

THE ICT EMPLOYEES' SOCIAL SECURITY (FINANCIAL AND ACCOUNTING)
RULES, 2016

Islamabad, the 3rd March, 2016

S.R.O. 119(KE)/2016 :

In exercise of the powers conferred by section 79 of the Provincial Employees' Social Security Ordinance, 1965 (Provincial Ordinance, 1965), the Chief Commissioner, ICT is pleased to make the following rules :-

1. Short title and commencement.— (1) These rules may be called the ICT Employees' Social Security (Financial and Accounting) Rules, 2016.

(2) These shall come into force at once.

2. Definitions.— In these rules, unless the context otherwise requires, the following expressions shall have the meanings :

- (i) "fixed assets" means assets which are held for use and which are expected to have an effective life of at least five years;
- (ii) "Liquid investments" means investments, including moneys placed on deposit account at a bank, which are repayable or realizable at not less than the cost price of the investment on demand or on not more than one month's notice;
- (iii) "Ordinance" means the Provincial Employees' Social Security Ordinance, 1965;
- (iv) "Section" means a section of the Ordinance;
- (v) "Short-term investments" means investments which are repayable or realizable within a period not exceeding three years at not less than the cost price of the investment, including moneys placed on deposit account at a bank which are repayable on more than one month's but not more than three years' notice;
- (vi) "Special tax" means the special tax payable under Section 70, of the Ordinance.

3. Financial Year.—The Institution shall observe the same financial year as is observed by the Federal Government.

Provided that the first year for the purposes of budgeting and accounting shall commence on the date on which the Institution is established and shall end on the thirtieth day of June, of that or the next year as the case may be.

4. Purposes for which separate accounts are to be maintained.—

(1) The branches of Social Security for which separate accounts shall be maintained under sub-section (4) of Section 28 shall be -

- (i) Sickness, Maternity and Death Grant Branch;
- (ii) Employment Injury Branch; and
- (iii) Medical Care, Health, Welfare and Rehabilitation Branch hereinafter referred to as "Medical Care Branch".

(2) Separate accounts shall also be maintained in respect of the following :-

- (i) preliminary expenses that is, expenses incurred before collection of social contributions commences;
- (ii) administrative expenses;
- (iii) income from contribution, distinguishing between contributions payable under sub-section (1) of Section 20 and increases thereof imposed under section 23 and, separately under Section 26;
- (iv) income from investments;
- (v) income from special tax, showing separately increases thereof imposed under sub-section (4) of Section 70 and Section 23;
- (vi) any other income;
- (vii) each reserve established under section 29 and rule 5 of these rules;
- (viii) investment of social security reserves;
- (ix) capital expenditure in connection with administration;
- (x) capital expenditure from proceeds of capital tax;
- (xi) capital expenditure, otherwise than from proceeds of special tax, in connection with the provision of medical care;
- (xii) investment of any surplus income not retained for working purposes or otherwise utilized.

5. Reserves.— (1) The Institution shall establish and maintain reserves for each of the branches of social security referred to in rule 4 by setting aside out

of surplus income, the amounts prescribed in sub-rule (2) or (3), as the case may be :

Provided that in determining whether any such surplus has become available, the proceeds of the special tax shall not be taken into accounts.

- (2) Until the expiration of the first three complete financial years after the establishment of the institution, the amounts so to be set aside in each year and the time at which such amount shall be set aside, shall be such as the Governing Body may determine.
- (3) After the expiration of the said three complete financial years, the Institution shall maintain the said reserves by setting aside, at the end of each financial year, out of income other than the proceeds of the special tax, such amounts; if any, as may be required to bring the said reserves up to the amounts stated below in respect of each reserve, respectively, that is to say-
 - (a) **Sickness Maternity and Death Grant Branch Reserve.-** Any amount equal to twenty-five per centum of the average annual expenditure incurred by the branch in the last preceding three financial years.
 - (b) **Employment Injury Branch Reserve.—** An amount equal to twenty-five per centum of the average annual expenditure incurred by the branch in respect of injury benefit and disablement gratuity, in the last preceding three financial years plus the present capital value at the time of all pensions which have been awarded in respect of employment injury, whether total disablement pension, partial disablement pension or survivor's pension.
 - (c) **Medical Care Branch Reserve.—** An amount equal to twenty-five per centum of the average annual expenditure, excluding capital expenditure, incurred by the Branch in the last preceding three financial years.
- (4) Each of the said reserves shall be held for the purpose of meeting any unforeseen or abnormal expenditure incurred by the corresponding branch of social security or of making good and unforeseen or abnormal shortage of income receivable by the Institution :

Provided that no part of any such reserve shall be used for such purposes unless Government, in pursuance of action taken under sub-section (6) of Section 31, authorizes such use.

6. **Investment and reinvestment.—** (1) The amount set aside in accordance with rule 3 shall be invested by the Institution, as to one-half in liquid investments and as to the other half either in liquid investments or otherwise.

- (2) Any proceeds of the special tax not immediately utilized for capital expenditure towards building up and improving the medical facilities available for the provision of medical care shall be invested in either liquid or short term investments as the Governing Body may determine.
 - (3) Any surplus income of the Institution not otherwise allocated and not required to be retained in cash for working purposes shall be invested in such type of investment as the Governing Body may determine.
 - (4) No investment under these rules shall be in the form of a loan to any individual or any private or unincorporated body, except the advances may be made to officers and servants of the Institution, in accordance with the regulation made under Section 80, of the Ordinance.
 - (5) Pending the approval of the Governing Body as required under sub-rules (2) and (3) any moneys of which the disposal is subject to such approval shall be placed on deposit account at a scheduled bank on terms require not more than one month's notice of repayment.
 - (6) In selecting investments the Governing Body shall have regard, firstly, to the safety of the investment, secondly to the maintenance of the real, as distinct from the nominal, value of the investment and the income to be derived from it, and thirdly, to the yield, that is, the amount of the income to be derived from it, and in equal conditions of safety maintenance of the real value and yield, investments shall be preferred which assist, directly, the economic and social policy of the Government.
7. **Estimates.**— (1) Before the thirtieth day of May of each year, the Institution shall draw up and submit to Governing Body estimates, in the form and under the heads shown in the appendix to these rules, of the income which it expects to receive and the expenditure which it expects to incur in the ensuing financial year, and of the allocation of any expected surplus of income after providing for the estimated expenditure.
- (2) Such estimates shall be accompanied by a memorandum explaining in general terms the bases and assumptions on which the estimates have been prepared and stating the reasons for any variation, by more than ten per centum, of the amount shown under any heads as compared with the corresponding amount included in the estimates as approved by Governing Body for the current financial year and for any estimated income or expenditure of a type not included in the estimates as so approved for the current financial year.
8. **Accounts and Stock-takings.**— (1) The Institution shall keep accounts for each of the heads under which the estimates, as approved or deemed to have been approved by Governing body under sub-sections (3) and (4) of Section 31, have been arranged, and such other heads or sub-divisions of heads as the Institution shall require, and shall record therein, by the double-entry system of book-keeping, the financial transactions of the Institution.

(2) Accounts recording the receipt and issue of equipment and stores, including medicines and medical supplies, shall also be kept and the correctness shall be verified by stock-takings taken before the end of each financial year and as near as practicable thereto.

9. **Depreciation.**— (1) At the end of each financial year provisions shall be made for depreciation of the fixed assets of the Institution by the straight-line method, at the following proportions of the cost price.

| | Per centum |
|--|------------|
| (i) Building | 5 |
| (ii) Office furniture and Equipment..... | 6 |
| (iii) Medical equipment..... | 10 |
| (iv) Motor Vehicle..... | 10 |

or at such other rates, in relation to the estimated effective life of assets or group of assets concerned, as the Governing Body may, from time to time, approve.

(2) Such depreciation shall be charged to the Administrative Expenses Account or the Medical Care Branch Expenditure Account as appropriate in relation to the purpose for which the particular asset or group of assets has been used.

10. **Form of Annual Accounts to be submitted.**— (1) As soon as possible after the end of the financial year, and in any case not later than the fifteenth day of September, the accounts of the Institution for the year shall be prepared and submitted to the external auditor.

(2) Such accounts shall be in the form of -

- (a) separate accounts of administrative expenses and of expenditure in respect of each of the branches of social security referred to in sub-rule (1) of rule 4;
- (b) a Special Tax Account;
- (c) an Income and Expenditure accounts for the Institution as a whole;
- (d) a Capital Expenditure and Investment Account; and
- (e) a Balance Sheet showing the assets and liabilities of the Institution at the end of the year.

(3) The Administrative Expenses Account and the Medical Branch Expenditure Account prescribed under clause (a) of sub-rule (2) shall

show the total relevant expenditure including depreciation and any losses or overpayments writing off, but excluding capital expenditure, analyzed in the case of each account amongst the main sub-heads under which the expenditure has been incurred, and the other branch accounts so prescribed shall show, separately the expenditure on each of the types of benefit covered by the particular branch.

- (4) The Special Tax Account prescribed under clause (b) of sub-rule (2) shall show the income from the special tax, including any income from investments made at any time from the proceeds of the special tax, and the disposal thereof as between investments and other capital expenditure.
- (5) The Income and Expenditure Account prescribed under clause (c) of sub-rule (2) shall show, on the income side, the income of the Institution other than from the special tax, analyzed as between social security contributions, income from investments and any other income, and, on the expenditure side, the totals of the expenditure shown in each of the accounts prescribed under clause (a) of sub-rule (2), and any transfers of surplus income, whether to reserves to repayment of loans to the writing down of preliminary expenses, or otherwise.
- (6) The Capital Expenditure and Investment account prescribed under clause (a) of sub-rule (2) shall show, separately, capital expenditure in respect of administration and in respect of the provision of medical care.

11. Audit by External Auditor.— (1) The external auditor appointed by Government under sub-section (3) of Section 32 shall -

- (i) examine the annual accounts of the Institution prepared in accordance with the provisions of rule 10 as soon as may be after they have been submitted to him by the Institution;
- (ii) satisfy himself that the books of account have been correctly maintained and that stock-takings of equipment and stores, including medicines and medical supplies, have been properly taken;
- (iii) verify the investments; and
- (iv) submit the annual accounts to Government together with his report thereon, which shall state that he has examined the accounts and certified the investment, and that the accounts are in accordance with the books and records of the Institution, and are, to the best of his knowledge and belief correct, or, if the circumstances should in his opinion so require, that they are, to the best of his knowledge and belief correct subject to such qualifications and observations as are included in his report.

APPENDIX

Form in which and heads under which Estimates of Income and Expenditure are to be submitted to Government under sub-rule (4) of rule 7 of these rules.

Financial Year

A. Ordinary Income (that is, excluding income from special tax and capital receipts) -

| | | | | | | Rs. |
|-----|--|----|----|----|----|-----|
| (1) | Contribution - | -- | -- | -- | -- | -- |
| (2) | Income from investments | | | -- | -- | -- |
| (3) | Any other income | -- | -- | -- | -- | -- |
| (4) | Total income other than special tax and capital receipts | | | | -- | -- |

B. Ordinary Expenditure (that, is, excluding capital expenditure) :

| | | | | | | Rs. |
|------|--|----|----|----|----|-----|
| (5) | Administrative expenses, including depreciation | -- | -- | -- | -- | |
| (6) | Sickness Maternity and Death Grant Branch | | | -- | -- | -- |
| (7) | Employment Injury Branch | | | -- | -- | -- |
| (8) | Medical Care Branch, including depreciation | -- | -- | -- | -- | |
| (9) | Total Expenditure other than capital expenditure | -- | -- | -- | -- | |
| (10) | Difference between items 4 and 9, to Section C (item 13) | -- | -- | -- | -- | |

C. Income from Special Tax, Capital Receipts and Balance of Ordinary Income over Ordinary Expenditure.

| | Rs. |
|--|---|
| (11) Proceeds of special tax -- -- -- -- | |
| (12) Proceeds of realisation of Investment or sale of other assets -- -- -- -- | |
| (13) Balance of Ordinary Income over Ordinary Expenditure brought from Section B (item 10) -- -- -- -- | |
| (14) Total income available or allocation under section :- | <hr style="border: 0.5px solid black;"/> <hr style="border: 0.5px solid black;"/> |

D. Allocation of item 14 -

Proceeds of Special tax :-

| | Rs. |
|---|-----|
| (15) Capital expenditure from proceeds of special tax towards building up and improving facilities available for the provisions of medical care -- -- | |
| (16) Investment of proceeds of Special Tax not allocated under item 5 -- -- | |

Reserves - Amounts to be set aside and invested in respect of Reserves, as under

| | Rs. |
|---|-----|
| (17) Sickness, Maternity and Death Grant Branch -- -- -- -- | |
| (18) Employment Injury Branch -- -- -- -- | |
| (19) Medical Care Branch -- -- -- -- | |

Other Capital Expenditure -

- (20) Capital expenditure other than from proceeds of special tax, in connection with the provision of medical care :-

(21) Capital expenditure in connection with
Administration -- -- -- -- --

(22) Investment of any balance of item
14 not otherwise allocated -- -- --

Balance -

(23) Amount to be retained in cash
for working purposes -- -- -- --

(24) Total corresponding to item 14 -- -- --