD (P&D) prepares debit advice and sends it through email to Finance Department with a copy to PMU.	1 day
7	PMU sends the file to Audit for vetting and verifying whether release is according to allocation.	1 day
8	After vetting P&D sends the signed copy of the Release Order and Debit Advice to Finance Department	3-4 days
9	As soon as this copy is received Finance releases amount to the project account.	1 day
<b>Total no. of days (Average)</b>		<b>10 -15</b>

**b. Work Flow from PMU to Finance Department:**

After completing the required procedures such as selection of applicants in the first semester and/or compilation of results, universities send requisition of funds to PMU in the form of invoices. For releasing the first installment of scholarship for the selected students to universities, PMU processes the invoices of more than one university together because SMC considers their cases in one meeting. However in case of subsequent releases cases of different universities are processed separately. Processing of invoices for release of funds is carried out in the following steps:

**Table 5: Processing from PMU to Finance Department - Steps and Timeline**

S. No.	Step	Average time taken
1	Assistant Manager (PMU) processes the invoices and initiates the case for release of funds	1
2	Assistant Manager (PMU) forwards it to Project Manager (PMU) who forwards it to Accounts Manager (PMU).	1
3	File goes to Project Coordinator (PMU) who sends it to the Audit for vetting	

S. No.	Step	Average time taken
4	Audit vets whether invoice amount is as per university requirements in following steps	3
	i. AD (Audit) proposes vetting of the amount	
	ii. sends file to DD( Audit)	
	iii. DD approves and sends back file to AD	
5	AD sends file back to Project Coordinator	
6	PC sends the file to Member (Head of HRD department) for approval of release of amount.	1
7	Member approves the proposal and sends it back to PC	1
8	PC sends the file to Audit again	1
9	AD (Audit) proposes vetting of voucher and sends file to DD (Audit)	3
10	DD approves and sends file back to AD who sends it to PC	
11	PC sends the file to Finance Department for processing of payment voucher, cheque writing, drafting of dispatch letter & signature of authorized signatories. (Assistant-to-cheque writer-to-Computer Operator-to-AD-to-Director Accounts-to-AD)	5
	<b>Total no. of days</b>	<b>16</b>

**c. Work flow from Finance Department to University:**

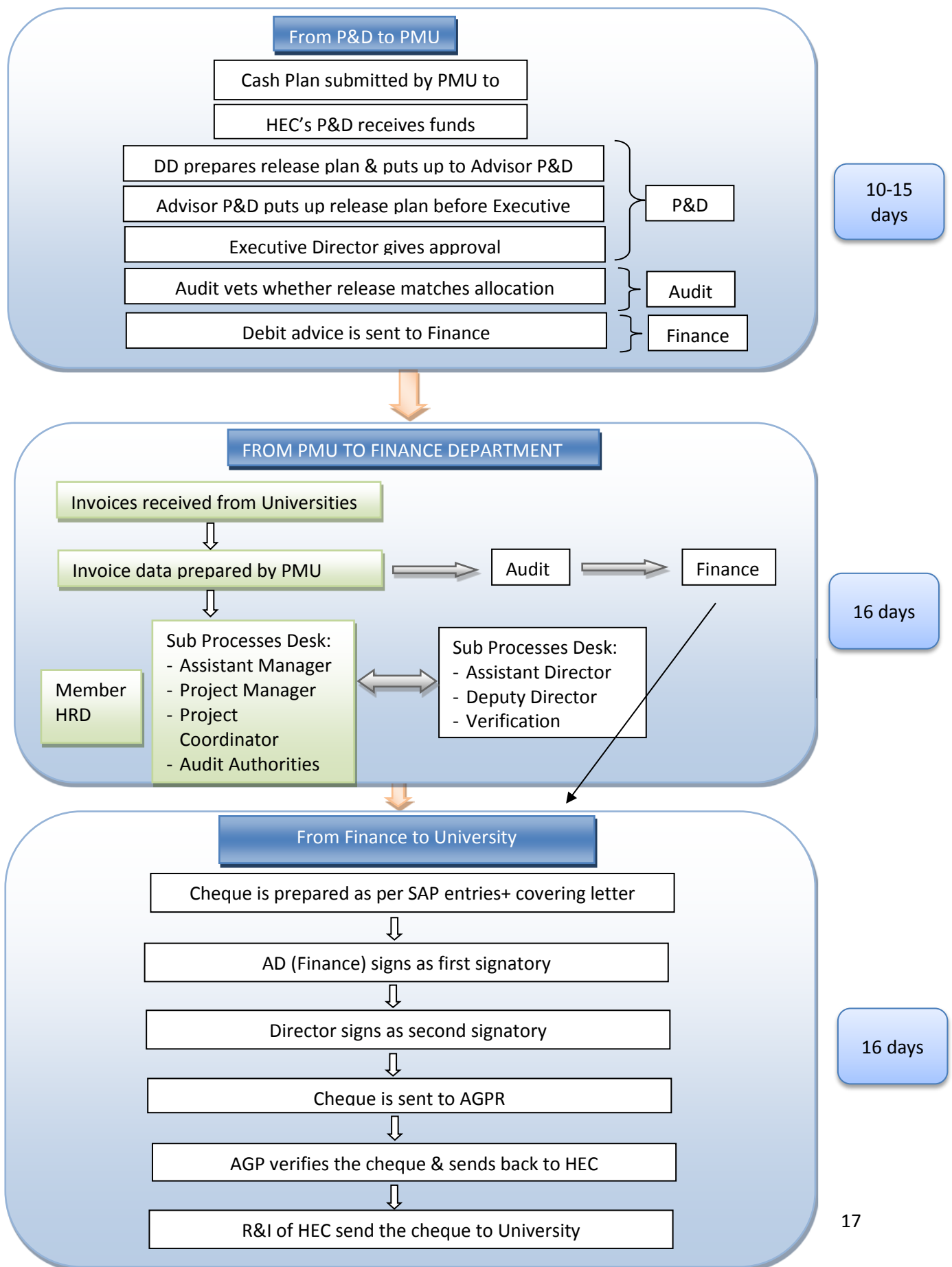
**Table 6: Processing from Finance Department - Steps and Timeline**

S.No.	Steps	Average time taken
1	Assistant checks invoices and prepares cheque and payment voucher as per information already fed in SAP by PMU. He also drafts the covering letter.	1-2 days
2	Assistant sends the file to AD (Finance) who signs the cheque as first signatory.	Same day
3	AD sends the file to Director (Accounts) who signs the cheque as second signatory.	Next day
4	Cheque is sent to AGPR which returns it after verification/entry	7-10 days
5	Cheque is dispatched to university by R&I branch of HEC	2 days
	<b>Total no. of days</b>	<b>16</b>

Graphic illustration of all sub steps being followed in HEC is at figure 2.



**Figure 3: Internal Procedures of the HEC**



#### 4.4 Internal Procedures of Universities

Procedures followed by the participating universities for disbursement of scholarships to students are given below although certain variations exist in each of the university. These variations are highlighted in Figure 3 below. Detail of the procedures being followed by different institutions is given at Annex G, where good practices are highlighted in green and bad ( to be improved) practices in red.

##### a. Procedures for selection of candidates:

**Table 7: Procedures for selection of candidates - steps and timeline**

S.No	Step	Average time taken
1	Advertisement for admission is given mentioning the availability of scholarship. Some universities specifically mention MNBSP while others do not	
2	Candidates apply for scholarship either along with the admission form or after admissions are finalized. Whereas some universities have the same deadline for both applications, others have given extended time for submission of application for scholarship	2-3 weeks
3	A sub-committee comprising of officials of Administration Section hold a pre ISAC meeting to evaluate /scrutinize the applicants. However not all universities carry out pre-ISAC screening and in some universities FAO scrutinizes/shortlists the applicants.	Ranges from 2-3 days to 2-3 weeks
4	ISAC is held to finalize the list of applicants	2-3 weeks after admissions are finalized
5	Final list is sent to the HEC.	2-3 days after ISAC
	<b>Total no. of days</b>	<b>30-60 days<sup>15</sup></b>

##### b. Procedures for compilation of results:

**Table 8: Procedures for compilation of results - Steps and Timeline**

S.No.	Step	Time Taken
1	Results are compiled by teacher/faculty and given to Exam Section	6-8 weeks
2	Results communicated from Exam Section to FAO	2-3 days
3	FAO prepares control documents <sup>16</sup>	2 days
4	Control documents sent to HEC for release of funds	1 day
	<b>Total no. of days</b>	<b>45-60 day</b>

<sup>15</sup> Annex H, Variation in timelines being followed by different institutions is reflected in wide range of average

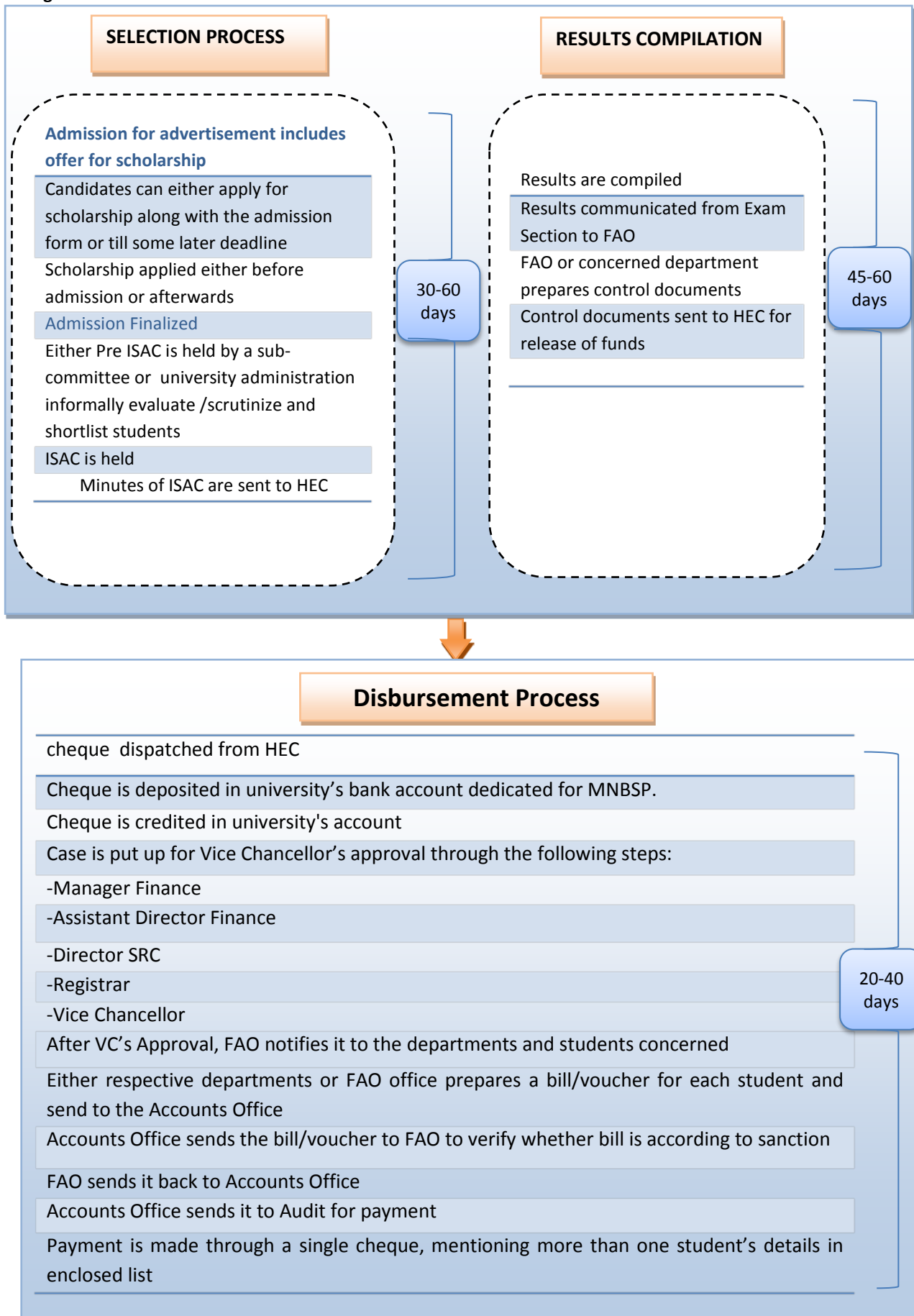
<sup>16</sup> Control Documents are documents specified by HEC to be presented by universities before processing funds' release.

c. Procedures for disbursement of scholarship upon receipt of funds from HEC:

Table 9: Procedures for disbursement of scholarship - steps and timeline

S.No	Steps	Average time taken
1	Once the cheque from HEC is received in VC/Director's office, it is deposited in university's bank account dedicated for MNBSP.	2-3 days
2	Case is put up for Vice Chancellor's approval through the following steps: Manager (Finance)/Assistant Director/Accounts Officer → FAO/ Director (Finance) /SRC → Registrar/Treasurer → VC (In certain universities Step 2 i.e. VC's approval is by-passed and FAO directly deposits the cheque to the Bank.	Ranges from 2 days to 15 days
3	After VC's Approval, FAO notifies to the departments and students concerned. Either respective department or FAO prepares a bill/voucher for each student and sends it to the Accounts Office	2-3 days
4	Accounts Office sends the bill/voucher to the Audit Section for payment after verifying from the FAO whether bill is according to sanction issued by the HEC. (in certain universities this step is by-passed, detail given in Annex-)	5-7 days
5	Accounts Section/FAO makes the payment through a single cheque, mentioning more than one student's details in enclosed list.	1-2 days
6	Cheque is credited in university's account	5 days
7	Amount is transferred to student's account. (if the student has an account in the same bank the amount is transferred on the same day, otherwise this can take 2-3 days)	2-3 days
	<b>Total no. of days</b>	<b>20-40</b>

Figure 4: Internal Procedures of Universities



## 5. Bottlenecks in the Existing System:

### 5.1 Transfer of Funds from MOF to HEC

Transfer of funds from MOF to HEC is on quarterly basis<sup>17</sup> and on average the whole process takes about 30-35 days. But occasionally this gets considerably delayed and there have been situations where grant for the whole quarter was not released to HEC. MOF and HEC both can be responsible for such delays. HEC is required to send Expenditure Statements at the end of each quarter to the MOF before the latter releases funds for the next quarter<sup>18</sup>. Late submission of Expenditure Statements stalls the release of the next tranche. On other occasions MOF has held up the disbursement of funds for the entire quarter especially when it was facing financial crunch. Since HEC has linked the further release of funds from itself to the universities with their receipt from MOF, any lag in the transfer of funds from MOF to HEC gets passed on the next stages of funds flow cycle from HEC to the universities and from there to the students.

Previously HEC used to operate an assignment account in which lump sum amount was transferred directly but now for the last one year funds are transferred in quarterly installments to general head of account as budgetary support- a process in which funds are hypothetically present with GOP and GOP releases funds as and when required depending on actual availability of funds. This has added more tiers in the process including Planning Commission, MOF and AGPR.

### 5.2 Transfer of Funds from HEC to Universities

**Inconsistent transfer of funds:** Transfer of funds from MOF to HEC is inconsistent and does not follow regular timelines. This puts HEC in situations where it doesn't have enough funds to transfer to all projects in a timely manner. In such circumstances HEC is forced to squeeze the transfer of funds and prioritize the projects in an arbitrary manner. Resultantly, despite the fact that requests from universities for release of funds are ready for approval, they do not get any money for MNSBP.

**Bureaucratic procedures:** Upon receipt of funds from MOF, HEC takes a long time of 3-4 weeks for disbursing them to universities. There are at least four departments within HEC that deal with processing of funds transfer with several tiers within each one of them.

### 5.3 Internal Procedures of Universities

**Submission of application for scholarship:** At the time of admission, candidates can submit application for scholarship along with the admission form. Whereas some universities set the same deadline for both applications, others give extended time for submission of application for scholarship which is usually 2-3 weeks after the admissions are closed. This causes needless delay in selection and disbursement procedure. Universities justify this on the ground that they cater to the

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<sup>17</sup> MOF, Office Memorandum, Strategy For Release of Funds for Financial Year 2012-13, clause (e)  
ibid

<sup>18</sup> Finance Division's Office memorandum on "System of Financial Control and Budgeting" ,Rule 13 (vii).  
MOF, Office Memorandum, Strategy For Release of Funds for Financial Year 2012-13, clause (e)

needs of students from far flung areas who might not know about the scholarship until they get admission. Admission form and prospectus highlight the availability of scholarship but do not give full information about the documents which are required to be submitted with the application for the scholarship. Students have to spend quite an extra amount of time fulfilling these documentary requirements.

**Physical verification:** Universities are required by HEC to carry out physical verification of antecedents of students who apply for MNBSP. This causes significant delays in disbursement of scholarship amount. Whereas some universities start disbursing scholarships before the verification is done once SMC approves the list of applicants, others such as SAUT do not release the amounts to students until physical verification is carried out. Since physical verification is a time-consuming exercise (on averages it takes 30 days) it results in delayed payments. The situation gets further aggravated when universities demand advance payment of expenditure to be incurred on physical verification from the HEC. This sets off back and forth correspondence and file work and the process lingers on.

**Extra tiers:** There are too many offices and tiers within universities that are involved in the processing of payment of scholarships to the students. Number of these tiers goes up to seven in some universities such as QAU. Each extra tier means more paper work and movement of files increasing the processing time.

**Excessive documentation:** Some universities require unnecessary documentation which prolongs the disbursement period, e.g. UAF requires students to submit undertaking form on a stamp paper that they have submitted the following documents: certificate from hostel warden, certificate from tutor/supervisor/Chairman/Dean/Director/Principal, certificate from bank. This requirement adds extra 15-20 days to the process. Students already submit an undertaking at the time of initial selection as per HEC-USAID requirement, this additional requirement of submission of undertaking at the time of payment of each installment is an undue burden on the students.

## 6. Recommendations:

### 6.1 Transfer of Funds from USAID to MOF :

**Assignment Account:** Currently USAID provides funds for this program though budgetary support necessitating transfer of funds from MOF to HEC which quite often gets delayed. A better alternative is opening up of an Assignment Account providing HEC an independent drawing facility and withdrawal of funds on needs basis. This can ensure smooth flow of funds to beneficiaries as time consumed in getting approval of quarterly releases from MOF, authorization from Planning Commission and verifications from AGPR would be reduced. This can save 4-9 months taken by MoF to release payment to HEC.

### 6.2 Transfer of Funds from MOF to HEC:

**Timely processing by HEC:** HEC can save 15-20 days of processing time by initiating the process of quarterly release early on. This will help reduce the time taken by MOF as well. This is especially recommended for semesters whose start coincides with the start of the quarter i.e., January and July. This can facilitate release of scholarship amounts to students at the start of semesters when

they need this financial assistance the most. However, if assignment account mechanism is activated, the whole process of getting quarterly releases would become redundant.

**Role of Planning Commission:** The requirement of the authorization by Planning Commission for release of funds can be looked into. Removing this requirement would save 15-20 days which is the time currently taken up by Planning Commission. Transfer of funds through Assignment Account would remove this bottleneck as well.

**Role of AGPR:** The case goes to AGPR twice before release of funds, once for issuance of seal authority and again for clearance of cheques. This can be done away with by opening a dedicated Assignment Account that would obviate these requirements.

### 6.3 Transfer of Funds from HEC to Universities:

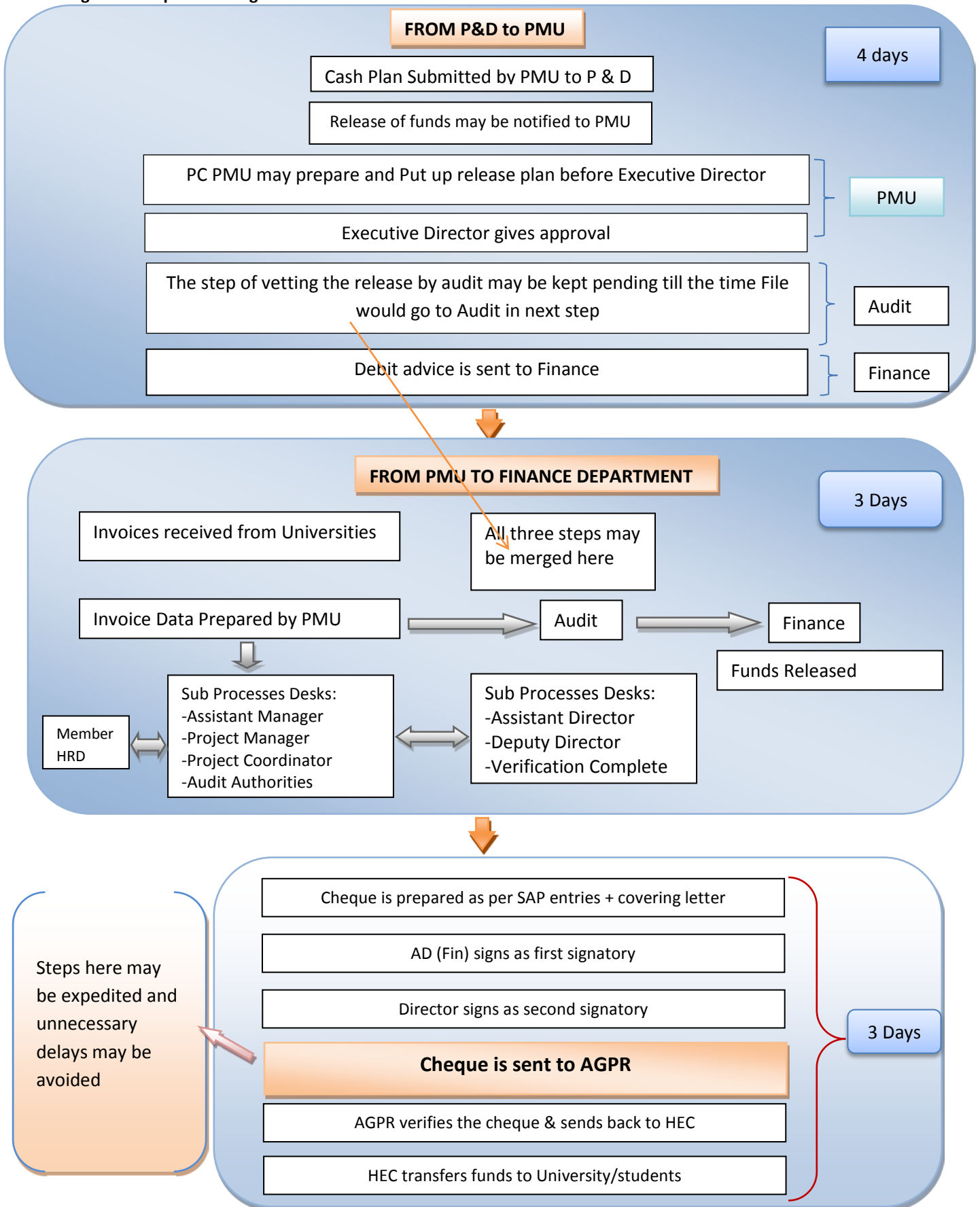
**Direct disbursement to students:** In the current system there is a lot of variation among universities both in terms of timelines and procedures for processing of scholarship amounts. HEC is not in a very strong position to enforce a standardized SOP on all universities for reducing the processing time which ranges from 3-5 months. As an alternative, HEC can contemplate direct disbursements to students once their eligibility is established by SMC. At the end of each semester universities can send results to HEC along with other necessary documents and HEC can then directly transfer stipend amount to students' bank accounts and tuition fee to the universities. This will save all the time (20-40 days) that is taken up by universities for distributing scholarships to students as they will be able to receive stipend money in 10 days.

**Prioritization by HEC:** MOF transfers development funds into the general head of account of HEC from which HEC allocates moneys to separate accounts of each project including MNBSP. Instead of linking quarterly releases from MOF to disbursement of funds to HEC for MNBSP, HEC should accord priority to this program through internal re-allocation.

**Holding of SMC:** HEC does not hold SMC until ISAC recommendations are received from 3-4 universities. There can be a time lag of 3-4 weeks between receipt of ISAC recommendations from universities where semesters start early and receipt of recommendations from universities which start their semesters late. This adversely affects disbursement of payments to universities that are early-starters as their cases are unjustifiably bracketed with universities who are late-starters. While holding SMC, HEC should either regroup universities after taking into account the dates on which their semesters start or should consider having SMC for one or two universities at a time.

**Internal procedures of HEC:** HEC can reduce the processing time from 45 to 10 days by streamlining its internal procedures. There is duplication of the role of Audit in the sequence of procedures followed for processing quarterly releases. Each case is sent to Audit twice - once for vetting of amount and again for vetting of vouchers (involving three tiers each time) (Refer Figure 5).

Figure 5: Proposed changes in Internal Procedures of the HEC





## 6.4 Internal Procedures of Universities:

**Congruence of deadlines:** Universities may be asked to fix same deadline for application for admission and scholarship so that by the time admission fee becomes due, candidates for scholarship are short listed and they can get deferment from paying their dues. In order to make sure that all applicants know in advance about the scholarship, universities should attach the scholarship application with the admission form.

**Uniform deferment policy:** All shortlisted students should be given deferment of admission and hostel fees till the time selection is finalized by SMC. Deferment of tuition and hostel fees in subsequent installments should also be made mandatory for all universities. This will save the students from hardship that they currently face as scholarship amounts are disbursed to them after a lag of 3-4 months. Since most universities do not allow deferment students have no choice but to arrange for funds required for payment of fees.

**Process of verification:** Universities should carry out verification *after* disbursement of scholarship amount to a student. In case some discrepancy is found, it can be dealt with by developing a mechanism of recouping the disbursed amount from the student. Disciplinary action can be taken in cases of default.

**Mechanism for provisional results:** In the current system, FAOs start processing the case for onward submission to HEC only when results of students are finalized after cross-checking and verification. FAOs should not wait for the finalization of results and can initiate the case on the basis of provisional results which can be sent to them by teachers confidentially. In upfront payment mechanism, university may disburse amount on the basis of provisional results. After the launch of upfront cash mechanism, there is a possibility that teacher's communicate provisional results or award list confidentially to FAO's. FAO's can start processing on the basis of provisional results keeping them confidential. By the time process is completed, results would be finalized and process time shall be saved.

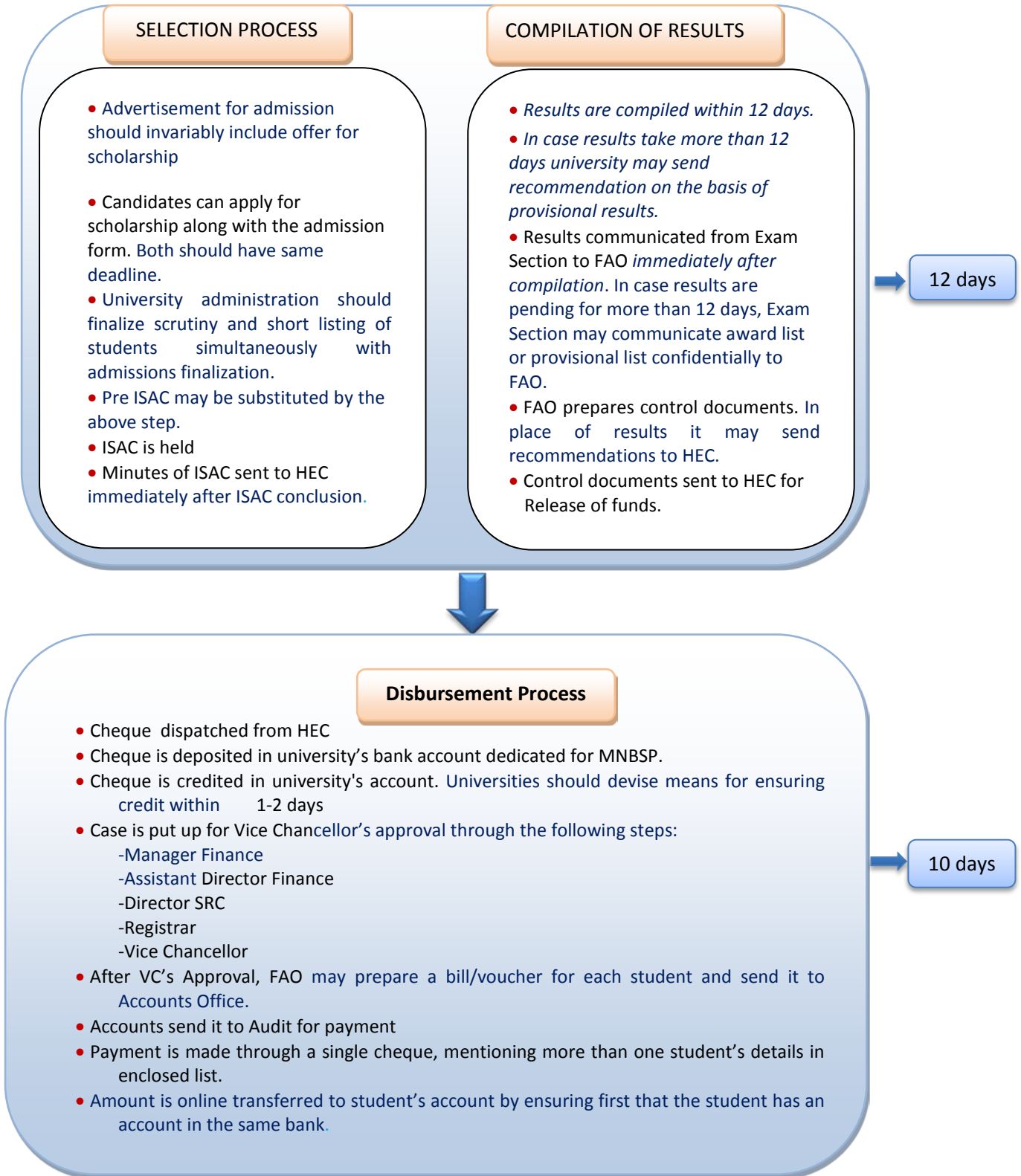
**Streamlining selection procedures:** Universities have different procedures and timelines for holding ISAC meetings. In some such as IM Sciences Peshawar, ISAC holds its meeting and sends its recommendations for SMC's consideration before the admissions are final so that by the time admission fee becomes due final decision has already been made by SMC. This reduces the processing time by a great deal. HEC can prescribe a similar procedure for other participating universities as well. If SMC is held well in time, there is a possibility that student get scholarship amount within a few days of the start of semester.

**Documentation requirements:** Universities may be advised to avoid/do away with unnecessary documentation requirements from students such as undertaking forms, attestation from more than one authority etc., which only prolong the disbursement period.

**Abolish the role of SMC:** As SMC usually endorses whatever is proposed by ISAC, HEC may contemplate doing away with it altogether. Removing this duplication of efforts will save considerable time. Instead, PMU of HEC can scrutinize the recommendations of ISAC – a role currently performed by SMC but in a much longer time. If the recommendations are as per the laid down criteria PMU can finalize the lists and communicate the same to universities after getting approval from the head of HEC.

**Banks' procedures:** The process of debit/ credit of amount in banks may be streamlined. The possibility of having university's account in the same bank as that of HEC can significantly reduce the processing time.

**Figure 6: Proposed changes in Internal Procedures of the Universities**



## 7. Standard Operating Procedures

### 7.1 SOPs for HEC for Release of Funds to Universities and Students

Currently USAID provides funds for MNBSP through budgetary support which will continue till 30<sup>th</sup> June 2014. Under this mechanism transfer of funds from MoF to HEC takes place in two different stages. At first stage HEC prepares and submits a Cash Plan to MoF at the start of the financial year, incorporating quarterly requirement of funds for MNBSP. Second stage involves authorization for release of Quarterly Release Grants to HEC by MoF in accordance with the yearly Cash Plan. Proposed procedure for each stage is given as under:

**a. Approval of Cash Plan by MoF:**

1. HEC shall obtain cash plan from universities at least three weeks before the start of the financial year.
2. HEC shall arrange a meeting with Planning Commission and Project Directors of all participating universities to review, finalize and sign cash plans in last week of June. Upon finalization of all cash plans in the above said meeting, HEC shall submit these to MoF by 30<sup>th</sup> June

**b. Approval of Quarterly Development Grants:**

1. HEC shall obtain the control documents (expenditure Statements, quarterly release estimates, results, invoices) from universities in the first week of the semester/quarter. Based on these, it shall prepare and submit quarterly requirement to Planning Commission in not more than 5 working days of receipt of control documents from universities.
2. Upon issuance of authorization by the Planning Commission, HEC shall submit the quarterly requirement to MoF.
3. Upon issuance of authorization from MOF, HEC shall issues sanction letter to AGPR on the same day.

This report proposes doing away with the transfer of funds through budgetary support and instead recommends resuming the operation of assignment account. This will provide HEC an independent drawing facility and reduce disbursement time as approval of quarterly releases from MOF, authorization from Planning Commission and verifications from AGPR would not be required.

The following procedures are proposed for both mechanisms i.e., budgetary support and direct cash transfer:

#### **Proposed Internal Procedures of HEC:**

Consequent upon the receipt of funds from MoF/USAID, HEC will not take more than 10 working days for their further release to the universities and students. Merit and Needs Based Scholarships have two components; stipend money and tuition fee. At the start of each quarter/semester HEC will transfer funds earmarked for tuition fees to universities and stipend money to students' bank accounts through the following procedures:

### **1. Procedures to be followed in P&D**

Once funds are received from MoF or USAID, whatever the case may be, P&D Department of HEC shall release them to Project's head of account as per Cash Plan prepared and submitted by PMU in the start of the year. P&D will carry out the following in not more than 4 days

- 1.1 Deputy Director (P&D) shall prepare and initiate the case for approval of Quarterly Release Plan and put up release plan directly to the Executive Director within one day of receipt of funds from USAID/MoF
- 1.2 Executive Director will approve Release Plan in one day and upon his approval, Debit Invoice and Release Order shall be sent to Finance Section by Deputy Director (P&D) on the same day. He will also get these punched/entered into SAP in one day time.
- 1.3 Upon receipt of Release Plan and Debit Invoice, Finance Department shall release the amount to Project Account (under PMU) in one day.

### **2. Procedures to be followed in PMU**

After selection of applicants in the first semester, universities will send requisition of funds to HEC in the form of invoices. PMU will process these invoices and transfer stipend money directly to students and tuition fees to universities once SMC finalizes these cases. For subsequent quarters/semesters PMU will release the stipend money directly to students' accounts and release the remaining funds to universities at the start of the quarter/semester. PMU shall process transfer of funds to Finance Department in not more than 3 days to be carried out in the following manner:

- 2.1 Assistant Manager shall initiate the case of release of funds and forward the same to Project Manager who shall send it to Project Coordinator (PC) through Accounts Manager on the same day.
- 2.2 PC shall send the case for approval to Member (Head of HRD) for release of amount who will accord his approval on the same within one day.
- 2.3 After approval, case will be sent by PC to Audit for verification which will be done on the same day the case is received.
- 2.4 After Audit's verification, PC will send the case to Finance Department on same day.

### **3. Procedures to be followed in Finance Department**

Finance Department shall carry out the following procedures in not more than three working day:

- 3.1 Assistant shall process the payment voucher as per SAP entries (done by PMU) and draft the dispatch letter
- 3.2 Cheque writer will write the cheque
- 3.3 Authorized signatories i.e Assistant Director and Director (Accounts) will affix their signatures on cheques

3.4 Receipt and Issue branch will dispatch the cheque

## **7.2 SOP for Internal Procedures of Universities:**

In order to ensure timely disbursement of scholarships it is proposed that HEC should disburse stipend money directly to the students. Following procedures are proposed accordingly:

### **1. Selection of students:**

- 1.1. Advertisement for admission shall include offer for scholarship so that the candidates can apply for scholarship along with the admission form.
- 1.2. There shall be one deadline for admission and submission of application for scholarship.
- 1.3. University administration shall finalize scrutiny/ and short listing of applicants for scholarships simultaneously with admissions finalization.
- 1.4. ISAC and physical verification of antecedents of students shall be held within seven days of finalization of admissions and in any case prior to the deadline for deposit of admission fee.
- 1.5. Minutes of ISAC shall be sent to HEC within 2 days of holding of ISAC along with relevant documents e.g. undertakings/bonds from recommended students
- 1.6. University shall waive off tuition and hostel fees for recommended students.

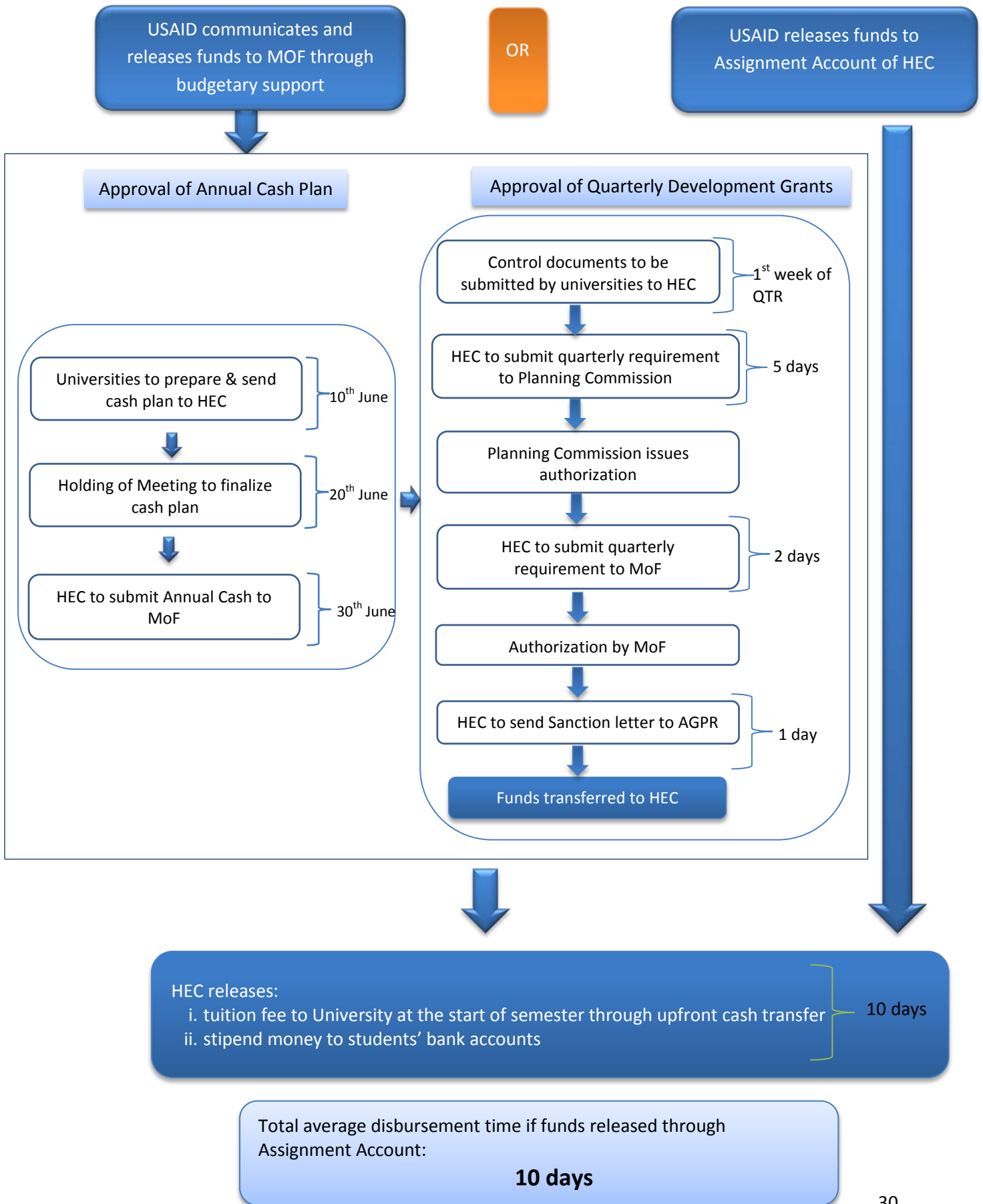
### **2. Compilation of Results**

- 2.1 Teachers shall be required to submit results to Examination Section within twelve working days of holding of exams.
- 2.2 Examination Section shall compile the results and send them to FAO within five working days
- 2.3 FAO shall prepare control documents within two working days and send these to HEC for reconciling with disbursements already made to students directly by HEC of the stipend amount. In case results are not satisfactory, HEC will stop the payment to the student till the time his/her performance improves.

### **3. Disbursement Procedure**

- 3.1 Once cheque(s) are received from the HEC the same will be deposited in university's bank account dedicated for MNBSP. Bank will credit the amount to university's account.
- 3.2 Manager (Finance) will initiate the case for approval of charging/transfer of money from MNBSP account to the University account for transfer of Tuition Fee of students and money will be transferred upon Registrar's approval.

**Figure 7: Illustration of Proposed Payment Mechanism with Timelines**





## **Annexure: 2: List of Officers Met**

1. Mr. Fauad Haider Project Coordinator, PMU, HEC
2. Mr. Mumtaz Hussain Accounts Manager, PMU, HEC
3. Mr. Asif Hussain Deputy Director P&D , HEC
4. Shaheryar Khan Grants Manager & Advancement Specialist, FAO office, IM Sciences
5. Dr Muhammad Mohsin Director, IM sciences
6. Ch Zulfiqar Ali Manager Financial Assistance , FAO Focal person Quaid -i- Azam University
7. Prof Dr Zafar Iqbal Director Students Affairs , Agriculture University Faisalabad
8. Zaigham Ali Director Finance & Accounts, HEC
9. Prof Dr Kazi Suleman Coordinator , FAO office, Agriculture University Tandojam
10. Yaser Iqbal Paracha Assistant Director, FAO office KPK Agricultural University
11. Rizwan Ahmad Director P &D , FAO office KPK Agricultural University
12. Tanveer Ahmed Executive – Financial Aid Office , IBA Karachi
13. S.M. Idrees Naqvi Section Officer, Ministry of Finance, Islamabad
14. Mr. Sh. ahid Ali, Section Officer, EAD, Ministry of Finance, Islamabad



## Annexure: 3: Students Questionnaire

### QUESTIONNAIRE FOR CURRENT STUDENTS

This survey is part of an evaluation of the Cash Flow Mechanism of Merit and Needs Based Scholarship Program (MNBSB). You have been chosen to participate in this survey because you received a MNBSB scholarship. Your responses to this survey will help the HEC and USAID expedite and streamline the cash flow of MNBSB. Your response is very important. Answering the questions will take about 15 minutes. Please be assured that your answers will be kept strictly confidential. We will not share the survey data with anyone and will not identify individual responses in reports. Thank you in advance for your assistance with this important survey.

#### **SECTION A : INTRODUCTORY INFORMATION**

Q1. Are you male or female?  [Circle one number]	Male	1
	Female	2
Q2. Which is your domicile province?  [Circle one number]	Punjab	1
	Sindh	2
	KPK	3
	Balochistan	4
	Gilgit Baltistan	5
	FATA	6
	AJK	7

#### **SECTION B: INFORMATION ABOUT DEGREE PROGRAM**

Q3. Which degree are you receiving with financial assistance from the Merit and Needs Based Scholarship Program (MNBSB)?  [Circle one number]	Bachelors Degree	1
	Masters Degree	2
Q4. Is your current degree in the field of	Agriculture	1

Agriculture or Business Administration?  [Circle one number]	Business Administration	2
Q5. Which university are you attending to obtain this degree?  [Circle one number]	Arid Agriculture University, Rawalpindi.	1
	Khyber Pakhtunkhawa Agriculture University, Peshawar.	2
	Sindh Agriculture University, Tando Jam.	3
	University of Agriculture, Faisalabad.	4
	Baluchistan University of Information Technology, Engineering, and Management Sciences (BUIITEMS), Quetta	5
	Institute of Business Administration (IBA), Karachi.	6
	Institute of Business Administration (IBA), Sukkur.	7
	Lahore University of Management Sciences (LUMS), Lahore	8
	Quaid-e-Azam University (QAU), Islamabad.	9
	Shaheed Zulfiqar Ali Bhutto Institute of Science and Technology (SZABIST), Karachi	10
	Institute of Management Sciences (IMS), Peshawar	11
Q6. In what year did you begin the degree program?  [Circle one number]	2004	1
	2005	2
	2006	3

	2007	4			
	2008	5			
	2009	6			
	2010	7			
	2011	8			
<b>SECTION C : EXPERIENCE WITH MNBSP PROGRAM</b>					
Q8. Were there any delays in receiving first installment?  [Circle one number]	Yes		No		
	1		2 [go to Q10]		
Q9. How long did you have to wait to receive the first installment?  [PI tick the right option, specify if other]	2 months	3 months	4 months	5 months	Other
Q10. How satisfied or dissatisfied were you with how you received your subsequent scholarship payments?  [Circle one number]	Very Satisfied	Satisfied	Slightly dissatisfied	Dissatisfied	
	1 [go to Q12]	2 [go to Q12]	3 [go to Q11]	4 [go to Q11]	
Q11. What are the reasons for your dissatisfaction with the payment mechanism?  [Circle all that apply ]	Delayed payments			1	
	Poor communication with financial aid office			2	
	Uncooperative financial aid office staff			3	
	Too much paperwork			4	
	Other [Please Specify]				

<p>Q12. In your opinion, in what areas could the payment mechanism be improved?</p> <p>[Circle all that apply]</p>	More timely payments.		1
	Better communication with the financial aid office .		2
	Better Bank Transaction channel.		3
	Less paperwork		4
	Other (specify) _____		5
	None		6
<p>Q13. What is the mode of transfer of funds:</p> <p>[Circle one number]</p>	Crossed cheque		1
	Direct transfer		2
	Pay Order		3
	Online transfer		4
	Any other		5
<p>Q14. How expedient/easy are the verification processes?</p> <p>[Circle one number]</p>	Too much time consuming/cumber some	Could be improved	Satisfactory
	1	2	3
<p>Q15. What is your opinion about Scholarship application forms?</p> <p>[Circle one number]</p>	Simple/User friendly		1
	Complicated		2
	Too much documentation solicited		3

Q16. What is your opinion about the role and effectiveness of financial aid offices?  [Circle one number]	Effective  1	Satisfactory  2	Not effective  3
Q 17. Are you given deferment of payment of Tuition fee, in case payment is delayed?  [Circle one number]	Yes  1	No  2	Sometimes  3
Q 18. Are you given deferment of payment of Hostel fee, in case payment is delayed?  [Circle one number]	Yes  1	No  2	Sometimes  3

#### **Annexure: 4: Checklist for FAO**

Q1. What are the steps involved in processing the scholarships?

- a) Process for selection of students
- b) Process of disbursement of payment to students ( Pl indicate the average time taken in compilation of results and how does it affect the process of disbursement )

Q2.. What steps are needed to improve the process of disbursement of funds from:

- i) HEC side ?
- ii) your side?

Q3. What is the mode of transfer of fund from HEC to University?

Q4 Average No. of days the university takes to finalize selection decisions by the ISAC \_\_\_\_\_?

Q5.List the documents that students are supposed to provide along with application form?

Q6.How does the university check the validity of the documents provided by the student?

Q7. How would you explain variation in process time taken by university after receipt of funds?

Q8. Do you have any advice/suggestions for further improving the selection process of MNBSP candidates?

Q9. What steps would you propose to improve the timeliness of scholarship payments to MNBSP scholars?

Q10 Does the university retain the tuition portion of the scholarship and release the stipend portion to the student? Y/N

Q11. Whether FAO's have dedicated staff? Y/N

Q12. Whether Terms of References of staff of Financial Aid Offices exist? Y/N, Pl. provides copy, if Yes!

Q14 Does the university require students to pay their tuition and university hostel fees during the period when the university has not received the scholarship funds? Y/N

Q15 Does the university offer deferment till a certain date after which student has to pay? Y/N

Q16 Does the university has specific policy for putting a semester on hold for a valid reason such as illness? Y/N. Enumerate if the answer is Yes!

Q17. What is the process for deciding on the discontinuation of scholarships. Is it documented anywhere?

### **Annexure: 5: Checklist for University Administration**

Q1. What are the steps involved in processing the scholarships?

Q2. How does MNBSP cash flow mechanism compare with other scholarship funds?

Q3. In your opinion, how expedient is the selection process under MNSBP in identifying the needy students?

1. Very Effective                      2. Effective                      3. Satisfactory                      4. Not Effective

Q4. How satisfied you are with the scholarship fund transfer process from HEC?

1. Very Satisfied              2. Satisfied              3. Can be further Improved              4. Not Satisfied

Q5. No. of days Professors take to grade exams and submit results to the university \_\_\_\_\_

Q6. Timeline for submission of examination results \_\_\_\_\_

Q7. Please identify the causes of delayed results?

- i. \_\_\_\_\_
- ii. \_\_\_\_\_
- iii. \_\_\_\_\_
- iv. \_\_\_\_\_
- v. \_\_\_\_\_
- vi. \_\_\_\_\_

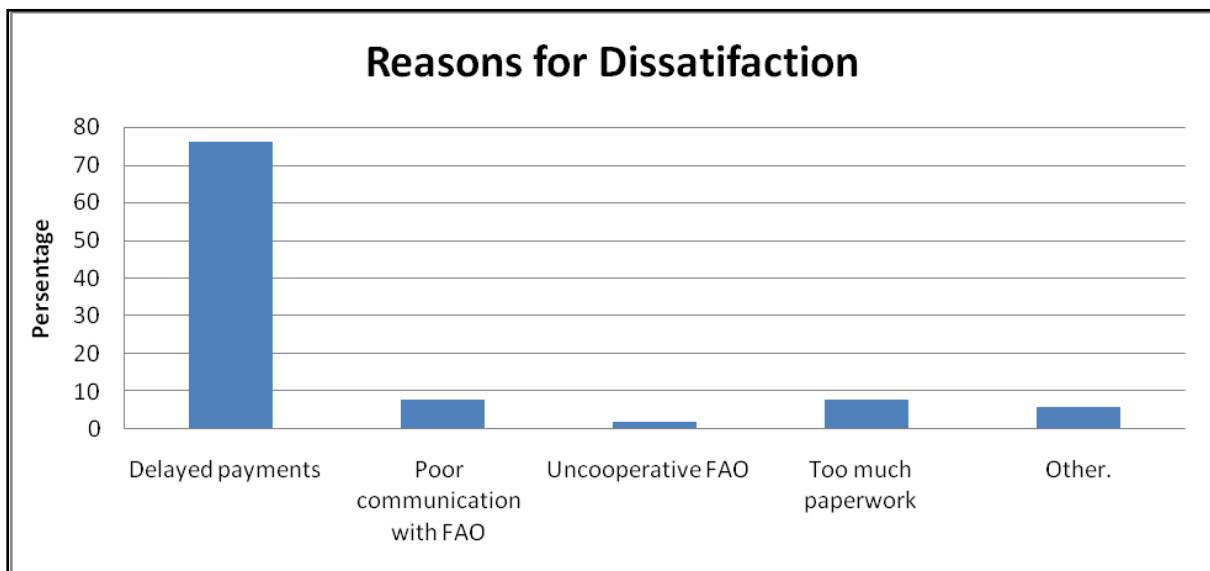
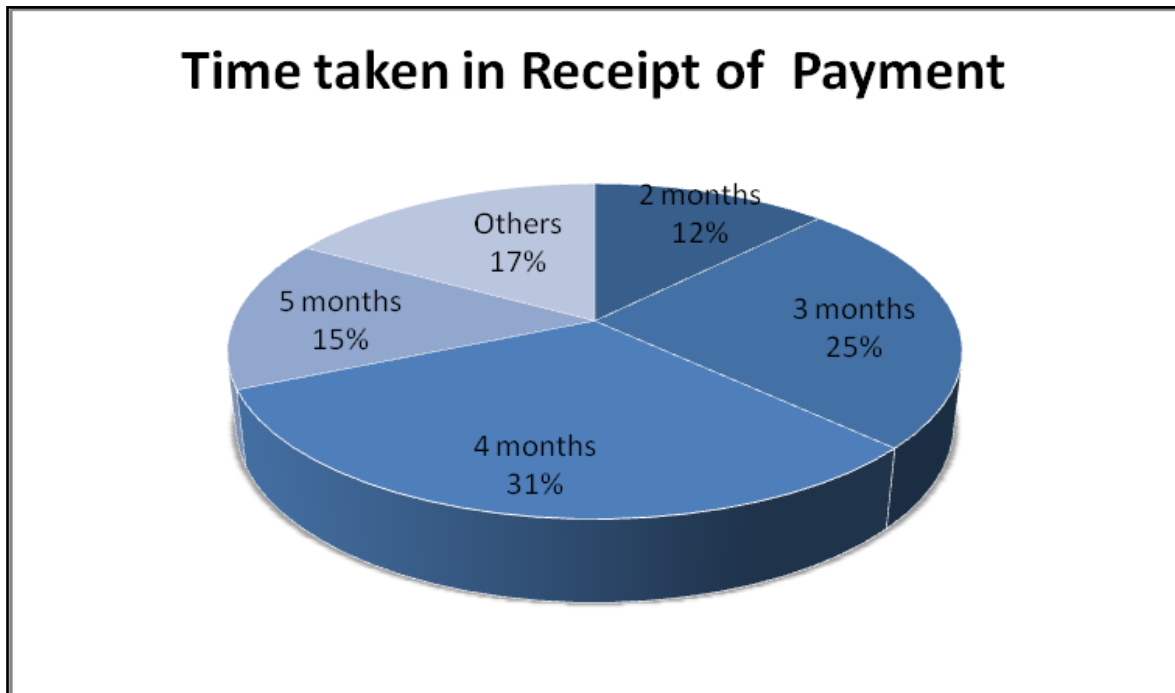
Q8. What steps have been taken to improve the timeliness of scholarship payments to MNBSP scholars?

Q9. Do you have any advice/suggestions for further improving the scholarship fund transfer process of MNBSP candidates?

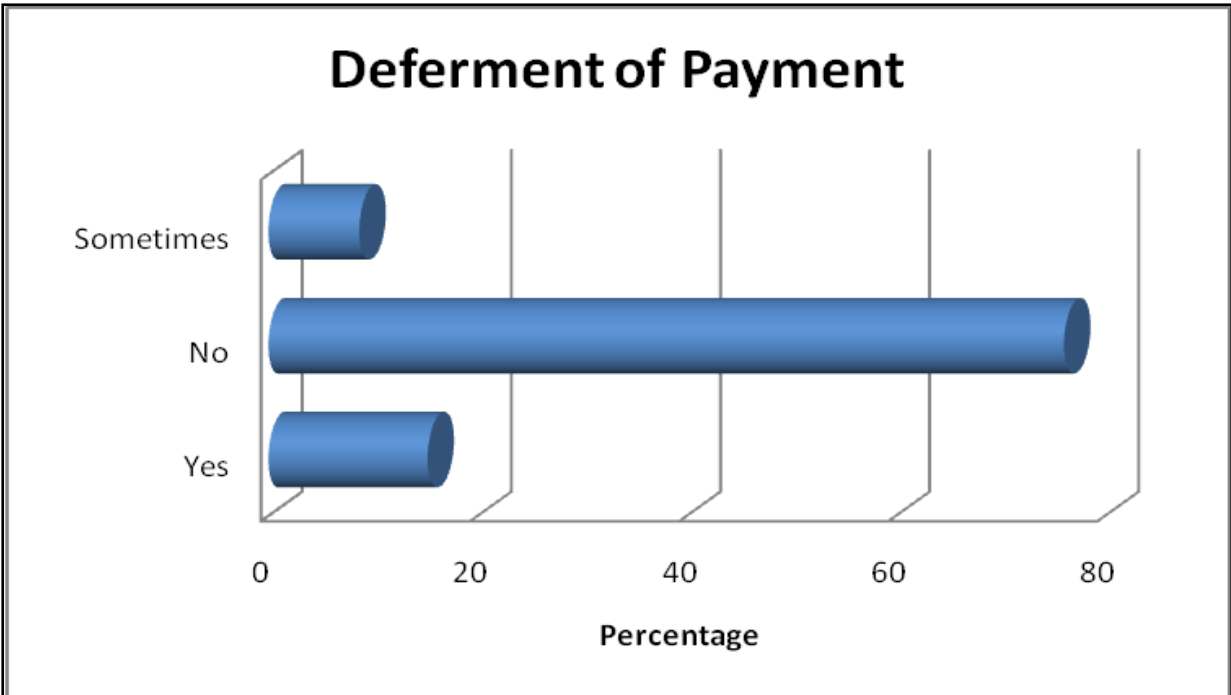
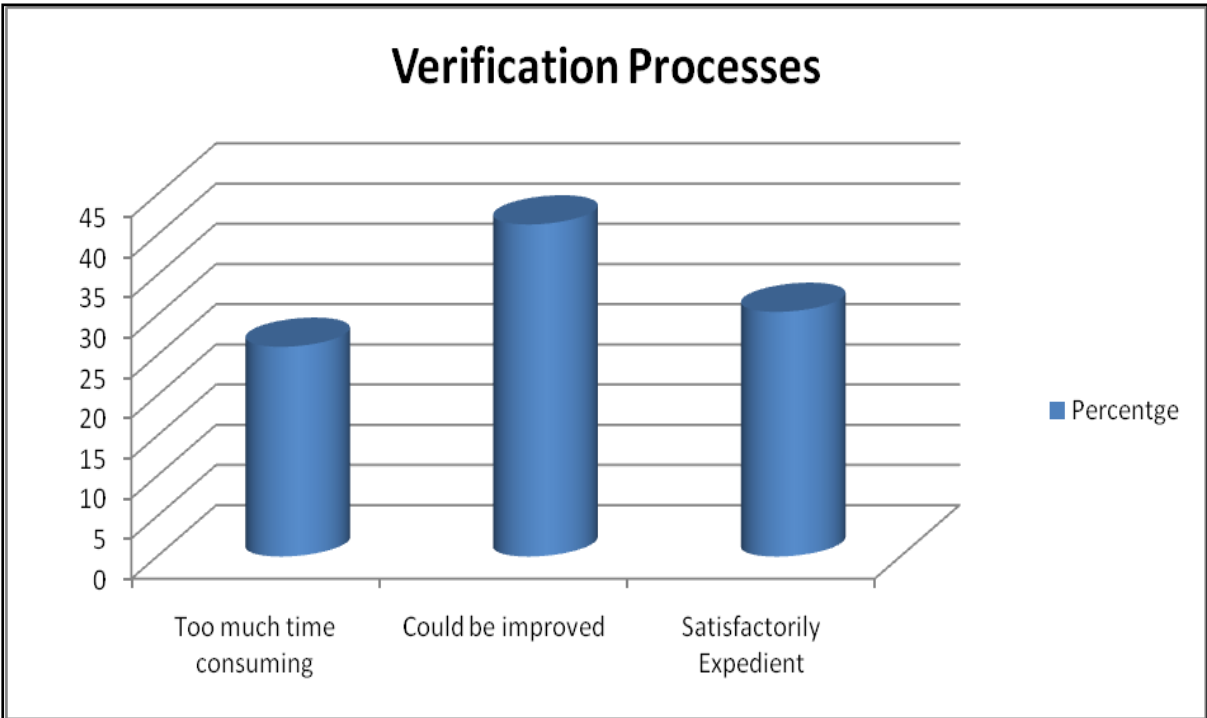
Q10. How expedient are the verification processes?

Q11. What is your opinion about the role and effectiveness of financial aid offices?

**Annexure: 6: Trends retrieved from Student Survey**







**Annexure: 7: Comparison of University Procedures**

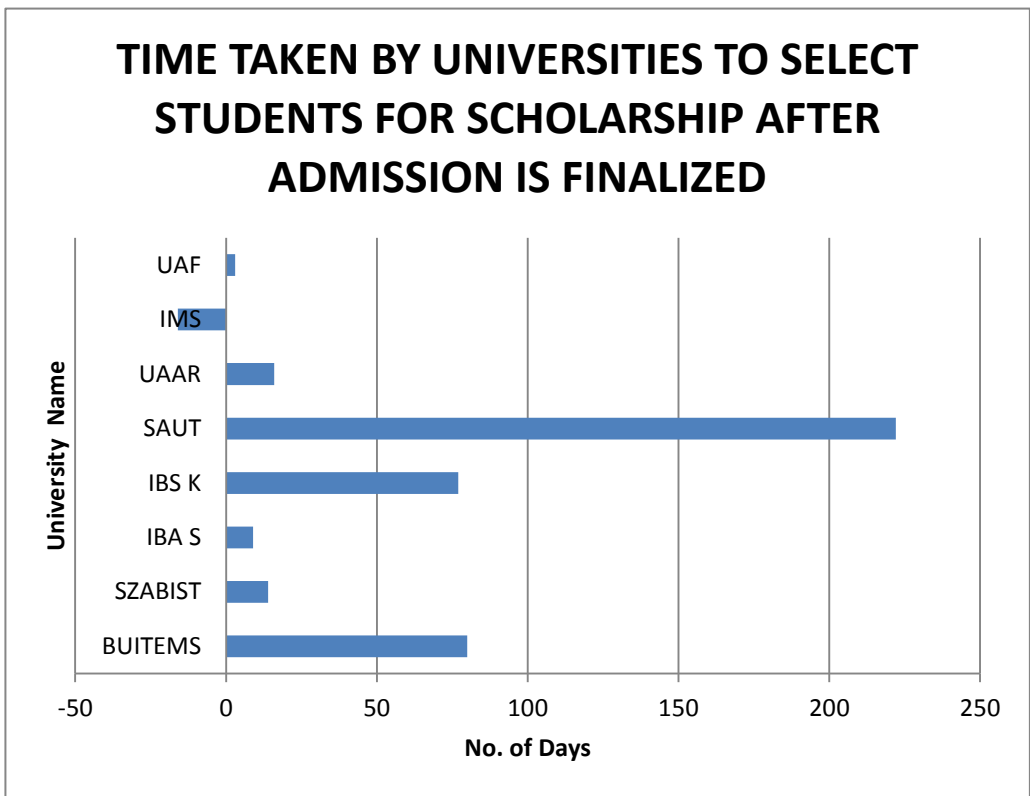
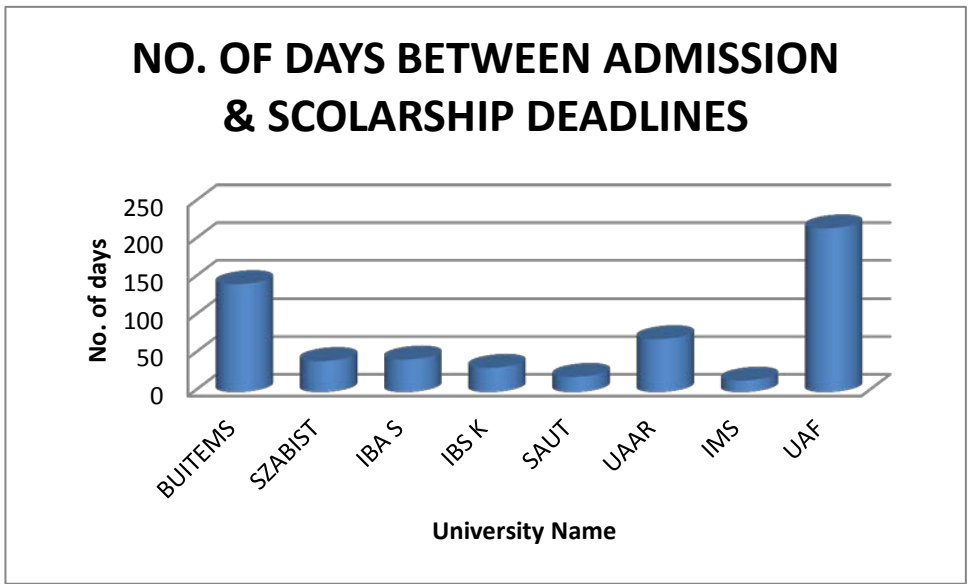
University Name	Selection process	Subsequent Installment Payment
<p><b>QAU</b></p>	<ul style="list-style-type: none"> <li>▪ Advertisement for admission is given which includes offer of scholarship.</li> <li>▪ Candidates can apply for scholarship along with the admission form.</li> <li>▪ Admissions' selection is finalized.</li> <li>▪ Pre ISAC is held by a sub-committee of university admission to evaluate/scrutinize and shortlist students</li> <li>▪ <b>ISAC is held within three weeks of pre ISAC.</b></li> <li>▪ Lists of selected students are finalized and sent to HEC within 2 to 3 days.</li> <li>▪ SMC is held in HEC and cheque is issued to universities.</li> <li>▪ Once the cheque from HEC is received, it is deposited in university's bank account dedicated for MNBSP. This can take 2-3 days.</li> <li>▪ Case is put up for Vice Chancellor's approval, following the steps outlined below:</li> <li>▪ <b>Manager (Finance)/Assistant Director → FAO/ Director SRC → Audit- Registrar → VC</b></li> <li>▪ After VC's Approval, FAO notifies approval to the departments and students concerned.</li> <li>▪ Respective department prepares a bill/voucher for each student and sends it to the Accounts Office.</li> <li>▪ Accounts Office sends the bill/voucher to FAO in order to verify whether bill is according to sanction.</li> <li>▪ FAO sends it back to Accounts.</li> <li>▪ Accounts send it to Audit for payment.</li> <li>▪ Payment is made through a single cheque, mentioning the student's details in enclosed list.</li> </ul>	<ul style="list-style-type: none"> <li>▪ <b>Results are compiled in 6-8 weeks.</b></li> <li>▪ Results along with invoices are sent to HEC.</li> <li>▪ Once the cheque from HEC is received, it is deposited in university's bank account dedicated for MNBSP. This can take 2-3 days</li> <li>▪ Case is put up for Vice Chancellor's approval through the following steps: <ul style="list-style-type: none"> <li>○ <b>Manager (Finance)/Assistant Director → FAO/ Director SRC → Registrar → VC</b></li> </ul> </li> <li>▪ After VC's Approval, FAO notifies it to the departments and students concerned.</li> <li>▪ Respective department prepares a bill/voucher for each student and sends it to the Accounts Office.</li> <li>▪ Accounts Office sends the bill/voucher to FAO to verify whether bill is according to sanction.</li> <li>▪ FAO sends it back to Accounts.</li> <li>▪ Accounts send it to Audit for payment.</li> <li>▪ Payment is made through a single cheque, mentioning more than one student's details in enclosed list.</li> </ul>
<p><b>UAAR</b></p>	<ul style="list-style-type: none"> <li>• <b>Scholarship and admission both are advertised together, same deadline for both.</b></li> <li>▪ Prior to ISAC, automated entries of students' data is made.</li> <li>▪ Pre ISAC is held. Latest pre-ISAC lasted for 8 days; the reason for delay was that detailed scrutiny of student's data was under taken.</li> <li>▪ List of students selected in pre ISAC is communicated to HEC.</li> <li>▪ <b>ISAC is held within 4 weeks.</b></li> </ul>	<ul style="list-style-type: none"> <li>▪ Cheque is received in VC Office.</li> <li>▪ From VC office it goes to Director Finance.</li> <li>▪ Director Finance sends it to FAO.</li> <li>▪ Director Planning puts up the case to VC for approval.</li> <li>▪ After approval from VC, FAO issues payment voucher signed by Director FAO, AD (Finance) and Director (Finance)</li> <li>▪ Voucher is dispatched to Audit department.</li> <li>▪ Audit verifies the cheque.</li> <li>▪ Letter is issued to concerned bank along</li> </ul>

		<p>with details of student and amounts deposited against each student.</p> <ul style="list-style-type: none"> <li>▪ The amount is online transferred to all students (they have account in the same bank in which university has the account dedicated for MNBSP).</li> <li>▪ Students are telephonically informed by FAO office regarding availability of amount in their accounts.</li> </ul>
<b>IMS</b>	<ul style="list-style-type: none"> <li>▪ Scholarship and admission advertisement are simultaneously issued.</li> <li>▪ ISAC is held prior to the deposit of admission fee.</li> <li>▪ Tuition fee and even hostel fee is waived off, in case the student is selected in ISAC.</li> <li>▪ SMC is held in certain cases prior to admission finalization</li> </ul>	<ul style="list-style-type: none"> <li>▪ Manager FAO receives the cheque.</li> <li>▪ Director FAO intimates Controller Finance and Director through a covering letter.</li> <li>▪ Upon intimation, FAO releases the stipend, after deduction of tuition fee part in the favor of the institute.</li> <li>▪ One cheque for all students is deposited in the bank and the bank is intimated through a letter. Bank takes 5-14 days in crediting the amount.</li> </ul>
<b>UAF</b>	<ul style="list-style-type: none"> <li>▪ Advertisement mentions both admission and scholar ship</li> <li>▪ 1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup> merit lists are issued.</li> <li>▪ After finalization of admissions and consent of students to join, the scholar ship applications are considered.</li> <li>▪ Pre ISAC is not held in this particular university.</li> <li>▪ ISAC is held. The eligibility criteria for ISAC is 50% based on indicators identified by HEC and 50% subjective criteria based on assessment during interview.</li> <li>▪ ISAC takes on average 5 to 10 days.</li> <li>▪ ISACs recommendations are sent to HEC in form of minutes of the meeting in one or two days.</li> </ul>	<ul style="list-style-type: none"> <li>▪ DD Finance receives the cheque issued in favor of the account dedicated for this purpose in NBP Faisalabad. Till the amount is debited the university has to wait for disbursement.</li> <li>▪ Deputy Director marks the case for processing to Assistant Director.</li> <li>▪ AD sends the case to Administration Officer.</li> <li>▪ Admin Officer refers the case to Account Officer</li> <li>▪ From Account officer the case file goes to treasurer.</li> <li>▪ Treasurer sends the file to VC for approval.</li> <li>▪ After the approval from VC, treasurer issues payment advice and file is sent back to FAO.</li> <li>▪ Students have to submit under taking forms before getting the payment. This process takes 15-20 days and at time as long as three months when there are vacations.</li> <li>▪ One cheque is issued for each student. Students do not necessarily have account in the same bank in which university have account. Even then university tries to make sure that payment is made next day.</li> </ul>
<b>IBA-K</b>	<ul style="list-style-type: none"> <li>▪ Admission is announced in the month of March</li> </ul>	<ul style="list-style-type: none"> <li>▪ Cheque is received from HEC.</li> </ul>

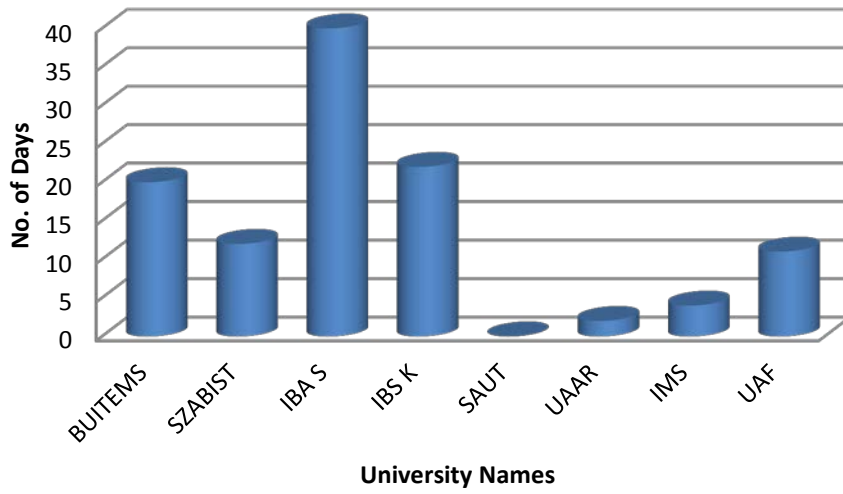
	<p>or April.</p> <ul style="list-style-type: none"> <li>▪ Scholar ship is mentioned in advertisement.</li> <li>▪ The availability of scholar ship is widely advertised at the day of entry test.</li> <li>▪ Merit list is finalized and the results are announced.</li> <li>▪ Now students can apply for financial aid.</li> <li>▪ Applications are invited on line but the students have to submit the hard copy of the pro forma.</li> <li>▪ The dead line for submission of scholar ship application form is given as per guidelines given by HEC regarding time line. <b>(Last time one month was given to students after admission for submission of scholar ship form)</b></li> <li>▪ After the submission, the university under takes evaluation/securing which is finalized in 2 to 3 days.</li> <li>▪ HEC is requested to communicate time for holding ISAC (generally it takes place within one week of finalization of evaluation).</li> <li>▪ ISAC does not take more than 1 or 2 days.</li> <li>▪ Minutes are finalized and recommendations are sent to HEC with 2 to 3 days of ISAC (2 to 3 days are taken because minutes are to be signed by external members which takes time).</li> <li>▪ Total average time taken in the above process is almost six months, by the end of September it is finished. The reason for delayed processing according to administration is that they want that students from rural area may also know about scholar ship.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Cross cheque is in the name of IBA Karachi and is accompanied by a letter addressed to Director IBA.</li> <li>▪ Director IBA sends it for processing to Director finance or to Executive Director FAO, if Director finance is absent. <b>In case Director IBA is not available, PA to Director marks it to Director Finance.</b></li> <li>▪ Within 2 to 3 days cheque is deposited in the dedicated account opened for this purpose in Habib Metropolitan Bank Limited.</li> <li>▪ The bank takes 4 to 5 days for clearance of cheque.</li> <li>▪ Tuition fee is adjusted in favor of the institute.</li> <li>▪ Advice is issued to the bank with detail of amount to be deposited in the relevant accounts of each scholar.</li> <li>▪ <b>Scholars have been asked to open account in the same bank although branches can be different. This makes it possible that the amount is available to the students on the same day.</b></li> <li>▪ In total this process takes 10 to 15 days. In one of the case study related to this process it was observed that letter from HEC was received in financial aid office on 22 Sep 2012 and on Oct 9, the amount was deposited in students account. IBA does not need any undertaking to be submitted by scholars.</li> <li>▪ <b>Process of compilation of result: The compilation of the result takes almost 45 to 60 days.</b> <ul style="list-style-type: none"> <li>○ Next semester starts within 10 to 15 days of last semester.</li> <li>○ As soon as results are received invoice is sent to HEC. (After the launch of upfront cash flow mechanism, the amount shall be disbursed as soon as results are received). In summer results are received even later.</li> </ul> </li> </ul>
<p><b>SAUT</b></p>	<ul style="list-style-type: none"> <li>▪ All scholar ships are mentioned in students form.</li> <li>▪ After admission is finalized deadline for scholarship application is announced.</li> <li>▪ HEC recommended application form is submitted by the students.</li> </ul>	<ul style="list-style-type: none"> <li>▪ <b>Results are compiled on average in 1 month, teachers are given 30 days after which per day deduction from remuneration starts.</b></li> <li>▪ Invoice is sent to HEC</li> <li>▪ Payment is received from HEC Cheque</li> </ul>

	<ul style="list-style-type: none"> <li>▪ Specified student pro forma with student data detail are filled up in computer in excel format.</li> <li>▪ Data is scrutinized by coordinator; all documents attached with the application form are verified.</li> <li>▪ ISAC is held within 15 days and it does not take more than 1 to 2 days, short listed students are interviewed in ISAC.</li> <li>▪ Minutes are finalized and signed by members immediately after completion of ISAC.</li> <li>▪ SMC is held. HEC sends finalized list.</li> <li>▪ University sends requisition for visit for physical inspection to HEC.</li> <li>▪ Verification usually takes one month.</li> <li>▪ After the student's data is verified, payment is issued.</li> <li>▪ For those students whose data is not verified case is again sent to HEC for verification.</li> <li>▪ HEC reconsiders them in next SMC.</li> <li>▪ Amount to such pending students is disbursed after communication of HEC's final decision (it takes months).</li> </ul>	<p>in the name of VC</p> <ul style="list-style-type: none"> <li>▪ VC marks it to the director finance. Copied to FAO (Within 2 to 3 days) if VC is around otherwise it may take longer).</li> <li>▪ Director finance sends it for collection to banks.</li> <li>▪ Amount is debited in 10 to 15 days.</li> <li>▪ Details are sent to VC from FAO for approval of sanction.</li> <li>▪ Payment order is made and sent to Dir FAO and Resident auditor.</li> <li>▪ Payment is made to the student.</li> </ul>
<b>SZABIST</b>	<ul style="list-style-type: none"> <li>▪ Scholarship offer is advertised in the newspapers.</li> <li>▪ 2<sup>nd</sup> step is distribution and collection of the forms.</li> <li>▪ In case of rejection of the application administration informs the student.</li> <li>▪ In case of approval they further proceed and prepare a scholarship evaluation sheet.</li> <li>▪ Constitution of ISAC is the next step.</li> <li>▪ Shortlisted students are interviewed by ISAC.</li> <li>▪ ISAC recommend students for the scholarship.</li> <li>▪ Selection of the students by the SMC.</li> </ul>	<ul style="list-style-type: none"> <li>▪ The administration send their recommendations to HEC.</li> <li>▪ The recommendations are approved by HEC.</li> <li>▪ Funds are transferred to students.</li> </ul>

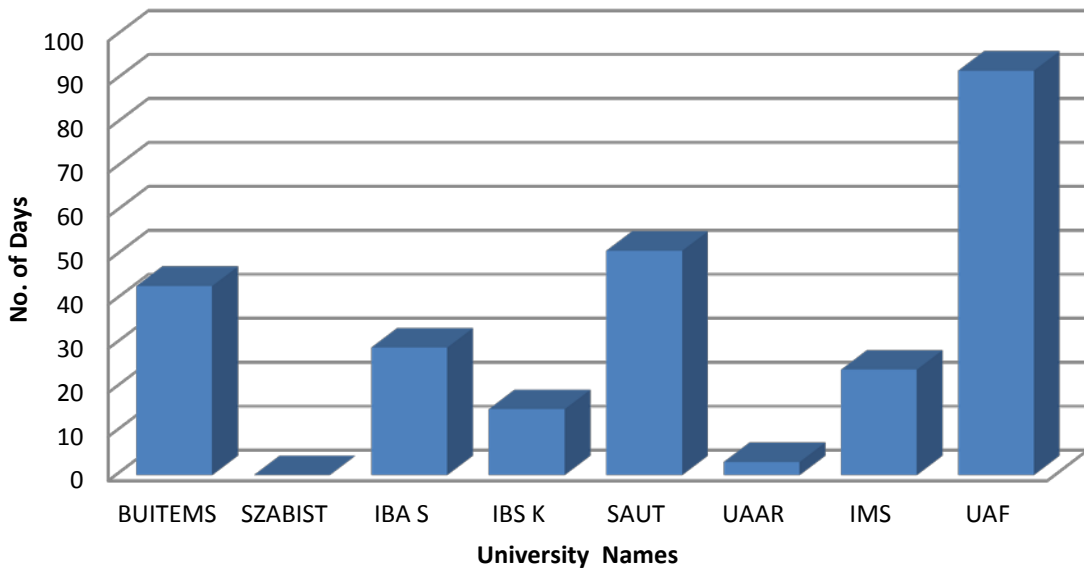
**Annexure: 8: Comparison of Timelines followed by different Universities (Based on Data pertaining to Latest Payments retrieved from eight participating institutions)**



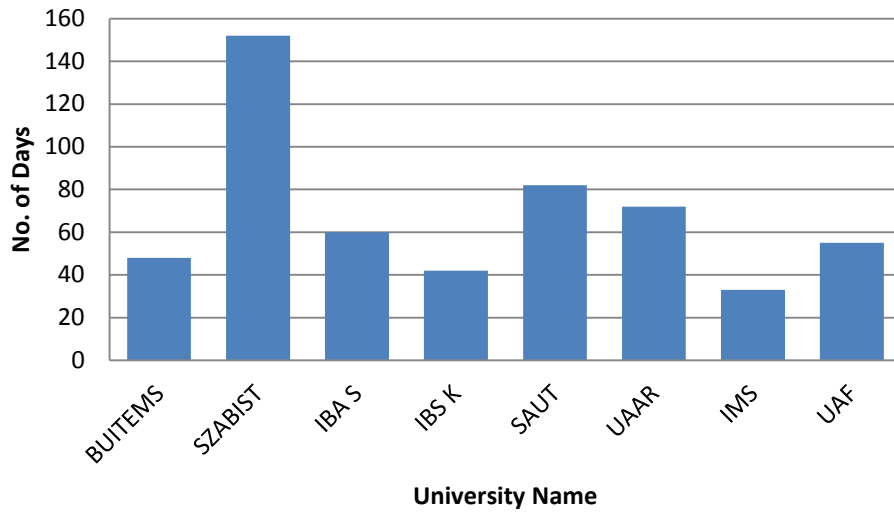
### TIME TAKEN IN FINALIZATION OF ISAC



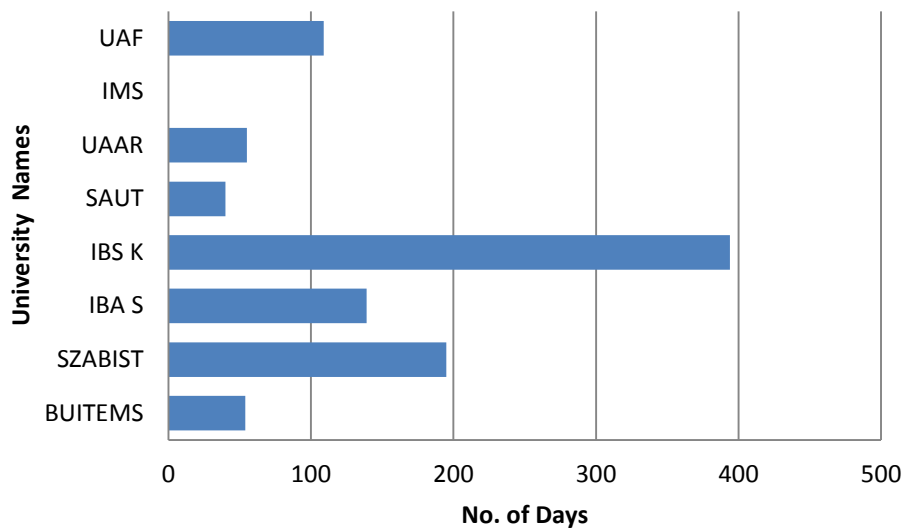
### TIME TAKEN BY UNIVERSITIES IN SHORT LISTING



## TIME TAKEN IN ANNOUNCEMENT OF RESULTS



## TIME TAKEN BY HEC IN SELECTION AND FUND RELEASE





## TIME TAKEN BY UNIVERSITY TO DISBURSE PAYMENT

