

BANGLADESH RURAL ELECTRIFICATION BOARD

BREB INSTRUCTION 600-33

SUBJECT: Operation and Maintenance of Fund for Procurement of O & M Materials and Other Emergency Purchases for the PBSs.

I. Purpose:

The purpose of this Instruction Is to set forth BREB policy and recommendation with respect to the management, operation and maintenance fund for procurement of O & M materials of the PBSs. This policy also includes banking arrangement, sources of fund, cash receipts, cash disbursement, payment of service charge and accounting treatment of the transactions of the fund.

II. Policy:

A. Procurement of materials:

Procurement of BREB will purchase the O & M materials centrally for the PBSs. The Director of Procurement will ask for the requisition of the materials from the PBSs. After receiving the requisition from the PBSs, the Director of Procurement will prepare the schedule of materials to be purchased and will go for procuring the materials in compliance with the PPR-2008, by using the fund described in this Instruction.

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New Version				

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B. O&M materials to be purchased:

Only the following listed items can be purchased by using this fund:

SL. No.	Items
01	Voltage Regulator 1 Phase Automatic Step
02	33 KV Automatic Circuit Re-closer 3 Phase
03	11 KV 400 Amps, Automatic Circuit re-closer 3 Phase
04	Sub-Station Switches
05	Distribution Transformer, 1 Phase
06	3 Phase Power Transformer
07	33 KV CT & PT
08	Fuse cutout and Lighting Arrester
09	Fuse link
10	Line Tools
11	11 KV underground/Sub-marine Cable
12	Test Equipment

C. Sources of Fund/Investors to the Fund:

1. Both BREB and the financially sound PPSs will be the investors to this fund.

The Code of the fund will be: **089**

2. **Service charge** added with the cost of the materials will be allotted to the **Investors** each year @ 3%.

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D. Fund Operator:

Director, Accounts of BREB, will operate the fund. The Disbursement Section of the Directorate will be responsible for operation and maintenance of the fund.

E. Bank Account opening & maintenance:

Like other accounts of BREB, an SND account and a current account will be opened for operation of this fund.

F. Payment of the cost of Materials:

The purchasing PBSS will have to pay the cost of Materials **in cash** to the Directorate of Accounts prior to receiving the materials.

G. Pricing of Materials:

Pricing of the Receiving Report (RR) of the materials will be done by the External Bill Section and the rate of materials will be determined, based on the rate prevailing at the time of receiving the materials, by the Material Accounts Section.

H. Service Charge:

3% service charge will be added with the cost of the Materials, while pricing the Receiving Report (RR).

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I. Accounting Treatment:

Accounting Treatment will be as follows:

SL. No.	Occasion	Accounting	Implementing Section
01	When the cash is received from the contributory PBS	Debit: Bank Account (No-1422-26-000-089-00-0) Credit: Contributory PBSs Account (No-2824-01-PBS Code-089-00-0).	Disbursement Section, Directorate of Accounts
02	When PBS will pay BREB the price of materials with service charge;	Debit: Bank Account (No-1422-26-000-089-00-0) Credit: The cost of the materials- Principal (Account No-2824-02-PBS Code-089-00-0) Credit: Service Charge (Account No-2824-03-PBS Code-089-00-0)	
03	When the bill of materials will be paid:	Debit: Cost of Materials with Service Charge (No-1542-01, warehouse code: 089-000-0) Credit: Service Charge (Account No-1818-01-000-089-00-0). Credit: Voucher Payable (Account No-2714-01-000-000-00-0).	External Bill Section, Directorate of Accounts
04	When the Principal Amount will be returned to the concerned Contributory PBSs;	Debit: Account No-2824-01- PBS Code-089-00-0. Credit: Voucher Payable (Account No-2714-01-000-000-00-0).	

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SL. No.	Occasion	Accounting	Implementing Section
05	When the Service charge will be paid to the concerned Contributory PBSs;	Debit: Account No-2824-03- PBS Code-089-00-0. Credit: Voucher Payable (Account No-2714-01-000-000-00-0).	External Bill Section, Directorate of Accounts
06	Material Pricing	With the materials pricing extra 3% service charge will be added at the time of RR pricing and it will be sent to Material Accounts Section for necessary posting to the Store Ledger.	
07	After receiving, Receiving Report (RR) from External bill:	Receiving Report (RR) will be posted in store ledger.	Material Accounts Section, Directorate of Accounts
08	After Receiving Issue Voucher:	Debit: Accounts No-2824-02, PBS code: 089-000-0) Credit: Account 1542-01-Warehouse Code-089-00-0.	
09	Interest earned on the fund	Debit: 1422-26-000 (Interest received on funds) Credit: 1313-02-PBS Code	Disbursement Section, Directorate of Accounts
	Interest earned on funds shall be distributed among the Contributors on pro-rata basis		

J. Review and Reporting:

The Director of Accounts will be responsible for periodical review of the status of the fund and prepare a comprehensive report for submission to the higher management. This report should contain contribution to the fund, utilization of the fund, service charge received & allotted, fund balance, etc.

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