

**SENATE OF PAKISTAN  
HOUSE OF THE FEDERATION**

REPORT NO.26 OF 2018



*House of the Federation*

**SPECIAL REPORT OF THE STANDING COMMITTEE ON FINANCE,  
REVENUE, ECONOMIC AFFAIRS AND NARCOTICS CONTROL  
(UNDER RULE 193 OF THE SENATE RULES)**

**ON**

**ON THE MATTER REGARDING LEGISLATION IN RESPECT OF THE  
FEDERAL CONSOLIDATED FUND (FCF) AND PUBLIC ACCOUNT, AS  
REQUIRED UNDER ARTICLE 79 OF THE CONSTITUTION.**

**PRESENTED BY**

**SENATOR SALEEM MANDVIWALLA**



## **SENATE SECRETARIAT**

### **SPECIAL REPORT OF THE STANDING COMMITTEE ON FINANCE, REVENUE, ECONOMIC AFFAIRS AND NARCOTICS CONTROL ON THE MATTER REGARDING LEGISLATION IN RESPECT OF THE FEDERAL CONSOLIDATED FUND (FCF) AND PUBLIC ACCOUNT, AS REQUIRED UNDER ARTICLE 79 OF THE CONSTITUTION**

I, Senator Saleem Mandviwalla, Chairman of the Standing Committee on Finance, Revenue, Economic Affairs and Narcotics Control, have the honor to present, on behalf of the Committee, Special Report, under rule 193 of the Rules of Procedure and Conduct of Business in the Senate, 2012, on the matter regarding legislation in respect of the Federal Consolidated Fund (FCF) and Public Account, as required under article 79 of the Constitution.

2. The composition of the Committee is given as under:-

1.	Senator Saleem Mandviwalla	Chairman
2.	Senator Ilyas Ahmad Bilour	Member
3.	Senator Muhammad Mohsin Khan Leghari	Member
4.	Senator Ms. Ayesha Raza Farooq	Member
5.	Senator Muhammad Talha Mehmood	Member
6.	Senator Nasreen Jalil	Member
7.	Senator Kamil Ali Agha	Member
8.	Senator Mushahid Ullah Khan	Member
9.	Senator Saud Majeed	Member
10.	Senator Barrister Murtaza Wahab	Member
11.	Senator Osman Saifullah Khan	Member
12.	Senator Mohsin Aziz	Member
13.	Minister for Finance, Revenue, Economic Affairs, Statistics and Privatization	Ex-Officio member

3. The Committee considered the matter in its meetings held on 1<sup>st</sup> December, 2016, 26<sup>th</sup> January, 19<sup>th</sup> July, 21<sup>st</sup> September and 29<sup>th</sup> December, 2017, and 18<sup>th</sup> January, 2017. The following members attended the meetings, namely:-

1.	Senator Saleem Mandviwalla	Chairman
2.	Senator Ms. Ayesha Raza Farooq	Member
3.	Senator Kamil Ali Agha	Member
4.	Rana Muhammad Afzal Minister of State for Finance	Ex-officio Member

14.2



4. The Committee took up the matter regarding legislation in respect of the Federal Consolidated Fund (FCF) and Public Account, as required under article 79 of the Constitution, for the first time in its meeting held on 1<sup>st</sup> December, 2016, in which the Committee was apprised that under Article 79 of the Constitution, the custody of the Federal Consolidated Fund (FCF), the payment of moneys into that fund, the withdrawal of moneys therefrom, the custody of other moneys received by or on behalf of the Federal government, their payment into, and withdrawal from, the Public Account of the Federation, and all matters connected with or ancillary to the matters aforesaid should be regulated by an Act of Majlis-e-Shoora (Parliament) or until making of provisions in that behalf, by the rules made by the President. However, the Committee observed that the FCF and Public Account were not being regulated by an Act of Parliament since 1973.

5. The Secretary Finance informed the Committee that rules made by the President cover the payments of moneys into and withdrawal from the FCF and Public Accounts, and other related matters, moreover, the rules includes the General Financial Rules, the Treasury Rules, GP Fund Rules, Accounting Policy and Procedures Manual etc. and the custody of the FCF and Public Account was guided by the rules made by the President under the constitutional provisions. In addition to the financial rules, the Federal Government had in place regulations/office memoranda which guided the system of financial control and budgeting, from planning to post implementation processes related to development projects, other executive orders that were approved from time to time by the competent forums. The legislation had also been made in the shape of appointment, roles and responsibilities of the Controller General of Accounts and Fiscal Responsibility and Debt Limitation Act. Furthermore, the Financial Code was constantly under review and an exercise was being underway currently to update the entire code with the new realities and requirements faced by the public finance management, which would also be published by the end of December, 2016. The Committee was of the view that the rules made by the president were the temporary arrangement until an Act of Parliament was framed and recommended that the M/o Finance should ensure to take immediate steps for making legislation in respect of the Federal Consolidated Fund and Public Account as required under Article 79 of the Constitution.

6. During the meeting held on 26<sup>th</sup> January, 2017, regarding progress in the matter, the Committee was informed by the Finance Division that to resolve the matter, a committee was constituted which comprised of a BS-20 officer of the Controller General of Accounts (CGA), three BS-20 officers of the M/o Finance and a consultant of EU. The Committee recommended that the M/o Finance should ensure to finalize draft bill in respect of the FCF

4/1



and Public Account within a period of four months and the same should be submitted to the Committee.

7. The Secretary Finance informed the Committee during the meeting held on 19th July, 2017, that various stakeholders were involved in respect of legislation for regulation of Federal Consolidated Fund (FCF) and Public Accounts such as Auditor General of Pakistan, Controller General of Accounts and M/o Law and Justice, etc. therefore, the committee already constituted was working to prepare a draft Bill as required under Article 79 of the Constitution. Accordingly a draft Bill prepared by that committee was also shared with all stakeholders and after its finalization the same would be submitted to the Committee.

8. The matter was again discussed in the meeting held on 21st September, 2017, and the Committee was informed by the Finance Division that upon sharing the initial draft Bill with all stakeholders, an opinion was built up that all the rules (General Financial Rules, Supplementary Rules and System of Financial Control & Budgeting) may be converted into an Act, thereafter, in consultation with the Law Division it was decided that an enabling law should be made. After holding six meetings and seeking comments from all stakeholders, finally a draft Bill was submitted to the Law Division for legal vetting. The representative of the Law Division informed that under the rules prior to forwarding a draft Bill to them, the principle approval of the Federal Cabinet was required.

9. In the meeting held on 29th December, 2017, regarding presentation of the draft Bill in respect of the FCF and Public Account, the Committee was apprised by the Finance Division that a draft bill titled "The Federal Consolidated Fund and Public Accounts (Maintenance and Operations) Bill, 2017" was ready for approval of the Finance Minister, for further submission to the Cabinet and subsequent transmission to the Committee. The Committee directed the Finance Division to seek approval of the Cabinet on the said draft bill and submit a copy of the same to the Committee by 15<sup>th</sup> January 2018, in case of failure the Committee would refer the matter to the Senate House.

10. The Committee finally took up the matter in its meeting held on 18<sup>th</sup> January, 2018, and deliberated on the progress report on the recommendations made by the Committee on the presentation of the said draft Bill and it was informed by the Secretary Finance that draft of the said bill was ready for the approval of the Adviser on Finance, which was still pending with him, however, after the approval of the Advisor, the draft bill would be submitted to Cabinet.

47



11. The Committee expressed its serious reservations and was of the view that since it was a constitutional requirement, therefore, the matter should not be delayed further. The Committee, however, directed the Finance Division to use the good office of Minister of State for Finance for seeking the required approval of the Cabinet on the draft bill titled "The Federal Consolidated Fund and Public Accounts (Maintenance and Operations) Bill, 2018" and introduce the same in either House of the Parliament. The Committee also gave approval for presentation of this report to the House.



**(Muhammad Tahir Khan)**  
Secretary (Committee)



**(SENATOR SALEEM MANDVIWALLA)**  
Chairman (Committee)

Islamabad, the  
27<sup>th</sup> February, 2018.