

## **REVISED SOP FOR CLOSING DORMANT/ IN-OPERATIVE GOVERNMENT BANK ACCOUNTS**

KP Public Financial Management Act, 2022 and Cash Management Policy (Revised 2025) provides that accounts of public entities may be closed on instructions of the Finance Department where the purpose has been fulfilled, the DDO has been discontinued, or the account no longer meets authorization requirements. It further requires dormant or in-operative accounts to be closed and balances returned to Provincial Account-I. Based on recent review of the designated banks in the province, wherein more than thirty thousand (30,000) designated bank accounts were found to be dormant/in-operative/zero balances, it has been decided to take necessary action and issue new directions to administrative departments/authorities for closure of these same bank accounts.

### **Revised SOP points.**

#### **Step 1 Identification of Bank Accounts for its Closure**

The Cash Flow Management Unit (CFMU) identifies accounts that are redundant, unauthorized, dormant, or no longer required.

#### **Step 2 Issuance of instruction to Administrative Departments and Autonomous bodies for closure of dormant/zero balances accounts.**

The Finance Department notifies the concerned Administrative Departments/Authorities the details of dormant/zero balance accounts.

#### **Step 3 (21 days) time period for the review of bank accounts and retention with justification**

- I. Departments will be given 21-days time period for the review of dormant account list and identify the accounts they would like to retain for operational needs (Adequate justification for retention).

- II. Departments will send the list of those dormant accounts to CFMU, which are required to be retained for their operational needs.
- III. Departments will provide adequate justification for retaining these dormant accounts.
- IV. Departments will be required to make these dormant accounts operational within a period of one month (30 days) which were identified for retention. Formal process for converting the status of dormant to active must be initiated immediately by the department concerned.
- V. If these accounts are not made operational and they remain dormant after 30 days, departments/authorities will be required to communicate the reasons for not completing the process of closure. If no communication is made in this regard, finance department may issue instructions to the concerned bank for closure of such dormant bank accounts.

**Step 4 Accounts not Identified / Owned by departments for retention will be closed**

- I. The list of dormant accounts, not identified/ Owned or marked for retention, will be deemed surplus to operational requirements and thus required to be closed by banks.
- II. All pending payments, obligations, or adjustments must be settled prior to closure of these bank accounts.

**Step 5 Instructions/directions to Banks**

Finance department/CFMU shall send the consolidated final list of dormant/zero balance accounts of concerned departments to banks (where accounts are held) with instructions for executing the closing of these accounts.

**Step 6 Transfer of Balances to Provincial Account-1 (Non Food) at SBP**

Balances parked in dormant accounts shall be transferred to provincial account-1 (Non Food) at SBP under the object head C03748 (monies returned to TSA) under KP PFM act 2022.

**Step 7 Closure Confirmation to FD/CFMU**

The bank shall provide a written confirmation/certificate to concerned provincial departments/CFMU regarding the formal closure of dormant bank accounts.

**Step 8 Update of Central Bank Account Register**

CFMU shall update the Central Government Bank Account Register to reflect the closure.

**Step 9 Record Retention**

All relevant records including approval, reconciliation statements, and closure documents shall be maintained for audit purposes by the concerned departments/authorities.

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