

**GOVERNMENT OF THE PEOPLE'S REPUBLIC OF
BANGLADESH
MINISTRY OF FINANCE
Finance Division
Development Wing**

No. MF/FD/DRS/85/96/931

Date: 24 October 1996

CIRCULAR

Subject: Procedures for Operation of Revised Imprest Accounts for ADB aided Development projects under Govt.Deptts/ Autonomous/ Semi-Autonomous Bodies.

The Government of the People's Republic of Bangladesh (GOB) in consultation with Asian Development Bank (ADB) have decided to introduce Revised Imprest Accounts with commercial Banks for ADB aided development projects under Government Departments, Autonomous/Semi-Autonomous bodies. It is, however, to be noted that ongoing projects funded by ADB under Imprest Account procedure as per Finance Division's circular No.MF/ FD/ DRS/ 25/92 (P-1)/141(200), dated 25-4-93 shall not come under the purview of Revised Imprest Account procedures. Such Imprest Accounts will cover all loan categories (except for unallocated and service charge during construction), both foreign and local expenditure. All new ADB loans will adopt the Imprest Account Procedures. ADB's Statements of Expenditure procedures should be combined with Imprest Accounts to facilitate replenishment/liquidation. Detailed Procedures of New Imprest Accounts and Statements of Expenditure will be included in ADB's disbursement letter, which will be sent to the concerned parties after signing of Loan Agreements.

1. **Opening of Imprest Accounts:**
Executing Agencies, through their Administrative Ministry/Division, will apply to the Finance Division, Ministry of Finance for permission to open an Imprest Account under new procedure. Finance Division will issue permission to open an Imprest Account with a commercial Bank, on the basis of the recommendations of the Administrative Ministry (Administrative Ministry/Division will recommend at least three names of Commercial Banks). Such account in the Commercial Bank will be interest bearing and the interests so earned, will be deposited in Taka at the months of January and July every year to the Government Account under the Head "24-interst-24-Kha-Foreign Loan Interest".
2. **Government's Budget Allocation:**
Finance Division, Ministry of Finance will issue, at the beginning of each financial year, an advice to the Commercial Banks informing Annual Development Programme (ADP) allocation for the project which has Imprest Account and will authorize to release funds from Imprest Accounts to the Executing Agencies. Executing Agencies have to ensure that, they do not submit to ADB withdrawal applications for advance exceeding current year's ADB allocation.
3. **Initial Advance and ceiling:**
Ceiling of Imprest Fund should, whenever possible, be stated in the loan agreement or in the Minutes of the Loan Negotiations. Otherwise, the amount of the initial advance (3 to 6 months requirement) establishes a requirement. Executing Agencies will submit a Withdrawal application and an Estimate of Expenditure Sheet for initial advance to ADB Headquarters through ADB Bangladesh Resident Office. ADB's Controller's Department in Dhaka possesses the transfer and will advise Executing Agencies accordingly.
4. **Payments of Expenditure:**
Executing Agencies will make

- (i) all local payments from the Imprest accounts, and
- (ii) Foreign Exchange payments (limit US\$ 50,000 equivalent per payment) from imprest fund held at the Commercial Bank. Imprest fund can be utilized for all kinds of payments and transactions including small letter of credit (L/C) amounting US\$ 50,000 or less. Such small L/C transactions can be made between the shipper and the buyer without going through commitment letter procedures. \$ 50,000 limit will be reviewed by the Government and ADB periodically. Procedures for opening/settlement of small L/C and for direct payments in Foreign Exchange will be circulated by Bangladesh Bank.

5. Liquidation and Replenishment:

For replenishment, Executing Agencies accumulate payment documents and then submit withdrawal applications to Bangladesh Resident Office of ADB, in principle on a monthly basis. Withdrawal applications must be supported by the standard documentation as required under ADB procedures along with the Bank statements of Imprest Account. Bangladesh Resident Office of ADB reviews the applications and sends them to ADB's Controller Departments for replenishment. This process will continue till (i) amount one year before loan closing date, or (ii) the time when the undisbursed balance of the loan becomes twice the amount of the prevailing ceiling of the Imprest fund, whichever come first after-which, withdrawal applications received will be treated as liquidation against outstanding Imprest Fund.

6. Programme Loans:

For programme Loans, above stated procedures will generally apply.

7. Audit:

Imprest Accounts and Statements of Expenditure should be annually audited by the Comptroller and Auditor General (C&AG). Audit of Imprest Accounts and Statements of Expenditure may be carried out as part of the regular annual audit of Executing Agency general accounts and financial statements, but the opinion of that part of the examination relating to Imprest Accounts and statements of Expenditure should be separately set out in the auditor's report.

Sd/-

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Finance Division
Ministry of Finance

Distribution:

- 1. Secretary.....Ministry/Division
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- 5. Director, Directorate of Audits, Foreign Aided Projects
- 6. Bangladesh Resident Office of ADB
- 7. Managing Director.....Bank
- 8. All Chief Accounts Officers
- 9. All Officers of Development Wing of Finance Division.